

East Asia Railway Community (EARC) Initiative and its Related projects



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1. What is EARC Initiative?

President Moon proposed the EARC Initiative on August 15 2018, for Mutual Prosperity and Peace in East Asia.

- Related countries: ROK, DPRK, China, Russia, Mongolia, USA and Japan

Market Integration

Mutual Prosperity

Peace

Development of a one-day life zone and trading via railways

Development of the world's largest economic bloc

Multi-lateral peace and security regime

Interoperability

System Development

Interconnectivity

Intermodality



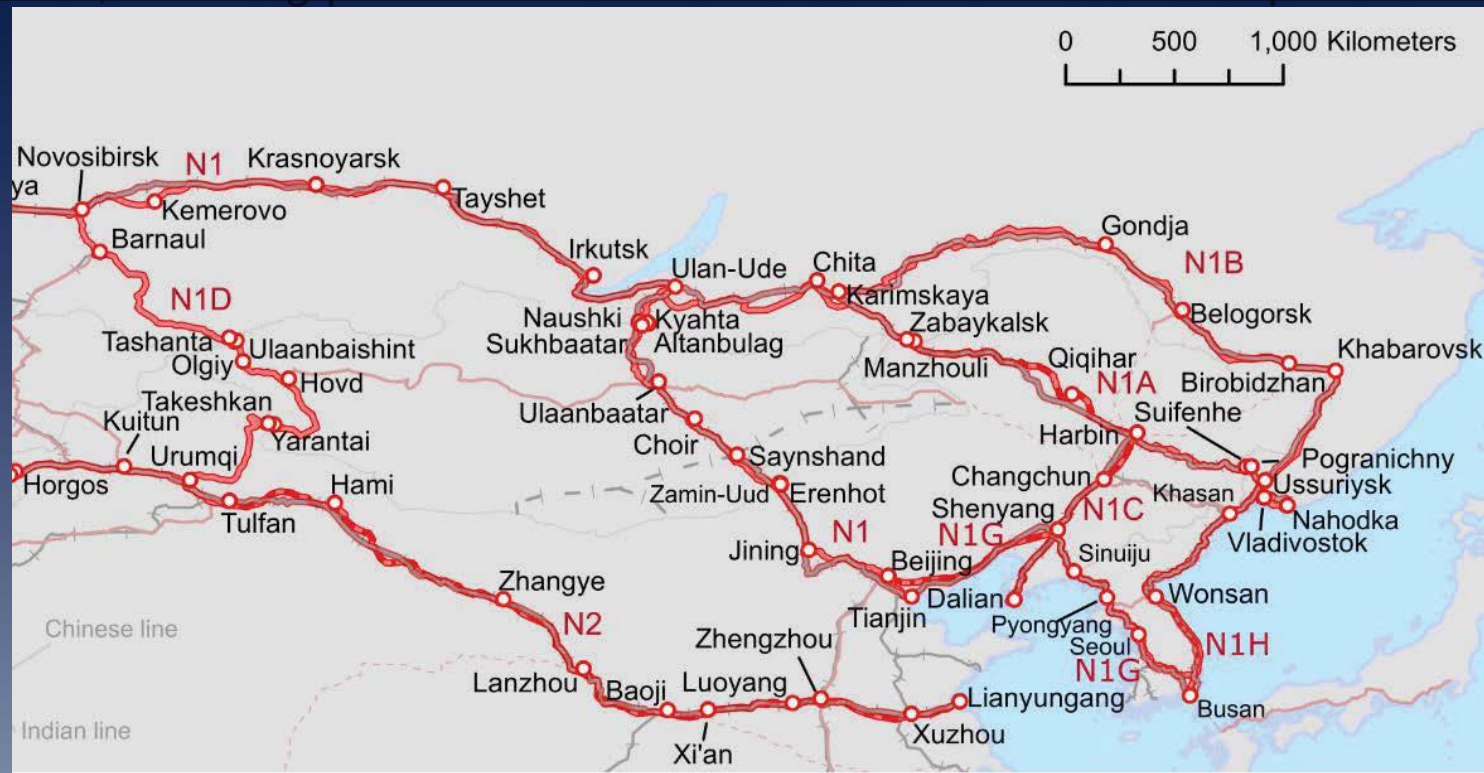
East Asia Railway Community Initiative



- EARC Initiative aims to establish an international cooperation organization that invests in infrastructure and implements economic cooperation projects centered on railways in order to build a foundation for peace and mutual prosperity in Asia.
- Related Countries are 6 North-east Asian Countries (South Korea, North Korea, China, Russia, Mongolia, Japan) and the United States.

There are lots of business opportunities surrounding the East Asia Railway Community

- 1) There are lots of many opportunities for railway logistics and passenger transportation in East Asia, including the demand derived from marine and airport logistics.
 - ▶ This can be realized by modernization of outdated railways in Northeast Asia and by connection of missing links in the region.
 - ▶ Major Korean cities can be connected with major Chinese cities within 3 to 5 hours, including potential cold chains and courier services capabilities.



2. Characteristics of EARC Initiative

Source : Korea Development Institute (KDI)

Country	Total Area(km ²)	Population (10,000 people)	GDP (hundred million\$)	Rail Length (km)
Rep. of Korea	99,720	5,181	15,302	4,056
DPRK	120,538	2,573	149	5,248
Mongolia	1,567,000	316	115	1,818
China	9,600,000	142,006	122,377	124,000
Russia	17,080,000	14,390	15,775	85,375
Japan	377,801	12,685	48,721	19,885
USA	9,365,855	33,909	193,906	228,218
Total (percentage of total, %)	38,210,914 (25.6%)	211,060 (27.4%)	396,345 (49.8%)	468,600 (40.0%)

► Combined population: Among total world population of 7.7 billion people, about 27.4% is living in the EARC nations.

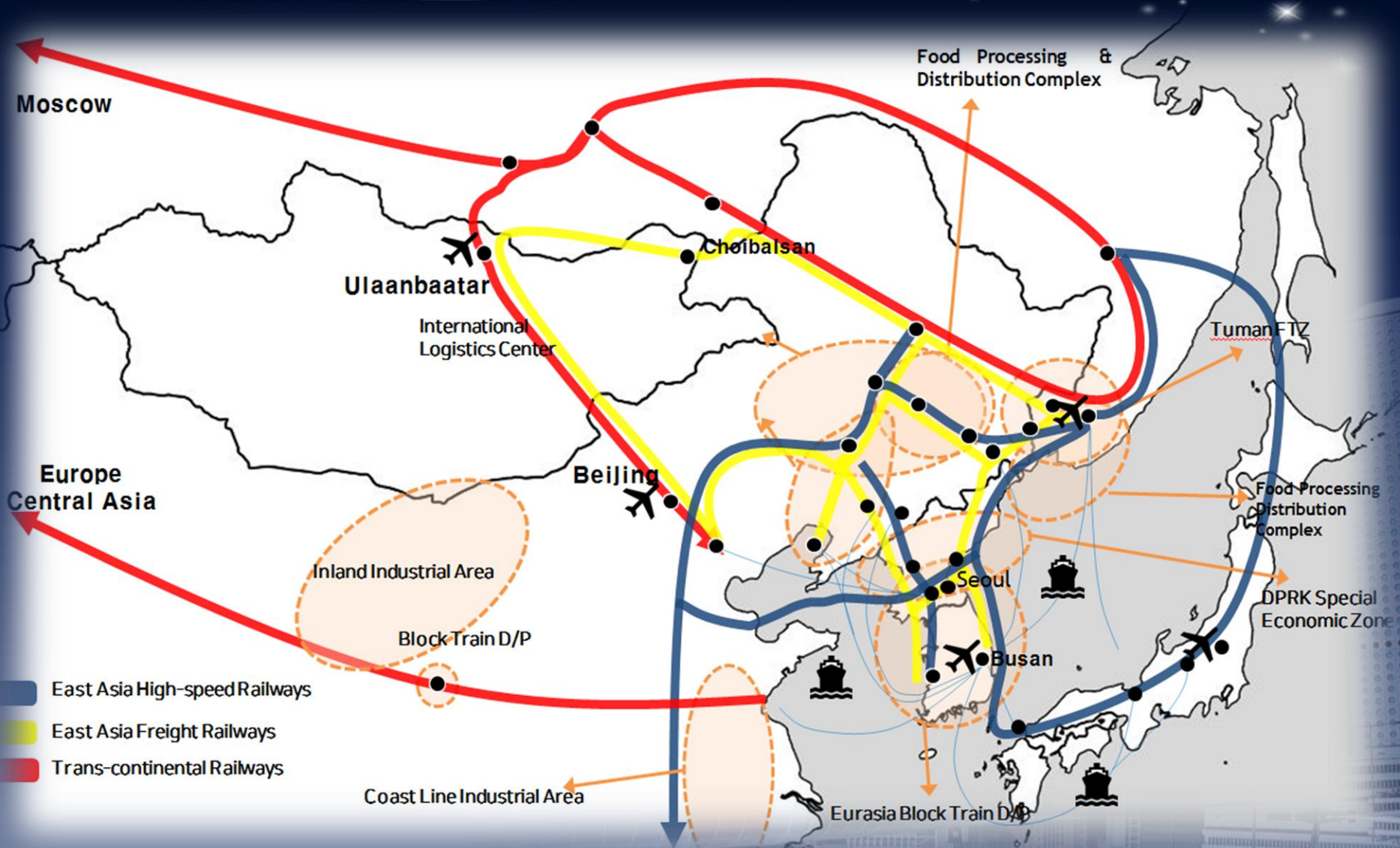
► Combined GDP: Among total world GDP of 79.5 trillion\$, about 49.8% is produced in the EARC nations.

This is the region where global demand of railway passengers and freight transportation is concentrated on.

2. Characteristics of EARC Initiative

► Rail Network of EARC

- Rail network linking major industrial hubs of EARC nations.



3. Role and Vision of EARC Initiative

► Role of EARC Initiative

- Policy: Regional development policy, Logistics investment policy
- Operation: Mitigation of border-crossing problems, Customs clearance agreement
- Investment: Construction and modernization of facilities, Transit-oriented development
- Financing: International Cooperation for financing, Multi-lateral development banks and private sector investment
- Human Resources: Joint research and development, Exchange of people and information

► Vision of EARC Initiative

Space	One Day Life Zone
Economy	World's Largest Economic Hub
Culture	Combined Value with Land/Sea
Politics	Horizontal Cooperative Relationship

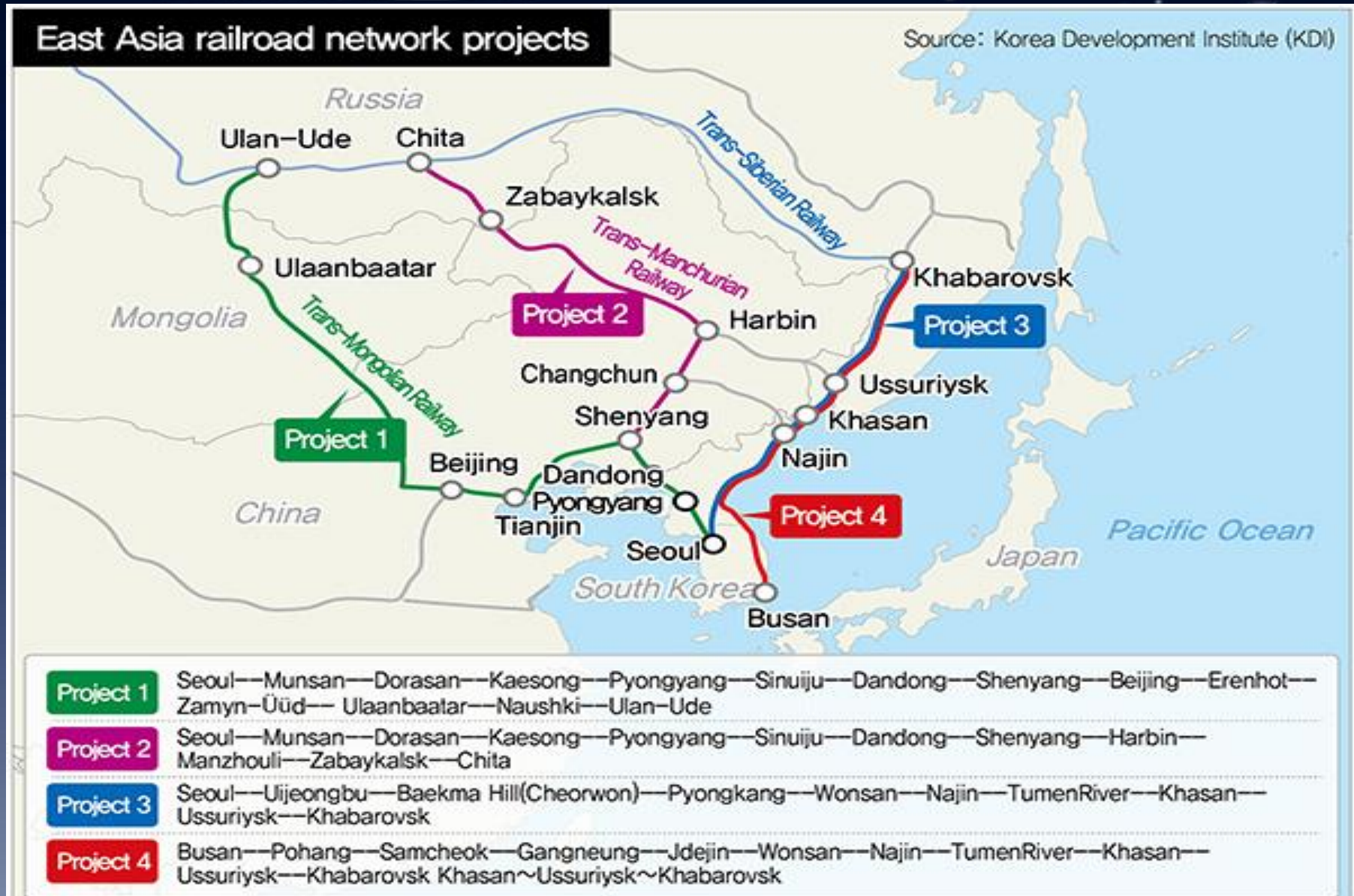


4. Chronology of Events

- President Moon proposed the EARC Initiative on August 15, 2018.
- President Moon requested for support for the EARC Initiative at the 73rd UN General Assembly on September 26, 2018.
- A Study on the Establishment of Strategy for Implementation of EARC Initiative was launched in February 2019.
- An International Symposium on EARC Initiative was held on March 14, 2019.
- International Seminar on EARC Initiative was held on Sept. 4, 2019.
- President Moon proposed the Peace Economy on Korean Peninsula at the 74th UN General Assembly September 25, 2019.

5. EARC Initiative and its Potential Projects

- 30 economic cooperation projects and four railway lines that would facilitate efficient freight transportation.



5. EARC Initiative & its Potential Projects- List of Priority Projects

Source : Korea Development Institute (KDI)

Classification		Name of the Project	Related Countries	
Rail Projects	International Rails	Modernization of the Far East Railway	Russia	
		Russia Ural High-speed Railway	Russia	
		Trans-Mongolian East-West Railway	Mongolia	
		China·Mongolia·Russia Economic Corridor Railway	China, Mongolia, Russia	
		Primor'e-1 International Transport Corridor	China, Russia	
		Primor'e-2 International Transport Corridor	China, Russia	
		North East-West Transport Corridor	The U.S. , China, Russia and etc	
		Development of the Trans-Eurasia Belt	The U.S. , Russia	
	The South-North Rails	Sinuiju High-speed Railway	South Korea, North Korea	
		Restoration and Modernization of the Gyeongui Line	South Korea, North Korea	
		Restoration and Modernization of the Donghae Line	South Korea, North Korea	
		Restoration of Gyeongwon Line	South Korea, North Korea	
		Construction of the Naegeumgang Railway	South Korea, North Korea	
		Cooperation Projects	Sinuiju Special Economy Zone	North Korea
			Special Economic Zone	Development of the Greater Tumen River
Kaesong Industrial Zone	South Korea, North Korea			
Hwanggumpyong, Wihwado Economy Zone	South Korea, North Korea			
Naseon Special Economy Zone	China, North Korea			
Liaoning Costal Economy Belt	China, North Korea			
The Changchun-Jilin-Tumen Leading Development Zone	China, North Korea, Russia			
Logistics	Establishment of a Korea-Russia join logistics company			South Korea, Russia
	Development of the Zarubino Harbor		South Korea, China, Russia	
	Development of the North-east Asia Logistics Industry Complex		China, Mongolia, Russia	
Tourism	Wonsan·Galma Tourism Zone		South Korea, North Korea	
	Mt. Geumgang Special Tourism Zone		South Korea, North Korea	
	Tumen River Joint International Tourism Zone		South Korea, North Korea, China, Russia	
	Development plan for Russky Island		Russia	
Development of Energy·Resources	Development of Resources in the Dancheon Region	North Korea, China		
	Tavan Tolgoi Mine-related Rail Development Project	China, Mongolia		
	The Arctic LNG-2	South Korea, China, Russia, Japan		
Undersea Tunnels	Russia-Japan Undersea Tunnel	Japan, Russia		

5. EARC Initiative and its Potential Projects

► China-Mongolia-Russia Economic Corridor

Source: Global Infrastructure Connectivity Alliance (GICA)

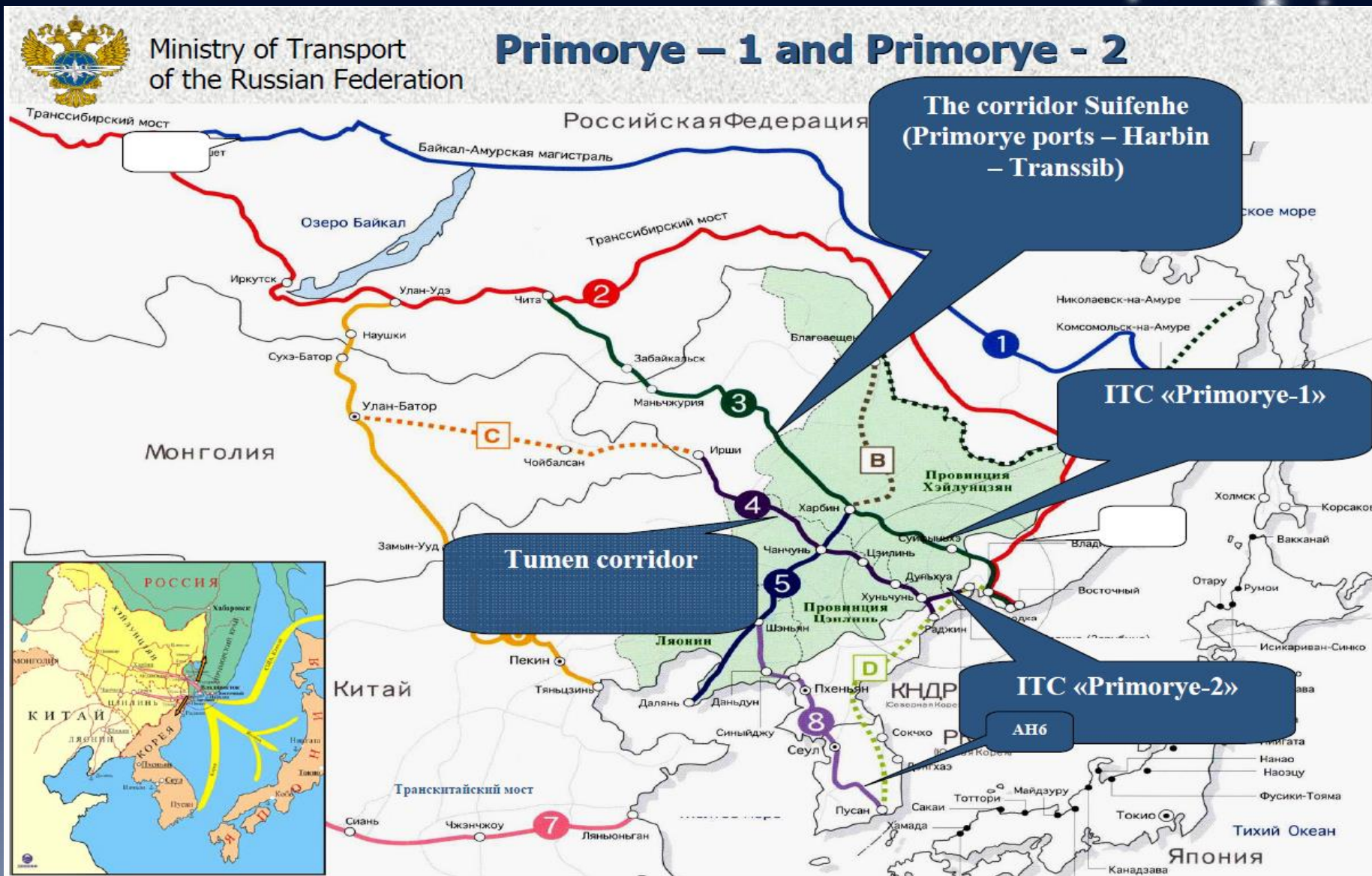
In 2014-2015 the three countries' heads of state met twice to hammer out an agreement on a Roadmap for Development of Trilateral Cooperation which builds on the existing initiatives adding a new layer of connectivity coined as the CMREC corridor.



5. EARC Initiative and its Potential Projects

► Development of International Transport Corridors called Primorye-1 and Primorye-2

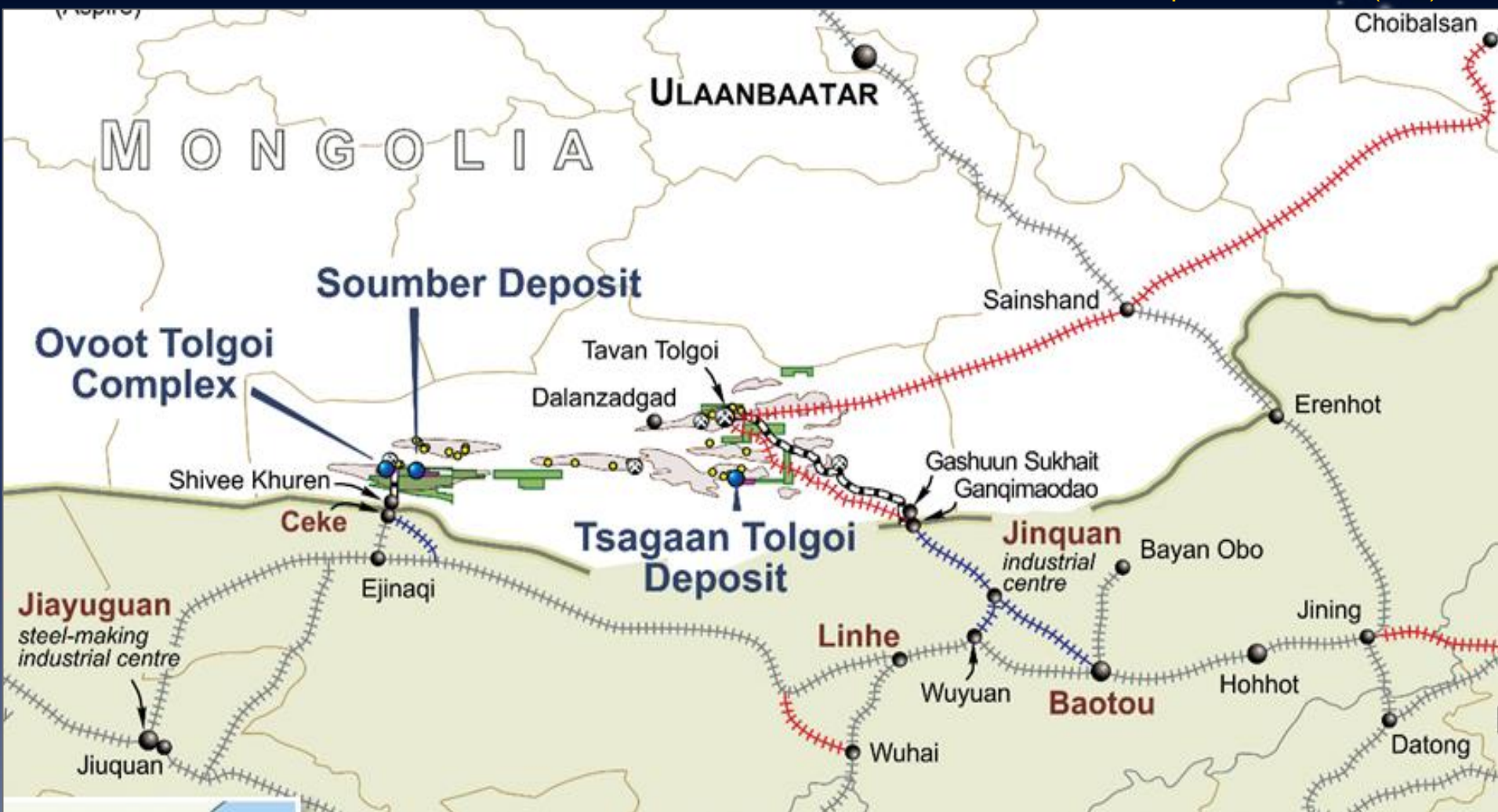
Source: Ministry of Transport of the Russian Federation



5. EARC Initiative and its Potential Projects

► Tavan Tolgoi Mine-related Rail Development Project

Source : Korea Development Institute (KDI)



5. EARC Initiative and its Potential Projects

- ▶ The Arctic LNG Transportation Projects
- Northern Route and Southern Route

Source : Energy Intelligence



— Northern Route — Southern Route

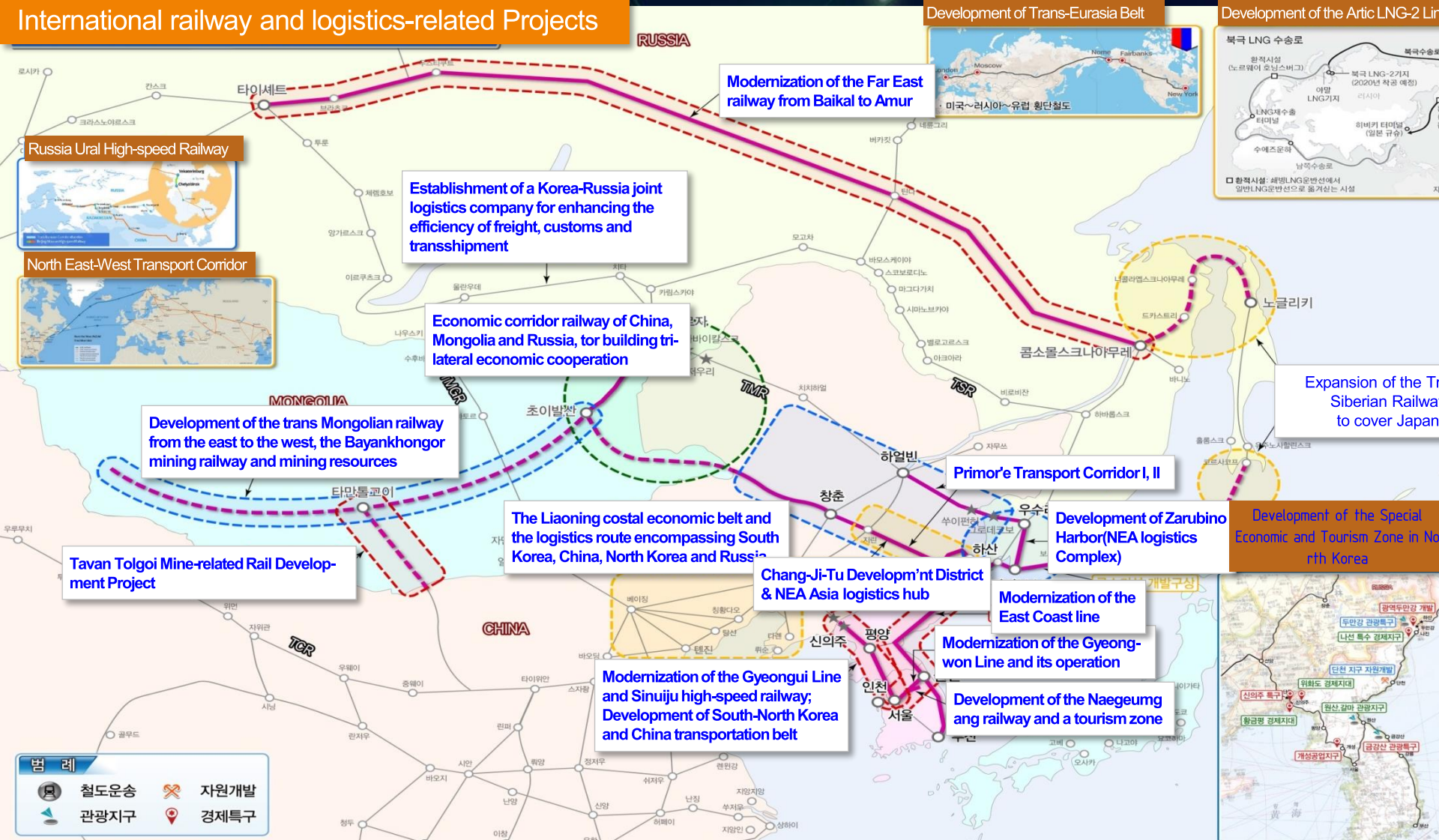
Source: Energy Intelligence

5. EARC Initiative and its Potential Projects

► Railway-related Economic Cooperation Projects: List

Source : Korea Development Institute (KDI)

International railway and logistics-related Projects



5. EARC Initiative & its Potential Projects- Financing



Public-Private Partnership(PPP) promotion



In principle, each country's contribution should be allocated based on the size of its benefits

Restrictions such as the degree of each country's readiness in carrying out private-sector invested projects and the country's financial situation should be taken into consideration



Aside from the financing of related countries of the EARC, the Multilateral Development Bank's (MDB's) active financing should be encouraged for the successful implementation of projects.



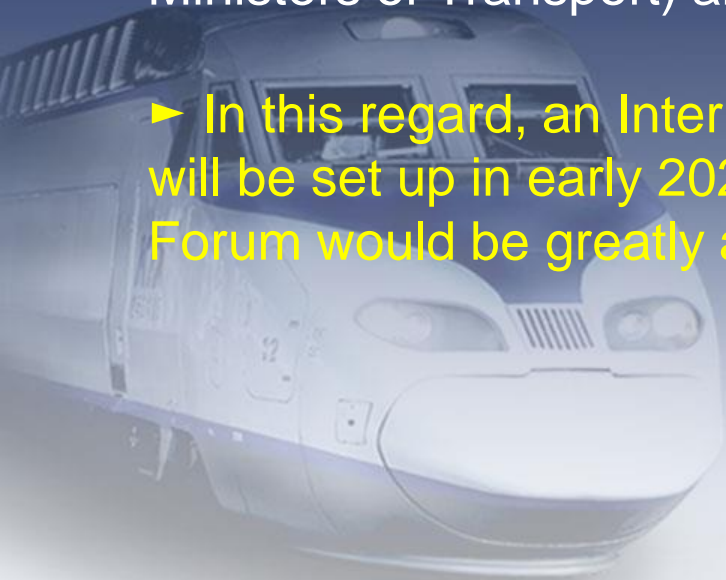
5. EARC Initiative & its Potential Projects- Int'l Cooperation

► We need to accelerate international cooperation to establish the EARC. It is never too much to emphasize the importance of International cooperation in the realization of EARC.

► We need to utilize the existing international organizations such as GTI, UNESCAP, OSJD, etc., and strengthen international cooperation with them.

We need to benchmark the case of ECMT (European Conference of Ministers of Transport) and ITF (International Transport Forum).

► In this regard, an International Forum on East Asia Railway Community will be set up in early 2020. Your active participation in this International Forum would be greatly appreciated.



6. Draft Roadmap and Anticipated Benefits of EARC Initiative

► Tentative Road Map for the EARC

Source : Korea Development Institute (KDI)



6. Draft Roadmap and Anticipated Benefits of EARC Initiative

► Step 1



Creating the East Asia Railway Cooperation Forum (tentative name)

- Participation of experts from the 7 participating countries and international organizations (e.g. WB, ADB and etc.) is required.
- Discussion on the necessity and impact of railway cooperation and ways to eliminate factors hindering railway cooperation will occur.

► Step 2



Creating the East Asia Railway Consultative Body (tentative name)

- Creating the ministerial consultative body based on existing, relevant consultative bodies (i.e. ROK-Russia Transportation Ministerial Meeting, ROK-China-Japan Ministerial Conference on Transport and Logistics, and etc.)
- Integrating bilateral consultative bodies into a multilateral consultative body while continuing the operation of bilateral bodies

6. Draft Roadmap and Anticipated Benefits of EARC Initiative

► Step 3

 Implementing projects that may produce tangible results and are beneficial to the related countries

- Considerations in the selection process: manageability of the project, feasibility, possibility of cross-national cooperation, economic impact, possibility of financing

► Step 4

 Creating the East Asia Railway Cooperation Organization (Tentative name)

- Expanding and developing the East Asia Railway Consultative Body (tentative name) created in the stage

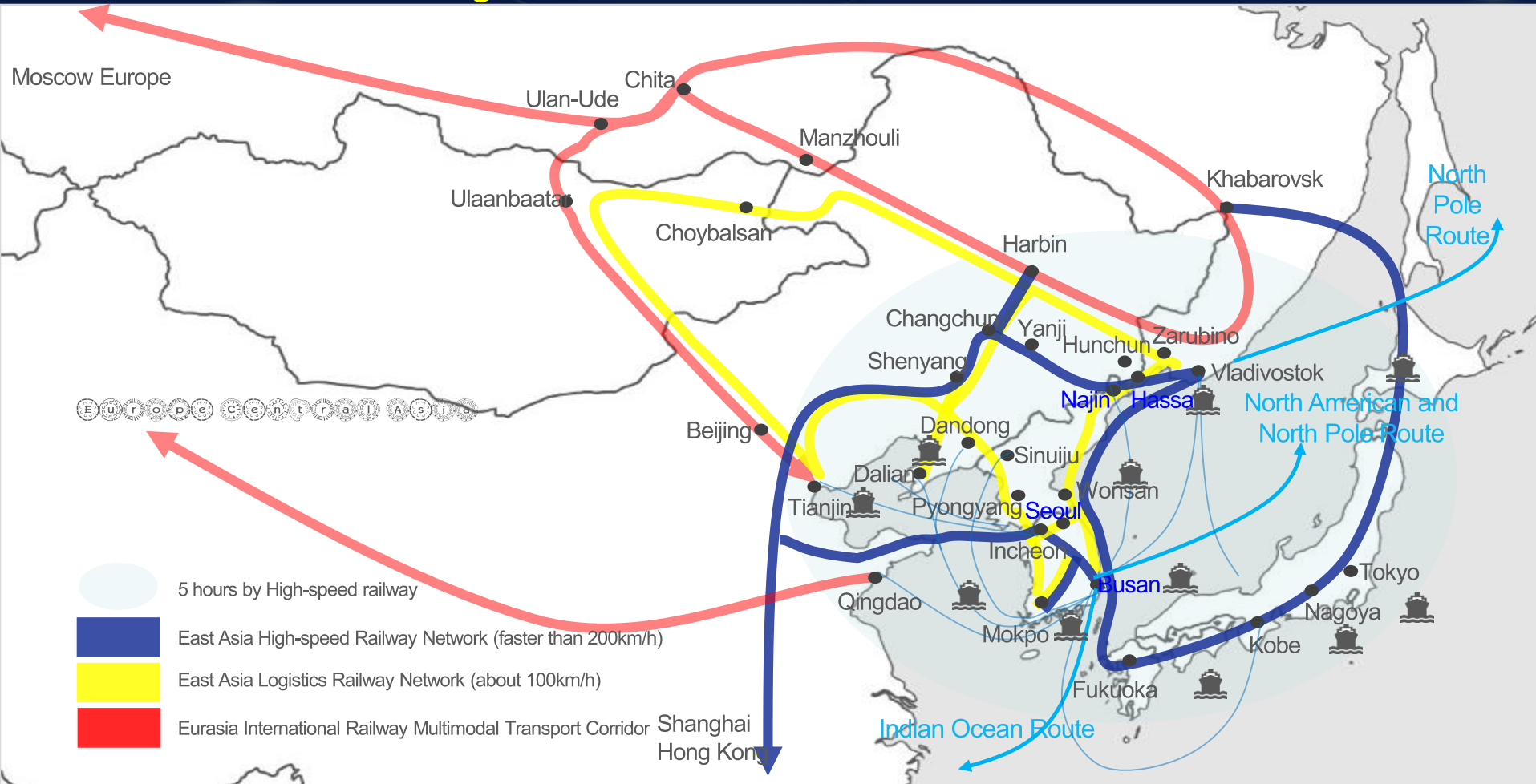
- - Carrying out cooperation among the members on the following topics: policy, operation, investment, finance and mobilizing human resources



6. Draft Roadmap and Anticipated Benefits of EARC Initiative

► Anticipated Benefits of EARC Initiative

1. Completion of the East Asia Multimodal Logistics Network → Creation of a one-day life zone by connecting regions via railway and development of a new land economic exchange route



6. Draft Roadmap and Anticipated Benefits of EARC Initiative

► Anticipated Benefits of EARC Initiative

2. Expected Economic Impact

2.1 Strengthening the reliability of the economic cooperation projects and reaffirming the trust among the related countries.

- Creating the Special Economic, Tourism Zones around railway lines
- Development of energy and natural resources related to railway transportation

2.2 Contributing to the improvement of relationship among related countries

- The East Asia railway network is a key transport network connecting North-east Asia including the Korean peninsular, China, Japan, Central Asia, and Europe, creating possibilities of various economic cooperation projects and enhancing manageability to conduct them.

2.3 Building a regional economic community in East Asia and contributing to peace

- Realizing transportation infrastructure-driven national strategies of major countries in North-east Asia including Russia's Eurasia and the Far East development policy, China's Belt and Road Initiative, and Mongolia's Steppe Road Initiative and enhancing the chance of their success.
- Carrying out international cooperation projects in East Asia and building an economic community in North-east Asia

◆Mongolian General Tonyuquq said, " Those who build a castle get ruined, and those who build a road prosper."

Цайзыг барьсан хүмүүс сүйрч байна, замаа босгож байгаа хүмүүс.

THANK YOU

