


The Achievements and Tasks of the Eastern Economic Forum and Korea-Russia Summit



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Following the rising significance of the Asia-Pacific region as a center of global growth, and the growing global political and economic status of the Eurasian continent since the beginning of the 21st century, Russia has actively pushed forward with its 'Eastern Policy.' By expanding its scope of cooperation with the Asia-Pacific region, Russia has aimed to build an economic bridge connecting Europe and Asia-Pacific, and attempted to secure new motives for economic growth, such as the development of Russia's Far East. In this vein, Russia formed the Eurasian Economic Union (EAEU) in 2015 with the purpose of promoting deeper economic integration in the post-Soviet region, and the Eastern Economic Forum (EEF) for accelerating the development of Eastern Siberia and attracting more investment from Asia-Pacific countries.

I once expressed my opinion to Russian President Putin on Russia's Asia policy at the Valdai Discussion Club in 2013; that Russia had not been a part of Asia in terms of the economy, yet its geopolitical presence in the region was widely acknowledged. Coincidentally, President Putin launched the first Eastern Economic Forum on a sizable scale in September 2015, in Vladivostok. The second Eastern Economic Forum was held

on 2-3 September 2016 in a more organized manner, with its main focus on promoting major investment projects in logistics infrastructure, energy, agriculture and fisheries, and house-building industries, and seeking concrete ideas for increasing economic cooperation with Asia-Pacific countries. At the Forum, the Russian government asserted the importance of closer cooperation with neighboring countries as a means to promote investment and cooperation related to the development of the Zone of Advanced Socioeconomic Development, Vladivostok Free Port, Far East industrial cluster, and the Northern Sea Route. The Eastern Economic Forum played a critical role in heightening, to some degree, the economic influence of Russia on the Asia-Pacific region. While it should take more time for Russia to become an economically integral part of Asia, it looks clear that Russia made some progress in this aspect.

Meanwhile, the Eastern Economic Forum (EEF) in 2016 was successful in terms of the presence of global leaders, including Korean President Park and Japanese Prime Minister Abe. While Korea and Russia had not held a bilateral summit in the form of a reciprocal visit by the Korean President following the Korea-Russia summit held in Seoul in November 2013, President Park's attendance at this Forum enabled the two leaders to hold a bilateral Korea-Russia summit in Russia. President Park attended the 'Korea-Russia Business Dialogue' and EEF plenary session, and delivered a congratulatory message and keynote speech at the two gatherings, respectively. Through her speeches, President Park emphasized the necessity of building a closer bilateral relationship in dealing with issues such as the denuclearization of the Korean peninsula and securing stability and peace in Northeast Asia. At the following Korea-Russia Bilateral Summit, concrete measures of cooperation were discussed. Of particular note is that, through her keynote speech, President Park underlined agricultural industrial complexes and fisheries clusters in the Far East, projects on providing high-quality houses, and ICT-based health and medical care services as some of the most promising and practical areas of mutual cooperation. Further, President Park emphasized that the conclusion of an FTA between the EAEU and Korea would promote the economic integration of Eurasia, and spread out the benefits of Far East development to the entire Eurasian continent.

The EEF and Korea-Russia Summit largely led to two key achievements. First, considering that economic cooperation between the two countries has shrunk due to the continuous downturn of the world economy and low oil prices, the EEF and bilateral summit talks provided a momentum of breakthrough for stronger bilateral economic cooperation. In 2015, the trade volume between Korea and Russia decreased by 38 percent from the previous year to USD 160 billion. In 2016, the figure dropped again by 22 percent from 2015, to USD 60 billion in approximation. Out of the 24 MOUs signed at the bilateral summit, 21 were related to economic

cooperation in terms of trade and investment, health and medical care, and the agriculture and fisheries industries. These MOUs are expected to serve as a strong foundation for further economic cooperation. Second, Korea and Russia agreed on the same approach to the North Korean nuclear issue. Not only this, but the international community showed renewed commitment toward supporting North Korea's denuclearization, and Korea found the grounds to explain the necessity of deploying THAAD in Korea. By emphasizing the importance of securing stability and peace on the Korean peninsula and in Northeast Asia, the Korean government was able to weaken Russia's opposition to deploying THAAD in Korea.

Presently, Russia's Putin administration is stepping up its 'Eastern Policy', which connects the development of the Far East to stronger cooperation with Asia-Pacific countries. At the same time, Korea's Park administration promotes the 'Eurasia Initiative', which attempts to expand cooperative relationships with Russia and other Eurasian countries. In this sense, Russia's Far East and East Siberia hold strategic importance for both Korea and Russia, as means to pave the way for Eurasian international cooperation and secure room for growth. Without doubt, Korea and Russia should promote ways to expand bilateral economic cooperation in the Far East.

First, Korea should advance aggressively into the Zone of Advanced Socioeconomic Development (ZASD), part of Russia's ambitious plan to develop the Far East and Siberia. As is generally known, the ZASD aims to accelerate development in the Far East by fostering export-oriented industries. For this purpose, the Russian government plans to create a business-friendly environment to attract investment, in the form of building infrastructure, imposing special taxation measures, and easing administrative barriers. Since Russia is keen to attract businesses from neighboring countries including Korea, developing and operating a joint industrial complex with Russia in the ZASD will serve as a new model of bilateral industrial cooperation. In the ZASD, it will be possible to design a new type of division of labor for exporting half-finished goods to third countries, by utilizing resources from Russia, capital and technology from South Korea, and labor from North Korea. This new system will provide a unique growth momentum for both Korea and Russia.

Secondly, it is important to note that international and multilateral cooperation should be facilitated alongside bilateral cooperation in the development of the Russian Far East and East Siberia. This is because development projects in this region are massive in scale, and pose high risks that cannot be borne by a single country. It is therefore worth considering joint par-

ticipation measures with related countries, by utilizing existing international cooperation channels such as the Greater Tumen Initiative (GTI). Moreover, the Asia Infrastructure Investment Bank (AIIB) can play a role in spurring the development of the Far East and neighboring areas. Considering the continued depression of the world economy, international and multilateral cooperation in the Far East and Tumen River area can be viewed as the international New Deal of the 21st century.

Third, cooperation in logistics transport for developing the Northern Sea Route should not be neglected, as it can strengthen Korea's competitiveness in global logistics by connecting the Korean peninsula, the Far East, and the Arctic Ocean. Furthermore, it will provide grounds for exploiting resources in the Arctic region, and promoting Korean businesses in the transportation market. To this end, it is vital that Korea and Russia form a 'Korea-Russia Arctic Consultative Committee' to discuss cooperation in the development of the Northern Sea Route and Arctic drilling.

Finally, the conclusion of an FTA should be positively considered as a way to solve a number of issues, such as trade diversification and transparency in customs clearance. Once an FTA is concluded with the EAEU, in which Russia plays a leading role, Korea and EAEU member states will not only benefit from lower tariffs but also be able to form new strategic relations by building a Eurasia value chain based on stronger industrial cooperation. Moreover, it will reignite the momentum of the Eurasia Initiative, one of the core strategies of Korea's current foreign economic policy, and create new room for growth in Eurasia. **KIEP**