

## Online Series

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# Korea-Russia Cooperation Grounded on Economic Sector Making Up for Lacking Politics

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### Russia Having to Take Up More Role in Dealing with North Korea?

President Moon Jae-in of the Republic of Korea (ROK) and his Russian counterpart Vladimir Putin had a summit meeting in Vladivostok in Far East Russia on September 9 and discussed a way forward for bilateral cooperation on North Korea's nuclear issue and economic cooperation between the ROK and Russia. During the meeting, President Moon demanded that Russia stops exporting oil to North Korea and importing North Korean workers as part of the toughening of sanctions against North Korea. However, Russian President Putin explicitly turned down Moon's demand citing that pressure and sanctions will not deter the North from pursuing nuclear and missile development. A majority of experts already expected such a reaction from Russia and this author is on the same page with them for that matter.

The Moon government must have resorted to addressing Russia's role regarding the North Korean nuclear issue due to China's profoundly

diminished role in dealing with North Korean issue and the cooling of DPRK-China relations, which stand at a stalemate. Furthermore, the honeymoon relationship enjoyed by the DPRK and Russia that has increasingly become cozy since 2013, has played a part in diverting attention to Russia's role. North Korea, too, has taken a series of actions that seemed to replace its estranged relations with China with Russia.

Then, to what extent the argument of Russia having to take up more of a role in North Korean issues is effective? To answer this question, one must first look at how Russia perceives North Korea and its nuclear pursuit.

First, Russia, in cooperation with China, seeks to address North Korea's nuclear issue by adopting two strategies: 1) a dual strategy of halting North Korea's nuclear and missile provocations and the ROK-US joint military exercise; and 2) a dual pursuit of bringing about the denuclearization process and a peace treaty on the Korean Peninsula. At the same time, it opposes a pressure and sanctions-oriented resolution option against North Korea led by the ROK and the US. On July 4, the heads of China and Russia had a summit meeting at the Kremlin and announced a joint declaration on mitigating tensions currently prevailing in the Korean Peninsula based on the two aforementioned strategies. The first strategy calls on North Korea to stop its nuclear and missile provocations and on US-backed South Korea to halt its joint military exercise. And building on an implementation of the first strategy, the second one aims to pursue two goals of achieving denuclearization on the Korean Peninsula and establishing a peace regime between the US and the DPRK.

Second, although Moscow does not recognize North Korea as a nuclear state and Russia basically supports the UN Security Council's sanctions, it opposes bilateral sanctions and intense pressure for fear that those could trigger a collapse of the North Korean regime and a humanitarian disaster.

Third, the Kremlin still holds onto keeping economic cooperation with the DPRK alive even in the midst of a complete halt of trilateral economic cooperation between South Korea, North Korea, and Russia. On August 4, the Russian government issued a visitor's e-entry pass for North Korean residents on a visit to Vladivostok,

which virtually gives an exemption for visas and thus could facilitate the influx of North Korean workers into the territory. It is estimated that there are roughly 50,000 dispatched North Korean workers in Russia, through which the Kim regime is analyzed to secure \$120 million annually.

Recently, Russia has emerged as a subject of attention for its oil export to North Korea since it is considered a major bloodline of supplies to North Korea. Russia's export of petroleum to North Korea, including gasoline and diesel, was 4,304 tons from January to June this year, and estimated roughly at \$2.4 million. That number is over double that of last year's, which was 2,171 tons (\$980,000). What is problematic here is that these official statistics do not completely reflect the truth. *Japanese newspaper Tokyo Shimbun* reported on June 29 that North Korea had been provided petroleum products up until recently, including 200,000 to 300,000 tons of diesel annually. Petroleum of Russian origin is not counted in official statistics because it is first disguised as an export to China through a forgery of documents and then exported to North Korea.

Such analysis well illustrates that Russia clearly intends to use North Korea to strengthen its influence in Northeast Asia and respond to US military hegemony. Russia's strategy of enhancing strategic solidarity with China in Northeast Asia and leaving North Korea as a buffer zone, is being reinforced by the recent toughening of sanctions by US Congress against Russia. A phrase that captures the nature of current relations between Pyongyang and Moscow well is that they are currently "in the same boat."

However, China cannot be replaced by Russia given the following facts. Even though North Korea's trade with Russia has increased by a huge margin in the first quarter of 2017, it only accounts for 1.2% of North Korea's entire trade volume, nothing compared to its trade with China, which accounts for 92.5%. It also seems unlikely that Russia will wield its influence on North Korea since it faces a prolonged economic downturn caused by falling international oil prices, the downfall of the Russian Ruble, and sanctions from the West. And North Korea appears to expect



aid and support from Russia, as it did from the Soviet Union in the past, rather than resume normal trade relations with Russia. One party cannot use leverage against the other party when not much interaction is going on between the two sides. Although expecting Russia to serve as a bridging role might not be an impossible scenario, too much expectation is not desirable.

### **Far East Development and ROK-Russia Economic Cooperation**

Of course, South Korea should not view cooperation with Russia simply in the context of resolving North Korea's nuclear issue. It is welcoming that President Moon Jae-in mentioned ROK-Russia economic cooperation that bypasses North Korea. Moving through and engaging with North Korea will ultimately become inevitable for Russia to pull off its mega projects and for South Korea to move northward. However, the North can no longer be a stumbling block to ROK-Russia cooperation. More of a realistic and future-oriented strategy will be for the ROK and Russia to create a venue for cooperation first and then induce the North into such a path.

This is why Russian Far East development should not be limited to the economic sector only. Although the Far Eastern region has unlimited potential, its infrastructure is weak and its market is narrow, which is why it looks challenging to only optimistically view the future of the Far East development. However, historically, the Far East and the Maritime Provinces have been special territories to South Korea – a transit route through which an unified Korea could advance into the Eurasian continent. In Northeast Asia, marred by never-ending conflicts caused by Asian paradox, the Far East is a space of both competition and cooperation where the futures of Korea, Russia, China, and Japan intersect and is a peace zone that can set an example of multilateral cooperation. It would be imprudent to jump into the development of this region merely with the expectation of economic benefits without a vision of bringing prosperity of the Far East to the Korean Peninsula.

Russian time goes much slower than ours. In other words, it takes more

time for Russia to get a project started and reap the benefits. This is why we need to start with smaller projects and gradually expand them into bigger ones. It will be difficult to get a tangible, immediate result from the so-called mega projects no matter how much we want it. Therefore, it would be wiser to approach mega projects as an experiment to accumulate know-hows in the future and familiarize ourselves with the Far Eastern way of doing business by gradually increasing the number of small- and medium-size projects.

Above all, practice, patience and mid- to long-term vision are the most important values in ROK-Russia cooperation. Unfortunately, the current situation is not very rosy. The effectiveness of the UN Security Council sanctions is being questioned due to the influence of Russia and China on Security Council Resolution No.2375 adopted on September 11. And as such, it is unknown to what extent Russia will side with South Korea in resolving the North Korean nuclear issue. However, President Moon Jae-in's Russian policy direction can be evaluated as being the best possible choice amongst the currently available options. In a nutshell, his policy direction aims to supplement politics with economy. ©KINU 2017

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