

# Russian-South Korean Security Relations Reconsidered: The Lost Two Decades of Promise and Perils

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This article analyses the problems of comprehensive bilateral security relations between Russia and South Korea. The paper examines how the focus of the regional security cooperation building process between Russia and South Korea has evolved since the establishment of diplomatic relations. This paper contends that the two countries have put equal emphasis on both traditional and non-traditional security cooperation. However, the focus has gradually changed from the traditional to a non-traditional dimension. This study also maintains that in order to establish a favourable regional security environment, bilateral and multilateral cooperation among nation states is essential because regional economic security cooperation provides an opportunity to generate trust and confidence between nation states. Nonetheless, bilateral relations between Moscow and Seoul have developed quite slowly because both have underestimated the importance of regional economic security. As a result, the two countries have failed to cultivate full trust in each other. And neither side has had the motivation to deal with existing domestic obstacles such as the inherent economic difficulties of the Russian Far East, and the reluctance of the South Korean government and private sector to invest in the long term. Furthermore, bilateral security cooperation between the two countries has been hampered by external factors such as the North Korean nuclear issue and the dominating role the US or China has been playing in the Northeast Asian region.

**Key words:** Russian-South Korean Relations, Regional Economic Security, Energy Diplomacy, TSR-TKR

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## I. Introduction

The year of 2010 was the year to celebrate the 20th anniversary of diplomatic ties between Russia and South Korea. The establishment of diplomatic relations between South Korea and the Soviet Union in September 1990 signalled a turning point in the history of East Asian international relations at the end of the twentieth century. The hostility that had persisted between the two states for forty-five years disappeared suddenly. Yet since then bilateral relations between Moscow and Seoul have developed extremely slowly than as initially expected. Russian South Korean relations remain somehow stagnant.

This article analyse obstacles in the bilateral security relations between Russia and South Korea. In particular, bilateral relations between Russia and South Korea are accessed from the point of view of regional economic security cooperation, specifically looking at the following major issues: energy projects, linking the Trans Siberian Railroad and the Trans Korean Railroad, industrial development in the Nakhodka Free Economic Zone, fishery cooperation, the arms transfer.

This paper argues that in order to establish a favourable regional security environment, bilateral and multilateral cooperation among nation states is essential because regional economic security cooperation cultivates trust and confidence between nation states. In this end, bilateral relations between Moscow and Seoul have developed quite slowly because both have underestimated the importance of regional economic security. Accordingly, the two countries have failed to create full trust in each other. And neither side has not been quite successful in coping with domestic obstacles such as the inherent economic difficulties of the Russian Far East, and the reluctance of the South Korean government and private sector to invest in the long term. Moreover, bilateral security cooperation between the two countries has been hampered by external factors such as the North Korean nuclear issue and the dominating role the US or China has been playing in the Northeast Asian region.

A case study of Russian-Korean bilateral security relations is often underestimated yet very important for future reunification of Korea and balance of power in Northeast Asia. Despite their geographical proximity and their geo-strategic importance to each other, the study of Russian-South Korean relations has been often neglected by relatively more important relationships such as Russia-China, Russia-Japan, US-South Korea, Japan-South Korea or China-South Korea, in the past few decades. However, their bilateral relations should not be underestimated, considering Russia's desire to be part of the Northeast Asian regional community, and the complexity of the balance of power politics in the region.

The study of Russian-Korean bilateral relations also reflects how Moscow and

Seoul have redefined their security policy objectives, and how their perceptions of each other have evolved. When Gorbachev normalized relations with the South in the late 1980s, it was a great departure from previous Soviet foreign policy. Previously, North Korea was viewed as a natural ally of the Soviet Union. Moreover, the Soviet leadership considered that South Korea was nothing but a puppet of Washington. Yet Gorbachev's "New Thinking" concerning the Korean peninsula maintained that Soviet foreign policy would no longer be conducted on the basis of ideology, but on the basis of economic considerations.

Bilateral Russian-South Korean relations also illustrates how Russia is redefining its foreign policy priorities. A numerous trade talks and long term economic projects between the two countries suggest that economic security concerns have become a major priority of Russia's foreign policy in the region. Furthermore, Moscow-Seoul rapprochement has more far-reaching implications in international relations. A study of Russian-South Korean relations also provides insight into the broader forces shaping the formative stages of Russia's international behaviour towards other great powers in the Asia-Pacific region. Throughout history, the Kremlin has played 'the Korean card' to put pressure on Japan and China, or the United States, and it has clearly displayed an interest in a greater political role for East Asia. On the other hand, South Korea looked to the Russian connection as a counter-balance to American, and Chinese and Japanese influence in the Korean peninsula, and as an instrument for deterring North Korea. In this sense, bilateral relations should be viewed within the context of a regional security framework. The first part of the article reviews a brief historical overview of the relationship between Russia and South Korea since history provides clues to the direction of Russian-South Korean multi-dimensional security cooperation. And the second part analyses the problems of bilateral security cooperation between the two sides.

## **II. Evolution of Diplomatic Relations between Moscow and Seoul**

### ***A. Gorbachev's South Korean Policy***

The establishment of diplomatic relations between South Korea and the Soviet Union in September 1990 dramatically transformed history of East Asian international relations at the end of the twentieth century. The hostility that had existed between the two states for almost half century faded away dramatically. In the Soviet-South Korea rapprochement in the late 1980s, the figure of Gorbachev, combined with structural factors such as the Sino-Soviet and American-Soviet rapprochements, played a signifi-

cant role, although it is often hard to separate one factor from another.

Gorbachev brought about radical change in Soviet-Korean relations since he gave Korean policy very special attention. According to Alex Pravda, “the *perestroika* years [saw] some movement towards co-operation and even embryonic partnership on regional and global problems to strengthen general international security (Pravda, 1990).” Gorbachev’s attempt to revitalize Soviet foreign policy included the adoption of a set of principles which he called the ‘New Political Thinking.’ As Margot Light notes, “although they primarily concern relations between the superpowers, they include a new emphasis on interdependence and on the need for flexibility in foreign policy. The Soviet leadership has also declared that the Soviet Union should diversify its foreign relations, in particular so that they are not seen through the prism of Soviet-American relations (Light, 1990).” In this respect, Gorbachev paid particular attention to Korea. His New Thinking on the Korean peninsula comprised of an acceptance of the reality that there was a powerful state in the south of the peninsula, which possessed its own political weight in the Asia-Pacific community; recognition that the dangerously escalating tension on the Korean peninsula should be reduced; and the determination to seek resolutions to the national problems of the entire Korean people (*Speech by Mikhail Gorbachev in Vladivostok*, July 28, 1986). Previously South Korea had been vilified as a repressive dictatorship and a puppet of the United States. Contacts with South Korea were banned, and any objective information that might portray it in a favourable light was discouraged. Gorbachev was the first Soviet leader to acknowledge that South Korea’s rise to regional power status was sustained by its rapid economic growth (Davidov, 1990). After meeting South Korean President Roh Tae Woo in San Francisco on 4 June, 1990, Gorbachev stated that

we could not, for obsolete ideological reasons, continue opposing the establishment of normal relations with his country, which showed an exceptional dynamism and had become a force to be reckoned with, both in the Asia-Pacific region and in the wider world (Gorbachev, 1996).

Gorbachev’s new thinking towards South Korea stemmed from Soviet domestic economic needs. As in the case of his Western policy, the Soviet economic crisis was the main incentive for improving relations between the Soviet Union and South Korea. The Soviet Union badly needed consumer goods and managerial skills, and it targeted the newly industrialized countries in an effort to promote the integration of the Soviet Far East and the Siberian region into the Asia-Pacific economy (Soh, 1995). South Korea’s economic dynamism attracted Gorbachev’s attention and was the most crucial factor in his re-evaluation of South Korea’s standing in Soviet foreign policy priorities.

Gorbachev’s New Thinking toward the Korean peninsula was also influenced by

traditional security concerns. From Moscow's perspective, changing Soviet policy toward the Korean peninsula could enhance Soviet national security in the Asia Pacific region by reducing tension on the peninsula, and lowering the probability of a direct Soviet-American clash in the event of a crisis. Ever since the Korean War, the peninsula had been considered a potential hot spot that could draw the superpowers into direct confrontation (Ziegler, 1993).

South Korea's *Nordpolitik* was clearly also a turning point that facilitated the pace of Gorbachev's changing policy toward South Korea. As South Korea's domestic politics changed during 1987 and 1988, a whole set of new opportunities for the society emerged. Newly elected president Roh Tae Woo's *Nordpolitik* foreign policy attracted Soviet attention towards South Korea. It aimed at improving South Korea's economic and other ties with communist countries, while at the same time bringing North Korea out of isolation. The main purpose was to enhance South Korea's security while potentially undercutting North Korea. It stemmed from Roh's short-term goal of staging a successful 1988 Seoul Olympics without the North's interference (Oberdorfer, 1997).<sup>1</sup> Roh's declaration was well received by Moscow. In his September 1988 Krasnoyarsk speech, Gorbachev expressed a willingness to develop economic relations with South Korea. In addition, he proposed multilateral discussions on reducing the threat of military confrontation in areas adjacent to the shores of the USSR, China, Japan, and the two Koreas (Kim, 1991). In short, Soviet-South Korean rapprochement in the later 1980s was the successful consequence of both Gorbachev's New Thinking and Roh's *Nordpolitik*.

Rapprochement with the Soviet Union was a development of immense importance from the South Korean perspective. First, Seoul gained wider international recognition. Previously, with the Soviet veto in the UN Security Council and Korea divided, it had been very difficult to improve South Korea's standing in the international community. Once the Soviet veto was removed, Seoul was admitted into the UN. Even when Pyongyang declared that the entry of South Korea into the UN would perpetuate the division of Korea, the Soviet position remained firm: South Korea's entry would not prevent Korean reunification. Moreover, with the participation of Soviet and Chinese athletes in the Seoul Olympics, they turned out to be even more successful than the 1980 Moscow and 1984 Los Angeles Olympics. Thus Seoul received more attention and gained a great deal of prestige in the eyes of the international community.

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1. In June 1983, Korean Foreign Minister Lee Bum Suk declared that normalizing relations with the Soviet Union and China was a formal objective of South Korean diplomacy. It was called *Nordpolitik*, after the West German *Ostpolitik* policy with the USSR and Eastern Germany.

Second, the Moscow and Seoul rapprochement clearly deprived North Korea of the undivided support of its original sponsor, its most important source of economic and military assistance and guarantor against American power, as provided by the 1961 Soviet-North Korean treaty. Moreover, the meeting of the General Secretary of the Communist Party of the Soviet Union with the President of South Korea meant the legitimization of the Seoul government virtually everywhere and “the final collapse of North Korea’s long-standing effort to wall off the southern regime from communist nations (Oberdorfer, 1997).”

Among other benefits that the Soviet Union received from improving relations with South Korea, economic aid was the most significant on the Soviet side. Whether or not the need for economic assistance was his primary incentive, Gorbachev did receive a \$3 billion loan from President Roh. South Korea was becoming the Kremlin’s most valuable partner. Apart from the aid, the Soviet Union was the first great power to establish diplomatic relations with both Koreas and this enabled it to play a potentially mediating role between the two Koreas. Gorbachev successfully turned South Korea’s imperialistic and brutal image of the Soviet Union into the perception of a close neighbour.

Quite frankly, however, the pace of the rapprochement was too rapid. The Korean government, in particular, was in a hurry. President Roh’s pressing goal was to host the Seoul Olympics successfully during his presidential term without any North Korean interference. To accomplish that goal, cooperation with the North’s allies such as the Soviet Union and China was essential. Hence, the Soviet Union participated in the Olympics and two years later, after establishing diplomatic relations, it received a \$3 billion loan. According to one later criticism, Seoul bought diplomatic relations with Moscow for \$3 billion (Interview with a visiting Korean Russian specialist in Washington, DC, December 20, 1997; Oberdorfer, 1997).<sup>2</sup>

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2. Interview with a visiting Korean Russian specialist in Washington, DC, 20 December, 1997; Pyongyang responded with a bitter denunciation in Nodong Sinmun, under the headline, “Diplomatic Relations Sold and Bought With Dollars.” Citing past promises from Gorbachev and Shevardnadze not to recognize South Korea, the article declared that “the Soviet Union sold off the dignity and honour of a socialist power and the interests and faith of an ally for \$ 2.3 billion (the amount of a reported South Korean economic cooperation fund for Moscow). In January 1991, Soviet Deputy Prime Minister Yuri Maslyukov’s mission to Seoul resulted in an agreement to supply a further \$ 1.5 billion in loans to finance Soviet imports of Korean consumer goods and industrial raw materials, and \$500 million for the financing of plants and other capital goods. Together with the \$1 billion bank loan obtained by Deputy Foreign Minister Igor Rogachev, the total was \$ 3 billion, all of which was to be repaid.

Accordingly, once both sides had achieved what they intended, the further development of relations was quite slow because their foreign policy objectives were virtually exhausted, especially on the Korean side. Moreover, the unresolved, and perhaps the most acute issue—the shooting-down of the Korean Air Lines aircraft—continued to haunt discussions between the two sides. South Korea demanded public apologies and additional information on the fate of deceased passengers. Moscow did not want to apologize for incidents that had occurred during past regimes and no new facts seemed to be available. Furthermore, the reluctance of the South Korean private sector to invest in the Soviet Union and anti-Soviet sentiment among South Koreans frustrated and disappointed the Kremlin leaders. Consequently, the absence of further foreign policy initiatives, the collapse of the Soviet Union and the deep domestic crisis in Russia created new uncertainties to relations between Moscow and Seoul.

### ***B. Russian-South Korean Relations during the Yeltsin Presidency***

Yeltsin's foreign policy toward the Korean peninsula leaned heavily towards South Korea during 1991 and 1992. Since the failed coup in 1991, Russian relations with North Korea had deteriorated steadily, partly as a consequence of Russia's growing ties with the South and partly as a result of Pyongyang's covert nuclear programmes. Russia even joined with the international community in pressuring North Korea to open up its nuclear programme to inspection.

In November 1992, Yeltsin paid a state visit to Seoul to formalize and strengthen links between the two countries. He supported peaceful reunification through North-South dialogue and claimed that Russia had already stopped supplying offensive arms to the North. Yeltsin and Roh signed the Treaty on Basic Relations between the Republic of Korea and the Russian Federation (*Treaty on Basic Relations between the Republic of Korea and the Russian Federation*, November 19, 1992) proposing to base their bilateral relations on the common ideals of freedom, democracy, and commitment to a market economy (*Rossiskaya Gazeta*, November 20, 1992; *Izvestiya*, November 19, 1992; *The Current Digest of the Post-Soviet Press*, 1992). During his address to the South Korean National Assembly, Yeltsin claimed that the 1961 Soviet-North Korea Friendship and Mutual Assistance Agreement would either be abolished or greatly revised. With regard to the 1961 Treaty, when the then new Korean President, Kim Young Sam visited Moscow in June 1994, Yeltsin assured him that amendments to the Treaty would no longer oblige Russia to side with North Korea in the event of a conflict (Harada, 1997).

Nonetheless, following 1996, Moscow's policy toward the Korean peninsula has changed dramatically. Yeltsin discovered that his pro-South policy, following Gor-

bachev's approach, produced no real further enhancement of relations with South Korea, while it incurred the loss of relations with Russia's previous ally, North Korea. The Kremlin decided to balance relations between Seoul and Pyongyang, and to restore old ties with North Korea. This clearly suggests Russia's attempt to regain regional power status on the peninsula, while manoeuvring between the two Koreas. In reality, Yeltsin's new policy proved to be rather difficult because Moscow discovered itself in the awkward position of projecting its image toward the two hostile Koreas simultaneously.

Unlike honeymoon period between the Soviet Union and South Korea under Gorbachev, Russian-South Korean relations under Yeltsin were somehow rough to maintain. Although a degree of mutual understanding and friendship between the states was retained, especially before 1996, there was considerable uncertainty in the political relations between Russia and South Korea. The main reason was that there was no long-term substance to their friendly relations (Bouchkin, 1995). For both sides, there were no serious and urgent problems or issues of concern. Once the immediate short-term political and economic goals had been achieved, Seoul-Moscow relations stagnated. Presidents Kim Young Sam and Boris Yeltsin had to arrange "the interface of the two nations to have it pay off, that is, to have the relationship rise high enough to benefit both sides (Bouchkin, 1995)," and they found this very difficult to accomplish.

The complicated domestic political situation in Russia also had a significant impact on Russian-South Korean relations. The new Russian government was too preoccupied with internal problems, and any energy left for diplomacy was devoted to relations with the other successor states and with the West. It was believed that the future of the democratic, anti-communist, Russian state depended on the West for disarmament, aid, models of development and investment, access to international organization like G-7, and help in fighting organized crime. As a result, Russia's policies toward Korea (and Asia as a whole) lost their momentum.

Once the Soviet Union disintegrated in December 1991, President Roh's Soviet policy, and particularly, his decision to provide \$3 billion in credits to an unstable government, came under attack in Korean domestic politics. Russia's economic crisis also undermined Russian-South Korean relations. Although Yeltsin thought that improving relations with Seoul would help to transform the Russian economy, trade and economic activities between the two countries remained limited throughout Yeltsin's term (Harada, 1997).<sup>3</sup> South Korean private sectors complained about the harsh conditions of the

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3. For example, although Russian trade with South Korea increased by 30 % from \$0.95 billion in 1992 to \$1.25 billion in 1995, it accounted for only 1 % of Russia's total trade turnover in 1995.

Russian market in terms of the extremely slow reshaping of property relations, ambiguous legal provisions concerning the rights of foreign investors, widespread organized crime, the unsettled political situation, weak infrastructure, and the taxation system. They were particularly concerned about Russia's inconsistent application of exchange rates to trade, and arbitrary restrictions on exporting natural resources (Korean Statistical Yearbook, 1993). While South Korean investors were supposedly more willing to take risks than their cautious Japanese counterparts, there were many better investment opportunities than Russia, such as Uzbekistan and Kazakhstan. In short, as far as direct capital investment in the Russian Far East was concerned, it turned out to have no immediate value for Korean investors (Bouchkin, 1995). Moreover, Seoul's IMF economic crisis in 1997-1998, which was considered the second largest turmoil in its history since the Korean War, made economic cooperation between the two countries even more difficult. Following the economic crisis, as Ferdinand notes, many Korean banks became insolvent and Korean business sectors did not have sufficient capital to invest in Russia (Ferdinand, 2004).

One of the primary factors delayed development of Russian-South Korean economic cooperation can be attributed to Russia's inability to pay its international debt. Moscow's decision to postpone the payment due for its \$3 billion loan produced a negative reaction in the Korean government and business community. Despite requests and explanations from the Russian government, Seoul froze the remaining half of the loan, and the opposition in Russia used the opportunity to attack the ruling party in Russia for tremendous miscalculations in its foreign and economic policy. "Russians, in turn, showed displeasure at fluctuations in Seoul's behaviour in the economic sphere, its unreliability, and the dishonesty of some Korean businessmen (Bazhanov, 1994)." After seemingly endless talks on this issue, the two sides finally agreed in April 1995 that Moscow would pay, over a four-year period, \$450.7 million in overdue principal and interest in the form of deliveries of various raw materials, including nonferrous metals, as well as civilian helicopters and military hardware (*Maeil Kyongje Shinmun*, 1995).

In conclusion, Russia's political instability and poor socio-economic conditions had a detrimental effect on Russia's overall image in South Korea. Furthermore, following the disintegration of the Soviet Union, Russia's weakness in international affairs and its inability to influence North Korean behaviour downgraded its political value in the eyes of the South Koreans. Seoul discovered that Moscow had lost practically all leverage with Pyongyang. For example, Moscow was excluded from a number of higher-level negotiations in the Korean peninsula. In the spring of 1996, the joint South Korean-US announcement of proposed four-power talks with North Korea and China to deal with ongoing problems on the peninsula came as an insulting slap in the

face to Moscow.

Hence, the friendly atmosphere of Russian-South Korean bilateral relations deteriorated. Both sides complained about a number of problems and overall attitudes toward each other. Contention grew over the Russian moratorium on fishing in the central part of the Sea of Okhotsk. In 1993 the Russian Foreign Ministry rejected demands by certain South Korean officials that Moscow renounce the military clauses in the Soviet-North Korean alliance treaty of 1961. South Koreans were also discontent with the conclusion of a special state committee in Russia that Moscow could not be held responsible for the shooting down of KAL007 in 1983. The South Korean media called it a Cold War position, and Seoul demanded partial material compensation for “the unforgivable destruction” of the airliner. However the Russian government limited itself to expressing apologies. South Koreans also complained about the discharge of nuclear waste by Russia in the Far Eastern seas, and Seoul was distressed by the Kremlin’s sudden cancellation of a high level economic meeting in May 1994 (Bazhanov, 1994). Moreover, the diplomatic relations between the two sides were further exacerbated by the reciprocal expulsion of diplomats on espionage charges in 1998, a dispute over the relocation of the Russian embassy in Seoul, and Russia’s decision to return North Korean migrants to China (Wishnick, 2002; Joo, 2002).<sup>4</sup>

### ***C. Medvedev’s and Putin’s Policy towards South Korea***

Following a decade of frustration, Putin and Medvedev made some substantial progress in improving relations with South Korea, and the Korean peninsula has become a higher priority issue in Russian foreign policy than in the half a century since the Korean War (Toloraya, 2003; *Yonhap News Agency*, 2005).<sup>5</sup> Here, although there are two different leaders, Putin’s and Medvedev’s foreign policy toward Korea are no different from one another. There are two major differences between Medvedev’s and Putin’s policy towards the Korean peninsula, and that of their predecessors: both

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4. In July 1998, a South Korean counsellor at the South Korean Embassy in Moscow was expelled from Russia on espionage charges. South Koreans immediately reciprocated by expelling a Russian counsellor in Seoul. This incident highlighted tense relations between Moscow and Seoul intelligence agencies over collecting intelligence activities. Indeed, this incident along with several other issues created the worst diplomatic crisis in the late 1990s between the two sides in the history of their relationship. It also well illustrated a widening gap, in terms of perception and interests, between the two sides.
  5. On 20 April, 2005, during a meeting with the new South Korean envoy to Russia Kim Jaesup and several other diplomats, Putin stated that South Korea was a top diplomatic priority for Russia in the Asia-Pacific region.

leaders improved Russia's relations with North Korea and used the energy card in the Russian Far East. Kremlin's emphasis on both economic security and multipolarism has had an impact on their policy towards the Korean peninsula.

First, economic priorities emerged as one of the most distinctive and important features of Putin's foreign policy. Although Gorbachev and Yeltsin claimed that Russian foreign policy should be directed principally at promoting the wealth of the nation and the well-being of its citizens, "this message appeared increasingly formalistic and devoid of meaning (*Nezavisimaya gazeta*, 2000)." On the other hand, "Putin and Medvedev demonstrated the interest and commitment to transform a rhetorical allegiance into a genuine economization of Russian attitudes towards the world (Lo, 2003)." In other words, Putin has emphasized the importance of Russia's economic integration in the two most dynamically developing areas in the world—Western Europe and Northeast Asia.

Putin and Medvedev's emphasis on regional economic issues made it convenient for Russia to deal with both Koreas simultaneously. Moreover, energy diplomacy became an important instrument to promote economic recovery, to participate in the global economy, to maintain Russia's geo-strategic influence, and to improve the international security environment. In particular, Putin has used Russia's energy resources as an instrument in relations with both Koreas, suggesting that "Russia's natural resources can become the linchpin of large projects and sinewy networks of pipelines in Northeast Asia (Rozman, 2003)."

Second, multipolarism has been frequently used by Russia's foreign policy community during Putin's and Medvedev's era. Although it can be traced back to when Andrei Kozyrev was foreign minister, it is most often associated with Russia's more recent foreign policy decisions. In Shearman's account, "this term has symbolized a more hard-line stance in Russia, indicative of a move away from a western-oriented approach (Shearman, 2001)." Putin appears to use the term to denote his balance of power perspective, and in its relations with Northeast Asia, particularly with China, Russia has opposed US hegemony in this region. At the same time, "multipolarism also reflects more recognition of Russia's weak stance in the overall global distribution of power (Shearman, 2001)."

Putin and Medvedev, in particular, Putin himself has been once again seeking to influence a region of strategic importance. Putin wants to upgrade Russia's image, and to exercise influence in the region. Specifically, he is clearly hoping to promote Russia's role as an objective mediator in the Korean peninsula, this time emphasizing more of the regional economic security dimension. He has encouraged both Koreas to participate in trilateral economic cooperation, focusing on specific long-term economic projects such as the oil and gas pipeline building projects, the establishment of an industrial

park in the Nakhodka FEZ, and linking the TSR and the TKR projects.

Putin was the first Russian leader to pay an official visit to North Korea. His renormalization policy with Pyongyang should be seen in terms of his balance of power perspective, and an effective demonstration of multipolar diplomacy (Shearman, 2001). It clearly gives Russia some influence and leverage over the Korean peninsula. The North Korean leader Kim Jong Il's Trans-Siberian rail journey across Russia in August 2001 dramatized the intensifying ties between Pyongyang and Moscow.

Despite the normalization with Pyongyang, Putin did not want to risk losing his political and economic ties with the South. And, surprisingly, his radical concept of trilateral cooperation was well received by both the North and the South. He aimed not only to achieve economic benefits through trilateral relations, but also to bring North Korea into the Northeast Asian regional society and maintain stability in the Korean peninsula (Toloraya, 2003). Amid the uncertainty of inter-Korean affairs, Putin used the strategically effective energy instrument, as well as offering other economic incentives for cooperation. It is important to note, however, that Putin's balanced approach towards both Koreas was only possible because the two South Korean leaders, Kim Dae Jung and Roh Moo Hyun, pursued their "sunshine policy"<sup>6</sup> toward North Korea. In short, Putin's new foreign policy, the Moscow-Pyongyang rapprochement, and improved inter-Korean relations all contributed to favourable circumstances for Russia's influence and cooperation vis-à-vis the two Koreas (Toloraya, 2003).

Kim Dae Jung, Roh Moo Hyun and Lee Myung Bak were willing to enhance relations with Russia. As a result, bilateral Russian-South Korean relations have become more important in the last few years. Russia and South Korea have aimed not only at dealing with the North Korean nuclear issue, but also at working through high and low level contacts in the hope of improving the flow of information and reducing the chance of misunderstanding between the two countries. Putin and the South Korean President Kim Dae Jung gradually improved the estranged and stagnant relations between the two countries, engaging in political activities such as an exchange of high government officials as well as parliamentary delegations (The Embassy of Russia in Republic of Korea, Briefing on Political Cooperation, 2005; *The Korea Herald*, 2001;

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6. The Sunshine Policy is the mainstay of the Republic of Korea's North Korea policies aimed at achieving peace on the Korean Peninsula through reconciliation and cooperation with the North. It is not a simple appeasement policy in that it pursues peace on the basis of a strong security stance. The Government recognizes reality—the reunification of two Koreas will not be achieved in the near future as the two sides have been facing off in conflicts and confrontation for more than half a century. The Government believes that settlement of peace and coexistence is more important than anything else at the present time.

Joo, 2001).<sup>7</sup> Putin's visit to Seoul on February 26-28, 2001 confirmed that Moscow's relations with Seoul was given one of the highest priorities in Russian foreign policy in the Asia-Pacific region (*The Korea Herald*, 2001; Joo, 2001), and resulted in a joint statement that primarily aimed at encouraging economic cooperation between the two countries. The two sides also agreed that the 1992 joint Declaration on the Denuclearization of the Korean peninsula and the 1994 Geneva Agreed Framework should be implemented to remove the nuclear threat on the Korean peninsula and the heads of state vowed to cooperate on projects which would continue to ease inter-Korean tensions (*Korea-Russia Joint Declaration by Kim and Putin*, Seoul, 2001). After the new Korean President Roh Moo Hyun was elected, bilateral relations improved even further.

Putin & Medvedev and three Korean leaders laid out two aspects of security cooperation between the two countries: 1) regional economic security cooperation focusing on long term economic projects; and 2) the traditional security aspect of the stability of the Korean peninsula, primarily the solution to North Korea's development of nuclear weapons. With regard to the latter, during the Moscow summit between Putin and Roh on September 21, 2004, the two leaders agreed to cooperate closely in multinational talks to persuade North Korea to abandon its nuclear weapons programmes. They also confirmed that they would cooperate in the fight against international terrorism and the proliferation of weapons of mass destruction (*Yonhap News Agency*, 2004; *Korea-Russia Joint Declaration by Roh and Putin*, 2004; *Korea Times*, 2005).

According to a 10-point joint statement in Moscow (*Korea-Russia Joint Declaration by Roh and Putin*, 2004), Roh and Putin aimed at facilitating bilateral economic projects including linking railways, building oil and gas related projects, the creation of a Russian-Korean industrial complex in the Nakhodka Free Economic Zone, and the transfer of Russian space technology. In addition, a dialogue on energy cooperation has been particularly active under Putin and Roh. The enhanced diplomatic relations between Putin and the two Korean leaders have clearly contributed to projecting a favourable image of Russia among the South Korean business community. In 2003, for example, the volume of bilateral trade was the highest in the 14 years of Russian-South Korean diplomatic relations. The growth in the volume of trade in 2003 was 27.3 percent, and reached \$4,181 billion (*Interfax News Agency, Diplomatic Panorama*, 2004; *Agence France Presse*, 2004). In 2004, trade turnover was even higher, reaching a record high of \$6 billion (*Interfax News Agency, Diplomatic Panorama*, 2004). In fact, many South Korean private enterprises have actively pursued the development of

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7. The Embassy of Russia in Republic of Korea, Briefing on Political Cooperation, on <http://www.russianembassy.org/english/political.html>, accessed on 28 April, 2005.

their business in Russia (*Digital Times*, 2005; *Hankook Ilbo*, 2004).<sup>8</sup> An agreement dealing with the problem of Russian debt to South Korea reached during the 2004 summit was another important step in improving bilateral trade and economic relations. This agreement created the basis for resuming cooperation in the banking sector. As a result, the South Korean Export-Import Bank began financing South Korean exporters through Russian commercial banks (*Hankook Ilbo*, 2004). Moreover, Lee and Medvedev more actively begun to discuss Siberian gas pipeline project through North Korea among Seoul, Pyongyang and Moscow in 2011. Nevertheless, despite the efforts by Putin and Roh, and Medvedev and Lee to upgrade relations between the two countries, there still remain a number of limits that hamper multi-dimensional security cooperation.

### III. Framing New Security Relations?

Since the diplomatic relations in 1990, the two countries have put equal emphasis on both traditional and non-traditional security cooperation. However, the focus has gradually transformed from the traditional to a non-traditional dimension. In the past several years, both countries have been engaged in enhancing regional economic security in the regions of the Russian Far East and the Korean peninsula respectively, specifically focusing on energy security, fishery, constructing a transport network, creating a free economic zone, and nuclear proliferation issues. Furthermore, the discussion on the arms trade between Russia and South Korea also illustrates that even in this field, non-traditional security, that is, enhancing national economic security interests, has been paramount. The role of North Korea in Russian-South Korean bilateral security relations also provides an interesting perspective within the comprehensive security framework, since it is viewed not only as a traditional security threat, but also as an economic security enhancing factor in the long term.

Russia and South Korea intended to enhance their bilateral relations and establish their bilateral and regional economic security through cooperation in each of the above

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8. For example, one of the South Korean conglomerates, LG and the First Deputy Chairman of the Moscow regional government, Alexei Panteleyev agreed to establish an electronics factory in Russia. The LG group also began constructing an oil chemical plant in Tatarstan worth more than \$1 billion, while another South Korean conglomerate, the Lotte group, started construction on a \$300 million big business-hotel center in Moscow. It was reported that LG also set up two electronics research centers in St. Petersburg Engineering University and the Moscow State University.

mentioned five projects. However, there is a considerable gap between what has been achieved and what was intended. First, Russia and South Korea sought to enhance their energy security by diversifying their energy export and import markets. Thus, they have been discussing energy cooperation since the early 1990s. A project to construct a cross-border gas pipeline, estimated to be able to provide a total of 20 million tons of natural gas to China, Russia, and Korea annually for 30 years, between Kovykta gas field and South Korea through China, was initiated in 1995. Nonetheless, the project stalled and at present it seems highly unlikely to come to fruition in the foreseeable future. Moreover, although a deal was signed with Sakhalin Energy in July 2005 to supply KOGAS with 1.5 mt per annum of LNG for 20 years, the scale of overall Sakhalin LNG gas trade between the two sides is still insignificant and it is far from sufficient to meet South Korea's energy requirements.

Second, as far as railroad network linkages are concerned, the most immediately achievable transport project linking the TSR with the TKR would clearly provide both Russia and South Korea with the opportunity to meet their objectives to become great transit powers by maximizing their geo-strategic positioning. TSR-TKR linking project explains how the realization of the railroad project would enable the two countries to diversify their commercial markets by improving resource allocation and increasing their trading volumes. Since the project envisages train shipments across North Korea, the Russian and South Korean governments also hoped that it would contribute to easing the tension in the Korean peninsula and would facilitate the reunification of Korea. So far a number of proposals and feasibility studies have been conducted by both Russia and South Korea. Despite the obvious advantages to both countries and to the Northeast Asian region more generally, however, the project has virtually ceased to make progress since December 2004. Apart from the need to overcome a number of obstacles on both the Russian and South Korean sides, North Korea's withdrawal from the project in December 2004 made it clear that the successful completion of the railroad link requires the prior resolution of the North Korean nuclear problem.

Third, the successful operation of the Nakhodka FEZ had the potential to enhance the common regional economic security interests of Russia and South Korea, as well as of other participating states, by establishing a market network and promoting regional economic integration. Since 1992, Moscow and Seoul have conducted feasibility studies and set up a number of agreements regarding the size and the lease terms for joint construction of the industrial complex in the Nakhodka FEZ. However, the project has not been ratified by the Russian government. Moreover, the Nakhodka FEZ virtually ceased to exist after a new Russian law on special economic zones took effect on August 27, 2005 and it was excluded from the list of six regions which won their bids to create special economic zones in Russia on November 29, 2005. Despite

its potential, therefore, the Nakhodka FEZ project is perhaps the least likely of the cooperative projects examined in this thesis to be achieved.

Fourth, fishery cooperation is one of the important aspects of Russian-South Korean bilateral relations because of its potential to meet the economic and food security interests of the two countries. Russia's vast and rich marine products and fishery resources, specifically, its pollack, cuttlefish and saury resources, have been attractions for South Korea's expanding fishing zones. Fishery activities, such as joint ventures between Russian and South Korean private fishing companies, have developed rapidly since 1990. However, the scale of fishery trading between the two countries has remained small. In fact, there has been more conflict than cooperation in the fishery diplomacy between Moscow and Seoul. Crucial problems that have arisen include Russia's reduction of its pollack catch quotas, its unpredictable policy concerning fishing rights charges, and illegal fishing activities. Although some of the disputes have been resolved on an ad hoc basis, the issues have the potential to resurface in the future.

The fifth aspect of cooperation between Russia and South Korea is the arms trade. The two countries have been engaged in the arms trade since 1994. The initial impetus was Russia's concern to repay its debt to South Korea and the serious setback that occurred in Russia's defence industry after the collapse of the Soviet Union. The South Korean government was hesitant at first to purchase Russian arms due to political sensitivity both in the region and in its relations with the US. Nevertheless, the arms trade has enabled South Korea to acquire a number of items of up-to-date military hardware from Russia at very competitive prices, particularly through the two Brown Bear arms trade projects. Indeed, the arms trade between Moscow and Seoul has met the two countries' mutual interests by decreasing Russia's debt to South Korea since 1994. Despite the rapidly developing arms trade between the two countries, however, its scale remains relatively small, constituting only 0.8 percent of total Russian arms exports from 1994-2004. Moreover, it is questionable whether the two countries will continue their arms trade once the Russian debt to South Korea has been completely cleared.

#### **IV. Analysis of Stalemate Relations**

The wide gap between the potentially substantial benefits that Russia and South Korea could derive from each of the five projects and the limited progress that has been achieved indicates that although Russian-South Korean bilateral cooperation was motivated by economic security needs, the cooperative bilateral and regional economic

security building process has encountered a number of serious obstacles. In each of the five case studies, I can identify the flowing obstacles to hampering cooperation in that specific sector. In sum they comprise the following three factors: 1) problems concerning the Russian domestic situation, specifically regarding the course of transition in the Russian Far East; 2) the inexperience of the two states in implementing regional economic security measures and in cooperating in the Northeast Asian region; and 3) external factors such as the North Korean nuclear crisis. These three factors explain the limited progress in Russian-South Korean bilateral cooperation.

First, despite their potential for the economic development of Northeast Asia, cooperation in energy, transport networking, fishery, and in establishing Free Economic Zones, have all been constrained by the unstable political and economic situation in the Russian Far East. Among the most serious problems of the Russian Far East is the lack of adequate legislation to safeguard investments and ensure future profits. Furthermore, even when the laws exist, the lack of legal enforcement in the region creates the climate for burgeoning illegal activities such as illegal fishing, illegal trade of stolen cars, arms and timber, drug smuggling, acts of contract killings in the Nakhodka FEZ, and cargo robbery on the railroad. Without a strong legal framework, the establishment of a FEZ in the Russian Far East seems to be extremely difficult, as the other cases of FEZs in Russia illustrate. The criminalization of fishery commerce is also rooted in the ill-defined and unenforced legal system, combined with the absence of law enforcement agencies in the Russian Far East and a confiscatory tax regime. These factors have generated a boom in illegal fishing. And illegal fishing, in turn, has resulted in overfishing, causing Russia to reduce the fishing quotas for foreign vessels, sparking a fishery quota dispute between Moscow and Seoul.

The Russian domestic factor also affects centre-periphery relations between Moscow and the regions of the Russian Far East which makes the building up of regional economic security cooperation between the Russia and South Korea problematic. For example, excessive politicization of the FEZs delayed the development of the Nakhodka project and finally reduced the scope of cooperation related to the territorial parameters and the financial and investment scale. As a result, the Nakhodka FEZ barely existed by the time the new law was adopted. Similarly, the highly politicized fishery quota allocation system in the Russian Far East ultimately led to illegal fishing. Moreover, even though the central government believes that the development of the Russian Far East is essential to its long-term economic prosperity, it remains suspicious of close relations between local governments and Northeast Asian countries. Any attempt by regional leaders to seek economic prosperity, such as establishing a FEZ or making local energy deals, is regarded as something that could enhance the independence of local governments from Moscow, decentralize the national economy, and

redistribute power. In fact, the power struggle between the centre and periphery over fishery resources created considerable opportunities for corruption and illegal fishing.

As a result of this suspicion, the central government in Moscow has used several tactics to ensure that the regions are unable to sustain economic cooperation with Northeast Asian countries including South Korea. For example, Moscow's high railroad tariffs, and its inconsistent and unpredictable tax policy in the FEZ, as well as the high tax levied on the energy trade resulted in fundamental questions being asked in South Korea as to whether these economic projects could be economically beneficial in comparison to alternative options. Finally, and not unexpectedly, these conditions generate sceptical views among potential investors about the benefits of investing in the Russian Far East.

The second factor explaining the limitation in Russian-South Korean bilateral cooperation is the relative inexperience of the two states with regard to the concept of regional economic security cooperation, resulting both in South Korea's reluctance to invest in long term economic projects, and in Russia's hesitancy to open its markets fully to foreign investors. Long-term economic projects require substantial finance, investment and technologies. But the two sides have both experienced difficulties in dealing with sensitive issues such as tax privilege negotiations and making the conversions of military weapons systems necessary for the arms trade. The lack of mutual confidence is still very much rooted in the Cold War legacy, and it has resulted in both sides' reluctance to either offer concrete initiatives, or display a spirit of cooperativeness in seeking a compromise during the process of negotiating major projects. For example, each side lodged vociferous complaints against the other about not providing detailed information about the weapons during the arms trade negotiation process.

As a consequence of the two governments' inexperience in regional economic security cooperation, South Korean business circles have been reluctant to invest in regional projects. The lack of experience also generated a great deal of fear among Russian policy makers who believe that an increase in Northeast Asian influence in the Russian Far East threatens Russia's security. This has led to protectionist thinking among Russian policy makers. For example, even though the two sides recognized that the establishment of a FEZ in Nakhodka would create enormous job opportunities for regional populations and diversify markets, the Russians and South Koreans remain cautious about developing long-term economic projects.

External factors are also important in explaining the limited progress in Russian-South Korean bilateral cooperation. The North Korean nuclear issue has had a negative impact on economic security cooperation between Russia and South Korea. For example, one of the possible Kovykta gas pipeline routes planned to run through North Korea is highly unlikely to come into existence at this stage. Moreover, although the

railway linkage project still seems to be moving in the right direction, it would be facilitated if North Korea were to open up its market and society further. At the same time, from the traditional military security perspective, North Korean protests against Russia transferring arms to South Korea remains an obstacle to further military cooperation between Moscow and Seoul. Although its protest has no direct effect on arms trade cooperation between Moscow and Seoul, the bilateral arms trade provides a potential excuse for Pyongyang to withdraw from trilateral economic relations among the three countries.

In short, trilateral cooperation among Moscow, Pyongyang and Seoul is the most important factor which would promote the further development of multi-dimensional security cooperation between Russia and South Korea. In fact, the reunification of Korea would be a primary contribution to consolidating multi-dimensional security cooperation between Russia and a unified Korea. Because of this, Russia's stance on Korean unification is one of the most important issues in redefining Russian foreign policy in this region.

To a lesser degree, the US has had an indirect influence on Moscow-Seoul relations, particularly with regard to the arms trade and the North Korean factor. The US has had some impact on constraining military cooperation between Moscow and Seoul, such as in the arms trade, naval exercises, and the transfer of space technology. However, it is in relation to the North Korean issue that the US has had the greatest effect. In short, the trilateral relations among Pyongyang, Moscow, and Seoul have primarily been affected by the US Administration's policy towards Kim Jong Il. Indeed, North Korean leaders are more interested in improving relations with Washington than with Moscow. In other words, Moscow-Seoul relations depend in many ways on whether President George W. Bush pursues a tough or a soft policy towards North Korea.

In short, South Korea's active investment, Russia's continued reform in the Russian Far East, and improvements in the political and economic situation in North Korea are the key factors which would facilitate the comprehensive security building process between Moscow and Seoul. Nevertheless, the reality is that the implementation of the projects has been delayed and that some of the projects have ceased to function as a result of the obstacles and the delays. In sum, the obstacles have prevented Russia and South Korea from fulfilling their potential for creating a cooperative comprehensive security relationship. It is, perhaps, even premature to declare that bilateral economic security has been established.

Each of the five cooperative projects not only has the potential to contribute to Russian-South Korean bilateral economic security. They could also contribute to building regional economic security, since Russian-South Korean bilateral relations are an integral part of both traditional and non-traditional regional security issues in

Northeast Asia. A regional security system in Northeast Asia would include maintaining a regional balance of power, building regional economic security through integrating markets and establishing a regional energy security framework and a regional fishery regime, and constructing a regional transport network. Given that there have been relatively few imperative diplomatic issues on the agenda between Russia and South Korea, and their respective low priority in one another's foreign policy profile, the Northeast Asian political situation influences Russian-South Korean bilateral relations. In addition to North Korea's role in trilateral relations among Moscow, Seoul and Pyongyang, and the indirect influence of the US, Japan and China also both simultaneously create opportunities and act as constraints in the regional economic security building process between Moscow and Seoul. The energy project, for example, and the formation of the FEZs require multilateral cooperation from China, Japan and the US. Moreover, fishery has become a new regional security concern, as onshore fishery production and deep sea fishing quotas have steadily decreased due to the reduction of fishing grounds, illegal fishery, and the difficulty in securing new fishing grounds.

Accordingly, the obstacles that prevent the development of Russian-South Korean bilateral relations also clearly hinder the establishment of regional economic security. It is important to understand that the delay in the bilateral cooperative projects cannot simply be explained by the fact that they have only recently been launched. The problems cannot be understood without paying attention to the three factors outlined above. Even though there have been many talks and proposals among the participating countries since the collapse of the Soviet Union, none of the cooperative projects have produced substantial benefits or concrete outcomes. The energy, railroad, and Nakhodka FEZ projects have not succeeded in attracting Chinese, Japanese, or North Korean participation. Trust and confidence among participating countries seem to be extremely difficult to establish and none of the projects have produced the infrastructure development that would generate prosperity in the region. Whether Russian energy could be reliable and affordable still remains questionable among Northeast Asian countries and, as a result, the energy projects have not produced the diversification that might resolve the Northeast Asian energy problem. Nor has the TSR and TKR linking project created a physical network between the states; the border remains closed, blocking cross-border interaction. The Nakhodka FEZ project failed to attract foreign investment from the Northeast Asian regional economy. And the fishery conflict among Northeast Asian states over catch quotas, fishing rights charges, and territorial fishery zones persists, along with illegal fishing, because of the absence of a multilateral regime to control or mediate disputes. Moreover, the arms trade between Moscow and Seoul may satisfy the immediate economic security interests of Russia and South Korea, but it does not really have any positive implications for regional security. On the contrary,

from the traditional regional security perspective, the arms transfers made North Korea feel less secure and, since they act as a counter-balance to Japan, the US and China, they also make them feel less secure and, as a result, they could destabilise the balance of power in Northeast Asia. In short, despite their great potential for enhancing regional economic security, the cooperative projects between Russia and South Korea have not enhanced economic security of the region.

## V. 'What is to be Done?'

What is to be done in order to further enhance bilateral relations between Russia and South Korea? First, cooperation at the bilateral and multilateral level is essential. But although this article concentrated primarily on bilateral Russian-South Korean relations, a broader Northeast Asian regional economic security system and regional integration would require Chinese, Japanese, and North Korean participation and cooperation among all regional players.

More specifically, Russia would have to ensure that the prices it charged for oil and gas were competitive with those charged by Northeast Asia's existing primarily Middle Eastern or future North American oil and gas suppliers. Furthermore, foreign direct investment is the key instrument in developing the energy project and bringing the shared prosperity which would result from the efficiencies produced by a joint energy infrastructure and energy policies. As for the gas pipeline project, the attitude of Gazprom is crucial to the development of a future gas pipeline project; the question is whether Russia is willing to open the gas fields to Northeast Asian countries.

As for the railroad project, the pivotal task for Russia is to ensure that the service and management of the TSR are improved; TSR traffic must move quickly, be dependable, and be capable of dealing with railroad bandits. On the Korean side, the reconstruction and reconnection of the TKR is essential. More importantly, relations between Pyongyang and Seoul must be improved, as well, of course, as relations between Pyongyang and Washington. The result of the Six-Party talks on North Korea's nuclear programme is the most crucial element to determining the pace of this project. For this reason, instead of switching shipping completely from sea routes to the TSR, it would be more realistic for South Korea to consider using the Russian land corridor in addition to sea travel for European-bound goods and Russian natural resources, or as a means to develop markets in Siberian regions.

Even though the Russian energy pipeline scheme in the Northeast Asian region would clearly help Russia to become a regional player, oil and gas exports will not be enough to solidify Northeast Asian ties. To play an active role in the new regionalism,

Russia should propose an all around strategy for the region. In this regard, the type of previous Nakhodka FEZ project would be very useful. The South Korean government should also adopt a more aggressive policy toward the Nakhodka FEZ industrial park type of project, not so much because of the economic benefits of the project itself, but for the sake of enhancing bilateral relations.

The concept of comprehensive security would clearly be a positive development for fishery diplomacy. Comprehensive security for fishery would mean that security could be achieved through a web of interdependence which would include cooperation in fishery disputes, in combating illegal fishing and in scientific fishery research. Proposals for maritime cooperation should be formulated not against an adversary, but rather to deal with common problems of illegal fishing and overfishing. Indeed, successful cooperation in one endeavour would build the confidence to undertake further cooperation. For this reason, the fishery diplomacy between Moscow and Seoul requires a coordinated response by authorities on both sides of the maritime border. The establishment of a cooperative mechanism within Northeast Asia is essential. Networking between Moscow and Seoul, such as enhancing the Interpol network, is essential to curtail illegal fishing. States should set up sanctions against illegal vessels, such as the adoption of a civil sanction regime based on an administrative penalty scheme. Above all, the system of quota allocations in Russia must be converted from the current opaque lobbying process to the transparent sale and enforcement of rights to fish. It would help if Japanese and Korean authorities were to demand that Russian fishermen show their licenses for fishing and export.

In terms of regional security, the arms trade issue remains rather contradictory, since the objectives of bilateral economic security do not always correspond to those of traditional regional military security. This means that the more the arms trade between Moscow and Seoul develops, the more military security in the region is at risk. Large scale joint military exercises or the conclusion of a military alliance is highly unlikely between Russia and South Korea. However, the arms trade, particularly in the form of joint military research, defensive military hardware, dual-use technology, or aerospace technology projects should be actively pursued, not so much because of the economic benefits of the arms trade itself, but for its diplomatic contribution to enhancing bilateral relations.

## **VI. Concluding Remarks: Russia's Future Path**

For the centuries, Russia's primary objective in the Korean peninsula has been to maintain or enhance its prestige, and to play a major role in Northeast Asia. Nonetheless,

Kremlin leaders have always faced the dilemma of whether they should be traditionalists who emphasize the importance of power and military strength in foreign policy, or integrationists who promote harmonious relations with major regional and global actors within the international system. In fact, neither the traditionalists' nor the integrationists' strategy has allowed Russia to play a major role in the Korean peninsula.

The reasons for this lie primarily in Russia's relatively weak position in the region, its inconsistent policies, its lack of policy resources, and the low priority of Korea in Russian foreign policy. Consequently, Russia's policy has been circumscribed by the external environment. For example, Nicholas II's imperial penetration of the peninsula was checked by Japan's victory in the Russo-Japanese War in 1905, while Stalin's ambition to expand Soviet power in the Korean peninsula was thwarted by the US policy of containment. Soviet policy toward Korea was paralyzed during the Cold War. Moscow refused to acknowledge South Korea's existence, and yet was unable to maintain truly cordial relations with the North, distracted as it was by China. Gorbachev attempted to participate in the Asia-Pacific region with more peaceful strategies, yet this clearly created little more than the image of a weak Soviet Union. Under President Yeltsin, Russia was also sidelined by its two rivals, China and the US, especially over North Korea's nuclear crisis talks. In short, so far Russia's policy has failed to prevent the US or China from remaining the main actor in the region. Therefore, throughout history Russia's policy has been reactionary and limited. Russia's position in Korea was based on prestige rather than power, and it has been seen as a problem because it is a potential source of instability, proliferation and pollution in the region. Neither Gorbachev nor Yeltsin had specific policy objectives and plans concerning Korea.

Nevertheless, the new energy deals that Putin and Medvedev have offered to his Northeast Asian neighbours represent more than energy itself, considering that energy security is the primary concern for Northeast Asian regional economic security these days. The energy projects, along with the other large scale economic projects that Russia currently seeks to develop in the region, clearly indicate that the Kremlin leaders themselves understand the importance of regional economic security, and that Russia is willing to be part of the Northeast Asian regional economic community. Yet, since 2011, this energy card receives the immense pressure since North American shale gas boom is burgeoning and dramatically changing global landscape of energy market. Russia has no enough time to seek further advantageous leverage over Northeast Asian gas market since North American countries have already begun to export their shale gas to Northeast Asian market.

The mysterious torpedo attack on the South Korean navy ship in the Yellow Sea in 2010, the North Korean nuclear issue and the problem of a divided Korea mean that traditional security concerns still remain important in Northeast Asia and that Russia's

role in the peninsula is not negligible. Russia could somehow pursue a 'wait and see' policy towards unification or it could actively support unification by playing a crucial mediating role between Seoul and Pyongyang. Russia's drive for influence in the Asia-Pacific region requires it to be proactive, constructive, responsible and dynamic with regard to unification and economic cooperation. Most important, Russia should escape from the Cold War mentality and should redefine the US- Russian relations in the region and reconsider the role of Russia in the region, neither as an imperialist nor as a bug bear.

Up until now, Russia seems like she cannot get herself out of 1960 or 1970s type of balance relations among Russia, the US and China. Specifically, Russia should bear in mind that improving relations between Moscow and Washington does not necessarily undermine Russia's position in Northeast Asia and should recognize the potential threat from China in the region. Most of all, in order to be a major player in the region, Russian leadership must reconsider transforming the image of Russia in the region as a reliable cooperative partner.

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