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PUTIN FLOATS NEW ECONOMIC INCENTIVES FOR NORTH KOREA

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Russian President Vladimir Putin called here Saturday for drawing North Korea into large-scale development projects as a way of helping to ease tensions on the Korean peninsula.

Speaking at a news conference following bilateral summit talks with South Korean President Roh Moo-Hyun, Putin said it would be "genuinely realistic" to widen the warming Russian-South Korean relationship to include North Korea in some fields.

"It can become cooperation in a three-sided format: Russia, South Korea and North Korea, in the areas of energy and transport.

"Such cooperation would be not only economically profitable but would also help build confidence on the Korean peninsula," Putin said.

He did not name specific projects, but senior Russian officials have talked about plans to tie a trans-Korean railway line linking North and South Korea to Russia's trans-Siberian railway.

This would provide an easy new channel for deliveries of gas and oil from Russia to South Korea and would provide South Korea with an export route to western Europe that would cut its current 42-day average shipping time in half, according to Russian officials.

The Putin-Roh summit took place after two days of a summit of the 21-member Asia-Pacific Economic Cooperation (APEC), which drew together all the participants in the six-party talks but North Korea.

Russia has diplomatic ties with both South Korea and North Korea, and Putin came to the APEC summit looking for ways to leverage Russia's vast wealth in coveted energy resources into stronger influence on the region's political agenda, a goal his North Korean proposal seemed designed to further.

"I want to underscore that the kind of joint action between Russia and South Korea that we are seeing today of course serves the interests of our peoples but also strengthens security in northeast Asia," Putin said.

The Russian leader reiterated Moscow's support for a nuclear-free Korean peninsula and called for continuation of the six-party talks aimed at encouraging North Korea to drop its controversial nuclear program.

The talks, involving North Korea, South Korea, Japan, China, Russia and the United States, are "the most rational way" to resolve the problem, Putin said.

Putin's call to include North Korea in development projects stood in contrast to US President George W. Bush's assertion on Friday that Pyongyang should receive no help with its energy needs -- specifically a light water nuclear reactor -- before it halts its current nuclear program.

Roh seemed to give a measure of support to Putin's initiative, saying the question of linking the Korean peninsula with the European continent was a project of "high interest" to both South Korea and Russia.

The South Korean leader expressed satisfaction with Russia's "active role" in promoting stability on the Korean peninsula through the six-party talks and said he believed economic development "will lead to stability and peace" in the region.

Putin and Roh witnessed the signing of a bilateral action plan aimed at strengthening cooperation in trade, investment, information technology and energy and achieving goals set when Roh visited Russia in September of last year.

Putin also said Russia was also willing to cooperate in the defence industry and military technology as South Korea, a military ally of the United States, is heavily dependent on US weaponry.

APEC leaders demanded "substantive progress" Saturday in stalled North Korean disarmament talks following Pyongyang's pledge to scrap its nuclear programmes.