

Russia: a railroad deal lies behind Putin's meeting with North Korean leader

Vladimir Volkov
19 September 2002

Recent events show that Vladimir Putin's government is trying to exploit US preparations for war against Iraq to improve the economic and foreign position of Russia.

Among these steps is Putin's announcement of the need to include Belarus within Russia, the announcement of possible trade and economic deals with Iraq to the amount of \$40 billion, the expansion of economic cooperation with Iran, and a number of military operations in Georgia's Pankisi Ridge region.

The meeting last month in Vladivostok between the Russian president and the leader of North Korea, Kim Jong Il, was part of these foreign policy initiatives. Its main goal was the consummation of an agreement to connect the Trans-Korean Railroad to the Russian Trans-Siberian network.

This was the third meeting between Putin and Kim Jong Il over the past two years. They first met in Pyongyang in July of 2000, then in the Kremlin in August of 2001. Both times their concluding statements were dominated by general political pronouncements, including declarations by the North Korean leader that his country's missile program was of a strictly peaceful nature. Last year's meeting concluded with a joint declaration affirming that North Korea's missile program did not threaten any state that respected its sovereignty.

This time the discussion was primarily about developing economic relations between the two states. The details of the discussions show that the agenda for Putin's meeting with Kim Jong Il was not improvised, but reflected plans discussed and worked out over a long period, relating to both Russia's geopolitical goals and the interests of the North Korean regime.

Following the terror attacks of September 11, Putin's government was forced to put aside for a time its plans to develop relations with North Korea, since the latter was denounced as part of the "axis of evil" by the Bush administration. But in the course of time, once it became clear that the Kremlin's loyalty to Washington would not be repaid with any significant economic gains, the approaches to North Korea were revived.

In July of 2000, Russian Foreign Minister Igor Ivanov visited Pyongyang and helped to defuse the tense situation that had developed in relations between the two Koreas following the armed encounter between the North and the South in the Yellow Sea. Later, in Brunei, Ivanov played an important role in setting up a meeting between the People's Republic of Korea and the US.

One of Kim Jong Il's motivations is the acute social and economic crisis gripping North Korea. Following the collapse of

the Soviet Union in 1991, the Stalinist dictatorship in the North was left bereft of any international support, and the autarchic character of its economy brought the country to the brink of collapse and mass starvation. Fearing an explosion of popular anger, Kim Jong Il began to turn in the direction of cooperation with world imperialism. This turn, however, ultimately involves even greater attacks on the rights of the working masses.

In July, Pyongyang sharply raised the prices for consumer goods, transportation and public utilities, and introduced a partial convertibility of the North Korean currency, the Won, whose official exchange rate now approached the black market rate. Even the raising of wages 15- to 20-fold could not compensate for this blow to the purchasing power of the average citizen.

In its attempt to end its international isolation, the North Korean regime is taking steps to cooperate with the US in the area of power generation and seeking improved relations with Japan.

At the heart of the Russian-Korean railroad deal is a plan for Russian help in connecting the two railway lines on the Korean peninsula, and then tying them to the Russian Trans-Siberian network. Then goods could be delivered to Europe from South Korea by land, speeding up their transportation from the present 34 days to 13-18 days, and thereby lowering transportation costs. According to Russian Prime Minister Kasyanov, this project would bring Russia an additional \$3 billion per year in transit fees, up from the present \$1 billion.

There is a competing project: to tie the unified railroad line on the Korean peninsula to the Chinese rail network. This plan frightens the Russian government, since it would thrust the whole Russian Far East far from the main transportation corridors of Eurasia.

Hence Putin's statement in Vladivostok that Russia must help in constructing the Trans-Korean rail network, if only because "China would do it otherwise." Putin continued: "If the joining of the Trans-Korean and Trans-Siberian railroads does not take place, the Russian Far East will be totally isolated from world trade, and the country's budget will lose hundreds of millions of dollars."

The Russian president noted that the ports of the Russian Far East would, in any case, lose out as a result of the rail network's construction. But these losses would be smaller than the overall national loss caused by refusing to participate in the project.

Putin also tried to deflect fears that Chinese interests would suffer. He declared that "our well beloved friend, the People's Republic of China" would connect to the Trans-Siberian network,

“but at a different spot.”

Following Kim Jong Il’s departure from Vladivostok, Russia’s minister of transport, Gennady Fadeyev, recounted the details of the plan. Specifically, a group of Russian engineers and rail specialists have worked out three plans, each costing \$2.5 billion, which should overcome the technological differences between Russia and North Korea.

“The project of connecting the Trans-Korean and Trans-Siberian railroads is of great importance for Russia,” said Fadeyev, and noted that it was agreed, during the meeting between Kim Jong Il and Putin, to set up an international consortium. China and some other states of Central Asia have already expressed an interest in participating.

Involved in the rail deal are important geopolitical relations. Until now Kim Jong Il was primarily associated with China. By developing the Russian connection he is trying to gain a measure of independence. As the *Financial Times* noted on August 28, “By getting around the North Korean dictator Kim Jong Il, Russia has partially displaced China as the main ally of Pyongyang.”

The Russian newspaper *Nezavisimaya Gazeta* wrote in its August 26 issue: “Without a doubt ... Kim Jong Il tried to prove to China, which has up to now been widely considered the main sponsor of North Korea, that Pyongyang possesses the Russian card, which undermines Beijing’s exclusivity in Korean affairs. By pressing this alliance with Moscow, Pyongyang probably realizes that it is not risking anything. Russia, weak at present, is unable to dominate on the Korean peninsula, but China can, and undoubtedly would, if it were to cultivate a special relationship with this region.”

While supporting North Korea, Russia is taking care not to undermine its relations with China. While Putin was meeting in Vladivostok, a large Russian delegation, headed by Prime Minister M. Kasyanov, was visiting Beijing. During this visit it was announced that a new oil pipeline would be run from Angarsk in Yakutia to China.

Russian newspapers reported the existence of an alternative path for constructing the pipeline from Angarsk, one that would end at the Russian port of Nakhodka on the Pacific. This path would allow Russia more options, since its oil could be sold not just to China, but to other countries as well, including the US. However, according to the Russian media, the Kremlin took a “political decision” in favor of a “purely” Chinese alternative.

In China, Kasyanov was able to secure Beijing’s support for Russia’s entry into the World Trade Organization. But this support is hedged by a number of Chinese counter-demands. Among these is the Chinese request for Russia to open up its labor market and significantly decrease its customs duties.

The realization of the Trans-Korea rail network is impossible without the participation of Seoul, which in turn revolves around the agreement of the United States. Thus, the completion of the railroad project means the involvement in decision-making of the US, which is interested in preventing the strengthening of Japanese influence in this strategically important region.

Generally speaking, Russia’s latest activities in the Far East and the strengthening of its ties to North Korea imply that Moscow is trying to play the role of mediator between North Korea, on the

one hand, and the US, Japan and even South Korea, on the other.

Whatever the perspectives for building the Eurasian rail corridor, the completion of this plan cannot improve the lives of the majority of Russian citizens living in the Far East. Putin had to admit as much during his visit to Vladivostok.

Noting the miserable state of the Far East, even in comparison to other poor regions of Russia, the Russian president said, “[T]he region has more problems than solutions.” He did not offer any additional solutions.

This region has the highest level of wage arrears in the country, and the living standards of its population are lower than in many other regions of Russia. Newspaper reports noted that the presidential motorcade from the airport had to pass by a tent city housing sailors and fishermen protesting against their wage arrears.

A market basket of foodstuffs costs 1.3 times more in the Far East than in an average Russian region, but the per capita income is 4.2 percent lower.

The past few years have earned the Far East a sad notoriety in relation to municipal provision of heat and electricity. In recent winters many inhabitants of towns and villages repeatedly lost both heat and electricity. In the harsh climactic conditions of the region, this means enormous suffering, the spread of disease, and a direct threat to life.

As a result of the general economic and social crisis, the population of the Far East continues to migrate to the central regions of Russia. Some 1.2 million people left the Far East between 1991 and 2002. At the same time, this region becomes ever more attractive to the Chinese from the interior of China, where the poverty is even more shocking than in the Russian Far East. Official records show that there are already over 200,000 Chinese living in the Far East.

The region has been swept by waves of criminality and lawlessness. The fishing mafia, benefiting from the illegal catch and export of fish, plays a central role in this. Several years ago a series of corruption scandals forced the central government to remove the governor of the province, Yury Nazdratenko, who was nevertheless soon appointed as chairman of the federal committee for fish products in Moscow. The inability of the Russian government to bring elementary law and order to the region reflects the general situation in the rest of the country, where any distinction between the state power, the legal business establishment and various mafia-type syndicates has been largely effaced.



To contact the WSWWS and the Socialist Equality Party visit:

wsws.org/contact