The Twelfth Korea-U.S. West Coast Strategic Forum

June 20, 2014
Walter H. Shorenstein Asia-Pacific Research Center
Stanford University

국립외교원 외교안보연구소
Institute of Foreign Affairs and National Security,
Korea National Diplomatic Academy

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The Twelfth Korea-U.S. West Coast Strategic Forum

Co-organizers:

Walter H. Shorenstein Asia-Pacific Research Center,
Stanford University

and

Institute of Foreign Affairs and National Security,
Korea National Diplomatic Academy

Forum Report
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The Twelfth Korea-U.S. West Coast Strategic Forum was held at Stanford University on June 20, 2014. Established in 2006 by Stanford University's Walter H. Shorenstein Asia-Pacific Center (Shorenstein APARC), and now convening twice annually and alternating in venue between Stanford and Seoul, the forum brings together distinguished South Korean (Republic of Korea, or ROK) and U.S. West Coast-based American scholars, experts, and former military and civilian officials to discuss the U.S.-ROK alliance, North Korea, and regional dynamics in Northeast Asia. The Institute of Foreign Affairs and National Security (IFANS) of the Korea National Diplomatic Academy (KNDA) is co-organizer of the forum. Operating as a closed workshop under the Chatham House Rule of individual confidentiality, the forum allows participants to engage in candid, in-depth discussion of current issues of vital national interest to both countries. Participants constitute a standing network of experts interested in strengthening and continuously adapting the alliance to best serve the interests of both countries. Organizers and participants hope that the publication of their discussions at the semiannual workshops will contribute to the policy debate about the alliance in both countries and throughout Northeast Asia. The organizers wish to express their appreciation to the Korea International Trade Association for its support of this twelfth session of the Strategic Forum.

EXECUTIVE SUMMARY

Stanford University's Walter H. Shorenstein Asia-Pacific Research Center hosted the twelfth session of the semi-annual Korea-U.S. West Coast Strategic Forum at Stanford University on June 20, 2104, in association with its Korean partner, the Institute of Foreign Affairs and National Security (IFANS) of the Korea National Diplomatic Academy (KNDA). In addition to the Forum's usual agenda of Northeast Asian regional dynamics, the North Korea problem, and the state of the U.S.-ROK alliance, the session included a review of the implementation of the Korea-U.S. Free Trade Agreement (KORUS FTA) during its first two years.

American and Korean participants shared considerable concern about the continued increase in tensions in the region, which could result in a miscalculation or accident leading to conflict. Some Koreans said that strategic competition for regional hegemony and strategic mistrust between the United States and the People's Republic of China (PRC) were putting South Korea in a difficult position, since China is the ROK's biggest economic partner by far and also crucial to dealing with North Korea. They stressed the perception in East Asia that the United States is a declining power, at least relative to a rising China. U.S. defense budget cuts and obligations elsewhere were vitiating the United States' rebalance toward East Asia. A number of Americans, on the other hand, argued that the United States is not in decline, not even relative to China, which they noted faces enormous challenges at home. Korean participants also expressed frustration with Japan's attitude on history and territorial issues and urged the United States to put more pressure on the Japanese government. American and Korean participants discussed various means for reducing strategic tensions and increasing regional cooperation, including increased institutionalization of regional dialogue in line with President Park Geun-hye's Northeast Asia Peace and Cooperation Initiative.

Both American and Korean participants agreed that the North Korea situation is worsening. Coordinated U.S. and ROK efforts to change Pyongyang's strategic calculus did not appear to be succeeding; North Korea was continuing with its nuclear and missile programs and might have a Pakistan-like nuclear arsenal in a decade. Sanctions were not effective due to the PRC's reluctance to enforce such sanctions to the fullest. Many Korean and American participants argued that the United States should engage in talks with North Korea to try to change the current trajectory, including by seeking a freeze on nuclear and missile tests. Some, however, supported the current policy of not resuming nuclear

negotiations with North Korea until it shows some evidence it would actually be willing to negotiate denuclearization. Some Americans suggested that the outcome of the P5+1 talks with Iran could have a significant impact on the North Korean nuclear problem.

All participants agreed that the U.S.-ROK security alliance is in very good shape overall. A Korean participant said that the U.S.-ROK "global partnership" should be focused on diplomatic and economic cooperation, while military cooperation should be focused on the Korean Peninsula. Participants discussed the effectiveness of the combined U.S.-ROK counter-provocation plan developed in the aftermath of North Korea's military attacks on the South in 2010 and when wartime operational control should be transferred to the ROK. Participants also discussed at length the role of the alliance in the process of and after unification, with a number of Korean participants underlining the continuing utility of the alliance even after unification. Participants also agreed on the need to find ways of discussing various contingencies on the Korean Peninsula with China.

Korean and American experts said that, while two years is not long enough to make a final, comprehensive assessment of the effectiveness of KORUS FTA, it is broadening and deepening the two country's strategic, business, and people-to-people relationships. Trade in goods and services covered by the FTA has increased and the rate of increase appears likely to accelerate this year and next. Foreign direct investment by each country in the other is increasing, with the United States the top investor in Korea and the United States also the top destination for Korean overseas investment. The two governments are amicably working on most remaining implementation issues. A number of participants expressed optimism that the ROK will eventually participate in the Trans-Pacific Partnership (TPP), further improving the trade environment for Korea and the United States and strengthening their strategic relationship.

Participants at the Twelfth Korea–U.S. West Coast Strategic Forum at Stanford University.

THE TWELFTH KOREA–U.S. WEST COAST STRATEGIC FORUM

I. NORTHEAST ASIAN REGIONAL DYNAMICS

An American opened the session with a presentation arguing that today's Northeast Asia is in a period of transition to a new order, the shape of which remains to be determined. Indications of this include increased maritime and history disputes, the modernization of the Chinese military, China's unilateral declaration of its own Air Defense Identification Zone (ADIZ), and the United States' introduction of ballistic missile defense systems into the region. In this context, long-standing security problems such as the division of the Korean Peninsula and the PRC-Taiwan relationship are taking on new significance while additional problem areas, from cyber security to the militarization of outer space, have gained salience.

Regional tensions are rising, he continued, in part because countries are trying to discern what they can do to move forward as previous patterns of predictability erode. China's recent moves, including its military build-up and salami tactics in exerting territorial claims, raise questions about leadership intentions. North Korea's nuclear armament is beginning to change fundamental strategic calculations in the region. Japan's leaders are engaging in historical revisionism, triggering resistance from China and Korea. The Obama administration is trying to put more effort into its "pivot" to Asia despite

finite resources and obligations elsewhere. Russia is making its own pivot toward the region, including reaching out to North Korea (Democratic People's Republic of Korea, DPRK) and Japan.

According to the American, the leaders of East Asia are in the same bed but dreaming different dreams. The United States wants only adjustments within the existing order. It urges the PRC to be a "responsible stakeholder" and insists that no country may seek to change the status quo through force or violence. China, on the other hand, seeks to change the preexisting order in important ways so as to eliminate "a hundred years of humiliation" and to realize a "new type of great power relations" with the United States. Japan's Abe dreams of realizing a "beautiful Japan"—that is, a normal Japan, a nationalistic Japan, and a respected Japan. The ROK dreams of a unified Korea while the DPRK dreams of a "nuclear and prosperous DPRK." Leaders of Northeast Asia nations are now acting to realize their respective dreams. Such steps include China's maritime assertiveness and its resistance to Japan's historical revisionism; Japan's reconsideration of the Kono Statement and other history issues, as well as its move to be able to engage in collective self-defense; and Kim Jong-un's efforts to advance simultaneously the DPRK's military and economic prowess.

While the current conditions are a toxic brew of mistrust and cross-border animosities, the American continued, the year 2014 would not be a repeat of 1914. The countries of Northeast Asia today are highly interdependent economically, and their economic interactions cut across security relationships. Leaders understand the scope of the devastation caused by WWI and WWII and the new situation created by the existence and proliferation of nuclear weapons. Although none of these factors guarantees that there will not be war in the region, leaders have exercised caution. This argument is based on the notion that, after a certain period, countries will arrive at a new equilibrium at which they share certain norms, rules, and expectations that will regulate their behavior. There will, however, inevitably be some mishaps along the way; it will be important to manage these wisely. The American participant concluded by stressing the importance of leadership in avoiding a further escalation of tensions. For example, the Kim Dae-jung-Obuchi meeting of 1998 demonstrated how much leaders can accomplish by creating a climate of cooperation. Regional leaders need to remember what has maintained peace for sixty years after the Korean armistice: an economic focus, the avoidance of conflict, and an acceptance of the United States' role in guaranteeing peace in the region. Leaders must not demonize their neighbors but instead seek a common vision for the future.

A Korean presenter said that the most important structural feature of the region today is strategic competition between the United States and China. China has the will to become a great power, as reflected in Xi Jinping's goal of achieving the great revival of the Chinese nation. In fact, China has already established itself as a regional power, with its economic and military power expected to surpass that of the United States in the next fifteen years. What kind of model is China employing in its effort to establish regional hegemony, the Korean presenter asked. When Xi Jinping met Obama at Sunnylands last year, he said that the Pacific Ocean is big enough for two powers, contrary to the Chinese saying that there cannot be two tigers on one mountain. In fact, China is now using the 19th century U.S. model, i.e., first establishing a regional hegemony and then branching out. The United States is aware of this strategy and has been cool in its response to China's

ambitions, particularly in regard to South Korea. When Vice President Biden visited South Korea, he said that it has never been wise to bet against America. Obama stated in an interview with *JoongAng Daily*, before his own visit to Korea, "While we welcome the development of Chinese-Korean economic cooperation, the cornerstone of Korea's security and prosperity is the United States." To many Koreans, these remarks reflect U.S. concern about China's moves in the region.

Until 2009, the Korean continued, China's foreign policy was largely reactive. Now China is more proactive, both because the external environment has pushed China to become so and also because China's increasing power has made such a move tempting. Strategically, China insists that its rise will be peaceful, in the same way that the transition of power from the United Kingdom to the United States was peaceful, and that therefore the U.S. rebalance toward Asia is not warranted. Economically, there is a competition between America's Trans-Pacific Partnership (TPP), in which China is not included, and China's Regional Comprehensive Economic Partnership (RCEP), of which the United States is not a member. Diplomatically, China's partnership extension efforts have served as a counterpoint to the United States' alliance consolidation. Militarily, the United States' AirSea Battle and China's counter-intervention strategy are opposite sides of the same coin. Ultimately, however, what will matter most in determining whether the United States will remain, or China will become, the regional hegemon is whether U.S. or Chinese values will be more welcome in the region. The Korean presenter called U.S.-Chinese rivalry in Northeast Asia a "competeration," i.e., cooperation-based competition rather than competition-based cooperation. A number of questions were posed for discussion: Which of the two countries will win (or buy) the favor of neighboring states? Which of the two countries will exercise better, smarter, and more attractive leadership?

In the ensuing discussion, a Korean said that a lack of trust among countries is the main problem facing the region. He argued that nations must accumulate habits of cooperation and dialogue, with a gradual, step-by-step approach at a pace comfortable to all participants. The initial focus should be on non-traditional security issues such as nuclear safety, energy security, the environment, and disaster relief, to be expanded later to encompass traditional security issues. President Park's Northeast Asia Peace and Cooperation Initiative should not be an exclusively Korean effort, but one that should be adopted by other nations as well.

Another Korean said that Japan should play a more constructive role in the region. Rather than concentrate on containing China, Japan should seek to help reduce strategic mistrust between the United States and China. The ASEAN Defense Ministers Meeting-Plus (ADMM+) of 2013 made substantial progress and showed the potential to develop into a meaningful cooperation mechanism. It could serve as a forum for confidence-building measures. Also, countries in the region should lay more emphasis on the East Asian Summit (EAS), which includes the United States, China, Japan, and Korea, than on the narrower ASEAN+3.

An American said it made an important difference whether the analytical focus is on the erosion of the old order or the emergence of a new order. If the region needs a new vision, how to realize that vision must also be discussed, including how to deal with the impediments to that vision. He disagreed with the view of some Korean participants that the United States prefers its hub-and-spoke alliance system to a regional system based on

collective security. While Washington seeks to preserve the existing order, it would also like to see more multilateral institutions. It is America's allies who insist on continuing bilateral alliance relationships with the United States.

In response to the view expressed by some Korean participants that the United States is in decline, the American asserted that, contrary to what many perceive, the United States is clearly not in decline. While the United States may seem to be paying too little attention to Asia because it has been distracted elsewhere, this does not mean that the United States is in decline. Regarding the future architecture of the region, one question concerns whether this new order will be structured largely by the United States or by China, or whether it will be the product of bilateral cooperation between them. Furthermore, which country's values are most likely to prevail in the shaping of this order? Ultimately, the key is to avoid a conflict that forces other nations to choose between the United States and China.

Another American agreed that the role of the United States in the region has not diminished. In fact, U.S. commitments there have expanded and Washington has the resources to support those commitments, despite tight budgets. However, the stationing of sizable U.S. ground forces in the region is anachronistic given the changing nature of any probable conflicts, the size of East Asia, China's naval power, and tensions over maritime matters.

A Korean participant argued that there is a strong perception in East Asia that the United States is doing little in the region and lacks the will to carry out more proactive Asia policies, even as China continues to rise. A declining U.S. presence has contributed to the region's present disorder. The most recent U.S. Quadrennial Defense Review (QDR) underscores the cuts to the U.S. defense budget. If trends continue, the United States will increasingly have to focus on homeland security, narrowly defined.

An American noted that Americans are debating the appropriate role of the United States in global affairs, particularly the use of force, in a post-Iraq world. The answers depend less on capabilities than on political will and policy. Another American suggested that security in Northeast Asia is not simply about military strength or alliances but also in large part about economic interdependence and cooperation on non-traditional security issues, which have the potential to mitigate conflicts and challenges. The reduction in the U.S. defense budget is less significant than the proper allocation of resources within that budget. The White House also needs to focus more on East Asia but has been distracted by issues such as Syria, Iraq, and Iran. In regard to the competition between the ASEAN+3 and EAS, the more institutions and the greater the overlap among them, the better it will be for regional cooperation.

A Korean said that the use of force by the United States in any Japan-China conflict situation would put South Korea in an awkward position. On the other hand, South Korea would support U.S. involvement in a North–South Korean conflict. U.S. entry into North Korea could, however, result in Chinese intervention as well, which would likely have negative consequences for Korea. In a crisis involving North Korea, it would thus be the best for the ROK to act on its own to the extent possible while the United States engaged China in diplomatic consultations to help resolve the situation.

The Korean continued that the United States may not be declining in absolute terms but it is declining in relative terms. The United States' greatest enemy may not be China but its own complacence. The erosion of the existing order will continue in Northeast

Asia, but the rise of a new order will not proceed at a corresponding pace. There needs to be a vision of some sort of endgame between the United States and China for a new order to take shape. The United States and China should view each other in a more benign way, similar to how the United Kingdom regarded the United States in their power transition. Despite China's having undertaken to improve its soft power around the world and its development of some reactive norms ("counter values") such as no first use of nuclear weapons and the non-use of nuclear weapons against non-nuclear weapon states, it has not come up with its own values to substitute for the U.S. values of democracy, free trade, and human rights. Meanwhile, the United States has made it clear that it would seek to counter any Chinese moves toward regional hegemony.

An American said that if China is actually seeking hegemony over the region, there would be conflict with the United States. Washington has made it clear that it will not accept the predominance of any country in the region, and most countries in the region continue to want American protection. The U.S. pivot to Asia is not a unilateral U.S. move to project power in the region; it is a response to Asian countries' increasing concern about Chinese assertiveness, especially since 2010. However, the United States government itself does not appear to have reached the conclusion that China's objective is hegemony. The United States also does not have any particular interest in forcing any country to choose between it and China; any such choice would be the result of Chinese conduct.

II. NORTH KOREA

A Korean presenter said that efforts to denuclearize North Korea have failed due to (1) an underestimation of North Korea's durability, capability, and will for nuclear armament; (2) diplomacy that lacked strategy, consistency, and proactive measures, and instead consisted mostly of reactions to North Korean provocations; (3) deep distrust and animosity between the U.S./ROK and the DPRK, making normal negotiations impossible; and (4) a failure to develop a denuclearization model reflecting the unique circumstances on the Korean Peninsula (models such as the Argentine-Brazilian Agency for Accounting and Control of Nuclear Materials [ABACC], Ukraine, and Libya do not apply).

The Korean presenter said that prospects for denuclearization have worsened due to developments both inside and outside North Korea. Due perhaps in part to the power transition to Kim Jong-un, Pyongyang has strengthened its public and legal stance on nuclear weapons development. The aims of denuclearization policy should be to freeze North Korean nuclear activities as soon as possible by restoring the U.S.-DPRK Leap Day deal to prevent the accumulation of nuclear material and additional tests, holding unofficial heads-of-delegation meetings to discuss conditions for resuming the Six-Party Talks and instituting a nuclear freeze, developing a sustainable Korea specific denuclearization model, and, finally, compelling China to play a more responsible and constructive role. He argued that a new Korea specific denuclearization model should (1) lie somewhere between the models represented by the cases of Libya (strategic decision model), Ukraine (security assurance and economic assistance), South Africa (regime change), and ABACC (security environment change); (2) align with our North Korea and reunification policy; (3) be comprehensive, reciprocal, and step-by-step along with Korean Peninsula peace-regime

building, bilateral diplomatic normalization, Northeast Asian peace/security cooperation, and economic cooperation; and (4) provide greater, more concrete economic and security incentives in parallel with more painful and concrete penalties to North Korea. The ROK administration's two parallel policies, trust-building on the Korean Peninsula and the Northeast Asia Peace and Cooperation Initiative, should yield a synergistic effect. Unless the current trajectory is changed, the Korean presenter concluded, the next ten years could present the ROK with a *de facto* nuclear DPRK with ten to forty nuclear weapons, a hegemonic China, intense U.S.-China and Japan-China rivalries, a rearmed and nuclear-capable right-wing Japan, an interventionist Russia, and a hesitant U.S. pivot to Asia or even an American withdrawal from Asia. The longer current trends are in place, the greater will be the pressure on the ROK to act soon.

An American presenter assessed the situation in North Korea. The DPRK could collapse at any moment but probably would continue to exist for a considerable period of time. The economy has grown somewhat, with a better harvest and visible improvements in the quality of life especially in Pyongyang and to a lesser degree in some provincial cities, as witnessed by visitors to North Korea. Increased Chinese investment, which has played a significant role in the economic improvement, is a trend unlikely to be reversed. In the longer term, North Korean dependency on China will likely only increase, but Chinese investments will allow the DPRK government to plan further into the future without having to focus limited resources exclusively on military spending. As for nuclear matters, North Korea has both the opportunity and the incentive to pay close attention to the P5+1 talks with Iran, which will have important implications for the DPRK. With respect to a rumored fourth nuclear test, which has yet to occur, the North may have concluded that it has benefitted by having the attention focused on its nuclear capabilities without needing to pay the political costs of an actual test. Diplomatically, North Korean moves have been clever. At a time of strained Japanese-ROK and Japan-PRC relations, and when there is no possibility of North Korea doing anything with the United States, Pyongyang has moved toward Japan by offering to look into abductee issues again in exchange for an easing of Japanese sanctions. The DPRK goal appears to be to separate Japan further from the ROK, and to dangle better DPRK Japan relations in front of China—as if to demonstrate, "Look, we do have options, we do have an alternative."

An American opened the discussion with a ten-year retrospective on the North Korean nuclear problem. In 2003, North Korean probably had no nuclear weapons. In 2008, it probably had five nuclear weapons; today, it has approximately ten such weapons; and two years from now, it may have twenty weapons. North Korea is on track to have a Pakistan-like nuclear weapons program, which is dangerous not only because of the number of weapons but also because of the strong integration of the military and the nuclear sectors. "Strategic patience" has not worked: the DPRK has survived a series of leadership transitions, seems to be doing better economically, appears safe from the prospect of collapse, and is closer to gaining global acceptance as a *de facto* nuclear weapons state. Governments should seek an initial freeze on North Korean nuclear and long-range missile tests through bilateral and multilateral negotiations.

Asked if there are any foreign technologies, parts, or components essential to North Korea's continuing development of its nuclear programs, an American responded that North Korea already has the materials needed to fabricate more bombs using both

plutonium and highly enriched uranium. North Korean reactors have not operated at their maximum plutonium-producing capacity lately because of a problem with the cooling system, but this could be fixed fairly soon without external help. Of course, North Korea nevertheless continues to try to procure additional nuclear equipment and parts abroad.

A Korean expressed skepticism that the denuclearization of North Korea—the goal of the Six-Party Talks—could be achieved through negotiations. North Korea itself has declared that it is no longer prepared to negotiate its unilateral denuclearization and is willing to discuss only mutual nuclear arms reduction ("denuclearization of the Korean Peninsula"), a position fundamentally unacceptable to other participating countries.

Another Korean, however, expressed pessimism about "strategic patience." To many in South Korea, strategic patience looks no different than "non-strategic non-action." Some South Koreans—admittedly a minority—view apparently improving DPRK–Japanese relations positively, since that might motivate the ROK to engage with North Korea again, e.g., by lifting the May 24 sanctions, initiating talks at the working level, and resuming tourism at Mt. Kumgang. The current stalemate between North and South needs to be broken.

Asked by a Korean if the United States has begun to consider an alternative to strategic patience, an American said that he was unaware of any such discussion. If, however, an agreement is reached with Iran, it could stimulate a similar approach to DPRK negotiations, i.e., a P5+1 format instead of Six-Party Talks.

An American argued that while many of the criticisms of strategic patience are valid, the reality is that there is no better alternative. The United States is not prepared to endanger the security of its South Korean ally by attacking the North's nuclear and missile facilities. At the other end of the spectrum, no American president is prepared to accept North Korea's having a nuclear weapons program, even a limited one. Negotiations have virtually no prospect of success as long as China undermines sanctions and North Korea gives no indication it might actually be willing to denuclearize. Resuming Six-Party Talks under such conditions would play into Pyongyang's game of obtaining concessions while acclimating the international community to its having nuclear weapons. This would make the Obama administration look feckless at home and abroad. Moreover, strategic patience is not a policy of inaction; it is a policy of containment and management of the problem until a possible resolution comes into prospect. The factor most likely to affect the current situation in the near term is the outcome of the Iranian nuclear talks. If they succeed, it will result in renewed U.S. action on the North Korean nuclear problem and greater international pressure on Pyongyang to make a deal similar to that with Iran.

III. U.S.-ROK ALLIANCE

A Korean presenter assessed that the U.S.–ROK alliance has become a global partnership. The United States seems now to view North Korea from the broader prospect of Korean reunification rather than from the narrow perspective of nuclear nonproliferation. The alliance is in good shape as a comprehensive security alliance while the two countries are expanding their cooperation in non-traditional security areas. While Park Geun-hye's *trustpolitik*, her Northeast Asia Peace and Cooperation Initiative, and

the United States' pivot toward Asia all depend upon a robust ROK-U.S. alliance, synergy among the three has yet to be achieved due to North Korea's resistance to denuclearization and the United States' rivalry with China. Some bilateral issues such as the transfer of wartime operational control and a revisit of the 123 Agreement on civilian nuclear power cooperation remain under negotiation, and constructive consultations are continuing.

The Korean presenter then described the status of the alliance by first raising the U.S. concerns about closer China–ROK cooperation, especially in light of the poor state of the ROK's relationship with Japan. U.S.-China competition in the region will make it difficult for Korea to balance U.S.-ROK relations and China-ROK relations. The rivalry between the United States and China has become most conspicuous in the area of maritime strategy. The United States seems to have prioritized the East China Sea and South China Sea disputes above the DPRK problem, making it difficult for the ROK to play a positive role in Northeast Asia by bridging the gaps between the United States and China.

Regarding the future of the U.S.-ROK alliance in the event of Korean unification, the Korean presenter predicted the emergence of an "anticipation gap" between China and Russia, on the one side, and the ROK, Japan, and the United States, on the other. China and Russia would prefer a "non-aligned and non-nuclear" Korea, while the ROK, Japan, and the United States would hope to have unified Korea remain as a U.S. ally. With Korean unification, the United States would likely have three options: (1) withdraw U.S. forces from Korea; (2) withdraw only ground troops and leave air and naval forces in Korea; or (3) maintain a reduced number of ground troops in Korea. He argued that the idea of a total withdrawal of U.S. forces from Korea can only be put into practice based on a premise that the United States has no vital interest in the Korean Peninsula, in which scenario, a power vacuum—a void that would likely be filled by China or Japan—would inevitably be created. The second scenario may be seen as a compatible option, from a U.S. standpoint, with the policy of ensuring safe passage in the Pacific, while avoiding possible criticism of infringing upon the sovereignty of Korea that may be raised over a continued presence of U.S. ground troops in Korea, in addition to checking the emergence of hegemonic activity in the region. However, a drawback of this is that in light of its lack of ground forces, the U.S. commitment to "active involvement" in any development on the Korean Peninsula would be seen as considerably weakened. Thus, the third option would have the least negative impact on the future of the U.S.-ROK alliance. The presence of U.S. ground troops, no matter how small their number, would bolster the U.S.-Korea alliance as a regional stabilizer and the United States would be able to dampen a possible struggle between China and Japan and negate the urgency of a unified Korea to go nuclear, which would be a major source of instability in Northeast Asia. To realize this option, however, Koreans must feel that the United States had made a considerable contribution to the process of Korean unification. Otherwise, Koreans would oppose even a symbolic presence of U.S. ground forces remaining in Korea.

Regarding the ROK–U.S.–Japan cooperation framework, the Korean presenter recalled that the trilateral summit at the third Nuclear Security Summit in The Hague in March 2014 was meaningful because it was held despite strained relations between Japan and Korea. President Park Geun-hye successfully delinked North Korean issues from Japan-Korea history disagreements, and the three leaders agreed to respond to North Korea in a unified, concerted manner. However, such trilateral cooperation should not

expand to check or contain China, but instead focus on nuclear and human rights issues and promote Chinese cooperation to resolve those issues. The ROK–U.S.–China strategic dialogue mechanism, which began in July 2013, is an important first step in preparation for a North Korean contingency. The United States, China, and South Korea should engage in frank discussions about how to deal with various contingencies to avoid unintended military confrontations between the two Koreas or between the United States and China. Unfortunately, to date China has been reluctant to join such talks.

An American presenter called the current U.S.-ROK counter-provocation plan an effective deterrent to North Korean provocations. It is important for the U.S. and ROK militaries to continue to conduct combined exercises to demonstrate their capabilities to the North. To further bolster deterrence, the alliance should also ensure that North Korean leaders are informed about U.S.-ROK counter-provocation intentions. The counter-provocation plan is a set of options that are coordinated in advance so that they can be drawn upon and tailored to counter specific North Korean provocations with equivalency and in a symmetric manner. ROK political and military leaders strongly felt the need to develop such a plan in the aftermath of the *Cheonan* and Yeonpyeong incidents in 2010. U.S.-ROK missile defense capabilities have been an important area of focus for the alliance. The focus was heightened at the 45th U.S.-ROK Security Consultative Meeting with the signing of the Tailored Defense Strategy (TDS). TDS employs the full range of the alliance's military capabilities, including the U.S. nuclear umbrella and combined U.S.-ROK conventional strike and missile defense systems. An indication of the ROK commitment to fully support this comprehensive strategy, also known as the 4D strategy (detect, defend, disrupt, and destroy) will be government funding levels.

The American presenter discussed, from an American perspective, the risks and rewards of an early transfer of wartime operational control. A transfer would have a number of advantages: (1) the ROK would lead the forces responsible for its security and defense, for the first time since the end of Korean War in 1953, a truly meaningful change; (2) the ROK would likely increase its defense budget from its current, relatively low level; (3) the ROK would demonstrate its professionalism and effectiveness, which would serve as an even stronger deterrent to North Korea; and (4) the resources already allocated by the United States and the ROK for the transfer would be optimized. The disadvantages of an early transfer include: (1) the current Combined Forces Command (CFC) would become a "supporting command," which might be less effective; (3) Pyongyang might regard the transition as a lessening of the U.S. commitment to the ROK; and (3) the ROK might not yet be ready to assume responsibility for wartime OPCON. On balance, building higher levels of trust between the U.S. and ROK militaries is more important than setting dates for the OPCON transfer.

The American presenter agreed with other participants that the U.S.-ROK alliance, especially in its military dimension, is in good shape. However, the ROK needs to spend more on command, control, communications, computers, and on intelligence, surveillance, and reconnaissance (ISR), etc., and expedite the development, procurement, and construction of its missile defense capabilities. The alliance needs to improve U.S.–Japan–ROK defense and military planning and cooperation for contingencies both on the peninsula and in the region, and ensure that China remains apprised of contingency plans that could elicit a response from Beijing, such as the counter-provocation plan or the development of missile

defense capabilities, which the People's Liberation Army claims impacts China's security.

In the ensuing discussion, an American questioned the benefits of informing the North about the alliance's counter-provocation plan and the use of a symmetrical response to a North Korean provocation. Ambiguity on our part would increase uncertainty in Pyongyang and thus enhance deterrence. The American presenter responded that in the long history of the U.S.-ROK alliance, our side has not adequately responded to numerous incidents of North Korean conventional provocations. Since 2010, the ROK has looked to remedy this deficiency. An asymmetrical response does not mean simply the same amount of fire being returned, but that the response will be proportional.

American participants in general seemed to agree about the desirability of holding strategic talks with China about Korean Peninsula issues and contingencies. An American noted that it has been difficult to have meaningful discussions with the Chinese on North Korea contingencies at Track 1 and Track 1.5 meetings. However, when presentations on these issues are delivered to Chinese audiences at conferences, they are willing to listen. An American said that information about such issues needs also to be shared officially with China, in the form of a statement, not just confidentially or off the record; with China, there is a risk of reinterpretation, as the Chinese government tends to interpret statements according to its interests and circumstances. It was his personal evaluation that China has sent informal but clear signals that it would like to discuss North Korea contingency issues with the ROK, but not together with the United States, as China believes the ROK and itself to be the only "real" and direct stakeholders in the peninsula. An American disagreed, saying that China does not want to engage in dialogue about such issues because it would feel as if it were undermining a friend, North Korea. When the transfer of OPCON occurs, it will be interesting to see whether the Chinese become more willing to hold talks with the ROK about a post-collapse scenario.

Discussion moved to the role of China in a North Korea contingency. A Korean argued, based on his conversations with Chinese officials, that if North Korea launches a preemptive strike or opens war with South Korea, the Chinese will not be there to help them. "Things have changed. It won't be like 1950–53," he said, quoting a Chinese colleague. An American stressed that it is important that the United States and ROK discuss and agree about which role they would like China to play in a North Korea contingency. Although many have found it extremely difficult to engage China in discussions of North Korea contingencies, it is essential to make the effort. Coordination between the United States and Korea should come first, and it is important for the United States and ROK to clarify the roles that each will play in various contingencies. A Korean observed that China is not merely South Korea's economic partner but also a stakeholder to be carefully considered as the ROK and the United States prepare for Korean reunification. The ROK and the United States should ensure that China does not misconstrue U.S.-ROK intentions and actions, such as U.S.-ROK joint military actions or exercises, as targeting or containing China.

Discussion of the role of the U.S.-ROK military alliance in a post-reunification scenario was animated. A number of Americans questioned the purpose of the U.S.-ROK alliance following the reunification of Korean Peninsula, since from the beginning the alliance had been intended primarily to deter a North Korean attack. An American asked whether the Korean people would want to have foreign troops stationed on their soil after reunification and whether the American people would see any logic to keeping U.S. forces

there. A Korean responded that the role of the alliance is multifaceted—not simply to deter and defend but also to address non-traditional security issues, similar to NATO's role now. In this sense, the U.S.-ROK alliance would continue to evolve in tandem with the changing circumstances and strategic environment of the Korean Peninsula and the region. The alliance would also remain an important tool for maintaining balance between China and Japan.

When asked about the U.S. standpoint on the timing of OPCON transfer, an American responded that he does not believe that Washington will push hard for an early transfer against the wishes of the Korean government. For Washington, it is more important to prepare the proper political and security conditions between the United States and ROK for the transfer to be successful.

An American asked if "global partnership" means moving toward increased shared responsibility in the bilateral relationship. A Korean responded that the United States and the ROK have already agreed to expand the scope of the alliance to include regional and global issues. They have not yet defined what the role of the alliance should be regionally and globally, but will discuss it at the next two-plus-two meeting of foreign and defense ministers. (South Korea proposed a two-plus-two meeting last year, but the United States did not agree.) Another Korean said that global partnership should not mean a global extension or expansion of the U.S.-ROK military alliance. The U.S.-ROK military alliance should confine itself to the Korean Peninsula, but the economic and diplomatic dimensions of the alliance should expand to deal with regional and global issues, as in the case of Korea's strong support for the P5+1 formula for dealing with Iran and the efforts of the Organization for the Prohibition of Chemical Weapons (OPCW) to eliminate Syrian chemical weapons. An American responded that global partnership should mean improved collaboration between the two nations to deal with regional and global issues, such as when the ROK sent forces to Iraq and Afghanistan in support of the U.S. effort there.

IV. KORUS FTA IMPLEMENTATION

A Korean gave a presentation on the implementation of the Korea–U.S. (KORUS) FTA in the two years since it went into effect on March 15, 2012. From 2000 to KORUS FTA's implementation in 2012, ROK trade with the United States decreased from about 20% of Korea's total trade to about 10%. During the same period, ROK trade with China increased from about 8% to about 20%. The KORUS FTA was expected to reverse the decline in U.S.-ROK trade. Since the adoption of the FTA, Korean exports to the United States have increased slightly; however, U.S. exports to Korea have declined slightly. As a result, some policymakers in Washington feel that the KORUS FTA has not worked out well for the United States. A closer look at the data reveals, however, that U.S. exports to Korea in the preferred (lowered tariff) products category increased by 5.3% in the first year of FTA implementation and 4.5% in the second. The overall decline in U.S. exports to Korea was due to a significant drop in those products not in a preferred category (i.e., for which there was no tariff reduction, or which were originally non-tariff), such as semiconductors and aircraft parts. Such exports declined by 20.7% during the first year of KORUS FTA

implementation. The increased U.S. trade deficit with Korea may also reflect the recent recovery of the U.S. economy.

Regarding issues that arose before and during the implementation process, Korean presenters said that the primary issues raised by the United States included origin verification of some U.S. products (e.g., orange juice—which might be derived from oranges from other countries such as Brazil or Mexico—and automobiles produced in the United States, e.g., by Japanese companies), automobile emissions policies imposed by Korea, restrictions on the transfer of private financial data, and pricing and reimbursement for pharmaceuticals and medical devices. For its part, Korea focused primarily on matters such as outward processing zones, such as the Kaesong industrial complex—where the United States requires certain political and security conditions to be in effect in order for the products manufactured in the complex to be recognized as FTA-eligible—and the mutual recognition of professional services providers such as lawyers and physicians. Such issues were or are being effectively discussed and resolved in the various bilateral channels established between the two countries. In addition to existing high-level meetings, which occur regularly, there are nineteen KORUS FTA-related committees and working groups, including a joint ministerial committee. Although, it is too early to make a comprehensive assessment after only two years, the KORUS FTA seems to be working well overall. Businesspeople in both countries are increasingly making use of its provisions.

An American presenter said that the George W. Bush administration pursued KORUS FTA due to the failure of the Doha multilateral trade round, the existence of a promising market in the ROK, a desire to increase U.S. exports, and a need to broaden and deepened the alliance at a time of increased anti-Americanism in Korea and other strains on the alliance. President Obama inherited the unratified KORUS agreement and moved ahead only with some reluctance because his party depended heavily on a labor constituency that was increasingly protectionist. Ironically, while the Obama administration was not enthusiastic, it nevertheless "oversold" the claimed benefits of KORUS FTA to Congress. The actual results have not matched those claims. Even so, the United States Trade Representative (USTR) has expressed satisfaction with KORUS FTA. His press release on the second anniversary of its implementation noted that U.S.-ROK bilateral trade now exceeds $100 billion and that South Korea has become the United States' sixth-largest trade partner; U.S. exports of goods that have seen tariff reductions under the FTA have increased significantly; America's sizable services trade surplus of $9 billion with Korea has continued to expand at a rate of approximately 20% per year; the United States is the top destination of ROK foreign direct investment (FDI), whose total of $69 billion in the United States exceeds America's accumulated investment of $53 billion in the Korean market; the transparency of the South Korean regulatory and intellectual property protection systems has improved; and Americans have benefited from the lower prices of high-quality Korean goods either imported into or produced in the U.S. market. USTR also noted that the figures for the first quarter of this year's trade are even more impressive and that by January 2016 Korean tariffs on over 95% of U.S. industrial and consumer goods exports will have been eliminated.

The American presenter noted, however, that the results of KORUS FTA have not been dramatic enough for the U.S. administration to "crow about" publicly. Critics emphasize that the U.S.-ROK bilateral trade imbalance continues to grow and now exceeds $20 billion,

reinforcing concerns that KORUS FTA is a "job killer" in the manufacturing sector, and that the absence of provisions against currency manipulation and other predatory trade practices is problematic. However, two potential developments may brighten the picture. The first is the rapid emergence of a buoyant Korean automobile industry in the United States. While American labor unions will not welcome this development, Korean industry is a genuine job creator in the so-called "right to work" states. The second development is a boom in the production of U.S. natural gas and shale oil, resulting in the United States' return to its former position as a net energy exporter. The capacity to supply energy importers such as South Korea will have a dramatic impact on the U.S. merchandise trade imbalance as liquid natural gas export facilities are completed in the next few years and as low gas prices fuel a revitalization of key U.S. manufacturing industries. Overall, KORUS FTA is a positive factor in the U.S.-ROK relationship, and even the concerns raised by critics seem to be problems that naturally accompany trade agreements and nothing beyond the capacity of officials of the two nations to resolve amicably.

In the discussion, a Korean said that KORUS FTA is increasing U.S.-ROK bilateral trade, more companies in the two countries have begun exporting and importing, and the initial implementation challenges have been discussed and mostly resolved. The economic impact of KORUS FTA has been encouraging for both the United States and Korea, with U.S. exports to Korea expected to grow significantly this year. There are four positive trends in KORUS FTA implementation: U.S. exports to Korea have been on the rise for seven consecutive months now; there has been a pattern of increased investment in both countries, with the United States being the top investor in Korea and also the top destination for Korean investment; there has been a strong FTA utilization rate among large Korean companies; and companies have clearly taken advantage of KORUS preferences, which suggests that in coming years more markets will be opened and more trade can be expected. KORUS FTA has been a positive force in facilitating commercial relationships and will be an important economic foundation between the two nations.

Asked whether the large protests in Korea against KORUS FTA ratification compared to those against the FTA with the European Union had reflected anti-Americanism, a Korean acknowledged that there had been some politicization of the issue in Korea. The agreement itself, however, was protected. Its implementation is strengthening strategic and people-to-people cooperation between the two countries. The best way to strengthen the relationship between countries is to shorten the distance between their markets; as markets interact, so do the individuals involved in those markets.

An American asked how KORUS FTA is related to the possibility of a similar agreement between Korea and China and with Korea's joining the Trans-Pacific Partnership (TPP). A Korean responded that Korea's goal in entering FTAs is to expand Korea's export market. Because Korea already has bilateral FTAs with all of the twelve countries in the TPP except Japan and Mexico, joining TPP will not provide a great deal of commercial benefit to Korea. However, it would provide Korean businesses with greater flexibility by allowing them to export products manufactured in other TPP countries such as Vietnam or Malaysia. Within TPP, other countries may be used as production bases, while under KORUS FTA Korea may only export products manufactured on Korean soil. An American said that the United States is enthusiastic about Korea's inclusion in TPP.

PARTICIPANTS IN THE TWELFTH FORUM: UNITED STATES

Michael H. Armacost, Distinguished Fellow, Shorenstein Asia-Pacific Research Center (Shorenstein APARC), Stanford University

Karl Eikenberry, Distinguished Fellow, Shorenstein APARC, Stanford University

Thomas Fingar, Distinguished Fellow, Shorenstein APARC, Stanford University

Siegfried S. Hecker, Professor, Senior Fellow, Freeman Spogli Institute for International Studies, Stanford University

Sunny Lee, 2013–14 Pantech Fellow, Shorenstein APARC, Stanford University

T.J. Pempel, Professor, University of California, Berkeley

Kevin Shepard, Deputy Director, Combined Forces Command C5 Strategy, U.S. Forces Korea

Gi-Wook Shin, Professor; Director, Shorenstein APARC, Stanford University

Daniel C. Sneider, Associate Director for Research, Shorenstein APARC, Stanford University

David Straub, Associate Director, Korean Studies Program, Shorenstein APARC, Stanford University

PARTICIPANTS IN THE TWELFTH FORUM: REPUBLIC OF KOREA

Bark Taeho, Professor, Graduate School of International Studies, Seoul National University

Cho Jung-hyun, Professor, Department of National Security and Unification Studies, IFANS, KNDA

Chung Jae Ho, Professor, Political Science and International Relations, Seoul National University

Jun Bong-Geun, Professor, Director-General, Department of National Security and Unification Studies, IFANS, KNDA

Kim Sung-han, Professor, Graduate School of International Studies, Korea University

Kim Sook, Former ROK Permanent Representative to the United Nations

Kim Jong-Hoon, Member, National Assembly

Kim Dongryul, Professor, Director-General, Department of American Studies, IFANS, KNDA

Kim Hyun-Wook, Professor, Department of American Studies, IFANS, KNDA

Lee Sang-Hyun, Director, Security Strategy Studies, Sejong Institute

Park Chunil, Director, FTA & Regional Studies, Korea International Trade Association

Shin Bongkil, President, IFANS, KNDA

The Walter H. Shorenstein Asia-Pacific Research Center
Freeman Spogli Institute for International Studies
Encina Hall E301
Stanford Univerity
Stanford, CA 94305-6055
http://aparc.stanford.edu