



The Possibility and Prospects of the Northeast Asian Railway Economic Community (東アジアの鉄道、経済の共同体)

2019. 01. 29

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Recent Trends and Meaning of ROK–DPRK Relations

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I. Recent Trends and Meaning of ROK–DPRK Relations

- ◆ The ROK government has shut down the Kaesong Industrial Complex since DPRK succeeded in testing a hydrogen bomb in January 2016.
- ◆ In May of 2017, the government changed to a conciliatory government in its policy toward DPRK, but DPRK's nuclear tests and missile launches had continued.
- ◆ Nevertheless, the ROK government has not given up on its dream of connecting to a continental network through DPRK. And then suddenly there was a dramatic reversal.
- ◆ It was Chairman Kim Jong-un's New Year's speech. He said that “We are willing to participate in the Pyeongchang Winter Olympics and participate in talks to improve inter-Korean relations.”
- ◆ And by 2018, everything turned into a peaceful mood. As you know, after three inter-Korean summits and the first North American summit, we are now in front of the second North American summit.

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I . Recent Trends and Meaning of ROK–DPRK Relations

- ◇ As a result, the inter–Korean railway and road connection projects have also progressed rapidly.
- ◇ Among of them What's remarkable is that is the president Moon Jae–in's a proposals in a congratulatory speech of National Liberation Day. That is the topic I am talking about today, "A Proposals for North East Asian Railway Economic Community (NAREC) “
- ◇ Even DPRK has a small domestic market, but it is an important geographical location, especially since it has a huge consumption market in Northeast Asia behind it.
- ◇ It is highly likely to be the epicenter of Big Bang.
- ◇ So, the whole world is paying attention to the value of investment because of poor Infrastructures, a treasure house of untapped resources, high–quality but cheap labor.
- ◇ Now the big Gate is opening, How shoul we prepare?

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Current Situation of ROK–DPRK Infrastructure

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II. Current Situation of ROK–DPRK Infrastructure

Road Infrastructure of DPRK

- ◆ Road Infrastructure of DPRK are classified from level 1 to 3 roads includes Expressway, those are managed by central Government and from level 4 to 6, those are managed by local Government.
- ◆ Every level of road has a set standard, for example, Expressway connect from PY to Main cities, these are more than 4 lanes, width 14m, traffic volume is more than 5,500 vpd.

Source: Jin, J.W., A Plan for Northeast Asia Railway Economic Community, ROK National Assembly Policy Seminar, 2018. 5. 28

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II. Current Situation of ROK–DPRK Infrastructure

Current Situation of DPRK' s roads

Current Situation of DPRK' s roads are very poor. For example, Road pavement ratio is 8–10%, Roads with a width of less than 2.4 m take up 43.5 % of the total. Average speed less than 50kph. There are very heavy vertical & horizontal curves. The bridges and tunnels are very old so there are severe deteriorations.



Source: Lee, B.J., Lee, S.J., A Study on the Land Development Project of the Korean Peninsula for the Co-development of ROK and DPRK, Urban Development Strategy Forum on the Korean Peninsula, 2018. 8. 9

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II. Current Situation of ROK–DPRK Infrastructure

Railway Infrastructure of ROK & DPRK

- ◆ In DPRK's transportation policy railways is a major infrastructure and roads are additional infra.
- ◆ There are about 10 trunk railway lines and branch lines.
- ◆ There is capacity restraint because 98% are 1 way track. So Low speed by aging and old-fashioned roadbed, rail, and signal systems and in addition, Chronic electric power shortages is very serious situation. We can say in 3 words, Not ready (不備), inconvenience (不便), embarrassed (憊憊)

Source: Jin, J.W., A Plan for Northeast Asia Railway Economic Community, ROK National Assembly Policy Seminar, 2018. 5. 28

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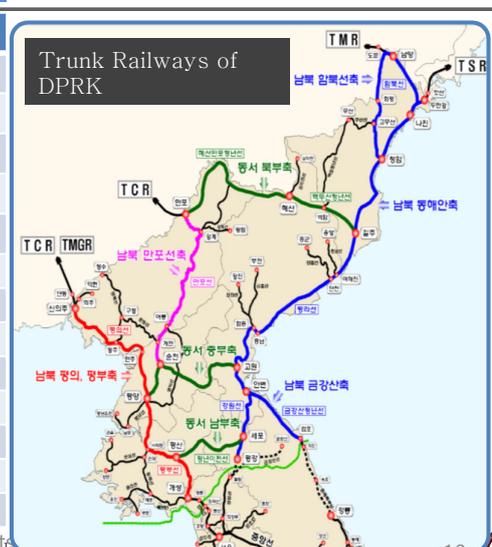
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II. Current Situation of ROK–DPRK Infrastructure

Railway Infrastructure of DPRK

Area	Section	Length (km)
West	Shinuiju~PY~Panmunjeom	411.3
	Daedonggang~Deokcheon~KujangCY	197.7
	Jeongju~Cheongju	131.0
	PY~Pyeongnamoncheon	86.4
East–West	PY~Hamheung~Cheonjin~Rajin	781.1
	Pyeongsan~SepoCheongnyeon (CY)	140.9
East	Cheongam~Namyang	179.3
	Kowon~Pyeonggang	145.1
	Anbyeon~Kamho	115.4
Inland	Suncheon~Manpo	299.7
	Hyesan~Manpo	249.2
	Baeam~Musan	187.0
	Kilju~Hyesan	139.3



Source: Jin, J.W., Inter-Korean and International Cooperation for the Development of North Korean In- NAREC

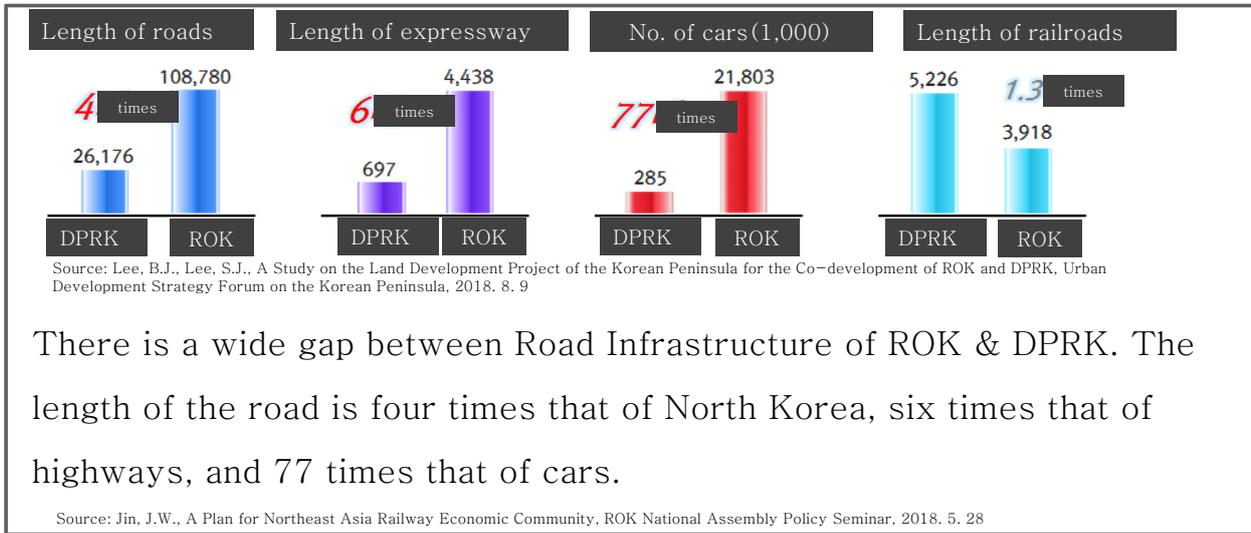
2018. 5. 15

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II. Current Situation of ROK–DPRK Infrastructure

Road Infrastructure of ROK & DPRK



There is a wide gap between Road Infrastructure of ROK & DPRK. The length of the road is four times that of North Korea, six times that of highways, and 77 times that of cars.

Source: Jin, J.W., A Plan for Northeast Asia Railway Economic Community, ROK National Assembly Policy Seminar, 2018. 5. 28

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The Possibility of The Northeast Asian Railway Economic Community (NAREC)

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Ⅲ. The Possibility of The NAREC

We need to change our perception of DPRK's development

We need to change our perception of DPRK's development to prepare for the future of the Korean Peninsula.

- 1) to form a single market, human and physical resources are redistributed in consideration of economic efficiency and balanced national development.
- 2) Seeking ways to develop national territory that can coexist not only with the Korean Peninsula but also with neighboring Northeast Asia such as China, Japan and Russia.
- 3) It is needs to explore new growth engines that should be fostered on the Korean Peninsula in consideration of changes in global economic structure.

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Ⅲ. The Possibility of The NAREC

Conception of NAREC (2018. 8. 15)

Through these concerns, the idea of NAREC emerged. NAREC aims at Economic and Energy Community with Railways involving ROK, DPRK, China, Russia, Japan and the United States at this based on the concept of the European coal and steel community's development to EU.



Figure source : Seo, J.W., A Study on the Construction of Railway Network in DPRK, Urban Development Strategy Forum on the Korean Peninsula, 2018. 8. 9



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III. The Possibility of The NAREC

Population and economic size of NAREC

Population and economic size of NAREC is very big.
 Main city' s population of railroad lines of NAREC is 0.38 billion persons.
 Not only that, GRDP in NAREC is also very big as \$7,748.5 billion. This is 4.4 times that of the world's ninth-ranked Canada.

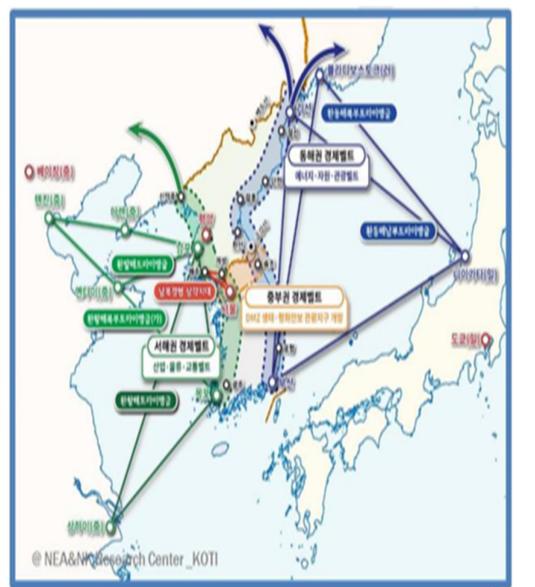


Figure source : Seo, J.W., A Study on the Construction of Railway Network in DPRK, Urban Development Strategy Forum on the Korean Peninsula, 2018. 8. 9

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III. The Possibility of The NAREC

Prerequisites for the formation of NAREC

However, there is very an interesting prerequisites for the formation of NAREC. That is High Speed Railway. We can speak of the East Asian Railway community only when we are given one-day life right by the high-speed railway, although neither Japan nor Korea has experienced it. If HSR connect from Seoul to Beijing, we can go in just 5 hours between Seoul and Beijing. (1,248 km)
 Then someone used to ask to me "Does DPRK want?"
 My answer is "Yes!"

Figure source: Jin, J.W., A Plan for Northeast Asia Railway Economic Community, ROK National Assembly Policy Seminar, 2018. 5. 28

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III. The Possibility of The NAREC

Does DPRK want?

We experienced something interesting in 2018.

In January of 2018, Hyeon, Songwol who was head of DPRK's delegation used KTX to Kangneung. In February of 2018, Kim, Yeojung who is sister of Chairman Kim used KTX to Kangneung also.

Two months later, the leaders of the two Koreas said like this;

– President Moon : I've never been to the Mt. Baekdu...I really want to go to Mt. Baekdu through DPRK.

– Chairman Kim : When Mr. Moon comes, what is worrisome is likely to be inconvenienced by our transport...We will prepare for Mr. Moon's visit so that we can go to Baekdu in convenient. All the people who have been to Pyeongchang Olympic said that KTX were so good.



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DPRK Infrastructure Plan and Strategy for Efficient Implementation

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IV. DPRK Infrastructure Plan and Strategy for Efficient Implementation

Estimated Cost of Railway Construction in DPRK

Then how much cost for Railway Construction in DPRK?

There are a wide variety of estimates for under the veil of DPRK.

Even Kaesong~Shinuiju double track (412km) from \$0.8 billion/ \$6.9 billion/\$11.6 billion.

Many people have worried about finance for the DPRK 's infrastructure cost because of astronomical expenses.

How to finance expenses?



Figure source : Screen capture of KBS 1, 2018. 12. 28

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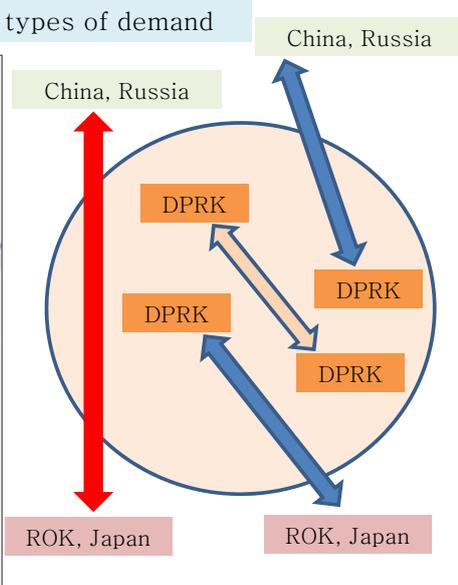
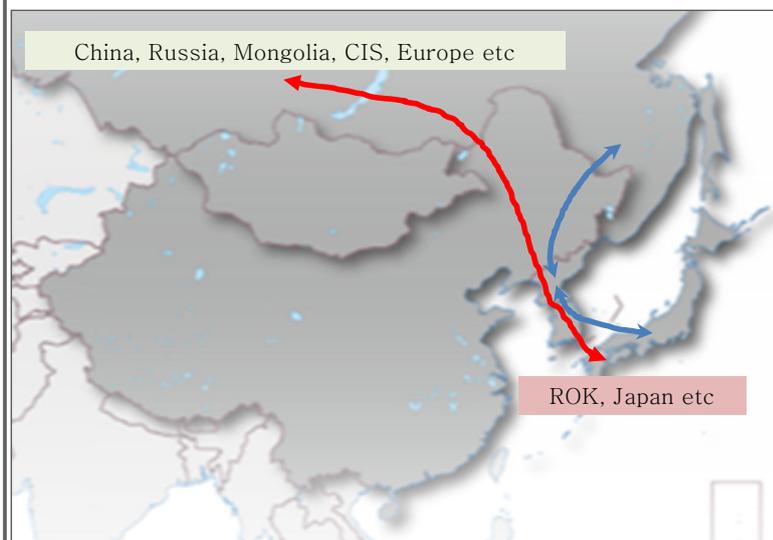
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IV. DPRK Infrastructure Plan and Strategy for Efficient Implementation

Trip Demand Related to Infrastructure in DPRK

4 types of demand



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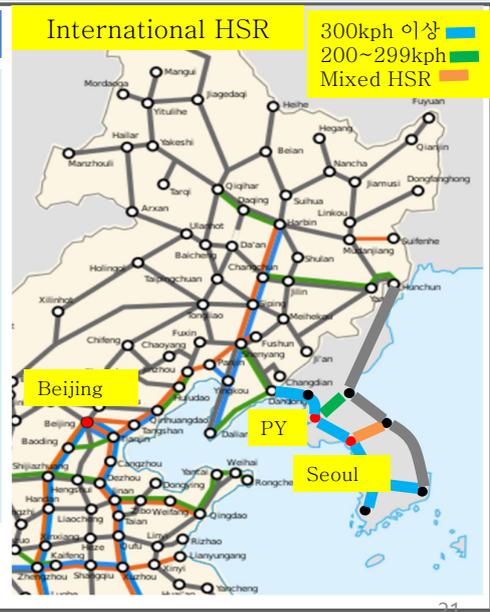
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IV. DPRK Infrastructure Plan and Strategy for Efficient Implementation

Gyeongui International HSR as an Example

Gyeongui International HSR as an Example
 Estimated Users (2028) : 5.33 million/year, 15,150/day (Considering the conversion demand from airplane passengers only)
 Such routes are freely available in the form of ppp include not only ROK but also Japan, USA, especially China and Russia, not in the form of aid by neighboring countries.



Source: Jin, J.W., A Plan for Northeast Asia Railway Economic Community, ROK National Assembly Policy Seminar, 2018. 5. 28

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IV. DPRK Infrastructure Plan and Strategy for Efficient Implementation

How to finance expenses? -> Two track strategies

I would like to propose Two track strategies.

For example, The unprofitable route will be able to construct by UN' s aid.

The profitable route will be introduced by PPP (Public Private Partnership) method.

Actually DPRK prefers the Build-Operate-Transfer (BOT) system, a profitable private equity project for infrastructure development.

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Conclusion

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V. Conclusion

In front of the turning point of history: for the peace and prosperity of all

We NEA countries stand in front of the turning point of history: for the peace and prosperity of all.

As you know, there have been resurrection of the Eurasian Continent and Northeast Asia.

We need to establish a cooperative system with neighboring countries for the development of DPRK' s Territory and the Korean Peninsula that can coexist with neighboring countries such as the Japan, China, Russia and USA.

This will lead Northeast Asia to a path of peace and prosperity, not war and destruction.

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Thank You! Q & A

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