Russia-South Korea-North Korea Trilateral Cooperation in 2013-2014

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Whatever Pyongyang's reasons are for shelving Moscow's initiatives, the failure to date of these proposals to gain traction clearly has serious implications for Russia's Korea and overall Asian policies as well as the overall situation on the Korean peninsula. These two projects represent pillars of Russia's larger strategy of reestablishing Russia as an independent great Asian power that could actively display real commercial power and benefit other players as well (Zakharova 2013: 141-145). Aleksandr Vorontsov, a North Korea expert at the Russian Academy of Sciences, observed in 2012 that Russia's forgiving of the DPRK's debt was an important step opening the way to further economic and trade cooperation, including the advancement of further credits to North Korea and showed that the North Korean leadership and intelligentsia was adapting to a market economy with Russia's help. More importantly, he added that

“The development of the Asia-Pacific region is in our economic interests. If before, we talked about our potential to direct our oil and gas there when we needed to strengthen our negotiating position with the Europeans, now there are practical deals. Russia’s turn to East Asia, especially in the spheres of infrastructure and energy, means the importance of the Korean peninsula will only grow (Elder 2012).

Vorontsov's hyperbole points to what Moscow thought it had achieved or could achieve through this deal in 2011 even if was and remains a fundamental misreading of North Korean trends.

The diplomatic process on Korea is again at a delicate crossroads now with the struggle mainly between China and the US-ROK alliance. Many analysts expected that Putin’s return as president in March 2012 would reverberate in Korea (Kirk 2012). Putin's distrust of the US carries significant implications for Korea. In his first year as president he visited Pyongyang in July 2000 and received the late leader Kim Jong Il in Moscow in August 2001(Kirk 2012). Russia will want to build on its historic relations with North Korea. South Korea’s new President Park Geun-Hye since February 2013 hopes for broader relations with Russia as a counter to reliance on China and the US-Korea alliance.

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President Park Geun-Hye announced in October 2013 her plan to expand economic cooperation with Eurasian countries for more trade opportunities. Called the Eurasian Initiative, the policy is centered on the idea that exchanges between South Korea and Eurasian nations, especially Russia, will help induce an opening up in the reclusive North, which lies in between, thus allaying the long-running military and diplomatic tensions on the Korean Peninsula. The task force, tentatively named the Trilateral South, North Korea, Russia Cooperation Task Force, was launched as soon as February 2013 under the wing of the foreign ministry’s Europe division, according to the officials. Under the task force, about five government officials was charged with reviewing the feasibilities of various economic project ideas among the three nations, including much-discussed plans to link a railroad, gas and oil pipes, and electrical grids between South Korea and Russia through North Korea.

The issue of this railway has now become much more real for Russia and its potential as a transcontinental vehicle linking Asia to Europe and specifically Korea to Europe has become much more important. Putin is now pressing for the expanded use of this railway and its connection to
other rail lines like the Baikal-Amur line and some South Korean media are also pressuring the ROK to do more to make this rail link a genuine reality. Accordingly it appears that both governments agreed to expand the use of this railway and clearly understand that it could be the prelude to other projects even in North Korea and could represent a contribution to regional security and stability and to the development of Russia’s Asian territories.

A viable rail line or pipeline to South Korea would stimulate Russo-South Korean trade, and, along with the railroad, stimulate the ROK’s plans to become a transcontinental trading hub competing with China. While inter-Korean railway service recommenced in 2007 after the Korean war severed that connection, North Korea closed it down by 2009 and it has not reopened. Still experts believe that the TSR-TKR project, if it comes to pass, would ship goods three times faster than shipping through the Suez Canal even if it costs much more to use trains rather than container ships. Should that happen, Russia could then claim that its policy of involving North Korea in profitable deals works better than isolation.[1]

Putin arrived in South Korea from Vietnam on November 21, 2013 on a one-day visit for his second summit with Park. They first met in September 2013 on the sidelines of a Group of 20 major economies meeting in Russia’s second-largest city of Saint Petersburg (North Korean Economy Watch, November 22, 2013). Putin’s visit to Seoul was the first by a leader from the four major powers that also includes the United States, Japan and China since Park came into office. The Russian president was also the sixth foreign leader to visit South Korea under the Park administration (Ibid).

In total, the summit produced 17 cooperation agreements, including a visa-exemption pact calling for allowing Koreans and Russians to visit each other’s nation without a visa for up to 60 days, as well as an accord to set up cultural centers in each other’s nation. The two leaders also signed an MOU to enhance cooperation in shipbuilding. Officials said the deal laid the groundwork for South Korea to win orders of at least 13 liquefied natural gas tankers from Russia on the condition of technology transfer. The railway project was on top of the agenda for the Park-Putin summit. “The two sides agreed to encourage the rail and port cooperation project that companies of the two sides are pushing for so that it can move smoothly forward,” said a joint statement issued after the summit (Ibid). “We, the two leaders, agreed to combine South Korea’s policy of strengthening Eurasian cooperation and Russia’s policy of highly regarding the Asia-Pacific region to realize our mutual potential at the maximum level and move relations between the two countries forward,” Park said during a joint press conference (Ibid).

South Korea agreed to take part in a Russian-led rail and port development project in North Korea that could help reduce tensions with Pyongyang and open up a new logistics link between East Asia and Europe in line with President Park Geun-hye’s “Eurasian initiative.” The memorandum of understanding was the most tangible outcome from Park’s summit with Russian President Vladimir Putin. It calls for steel giant POSCO, Hyundai Merchant Marine Co. and Korea Railroad Corp. to participate in the Rajin-Khasan development project. The “Rajin-Khasan Project” is a cooperative one between North Korea and Russia. It’s an integrated port and rail freight business, and is worth a total of $340 million. Of this, North Korea has invested 30 percent and Russia 70 percent. Around half the Russian stake is supposed to be supplied indirectly by this consortium of Korean firms. Putin proposed the creation of an intergovernmental company held by Russia (36%), South-Korea (34%) and North-Korea (30%). “In early February, 2014 South Korean companies paid an on-site visit to the Rason area and if this (cooperation project) goes smoothly, major progress would take place around September this year,” Minister of Unification said of Seoul’s push to join the Rajin-Khasan development project between Pyongyang and Moscow.

South Korea may be able to use the North Korean port city of Rason for logistical purposes as early
as 2015. “The flow of goods through the Rason region may become possible around next spring if things go smoothly,” Unification Minister Ryoo Kihl-jae said in a lecture to a group of former lawmakers (Yonhap, March 5, 2014).

Russian Far East ports are at saturation point dealing with Russia’s natural resources. The best thing would be for the freight headed for South Korea to be taken out and sent through Rajin instead. However, for a South Korean vessel to come and go from Rajin Port requires an authorization process. This part is linked to the 5.24 Measures, meaning that it would become possible more rapidly if the 5.24 Measures were lifted.

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Russo-North Korean relations were apparently relatively frozen between the end of 2011 when Kim Jong Un ascended to power and late 2013. Indeed, the frost was so bad that in 2013 President Putin warned North Korea publicly and in Seoul, no less, that if it did not move on the proposal agreed to by Kim Jong Il in August 2011 to consider a trans-Korean gas pipeline connected to Siberian sources and an associated Trans-Siberian-Trans-Korean railway (TSR-TKR) Moscow might associate itself exclusively with Seoul in regard to investments in North Korea and the gas pipeline. Speaking at the 2013 APEC summit in Bali, Russian President Vladimir Putin, announced that, “We are already building an infrastructure link from Sakhalin Island to Vladivostok, from where the pipeline could go on to South Korea either via North Korea or via the sea route.” (Kremlin 2013) In November 2013, while visiting Seoul, Putin reiterated his offer to South Korea of this pipeline, other investment projects, including joint investments in North Korea, to South Korea, and also the venerable idea of a Trans-Siberian and then Trans-Korean railway connected to it (TSR-TKR) (FBIS SOV, November 13, 2013).

In Bali and Seoul Putin effectively warned North Korea that if it did not move quickly Russia would then nullify its 2011 proposal to build a pipeline and the TSR-TKR project and give up on North Korean participation in those projects. Indeed, the fact that at Seoul Putin offered to collaborate with South Korea on projects inside North Korea without inviting the DPRK suggests that he and Russia may be trying to bring about a form of inter-Korean cooperation mainly or exclusively through South Korean means. As Gilbert Rozman has noted,

In 2012, Russian leaders seemed intent on shifting South Korean relations onto a new track, avoiding lengthy discussions on North Korea while concentrating on economic ties linked to development of the Russian Far East. The impact would refocus Russia’s shaky geopolitical identity in the moribund Six-Party Talks to an identity as an economic partner in what could be seen as regionalism focused on multilateral energy cooperation (Rozman 2013: 122).

Former Foreign Minister, Igor Ivanov claimed that Russia could play a significant role in the inter-Korean settlement by developing economic relations with South Korea, i.e. not North Korea (Interfax-AVN Online, in English, November 12, 2013, FBIS SOV, November 12, 2013).

Similarly Russian analysts like Aleksandr’ Zhebin of the Russian Academy of Sciences Far East Center, Institute for Korean Studies, wrote recently that North Korea often acted in the past without regard for Russian interests and this is happening again with its nuclear and missile programs. These processes create crises that almost approached in intensity the Cuban missile crisis. In the current situation North Korea’s policies could trigger the “most unexpected developments”. Zhebin also argues that for North Korea it is still important to demonstrate the existence of the “Moscow alternative to the United States and its allies and also to China”, indicating that he sees Russia as pursuing Korean objectives that are distinct from both the U.S. and China. He therefore warned
Pyongyang, that “The degree of support and understanding that the DPRK can expect from Russia must clearly be directly proportionate to Pyongyang’s readiness to consult with Moscow on questions directly affecting our security interests.” (Zhebin 2013). This warning, of course, indicates Moscow’s chagrin at the fact that North Korea does not give Russia a veto or even leverage on its decisions whether or not they affect Russian security interests, vita or otherwise.

This North Korean tendency becomes all the more alarming for Moscow when it considers that the Six-Party Talks already confront an exceedingly dangerous and possibly disintegrating security situation on the Korean peninsula. Moscow also remains concerned about the lack of progress on resuming the Six-Party talks. In October 2013 Foreign Minister Sergei Lavrov warned all parties against “muscling up” in Korea and urged the quickest possible resumption of negotiations (Interfax-AVN Online, in English, October 11, 2013, FBIS SOV, October 11, 2013). If that analysis is correct it would mean a noticeable change in Russian policy that tried very hard to engage directly with North Korea after 2010 for fear of another outbreak of violence on the Korean peninsula. In that context Moscow launched a diplomatic initiative towards North Korea in 2011 connected with these two proposals. Indeed, in December 2013, Putin signed a decree extending sanctions on North Korea and placing North Korean diplomats under “extreme vigilance” (Voice of Russia 2013).

Note

[1] Russia is also floating a grand plan for an overland freight service along the Trans-Siberian railway from China to Europe. However, China currently has no plans to work with Russia on a Far East high-speed railway. Instead China has launched a global offensive to build low-cost high-speed railways, including Russia to undercut Japanese and potential Russian competitors. Chinese officials openly say that due to these railroad investments Chinese products will spread further, the image of Chinese brands will also improve, and the completion of these projects will “heighten China’s political influence in the importing countries.”(Asahi Shimbun Online, in English, August 5, 2010, FBIS SOV, August 5, 2010). Such projects help underscore why officials like Xi Jinping maintain that Russia is a vital market for China’s “going global” business strategy.

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