



SAIS U.S.-KOREA
YEARBOOK 2008

JOHNS HOPKINS
UNIVERSITY

China, Russia, and the Koreas¹

By Eduard Eykelberg



I. INTRODUCTION

Korea's two land neighbors have had a turbulent 2008. China was host to the world's biggest sports event, the Summer Olympics, and Russia invaded the former Soviet satellite state of Georgia. These two events symbolize the rise - or at least a rise in assertiveness - of both China and Russia. For Korea this implies a sensitive change in its strategic environment, a change that is being accentuated by an overstretched and financial-crisis-weakened United States, a key player on the Korean peninsula.

This article looks at developments of Chinese and Russian foreign policy towards the Korean peninsula, focusing specifically on economic cooperation and the Six-Party Talks. These two topics were chosen because they illustrate two diverse types of power exertion and are probably the two most important areas of interaction between China, Russia and the Koreas today. The first section provides a historical background of Korea's relationship with China and Russia. Each subsequent section updates those relations by highlighting important developments of 2008, which are then interpreted in a broader context.

1. The author wishes to thank Professor Lee Nam-joo from Sung Kong Hoe University; Professor Chung Jae-ho from Seoul National University; and Professor Andrei Lankov from Kookmin University for their insights provided during interviews conducted in Seoul, December 2008.

II. CHINESE AND RUSSIAN POLICIES TOWARDS THE KOREAN PENINSULA

China's policy towards the Korean peninsula has changed remarkably over the last half century. During the Korean War (1950-1953) the People's Republic of China (PRC) sided with the Democratic People's Republic of Korea (DPRK or North Korea) against the Republic of Korea (ROK or South Korea) and the United States. After the war, the PRC concluded the Treaty of Friendship, Cooperation, and Mutual Assistance with the DPRK in 1961. This treaty is still in force today and can, according to article 7 of the treaty, be amended or terminated only if there is agreement between the two parties to do so.

Over time the treaty has enormously decreased in importance, and since the mid-1990s Beijing has made it clear to Pyongyang on multiple occasions that China will not intervene if North Korea gets itself in hot water. Since this time, China has adopted an ever more behind-the-scenes position with regards to its relationship with North Korea, as was clearly displayed throughout the first and at the commencement of the second North Korean nuclear crisis. In 2003, however, China changed its position and started to take a proactive stance in dealing with the second nuclear crisis, leading to the formation of the Leadership Small Group on the North Korean Problems, headed by Hu Jintao. For China, North Korea had clearly reemerged as an issue on its foreign policy agenda, albeit under a very different spotlight.

Equally, the PRC's relations with the ROK have changed enormously since the Korean War. After years of *de facto* recognition, China finally recognized the ROK *de jure* in 1992. Since then, China's relations with South Korea have grown stronger. This is reflected most clearly in the deepening of economic integration, but cooperation in other fields is increasing too. Coming from nonrecognition in 1992, Beijing has gradually expanded its relationship with Seoul towards a comprehensive cooperative partnership, and in May 2008, it was finally decided to promote the relationship to a strategic partnership. Strategic partnerships are the highest level of bilateral relations that China maintains with other countries.

Russia's relations with the Korean peninsula during the last half century followed a similar track. An early sign of the close relationship between the former Union of

Soviet Socialist Republics (USSR) and the DPRK was when Stalin handpicked Kim Il-sung as the possible future leader of North Korea. During the Korean War, the USSR supported the DPRK and later became its main trading partner and sponsor up to 1992. In 1961, the USSR signed the DPRK-Soviet Union Treaty of Friendship, Cooperation, and Mutual Assistance. However, with Boris Yeltsin in power and after the collapse of the Soviet regime, Russia's relations with the Korean peninsula imploded and North-Korea became a *persona non grata*.

During the first half of the 1990s, Russia's relations with North Korea were at an absolute low. Russia moved away from the DPRK in order to improve its relations with the ROK and other Western allies. This resulted in Russia's formal recognition of the South Korean government in September 1990 and in 1996, Russia decided not to extend the DPRK-Soviet Union Treaty of Friendship, Cooperation, and Mutual Assistance. Ironically, Russia's shift in policy was considered by some South Koreans to be a reason to decrease their cooperation with Russia: Russia's lack of leverage over North Korea was considered a weakening of Russia's overall position in Northeast Asia.

Russia soon realized that to have an impact on the Korean peninsula, it was crucial to pursue a balanced position. In February 2000, Russia signed a Treaty on Friendship, Good-Neighborly Relations, and Cooperation with the DPRK, which finally brought about the normalization of bilateral relations. In 2008, Moscow and Seoul decided to elevate relations to the level of strategic cooperative partnership from that of a constructive partnership.

The resemblance between China's and Russia's foreign policies towards the Korean peninsula is striking. Both countries shifted from a one-Korea *de jure* policy towards a two-Koreas *de jure* policy, experiencing absolute lows in their relations with the DPRK, their traditional ally, shortly thereafter. Yet, today we are witnessing a China and a Russia that are pursuing active involvement with the two Koreas. It seems that both countries have realized the benefits of having a balanced approach towards the peninsula. The next two sections analyze Russia's and China's contemporary policies towards the Koreans.

III. ECONOMICS

Democratic People's Republic of Korea

Under the *juche* state ideology, North Koreans are taught to be self-reliant. Interestingly enough, however, the North Korean society today is heavily dependent on development aid and is expanding its trade relations each year. In 2008, this trend away from self-reliance and towards greater world economic integration has continued. Several steps North Korea has taken seem to demonstrate a tacit understanding of the need to open up, at least in terms of its economy. In the Joint New Year Editorial for 2008, for instance, the North Korean leadership stated for the first time that the "building of an economic power" was a priority, further explaining that "the objective of our advance is a great, prosperous and powerful socialist country." There was also mention of the "people's-living-first policy," giving rare attention to the state's consumer sector.

Playing a key role in the opening of North Korea's economy is China. China is North Korea's largest trading partner and largest provider of foreign direct investment (FDI). According to the CIA *World Factbook*, China in 2006 accounted for 31.4 percent of North Korea's exports and 43.6 percent of North Korea's imports. In 2008, China's trade volume with North Korea continued to increase. Recent data published by the Chinese Customs Bureau states that trade between North Korea and China in the first half of 2008 was 25 percent higher than in the same period last year.

In terms of FDI, the Nautilus Institute estimates that in 2005, FDI from China accounted for 70 percent of total FDI in North Korea. In March 2005, an investment-protection agreement was signed between North Korea and China, and today, there are approximately 200 Chinese investment projects operating in North Korea. The fact that the North Korean market is largely unexplored and that the country is potentially rich in unexploited natural resources, helps explain China's growing investment in North Korea, as well as China's wish for the survival of North Korea and the stability of Northeast Asia.

In addition to being North Korea's main trading and investment partner, China is also North Korea's main provider of aid. Estimates vary regarding the exact level

of Chinese aid. According to the United States Institute of Peace, most sources claim that Beijing provides 90 percent of North Korea's oil imports and 70 percent of its food imports. However, since the beginning of 2008, significant changes have taken place. Global economic downturn and soaring domestic food prices in China have led Beijing to tighten aid provision to North Korea, implementing stricter measures in early 2008, such as the abolishment of tax incentives for grain exports and quotas for exports of powdered goods, such as flour. However, with the United Nations warning that North Korea might be facing the worst food crisis since the 1990s, the Chinese government has temporarily stepped up its aid provision.

Among North Korea's trading partners, Russia is still an important player. Russia - and the Soviet Union before 1991 - was North Korea's largest trading partner until its trade volume was surpassed by that of China in 1992. In 2007, Russia was the DPRK's fourth largest trading partner after China, South Korea and Thailand. Still, Russia's share is small compared to that of China or South Korea. Table 1 gives an overview of North Korea's principal trading partners for 2001-2007, based on data of the Korea Trade-Investment Promotion Agency (KOTRA).

Russia's vigor towards North Korea lies - as is often the case with Russia - in state-guided investments. An important development here is the linking of the Trans-Korean railway with the Trans-Siberian Railway. In August 2008, North Korea agreed to lease a 52-kilometer section of track for forty-nine years to Russian Railways. It was also agreed that Russian Railways would refurbish the line and build a container terminal at the North Korean port of Rajin. The Rajin project is an important step towards the connection of South Korea to Europe via the Trans-Siberian Railway. Moreover, a railroader delegation from North Korea is currently receiving extensive training at the Vladivostok department of Far East Railway as part of a training schedule that stops at several locations in Russia.

Another major project is the construction of a gas pipeline that would run through North Korea to provide gas to South Korea. In September 2008, a deal was signed between the South Korean state-run Korea Gas (KOGAS) and the Russian energy company Gazprom. The route for the delivery of gas is, however, still to be determined. The construction of the pipeline via North Korea would be beneficial for all parties involved, since it enables Russia and South Korea to trade gas more

cheaply than by cargoes over sea and it yields North Korea transit charges. The South Korean Ministry of Knowledge Economy estimated that revenues for North Korea from transit charges can reach \$100 million yearly. Russia, which suggested that the pipeline should run via North Korea, is currently in talks with the country in order to get its consent.

Table 1: DPRK Principal Trading Partners 2001-2007*

	2001	2002	2003	2004	2005	2006	2007
China	28%	25%	33%	42%	43%	39%	42%
Russia	3%	3%	4%	7%	6%	5%	3%
South Korea	15%	22%	23%	22%	28%	31%	38%
Thailand	5%	7%	8%	10%	9%	9%	5%
Japan	18%	13%	9%	8%	5%	3%	2%
Others	31%	30%	23%	11%	9%	13%	10%

*Compilation based on data from KOTRA.

What do these assessments tell us about North Korea? Both China and Russia are actively involved and are major players in the North Korean economy. China is without a doubt paramount to Russia, surpassing it in terms of trade, investment, and aid supplied. A major difference between China and Russia is that Russian companies are almost nonexistent, while Chinese companies are increasingly looking for investment opportunities in the unexplored and low-wage market of North Korea. The projects that the Russian state is pursuing are, however, large state-financed initiatives and can entail major benefits for the Russian society in the future.

Looking beyond China and Russia, it seems that the closed North Korean society is gradually opening up. In addition to the 2008 Joint New Year Editorial statements, Pyongyang has in 2008 organized its 11th Spring International Trade Fair - hosting over 180 foreign businesses, 50 more than the previous record set in 2007 - and its 4th Autumn International Trade Fair. These trade fairs attract companies from countries all over the world and provide, according to the Korea Central News Agency, "the opportunity for developing many-sided economic exchange, cooperation and trade relations among different nations." The booming inter-Korean trade, the establishment of special economic zones such as the Kaesong Industrial Complex or the Rajin-Sonbong Special Economic Zone, and the four visits of the DPRK's supreme leader, Kim Jong-il, to China since 2000 - mainly

to inspect the Chinese economy - are further signs of a North Korea seeking to open up its economy.

If the North Korean economy is effectively on a track of opening up, China and Russia are - considering their history and relatively close relations with the DPRK a step ahead of other countries. A further opening of the North Korean economy is, however, not a path without difficulties. There are conflicts of interest between Russia and China, clearly visible in the case of the Rajin-Sonbong Special Economic Zone. While Russia is repairing the railroad track, China is constructing a new automobile highway, both leading from their respective borders to the port of Rajin. There are even rumors that Russia started working on the railroad project only because of recent Chinese activity in the region. This conflict of interest can be smartly played out by Pyongyang, which "wants Russia to balance China's growing influence," according to the International Crisis Group.

A different problem is that economic investment in North Korea gives the regime leverage through threatening to close down the investments. The construction of the Russia-South Korea gas line via North Korean soil is a case in point. Nevertheless, the recent indications are that economic considerations have started prevailing over fears of the regime's actions. The United States' decision in October 2008 to remove the DPRK from the list of state sponsors of terrorism entails further aspirations for the development of the North Korean economy.

Republic of Korea

South Koreans are worried these days. They feel they are being squeezed out by a booming China and a resurging Japan. The ROK is stuck in a delicate position having to compete against high-quality products and services from Japan, while Chinese manufacturing products are rapidly edging Korea's. In addition to this crunch, South Korea faces another balancing act: between China and the United States. South Korea's traditional place in the U.S.-led security framework is being challenged by the rise of China as the regional hegemon. The 2008-elected South Korean President Lee Myung-bak called for a strengthening of U.S.-South Korea relations but is, at the same time, very careful not to antagonize China. Nevertheless, hours before a meeting between President Lee and Chinese President Hu Jintao in May 2008, the Chinese Foreign Ministry referred to the

South Korean government's push to strengthen its alliance with the United States as a "military alliance reminiscent of the Cold War."

A definite highlight in 2008 in China-South Korea relations was the decision to promote the relationship to a "strategic cooperative partnership" from one officially described as a "full cooperative partnership." Relations between the two countries are, however, not outright perfect. The technological gap between South Korea and China in the manufacturing sector is shrinking. A study published by the Korea Institute for Industrial Economics and Trade in 2008 announced that the manufacturing technology gap between Korea and China has fallen to 3.8 years from 4.7 years in 2002 and 4 years in 2004. The survey measures 608 companies in roughly ten manufacturing sectors. Another indicator of this trend is that by new orders received in 2007, China has surpassed the ROK as the world's largest shipbuilder. The pressure of China eating away Korea's competitive advantage is being felt all over the Korean society.

Still, the rise of China entails many benefits for the ROK and vice versa. Trade flows between China and South Korea have been increasing steadily. In April 2007, Premier Wen Jiabao said that China's bilateral trade with South Korea rose 26-fold from 1992 to last year. According to data available on the Korean website of the Ministry of Knowledge Economy and on the Chinese website of the Ministry of Commerce, China is both South Korea's biggest export market and since 2007, also its largest source of imports. In 2008, increased shipments to China have helped South Korean exporters to withstand faltering sales to the United States, where the economy is facing a severe financial crisis. China is equally South Korea's largest destination of FDI.

China is thus increasingly becoming vital for the South Korean economy, a development Chinese leaders encourage. During the trilateral meeting of leaders of China, Japan and South Korea in December 2008, the Chinese premier, Wen Jiabao, announced that "the two sides should promote further growth of trade and investment, and push forward the establishment of a free trade zone between China and South Korea." The Chinese premier further urged the implementation of an agreement on a currency swap involving 180 billion yuan (\$26.3 billion) signed by the central banks of the two nations. This is the first such deal signed by the Chinese central bank with a foreign central bank.

As in China-South Korea relations, the highlight in Russia-South Korea relations in 2008 was the decision by Moscow and Seoul to upgrade relations from a “constructive partnership” to the level of “strategic cooperative partnership.” Recent developments seem to underpin this commitment for closer cooperation. South Korea has substantially increased its trade with Russia over the last couple of years. KOTRA estimated that trade between Korea and Russia had grown by 54 percent to \$15.06 billion in 2007. During his September 2008 meeting with President Lee, Russian President Dmitry Medvedev stated that “the volume of trade between Russia and South Korea may reach \$20 billion this year, up from \$15 billion in 2007,” and “this isn’t the limit.” Russia is expected to become South Korea’s fourth largest trading partner soon.

In addition to the increased trade, there have been other important developments. One of them is the aforementioned gas deal - with the pipeline that possibly would run via North Korea. The deal consists of the importation of 7.5 million tons of natural gas, starting in 2015, for a period of thirty years. That would be 20 percent of the ROK’s current yearly demand. The agreement has to be further finalized, and the delivery route determined. If no agreement with North Korea can be reached, gas would be delivered as cargo by sea. Another issue on which Russia negotiates with both North and South Korea is the connection of the Trans-Korean Railway with the Trans-Siberian Railway. On several occasions in 2008 both countries promised to push ahead with efforts to link the two systems.

Two other important projects were announced in 2008. First, was the construction of a Korea-exclusive port at Vladivostok. The site offers South Korea the logistical network to transport goods not only to Russia, but also to Europe via railways from there on. The second development was the signing of a memorandum of understanding between the Korean Ministry of Knowledge Economy and the Moscow Provincial Government to build an industrial complex only for Korean companies in Moscow Province. If realized, it will be the first time for Russia to open an industrial complex for a specific country’s businesses. Benefits for South Korean companies investing there would include tax benefits and less red tape.

Thus, what is the overall assessment for South Korea? The greatest contradiction lies in its relations with China. China is South Korea’s most important economic

partner, but at the same time, it seems to cause the most trouble. First, it is important to note that South Korea is becoming hugely dependent on China. A striking figure indicating this dependence is that a calculated three to four million jobs in South Korea are related to trade with China. Second, China undercuts South Korea's competitive advantage in an increasing number of industries. Competition from China is fierce, and South Korea finds itself with a comparative disadvantage when competing against China in the manufacturing industry.

It is here that Russia - or other regions such as the Middle East - come in. South Korea is taking steps to reduce its dependency on China and working to create a more balanced positioning. The primary example of this policy is Russia, which is equally eager to augment its influence in the region. Once again, large state-financed projects - or at least promises for them - appear as important bilateral developments. However, in contrast to the North Korean situation, private companies have an important stake in Russia-ROK relations as well. The booming trade and especially exports from the ROK are highly significant. Since Korean products are losing their competitive edge in China, the Russian market offers new potential for South Korean consumer goods. Russia's abundant natural resources make the country even more attractive for the extremely energy-dependent ROK.

A third concern South Korea faces regarding China is how to value the latter's increasing influence while not harming its relations with the United States and vice versa. The ROK finds itself in a dilemma as to whether to ally itself with China, the rising regional power, or the United States, its traditional ally and security guarantor, and must maneuver with care in order to avoid being squeezed out by both when conflict arises. Trade offers a good way to strengthen relations with both China and the United States without antagonizing the other. The talks about establishing a China-South Korea Free Trade Agreement (FTA) and the pending ratification of the Korea-U.S. (KORUS) FTA are positive developments, if successful. Shifting relations with the United States from a security alliance to an alliance of value may be helpful should South Korea wish to avoid comments similar to the one made by the Chinese Foreign Ministry in May 2008.

A Greater East Asian Economic Community?

As discussed above, Russia and China have competing economic interests on the Korean peninsula. Thus in 2003, Putin stated, "Russia must build the Trans-Korean Railroad for the simple reason that if it does not, then our dear friend China will do it." Competition between China and Russia is especially heavy over two possible routes for connecting the Korean peninsula. Russia is in favor of the Seoul-Wonsan-Hansan-Vladivostok line, while China prefers the Seoul-Pyongyang-Sinuiju-Beijing line. Chinese and Russian efforts to penetrate the Korean peninsula could potentially, however, extend beyond the Korean peninsula itself. The Trans-Korean Railway will sooner or later reconnect Rajin-Sonbong along the northeastern border with Pusan on the southeastern tip of the peninsula. From there on, South Korea could be connected with Japan by the creation of a 128 kilometer-long underground railroad tunnel. The tunnel is considered technically possible but comes with a heavy price tag. Nevertheless, it would mean that Japan could be connected to Europe via the Korean peninsula.

The Korean peninsula proves its status as a key location in East Asia, and understandably the stakes at play are high. The presence of North Korea complicates the situation, but both China and Russia understand that the involvement of North Korea is crucial for the success of future economic projects. During the September 2008 Lee-Medvedev meeting, President Lee was said to have been impressed with the Russian leaders' pragmatism about the gas pipeline program, particularly the strategy to include North Korea according to strictly economic principles, setting politics aside. Greater economic involvement of North Korea is considered by all parties as being beneficial for the easing of tensions between the two Koreas and the creation of a greater East Asian economic community.

IV. SIX-PARTY TALKS

Another issue that all parties - except for North Korea - agree upon is the importance of the denuclearization of the Korean peninsula. In order to find a resolution for the North Korean nuclear program and prevent nuclear proliferation in the region, China offered in 2003 to preside over the Six-Party

Talks that further include Russia, the United States, Japan and the two Koreas. In February 2006, a deal was reached among the six parties: North Korea must decommission all of its nuclear facilities in Yongbyon and submit a complete list of its nuclear programs by the end of 2007, in exchange for economic and diplomatic incentives. However, the December 31, 2007, deadline was missed when North Korea failed to declare the full scope of its nuclear program. 2008 did not take off as planned.

The DPRK's explanation for halting the process was that the other parties had not met the promised levels of energy aid. Shipments from China, South Korea and the United States had been delivered in 2007, but Russia and Japan had failed to do their part. Only by late January 2008 did Russia fulfill its November 2007 obligation to provide fuel oil to North Korea. Still, the Six-Party Talks entered a deadlock that lasted until May 2008, when North Korea handed over to the United States an over 18,000-page report on its nuclear operation records. Although the United States remains the key player in the Six-Party Talks, the role of China should not be underestimated. The active involvement of China is remarkable. In the process of sharing the documents on North Korea's nuclear program with the International Atomic Energy Agency (IAEA), China demonstrated its importance by assuming the position of middleman. It was also China that issued a draft agreement on ways to inspect North Korea's nuclear facilities while it was chairing a new round of Six-Party Talks negotiations last December.

In the verification process - as part of the current phase of the Six-Party Talks - Russia can play an important role too. Russia's experience dismantling large quantities of nuclear weapons in countries such as Ukraine, Kazakhstan, and Belarus in the 1990s makes its contribution to verification protocol documentation and real verification processes highly valuable. In February 2007, a Working Group on a Northeast Asian Peace and Security Mechanism was established under the leadership of Russia. At the Six-Party Talks in December 2008, Russia brought up a "Draft for Basic Principles of a Northeast Asia Peace and Security Mechanism," which summarized the results of discussions to date. If the Six-Party Talks are transformed into a broader Northeast Asia security and peace mechanism, Russia's influence is likely to increase.

However, the December 2008 Six-Party Talks were unsuccessful in outlining an

acceptable form of the Chinese-drafted verification protocol. After the failed meeting, U.S. State Department spokesman Sean McCormack said that Japan, Russia, China, the United States and South Korea had agreed that “future fuel shipments aren’t going to move forward absent a verification regime.” Interestingly enough, both Russia and China denied that this was agreed upon during the talks and stated that they would continue their fuel supplies to North Korea.

Events in 2008 confirm China’s active involvement and important position in the Six-Party Talks. At a press conference in May, Chinese Foreign Ministry spokesman Qin Gang stated that “China will continue to play a constructive role and maintain consultation and cooperation with other concerning parties.” Russia seems to have turned a corner in 2008. Being late with its oil commitments in 2007, Russia in 2008, after the failed December talks, was proponent - together with China - of continuing to send aid, despite opposing messages from the United States. In May 2008, Russia and China issued a joint declaration calling for a peaceful solution to the North Korean nuclear problem. Moscow and Beijing also promised to continue to play an active role in finding a settlement to the issue.

Developments in 2008 raise a few questions. For instance, has Russia changed and decided to become more actively involved in the Six-Party Talks? Traditionally, Russia has been considered to be the least active player in the talks. However, its growing economic interest in the peninsula - and the pending railway and gas pipeline projects - might have made Russia more invested in finding resolution to the nuclear issue. Along the same lines, one also has to wonder if Russia and China have come to a mutual understanding in regards to the security of the Korean peninsula. The decisions of both countries to continue to send in fuel oil, the joint declaration in May, and the chairing of the Six-Party Talks and the Working Group on a Northeast Asian Peace and Security Mechanism by China and Russia, respectively, seem to indicate that the two countries have found common ground on how to best secure the Korean peninsula. This forms an interesting contrast to their competing economic interests in the region.

Finally, the dynamics of the Six-Party Talks in general come into question. In addition to a more active Russia, 2008 was characterized by the complete fall-out of Japan. Japan refused to supply any of its promised aid over the outstanding

issue of Japanese citizens who had been abducted by North Korea over the past twenty years. In December 2008 a spokesman for the DPRK Foreign Ministry said that “the October 3 agreement can be implemented without Japan now that other countries beside the parties to the Six-Party Talks are expressing their will to participate in the economic compensation in place of Japan. We will neither treat Japan as a party to the talks nor deal with it even if it impudently appears in the conference room, lost to shame.” Moreover, Japan condemned the U.S. decision in October 2008 to take the DPRK off the list of state sponsors of terrorism. The Six-Party Talks ended in 2008 with no solution and with great confusion about who was willing to withhold their aid. Japan was on the U.S. side but for different reasons; China and Russia decided against the United States; and South Korea was indecisive. U.S. Secretary of State, Condoleezza Rice’s statement that all parties were absolutely on the same page as to how to pressure North Korea to make commitments on inspections of its nuclear program seemed a far cry from reality. China’s and Russia’s increasing importance raises the question whether the United States will be able to continue its leadership role in the future.

V. CONCLUSION

Year by year China and Russia have become more important in Korean affairs. In 2008, Chinese foreign policy and Russian foreign policy, by and large, continued this trend. Comparatively, China’s importance to both North and South Korea is clearly stronger than Russia’s. However, while China’s influence has increased steadily over the years, Russia’s presence on the peninsula expanded vastly in 2008. This acceleration was not only due to Russia’s wish to increase its influence, but also both Koreas looked to Russia to balance the paramount influence of China on the peninsula.

Russian and Chinese interests in the two Koreas are strikingly similar. Both want a secure Northeast Asia and to enhance security, both countries are cooperating with the Six-Party Talks and the Working Group on a Northeast Asian Peace and Security Mechanism. However, while China and Russia may have common regional security concerns, this cooperation is starkly contrasted by their growing economic competition in the two Koreas. Although this contradiction may form a restraint on future China-Russia relations, close economic cooperation and

collective security enhancement bode well for North and South Korea now and in the future.

CHRONOLOGY

- January 1, 2008* Joint New Year Editorial. The North Korean leadership emphasizes, for the first time, the economic development of the country.
- January 23* Russia fulfils its November 2007 obligation to provide fuel oil to North Korea. The late delivery of fuel oil (by Russia and Japan) had been used by North Korea as an excuse to stall the denuclearization process.
- March 1* North Korean leader Kim Jong-il visits the Chinese embassy in Pyongyang at the request of Chinese Ambassador to the DPRK, Liu Xiaoming, in an effort to restart the stalled Six-Party Talks.
- March 3* Kim Yong-nam, president of the Presidium of the DPRK Supreme People's Assembly, congratulates Dmitry Medvedev upon his election as president of the Russian Federation.
- April 21* Pak Ui-chun, DPRK foreign minister, meets Chinese Foreign Minister, Yang Jiechi, in Beijing. Both parties mention the boosting of their relationship.
- May 9* Kim Yong-il, premier of the DPRK Cabinet, sends a congratulatory message to Vladimir Putin on his appointment to prime minister of the Russian Federation.
- May 11* North Korea hands over to the United States an over 18,000-page report on its nuclear operation records.
- May 12-15* Pyongyang 11th Spring International Trade Fair is held, the largest ever.

- May 17* The DPRK government sends messages of deep sympathy and offers \$100,000 to the Chinese government to help earthquake victims in Wenchuan County, Sichuan Province.
- May 23* Russia and China issue a joint declaration calling for a peaceful solution to the North Korean nuclear problem.
- May 24* The United States agrees to share the documents on the North Korean nuclear program with the IAEA and enlists China as a middleman.
- May 27-30* President Lee Myung-bak meets President Hu Jintao. The decision is made to promote the China-ROK relationship to a “strategic cooperative partnership.”
- June 3* The governments of the DPRK and the PRC sign an agreement on the cooperation in the field of customs.
- June 17* An agreement on economic and technical cooperation, an agreement on airway transport, and an agreement on road transport between the DPRK and the PRC are signed.
- June 17-19* Xi Jinping, vice president of the PRC, visits the DPRK to pay an official goodwill visit. On June 18 he meets Kim Jong-il.
- August 7* The Russia-Georgia war starts.
- August 8-24* The Summer Olympics are held in Beijing.
- August 11* North Korea agrees to lease a 52-kilometer section of track for 49 years to Russian Railways. Russian Railways will refurbish the line and build a container terminal at the North Korean port of Rajin.
- September 22-24* The Pyongyang 4th Autumn International Trade Fair is held.

- September 28-30* President Lee visits Russia. The decision is made to promote the Russia-ROK relationship to a “strategic cooperative partnership.” The South Korean state-run Korea Gas (KOGAS) and the Russian energy company Gazprom sign an important gas deal. President Lee announces an agreement reached with Russia to build a Korea-exclusive port near Vladivostok.
- September 30* The Korean Ministry of Knowledge Economy and the Moscow Provincial Government sign a memorandum of understanding to build an industrial complex only for Korean companies in Moscow Province.
- October 11* The United States removes the DPRK from the list of state sponsors of terrorism. Japan condemns this action.
- October 14* DPRK Foreign Minister Pak Ui-chun visits Russia and meets Russian Foreign Minister Sergey Lavrov in talks for boosting bilateral relations.
- December 6* A spokesman for the DPRK Foreign Ministry says that North Korea will no longer treat Japan as a party to the Six-Party Talks.
- December 8-11* China chairs the Six-Party Talks in Beijing. Russia brings up a “Draft for Basic Principles of a Northeast Asia Peace and Security Mechanism,” which summarizes the results of discussions to date. The six-party process has since stalled as North Korea refused to sign a verification protocol.
- December 13* Chinese Premier Wen Jiabao meets with President Lee in Japan during a trilateral meeting of leaders of China, Japan, and South Korea. He announces that both countries should push forward the establishment of a free trade zone between China and South Korea.