

APEC Summit in Vladivostok and Korea's Opportunity

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Vladivostok means “Ruler of the East.” The city was built in 1856 as an outpost for exploiting Far Eastern Russia. In 1903, Vladivostok was connected with Moscow by a railway of 9,288 km. As a military port, where the Pacific Fleet is stationed, it was closed to foreigners during the Soviet era. It is now not only open but also linking Asia and Europe by both the trans-Siberian railway and the Arctic seaway, which is expected to be created soon due to global warming.

The opening of Vladivostok means opening of the Russian Far East to the Asia Pacific. The city with its population of 600,000 people has always been strategically important but economically underdeveloped. To transform the city from a military center to an economic one, the Russian government has invested 20 billion dollars preparing the APEC summit meeting.

The whole infrastructure has been renovated with new airport terminal, highways and buildings. A suspension bridge as high as the Eiffel Tower has been constructed to convert Rusky Island, a desert island offshore Vladivostok, into a world-class venue. There has been criticism among Moscow elites, however, that it was a waste to spend such a huge amount of money in the distant and sparsely populated city. But Russian President Putin willingly met the expenses to return to the Asia Pacific. Russia spent more money here than did most countries for their Olympic Games.

APEC was founded in 1989 and now has 21 member states, which account for almost half of world population, economic production and global trade. It may fairly be said that we are really living in the Pacific Era. Russia, which joined the forum in 1998, seeks to take advantage of the summit meeting as host country.

Russia's national goal is modernization. Its modernization policy aims to upgrade all the economic and regional sectors in Russia, with the profits coming from the energy industry. But the Far Eastern region has remained beyond the benefits of the modernization policy. It has been the concern of the Moscow government to develop the Far East economically and provide a high level of living conditions. The emigration of the local population to the European part of the country has become not only an economic concern but also a security one, because the Russian Far East faces its densely populated neighbor China.

Russia seeks to construct an international environment advantageous for the economic development of the Far East. The motto of Vladivostok Summit meeting is "Integration for Development and Innovation for Prosperity." The foremost interest, which the Russian government is pursuing, is economic cooperation with the Asia Pacific region. Especially because Russian energy export to Europe has drastically decreased since the economic crisis in Europe, Russia has enhanced interests in this region.

Russia stresses the liberalization of trade and investment in the Asia Pacific. This policy is closely related with the modernization project of its transportation system, which Russia envisions. Russia is in the best position to profit from the transportation of raw material and products for the rising Asia Pacific economy. For this purpose Russia promotes their vision of pipeline, railway, seaway projects. However, there are other transcontinental routes suggested by China and the ASEAN, so Russia is looking for good partners, who may expect the most benefits from a Russian network system. Russia's second consideration is to enhance its influence and security interests in the Asia Pacific. Russia is bound to pursue multi-directional foreign policy due to its geographical location. It is located across the center of the Eurasian continent and spans its territory over both Europe and Asia. A Western choice or an Eastern choice is not the Russian concern, but because the eastern vector of its foreign policy has been relatively weak, Russia is starting to reinforce it. The fact is that 70% of Russian territory is located in Asia, so the Asia Pacific is economically and geopolitically significant for Russia.

Especially, Russia is losing its strategic influence in Europe due to the expansion of the EU and NATO. Therefore it tries to strengthen its strategic position in the Asia Pacific. Russia has also found new security interests in this region, because the US is returning to deter the emerging China. The United States is ready to withdraw from the war against terrorism in the Middle East. While the struggle between superpowers of the previous century took place in Eastern Europe, it is likely to revive in East Asia this century.

The changing regional economic order poses both challenge and opportunity to Korea. The liberalization of trade in this region is beneficial to Korea, which is a strongly export-oriented country.

In the APEC summits even Russia, such a closed economy, advocates free trade. Countries in the Asia Pacific have more than fifty free trade agreements so far. The average tariff rate of the APEC member countries is now less than 6%. It was 17% in 1989 when it was founded, and they seek a free trade area today in this region.

There are, however, obstacles in the way to a free trade area. The United States promoted Trans-Pacific Partnership (TPP) at the last APEC Summit held in Hawaii. Eleven states participated in the negotiation of the agreement, but Russia and China oppose it because they are not included. Korea has to decide whether to join the TPP or suggest an alternative.

Another opportunity for Korea is a trans-continental transport network. Russia is modernizing or opening its network of pipeline, railway and seaway linking Europe and the Russian Far East. Korea can maximize its benefit simply by connecting with the Russian transport network. This means that Russia would be able to be used as bridge to Europe for Korean exports.



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