

Modern Opportunities and Prospects the Trans-Siberian Railway in Development of Cooperation Between the Countries of Asian-Pacific Region

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1. THE BASIC FEATURES OF THE TRANS-SIBERIAN RAILWAY AND ITS ROLE IN THE INTERNATIONAL ECONOMIC COOPERATION

The Trans-Siberian Railway (TSR)-the powerful electrified double-track railway, equipped with modern means of information and communication. The length of the way is 9288 km, It is the most extended railway in the world. TSR is a basic continuation of the all-European transport corridor #2.

TSR passes on territory of 20 subjects of the Russian Federation and 5 federal districts, where 87 cities with the population from 300 thousand up to 15 million person are located. 14 cities through which there passes the Trans-Siberian highway, are the administrative centers of subjects of the Russian Federation. These regions rich with natural resources have significant export and import potential.

In the regions served by TSR, it is extracted 65% of coal made in Russia, 20% of oil refining and 25 % of release of business wood. Here it is concentrated more than 80 % of industrial potential of the country and the basic natural resources, including oil, gas, coal, a wood, ores black and nonferrous metals, etc.

In the east, through boundary stations Khasan, Grodekovo, Zabaikalsk, Naushki the Trans-Siberian Railway provides an exit on a railways network of North Korea, China and Mongolia. In the West, the connection goes through the Russian ports and cross-border points with former republics of Soviet Union - to the European countries.

The Trans-Siberian Railway is the natural international transport corridor connecting the countries of Asian - Pacific region and Europe. Most evidently the role of the Trans-Siberian Railway in the international economic cooperation is shown in view of realization of project Trans-Korean Railway- "TKR"(Pusan-Seoul-Hamhung-Chongjin-Tumen-Hasan). Work under the project of TKR creation with an exit to TSR was carried out within the framework of tripartite meetings of experts of the Russian Federation, Republic Korea and DPRK.

2. TRANS-KOREAN RAILWAY

The question on creation of the Trans-Korean Railway with an exit to the Trans-Siberian Railway became actual in connection with accepted by Republic Korea and DPRK the

decision on restoration of a railway communication between two states, interrupted by Korean war of 1953. During the DPRK leader's visit to Russia on August 4-5th, 2001 the President of Russia Vladimir Putin and Chairman of the State Committee of Defense Kim Chen Ir have signed the Moscow Declaration in which the consent of the parties about creation of the railway transport corridor connecting the North and the South of the Korean peninsula with Russia and Europe has been reflected.

On August, 14th, same year the question of TKR creation has been concretized by the Agreement on mutual cooperation between Ministry of Railways of Russia and the Ministry of Railways of the DPRK.

The Russian side had stated a position about TKR use on its east way with an exit to the Trans-Siberian Railway through Hasan. During realization of a bilateral agreement the Russian side has executed works on inspection of east section of TKR for a choice of reconstruction parameters.

During 2001-2002 the group of the Russian railways experts has carried out the inspection of TKR east section. In addition to earlier executed inspection works, in October-November, 2003, the research institute "DalZhe IDorProect" together with some specialized organizations and experts of OJSC "Russian Railways" executed full complex of prospecting works on a section "State Border - Tumangan - Radgin" with extent of 52 km.

The preliminary design studies executed by the Russian project institutes during 2001-2003 on the basis of results of inspection of sections of railways KNDR, have shown, that cost of works on their

reconstruction and modernization will make about 2,5 billion US dollars.

Work under the TKR creation project with an exit to TSR was carried out within the framework of tripartite meetings of experts of the Russian Federation, Republic Korea and DPRK. The first tripartite experts meeting has been carried out on April, 28-30, 2004 in Moscow. The second tripartite meeting by the arrangement of the parties was planned for the fourth quarter 2004. However negotiating process in a tripartite format has interrupted owing to an aggravation of political conditions on the Korean peninsula.

On March, 17, 2006 based on the initiative if the OJSC Russian Railways tripartite meeting of the its president of V.I. Yakunin, Minister of railways DPRK Kim En Sam and KORAIL President Lee Chul has taken place in Vladivostok. During the meeting the parties accepted the decision on the beginning of practical restoration work of a section of the railway from Hasan(Russia) to port Radzhin (DPRK) - 52 km and construction of a container terminal for the intermodal shipping organization in port Radzhin with an exit to TSR.

Due to "Hasan-Radgin" pilot project there was made a decision on creation of joint venture in special to economic zone "Rason"(DPRK) between Russian Railways and Managing Company of port Radzhin which will be engaged in construction of the container terminal, restoration of the railway and their subsequent operation. Those arrangements have been achieved during negotiations in Pyongyang in April and July, 2007.

The Russian side has developed the concept of the terminal development with throughput of 400

thousand containers and in November - December, 2007 has carried out a complex engineering inspection of port Radgin. According to pre-calculations, expenses for reconstruction of a railway section "Hasan-Radgin" will make 1,75 billion rubles; capital investments in construction of the terminal are estimated at a rate of 100 million US dollars.

The cooperation agreement between Russian Railways and Ministry of North Korea Railways was signed on April, 24, 2008 in Moscow. The parties have agreed in common to realize the pilot project "Hasan-Radgin", a railway section of Tumen including Radgin reconstruction, construction of the container terminal in port Radgin, and also the subsequent operation of the given infrastructure.

The contract signed within the framework of the agreement has created joint venture. It will provide attraction of investments for financing the project, and also will involve contractors in design and civil work on reconstruction of the railway section "Tumen-Radgin"(52 km) and construction of the port Radgin container terminal. The joint venture is created for the period of 49 years with the following distribution of shares in the registration capital: 70% - Russian side and 30% - North Korean side.

With a view of realization of the unobstructed cargoes passing through the border parties have agreed to undertake all necessary efforts for maintenance of appropriate work of cross-border checkpoints at Hasan and Tumen stations and the maximal simplification of customs and border formalities. Besides has been solved to organize Advisory committee which will carry out coordination of realization of the project.

Simultaneously Russian Railways plan to create the joint logistical company with participation of South-Korean forwarding agents for attraction of investments into modernization of an infrastructure and warranting of a freight traffic, and also granting "service" to cargoes consignor on a route to the Trans-Siberian Railway.

Hasan-Radgin pilot project is considered as a first stage of restoration of all TKR(includes restoration of the North-Korean Railways on this section and construction of the container terminal in the port. Its cost makes \$200 million).

Within the framework of realization of the project Russian Railways should reconstruct 10 stations, 3 tunnels and more than 40 bridges. On some sections it is necessary to restore and an embankment. Final result throughput of this section will grow up to 12 pairs trains day, shipping capacity - up to 4 million tons per year. TKR modernization started by Russian experts on October, 5, 2008 from a double-track cloth at frontier North-Korean Tumen station.

In parallel of a section reconstruction, the construction of the port terminal will take place with a designed capacity of 400 thousand TEU. It will be able to serve simultaneously three vessels, and wwill be equipped with platforms for storage of containers, railway access roads, four cranes. It is planned, that the first container trains from Radgin will leave in the autumn of 2009. By 2011 volumes of transportations on this section should increase up to 35 thousand TEU, in 2012 - up to 70 TEU, and in 2013 the volume of transportations will make 100 TEU.

Participants of the project(Russia, South and

North Korea) consider that to carry out " the big project "(in a scale TKR) is possible within the framework of the international financial consortium as besides restoration of the top structure of a railways in North Korea it is necessary to solve problems of power supply and shortage of a rolling stock in view of that the volume of investments can make up to 7 billion US dollars. Investors from Germany, Italy, Finland, India, Japan have already shown their interest to the project.

3. OPPORTUNITIES OF THE TRANS-SIBERIAN RAILWAY

Advantages of the Trans-Siberian Railway in comparison to a sea way.

TKR route with an exit to the Russian Trans-Siberian Railway has a number of advantages. One of them is passage of a cargo on an extent more than 12 thousand in km without crossing borders under the uniform law of shipping. The origin of TKR cargo flows can be formed from mutual international trade "Russia- North Korea-South Korea" and back and forth transit cargoes "EU-South Korea". The part of container cargoes can be also involved in transportations from Japan, processed in port Pusan.

Now the significant part of freight traffics in the "East-West" direction goes by sea. The monopoly position of sea carriers dominating or nearly so on the given direction does not allow shippers to expect a reduction of a transport component in their costs. In this connection rail transportation is reasonable economic alternative to a sea transportations. Besides, transportations on the TSR in comparison with a sea have the

following objective advantages:

- An opportunity more than double reduction of time of cargoes delivery time. The carried out analysis showed, that after realization of the TKR-TSR reconnection project terms of cargo delivery in comparison with sea way would be reduced from 30-40 till 13-18 day while transportation cost is depreciated;
- A low level of political risks since more than 90 % of a route pass on territory of the Russian Federation - the states with steady democratic system of the government, stable political a climate and confidently growing economy;
- Reduction up to a minimum a number of cross-docking operations that cuts down expenses of cargo owners and prevents risk of cargoes casual damage.

The TSR is included as a priority route in the connections between Europe and Asia in projects of such international organizations as UNECE, UNESCAP, OSJD.

Service

Technical opportunities of the Trans-Siberian Railway allow to move now up to 100 million tons of cargoes one year, including 200 thousand TEU of the international transit. In the long term the volume of transportation can make up to 1 million TEU one year. Quality of transport service on the Trans-Siberian Railway meets the highest international requirements:

A. Trans-Siberian Railway successfully uses the modern information technologies providing the full control over trains passing and real time mode informing clients about the location, following on a whole route, arrival of the container or a cargo in any point of Russia.

Joint-Stock Company "TransTeleKom" and Association of Railway International Electronic Documents Circulation Operators work on creation of the specialized information portal for the Trans-Siberian route providing electronic information interchange between participants of the transport market. The portal will allow to track in real time "destiny" of a cargo from the moment of documents registration before arrival to destination, to use assistance database.

B. In January, 2005 the Agreement between Far East customs Management of Federal customs service of Russia and the Far East Railway about data exchange on the goods and vehicles moving through customs border signed and commissioned. The introduced technology of electronic cargoes declaring reduced the time of cargoes examination from 3 days till 90 minutes. Since May, 2005 Trans-Siberian Railway uses the simplified order processing according to which all containers in a container train follow under one transport document. This customs practice is applied at transportations of accessories from South Korea on a car assembly factory to Taganrog through seaport Vladivostok.

C. The introduced advanced technology of commercial checkpoints work which are equipped with modern means of the cars and containers condition control in trains. Besides constant safety cargoes monitoring is conducted along the line.

D. Rolling stock park replenishes by specialized 80-foot platforms intended for transportation of two 40-foot containers. Their batch production on factories-suppliers is adjusted. The preproduction model of new types of double deck

containers platforms is created/ It will lower the cost price of transportations and will raise their efficiency.

E. The safety of transported transit cargoes in container trains is fully guaranteed. For last years no cases were registered. At the same time Russian Railways conduct work on reduction of container protection fees for cargoes which are transported in the accelerated container trains. After last two years the protection fee for 40-foot container is reduced twice, and for 20-foot - almost in 3 times.

F. Due to the needs of the further development of container transportations OJSC Russian railways have founded its specialized branch "Trans-Container". The whole park of containers and fitting platforms has been transferred there. Trans-Container agents work on railway port stations in Nakhodka-Eastern, cross-border transition points Zabaikalsk, Grodekovo, Naushki and in South Korea. The company gives a full complex of services on cargoes transportation by container trains, closely cooperates with border services, customs and the stevedore companies.

Prospects

Russian government and Open Joint Stock Company "Russian Railways" has developed a complex of measures on the further increase in transit potential of the whole transport corridor between Europe and the Pacific RIM countries, based on the Trans-Siberian Railway. In particular, big scale investment projects are realized in east part of the Trans-Siberian Railway for maintenance of growth of rail transportation and transit between Russia and

China. Among those projects are: necessary development of railway stations on borders with Mongolia, China and DPRK, approaches to seaports, modernization of container terminals according to the world standards.

Till 2015 Russian Railways plan to allocate about 50 billion rubles for reconstruction of the Trans-Siberian Railway. In the long term according to Strategy of development of a railway transportation in the Russian Federation till 2030, Trans-Siberian Railway specialization is planned for specialized container trains and for passenger transportation.

Coordinative Council on Trans-Siberian Transportation together with a leadership of Russian Railways prepares the concept of development of the Trans-Siberian transportations for the period till 2020 which provides the following:

- Formation of the system approach to development of the Trans-Siberian container transportation by railways, sea carriers, and in sea ports with participation of freight forwarding associations of Europe, Russia, Republic Korea, Japan, Austria, and also the freight forwarding companies;
- Elaboration and application of competitive tariffs for foreign trade and transit cargoes transportation in connection with freight traffic directions and transportation conditions of an alternative routes;
- Further perfection of technology and the organization of transit and foreign trade cargoes transportation on Trans-Siberian Railway;
- Perfection of conditions and principles of joint railways activities, the sea carriers, ports, freight forwarding agents and operators- Coordinative Council on Trans-Siberian Transportation members-on attraction of cargoes to TSR; High quality service provision to attract cargoes to TSR on the basis of an international level of activity coordination(observance of delivery terms, cargoes safety);
- Information support of transportation process on the Trans-Siberian route(granting cargo tracking information to clients in real time);
- Creation of the modern logistical centers with warehouse complexes in Moscow, other industrial; centers and in the Far East;
- Further development of transport connections between the countries of Asia, Russia, the countries CIS, Central and the Eastern Europe, Scandinavia and Baltic. ☺