RUSSIAN FAR EAST AND KOREAN PENINSULA

THEMATIC ISSUE

VOLUME 5, No. 1, 2015

based on materials of situational analyses and round-table discussions conducted at MSU(N) in 2003-2015

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2015
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ABOUT THE PROSPECTS OF RUSSIAN PARTICIPATION IN THE RAILWAY FREIGHT TRANSIT THROUGH THE KOREAN PENINSULA

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Abstract: The article analyzes the situation with the implementation of joint project concerning reconstruction of railway tracks from Russian border station Khasan to North Korean port city Rajin and modernization of some of Rajin port facilities. As well it discusses the current state of working objects and prospects of their further use, facilitating and hindering factors and conditions.

Keywords: Trans-Korean railway, port of Rajin, containerized transportation, transshipment complex, the volume of coal exports, economic cooperation with DPRK.

In the last few years, in connection with the discussion of development prospects of the situation around the Korean Peninsula, politicians and experts of neighboring countries have started to raise regularly the questions of implementation of international economic projects in this region.

The interest in these problems comes alive on the eve and during regularly appearing military and political crisis and emergency situations and periods of discussing ways for their resolution, different summits and high-level visits, negotiations for planning and forecasting solutions of various international issues.

Back in November 2013 at the summit in Seoul the Russian Federation through its President has expressed interest in achieving inter-Korean consensus, not only to ensure security in the region, but also to promote the development of the Far Eastern region, the raw materials of which can effectively be combined with the industrial needs of the Republic of Korea [21].

As it was implied the beginning of a dialogue between Seoul and Pyongyang will create political opportunities for the successful construction of the Trans-Korean railway with further access to the Trans-Siberian railway and transportation of various cargoes to Europe, the gas pipeline through North Korea to South Korea and even export of excess electricity from the Russian Far East.

But it is not as simple as it seems at first glance. The proposals about economic cooperation have been designed for ideal, the most favorable conditions. However, such conditions didn’t happen mainly because the relations between the North and the South are still frozen as they were before. .

Keeping this in mind let’s consider in more detail the situation with one of the announced projects – to utilize the railway from Khasan linked with Trans-Siberian railway as well as Rajin port facilities for import-export trade with the countries of the Far East and Asia-Pacific region.
On September 22, 2013 the reconstructed track Khasan-Rajin has been put into operation. In this regard the official ceremony took place in Rajin with the participation of senior management of RZD (“Russian railways”) corporation, Ministry of railways of North Korea. Modernization of relatively short (54 km) railway track constructed across rather complex terrain required enormous amount of labor and expense: the replacement of track structure combined gauge (1520 mm and 1435 mm), restoration of 30 manmade structures, including 18 bridges and 3 tunnels, the routing of trunk communication lines.

The total area of the Russian complex in Rajin port is identified in 14 hectares, estimated total capacity is 4-5 million tons per year. Here the Pier #3 with the length of 485 m was reconstructed and dredging works were carried out. That allows loading simultaneously two vessels with deadweight up to 54 tons [12, 24]. In addition, the storage areas for "complex goods" have been equipped, conveyor lines installed [5], industrial and office buildings constructed, new, modern port equipment delivered, for example universal gantry cranes [8]. The amount of expenses reached 10.6 billion rubles [31] or, according to estimations of 2015, 300 million dollars [18, 23].

It was clear even before putting objects into operation: investments in modernization of railway and port terminal mean that they should be actively used to establish stable and profitable freight traffic volumes.
Originally it was planned to launch container shipping from South Korea (first up to 100 thousand [12], and then up to 400 thousand [31] 20-foot containers per year). But then it has been discovered that even all these rather small volumes (for comparison, the throughput of Busan - 22.49 million TEU by the end of 2012 [22], the commercial port of Vladivostok – over 600 thousand [4]) TEU) could not be taken into account.

South Korean business, anxious about official Seoul sanctions against the North, security problems and a likely rise of cost in both exports and imports due to political risks, didn't strive to work with North Korea and did not want to take on real commitments without specific assurances from their government. As a result, the Russian Federation official and business structures decided to re-orientate the involved port facilities in Rajin to marketable bulk cargoes (mainly coal).

It is clear that North Koreans (who hoped for quick and easy profit) were to some degree disappointed by this situation. The disappointment was expressed, in particular, in ostentatious care about marine and natural environment surrounding the port, that may suffer damage as a result of open storage and loading of coal mass and even hints addressed to the Russians about the violation of the initial agreement.

One way or another, but these issues have been resolved. The DPRK side agreed that the coal will be washed with special dust suppression equipment [5], the subject of container shipping could be discussed again under favorable circumstances.

Then, on July 18, 2014, the official opening ceremony of port transshipment complex was held. On the same day, the Chinese ship departed from Rajin to South Chinese port of Taichung with 43 thousand tons of coal (obtained from Russian consignor SUEK in Kuzbass) [12].

Now some more details about South Korean position. Back in November 2013 at the Seoul summit, Vladimir Putin and Park Geun-Hye decided to involve stakeholders from the Republic of Korea for participation in the work through Rajin port transshipment terminal. Specifically it was meant that South Korean companies POSCO, Hyundai Merchant Marine (HMM) and Korean Railway (Korail) could participate in the implementation of the Russian contribution to the construction and operation of Khasan-Rajin railway and port facilities.

Seoul government authorities made it clear to the businessmen that the participation in these projects is politically necessary for the positive assessment of "Eurasia initiative" of President Park Geun-Hye, so the government will support such steps.
After that, according to the decision of state leaders and as part of *due diligence* procedure (forming of objective opinion about the investment object), the South Koreans twice (February and July 2014) took a trip through Russia to Rajin. There they inspected the objects of railway and port infrastructure, met with local officials and discussed the possibilities of joint organization of transit delivery of pilot coal batches through port facilities.

![The view of Rajin port](image)

It is worth noting that the DPRK officials reacted to the visits of South Korean guests quite friendly: agreed to discuss the posed topics, allowed to inspect almost everything and even hinted at the possibility of expanding the shared port areas.

Meanwhile, the South Korean side hasn’t provide yet any specific guarantees for investments, (it is believed that the amount can reach 150-200 million dollars in the form of repurchase 49% of Russian stake in JVC “Rasoncontrans”) [31].

On 28 November, 2014, 40 thousand tons of Russian coal were downloaded again on the Chinese ship, now in the address of the South Korean company POSCO, and after official ceremony shipped to the South Korean port Pohang.

Here is a certain nuance. It is known that POSCO imports now about 2 million tons of coal [30] per year from Russia via Vladivostok. But this port freezes in winter, and Rajin – no [31], while the coal was probably needed urgently. The political arguments of Seoul official authorities also played its role. In the end, despite the fact that the cost of supplies through Rajin was 6-8 dollars per ton higher than through the ports of Primorye region (Primorsky Krai), POSCO agreed, and the announced event took place. But it has remained single (not regular), although the partners agreed to implement another such event in the spring of 2015.

The next visit of South Korean high-ranking delegation (Ministry of Foreign Affairs, Ministry of Unification, Ministry of Commerce, Industry and Energy, POSCO, HMM, Daewoo and several other companies) to Rajin was made from 17 April to 23 April, 2015. Guests once again visited port complex, where two Chinese ships were loaded with 47, 2 thousand tons and 40 thousand tons of coal and then departed for South Korean ports Tanjin and Pohang.

In fact for more than a year the South Koreans are putting off the particular decision under the pretext of thorough examination of the quality of railway tracks and Rajin port facilities, the level of mechanization in the transport and handling of goods. Such decision is likely to be announced before the end of 2015.

Russian and North Korean partners respond with understanding, occasionally expressing the hope that very soon the cargo traffic will become stable and constant.
It is clear that a long pause on the part of Seoul can be caused by simple delay of time under the pretext of technical treasons. But there are also real, objective factors, which the South Korean business is obliged to take into account.

First, the so-called “sanctions of 24 May, 2010” are not formally cancelled yet, even partially. These sanctions have banned after the sinking of the Corvette “Cheonan” all work on commercial projects with DPRK, except “Kaesong industrial complex”. The suggestions to exclude completely Rajin projects from the scope of sanctions in order to create a solid, legal basis for their implementation have been repeatedly announced in various circles of the Republic of Korea.

Until now, however, political issues outweigh economic interests for Seoul. There are many words about the desire to unify the country, to develop economic cooperation and “Eurasian integration”, but almost no real changes. The last exchange of views in this regard took place at the Eurasian Forum on transport and energy in Seoul, April 22, 2015, where Russia has proposed to establish a tripartite working group for the promotion of projects on the Korean Peninsula. In response Korean participants of the forum expressed the "inspiration", but no more [1, 29].

Politicians and experts in Russia are also well aware of the fact that there is lot of talks, but almost no real steps in this affair.

One can remember the words of the Minister of the Far East A. Galushka, who visited the above said Forum: "these 360 thousand tons of cargo (transported via Khasan to Rajin since the beginning of 2015), are better than 360 thousand words, which were pronounced on the topic of trilateral projects on the Korean Peninsula" [1,18].

Such situation is caused not only by the views and position of the Republic of Korea. Sooner or later, the expansion of international trade through North Korea will demand its diversification. However, this question is closely connected with the so-called "sanctions" of "world community" towards Pyongyang and must be resolved on international level.

Second, the level of foreign participation in the project is determined by commercial benefit, and that, in turn, depends on the final value of the goods for consumers. This value is affected by the speed of delivery of goods to Rajin, and the speed is closely connected with the capacity of Russian railway network.

One can assume that if the Russian side in agreement with the importers managed to deliver in short terms to Rajin significantly larger volumes of coal for export, the final price would be lower and, therefore, the goods become more competitive. What it depends on? - an exporter, anticipating the presence of high transport costs in the final price does not risk to offer and send large batches of goods;

High transport costs are added in the process of excessively long delivery time, due to capacity of key railway lines and technical quality of Far Eastern railways as a whole.

Another important question is the guaranteed and prompt return of rolling stock, which, not only can be stuck on any stage of the journey, but comes back empty. That may lead to further, no reimbursable costs for the sender;

- potential foreign partner, in anticipation of the damage to his interests can not decide on large-scale deals, preferring to buy the necessary materials maybe in remote, but less risky and more flexible and cheap markets;

- economic expediency as well as the quality of transport infrastructure do not allow to distribute the goods traffic and to turn it from excessively overloaded transport directions.
Accordingly, in order to encourage Russian and foreign businessmen and to increase the export competitiveness it is necessary to reduce transport costs in the goods final price included in it as expenses for their delivery to consumer.

As it is clear, it seems reckless to rely on foreign investments for expansion and modernization of Far Eastern railway network in the context of difficult global and domestic economic situation. "Infrastructure constraints" and "bottlenecks" in certain segments of Far Eastern sector of Trans-Siberian railway, especially in the area of the approaches to ports, may be eliminated through internal resources, compiled from a combination of public and private investments.

JSC “RZD” (“Russian railways”) has repeatedly declared the readiness to invest in the reconstruction of railway regional infrastructure. But what is being done for that? The real work (e.g., along the line Baranovsky-Khasan) is scheduled to begin "only if the cargo traffic appears" [5]. On the eve of 2015, allegedly "to finance the expansion of transport infrastructure projects" the “Russian Railways” introduced a 10% increase in transportation tariffs and additional services (for example, contracts for the shipper's scheduled route). According to existing expert estimates, all this "can lead to a fall of freight traffic in Far Eastern railway and contradict the government’s efforts to develop the region" [13].

The fact that there is little that recently changed in this area was indirectly confirmed by the Minister of the Far East A. Galushka. According to his words the revitalization of commodity exchange demands the establishment of logistics connection, and the certain efforts should be applied as from North Korean side by optimizing the train movement on the broad gauge line from Khasan to Rajin, as by Russian Federation. Russia plans to invest in the modernization of Trans-Siberian and Baikal-Amur railways 10 billion dollars [20], and to carry out all necessary works until 2018 (including 150 billion rubles from the National Welfare Fund [13]).

The result is that in 2014 it was supposed to handle 2 million tons of coal [5] through Rajin transshipment complex but only 83 thousand tons have been sent to South China and South Korea by two "trial" sea flights. Generally speaking, the main part of the coal freight was arranged through Khasan border crossing point in the second half of the year, the volume in the first quarter of the year is less than 20 thousand tons. In the first quarter of 2015 the volume of freight passed through Khasan is 408,7 thousand tons of coal [14] (according to data from “Russian railways”, the Minister A. Galushka stated a figure of 360 thousand tons of cargo [1]), the export took less than 90 thousand tons of coal.

In this regard, the final figure of scheduled commodity volumes in the area from Khasan through port of Rajin in 2015 was gradually adjusted and reached not 5 [5], but only about 1.5 million tons [1, 7]. Foreigners in general perceive skeptically Trans-Siberian railway transit, preferring to use routes through China, Mongolia and Kazakhstan with their higher quality transport network and cheap customs procedures for sending goods to Europe (it is noteworthy that the same directions are often used by Russian wholesalers from Western regions). As for Russia the business from neighboring countries is much more interested in the prospects of Northern Sea Route than transcontinental transit by railway.

Of course, Moscow may hope that the traffic from Asia-Pacific region to Europe via China will not ignore Russian territory and can be moved to it by deepening cooperation with South Korea in accordance with Seoul "Eurasian" conception.
But, firstly, it is not definite that Russia is considered in Seoul as a “bridge to Europe”. One of the variants of future relations of South Korea with Russia, China, India and Central Asia determines energy-rich states of the Middle East as the ultimate goal of the “silk road” [32]. It is there where a new “silk road” from China, via Kazakhstan, Central Asia and Iran with a further continuation to Europe can be set [17].

Secondly, the "Eurasian" conception is expected to be implemented within 40-50 years, but may not necessarily outlast its creator. The citizens of the Republic of Korea are already accustomed to the fact that the change of government administration often cause the changes of foreign policy (though not always entirely), especially toward DPRK. As an example it is enough to name three last South Korean presidents: the politics of "solar heat" of Kim Dae-Jung and Roh Moo-Hyun was followed by a conservative turn of Lee Myung-Bak, and by certain reversion towards demonstrative openness after the inauguration of Park Geun-Hye.

Thirdly, entering "Rajin project" South Koreans don't build global plans at this stage. Now it is expected that the cooperation with the Russians will help to stabilize and expand existing import routes from Far Eastern ports of Russia, and also to debug the interaction with international logistics complex near Hunchun, constructed by POSCO and HMM. As it is known, one can get there not only through Rajin, that's why South Korean business is showing a steady interest to existing and future potential of Zarubino (port in south-west part of Primorye Region).

Therefore, drafting of the plans of the "great railway journey" from Busan to Western Europe via the territory of Russia seems a bit premature.

As for the prospects of Rajin port facilities it is appropriate to recall the following. The head of «Russian Railways» cautiously expressed the view that the project in the DPRK is favorable for some exporters to Russia facing "infrastructure limitations" in the Far Eastern ports [12]. Specific decisions on partial redistribution of the traffic must be taken by cargo owners.

However, the experts indicate that the complex in Rajin will not change significantly the situation with general cargo volumes, but on the contrary due to the expansion of Far Eastern ports may lead in the future to the excess of port facilities and their underutilization [12].

So, the total cargo turnover of the Far Eastern ports (containers, raw materials and consumer goods) increased in 2014 (as compared to 2013) by 12.2% [13]. The coal transshipment via Primorye (port Vostochny, Nakhodka commercial seaport, Posyet) increased by 23.3% [13] (12.7 million tons) and will probably rise even more in case of realization of the projects "Seaport Sukhodol" ("Volga Group" and holding company "SDS") and "Port Vera" in the settlement with a special status “Fokino” (“RT-Global resources" and Chinese corporation “Shenhua”). Each of them is designed for 20 million tons of coal, and is expected to be loaded through the use of large coal deposits in Amur region and Yakutia.[9]

What remains for the share of Rajin? Large coal companies are for the most part the owners of port infrastructure and seek, primarily, to use its power. If you rely on small companies, how much they will be interested in sending large cargo volumes (small consignments of goods will not compensate the expenses) via North Korean port?
The area of junction of the borders of Russian Federation, China and North Korea

In other words, the prospects of utilization of Russian port terminal in Rajin for domestic coal and other goods remain uncertain. It may happen that we will be forced at first to focus on the transit of Chinese goods through our port facilities at least in order to compensate the capital investments.

At the same time it would be worth to diversify the type and scope of economic cooperation with North Korea in order to expand opportunities for return of investments in key joint projects on its territory.

The process in this direction is already under way. The largest number of steps has been made in the 7th session of Russian-North Korean intergovernmental Commission on cooperation, held in Pyongyang in the end of April 2015. If any of the proposed investment directions will not be such profitable as they had expected to be, the expenditures may be returned by gaining profit from other objects or areas of bilateral cooperation. It’s just necessary to work out the scheme of specified compensation acceptable for both partners.

The following steps are approved or worked out:

- North Korea has offered in exchange for the reconstruction of its railway network to allow Russian companies to develop mineral deposits (so-called project “Victory”). The dates of selection of above mentioned companies for the project were transferred to the last quarter of 2015 [11];
- Russia and North Korea will set up a special working group to study the possibility of supplying electricity to the Korean Peninsula, for preparation of the feasibility study, including analysis of possible supply routes, energy balances of member countries and the cost of electricity, as well as for implementation of the detailed design. A draft of intergovernmental agreement will be prepared prior to August 1, 2015 [10, 11].

It is supposed that in the first stage the line will be laid to Rajin, then along the East coast of the Peninsula with the prospect to reach South Korea. North Korea has agreed to compensate the expenditure of the Russian side by supplies of copper ore from this region’s deposits [10, 11];
- the Russian side proposed and found understanding, both in Pyongyang and in Seoul, about the entry of Russian companies as "residents" in inter-Korean economic zone in Kaesong [29];
- in accordance with agreements between “Vnesheconombank” of Russia and DPRK Bank of Foreign Trade “Vneshconombank” has opened in the Bank of Foreign Trade the special account in foreign currency for accumulation of funds used for the development of joint projects [3]. In turn, according to arrangements about the transition of financial settlements on bilateral export-import transactions to Russian rubles, North Korean correspondent accounts have been opened in "Regional development Bank". Over 3.5 billion rubles were paid through them [28] since the beginning of 2015 [28];

- it was agreed to compile together the catalogue of mineral resource base in order to assess the prospects to develop North Korean deposits (amounts, directions of work, size of investments, etc.) by the efforts of Russian companies concerned.

-bilateral discussions were held about the prospects of reconstruction and modernization of some workshops in metallurgical enterprise in the city of Chongjin [Kim Chak plant] [3];

In the framework of the Agreement on the principles of road transport operations, previously signed in Moscow, two sides have discussed the possibility of construction of pontoon bridge, in addition to existing railway one across Tumangan (the border river between Russia and North Korea). Along with transporting cargo the pontoon bridge should also contribute to the expansion of Russian tourist flow to DPRK [26];

- It was decided to hold regularly joint presentations of investment possibilities in special economic zones of North Korea and Russian Federation, and also to inform each other about operating conditions existing in these areas with the aim of possible future creation of tripartite special economic zone with the participation of Republic of Korea. Pyongyang has invited Russian companies to take part in the development of Wonsan – Kumgang international tourist region and Chongjin zone of economic development, Russian side agreed to recommend potential investors [3];

- Russian companies have engaged in a process of cooperation with North Korean partners on co-processing of marine resources [6,16];

- Russian side called for further mutual simplification in the preparation of documents for business and tourist trips, with the prospect of full introduction of visa-free system [25].

It is obvious that in the conditions of limited possibilities of obtaining external financial resources Pyongyang will continue to hope for help, and maximum economic benefits from traditional partners – Russia and China. Such benefits should be better provided gradually, without linking them with political and military aspects of the relationships, with the expectation for the future and, preferably, after the consent of North Korea on the concrete steps in response.

For example, Russian investors can get exclusive rights in necessary shares for development of North Korean natural resources and import of raw materials. It is advisable to enforce the proclamation and the effective functioning of visa-free trips for business and tourism, the introduction of special tax and business regime in addition to already existing regulations, the simplified system of visits to North Korean ports for Russian ships.

Basing on the economic expediency in the process of railway and port reconstruction works it'll be justified to open Rajin office of Russian Consulate-General in Chongjin (the similar office of North Korean Consulate-General in Nakhodka works now in Khabarovsk).

Subject to the foregoing, it is obvious that having made the investments in the reconstruction of railway from Khasan to Rajin and modernization of transshipment complex
in Rajin port, Russia secured the possibility of permanent economic presence in a strategically important (adjoining with Russian Far East) geographical area of Korean Peninsula.

Having this area as a base Russia may increase the influence in Korea and thus to obtain an ability for decision of geopolitical (the expansion of influence in North Korea) and economic problems (receiving of relatively cheap raw materials for domestic industry).

As for the prospects of full and rational utilization of Rajin port facilities (controlled by Russia) the situation remains unclear. The amount of cargo processed by them does not correspond with existing opportunities, forcing the Russian government and business to seek alternative forms and directions, an optimal distribution of investments.

To achieve the maximum level of cargo handling you should identify the sources of constant freight base and their volume, and also handle issues related to the transportation of goods to DPRK.

The financial component necessary for solution of this problem may be reimbursed for the expense of the profits received from other objects of Russian presence in North Korea. As for South Korean investments in Rajin projects, the consistent efforts of Moscow to involve them may have an effect only in the case of real positive changes in regional military-political situation.

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ENERGY SECTOR: THE POSSIBILITIES OF RESUMPTION OF THE RUSSIAN-NORTH KOREAN COOPERATION

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Abstract: The authors consider energy sector as a promising sphere of economic cooperation between Russia and the DPRK. This is conditioned both by economic needs of DPRK and political opportunities for Russia in terms of strengthening its influence on the Korean peninsula. Prospects of deepening energy cooperation in the range of bilateral and trilateral (including ROK) projects are analyzed.

Key words: DPRK-RF cooperation, energy sector, Trans-Korean project

Many experts identify "the North Korean economy" with "the international isolation" term. Are they correct? Is it possible to isolate the economy of any country (especially in Northeast Asia) in modern global economy world? How actions of separate global actors and groups of actors incorporated by one political idea can change the balance of power on the modern geopolitical map? These are the main issues for researchers.

Current economic situation of the Democratic People’s Republic of Korea depends on the international sanctions significantly. Modern sanctions regimes, in most cases initiated by the US and its allies, are no longer critical for the life of the victim states. But this statement may be true only in the absence of external aggression or, as they say, without coercion to peace and democracy. North Korea survived the war and the difficult period of self-reliance in the absence of the possibility to build a full-fledged foreign trade and political relations. The North Korean regime is unique, it has proved its strength and capabilities, including scientific and defense industries.

Russia has to build a complex system of relationships with Korean partners in modern conditions. It is equally true for the South and North of the Korean Peninsula. The implementation of large-scale projects on the Korean peninsula is impossible without achieving a stable relationship between the Korean states. Russia has to solve political and economic problems in the complex on the Korean direction. This creates additional time costs in the implementation of specific projects.

Reunification on the Korean Peninsula remains topical issue both in North and South for decades but there are numerous external and internal factors preventing unification and even making it unfeasible. The situation becomes more complex each year, though there is still a chance for two countries to improve relations. There are so-called Trans-Korean projects, i.e., large trilateral projects involving Russia and both Koreas¹, among multilateral projects that can promote rapprochement between North and South. One of them implies construction of a natural gas pipeline via the North Korean territory to enable Russia to

¹ These projects in their different options can include more countries, i.e., China, Japan and Mongolia but in the given article the trilateral cooperation between RF, DPRK and ROK is considered.
deliver gas to South Korea; another project under discussion is the construction of high-voltage (500 kilovolt) electrical power transmission lines through the territory of North.

Experts say very cautiously about new stage of Russian-North Korean cooperation in the field of energy. This is largely depends on lack of information and its quality. However, new ways to develop energy cooperation are discussed at the official governmental level and can bring positive results. The current situation suggests the possibility of a phased implementation of energy projects. “From the smallest to the largest” – the goal of economic cooperation between Russia and the DPRK.

Recently Russia activated cooperation with countries of Korean Peninsula and other North East Asian states in the range of its “Pivot to Asia”. Both Korean states also show renewed interest in developing economic ties with Russia.

Cooperation between DPRK and Russian Federation was revitalized. The problem of North Korean state debt to Russia hindering the development of bilateral trade was resolved in 2012, and it produced positive impact on economic cooperation between the two countries. Soon after that the exchanges of delegations and visits of high-ranking officials of DPRK and Russia followed to prove the enhancement of bilateral relations and implementation of joint economic projects in mining, agriculture and energy and infrastructure modernization in North Korea. Choe Ryong Hae, who arrived in Russia as a special envoy of leader Kim Jong Un last year, confirmed North Korea’s readiness “to consider in practical terms…trilateral projects, including the project to deliver Russian gas to South Korea via North Korea and a similar route for electricity” if the TKR and TSR connection project proves successful.

The North Korean delegation discussed a wide range of issues of economic cooperation with the Russian side during the official visit to Moscow in the end of February. North Koreans believe that the resumption of economic relations with Russia in the energy sector will contribute to the gradual rebuilding of turnover and the integration of the North Korean economy in the economic area of Northeast Asia. In addition, the establishment of bilateral economic relations will strengthen the political position of Russia in the region and will allow take the leading positions within the negotiation process on the Korean Peninsula nuclear problem.

Electricity supply projects to the DPRK were discussed during the February talks. Modern project assumes to supply of electricity to the North Korean energy facilities through the construction of high-voltage power line with capacity of 500 kW, as well as to carry out large-scale modernization of thermal power plants.

Electricity generation as of 1990 was primarily hydroelectric and coal-fired, in approximately equal proportions, with a small amount of oil-fired electricity generation capacity associated with the oil refinery at Sonbong and in two other plants. Much of the generation capacity was installed in the 1970s and 1980s, although a significant portion of generation facilities - particularly hydroelectric facilities - date back to the Japanese occupation. Many of the hydroelectric facilities in the DPRK are reported to be of the “run-of-river” variety, which means that their output is more subject to variations in stream flow than plants that rely on larger impoundments with greater water storage. Since 1990, the
ratios of hydro to “thermal” power production have varied from year to year\textsuperscript{2} but it is still too low.

High-voltage power lines construction project is not new. Work on this project began in 2009, but it was not realized. But nowadays old projects can be implemented in a new context, especially in the electricity sector. Russia has redundant power capacities in the Far East. Exports in the coming years will grow and diversify. However, building a dialogue with North Korean partners, Russia will be guided by principles of economic feasibility and benefits. Pyongyang understands it and is willing to engage in dialogue on mutually beneficial terms. At the same time, North Korea is considering the possibility of financing the construction of power lines on its territory. In addition, North Korea is willing to sign long-term contracts for the supply of electricity within the framework of an intergovernmental agreement.

In addition, North Korean diplomats are planning to reach an agreement on the gradual modernization of power plants located in the DPRK by Russian companies. The list of primary objects planned for modernization include: two Pyongyang thermal power plants (TPP), one TPP in Chongjin, another one in Pukchang. Primarily modernization will start on thermal power plants built on the basis of Soviet technology. Russia has all the necessary technologies for rapid and high-quality conversion of TPPs.

However, the massive commercial export of Russian machine-building in North Korea is limited for several reasons, the main ones are:

1. International sanctions restrict the ability to use the banking system to make the necessary financial transactions.
2. Cooperation at the enterprise level shows that suppliers often faced with North Korean defaults.
3. Volumes of North Korean purchases are irregular and small, so the costs and risks completely cover the possible benefits of the transactions.

However, countries can overcome the above disadvantages. According to experts, North Korea is ready to establish economic relations with Russia on a mutually beneficial basis now. The gradual implementation of bilateral projects will enhance both economic and political positions of Moscow in the North-East Asia and create preconditions for the implementation of the Trans-energy and transport projects.

EXPLORING THE POSSIBILITY OF KOREAN REUNIFICATION: A BRIEF SURVEY OF INTERNAL AND EXTERNAL FACTORS

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This article was earlier published in IFANS Review Vol.19, No.2

Abstract: The Korean question in Northeast Asia has important implications for peace and security in the region. Solution of the problems associated with Korean reunification will significantly influence the future course of international relations in Northeast Asia. It should be noted that the process of Korean reunification could engender a variety of uncertainties in the Northeast Asian security environment. Given this context, this paper aims to explore the possibility of a future Korean reunification based on the interactions of domestic factors and regional/systemic constraints in order to provide some insights for solving the Korean question. Given this context of interactions of regional major powers and the two Koreas and the complexity of the issue of Korean reunification, the main factors required to produce a desirable outcome should be understood. In sum, Korean reunification would be a result of the concerted efforts of policy makers of concerned states dealing effectively with the internal and external factors surrounding the Korean Peninsula.

Key Words: Korean Question, Korean Reunification, Northeast Asian International Relations, Internal Factors, External Factors, Inter-Korean Relations

I. Introduction

The Korean question in Northeast Asia has important implications for peace and security in the region. The division of the two Koreas originated from the drawing of the thirty-eighth parallel in 1945 and was confirmed with the establishment of separate governments on the Korean Peninsula in 1948 and the end of the Korean War in 1953. Korean reunification has long been a desire of the people of both Koreas since the Cold War began on the Korean Peninsula. Over the course of six decades, the two Koreas have been separated from one another politically, militarily, and ideologically. The confrontation between the Republic of Korea [ROK: South Korea] and the Democratic People’s Republic of Korea [DPRK: North Korea] is now a reality to those who are living on both sides.

Many researchers have investigated the issue of separation between the two Koreas and a possible solution for this confrontation in terms of confidence building, arms reduction, peaceful negotiation, identity formation, and unification\(^3\). Some scholars have focused on military deterrence, arguing that a second Korean War has not occurred and a relative peace has been preserved on the Korean Peninsula since the end of the Korean War, because of the extended deterrence supported by United States forces [Kang, 2003]. It is likely that the balance of power and regional stability that stemmed from the Cold War

\(^3\) For various studies of a solution for the problem of division on the Korean Peninsula, see Pollack and Lee (1999); Kim (2004); Olsen (2005); Bleiker (2005); Jonsson (2006). Discussion of a peace regime on the Korean Peninsula is being regarded as a powerful solution for the Korean question along with the existence of a multilateral security institution in Northeast Asia.
strongly determined the relationship between the DPRK and the ROK and could explain the negative peace\textsuperscript{4} on the Korean Peninsula since the end of the Korean War.

In terms of positive peace on the Korean Peninsula, however, it seems that there is still a long way to go. South Koreans and North Koreans have been separated from each other for over sixty years, and political elites on both sides still are pursuing narrow “regime interests” far from a national reconciliation. Moreover, we do not have much evidence explaining why the two Koreas have remained separated even after the end of the Cold War, which is, presumably, the most important reason for their division. This lack of knowledge could lead us away from an accurate prediction of a future possible Korean reunification. Because we do not know exactly why the two Koreas are still separated, despite huge changes in the regional and international system brought on by the transitional period from the late 1980s to the early 1990s, it is hard to know the main factors that might lead both Koreas’ future unification process. The reason for a continued separation of the two Koreas after the end of the Cold War is becoming harder to explain when one considers that the post-Cold War era has witnessed the reunifications of countries, such as Germany and Yemen, that achieved their own versions of unification. The German unification stemmed from the German Democratic Republic’s (GDR) decision to merge into the Federal Republic of Germany (FRG), and the Yemeni unification was a result of a negotiated settlement between the Yemen Arab Republic (YAR: North Yemen) and the People’s Democratic Republic of Yemen (PDRY: South Yemen). These two cases occurred along with the end of the Cold War and demonstrated that the solution of the division of these countries was, in large part, a result of the end of the Cold War as a dominant international system.\textsuperscript{5}

Answering the question of why the two Koreas are still separated could provide a guide for the possible future Korean reunification. Because the German and Yemeni unifications could be explained by the end of the Cold War in international politics, the Korean case might also be explained in large part by international factors. The uniqueness of the Korean case suggests, however, that researchers must investigate domestic factors more carefully. Despite heightened political rhetoric regarding a possible reunification, it appears that both Koreas do not take into consideration the real possibility of reunification for the foreseeable future. In other words, the two Koreas do not take each other’s unification policies seriously.

On the part of South Korea, the period of transition toward the post-Cold War era was so critical in terms of timing and democratic consolidation after the 1987 democratization that political elites in South Korea did not want to see any hasty changes in domestic conditions, such as the collapse of or sudden integration with the North. On the part of North Korea, the transition in the international system threatened its very existence but was not detrimental enough to cause regime collapse. In this transitional period, the North

\textsuperscript{4} According to Galtung (1964: 2), there are two aspects of peace: negative and positive. Negative peace means “the absence of violence, absence of war,” while positive peace means “the integration of human society.”

\textsuperscript{5} The case of Yemen is different from that of Germany in that the division of Yemen originated from the British colonial period, while the German division was the direct result of the end of the Second World War. In terms of solution for the division problem, however, these two cases are similar in the sense that the end of the Cold War and the subsequent withdrawal of Soviet support for and influence on both GDR and PDRY impacted each state’s decisions for the unifying process.
Korean leadership changed its policy from “Juche” (self-reliance) to “Soungun” (military first), meaning that political elites in North Korea tried to adjust to a newly emerging international environment through their own version of survival strategy. Despite this change in policies, it is clear that without external support such as that of China, the DPRK could not have sustained its own political and economic system. After the end of the Soviet-U.S. rivalry, the North Korean leadership chose to cultivate its own destiny, rather than consider a possible unification with its Southern counterpart.

In order to provide some insights for solving the Korean question, this paper explores the possibility of a future Korean reunification based on the interactions of domestic factors and regional/systemic constraints in the regional politics of Northeast Asia. Given this context of interactions of regional major powers and the two Koreas and the complexity of the issue of Korean reunification, the main factors required to produce a desirable outcome should be understood. Both domestic factors regarding inter-Korean relations and international factors concerning Northeast Asia security issues could drive the two Koreas into unification. In the next section, I will examine the policies of both Koreas toward each other during the period of the post-Cold War transition and the policy positions of major powers regarding peninsular affairs.

II. The Two Koreas and Korean Reunification

What is the relationship between each Korea’s foreign policy and the unification process? Is there any evidence that the two Koreas’ ultimate goal is reunification?

A. South Korea and Korean Reunification

South Korea’s policy of unification has reflected a changing international environment. Historical evidence shows that the international environment has impacted much of the South Korean policy toward North Korea. Although a policy of unification tends to be dependent upon the debate between conservatives and progressives rather than a bipartisan consensus in South Korea [Hahm, 2005; Chae and Kim, 2008], and, although most South Korean presidents have used the issue of unification and subsequent political rhetorical posturing as a means for the consolidation of the domestic political system, a policy of unification has tended to reflect changes in the international security environment. For instance, when President Park Jung-he (1963 – 1979) announced plans for a peaceful unification on 15 August 1970, South Korea’s unification policy was heavily intertwined with the process of East-West détente in the 1970s. As political circumstances surrounding the Korean Peninsula changed, so did the South Korean unification policy.

It has been argued that the issue of unification is one of South Korea’s top policy priorities and that the South Korean government has pursued a gradual integration with the North through multilateral institutions [Kim, 2005: 3; Park, 2005]. Historical evidence suggests, however, that South Korea has promoted the necessity of unification more rhetorically than realistically. The period of the late 1980s and early 1990s shows that a policy of unification in South Korea was politicized and used as hyperbole in Korean politics when the international system was in a period of rapid transition. As Snyder points out, “reunification proposals were a convenient vehicle for distracting the South Korean public from focusing on their own social or political grievances by trying to show that they were moving the nation forward in its aspirations for Korean reunification” [Snyder, 2004: 23].
In 1987, South Korea experienced a tide of democratization due to the South Koreans’ eagerness for democracy. In the next year, however, a new president was elected from the former military-supporting group, and President Roh Tae-woo (1988 – 1992) called for stability in domestic politics and the consolidation of democracy in Korean society. Despite rapid change in the international system, in Roh’s presidency ROK chose a relatively easy path: an internal adjustment of democratization, rather than an external adjustment of unification with the North. As a result, a newly emerging national unification movement was dampened by the necessity for domestic political stability. Roh’s Nordpolitik policy was effective in improving South Korea’s foreign relations, but not in domestic relations with North Korea.

It is true that the Roh administration tried to improve inter-Korean relations with the end of the Cold War. On 11 September 1989, President Roh announced the “National Community Unification Formula” that “featured a South-North confederation as a transition state prior to complete unification.” In August 1990, the Inter-Korean Exchanges and Cooperation Act was enacted. As a result of these efforts, the Agreement on Reconciliation, Non-aggression, and Exchange and Cooperation (also known as the Basic Agreement), the Joint Declaration on the Denuclearization of the Korean Peninsula and the Agreement on Creation and Operation of Joint Commissions came into effect in February 1992. Despite landmark performances, these results were clearly limited in terms of the reunifying process of the two Korean states in the sense that the two Koreas had quite different ideas of unification and policy strategy.

Given the uncertainty and unpredictability of the North Korean regime, South Korea’s consistent policy of engagement would gradually impact the overall process of Korean reunification. Thus far, a policy of engagement has been regarded as the best option for the South Korean government. Historical evidence shows that an engagement policy has played a pivotal role in Korean strategic thinking [Kahler and Katsner, 2006]. Since President Kim Dae-jung’s (1998-2002) “Sunshine policy” toward the North, and over the last ten years, South Korea’s policy toward North Korea has been a policy of engagement. Unlike his predecessors, President Kim promoted a more positive role for the South Korean government in undertaking a policy of reconciliation and cooperation with North Korea. South Korea’s policy was based on the position that strong economic relations could guard against security problems and eventually lead to political reconciliation between the North and the South [Kang, 2006]. The subsequent government led by President Roh Moo-hyun (2003-2007) has shown a strong tendency toward an engagement with North Korea based on shared Korean national identity. After basing his electoral campaign on appeals to a rising Korean nationalism and his subsequent electoral victory in November 2002, President Roh put his government on the path to a strong anti-American sentiment. In 2003, this nation-wide anti-American sentiment led South Koreans’ to strongly affiliate with North Koreans regarding Korean nationalism.

According to the ROK’s Constitution, the DPRK is not a legitimate state because the South Korean government recognizes only one legitimate state on the Korean Peninsula. This is why South Korea’s perception is that North Korean affairs are domestic, rather than international.
South Korea's foreign policy of economic engagement was intended to serve as a vehicle to enable the two Koreas to cooperate rather than compete with each other. As a result, however, Korean nationalism and anti-Americanism have risen to such an extent that the U.S.-ROK alliance has been severely affected by adverse public opinion in both countries. The increasing distrust of the United States in Korean society has been prevalent especially among young Koreans who have a strong national pride and demand equal relations with the United States [Kim, et al., 2006]. In the last decade, many Koreans have come to prefer closer relations with North Korea to closer relations with the United States based on a rising nationalism that has possibly weakened the U.S.-South Korea alliance [Mitchell, 2002/03]. More importantly, South Korea’s policy of engagement implies that Seoul intends to become more independent and not rely on any great power in peninsular affairs [Kim and Lim, 2007]. To this end, South Korea’s engagement policy with North Korea has had a political impact on the changing process of the U.S.-ROK alliance.

The current Lee Myung-bak government in South Korea pursues the policy of “mutual benefits and common prosperity” toward North Korea. While stressing security as a basic tenet of foreign and defense policy, the Lee administration has aimed at “advancing inter-Korean relations for mutual benefits and common prosperity through pragmatic and result-oriented approaches” [Ministry of Unification, 2008].7 Lee’s North Korea policy is similar to that of his predecessors in the sense that the ROK continually pursues a policy of engagement and sets as a goal the gradual unification of the two Koreas. Responding to South Korea’s suggestion for a new North Korea policy, however, the North began to criticize President Lee and his policy, because of a conservative orientation of the political groups supporting President Lee and his Grand National Party. In addition to contention with the North, the South Korean government faces other concerns regarding a possible unification. South Korea and the United States have different policy positions regarding a unification policy. As mentioned before, the issue of unification is one of the top priorities in South Korea’s foreign policy agenda. For the United States, however, the issue of unification is less important than North Korea’s nuclear problems, and the U.S. approach toward North Korea tends to focus solely on resolving nuclear issues.8 It is also true that the U.S. policy diverges markedly from the two Koreas on a variety of issues [Lee, 2006]. The point is whether the South Korean government could keep its own independent policy toward North Korea, leading to the integration process of the two Koreas.

B. North Korea and Korean Reunification

While South Korea’s foreign policy toward unification is of utmost importance, it is also true that “the prospect of Korean reunification is and becomes a function of North Korea’s system dynamics, a complex and ongoing interplay of domestic reforms and external support” [Kim, 2006: 296]. Even if it is hard to understand the interaction of domestic and external factors in North Korea due to the closed nature of its political system, it is clear that

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7 Lee’s North Korea policy has four guiding principles as follows: “pragmatic and result-oriented approaches; strict principles and flexible approaches; national consensus; and balance between inter-Korean cooperation and international cooperation.”

8 To examine the U.S. policy concerning nuclear North Korea, see Cha and Kang (2003), Wit (2007), Snyder (2007), and Shen (2008).
an investigation of the North’s policy strategies and political intentions are essential in explaining the prospect for a future Korean reunification.

The North Korean leadership has grounded its idea of national reunification on a strong ideological orientation. Based on the unification formula made by the former President Kim II-sung in 1960, North Koreans have never imagined any type of national unification other than a “North-South Federation” named the “Federal Republic of Koryo” (FRK). Despite its historical meaning, discourse regarding FRK is clearly limited by its ideological orientation: achieving national reunification through communist revolution and a nationalist movement. Traditionally, the DPRK has regarded the United States as the main obstacle to Korean reunification. Based on its ideological hostility against the United States as an imperial power, the North has ceaselessly insisted on the withdrawal of U.S. forces from the Korean Peninsula. To the North, the stationing of U.S. military forces in the South is nothing more than a U.S. threat to the DPRK and a means of hindering Korean national unification. North Korean government officials have argued that “The United States’ hostile policy towards the DPRK is the main cause interfering with the independent reunification of our nation and the development of North-South relations” [BBC, 2008b]. The strong ideological orientation of the unification policy in the North, however, does not necessarily mean that North Korea is eager to achieve national unification.

When the North faced the tide of changes in the international environment at the end of the Cold War and the demise of its strong supporter, the Soviet Union, the leaders in the DPRK had few choices for their regime survival. The North Korean leadership chose to criticize a Chinese-style market reform policy and pursued its own version of socialist statehood. When Kim Jong-il called for a change in the state’s guiding ideology and policy from the traditional “Juche” (self-reliance) to “Soungun” (military-first), he clearly showed that the North would undertake its own version of adjustment to changing external circumstances. Despite the change in its policies, the unification policy still is based on a strong ideological orientation and political rhetoric [Chang, 2006]. Hence, it is true that the North’s policy priority is not the achievement of national unification, but lies in regime survival [Bracken, 1993; Snyder, 2000/01].

Finding a solution to the issue of North Korea’s nuclear weapons program is closely related to the prospect for Korean reunification. A nuclear North Korea is thought to be one of the main sources of regional instability in Northeast Asia. The first revelation of the North’s nuclear program strongly indicated that the North Korean leadership chose regime survival, not integration with the South as its policy priority. Historical evidence shows that policymakers in both Koreas calculated their national interests in different ways. In 1993, Moon wrote, “Nationalism runs deep in the minds of Koreans, transcending ideological,

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9 Kim Il-sung’s unification formula has these five principles: “to eliminate military confrontation and ease the tension between the North and South, to achieve multilateral collaboration and interchange between the North and South, to convene a Great National Congress comprising representatives of people of all levels, political parties and social organizations from the North and South, to institute a North-South Federation named the Federal Republic of Koryo (FRK), and to enter the UN as a single state under the name of the FRK.” BBC (2008a).

10 Koryo is the name of an ancient Korean kingdom that was very popular in the world of international business at that time. The term Korea is said to originate from Koryo and the use of Koryo as the name of a united Korea calls for a new revival of Korean national identity based on its historical popularity.
regional and even class cleavages, but political elites will be less susceptible to the convergence option since national unification and regime survival may be antithetical” [Moon, 1993: 131]. Because regime interests were more urgent and important than national unification in the view of policymakers in both Koreas, the impact of the changes in the international environment on the Korean Peninsula was quite limited.

The North’s nuclear weapons program clearly is related to its regime survival efforts. Demanding bilateral talks with the United States, the DPRK has long pursued possible negotiations for regime survival. With regard to its motives, some commentators point out that it is unclear “whether Pyongyang merely is using the specter of nuclear weapons to force negotiations or whether it is serious about becoming a nuclear-weapons power” [Carpenter and Bandow, 2004: 74]. It would be more reasonable to assume that the North’s efforts to play the nuclear card is primarily linked to a matter of survival rather than mere prestige or a nuclear power status, given the perception of threat from and fear of the United States held by North Korea.

It is clear that each major power in the region has a different policy position regarding a nuclear North Korea. During the Bush administration, for instance, the United States, seeing North Korea’s nuclear weapons program in view of its war on terrorism, insisted that until the North dismantled its nuclear weapons program in accordance with the principle of “complete, verifiable, irreversible denuclearization” (CVID), there could be no direct talks or negotiations between the two countries. China, on the other hand, has taken a more flexible approach to the North’s nuclear issues, understanding the DPRK’s situation and intentions, while suggesting the North Korean leadership undergo a Chinese-style reform. China’s policy priority is to maintain a stable international environment in which its continued economic growth is possible, and these domestic interests affect its policy positions toward the North’s nuclear issue [Wu, 2005; Xiao, 2008]. Given the enormous impact of China and the United States on the reconciliation process of the two Koreas, the differences in the policy positions of these states toward the nuclear weapons program in the DPRK cannot be overlooked.

The policy positions of the United States and the DPRK diverge on the subject of North Korea’s nuclear problem. For North Korea, it is vital to achieve an American security assurance in exchange for giving up the nuclear weapons program, because “For North Korea, the threats from the United States are real and pressing, and the only way to manage them is to strike a direct deal with the Americans” [Moon and Bae, 2003]. In the process of resolving nuclear issues, it is clear that the North Korean leadership perceives the United States as the most important actor who can guarantee its security and survival. If the North regards its nuclear weapons program as a matter of survival, it would be very hard for the United States to resolve this issue without understanding North Korea’s policy positions and intentions.

Ironically, the difficulty in resolving Pyongyang’s nuclear problems produced unintended consequences, such as a China-U.S. partnership, in the process of multilateral talks and negotiations. Despite some divergence on how to solve the problem of the nuclear weapons program in North Korea, both countries came to understand the strategic importance of each other in regional security affairs. The United States began to recognize the importance of the Chinese influence on the North Korean nuclear affairs, and China now understands the impact of the U.S. North Korea policy on its own strategic interests. Even if
China is more concerned about the regional effect of the North Korea factor on the nuclear policies of Japan, South Korea and Taiwan, and even if the United States tends to focus more on a nuclear North Korea itself, the two parties at least agree on the objective of “achieving a nuclear weapons-free Korean peninsula” [Glaser and Liang, 2008]. Hence, it is likely that “cooperation between the United States and China on a critical security issue requires a sufficient overlap of interests, but not full convergence” [Glaser and Liang, 2008: 177].

The importance of the North Korea factor in the integration process of the two Koreas is without doubt. Pyongyang’s policy stances are important to foster cooperation between the United States and China. The stalemate concerning a nuclear North Korea could be a major obstacle to a future Korean reunification.

III. External Conditions of Korean Reunification

The problem of Korean reunification is closely linked to foreign policies of major players in the Northeast Asian region, such as the United States, China, and Japan. Without some changes to the foreign policies of these major powers, the status quo on the Korean Peninsula will continue. This is true, given that these major powers ‘have reached a ‘consensus’ for political stability through the status quo on the Korean Peninsula, rather than for Korean reunification” [Wang, 1999: 177]. Despite some consensus on regional affairs, there is always the possibility of conflict among the major powers in Northeast Asia. For example, the United States tends to see the Northeast Asian region as part of its global strategy, while China thinks of the region as within its area of vital interest [Soerensen, 2006]. Historically speaking, China has regarded the Northeast Asian region as its backyard [Shambaugh, 2003]. Given this background, it is natural that there are different perspectives on regional affairs among these powers.

A. The United States and Korean Reunification

The United States is one of the most influential actors in the unifying process of the two Koreas. Without American support and influence it would be almost impossible for the two Koreas to achieve national reconciliation. America’s vital interests for both strategic and economic reasons are keeping its traditional allies and cooperating with the newly emerging regional powers in the Asia-Pacific. It is argued that under the Bush presidency (2001-2008) U.S. relations with China and Japan were generally strengthened in terms of economic as well as security cooperation [Funabashi, 2008]. It is also true that a possible strategic rivalry between the United States and China could have a huge impact on regional security affairs [Medeiros, 2005/06]. The United States will be able to continue bilateral relationships in order to pursue American interests in this region. What will be the U.S. position concerning possible future Korean reunification?

First, U.S. policy toward the Korean Peninsula is likely to focus primarily on dealing with the North Korean nuclear program. It seems clear that the United States prefers the status quo to rapid political change and thus seeks to maintain peace and stability in the

11 For example, in response to the North’s efforts to hold bilateral talks with the United States and their positive response to this proposal, China welcomes this improvement, on the one hand, but worries about its role becoming marginalized in the process of negotiations between the United States and the DPRK, on the other hand. See, Xiao (2008: 180).
region [Wang, 1999; Snyder, 2000: 517-518]. Americans do want to see a stable Korea without North Korean threats. The possibility of Korean reunification becomes more likely as the major powers converge on the peaceful process of the resolution of the Korean question in Northeast Asia. Changing relations between the DPRK and the United States would be a key factor in explaining the future process of Korean reunification. Historically, the North has continually pursued its normal relationship with the United States. To both countries it appears that “Normalization of relations will be a crucial step in transforming the enemy identities that the two states are currently unable to break” [Kim, 2006: 294].

Second, cooperation between the United States and South Korea is essential for solving the North Korean nuclear dilemma. It is argued that denuclearization on the Korean Peninsula could be achieved in association with a Korean peace process, the efforts of regional security dialogue, and a policy of economic engagement [Sigal, 2008: 5-19]. How these three factors might be linked to the denuclearization problem on the peninsula is unclear, however. If denuclearization on the Korean Peninsula is a precondition for peaceful Korean reunification, then these factors could obviously affect the unifying process.

In order to solve a variety of regional security problems, for instance, there is a need for multilateral security institutions in the Northeast Asian region [Laney and Shaplen, 2003]. In this context, Snyder argues that the creation of multilateral security institutions in Northeast Asia helps make a strong bilateral relationship between South Korea and the United States [Snyder, 2008]. To link the improvement of the ROK-U.S. relationship to the resolution of the North Korean problem is not an easy task, however. As far as the problem of North Korea is concerned, it is still unclear how strengthened and improved U.S.-South Korea relations might impact the resolution of the North Korean nuclear program. The Six-Party Talks dealing with North Korean nuclear issues would be one good example for the possible development of a multilateral institution in the region. How strengthening the U.S.-ROK alliance and changing the process of the Six-Party Talks as a multilateral mechanism in the region impact the process of Korean reunification remains to be seen.

B. China and Korean Reunification

It is very important to know what China really wants regarding the issue of Korean reunification. Basically, China supports the status quo based on its strategic calculations in Northeast Asia [Kerr, 2005: 425-426]. On the one hand, to Chinese policymakers, the continuation of a divided Korea could provide a stable security environment. Given the uncertainty of the process of integrating the two Koreas, China tends to prefer the status quo to a rapid change in the Korean Peninsula [Wang, 1999; Shambaugh, 2003]. On the other hand, China intends to help the DPRK regime survive and reform, ultimately leading to integrating the two Koreas [Shambaugh, 2003]. China’s position on future Korean reunification is likely to depend on the United States and North Korea factors. The Chinese perception of the United States military presence on the Korean Peninsula, future Sino-American relations, and China’s changing relations with North Korea all could affect China’s policy toward Korean reunification.

12 Later, the authors updated their 2003 essay and proposed a “Northeast Asia Security Forum” to deal with North Korea’s nuclear issues as well as regional security issues, such as Japan’s remilitarization and China’s military buildup. See, Laney and Shaplen (2007).
China’s changing perception of the U.S. military stationed in South Korea would affect the Chinese policy toward the Korean Peninsula. While the United States tends to approach regional affairs in Northeast Asia with an emphasis on issues such as North Korea’s nuclear program, China is likely to see regional affairs in view of its sphere of influence. It is argued that “two key factors affecting China’s policy on Korean reunification remain: the overall Sino-American relations and the U.S. military presence in the region” [Wang, 1999: 183]. Even if China’s policymakers understand that the U.S. military presence in the region is necessary to maintain a stable security environment during its economic development, China’s officials also tend to regard U.S. bilateral alliances as containing its Asia policy, thereby threatening its vital interests in the region. If China continues to regard the U.S. presence on the peninsula as a constraint against its exercise of influence on peninsular affairs, then China’s support for future Korean reunification would be unpromising, given the possibility of the U.S. military being stationed in a unified Korea.

In this sense, how the relationship between the United States and China is affected by the U.S.-ROK alliance is critical in determining China’s policy toward the Korean Peninsula. In response to the U.S.-South Korea alliance, China retains its longstanding position of implicit acceptance of the U.S. military presence of the Korean Peninsula. The Chinese position on the U.S. troops on the peninsula may change, depending on China’s continued economic development and its relationship with the United States. Accordingly, both China and the United States employ a “hedging” strategy toward each other, given the uncertainty about each state’s intentions and capabilities [Medeiros, 2005/06].

In addition, China’s support for Korean reunification is closely linked to its North Korea policy. How China will deal with a future North Korea could largely determine the future course of the integration process of the two Korean states. In dealing with North Korea, cooperation between the United States and China in regional security affairs is crucial. It is argued, however, that “lack of mutual trust and suspicion of each other’s long-term intentions continue to hamper U.S.-Chinese security cooperation” [Glaser and Wang, 2008: 177].

C. Japan and Korean Reunification

Despite the fact that Japan would assume a minor role in the matter of Korean reunification, Japan is at the center of the discourse on regional stability that is a precondition for peaceful Korean reunification. First, Japan plays a pivotal role in keeping regional stability associated with the U.S.-Japan alliance and Sino-Japanese relations. Second, Japan’s perspective on the North Korean issue has an impact on its support for Korean reunification. Thus, Japan holds a key to regional stability that could be a precondition for possible Korean reunification.

Japan is an essential actor for both regional stability and peaceful relations among the major powers in the Northeast Asian region. The Japan factor will be important because Japan’s rearmament and aggressive policies could increasingly provoke military tension in the region between the United States and China [Soerensen, 2006]. Since the end of the Second World War, the U.S.-Japan alliance has tended to dampen Japan’s remilitarizing policies along with Japan’s Peace Constitution. Also, the Chinese government tends to see
the U.S.-Japan alliance as a means to prevent Japan’s remilitarization [Zinbo, 2005/06; Bojiang 2006]. This is why any change in the status of Japan in the alliance could provoke China’s security concerns over Japan’s remilitarization. It can be said that Japan’s foreign policy directly impacts the very nature of the rise of China in the region. It is important to note that “because of their special geopolitical relationship, the cooperative or antagonistic nature of Sino-Japanese relations will directly affect China’s peaceful rise” [Bojiang, 2006: 129]. In this sense, Japan’s security policy, especially regarding the U.S.-Japan alliance, could determine China’s security choices in the region.

China’s economic rise, Japan’s relatively stagnant economy, and the strengthening of the U.S.-Japan alliance in the region all could contribute to the rivalry between China and Japan in the search for regional leadership and possibly lead to Chinese worry about Japan’s renewal of militarism in regional security affairs [Calder, 2006]. Regarding the Sino-Japan strategic rivalry, it is argued that security competition between China and Japan could play a stabilizing role in the region, if Japan continues to employ its strategy of buck-passing [Park, 2007]. Given the demand, both from within and without, for Japan’s “normal state” status, however, it is not clear that Japan will continually play a limited role in security affairs, remaining an “economic giant but political pigmy.” Contrary to playing a stabilizing role, it also could be argued that, thanks to the United States’ support for and increasing domestic recognition of its international role, Japan’s normalization is just a matter of time [Ryu, 2007].

Since the 1991 Gulf War, Japan has shown its efforts to become a “normal state.” Backed by U.S. support and the changing regional security environment, Japan’s efforts to enlarge its influence in international affairs have been quite successful, although its attempt to become a permanent member of the United Nations Security Council failed. Along with Japan’s policy toward its “normal state” status in international affairs, the United States promotes Japan’s rearmament for the purposes of the strengthening of the U.S.-Japan alliance for the whole Northeast Asian region. It should be noted, however, that this U.S. policy, in turn, could provoke China’s worry about Japan’s remilitarization, thereby leading to Sino-Japan rivalry for regional leadership. In this context, the Chinese government insists that the U.S.-Japan alliance should be limited to bilateral relations, while recognizing the importance of the alliance as a stabilizer for regional security [Bojiang, 2006: 133].

Japanese remilitarization, if it occurs, could change the whole picture of Northeast Asian security. If Japanese remilitarization takes place, China will be able to raise the necessity of its security development. The United States also will begin its efforts to contain China’s rising power more explicitly in the region. The possibility of U.S.-China military conflict in the region, conversely, causes Japan’s security alert, because Japanese officials are sensitive to the changing dynamics of China’s military power backed by its growing economy. Thus, Japan’s changing attitudes toward regional security affairs could lead to intense security competition among the major players that could escalate into the whole Northeast Asian region. For the time being, however, there is no clear evidence of this kind of change: Japan continues to pursue the status quo in its foreign policy under the U.S. security umbrella given the constraints in Japanese domestic politics [Saito, 2008].

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13 For an explanation of a strategy of buck-passing, see Lind (2004).
Whether or not Japan supports Korean reunification will tend to be determined by its dealings with the North Korean nuclear problem. One of the important things regarding the Japanese impact on the Korean question is closely related to Japan’s perception of the North Korean threat. Along with the rise of China, a nuclear North Korea is one of the hottest security issues among current Japanese policy-makers [Hughes, 2007]. While creating a sense of insecurity, a nuclear North Korea may well create a consensus among Japanese officials on the urgency of the Korean problem associated with the possible regional instability. Solving the problem of nuclear North Korea entails two approaches in the view of Japanese policymakers: employing more aggressive foreign policy or maintaining security ties with the United States. If Japan chooses not to revise the Peace Constitution and decides instead to employ the “buck-pass” strategy, leaving security burdens to the United States, in order to solve the problem of a nuclear North Korea under the U.S. security umbrella, the Japanese government could support the birth of a unified Korea for peace and security in the region.

In this sense, Japanese foreign policy could be regarded as one of the key components in determining the change and continuity in the reconciliation of the two Koreas. Although it is unclear that the will to resolve the North Korean nuclear problem necessarily leads to support for Korean reunification, it could reasonably be assumed that one of the most satisfying solutions to the problem of regional instability triggered by the DPRK lies in the existence of a unified Korea in the Northeast Asian security environment.

The importance of the Japan factor in the unifying process of the two Koreas is clear. The changing dynamics of the future U.S.–Japan alliance, China’s responses to these changes, and the subsequent impact of these reformulations could directly affect the relationship between the two Koreas. Thus, the status of Japan in the regional security environment might be regarded as a catalyst to enhance or reduce stability on the Korean Peninsula, affecting the outcomes relating to the problem of Korean reunification.

**IV. Possible Outcomes of the Relationship between the Two Koreas**

The literature regarding the two Koreas and Northeast Asian security suggests that the Korean question is a large part of the region’s security problem. Four plausible outcomes of the relationship between the two Koreas are based on the general discussions of internal and external conditions of Korean reunification.

The first outcome is peaceful reunification by negotiated settlement. Peaceful reunification refers to the process of reconciliation of the two Koreas without any major war on the Korean Peninsula. There are two necessary conditions for peaceful resolution of the confrontation of the two Koreas. First, internationally there should be a converging area among the major powers regarding the issue of Korean unification. Second, domestically the two Koreas need to continue to cooperate with each other economically, politically, and militarily. In the cooperating process, continuous negotiations in the inter-Korean dialogue and a multilateral institutional framework, such as the Six-Party Talks, are necessary.

Continued mutual hostility in which there is always a possibility of conflict between the two states is the second outcome. In this case, political elites in both Koreas continually manipulate the public in favor of their political interests, and the issue of unification is nothing more than rhetorical posturing. Historically speaking, the relationship between the
two Koreas has had its ups and downs, depending on the difference in each Korea's policy priority and the change in the international security environment.

The third outcome is the existence of separate regimes on the Korean Peninsula. If both Koreas favor totally separate political systems, then it is more plausible for the two Koreas to be separated as an independent nation-state on the Korean Peninsula, regardless of external security changes. In this outcome, the separation of the two Koreas is dependent on both Koreas’ political will to keep its own regime interests, rather than to achieve a national unification.

Last but not least, in the process of Korean reunification, the sudden collapse of the North regime could be one of the possibilities. Factors such as the sudden death of Kim Jong-il, the instability of the North Korean leadership and political system, the longstanding famine in North Korea and the continued fleeing of the North Korean people, could increase the probability of the collapse of the North regime. The collapse of the North regime could be due to the continued flow of the North Korean people and the instability of political system after Kim Jung-il's death. If domestic politics in North Korea become more and more unstable, then the collapse of North Korea could be a more plausible outcome. If uncertainty increases rather than decreases in future inter-Korean relations, the sudden collapse of North Korea might be one possible outcome.

Many North Korea watchers have linked North Korea’s internal situation to the possibility of its collapse. For instance, North Korea's economic demise shows its inability to deal with internal problems due to the failure of the political system. If these human rights abuses provide justification for the international community to intervene in the internal affairs of the North Korean regime, then the deteriorating human rights situation can be one indicator to show the possible international pressure that the North deals with in terms of internal and external problems. Whether or not the North Korean leadership can sustain the political system based on a strong military and social control, remains to be seen.

V. Conclusion: What Route Will the Two Koreas Take in the Future?

The Korea case may provide us with the opportunity to think about the integration of the two Koreas in terms of both domestic and international factors. Facing a military threat from its Northern counterpart, South Korea’s policy toward Korean reunification is premised on the assumption that economic cooperation will likely promote political reconciliation. It is said that South Korea's "security through economic interdependence" policy envisions a gradual reunification process of Korea through economic interactions, leading to a more vibrant relationship between the two Koreas.

The problem of Korean reunification, however, is closely associated with the Koreas' policy positions toward each other. Just one Korea's efforts for achieving a national unification are not enough to accomplish this goal. The two Koreas should take the initiative in the unification process to achieve national reconciliation. External factors, such as the major powers’ different policy positions, could be either constraining or supporting factors to accomplish the goal of national unification. Policy makers in the two Koreas should take this national reconciliation project seriously. In sum, Korean reunification would be a result of the concerted efforts of policy makers of concerned states dealing effectively with the internal and external factors surrounding the Korean Peninsula.
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Abstract: This article explores the relationships, problems and prospects in the process of creating a Trans-Eurasian transit alternative routes - New Silk Road, the Northern Sea Route. The positions of leading Asia-Pacific countries - China, Japan and South Korea – are described in connection with the Arctic exploration. A special attention is given to the development of specific elements of transport infrastructure in the Far Eastern Federal District (ports, railways, roads, sea lines). The mechanism for the development of cooperation projects between Russia and Korea is proposed, considering the particular socio-economic situation in the regions of Russian Far East.

Key words: Northern Sea Route, transport corridors, Eurasian transit, icebreaker escort operations

The tripartite connection between Korea, Far Eastern territories of Russian Federation and the Arctic region was hardly noticeable a decade ago. The situation changed after a “sudden” disclosure that the multi-year ice cover in the Arctic Ocean had started to rapidly melt. Ice-free ocean areas opened attractive prospects for business, especially for hydrocarbon deposits extraction and transit shipping along the Northern Sea Route (NSR) waterways.

Republic of Korea together with China and Japan were the first major Asia-Pacific economies to express their special economic interests in the Arctic, which is logical. All three countries heavily depend on imported energy resources and need alternative routes for transporting export commodities to Europe. In this new reality huge hydrocarbon resources discovered on the Arctic shelf technologically can be extracted and delivered to Asian customers at affordable costs. Export commodities produced in North-Eastern Asia can be transported to EU countries via the NSR which is 40% shorter in distance comparing to traditional Indian Ocean – Suez Channel route, accordingly exporters get economy either in delivery time or in fuel cost savings. Additionally, both areas of activity provide long-term options for infrastructure construction, technological equipment production, support systems creation, services and maintenance accounting for tens billion dollars.

On this point the similarities between the three powers end due to significant geographic and political differences. China is struggling to overcome the disproportions between its backward North and economically advanced Southern provinces. Beijing is trying to guarantee the energy supplies via the Russian land pipelines and, to get easy access for its export commodities to be shipped from the seaports of the East Sea / Sea of Japan.

Japan prefers the expectant position concerning the Arctic. Probably, the policy planners in Tokyo are overly cautious and conservative, relying too much on its powerful maritime industry assessments and public sentiments.
For Korea, the situation has its own specifics. First of all, it is a principal dilemma – whether to select the land transport corridors (a choice of ‘New Silk Roads’/ Trans-Siberian Railroad (TSR) combination [Camille Brugier, 2014]) or to continue to focus on maritime transportation. Both options have their pros and cons and both necessarily rely on cooperation with Russia.

The ‘continental’ approach is actually much more than a simple set of logistics processes to transport commodities via the rail / road Eurasian corridors. It opens wider perspectives for infrastructure and industrial construction in adjacent territories, interaction with local authorities, communities and business along the giant 10.000+ km East – West Route. President Park Geun-hye’s "Eurasia Initiative" [NUAC News, 2013] seems to be motivated by the above considerations. But, this approach faces even wider specter of obstacles, mostly in political sphere.

To begin with, it is the problem of cargo transit through DPRK. If the Trans-Korean railroad is not restored to its full capacity then the Europe-bound transit cargo should be delivered by sea to the overloaded ports in Northern China or to the ports in Rajin-Sonbong EEZ in DPRK and in Southern Primorye. From there – by even more overloaded Chinese and Russian railways to the points of destination. It slows down the process, adds additional unnecessary intermodal operations in some cases coupled with complicated customs and quarantine formalities.

Next, the political situation in Central Asia where the new Silk Road will pass is unstable at least. The poisoning influence of neighboring Afghanistan, authoritarian regimes of aging leaders in Tajikistan, Kazakhstan and Uzbekistan, permanent unrest in Kirgizia, a hermit republican monarchy in Turkmenistan – all these factors logically add uncertainties to the equation. Pragmatic Chinese believe that they will be able to control the situation in Central Asia using financial assistance and other economic instruments. But, it is unclear whether this region with pressing social and human rights abuse problems is ready to face a rapidly spreading ISIL-type Islamic extremism. If it comes, the consequences for the foreign-operated transit roads would be grave. Further to the West, the domestic situation in Iran, Azerbaijan and Turkey is not as stable, too.

Comparing to the Southern leg of the New Silk Road project its Northern continental leg looks more predictable politically but, less ready to provide necessary throughput capacity for transit cargo. The TSR has in effect come close to its maximum performance level available at present technological base; huge external investments are needed to adjust its infrastructure to modern demands. To collect these resources during the continuing global economic crisis is not easy, and it is only a part of the job. Unless the TSR becomes a true market enterprise, implements necessary structural reforms and eliminates bureaucratic barriers the reconstruction time will be indefinitely long which will hardly satisfy the investors.

All the above does not mean that railroad transit via the TSR is near the deadlock. It will remain the fastest and reliable means of intercontinental transportation for the foreseeable future. Its throughput capacity can be increased to 25 – 30% by implementing a minimal set of management and technical measures which stands for additional 1,2 – 1.4 million TEU annually. Surely, all unrealistic projects like bullet trains in Primorye should be withdrawn from consideration.
However, Korea will not be the winning side in this situation. It’s again about the geography. China with its 4,000 km long border with Russia has several access points to the TSR, and the further to the West the better the overall TSR performance becomes [Trans-GTR Transport Corridors, 2014]. Korea can realistically rely only on the Eastern entrance to the TSR, with three basic options:
- the direct access via the Trans-Korean Railroad;
- via the port of Vanino in Khabarovsk Region and the Baikal-Amur railroad (BAM) connection;
- through the seaports in Southern Primorye.

The first option looks attractive and is the fastest since it excludes the need for intermodal operations. Unfortunately, there are two ‘smaller’ obstacles to overcome: the poor state of most railways in DPRK as well as of Khasan – Baranovsky line in Southern Primorye (238 km in length) which is a direct connection to the TSR, and the political problem of Pyongyang’s guarantees for secure transit.

Vanino seaport area is a promising option but, has several limitations. Although the usage of BAM provides a 600 km less distance to Europe comparing to the TSR, its throughput capacity is 8 times lower than TSR\(^1\)\(^4\) and the infrastructure has been optimized for export commodities like coal and ore. The seaport has very limited container handling capabilities and winter navigation in its vicinity is complicated due to ice, strong winds and fog.

Southern Primorye seaports offer the best navigational capabilities and diversified logistics options in the Far East. There are six operational seaports – Vladivostok, Nakhodka, Slavyanka, Zarubino and Posiet\(^1\(^5\), and several convenient bays to construct additional specialized terminals. All ports are located very close to Korea and have railroad connection with the TSR. At the same time, the throughput capacity of the railroad lines connecting all six ports with the TSR is insufficient even for the current volume of containerized cargo, appr. 1.5 million TEU [Maritime News, 2014]. The worst situation is observed with the southernmost seaports in Troitsa Bay which depend on the archaic and non-electrified Khasan – Baranovsky railroad line.

The above estimations deal primarily with the combined sea – railroad transit transportation. However, the positive changes in transport infrastructure in the Far East of Russia may shift a focus to the automobile delivery of containerized goods. The impressive road construction works in the Far East resulted in creation of a modern year-round and all-weather highway connecting the East Sea / Sea of Japan with Western Europe. The reconstruction of Troitsa Bay – Ussuriysk road to the modern standards is almost completed. A brand new highway connecting M-60 federal highway with Nakhodka and Vostochny ports is under construction now [Kudinov, 2015]. In preparation for APEC Summit-2012 Vladivostok has dramatically improved the quality and coverage of its road network. The combined sea – road scheme provides faster container turnover in ports,

\(^1\(^4\)Modernization of the Eastern part of the BAM has been approved and included to the special Federal program recently [.]. It will ease the situation for cargo transit, but not solve the general problem of primarily export-oriented structure of the Vanino port hub.

\(^1\(^5\)Vladivostok and Vostochny ports are the primary container operators in the Far East with 53% and 36% of total container turnover respectively. Zarubino, Posiet and Slavyanka ports have promising advantages to engage in container handling operations, too.
flexible timetable and speedy delivery to the end customers. Utilizing this scheme in the ports of Southern Primorye will have fast and clear results without the need for extraordinary additional investments.

Shifting, at least partly to the sea – road mode of Eurasian transit will open new prospects for support facilities development along the highway. As this road goes through many underpopulated and underdeveloped areas in the Far East it will necessarily perform the civilizational mission similar to the TSR in the XIX Century. Motels, fast food restaurants, gas stations, service and repair centers create new jobs, demand housing, autonomous power supply, modern communications and other construction activities that naturally attract business. Gasification of trucks is also feasible due to extending gas pipelines network in the Eastern Siberia and the Far East.

During the 3rd Korean – Russian Far-Eastern Forum in 2013 an interesting proposal to start the ‘1, 5 mode’ container operations between Korea and Primorye was aired by Korean participant. According to this proposal, export-bound containers should be mounted on trailers in Korea and then delivered to one of Russian seaports by ferry. After rolling out to the shore the trailer towed by Russian tractor goes to its destination. The ‘door-to-door’ delivery time of 7 -10 days is realistic for this mode of transportation. But, for obvious reasons it should be done only in the form of a joint venture with Russia.

The latest statement closely correlates with the state of affairs in the ‘Arctic’ leg of Eurasian Transit system. The Arctic ice was steadily melting for two decades [Rothrock et al., 2008], and melting tempo in Russian Polar sector was much higher than in Canadian. As a result, ice-free navigation via the NSR waterways was possible for almost four consecutive months in 2012. But, the ice situation in Laptev, East Siberian and Chukchi Seas became more complicated in 2013 and further deteriorated in 2014. Scientists today do not have a reliable model of climate changes on the Earth in general and in the Arctic in particular. Empiric experiences of Russian Arctic skippers who worked there since 1950 contradict the hypothesis of a steady ice melting tendency. They insist that we see a cyclic natural process. Hence, without reliable mid-term ice forecast maritime industry is experiencing differences in introducing major business projects for the Arctic.

The drop in hydrocarbon prices that took place in 2014 has led to curtailing of the new exploration projects on the Arctic shelf due to noncompetitive cost of extraction. However, it does not affect the already functioning enterprises in Russian Arctic. The explored hydrocarbon deposits in the coastal regions of the Arctic Ocean are capable to fill the needs of the industry and foreign importers at least till 2030 [Simoniya, 2013]. Northern Yamal Peninsula gas fields are of special importance 16. They are located in limited area close to the coast where the largest Russian seaport in the Arctic, Sabetta is in the final stage of construction. Export deliveries from Yamal will be performed mostly by DSME built ‘NOVATEK’ class LNG carriers which is a perfect example of Russian – Korean economic cooperation.

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16 Prospected gas deposits exceed 11 trillion tons; it stocks ‘fat’ natural gas with high percentage of gas condensate.
Energy demands were the principal driving force in Arctic maritime transit advancement so far. Another powerful factor is the Russia’s “Turn to the Arctic” strategy providing the restoration of the NSR-based system of scientific, industrial and military facilities on the coastal and island territories in the Arctic Ocean. This strategy envisages a lot of new construction projects, creation of modern search-and-rescue centers, modernization of Arctic port infrastructure, environment protection measures, ice monitoring, communications and positioning systems improvement, icebreaker fleet replacement, etc.

The above list of activities is in fact similar to the tasks that should be accomplished for creation of the NSR-based International maritime transit system in the Arctic. In fact, a prototype of such system already exists, and tens of Russian and foreign-flagged ships make through transit voyages each navigational period. The NSR Administration collects requests and grants permissions for the transit, a tariff system for icebreaker support depending on the ice class of the vessels is functioning since 2014.

However, transit navigation is conducted on the ‘case-to-case’ basis while the goal is to create regular shipping lines connecting major port hubs in the East and West. Apart from the tasks specified above which are aimed at creating support subsystems for the NSR, serious organizational efforts are needed for developing a business model for the international transit megaproject [Smirnov, 2014]. Establishing the international shipping consortium operating a fleet of modern ships with ice strengthened hulls and acting with guaranteed icebreaker support is one of promising business concepts.

It must be emphasized that close cooperation with Russia is the only way of doing maritime business in the Arctic Ocean. It is more than simply a matter of national sovereignty and, definitely not the considerations of ‘prestige’ or ambitions of any kind. Russians explored the Arctic Ocean and settled there for many centuries, and gained exclusive knowledge and experiences of how to survive and work in this hostile environment. Russian seafarers created the unique transport system – the Northern Sea Route, with more than 100 ships of various classes operating simultaneously in high season in 1980-s. Russian icebreakers and their crews are world’s best in line escort operations in multi-year ice. Accordingly, any attempts to ignore this knowledge, expertise and professional competence would be counterproductive at least, or dangerous because even minor mistake in the Arctic can lead to serious consequences for the fragile natural environment.

To the opposite, close collaboration with Russian side can be mutually beneficial. Cooperative activities can be performed on federal, regional, private business, NGO and community levels. For example, seaport infrastructure modernization should be conducted basing on government agencies decisions, while smaller sea and river port facilities modernization, dredging, road construction works could be more productive if done in cooperation with regional authorities of Sakha – Yakut Republic, Chukotka Autonomous District, Magadan, Kamchatka and Irkutsk Territories. Interaction with local authorities and NGOs is necessary to implement community level projects like land and water rehabilitation, metal scrap utilization, fish farming, aborigine culture preservation, energy saving houses and solar / wind powerplants construction.
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KOREAN-JAPANESE DISCORD
CONCERNING THE LIANCOURT ISLANDS

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Abstract: This article discusses the reasons behind the dispute between Korea and Japan over the Liancourt islands located in the Sea of Japan, makes a detailed analysis of the arguments and positions of each of the parties from a historical, legal and economic point of view, and suggests ways and means to solve the problem taking into account the interests of international cooperation and security in the region.

Keywords: Dokdo, Takeshima, Liancourt, islands, Japan, Korean Peninsula, International Court of Justice

The islands, called in Korean “Dokdo” (“Lonely”) and in Japanese “Takeshima” (“Bamboo”), are situated 217 km from the Korean Peninsula and 212 km from Japan and consist of two volcanic islands, located quite near to each other and named “Western” and “Eastern”, and 35 small rocks [7].

The total area is 187 450 square km, approximately 7 football fields. In point of fact both islands are just small rocky pieces of land, in which there are no significant natural reserves of fresh water, but the plants grow and sea birds nidificate. There is also the European designation of the archipelago - "Liancourt" (named after the French ship whose crew discovered and put the island on the map in 1849), and we'll call it so from now onwards for the sake of neutrality.

The view of Liancourt from Ullueungdo island

The nearest territories, the Korean Ullueungdo island and Japanese Oki island, are respectively located within 87 km (it can be seen with the naked eye on a clear day) and 157 km. In Korea the Liancourt Islands are considered part of Ulleung County, prov. North. Gyeongnam. Japan classifies them as part of the administrative district Oki, Shimane Prefecture [7].
Contesting the inclusion of a given territory, both sides put forward historically based arguments. To summarize their detailed and thorough analysis, beginning in the middle ages, would take a lot of time. Let's just say that periodic voyages to certain lands and even regular production of land and marine resources, in our opinion, do yet not mean legally and permanently secured sovereignty or rights to such sovereignty over a particular territory.

This thesis can be explained by example of former American possessions of European countries (including Alaska, formerly owned by Russia). Nobody claims they should be returned although at one time they were discovered, developed and even quite effectively ruled by Europeans.

In other words, from a logical point of view, it is legal and reasonable to justify this position on territorial jurisdiction only on the basis of principles of international law and multilateral and bilateral agreements.

Therefore, we will not be discussing ancient and quite distant times and restrict our consideration of the Korean and Japanese arguments concerning the Liancourt is lands to the period after the Second World War.

On January 29, SCAPIN (Supreme Commander for the Allied Powers Instruction Note) No. 677 was issued, which defines the boundaries of the administrative sovereignty of the Japanese government after their surrender in 1945. According to paragraph 3 of this well known and widely cited document, “Japan is defined to include four main islands (Hokkaido, Honshu, Kyushu and Shikoku) and approximately 1,000 smaller adjacent islands, excluding (modern names):

a) Ullueungdo island, Liancourt Rocks, Cheju island...

b) Kuril islands, including Habomai and Shikotan” [8].
In its formulations, SCAPIN № 677 was based on Art. 8 of the Potsdam Declaration of July 26, 1945: "... Japanese sovereignty shall be limited to the islands of Honshu, Hokkaido, Kyushu, Shikoku and such minor islands as we determine [15]."

The Japanese pay attention to the fact that SCAP (Supreme Commander for the Allied Powers) had no authority to make decisions about Japan’s territory, so it means that these decisions are not legally binding.

But, as can be seen from the above, SCAP did not make these decisions, but just followed the instructions provided by the heads of its member states.

And the heads of the victorious powers had the right to take such steps (i.e. the definition of territory, being under the jurisdiction of the defeated aggressive country) because they were based on Art. 107 of the UN Charter adopted in April, 1945 [22].

Article 107 of the UN Charter points out that "nothing in the present Charter shall invalidate or preclude action, in relation to any state which during the Second World War has been an enemy of any signatory to the present Charter, taken or authorized as a result of that war by the Governments having responsibility for such action". Moreover, according to the wording of Article 103, "in the event of a conflict between the obligations of the Members of the United Nations under the present Charter and their obligations under any other international agreement, their obligations under the present Charter shall prevail".

It is important to note that at the signing of unconditional surrender in September 1945, Japan had fully recognized the Potsdam Declaration and pledged to take steps to implement it.

Therefore, and proceeding from the concept of "surrender", Japan at that time had fully lost international legal rights, including the base and the opportunity to discuss the terms of peace dictated to it, and the right to describe the foreign occupation as "illegal".

The former Japanese state was dismantled and in its place – and now subject to international law - the modern Japan appeared, which could not claim to be the owner of territories, in addition to those that were granted by the victorious powers.

Finally, after joining the UN in 1956, Japan has committed itself to respect and compliance with UN Charters, including the above-mentioned articles. However, formally speaking, UN Charters are not contested in Japan. That is why so much attention is paid to the distortion of the Soviet-Japanese War of 1945 (supposedly the Soviet Union without any moral or legal grounds attacked Japan), and it is often noted that Korea emerged as a state only in 1948 and cannot claim the privileges of the victorious powers.

The San Francisco Peace Treaty of 1951 as a whole continued the course of implementation of the measures outlined by The Cairo and Potsdam Declarations.

It lists the territories that Japan should abandon, but contains no mention of the Liancourt islands [27]. So, it is concluded in Tokyo on this basis that the islands are considered to belong to Japan.

It is difficult to agree entirely with this conclusion.

Firstly, immediately after the war, the archipelago had been separated from the rest of Japan’s territory and was under the control of the US Armed Forces Military Command [9]. Special legal documents for the transfer of the Liancourt islands to Japan (as in the later case of Okinawa) were not issued.

Secondly, Korean researchers claim that the islands were transferred by United States to the Republic of Korea since its establishment in 1948 [9].
Finally, it is known that in 1947 (that is to say, when Japan was still classified as a country with limited sovereignty) Tokyo asked the government of the United States to recognize Liancourt islands as part of Japan. The US did not agree and referred to the Act of Surrender, 1945, according to which Japan had waived territories as being out of its control [11].

However, in 1950 war broke out on the Korean Peninsula where Japan had been playing the role of a rear base for American troops. On the other hand, the Republic of Korea was in a very difficult position as a nation - being at war with a bankrupt economy and dim prospects of further existence.

Under these circumstances, it is understandable why the United States had started to consider an alliance with Tokyo as more promising for their short-term plans and made Japan an implicit, but nevertheless, quite obvious concession on Liancourt.

While preparing a draft of the San Francisco Peace Treaty with Japan, in the summer of 1951, Americans submitted it to the Korean side. The Koreans requested that the US modify the treaty to include text about Japan’s renunciation of the Liancourt islands, which were part of Korea prior to its annexation by Japan. The United States, represented by the Secretary of State, sent the following reply: “As regards the island of Dokdo, otherwise known as Takeshima or Liancourt Rocks, this normally uninhabited rock formation was according to our information never treated as part of Korea and, since about 1905, has been under the jurisdiction of the Oki Islands Branch Office of Shimane Prefecture of Japan. The island does not appear ever before to have been claimed by Korea [23].”

Thus, Japan’s renunciation of the Liancourt islands is not mentioned in the San Francisco Peace Treaty. On these grounds, Japanese researchers claim that this document confirmed status of the archipelago as Japan’s possession.

The Korean side says that although it fully respects the decisions of the Allied Powers about Japan, Korea hasn’t signed the San Francisco Peace Treaty [11].

To list in the text of the treaty’s draft all the names of the numerous islands around the Korean Peninsula simply was not necessary, and the answer of the United States to Seoul reflects only their own position, which can vary on the basis of these or other circumstances, but not the collective opinion of the Allied Powers [3]. In addition, the principles of international law are usually determined on a multilateral basis and not on the basis of the assessment of one single country.

Korea also points to Japan’s inconsistency. On the one hand, Japan, referring to the US’s reservations 17 before the ratification of San Francisco Peace Treaty or other superficial explanations (for example, that the four southern islands are not the part of Kuril archipelago), disputes the status of Kuril islands, which are specified in the text of the treaty and are transferred to Russia after the Second World War. On the other hand, they unconditionally consider as their own possession the Liancourt islands, which are not specified in the text of the Treaty [12].

17 Provided that the provisions of the treaty did not mean recognition of any rights or claims of the USSR for the territories that belonged to Japan on December 7, 1941, which would impair the rights and legal base of Japan for these territories, as well as recognition in favor of the USSR of any provision concerning Japan in the Yalta agreement.
The coast of one of Liancourt islands

For example, in March 1953, the Americans finally abandoned further use of Liancourt as a military test site [3] and recommended that Japan resume fishery in this area. But at the same time they pointed out that citizens of the Republic of Korea also made a living by extracting marine resources in this region[13]. As another example, in 1954 US Ambassador of the United Nations Van Fleet visited Seoul and advised the South Korean government to decide the question about the archipelago together with Tokyo in the International Court of Justice, taking into account Japan’s rights to possess it [13].

However, the Korean side silently ignored all these recommendations and in July of 1954 deployed a small Coast Guard garrison to the islands and began in the most effective manner - that is to say, by force - to show the Japanese that, from a Korean point of view, the question of possession of the archipelago had been decided.

Until the conclusion of the bilateral "Basic Treaty" on June 22, 1965, under which diplomatic relations were established and the “line of peace” was abolished, South Koreans captured (also in the area of Liancourt) 328 Japanese vessels and arrested 3929 Japanese nationals for violation of the “line of peace” [26].

While preparing the "Basic Treaty," Korea and Japan evaded the question of the islands, so they absolutely are not mentioned there. Surely, the dispute was not closed, and since then it has continued in "low intensity" mode with periodic exacerbations and sharp recriminations. Seoul’s perspective has, for instance, manifested in repeated protests against wordings in Japanese history textbooks or demonstrative steps, such as the decision to celebrate each year on February 22 as "Takeshima Day". Tokyo’s reaction has been similar - in particular in 2012 after an inspection visit of President Lee Myung-bak to the islands.

In 1954, 1962 and 2012 Japan proposed to Seoul that the issue of the On January 18, 1952, the then President of the Republic of Korea, Syngman Rhee, signed the "Declaration about Sea Sovereignty" and thus declared the enactment of the so-called restrictive "line of peace" on the Korean Peninsula, which has been designated in such a way as to included Liancourt within the Korean water area.

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2 October 25 in South Korea is marked in the same way as “The Day of Dokdo”. October 25, 1900 - Decree of the Korean emperor about securing the rights to the archipelago
Its main provision was a ban on fishing within a delineated water area from all non-

Korean ships in order to protect the marine resources of East Sea/Sea of Japan. The

United States and Japan opposed this declaration, also by reason of the islands' inclusion

in the forbidden sector. But the American protest against this "line of peace" was, so to say,

formal.

islands' possession be referred to the International Court of Justice, and all three

times Korea refused. It's necessary to say that the objections of the Korean side look, in our

opinion, justified - at least, in contrast to the Japanese arguments - coherent and consistent.

For example, the Koreans refer to the fact that the archipelago was acquired by Japan

through the use of force during a period of aggressive policy (Tokyo refuses to consider

acquiring Liancourt as an act of aggression). So Japan was lawfully stripped of Liancourt

after the Second World War on the basis of its results fixed in the documents, and in these

conditions arguments about no mention of islands in San Francisco Peace Treaty are

irrelevant. Thus, Liancourt is a Korean territory and there are no reasons for discussion of

its status in the International Court [3].

The Republic of Korea also emphasizes that Tokyo, proposing that the issue of

Liancourt be referred to the International Court of Justice, somehow refrains from referring

there the disputes about the Senkaku and Kuril islands [9].

Maybe because China and Russia, being confident that their arguments are true,
appeal to the principle of inviolability in considering of results of World War 2, fixed in the
Cairo, Yalta and Potsdam declarations. As for the Japanese, they actually deny the
provisions of these documents only because Japan did not participate in their drafting and
implementation. However, Japan could not participate, as it had been an aggressor, was

defeated and agreed to the terms of unconditional surrender [4].

Incidentally, Japan played no role in the drafting of the San Francisco Peace Treaty
(where Japan’s defeat was fixed). But for some reason Japan frequently brings forward
such explanations: as the Liancourt islands are not mentioned in the text of the Peace
Treaty (among the territories Japan should abandon); they are considered as having
belonged to Japan.

So the historical references of the Japanese side contain a lot of not very logical and,
speaking in general, vulnerable points that do not allow definite support of Japan in the
present proceedings.

Now we will try to consider the economic implication of the Korean-Japanese dispute.
First, let’s talk about the natural factors. Actually, the Sea of Japan, which is called the East
Sea in Korea, has rather complex bottom topography, especially in the southern part. In
addition to the shallow waters around the islands of Iki, Tsushima, Oki, Ulleungdo and
Liancourt, there are two large isolated banks separated by deep troughs - the Bank of
Yamato in the area of 39° N, 135 ° E. and the bank of Syunpu (also known as the Northern
Bank of Yamato), which is located at approximately 40 °N, 134 °E. The lowest depths of the
first and second one are respectively 285 m and 435 m [24].

The main current of the Sea of Japan is the warm Current of Tsushima, which
originates in the East China Sea and separates there from the Current of Kuroshio, entering
the Sea of Japan through the Korean Strait and heading further north along the west coast
of Honshu. Then it divides again and one of its branches, called the East Korean Current, approaches the coast of the Korean Peninsula and, reaching the latitude of Ulleungdo, turns southeast.

As for the cold currents, the most noticeable ones are: the Primorsk Current, which goes from the area of the Tatar Strait to the central part of the Sea of Japan and then turns to the Tsugaru Strait; the Liman Current, which goes from the region of the Amur Estuary to the southwest of Northern Primorye; and the North Korean Current, which goes from the region of Vladivostok to the east coast of Korea.

Between the maritime sectors of warm and cold currents are clear boundaries. Right in the area of these boundaries, in the joint between two parts of the bank of Yamato and the area of the Liancourt islands, there is a significant number of different seafood and fish resources (squid, crab, cod, pollock, shrimp, etc.).

In addition, according to some reports, reserves of gas hydrate on the sea bottom, which have recently been found here, are estimated to be approximately 600 million tons [5]. Both for Korea and Japan, which almost entirely import their fuel and energy, these natural resources would be very useful.

However, if the commercial and profitable development of the gas on the sea bottom is a possibility of the remote future, then the fish resources are being actively obtained right now by fishermen of countries adjacent to the Sea of Japan, as well as China.

Approximately in the center of the Sea of Japan there is a place of convergence of a 200-mile exclusive economic zone of the Republic of Korea, Japan and Russia, who all ratified the UN Convention on the Law of the Sea 1982 respectively in January 1996, in June 1996 and in March 1997 [25]. What about North Korea? There is no need to speak about it because it was not included on the list of countries, who have recognized the Convention.

Actually, the situation at present moment can be characterized in such a way: Republic of Korea has established sovereignty over the Liancourt islands and considers them as the part of its own EEZ and in accordance with the UN Convention has priority rights for the development of seafood and marine research (Article 56, p. 1) in this area [6]. Although, speaking in principle, Seoul has never refused to discuss the possibility of the allocation of certain quotas to the citizens of neighboring countries on a partner basis (Article 62, p.2).

However, for the Japanese fishermen and politicians this, apparently, is not enough, and there is something here to fight for. According to estimates, an unlimited access to fishery resources in the Liancourt area could contribute to a sharp reduction of fish imports (now 2.0–2.4 million tons per year, which is equal to the volume of Japan’s entire coastal fisheries) [2].

Fishermen occasionally put pressure on parliament deputies, especially before coming elections; deputies, in turn, apply to the government, and government members state their position and put forward various initiatives. Different statements appear asserting that Korea has monopolized the production of seafood in the Liancourt area, which violates the Convention on the Law of the Sea, and, speaking in general, the inclusion of these islands by Korea into its EEZ is actually illegal.
Of course, all these movements are sparking protests from the South Korean side, which have been alternatingly moderate during times of political calm - and stormy with demonstrations such as military exercises around the islands and the interim recall of ambassadors during the pre-election period.

So what are the prospects for a decision regarding the Korean-Japanese dispute over Liancourt? Both Korea and Japan are actively using this factor in their foreign and domestic policy, each presenting well-grounded (from their point of view) arguments and thus have no deep interest in the coordination of positions and finding any compromise.

So the probability of a resolution of this dispute on a bilateral basis in the near future seems low.

As has already been said, we do not need to examine distant historical times. But if we proceed from the arguments based on the legal documents created in the aftermath of the Second World War, then the position of the Republic of Korea seems more firm and logical. It is worthwhile to note that in the question of the Liancourt ROK is supported by DPRK, which in itself is a unique case since both countries have diametrically opposed positions about the majority of all other issues on the Korean Peninsula.

So in light of the unlikelihood of a bilateral Korean-Japanese compromise about Liancourt, it seems to be more reasonable and appropriate to work towards a multilateral agreement - for example, in the context of common concerns about security on the Korean peninsula, about the legal consolidation of international non-war regimes in the area of the Sea of Japan, and about the ban on demonstrations of any military force outside its own territorial waters.

Moreover, it'll be necessary as well to get Pyongyang involved in the preparation of such a multilateral agreement because of its repeated rocket launches without notice towards the sea area.

The next stage is the implementation of international integration projects in the area of the Sea of Japan, such as the joint development of fish resources. Naturally, the most interested in such projects will be countries adjoining the Sea of Japan. It is assumed that the coastal countries (an active role, including a political one, in the promotion of joint projects should belong to Russia) will jointly invest in the conservation, research, restoration and production of seafood, and later, perhaps, in the development and transportation of hydrocarbons.

One of the main meanings of such activities is the fact that economic integration will gradually make irrelevant the motivation for sea territorial disputes in this area and significantly reduce the possibility of their relapse.

Of course, in view of the current reality, this may be a matter of the distant future.

But if we do not all keep these possibilities in mind - do not even consider them or strive to actualize them - then, taking into account the danger of any escalating “glow” of territorial dispute into a “hot conflict” under conditions of excess nuclear and conventional weapons, then this future may never occur.
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NON-PROLIFERATION OF NUCLEAR WEAPONS AS A FACTOR OF SUCCESSFULL DEVELOPMENT OF NORTHEAST ASIA

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Abstract: The present article covers one of the most topical problems of the modern world – production and proliferation of nuclear weapons. The role of socio-economic factors, integration processes and ways of control over DPRK nuclear program are studied. The ways of further NEA development and improvement of non-proliferation control in the region are determined.

Key words: nuclear weapons, DPRK nuclear program, non-proliferation, NEA

In two recent decades the world society has faced severe problems of manufacturing and spread of nuclear weapons, and safe use of nuclear energy. The necessity of systematic monitoring and analysis of the world and regional trends in atom exploration has become imperative.

Since the beginning of 2000-s Northeast Asia has been witnessing some key events connected with nuclear power, such as nuclear crisis on the Korean Peninsula, nuclear tests in North Korea, Fukushima Daiichi Nuclear Disaster in Japan, increasing development of nuclear energy in China, as well as many other.

Furthermore today Northeast Asia began to play a central role in the world politics, economy, and military balance. It is essential to remember that the Russian Federation and the United States officially give special attention to this region that consequently defines military policy of these countries within the last 15 years.

Contemporary military and political environment which developed in Northeast Asia under the influence of global geopolitical reconstruction processes has a direct effect on the countries’ foreign policy and economy, whereas proliferation and development of nuclear weapons affects safety and economic growth of the region.

Within last 20 years nuclear experts pay great attention to radical transformation of the nuclear weapons non-proliferation regime both in the world and in particular regions.

The basic document of the non-proliferation regime is the Treaty on Nuclear Weapons Non-Proliferation (NPT). Participation of countries in the NPT defines their partaking in other non-proliferation treaties and organizations. In the region of Northeast Asia North Korea is the only state which has not joined the NPT. Other countries of the region have different statuses under the NPT.

Experts recognize “vertical spread” of NW where building up of nuclear arsenals takes place, and “horizontal spread” of NW where the quantity of NW possessing nations increases.

Nowadays the threat of “vertical spread” of NW is expressed mainly by the USA as a global player, China, and North Korea, i.e. by de facto nuclear countries.

An explicit increase and development of nuclear power in the region is shown by North Korea solely. Experts also lack consensus about nuclear program of China. Some
analysts speak about qualitative and quantitative modernization of nuclear arsenals in China, while others insist that there are no any drastic changes. As for the USA, it is obvious that the Obama administration is significantly diminishing the role of NW in nuclear doctrine of the US. It is believed, that new president administration will revise the US nuclear doctrine.

DPRK. The Ministry of Foreign Affairs of North Korea announced nuclear weapons acquisition in its statement in February 10, 2005. First tests were carried out in October 9, 2006, in May 25, 2009, and then later in February 12, 2013. Thus, in the first decade of the 20th century North Korea has become the example of both horizontal and vertical spread of nuclear weapons. In the 2000-s North Korea successfully launched its nuclear program aimed at creation of plutonium-based device.

The most likely reserves of plutonium in North Korea are about 20-50 kg (with account of the fact that plutonium extraction efficiency was equal within the three periods). Therefore, nowadays the DPRK is supposed to have 3 to 20 nuclear weapons (depending on the quantity of plutonium per device (2-8kg) and estimated device energy (1-20 Kt). At present, Pyongyang lacks opportunity to build up its plutonium capacity and produce nuclear warheads owing to reconstruction of its nuclear reactor. Today North Korea aims to establish efficient arsenal with several dozens of nuclear warheads, and continues nuclear delivery systems modernization.

PRC. One of the key threats to the region of Northeast Asia and the atmosphere of mutual trust and confidence lies within a high level protection of sensitive information regarding Chinese nuclear program and development of nuclear arsenals in China. Officially unreleased nuclear strategies of Beijing cause political uncertainty and vigilance in the region.

Assessing contemporary Chinese nuclear strategy experts use publicly available data and international obligations of China. Today China is guided by the principle of "limited nuclear response" which implies creation of limited nuclear powers able to make potential enemies refuse the idea of nuclear weapons implementation against China through the threat of unacceptable damage. Results of Chinese contemporary military and foreign strategy analysis show that Beijing does not perceive its NW as a basic argument in international relations of China with other countries. Sensitive information protection in this case can be treated as a necessity predetermined by Chinese lagging behind advanced nuclear states.

Today China is believed to have a reserve of fissile materials sufficient to double or triple its nuclear arsenal. There is no valid evidence that in its military policy China goes beyond a standard nuclear arms modernization; however, with increasing contradictions with the USA and reinforcement of the US presence in East Asia and other regions, Beijing is likely to undertake to significantly build up its nuclear potential.

Experts point out that if Beijing resolves to increase its nuclear potential, it will take China several years to achieve a sufficient level of nuclear power, while the USA will definitely maintain its quantitative and qualitative superiority.

USA. Nuclear policy of the United States is reflected in a large number of documents which are published in open access and are constantly studied by experts. The basic document is known as “The Nuclear Posture Review” of the US Department of Defense. However, change of the US administration and/or further escalation of tension in the world
will probably cause consequent modification of the US nuclear priorities. At present and in the nearest future even with respect to partial reduction of offensive arms, the USA will have sufficient opportunities to fulfill any military mission.

The US has not deployed any NW in the region of Northeast Asia; nevertheless, the region is within the reach of its continental and undersea strategic nuclear weapon. Thus, the US nuclear umbrella is still opened over the region that ensures security of Washington allies and allows to gradually build up antimissile potential.

Above study of threats of NW “vertical spread” in Northeast Asia brings to the following conclusion. In the Northeast Asia region only North Korea officially declares and strives to increase its nuclear potential. Moreover, there is a real possibility of the forth-stage nuclear tests in 2014. Thus countries of Northeast Asia prefer to employ soft power in their international policies and achieve their objectives by means of non-military measures.

Exploring nuclear policy of China and the USA we can say that system interdependence of economies of these countries, any serious conflict between them (nuclear in particular) is hardly possible both in short-term and midterm perspectives. Current military objectives of the USA can be fulfilled without implementation of nuclear weapons. China as a second tier nuclear weapons state does not plan to enter the nuclear arms race with the USA, though it will continue to develop effective non-nuclear weapons. Although there is no obvious prerequisite to a nuclear conflict between Washington and Beijing, it is necessary to assist these countries in their dialogue about nuclear weapons reduction and control especially in conditions of the non-proliferation regime.

All of the above proves that in the nearest future countries of the Northeast Asia region will not enter a full-scale nuclear arms race.

Threats of “horizontal spread” of nuclear weapons in Northeast Asia can be posed by Japan, South Korea, and Taiwan.

ROK. Today South Korea is a country with a highly developed nuclear energy industry, whose objective in a long-term period is to increase volumes of electric power production in order to maintain high rates of industrial development and reduce the country’s dependence on imported energy. The program on nuclear industry development is completed by means of international cooperation where South Korea is an active exporter of nuclear technologies and know-how. After North Korea conducted two nuclear tests, experts supposed that South Korea would make an immediate responsive step. Anyhow, till now there is no any evidence that South Korea has changed its status of non-nuclear state. It can be concluded that at present South Korea does not have any motivation to create and deploy NW in its territories. Anyhow, nuclear technological capacities of the country are likely to grow to enable Seoul successfully and rapidly realize its military nuclear program in case of deterioration in international relations.

Taiwan. In the 1960-1980 -s Taiwan made two attempts to realize its nuclear weapons program. However, both attempts stopped and equipment uninstalled. Today, in spite of growing influence of Beijing on Taipei, there is no evidence of Taiwan nuclear activities.

Nuclear strategy of Taiwan is predetermined by the following factors: necessity to reduce emission of greenhouse gasses in the island by 2025 to the volume observed in 2000; unwillingness to provoke China to preventive actions; impossibility to make the state
policy dependent on Washington decisions; increase of trade with continental China; capacities of modern high-precision nuclear weapons to incur unacceptable damage in case of nuclear conflict with continental China. Such weapons can be deployed secretly, there are not conventional restrictions to their use, and if implemented to strike strategic, ecologically hazardous and other targets they can have effects equivalent to nuclear explosion damage. Anyhow, it is important to remember that Taiwan has potentials to create nuclear weapons.

**Japan**. Japan is a non-nuclear state with an effective nuclear industry and a participant of different non-proliferation treaties. The country with American tight military control does not have any outside challenge which could make it refuse American nuclear custody and establish its own nuclear arsenal. A distinctive feature of military and political experts approaches to the analysis of perspectives of Japanese nuclear weapons establishment is that the groundwork of any forecast lies not it in technological capacities of Japan to make NW, but in internal and external conditions which can force Japan to make it.

Anyway, despite all statements and capabilities of Japan, in its relations with Washington Tokyo in exchange to “non-possession of NW” gets considerable assistance from the USA in the field of anti-ballistic missile systems, maritime forces, share of intelligence, etc. Recently Japan tends to establish strong defensive capacities to secure its territory from possible nuclear strikes rather than escalate the nuclear potential.

Specificity of nuclear industry in Japan required creation of considerable plutonium reserves in the country that could be used in case of necessity in military purposes. Besides, Japanese nuclear power plants (Fukushima Daiichi in particular) exploited uranium-plutonium fuel. Therefore, it is obvious that post-war Japan had both technical and technological capacities and main components to produce nuclear weapons.

The Fukushima Daiichi nuclear accident has made the world community and leaders of countries reconsider their relation to atomic power and its use. Organizations which manifested against nuclear arms and nuclear energy have significantly strengthened their positions. Nearest future is expected to make these factors even more prominent.

In the midterm perspective the North Asian region will deal with such key problems as the nuclear status of North Korea and related issues, and attempts to launch regional integration projects (East Asian Community, etc.). These problems as well as periodical territorial disputes and social-economic factors will define further development of the region and non-proliferation regime in particular.
The intensive process of industrial agglomeration is observed to the east of Russia. Possibly, the effect of economy of scale in highly populated Asian countries has exceeded critical level leading to the self-enforced concentration of large-scale industry. Four billion consumers in the compact area covering South East Asia and India, minimize transportation costs of retailers. The production variety provides the third component of concentration, the elastic demand at imperfect market. At that time the process of moving out of industry from European countries is observed. European economics transforms to the postindustrial type with considerable production of knowledge. The similar global process in the past could divide the macro-regions into the highly developed industrial pole and the underdeveloped periphery. However in modern industrial-postindustrial economy the targeting trend transforms the Asian industrial centre generally into the centre of material production and the European Union and USA to the centre of non-material production.

According to the data of World Development Report 2009 [Chapter 6: Transport Costs and Specialization, p. 172], the price gain of the goods from the Asian industrial centre contains:

- 20 % from the transport costs;
- 45 % from the cross-border costs;
- 55 % from the sales and distribution costs.

The final price for of the consumer climbs up to 170 % of the manufacturer price. The 10% economy on transport costs may subtract 1,5-2 % from the final price thus creating the absolute competitive advantage to the companies actualizing the chance.

Areas of possible cooperation in the Far Eastern logistics market between Republic of Korea and Russia arise from the problems of transport and logistics on the one hand, and from the scope of these problems on the other hand.

1. Logistics of the automotive transport does not offer the obvious abilities for cooperation. The market of long- distance transportation in the Russian Far East suffers due to the absence until recent time the highway joining the Far East to the western part of Russia.
The average distance of auto transportation in the Far East stays around 35 kilometers during last 10 years. Nevertheless the market of long distance auto transportation is rather prospective. The comparative experiences in 2007-2008 on the Vladivostok-Khabarovsk and Vladivostok-Ekaterinburg routes showed that for the similar cargo the auto transportation comparing to the railway transportation provides at the same costs better speed, safety, and predictability. The problem of long distance auto transportation seats in poor highways. The majority of highways in the Russian Far East are designed for max load 8,5 tons per axle. This limit does not allow carrying the fully loaded TFU on the truck chassis, and it's absolutely impossible to carry the fully loaded FFU by car.

2. The railway logistics may be more interesting for cooperation. Traditionally Russia offers the transit capabilities of the Trans-Siberian Railroad. However, some signs show the difficulties of this way. The managerial and administrative decisions during last decade have allowed to the federal railways the private railcars of large cargo owners. This regulation has generated the tendency to transfer the warehouse to the railcar resulting in excessive queues for unloading in ports and as slow transportation of cargoes to the east as 5-10 kmph. The transportation of cargoes to the west is faster but still far from stated 1000 kilometers per day. Now about 75 % of cargoes on the Russian railways are raw materials like coal, industrial minerals, ore, and petrol. Theoretical throughput of the Trans-Siberian railroad is about 150 million tons per year in each direction. Specifics of the railroad operations reduces the resource to about 100 million tons per year. It's the practical limit that is 80-90% utilized now. There is an interesting opportunity for the Russian-Korean cooperation in the field of technologies of railway transportation. Electrification of the Trans-Siberian railroad has limited the total height of the railcar. The span between the rail and trolley line is at least 6 meters. The double height of standard container is about 5,2 meters, and the clearance between container top and overhead electric wire should be at least 0,5 meters. The double-deck container railcar is a technological challenge and may become a symbol of investment and technological cooperation between Russia and Republic of Korea.

3. The logistics of airways in the Russian Far East is developed well enough, and attempts for more or less successful cooperation between Russia and Republic of Korea in development of the airports (Khabarovsk) and cooperation of air carriers (Korean Air and Aeroflot) are known.

4. The logistics of sea transport maybe the topic of the greatest interest and the widest opportunities for cooperation.

- Development of port logistics. Republic of Korea possesses great experience of highly effective operations in seaport logistics. Now the capacity of the busiest ports of the Russian Far East is almost exhausted under the actual management. Only 15% of port resources are free that is close to actual limit having in mind the backup for possible equipment and technological processes failures. The field of especial interest is the design of modern container complexes allowing to reduce the storage areas and to speed up containers processing. The Korean experience of large port management (like Pusan and Inchon) is very important also.

- The expanded cooperation of logistical operators from two countries working in joined transport spatio. We may expect that interaction between Russian and Korean parties will
coordinate tariffs of logistical operators from Russia and Republic of Korea for maintenance of pass-thru service for “seamless” cargo transfer with responsibility distribution.

- Northern Sea Route between Europe and Asia gives new abilities for cargo transit. On the geographical groundwork the Northern Sea Route gives alternative to the sea route through Suez channel, to the combined sea-to-land route through the Trans-Siberian Railroad, and to the New Silk Road which now China's dreaming. It’s not easy now to take advantages of Northern Sea Route but these difficulties are man-made partially. Particularly, tariffs for icebreaker convey are prohibitive. There are also numerous issues with legislative loopholes in national and international maritime law regarding specifics of economic operations in Arctic. Fields for cooperation include building of container vessels able to operate in ice and developing of the methods and technologies preserving the nature of northern areas. Specific conditions in Arctic demand to control on the regular basis of the integrity of vessel construction and fatigue of hull and mechanisms, thus one more important field of cooperation between Russian and Korean parties.

5. The warehouse activity logistics also makes great interest against establishing in the Russian Far East the Territories of the Advanced Development (TOR). The first TOR in Primorsky Region is created actually from the warehouse zone in Nadezhdinsk area. The modern technologies of warehouse logistics developed in Republic of Korea may give raising efficiency of business in TOR significantly.

We hear many wishes on cooperation between Russia and Republic of Korea for years. We would like to see the real cooperation.
POLITICAL AND MILITARY PROCESSES ON KOREAN PENINSULA AND MASS-MEDIA ROLE IN THE DEVELOPMENT OF COOPERATION IN NORTH-EAST ASIA

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Abstract: The author examines the political and military situation on the Korean Peninsula, while evaluating the different factors that influence it. In particular, he analyses selected aspects of the development and implementation of North Korea’s missile program, pointing at potential threats and challenges it can incur to the situation in the region. In addition, the details of informational exchanges by media in neighboring countries concerning the Korean Peninsula are described.

Keywords: Korean Peninsula, missile testing, East Sea, North Korea, Primorsky Region

Situation on Korean Peninsula is permanently unstable. There are annual military exercises, including various types of missile systems testing which bring to rising of political and international tensions in North-East Asia. Mass- media promulgating different opinions, assessments, suppositions and speculations about present events play key role in this processes. Actually, not all mass media help to the progress of cooperation in North-East Asia. For example, the problem of military exercises around the Korean peninsula and its reflection in mass-media demonstrates the ‘not-always-positive’ role of media in North East Asia.

Testing of North Korean ballistic missiles in the spring 2009 had serious political response and informational consequences in spite of the fact that technical details of this event were not clear. Many experts still doubt the nuclear status of North Korea and the successful launch of its space satellites. The main indication of this problem was the huge increase of media publications about the DPRK’s nuclear potential and threats for the countries of Asia-Pacific. The topics of these publications were rather wide – from expert interviews and political polls to reviews of mass expectations and dangers, interviews with the citizens of North-East Asia territories.

The similar negative splash was spotted in the spring 2014 when North Korea tested tactical ballistic and cruise missiles while US and Republic of Korea were conducting naval exercises in the south of Korean Peninsula.

In February and March 2014 military missile testing in North Korea radically intensified. During these activities the official information was insufficient and concentrated primarily on the thesis that it was merely training missile launches. It was stressed that all missiles had dummy warheads. In both cases missile flight trajectories were selected to avoid overflying the land but above the East Sea / Sea of Japan. This trajectory was relatively close to Russian territory in the Far East and Primorsky Region, but the main part of missile trajectory was above the sea in neutral waters.

Missile testing are usually effective tools of DPRK foreign policy. In recent years the most attention was given to the long range ballistic missile launches in 2010 and 2012. Now, in fact, we see that the North Korean tactics is changing to the launches of middle and short range missiles.
First missile launches (four missiles) took place on February, 27 and two more missiles were launched on March, 3. According to the media reports, February starts were the ‘political response’ to the US - ROK naval exercises, which was called in Pyongyang as ‘rehearsal of intrusion to North Korea’. Missile starts on March had no similar official cause.

According to the official media reports, Scud-C missiles were launched in all cases, which are used by North Korean army. It is necessary to point that missile system of such type is a replica of Russian short range missiles (R-17 class), constructed in 1960-s and modernized several times later. Meanwhile, this kind of missile weapons is not new or sophisticated, and the goal of its launches and training of missile troops is possibly, either the further technical modernization of such weapons or, exceptionally for political reasons.

Most probably, the main goals of intensified missile launches and maritime deliveries of strategic materials to DPRK are the following:
- traditional show of force in the form of exercises or missile launches, particularly coincided with the activities of the potential enemies (this time, when US – ROK navies were conducting joint naval exercise).
- possible modernization of missile complexes of middle and short range with the use of Cuban experience and technical assistance;
- possible evaluation of new operational plans using such missile systems. In this case such missile weapons are targeted for possible usage in maritime conflicts. The majority of experts believed that possible targets for North Korean missiles may be the land objects in South Korea and Japan. However, now it is obvious that such missiles may threaten the large parts of East Sea areas with intensive ship traffic, for example transporting fuel, oil, gas, gasoline and other ecological-threatening cargos. In such view even episodical missile exercises will threaten the ship owners and cause nervous reaction in North-East Asia. Such North Korea may use its ‘nuclear or missile club’ in case of potential threat to its sea lines of communication when anyone would try to arrest or inspect the DPRK’s vessels.

The media tension about this theme was high and to the opposite, official information about missile tests was definitely not enough. So, a lot of conjectures and suppositions, mostly negative appeared in media. And this situation was rather typical for modern mass-media performance. [Fedotova L.N. Mass communication sociology, P. 24], [North Korea conducted two ballistic missile launches.]

North Korea conducted several missile exercises in 2015. In Spring, 2015 North-Korean government announced the ballistic missile launch which will be in October in commemoration of the 70-th anniversary of Korean Labor party. [North Korea will start the ballistic missile to the anniversary of Labor Party., 2015]

The first place in most publications was occupied by two main headlines – threat of possible regional or local war conflict with the use of nuclear missiles, weapons of mass destruction or tactical missile systems, and the ecological damage to the countries of North-East Asia, including Russian Far East and Primorsky Region. Serious concerns of the journalists is also based on internal North – South political processes on the Peninsula, which may lead to the rise of regional tensions and emerging challenges to the security in Asia-Pacific.

For example, rotations in DPRK elites and Chang Song Thek execution [Kim Jong Eun commented his uncle’s execution for the first time], or disappearance of Defense
Minister Khen Son Chol who was, according to opinion of many media, arrested and executed in May, 2015 [Journalists knew the truth about repressions in North-Korean Army] Content-analysis of media publications on this subject views the main themes (in percents in regard to the all articles on this subject) [results of media monitoring by department of PR and advertising, School of humanities of Far-Eastern Federal University]:

![Diagram showing main themes](image)

The diagram illustrates that the main source of fear for peoples is possibility of war and its ecological and humanitarian consequences for North-East Asia.

This situation is illustrating several key trends.

First, that situation on Korean Peninsula leads to the regular mass fears in North-East Asia about life and health of population.

Second, insufficient official information impedes the understanding of situation. There are a lot of fears, conjectures and so on in mass-media.

Third, many journalists have opposite points of view on these topics that complicates the understanding of situation even more.

Fourth, mass-media assist in generation of fears, because their articles and analytics have a lot of negative information.

Such situation is based on the lack of official and true information about Korean situation and the huge mass of negative publications. As a result we must agree that the system of information exchange in Asian media, especially on Korean problem is imperfect.

For example, North Korean mass-media is rather closed for the collaboration with the media of neighbor countries. However, mass-media of Russia, US, South Korea, Japan are open for cooperation and accessible via their web-cites. [Bykov I.A. Internet control as modern problem of foreign affairs P.169].

Publishing true and confirmed information in media will help to improve the quality of journalist articles and opinions in Primorsky Krai media. There may be additional possibility to improve the situation by creating international media projects in North-East Asia. Such projects will help to improve the humanitarian collaboration in Asia Pacific. [Gevorkyan N.G. Features and perspectives of economic integration in Asia-Pacific. p.78-82].

Today is obvious that Korean situation leads to a lot of negative information in media. Mass-media and public are influencing each other in this issue [Chumikov A.N. Media relations. P. 64].

Primorsky Region is close to the Korean Peninsula and its media also publish many articles and analytics on the above-mentioned problems.
The following diagram views the share of different media sources in describing the Korean problems [results of media monitoring by department of PR and advertising, School of humanities of Far-Eastern Federal University].

Information materials in different types of mass-media

According to the results, the most popular information source is web sites. Such resources include a lot of reports about Korean problems. For example, Wikipedia has a page about nuclear program of North Korea. [Nuclear program of North Korea in Wikipedia].

Many analytical articles are published in newspapers. Analysis of the articles let us draw the following conclusions.

First, the media-articles have both informational and analytical dimension. However, most of them are based on non-official information.

Second, there is a lack of official information, especially about ecological aspects.

Third, long-term views on this subject expressed by experts is a promising way of doing business for mass-media.

Fourth, mass-media of Primorsky Region are not active in collaboration with Asian colleagues.

In conclusion, mass-media must play more active role in all aspects of Korean situation. They shape the public opinion and may help to reduce the tensions tension.

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REPUBLIC OF KOREA’S PLANS ABOUT THE ARCTIC EXPLOITATION AND PERSPECTIVES OF RUSSIAN-KOREAN COOPERATION IN THE REGION

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Abstract: The article describes South Korea’s approaches to the Arctic development issue, disclose in details its reasons, aims and aspirations, related to this region exploitation perspectives. Author makes an effort to have a look at concrete directions of potential Russian-South Korean cooperation in the Arctic from the point of view their correlation to Russia’s national interests.

Keywords: Russia, Republic of Korea, Arctic, Northern Sea Route, Arctic Council, cooperation, plans.

On the wave of general excitement and increased interest from the world’s major powers and the Arctic states to development of the Arctic resources, South Korea, geographically directly not relating to this region, is also seeking opportunities to keep up with them on this issue and to secure a certain positions to itself. This is confirmed by Seoul’s receiving in 2013, along with China, Japan, India, Singapore and Italy the official status of permanent observer in the Arctic Council - main international organization that oversees activities in the Arctic. In order to implement its national economic interests in the Arctic region and foreign policy ambitions on the international stage, ROK is developing and implementing a range of measures that will be discussed below.

So, within the framework of the South Korea government's policy towards to the Arctic the needed administrative and legal basis already has been created. In particular, in November 2012, the ROK’s Ministry of Land, Transport and Maritime Affairs adopted and published the "Plan for policy activation towards to the Arctic regions"[1]. This document provided for development and adoption of an appropriate legal framework, study of foreign states basic laws regulating activities in the Arctic, government support for researches and R&D related to the Arctic marine transportation, fishing, shipbuilding, natural resources exploration and production, formation of an integrated information database on the Arctic issues, friendly relationships installation and interactions between relevant research institutions in the country and abroad, Arctic and Antarctic specialists training, as well as attracting to cooperation the influential members of the Arctic Council and development of specific business models for the Arctic exploration [2].

In 2013, it received a further progress in the form of the "Comprehensive arctic policy implementation plan" [3], which was developed with the participation of a number of South Korean government structures - the Ministry of Maritime Affairs and Fisheries, the Ministry of Industry, Trade and Energy and the Ministry of Land and Transport. This document is aimed for achieving three main objectives - forming international partnerships in the Arctic, intensification of relevant researches, creation new directions of arctic industry [4].

The document authors offer to implement the planned issues by strengthening basis for international cooperation in the region with the most influential members of the Arctic
Council, activation of shipping along the Northern Sea Route, reduction fees for usage equipment and facilities of serving NSR arctic ports, ROK’s participation in "Polar Code" program, which is being developed by the International Maritime Organization (IMO) and aimed to regulate requirements and rules for navigation in the Arctic and Antarctic [5]. In addition, it is expected to increase the base for the Arctic and Antarctic researches, as well as to create more specific business models and projects for the Arctic natural resources development [6].

It should be noted that obtaining South Korea, along with China and Japan, the official status of permanent observer in the structure of the Arctic Council in May 2013 in the Swedish city of Kiruna is interpreted in these countries primarily as a "green light" for their entry to the Arctic [7]. In this case, all three Asian states regard each other as direct competitors in creation of the Northern Sea Route’s "hub-ports", as well as in natural resources exploration and usage logistic potential of the Arctic.

The Republic of Korea’s interest to the region is largely associated with possibility of the Northern Sea Route exploitation with the largest South Korean ports - Busan, Ulsan, Kwangyang involvement, as well as participation of ROK’s shipbuilding and shipping companies. In connection with prospects of the Arctic resources development and the Northeast and the Northwest Passage use as an international shipping lanes, a number of experts in South Korea point to timely need for Seoul adequate steps capable to provide ROK’s participation in development of the Arctic and northern part of Pacific Ocean main ports, as well as to meet needs of all interested countries in different kinds of ice-class vessels, that are projected to grow as development of the region will increase [8].

However, being a non-Arctic state, the Republic of Korea, realize that, it will be extremely difficult to ensure the realization of their own economic interests in the Arctic by its own means, without outside help, as well as to sustain region competition from China. In this regard, one of the main factors that could have a decisive impact on South Korea’s penetration in the Arctic region and access to development its transport, logistic, energy and natural resources Seoul authorities see the activation and strengthening partnerships with influential states-members of the Arctic Council. And here, according to some South Korean experts, cooperation with Russia seems to be the priority one [9], since according to some assumptions in the region of the Arctic, on which according to the United Nations Convention of the Sea Law spreads the sovereignty and jurisdiction of the Russian Federation, occur the largest hydrocarbon reserves. In addition, in case of the Northern Sea Route exploitation as a new international trade route it would be necessary to pass through water areas controlled by Russia and to use the services of Russian ports, navigation system and icebreaking fleet. It is also Euro-Arctic Council (BEAC) [10].

According to representatives of Korean side, it is advisable to implement a number of specific initiatives to form strong partnership with Russia, suggesting active cooperation in the Arctic. First, basing on already approved the "Comprehensive Arctic policy implementation plan", formulate and adopt at the governmental level "general strategy for cooperation with Russia in the Arctic", and then go out to Moscow with the "Master Plan" signing proposal that supposes Russian-Korean interaction in resource and transport-logistic directions of the Arctic development. Secondly, in order to systematize the mechanisms of bilateral cooperation, offer Russian Federation to create new industrial Committee – on the Arctic issues, under Russian-Korean Joint Commission on Economic,
Scientific and Technical Cooperation. In addition, some of the ROK’s researchers are also proposing to establish joint research institute in Russian sector of the Arctic - "Russian-Korean Center for Cooperation and the Arctic studies" (conditional name), which further will be identified as a key "think tank" of bilateral cooperation in the Arctic. Third, jointly with Russian Federation initiate the creation of regional, similar to the Barents Euro -Arctic Council (BEAC), mechanism of multilateral cooperation in the Arctic with conditional name "Asia-Pacific Arctic Council» (APAC), that would let Seoul to rely on increasing its status and role as one of the Arctic region leading countries performing function of the gate, connecting Russia, Asia-Pacific and the Arctic. Fourth, explore projects for possible South Korea businesses participation in region natural resources exploration through acquisition deposits share, development of nuclear technologies and new materials, modernization ports, etc. Fifth, in order to prepare their own qualified specialists on the Arctic region, encourage the support of Korean specialists mastering respective knowledge by their delegation to study in educational institutions of Russia and attract Russian polar specialists in Korea. The priority direction for such cooperation is reinforcement of scientific, technical and humanitarian cooperation with the Lomonosov Northern (Arctic) Federal University. (Arkhangelsk), as well as with being under its control Institute of Shipbuilding and Marine Arctic Technology [11].

In general, it should be noted that, in its concept of construction and development bilateral relations with Russia, concerning cooperation in the Arctic, Republic of Korea comes from the fact that process of Russian Arctic spaces exploitation on purpose consolidation their status, infrastructure development, natural resources exploration and production is rather expensive, and demands from Moscow attraction of large-scale investments, including foreign ones. South Korea is ready to offer them in exchange for guarantees of free access to the Northern Sea Route, as well as in the Russian sector of the Arctic for a wide range of research and exploration [12].

However, according to the author’s opinion, not all of these Korean side’s proposals are beneficial for Russia and meet its national interests. First of all, the initiative to create the so-called "Asia-Pacific Arctic Council" - Russia is not interested in expanding the number of international institutions within which the Arctic development issues are discussed, whether in regional or in global scale.

It seems unlikely that ROK’s proposal for establishment of "Russian-Korean Center for Cooperation and the Arctic studies" in Russian Arctic sector can meet a positive response from Russian Federation leadership with the South Korea’s focus on obtaining necessary springboard for their penetration into the Arctic region, as Seoul considers this structure in present time.

The possible areas of bilateral cooperation in the Arctic should include russian Arctic ports development and modernization, as evidenced by the fact of signing appropriate memorandum of understanding in January 2014 [13]. Considering Republic of Korea’s overall high level of technological development, as well as rich shipbuilding experience, including specialized one, and port infrastructure development, this area can be considered as one of the most promising.

ROK initiative to create a separate industry committee on the Arctic issues within the framework of Russian-Korean Joint Commission on Economic, Scientific and Technical Cooperation makes sense and could be implemented, as it will provide rather effective
platform for searching and discussion a specific projects of bilateral cooperation in the Arctic region at the government level and making the relevant decisions.

Expediency of joint formulation and adoption "master plan" of Russian-Korean cooperation in the Arctic yet raises questions both in itself and in terms of substantive content of this document, which assumes a certain status of bilateral interaction in this sphere and obligations between the parties. From what could be offered by South Korea, first of all, Russia is interested in investment, large-scale shipbuilding technologies, experience and achievements of port infrastructure development, information and communication technologies, scientific and technical cooperation, joint research and development. At the same time, Seoul is focused on getting an access to development of energy, mineral and other natural resources of the Arctic region, using NSR’s logistic potential, Russian market of specialized large-scale shipbuilding prior occupation and realization of scientific-technical and humanitarian cooperation for obtaining from Russian side a wide range of special knowledge, experience and technological developments, related to researches and economic activities implementation in the Arctic. Having analyzed the above mentioned by taking into account the factor of competition between ROK, China and Japan for access to the Arctic we can conclude, that Seoul is rather interested in cooperation with Russia on the Arctic issues than vice versa. Therefore, the need for the document supposing a large-scale bilateral cooperation in issue of the Arctic, whether it would be "plan", "concept" or "strategy" - is questionable.

The introduction of humanitarian and educational exchanges practice, in particular, with the Arctic Federal University and its structures is seemed to be possible on a limited scale in the case of similar actions from Republic of Korea ensuring experience and knowledge transfer on the issues of Russia interest (information technology, shipbuilding, and so on. n.).

In the light of recent circumstances, caused by the current policy situation in the world, generated by the crisis in Ukraine and sanctions from Western countries in relation to Russia, in particular with regard to technology transfer and supply of equipment used in developing deep-water and arctic oil and natural gas resources [14], a possible Russian-Korean scientific and technical cooperation in this sphere gets a special relevance. At present Republic of Korea does not have technologies allowing carrying out exploration and production of natural resources in the Arctic, but it is interested in their development and obtaining. In this context, taking into account the Seoul’s neutral position about the regime of anti-Russian sanctions it would be rationally to try to join forces, knowledge, capitals, technologies and achievements of South Korea and Russia in this case, as well as in the field of energy-efficient technologies, creating new materials in order to achieve mutually beneficial results.

Summing up the consideration of the theme of South Korea’s interest to the Arctic and prospects for Russian-Korean cooperation in this region, it can be concluded that two countries definitely have potential points of interests convergence and, consequently, opportunities for cooperation in the Arctic. But Russia should not seek to bring it to large-scale and multi-level cooperation, wherein Korean side is definitely interested, limiting single projects, in which the potential of ROK could be implemented in a due measure and in accordance with Russia national interests in the Arctic region.
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TRILATERAL COOPERATION OF RF, PRC AND DPRK AS A STABILIZING FACTOR ON THE KOREAN PENINSULA AND IN NEA

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Abstract: The author studies military, political and economic aspects of situation on the Korean Peninsula and positions of the main actors – RF, PRC and DPRK - influencing this situation. The priorities and main directions of these countries policy were analyzed with accounting their long-term interests and some factors stabilizing situation on the Korean Peninsula were studied.

Key words: RF, DPRK, PRC, trilateral cooperation, military and economic cooperation, NEA security

Permanently instable situation on the Korean Peninsula remains topical issue for the whole Northeast Asian region for many decades. There are numerous external and internal factors preventing improvement of relation between two Korean states and making reunification almost impossible. Russia, interested in peace and stability in the region, started making efforts to stabilize the Korean Peninsula by involving two Koreas into Trans-Korean projects since 2000s. Some big steps were already made toward implementation of all of these trilateral projects and the revival of countries' interest in these projects allows expecting positive results in the nearest future. However there are some external and internal political obstacles to their smooth implementation. These are: position of ROK and its May 24th sanctions, preventing two states from establishing normal economic cooperation; role of USA, interested in keeping status quo on the Korean Peninsula; and even position of DPRK which does not consider these projects as a platform of improving inter-Korean relations and reunification. The main obstacle to the Trans-Korean projects implementation is the current state of inter-Korean relations making Russia to deal with ROK and DPRK separately and thus delaying trilateral projects.

However, along with Trans-Korean projects there are other opportunities to stabilize situation on the Korean Peninsula. One of them is developing trilateral cooperation between Russia, DPRK and China. There are favorable conditions for such cooperation now.

Projects of economic cooperation involving Russia, DPRK and ROK: construction of a natural gas pipeline and high-voltage electrical power transmission lines via the North Korean territory and “Trans-Siberian (TSR) and Trans-Korean railways (TKR) Connection” project.

These projects in their different options can include more countries, i.e., China, Japan and Mongolia but mainly the trilateral cooperation between RF, DPRK and ROK is considered.

Sanctions, imposed on DPRK by ROK after the 2010 incident with South Korean Cheonnan warship.
Russia – DPRK

Recently Russia activated cooperation with countries of North East Asia in the range of its “Pivot to Asia”. Given Russia’s tense relations with USA and West, as well as the need for alternative economic cooperation, development of ties with Asian countries and implementation of multilateral economic projects in the region becomes attractive and topical now. Revitalization of relations with DPRK is an essential part of a new foreign policy of Russia.

Recent years saw an obvious enhancement of cooperation between the two countries proved by numerous exchanges of delegations and visits of high-ranking officials of both DPRK and Russia. Recently the 7th meeting of the DPRK-Russia Inter-governmental Committee for Cooperation in Trade and Economy, Science and Technology was held in Pyongyang, resulted in signing joint protocol [5]. Cooperation between regions of the Russian Federation and the DPRK still plays an important role in bilateral relations. Currently, more than 40 Russian regions cooperate with the DPRK in different fields. Far Eastern region is the most active in the cooperation with DPRK in such spheres as construction, timber industry, agriculture, fishery and commerce [3].

DPRK also attaches great importance to development of relations with Russia. Its interest in cooperation with Russia, in addition to historical and geographical factors, is determined by the fact that after normalization of bilateral relations Russia pursued prudent and balanced policy in the Korean Peninsula. This policy has been positively assessed by North Korean leadership. Russia avoids any attempts to interfere into internal affairs of DPRK, so Pyongyang therefore does not regard Russia as an external threat, just as an important actor of regional policy. Both countries hold similar positions on state sovereignty issue, seeing its observance as the cornerstone of international relations.

Unlike the United States, dealing with Pyongyang exclusively by means of military pressure and economic sanctions, Russia tries to involve DPRK into economic cooperation and take it out of isolation. The goal of Russia is to build trust and cooperation with DPRK, thus stabilizing it and ensuring security on Russian borders. Cooperation between two countries in the range of bilateral and multilateral economic projects can help to achieve this goal.

China – DPRK

At the first glance the relations between DPRK and PRC are developing according to the “hot economics, cold politics” thesis now. However DPRK officially denies deterioration of its relations with China and constantly emphasizes the importance of friendly ties with the neighboring country. At the same time essential condition of friendly relations voiced in DPRK is no foreign interference in the country’s political affairs. It can be a certain signal to China.

As for China, nuclear and missile tests or other activities cannot seriously affect Beijing’s attitude towards relations with Pyongyang. China has no doubts that all efforts of USA in the region are aimed at deterring and countering China (and Russia) and considers actions of DPRK in terms of USA reaction they may cause. If missile launches and nuclear
tests give additional reason for strengthening US military presence in the region, China's response to them will be constantly negative.

Another serious challenge for China is new position of DPRK on denuclearization issue that can decrease significantly the chances for resumption of six party talks. China, sponsoring and hosting country for those talks, could use settlement of “North Korea nuclear crisis” to further increase its status on international arena. But DPRK rhetoric and approach to denuclearization have changed since 2013. Now the prerequisite for its nuclear disarmament is global denuclearization. And it is clear that if negotiations will be held under the same name, format and with the same purposes, representatives of participating countries will have nothing to discuss.

New rhetoric and nuclear ambitions of DPRK can irritate Beijing but will hardly affect its economic ties with Pyongyang. All Beijing’s punitive measures are rather demonstrative than practical. Situation after the last nuclear test conducted by DPRK in 2013 can be an example.

On the one hand, there was a decrease of trade turnover between DPRK and China by 2.4 percent to $ 6.39 billion in 2014. (The same recession was recorded in 2009, when North Korea conducted its second nuclear test) [2]. On the other hand, these figures are based on data provided by China, which recently ceased indicating some of its exports in official statistics. For example, China officially no longer supplies oil and natural gas to DPRK since January of 2014. At the same time, these resources are still supplied through unofficial channels, other transportation routes or as “assistance”. It helps China to further cooperate with DPRK and avoid international community pressure and allegations of supporting North Korean missile and nuclear programs.

In general, China is guided by the pragmatic approach in its bilateral relations with DPRK. It is interested in the North Korean port of Rajin, which plays an important role in China's Arctic strategy. And even more China is interested in maintaining stability on its borders, which will be threatened in the case of sharp deterioration of the economic situation in DPRK. It order to avoid it China will continue supporting and cooperating with DPRK.

Russia – China

Cooperation between Russia and China is experiencing a period of rapid development now. Russia and China develop ties in trade, energy, investment and other fields. At the moment, the trade volume between the two countries amounts to $ 100 billion and is expected to double in the next five years [6]. One of the prospective directions of bilateral cooperation is energy. Last year China National Petroleum Corporation (CNPC) and Russian energy giant Gazprom, which controls Russia's export gas pipelines, signed a thirty-year, $400 billion agreement. According to that agreement as much as thirty-eight billion cubic meters of Russian gas will be delivered to China annually from around 2018 to 2047. Later that year another natural gas supply deal was signed. Reached agreements will not only bring economic benefits for two countries but will also affect whole Asia-Pacific energy market.

This May Russia and China have agreed to launch a $2 billion investment fund targeting agricultural projects in the two countries. Countries also agreed to integrate
China’s Silk Road Economic Belt initiative with Russia’s plans under the Eurasian Economic Union (EAEU) framework.

Countries also maintain cooperation on regional level. One of the prospective points of growth in bilateral relations is cross-border and interregional cooperation between Northeast of China and Far East of Russia.

In addition to economic relations, RF and PRC expand ties in the political, military, and security spheres. Military cooperation includes large-scale military exercises, consultations and exchanging of information as well as arms sales. The Ukrainian crisis and Western sanctions and pressure against Russia even accelerated the expansion of military cooperation between Russia and China. The leaderships of both countries highly appreciate current military relations and intend to bring them to even higher level. Russia has already reached a deal to supply China with the S-400 Triumf missile defense system. Two countries are also negotiating on sale of 24 Russian Su-35 fighters to China [1; 4].

Russia and China share key interests in maintaining regional stability and deterring USA in their perceived spheres of influence. Two countries support each other on international arena and have similar positions on major regional and global issues.

The development of Russia’s relations with China creates favorable conditions for implementation of ongoing and further large-scale joint economic projects. The only indispensable condition is meeting interests of all participants of the projects and mutual trust and equality.

**RF – PRC – DPRK trilateral cooperation**

*Military and political cooperation*

Both Russia and China believe that security and political stability is essential for the further socio-economic development of Northeast Asia. Each year situation in the region is destabilized by ROK-US joint military exercises and DPRK’s responses – missile tests in the East Sea. Each demonstration of power by DPRK (defensive and aimed at preventing attacks on its territory), is used by USA as a pretext for further strengthening their military presence in the region. Now the situation is so tense that the slightest provocation or military incident is enough to persuade ROK to join US missile defense system. It is believed both in China and Russia that the main purpose of this system is deterring missile potential of China, not one of DPRK. Given the fact that deploying this system can lead to another missile race in the region and that it will threaten Russia’s security and interests in NEA, RF and PRC should work together on preventing USA from deploying THAAD in the territory of ROK. The only way to prevent it and maintain security in the region is to stabilize Korean Peninsula. As bilateral consultations with ROK on this issue are hardly efficient now due to its military ties with USA, Russia and China should work with DPRK in order to provide its stability, security and predictability.

DPRK intensive military buildup, including development of its nuclear program is caused by insecurity, lack of military ties and presence of a strong enemy in the face of USA and allies. DPRK used to rely upon itself and does not believe that even friendly countries will support it in the case of large-scale conflict or provocation by USA. It pushes the country to the further development of nuclear and missile program.
The problem could be solved by restoring bilateral (RF-DPRK) and developing trilateral (RF-DPRK-PRC) military cooperation. It would give necessary security guarantees to DPRK and reduce its need for the development of nuclear weapons. Decreasing the burden of military spending would improve economic development of DPRK, strengthen its regime and thus make it more stable and predictable.

Such cooperation would also serve the interests of Russia and China as it would balance US, Japan and ROK alliance, allocate responsibility for regional security between RF and PRC and reduce tensions in the region, especially on the Korean peninsula.

**Economic cooperation**

While restoration of military ties would face different obstacles and take a long time, simultaneous development of trilateral economic cooperation is desirable. It is not less important and efficient for ensuring DPRK stability; moreover, it will bring benefits and increase status of RF and PRC in the region.

One of the possible ways of cooperation is participation in projects of Tumen Area development. In the past, there were major obstacles for cooperation within the project conditioned by the difference in levels of development of countries in the region. However, due to some changes in the project (which in 2005 was renamed as "Greater Tumen Initiative" (GTI)), consistent growth of the economies of the member states and improvement of Russia's relations with neighboring countries, it became clear that on condition of respecting interests of all participants GTI project can play a significant role in economic development of not only Tumen area, but also all participating countries.

Other option is development of DPRK ports Rajin and Chongjin by including them into new international logistic and supply chains of the region.

China is implementing an ambitious project of the Silk Road Economic Belt, involving land and sea routes. The first one includes two lines: through Xinjiang to Kazakhstan and then through the territory of Russia to EU (another option is Afghanistan-Iran-Turkey-EU) and through the Northeast territories of China to Trans-Siberian Railway and BAM to EU. Though the latter option is time-consuming at first glance, China is pushing its Northeast provinces bordering with Russia to its implementation. Moreover, Chinese experts discuss opportunity to include usage of Northern Sea Route into China megaproject. In this case the involvement of logistics capabilities of DPRK, namely its ports of Rajin and Chongjin will be prospective. It will provide additional opportunities of cargo delivery to the points where sea route of the Silk Road begins - to the south (provinces of Southern China) and to the north - along the Northern Sea Route. Russia's participation will be ensured by using railway infrastructure connecting Jilin province with the ports of Primorsky region and operating Khasan-Rajin railway and part of Rajin seaport.

Russia and China can and should find other ways of mutual cooperation and involve DPRK into their projects. It will help to provide security and protect and promote their economic interests in the region.

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22 The idea of developing the Tumen area to a golden triangle by creation of free economic zone on the borders of China, DPRK and Russia and construction of a new transport artery to link Northeast Asia with Europe was proposed in 1990. It was followed by launching "Tumen River Area Development Programme" (TRADP) in 1991.
Sanctions and pressure practiced by USA has not only proved ineffective, but also destabilized DPRK and situation in the region. This destabilization is in the interests of the United States as it helps to maintain and expand their military presence in the region. However, it threatens national interests of Russia and China and security of DPRK.

For further economic growth primary national interest – security should be protected. By cooperating with DPRK Russia and China can reach 2 goals: economic growth and security through developing economy and stabilizing DPRK.

Strategic partnership of Russia and China, revitalized RF – DPRK ties and interest of all three countries in regional stability and economic growth create favorable conditions for development of trilateral cooperation and implementation of multilateral projects.

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“RUSSIAN FAR EAST AND KOREAN PENINSULA”


Asia-Pacific Journal
f Marine Science&Education

VOLUME 5. No.1, 2015

ISSN 2221-9935 (Print)
ISSN 2306-8000 (Online)

Website: http://marinejournal.msun.ru

Registered with the Federal Service for Supervision in the Sphere of Telecom, Information Technologies and Mass Communications. Registration certificate PI № FS 77-44105 of March 09, 2011.

(Свидетельство о регистрации ПИ № ФС 77-44105)

Executive Editor
Nikolai I.Pereslavtsev

Published semiannually by
Adm. Neleskoy Maritime State University (MSUN)

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