

# Integration of the Trans - Siberian and Trans - Korean railways

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Arrangement of the basic Asian commodity producers and consumers in Europe, and also centenary experience of transport trans-portations, do rather promising interaction of Russia with the APR countries, and especially with the Republic of Korea and the Democratic People' s Republic of Korea in transport sphere.

The embodiment in a life of project on reunion of two Korean railway systems and their connections with the Trans-Siberian railways is not only the positive factor of influence on the problem decision of disengagement by commodity circulation development between the Republic Korea and the Democratic People' s Republic of Korea, but also will lead to substantial growth of commodity circulation of the cargoes going through the Trans-Siberian Railway. It becomes a powerful push for the further development of economic cooperation in South-East Asia(Korea, Japan, China, Hong Kong, Taiwan, Mongolia, Siberia).

Besides, realization of the project of connection will give the chance for working out of the richest resources of Siberia and the Far East, becomes stimulus for active deve-lopment of an economic, scientific-technical and cultural exchange with the European countries, not to mention that it will lead to

formation of the Korean peninsula as territory of intensive international transit.

It is represented that Russia and Korean republics are interested in realization of the project and exert a force in which result will receive considerable benefits and will solve a number of the economic and geoeconomic problems.

## For Russia it:

- expansion of size of cargo traffics in a direction of APR countries;
- the largest loading of the Trans-Siberian Railway;
- increase in transit transportations on the Trans-Siberian Railway;
- participation of the Republic of Korea in Trans-Siberian Railway reconstruction;
- an establishment of the multidimensional trade and economic relations based on association of the Korean industrial possibilities and high technologies with Russian industrial possibilities and high technologies;
- inflow of the Korean capital to development of the richest natural resources of Siberia and the Far East;
- a sustainable development of regions of Siberia and the Far East.

### For The Republic of Korea it:

- formation of the direct, overland communications between the APR countries and Europe;
- realization of effective investments into Russia;
- penetration of Korean capitals into eco-nomy of the Far East and Siberia;
- the perspective of transportation of cargoes by sea transport through ports of the Far East, on the Trans-Siberian Railway.

Essential benefits from the project of connection will receive the

### Democratic People's Republic of Korea:

- reconstruction and restoration of trunk-railway;
- reception of the income from transit through the territory of cargoes;
- attraction of the Russian and South Korean investments into railway modernization of a North Korean section.

As for Russia, according to the most conservative estimates, transit of cargoes through the Democratic People's Republic of Korea will give it an increase in the budget more than 1,5 billion dollars. Will appear a possibility of development of new additional commodity markets.

Basic question for Russia is the choice of Korean side of a priority route of an exit of the Trans-Korean Railway on the Trans-Siberian Railway. Analyze four alternative variants-1) through Hasan; 2) through China (station Zabajkalsk); 3) Mongolia(station Naushki); 4) a variant presented by Kaz-akhstan in coordination with project TR-ASEKA.

### 1st variant-through Hasan.

Project realization is supposed to be begun with restoration of lines of Kyonyi, Kyongvon, Phyonla.

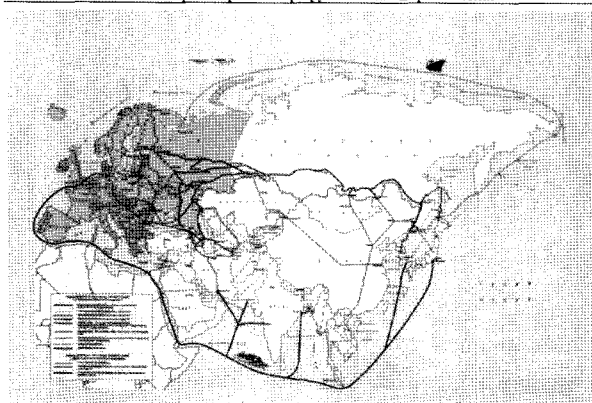
Above-mentioned lines make uniform railway system of the Korean peninsula. It is expected that end of reunion of these lines will have positive influence on revival of economic relations between the Republic of Korea and the Democratic People's Republic of Korea.

It is supposed that creation of the given railway corridor "Asia- Europe-Asia" will allow to generate a way of transportation of cargoes competitive to existing routes between European and South East Asia countries which are mainly transported now on a sea route through Suez canal.

The basic advantages of a transit container corridor through the Trans-Korean Railway are possibility of faster and prospective cheaper transportation of cargoes from Asia to Europe and back. Additional competitive advantage of a new transit corridor will be passage of cargo throughout more 10 thousand km. will be carried out without crossing of borders on a uniform transport zone.

Thus, connection of efforts of two states will give the chance to reduce transport costs and terms of transportation of cargoes by use of the given new route, to expand volumes of cargos turnover and to raise competitiveness of production in the international

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market.

## **2nd variant-Kazakhstan and project TRASEKA**

Project TRASEKA is a strategy of creation of the new transport way connecting the countries of South-East Asia with Europe through China, Kazakhstan, the states of Central Asia, Caspian sea, the Caucasus and Black sea.

Despite seeming appeal of the project, there is a number of disadvantages which reduce advantage of its realization:

1) four times need to be passed from a railway transportation on water, and on the contrary;

2) on a prospective route it is necessary to overcome two seas: Caspian and Black. And extremely expensive type of transport-railway ferries on both seas. Expenses of energy carriers for the transported ton of a payload in such kind of the communication in 30 times above, than on a railway transportation. Besides it is necessary to add "force-majeure" of sea rudiments when monthly for some days ferry navigation stops;

3) the road crosses more than ten countries, at each of the countries has heir own laws and customs rules;

4) tariff rates in 1, 7 times above, terms of delivery of cargoes-in 2 times are longer, than on the Trans-Siberian Railway;

5) huge(multi-billion) dollar expenses are required for creation of this new integral transport direction which recoupment will be stretched for many long years.

Thus, comparing routes of the international cargoes on the Trans-Siberian Railway and TRASEKA it is possible to ascertain that transit of these cargoes on the Trans-Siberian Railway is more favorable-both to the countries carrying out

transport, and Russia.

## **3rd alternative variant-Chinese**

Is a route through Sinuiju. Cargoes would overcome a considerable part of a way on territory of China, getting on the Trans-Siberian Railway only in Zabajkalsk area.

By the Chinese variant terms and cost of delivery almost in 2 times above, there is an additional customs registration and it is important to note-tariffs for rail transportation on territory of China above Russian, whence arising very considerable total difference of the tariff rates. So, cost of transportation of one container from Pusan to Warsaw through Hasan is about 1188 US dollars, in the Chinese variant-1700, and on sea transport 2250 US dollars.

In such situation the route on the Trans-Siberian Railway looks more perspective in comparison with Chinese and sea routes. That the Korean side did not have a question of choice between a route through China and on the Trans-Siberian Railway, the Russian railroader should reconsider the tariffs and to adjust more worthy service, then the Russian Railways will make a serious competition to railroader of China.

## **4th alternative variant-Mongolia**

The variant of an exit of the Trans-Korean Railway through Mongolia(station Naushki) is similar to the Chinese variant, only with addition of one more country, so also additional expenses on transportation of cargoes, tariff rates and customs registration.

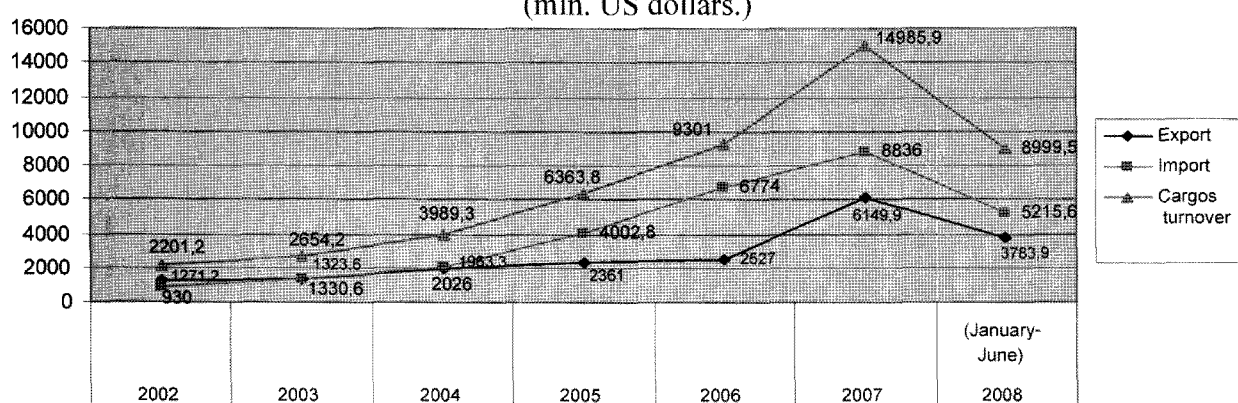
Summing up variants of integration of the Trans-Korean and Trans-Siberian Railway, it is possible to conclude that Russia has unquestionable advantages-transit of cargoes to the third countries is carried out on one Russian territory, with uniform customs

Table 1. Cargos turnover between The Russian Federation and The Republic of Korea(mln. US dollars.)

	2002	2003	2004	2005	2006	2007	2008 (January-June)
Export	1271,2	1323,6	1963,3	2361,0	2527,0	6149,9	3783,9
Import	930,0	1330,6	2026,0	4002,8	6774,0	8836,0	5215,6
Cargos turnover	2201,2	2654,2	3989,3	6363,8	9301,0	14985,9	8999,5

### Cargos turnover between The Russian Federation and The Republic of Korea

(mln. US dollars.)



rules, and, therefore, with the uniform accompanying documentation. There is no necessity of transfer of cargoes from a railway transportation on water, and on the contrary. The cost price of transportation of transit cargoes much more low in comparison with sea and Chinese variants, and time in a way is reduced in 2 times.

It is necessary to notice that during the last years between Russia and the Republic of Korea is marked stable growth of cargos turnover-in 2002-2007 its volume has increased in 6,8 times-from 2, 8 to 15 bln. USA dollars (the Russian export-6,2 bln. USA dollars, import from the Republic of Korea-8,8 bln. USA dollars (table. 1).

The basic Russian export goods in the Republic of Korea in 2007 were: mineral fuel, oil and mineral oil,

metals and products from them, production of the chemical industry, wood and cellulose, cars, the equipment and vehicles.

The basic import goods from the Republic of Korea in 2007 were: cars, the equipment and vehicles, production of the chemical industry, metals and products from them, textile production, footwear

Is necessary to take into consideration increasing volumes of a turnover of goods of the Republic of Korea with the European countries, i.e. all above-mentioned proves necessity of consolidation of efforts of Russia, the Republic of Korea and the Democratic People's Republic of Korea on development of the project of connection of the Trans-Korean and Trans-Siberian Railways by I variant, through station Hasan. ☺