

*Space & Environment* is an English magazine published quarterly by KRIHS. Its purpose is to introduce current issues on territorial planning in Korea and disseminate research conclusions and international activities of KRIHS and other Korean institutes.

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Since its inception, KRIHS has been committed to fulfilling its mission of the creation of a beautiful territory and pleasant living environment. In order to achieve this mission, KRIHS has carried out various studies on sustainable territorial development, balancing development and conservation, and the provision of housing and infrastructure.

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# SPACE & ENVIRONMENT

## ISSUES & TRENDS 01

### Cooperation in Eurasia: Korea's Vision and Strategy

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#### Emerging Eurasia

Eurasia is emerging as an important region in international politics and economics amid the recent fast-changing world economic order. Russia and the Central Asian countries at the heart of Eurasia are rising as promising new markets, not only abundant in natural resources but also with great potential for high economic growth. When Russia entered the WTO in 2012, it raised its international status, expanded its economic and trade horizons, and established an important base for re-emerging as a great economic power. Furthermore, Russia's economic size is projected to expand greatly if the Russian government implements its keen pursuit of development in the Russian Far East and Siberia. In fact, the Institute of World Economy and International Relations of the Russian Academy of Sciences foresees Russia as one of the top five global economic powers by 2020 (IMEMO, 2011).

Also experiencing rapid economic growth are the Eurasian economies of Uzbekistan, Kazakhstan, Turkmenistan, and Mongolia. From 2011 to 2013, Uzbekistan and Kazakhstan, vying for leadership in Central Asia, recorded average annual real economic growth rates of 8.25 percent and 6.45 percent, respectively, while Turkmenistan recorded a rate of 12.7 percent (Global Insight, 2014; EIU, 2014). During the same period, Mongolia, one of the world's top ten mineral-rich economies, achieved an amazing annual growth rate of 11.78 percent and is expected to become a significant provider of mineral resources. In particular, Central Asia, backed by growing markets in China, Russia, and India, is envisioned as an energy source that could complement and replace the Middle East.

To lay a foundation for sustainable economic growth, Korea should create new spaces for growth by strengthening its cooperation with Eurasian countries. This means that, if Korea's past Northern Policy was focused on quantitatively expanding economic cooperation with communist countries, it is now time to leap forward for qualitative growth. Therefore, Korea should move beyond simple trade-centered

cooperation with Eurasian countries, expand trade in the service industry, participate in large-scale infrastructure development, and actively pursue greater mutual investment. In particular, Korea should strengthen its cooperation in the areas of energy resources, logistics, and transportation with Eurasian countries to significantly raise the level of mutual economic cooperation.

## Key Points and Scope of the Eurasia Initiative

In October 2013 at the International Conference on Global Cooperation in the Era of Eurasia, President Park Geun-hye proposed a Eurasia Initiative that would realize economic prosperity through multifaceted cooperation in the Eurasian continent as a step toward building a basis for peaceful unification of North and South Korea. The idea for this proposal arose from the belief that for Korea to achieve sustainable economic growth in the rapidly changing world economic order, it needs to expand cooperation with emerging Eurasian countries.

Table 1. Direction and Key Points of the Eurasia Initiative

Direction	Key Points		
	(Massive single market) Build logistics, energy and trade networks		
One Continent	Logistics (Connect railways and roads)	Energy (Build smart grids and develop resources)	Trade (Single market)
	Connect SRX and Northern Sea Route	Jointly develop shale gas in China, oil and gas in East Siberia	Accelerate Korea-China-Japan FTA talks, Pursue RCEP, TPP trade negotiations
	Economic Cooperation based on creative economy and expansion of cultural and people-to-people exchanges		
Continent of Creativity	Involve science and IT	Promote cultural exchange	Facilitate people-to-people exchange
	Combine energy and logistics with ICT to create higher added value	Host cultural events for cultural exchange	Establish networks for exchange among young people
	Resolve threats to peace and security, the biggest obstacles to trade and cultural exchange		
Continent of Peace	Trust-Building Process on the Korean Peninsula	Northeast Asian Peace and Cooperation Initiative	
	Trilateral cooperation among North-South-Russia and North-South-China to realize peaceful unification	Cooperation on climate change, natural disasters, nuclear security, and soft issues such as knowledge management and environmental protection	

### Source

Summary of the keynote address by President Park Geun-hye at the 2013 International Conference on Global Cooperation in the Era of Eurasia. (October 18, 2013).

As shown in Table 1, the Park administration defined the concept of the Eurasian continent as a "one continent," "continent of creativity," and "continent of peace" and presented an extensive framework for cooperation between Korea and Eurasia. According to the Eurasia Initiative, Korea will ultimately pursue peace and prosperity in the Eurasian continent by setting up logistics, energy, and trade networks with the Eurasian continent; by strengthening economic cooperation through science

and technology based on creative economy and expanding cultural and people-to-people exchange; and by improving the North-South relationship based on trust along with realizing peace and cooperation in Northeast Asia. In summary, it is a bold plan designed to improve the North-South relationship, strengthen cooperation with Northeast Asia, and greatly expand cooperation with Eurasian countries.

Because the broad scope of the Eurasia Initiative targets cooperation across the vast area of the Asian and European continents, the ideal short- and mid-term focus for cooperation with Eurasia should be on regions that can organically connect the Korean Peninsula and the Eurasian economy: the Russian Far East and Siberia, the Three Northeastern Provinces of China, Central Asian countries, and Mongolia. If Korea is to successfully pursue the Eurasia Initiative in the future, detailed cooperation plans by region and country will have to be devised and followed.

### Korea-Eurasia Cooperation Strategy

To improve its cooperation with Eurasian countries in an innovative way, Korea must improve its relationship with North Korea. Toward this end, future cooperation between Korea and Eurasia should not bypass North Korea as the past Northern Policy did but must be pursued with the prerequisite of including North Korea. In particular, it is urgent for Korean businesses to participate in the sea-land complex logistics undertaking, the Najin-Khasan railway project operated by Russia and North Korea that connects the port of Najin and the Trans-Siberian Railway. This operation is important not only because it is the pilot project and starting point for the Silk Road Express (SRX) being pursued by the Korean government, but also because it can play an important role in gaining the international community's support for the Eurasia railway connection project.

In addition, it is most important to formalize cooperation in Eurasia so that it will not end as a one-time event but be pursued continuously. Formalized cooperation begins with Korea signing the FTA with the Eurasian Economic Union; and 2013 statistics on population growth and GDP give good incentive to do so. As shown in Table 2, Russia, Kazakhstan, and Belarus recently agreed to launch the Eurasian Economic Union in January 2015 (Eurasian Economic Commission, 2014). The union will be a higher form of the three countries' existing Custom Union which covers a population of 170 million and a GDP of \$2.4 trillion. The Eurasian Economic Union will soon be joined by Armenia and Kyrgyzstan as well. Therefore, Korea is advised to pursue an FTA with the EEU as part of its plan to expand its reach into the Eurasian market.

Table 2. Russia-Belarus-Kazakhstan Custom Union (2013)

	Population (million)	GDP (billion \$)	GDP per capita (\$)
Russia	142.8	2,095.8	14,673.1
Belarus	9.4	71.7	7,664.7
Kazakhstan	16.4	224.4	13,649.2
Total	168.6	2,391.9	-

Source

IHS Global Insight (2014).

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Korea is also advised to formalize cooperation in Northern Sea resource development and in transport logistics, including participation in Northern Sea Route development. Because Korea does not border the Northern Sea and only has an observer status, its role in participating in and leading Northern Sea governance is limited. Therefore, a multilateral mechanism is needed for Korea to take a leading role in governance that can offset its disadvantages. One way to do this is to establish the Asia-Pacific and Asia-Arctic Council that could extend participation to many Asia-Pacific countries such as Korea, Japan, China, Singapore, India, and Russia. Such a forum would give Korea the opportunity to lead as a middle power in helping map out a strategy of long-term mutual cooperation between Asian and European countries to develop the Northern Sea Route and resources.

In addition, Korea should expand its cooperation with Eurasia by actively participating in Russia's Far East development strategy so that Korea can expand its business ventures into the Russian Far East and Siberia. This strategy should not only include bilateral cooperation between Korea and Russia but also international multilateral cooperation to counteract the scale and risks of large projects that preclude pursuit by a single country. Therefore, Korea should consider taking advantage of the existing international cooperation channels such as the Greater Tumen Initiative (GTI) related to Far East development and developing them into the Organization for Northeastern Economic Cooperation that would be led by related economies.

Moreover, Korea needs to actively participate in the intense pursuit of industrial modernization and diversification projects in progress in Central Asia. An effective means toward this end would be for Korea to set up a mid- and long-term action plan that promotes bilateral economic cooperation with each Central Asian country. Two other ways to expand cooperation in Central Asia include gradually raising the current vice-ministerial level in the Korea-Central Asia Cooperation Forum to a prime ministerial-level and setting up a cooperative office under the Korea-Central Asia Cooperation Forum to establish greater systematic cooperation.

Lastly, economic cooperation is a two-way street. Korean businesses must not only invest in Eurasia but also map out a parallel strategy to attract Eurasian businesses to Korea. Such strategic cooperation would not only expand mutual investment and economic benefits but also undergird diplomatic security as related countries have an interest in supporting peace and stability in the Korean Peninsula.

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