

Russia's Policy Toward North Korea

Alexander Fedorovskiy, Moscow

Abstract

An important priority for the Putin administration is to expand Russia's role in the Asia-Pacific. This article considers how Russian policy on North Korea fits within this strategy. It is outlined that Russia favors multilateral dialogue and cooperation to manage the insecurity on the Korean peninsula and to avoid an escalation in tension, seeing continued insecurity as an obstacle to Russia's wider economic policy in Northeast Asia.

Russia and the Political Environment in Northeast Asia

One of the primary priorities of modern Russia is to elaborate and realize a new economic, political and security strategy towards Northeast Asia (NEA) and the Korea Peninsula, in order to diversify its foreign political and economic policy in favor of Asia-Pacific countries.

To this end, it is important to stress that Russia, as well as other regional powers, has to take into account the specific political reality in NEA: new administrations in its neighboring countries, including China, Japan, the Republic of Korea (ROK) and the Democratic People's Republic of Korea (DPRK). Moreover, it is important to also remember that all of these governments, as well as the United States under the Obama administration, are attempting to support the national modernization of the countries of NEA. Furthermore, all regional powers intend to revise their foreign policy towards the NEA region, in order to both minimize the political and security risks within the region, and upgrade their cooperation with these large-scale and dynamic economies on both bilateral and multilateral levels. It is thus necessary for Russia to adapt economically, politically and in its security capability to these new realities in NEA.

Territorial and regional political disputes in NEA are no longer latent, but have become a real international problem. Russia, as well as the ROK and China, have territorial disputes with Japan. There are different views among NEA countries on regional history, approaches to the victims of previous wars and conflicts, and on the military programs of their neighbors. It is unlikely that these differences will be resolved in the foreseeable future. Taking this into account, it is necessary for the new administrations in regional powers to minimize political conflicts between one another and other NEA countries, and postpone discussions on territorial disputes in order to focus on more prominent areas of regional cooperation. As a result, the possibility of regional security cooperation, economic integration, humanitarian and cultural exchanges are among the key issues within international discussions and negotiations on NEA.

Within this context, it is important for Moscow to be involved in regional cooperation both at a bilateral

and multilateral level. As for the new Russian administration's policy towards NEA, one can assume that it will be keen to support inter-Korea cooperation, as well as regional dialogue on security issues and broad-scale economic exchanges with NEA countries.

The main features of Russia's policy towards NEA are also determined to a large extent by modern trends within Russia's own domestic economic and political life.

Russia's Economic Priorities in NEA and on the Korean Peninsula

The Putin administration is focused on the development of Siberia and the Russian Far East. As part of this approach, Moscow intends to significantly expand its political, economic and humanitarian exchanges with its Eastern neighbors, such as China, Japan, and two Korean states.

Modern Russia's economic policy can be briefly characterized by the following key issues:

Firstly, and inevitably, the energy sector will increasingly become the core of both internal and international efforts within moves to develop Russian economic interests in the East, as energy resources are one of the few 'cards' Russia has to advance in Asia. Secondly, a focus on developing domestic resource industries, which should adapt to the new demand in the region and which can adequately meet the future trends of economic modernization in NEA countries. Thirdly, integrate its educational and innovation industries into the regional hi-tech cooperation of NEA. Fourthly, the recent attempts to put an end to the criminal quasi-business nature of the Russian fisheries industry, reflects the federal centre's desire to lift the economic development of the Russian Far East towards a healthier basis.

The state gas company, Gazprom, and the leading state oil company, Rosneft, have declared that Eastern Siberia and the Russian Far East will become a primary area of business activity as a new strategic energy export base and that NEA is seen as a prominent new export market. The Russian government is also trying to support the regional expansion of other Russian energy companies. Construction of modern energy infrastructure and new production facilities, including new pipelines and LNG factories, are currently on the agenda.

Meanwhile, modernization and development of infrastructure ought to be connected with the main regional economic dynamics and networks in NEA.

Russia also has the opportunity to become an important exporter of electric power to NEA (including the Korean Peninsula) if regional transit and distributing infrastructure are constructed.

The development of transport infrastructure and the realization of regional energy projects in NEA will be accompanied by joint ecology programs and by more efficient regional emergency rescue infrastructure. Taking these priorities into account, Russia hopes to integrate itself into the regional infrastructure network.

However, instability on the Korean peninsula is an important obstacle to the realization of Russia's strategic programs to develop its economic role in NEA. In addition, it is a cause for concern among the citizens of the Russian Far East. The regular escalation in threat-levels relating to ecological incidents, nuclear tests or distributions of weapons of mass destruction on the Korean peninsula generate feelings of insecurity within the Russian Far East.

Given this, any serious incidents, such as missile launches or nuclear tests initiated by DPRK, are an obstacle Russia's policy towards the Asia-Pacific and in particular the Korean Peninsula. Accordingly, Russia's reaction to recent North Korean policy has been negative. At the same time, it is difficult to envisage Russia's policy towards the Korean peninsula changing radically anytime soon. Any new Russian strategies or policies towards NEA will be pursued slowly, on a step-by-step basis, because Russia is concerned about its actions contributing to a possible unpredictable political, economic and social destabilization in North Korea and, consequently, in NEA.

Bilateral trade and economic exchanges between Russia and the ROK are expanding after the slowdown during 2008/2009 crisis: trade turnover increased to more than \$25 billion, while South Korean total investment reached \$3 billion. At the same time, prospects for further Russia–South Korea strategic cooperation on a larger-scale depend on inter-Korean relations.

It is necessary to stress that Russia–North Korea bilateral trade is unstable and fluctuates annually between \$100 and \$300 million. Moreover, it is impossible for Russia to reinvigorate bilateral trade and investment exchanges significantly, because of the non-market nature and inflexibility of North Korea's economy.

Some Russian experts believe that the Russia–North Korea agreement on debt in 2012, in which Moscow agreed to write-off 90% of Pyongyang's \$11bn Soviet-era debt to Moscow as part of a debt-for-aid plan, was an attempt by both sides to improve their bilateral cooperation. It appeared to be a gesture by Kim Jong-un's

administration to increase bilateral exchanges, by taking into account market laws and practices. However, North Korea's economic situation remains very gloomy. There is no evidence to suggest that economic reforms will be implemented. As a result, for Russian government institutions and private businesses to initiate significant business projects in North Korea, it would be necessary to reassure them that they will be able to control their business operations in North Korea, and guarantee that Russian investors would be able to integrate themselves within the North Korean economy or take part in any inter-Korean cooperation.

Russia and North Korea: Multilateral Cooperation on the Agenda

Russia's policy priorities with regard to North Korea were outlined by President Putin in his article at the beginning of 2012, during his election campaign.¹ The first thesis was: a nuclear North Korea is unacceptable to Russia. The second: give the new Pyongyang administration the opportunity to layout its priorities. Putin opposed the idea of politically isolating Pyongyang or applying economic sanctions on the North Korean regime. Moreover, at that time, according to the Kremlin's point of view, as well as that of both Korean states and neighbor countries, a more prominent issue was North Korea's involvement in processes of international cooperation in Northeast Asia. In line with this, Putin noted in this article that Russia was interested in working to establish a stable and predictable political dialogue with Pyongyang, and has sought to identify opportunities to increase bilateral economic exchanges with North Korea and triangular cooperation between Russia, the ROK and DPRK. These priorities set out by Putin in early 2012 contained no surprises, and can be characterized as a consistent with Russia's policy towards North Korea during the last decade.

However, North Korea's aggressive political rhetoric during 2012 and the first half of 2013, and its decision to initiate a missile launch and nuclear test hardened Moscow's policy towards Pyongyang. Moscow, together with Beijing, Washington, Seoul and Tokyo, supported a UN Security Council declaration strongly opposing North Korea's missile and nuclear activity. On these issues, the Putin administration's policy towards DPRK is very close to the views of other regional powers. This situation differs radically from Russia–USA disputes on political and security issues in Middle East.

The threat of a North–South conflict and political instability are real obstacles to Russian economic expansion on the Korean peninsula and in the wider North-

¹ V. Putin, "Rossiya i menyaushchisya mir" (Russia in the changing world), *Moskovskie novosti*, 27.02.2012 (In Russian).

east Asian region. Moscow does not want North Korea to function as a buffer state opposed to South Korea, the United States and Japan, because this would mean continued instability and latent confrontation on the Korean peninsula. Therefore, Russia's priority is to avoid diplomatic competition or antagonism, and encourage broad-based regional cooperation. Generally speaking, Moscow is interested in seeking a normalization of the situation on the Korean Peninsula and an improvement in inter-Korean cooperation and its integration with international support.

On the one hand, North Korea's transition to a market economy and a more open society would provide a new opportunity for Russia's economic expansion into NEA and the Asia-Pacific in general. The stabilization of the security and political situation on the Korean Peninsula would reduce the political risks for Russian foreign investment.

On the other hand, Russia would like to ensure that there are controlled and predictable consequences to a North Korea transition to a market economy and more open society, whereby there is a gradual, but stable development of inter-Korean relations and stability on the Korean Peninsula. Russia is monitoring the situation on the Korean peninsula, in order to correct its policy towards Korea unification in light of any changes in the political, economic and security realities on the Korean Peninsula.

Although reducing tension in the Korean Peninsula and a smooth transition towards Korean unification are a common interest for all regional powers, at this stage they are not ready to adopt common measures to prevent the development of negative trends on the Korean Peninsula and jointly support positive trends in inter-Korean relations.

Accordingly, positive trends in inter-Korean relations can be realized if the regional community is prepared to overcome any kind of confrontation and the low level of political confidence between these countries, with each taking into account the political and security interests of all NEA countries, and by strongly supporting the reduction of military tension on the Korean peninsula. However, Moscow has been disappointed by Pyongyang's decision to ignore any recommendations from foreign

countries and to continue developing its missile program.

Also, whether it is possible for Moscow and other NEA countries to develop joint measures to intensify multilateral cooperation on the Korean peninsula is an open question. It is important for Russia and other countries to agree on the basic characteristics of a unified Korea: an economic, political, security, humanitarian role for a Unified Korea in NEA and globally. Indeed, it is in the interest of Russia and other regional powers to not only resolve the nuclear weapons issue on the Korean peninsula, but also to ensure that the denuclearization of Korea becomes an integrated element of the NEA regional security system.

As long as the DPRK remains in a situation of political, economic and social stagnation and continues to pursue a foreign policy based on blackmail, it will be impossible for Russia to improve bilateral relations with North Korea on a bilateral level. In order to improve regional stability and international cooperation, it will be necessary for Russia to cooperate with other regional powers and support Five-party talks (Russia, China, the ROK, USA and Japan). Otherwise, it will be possible for North Korea to postpone domestic reforms for some time, and that would mean continued instability, latent confrontation on the Korean peninsula, and the possible use of military forces for political end.

Russia and the other regional powers have had a positive experience in cooperating with one another at the UN Security Council on North Korea in 2012–13. Because six-party talks are paralyzed, it is necessary to continue broad dialogue between five countries. It means that discussions about the future of the Korean Peninsula will be integrated into the five party talks on political, security and economic issues. If these five countries agree on basic regional security, economic and political issues it will be easier for them to stimulate North Korea's transition towards a market economy, a more open society and to support broad-scale inter-Korean relations. Officially Russia states that it is still not ready to support this dialogue on the future of the Korean peninsula, but these developments towards regional diplomacy coincide with Russia's strategic interests on the Korean peninsula and in NEA.

About the Author

Professor Alexander Fedorovskiy is Head of Section for Pacific Studies, Institute of World Economy and International Relations (IMEMO), Moscow. Since 2008 he has been a member of Editorial Advisory Board of *International Journal of Korean Unification Studies* (Seoul). He is an expert on the Pacific regional economy, Northeast Asian affairs, the Korean economy, and Russian–Korean relations. His works include “North Korea after the Third Nuclear Test”, *SERI Quarterly*, vol. 6, No. 2, April 2013; (editor) *DPRK: main economic, social and political trends* (In Russian), Moscow: IMEMO, 2012; (editor) *Twenty Years of Russia–ROK Diplomatic Relations: Main Results and Prospects for Bilateral Cooperation* (in Russian), Moscow: IMEMO, 2010; (co-editor with Jung-Ho Bae) *Russian National Strategy: ROK–Russian Strategic Partnership in the 21st Century*, Seoul: KINU, 2010.