

**South Korea-Russia Relations:  
A Study of Political & Economic  
Dimensions, 1991-2015**

*Dissertation submitted to Jawaharlal Nehru University  
in Partial fulfilment of the requirements  
for the award of the degree of*

**MASTER OF PHILOSOPHY**

**NAWNIT KUMAR**



**Centre for East Asian Studies  
School of International Studies  
Jawaharlal Nehru University  
New Delhi -110067**

**2017**



जवाहरलाल नेहरू विश्वविद्यालय  
CENTRE FOR EAST ASIAN STUDIES  
SCHOOL OF INTERNATIONAL STUDIES  
JAWAHARLAL NEHRU UNIVERSITY  
NEW DELHI- 110 067 (INDIA)

Phone : 91-11-2670 4346  
FAX : 91-11-2670 4346

DATE: 17 July 2017

DECLARATION

I declare that the dissertation entitled “South Korea-Russia Relations: A Study of Political & Economic Dimensions, 1991-2015” submitted by me for the award of the degree of Master of Philosophy of Jawaharlal Nehru University is my own work. The dissertation has not been submitted for any other degree of this University or any other university.

*Nawnit Kumar*  
Nawnit Kumar

CERTIFICATE

We recommend that this dissertation be placed before the examiners for evaluation.



*Seikant*  
Prof. Seikant Kondapelli  
Centre for East Asian Studies  
(CHAIRPERSON, CEAS)  
Jawaharlal Nehru University  
New Delhi-110067



*Jitendra*  
Dr. Jitendra Uttam  
Supervisor  
(SUPERVISOR)  
Centre for East Asian Studies  
School of International Studies  
Jawaharlal Nehru University  
New Delhi-110067

*I Dedicate this Dissertation to my "Parents"*

# INDEX

Page No.

<b>Acknowledgements</b>	<b>i-ii</b>
<b>List of abbreviations</b>	<b>iii-v</b>
<b>List of Table</b>	<b>Vi</b>
<b>List of Figure</b>	<b>Vi</b>
<b>List of Picture</b>	<b>Vi</b>
<b>CHAPTER 1 INTRODUCTION</b>	<b>01-14</b>
1.1 History of South Korea	03
1.2 History of Russia	05
1.3 Geo-strategic Situation of South Korea	07
1.4 Geo-strategic Location of Russia	08
1.5 The evolution of South Korea-Russia relations	09
1.6 Review of the Literature	10
1.6.1 Gaps in the Literature	13
1.7 Organisation of Chapters	14
<b>CHAPTER 2 Consolidation of Democracy: Converging Political Interest between South Korea and Russia</b>	<b>15-53</b>
2.1 South Korean Policy towards Russia after the Partition of Korea	16
2.2 Factors Affecting ROK's Foreign Policy towards Russia	18
2.2.1 Geo-Strategic factor	18
2.2.2 Ideological factor	19
2.2.3 Economic factor	20
2.3 Political Relation after New Game Diplomacy	20
2.4 Establishment of Diplomatic Relation	21
2.5 South Korean Policy towards Russia in Different Administrations	22
2.5.1 Roh Tea-Woo Administration and Establishment of South Korean-Russian Relations (1991-1993)	22
2.5.2 Administration of Kim Yong-Sam (1993-1998)	24
2.5.3 Administration of Kim Dae-Jung (1998-2003)	26
2.5.4 Administration of Ro Moo-Hyeon (2003-2008)	31
2.5.5 Administration of Lee Myong-Bak (2008-2013)	34
2.5.6 Administration of Park Geun-Hae (2013-2015)	37
2.6 Russian Policy towards South Korea in Different Administrations	45
2.6.1 Russian Policy towards South Korea under Gorbachev Era	45
2.6.2 Russian Policy towards South Korea under Yeltsin Era	47
2.6.3 Russian Policy towards South Korea under Putin era	49

2.7	Russia's Response to North Korea Nuclear Crisis	51
2.8	Role of Russia in the Six Party Talks	52
	Conclusion	53
<b>CHAPTER 3</b>	<b>Rising Economic Complementarities between South Korea- Russia</b>	<b>54-69</b>
3.1	Historical Background of Economic Complementarities between South Korea and Russia	54
3.2	Overview of South Korean Economy	58
	3.2.1 Current Economic Position	60
3.3	Overall Soviet Union's Economic Position	60
3.4	The Economy of Russian Federation	61
3.5	Bilateral Economic Complementarities between Seoul and Moscow	63
	Conclusion	68
<b>CHAPTER 4</b>	<b>Trade and Investment Relations between South Korea and Russia</b>	<b>70-94</b>
4.1	Background of Trade and Investment between South Korea-Russia	70
4.2	South Korea-Russia Bilateral Trade	72
4.3	Structure of South Korea-Russia Trade	78
4.4	South Korea's Trade Interest in Russian Far East	80
4.5	Linking of Trans-Korean and Trans- Siberian Rail Road	86
4.6	South Korea-Russia Gas pipeline project	89
4.7	Causes of Low Volume Trade Relations	91
4.8	South Korea and Russia Trade: Hurdles and Hopes	93
	Conclusion	94
<b>CHAPTER 5</b>	<b>Conclusion</b>	<b>95-101</b>
	<b>Bibliography</b>	<b>102-111</b>

## **ACKNOWLEDGMENTS**

*It gives me enormous pleasure to acknowledge a number of people who made it possible for this dissertation to acquire its present shape. I would like to thank my well wishers, my friends, colleagues and all those people who made this dissertation possible and an unforgettable experience for me. All of them have played a very crucial role in making this dissertation happen.*

*First and foremost, I express my sincere gratitude to my supervisor **Dr. Jitendra Uttam** for the confidence he reposed in me and extending constant help and support in providing valuable suggestions on the topic. Of course, without his expert guidance and encouragement, this dissertation would never have materialised. His patience and support helped me overcome many crisis situations and finish this dissertation. The vitality of his assistance and supervision cannot be bound into mere words. Still, I must say that this work got into a better shape thanks to him only.*

*I would like to thank, our chairperson, **Prof. Srikanth Kondapalli**, whose insightful inputs and constructive suggestions were precious during my research work. I am thankful to the Centre for East Asian Studies, School of International Studies, Jawaharlal Nehru University*

*and all the faculty members who directly or indirectly helped me shaped my understanding and personality.*

*Taking this opportunity, I would like to express my gratitude to my Seniors and friends **Abhishek Kumar, Nayan Bhaskar, Shivam Kumar, Rishu Sharma and Sumitra Meghwal** for their love, care, moral support and belief in me.*

*My Mom - Dad and my dear elder brothers **Subhash Kumar, Ranjeet Kumar** and my dear Sister **Soni Kumari** have always stood by me, in all my ups and down, and it would be too formal to convey my gratitude towards them. I am eternally grateful to my family for all the love, motivation and guidance they have continually and unconditionally given me. They always encouraged me to go for higher studies and research.*

*Lastly, the mistake in this work belongs to me only.*

## **LIST OF ABBREVIATIONS**

ADB	Asian Development Bank
ARVIN	Association, Resources, Oise, Information, and Negotiation
ASEAN	Association of South East Asia Nations
BDC	Business Development Consultation
CAV	Centre Against Violence
CBO	Community-Based Organization
CCC	Customs Co-operation Council
CEAF	Civic Engagement Analytical Framework
COMECON	Council for Mutual Economic Assistance
CRC	Communications Regulatory Commission
CSC	Community Scorecard
CSO	Civil Society Organization
DD	Department of Defence
DP	Democratic Party
DV	Domestic Violence
EIA	Environmental Impact Assessment
ESCAP	Economic and Social Commission for Asia and the Pacific
FAO	Food and Agriculture Organisation
IAEA	International Atomic Energy Agency
ICAO	International Civil Aviation Organisation
IDA	International Development Association
IFAD	International Fund for Agricultural Development
IFC	International Finance Corporation
ILO	International Labour Organisation
IMF	International Monetary Fund
INGO	International Non-Governmental Organization
INTERPOL	International Criminal Police Organisation
ITU	International Telecommunications Union
LIF	Local Initiatives Fund
MDC	Motherland Democracy Coalition
MFN	Most-Fevered-Nation
MOECS	Ministry of Education, Culture, and Science
MOFE	Ministry of Finance and Economics
MOJHA	Ministry of Justice and Home Affairs



MONE	Ministry of Nature and Environment
MP	Member of Parliament
NAM	Non-Aligned Movement
NGO	Non-Governmental Organization
NHRC	National Human Rights Commission
NTR	Normal Trade Relations
ODA	Official Development Assistance
OSF	Open Society Forum
PPA	Poverty Partnership Agreement
PRC	People's Republic of China
PSMFL	Public Sector Management and Finance Law
ROC	Republic of China
SLP	Sustainable Livelihoods Program
SWOT	Strengths-Weaknesses-Opportunities-
TSR	Threats Linking of Trans-Siberian Railroad
TKR	Trans-Korean Railroad
TAF	The Asia Foundation
UN	United Nations
UNDP	United Nations Development Programme
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNHRC	United Nations Human Rights Council
UNICEF	United Nations Children's Fund
UNO	United Nations Organizations
UPU	Universal Postal Union
US	United States
USAID	United States Agency for International Development
USSR	Union of the Soviet Socialist Republics
WB	World Bank
WHO	World Health Organization

### **List of Table**

Table 2.1	South Korea-Russia Bilateral Summits (1990-2013)	40
Table 2.2	List of ROK-Russia Commonly joined International Organisations	43
Table 3.1	Main import items of South Korea from Russia	65
Table 3.2	Main export items of South Korea towards Russia	66
Table 4.1	The share of ROK and Russian trade in foreign trade of South Korea	70
Table 4.2	Russian good's main export destinations (1999-2015)	73
Table 4.3	Major goods export destinations of South Korea (1999-2015)	75
Table 4.4	South Korean investment to Russia	82

## **List of Figure**

Figure 3.1	Russia's trade with two Koreas	56
Figure 3.2	GDP of South Korea	59
Figure 3.3	Russia's Top Trading Partners (2012)	62
Figure 3.4	Russia's GDP Growth	63
Figure 4.1	South Korean and Russian Bilateral Trade (1991-2015)	72
Figure 4.2	South Korea LNG imports by source, 2015	78
Figure 4.3	South Korea's Natural Gas demand	90
Figure 4.4	Russian GDP (PPP) Since	91

## **List of Picture**

Picture 2.1	The Geographical situation of South Korea	19
Picture 2.2	President Roh Tae-Woo with Gorbachev during his visit to Russia	23
Picture 2.3	Kim Young-Sam (during his visit to Russia) and Boris Yeltsin	25
Picture 2.4	President Kim Dae-Jung and Putin	30
Picture 2.5	President Roh Moo-Hyeun and Putin during his meeting	32
Picture 2.6	President Lee Myung_Bak and Dmitry Medvedev	36
Picture 2.7	Park Gyun-Hae and Putin meet on World	39
Picture 4.1	Political map of South Korea-North Korea-Russia share Boundaries	80
Picture 4.2	President Park Gyun-Hae and Putin	81
Picture 4.3	Russia's key Trading	84
Picture 4.4	The Blueprint of TKR	86

## **Chapter-1**

### **INTRODUCTION**

The geo-strategic significance of Korea is the most enduring factor affecting its bilateral engagement with Russia. In the late 19th century the primary goal of Russia in East Asia was to unify the newly acquired area in the region of Far East. By 1860's, the Czarist empire of Russia knocked the near area of Pacific Ocean through regional accession in the region of the Far East and Eastern Siberia. For the first time in 1860's Korea got in touch with Russia from sharing a common border, when Russia obtained the maritime province 'Thegu' from China through the Peking Treaty (Convention of Beijing). After that, Russia had very little interest in Korea between 1850's and the 1890's. In 1879, Japan continuously forced Korea to open its boundary. Following that, in 1884 Russia has established diplomatic connection with Korea, and in 1885 Russian diplomatic embassy began in Seoul. Russia got the right to construct the eastern railways of China across Manchuria to Vladivostok from Peking in 1896 and obtained a dominant situation in Korea to secure Manchuria.

The relations between Republic of Korea (ROK) and the Soviet Union were distinguishing by lack and hostility of contact till the 1960s. In the early 1970s, the cultural and economic interaction between Seoul and Moscow began and had increased regularly ever since and relations had entered in a new phase when the leaders of South Korea and Russia met first time in San Francisco in 1990. This meeting was the first face to face meeting between them. President Roh gave a proposal to Gorbachev that "As a trade Partner, we will help you to rebuild your economy and in exchange for your help, help us in reunifying our Peninsula. Gorbachev came to power in March 1985 and Soviet Union foreign policy towards the Korean peninsula underwent a profound change. At the time, the 'Nordpolitik' initiative by the South Korean and 'Glosnost' by the Russian both succeeded in their intent and thus transformed bilateral relations between ROK and the Soviet Union in less than a decade.

ROK planned to increase in the production of consumer goods, develop natural resources in the Siberian and Far Eastern region and create a social, commercial infrastructure. Trade with the Soviet Union also reduced ROK's dependence on the US because of new commodity markets for its goods. Development of relations between South Korea and Russia was planned in four

directions Sports, Trade, Politics, and Defence. In 1988, the Seoul Olympic games turned out to be a big accelerator in this process. With trade turnover increasing, Seoul and Moscow began direct trade relations using ports of Pusan and Vladivostok. After the Olympic games, in November 1989, the official representatives of South Korea and Russia conducted talks in Singapore and Moscow. Based on these talks, in February 1990, Moscow established a Consular Department in Seoul and Seoul opened a similar office in Moscow in March 1990.

The South Korean organization of the trade development both with the Ministry of Trade and the industries of the USSR concluded the treaty memorandum in 1988 on trade cooperation. Diplomatic relations between the ROK and Soviet Russia was officially established on the 30th September 1990. South Korea has been trying industrious politic and strategic endeavours for developing and extending helpful relations with Russia. In September 1990, after the standardization of diplomatic relations between South Korea and Russia, South Korea had been trying to make persistent diplomatic and political efforts for extending and deepening mutual relations with Russia. South Korea identifies it is necessary to build close mutual relations with Russia. South Korea imagine that the role of Russia can be positive in solving the nuclear issue of North Korea, accomplishing peaceable reunification in the Korean peninsula, and looking for steady economic growth, and so on. In 1990-91, The Presidents of both states Roh Tae-Woo and Mikhail Gorbachev gave an accelerator in the relationship between South Korea and Russia through the three summit meeting in less than ten months, i.e. in June 1990, in December 1990 and in April 1991, in the place San Francisco, Moscow and Cheju Island respectively. (Bulychov & Kulkin, 2005, pp. 33-38).

For the past 25 years, the South Korean-Russian co-operation has smoothly progressed and covered almost all significant spheres. Meetings at the summit level talks played a big role in it. Since the establishment of diplomatic relations, the presidents of the two states have met more than 20 times. Relations with Russia is one of the priorities of the South Korean foreign policy in the European region. The establishment of the relations between South Korea and Russia has helped South Korea to lesser the threat of North Korea because after the dissolution of the Soviet Union and de-idealisation of foreign policy, Russia has criticized North Korea's Nuclear programme and it has no obligation to support North Korea. Russia is also one of the members of Six-Party Talks so, it can put pressure on North Korea to shutdown its nuclear activities and to

maintain harmony and peace in the Korean Peninsula. Both South Korea and Russia also have fruitful exchanges in technology and defence sectors.

In the early 1990s, ROK and Russia formed new strategic and diplomatic ties and was starting to resume normal political and economic interaction. Over the last 25 years, the economic relations of ROK's and Russian have increased rapidly. Currently, ROK's tenth largest trading partner is Russia. South Korea, as an exporter of automobiles, and as an importer of energy resources from Russia, both nations are very important for each other. Since the mid-2000s, the direct investment of South Korean Company's into Russia have increased rapidly, ROK and Russia have become more diverse in the field of economic cooperation. In the first stage of their relationship, trade between ROK and Russia boosted to \$3 billion in the mid-1990s. In 2010-11 export from South Korea to Russia was estimated at \$10.3 billion, in percentage it accounted 1.9% of Korea's total export and ranked 11th. In the same period exports from Russia to South Korea accounted \$10.8 billion wise 2% of overall Russia's export to Korea. South Korea's main export item to Russia is electrical machinery, motor vehicle part, industrial machinery, ships, and boats while the main import items from Russia is oil, electrical machinery, and industrial machinery. South Korean investment in Russia in 2010-11 amounted \$1.9 billion which was equivalent to the amount that South Korea has invested in Kazakhstan.

### **1.1: History of South Korea**

The historical reports of Korea show that in 1100 BC, Pyongyang city was established by a large number of people who had migrated to Korean Peninsula from China. In ancient time, the Korean Peninsula was ruled by old Choson dynasty. The historical reports of Korea show that in 1100 BC, Pyongyang city was established by a large number of people who were migrated to Korean Peninsula from China. In ancient time, the Korean Peninsula was ruled by old Choson dynasty. Korean Peninsula was ruled by three kingdoms after diminish of the old Choson dynasty. It was Koguryo, Paekche and Silla. Paekche was the most important and powerful kingdom in these three kingdoms. Paekche broadened its boundary routinely towards Northern region (Park, 1979).

After the decline of three Kingdom rule in Korea, the Korean Peninsula was ruled by the Koryo dynasty. Its capital was located around the modern city of Pusan in South Korea. The Koryo

dynasty was very famous for its contribution to arts and culture. The Koryo dynasty of Korea had very close relation with the Song dynasty of China. The Koreans admired the Chinese dynasty and followed them. In the 13th century, Mongols attacked and defeated the Koryo's. The Mongols ruled Korea dynasty till the rise of the Choson dynasty in the late 14th century (Park, 1979).

Choson dynasty (1392-1919) the longest to rule the Korean Peninsula was founded by Yi Song-Gye with its capital at Seoul. Yi Song-Gye initiated many changes in Korea and was determined to modernize Korea. During the Choson period, the Chinese religion Confucianism spread in Korea swiftly. The Koreans were so much influenced by the Chinese culture that they used the Chinese characters Hanja to write, and it was the language of scholars. In 1446 King Sejong introduced 'Hangul' the present day Korean script which the Koreans use but it was not in use generally, and scholars continued to use the Chinese script. The Choson period Korea had to face Japanese invasion twice in 1592 and 1598. The medieval Korean rulers were in relation with China and Japan and had no contact with Czarist Russia (Park, 1979).

However, there was no contact between the Russians and Korean, but the Russians first came into contact with the Koreans, when a large number of peasants migrated to Russian Far East region after the drought and bad crop in search of fortune.

The expansionism policy of Japan and Russia, their policy to control and conquer the Korean Peninsula led to the Russia-Japan war (1904-05) in which Japan got victory, Russia recognized Japan's paramountcy in Korean affairs, and thus Korea lost its independence and turned into the colony of Japan for the next 36 years (Voronstov & Revenko, 2006).

During the period of Japanese colonial period, Korea's internal and external policy was guided by Japan. Korea was in strict control and repression of Japan. During the Japanese colonial period, the society, culture, and economy of Korea were demolished. Thousands of Koreans were killed and much more migrated to the Russian Far East to escape the plight. In the World War II, Japan lost, and it ended the Japanese rule on Korean Peninsula, but it bought more pain and problems to the Koreans.

The Korean War and the divisions of Korea strained the relationship between the two Koreas. After the end of World War II, the world divided into two blocks. The rise of Cold War intensified the enmity between South Korea and Soviet Russia. Russian foreign policy was based on ideology and North Korea which followed the socialist and communist ideology was a natural ally for Soviet Russia, during the period of Cold War.

Hence the Soviet Union had political relations with North Korea and had no contact and relation with South Korea. Soviet Union criticized South Korea's relation with the US and the presence of its army near the Russian Far East region. The KAL 007 incident of 1983 in which a South Korean Passenger Plane was shot down by the Soviet air force in which 269 civilians died. The KaL-007 incident further strained South Korea's relation with the Soviet Union. The bilateral relation between the Soviet Union and South Korea took a fresh start after the initiatives of Gorbachev's who took over the CPSU in 1985 (Voronstov & Revenko, 2006).

## **1.2: History of Russia**

The early history of Russia like other ancient settlements was inhabited by people who migrated from nearby region to settle down. In the 7th century AD Russia was not a bi-country geographically but a group of small settlements which gradually imitated to form an empire. A group of Varangian people under the leadership of warrior Rurik crossed the Baltic Sea in 862 AD and reached the city of Novgorod on the bank of River Volkhov. Rurik was succeeded by Oleg, in 882 AD; Oleg extended his empire to South till Kiev. The First Empire of Russia was known as 'Kievan RUS' and existed for three hundred years. The other great rulers of the empire were Vladimir-I, and Yaroslav (Narochnitsky, 1956).

The dynasty of 'Kievan Rus' ended with the invasion of Mongol in the 13<sup>th</sup> century. The grandson of Chengez Khan, Batu Khan launched a series in 1237 AD, destroyed the major cities of 'Kievan RUS' empire. A new era of rule was established in the region. Russia became a Unified State under the reign of Ivan-4. In 15<sup>th</sup> century after ruling Russia for about 400 years the Mongol rule came to an end and was seceded by the Romanov dynasty which ruled Russia for the next 300 year until the Russian Revolution bought an end to the Czarist rule (Narochnitsky, 1956).



The first important ruler of Romanovs Empire was Peter the Great. Before possessing over the throne, he commenced on a grand tour of Europe with a vision to modernize Russia he paid visits to monarchs and conducted diplomacy. He also learned Western European industrial techniques and administration which he wanted to implement in Russia. After his return, he worked on the modernization of Russia and followed the Western Society. Peter the great died in 1725, but he had modernized Russia's military and administrative structure (Narochnitsky, 1956).

Therefore, Peter the great laid the foundation for Russia to follow the Pro-west policy and society in future to come which still can be seen in the foreign policy of Russia. The other great rulers of Romanov Empire were Peter-3 and Catherine the great. During the Romanov period, two major issues which Russia had to face were: first, the Napoleonic invasion of Russia and second, the Decembrist revolt in 1825 (Narochnitsky, 1956).

In the 19th century, Czarist Russia extended its boundary and power. This was a period when West was being rapidly industrialized and there was competition to conquer new land for raw materials. Russia also expanded its boundary in the 19th century till China and Afghanistan, the Pacific coast was under its control too. Russia connected its eastern region with the west through the construction of Trans-Siberian railways (1891-1905). It also built two ports at Port Arthur and Vladivostok and exploited the raw materials of the region.

In 1894 Nicholas II ascended the throne of Russia. Till then Russia had expanded its territory in Far East region and Asia. The increasing Russian activities in the Far East region provoked the Japanese. Like the West Japan implemented the policy of rapid industrialization. It also required raw materials for its industries and a new market for the finished good therefore Japan too endeavoured to expand its empire through its imperialist policy (Narochnitsky, 1956).

Russia and Japan both had vested interest in Manchuria and the Korean peninsula. Russia needed the ice-free port of Manchuria and the Korean peninsula, the Russian Army close to Japan was a threat to 'Japan's imperialist policy'. The confrontation over Korea and Manchuria provoked Japan, and it attacked Russia in 1905. Russia was defeated in the Russo-Japanese war which ended the claim of Russia on Manchuria and Korean Peninsula. The defeat of Russia ended the threat in Japan, and thus it became the master in East Asia region (Hyun, 2010).

The humiliating defeat of Russia by Japan was a big dent in the image of Russia. The weakness of Russia was exposed to the world. There was resentment against the Czar which culminated in Russian Revolution and end of Romanov Empire of Russia and the beginning of socialist government in Russia.

The Russo-Japanese war ended Russia's claim and interest in the peninsula of Korea. Korea became the colonised state of Japan from 1910-1945, Russia had no official relation with Korea until the end of Korean colonial period. In 1945, with the defeat of Japan, the World War II came to an end. After the end of World War II, the Korean Peninsula was released from the colonial rule of Japan and was divided into North and South Korea in 1948 (Hyun, 2010).

During the period of five-year trusteeship, North Korea was influenced by the communist ideology and South Korea was by capitalist ideology. There was a conflict on the issue of ideology which finally led to Korean War (1950-1953). The Soviet Union supported North Korea in the war, and South Korea had the support of U.S. The division of Korea on an ideological basis, Russia was compelled to support North Korea and end up its relations and ties with South Korea (Voronstov & Revenko, 2006).

Therefore, from 1950 to 1990, South Korea had no official relation with the Soviet Union because of its idealized foreign policy because of Cold War and twin block politics. North Korea followed the communist ideology, therefore, it was in a fraternity with the Soviet Union, South was given the status of satellite state of US hence both South Korea and the Soviet Union did not have official links till the end of Cold War.

### **1.3: Geo-strategic Situation of South Korea**

As compared to Russia, South Korea is a small country. The Southern part of Korean Peninsula is known as the Republic of Korea (South Korea), and the Northern part is known as Democratic People's Republic of Korea (North Korea). South Korea is not connected to Russia through the land, but North Korea shares a 6 km boundary with the Russian Far East region. However, South Korea is very well connected with sea route with Russia. South Korea has very little natural resources. It has small deposits of coal, Iron, and Uranium (Choong, 2001).

Thus South Korea is smaller country compared to Russia and has fewer natural resources. South Korea has modernized its country; has gone through a process of rapid industrialization in the mid-1980's (Choong, 2001). Its economy was export-based, and it also imported a varied range of good which balanced its trade.

Whereas the economy of the Soviet Union was stagnant, it was doing well till 1970's when it gave stiff competition to the US. There was not much difference between the size of Soviet and US economy. But after 1975 the soviet economy became stagnant, and the growth rate in 1985 was 2 percent (Joo, 2001, pp. 366-393). It was a period when the countries of the world were developing, and modern industries were being set up. There was no modernization taking place in the Soviet Union.

The Soviet Union had also overburdened itself with the loans, arms supply to its allies because of ideological ties; these loans were important to keep them on its side. The supply of subsidized goods and pension to its citizens, were the two main causes behind the negative growth of Russian economy. The fall in the international price of oil, which was Soviet Union's main item of export and through which it earned hard currency was another serious problem for Soviet Union (Joo, 2001, pp. 266-393).

In a period of global economic boom, where South Korea and other capitalist countries were doing well economically and integrated its economy with the global economy, the Soviet economy was declining, and there was pressure on Gorbachev to take swift action and re-design Soviet economic and foreign policy to suite the new world order.

#### **1.4: Geo-strategic Location of Russia**

Russia is the only country in the world which has huge landmass in Europe and Asia both. The eastern territories of Russia form about sixty percent of its total area. The rest forty percent is in Asia. In the World, Russia is the largest country with the total area of 17,075,200 km (Ivanov, 1999). Because of its unique geo-strategic location, Russia has influence over Europe and Asia. It plays an important and crucial role in both the continents. Russia is very rich in natural resources it has reserves of natural gas, oil, coal, diamond and other minerals (Ivanov, 1999).

The geo-strategic of Russia is unique because it is connected to Europe and Asia through land route. Its connectivity to these two continents works like a bridge the Asia and Europe.

### **1.5: The evolution of South Korea-Russia relations**

In the mid-1980's the Soviet Union was heading towards the path of dissolution due to various internal and external causes. Gorbachev aimed at the capital of South Korea and assistance in the modernization of the Soviet economy. Soon Gorbachev got an opportunity to normalize relation with South Korea, and he was invited by ROK to participate in Olympic Games held in South Korea's capital Seoul. North Korea threatened Gorbachev to break its ties with the Soviet Union if it participated in the Olympics but Gorbachev was determined to normalize relation with South Korea, and he did not want to lose this opportunity.

A large number of athletes, accompanied by officials, media persons and citizens arrived in Seoul. They were surprised to see the modernization and development in South Korea. The perception which they had about South Korea - which was propagated by the state-controlled media that South Korea was an underdeveloped country, that it was a puppet of US - was not true. The Soviet team was highly impressed with the development in South Korea which was a small country compared to the Soviet Union.

The Seoul Olympic game in 1988 was a catalyst, which changed the image and global position of South Korea. The Soviet officials returned to Moscow with electronic and electrical items which they had received from the South Korean officials. These items were of high quality and were incomparable with the available goods in the Soviet market (Souslina, 2001, pp. 41-55).

The visit of the Soviet team to South Korea Changed its image, perception, and public opinion in the Soviet society too, which further helped South Korea in framing a policy for the normalization with Soviet Russia. South Korea also wanted a close and strong cooperation with Soviet Russia which would ease the cold war tension in the Korean peninsula and the North East Asia region.

The normalization of relationship led to a formal formation of strategic relations between ROK and Soviet Union in 1990 started a new phase in the bilateral relationship. Consular level relations were established, Permanent trade offices were opened in Seoul and Moscow. To boost

the bilateral economic ties, a direct sea link route was inaugurated between Pusan and Vladivostok. The press, South Korean and Soviet media, wrote positively about each other to change the public opinion for further cooperation.

The leaders of both the countries paid bilateral visits for deeper cooperation and ties. South Korean President Roh Tae-Woo visited Moscow where he had summit level meeting with Gorbachev. He also announced an aid of \$3 billion to the Soviet Union which in future became a factor in promoting South Korea-Russia arms trade, to repay the debt to South Korea (Souslina, 2001, pp. 41-55). The arms trade promoted a close defence cooperation between the two countries.

The normalization of relationship between South Korea and Russia changed the balance of power in the North East Asia region. The new political thinking was that Gorbachev implemented the policies of "perestroika and glasnost" the twin policy of Gorbachev led to stabilisation of relations with ROK which laid the foundation of the bilateral relationship between the two countries (Dawisha, 1995). It provided a platform to the future leaders of South Korea to further cooperate and strengthen their bilateral relations.

The main point here is that the bilateral relation was not only in favour of South Korea but Russia also used this opportunity for its own economic, political and strategic benefits which raised its regional and international image and it was to be regarded as an important regional and global player.

## **1.6: Review of the Literature**

There have been various studies done on the relations between South Korea and Russia, covering different areas in the post-Cold War era. The literature available on this subject provides a better understanding of South Korea-Russia relations both during the Soviet period as well as post-Soviet period. It is in this context that the literature review has been done for the present study.

Terence Roehrig, Jungmin Seo and Uk Heo (2007) talk about the Korean nuclear crisis and the Six Party Talks, the role of the members along with Russia's role towards peace in the Korean peninsula. They also discuss the South Korean security and Russian foreign policy, particularly

North Korean nuclear crisis and its impact on South Korea. They have also discussed the importance of South Korea in Russia's economy concerning investment by South Korea in Russia. The shift of Yeltsin's foreign policy from Western to near abroad policy, South Korea and Russia's Energy and Economic Security, regulating South Korea's Energy to Russia and bilateral trade.

Tim Beal, (2011) writes about imperialism, nationalism and the division and reunification of Korea. He describes this from the Japanese colonial period in Korea, World War II and the division of Korea between USA and USSR. He also describes how after the dissolution of USSR, the situation in Korean Peninsula changed and gave a new meaning to the relationship with Russia. He highlights how South Korea stance towards North and suggested possible solutions.

Evgenii. B. Kovrigin (2002) discusses in details about the Russia's economic, political and defence relations with South Korea. South Korea's investment in Russia region is the need of the hour for Russia to strengthen its economy. It also discusses the deteriorating relation with Russia after 1991, and a strong bilateral relation between South Korea and Russia. He also focuses on prospects of linking TKR and TSR mainline.

John W Bauer (2009) discusses Moscow's distance from North Korea and establishment of a strong tie with the Republic of Korea for mutual benefit and how Chinese competition brings both democratic nations closer. He also discusses how Russia can play an important role in establishing harmony and peace in the Korean peninsula and the factors that brighten the prospects of South Korea–Russia relation.

Tae Hwon Kwak and Seung-Ho Jo (1999) discuss how after the collapse of USSR in 1991 both countries established military co-operation. Both South Korea and Russia are building confidence through regular military exchanges. The details of Russia's arms sale to South Korea in strengthening Russia defence system and its boosting to Russian economy are highlighted. They also bring out the details of missile systems, fighter aircraft, submarines, transfer of

technology to South Korea and how this military co-operation between South Korea and Russia reduces the latter's military dependence on U.S.

Rudiger Frank and John Swenson Wright (2013), discusses the implications of Six-Party Talks for Korean Peninsula and the regional security and peace in which Russia is also a nuclear power. They also argue about East Asia's collective security and the better use of existing arrangements such as the ASEAN Regional Forum (ARF) or Six-Party Talks. Changing East Asian factors as so much important understanding of new security paradigm and traditional perceptions of old alliances structure based on cold war after the two world wars negative influences on these continents. I am also tracing out some more relevant versions like grand strategy.

Samuel S. Kim (2006), discuss the role of Russia from Cold War to post-Cold War in Korean affairs. Russia was the state most consistently undertaking great-power intrigue on the Korean peninsula. Both the Korean imperial court and the post-World War II Pyongyang regime tried to manipulate or abrogate Soviet and Russian interest in Korea, with varying degrees of success. Today, Russian interest in reaping economic and status gains on and through the Korean Peninsula has made Moscow an active player on both sides of the DMZ (Demilitarized Zone). He also argues that how the national identity of South Korea plays a central role in shaping the relationship between the two Koreas and their interaction with the Russia at the global and regional level.

Economic recovery and development for survival with prosperity as Rudiger Frank and John Sweson Wright study indicate (2004), Soviet Continent and Korean peninsula truly expected protection without an adversary or insecurity or endangering the future of US-RoK alliance Helsinki-process and uncertain partner's politics to be re-examined.

To understand how that came about that I would like to adopt MAP based Quantitative description which was followed by the demilitarized zone (DMZ) as drawn up in the Armistice negotiations. Keeping the war alive- psychology never liked by the following experts.

Bong Chul Kim (2012) discusses about free trade agreements between the two countries economic relations between the two partners. How South Korea-Russia partnership is developing

the Russian Far East. Tae Hwon Kwak and Seung-Ho Jo (1999) discuss how after the collapse of USSR in 1991 both countries established military co-operation. Both South Korea and Russia building confidence through regular military exchanges the details of Russia arms sail to South Korea strengthening Russia defence system and through it boost to the Russian economy. Details of missile systems, fighter aircraft, submarines, transfer of technology to South Korea and how this military co-operation can reduce South Korean military dependence on U.S.

Yang-Taek Lim (2001) discusses how exchange in the field of science and technology and mutual co-operation has helped Russia. How can this mutual help boost the economic development of Russia? Vladimir Yakubovsky (2003) discusses the changing relation between Russia- DPRK and Russia - ROK.

North-South Cooperation, OSCE-experience, Italian approach towards DPRK, the SCO-ideas, political-paralysis, peninsular regional-peace after the Six-Party Talks, ASEAN and Europe-Asia-relations, post-War geopolitical transformation, CHEONAN incident as mysterious consequences, Invasion and Precipitating collapse, siege, sanctions, China factor exits or not Exits to be highlighted with certain limitations of our chapters outlook systematically projecting the selected subjective orientations. There is a marked difference between European and American attitudes towards, say, India or Japan, and those towards China.

The parallels with North Korea are obvious. The post negotiated relationships may generate a distance for the neighbouring countries. Re-unification also has international ramifications. Japan is adverse, whatever the composition of re-unified state, because it would be substantial economic military and political competitor according to Tim Beal's study. China, Russia would also be seriously challenged by a united Korea.

### **1.6.1: Gaps in the Literature**

Literature on this issue focuses on the changing balance of power situation in the region and its impact on bilateral ties, however, it tends to ignore market-driven complementarities that have engaged between South Korea and Russia. This Study intends to focus these economic complementarities are bringing political leadership closer on the market determined political and economic closeness between South Korea and Russia.



## **1.7: Organisation of Chapters**

The chapter One deals with the historical background of the two countries starting from 19th century-the rise of Japan, the expansionism of Russian zones after World War II, the background of age old misunderstandings with hostile government led to, Pre-relations era and will also explain the formulation of new ties started after Gorbachev and Roh Tae Woo's initiatives.

The Chapter Two focuses on the rising economic complementarities between the two countries. It focuses on the Russia as a market for South Korean electronic and automobile goods and South Korea as a primary investor in developing Russian Far-East region. South Korea as an importer of Russian natural gas and petroleum. This creates a demand-supply matrix, which has contributed in the new opportunities to trade and investment and strengthen its bilateral relations through economic cooperation.

In the Third Chapter of this Study, based on the emerging economic complementarities, trade and investment ties between South Korea and Russia have witnessed remarkable growth. It shows rising South Korean investment in the Russian Far-East and Russian commodity export finding spare in the South Korean market.

The chapter Four tries to explain the two World Wars hostile environment, political relations before two World Wars, soviet union's idealised foreign policy, Cold War and post Cold War developments as they are unable to resume good relative-terms with diplomatic-cum-strategic partnerships. Power structures also using their power tools after Cold War fostering factors in this chapter.

The concluding chapter gives an overview of the South Korea-Russia relations during the period 1991 to 2015 and the future prospects of the bilateral relation between both two countries.

## Chapter-2

### Consolidation of Democracy: Converging Political Interest between South Korea and Russia

Through the historical records, it comes to know that there were limited diplomatic and political relations between Korea and Russia. The reason behind this was the Czarist Russia was especially intrigued and busy in having the political and discretionary connection with the western countries. In spite of the linkages with Asia, the Czarist regime was slanted towards Europe. In 1860 Russia came closer to Korea for the first time by building the port and naval base of Vladivostok (Whan, 2002). This was the first time in history that Russia showed its interest in Asia Pacific region. This expansionist and imperial policy of Russia set a stage for the direct rivalry with Japan.

The political relation between South Korea and Russia dates back from the Thirteenth century when Franciscan monk John of Plano Carpini met tributes envoys both Korean and the Russian Principalities Treaty of Nerchinsk in the Mongol emperor's court in 1680 (Whan, 2002). It bought Korean merchants and envoys in contact with Russians. The growing importance of Korea in Russian policy can be well understood by the fact that to deal with Korean and Korea. In 1874 under commission by the administration of the maritime province, a Korean-Russian dictionary was compiled which had containing 5,500 words (Konishi, 2009).

After the establishment of the political and diplomatic relation between the two countries in 1884, there was a need to know and understand more about Korea. For that study of Korean language and research on Korea began in 1897 at the St. Petersburg University's Institute of Oriental Studies. The relationship between the two countries took an about turn after the Sino - Japanese war of 1894-1895 (Konishi, 2009). Japan came out victories in this war.

The victory of Japan made Russia anxious because of its imperialistic Policy in East Asia. Russia responded to Japan's imperialistic policy by leading the Triple intervention with Germany and France against Japan's imperialist advances. Japan wanted to incorporate Korea into her territory. The tussle and tension gained momentum between Russia and Japan over the Korean Peninsula. In October 1895, there was resentment against the Japanese due to the brutal murder of the pro-

Russian and anti-Japanese Queen (Klein, 2014). In the same period, the newly formed cabinet in February 1896 dismissed the Japanese employed by the previous government and was replaced by the Pro-Russian financial advisor and military advisor.

There was a period of uncertainty from 1895 to 1905. Korea's public opinion and the government were divided on Russian issue. In response to Russia's Triple intervention of 1895, to pursue its imperialist policy in East Asia and to control Korea and Manchuria was important for Japan and its survival as a great power (Shin, 2010, pp. 05-30).

In Port Arthur, Russian far eastern marine was attacked by the Japanese army, and it started the Russo-Japanese war. Japan came out victorious in this war, Korea was incorporated into the Japanese empire and Russia lost its claim and relations with Korea until the end of the Second World War. From August, 1910 Korea lost its status of an independent state by merging in the Japan. Subsequently, there was a deadlock in the political relation between Russia and Korea (Buszynski, 2000). However, the consulate general of Russia in Seoul remained till 1925.

The Japanese occupied Korean Peninsula until the end of World War-II (1945). The diplomatic and political relation has been put off during the Japanese occupation. The newly established communist government in Soviet Russia was itself very much busy in consolidating the communist system. During the 1917 October revolution, most of the leading Bolsheviks believed that the Russian revolution was a surprise for the capitalist world order.

It is widely believed that the newly established communist regime would not survive for a long time without the establishment of the socialist regimes in other parts of Europe and Asia. After the Bolsheviks revolution, Soviet Union was very much busy in implementing the new economic policies and rapid industrialization of the country. During this period the Soviet government had little time to interfere in the affairs of Korean peninsula which was ruled by Japan.

### **2.1: South Korean Policy towards Russia after the Partition of Korea:**

During the World War-II, the basic agenda of Stalin was to prevent the Japanese and German aggression against the USSR or any other possible hostile coalition against the USSR. On August 8, 1945, according to the Yalta agreement, the USSR declared war against Japan. When Japan surrendered unconditionally, and thus Korea was liberated. During a high-level meeting at

Washington between Soviet and United States (US) officials, Korea was divided in North and South Korea (Bulychovov, 2005, pp. 33-38).

Since, the ideology of North Korea was Socialist, Soviet East Asian policy towards North Korea became a very important concern during beginning of Cold War. Subsequently, Moscow had no political, diplomatic, economic relations with South Korea. In the Korean War (1950-53), in which South Korea was attacked by North Korea, the Soviet government fully supported North Korea (Buszynski, 2000). The growing twin block rivalry and politics prompted the Soviet Union to support the North Korea which led to the end of the official bilateral relation between ROK and the USSR, till the end of Cold War and the collapse of the communist bloc.

During the Cold War period, the USSR was militarily involved in the Asia Pacific region, and maintained the tense relationship with South Korea. South Korea was known as a satellite state of the USA. It was considered as a puppet of the USA who's foreign, and even domestic policy was designed by the USA against the USSR. The foreign policy of the USSR architects considered North Korea as a part of eastern bloc and a supporter of the socialist system, a believer in the communist and socialist ideology, which indeed at times reflected the dynamics relations between North Korea and the Soviet Union. The Soviet Union firmly believed South Korea as a part of the western bloc and North Korea as a true ally of the Soviet Union.

The KAL 007, incident marked a sharp deterioration in the relationship between the two countries. On first September 1983 when the Cold War was still at its peak, a South Korean Boeing Civilian Aircraft having passengers on board entered the Soviet airspace. The Soviet air force detected the aircraft, and as claimed by them it was a spy plane the Soviet air force pilot Lieutenant Colonel Osipovich flew his SU-15 fighter right along the side of KAL-007 (Cossa, 2004). He was initially surprised to see the flashing lights unprecedented for a US reconnaissance plane. The pilot believed that the airplane must be carrying out a spy mission. The Soviet pilot flashed the message to the pilot of KAL-007 to leave the soviet airspace immediately. The message was flashed in the Russian language which the KAL-007 could not understand (Cossa, 2004). The Russian pilot fired two missiles which destroyed the plane killing two hundred sixty-nine people on board.

The incident of KAL-007 was manipulated as a symbolic spy war among the two super powers (Soviet Russia and the US). The Soviet Union used KAL-007 incident a root for its political rhetoric not only against South Korea but also against the USA, during the Cold War.

According to the investigation made by the United Nations special group for safety of commercial flying report the incident of violating the airspace occurred actually due to human error. The pilot made a ten-degree error in calculating the longitude at Anchorage international airport and entered the Soviet airspace. The government of Soviet claimed that the KAL-007 was on spying mission (Cossa, 2004). The incident was the result of the ongoing Cold War between the two blocs in which under the rigid Soviet system, the Soviet defence authorities were inclined to shoot first and think about it later. This incident made the political relation between the two countries worse.

## **2.2: Factors Affecting ROK's Foreign Policy towards Russia:**

South Korea established an official diplomatic relation with Russia in 1991. Since then South Korean policy towards Russia has been an important dimension of South Korean foreign policy. South Korea's relation with Russia is largely determined by its national interest. However, as a country, South Korea has never been a high priority in Russian foreign policy consideration.

Historically Korea's relation with Russia was mostly a by-product of Russian relation with other major powers in North-East Asia and later idealized foreign policy and relation with North Korea guided the relation with South Korea. Russia's relation with South Korea is important primarily because of its relations with major powers. It is therefore important to examine South Korea's interest in Russia in a broad context of South Korean overall policy goals and orientations as well as its regional commitments and concerns in Europe (Bella, 2005). The factors which convince to South Korea to have deeper engagement with Russia are the following:

### **2.2.1: Geo-Strategic factor:**

South Korea's geo-strategic importance (in Picture: 2.1) has been an enduring factor in framing Russia's foreign policy towards South Korea. In recent period South Korea's access to the Pacific Ocean is an important factor. The warm water ports of South Korea which are ice free round the year which can be used by Russia for its fleet. Moreover, South Korea is an important country in

North East Asia and diplomatic and political relation with South is very important for Russia to be an important player in the region.

**Picture: 2.1 the Geographical situation of South Korea**



Source: [www.alamy.com](http://www.alamy.com)

### **2.2.2: Ideological factor:**

The Cold War politics and subsequent division of the world into two blocs and the establishment of socialist government in North Korea played a crucial role in determining the Korean foreign policy towards Soviet. Ideological boundaries have set up hostile stand towards South Korea. For almost 40 years (1948 to 1990), a fraternal engagement existed between the Korean Workers

Party and CPSU. Soviet Russia considered North Korea to be a 'truly socialist' state, a member of world socialist community and bulwark against American imperialism and Japanese militarism (Fawn, 2003).

This understanding about Korean peninsula determined Moscow's approach towards Pyongyang and Seoul. Ideological ties between Pyongyang and Moscow was a major hurdle in harmonizing the political/diplomatic relation with Seoul. However, after the break-up of the USSR, ideological ties became obsolete and no longer relevant in bilateral relations and in defining foreign policy towards Russia. There were still some ideological remnants in the Duma and certain groups in Russian civil society who preached diplomatic relations with North Korea and sustained hostile attitude towards South Korea (Bella, 2005). But the ideological factor had lost its relevance in defining the foreign policy which normalized relation between Seoul and Moscow.

### **2.2.3: Economic factor:**

The economy has been a considerable factor which played a determining role of the South Korean foreign policy towards the Soviet Union. Since the mid-1980s, for the foreign policy architects, initiatives towards the Soviet Union were primarily driven by economic consideration. Subsequently, the political relation of Russia with North Korea deteriorated, and relation with South Korea began to gain strength. Pyongyang was not in a position to support Moscow economically where as South Korea being a capitalist and an economically strong state could bailout Russia out of its economic crisis (Joo, 2001, pp. 366-393). It was high time for Seoul to reorient its policy towards Moscow.

### **2.3: Political Relation after New Game Diplomacy:**

After the Seoul Olympic meetings, the bilateral relation of both nations improved at the political level. Seoul vowed its earlier intention to establish and upgrade its relations with Moscow through bilateral visits and high-level meetings of political leaders. The Russian magazine "Novoya vremiya" (New Times) interviewed Kim Young-Sam' president of opposition Reunification Democratic Party. He was then invited to visit Moscow (Ivanov, 2003).

In 1989, Kim Young-Sam visited Moscow with the approval of the president Roh Tae Woo to improve relation with Moscow. He had a dialogue with several Soviet leaders and officials, along with Chairman of Supreme Soviet Yevgeni Primakov (Fedorousky, 2002). They pledged to promote closer political, diplomatic, economic, and cultural relations between the two nations. Gorbachev announced that the Soviet Union would allow three lakhs Soviet-Koreans who were settled on Soviet Sakhalin to visit their family in South Korea (Ivanov, 2003).

#### **2.4: Establishment of Diplomatic Relation:**

Diplomatic relationship with Moscow was started by Kim Young-Sam in 1990. The second visit of Kim Young-Sam as a leader of South Korea was a breakthrough in normalizing the relationship between Seoul and Moscow. Political considerations were important for South Korea rather than economic issues in the formal diplomatic relation where as the priority of Soviet Union was economic co-operation.

Both countries proposed that they should first upgrade their consular departments to consulate generals in summer 1990, before opening full diplomatic ties. Subsequently, high level visits between Seoul and Moscow took place in which the President of Soviet Union's Gorbachev and ROK's President Roh Tae-Woo interacted at San Francisco in June 1990. This was the first ever summit-level meeting in the history of South Korea and Soviet Russia. There were several outcomes of the summit: The San Francisco Summit was the first-ever meeting of the two Heads of States, the two sides agreed to exchange diplomatic recognition. After the meeting, Gorbachev said "it was beginning of the normalization process" (Ivanov, 2003).

In exchange of diplomatic recognition, Gorbachev's requested economic assistance. In response to it senior presidential secretary for economic affair, Kim Chong-In, headed a delegation to Moscow in August, 1990 for further development and establishment of diplomatic relationship between Seoul and Moscow as early as possible. Controversy arose between the two sides concerning the effective date of the formal diplomatic relationship. Moscow insisted on January 1, 1991, whereas the South Korean side suggested September 30, 1990. The two sides agreed on January 1, 1991; the treaty came into effect after the diplomatic document was signed on September 30, 1990 (Ivanov, 2003).



Thus it was a historical moment for the two countries; the formal diplomatic relations were established on September 30, 1990. Gorbachev visited Cheju Island in April, 1991 and declared that we would support the South Korean in the United Nations for Inter-Korean dialogue which aimed at reducing tension in Korean Peninsula. The Soviet-Korea normalization, in relation also resulted in normalization in China-South Korea relation and indicated a new era in the inter-regional relationship in the Northeast Asian Region (NAR) (Leon & Keneth, 1994, pp. 524-530). The dissolution of Soviet Union ended the Gorbachev era, the foundation laid by him was marked with a new height of political and diplomatic relationship between Seoul and Moscow.

## **2.5 South Korean Policy towards Russia in Different Administrations:**

In this Section, the period was classified into the period of Roh Tae-woo administration and the establishment of South Korean-Russian Relations (1991-1993), the period of Kim Yong-Sam (1993-1998), administration of Kim Dae-Jung (1998-2003), the period of Roo Mu-Hyun (2003-2008), the period of Lee Myung-Bak administration (2008-2013), and the period of Park Gyun-Hae administration (2013-2015).

### **2.5.1 Roh Tea-Woo Administration and Establishment of South Korean-Russian Relations (1991-1993)**

South Korea and Russia concluded the 'Treaty on Basic Relations between South Korea and Russia' and announced the joint statement having 27 articles through the Russian President Yeltsin's visit to Korean in November 1992. Through this summit talks and the announcement of joint statement, both countries sympathized with the needs to increase the cooperation among the countries within the region for the peace in Asia-Pacific region and exchanged the opinions on cooperation in investigating the shooting of Korean Airline incident and the reinforcement of cooperation in diverse economic areas.<sup>1</sup>

At that time, the Yeltsin administration, which pursued the pro-Western line based on the Atlanticism, pursued the cooperative relations with South Korea neglecting the relations with North Korea. Russia clarified that it would keep suspending the supply of nuclear power generation facilities to North Korean until the nuclear problem between North Korea and South

---

<sup>1</sup> “ 「북한견제」 공동인식 확인/한러 정상회담 무엇을 남겼나, ” 『동아일보』 , November 20, 1992.

Korea was be solved<sup>2</sup>. Besides, it made diplomatic efforts by delivering the black box of the passenger flight of the KAL(Korean Airlines) officially to the delegation of Korean Government, etc.,<sup>3</sup> which brought great changes in the development of relations between both countries together with ‘the northward policy’<sup>4</sup> of the Roh Tae-Woo administration.

**Picture: 2.2 President Roh Tae-Woo with Gorbachev during his visit to Russia.**



Source: [www.alamy.com](http://www.alamy.com)

However, the relations between both countries, which seemed to progressed, can be analysed that the substantial cooperative relations were not achieved by the facts that Russia itself recognized that its influences on the Korean peninsula were low through the event that North Korea

<sup>2</sup> “북 핵 해결까지 원전 지원 중단/엘친 방한 앞서 회견,” 『경향신문』, November 15, 1992.

<sup>3</sup> “KAL 기 새 자료/엘친 한국에 전달,” 『국민일보』, October 14, 1992.

<sup>4</sup> 여인곤, “북·러 관계 변화 전망과 한국의 대응방안,” “Research Report of the National Unification Institute”, 1995, No. 01, pp. 40~46.

withdrew from NPT (Nuclear non- Proliferation Treaty) in March, 1993<sup>5</sup> and non-coincided pursuit of national interests between Korean Government, which pursued ‘the diplomatic and security interests’ and Russian Government, which pursued ‘the economy and trade interests’ preferentially. In conclusion, the Korean-Russian relations during the Roh Tae-Woo administration were the phase to establish the relations with the new Russia, and it was a period that the mutual expectations were excessive.

### **2.5.2 Administration of Kim Yong-Sam (1993-1998)**

The Kim Young-Sam administration, which was launched after the Roh Tae-Woo administration, visited to Russia in June, 1994 and announced the joint statement with 13 articles, through which the relations between both countries entered into ‘the Complimentary and Constructive Partnership’, and later, both countries strengthened the diplomatic cooperation to perform the ‘Joint Declaration in Moscow’. However, Russia sent the vice-minister Panov to North Korea for 4 days on September 20, Several months after the visit of President Kim Young-Sam, through which, they started discussing to improve the relations between North Korean and Russia<sup>6</sup>. That is, the intension of Russia to approach to Korean peninsula at that period can be analysed the event that the vice-minister Panov visited to North Korea several months after the summit talks with South Korea.

South Korea and Russia, which announced the joint statement with 13 articles in June, 1994, improved the military cooperation entering into the military cooperation MOU, which was developed one step further than the 1993-1994 South Korean-Russian Military Exchange MOU concluded in 1992, etc. with the Russian National Defence Minister ‘s visit to South Korea in May, 1995 and National Defence Minister Kim Dong-Jin's visit to Russia in November, 1996<sup>7</sup>, and improved the cooperation between both countries in the field of economy and trade by adapting ‘Korean-Russian joint declaration of economy’ with the visit of Russian Prime Minister Chernomyrdin to Korea in September<sup>8</sup>. Such improvement of the cooperation between both countries can be verified again through the efforts to convert the existing relations of Russian-

---

<sup>5</sup>여인곤, “북·러 관계 변화 전망과 한국의 대응방안,” “Research Report of the National Unification Institute”, 1995, No. 01, pp. 40~46.

<sup>6</sup> “북, 정전 협정 준수 / 러 외무차관 / 경수로 등 큰 진전,” 『국민일보』, September 24, 1994.

<sup>7</sup> “한러 본격 군사 동반 시대 구축 / 군사협력 양해각서 체결 안팎,” 『서울신문』, November 5, 1996.

<sup>8</sup> “산업·무역 협력 강화 / 한·러 경제 공동선언 / 러 총리 방한때 채택,” 『매일경제』, September 28, 1995.

North Korean military alliance to the conventional diplomatic relations, such as the decision of Russia to denounce 'the treaty for Russian-North Korean amenity and cooperation and mutual assistance', which contained the automatic military intervention of Russia in the North Korea, etc. Such diplomatic efforts of both countries were led to the cooperation to perform the contents of the joint statement in June 1994 such as supporting the Russia's joining to APEC and Korea's advancement to the UN non-permanent member of the Security Council, etc<sup>9</sup>.

**Pic 2.3 Kim Young-Sam (during his visit to Russia) and Boris Yeltsin**



Source: media.gettyimages.com

However, at that time, there had been the elements impeding the development of relations between both countries such as the deterioration of Russian economy, China, of which position was strengthened in Northeastern Asia and the influence on the North Korea was being

<sup>9</sup> “한·러 수교 5주년 발전과 전망/경협 바탕 동반자 관계 정립,” 『매일경제』, 1995년 9월 30일.

increased, the progress of the relations between North Korea and the USA<sup>10</sup>, the rupture of relations between Russia and North Korea, etc. After all, the relations between both countries started being drifted<sup>11</sup> away enough to put the joint declaration of 'Complementary and Constructive Partnership' and the diplomatic efforts of both countries were shame by a series of events, which fell short of the expectation of Russia such as the suggestion of a four-way talks for Korean Peninsula, where South Korea, North Korea, United States and China were participated excluding Russia, by the United States and South Korea on April 16, 1996<sup>12</sup>, etc.

As noted, for the balanced approach to Korean peninsula, the Yeltsin administration sought the summit talks with Kim Young-Sam administration in 1994 and the reestablishment of the relations with North Korea by sending the vice minister Panov but obtained the achievement below the expectations, the Korean-Russian relations during the Kim Young-Sam administration can be analysed as unsuccessful, and this period can be mentioned as the period that the relations between both countries were cooled down by the disappointment for the excessive mutual expectations during the Roh Tae-Woo administration.

### **2.5.3 Administration of Kim Dae-Jung (1998-2003)**

Differently, from the previous Korean administrations, the administration of Kim Dae-Jung launched in February 1998 is the unique administration announced joint statement with two Russian presidents (Boris Yeltsin and Vladimir Putin) in the history of Korea-Russian relations. Also, this period is the period that many changes had occurred in Russia by the change of the government from Yeltsin to Putin. Therefore, the period of administration of Kim Dae-Jung is the period that the changes in Korean-Russian relations, which cannot be observed during the Roh Tae-Woo and Kim Young-Sam administrations, can be verified. Viewing that the cooperation with the surrounding great powers, which projected direct interests to the Northeastern Asia and Korean peninsula, was needed for the peace in the peninsula of Korea, President Kim Dae-Jung made efforts to develop cooperation between Korea and Russia placing the importance on the diplomacy with the 4 countries surrounding Northeastern Asia (United

---

<sup>10</sup> “잡은 접촉 북미 관계 개선 임박,” 『한겨레』, 1996년 4월 28일.

<sup>11</sup> 이인호, “한·러 관계의 현황과 전망,” 『외교』, 제 51호(1999), p28.

<sup>12</sup> “성사여부 북 태도에 달렸다,” 『국민일보』, 1996년 4월 17일.

States, China, Russia and Japan) such as suggesting the theory of guarantee of 4 superpowers<sup>13</sup>, which he advocated from the presidential candidate during the New Democratic Party in 1971, etc. However, the discords between Korea and Russia by the changes in policy towards Russia due to the policy of previous administrations, neglect towards Russia, and Russian policy towards the Korean peninsula, which pursued policies such as 'maintaining the relations with Korea', 're-establishing the relations with North Korea', became big problem for the diplomatic policy of the administration of Kim Dae-Jung, which intended to reinforce the cooperation with Four countries around the Northeaster Asia.

In addition, The relations between both countries faced the great crisis and the conflict, and discords were exposed clearly by the events that Russia concluded the case of consul Choi Duck-Geun, who was murdered in Vladivostok on October 1, 1996, as the simple violent crime and terminated the investigation<sup>14</sup>, 'diplomat counter-expulsion situation'<sup>15</sup>, which expelled the councillor Oleg Abramkin as a countermeasure against that Russia expelled the Korean Councillor Cho Sung-Woo in July, 1998, etc. For that, the Kim Dae-Jung administration, which judged that the supports and cooperation with the surrounding 4 countries were important elements in the policy towards North Korea, and the Yeltsin administration, which recognized that South Korea was the country required for the national interests of Russia<sup>16</sup> sought to improve the relations between two countries, and President Kim Dae-Jung visited Russia in May, 1999 as a start of improvement, had summit talks with President Yeltsin and announced the joint statement with 8 articles. Based on this summit talks and the joint statement, both countries seemed to develop the relations through a series of efforts<sup>17</sup> such as reinforcement of military cooperation, reinforcement of economic cooperation in wide fields, active supports to joining of Russia to WTO and ASEM, etc.

However, in spite of these efforts, there was no change in the Russian approach to the Korean peninsula such as so-called 'deportation of North Korean defectors to China, which Russian Government had been cooperative with the position of South Korea on the 7-North-Korean

---

<sup>13</sup> "DJ '4 강 외교론' / '미,중,러,일 모두 한반도 전쟁 불원," '한국일보', 1998 년 11 월 20 일

<sup>14</sup> "최덕근 영사 피살 사건/ 러시아, 수사 종결 통보," '서울신문', 1998 년 10 월 1 일.

<sup>15</sup> "러 참사관 맞추방/ 향후 한러 관계," '동아일보', 1998 년 7 월 9 일.

<sup>16</sup> 윤익중, "엘친의 대 한반도 정책변화와 러시아 외교의 성격 고찰," '국제정치논총', Article 43,03, (2003), p. 458.

<sup>17</sup> "<한·러 정상회담> 정부차원 정기적 협의 합의," '서울경제', 1999 년 5 월 29 일.

defectors but changed the tune suddenly and deported them to China in November, 1999<sup>18</sup> and that Russian minister of foreign affairs Ivanov officially visited North Korea in February, 2000 and signed<sup>19</sup> 'Amenity and Cooperation Treaty', which would substitute the 'North Korean-Russian Amenity, Cooperation and Mutual Aid Treaty' concluded in 1961, opposed to the contents<sup>20</sup> announced by Grigory Karasin, the Russian minister of foreign affairs at that time "Russia is opposing to establish the relations of alliance with North Korea" in 1997, and rather Russia accelerated the reestablishment of relations with North Korea.

In 2000, which was the Third year of Kim Dae-Jung administration was launched, Putin Administration was launched in Russia. Putin Administration was the period that placed the priority in different direction than the Yeltsin administration, which placed the priority in the 'economic development strategy', that is, in the political and military fields to reduce the gap with NATO through the political and military security in the national situation that the rapid growth of the economic field was not expected<sup>21</sup>. After all, the year 2000 was the year that Russia's return to superpower started getting out from the chaos of 1990s, and during this period, Putin could take much-balanced position in the Korean peninsula<sup>22</sup> with 'practical new equidistant line', that is, the approach of 'Win-Win' Strategy in the Korean peninsula, with the relations with North Korea giving weight to the aspects of politics and security and the relations with Korea focusing on the economic cooperation. The Russia's new approach to Korean peninsula of 'Practical equidistance line' can be verified by that Putin visited to North Korea<sup>23</sup> in July, 19 of same year for the first time as a President of Russia in the situation that the framework was made to re-establish the relations between both countries, which had been alienated by the conclusion of 'Amenity and cooperation treaty' between North Korea and Russia in February 2000 since the establishment of diplomatic relations between ROK and Russia, as mentioned above. 'Russian-North Korean relations' had been recovered gradually since the inauguration of Putin in 2000, and it can be said that it contributed to the development of Korean-Russian relations ultimately by interlinking with the Kim Dae-Jung administration's

---

<sup>18</sup> “러 억류 탈북자 7명 한국행 왜 무산 됐나,” '문화일보', 2000년 1월 8일.

<sup>19</sup> “<러 외무장관 방북> 北-러 新 밀월 관계로 가나,” '동아일보', 2000년 2월 10일.

<sup>20</sup> “러 ‘북과 동맹 관계 반대.’ / 카라신 외무차관,” '동아일보', 1997년 12월 1일.

<sup>21</sup> 강봉구, “엘친에서 푸틴으로: 러시아의 국가전략 변화,” '중소연구', 25권 4호(2001), p.155.

<sup>22</sup> 홍완석, “푸틴 시대 러시아의 신한반도 전략: 분석과 대응,” '한국정치학회보', 제 35집 3호(2001), p.349.

<sup>23</sup> “푸틴 방북의미-北 관계 복원, 美 견제 ‘이중포석’,” '경향신문', 2000년 7월 19일.

policy towards North Korea. In fact, Russian Government evaluated the administration's policy of Kim Dae-Jung towards North Korea positively<sup>24</sup> after 'First summit talks between South and North Korea' made by the President Kim Dae-Jung's visit to North Korea on June 13, 2000, and Putin visit to Korea in February of following year, summit talks with President Kim Dae-Jung and announced the joint statement with 7 articles.

In this summit talks, both countries agreed that the progress of North-South relations was building positive ambients to perform the cooperative projects between Korea and Russia, and would make efforts jointly for that. And at the same time, both countries agreed to reinforce the cooperation in the energy and fisheries such as the establishment of 'Traffic Cooperation Committee (교통협력위원회)', 'Korean-Russian Subcommittee for Far East and Siberia (한·러 극동시베리아 분과 위원회) within the Korean-Russian Joint Committee for Economy, Science and Technology Cooperation (한·러 경제과학기술 협력 공동위원회) and the gas field development project<sup>25</sup>.

As noted, the Kim Dae-Jung administration from February 1998 to February 2003 was the period that corresponded with the transformation period in Russia, and differently from the other Korean administrations, maintained the relations between both countries in the stream of changes from Yeltsin to Putin administration.

---

<sup>24</sup> “한·러 실질적 협력 관계 발전 합의,” '매일경제', 2000년 6월 30일.

<sup>25</sup> “한·러 정상 ‘한반도 평화 협력’ 합의(종합),” '매일경제', 2001년 2월 27일.



**Pic 2.4 President Kim Dae-Jung and Putin meet in Russia**



www.alamy.com - GYTJCC

Source: [www.alamy.com](http://www.alamy.com)

Besides, joint statements were announced with two Russian leaders. Such changes in Russia, that is, the transition from Yeltsin to Putin influenced greatly on the South Korean-Russian relations, and this period can be considered as the transformation period in the relations between two countries. As mentioned above, there was no substantial conflict between two countries observed officially from 2000 to 2010 since the conflict in the 1990s, and the cooperation level between two countries also developed<sup>26</sup>.

---

<sup>26</sup> 우평균, “한·러 외교관계 20 년: 평가와 지향점,” '시베리아 극동연구', 제 6 호 겨울(2010), p.12.

#### 2.5.4 Administration of Ro Moo-Hyeon (2003-2008)

In the 2000s, when the Korean-Russian relations entered into cooperative relations from the conflictive relations, the Ro Moo-Hyun administration was launched on February 25, 2003, after the Kim Dae-Jung Administration. The Ro Moo-Hyun administration selected 'the peaceful solution of the North Korean nuclear problem' as the highest priority of diplomatic goal, and established 'Peaceful and prosperous North-eastern era' as the goal of government administration, for which it selected Russia as an important cooperation country together with China and Japan<sup>27</sup>. Besides, it clarified that 'securing constructive contribution' of Russia was an important objective in the policy towards Russia to build the peace regime in the Korean peninsula<sup>28</sup>. That is, the policy was changed to the policy placing importance in 'the policy towards Russia' than the past due to the recognition of 'the pragmatic, balanced diplomacy' for the surrounding Four countries for the peace and prosperity in North-eastern Asia.

With the foundation of such developed policy towards Russia, both countries announced the joint statement containing ten articles of more detailed and diverse cooperation measures compared to the past with the President Ro Moo-Hyun's visit to Russia in September 2004, one year after the launch of the Ro Moo-Hyun administration. Through this summit talks and the announcement of joint statement, both countries upgraded the 'Constructive Partnership based on the Mutual Trust', which has been maintained for 10 years from the Kim Young-San administration before the launch of the Ro Moo-Hyun administration, to 'the Comprehensive Partnership based on the Mutual Trust' and agreed to reinforce the cooperation in diverse fields such as the action plan to increase the cooperation in diverse economy and trade fields like energy, resources, IT, space science and technology, etc, conclusion of 'Space Technology cooperation agreement related to the cooperation in the space technology field and exchange of scientists, etc, the cooperation in TKR-TSR connection project, etc.<sup>29</sup>

---

<sup>27</sup> “노무현 시대 개막/ 노 대통령 취임사 전문,” '문화일보', 2003년 2월 25일.

<sup>28</sup> Ministry of Foreign Affairs and Trade, "2004 Diplomacy White Paper," p. 177.

<sup>29</sup> "Comprehensive Declaration of Partnership / Meaning and Prospect of Summit," '국민일보', September 22, 2004.

**Pic 2.5 South Korean President Ro Moo-Hyeun and Russian President Putin during their meet**



www.alamy.com - B9361A

Source: www.alamy.com

Besides, it is observed that the relations between two countries had been improved further through this summit talks and the joint statement that President Ro Moo-Hyun emphasized that Russia was the important country in settling down the peace in the Korean Peninsula, etc. As noted, during the period of the Ro Moo-Hyun administration, there was no event caused the conflict found in the 1990s and rather, it is the period that cooperation between two countries was distinguished. In fact, the Ro Moo-Hyun administration reduced 660 million dollar out of total 2 billion 240 million dollar including the amount deducted the amount repaid from the 1 billion 470 million dollar provided to improve the relations with old Soviet Union in 2003 and the delay interests, agreed to receive the balance amount of 1 billion 580 million dollar with the instalment for 23 years<sup>30</sup>, and since in the early stage of the Ro Moo-Hyun administration, the security in Korean peninsula was emphasized, the importance of the cooperation with Russia in

<sup>30</sup> “대러 경험 차관 6 억여 달러 탕감 / 16 억 달러는 23 년 분할 상환,” '한겨레', 2003 년 6 월 21 일.

the natural resources and energy was emphasized as the time passed by<sup>31</sup>. Besides, the friendly cooperation was made in the diplomacy and economy fields such as Russia supported Minister Ban Ki Moon in the nomination of Ban Ki Moon as the general secretariat of UN, etc.<sup>32</sup>

During the Ro Moo-Hyun administration, the policy towards Russia was to cooperate closely with Russia continuously to implement the policy for the peace and prosperity in North-eastern Asia. Although the '2005 diplomatic policy keynote' might give the impression that the cooperation with the United States, China, and Japan was emphasized such as future-oriented balance development of Korean-American Alliance, establishment of future-oriented Korean-Japanese relations based on the correct history recognition by Japan and diverse efforts for the systematization of cooperation with China, Japan and ASEAN were emphasized leaving Russia excluded from the major cooperation countries<sup>33</sup>, as it was confirmed in each diplomatic policy keynote in 2006 and 2007<sup>34</sup>, it can be analysed that the Ro Moo-Hyun administration was engaged in Korean-Russian relations recognizing the importance of Russia in North-eastern Asia and Korean peninsula more than any other administration. Of course, although the development of Korean-Russian relations might be caused by the growth of the Russian economy due to international oil price increase, above all, the increase of Russian influences on North Korea by the Russian practical equidistance line towards the South-North Korea based on the Ro Moo-Hyun administration's government administration goal for peace and prosperity in Korean peninsula is deemed to the most great power in the development of the relations between two countries. Based on that, the period of the Ro Moo-Hyun administration can be analysed as the period that the stable cooperation was made in all the fields such as politics, economy, military, security, etc. conformed to the diplomatic stage of 'the Comprehensive Partnership base on the Mutual Trust.'

---

<sup>31</sup> Wu Ying, "Korea's Policy on Pollution and Russia: Policy Review of Roh Moo-hyun and Putin," "Study on Foreign Policy and Security, Vol. 6, No. 1 (2010), p. 136.

<sup>32</sup> “반기문 유엔 총장 당선권에 ‘성큼’ ,” '서울경제', October 1, 2006.

<sup>33</sup> Ministry of Foreign Affairs and Trade, "Diplomacy White Paper 2006," p. 25.

<sup>34</sup> Ministry of Foreign Affairs and Trade, "Diplomacy White Paper 2007," Ministry of Foreign Affairs and Trade, "Diplomacy White Paper 2008"

### 2.5.5 Administration of Lee Myong-Bak (2008-2013)

During the Lee Myung-Bak administration launched in February, 2008, the Korean-Russian relations entered into a new stage as the Putin administration was ended after eight years and the Medvedev administration was launched in May of the same year. Establishing the pragmatic diplomacy aimed at 'Global Korea' as the agenda of diplomatic policy, the Lee Myung-Bak administration has upgraded or reinforced the relations with the surrounding countries through the summit diplomacy with 4 countries surrounded the Korean peninsula such as '21th century strategic alliance with the United States', 'future-oriented mature partnership with Japan', 'strategic cooperation partnership' with Russia and China, etc.<sup>35</sup> In addition, the Medvedev administration reinforced the cooperation with the countries geographically close to Far East and Siberia including Korea for the development of those area as one of the new foreign policy lines recognizing the foreign policy as a 'tool for modernization' and using the potentials of Asia and Pacific region as the important task of the foreign policy<sup>36</sup>. Based on such foreign policy lines started by new administrations of both countries, the Lee Myung-Bak administration met with the summits and held the summit talks total six times and eight times, respectively, representing more frequent than the previous administrations.

Besides, as a new starting point of the Korean-Russian relations, President Lee Myung-Bak became 6th President of Korea visited Russia in September 2008 and announced the joint statement composed of 10 articles. Through this summit talks and the announcement of the joint statement, both countries upgraded the 'Comprehensive Partnership based on the Mutual Trust,' which was upgraded during the Ro Moo-Hyun administration in 2003, to a 'Strategic Cooperation Partnership.'

Such upgrade of diplomatic relations is meaningful in the aspect that it had made for the short period of 5 years compared to the conclusion of 'Comprehensive Partnership based on the Mutual Trust' during the Ro Moo- Hyun administration ten years after concluding 'Constructive Partnership based on the Mutual Trust' in June 1994. Since the Treaty on Basic Relations between Korea and Russia in November 1992.

---

<sup>35</sup> Ministry of Foreign Affairs and Trade, "Diplomacy White Paper 2009," p. 18.

<sup>36</sup> 제성훈, "메드베데프 정부의 새로운 대외정책노선: 정책기조, 변화의 원인, 수행과정 분석을 중심으로," '국제지역연구', 제 15 권 제 1 호(2011), pp. 38-40.

In this joint statement, both countries agreed to reinforce the cooperation greatly in the energy, resources, economic fields such as import of Russian natural gas by Korea, joint research on the diesel and gas pipelines through North Korea, development of marine mining field in West Kamchatka, expansion of cooperation in the space field, etc. including development of small satellite launch vehicle<sup>37</sup>. Besides, it has characteristics that the scope of cooperation between two countries was expanded greatly not only in the economic and cultural fields but also in politic, diplomatic, military, security fields, etc. by being upgraded to 'Strategic Cooperation Partnership.' Both countries, of which cooperation scope became wider, made the diverse cultural exchanges through 'Event Commemorating the Establishment of Relations between South Korea-Russia in 2010' such as culture, arts, academic conference, cooperation in the exchange between local governments. etc<sup>38</sup>. Besides, in the President Lee Myung-Bak's visit to Russia in 2008, the plan for three grand Silk Roads of the Lee Myung-Bak administration was suggested; 'Iron Silk Road,' 'Energy Silk Road,' 'Green Silk Road'<sup>39</sup>. With this plan, the cooperation has been continued such as consigned management by Hyundai Energy and Resources after securing 'Hyundai Khorol Agro' by Hyundai Heavy Industries in 2009, Hyundai Heavy Industries' acquisition of 2nd Farm in Maritime Provinces, which area is 23 times wider than the area of Yeouido<sup>40</sup>, the reinforcement of networks between the local governments in Far East of Russia and our local governments and between the corporations as well as the central governments of both countries regarding to the development of Far East Siberia<sup>41</sup>, etc. However, as the President Lee Myung-Bak's visit to Russia in September 2008 was made as last among the surrounding four countries (United States: April 15, 2008-April 19, Japan: April 20, 2008-April 22, China: May 27, 2008-May 30, Russia: September, 28, 2008-October 01) and was determined after various times of delay, the discord in Korean-Russian relations was seen<sup>42</sup>.

---

<sup>37</sup> “한러, ‘전략적 협력 동반자 관계,’” '투데이 코리아', 2008 년 9 월 29 일.

<sup>38</sup> “한러 정상, 수교 20 주년 축하 메세지 교환,” '아시아투데이', 2010 년 9 월 30 일.

<sup>39</sup> 'Iron Silk Road' which connect the TKR and TSR, 'Energy Silk Road', which reinforces the cooperation in the energy to combine the energy resources in Russia and the Korean technological power, 'Green Silk Road', which connects to Europe from Pacific Ocean through Central Asia by grafting the Korean farming techniques and the management system in the land for agriculture and forestry in the Maritime Provinces, 외교통상부,(2009 외교백서), p. 46.

<sup>40</sup> “현대 車, 러시아 제 2 농장 설립,” '파이낸셜뉴스', 2011 년 9 월 20 일.

<sup>41</sup> Ministry of Foreign Affairs and Trade, "Diplomacy White Paper 2012," p. 57

<sup>42</sup> 홍완석, “이명박 대통령의 러시아 방문: 의미, 평가, 과제,” '슬라브학보', 제 25 권 1 호 (2008), p.7.

In fact, the discord between two countries appeared from the Lee Myung-Bak administration's visit to Russia led to a series of conflicts such as the case that the 4 officials of National Information Agency having diplomatic credential were deported from Russia in June 2008<sup>43</sup>, evasive conclusion of Russia on the results of investigating the Cheonan warship case in 2010<sup>44</sup>, the problems revealed by the difference in the opinion in finding the cause of failure in launching NARO<sup>45</sup>, which contrasted with the Ro Moo-Hyun administration, which did not occur any case of conflict between two countries.

**Pic: 2.6 Presidents Lee Myung-Bak and Dmitry Medvedev during meet in Russia**



Source: [www.gettyimages.com](http://www.gettyimages.com)

As noted, the period of the Lee Myung-Bak administration was the period having discords with Russia compared to the Ro Moo-Hyun administration. Although by the upgrade to the 'Strategic Partnership' and the frequent exchanges between summits, the superficial relations between two

<sup>43</sup> “박선영 ‘러시아 국정원 직원 4 명 추방,’ '매일경제', 2008 년 11 월 4 일.

<sup>44</sup> “러시아 ‘천안함 원인 결정적 해답 못 얻어,’ '한국일보', 2010 년 9 월 7 일.

<sup>45</sup> “나로호 실패 원인 규명 한·러 이견차...3 차 발사 지연 우려,” '아시아 투데이', 2011 년 2 월 1 일.

countries was deemed to be developed, it is analysed that the substantial development has not been made.

Although after launching Putin administration in May 2012, the relations between two countries were seemed to be continued positively such as the contacts at the government level for the Korean-Russian economic cooperation and the exchange between the private corporations became vitalized, Russia suggested the economic cooperation plans in diverse fields such as agriculture, energy, shipbuilding, development of harbor, etc.<sup>46</sup>, which were the checker in against China, of which influences in the Korean peninsula were growing, and can be interpreted as to expand the influences on North Korea through the economic cooperation with Korea. It is deemed to be consensus having different purposes as Korea uses it as new economic growth engine through the economic cooperation with Russia.

#### **2.5.6 Administration of Park Geun-Hae (2013-2015)**

Considering that it did not complete even two years, the Korean-Russian relation in the Park Geun-Hae administration launched in February 2013 is deemed to be too early. Therefore, in this article, the current status of the relations between two countries was analysed around the joint statement adapted in November 2013.

In November 2013, which was nine months after the new administration was launched, President Park Geun-Hae held the summit talks with President Putin who visited Korea. In this summit talks, the joint statement including 35 articles was announced. Through this summit talks and the joint statement, both countries agreed to develop the relations between two countries under the spirit of "Strategic Cooperation Partnership" upgraded in September 2008.

In addition, they agreed to reinforce the cooperation in wide fields such as Korean-Russian highest level and high level political, security conference, the exchanges between the youths, vitalization of economic cooperation between the regions of both countries including Far East and Baikal Region of Russia, Space field such as Korean Space Launch Vehicle (KSLV) and 'NARO' Space Launch base, etc. However, the part considered as the most important was the field of economic cooperation between two countries, particularly in the cooperation in the 'Far

---

<sup>46</sup> “한·러 ‘북방 개발’ 협상,” '한국일보', 2012년 12월 3일.



East region,' which can be the most important strategic region. In fact, the United States sent the National Security Adviser Tom Donilon as the envoy to the inauguration ceremony of President Park Geun-Hae on February 25, 2013, China sent Liu Yangdong, who is the member of Politburo of Communist Party of China and State Councillor in charge of Education, Culture, and Science, Japan seemed to place the importance on the security with Korea and the relations between two countries by Also sending Taro who is former Prime Minister and current Vice Prime Minister and Finance Minister, but Russia showed that they place the priority in economic cooperation by sending the Viktor Ishayev, who is the Vice Prime Minister, Minister of Far East Development Department, and Russian chairman of Korean-Russian Joint Council for Economy<sup>47</sup>. As such, the economy field, which is considered as important in the relations between Korea and Russia, is classified into the early promotion tasks and mid- and long-term tasks.

Out of the economic areas that South Korea and Russia are focusing on, the most economic cooperation cannot be reinforced only with the relations between two countries, and it is linked to the nuclear problem of North Korea. Besides, in the South Korean-Russian joint statement announced in November 2013, both countries emphasized that North Korea should keep the obligations and the commitment of denuclearization for including the joint statement on September 19, 2005. As noted, the economic cooperation between two countries has close relations with stability of the Korean peninsula including the nuclear problem of North Korea, and it is analysed that in the relations of between two countries, the Park Geun-Hae administration and the Putin administration should cooperate jointly in the economic field and the problem in the Korean peninsula.

The South Korean-Russian relations of the Park Geun-Hae administration, which has emphasized the cooperation with the surrounding countries since its launch establishing 'Eurasia Initiatives' and 'Trust Process in Korean Peninsula' as the important task of government administration showed the relatively smooth start, such as obtaining the achievements such as making Our corporations participated in 'Najin-Haasan Project, which is the South- North Korean-Russian triangle project<sup>48</sup>, conclusion of non-visa treatment treaty between two

---

<sup>47</sup> “미국 ‘안보우선’ 중국 ‘최고예우’ 일본 ‘관계개선’ ,” '한국일보', 2013 년 2 월 23 일.

<sup>48</sup> “<박근혜 정부 1 년> 그래도 외교가 살렸다,” '아시아투데이', 2014 년 2 월 24 일.

countries, etc<sup>49</sup>. However, as the starting point of the situation in the Crimean Peninsula, they showed the atmosphere of drifting away from each other even the diplomatic relations of "Strategic Cooperation Partnership" to shame. In fact, on March 20, 2014, one day after the Park Geun-Hae administration announced its posture on March 19, 2014, that it could not recognize the annexation of Crimean Peninsula by Russia, Russia cancelled the Korean-Russian Economic Cooperation Event to be held in Seoul<sup>50</sup>. Besides, Russia announced that the delay of the conference between the defence ministers of both countries and various military cooperation after the agreement in Korean-Russian summit talks and the cancellation of the visit of a delegation of Korean investment attraction to Russia during the first half of 2014 were because of the pressure of the United States<sup>51</sup>.

**Pic: 2.7 Park Gyun-Hae and Putin meets on World Climate Change Conference 2015, France**



Source: [cdn.rbth.com](http://cdn.rbth.com)

As such, at the moment that the relations between South Korea and Russia are strained in 2014, the relations between Russia and North Korea showed opposite pattern such as the trade amount,

<sup>49</sup> “내일부터 60일간 러시아 무비자로 방문 가능,” '헤럴드경제', 2013년 12월 31일.

<sup>50</sup> “한-러 경협 행사 돌연 취소,” '서울경제', 2014년 3월 21일.

<sup>51</sup> “서방 ‘대러 제재’ 강화땐 한-러 경제 협력 등 차질,” '동아일보', 2014년 7월 22일.

which was 76 million dollar, was reached to 140 million dollars increased by 37.3% in 2013, etc.<sup>52</sup> The rapid development are made in the field of the economic cooperation between Russia and North Korea such as that Russia agreed with North Korea to reduce 90% of the North Korean debt during the old Soviet Union<sup>53</sup> in May 2014, and discussed the plan that Russia would participate in the development of underground resources in North Korea and pay the trade payment with the underground resources, etc.<sup>54</sup> be agreeing to pay the trade payment between two countries in ruble by opening the account of North Korea in the Bank of Russia, etc. In the politic and diplomatic fields, the development is being made like Russia executes ‘same day repatriation by force for the North Korean defector crossed the border and showed the movement to conclude the treaty with such contents<sup>55</sup>. Such honeymoon relations between North Korea and Russia may have negative impacts not only on the North Korean nuclear problem but also on the interests that South Korea tried to obtain through the economic cooperation with Russia. However, before worrying about those negative impacts, to recognize the important of Russia exactly, it is necessary for South Korean government to attempt changing the diplomatic policy towards the United States and North Korea, which can be an important variable in South Korean-Russian relations.

**Table 2.1. South Korea–Russia Bilateral Summits (1990–2013)**

Month/Year	Occasion	Outcome
06/1990	ROK-Soviet Union Summit, in San Francisco (Roh Tae-woo, Gorbachev)	-
12/1990	Visit by President Roh Tae-woo to Russia	Declaration on General Principles of Relations between the ROK and the

<sup>52</sup> “러에 ‘구매’ 김정은...’ 더 높은 친선 관계 기대,” ‘한국경제’, 2014 년 7 월 4 일.

<sup>53</sup> “북·러 경제 협력 고리로 ‘밀월’ 과시...한·미 ‘북핵 제재에 구멍 날라’ 주시,” ‘경향신문’, 2014 년 6 월 9 일.

<sup>54</sup> “북·러 경제 협력 고리로 ‘밀월’ 과시...한·미 ‘북핵 제재에 구멍 날라’ 주시,” ‘경향신문’, 2014 년 6 월 9 일.

<sup>55</sup> “러, 탈북자 잡으면 당일 강제 북송,” ‘서울신문’, 2014 년 9 월 19 일.

		USSR
04/1991	Visit by the President Gorbachev to ROK	-
11/1992	Visit by the President Yeltsin to ROK	ROK-Russian Joint Statement
06/1994	Visit by the President Kim Young-Sam to Russia	ROK-Russian Joint Declaration
05/1999	Visit by the President Kim Dae-Jung to Russia	ROK-Russian Joint Statement
09/2000	ROK and Russia Summit held on UN Millennium Summit in New York (Kim Dae-jung and Putin)	-
11/2000	ROK - Russia Summit held on 2000 APEC, in Brunei (Kim Dae-jung and Putin)	-
02/2001	Visit by the President Putin to ROK	ROK-Russian Joint Statement
10/2001	ROK-Russian Summit held on 2001 APEC, in Shanghai (Kim Dae- jung and Putin)	-
01/2003	ROK-Russian Summit held on 2003 APEC, in Bangkok (Roh Moo- hyun and Putin)	-
09/2004	Visit by the President Roh Moo-hyun to Russia	ROK-Russian Joint Declaration

05/2005	Visit by President Roh Moo-hyun to Russia	-	
11/2005	ROK-Russia Summit held on 2005 APEC in Busan (Roh Moo-hyun and Putin)	-	
11/2006	ROK-Russia Summit held on 2006 APEC in Hanoi (Roh Moo-hyun and Putin)	-	
09/2007	ROK-Russia Summit held on 2007 APEC in Sydney (Roh Moo- hyun and Putin)	-	
07/2008	ROK-Russia Summit held on the G-8 Summit in Toyako (Lee Myung bak and Medvedev)	-	
09/2008	Visit by the President Lee Myung-bak to Russia	ROK-Russian Statement	Joint
07/2009	ROK-Russia Summit held on the sidelines of the G-8 Summit in L'Aquila(Lee Myung-Bak and Medvedev)	-	
09/2010	ROK-Russia Summit held on the World Economic Forum in Yaroslavl (Lee Myung-bak and Medvedev)	-	
11/2010	Visit by the President Medvedev to South Korea	ROK-Russian Statement	Joint
11/2011	ROK-Russia Summit held on the Closing Ceremony of ROK-Russia Dialog in Saint Petersburg (Lee Myung-bak and Medvedev)	-	

03/2012	ROK-Russia Summit held on the 2012 Nuclear Security Summit in Seoul (Lee Myung-bak and Medvedev)	-
09/2012	ROK-Russia Summit held on the 2012 APEC Summit in Vladivostok (Lee Myung-bak and Putin)	-
09/2013	ROK-Russia Summit held on the G20 Summit, in Saint Petersburg (Park Geun-hye and Putin)	-

Source: Ministry of Foreign Affairs, Korea (2015).

ROK and Russia also joined around Thirty-Five common international organizations as shown in table 2.2. It represents that ROK and Russia have strong possibility to have same opinion in the international community. From the analysis, it is assumed that Russia could have pivotal role in the issues of ROK's strategic interests in global politics area.

**Table 2.2. List of ROK-Russia Commonly joined International Organisations**

<b>1</b>	<b>ASEAN Regional Forum (ARF)</b>
<b>2</b>	<b>Asia-Pacific Economic Cooperation (APEC)</b>
<b>3</b>	<b>ASEAN(Association of Southeast Asian Nations)</b>
<b>4</b>	<b>Bank for International Settlements (BIS)</b>
<b>5</b>	<b>Community of Democracies (CD)</b>
<b>6</b>	<b>Conference of Interaction and Confidence-Building Measures in Asia (CICA)</b>
<b>7</b>	<b>East Asia Summit (EAS)</b>
<b>8</b>	<b>Group of 20 (G-20)</b>
<b>9</b>	<b>International Atomic Energy Agency (IAEA)</b>
<b>10</b>	<b>International Chamber of Commerce (ICC)</b>
<b>11</b>	<b>International Criminal Police Organization (Interpol)</b>

<b>12</b>	<b>International Development Association (IDA)</b>
<b>13</b>	<b>International Federation of Red Cross and Red Crescent Societies (IFRC)</b>
<b>14</b>	<b>International Hydrographic Organization (IHO)</b>
<b>15</b>	<b>International Mobile Satellite Organization (IMSO)</b>
<b>16</b>	<b>International Olympic Committee (IOC)</b>
<b>17</b>	<b>International Organization for Standardization (ISO)</b>
<b>18</b>	<b>International Telecommunication Satellite Organization (ITSO)</b>
<b>19</b>	<b>International Trade Union Confederation (ITUC)</b>
<b>20</b>	<b>Nuclear Energy Agency (NEA)</b>
<b>21</b>	<b>Nuclear Suppliers Group (NSG)</b>
<b>22</b>	<b>Organization for the Prohibition of Chemical Weapons (OPCW)</b>
<b>23</b>	<b>Paris Club</b>
<b>24</b>	<b>Permanent Court of Arbitration (PCA)</b>
<b>25</b>	<b>United Nations (UN)</b>
<b>26</b>	<b>United Nations High Commissioner for Refugees (UNHCR)</b>
<b>27</b>	<b>United Nations Mission for the Referendum in Western Sahara (MINURSO)</b>
<b>28</b>	<b>United Nations Mission in Liberia (UNMIL)</b>
<b>29</b>	<b>United Nations Mission in the Republic of South Sudan (UNMISS)</b>
<b>30</b>	<b>United Nations Operation in Cote d'Ivoire (UNOCI)</b>
<b>31</b>	<b>United Nations Security Council (UNSC)</b>
<b>32</b>	<b>World Customs Organization (WCO)</b>
<b>33</b>	<b>World Tourism Organization (UNWTO)</b>
<b>34</b>	<b>World Trade Organization (WTO)</b>
<b>35</b>	<b>Zangger Committee (ZC)</b>

Source: Ministry of Foreign Affairs, Korea (2015).

## **2.6 Russian Policy towards South Korea in Different Administrations:**

### **2.6.1: Russian Policy towards South Korea under Gorbachev Era:**

During the Gorbachev period, Moscow began to redefine its policy towards North East Asian Countries. It was the high need for Moscow to develop the political and economic relation with North East Asian countries and find new political and economic partners. Gorbachev sought to shake off the legacy of the Cold War by stabilizing political relations with neighbouring countries. Moscow was willing to play a major player in the North East Asian region. The region had countries like China, Japan, and South Korea which were developing rapidly during this period compared to the Soviet Union.

Gorbachev wanted to have cordial relations with South Korea in the changing world scenario in the mid and late 1980's. Gorbachev's foreign policy towards the Korean peninsula took about turn which was the demand of the hour for the survival of Soviet Union. He was the main architect of Moscow-Seoul diplomatic relation which laid a foundation for de-ideological driven foreign policy of the Soviet Union (Bella 2005).

Gorbachev was also willing to join the North East Asian countries as a full member with the help of Seoul. Ideological affinity and geostrategic importance largely influenced Soviet policy towards North Korea. Soviet Russia did not recognize South Korea as a legitimate political entity and supported North Korea's one Korea policy. Moscow supported the North Korea plan of unification of two Korea under the North and establishment of socialist government. Although Seoul and Moscow, both began limited economic, cultural and sports contacts from the early 1970s onwards indirectly through East European countries (Fedorousky, 2002).

In March 1985 after Gorbachev's rise to power, Soviet foreign policy had rapid and radical changes which had a far-reaching impact in the international system. The unprecedented changes around the world (End of Cold War, Unification of Germany) provided basic impetus for Gorbachev to reorient his policy towards South Korea as well. Subsequently, in September 1990 official diplomatic and political relationship with South Korea was established, which marks a new era in terms the of balance of power in the East Asia region.



When Gorbachev took over the CPSU as a new Soviet leader, the Soviet Union was on the verge of multiple crises. Gorbachev initiated the new political thinking to break the foreign policy impasse. Restructuring of USSR foreign policy goals, means, and priorities in accordance with the new political thinking was imperative for "detente" and to control the ongoing arms race with US. It would normalize the Cold War tussle and would create a conducive, and stable international environment for domestic reforms. The new political thinking inevitably changed the goals and means of Russia's integration with North East Asian countries including South Korea. Moscow has redefined its policies towards South Korea and sought to play a new role in North East Asia, through South Korea (Joo, 2014).

Mikhail Gorbachev's became General Secretary of the Communist Party of the Soviet Union on March, 1985. With the new leadership the conduct of Soviet foreign policy changed. An adept public relations effort became a significant element of Moscow's diplomacy, but the substance of the USSR in international activities also changed to a great extent. Gorbachev's himself gradually urged more about the need for "a new approach" in addressing the problems of the world.

In February 1986 at the 27th Party Congress, he said: "It is not only in internal affairs that the turning point has been reached. It characterizes external affairs as well. The changes in contemporary world development are so thoughtful and important that they require a rethinking and inclusive analysis of all factors involved. The situation of nuclear deterrence demands the development of new approaches, process, and forms of relations between different social systems, states and regions (Concept of Soviet Foreign Policy, 1986).

In July 1986, Gorbachev's became even bolder in another speech in Vladivostok, claiming that "the current stage of the development of civilization is dictating the need for an urgent, radical break with many of the conventional approaches to foreign policy, a break with the traditions of political thinking" and at Krasnoyarsk in September, 1988 outlined a new Soviet policy towards the East Asian region and South Korea. The aim of the new foreign policy was not to shrink the hegemony of United-States; Moscow desperately needed co-operation with Washington. Gorbachev aimed at becoming a full-fledged member of the region, share its prosperity and develop the Far East Region with the help of South Korean investment (Bella, 2005).

Attempts were being made to normalize the relation between Seoul and Moscow. The Twenty-Fourth Olympic Games held in Seoul from September 17 to October 3, 1988, provided a crucial platform to diffuse the frozen conflict with Republic of Korea. Kremlin had already decided to establish and develop relations with Seoul before the Olympic Games, ignored the protest of Pyongyang's not to participate. The Soviet Union participated in the Olympic to seek new opportunities in South Korea even electing the Soviet obligations towards North Korea. Moscow sent more than the 6,000 people including athletes, high officials, etc. (Joo, 2014).

The officials from both the countries interacted with each other by holding meetings and discussion. Both sides vowed to establish political and diplomatic relations to improve bilateral ties and work for the peace, security and mutual development. Moreover, the Soviet delegation was gifted with South Korean television sets, minibuses large buses by the Daewoo motors. This game diplomacy served as a catalyst in improving relations between South Korea and Soviet Russia.

#### **2.6.2: Russian Policy towards South Korea under Yeltsin Era:**

Korea. The growing engagement with Seoul sharply deteriorated Moscow's relation with Pyongyang. North Korea's covert nuclear program has forced Yeltsin to reconstruct bilateral ties towards it. Russia sided with the international community which demanded North-Korea open its nuclear program for inspection. Russia made its intention clear to normalize and strengthen its relation with South Korea at the cost of North Korea (lo B. , 2003).

North East Asia trip of Andrei Kozyrev in March, 1992 was a clear departure from traditional ally North Korea to South Korea, Japan, and China. North Korea was deliberately neglected by the Moscow which sought comprehensive political and diplomatic ties with South Korea. Yeltsin, not only wanted to develop co-operative ties with South Korea, Kremlin viewed such co-operation with South Korea as a strategy of developing relationship with Japan and China. Kremlin's aim was to create a trilateral relationship between Russia, Japan and South Korea which would play the 'Korean card' to put pressure on Japan and China. South Korea, on the other hand, sought to project Moscow as a counterbalance to Japan and lessen its dependence and influence of United States in the region (LO, 2003).

After the visit of his foreign minister in November 1992, President Yeltsin visited South Korea to further strengthen bilateral relations between Seoul and Moscow. He stated that Moscow would play a positive role in re-unification of two Koreas through dialogue. He also claimed that Russia has stopped supplying arms to Pyongyang and will play a role in peaceful unification of Korea. On the basic relations between South Korea and Russia, President Roh and Yeltsin proposing to base their bilateral relations on the common ideals of freedom, democracy, and commitment to the market economy (Joo, 2001).

Yeltsin also addressed the Seoul National Assembly where he stated that the 1961 Soviet-North-Korea friendship and mutual assistance agreement would be abolished or revised. Yeltsin also proposed regular bilateral visits of ministers and officials for mutual co-operation. In a gesture of goodwill, Yeltsin returned the black box of KAL-007 and said Russians profoundly grieve over the deaths of completely innocent people. In 1994, South Korean president Kim Young Sam visited Moscow, for summit meeting where Kim expressed his support for ongoing reforms in Russia and supported and its future membership in Asia Pacific Economic Co-operation (APEC).

In the second term of Yeltsin regime the relationship between Seoul and Moscow cooled noticeably. Very few high level diplomatic exchanges occurred. The frustrated with the overall limited benefits of South Korea centric foreign policy at the cost of North Korea which was a traditional Soviet ally forced change in Moscow's policy towards Seoul. Russia designed its foreign policy to maintain a balance in political relations between South and North Korea (Bobo 2003). One of the main reasons for deteriorating political and diplomatic relation with Seoul was that there was no long term substance to their friendly relations. Once the short term political and economic goals have been achieved both lost interest in taking the relationship further.

The other reason which had a significant impact on Seoul-Moscow relations was the Russian domestic political crisis in the second term. It was the main factor behind the deterioration of Moscow-Seoul relations. Yeltsin government was too much busy in solving the domestic problems. During the second phase, Yeltsin administration has reoriented its foreign policy from North East Asian to West and Central Asia countries. Yeltsin strongly believed that the future of Russia lies in Europe and the CIS countries. As a result, Russia's policies towards Seoul lost its momentum.

The exclusion of Russia in the four party talk and the spy expulsion incidents further dented the bilateral relations. Moscow's exclusion from four party talks on Korea was widely criticized in Moscow's policy circle. In the backdrop of deteriorating bilateral relation, South Korean President Kim Dae Jung visited Moscow to meet Yeltsin and received the endorsement of sunshine policy and putting an end to SPY scandal of 1998. Both the countries restored the expelled SPY, and to some extent, normalization was achieved. In December 1999 Yeltsin resigned and appointed Putin as the new president of Russia. The surprise resignation and appointment of a new president resulted in a change in Russia's policy towards South Korea (Joo, 2001).

### **2.6.3: Russian Policy towards South Korea under Putin era:**

Under the Putin regime, Moscow embraced a more balanced, equidistance and nuanced foreign policy towards South Korea. Putin identified the Asia Pacific Region as equally important as comparable to the West for pursuing Russia's national interest. In an address to Duma Putin declared that Kremlin has four goals for the Korean peninsula: First, to reduce tension making sure that a new war does not erupt in Korea; Second, to prevent the spread of weapon of mass destruction because it will lead to arms race in Asia pacific region; Third, both South Korea and Russia to work for mutual benefit especially in economic field; and Finally, restore Russian influence and strengthen Moscow's position in North East Asia as a whole through South Korea (LO, 2003).

Exclusion of Russia from the Four Party Talks had dented its image internationally. Being a super power once, now Russia was not accepted even as a regional power. Putin shifted the course of foreign policy towards North Korea immediately. He strongly believed that Moscow should pursue two fold Korea policy which will be diffused tension on Korean peninsula.

In May 2000 Putin visited North Korea. His visit was the first of a foreign leader personally invited by Kim Jong in Pyongyang after Kim came to power. After the disintegration of Soviet Union, Moscow had managed to improve relations with virtually every state in Asia Pacific region with the sole exception of North Korea. During his visit, Putin declared his eagerness to become a principal mediator between North Korea and South Korea. Putin's frequent visits from

Pyongyang to Seoul provided the basic foundation for balancing relation between North and South Korea (LO, 2003).

In an address to the South Korean National Assembly Putin said the "successful development of bilateral ties, a great deal has been achieved since the establishment of diplomatic relation and it would be further strengthen with talks and co-operation. He also said that Russia would work for the Peaceful solution of the Korean conflict. South Korean President Kim Dae Jung Praised Russia's effort in establishing peace and stability on the Korean peninsula and expressed his gratitude to Putin (Joo, 2001).

Putin also praised the mature partnership achieved in South Korea and Russia relations. He stated that cordial relation and constructive partnership with Seoul would ensure stability and prosperity in the North East Asia. He awarded "order of friendship" to seven South Korean citizens for their great contribution in the development of South Korea and Russia relations.

In return for Putin's Seoul visit the South Korean president Roh Moo Hyun paid a visit to Moscow on September 21, 2004. During the Moscow summit, Putin and Roh both the leaders agreed to co-operate on its nuclear weapons programs. They also confirmed that they would co-operate in the fight against international terrorism and the proliferation of weapons of mass destruction. According to a 10 point joint statement issued after the summit both Moscow and Seoul would facilitate bilateral economic projects, creation of special economic zone and free economic zone, exchange in science and space technology (LO, 2003).

The South Korean president Lee Myung Bak expressed that South Korea will support Russia's entry into WTO. Lee also addressed the students of St. Petersburg University, where he received an honorary doctorate. He also delivered a speech to the Russian students on the theme of "youth spirit" the future vision and development of South Korean and Russian relations" both the presidents agreed to hold various cultural and tourism programs to mark the 20th anniversary of the establishment of diplomatic relations in the year 2010 (Joo, 2001).

The Russian president Medvedev visited Seoul to attend the G-20 summit meet in Nov-2010, the theme of the meeting was the economy, trade, and climate change. The Russian president met the South Korean president Lee Myung Bak. Both held talks and signed various inter government

agreements and memorandums. The Russian president addressed the first Russian-Korean Civil Society forum, where he said that Russian-Korean Civil Society could play a major role in developing bilateral relations between the two nations.

### **2.7: Russia's Response to North Korea Nuclear Crisis:**

The abrupt cessation of Soviet Russia's aid and the withdrawal of its military shield mark a new shift in Russian Foreign Policy towards North Korea after the break-up of the USSR. Pyongyang expressed its resentment over the new shift in a material sense by its former mentor. North Korea was one of the traditional allies of Soviet Russia. Pyongyang had no other choice but to pour all its limited resources into military program especially because of US and South Korea remained (Cossa, 2014).

In March 1993 Pyongyang announced that it would withdraw from the NPT (Non-Proliferation Treaty) a treaty that was signed in December 1985. It would no longer allow International Atomic Energy Agency inspections of its nuclear waste processing facilities. After withdrawing from NPT Pyongyang conducted SUCD missile test with a range of 600 miles in 1993. North Korea tested a three-stage taepodong-1 missile which flew 1500 km over Japan on August 31, 1998. It demonstrates that North Korea has acquired a medium-range missile capability. The world community especially the North East Asian countries sharply reacted to this event with great alarm (Cossa, 2014). After the nuclear test, there was a growing concern which might lead to military action.

In May 2003 Putin called for a diplomatic solution through talks and peaceful meanings. Russia endeavoured to ensure de-nuclearization of the Korean peninsula; the non-proliferation of weapons of mass destructions; security of North and South Korea. Moscow created favourable conditions for North Korea's economic development with the help of South Korean capital investment. It was a part of "sunshine policy" of South Korean President initiated in early 1990's (LO, 2003)

In his visit to Seoul in 2001, Putin strongly urged for a nuclear-free Korean peninsula and peaceful resolution of conflict. Moscow assumed that North Korea's nuclear weapons program would accelerate arms race and threaten the overall balance of power in North East Asia. Russia

considers that the driving force behind the North Korea nuclear threats was domestic in nature including economic difficulties and energy shortages as well as its security fears stemming from the hard line approach of the United States (Cossa, 2004).

On October 9, 2006, North Korea conducted an underground nuclear test which further made the situation more volatile. Subsequently, economic sanctions were imposed on North Korea by the United Nations. Russia supported South Korea's proposal to give energy and food assistance to North Korea. South Korea seeks Moscow to play a leading role to resolve the nuclear crisis. Russia has been a long and trusted ally of North Korea which supported the socialist ideology during the Cold War, and even now Moscow and Pyongyang still share cordial bilateral relation. Russian Federation seeks to foster cooperation through the triangle of Moscow-Seoul-Pyongyang co-operation. The trilateral partnership will lessen the hegemony of China and United States in the region and ensure Moscow's role as a regional power in the region (Cossa, 2004).

Russia does not want an armed conflict or a revolution on the Korean peninsula. The geographical proximity of the North Korea makes a distinct geopolitical entity stimulating Russia's attention and interest. Any geopolitical change in the region will directly affect in the Far East Region (FER) (Cossa, 2004). The security issue is one of the main concerns for Moscow which seeks a peaceful transformation of North Korea and the unification of the two Korean nations. A unified Korea will be positive to Russia's interest from a geo-political stand point.

Since a strong and unified Korea would represent a useful counterweight to the Japanese and Chinese influence over regional affairs and might significantly diminish the US defensive shield in the region. Russia's positive stand on the North Korean nuclear program has given a stimulus to South Korea. Moscow can emerge as an important player in the regional geopolitics by playing a bigger role in the regional balance of power and future reunification of South and North Korea.

### **2.8: Role of Russia in the Six Party Talks:**

In 1996 US had proposed four-party peace talks on the issue of Korean Peninsula by excluding Russia. This was a major dent in the image of Russia as a regional power. Subsequently, Putin

redefined Russian policy towards Korean Peninsula by putting emphasis on the 'Two Korea Policy.' After that Moscow was included in the six-party talks in 2003, and Russia regained its pride in North East Asia by reasserting its influence in the region through the six-party talks (Joo, 2001). Moscow sought a peaceful solution which would strengthen its relation with Seoul and Pyongyang simultaneously.

### **Conclusion**

Recent cooperation between South Korea and Russia has demonstrated that the two countries share common interests at a variety of levels. In fact, the current bilateral course may very well lead to an unprecedented partnership. From the South Korean perspective, the partnership has political advantages also. Russia's pressure on North Korea to become more economically open, especially with regards to the trans-Korean railway initiative, is vitally important. Many observers believe that the more North Korea opens its doors to capitalistic enterprise, the more likely peaceful reunification will occur. Second, South Korea foresees the expanded use of the Trans-Siberian Railroad as a cost-effective means of transporting goods to and from Europe. A long-term arrangement to use the Russian rail network as a conduit for trade with Europe would inevitably reduce the cost of imported goods and broaden South Korean export opportunities.

Historically Korea's relation with Russia was mostly a by-product of Russian relation with other major powers in North-East Asia and later idealized foreign policy and relation with North Korea guided the relation with South Korea. Russia's relation with South Korea is important primarily because of its relations with major powers. It is therefore important to examine South Korea's interest in Russia in a broad context of South Korean overall policy goals and orientations as well as its regional commitments and concerns in Europe.



## CHAPTER-3

### Rising Economic Complementarities between South Korea-Russia

#### **3.1: Historical Background of Economic Complementarities between South Korea and Russia**

In 1884, there was only one nation on the Korean Peninsula named Choson Dynasty which had a first diplomatic relationship with the Russian Empire can be seen in the context of the competitive entries of Europe's imperial powers<sup>56</sup>. The United States also can be regarded as one of them. Into Northeast Asia. Since its foundation in the late 14th century<sup>57</sup>. Historical records show that the Joseon Dynasty had official foreign relations with other countries besides China or Japan, such as some tribal countries of Manchuria and the Ryukyu Kingdom (today's Okinawa, a part of Japanese territory). However, this kind of exchange occurred rarely, and even so, was terminated when they were incorporated as parts of China and Japan.

The Choson Dynasty does not have many international exchanges except with China (the Ming and the Qing Dynasties) and Japan. However, the Choson Dynasty established modern diplomatic relations with Europe's imperial powers and the Russian Empire in the late 19th century. Economics was an important issue within the amity between the Choson Dynasty and Europe's imperial powers according to the first diplomatic treaty, the 'Friendship and Trade Agreement,' Obtaining the right to exploit goldmines, construct railroads, and open harbours for international trade were main issues. However, in 1910, 20 years after establishing diplomatic ties with the West, the Japan forcefully annexed the Choson Dynasty and Kept it as a colony until Japan was defeated in World War II. Due to this reason, it was impossible for Korea to establish any independent relations with foreign countries, including Russia at that time.

With the end of World War II, in 1948 the Cold War started to form structure, Korea became divided into South Korea and North Korea. South Korea considered being the part of the so-

---

<sup>56</sup> The United States also can be regarded as one of them.

<sup>57</sup> Historical records show that the Joseon Dynasty had official foreign relations with other countries besides China or Japan, such as some tribal countries of Manchuria and the Ryukyu Kingdom (today's Okinawa, a part of Japanese territory). However, this kind of exchange occurred rarely, and even so, was terminated when they were incorporated as parts of China and Japan.

called Western bloc, governed by the United States and followed anti-Communism policies where diplomatic relations and private contacts with the Communist bloc were strictly banned, including the Soviet Union. This situation continued until the Cold War structure collapsed with the USSR operating a policy of reformation internally and open-door policy externally in the mid-1980s. Due to this reason, South Korean-Russian economic relations essentially did not exist between 1910-1980s. On the other hand, for North Korea, Russia (the Soviet Union at that time) was not only their most important partner country, but there were also other strongest patron and socialist advocate. The Soviet Union provided industrial facilities to North Korea through technical, material and financial support. Almost half of North Korea's foreign trade in the early 1990s was with the Soviet Union<sup>58</sup>, which shows the strong economic relation between the Soviet Union to North Korea. From the mid-1980s South Korea tried to make good relations with the Soviet Union, during the Soviet Union's reform and open-policy era and established official diplomatic relations in 1990. During 1991, the last year of the Soviet Union, the trade between South Korea and the Soviet Union raised, culminating in a trading volume exceeding \$1 billion. To form the beginning of an amiable relationship between the two nations South Korea offered an Economic Cooperation Loan to the Soviet Union to support the expansion of trade and as a political bonus. Due to the extinction of the USSR<sup>59</sup>, the loan was suspended after a discharge of \$1.47 billion.

The history of South Korea-Russia economic relation dates back to 19th century when Koreans reached the Far East for trade mainly in fur and fish. This economic engagement with Korea sustained till 1945. The Soviet Union officially had no economic trade relation with South Korea after the Korean War and division of Korea. While South Korea continued its economic ties with China, Japan, and East European countries. Geographical location and Strategic position allow Russia to connect Europe and Asia by land connectivity.

South Korea is geographically very small country compared to Russia in the North Eastern Asian region which shares its border with North Korea and sea route with its neighbours such as

---

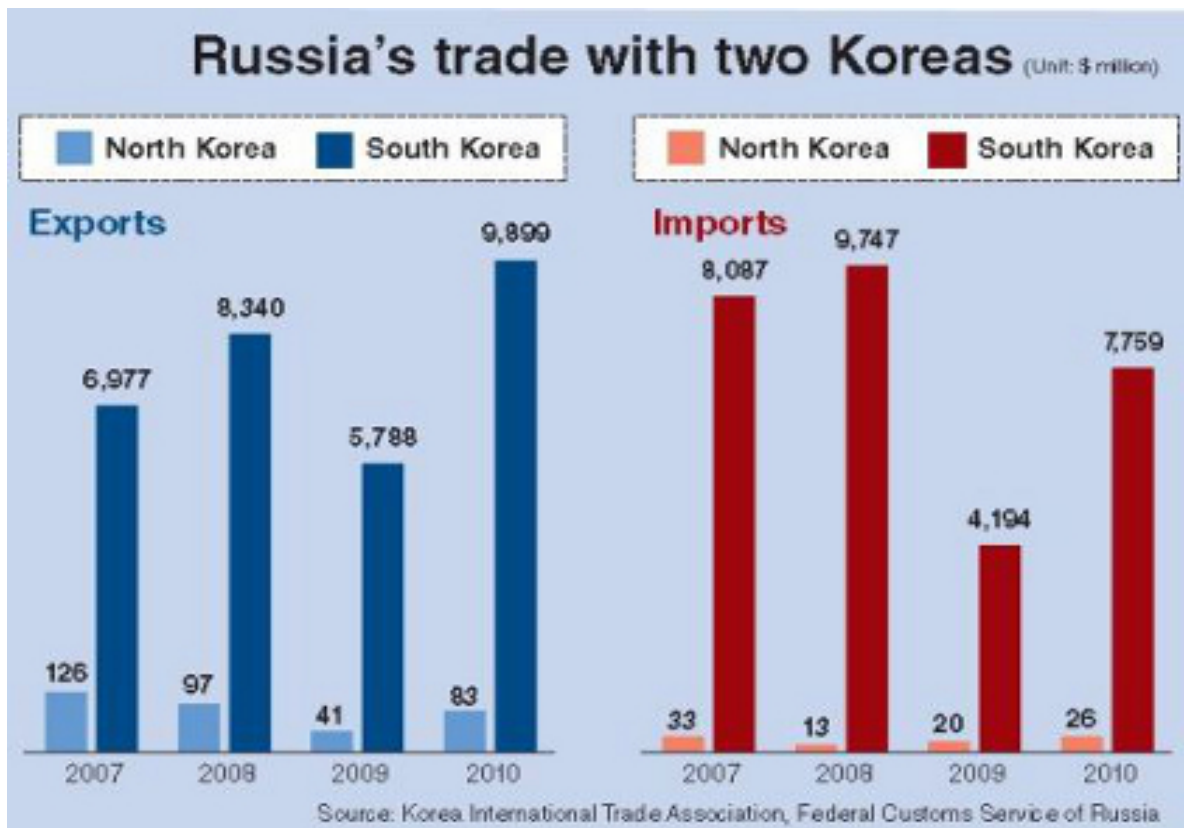
<sup>58</sup> On the other hand, the share of China rarely went beyond 20 percent in North Korea's foreign trade until early 1990s, right before the collapse of the Soviet Union. See Jeong, Yeo-cheon, *Changes and Prospects of Russia's Economic Cooperation with North Korea*, Northern Economic Studies, Vol. 7, pp. 135-152, published by Association of Northern Economic Studies, Seoul, 1996, p. 145. (in Korean)

<sup>59</sup> 'Economic Cooperation Loan' was contracted in early 1991 through an agreement between Seoul and Moscow. It was originally planned as \$3 billion.

Russia, Japan, and China. International trade history of Russia is very short just around 25 years long after the collapse of Soviet Union.

Despite the differences in their history, culture, political and geographical positions, both the states started their strategic and economic ties in 1990. The establishment of official diplomatic relation with South Korea and Russia marked the end of Cold War in East Asia. Russia's interest in South Korea was more economic in nature for the development of its Eastern region. Under Putin's leadership, the region of North East Asia was a high priority which provided an opportunity to boost the South Korea-Russia economic and trade relation. Putin's slogan "Strong Economy is Strong Russia" laid the foundation to restore its lost pride and to become prominent regional and global player in future (Joo, 2001).

**Figure 3.1 Russia's trade with two Koreas**



In 2010-11 export from South Korea to Russia was estimated at \$10.3 billion, in percentage it accounted 1.9% of Korea's total export and ranked 11th. In the same period exports from Russia to South Korea accounted 10.8\$ billion dollars wise 2% of overall Russia's export to Korea.

Russia's main import item from South Korea is electrical machinery 21.74%, motor vehicle part 12.79%, industrial machinery 10.77%, and ships & boats-6.9%. Russia's main export item to Korea: Oil 35.84%, electrical machinery 12.87%, industrial machinery 8.94%, and ore-3.64%. South Korean investment in Russia in 2010-11 has amounted \$1.9 billion the same sum of amount South Korea has invested in Kazakhstan (Joo, 2014).

Trading items between South Korea and Russia are more diversified nowadays rather than the 1990s. They mainly comprise the oil and liquid gas, aluminium, plastics, ships and electronic and automobile equipment. For instance, Russia exported to Korea \$10.9 billion worth of the oil products in 2012. On the other hand, Russia bought \$5.3 billion worth of vehicles other than railway commodities from South Korea in the same year<sup>60</sup>.

The Russian Government recently made efforts to develop industrial cluster same as South Korea had developed. These SEZ (Special Economic Zone) and FEZ (Free Economic Zone) cluster will be useful to boost trade relation between the two countries. South Korea has vast experience in developing industrial cluster which would be helpful to Russia. The agriculture sector is another important sector where South Korea and Russia can enhance cooperation as well. South Korea has invested heavily in the agricultural sector in Russia's Far East region. South Korea-Russia has also established joint enterprises and research institutes for agriculture development (Joo, 2014). The agro-industrial sector is another prospect in which both states can enhance food security in the region.

Further, recently Russia has been cooperating with Seoul on the nuclear program of North Korea. For example, in the article which dedicated to Russia's foreign policy, President Vladimir Putin noticed the importance of diplomatic negotiations over the nuclear program of North Korea. Moreover, he pointed out a promotion of the denuclearization of the Korean Peninsula, preventing North Korea from proliferating nuclear weapons as one of the concrete foreign policy priorities for Russia<sup>61</sup>.

---

<sup>60</sup> UN Comtrade data base. Retrieved from <http://comtrade.un.org/data/>

<sup>61</sup> Putin, V. (2012, February 27), Russia and the Changing World, *Moskovskiy Novosti*. Retrieved from <https://www.rt.com/politics/official-word/putin-russia-changing-world-263/>

South Korea considers Russia as the main player not only in the solution of North Korean issue. Also, Park Geun-hye in her so-called "Eurasian Initiative" from 2013, pointed out the importance of building a creative and peaceful continent with Eurasian countries which include Russia and the rest CIS states. She proposed to create a single and unified system of transport, infrastructure, trade networks and oil supply. At the same time, President Park noticed that an implementation of the economic interaction, sharing the skills within the spheres of science, culture, and technology between South Korea and the Eurasian States would bring more benefits for all countries. She also noted the necessity of improving the relations between two Korea and the role of Eurasian Initiative in this mission<sup>62</sup>.

Moreover, these two nations have demographic proximity to each other. For example, more than 185 thousand Koryo-saram (고려 사람) which refer to ethnic Koreans live in the territory of Russia. Most of them are settled in Primorskiy Kray, Sakhalin Islands, Vladivostok, Siberia and other regions of Russian Far East<sup>63</sup>. Most of these ethnic Koreans actively participate in the economic and political life of Russia. Imposing the non-visa system for both Russian and South Korean people from 2014 was helpful to increase a wave of businessmen and tourists into each other's countries<sup>64</sup>. According to the data by Korea Tourism Organization, only in 2015, more than 1,87,000 Russian citizens visited Korea with aims to have a journey, study, work, etc.<sup>65</sup>, while more than 1,00,000 South Koreans travelled to Russia in the same year. This figure increased by 13 % rather than 2014<sup>66</sup>.

### **3.2: Overview of South Korean Economy:**

South Korea is one of the world's wealthiest nation and a developed country in the Asia Pacific Region. It is the fourth largest economy in Asia and 12th largest in the world. South Korea built a strong economy and occupied a sound position in the global economy due to export-oriented

---

<sup>62</sup> Asmolov, K. (2014, August 28), The Eurasian Initiative by the President of South Korea, New Eastern Look. Retrieved from <http://journal-neo.org/2014/08/28/rus-evrazijskaya-initsiativa-prezidenta-rk/>

<sup>63</sup> Andrey Lankov (October 16, 2009), Koreans Left Dry. Retrieved from [http://www.atimes.com/atimes/central\\_asia/kj16ag02.html](http://www.atimes.com/atimes/central_asia/kj16ag02.html)

<sup>64</sup> Yonhap News (2014, January), Korea and Russia impose mutual non-visa system for the citizens (in Korean). Retrieved

from <http://www.yonhapnews.co.kr/international/2014/01/02/0601100100akr20140102005400080.html>

<sup>65</sup> Korea Tourism Organization database. Retrieved from <http://korean.visitkorea.or.kr/>

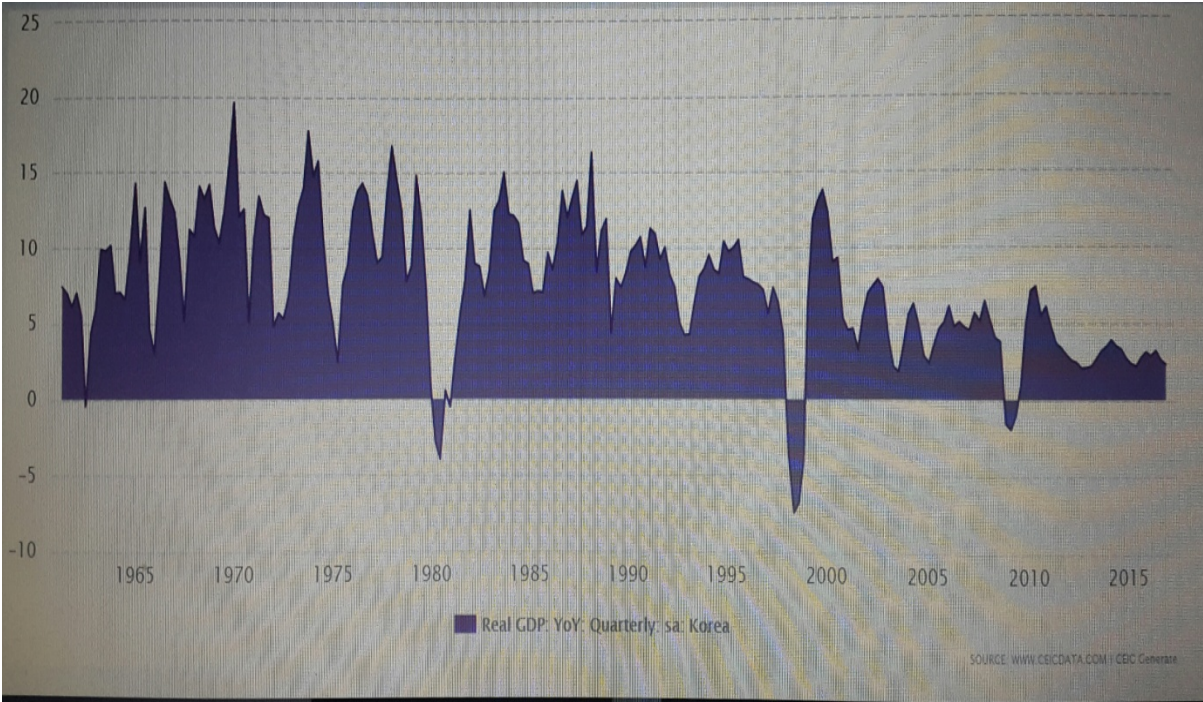
<sup>66</sup> National Tourism Portal of Russia (in Russian). Retrieved from <http://rg.ru/2015/12/23/turizm.html>

marked policy and skilled human resource. During the 1950s South Korean economy was based on the agricultural sector in which around 60 percent of its population was engaged in farming.

The country suffered from poverty, unemployment lacked natural resources and no industry at all. The main source of income was foreign aid and assistance. From 1962 onwards South Korea initiated the Policy of rapid industrialization. Due to an export-oriented development policy, the manufacturing sector went up from 14.3 percent to 30.3 percent in 1987. From 1962 to 1970 the export of South Korea went up to 15 times with an annual growth rate of 8.9 percent (Joo, 2011).

During the 1990s South Korea liberalised its Economy which focused on export promotion and emphasis on import liberalisation. It was focused on developing high technology industries, building heavy industries such as an automobile, ship building compared to light manufactured goods in the 1960s to 1980s. Moreover, South Korea skilfully integrated its economy with the international economy through the member of various international organizations such as World Trade Organisation (WTO) and Organisation for Economic Cooperation and Development (OECD).

**Figure 3.2- GDP of South Korea**



Source: Eurostat (2016).

### **3.2.1: Current Economic Position:**

South Korea is a highly developed country with sizable economic potential. Its high demographic dividend (50 million); 2% sharing in gross global product and 8th position in the external world trade makes it economically sound country in international politics. It is the second largest in the field of ship building worldwide by sharing 33% of the shipbuilding industry. It has signed free trade agreements and regional trade agreements to further boost its economy. Seoul had free trade agreement with the United States and the European Union and involved in another crucial agreement in Asia Pacific, and Comprehensive Economic Partnership for East Asia Agreement (CEPEA) (Joo, 2001).

South Korea is a part of a trilateral economic block in the North East Asia with China and Japan. If adding these three developed countries share worlds 22% of the population and a trade of about 16% of global value. This regional group is ranked third in the world after North American Free Trade Agreement(NAFTA) countries and the European Union. Despite the high economic growth and strong liberalized economy in South Korea is still highly dependent on global market and export.

The economic development dramatically slowed down during the economic recession of 1997-98 and 2007-08. The growth rate went down from 10% to 2% respectively. The scarcity of human resource is also one of the alarming factors. The South Korean population is growing at the very slow rate of 1%. Under the backdrop of this scenario, Moscow may have emerged as a viable alternative region for South Korea, a supplier of minerals and other natural resources (Joo, 2014).

### **3.3: Overall Soviet Union's Economic Position:**

The Soviet Union had a strong and developed infrastructure, modern energy and transport sectors that connected the remote area of the country with highly developed industries which produced everything from household items to jets. It has been estimated that up to the early 1980s the gross domestic production of the Soviet Union was second only to the USA. The Soviet Union ranks high place in the annual production of oil, iron ore, and steel, after the USA. From 1950 to 1975, the economy of the Soviet Union was at its boom (Joo, 2001).

But in the 1970s the economy of Soviet Union was termed 'stagnant' with just 2 percent of growth. Due to internal democratic problems and burden to support the Soviet bloc countries the economy of Soviet Russia crashed. There was a shortage of food and consumer goods (Joo, 2001). The Soviet subsidies to its citizens were a burden on the faltering economy.

### **3.4: The Economy of Russian Federation:**

Russia, as one of the enormous economies in the world, has been gaining its economic potential since the early 2000s. High oil prices and integration with the global markets have led to the recovery of hampered Russian economy after the collapse of the Soviet Union. Although Russia was hit by the global economic crisis in 2008, the federal exchange reserves, administrative measures, and rehabilitation of the increased oil prices brought about a fast restoration of the economy and social life. This growth continued until 2014 when the USA and EU countries blamed Russia in the annexation of Crimea and subsequent intervention of the military forces into the Eastern part of the Ukraine and imposed a number of economic sanctions against Russia<sup>67</sup>.

Russia is referred as a developing country with the stable market economy system. Over ten years, Russian economy constantly grew at a good pace. According to the World Bank data, it was the 6th largest economy worldwide by gross domestic product. All the sectors have shown growth i.e. agriculture, industry, and service sector compared to the South Korean economy. Russia changed its economic policy to the market-oriented economy. To boost the liberalised economic policy, Moscow has reformed in the state-controlled economy such as privatisation of industries; withdrawal of state subsidies to its citizens and sale of land to private players and foreign investors. These steps were taken up by the new Russian government to reconstruct economic system which had become stagnant during the late 1980s.

---

<sup>67</sup> Gros, D. and Mustilli, F. (2015), The Economic Impact of Sanctions against Russia: Much ado about very little. *Centre for European Policy Studies*,



**Figure 3.3 Russia's Top Trading Partners (2012)**



In the nineteen nineties the Russian economy was not flourishing at all. Pro West leader Yeltsin could not get desirable economic assistance from IMF. Russia removed many nontariff import and export barriers including the quota system on oil export and tax. Moscow has opened its economy by making new partner form East Asian countries and trade was conducted by market-determined prices. Russia tried to integrate with regional economic organizations as well (Ivanov, 1999).

Russia has been included in the regional organization Asia-Pacific Economic Cooperation (APEC) in 1998. APEC's membership has boosted Russia's economy and social development especially in the region of Siberia and the Far East. Russia's share in world trade market is about 2.6%. As per the data of international trade centre in the year 2010. The percentage of global export was 10.5 %, and import as a share of global import was 14.6 % it was comparing the volume of trade and the ratio of export and import in the last ten years it has grown continually with a good pace. Compare to the value of export in 2000 and the value of export in 2010, and it can be concluded that export increased 32% times over the period of 10 years (Joo, 2014). In a

short span of time Russian economy attracted world attention concerning the huge potential of Natural Resources. It has provided the full potential to play an active role in the global market.

**Figure 3.4: Russia’s GDP Growth**



**3.5: Bilateral Economic Complementarities between Seoul and Moscow:**

As the trade figure suggest, South Korea has been an important value in the East Asia Region for the former super power. Moscow, on the other hand, stands an important state for South Korean companies in search of natural resources for their industries and a readymade market for its consumer goods. An agreement between Seoul and Moscow was concluded in early 1990's, and it was expected that the bilateral trade would reach 10\$ billion in a short period but could not be achieved because of structural and technological differences. South Korea could be emerging as a primary supplier of consumer goods for Russia which lacks consumer goods sector, especially in the Far East. South Korea could be a good choice in the consumer goods sector for Russia. South Korean electrical appliances, cars, and other products well compatible to gain an increasing share in Russian market (Joo, 2011).

A bilateral summit held in 2004 between President Roh and Putin which was focused on four point project to boost the economy in the Far East region. It deepened the roots of the economic relationship between Seoul and Moscow. The points are as follows: First, construct and develop the Iron Silk Road by linking the Trans-Korean Railways (TKR) and the Trans-Siberian Railways (TSR); Second, to develop gas pipelines; Third, to link the Russian electric grid to the other regional powers and Finally, enhance information and technology network to other countries in the region (Joo, 2014).

All there four points were designed to boost Russia's national interest and regional economic development. Before Putin, President Yeltsin attempted to develop economic relations with South Korea. He sought to close with South Korea so that it could invest heavily in the Russian market. Yeltsin could not make a favourable condition for South Korean investment in Russia. There was chaos in the Russian market. Yeltsin was very much busy with domestic problems and in strengthening his position in Russian political arena.

The inability to pay the loan of \$3 billion to South Korea was also an issue which halted the bilateral economic relations. The devaluation of rubble, the SPY expulsion event and the Asian financial crisis were some of the other issues which made a negative impact on South Korea-Russia economic relation. Since 2000 onwards the bilateral relation has grown at a good pace with the pragmatic policy of President Putin (Joo, 2011).

The main items of bilateral trade have remained natural resources from Russia and manufactured goods from Korea. Russia as an abundant country of natural resources is relatively close to Korea which highly reduces the transport costs. Korea's main import items from Russia are oil and oil products, heavy metals like iron and aluminium, fish products. Meanwhile, Russia's imported item list from Korea changed during two decades. If in 1990s heaters and colour TVs dominated among export items from South Korea towards Russia, after 2004 cars took an advance in the from-South Korea-to-Russia list. Consistently, from 2005 automobile cars

became second main export item towards Russia<sup>68</sup>. Moreover, the Russian market is also furnished by plastics, nuclear reactors, electronic equipment and ships from South Korea<sup>69</sup>.

**Table 3.1: Main import items of South Korea from Russia (in million USD)**

<b>Year</b>	<b>Oil and Oil Products</b>	<b>Iron</b>	<b>Fish Products</b>	<b>Aluminium</b>
<b>1992</b>	<b>47.5</b>	<b>133.4</b>	<b>103.5</b>	<b>22.6</b>
<b>1993</b>	<b>67.8</b>	<b>355.6</b>	<b>125.9</b>	<b>45.4</b>
<b>1994</b>	<b>87.4</b>	<b>464.6</b>	<b>155.8</b>	<b>85.7</b>
<b>1995</b>	<b>88.6</b>	<b>614.2</b>	<b>185.1</b>	<b>142.7</b>
<b>1996</b>	<b>90.8</b>	<b>495.1</b>	<b>201.9</b>	<b>157.3</b>
<b>1997</b>	<b>57.8</b>	<b>306.3</b>	<b>163.9</b>	<b>165.8</b>
<b>1998</b>	<b>69</b>	<b>124.6</b>	<b>940.7</b>	<b>113.1</b>
<b>1999</b>	<b>135.1</b>	<b>283.4</b>	<b>200.1</b>	<b>227.9</b>
<b>2000</b>	<b>521</b>	<b>456.8</b>	<b>121.6</b>	<b>327.4</b>
<b>2001</b>	<b>604</b>	<b>446.4</b>	<b>151.8</b>	<b>295.4</b>
<b>2002</b>	<b>657.2</b>	<b>528.9</b>	<b>213.2</b>	<b>280.5</b>
<b>2003</b>	<b>565.2</b>	<b>625.5</b>	<b>296.6</b>	<b>332.4</b>
<b>2004</b>	<b>903.5</b>	<b>1057.4</b>	<b>274.8</b>	<b>489.5</b>
<b>2005</b>	<b>947.7</b>	<b>1028.8</b>	<b>275.1</b>	<b>609.8</b>
<b>2006</b>	<b>1574.8</b>	<b>621.9</b>	<b>345.8</b>	<b>908.8</b>
<b>2007</b>	<b>3718.2</b>	<b>1013.3</b>	<b>422.2</b>	<b>691.4</b>
<b>2008</b>	<b>3995.1</b>	<b>2203.2</b>	<b>383.4</b>	<b>754.3</b>
<b>2009</b>	<b>333.4</b>	<b>785.2</b>	<b>434.8</b>	<b>425.3</b>
<b>2010</b>	<b>6570.7</b>	<b>1107.5</b>	<b>493.05</b>	<b>460</b>
<b>2011</b>	<b>7466.5</b>	<b>942.6</b>	<b>659.5</b>	<b>782.3</b>
<b>2012</b>	<b>8220.2</b>	<b>834.6</b>	<b>651.3</b>	<b>850.4</b>
<b>2013</b>	<b>8537.5</b>	<b>742.5</b>	<b>587.8</b>	<b>543.1</b>
<b>2014</b>	<b>12381.7</b>	<b>827.5</b>	<b>669.3</b>	<b>566.5</b>

Source: UN Comtrade data base (2015).

<sup>68</sup> Kang, I.S. and Kim, D.Y. (2015) A Significance and Implications of 25 Years of Establishment of the Diplomatic Relations between South Korea and Russia: An Importance of Strategic Cooperation for the Implementation of Eurasia Project (in Korean), VIP report, *Journal of Hyundai Economic Research*, Vol. 631, pp.

<sup>69</sup> UN Comtrade database. Retrieved from <http://comtrade.un.org/>

Russia supplied to South Korea \$60.6 billion oil products which composed 28.9% of overall trade volume during the period 1992-2014 as shows in Table 3.1. Further, Russia's iron exports towards Korea reached \$16 billion for 1992-2014. The following Table 3.5 gives more detailed figures about Russia's exports towards the Korean market. On the other hand, Korea's export earnings from nuclear reactors and electrical equipment to Russia during observed years drawn up as \$24.7 billion.

**Table 3.2: Main export items of South Korea towards Russia (in million USD)**

<b>Year</b>	<b>Plastics</b>	<b>Nuclear Reactors</b>	<b>Electronic Equipment</b>	<b>Ships</b>
<b>1992</b>	<b>22.5</b>	<b>61.5</b>	<b>111.0</b>	<b>14.6</b>
<b>1993</b>	<b>11.2</b>	<b>82.3</b>	<b>210.5</b>	<b>35.7</b>
<b>1994</b>	<b>10.7</b>	<b>81.0</b>	<b>493.4</b>	<b>20.3</b>
<b>1995</b>	<b>15.0</b>	<b>161.1</b>	<b>670.8</b>	<b>19.5</b>
<b>1996</b>	<b>24.5</b>	<b>185.1</b>	<b>881</b>	<b>35.8</b>
<b>1997</b>	<b>46.7</b>	<b>152.2</b>	<b>436.4</b>	<b>0.6</b>
<b>1998</b>	<b>48.3</b>	<b>133.3</b>	<b>158.8</b>	<b>7.6</b>
<b>1999</b>	<b>94.4</b>	<b>37.8</b>	<b>91.2</b>	<b>0.5</b>
<b>2000</b>	<b>209.3</b>	<b>65.1</b>	<b>109.9</b>	<b>1.1</b>
<b>2001</b>	<b>217.3</b>	<b>89.2</b>	<b>127.6</b>	<b>6.4</b>
<b>2002</b>	<b>270.3</b>	<b>113.4</b>	<b>147.5</b>	<b>18.6</b>
<b>2003</b>	<b>370.9</b>	<b>153.7</b>	<b>260.0</b>	<b>102.2</b>
<b>2004</b>	<b>476.6</b>	<b>230.1</b>	<b>310.2</b>	<b>61.5</b>
<b>2005</b>	<b>620.6</b>	<b>300.1</b>	<b>400.0</b>	<b>301.8</b>
<b>2006</b>	<b>646.9</b>	<b>389.5</b>	<b>430.8</b>	<b>357.1</b>
<b>2007</b>	<b>724.1</b>	<b>558.9</b>	<b>1232.4</b>	<b>622</b>
<b>2008</b>	<b>759.8</b>	<b>887.0</b>	<b>1318.2</b>	<b>216.3</b>
<b>2009</b>	<b>390.9</b>	<b>529.9</b>	<b>760.7</b>	<b>286.1</b>
<b>2010</b>	<b>588.9</b>	<b>1046.1</b>	<b>1056.5</b>	<b>607.1</b>
<b>2011</b>	<b>755.0</b>	<b>1487.4</b>	<b>967.9</b>	<b>609.1</b>
<b>2012</b>	<b>779.7</b>	<b>1649.7</b>	<b>1110.8</b>	<b>43.5</b>

<b>2013</b>	<b>727.4</b>	<b>1603.2</b>	<b>1059.9</b>	<b>83.3</b>
<b>2014</b>	<b>631.8</b>	<b>1406.2</b>	<b>986.4</b>	<b>858.7</b>

Source: UN Comtrade data base (2015).

Foreign Direct Investments which were directed from South Korea to Russia increased from \$9 million in 1990 to \$1.35 billion in 2014 which implies more than fifteen times shock over 25 years as shown in Table 3.2. The most amount of Korean FDI (95% of all FDI amount) into Russia was routed in aims to develop the manufacturing sectors of Russia in the 1990s while this trend has changed and nowadays Russia's service sector is steadily becoming more attractive for Korean investors<sup>70</sup>.

Russia's FDIs into South Korean market increased from \$200 thousand in 1990 to \$300 million worth in 2014. Over 25 years the volume of FDI increased by 147 times. If to take by sector, Russian investors prefer the manufacturing sector (54.9%) of South Korea to invest rather than service sector (44.8%)<sup>71</sup>.

Although the trade flows have been regularly increasing over the years, both of nations remain passive to invest in each other. There are pointed out two main reasons for FDI restrictions: language and legal affairs. Both of South Korean and Russian businessmen face the language problem to communicate with each other. Moreover, a jurisdiction of two countries differs from each other. Especially, without acquaintance with the South Korean jurisdiction is impossible to do business in South Korea<sup>72</sup>.

Although trade relations are increasing between the two states, some tariff and non-tariff barriers remain to restrict an improvement of bilateral trade in fast speeds. For instance, after the establishment of the Eurasian Economic Union (EEU) on January 2015, Russia and other EEU member - states imposed limits regarding the imports of several commodities to protect their domestic economies. For instance, South Korea cannot export to Russia the commodity HS7304-tube or hollow profile, seamless iron/steel not cast due to the EEU import limits. Therefore,

<sup>70</sup> Export-Import Bank of Korea Database. Retrieved from <https://data.exim.gov/>

<sup>71</sup> Database of Ministry of Trade, Industry and Energy of Korea. Retrieved from <http://english.motie.go.kr/>

<sup>72</sup> Ivashentsov, G. (2013), Russia and South Korea: Perspectives of Bilateral Relations, Russia—Republic of Korea Relations: Revising the Bilateral Agenda, Working paper 13, pp. 4-21

customs procedures need to be improved. Further non-tariff barriers such as SPS and TBT requirements also need to be eased or removed<sup>73</sup>.

On the other hand, oil and gas-chemical, timber processing, producing of fish products and pulp & paper products of Russia could be more perspective projects for the Korean investors. For instance, 'Gazprom' (Russia) and 'Kogas' (South Korea) in 2012, signed Memorandum of Understanding(MOU) on the construction of gas tube from Russia to South Korea. Although North Korean dispute and other political issues have been remaining unsolved, South Korea and Russia keep improving the bilateral economic relations. However, the economic potentials of both states are not used fully. The pairs can boost the cooperation in the new spheres such as energetics, gas-chemical, high technologies and modernisation of Russian Far East<sup>74</sup>. However, the economic potentials of both states are not used fully. The pairs can boost the cooperation in the new spheres such as energetics, gas-chemical, high technologies and modernisation of Russian Far East. Moreover, increasing trade volumes between two nations could be encouraged in high steps by establishing of FTA between South Korea and Russia<sup>75</sup>.

## **Conclusion**

South Korea foresees the expanded the economic relations from Europe. A long-term arrangement to use the Russian rail network as a conduit for trade with Europe would inevitably reduce the cost of imported goods and broaden South Korean export opportunities. In the wake of stalled discussions on the TKR, South Korea has recently struck a deal with Russia to build an exclusive use South Korean port facility in the vicinity of Vladivostok. This interim move effectively bypasses the overland rail route that the North Koreans have refused to provide, namely the eastern branch of the TKR linking Pusan to Vladivostok. The agreement is part of a \$102-billion natural gas and chemical contract, an arrangement that would significantly reduce South Korean dependence upon natural gas from the Middle East. If in the short-term the North

---

<sup>73</sup> Lee J.Y. et al. (2015), Evaluation of Korea-Russia Economic Cooperation and its mid- to long- term Vision (in Korean), Korea Institute for International Economic Policy.

<sup>74</sup> Denisov, V. and Zhebin, A. (2008), Korean Settlement and Russian Interests, Journal of IDV RAN, Russkaya Panorama, Moscow, pp. 189–220.

<sup>75</sup> Lee J.Y. et al. (2015), Evaluation of Korea-Russia Economic Cooperation and its mid- to long- term Vision (in Korean), Korea Institute for International Economic Policy.

Koreans reject this proposal, the South Korean plan is to transport compressed gas from Russia via ship. Until last year, South Korea had never imported natural gas from Russia.



## Chapter-4

### Trade and Investment Relations between South Korea and Russia

#### **4.1 Background of Trade and Investment between South Korea-Russia**

It has been 25 years since the historic South Korea-Russia diplomatic normalization took place. Since official diplomatic exchanges began in earnest with diplomatic ties, the economic cooperation between the Republic of Korea and Russia has increased in various ways from trade and investment to energy resources, science and technology and aerospace. Nevertheless, the level of economic cooperation between the two countries seems to be not reached the expectation yet than expected, in contrast to the potential and complementary potential of South Korea and Russia. In the beginning, the trade between South Korea-Russia, which was slightly above \$ 1.2 billion in 1991, fell to \$ 193 million in 1992 due to recession and chaos following the radical reform of the Soviet Union at the end of 1991, and in 1993 the trade between both countries increased to \$ 1,576 million.

Table 4.1 shows, South Korea's trade volume had steadily increased, except in 2009 when Russia was hit by a moratorium and global financial crisis in 1998. The bilateral trade volume reached a peak of \$ 18,888 million in 2008 which was about 94 times more than in 1992, but in 2009, due to the outcome of the global financial crisis that occurred at the end of 2008, it was \$ 9,883 million which was half of the previous year. The trade volume between January and July 2010 was \$ 9,989.9 million, showing a recovery of 113% from the previous year. In 2008, South Korea's total trade volume was 2.11%, while Russia was ranked as the country's 14 largest exporting countries. In 2009, Russia accounted for 1.45% of total trade volume of ROK. In the foreign trade of South Korea, the trade share of ROK and Russia has increased from 0.12% in 1992 to 2.11% in 2008. But It was decreased by 1.45% in 2009 and 1.89% in 2010.

**Table: 4.1 the share of ROK and Russian trade in foreign trade of South Korea.****(Unit in million dollar)**

<b>Year</b>	<b>Export</b>	<b>Import</b>	<b>Trade Volume</b>
<b>1992</b>	<b>118 (0.15)</b>	<b>75 (0.09)</b>	<b>193 (0.12)</b>
<b>1993</b>	<b>601 (0.73)</b>	<b>975 (0.95)</b>	<b>1,576 (0.95)</b>
<b>1994</b>	<b>962 (1.00)</b>	<b>1,230 (1.10)</b>	<b>2,192 (1.10)</b>
<b>1995</b>	<b>1,416 (1.13)</b>	<b>1,893 (1.27)</b>	<b>3,309 (1.27)</b>
<b>1996</b>	<b>1,968 (1.52)</b>	<b>1,810 (1.35)</b>	<b>3,778 (1.35)</b>
<b>1997</b>	<b>1,768 (1.30)</b>	<b>1,535 (1.18)</b>	<b>3,303 (1.18)</b>
<b>1998</b>	<b>1,114 (0.84)</b>	<b>999(0.94)</b>	<b>2,113(0.94)</b>
<b>1999</b>	<b>637 (0.44)</b>	<b>1,590 (0.85)</b>	<b>2,227 (0.85)</b>
<b>2000</b>	<b>788 (0.46)</b>	<b>2,058 (0.86)</b>	<b>2,846 (0.86)</b>
<b>2001</b>	<b>938 (0.62)</b>	<b>1,929 (0.98)</b>	<b>2,867 (0.98)</b>
<b>2002</b>	<b>1,066 (0.66)</b>	<b>2,218 (1.04)</b>	<b>3,284 (1.04)</b>
<b>2003</b>	<b>1,659 (0.86)</b>	<b>2,522 (1.12)</b>	<b>4,181 (1.112)</b>
<b>2004</b>	<b>2,339 (0.92)</b>	<b>3,671 (1.26)</b>	<b>6,010 (1.26)</b>

<b>2005</b>	<b>3,864 (1.36)</b>	<b>3,937 (1.43)</b>	<b>7,801 (1.43)</b>
<b>2006</b>	<b>5,179 (1.59)</b>	<b>4,573 (1.54)</b>	<b>9,752 (1.54)</b>
<b>2007</b>	<b>8,088 (2.18)</b>	<b>6,977 (1.96)</b>	<b>15,065 (2.07)</b>
<b>2008</b>	<b>9,748 (2.31)</b>	<b>8,340 (1.92)</b>	<b>18,088 (2.11)</b>
<b>2009</b>	<b>4,194 (1.15)</b>	<b>5,789 (1.79)</b>	<b>9,983 (1.45)</b>
<b>2010</b>	<b>3,655 (1.39)</b>	<b>5,835 (2.44)</b>	<b>9,490 (1.89)</b>

Source: International Trade Statistics Database, UN Comtrade (2012).

#### **4.2: South Korea-Russia Bilateral Trade:**

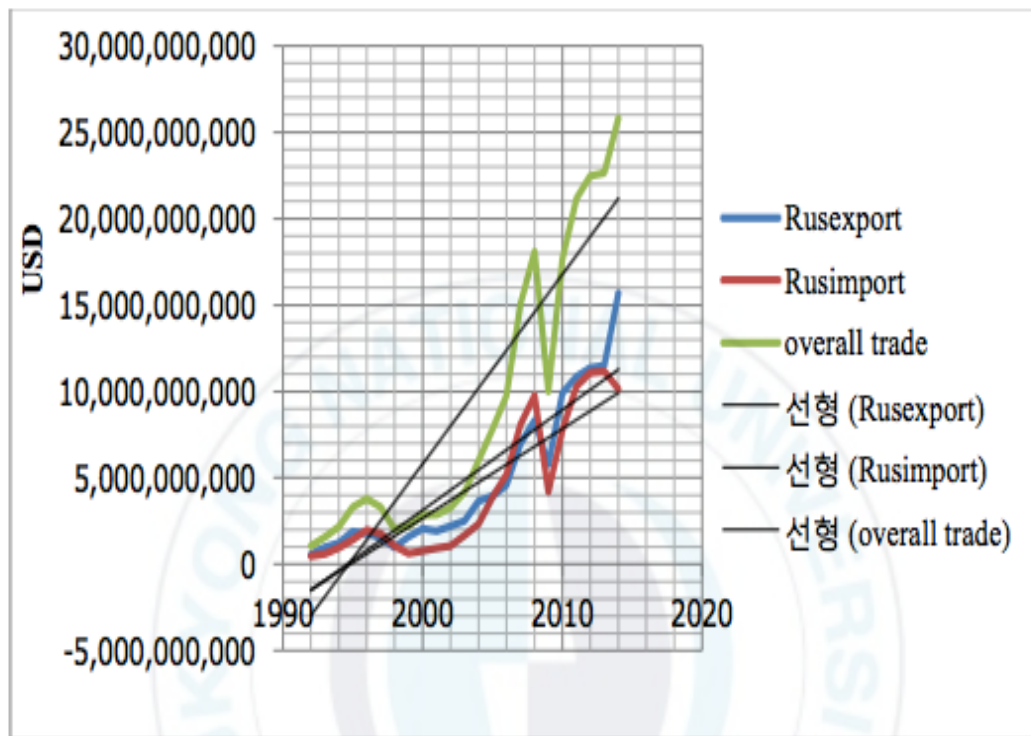
The official establishment of diplomatic relation between Seoul and Moscow created a new space for economic engagement. Before the late 1980s, there were no direct economic ties between ROK and the Soviet Union. In 1996 the bilateral trade reached up to \$ 3.8 billion. However, the trade volume was not satisfactory due to the Asian financial crisis and the fall of the currency rate. The bilateral trade turnover fell appreciably to \$2.2 billion in 1999, \$ 2.8 billion in 2000 \$ 2.8 billion in 2001. If we compare the trade turnover between ROK and China which was \$ 30 billion in 2001 which is about ten times higher of ROK-Russia trade turnover (Joo, 2001).

The balance of trade between the two countries was in favour of Korea till 1998. However, since 2000 onwards the trade balance trend was in favour of Russia where the volume of export to Korea was much than import from Korea. The total global figure of South Korea's export, in which Russia's share is, only 0.5% while Russian imports to South Korea is just about 1.5% of the total. A deeper and tangible economic relation between the two countries anticipated by the business world could not take concrete shape (Joo, 2014).

Figure 4.1 shows that the import and export of South Korea from the period of 1999 to 2014. Likewise, Russian trends, Korean exports exceed the volumes of import through 16 years under the surveillance. But South Korean import exports gap is very small. For example, in 2007, the total size of exported goods of South Korea was worth around \$371.4 billion and the total worth of imported goods around \$356.8 billion. For each year, South Korea has been enjoying a trade surplus. Further, it can also be observed the same trend as Russia has. The trade of South Korea was shrunk vastly by Global Crisis.

Another correspondence is that consistent move of exports and imports of Korea. Both export and import traverse in the same direction and increases and decreases occur in the same time.

**Figure 4.1- South Korean and Russian Bilateral Trade (1991-2015)**



Source: International Trade Statistics Database, UN Comtrade

Both of nations carry out commodities with almost all countries on the globe. The tables 4.2 shows that main 75 expert destinations of each country during the period of observation.

**Table 4.2 Russian good's main export destinations (1999-2015)**

<b>1</b>	<b>Netherlands</b>	<b>27</b>	<b>Greece</b>	<b>53</b>	<b>Turkmenistan</b>
<b>2</b>	<b>Italy</b>	<b>28</b>	<b>Bulgaria</b>	<b>54</b>	<b>Portugal</b>
<b>3</b>	<b>China</b>	<b>29</b>	<b>Estonia</b>	<b>55</b>	<b>Moldova</b>
<b>4</b>	<b>Germany</b>	<b>30</b>	<b>Iran</b>	<b>56</b>	<b>Philippines</b>
<b>5</b>	<b>Belarus</b>	<b>31</b>	<b>Romania</b>	<b>57</b>	<b>Ireland</b>
<b>6</b>	<b>Ukraine</b>	<b>32</b>	<b>Br. Virgin</b>	<b>58</b>	<b>Tajikistan</b>
<b>7</b>	<b>Turkey</b>	<b>33</b>	<b>Israel</b>	<b>59</b>	<b>Indonesia</b>
<b>8</b>	<b>Poland</b>	<b>34</b>	<b>Egypt</b>	<b>60</b>	<b>Canada</b>
<b>9</b>	<b>Kazakhstan</b>	<b>35</b>	<b>Uzbekistan</b>	<b>61</b>	<b>Malaysia</b>
<b>10</b>	<b>USA</b>	<b>36</b>	<b>Austria</b>	<b>62</b>	<b>Saudi Arabia</b>
<b>11</b>	<b>United Kingdom</b>	<b>37</b>	<b>Azerbaijan</b>	<b>63</b>	<b>Tunisia</b>
<b>12</b>	<b>Japan</b>	<b>38</b>	<b>Brazil</b>	<b>64</b>	<b>Georgia</b>
<b>13</b>	<b>Finland</b>	<b>39</b>	<b>Denmark</b>	<b>65</b>	<b>Gibraltar</b>

<b>14</b>	<b>Swiss</b>	<b>40</b>	<b>Singapore</b>	<b>66</b>	<b>Mexico</b>
<b>15</b>	<b>Korea</b>	<b>41</b>	<b>Algeria</b>	<b>67</b>	<b>Argentina</b>
<b>16</b>	<b>France</b>	<b>42</b>	<b>Malta</b>	<b>68</b>	<b>Lebanon</b>
<b>17</b>	<b>Hungary</b>	<b>43</b>	<b>Croatia</b>	<b>69</b>	<b>Bosnia</b>
<b>18</b>	<b>Latvia</b>	<b>44</b>	<b>Kyrgyzstan</b>	<b>70</b>	<b>Peru</b>
<b>19</b>	<b>India</b>	<b>45</b>	<b>Mongolia</b>	<b>71</b>	<b>Iraq</b>
<b>20</b>	<b>Belgium</b>	<b>46</b>	<b>Syria</b>	<b>72</b>	<b>Bangladesh</b>
<b>21</b>	<b>Slovakia</b>	<b>47</b>	<b>Thailand</b>	<b>73</b>	<b>Jordan</b>
<b>22</b>	<b>Czech Republic</b>	<b>48</b>	<b>UAE</b>	<b>74</b>	<b>Cuba</b>
<b>23</b>	<b>Spain</b>	<b>49</b>	<b>Vietnam</b>	<b>75</b>	<b>Kenya</b>
<b>24</b>	<b>Lithuania</b>	<b>50</b>	<b>Hong Kong</b>		
<b>25</b>	<b>Sweden</b>	<b>51</b>	<b>Norway</b>		
<b>26</b>	<b>Cyprus</b>	<b>52</b>	<b>Venezuela</b>		

Source: Ministry of Foreign Affairs, Korea (2015).

Table 4.2 shows that the main 75 trading partners of Russia. The trading partners of Russia has existence along the world. In this table, top 30 countries who share or locate comparably close borders with Russia and their economy is quite larger than majority countries of the world. There are 16 countries which have common borders with Russia. Japan and USA have also shared their

maritime boundaries with Russia. The number of South Korea in the list of the destination of Russian goods is fifteenth. The total worth of products of Russian export is more than \$102 billion towards South Korea.

On the other hand, Table 4.3 shows the major export destinations of South Korea. South Korea has mutual borders in land only with North Korea, due to the specific geographical location. In the East and Southeast Asia area, six major countries are located out of 10 major destinations. The 11th big destination country of South Korean exporters is Russian market.

**Table 4.3: Major goods export destinations of South Korea (1999-2015)**

<b>1</b>	<b>China</b>	<b>27</b>	<b>Turkey</b>	<b>53</b>	<b>Jordan</b>
<b>2</b>	<b>USA</b>	<b>28</b>	<b>Panama</b>	<b>54</b>	<b>Switzerland</b>
<b>3</b>	<b>Japan</b>	<b>29</b>	<b>Poland</b>	<b>55</b>	<b>Algeria</b>
<b>4</b>	<b>Hong Kong</b>	<b>30</b>	<b>Spain</b>	<b>56</b>	<b>Qatar</b>
<b>5</b>	<b>Singapore</b>	<b>31</b>	<b>Slovakia</b>	<b>57</b>	<b>Pakistan</b>
<b>6</b>	<b>Germany</b>	<b>32</b>	<b>Greece</b>	<b>58</b>	<b>Angola</b>
<b>7</b>	<b>Vietnam</b>	<b>33</b>	<b>Chile</b>	<b>59</b>	<b>Peru</b>
<b>8</b>	<b>Indonesia</b>	<b>34</b>	<b>South Africa</b>	<b>60</b>	<b>Austria</b>
<b>9</b>	<b>India</b>	<b>35</b>	<b>Hungary</b>	<b>61</b>	<b>Libya</b>
<b>10</b>	<b>Mexico</b>	<b>36</b>	<b>Bahamas</b>	<b>62</b>	<b>Iraq</b>
<b>11</b>	<b>Russia</b>	<b>37</b>	<b>Egypt</b>	<b>63</b>	<b>Ireland</b>
<b>12</b>	<b>United Kingdom</b>	<b>38</b>	<b>Nigeria</b>	<b>64</b>	<b>Venezuela</b>

<b>13</b>	<b>Malaysia</b>	<b>39</b>	<b>Finland</b>	<b>65</b>	<b>Syria</b>
<b>14</b>	<b>Australia</b>	<b>40</b>	<b>Norway</b>	<b>66</b>	<b>Argentina</b>
<b>15</b>	<b>Philippines</b>	<b>41</b>	<b>Malta</b>	<b>67</b>	<b>Denmark</b>
<b>16</b>	<b>Brazil</b>	<b>42</b>	<b>Israel</b>	<b>68</b>	<b>Slovenia</b>
<b>17</b>	<b>Thailand</b>	<b>43</b>	<b>Bangladesh</b>	<b>69</b>	<b>Oman</b>
<b>18</b>	<b>Netherlands</b>	<b>44</b>	<b>Uzbekistan</b>	<b>70</b>	<b>Ecuador</b>
<b>19</b>	<b>UAE</b>	<b>45</b>	<b>Bermuda</b>	<b>71</b>	<b>Portugal</b>
<b>20</b>	<b>Saudi Arabia</b>	<b>46</b>	<b>Colombia</b>	<b>72</b>	<b>Kazakhstan</b>
<b>21</b>	<b>Canada</b>	<b>47</b>	<b>New Zealand</b>	<b>73</b>	<b>Romania</b>
<b>22</b>	<b>Italy</b>	<b>48</b>	<b>Czech Republic</b>	<b>74</b>	<b>Cambodia</b>
<b>23</b>	<b>Iran</b>	<b>49</b>	<b>Kuwait</b>	<b>75</b>	<b>Tunisia</b>
<b>24</b>	<b>Marshal Islands</b>	<b>50</b>	<b>Sweden</b>		
<b>25</b>	<b>France</b>	<b>51</b>	<b>Ukraine</b>		
<b>26</b>	<b>Liberia</b>	<b>52</b>	<b>Cyprus</b>		

Source: Ministry of Foreign Affairs, Korea (2015)

The manufactured goods from South Korea and natural resources from Russia is the main items of the bilateral trade between both countries. Since South Korea is relatively close to Russia, the transportation cost is highly reduced. Oil and Oil products, heavy metal products such as iron



and aluminium are the main import goods from Russia. Meanwhile, Russia's imported item list from Korea changed during two decades. If in 1990s heaters and colour TVs dominated among export items from Korea towards Russia, after 2004 cars took an advance in the from-Korea-to-Russia list. Consistently, from 2005 automobile cars became second main export item towards Russia<sup>76</sup>.

#### **4.3: Structure of South Korea-Russia Trade:**

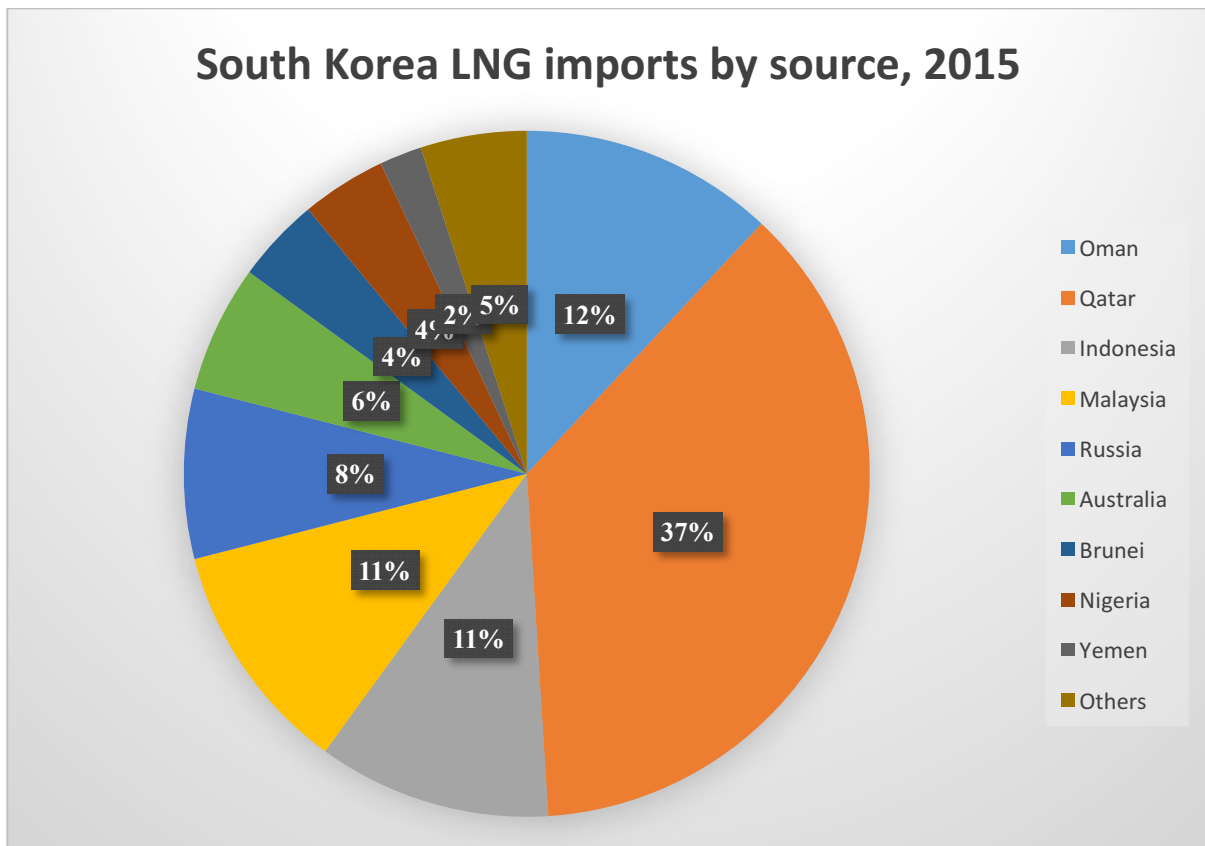
The main commodities of export from Russia to Korea are metal, oil, gas, mineral products and fish. From 1992 to 2010, the structure of Russian export did not change. One significant change took place in 1999, after the Asian financial crisis and a global recession where the export of fish decreased, and the oil export grew significantly. The Sakhalin Energy Investment co-operation is the main source of oil export to Asian Countries in which South Korea plays an important role (Joo, 2014).

As shown in Figure 4.2, the export of oil to South Korea has been steadily growing since 1993 compared to other export commodities. Oil export reached maximum amount in 2007 with \$2,705 million. Korea seeks to explore Russia's oil reserves, which are concentrated in the Far East Region, to lessen the dependency on Middle East (Bella, 2005). The trend of Russian export to South Korea is based on natural and marine resources. South Korea is a major importer of the natural resources Russia. In the World, South Korea is the second largest Importer country of Liquefied Natural Gas (LNG) after Japan. South Korea started using natural gas since November 1986 that year consumption was only about 1 610 thousand tons. After four years, in 1990 it has been increased to 2.32 thousand tons. And in 1997, the 11th year after when the South Korea's first imported gas, its consumption exceeded 10 thousand tons. Consumption of gas for generation of electricity has increased since 1987 on average by 10.9% to 12.120 thousand tons in 2007. From 1987 to 2008, gas consumption increased by an average of 15.0% per year and reached 26.345 thousand tons in 2008.

---

<sup>76</sup> Kang, I.S. and Kim, D.Y. (2015) A Significance and Implications of 25 Years of Establishment of the Diplomatic Relations between South Korea and Russia: An Importance of Strategic Cooperation for the Implementation of Eurasia Project (in Korean), VIP report, *Journal of Hyundai Economic Research*, Vol. 631, pp.60-145

**Figure 4.2**



Source: HIS Energy (2015).

Note: Others include Algeria, Equatorial Guinea, Trinidad and Tobago, and re-exports.

South Korea exports mainly, automobiles, plastic item, electrical and types of equipment to Moscow and compare to Russian export which is limited to natural resources. The South Korean export is more variable, and the commodities of export keep on changing according to the demand of Russian market. Since, 1992 to 2000 the main item of export from South Korea to Russia was computers, projectors, video records, discs, taper and motor cars. The Russian market had limited scope for trade because of low purchasing power. From 2000, onwards the export structure of Russian market has changed such as high demand for cameras, plastic materials, and automobiles, etc. (Joo, 2001).

Most importantly, South Korea has shifted skilfully its export commodities according to the changing nature of Russian market. Russia's automobile market has become attracted to South Korea. The Korean auto companies like Hyundai Motor company, KIA and Daewoo has set up

their factories in ST. Petersburg and represents Korea cars in the Russian market. The volume of car export from Korea to Russia has grown up by 16 times during 2003-2010 (Klein, 2014). The structure of commodities export between both the states is not similar. Natural resources are exported to Korea and automobile, electrical items, and plastic goods imported.

This makes the win-win situation to each other for both the states. Natural resources are extremely required to South Korea. On the other hand, Korea produced electronic & electrical items, automobiles are essential to Moscow. Due to the different structure of export commodities, South Korea-Russia trades in favour of both countries. The structure of export has contributed to a strange bilateral trade relation between South Korea and Russia.

#### **4.4: South Korea's Trade Interest in Russian Far East:**

People have been looking at developing the scale of international trade from ancient times. They wanted to build a road that would work as a bridge between Countries of Asia and Europe. Thus, the concept of constructing a bridge to connect Asian and European countries is not a new notion. In September 1990, after signing a declaration of Memorandum of Understanding was the natural mineral resources (like fur and timber) and industry of raw materials, which are located mostly in the Russian Far East region. It is a widely known fact that the Far East region of Russia has always been attractive for global companies, since it has huge reserves of numerous natural resources, like oil, timber, metals, coal, etc. Still more, until now it is the main factor that makes the Far East region of Russia highly inexpensive in a global market that lacks these resources (including the Asia-Pacific regional countries). The Russian companies that have specialize in natural resources (oil, gas, etc.) and also raw materials as Gazprom, Lukoil, Surgut neft, Severostal, Norilskii Nikel were (and still are) very inexpensive in the global market.

**Pic 4.1: Political map of South Korea-North Korea-Russia Share Boundaries**



Source: alamy.com

At the beginning of the 21st century, the notion of constructing a railroad connection between Europe and Asia arose rapidly. Amongst other similar projects, the "Eurasia Initiative" looked to be one of the most interesting notions. The basic sense of the "Eurasia Initiative" is to connect the Korean peninsula with Russia and European countries.

Before agreeing in a concrete way on which to build the "Eurasia Initiative," there were numerous different plans on how to connect the Trans-Korean Railroad with the Russia and European countries, all of which were thoroughly debated and discussed. Finally, the administration of South Korea gave one proposal called the "Silk Road" from South Korea to Manchuria, Mongolia and leading into Russia with the use of the "Gyeongju" line (Pusan-Seoul-

Pondong-Khesong-Phyongyang-Sinuiju-Chita). Among other possible means of connecting the Korean peninsula to the Russia and European countries were projects of using the "Donghee" line (Onchonni-Vonsaan-Najin-Khasaan-Tumangan). This project was the more preferable for the North Korean administration. Another project was using the "Gyeonwon" line (Busan-Seoul-Munsan-Kaesong-Phaesang- Vonsan-Khasan-Ussuriisk-TSR) to serve the interests of the administration of the Russian Federation.

In the previous decades, if we look into factor the unbalanced economic and political situation that impacted South Korea, Russia, and a majority of the world, it is understandable why the project remained motionless until more recently. On September 22, 2013, the first real step of the realization of the "Eurasia Initiative" project was the opening of the 54km railroad between Najin of North Korea and Khasan of Russia, which is also the part of so-called "Silk Road Express" (SRX)<sup>77</sup>.

**Pic 4.2: President Park Gyun-Hae and Putin during summit talk on Nov 13, 2013**



Source: Korea.Net

On November 13, 2013, the next important step towards this project was made when the President of South Korea Park Geyn-hae, held summit talks with the President of Russia Vladimir Putin. For this particular occasion only, Putin had visited South Korea. They had a

---

<sup>77</sup> " Rajin-Khasan Railway Sections Opens for Service", KCNA, September 22, 2013, <http://kcna.co.jp/item/2013/201309/news22/20130922-16ee.html>

discussion on the relationship of Seoul- Moscow and decided to cooperate across many sectors on a broad range of global issues. Included in these topics was the modernization of third port in Najin harbor of North Korea as well as the renovation of railroad connection between Najin and Khasan, which can also be called a pilot project to link the TKR and TSR.

**Table 4.4 South Korean Investment to Russia (1990-2014, \$1000)<sup>78</sup>**

<b>Year</b>	<b>Number</b>	<b>Amount</b>	<b>Year</b>	<b>Number</b>	<b>Amount</b>
1990	4	8,781	2003	35	10,293
1991	9	9,539	2004	29	90,485
1992	17	7,386	2005	49	69,312
1993	28	4,943	2006	47	131,685
1994	37	52,427	2007	100	432,364
1995	29	51,618	2008	120	518,854
1996	41	72,037	2009	173	722,596
1997	24	33,642	2010	96	232,164
1998	15	34,771	2011	80	132,829
1999	10	3,376	2012	65	96,667
2000	16	11,001	2013	74	167,228
2001	16	21,191	2014	60	82,729
2002	23	46,571	<b>Total</b>	<b>1,197</b>	<b>3,044,490</b>

Source: The Export-Import Bank of South Korea (2010)

Table 4.4 shows the total investment of South Korea towards Russia in all areas from 1990 to 2014. Furthermore, the mutual trade between South Korea and Russia is gradually increasing (in

<sup>78</sup> Source:- The Export-Import Bank of South Korea

2012 its volume amounted to \$25 billion, and in 2014 it increased \$18 billion<sup>79</sup>) and at this time Russia maintains its place as the 3rd largest trading partner among South Korea's trading partners after China and Japan. Additionally, after all of these changes in interrelations of the two countries, it is explicable that why building a railroad connecting South Korea with the Russia and European countries ceased being a great project and developments created to turn it into actuality.

After the break-up of the USSR, Russia's liberalized economy has opened new hopes and opportunity for foreign investors. In the early 1990s, Moscow was oriented towards West due to geographical proximity to the western boundaries. Therefore, Far East Region (FER) was neglected which created an unequal development between West Russia and Far East Russia. The Russian Far East (RFE) could not develop with the same pace compared to West Russian. Since 1996, South Korea emerged was one of the major trading partners of the RFE. Subsequently, South Korea became the largest importer and second largest exporter of goods to the Russian Far East. South Korean economic cooperation plays a key role in the economic development of the Russian Far East. The territories which developed under the trade relations with Seoul are following: Sakhalinskaya Oblast, Primorskykray, and Khabarovskyykray (Whan, 2002).

These territories account the largest share of RFE trade with South Korea. Large reserves of timber, metal ores, coal, oil, natural gas attracted to Seoul. The Russia export to Korea mainly consists of raw materials. Russia's main item of exports is steel 43%, timber and marine products 13%, Chemical products 10%, coal, gas, and oil 33 % to South Korea. However, the imports from South Korea to Russia are electrical appliances, plastic, automobiles, and buses. The share of export from South Korea to Russian Far East Region accounts 80% of the total (Joo, 2001).

---

<sup>79</sup> Forostenko, A. "Mutual Trade between Russia and South Korea nears \$25 billion", Voice of Russia, November 13, 2013, [http://voiceofrussia.com/news/2013\\_11\\_13/Mutual-trade-between-Russia-and-S-Korea-nears-to-25-billion-dollars-7783/](http://voiceofrussia.com/news/2013_11_13/Mutual-trade-between-Russia-and-S-Korea-nears-to-25-billion-dollars-7783/)

Pic 4.3



Source: 2013 Russian Foreign Trade Statistical Bulletin

The RFE region has played an important Role in strengthening bilateral trade relations between South Korea and Russia. South Korea has invested the largest share of its capital in FER. In particular, Primoskykray has actively developed investment co-operation with South Korea. The RFE region is not monopolized by large Russian and European companies. The region also has a high demand for South Korean high tech products which have better qualities than the Chinese goods and are comparatively cheaper than the Japanese goods.

The Korean investor prefers to invest in sectors which earn a high profit within a short period like service sectors, infrastructure development, Telecommunications, hotels, etc. These sectors still have fewer competitors and invertors in the FER. There is a vast scope for investment in the FER compared to West Russian (Joo, 2001).



Russia seeks to develop the underdeveloped FER compared to West Russia. In a bilateral meeting in 2004 Putin and President Roh agreed to invest in the FER. Russia is alarmed by the Chinese investment and a large number of Chinese settlers in the region. Russia wants South Korea to be competitors in investment and trade in the FER. A large amount of Chinese investment and Chinese settlement is not in favour of Russia's security in future. The ratio in which the man populations are settling down in RFE region very soon, the local Russian Population will be in the minority compared to the Chinese population. South Korea could be an important partner to develop the FER through its investment and play a role to check the Chinese hegemony in the RFE region (Joo, 2014).

#### **4.5: Linking of Trans-Korean and Trans- Siberian Rail Road:**

In the Northeast Asian region, there has been a need to build a logistics 'Cargo' system that can provide comprehensive services such as warehousing, packing, information, communication, finance, insurance, etc. according to the global trend and to strengthen the trade relations between South Korea-Russia. However, cargo transportation system in Northeast Asia has not been able to achieve smooth cargo transportation due to lack of transportation infrastructure. In particular, the continental rail network in Northeast Asia is characterized by the existence of a disconnected zone, Degradation of access to port facilities and hub ports and the utilization way of the connection from Japan has been decreased due to the spatial disorder caused by the division of the two Koreas. In this regards, South Korea and Russia came up with a plan to restore the Trans-Korean Railroad (TKR) and linked it with Trans-Siberian Railroad (TSR) to connect the Korean Peninsula and Russian continent. It was mentioned in the Protocol on Cooperation between South Korea and Russia<sup>80</sup>, which was concluded in Moscow on October 6, 1991, but this initiative was discussed in earnest in the Ministerial Conference on Infrastructure at the 52nd ESCAP in 1996. At the Moscow meeting in autumn 1997, ESCAP delivered the TKR restoration plan to North Korea and the countries involved in the TSR activation plan which was also the member of ESCP, discussed this issue. In June 2000, the connection between TKR and TSR became more visible as the summit of the two Koreas agreed to restore the Kyonggi Line.

---

<sup>80</sup>김홍주, 「TAR을 이용한 수출물류에 관한 연구, -TKR을 중심으로-」, 창원대학교 대학원 무역학과, 2002.2. pp. 20~27.

Since then, the Russian government has continued to implement the "Engagement policy"<sup>81</sup> between South Korea and North Korea, resulting in the principle agreement that the three countries South Korea, North Korea, and Russia will cooperate in the connection of TKR-TSR and finally, on September 18, 2002, the South and North Korea concluded a ground breaking ceremony for the Kyonggi and Donghae railways and road connections, and the TKR-TSR connection project was started.

Linking of Trans-Korean Railroad (TKR) with the Trans-Siberian Railroad (TSR) as shown in Figure 4.8, is milestone steps which would strengthen deep economic and political relation between Russia, South Korea, and North Korea as well. With a huge land mass from Asia to Europe, Russia is the only country which serves as a bridge between Asia and Europe. After the division of Korea, South Korea has no access to land route for trade, and it depends on the sea route to conduct its trade and business via the Suez Canal or the Russian Far East where it is shipped on to the TSR (Joo, 2014).

**Pic 4.4 The Blueprint of TKR and TSR Project<sup>82</sup>**



Source: Ministry of Foreign Affairs, Korea (2007).

<sup>81</sup> Nodari A. Simonia, "TKR-TSR Linkage and Its Impact on ROK-DPRK-Russia Relationship", The Journal of East Asian Affairs, Vol. XV, No.2(Fall Winter 2001),pp.182-187.

<sup>82</sup> Ministry of Foreign Affairs, South Korea, "Diplomatic White Paper", 2007. p.75.

South Korea's expectations for diplomacy with Russia and Russia's expectations for diplomacy with Korea are greater than ever. Russia, which inherited the legitimacy of the nation after the dissolution of the Soviet Union, adopted ideological indicators such as "democracy, the state of the federal states, and patriotism" instead of the goal of building a communist world. As a result, the new democratic Russia abandoned the hegemonic foreign policy of the former Soviet Union and turned its direction to pro-Western foreign policy. Especially in Russia, as the capitalist market economy becomes more widespread, trade and investment expansion and economic cooperation measures between Korea and Russia are about to boom. It is the link between TKR and TSR which facilitates this cooperation and can act as a bridge to actively promote Korean companies' entry into Russia. The trade with the three countries South Korea, China, Japan, and Russia, has increased rapidly because of the TKR and TSR and it is evaluated as a transportation route that can give these three countries the shortest distance and the shortest time. On the other hand, the railroad restoration project has also begun to be identified as one of the inter-Korean cooperation projects, and in 2002 the first connection between Gyeonggi and Donghae lines was confirmed.

The linking of TKR and TSR will further boost the bilateral trade relation linking South Korea's export to Europe directly through the railroad. It will also develop the regional economic integration in North East Asia. Politically it will defuse the frozen tension on the Korean Peninsula by forging trilateral cooperation between Moscow-Seoul-Pyongyang. The linking of TKR and TSR is an advantageous project for South Korea because the time of delivery of Korea's cargo to Europe will be reduced to half of the period taken by the sea route. By sea route, cargo from Busan to Warsaw takes around 30 days, but after the linking of the railroad, it will take 18 days. Same way it will also reduce the cost by 30% compared to sea route. The rail route will also ease the traffic on the Suez Canal as well (Flamm, 2012).

From the Russian perspective, this project (the linking of TKR and TSR railway network) has created a tremendous opportunity for both countries South Korea-Russia. It will link Russia to the South Korean market and Asian transit shipment hub of Busan through which Russia can use an ice free port of Busan and expand its trade to Asia region. Russia is very keen to link TKR and TSR, in 2004 Putin met North Korea Railway Minister to complete the project which North Korea responded positively. Through this project, Russia will also receive transit fees from the

overland shipment of goods. According to Prime Minister M. Kasianov, Moscow will earn \$3 billion annually through transit fee which would further help in strengthening Russian's economy (Hedenskosg, 2005).

A part forms the TKR and TSR, Moscow has taken for significant pipeline project such as 2000-mile-long Eastern Siberia-Pacific Ocean pipelines. The building cost of this project is around 18\$ billion in which South Korea has also invested. This Eastern Siberia-Pacific Ocean pipeline project will boost Russian export of oil from East Siberia and Sakhalin Island to South Korea and Japan. The pipeline project and the TKR-TSR linking project is the biggest investment project in Russia's history with a budget of around 550\$ billion. President Putin acknowledged this infrastructure is the key to economic growth of Russia. The lack of pipelines and railway link was the major hurdles in the Far East Region to explore the untapped natural resources (Hedenskosg, 2005).

#### **4.6 South Korea-Russia Gas Pipeline Project**

The South Korea-Russia's Gas pipeline plans date back from the establishment of the diplomatic relations between the both two states. While many phases of the project have changed, including changes in ownership, potential participants, construction plans, and also governments, as well as proposed lengths and routes for this project, the core of this project remains unchanged. The continued interest in this project among both sides determines that it is based on an objective need: South Korea needs to buy gas, and Russia needs to sell it.

According to the South Korean Ministry of Knowledge Economy's September-2008, South Korea and Russia has had three stages of the Gas project which was brought on Russian natural gas. The first phase was from 1990 to 2004, and they got very limited success in this phase. The duration of the second phase was 2005 to 2007, and significant initiatives for future trade relations and cooperation between South Korea and Russia were laid. In the period of the third phase, effective discussions and agreements on trade relations specially on South Korea-Russia Gas pipeline project cooperation were continuing from 2008.

Due to limited economic practicality, the two mutually attempted were unsuccessful during the First phase. During this period the first project was then called "Sakha (Yakutia)-Korea" in 1992. During 1994 to 1995, the South Korean association 'KOGAS' and the Russian Association

'Gazprom' with 13 other companies conducted an introductory feasibility test. This first project was put on hold due to having low profitability and poor existing infrastructure by the end of 1995.

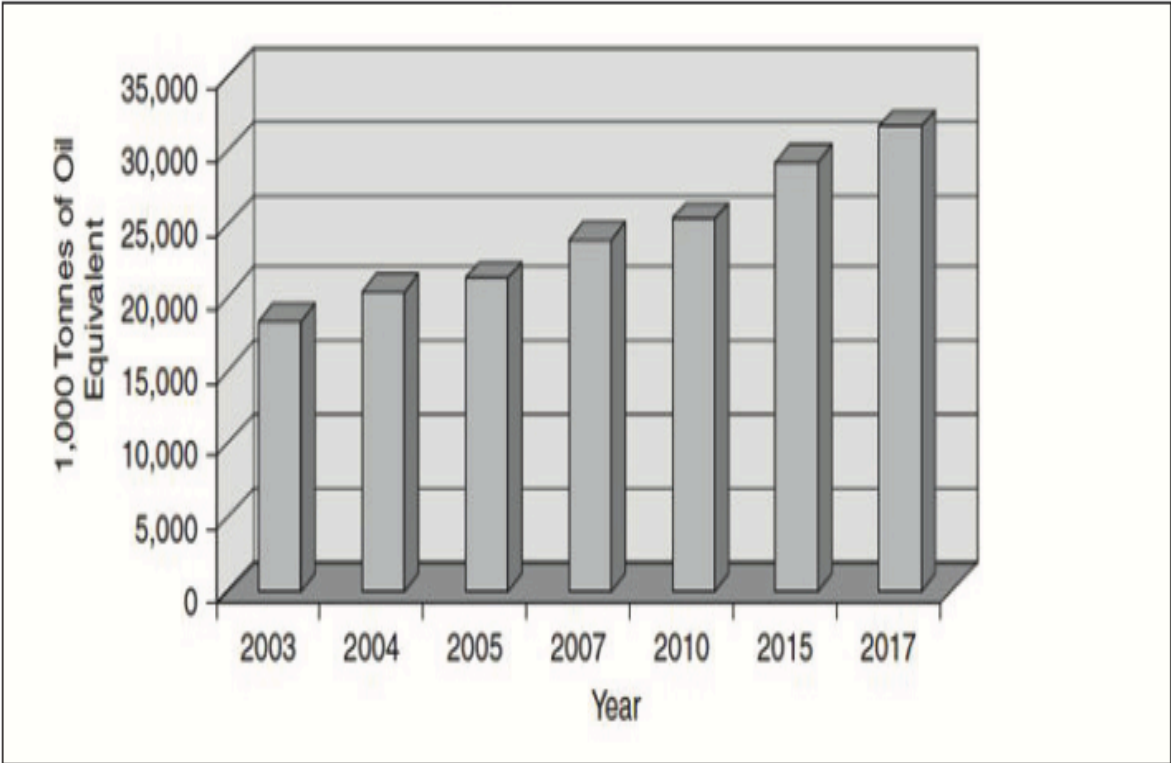
The second project of the Gas pipeline was led by South Korea, Russia, and China and involved a private sector. They Begun a partnership in eastern Siberia to develop the Irkutsk Kovykta gas field. The South Korean, Russian and Chinese venture was stated during South Korea-Russia summit in 1999, and with the participation from Russian Petroleum, KOGAS and the China National Petroleum Corporation, a feasibility report was completed in Nov. 2003. Russia started to develop Eastern Siberian Gazprom area by the end of 2004. For this reason, the project was delayed repeatedly and ultimately rescinded. This project was filed, due to economic profitability of South Korea and Russia and lack of Russian Far East's central gas supply system. Furthermore, they also foundered on the problematic political decision of supplying gas through North Korean territory or via Yellow Sea route.

In the Second phase, two major developments helped to link Russian natural gas to South Korea. Firstly, in the Russian Far East, Russia declared that it would be built Russia's Unified Gas Supply System through four important gas field as part of the Eastern Gas Program from 2005 to 2007. Gazprom (A Russian Company) was also chosen as the sole company that would give their contribution to developing these fields. Second, in the gas industry, South Korea and Russia signed an agreement. This agreement was specially made for specifically identifying KOGAS and Gazprom as responsible companies for natural gas delivery to South Korea from Russia.

From 2008 onwards and During the third phase of South Korea-Russia Gas Pipeline project, cooperation accelerated between both countries. According to an Article of Jin Suk-Ju, which is named as "The South Korea-Russia Summit and Feasibility of a Roadmap for Energy Diplomacy," on September 30, 2008, the both countries signed a series of MOUs with a promise to improve gas project cooperation. Russia agreed to start construction of the gas pipeline and dialogues with North Korea. Russian company Gazprom has also agreed to supply at least 7.5 million metric tons of the natural gas to South Korea for 30 years. Towards this project, Gazprom and KOGAS completed a joint feasibility report that suggested pipeline natural gas via North Korea which is the most economical method, instead of the liquefied natural gas (LNG) or

compressed natural gas (CNG) method. Towards the finalisation of this project, the final talks between Russia and North Korea took place in a summit meeting in August 2011. In this summit, North Korean Kim Jong-il declared his support for the project of a gas pipeline. North Korea and Russia agreed to inaugurate a governmental commission to lay out the detailed plans for gas project through North Korea with cooperation with South Korea.

**Figure 4.3 South Korea’s Natural Gas demand, 2003-2017**



Source: (Ahn, 2010)

Figure 4.4 shows that the Natural Gas demand of South Korea from 2003-2017. The demand for natural gas of South Korea is expected to increase by 7.2 percent a year through 2017 according to KOGAS. In 2010, South Korea the bought quantity of LNG was around 32.6 million metric tons, up from 2009 which was 25.8 million metric tons.

**4.7: Causes of Low Volume Trade Relations:**

The total amount of Russia's global trade from 2002 to 2010 grew up by more than four times (From \$ 159.900 billion to \$ 429.4 billion) as shown in Figure 4.3. It demonstrates that emerging

activity and importance of Russia in the global trade market. Geographical proximity and abundant resources of Russia and its many trade partners, it can easily be concluded that Moscow's was interested in developing trade relation with European countries. The European countries were geographically close to Russia's Western boundary, and they had a favourable condition for business.

The Western part of Russia concentrates around 80 percent of financial resources. The political seat Moscow is near to Western Russia too. The geographical proximity (Russia's Far East Region) played an important role in developing trade relation with South Korea-Russia. China is the third largest trade partner of Russia. In the Asia-Pacific region, South Korea and Japan are significant trade partners of Russia. However Asian states do not play a major role in Russian foreign trade as compared to European Country.

**Figure 4.4**



#### **4.8: South Korea and Russia Trade: Hurdles and Hopes**

South Korea and Russia have a different pattern and economy history and culture of development. Both established international trade relations through their unique style. Compared to South Korea and Russia has long experience and history in international trade and business with a more stable and developed economy. South Korea and Russia trade relation are too young if compared to other countries in Asia and Europe. The economic relation could not touch the height of volume as it was expected with the establishment of official political and economic relation in 1990. There are still some hurdles which derailed the course of economic relation between the two countries i.e. ocean route is the main mode of transportation which requires developed ports. South Korea has big ports, but Russia lacks ports with modern facilities.

Under developed banking sector of Russia; has also created a hurdle in the payment between exporter and importer. The Russian legal system, red taping in the bureaucracy, mafias, and corruption have created the barrier in bilateral trade. Till 2011 there was the problem of the international trade like tariff and not tariff barrier as per the WTO rules, which was an important factor for the economic slowdown. Despite the various challenges, there are still some opportunities which could be beneficial for the economic development of South Korea and Russia (Joo, 2014).

Some major initiatives have been taken such as a joint action plan on trade, and economic co-operation was signed in November 2005; co-operation in the field of nuclear power, gas, oil, etc. Subsequently, an agreement on gas cooperation in the field of gas in dusty was signed in 2006. Moreover, a contract was signed between 'Gazprom' and 'Kogas.' As per the contract, Korea promised to import 1.5 million ton gas per year for next 20 years from 2009 onwards (Joo, 2014).

There are other opportunities such as agriculture, marine products, nuclear power, the space program, gas pipeline cooperation, and railroad linking project which would boost trade relation between South Korea and Russia. Since, the establishment of official diplomatic relation, scope, volume, and intensity of economic relation has been increased significantly and got high pace in Putin's pragmatic policy towards Seoul. The trade turnover had increased significantly from \$ o



in 1990 to \$ 17.66 billion in 2010 but the volume of bilateral trade co-operation and investment not as significant as expected (Joo, 2014).

The structure of South Korea and Russia trade relation has not changed much in last 25 years. Still, Russian's main export commodity is natural resources and it imports from South Korea is electrical and electronics good. Both the states should diversify its structure of trade relation to broaden bilateral economic relations.

### **Conclusion**

The current bilateral course may very well lead to an unprecedented partnership. From the South Korean perspective, the partnership has also political advantages. A long-term arrangement to use the Russian rail network as a conduit for trade with Europe would inevitably reduce the cost of imported goods and broaden South Korean export opportunities. To minimize transit costs, Seoul intends to build a pipeline from Vladivostok through North Korean territory. If in the short-term the North Koreans reject this proposal, the South Korean plan is to transport compressed gas from Russia via ship. Until last year, South Korea had never imported natural gas from Russia. In 2015, it expects to receive 20 percent of its natural gas supply from Russia.

By completing the Vladivostok deal, Moscow entered into an agreement that expanded the scope of its energy exports and confirmed its intentions toward South Korea. This latest development appears to be only the tip of the iceberg, the initial step toward a relationship of economic interconnectedness between two nations that are on increasingly good terms. While it is obvious that mutual trade is beneficial for both countries, the real strategic point of convergence is their shared vision of a more economically open North Korea.

## **Chapter-5**

### **CONCLUSION**

South Korea and Russia are on the way to strengthen their relations in several areas such as economic, politics and culture. They are sharing economic prosperity and the stability of common peace on the Korean Peninsula and in the region of Northeast Asia. South Korea and Russia have spread their relations by the regular summit meetings and have political trust by bolstering summit diplomacy between each other and enhanced strategic cooperation and high-level exchanges.

South Korea-Russia noted with gratification the continuous growth of trade between the both countries, and decided to strengthen the bilateral cooperation relations specially with the Siberian and Far East region of Russia, and also in the area of high-tech such as IT, energy efficiency, and medicine. In the meantime, several other inter-governmental consultative channels were actively operated, which include South Korean and Russian Policy Council, Scientific and Technological Cooperation, Strategic Dialogue, Joint Committee on Economic, Committee for Fisheries, and Meeting of Director-Generals for Consular Affairs, and served as an effectual platform for debates on measures to broaden substantive collaboration between the both countries.

During concluding this study as discussed in the above chapters of this research, first of all, it has been observed that since, the collapse of the Soviet Union and the end of Cold War, the geo-strategic importance of South Korea is the most enduring factor which is the most important reason of affecting South Korea-Russia policy.

The diplomatic and strategic considerations between two states outcome should be seen within a frame work of socio-economic exchangeable action as compatible with external and internal factors. Regional cooperation, investment, growth, and trade were also the major factors.

The area of this research study has been limited to the period from 1991 to 2015. In 1990's following the establishment of diplomatic relations between South Korea and Russia at the end of Cold War, both the nations have shown outstanding growth in all phases of political, economic and strategic cooperation. Each year was seen as a step ahead in enhancing new

approach to the relationship between the two nations. All the positive expansion in the relationship between the two nations has had geopolitical significance too.

Russia acquired the right to build the eastern Chinese railways through Manchuria to Vladivostok from Peking treaty in 1896. Russia wanted a dominant position in Korea, to secure Manchuria. Russia showed little interest in Korea between 1850's and the 1890's. In 1879, Korea was forced to open its way for Japan, in 1884, Russia established the diplomatic link with Korea, and after that, a diplomatic mission of Russia opened in Seoul in 1885.

The main political objectives of Czarist Russia in Korea were preventive. The aim of Russia in Korea from 1895-1904 was to watch and examine that Korea must not become a source of threat to Manchuria, during Russo-Japanese War. Japan was alarmed by the southward advance of Russia. It called on Russia to extract its army's stations of far eastern in Manchuria and demanded Russia's appreciation of Japan's interest in Korea. But Russia declines these demands, and for this reason, Japan declared war on Russia.

After the World War-II, the involvement of Soviet Union in the Korean affairs has been again started, and Soviet Russia returned to Korean Peninsula again against the backdrop of the Cold War, and the geo-strategic importance of Korea was again the prime motivator for this. On August 8, 1945, the Soviet Union announced war against Japan by the agreement at the Yalta Conference and Soviet Red Army arrived in Korea on August 12. On August 15, Japan surrendered un- conditionally, and the red army advanced rapidly from the north towards south.

In March 1985 after Gorbachev's rise to power, the foreign policy of Soviet had rapid and radical changes which had a far-reaching impact in the international system. The unprecedented changes around the world (Unification of Germany, End of Cold War) provided the basic potential for Gorbachev to reorient its policy towards South Korean relations as well. Subsequently, in September 1990 an official diplomatic and political relationship with South Korea was established, which marks a new era concerning the balance of power in the East Asian region.

Thus till the collapse of USSR in 1991, Moscow's Korean policy was guided by ideology. Before Gorbachev, the policy of Soviet Union towards South Korea and North Korea obviously tilted towards North Korea, Moscow maintained co-operative and friendly relations with North Korea

based on strategic and ideological interests and had the antagonistic attitude towards South Korea. Ideological ties between Soviet Russia and North Korea adversely affected the relations of ROK with Soviet and were the major difficulty to stabilizing relations with Soviet Russia.

Gorbachev's initiatives to ROK were mainly intended for economic ties. Because he expected to succeed overall economic growth in the Siberian region and Far East region of Soviet into the structure of the quickly mounting Asian Pacific countries with ROK's help. ROK intended to channel Russia's land for the investment to increase production of goods, social, economic infrastructure creation and to develop the Siberian and Far East Region of Russia. Trade with Soviet also reduced the dependency of ROK on other countries because of new commodity markets for its goods. Development of relations between Seoul and Moscow was planned in four directions Trade, Sports, Politics, and Defence.

The Seoul Olympic games of 1988 turned to be a big accelerator of this process. With trade turnover increase, Seoul and Moscow began direct trade relations using ports of Pusan and Vladivostok. The Korean organization of the trade development both with the ministry of trade and the industries of the USSR concluded the treaty memorandum in 1988 on trade cooperation. Diplomatic relations between the ROK and the Soviet Union were officially established on the 30th September in 1990.

The Cold War politics came to an end itself, With the dissolution of USSR. The era of conflict between ROK-Russia relations seems to be over. A new era of friendship and cooperation took shape after the establishment of official diplomatic relations in 1990. The bilateral relationship between the ROK-Russia has travelled long distance in the last twenty-five years. In the late 1980s, a formal relationship which took shape after the initiative of President of Korea Roh-Tae Woo in through his Nordpolitik and Gorbachev's initiative in 1990 through his Perestroika regime. Form a treaty of basic relations which was upgraded to the constructive and mutually complementary partnership agreement between Kim Young Sam and Yeltsin. Later upgraded to comprehensive partnership based on mutual trust between Ron Moo-hyun and Putin and finally, the relationship matured into a partnership based on strategic cooperation between President Lee-Myung Bak and Medvedev which pave the way for the establishment of a new era in the bilateral relationship between ROK and Russia.

Both the countries are redefining their national priorities, interests, and objectives after the end of Cold War. They have changed their economy, foreign and defence policy to suit these redefined goals for further progress of the bilateral relationship. Putin's pragmatic and nuance foreign policy has opened new hopes and aspirations in a good relationship. Since ROK image was as economically more advance and modernized country, so it was preferred by new leadership in Moscow. Russian Federation sought to the new partner in its eastern region which could strategically important for bolstering economic growth and development. In spite of slow pace, obstacles and challenges in a route of bilateral relation it has matured substantially especially in the shadow of pragmatic policy and dynamic leadership of Vladimir Putin. Moreover, cordial and balanced relationship with Russia would maintain a balance of power in the Far East Asian region. Russia seeks to play a defining role in the establishment of a peaceful environment between South Korea and North Korea.

After 1996, Russia efforts to correct and balance its foreign policy between the Two-Koreas, and particularly after 1999, neither of two Koreas nor Russia seem to be happy with the situation of the growth of their relations. Traditionally, South Korean leaders had considered Moscow as a potential buffer against North Korea. However, as Russia's ambivalence over North Korea's nuclear crisis demonstrates, the Russians have encountered difficulties in deciding what policy they should purser. This continues to feed South Korean suspicions of Russia.

The most significant factor in redefining South Korean foreign policy towards Russia was investment and trade to develop the region of Far East region of Russia, which is underdeveloped compared to the western region of Russia. Russia's Far East region reserves untapped natural resources which could not explore properly due to lack of capital and modern facilities in the region. Furthermore, it has created an imbalance between the Russian eastern and western region. Hence, Russia efforts to develop Russian Far East region with the help of capital investment of South Korea. Its larger goal is to develop the region of Far East with the North East Asian economy. The integration of economy will further facilitate Russia in supplying natural gas and other resources to South Korea and other regions of North East Asia. South Korea has redefined their foreign policy to strengthen their link with Russian Federation at both levels bilateral and multilateral.

The strategic location and rapidly growing economy of Asia have changed the balance of power in the 21st century. Countries like Japan, China, and Korea are playing a defining role in the world politics. Therefore, due to the growing importance of Asia as a region, Russia cannot ignore Asia Pacific region for its national interest, and due to trade and finance reason, South Korea did not want to loose any chance to have a good relation with Russia. Russia is trying to promote its security and economic interest through balance East-west policy. A strategic partnership with Russia would realize the national interest of Seoul by forging a new alliance with Russia.

Russia has tried to cease the opportunity of North Korea nuclear crisis to regain its lost status in the Korean Peninsula. The exclusion of Russia from the Four Party Talks to settle the North Korea missile crisis was a dent in the image of Russia. Russia lost its image as a regional power. However, due to the diplomatic genius of Putin, Russia regained its pride in the Korean peninsula. Consequently, Moscow was invited in the Six Party Talks as a member to deal with the nuclear issue of North Korean. It has given new space for Russia to play a mediating role on the nuclear issue. Russia's participation in the Six-Party Talks will contribute in easing conflict between the two Koreas and can also help in the reunification of Korea. Russia has attempted for a peaceful solution of North Korea missile crisis which has boosted Russia's image in world politics.

Apart from the diplomatic and political engagement, economically Seoul has played a pivotal role in the bilateral relation. However, South Korean-Russian trade and investment co-operation have developed very slowly during the last twenty-five years of relationship. South Korea and Russia have the potential for developing investment cooperation and economic trade. But the most serious obstacle of the Far East region of Russia, where South Korea has a plan for investment and ensure future profits.

The Far East region of Russia has a very large quantity of natural resources, Oil and gas and a perfect place for investment but due to lack of chaos, lack of legal enforcement in the region has given rise to illegal activities and rule of the mafia which has made the region unsafe for South Korean investment. The delay in linking the TKR and TSR is another hurdle in the economic and political collaboration between both nations.

For the past 25 years, the South Korean-Russian co-operation has smoothly progressed and covered almost all significant spheres. Meetings at the summit played a big role in it. Since the formation of strategic relations, the presidents of the both countries have met more than 20 times. Relations with the Russia are one of the priorities of the South Korean foreign policy at the global level.

The establishment of the relations between ROK and Russia has helped South Korea in reviving its economy through loan and investment in Russian Far East region. Though the cordial relation with Russia also has lesser the threat of North Korea because after the dissolution of USSR and de-idealization of the foreign policy of Russia has no obligation to support North Korea and it has criticized Nuclear activities of North Korea too. Russia is also a member of Six-Party Talks, so, it can exert pressure on North Korea to maintain peace in Korean Peninsula. Both Republic of Korea and Russia have fruitful exchanges in defence and technology sectors.

Since Russia is trying to re-establish itself in the World Politics whereas in the Asia-Pacific region, South Korea is the 4th largest economy after China, Japan and India, a strong bilateral relation between both democratic countries can create a new balance of power in this region. In light of emerging interactions between South Korea and Russia identifies major trends in their newly relations with an acquisition of trade and socio-economic importance by making waves globally. This study draws a narrative-sketch of the no-conflictual orientations within these two states.

They have made the maximum investment in enlarging business-ties among their faithful considerations determining by timely-budget. The productions and positive designs of new small-scale tourism input deeply started new routes from as far as Seoul to Moscow by surprising global trends circuitous or unpredictable. They never expected new relations interactions. In South Korea, there is a huge demand for natural resources and costly minerals. The economic dimensions of South Korea and Russia are concentrated in five cooperative projects: energy security related to the natural gas and oil pipeline routes and LNG trade, the establishment of FEZ, resources, railroad network, and transfer of military technology and weapons.

The Relationship between South Korea and Russia could be raised to the next phases through active diplomacy summit and had a depth discussion on various issues of mutual relevance such as the ways to cooperate for the success of the summit of Nuclear Security and the favourable conditions for the Six-Party Talks.



## BIBLIOGRAPHY

(\*Indicates a primary source)

\*Asia Pacific Energy Research Centre (1999), *Natural Gas Pipeline Development in Northeast Asia*.

\*Asia Pacific Energy Outlook (2004), East West Centre, Tokyo: Japan.

Ahn, Se Hyun (2010), "Energy Alliance among South Korea, Russia and China: Potentials and problems," *The Journal of International Studies*, 15(1): 105-135.

\*Ahn, Se Hyun (2015), "Russian-South Korean Security Relations Reconsidered: The Lost Two Decades of Promise and Perils", [Online: web] Accessed March 21, 2017 URL: [http://www.kossrec.org/wp-content/uploads/2015/04/02\\_Se-Hyun-Ahn.pdf](http://www.kossrec.org/wp-content/uploads/2015/04/02_Se-Hyun-Ahn.pdf)

Ahn, Se Hyun (2012), "Russian-South Korean Security Relations Reconsidered: The Lost Two Decades of Promise and Perils," *The Korean Social Science Journal*, 39(2): 27-53.

Amsden, Alice (1989), *Asia's Next Giant: South Korea and Late Industrialization*, New York: Oxford University Press

Armstrog, Charles K. (2004), US-North Korea relations, *Asian Perspectives* 28(4): 13-37.

Austin, Michael R. (2005) "Japan and South Korea: The new East Asian care", *Orbis* 49 (3): 459-474.

Beeson, Mark & Mark T. Berger (2003), "The Paradoxes of Paramount: Regional Rivalries and the Dynamics of American Hegemony in East Asia", *Global Change*, 15 (1): 27-42.

Black, J. L. (2004), "Vladimir Putin and the New World Order: Looking East, Looking West"? Lanham, Maryland: Rowman & Littlefield Publishers.

Bogaturov Alexei (1997), "Great Powers in the Pacific Theory and History of International Relations in East Asia since the Second World War, 1945-1995", *in Russian, Institute Of US and Canada, Moscow.*

Brigitte, Granville (2001), "Russia's post communist economy", New York: oxford university press.

\*Brookings Northeast Asia Survey (2001-2004), Bechtol, Bruce E "North Korean Nuclear and Missile Issues and the ROK-US.

Bulychov G. Kulkin D. (2005), "Russia and South Korea: Some reflection about the first decade of Relations Proceeded// Problems of Far East", New York: Routledge, P. 33-38

Buszynski, Leszek (1993), "Russia and Japan: The Unmaking of a Territorial Settlement", *World Today.*

Buzan, Barry and Gerald Segal (1994), "Rethinking East Asian Security", *Survival*, 36 (2): 3-21.

Buzan Barry & Weaver Ole, (2003), "Regions and Powers -The Structure of International Security", Cambridge: Cambridge University Press.

Buzan, Barry. (1991), "People, States and Fear: An Agenda for International Security Studies in the Post-Cold War Era". P. 56.

Buzan, Barry; Ole Wrever & Wilde Jaap de. (1998) "The New Security Studies: A Frame work for Analysis", *Lynne Rienner, Boulder, CO.*

Catharin Dalpina & Butes Gill (2002), "Brookings Northeast Asia Survey" Pp. 38-42.

Chang, Duckjoon (2002), "The Russian Far east and Northeast Asia; an emerging cooperative relationship" *Asian perspective*, 26 (2): 24-36.

Chi Oh Kwan (1995) "East Asian security issues: A summary review", *Korea Journal of Defense Analysis* 7(2): 81-111.

Chittaranjam, Kalpana (1999), "North Korea: Nuclear issues", *Strategic Analysis* 23(8): 1305-18.

Christina Chuen (2003), "Is this Russia's Chance to Return to Centre Stage?" *South China Morning Post* dated February 15.

Chu, Shulong (2001), "Peace and Security in Northeast Asia: A Chinese View", *KNDU Review*, 6 (1): 19-45.

Chung, II Yung, & Chung, Eunsook (2005), "Russia in the Far East and the Pacific Coe", *Washington Quarterly* 28 (3): 24-36.

Chufrin, Gennady (1999), "Russia and Asia: The Emerging Security Agenda" London: Oxford, Press.

\*"Collaboration: An American perspective" (2004), *Korea Observer* 35 (1): 41-62.

\*Collection on history of the Far East XVI-XIX centuries (1997), *Vladivostok: The Far East Book* Edition, P. 419

\*Corsaro, Anna and Daniel Djouder (2015), "FOREIGN POLICY OF THE USA AND RUSSIA IN EAST ASIA", [Online: web] Accessed January 26, 2017 URL: <http://lawinfo.ru/assets/images/statiyi/SP-2015-3-4.pdf>

Cossa, Ralph A. (2004), "North East Asia: The Korean Peninsula Nuclear Crisis", in Morrison, Charles, *Asia Pacific Security Outlook*.

Cummings, Bruce (2003), "North Korea: The sequel", *Current History* 102 (663): 147-51.

\*Current Digest of Post Soviet Press- Various Issues

\*CSRS (1997), "*Priorities for Science and Technology in Russia and Korea*",

Dinshaw, Mistry (2003), "Security, economics ad missile diplomacy with North Korea", *Diplomacy & State craft* 14 (4): 12-28.

\*East Asian Strategic Review (1996 to 2004), Tokyo and New York: Japan Center for International Relations.

\*East Asian Strategic Review (2005), Tokyo and New York: Japan Centre for International Relations.

\*Economic Research Institute for Northeast Asia, (ed), Japan and Russia in Northeast.

\*Economic Development and the international cooperation in Northeast Asia (2001), Vladivostok: Dalnauka, P.147.

Ehrhardt, George (2005), "The evolution of US-ROK Security Consultation", *Pacific Affairs* 77 (4): 665-682.

Evans, Gareth (1996), "Asia-Pacific in the twenty-first Century: Conflict or Cooperation?" *World Today* 52 (2): 50-52.

\*Foreign Policy Concept of the Russian Federation (2000), June 28, Russian Text of the Concept, (2000), July 11.

Gary, Schmitt (2002), "9-11 And Implications for East Asian Security", *Issues Studies* 38 (2): 178-186.

Glaser, Charles (1994), "Realists as Optimists: Cooperation as Self-Help", *International Security* 19 (3): 50-90.

\*Gorbachev Foundation (Feb-2003). "Russia-Korea relations in the Architecture of Northeast Asia and the Asia-Pacific.", [Online: web] Accessed March 23, 2017 URL: [http://www.gorby.ru/activity/conference/show\\_70/view\\_13120/](http://www.gorby.ru/activity/conference/show_70/view_13120/).

Hajime, Izumi (2005), "Don't hastily slap sanctions on North Korea", *Japan Echo* 32 (2): 23-26.

Hara, Kimie (1998), "Japanese- Soviet/Russian Relations since 1945 a difficult peace", Japan: Seties Routledge Publications.

Harada, Chikahito (1997), "Russia and Northeast Asia Adelphi Paper 310" *The International Institute of Strategic Studies* 38 (2): 178-186.

Harrison, Selig S. (2001), "The future of US forces in Korea", in Park Kyung-Ae and Kim Pal" Korean Security Dynamics in Transition, New York: Pal grave.

Hedenskog et al (2005), "Russia as a Great Power: Dimensions of Security under Putin" London: Routledge Curzon Press.

Hughes, Cristopher W. (1999), "Japan's Economic Power and Security: Japan and North Korea" New York: Routledge.

Hughes, Christopher W (1996), "North Korean nuclear crisis and Japanese Security", *Survival* 38 (2): 79-103.

Hyun, In-Taek (2003), "Second North Korean Nuclear Crisis: Resolution or Catastrophe?," *Korea Focus* 11(5): 53-76.

Hyun Ahn, Se (2010), "Energy Alliance among South Korea, Russia and China: Potentials and problems" *The Journal of International Studies*, 15 (1): 105-135.

Isakova, Irina (2004), "Russian Governance in the 21st century -Geopolitics, Geostrategy and Governance", London: Frank Cass Press.

\*Is there a Putin Doctrine in foreign Policy? (2002), *Current Digest of Post Soviet Press*, 54 (31): 23-45.

Ivanov, Igor (2003), "A New Foreign-Policy Year for Russia and the World", *International Affairs* 149 (6): 67-79.

Ivanov, Igor S. (1999), "The New Russian Diplomacy", Washington DC: The Nixon Center and Brookings.

Ivanov, Vladimir I. & Karla Smith (1999), "Japan and Russia in Northeast Asia: Partners in 21st Century", London: Praeger.

Ivanov, V. I. (1999), "Japan and Russia in North East Asia Partners in the 21st Century", USA: Praeger, Publishers.

Joo, Seung-Ho (2001), "ROK-Russian Economic Relations, 1992-2001", *Korea and World Affairs*, 25 (3): 366-393.

Kai Rouz, Aki (2004), "North Korean nuclear crisis", *Economic & Political weekly* 39 (1): 25-31.

Kang, Sung-Hack (1995), "Strategic Metamorphosis from Sisyphus to Chameleon? North Korean Security Policy and Military Strategy", *Korea Journal of Defense Analysis* 7 (1): 12-21.

Kar, Kimura (2004), "Dangerous current in Roh's South Korea", *Japan Echo* 31 (4): 44-48.

Karen, Dawisha (1995), "The Making of Foreign Policy in Russia and the States of Eurasia", London: M. E. Sharpe Publishers.

Kawakami, Takashi (2003), "US forward deployment and East Asian security", *Japan Review of International Affairs* 17(4): 223-237.

Khoo, Nicholas (2003), "North Korea and China: Time for action", *World today* 59 (7): 14-15.

Kim, Jinmoo (2003), "North Korea's WMD Development: Status and Outlook", *Korea Focus* 11(4): 51-79.

Kim, Tachyum (1997), "Globalization, modernization and East Asia at a cross road: A perspective on East Asian security order", *Korea and world affairs* 21 (1): 44-62.

Kim, Hak Joon (1991), "Emerging Relations between South Korea and the Soviet Union", *Far Eastern Affairs*, 4, 637-651.

Kim, Samuel & Taithwan Lee (2002), "North Korea and Northeast Asia", Hitterland Publishers Boulders.

Konstantin, Sarkisov (1998), "Progress in Russia-Japan relations", *Japan Quarterly*, 11 (6): 18.

\**Korea-Russia Joint Declaration by Kim and Putin*. (2001). Seoul, February 27, 2001 released by the ministry of foreign affairs and trade, Republic of Korea

Kurata, Hideya (2003), "North Korea's renewed nuclear challenge", *Japan Review of International Affairs* 17 (2): 86-104.

Lampton, David M. (2001), "Major Power Relations in Northeast Asia: Win-win or Zero-sum Game", *Tokyo and New York, Japan Center for International Relations*.

Lim, Yang-Taek (1989), "A study on the industrial and technical cooperation with USSR and East European Countries", *KERI, Reseach Collection, No. 65*.

Lo Bobo. (2003), "Vladimir Putin and the Evolution of Russian Foreign Policy", London, Black well.

Lin, Taiho (2004), "Toward a nuclear peace in East Asia: Facing North Korea's nuclear reality", *Journal of East Asian Affairs* 18 ((1): 49-77.

Mandelbaum, Michael, (1995), "The Strategic Quadrangle. Russia, China, Japan and the United States in East Asia," New York: Council of Foreign Relations.

Narochnitsky, A. L. (1956), "Colonial Policies of the capitalist Powers in Far East, 1860-1895 Moscow", p 528-529.

Ness, Peter Vah (2003), "Special issue on the Bush doctrine and Asia", *Asian Perspective* 27 (4): 52-76.

Okuyama, Yutaka (2003), Dispute over the Kurile Islands between Russia and Japan in the 1990's. (*Pacific Affairs*, 2003)

Olson, Edward A. (1993), *The diplomatic dimensions of the Korean confrontation*, in Simon Sheldon W (ed.), *East Asian security in the post-cold war era* (New York: M.E. Sharpe, Inc. 1993)

Opponheimer, Andy "North Korea, Pakistan and the proliferation of weapons of mass destruction: Destructive deals", *World Today* 60(2), 2004(February), pp. 26-27.

Park, Kyung-Ae (2005) "North Korea in 2004: From brisk diplomacy to impasse", *Asian Survey* 45(1), January-February, pp. 14-20

Pacific Strategy Development Centre (2003) "*development Trend on Primorsky Krai Society and Economy in 2002*"

Primorskii krai National Statistics Centre (2002), "*fisheries of Russian Far East Federation*" ,1995-2001.

Park, Kyung-Ae (2000), "North Korea's defensive Power and US-North Korea relations", *Pacific Affairs* 73(4), pp. 535-54.

Paul, Midford (2000), "Japan's leadership role in East Asian security multilateralism: The Nakayama proposal and the logic of reassurance", *Pacific Review* 13(3), 2000, pp.367-398.

Park, Kyung-Ae (2001), *North Korea's Defensive Power and US-North Korea relations*, in Park Kyung-Ae and Kim Pal Choong (eds.), *Korean Security Dynamics in Transition* (New York: Palgrave, 2001).

Paul, Joshi M (2005), "North Korea and nuclear weapons", *Mainstream* 43(25), pp. 5-6

Putin, Vladimir (2003), "together We Can Already Hear Each Other", *International Affairs* (Moscow), Volume 149, Number 6, 2003.

Ross, Robert (1999) "The Geography of the Peace: East Asia in the Twenty-First Century", *International Security* 23(4), pp. 81-118.

Roy Denny, (2000), "Realism and East Asia", *Journal of East Asian Affairs* 14(1), pp. 159-178.

Rozman, Gillbert, (2000) "A New Sino-Russian-American Triangle?", *Orbis: Journal of World Affairs*, vol. 44, no. 4.

Robertson, M.L.C (1988), *Soviet Policy towards Japan An Analysis of Trends in the 1970's and 1980's*. (London: Cambridge University Press, 1988)

Shkuropat, Anna V (2002), *New dynamics of Russia in Asia Pacific* (Brookings, August 2002)

Sachdev, AK (2000), "North Korea's missile programme: A matter of concern", *Strategic Analysis* 24(9), 2000(December), 1695-1708.

Scott D. Sagan "Why do states build nuclear weapon? Three models in search of a bomb," *International Security* 21(3), 1996-97(winter), pp. 54-86.



Song Young-Sun (2002), "Review of recent East Asian security environment and Asia-Pacific maritime strategy", *Korea Observer* 33(1), pp. 135-167.

Suryanarayana, P. S. (2002), "China, Russia Offer Alternative Plan", *The Hindu*, August 23, 2002.

\_\_\_\_\_., "Shanghai Meet: Sino-Russian Ties on the Upswing", *The Hindu*, August 24, 2002.

Swanstrom, Niklas and Weismann, Mikael (2004), "Can China untie the Gordian knot in North Korea?" *Journal of International Studies* 31(1), pp.51-96.

Swenson-Wright, (2003), John "North Korea: Nuclear precipice nears?", *World Today* 59( 4), pp. 13-14.

Toloraya, Georgi, (2003), "President Putin's Korea Policy", *The Journal of East Asian Affairs*, Volume XVII.

Torkunov A., (2003), "The Korean Issue", *International Affairs (Moscow)*, Volume 49, No.4, 2003.

Trenin, Dmitri (1998), "Russia and the Emerging Security Environment in Northeast Asia", *Security Dialogue*, Vol29 (1).

Tsutomu, Nishioka (2003) "North Korea's threat to the Japan-US alliance", *Japan Echo* 30(2), pp. 38-43

Valentin Moiseyev, (2003), "Russia and Korea", *International Affairs*, Moscow, Vol. 42, No 1 2003

Vasily Mikheev, (1997), "Russian policy towards Korean Peninsula after Yeltsin's re-election as President", *The Journal of East Asian Affairs*, Vol. XI, No 2.

Wall, David (2002), "North Korea and China: Nuclear power", *World Today* 58(12): 21-24.

Wu Chunsi, (1997), "Theatre missile Defence and East Asian security", *Agni* 3 (1): 35-40.

Wu Xinbo (1996), "Changing roles: China and the United States in East Asian security", *Journal of North East Asian security* 15(1): 35-56.

Yoon Sung Park (2009), *Strategic Opportunities for South Korean Development of Energy Resources in Central Asia, Working paper series*, US- Korea Institute at SAIS, P-4

\_\_\_\_\_, *Assessing Russia's Entry into APEC*, (APEC Study Centres Consortium, Auckland, New Zealand, 1999)

Souslina, Svetlana (2001). *The Korean island in Russia's foreign economic policy. The Problems of far East*. No.5. pp. 41-55

Sung, Joo Han, (2001), *The Inter-Korean Relationship and Regional security*, in Park Kyung Ae and Kim, Pal Choong (eds.), *Korean Security Dynamics in Transition*, (New York: Palgrave 2001)

Tow, William T (1993), *The military dimensions of the Korean confrontation*, in Simon Sheldon W (ed.), *East Asian security in the post-cold war era* (New York: M.E.Sharpe, Inc. 1993)

Watanabe, Koji (1999) *Engaging Russia in Asia Pacific*, (Tokyo: Japan Centre for International Change, NY, 1999).

Wuchte, Thomas A (2005), *Russia as an ally in North East Asia*, in Kanet, Roger E(ed.), *The new security environment: The impact on Russia, Central and Eastern Europe*(Burlington: Ashgate Publishing Company 2005), pp. 219-231.

Yahuda, Michael, *International Politics of Asia Pacific since 1945*(London: Routledge, 2005)

Zeigler.E.Charles (1987), "Foreign Policy and East Asia: Learning and Adaptations in the Gorbachev Era", USA: Cambridge University Press, P.86.

Zhang, Mingian (2001), "Security in North East Asia, in Jasjit Singh (ed.), *Reshaping Asian Security*" Delhi: Hardev Printers.

Zhao, Suisheng (1997), "Power Competition in East Asia. From the Old Chinese World Order to the Post-Cold War Regional Multipolarity", New York: St. Martin's Press.