

chapter ten

**Soviet
and
Russian
Relations
with the
Two
Koreas**

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This essay considers Soviet and then Russian relations with North and South Korea since 1988, which was a watershed year for Soviet policy toward northeast Asia. By that time, the Soviet leadership had reassessed basic ideological and security interests as well as the country's growing domestic economic needs. While the Communist Party was still in power and Mikhail Gorbachev was still General Secretary of the Central Committee (a position he had assumed upon the death of Konstantin Chernenko in March 1985), Marxist-Leninist ideology was playing an ever-decreasing role in Party politics and policymaking. By 1987, Gorbachev began to stress the critical need to shift primary political power and the policymaking process from the Party to state institutions. He also emphasized the necessity of revamping the Soviet economy, which would be costly and would need foreign assistance. By 1988, the international communist movement, with the Soviet Union at its head, no longer was of interest to the Soviet leader. Rather, he was looking to reconfirm his country's role as a great power in the international arena, a power that could not be ignored in any regional political turmoil and subsequent settlement, whether in Africa, the Middle East, or Northeast Asia.

According to one scholar, Soviet policymakers began to review the situation on the Korean peninsula during 1987 and early 1988 and concluded that South Korea did not have any plans to attack the North. In fact, the South might even be looking for possible ways to seek rapprochement with the North. The Soviets also recognized that North Korean activities vis-a-vis the South were not productive and it was not in the USSR's national interests to continue to permit North Korea to take the initiative in determining how and when a settlement on the peninsula might occur.¹ This reassessment appears to have been conducted without North Korean input or consultation.

Gorbachev, in contrast to his immediate predecessors, also sought to establish the USSR as a major player in East Asia and the Pacific, a position initially made clear in a major foreign policy speech in Vladivostok in July 1986, in which he declared the importance of Asia and the Pacific to Soviet security. He worked to improve relations with the People's Republic of China, culminating with a visit to that country in May 1989, in response to a Chinese invitation that neither Khrushchev nor any of his successors was able to get.

Soviet support for North Korea after 1986 became entangled with perceived security interests, relations with the Chinese, and a growing interest in exploring economic collaboration with the Republic of Korea. In a major speech in Krasnoyarsk (in eastern Siberia) in September 1988,

Gorbachev stated more specifically than at any time earlier the USSR's need to develop economic relations with the ROK.² Although unspoken, it was clear that this need superseded any continuing need to maintain good relations with another communist-ruled country, i.e., the Democratic People's Republic of Korea. Indeed, by that time, some Soviet specialists had come to identify the ROK "as the most promising partner in the Far East."³

DPRK leader Kim II Sung visited the USSR in October 1986 for the first time after Gorbachev had been elected General Secretary of the CPSU. The North Korean was seeking clear reassurances for continued Soviet support. During this visit, Gorbachev remarked publicly that there were "ominous plans to create a Washington-Tokyo-Seoul military bloc, a kind of Eastern NATO. This is a real threat to the USSR, the DPRK, to many other countries, and to peace in the world."⁴

In 1988, the Soviets decided not only to participate in the summer Olympics held in Seoul that year, but to send a large number of athletes to that event as well as to send the Bolshoi ballet to perform in the South Korean capital during the festivities. North Korea boycotted the Olympics and excoriated the Soviets for their attendance. Soviet trade officials met with their South Korean counterparts on several occasions in the fall of 1988, and in December, Seoul announced that it would consider Moscow's request for a \$300 million loan as well as a separate \$40 million loan to construct a trade center in Nakhodka.⁵ Trade between the two countries increased substantially, while Soviet diplomats continued to assure the North Korean leadership that Soviet interests in developing relations with the South extended only to trade and economic collaboration. In spring 1989, the Soviets formally opened a trade office in Seoul. And in December, a Soviet consulate was opened in Seoul and a South Korean consulate opened in Moscow. In May 1990, a direct air link between the two capitals was established for the first time.

Within two years, Moscow and Seoul had agreed upon establishing formal diplomatic relations. Gorbachev and South Korean President Roh Tae Woo met for the first time in San Francisco in June 1990; three months later the normalization of relations between their two countries was announced. The joint Soviet-ROK communique on establishing diplomatic relations between the two countries stressed that it "would not in any way influence relations with third countries, and will promote stability... on the Korean peninsula."⁶ The North Korean press labeled the establishment of diplomatic relations as nothing less than "an act of betrayal."⁷

South Korea had undertaken a serious effort toward establishment of diplomatic, economic, and trade relations both with the USSR and the countries of eastern Europe, beginning in 1983. Roh had spoken a number of times of his country's interest in "northward diplomacy [Nordpolitik]." He envisaged great trade, especially export, opportunities for the ROK with the decline of communist control in most of eastern Europe by mid-1988 and the rapid collapse of communist rule throughout the region the following year. Hungary was the first to establish diplomatic relations with the ROK, in February 1989; the other east European countries quickly followed suit during that same year.

Soviet Interests in South Korea

Simply stated, Soviet and then Russian interests in South Korea have been mainly economic, although both Gorbachev and Russian Federation President Boris Yeltsin made it clear that East Asia was high on their foreign policy agendas. Accordingly, diplomatic relations with both Koreas would further their policy objectives. With the collapse and formal disintegration of the USSR in late 1991, the Russian Federation took over Soviet foreign policy directions. Yeltsin has continued and sought to expand Soviet policy interests vis-a-vis South Korea. His state visit to Seoul in November 1992 culminated with the signing of a Treaty on Principles of Relations between Russia and the ROK. Yeltsin and President Roh also signed a Memorandum of Understanding for Military Exchanges at the same time, which has resulted in exchanges of military information and personnel and, as noted below, in Russian sales of military technology to South Korea.

Yeltsin has also made it clear that Russia wants to play a key role in any Korean peace/reunification process and Russian leaders and diplomats have reiterated this position on numerous occasions. The Russian position is that, as successor to the USSR, it has had and continues to have strong security, political, and economic interests in Korea at least since World War II. The United States and China, on the other hand, have not agreed that Russia should be part of any peace or reunification talks. Nor has either the South or the North. Indeed, the latter has sought unsuccessfully to negotiate bilaterally with the United States, leaving out the South altogether.

South Korea, with its booming economy and continuing search for export markets, has sought to expand trade relations with the USSR (and, since 1992, with Russia and other post-Soviet new states). In late December 1990, after diplomatic relations between the two countries were formalized, Roh met with Gorbachev in Moscow and agreed to provide a \$3 bil-

lion loan over a three-year period: \$2 billion would be made available to the Soviets for purchase of South Korean goods at attractive prices, and \$1 billion would be available for Soviet industrial development. The Soviets would repay the loan partially in raw materials, particularly coal and natural gas, resources that the USSR/Russia has in abundance and South Korea sorely lacks. By 1993, there had been considerable discussion between the two countries about the construction of a pipeline from the natural gas fields of Yakutia in northeastern Siberia through North Korea to the South, a project estimated to cost some \$20-\$30 billion.⁸ The South would provide part of the financing.

By 1993, Russia had also agreed to sell military equipment to the South in partial loan repayment. Two years later, Russian Defense Minister Pavel Grachev, while on an official visit to Seoul, initialed a memo on "mutual cooperation in military industry." Grachev reiterated publicly that Moscow was interested in selling weapons and equipment to the South.⁹ Later, in 1995, Russia was reported to have sold South Korea old warships and tanks from the Russian Pacific Fleet's arsenal, to be used for scrap metal. Income realized from these sales are scheduled to be used to pay some of Russia's accumulated \$1.4 billion debt, but much of it will in fact be used by the Pacific Fleet for civilian purposes. Reportedly, two major Russian aircraft carrier cruisers, the Minsk and the Novorossiisk, were to be sold to South Korea also, at a price of over \$4 billion each.¹⁰

Russia is also selling the South military equipment and material not designed to be turned into scrap metal. By the fall of 1996, the Russians were beginning to send armored combat vehicles and T-80U tanks, and they were scheduled to deliver anti-tank and anti-aircraft missiles to Seoul as well.¹¹ Because of the huge defense industry inherited from the Soviet period and the difficulty (and cost) of transforming industrial defense factories into civilian factories, military equipment continues to be a major Russian export and a significant source of income. The South Koreans have put a limit on how much military equipment they will accept as debt payment, preferring cash or specifically non-military goods.¹²

Bilateral trade between the two countries has grown substantially over the past several years, and by the end of 1995 had reached more than \$3 billion, up from \$2.2 billion the year before (which in turn was almost forty percent higher than in 1993). After some delay in the early 1990s, major South Korean companies have now begun to invest in the Russian Far East. Daewoo and others are setting up retail and service stores. Goldstar, Samsung, and Hyundai are also investing in the area, and the latter is scheduled to build a \$50 million office building in Vladivostok.¹³ These

major Korean companies now seem willing to invest substantially in Russia despite the continuing unsettled and often tumultuous political and economic climate, lack of a legal code and process that would serve to protect foreign investments and assets against criminal seizures, a tax system that does not work and does not particularly encourage foreign investment, and other major difficulties. It is likely that these and other companies will be willing to invest more extensively when Russia's internal situation becomes more "investor-friendly." Additionally, a South Korean light industrial and electronic goods "technopark" has been opened in the free economic zone in Nakhodka, near Vladivostok.

Some observers have suggested that enhanced South Korean-Russian trade is a "natural." South Korea manufactures items that Russia lacks, especially consumer goods, and Russia has resources, especially fuels, that South Korea sorely needs for its expanding manufacturing sector. The South reportedly is one of the world's major manufacturers and exporters of consumer fur and forestry goods, for example, but lacks these resources, which Siberian Russia has in abundance. The South also has an important shipbuilding capability, which could be utilized conveniently by the Russian Pacific Fleet headquartered in Vladivostok. The fleet does not have major repair and maintenance facilities located locally; rather, ships have to be sent all the way to the Baltic when major maintenance or overhaul is needed.

Russia also sees continued good relations with South Korea as an important way to enhance its influence in northeast Asia. After the 1991 collapse of the Soviet Union and (at least temporarily) the end of the Russian-dominated multinational empire, Russia began to search for ways to establish its status as a major power in the international community. In the near term, given its continued domestic political and economic uncertainties, Russia is unlikely to have the authority to undertake an international role with the global clout assumed by the Soviet Union during the cold war. Still, Russia maintains a large nuclear arsenal. Now that the other post-Soviet states that inherited nuclear installations and equipment on their territory after 1991 (Ukraine, Kazakhstan, and Belarus) have agreed to eliminate nuclear weapons within their national borders, Russia's nuclear capability accordingly assumes greater international significance.

Soviet-North Korean Relations

By the mid-1980s, Soviet-North Korean relations had improved substantially, after a period of continued decline. By 1985, the North had granted the Soviets overflight rights for military aircraft headed for Vietnam and

access for Soviet military ships headed to Wonsan and Nampo harbors. In return, the Soviets provided increased technical, military, and economic assistance to the North. It is estimated that the Soviets provided \$900 million between 1981 and 1985 in arms transfers alone, including MiG-23 and MiG-29 combat fighter aircraft and SAM missiles.¹⁴

After his fall 1986 visit to the Soviet Union, Kim Il Sung pressed Gorbachev to pay a return visit to Pyongyang, but the Soviet leader never managed to take him up on this or subsequent repeated invitations. The North Koreans were especially distressed when Gorbachev refused to stop off in Pyongyang after his official visit to China in May 1989. Pyongyang watched with alarm as communist parties in eastern Europe lost political control and collapsed during 1989. The North believed the democratization efforts under way in the USSR were a direct threat to Marxist-Leninist ideology (as indeed they were). In the fall of 1989, as communist control evaporated without bloodshed in one east European country after another and the Soviet Union sat quietly by on the sidelines, a CPSU Central Committee document declared that "North Korea refuses to recognize new realities and sticks to obsolete notions of class and ideological struggle."¹⁵ The following year, then heir-apparent Kim Jong Il declared that the North Korean Workers Party "has been able to uphold the revolutionary banner without the slightest vacillation,"¹⁶ while communism around the world was in a state of decline and collapse. Less than a year later, the CPSU had been outlawed and the Soviet Union was in the throes of collapse.

In late 1988, Foreign Minister Eduard Shevardnadze declared that "the Soviet Union has no intention of recognizing South Korea nor of establishing political and diplomatic relations with that country." The following spring, the Soviets formally opened a trade office in Seoul. In May, while visiting Beijing, Gorbachev declared that "Kim Il Sung and the North Korean leadership are probably afraid that we can go from trade contacts to political ties with South Korea. This, however, is out of the question. We are not going to agree on cross-recognition. At least for today, this is not our policy."¹⁷ Soviet military leaders in particular emphasized the need to maintain a strong Soviet-North Korean security alliance in order to maintain Soviet security in the Far East.

When Shevardnadze flew to Pyongyang in September 1990 to personally inform the North Koreans that Soviet-ROK diplomatic relations would be established imminently, Kim Il Sung flatly refused to meet with him. The North Koreans vehemently opposed Soviet diplomatic recognition of the South, they said, for a number of reasons: it would legitimate and perpetuate the two Koreas; North Korea would be isolated internationally; and a

tripartite "conspiracy" of the USSR, the US and South Korea would be created, which would "subvert the North Korean socialist system." "The USSR, by its actions, joins the conspiracy of the United States and South Korea aiming at the destruction of the socialist system in the north," declared the North Korean foreign ministry. Further, the North Korean-Soviet Security Treaty of 1961 had lost all "real meaning" and North Korea would have to "seek independent measures to procure weapons by itself."¹⁸ During meetings with Shevardnadze, North Korean foreign ministry officials reportedly announced that "without continued Soviet assistance" they would have to "develop their own 'modern' weapons program, turn to others for support, and cease to trust the USSR." The Soviet Foreign Minister is reported to have responded that "the DPRK would of course have to determine what was in its own best interests," although he did warn the North Koreans against trying to develop a nuclear weapons capability.

After 1990, it became unclear whether the Soviet-North Korean Treaty of Friendship, Cooperation, and Mutual Assistance, signed in 1961, actually remained in force. Annual joint naval exercises ended in 1990 and have not resumed. In January 1992, Igor Rogachev (a former Soviet deputy foreign minister) flew to Pyongyang at Yeltsin's request to discuss with the North Koreans a revision of the treaty that would provide for Russian military support only in the event North Korea was attacked without provocation. The North Koreans accepted this revision, undoubtedly without enthusiasm. At the same time, Rogachev reportedly assured DPRK leaders that the Russian (formerly Soviet) nuclear umbrella still covered them. The North responded that Russia need not concern itself about the North's security.¹⁹

The terms of the 1961 security treaty are that, if either party does not raise objections, the treaty is automatically renewed for another five years. According to a recent South Korean report, the North and Russia are continuing to negotiate a modified version of the treaty. In the latest version, Russia reportedly will no longer automatically provide military support to the DPRK even in the case of an unprovoked attack.²⁰

In late January 1993, Russian Deputy Foreign Minister Georgii Kunadze traveled to Pyongyang as a special representative of the Russian president. Kunadze's mission was to assist in the establishment of state to state relations, which were to replace communist party relations, the main avenue of collaboration between the two countries since the 1940s, which had broken down by the end of the 1980s. Kunadze met with Kim Young Nam (Vice Premier of the Administrative Council) and Kang Seok Choo (First Deputy Minister of Foreign Affairs). The Russian succeeded in getting North Korean agreement to strengthen contacts at the foreign ministerial level, and to

reestablish the bilateral intergovernmental commission on economic and scientific-technical issues. But DPRK officials made it clear that Russia had no right to interfere in the North's nuclear development efforts and, particularly, to insist that they permit International Atomic Energy Agency (IAEA) inspections. Kang Seok Choo made it clear that his country was willing "to look for partners elsewhere, for example in the United States."

While Russian-ROK bilateral trade has continued to grow rather substantially in recent years, trade between the Russia and the DPRK has declined drastically since 1990 (with slight increases in 1992 and 1993). Beginning in 1991, North Korea, as were all other communist-ruled states, was obliged to pay for Soviet (later Russian) goods in hard currency only. Of particular relevance for Soviet oil and natural gas deliveries, upon which the North depended heavily, these commodities would be sold at prevailing world prices, no longer at the discounted prices for Soviet bloc countries. The Soviet-DPRK trade agreement for 1991 was signed in 1990, but between January and April of 1991 trade deliveries were suspended altogether.

As is well known, the North Korean economy depended heavily on Soviet support for four decades or more. The USSR was the North's main trading partner and the Soviets had provided half of the North's total foreign economic assistance. According to one source, in 1989, the North received 63 percent of its electric power, 50 percent of its coal and refined oil, 33 percent of its steel, and important amounts of chemical fertilizers, pig iron, and other materials from the Soviets.²¹ In 1989 and 1990, 55 percent of the North's total bilateral trade had been with the Soviets, including substantial imports of heavily subsidized Soviet oil.

Bilateral trade between the two countries had reached an all-time high in 1989 of \$2.5 billion. In 1990, it dropped to less than half of that amount (\$1.1 billion). And the following year, trade turnover dipped further to just \$364 million.²² In 1990, the Soviets delivered 410,000 metric tons of oil to North Korea; in 1991, 100,000 metric tons, less than 25 percent of the previous year, were delivered, even though the Soviets agreed to postpone payment receipt in hard currency only for this commodity.

By 1995, Russia had dropped to fifth place in a listing of North Korea's main trading partners, behind Japan, China, the ROK, and India (in that order) and only slightly ahead of Hong Kong and Germany. Russia accounted for only four percent of North Korea's total trade turnover. Beginning in 1991, China replaced the USSR as the North's primary trading partner, and by mid-1994, China was responsible for more than two-

thirds of North Korea's foreign trade and 75 percent of its oil and food imports.³³ By 1995, Japan had replaced China as the DPRK's number one trading partner. In response to the Soviet-South Korean rapprochement, the North had moved quickly to establish diplomatic relations with Japan (in September 1990) and sought to improve trade relations with that country as a way of counterbalancing Soviet-ROK collaboration.

Within the past year there have been some signals that Russia has renewed its interest in the North. Valery Denisov, a North Korean specialist, was appointed ambassador to the DPRK. Russia has indicated a willingness to invest in the Rajin-Sonbong free economic and trade zone, which is situated in a remote area almost on the border of the DPRK, Russia, and China. The zone sponsored its first industrial conference in September 1996 and gained a good deal of international publicity.

North Korea has suffered severe flooding and other agricultural setbacks over the past several years and its food supplies both for civilians and the military have dwindled to dangerously low levels. Russia has not, however, sent emergency food supplies to the North as have other bordering or neighboring countries, particularly China. Japan has also sent supplies. (The ROK has provided support, although the North's initially hostile response discouraged larger or more frequent shipments.) Even the U.S., in a lesser way, has supported the relief effort, largely through the UN-sponsored World Food Programme.

The North Korean Nuclear Issue

In 1992, Russia withdrew a number of scientists who were working in North Korea, assisting with military development. Moscow continued to put pressure on the North to adhere to the international nuclear non-proliferation treaty (NPT). The North had finally become a signatory to that treaty in 1985. (The NPT, jointly supported by both the United States and the Soviet Union, had gone into force after the UN General Assembly had approved it in 1970.) The North only signed the safeguard accord required of all NPT members in January 1992, although this accord should have been signed within eighteen months of becoming a treaty signatory, i.e., by mid-1987. Regarding nuclear power for civilian uses, North Korea joined the IAEA in September 1974, and first permitted that agency to inspect its main atomic reactor at Yongbyon (built with Soviet technological and economic assistance) in late 1977.

In 1993, the DPRK announced that it was formally withdrawing from the NPT, thereby causing an international furor. Russia joined the interna-

tional effort, spearheaded by the US, to convince the North to drop its apparent plans to develop a nuclear military capability. Reportedly, the Russian KGB knew in March of 1992 that the North had "completed the development of an atomic explosive device," although the Russian government denied any such knowledge. Indeed, as late as mid-1994, Foreign Minister Andrei Kozyrev claimed that North Korea was three to seven years away from developing any nuclear weapons.²⁴ Pressured by the South Koreans, Yeltsin indicated that he might be willing to support international sanctions against North Korea if the latter persisted in its nuclear military efforts. During his visit to Moscow in June 1994, ROK President Kim Young Sam agreed to postpone Russia's debt repayment if the Russians would put pressure on the North to end its nuclear weapons development program. In response, Yeltsin declared publicly that Russia would in fact support international sanctions against North Korea if the latter persisted in acquiring a nuclear capability. Russia had already withdrawn its nuclear scientists from the North who had been provided to assist in the civilian development of nuclear energy; they may actually have assisted in paving the way for nuclear military development. By this time, however, Russia's influence on the North had declined significantly and there is no evidence that Russian support for international sanctions had any impact on the North's determination to continue to try to develop a military nuclear capability. The North was much more interested in negotiating directly with United States if it were to agree to halt nuclear development than it was with Russia.

After protracted negotiations during 1994, in which the United States took the lead, the North agreed to freeze its nuclear development activities in exchange for U.S. economic assistance and substantial U.S. diplomatic attention. Part of the Agreed Framework signed in Geneva in October of that year by the North and the U.S. established a special organization that would assist North Korea in the near term with its fuel requirements and subsequently supply two light-water reactor power plants. KEDO, the Korean Peninsula Energy Development Organization, sponsored by the U.S., Japan, and South Korea, has been given responsibility for ensuring fuel deliveries as agreed upon and for facilitating the development and delivery of the light-water reactor plants. While Russia sent representatives to the initial KEDO meeting in August 1995, it has not become a party to the organization because, it complained, it was not adequately consulted before KEDO was established. Russia has repeatedly expressed great interest in building and supplying the light-water reactors, but KEDO officials have firmly rejected these offers. Rather, the ROK is slated to provide the reactors and bear a significant part of the cost, although the North has not yet agreed to accept ROK-manufactured reactors.

Conclusions

For the past decade, first the Soviet Union and then Russia has looked to play a larger role in the Asian Pacific and in northeast Asia as well. For example, it applied for membership in the Asia Pacific Economic Cooperation forum several years ago, but has not yet been admitted because of a continuing moratorium on new membership. It has made concerted efforts to improve relations with China. Yeltsin has undertaken several official visits to China, amplifying the initial groundwork laid by the 1989 Gorbachev visit. Almost all of the long-standing border disputes have been resolved and both Russia and China have withdrawn massive numbers of troops from their respective sides of the long common border. Bilateral trade has grown substantially and in late 1993, a joint Russian-Chinese military cooperation agreement was signed. The next year, Chinese president Jiang Zemin made a state visit to Moscow, the first visit by a Chinese leader since 1957. Jiang and Yeltsin signed a formal agreement not to use military force against one another's country.²⁵ Sporadic discussions with Japan still have not resolved the Kurile islands controversy, which in turn has continued to block signing of a formal peace treaty ending World War II hostilities between the two countries. More importantly, failure to resolve the islands dispute has limited Japanese willingness to underwrite economic investment and other support to Russia, particularly in eastern Siberia.

It is important to note that Asian specialist Evgenii Primakov replaced western-oriented Andrei Kozyrev as Russian foreign minister in January 1996. Kozyrev had worked to focus Russian foreign policy much more on relations with Europe and the U.S. than on Asia, although as noted, significant breakthroughs regarding Russian interests in Asia had been made during his tenure. Primakov has both an academic and a national security background and has been in and out of official government service for many years. He is regarded as less of a "reformer" than Kozyrev, and his appointment appears at least partly to have been related to Yeltsin's 1996 presidential reelection bid, when the latter deemed it necessary to emphasize his more "centrist" rather than "reformist" position to the electorate. Yeltsin's March 1997 restructuring of his cabinet and appointment of several key economic and administrative "reformers" to high level positions has not impacted on Primakov, who remains in his post.

Within this general context of seeking to play a greater role in east Asia, Russia has tried to fashion a two-Koreas policy that best serves its security and economic interests. It has also continuously sought to play a direct and important role in any final peace process and reunification of the two Koreas. Thus far, it has been quite firmly rebuffed by each of the major par-

ties and this seems unlikely to change unless Russia can make a compelling case for its inclusion. Russia continues to work for a reduced American presence in South Korea, but in fact, over the past several years, there has been increased U.S. involvement on the Korean peninsula altogether because of the North Korean nuclear efforts, a situation the Russians do not welcome but seem unable to counteract. Because so much of the Russian leadership's focus has been on internal matters related to the protracted transition from a centrally planned economy toward a market-oriented one and from an authoritarian communist party-ruled political system toward one more democratically-oriented, it has understood the need to reduce international tensions on its borders. It has done well in this regard at least with respect to China. Insofar as security concerns on the Korean peninsula are concerned, Russia is not anxious to see a regional power emerge on its border from reunification in the near term. Nor is it anxious to witness a collapse of the North, which could include desperate international military actions before such a collapse. However, any willingness to provide support to the North is surely limited by Russia's simultaneous interest in maintaining and expanding economic investment and trade relations with the South.

Russia's economic interests are clear: expanded trade and expanded investment to assist in development of the vast resources in eastern Siberia, in particular. Regional "reformist" leaders have established free economic zones to encourage foreign investment, which they believe will lay the groundwork for jump-starting local economic growth. Investment has been slow in coming because of the lack of legal safeguards and processes, conflicting taxation restrictions, political and economic uncertainties, and bureaucratic entanglements, among other reasons. While significant advances in Russian-South Korean trade relations have been achieved and Moscow is working intently to reduce its debt to the ROK in order to encourage additional support, ROK investment is still in its early stages. The South in part has sought to tie its economic relations with Russia to that country's ability to influence events or policies in North Korea. As noted earlier, Russia for the past half decade has had little impact on North Korean policies and does not appear yet to be taking concrete steps to try to enhance its influence except to reduce the rhetoric directed against Pyongyang, to provide very limited economic assistance, to strive to improve bilateral trade relations, and to postpone insistence on North Korea's debt repayments in light of the latter's dire economic circumstances.

Russia continue to seek a major role in northeast Asia in order to maximize its own security and economic interests and to try to ensure that none of the other regional powers (China or Japan) accedes to a paramount position in the area. Thus far, Russia's role has been limited by its own pressing domestic priorities

notes for chapter ten

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23. Samuel S. Kim, "The Emerging Northeast Asian Order and Chinese and Russian Policies toward the Korean Peninsula," *New Asia* 2,4 (Winter 1995): pp. 40-41.
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25. Samuel S. Kim, op. cit., pp. 21-22.