

# Discussion of "Linking Europe and Northeast Asia"

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## Recommended Citation

"Discussion of "Linking Europe and Northeast Asia"", NAPSNet Policy Forum, March 02, 2006, <https://nautilus.org/napsnet/napsnet-policy-forum/discussion-of-linking-europe-and-northeast-asia-2/>

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Policy Forum Online 06-17A: March 2nd, 2006

## "Discussion of 'Linking Europe and Northeast Asia'"

by James Goodby and Markku Heiskanen

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### I. Introduction

The following are comments on the essay ["Linking Europe and Northeast Asia"](#) by James Goodby, former U.S. ambassador to Finland and current Senior Fellow at the Center for Northeast Asian

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Policy Studies at The Brookings Institution, and Markku Heiskanen, a senior Finnish diplomat, who is currently Associate Senior Fellow of the Nordic Institute of Asian Studies, Copenhagen, which appeared as [Policy Forum Online 06-17A](#) : March 2nd, 2006. And the response to those comments by Aidan Foster Carter, honorary senior research fellow in sociology and modern Korea at Leeds University in Britain. He has been following North Korean affairs for more than 35 years which appeared as a [discussion of PFO 06-17A](#) .

These comments are by Georgy Bulychev, Research director, Center for Contemporary Korean studies at the Russian Institute of International Relations and Global Economy (IMEMO).

The views expressed in this article are those of the author and do not necessarily reflect the official policy or position of the Nautilus Institute. Readers should note that Nautilus seeks a diversity of views and opinions on contentious topics in order to identify common ground.

## **II. Comments on "Linking Europe and Northeast Asia" by Georgy Bulychev**

- Discussion of "Linking Europe and Northeast Asia"  
by James Goodby and Markku Heiskanen

### The Rails Are Geopolitics

Globalization tends to shorten distances, blur borders, and sometimes makes geography to seem irrelevant. But in Korea geography is held hostage to politics. That is why issues raised by Aidan Foster-Carter in relation to the project of Transkorean-Transsiberian railroad (TKR-TSR, available [here](#) )- i.e. why no trains are running between North and South Korea regardless of the recent relinking of the railways, who will pay for modernization of North Korean rail network, how and when a decision on the routing will be reached, and why North Koreans are passive - should be addressed in the context of a broader geopolitical picture.

The very natural idea of a land connection between South Korea and Eurasia from the very start was highly politicized and became only a small part of a political game - both inside and outside the Korean Peninsula. Therefore, given the current showdown involving North Korea, it is naïve to expect that the project would get off the ground before the basic differences of opinion on the nuclear issue and the overall status of the DPRK are resolved.

Even after such a resolution is reached, a compromise still must be found between diverging economic and political players. What are these divergences?

For North Korea the railroad project is of great strategic importance. First, linkage with the South, China, Russia and the European Commonwealth allows North Korea to become an important international transportation hub, increasing its ability to resist volatile pressure from the US and its allies. Second, implementation of the project requires 'upgrading the entire decrepit DPRK rail network' - the sorry state of which is seen in Pyongyang as a major stumbling block on the way to economic recovery. Third, the revenue from transit - which comes almost without any additional expenses - would be very welcome in Pyongyang (although the temptation to abuse the power of 'putting the red light' on the railroad for political pressure might be too strong to resist at times - but such an interruption of the transportation system would come at a price and is unlikely). Fourth, the idea of North-South joint efforts in international transportation does not seem to be at odds with the North Korean policies regarding its relations with the South and unification (economic cooperation without political concessions to benefit Pyongyang and increase its international standing). Fifth, the choice of transit alternatives is a good opportunity for Kim Jong Il to loggerhead China and Russia and play his father's favorite balancing game.

However, North Korean conservatives are afraid the foreign trains running through the DPRK could contribute to the erosion of the regime, and might even be used as an espionage/subversion instrument. Seeing Seoul put a priority on information about their railroads within the framework of trilateral Russia-DPRK-ROK consultative mechanism has made North Korea very suspicious. The military establishment seems to be strongly against the route that runs through the sensitive areas of the country. Thus the most logical Kyongwongson route was excluded from negotiations. Such concerns, taking into account the current 'semi-siege' situation the DPRK now finds itself in, would seem to outweigh any potential benefits - hence North Korea's current passivity toward the proposal.

Inside the ROK connecting the railroads between North and South has become a highly emotional and contradictory issue, while the problem of the subsequent extension of the route to reach Europe is largely seen as a matter to be dealt with in the future. That is why the current discussion in the ROK on the possible routes and the financial and economic side of TKR-TSR transit project is rather subdued. I believe this to be a short-sighted approach - the decisions made today will have significance not only for the two Koreas and their interaction, but also for the geopolitics and geoeconomics for all of Northeast Asia and it is South Korea who should carry primary responsibility for these prospects.

The US seems to not be very happy with the idea of the project and shares the concerns of South Korean's conservatives about 'opening the door to the enemy' by eliminating physical barriers between the North and South. Even before the nuclear crisis unfolded an American general stated in November 2002 that the inter-Korean rail link could become 'an invasion corridor' for the North. Also, reconnecting South Korea to the continent would increase the influence of China, Russia or both on the ROK, as well as increasing its interdependence with the North. This would hardly be in the US's interests. It is possible that US opposition to the project could become more vocal if the project progresses.

Japan (provided its relations with DPRK could be less hostile) in general, it seems, would not oppose the project should the political atmosphere be right as the transit could be useful for the freight transportation of Japanese goods to Europe and would thus be a sensible investment. The EC also shows its interest in the project - both from an economic and political point of view, as it would help bring North Korea into the open and encourage it to stick to internationally acceptable behavior patterns.

Beijing politically sees the inter-Korean rail link as an important tool to stabilize the security situation on the peninsula while simultaneously increasing its own clout in the region. Freight through North Korea would provide a new source of income to the DPRK, stimulating its movement towards Chinese-style economic reforms, openness, and would demand more predictable behavior from the country. From the economic point of view China is very eager to reinstate the rail link between itself and its increasingly important trade partner - South Korea as well as attain a new transport access to the Pacific. In that case the Western (Kyonguison) transport corridor seems to be more important for handling the swelling volume of bilateral trade with the ROK. There are several factors, however, against this route becoming the basic 'iron silk road' to Europe. First, already existing congestion on the Northeast China railroads would inhibit transportation flow. Additionally the multitude of borders would mean that significant time would be needed for the formalities of customs at each border (closer does not necessarily mean cheaper and faster). Anyway, as no alternative routes currently exists, transit freight - even via China - would eventually be funneled into the Transsiberian road near Baikal - leaving a considerable portion of TSR unused. But that would not necessarily mean a considerably smaller income for Russia, which could use its monopoly to determine transit fees.

Russia was very active in initiating the TKR-TSR project, seeing it as an opportunity to strengthen its

position in the region, its role as a Eurasian bridge, and a chance to create a source of revenue for upgrading both the Transsiberian railroad and adjacent lines. After Kim Jong Il's famous railroad journey by this route in 2001 and subsequent bilateral discussions with President Putin the project became the centerpiece of Russian-North Korean cooperation. The Russian state-run railroad company RZD carried on intensive feasibility studies inside the DPRK and is eager to continue. The DPRK debt to Russia is not, as Aidan supposes, a real obstacle - Russia's writing off the debt in exchange for Algeria's purchase of Russian arms is a recent example of possible flexible solutions. In the DPRK's case writing off the debt could be exchanged for Russia getting a greater share of the ownership/profits in the project.

Russia has succeeded in creating a unique trilateral consultative mechanism with the DPRK and ROK. After several working-level discussions an unprecedented minister-level meeting took place in Vladivostok on March 17th - the 3 parties agreed to start modernizing the TKR in the area between the Russian-DPRK border and the port of Rajin (which is a part of Donghae route). In the Soviet era the route was widely used to transport goods from Pacific region to the interior of Russia, but then was destroyed.

There are a number of problems to be solved to insure the future operability of the transit route. The most worrisome is the relevance of Donghae line which, as Aidan rightly notes, 'goes nowhere much in South Korea' and would be costly to build. Kim Jong Il's preference for it seems to originate from his desire to get the largest possible portion of DPRK's railroads upgraded in the framework of the project and to create a Russian alternative to Chinese rail connection. However if this route turns out to be a non-starter, I do not see the reason why Kim Jong Il could not overrule his generals and approve the more logical Kyongwon (middle) route. A realistic choice would help generate investment (much smaller in that case, comparing with Donghae line). An international consortium for this project (advocated by Russia - and with which both North and South Korea now agree) is not unimaginable.

So, to sum up, we are still at the very early stage of working out an agreeable *concept* of the ROK-European transit route. And it is premature to hope for a line that goes 'from Pusan to Paris' any time soon (definitely not before the hostilities in Korea cease). But that should not be a cause of a *priori* pessimism - as a Russian proverb says, 'Moscow was not built overnight'.

### **III. Nautilus Invites Your Responses**

The Northeast Asia Peace and Security Network invites your responses to this essay. Please send responses to: [napsnet-reply@nautilus.org](mailto:napsnet-reply@nautilus.org) . Responses will be considered for redistribution to the network only if they include the author's name, affiliation, and explicit consent.

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