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## The Survival Strategy of Russia and Korea Focused on Siberia & Arctic

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**Abstract.** Siberia is a vast expanse of land, water, and air as well as abundance of natural and energy resources, covering a huge area equivalent to one tenth of the total land area of the world, or three-quarters of Russia's total land area. Since 2010 Russia has been strengthening New Eastern Policy, and Energy, Transport and Arctic Strategies in Siberia for balanced development of the land and a new growth area. Currently, South Korean society has multiple obstacles. To solve these problems, South Korean society needs to pay attention to Siberia of Russia, which is geographically adjacent to and historically related with Korea. Including the Russian Arctic Circle, Siberia can be a 'land of opportunity' for the future Korean society providing diverse supplies of energy and resources, strengthening its influence at sea and on the continent, expansion of living space, providing security for overseas bases for food storage, addressing environmental and ecological global issues, setting basis for green growth, promoting the inter-Korean integration and 'soft landing' of the North Korean economy. In conclusion, the future of South Korea, being an island country with poor resources, depends entirely on Siberia. In order to ensure the competitiveness of the Korean economy as well as provide it with resources, energy, and food, the government and companies will urgently need to cooperate with Russia and Siberia and to promote human and material exchanges. The strategic partnership between South Korea and Russia has a great significance. In order to improve relationship in practice, a free-trade zone with Russia or the Eurasia Economic Union should be a priority goal, and South Korea needs strategical investment to secure a foothold in the Advanced Special Economy Zone and the free port area in the Far East for implementation of the 'New Northern' policy.

**Keywords:** Russia, Korea, Siberia, Arctic, Survival Strategy, cooperation.

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### 1. Introduction

The background of our interest in Siberia coincides with the establishment of diplomatic relations between Korea and Russia (then Soviet Union) in September 1990 and Korea's expansion into the North, which was isolated like an island through the establishment of diplomatic relations in the Eastern Bloc during the dissolution of the Soviet Union.

Geographically, the starting point that separates the East from the West is divided around Novaya Zemlya Island, the Ural Mountains, and the Caucasus

Mountains. Siberia in a broad sense is the Asian region of Russia, which is one-tenth of the world continent and three-quarters of Russia's total area.

In general, West Siberia from the Ob to the Yenisei River, Siberia from the Yenisei to the Lena River, from the Lena River, and from the Amur River to the North Pacific and annexed islands are called the Far East (the Far East in Russian). Siberia in the broad sense of the present administrative structure of the Russian Federation is incorporated into the Urals, Siberia, and the Far Eastern Federal District<sup>1</sup>.

From the end of the 16th century, Russia advanced and conquered Siberia. The Urals came under Russian rule in 1581, the Yenisei in 1628, the North Pacific in 1680, and Alaska in 1741. Russia's entry into North America ended when Alaska and most of the Aleutian Islands were sold to the United States in 1867 for \$7.2 million.

Is the vast area of Russia's Siberian/Arctic region a benefit or a detriment to the development plan? A large 'space' has infinite potential for development and at the same time has a dilemma that requires numerous 'space overcoming costs', such as defense, logistics, and social overhead capital facilities. Despite these shortcomings, considering that most economic subjects prefer a 'big house' over a 'small house', there is no doubt that there are more benefits than harm. Most of the northern regions of Siberia/Arctic were not of high value as permafrost, but their value is increasing as the possibility of resource development and use of sea routes (NSR) increases due to global warming and the development of science and technology.

## 2. The Importance of Siberia and the Russian Arctic

Siberia and the Arctic are one of the few virgin lands remaining on the planet, and are a treasure trove of eight resources [1].

① It is a treasure trove of energy resources (oil, natural gas, coal, hydro-power, wind power, geothermal heat, nuclear power, etc.) including all mineral resources on earth, and there is one-third of the world's underground resources. In addition, untapped fossil fuels (especially oil and gas) buried in the Arctic Ocean are thought to be mankind's last treasure.

② It is a water resource reporting area. More than 10,000 rivers have developed, including the Yenisei, Lena, Obi, Amur and Iritysh rivers, which are over 4,000 km long. In particular, 50,000 lakes, including Lake Baikal, which can supply human beings with drinking water for 60 years, account for a fifth of the world's surface freshwater resources. In addition, the economic value of the ice caps, groundwater and tundra permafrost glaciers in the southern region is thought to be infinite.

③ Hydropower potential through numerous rivers also accounts for more than 20 % of the world's hydropower potential.

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<sup>1</sup> After Putin's administrative reorganization in 2000, the three federal entities of the Siberian Federal Okrug (Tyumen Oblast, Khanty-Mansi Autonomous Region, and Yamal-Nenetz Autonomous Region) were incorporated into the Ural Federal Okrug. In November 2018 Republic of Buryatia and Zabaykalsky krai were incorporated into the Far Eastern Federal Orug. As a result, the number of federal entities in the Siberian Federal Okrug has decreased to 10, and this Federal Okrug's status has weakened compared to the past.

④ Siberian forests, which provide oxygen in the global village, account for more than one-fifth of the world.

⑤ As a treasure trove of aquatic resources, cold-water fish in the East Sea, Okhotsk Sea, Bering Sea and Arctic Sea are the largest fishing grounds in the world.

⑥ Southern Siberia is a treasure trove of huge agricultural resources, including animal husbandry.

⑦ It is a reporting area for ecotourism resources.

⑧ It is an area with high potential for basic science and technology. Examples include the Scientific City of Novosibirsk (Akademgorodok) and its branches.

In addition, Siberia & Russian Arctic has high geoeconomic value that can serve as a bridge between continents (Asia and Europe, for example TSR) or oceans (North Pacific and Atlantic oceans, for example, NSR) by land, sea, and air.

Mikhail Lomonosov, a person who recognized this potential and value, from Arkhangelsk and founder of Moscow State University (MSU), said that “Siberia and the Arctic Ocean provide opportunities for an increase in Russian national wealth and opportunities for great powers”.

At the beginning of the 20th century, Norwegian polar explorer Fridtjof Nansen (1861-1930) called “Northern Siberia of Russia the land of the future”.

In fact, Russia became the world's largest territorial power through Siberia, and created an opportunity for the victorious power in World War II. In the era of Tsarist Russia and the Soviet Union, Siberia not only provided fur and minerals, but also made it possible to become a great agricultural, military and energy power. To this end, when the 3rd President of the Russian Federation was inaugurated in 2012, the 'Ministry of Far Eastern Development'<sup>2</sup> was established for the first time in Russian history.

In fact, at the National Security Council in April 2014, Putin declared that "the Arctic is traditionally an area of our special interest, where practically all aspects of national security such as military, politics, economy, technology, environment, resources, etc. are concentrated" and “a place that enables a return to a great power” [2].

### **3. Development status and issues of Siberia and the Arctic.**

But why has Russia's Siberian/Arctic development not progressed as expected so far? The reasons for the failure were geographical remoteness, harsh natural environment, and the catastrophic economic situation that occurred in the process of system transition. It is due to the struggle for power and interests of the central government elite (between Siloviki, Oligarch, and Technokrat) in addition to the territory and poor infrastructure. In addition, as local governments and bureaucrats act independently or mafia behavior, illegal economy (fishery, forestry, fuel/resources mafia, etc.) and corruption are rampant, all sectors deteriorate again, causing resource waste, environmental destruction and pollution. The process of becoming a 'vicious cycle' was repeated [2].

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<sup>2</sup> In 2019, this ministry was expanded and reorganized into the Ministry of Far East/Arctic Development.

Is Russian Siberian/Arctic development possible under state control over the next 15 years? It is judged that the question of whether state intervention or control is more effective than the market economy mechanism of the spatial development plan is very difficult. Empirically, it seems that the space development programs of Canada or Australia, the world's second largest territorial power after Russia, are being successfully achieved through market mechanisms rather than state intervention and control.

Canada and Australia were possible because of the British colonial experience, the fact that they were members of the Commonwealth, and border problems, as well as the liberal democracy and market economy inherited from the Anglo-Saxons. Spatial development planning has traditionally been carried out under the leadership of the state due to the centralized governance method, the socialist planned economy of the Soviet era, and the national character and national security of Russians.

If Russia's Siberian/Arctic development project over the next 15 years is led by the state, I wonder if something similar to the failure of the Soviet system will happen. China's spatial development plan is also being successfully implemented, but is it possible to continue to succeed? Can't it be considered that spatial development and social overhead capital facilities require state intervention and intervention for a certain period of time rather than a market economy mechanism?

Considering that today's Russia is a hybrid or state-led economic system rather than the Soviet-style planned economy, I think that it might learn a lesson from the failed experiences of the past Soviet Union.

The current Russian government's Siberia/Arctic development program is similar to Park Chung-hee's development dictatorship model, that is, the state-led strategy of building key industries and infrastructure and then developing economic freedom for the market and the private sector.

The prospects of Vladivostok, Khabarovsk, Irkutsk and Krasnoyarsk in the Russian East like Los Angeles, San Francisco and Chicago in the US are only possible from a long-term perspective. The development of the western region of the United States, especially California since the 1960s, has attracted foreign manpower (Chinatown, Koreatown, Japantown, Indiatown, etc.) as well as the establishment of excellent universities and Silicon Valley comparable to the film industry and Ivy League in the eastern United States. Considering that Russia's Siberia and Arctic have succeeded in the development of 'material social overhead capital' such as energy and logistics, the expansion of educational facilities, R&D facilities and high-tech industries, and the attraction of foreign manpower have been facilitated. There is a need to simultaneously establish 'immaterial social overhead capital' such as institutions and laws.

Considering the success of revolutions and reforms in the US and Great Britain 'from below', but the development experience of Germany and Japan succeeded through reforms "from above," a rise in citizenship was achieved from the bottom up. It is expected that Russia's 'eastern' and 'northern' development will develop as well as that of Germany and Japan.

#### **4. Korea's Survival Strategy and New Northern Policy**

Currently, Korean society is highly dependent on imports of energy, resources, and food, increased logistics costs, competition for logistics hubs in Northeast Asia, relatively high level of population density due to small territory, aging, welfare, and polarization (by household/company/industry/region) Future growth engines such as problems, low happiness index among OECD countries, food problems (agriculture/livestock farming/fisheries), disposal of plastic waste, yellow dust, and ecological problems such as fine/ultra-fine dust and carbon dioxide reduction, North Korea's denuclearization problem, etc. There are obstacles to the positive development of future growth engines.

Korea is strongly constrained by the physical space necessary to solve these problems, and the geographical location of the Korean Peninsula and the confrontation between North and South Korea isolates Korean society to the south of the peninsula like an 'island', so that it is a situation that cannot enjoy the benefits as a connecting point of the maritime society [3].

In order to achieve a common denominator between Russia's New Eastern Policy and Korea's New Northern Policy, President Moon Jae-in announced the '9-bridge' strategy between Korea and Russia as the vision of the New Northern Policy at the 3rd Eastern Economic Forum and Korea-Russia Summit in September 2017. announced: 1. Fisheries (fishing ports, logistics, processing facilities), 2. Agriculture (construction of agricultural bases, installation of grain storage facilities (silos), 3. Electricity: North-East Asia, a regional power grid of North and South Korea-China-Mongolia-Japan-Russia) Construction of super grid 4. Railroad (invigoration of TSR transportation and connection of TSR and TKR, 5. Arctic Route (invigorating commercial use of Arctic Route and leading the Arctic Ocean market), 6. Gas (expansion of gas cooperation such as LNG, future connection of gas pipelines between South Korea and Russia), 7 Shipbuilding (construction of ice-breaking LNG carriers for polar migration and construction of shipyards), 8. Ports (construction/modernization of ports in the Far East), 9. Industrial complexes (creation of coastal and inland industrial complexes).

For short-term projects such as fisheries and agriculture, and for long-term projects such as electricity, railroad, gas, etc., they announced a step-by-step promotion while first establishing a foundation for cooperation through joint research and pilot projects.

The 9-bridge project with Siberia & Arctic also has a 'high risk, high return' structure, so organic cooperation from the government and the private sector is required. Considering that Russia's political and economic system is state capitalism, these projects should be approached in a win-win and comprehensive way from the point of view of reciprocity as state cooperation at the highest level.

In order to revitalize large-scale projects and investments between the two countries, the Republic of Korea agreed to promote bilateral cooperation for regularization and revitalization of high-level summits and inter-state committees ('Korea-Russia Joint Committee on Economic Science and Technology,' 'Korea-Russia Far East and Siberia Subcommittee'). The creation and regularization of working-level meetings will be necessary as follow-up measures to adjust details.

The Russian government and the people of Siberia are sensitive to economic cooperation that is destructive to the environment and exploits resources in the process of external economic cooperation. It should be used as an important means to secure the understanding and support of local people based on 'Corporate Social Responsibility (CSR)' to secure the image of Korean companies as well as the continued possibility of Korea's cooperation with Siberia, especially investment cooperation. In fact, Canadian companies that have invested in the Chukotka gold mine contribute to regional development, and the acquisition of additional gold mine development rights from the Russian side provides many implications [3].

In fact, Siberia is the only region that can supply energy, resources and food to Northeast Asia. In terms of succession, I think it is necessary not only to actively participate in economic cooperation with Russia, especially in the federal purpose program for socio-economic development in the Far East and Baikal, but also to achieve megaton-level projects in South, North Korea and Russia. If the triangular cooperation between South Korea, North Korea, and Russia is activated, it is expected that South and North Koreans and Koreans in the CIS will receive high momentum for human and material exchanges in Siberia.

These projects not only contribute to security and peace on the Korean Peninsula by inducing the possibility of change in North Korea in terms of functionalism, but also promote the revitalization of multilateral councils such as the Six-Party Talks, the possibility of resolving the denuclearization of the Korean Peninsula, and fostering North Korea's openness and reform.

In the future, development of Siberia and the Arctic is expected to develop without cooperation with Korea. The large-scale economic cooperation between Russia and Siberia between the European countries and China, which have strong capital and human networks, and Japan, which has abundant capital, is expected to exert a great influence on the future of the Korean Peninsula.

In conclusion, it is believed that the future of Korea, which is a resource-poor country in the 21st century and lives like an island, depends entirely on Siberia & Arctic. Considering that Korea has relatively many weaknesses in terms of national power, capital, technology, and human networks with Russia compared to Europe, America, China, and Japan, establishment of energy and logistics strategies in the mid- to long-term and establishment and reinforcement of human networks in Russia and Siberia. Of course, I believe that there is a need for a program for nurturing Russian regional experts, including experts related to energy, resources and logistics, organically at the government and private levels.

The strategic partnership between Korea and Russia has great rhetorical significance, and in order to improve the practical relationship, the priority of Korea to conclude an FTA with Russia or the 'Eurasia Economic Union' should be selected as a priority. It is time to make strategic investments to secure a bridgehead in the 'Advanced Special Economy Zone' designated in the Far East and Baikal region and the free port region to materialize the 'Northern' policy.

## 5. Concluding Remarks

So far, Korea has no record of cooperation in the upstream sector of resource development in the Russian Arctic, and cooperation is only being made in the downstream sector, where oil and gas are imported from Russia. However, it is encouraging that Daewoo Shipbuilding & Marine Engineering (DSME) won all orders for 15 Arc7 LNG carriers in the Yamal LNG project.

In the competition for orders (\$4.45 billion) for 14 transport vessels required for the Arctic LNG-2 project on the Gidan Peninsula to be completed in 2024, Daewoo Shipbuilding & Marine Engineering (to be merged with Hyundai Heavy Industries) is expected to provide an ice-resistant LNG carrier construction experience, timely supply, and technological advantage. It is necessary to take measures to actively participate in this project.

China directly or indirectly participated in the Yamal/Kidan project, expecting to win orders from its own shipbuilding industry, Japan also filed a lawsuit against the WTO in relation to government subsidies for Korea Daewoo Shipbuilding & Marine Engineering, and Russia also developed nuclear icebreakers and nuclear icebreakers through modernization of the Zvezda shipyard in the Far East. It is setting a goal to build its own ice-resistant tankers and LNG carriers.

However, the Zvezda shipyard located in Bolshoi Kamen, Russia's Far East coastal province, has the potential to cooperate with a Korean shipyard due to a lack of professional manpower, lack of experience in building ice-resistant ships, delay in timely delivery and possible defects, and high ship prices.

Although Korea is not a direct party to economic sanctions from the West, there are problems such as secondary boycotts from the United States and others. At the new northern level, the current government will not only cooperate in the upstream sector in the development of the Russian Arctic, but also provide various types of ships with icebreaking capabilities that Korea has comparative advantage and competitiveness, such as ice-resistant ships (LNG ships, tankers, etc.) (drillship), 'floating crude oil production/storage/offloading equipment (FPSO)', transshipment terminal construction, energy-saving and eco-friendly smart ships, and smart ports are considered to require bold investments.

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## Стратегия выживания России и Кореи, сфокусированная на Сибири и Арктике

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**Аннотация.** Сибирь богата природными и энергетическими ресурсами, ее богатства составляют в том числе суша, вода и воздух. Сибирь занимает огромную территорию, равную одной десятой общей площади суши мира, трем четвертям площади России. С 2010 г. Россия активизировала новую восточную политику и новые энергетическую, транспортную и арктическую стратегии в Сибири в целях сбалансированного развития территорий и создания новых точек роста. В настоящее время южнокорейское общество сталкивается со множеством препятствий, для преодоления которых ему необходимо обратить внимание на Сибирь, географически примыкающую к Корею и исторически с ней связанную. Сибирь, включая российское Заполярье, может стать «страной возможностей» для будущего корейского общества, обеспечить энергоресурсами, способствовать расширению морского и континентального влияния, жизненного пространства, обеспечить безопасность зарубежных баз для хранения продуктов питания, удовлетворить потребности окружающей среды и экологии, поддерживать основы зеленого роста, продвижение межкорейской интеграции и стратегии «мягкой посадки» для экономики Северной Кореи. Будущее Южной Кореи, островной страны, небогатой на ресурсы, в XXI в. в значительной степени зависит от Сибири. Чтобы сохранить конкурентоспособность корейской экономики, обеспечить ее ресурсами, энергией и продуктами питания, правительству и компаниям будет крайне необходимо налаживать сотрудничество с Россией (Сибирью в том числе), развивать социальные и материальные обмены. Стратегическое партнерство между Южной Кореей и Россией имеет большое значение. В целях укрепления отношений создание зоны свободной торговли с Россией или Евразийским экономическим союзом должно быть приоритетной целью. Южной Корее необходимы стратегические инвестиции для обеспечения плацдарма в зоне передовой специальной экономики и зоне свободного порта на Дальнем Востоке в рамках реализации «Новой северной политики».

**Ключевые слова:** Россия, Корея, Сибирь, Арктика, стратегия выживания, сотрудничество.

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