

**THE FUTURE OF THE ROK-US SECURITY ALLIANCE:
SIXTY YEARS AFTER THE ROK-US MUTUAL DEFENCE TREATY**

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Executive Summary

The conference was held at the Hotel Capital in Seoul, Korea under the title “The Future of the ROK-U.S. Security Alliance: Sixty Years after the ROK-U.S. Mutual Defense Treaty.” Much of the conference was devoted to the state of the alliance and its prospects, the current situation in the conflict with North Korea, and the conditions, political and economic, inside North Korea, as well as North Korea’s relations with China and other governments. Another topic was the economic relationship between the ROK and the US in the wake of the signing of their Free Trade Agreement.

In the year since the last COKUS conference, a series of important events, some quite dangerous, had taken place – changes of government in China, the ROK, and Japan, and Russia plus the only slightly older Kim, Jong-un government in North Korea and its continued display of highly provocative behavior that was disturbing to all of its neighbors and the United States. It was these matters that received the most attention.

A major theme was that North Korea was clearly determined to continue developing nuclear weapons, and thus not likely to negotiate a halt to its nuclear weapons program much less its elimination. Efforts to induce it to go down that road have failed, most recently with North Korea’s 3rd test of a nuclear device, larger than the earlier ones, and its continued testing of missiles that can eventually carry nuclear warheads. The general conclusion was that there is little point in seeking a negotiated denuclearization of the peninsula. Efforts in future talks should be focused on how to contain the possible harm that might result from a nuclear armed North Korea.

In part, this pessimistic conclusion also stemmed from a second general conclusion, namely that North Korea has long pursued a standard strategy and it is time to confront it and cancel its utility. The strategy was described as having the following pattern:

A period of tough words and threats from the North, building tensions and fears of a war;
A sudden shift to being more accommodating and looking for negotiations;
Significant military provocations that are dangerous, often harmful;

Agreement on new negotiations to calm the situation, bringing the North “rewards” for modest concessions typically not carried out or long lasting. A participant added that the current regime deviated from this scheme only in developing “more creative” provocations. The conclusion: the allies should short-circuit this cycle, first by carrying out their recent decision to respond to future provocations rapidly and painfully, and second, by offering less aid and demanding more from the North for entering into talks.

Another theme was that the North is experiencing very serious domestic problems. Several papers noted how the transition from Kim, Jong-il to Kim, Jong un, seemingly well in hand initially, has not been going well. Various developments plus reports from defectors, plus South Korean and other sources indicate the following. First, Kim, Jong-un clearly set out to take control by making the armed forces his power base, like his father had, but this process has not good smoothly. A huge set of changes have been made at the top of the armed forces leading to purges, officers shifting positions - even more than once, and numerous demotions, affecting roughly two thirds of the highest level officers. There are reports of executions, of a coup having been attempted against Kim, Jong-un, and of confrontations between officers and their troops. Some participants saw signs that the North might soon suffer a political-military collapse, others worried it might lead to a civil war. It was suggested that the nasty provocations against the ROK under Kim, Jong-un were meant to bolster Kim, Jong-un’s position by conveying the idea to the armed forces and the public that he is a strong and capable leader able to handle the tough threats from outside - at the risk of possibly stumbling into a war.

Second, and another a major theme, was that many of the North’s domestic difficulties stem from the continuing lack of any economic development, now for over a decade. Reports suggest that some tensions inside the armed forces stem from inadequate rations. Also, that markets are steadily spreading underneath the official economy, with black markets run mostly by women, based on the widespread use of Chinese currency. Tensions on the border are up because Kim, Jong-un ordered tougher measures and more policing of it, cutting North Korean crossings into China to buy food. Of course, the UN and other sanctions continue to harm the economy and thus the population as well.

However, and third, the economic difficulties ultimately stem from the basic structure of the economy; they are deeply structural rather than due to the sanctions. The picture presented was that the economy is overwhelmed by the enormous military spending, perhaps 30% of the GNP, going to the armed forces including the nuclear weapons program. Thus the government takes a high percentage of any earnings from manufacturing, including from the Kaesong industries workforce and North Koreans working abroad. It is preoccupied, particularly the military, with upping sales of raw materials to China for hard currency and to support the armed forces, at the expense of importing food and other goods from China. This led some years ago to the only known case of a famine in a significantly urbanized nation, and to the years since 1990 displaying negative economic growth for 9 consecutive years followed by only intermittent growth since, with a rising gap between the cities and the rural areas.

The North's per capita income today is reportedly about \$1,300, roughly 1/20th of the ROK's. As a result, North Korea has become very heavily dependent on two countries. Some 90% of its trade is with China, which supplies about 80% of its energy and nearly 50% of its food, and it was getting some trade and significant aid from the ROK. The economic interaction has been sharply cut in recent years, apparently out of concern about contacts between North and South Koreans involved. Reinforcing these problems is the way the Mt. Gumgang and Kaesong projects have been handled, with the consequent reductions in North Korean hard currency inputs. The Mt. Gumgang project was closed by the ROK after the North's inadequate reaction to the killing of a ROK tourist there. The second never worked out well even with over 100 ROK firms involved. The project has seen steadily declining labor productivity and many firms have come to require ROK government subsidies to keep their operations going, and now the project is closed at the demand of the North, at a loss to the North of millions of dollars. There was some debate about whether the South should bother trying to reopen Kaesong under the circumstances.

With the North in such difficult shape several additional topics were prominent. One was how the allies needed to think about a possible collapse in the North, with some participants seeing little likelihood of such a development but many more disagreeing. One paper suggested such a collapse had best come from inside the North and from its people. Longing for a negotiated unification was actually unwise – none of the other parties in the six-party talks would really benefit from it, at least initially: The ROK would have a huge economic and social burden for years to come; The US would lose its rationale for keeping major forces in Northeast Asia; China would lose the buffer with a potent South Korean nation, economy, and culture, and its alliance with the US; Japan would have a much more potent South Korea as its neighbor, probably significantly reducing its role in Asia; Russia would lose the periodic opportunities, via six party talks and related steps, to look like a significant player and thus entitled to at least be consulted. Thus the proper approach is for the allies and others contain the harmful consequences of the North's nuclear weapons and other forces, and stifling its provocations, but otherwise simply let it sink into a collapse. They must in the meantime set up arrangements to coordinate their responses to any collapse to avoid sharp conflicts.

It was pointed out that any collapse could not be met appropriately without better allied preparations. American forces in the ROK have shrunk significantly, and the ROK is cutting its forces as well, from close to 600,000 initially to under 300,000 eventually. The result could well be that after a collapse the allies will not be able to generate sufficient forces for occupying it to bring order, food, medicine, and other humanitarian relief to its citizens. The basic mission of the allies for decades has been to defend against an attack and allied forces are arranged accordingly. They are not prepared for moving to provide security, maintain order, seize the North's nuclear weapons, disarm the North's forces, etc. Those tasks will require many more military personnel than defense of the ROK, and quite different training, so many more that the ROK might need to ask China to send forces for quite a while to help manage the northern part of a unified

Korea. One comment was that the ROK might eventually find it hard to demonstrate it was ready to take over, and thus have trouble getting the Chinese to leave.

All this was naturally intertwined with extended discussion about the state of the alliance itself – its condition on its 60th anniversary being the central theme of the conference. For the first time in years the US-ROK economic relationship was only a passing topic. FTAs are becoming the dominant arrangement in world trade, and it was reported that the US-ROK FTA has gone well in its first year. It is having the kinds of effects it was designed to produce – such as expanding trade, and injecting more information and resources into ROK financial sectors and other service industries. It is too soon to adequately assess its impact but no serious problems have emerged.

As for the security dimension of the alliance the alliance now appears to be doing very well indeed, that Obama administration efforts to sharply improve US-ROK relations have been very effective and that, thus far, relations between the second term US President and the just installed President Park are going well. Their views seem well aligned on how to deal with the North and there is strong agreement that the allies must be ready to respond immediately and effectively to any military provocations from the North. Participants stressed that a response should be joint, with American forces involved. The intent is to finally demonstrate to the North that it can no longer get away virtually unscathed from such actions, getting the provocations problem under control. One suggestion was that responses be aimed at the top DPRK leaders, the ones responsible, because – as was said repeatedly – the regime's ultimate and really only objective is to continue its existence. Threatening that will really get its attention.

As in earlier conferences there was considerable disagreement about transferring the wartime OPCON to the ROK and dissolving the CFC. The basic question – is the transfer wise – remained unanswered, given the fear of some participants that this would weaken the unity of command and that ROK forces have some distance to go to be ready because too little is being spent on that. They suggested the North would be delighted if the transfer took place at the end of 2014 as now envisioned. Others said it should be put off in view of the North's recent provocations, noting that this was being discussed between the allies. Proponents suggested that the unity of command issue was being dealt with by new arrangements the allies had agreed on and that having the ROK assume greater responsibilities was in keeping with the shifting responsibilities of US forces in the Asia-Pacific.

The issue of a possible return of US nuclear weapons to Korea was also discussed, relatively briefly. Given its very controversial status, it was not surprising that there was no consensus on this, particularly since the wider reactions in the region would have to be taken into account.

The favorable overview of the alliance was reinforced by presentations by the ROK Defense Minister and the Deputy Commander of US forces in the ROK. Each declared that the alliance was in excellent shape. Each used the anniversary to pay tribute to the forces that lost their lives in defense of Korea in the Korean War and those who have maintained security on the peninsula for the many years since. Each called attention

to how the alliance now has a much broader mandate, including military responses to help maintain peace and security globally and particularly in Asia, indicating that the ROK will now play a role befitting its having become one of the world's leading nations. Each also expressed the appreciation of policy makers in both governments nations for the contributions of the Council on US Korean Security Studies and its associated organizations in supporting the alliance over the years.

Naturally, though to a limited extent, there was interest in what has been happening in China. The discussion focused on the likelihood Xi Jinping will introduce new policies. While some participants saw this as possible and suggested that Chinese priorities are shifting, pointing to the tougher stance taken on North Korea's third nuclear test and the meeting between Xi and Obama in California, most seemed to see China's position, including its tough stance on boundaries and other matters, as not likely to change, that Xi will be hemmed in by conservative and nationalist pressures in China, particularly from the military. It was suggested that China's stance on North Korea will soon moderate, as usual, that it wanted good relations with the US but would not be making changes to make this more likely. Thus, while it wanted a denuclearized Korean peninsula it would go back to tolerating the North, which is not considered a serious threat.

Pertaining to China, the conference also heard a presentation on the deteriorating security situation in East and Southeast Asian maritime affairs. The main point was that the relevant nations have not developed international institutions to manage their maritime relationships – existing ones are inadequate, and are too often proceeding independently or caught up in intense bilateral disputes (China-US; China-Japan; Japan-Korea; China-Philippines; China-Vietnam). There are few rules of engagement and statements of intent to guide naval forces, leaving too many chances for military engagements to erupt and escalate. This is being exacerbated by rapid growth in the region and in governments' naval and air forces, their increasing preoccupation with access to energy and fishing resources, and growing nationalistic sentiments behind aggressive national policies. The proposed remedy was multilateral institutions and practices carefully negotiated, with time for getting this done fleeting. One major response was that multilateral approaches would never work, were too complicated, and that bilateral negotiations were the most promising avenue. This final paper on the final panel thus carried the participants beyond the immediate concerns of the conference toward major emerging realities that must be faced in the years to come.

Patrick Morgan
Rapporteur

Patrick Morgan is Professor of Political Science at the University of California, Irvine. His fields of interest include national and global security affairs, US-Korean security affairs, and deterrence and arms control. His recent publications include *Deterrence Now* (Cambridge University Press) and *Complex Deterrence* (University of Chicago Press) coedited with James Wirtz and T. V. Paul. Current projects include a study of the evolution of US alliances since the Cold War. He is an occasional consultant for the State Department and other government agencies.

CONFERENCE REPORT

The conference was called to order by **Professor Hong, Sung pyo** (Ajou University) just after 9:00 a.m. via a brief introduction, a salute to the flag of the ROK and a moment of silence. He then introduced **General Kim, Jae-Chang** (ret.) and **General John. H. Tilelli** (ret), Co-Chairmen of the Council on US-Korea Security Studies.

General Kim opened the first session as usual, by thanking the participants in the upcoming sessions and the many people attending. “We agree” – he said – “that North Korea must be changed,” noting that the recent shifts in the North Korean leadership had involved bad choices of leaders to run the country. In the meantime, the task of the US-ROK alliance remains the maintenance of peace on the peninsula.

General Tilelli also welcomed everyone and thanked the participants, indicating that event would include very good papers in a fine program. He pointed out that we are now at a defining moment on the peninsula in having to face the question of how to properly react to the third ruler from the Kim family in the North. To deal with that, we have a model alliance, unique in its capabilities for joint action. The goal remains, as always, eventual unification of the Korean peninsula. Since its inception North Korea has always taken the wrong road. Hopefully, we can now leverage it into making important changes.

Professor Hong called everyone’s attention to a number of the distinguished special guests at the conference, particularly former Co-Chairman of the Council General, Paik, Sun-yup.

Finally, **Professor Bruce Bechtol**, incoming President of ICKS, added his welcome to the attendees as part of his opening remarks. He began by saying it was almost exactly 63 years ago that the Korean War started, the war that led to the US-ROK alliance. The alliance continues today, stronger than ever. However, the contemporary situation is very complex and potentially quite unstable. Thus this is a particularly suitable time for our conference, a vital time. He closed by thanking General Tilelli, General Kim, and Hugo Kim for their leadership of the Council and the arrangements for the conference.

PANEL I: NATIONAL SECURITY STRATEGIES OF THE NEW LEADERS OF MAJOR POWERS AROUND THE KOREAN PENINSULA

Chair: **Dr. Yim, Yong Soon**, Professor (emeritus), Sung Kyun Kwan University.

Dr. Yim has a long and distinguished record of service on the COKUS Board, and as a scholar, a university administrator, a commentator, and a government advisor

Paper Presenters:

Dr. Choi, Choon Heum, Senior Researcher – Korea Institute for National Unification (KINU). Former president of the Korean Association of Peace Studies; former vice president of the Korean Political Science Association. Author or co-author of several books on Northeast Asian security affairs

Dr. Richard Weitz, Senior Researcher – Hudson Institute, where he is the Director of the Center for Political-Military Analysis. He has worked at distinguished US think tanks and in the US Department of Defense.

Discussants:

Dr. Bruce Bennett, Senior researcher – RAND Corporation. His research and consulting has taken him into projects for the US Defense Department, the US Pacific and Central Commands, the ROK and Japan armed forces, and the US Air Force, among others.

Dr. Hong Nack Kim Professor, West Virginia University. Author or editor of seven books and over 130 articles, he is a leading figure in promoting and administering institutions involved in Korean studies and US-Korean relations.

Dr. Lee, Tai Hwan, Senior Researcher – Sejong Institute, where he is Director of the Center for China Studies. Has served in the ROK Ministries of Foreign Affairs and Unification. Author of many books and articles including *US- China Relations and the Future of the Korean Peninsula*.

PAPER: **Dr. Choi, Choon Heum**, “Security Policies of the New Administration in China Towards the Korean Peninsula”

Dr. Choi opened his presentation by saying on its 60th anniversary the Armistice Agreement has been seriously jeopardized by DPRK nuclear weapons tests, the sinking of the Cheonan, the shelling of Yeonpyeong island, and resulting rising tensions between North Korea and the allies. China has often blamed such activity on US-ROK military exercises, and under Hu Jintao ultimately did little to curb tensions and instability on the peninsula. When Xi Jinping was elected General Secretary of the Communist Party in 2012, his efforts to alter China’s foreign policy ran into a stumbling block - North Korea’s two tests of long range missiles and its third nuclear weapons test - despite warnings issued by China against them. This led to China’s participation in the ensuing additional UN sanctions levied against the DPRK.

China’s compliance with past UN sanctions had been poor, ineffective. In recent years Beijing had stressed its support for Pyongyang, and a Chinese Premier (Wen Jiabao) visited the North for the first time in 18 years in 2009. Sino-DPRK economic cooperation had been expanding, as had China’s investments in and economic assistance to Pyongyang. Thus Beijing’s association with the UN sanctions in December 2012 was a major policy shift, particularly in this being done very publicly, not concealed as its criticisms often have been in the past. The North justified its behavior as self-defense steps in the face of US hostility and issued threats of “merciless retaliatory” action for the sanctions, but the DPRK ambassador in Beijing was told the North must abandon its provocative stance and turn to a policy of dialogue and consultation. Beijing’s endorsement of sanctions reflected its view that North Korea’s rising ability to militarily threaten the ROK, Japan, even Guam could well provoke a military response from the US and the ROK, could incite Seoul and Tokyo to seek their own nuclear weapons, and was clearly a threat to China’s prestige as East Asia’s only nuclear power.

Beijing also tightened customs procedures vis-à-vis North Korea, increased restrictions on movement of North Koreans in and out of China, and banned certain North Korean cargo flows into or through Dandong and Dalian. There were also public protests in China not only in areas near the DPRK but in southern regions, something not seen since the Cultural Revolution in the 1960s. The protests reflected fears of aftereffects from any serious damage to North Korean nuclear facilities due to accidents or US attacks, and growing feelings the North was really the most to blame.

But will China's fundamental policy on Korea really change? No, regardless of public feelings. It will continue to promote negotiation, as opposed to condemnation, will see sanctions not as a solution but as a way to get negotiations going. It will limit aid to the North (oil, food), but will have to accept the North as a nuclear weapons state. And it will continue to see regime stability as more important than dismantling the North's nuclear weapons program. The strain in China-DPRK relations has already begun to recede somewhat; the parties are again exchanging messages, for example. And in March Xi met with special DPRK envoy Choe, Ryong-hae.

Also in March North Korea said it would abolish the Armistice agreement of 1953 and suspend the related Panmunjon activities because of UN sanctions and US-ROK military exercises, and it added threats to do even worse. It seemed almost like a declaration of war but China did not oppose these steps, insisting, once again, that the North was only seeking normal relations with the US and to replace the armistice with a peace treaty. China wants a cooperative relationship based on mutual respect and shared benefits between the US and the North, but Washington and Beijing can't agree on approaching the North Korean problem via the sort of mutual and multilateral dialog Beijing urges. All they have agreed on is that they will not treat the North as a nuclear armed state.

China's policies remain largely unchanged because Xi has domestic restrictions on his freedom of action. Having been elected via compromise and consensus, he must get a consensus in the Political Bureau. He cannot be another Mao or Deng. He must focus on the 2011 White Book of Peace and Development list of China's four core interests: sovereignty, national security, territorial integrity, and national unification. With regard to Korea this means paying strong attention to the border, and continuing to see Korea as an important buffer from foreign invasion. It also means not abandoning the Sino-DPRK security treaty of 1961 and thus eventually restoring good relations with Pyongyang.

Good relations will continue with the ROK too – China being the ROK's top trading partner (trade has increased some 40 times over the past two decades), top target of foreign investment, and top tourism site. Efforts to expand their military ties continue. China realizes that these good relations could be endangered by tensions between them and by its preoccupation with keeping the DPRK stable. So it will continue complaining if the allies don't do more to ease tension on the peninsula.

Over the years China's policies have shifted among being "adaptive-adjusting," "assertive," and "abrasive." Xi's approach is very likely to be nationalistic and

aggressive in pursuing those core objectives mentioned above and in response to conservative military perspectives at home. Thus policy toward North Korea will not readily change. And Chinese sanctions on the North will soon dissipate. Their relations will fluctuate between cooperation and conflict, as in the past, and so will Chinese feelings about the North.

The Chairman of the panel commented that China's dilemma is clear. He then introduced the next presenter.

PAPER: Dr. Richard Weitz. "Security Policies of the New Administrations in the US and Japan Toward the Korean Peninsula"

Dr. Weitz opened by characterizing North Korean security policies as unchanged under Kim, Jong-un, especially in the use of rising threats and tensions followed by abrupt changes in tone. It's just that the provocations seem more innovative now. Kim, Jong-un may be using this familiar pattern to demonstrate his manhood, or meet the wishes of his senior generals, or even to solidify his political situation so he can later adopt a less aggressive policy. He was widely expected to introduce some new policies but none have appeared and we don't really know why.

At least tensions on the peninsula are now declining again after a very tense period. The DPRK launched missiles and tested a nuclear device, and in response the ROK promised to respond much more severely to future provocations while the US began displaying very potent weapons in the area – F-22s, B-2 bombers among them – and mounted more elaborate sanctions. But the North's provocations and its links to Iran (the US fears the North and Iran are cooperating in parallel uranium-based nuclear weapons programs) had disrupted the regional security situation, and fears of possible miscalculations were escalated by the fact that the DPRK, Japan, China, and the ROK all now have new leaders. What are these governments' security policies on Korea?

JAPAN. It continues to see the DPRK as a major threat, especially via its missiles and nuclear weapons. In response Japan has been:
 developing preemptive strike capabilities;
 considering removing constitutional limits on participating in warfare;
 developing Japan's forces via F-35 fighters, Mitsubishi F-2 fighters, etc.;
 planning helicopter destroyers that will also carry F-35 fighters;
 enhancing BMD capabilities
 preparing to add more Kongo-Class destroyers AEGIS cruisers, V-22 Ospreys, and amphibious landing craft

Whether Abe can get all this done is debatable, and he may even be seeking an alternative - a breakthrough in DPRK-Japan relations (having sent a personal representative to Pyongyang for consultations after coming to power). After all, the above activities would involve higher defense spending and closer cooperation with the US in pursuit of goals like getting North Korea to give up nuclear weapons, resolve the abductions issue, and improve trilateral Japan-ROK-US security cooperation. This would have to be carried out despite Japan's big budget deficits, the burdens of annual payments

for US military support, the nation's chronic economic problems, and its demographic difficulties.

Concern about the North rose considerably after the first DPRK missile test over Japanese territory in 1998. And the North has hundreds of shorter-range Nodong missiles that can also reach Japanese territory. As a result Japan has moved to impede the North's military activities via:

- declarations rejecting the North's activities and pressing this more strongly than anyone else in the periodic six-party talks;
- repeatedly insisting on a resolution of the abductions issue being reached before any serious relations with the North be undertaken;
- more sanctions;
- a ban on all North Korean ships entering Japanese ports;
- a freeze on bank remittances from Koreans in Japan to the North;
- complaints to the US about removing the North from the State Department list of terrorism sponsors and sometimes sending food aid to the DPRK;
- and participating in the Proliferation Security Initiative (PSI).

There is also more interest now in Japan on relaxing restrictions on military activities, participating with others in collective defense efforts, and even perhaps seeking nuclear weapons, steps that would not be well received anywhere in East Asia. Many Japanese analysts believe the North will not give up its nuclear weapons efforts. Japan's harder line on the North is considered unhelpful by all of the other participants in the 6-party talks.

Certainly Japan also dislikes being involved in territorial disputes with three neighbors at the same time, seeing this as very unwise. Many analysts expect Japan to move toward enhancing relations with Russia in light of its difficulties with North Korea and China, but that involves unwinding Japanese-Russian territorial disputes too.

SOUTH KOREA. Pyongyang and Tokyo face the same threat from the North, are democratic and supportive of human rights, have advanced societies and popular cultures, yet get along uneasily due to the legacy of Japanese colonialism, Korean fears of a renewal of Japanese militarism, the clash over ownership of the Dokdo/Takeshima Islands, and even the name of the sea between them. They agree on major goals for the Korean peninsula but Japan puts priority on denuclearization, curbing DPRK missiles, and the abductions issue while the ROK stresses preserving its peace and prosperity, not just its security, and many in the South suspect Japan really doesn't want Korea unified. The US continues trying to get its two allies to ease their conflicts but the Obama administration has had minor success. One result is insufficient cooperation among the three allies on various security matters beyond dealing with the North, such as sharing intelligence or military supplies, cooperation on missile defenses, naval cooperation, etc.

UNITED STATES. The *United States* insists it will not recognize North Korea as a nuclear weapons state, and has recently bolstered its BMD capabilities and accelerated BMD research cooperation with Japan, reaffirmed US nuclear deterrence, is adding Aegis equipped destroyers to its own and Japan's naval forces as well as Patriot missile

batteries on land plus more BMD interceptors in Alaska. It is also expanding military ties with Australia, the Philippines, and Thailand, ties that include base modernizations in Australia, the Philippines, and Guam. Determined to avoid a mutual nuclear deterrence situation with North Korea, it not only resists that nuclear weapons program but seeks to preclude any DPRK ability to hit US territory. Under its “strategic patience” posture, the Obama administration wants some prior North Korean indication it is willing to halt its nuclear weapons program before entering into renewed negotiations, and on those negotiations being multilateral (not bilateral) and preceded by renewed talks between the North and the South. The risk in this policy is that it gives the North more time to refine its nuclear weapons, and more chances the new ROK policy of sharply, even massively, responding to North Korean provocations to bring about a major crises or conflagration, possibly leading to the shelling of Seoul or even a nuclear explosion there. Critics also see “strategic patience” as too passive, leaving too much of the North Korea problem in China’s hands and having allowed the North to get away with too many provocations at little cost.

Meanwhile the alliance with the ROK is in very good shape, US popularity in the ROK is rising and there is a steadily expanding trade relationship under the new FTA. The alliance continues to evolve into pursuing a global role and becoming a central component of a semi-integrated US alliance system in Asia that replaces the “hub-and-spokes” pattern of the past. This fits well with South Korea’s rising prominence in the global economy, technology, the UN (it’s now in a two-year term as a nonpermanent Security Council member), and modern military forces. Its forces are being slimmed down but greatly enhanced via long range surveillance and strike capabilities plus advanced ships, planes, and UAVs, and it is moving toward cooperation with the US on military space activities. President Park is intent on strengthening the alliance and easing Korean tensions with Japan – she plans to avoid going to visit the disputed islands, for example. In general, the ROK’s activities in central Asia have been better received than those of the US which also benefits the alliance.

The recent Park-Obama meeting went well. However, the OPCON transfer date is again being questioned (as too soon) and may well be extended, and it is not certain the ROK will join the Transpacific Trade Partnership negotiations. The US will continue resisting any ROK steps toward a nuclear weapons program. All this suggests that maybe the allies need to try to update the old joint vision statement.

There are growing pressures in the ROK for the US to return tactical nuclear weapons to Korea or accede to the ROK developing its own, because the allies have not been able to halt North Korean nuclear weapons activities – Pyongyang shows no sign its nuclear programs are just a bargaining chip. Of course, sending nuclear weapons back to Korea would not sit well with China (which would be in range of them as well) or Japan. But Obama’s call for deemphasizing nuclear weapons worldwide has invited comments in the South about US extended deterrence losing its credibility in East Asia.

Washington continues pressing the ROK on joining in missile defense with the US and Japan, but Seoul knows this would irritate China which sees US BMD as really ultimately aimed at Chinese forces. The US has been busy not only on building

integrated missile defenses but in cooperating on missile defense research and development in Europe, and the Middle East but has had to settle for bilateral arrangements in parts of East Asia like the ROK. South Korea is trying to develop its own missile defense system, plus missiles that could preemptively destroy some of the North's missiles. So it is not sharing or co-developing systems with Japan and the US, claiming they will be too multi-layered, too costly. This means it is not using the more sophisticated interceptors Japan and the US are installing, ones the US constantly disparages.

Discussants

Dr. Bruce Bennett opened his remarks with question(s) for Dr. Weitz: Won't renewed six party talks fail? And what are the political implications of starting the six party talks again and then having them fail? After all, North Korean leaders see nuclear weapons as the key to their survival, and as bolstering the North's image in the world, so failure is very likely.

On the ROK's 2020 defense buildup plan and US-ROK ties, the plan is in difficulty. Too little defense spending is being provided. And the original goal was to better cope with an invasion by the North, when the main goal today is really how to best *intervene* in the North if necessary. On these and related matters the US does not really understand the ROK's ongoing cuts in its forces, and this will likely complicate US attitudes and allied relations eventually.

Finally – do we really need a new vision statement? Another question: China was not very tough on the North when it pulled out of the supposedly major talks with the South it had only recently proposed. Why? China had just put a lot of pressure on the North and got little in response. All this makes it look a lot less like a global power. Is China really worried about the North collapsing? If it is, that would mean the situation there really is quite bad. Does China really see North Korea abandoning its nuclear weapons program? If not, why should new six-party talks be held at all?

The Chair highlighted the question of whether China really is a global power.

Professor Hong Nak Kim

He described Dr. Choi's paper as fine. He indicated his view on Xi's ability to make significant changes in Chinese policies as skeptical, due to the resistance that will come from the military and conservatives. But Xi has very clearly opposed the North Korean nuclear weapons program, with no hedging unlike earlier Beijing governments when their diplomatic rhetoric was offset by rising aid for and trade with the DPRK. Xi's government has made the North's survival more in doubt by supporting the latest UN sanctions, imposing stronger border restrictions along the Yalu, and publicly expressing tougher official and media opposition to the North on its nuclear weapons. Academic views in China are along similar lines. All see rising chances of increased fears, serious instability, and possible war, all of which might disrupt the Chinese economic situation and damage its international image via such results as a Chinese military intervention.

China's priority now is clearly peace and stability on the peninsula – hence denuclearization is more important than ever, more important than preservation of the North Korean regime. The Chinese elite is also more sophisticated now about international affairs, the US, etc. The question for the panel: will Xi really be able to shift China's policy on North Korea, or is Choi correct about the restraints he faces?

On the Weitz paper, he said it was also very good and very extensive, and Bennett's questions were very good as well. It is clear that the Abe government's main priority is settling the abduction issue, with the nuclear weapons concern being second, and the third might be the compensation payments to the US for US forces. As Weitz noted, Japan hasn't been much help on the nuclear weapons issue and the North, and it should alter this. But will it? Will it make dealing with the North's nuclear weapons its top priority? The abductees issue is still very potent; remember how when the North allowed five survivors to come temporarily to Japan, public opinion made it impossible for them to be sent back.

Dr. Lee, Tai Hwan, taking up the Choi paper, said that the recent Xi-Obama summit had been very important. The two leaders agreed on getting into more US-China cooperation. So China's policy is therefore at least somewhat adjusted if not yet fundamentally. Xi must, as Choi notes, take domestic factors into account and display some leadership, but also important as a factor is China's economic situation. The government now needs a more peaceful environment as a result of the recent economic slowdown. And politically, Xi and some other leaders are now younger, with no ties personally to the Korean War. They are more inclined to treat North Korea as a normal government, not in terms of a party-to-party relationship. That could be a major change. And several top leaders have good ties in the US and Japan, as do a number of major advisors, which may also contribute to a serious shift in China's foreign policy. Finally the Chinese public is much more interested in the ROK - the North gets little attention – and public opinion was negative on the North's third nuclear test.

All this suggests a possible shift in Chinese priorities. Denuclearization is now China's top priority vis-à-vis North Korea, with peace and stability in second place. Thus its foreign policy may not actually be more aggressive now, as many observers have been claiming is the case.

In the Weitz paper there is reference to a common phrase these days – “A new type of great power relations.” What does this *actually* mean? More respect between the parties? Weitz mentions the cooperation in US-ROK-Chinese policies on the North Korean problem, but is this trilateral cooperation worthwhile? It didn't really help in the end on the 6 party talks. Is this trilateral cooperation really workable?

A final question: with regard to the islands dispute between Japan and China, what is the US perspective? What does it think is really taking place?

General Discussion

When the Chair threw open the discussion before asking the panelists to respond to the discussants, the first questioner from the floor asked Choi why North Korea had suddenly asked recently for a dialog with the South, then said it wanted one with the US? A Korean participant then pointed out that North Korea remains quite hostile, and still irritates the ROK. That means we need to focus on achieving a collapse in North Korea – that is what would be best for the US and the ROK.

Choi responded that North Korea abruptly offered to talk with the ROK or the US to help bolster China's prestige. In a new round of 6 party talks China would benefit as Chair and as helping put off any outright war at least while the talks proceeded

On China possibly changing its policy, as Lee, Tai Hwan suggested, this is not happening. Xi is the new Chairman and for now bureaucrats and officials must follow his view. And two years ago Xi said that China entering the Korean War was a “holy step.” Has he really changed that view in just two years? Isn't his goal still restarting the 6 party talks? Isn't he still calling for a “strategic dialog” with North Korea? Just like he did in the past! And China still talks to North Korea as if its an equal. Are Xi's priorities really different than his predecessors'. Until China drops its alliance with the North its policies are not changing. China wants a major shift in US policy on the North first. As for China being more aggressive these days, Xi will continue to press China's past goals. And as for China-ROK relations, China was critical of President Lee's close ties to the US, and it clearly wants more cooperation from President Park instead.

Weitz started his reply by taking up the subject of China-ROK relations. He noted he had recently spent a week asking many academics and other analysts in China about this. Clearly they are debating the nature of their relations with North Korea, in comparison with what could end up a unified Korea allied to the US. They are also giving more consideration to a possible North Korean collapse. But this is not true of the government, at least not for now. The goal there is still a slow shifting of North Korea and its government into better behavior – over several decades! The US is pressing for a much more rapid change. But if China really wants closer ties with the US, will it actually begin to press for faster change in the North?

On Bennett's question about holding six-party talks again and having them fail, actually the US could tolerate yet another failure here. Hardly anyone expects the talks to work as it is. We just don't have a good substitute to turn to instead. I admit I was a bit superficial in covering this issue. As for having an updated joint vision statement – it may be too soon to try to get into this, with a new ROK government. But looking at possible adjustments from an overall perspective is never a bad idea.

On the abductees issue in Japan that poses a major hurdle, it should be remembered that the ROK had many more people abducted by the North than Japan. In fact, the North is really built on holding a good many of its own citizens captive. It would be good to see an end to Japan's focus on this issue but it's a central issue in Japanese politics. Abe takes it seriously as an issue as well.

Bennett suggested that if North Korea was to collapse the currently declining size of the ROK armed forces could make pacification and unification more difficult to carry out. And if China intervened with its forces the ROK might look too weak militarily to replace it. In addition, unification would obviously take a long time, requiring many ROK military personnel to be there or on call. But the plan to cut the period a soldier now serves will cut ROK forces by at least 60,000 more.

He then suggested that China has yet to fully recognize how threatening North Korea's nuclear weapons may be. If the response to North Korea is ultimately a Northeast Asia nuclear arms race that would be a huge disaster. And what if the North decided to conduct a nuclear test over the East Sea? Or what if the North experiences a significant accident in its nuclear weapons program?

Weitz replied to Bennett's question on ROK forces by suggesting the ROK could maintain sufficiently large reserves to be able to mobilize significant additional forces as needed. Bennett then responded by noting that the ROK has huge reserves now – over 3 million – but they rarely train, doing so only about three days a year. What the ROK needs is more selective reserve training to help meet specific contingencies.

A **Dr. Chong** from Seoul National University then asked Bennett if, since talks always take some time before they bring about any agreements wouldn't having them more or less continuously be a good idea. And **Dr. Robert Kim** (Western Washington University) noted that adjustments in three major players' views on the North Korean nuclear weapons problem are now emerging, and suggested that Vladimir Putin will eventually join them. Can a unified approach by these four governments budge North Korea? Could they possibly agree on a unified Korea if it had neutrality status?

Professor Hong Nack Kim replied that China wants a North Korea that will cooperate closely with it. Under Kim, Jong-il the North was not very cooperative, making it a real burden, and China had hoped the new government in Pyongyang would be more accommodating, only to see more missile tests and a new nuclear device. Xi sent a special envoy to Pyongyang after coming to power and it seemed the North might make some concessions - only to carry out those tests instead, which was a blow to Xi's prestige. And Kim, Jong-un has mounted other provocations that have angered Beijing, so the Chinese will be pressing North Korea even harder. Some in China think the North is close to collapse. Others fear it will use its nuclear weapons program to blackmail China itself, leading Chinese leaders to consider dumping North Korea or at least trying to get Kim, Jong-un removed. They are ready to cooperate with the US on pressuring Pyongyang.

The Chair then closed the panel, thanking the participants and suggesting the US-ROK alliance may continue indefinitely.

LUNCHEON

**Remarks by Edward K. H. Dong, US Minister-Counselor on
“The Future of the ROK-U.S Security Alliance”**

General Tilelli introduced Minister-Counselor Dong to the audience, emphasizing that he is an Asian specialist, particularly expert on Korean affairs, and that he has served at the highest levels of the State Department. Minister-Counselor Dong thanked the Council for the invitation to speak at the conference and provide some of the views held by the US Embassy about the alliance and its contributions, past and future.

Yesterday was the 63rd anniversary of the start of the Korean War, and tomorrow will be the 63rd anniversary of the adoption of Security Council Resolution 83, which along with UNSCR 82 established the United Nations Command and is an element in the security treaty that authorized the ongoing presence of US Forces Korea and the Combined Forces Command. Coming up soon are the 60th Anniversaries of the Armistice and the US-ROK Mutual Security Treaty. He noted his personal interest in these events, because his father, serving in World War II in the Philippines, was given training in Japanese for the invasion of Honshu island, and when that was cancelled was sent to occupy Korea. Then he was later sent back to Korea when the Korean War broke out. Having fought in New Guinea, Guadalcanal, other South Pacific campaigns, and in the Philippines, he always described the Korean War as the most terrible he experienced.

Mr. Dong noted that he has served as Director of the Office of Korean Affairs in the State Department and is on his third tour in the US Embassy. He called on everyone to have profound respect for the veterans of the Korean War from so many countries, and also for those from the US and the ROK who have kept the peace and deterred North Korean aggression all these years. This conference's audience is specifically entitled to ask "What has this Alliance achieved over the last sixty years, and what are we doing to continue to strengthen it?" This can be answered by looking at the four pillars of the US-ROK partnership.

SECURITY

The first pillar is our shared commitment to security, as evidenced by the 28,500 American military personnel stationed here. Recent DPRK threats and provocations – a nuclear test, unilateral abolition of the armistice, warnings to diplomats to leave Pyongyang and Seoul, threats to destroy Washington and Seoul - underscore the importance of the alliance. We will continue coordinating closely to enforce the latest UN sanctions, and show North Korea its provocations are counter-productive and serve to just further isolate it. We remain committed to complete denuclearization of the peninsula.

The allies are fully committed to proceeding toward transfer of the wartime operational control of allied forces, with top priority now being given to shaping a future command structure within a "conditions based" OPCON transition that will deter North Korea and counter all the various threats it poses. We are improving the interoperable capabilities of our forces, such as by offering the AH-64E Apache helicopter - 36 will arrive by 2017, all fully interoperable with the US Apaches stationed here. The ROK is now considering purchasing F-15s and the F-35, as well as the Global Hawk for strategic reconnaissance.

GLOBAL PARTNERSHIP

Today's Korea is a truly global state, a leading regional and global community member. This second pillar is steadily expanding, in activities such as development assistance in Africa and Southeast Asia, fighting terrorism in Afghanistan, maintaining peace in Haiti and Lebanon, and countering piracy off Somalia. The March summit confirmed that the allies are working toward a global response to climate change, research on clean energy, and information exchanges on shale gas and gas hydrates. In the rising importance of the Asia-Pacific, Korea's leadership in APEC, ASEAN, and the EAS will play a pivotal role and the allies will work directly with their members.

PEOPLE-TO-PEOPLE TIES

More than 1200 future Korean leaders have visited the US for extended periods under the International Visitor Leadership Program, including two former presidents and seven former Prime Ministers. Over 1100 American college graduates have spent one year or more teaching in rural areas in Korea, over 100,000 Korean students are in US universities annually, millions of Koreans visit the US every year, over 2 million Koreans and Korean-Americans live there. There are vast collaborations, interactions, etc. between the two nations.

ECONOMIC RELATIONSHIP

The US is Korea's third largest trade partner and 2nd largest export market, which has been a major element in the ROK's huge economic development. The new FTA has led to rising exports for both countries, a good example being ROK car sales in the US. Trade in services has expanded. The 2013 Car of the Year in Korea was a Toyota Camry, made in the US. Flows of investments between the two nations continue to rise. Both nations remain potent displays of creativity and drive.

Asia has been experiencing rapid economic expansion, providing huge benefits for millions of people, and the future of the US now rests on its participation in this growth. Asia now accounts for over one quarter of global GNP, which is one reason the US is conducting a strategic rebalance of diplomatic, economic, and security investments in the region. Thus this rebalancing is far more than a military development. President Obama has placed a priority on US engagement in Asia with attention to the interests of its countries and peoples.

North Korea is strikingly at variance with all this, a major outlier compared with more countries, like Burma, that are improving links to the West. Kim, Jong-un is an unpredictable and dangerous leader. He has been displaying North Korea's continuing development of missiles, conducting a long range missile launch, and holding a third nuclear weapons test. He has also been pushing charm offensives in the area, leading some people to call on the allies to "seize the opportunity" to reopen negotiations. The US and the ROK will continue to insist that the North first demonstrate it is moving away from its isolation and toward being a responsible member of the international community.

The allies share deep concern about the DPRK's nuclear and missile programs, and its repeated provocations. They will readily negotiate, if they have a decent negotiating partner. They are working with others to insist North Korea adhere to its international obligations. In the meantime the US and ROK will strengthen their defense

capabilities, while calling on the North to improve the conditions for its citizens and enhance their human rights.

Then Mr. Dong offered to take a few questions. **Richard Weitz** asked whether the allies need a new vision statement or at least need to revisit the existing one. **Dong** said that officially this is not considered necessary and he agrees. The recent summit meeting of Presidents Park and Obama shows the breadth of the allies' ongoing efforts. A Korean general in the audience asked what is the key to deciding whether to go with the current intended date for the OPCON transfer or selecting a later date. **Dong** said that the "conditions based" approach currently in place is the best way to proceed.

Dr. Robert Kim asked about having the four major powers hold a conference on denuclearization. Dong felt Korea has too often been a subject, not an actor. And in today's world the great powers no longer dictate or "determine" matters on their own; the US supports emergence of an Asian form of the Council of Europe and does not seek to impose or dictate in Asia. Thus some sort of Asian great power concert would be unwise, especially since the great powers often disagree. Nuclear nonproliferation efforts have been fairly successful around the world without the intervention of a great power concert, so we are best off working through the IAEA.

With that, **General Tilelli** thanked Mr. Dong for his excellent presentation. **General Kim** took the opportunity to introduce a number of distinguished guests who had attended the luncheon, before bringing it to a close.

PANEL II: NEW SECURITY THREATS FROM NORTH KOREA AND ITS POLICY TOWARDS SOUTH KOREA AND THE U.S.A.

Chair: **Professor Robert Kim**, Western Washington University (emeritus). He has taught extensively in South Korea and has been invited four times for consultations in Pyongyang. He has written or edited over 20 books.

Paper Presenters:

Dr. Bruce Bechtol, Angelo State University. A retired marine, he has taught at the Marine Corps Command and Staff College and the Air Command and Staff College. He is President of ICKS and on the Board of COKUS. His recent book (2013) is *The Last Days of Kim Jong-il: The North Korean Threat in a Changing Era*.

Dr. Sue M. Terry, Columbia University. Senior Research Scholar at the university's Weatherhead East Asian Institute and Senior Managing Director at Gerson Global Advisors. Former National Intelligence Officer on the National Intelligence Council, A National Intelligence Fellow at the Council of Foreign Relations, and Senior Analyst at the CIA.

Dr. Bernard J. Brister, Royal Military College of Canada, Department of Politics and Economics. He has served in Germany, Haiti, the Balkans, the Middle East, and Afghanistan. His research is currently focused on Southeast Asia, the South China Sea dispute, and Korea.

Discussants:

Colonel David S. Maxwell (ret), Georgetown University. The Associate Director of the Center for Security Studies and the Security Studies Program in the School of Foreign Service there, his career in the Special Forces was mainly in Korea, Japan, and the Philippines

Dr. Lim, In-Soo, a Senior Researcher, Korea Institute for Maritime Strategy, and also Guest professor at Changwon National University and Senior Research Fellow at the Korea Institute for Maritime Strategy. Formerly Director for National Defense Policy in the Office of the NSC and Chief of Staff of the Fleet Command.

PAPER: **Professor Bruce E. Bechtol** “The North Korean Military Under Kim, Jong-Il: Evolved or still following a Kim, Jong-Il Script?”

Professor Bechtol opened his presentation with a familiar concern: Kim, Jong-un is so young that one wonders how effectively he can control the regime’s key components: the party, the military, the security services, and the Kim family inner circle. This paper looks at the military, the world’s fifth largest and a major threat to the ROK and the region since 1953. Questions to consider:

Is North Korea now evolving, or just following a script designed by Kim, Jong-il?

Is internal strife affecting it, and has it affected its internal stability?

What kinds of purges or reappointments have occurred in the military?

What advances in its weapons and capabilities have occurred?

He briefly reviewed the key parts of the North Korean political system, including the military establishment, the party apparatus, and the parallel security organizations that supervise the armed forces. When Kim, Jong-un took over it was obvious he planned to use the military as his key power base, becoming supreme commander almost immediately. However, at least some soldiers attempted to flee to China, and there were insurrections against some officers apparently because of poor rations, a condition which now affects the armed forces not just civilians. There have been reshuffles of high level officers. The purging began right after Kim, Jong-un assumed power, with about two-thirds of the senior generals replaced, demoted, moved, or purged by now. A number of executions of officers and officials have been reported as well. The assistant chief of the Ministry of the People’s Armed Forces was found drunk during Kim, Jong-Il’s memorial services and was executed. It appears there is considerable concern for Kim, Jong-un’s safety. He is closely guarded and his security forces have been enlarged. Cell phones in his vicinity are jammed to prevent their use in detonating a bomb. There is a ROK report of an attempted assassination of Kim, Jong-un, suggesting that a power struggle in the armed forces may have occurred. In any event, changes were made in the office of the Minister of the People’s Armed Forces, the Vice Minister, the Chief of the General Staff, and the Army Chief of Staff. (Remember, Kim, Jong-il faced a revolt by an army corps in his first year in power.)

Saber rattling then ensued in the spring of 2013, an exercise in brinkmanship. By May it had died down. Why? Almost certainly, Kim, Jong-un was following a script, probably developed by Kim, Jong-il and key advisors in the months before his death,

reflecting past North Korean practices and encompassing both foreign and domestic policy matters. Some aspects had to do with projecting an image of Kim, Jong-un as a powerful, dynamic leader. The usual North Korean pattern is 1) a period of intense, hard-nosed rhetoric and brinkmanship; 2) a relaxation with efforts to reach out to the US and the ROK for talks; and 3), violent behavior to inflict some harm on the ROK followed by more relaxed behavior, perhaps negotiations. In this past spring the first phase included: Intense threats of “all out war,” for example, or nuclear attacks

Missiles deployed along the east coast

Advising foreign diplomats to consider leaving the country

Deployments of the Musudan missile which has a range of 4000 kilometers and could potentially hit Guam.

The ROK and US responded with upgraded alert levels, displays of increased military muscle, etc., and this time added strong warnings of serious military responses to any harmful provocations. Then in phase two, in May, the North’s threatening rhetoric and activities died away, displaying the initial peace phase of the script.

Another part involves further development of the DPRK military forces, continuing Kim, Jong-il’s basic policies. One aspect was the regime’s third nuclear test in February 2013, 6-9 kilotons in size. Great care was taken to prevent any traces being picked up by the allies, who wanted to determine if it was an HEU or plutonium device. However Iranian observers attended the test and Iran has an enriched- uranium, not plutonium, nuclear weapons program - only a uranium based device would have been of major interest to them. Thus it may have been the North’s first uranium-based nuclear test. And there is evidence that the goal was a device to fit on a missile, and HEU devices can be smaller than plutonium ones. The North also recently tested a Taepo Dong missile, supposedly for a satellite, that successfully ignited three stages for the first time. It also now has No Dong missiles with a range of 1500 kilometers or so – able to reach Tokyo – that could carry a small uranium bomb or chemical weapons.

The North has expanded the long-range artillery near the DMZ that are probably targeted on Seoul. It can parade new tanks, artillery and other armored vehicles, having turned out 900 of the tanks in the last five years. Its special operations forces are maintained in good condition, and the allies must worry about possible DPRK tunnels under the DMZ that those forces could use. The North appears to be developing a new multiple-rocket launcher with a 130-150 kilometer range. It continues to work on cyberwarfare capabilities, and has periodically tried out major and lesser cyberattacks with some success. It has also successfully jammed GPS systems used in South Korea.

Thus while Kim, Jong-un’s grip on the government and country is still questionable, the armed forces and the priority placed on enhancing them remain the same.

PAPER: Dr. Sue Mi Terry, “North Korea’s Strategic Goals and Policy Towards the United States and South Korea”

Dr. Terry opened with a key observation: North Korea is a unique nation with a truly unique political system. It is the world’s “sole Communist-Confucian hereditary

dynasty” and “the world’s most cultish, isolated, and nationalistic nation,” one with a totalitarian system. Once a fairly industrialized country it now verges on famine again, the only industrialized/urbanized country to undergo such an economic collapse. It is probably also the world’s most militarized nation, with the largest per capita military forces and defense spending, all with a GNP per capita ranked only 197th in the world (CIA estimate).

Even so, it attracts a good deal of attention due to its military forces and a shrewd foreign policy that employs nuclear blackmail and brinkmanship strategies. The ROK and US are somewhat ineffective because we don’t understand its inner workings, and have made little progress on this. Analysts disagree as to who is really in charge there, how firm Kim, Jong-un’s rule now is, the exact nature of its nuclear and missile capabilities, and what its leaders’ ideology and mindset are like. The two main camps, stressing “engagement” versus a “hardline” approach, often misread the North and engage in wishful thinking about what will work in dealing with it. This was particularly the case right after Kim, Jong-il’s demise, but once again the two main camps turned out to be incorrect – North Korea did not reform and also did not collapse and there have been no meaningful shifts in its policies. Kim, Jong-un makes more public appearances, speaks more comfortably in public, but seems bent on following the same approach as his father.

The top priority of the regime remains its own survival in what it sees as a deeply hostile environment. Its unchanging ideological assumptions are that:
 It is the true representative of the Korean people; the ROK is a puppet of the US;
 The US presence on the peninsula is a severe threat to the North’s existence;
 The South Korean people would welcome unification under its rule, even though they are subjected to heavy indoctrination;
 Ultimately, the North will prevail because it is morally virtuous.
 Therefore the North needs a very strong defense, militarily and ideologically, and needs continual tension on the peninsula both to control its own people and confront its enemies abroad. Stemming from this overall view are three main strategic goals:
 1) gain nuclear weapons in order to be internationally accepted as a nuclear weapons state;
 2) secure a peace treaty, gaining wide acceptance and see US forces leave the peninsula;
 3) achieve peninsula unification under North Korean rule

The first goal - a Nuclear-Armed State

The North believes not even the US would attack or try to undermine a nuclear-armed state. Hence the decades-long nuclear program is not just a defensive reaction to external threats or hostile attitudes, and it is not a bargaining chip that might be eventually negotiated away. Like many nuclear powers – Russia, Britain, France, China, India, Pakistan, Israel, and the United States – it will not give up its nuclear weapons, despite the intense sanctions it faces. It’s interest in nuclear weapons goes back to its scientists cooperating in the 1950s with Chinese and Soviet nuclear scientists and engineers, and its nuclear weapons program dates from the mid-1960s and the construction of an initial small research reactor at Yongbyon, leading to considerable expansion in ensuing decades starting with the second, 5-megawatt, reactor at Yongbyon.

This course of action was certainly influenced by Park, Chung-hee's military coup in 1961 and the rapid development of the ROK thereafter, the Cuban Missile Crisis where withdrawing missiles under US pressure made Moscow look unreliable, the ROK's normalization of relations with Japan in 1965, the collapse of the Cold War, and then the disappearance of the Soviet bloc and Soviet Union. Its confrontation with the US on nuclear weapons goes back to 1993 when the US first began to try to curb its nuclear ambitions, leading to the Agreed Framework and its failure, and the official North Korean admission it was developing nuclear weapons in 2002. Along the way, Kim, Jong-il cultivated the armed forces as the basis of his rule, particularly with his "military-first policy and his spending as much as 30% of the GNP annually on the armed forces. The North froze the plutonium project it was secretly pursuing in 1994, but moved to develop an HEU program instead, gaining important assistance from Pakistan in exchange for selling it missile technology.

With such an approach, nuclear weapons became an important component of the regime's legitimacy, demonstrating its achievements and heightening national pride. Thus that approach was unyielding during the Bush administration's initial very hard line toward the North, via sanctions in particular, leading to a nuclear agreement in the 6 party talks in 2007 and the resumption of US food aid. But while nuclear testing has gained it next to nothing from the US, its nuclear program is now said to be nonnegotiable. As in the past, its nuclear weapons program has been and is steadily being pursued despite great risk and cost. It is not going to negotiate it away.

The Second Goal – a "Peace Treaty"

The Korean War ended with an armistice, not a peace treaty, and the armistice remains today (South Korea never even signed it). Foreign forces were supposed to be withdrawn but US forces remain to this day, as does the DMZ. For at least the sixth time, the North has recently announced it no longer will comply with the terms of the armistice. At various times North and South have explored, even agreed on, a peace agreement only to have the results nullified. The North has also regularly attempted to negotiate a peace agreement with the US. Some analysts take this as evidence of North Korean's desire for a, suitably compensated, deal, but its true objective is simply to remove the US as a barrier to its policies and objectives. There is little evidence it would abide in any promises it made or accept any major changes in the regime. In fact it can't – having to give up its confrontational approach would eliminate much of the regime's justification for its authoritarian system. The real goal is to gain greater leverage on South Korea by separating it from its American ally.

The Third Goal: Reunification

South Korea is, by its existence, a grave threat to North Korea – to its legitimacy, authority, and security. Only reunification might guarantee the regime's continuing existence. After the Korean War, the North concentrated on development rather than unification and with heavy Soviet bloc assistance it recovered and developed much faster than the South. But in the 1960s this began to change when Park, Chung-hee seized power, began the rapid develop of the South, and took a very tough line toward the North. Pyongyang attempted to stay ahead militarily, sharply expanding its forces to be

ready for any opportunity to seize control of the peninsula, particularly when the US looked like it might retreat from some of its international commitments in the 1970s. It undertook negotiations with the South that failed to go anywhere, so in the mid-1970s it resumed efforts to promote a revolution in the South.

The DPRK fell steadily behind the booming ROK and garnered less vigorous support from the Soviet Union and China, but continued with an overall strategy of using threats and force (including terrorist attacks and assassinations of top ROK leaders) to promote a revolution that would put the entire peninsula in its hands – as it had for decades. But the end of the Cold War cut the North off from nearly all its former friends, sources of aid, and military equipment, and led to a burgeoning of Sino-ROK relations. Pyongyang turned again to negotiations in the early 1990s, but did little by way of economic reform, democratization, and other changes and the nation sank into a famine that killed several million people.

Even the efforts by Presidents Kim, Dae-jung and Roh, Moo-hyun to pump \$8 billion in aid into the North did not really improve its situation, leading President Lee, Myung-bak to discontinue the subsidies, further enlarging the difficult conditions in the North. Does the North still see reunification under its rule as realistic? This is hard to say, although all its propaganda runs that way. Maybe it thinks that since US forces in Korea have been shrinking and it will have a missile that could reach American territory, the US will soon give up on defending the ROK. And to suggest it will not eventually rule the South would gravely damage the state and erode its legitimacy.

North Korea's periodic maneuvering through brinkmanship is now familiar: provocations, to which the allies seldom retaliate, then up the ante in the face of international condemnation, then trumpet a peace offensive leading to negotiation and some concessions by the US and the ROK. In recent months the pattern has been evident, with only tactical adjustments. In Obama's first term Pyongyang ignored his expressed desire for negotiations, turning to provocations. But no concessions were forthcoming, leading to additions provocations – the third nuclear test, threats of nuclear attacks, closing the Kaesong complex, etc.

The strategy has been partly successful over time – many concessions, the ability to become a de facto nuclear weapons state, and survival - but its future is bleak: isolation, increasing irritation with it in China, the hostility of the world's only superpower, falling far behind the ROK, diminishing foreign aid, now one of the world's poorest nations.... It is very unlikely to give up its nuclear weapons program. But its leaders can not disarm or reform and expect to remain in power. So what should the allies do?

They must accept the fact that the North does not negotiate to defuse tensions but to manage them – to limit the consequences while using them to extract concessions. In any future negotiations the allies must be realistic – pursue tactical goals such as slowing the North's nuclear program, containing tensions, gaining intelligence, delivering warnings, etc. Ignore the pursuit of denuclearization – even with an official deal on this the North will not accept the necessary verification. Next, the allies must make clear that

provocations will have costly results for the North. To show they are serious the allies can take steps like improving missile defenses in and around the peninsula, adding more naval and air assets, more joint military exercises, interdicting ships not complying with the sanctions or engaging in criminal or proliferation violations, focusing in particular on the DPRK weapons trade and associated financial transactions, ending most grants and loans, freezing the DPRK elites' overseas bank accounts for its elite. Hopefully these steps can gain China's cooperation but they should be pursued even without it. The allies should also reverse downplaying the North's human rights violations (to avoid irritating it) and give the violations much more publicity instead. And expand efforts to spread that information, taking advantage of how more information now seeps into North Korea from outside, particularly over the Yalu.

PAPER: Major General Bernard J. Brister, "Be Careful What You Wish For – Nuclear Disarmament on the Korean Peninsula"

The death of Kim, Jong-il set off the latest crisis to disturb stability on the Korean peninsula, a crisis manufactured to prove to North Koreans they are under constant threats from outside and demonstrate that Kim, Jong-un can fend off the aggressors and prevent foreign domination. His lack of experience in brinkmanship actually added a useful level on uncertainty that kept outsiders on edge. In this as in previous crises the main issue was nuclear proliferation. The North began seeing nuclear weapons as the most reliable way to survive and influence others in the 1990s, after the demise of the USSR. The resulting controversies and conflicts have focused on convincing North Korea to abandon the weapons in exchange for various kinds of compensation, without success. Thus one of the world's foremost proliferators of nuclear and missile technology is pushing its wares to some of the world's most unstable governments.

A shift in strategy on this problem is called for. The fact of the North's nuclear capabilities must be accepted. The emphasis should now be on minimizing the negative effects of those capabilities, while letting the passage of time erode the regime and ultimately end it. This should be done without direct interference with the regime, so that its loss of control occurs gradually. With this in mind there are actually seven parties involved in the stability and future of the peninsula: the familiar actors in the 6-party talks *plus the North Korean people*.

Nuclear disarmament is not an appropriate goal to pursue at this point, basically because the regime has developed nuclear weapons to protect it from its friends, not just its enemies, and give the regime domestic support and international independence it could not readily gain otherwise. After the collapse of the Soviet Union, the regime could hardly look for a rapprochement with the West because exposure of the citizens to the West like that would undermine the regime's control. Nor could it seek a very close association with Beijing; North Korea is heir to the long Korean history of suspicion, threats, and lack of trust between the two societies and thus fearful of eventual Chinese control. The only viable option was a nuclear capability that could threaten its enemies and preserve its autonomy in dealing with its friends. This fit the regime's insistence to its citizens that the greatest threat to their survival and culture is from foreigners, and its promise of Korea's eventual return to greatness in their part of the world. This means the

regime can never agree to disarm, especially on nuclear weapons – that would compromise the picture of the world that justifies its control.

Next, would the other parties really benefit from the North's abrupt denuclearization? Certainly not *Beijing*. North Korea now sops up American resources which could alternatively be used against China's interests. Its disappearance would mean a unified Korea that offered no buffer between American/Western influence and China. It would likely, instead, be a further elaboration of the US containment of China. A unified Korea would also be much stronger, a regional power able to threaten various Chinese interests.

And the *US*? Without a North Korean threat how would the US justify much of its military presence in Northeast Asia? And why would Korea want to continue being so closely allied to the US and linked to its policies? Thus the US could readily suffer a decline in its regional influence and strategic position. *Russia* would gain little as well, losing a nice venue and periodic negotiations that allow it to posture as a supposedly important player in the region.

South Korea? People there will not be happy with the huge costs of unification, from the humanitarian and reconstruction aid to the decades of rebuilding. They already point to the former West Germans who have had just this sort of reaction to German unification. Finally, *Japan* would be happy to see the missile and nuclear threat from Korea significantly reduced. But public support for Japan's current military burdens, or a major expansion of them, its national unity vis-à-vis external threats, and its close security ties with the US, might then significantly recede. After all, the rationale for each would be notably reduced. And a more potent unified Korea could restrict Japan's status and political influence in East Asia.

Thus the real beneficiaries of unification would be the North Koreans people. They may offer the best possible way for unification to occur. A slow, measured approach to unification would be less destabilizing all around. Otherwise, the external parties could fail to communicate correctly or cooperate insufficiently in their responses to the breakdown of the North. Or the North's nuclear devices and missiles might fall into the wrong hands. If going slow is best, the most attractive source of change would be the North Korean people via a rising middle class, better flows of information to it from outside, and hence a slow weakening of the regime's control.

Since the best approach is not immediately feasible, the big problem is that instead everyone may have to confront the regime's rapid decline - a collapse, serious fighting among its leaders and various groups, or a broader civil war and collapse. Such developments would open up a power vacuum with various states rushing in. Thus the following efforts should be made to prepare for these possible contingencies. First, the various external actors should be in continuing and expanding communication so as to build confidence. This could include reviving the 6-party talks, having regular military-to-military interactions, building webs of diplomatic and political ties, and greater integration or at least harmonization of their trade and other economic activities.

Next, there should be an agreement among the nuclear powers on how to go about reestablishing and verifying controls over the North's nuclear weapons and missiles. The various actors should also be trying to clarify their intentions in the event of the North's collapse, and trying to work out plans for conducting their responses in tandem. It would also be well for the outsiders to get working on a strategy for economically rebuilding the North, including some understanding about the contributions each would be willing to make to the undertaking. Next, governments should be taking steps to curb nationalistic feelings about each other. There should be collective work on possible plans for reunification, and for interacting with North Korea themselves on the kinds of problems listed above. This would help everyone get through what would be a stressful and complicated period and generate a stable and acceptable regional situation.

The Chair then noted that he had been to Pyongyang often, it was clear that North Korea will not give up its nuclear weapons no matter what the West offers, and that the elite sees their regime and the country as indestructible. He then turned to the discussants.

David Maxwell said that he enjoyed the papers, and found at least six important similarities in them:

North Korea poses a conventional military threat, a cyberattack threat, and a nuclear threat – a very complex threat or set of threats.

The Kim family's survival is the regime's dominant goal.

The North will not give up its nuclear weapons.

No major shift can be expected in the Kim family's behavior.

Regional stability will emerge only with the end of the Kim regime.

Thus a reexamination of our strategic vision for dealing with the North is in order.

The collapse of the North – as Robert Collins has said – would include the loss of the government's effectiveness plus loss of the support of the military and security services. Since all this may come to pass we need to prepare for it. In the meantime the regime wants the US to leave the peninsula and maintains its nuclear weapons program for purposes of blackmail.

He finished with two questions:

How does North Korea view the upcoming OpCon transfer? Would they see dissolution of the CFC as leading to the departure of US forces sooner or later?

How does North Korea view President Park? Is she seen as a big threat?

Dr. Lim, In-soo said he agreed in general with Bechtol's description and analysis of North Korea. South Korea clearly needs a strong deterrent. This means that joint forces are still needed. But the US is working on a new overall strategy that involves cuts in US forces, and the ROK must admit this. On this basis what kinds of weapons would be best for the ROK now and for the future?

He also agreed with Dr. Brister's description and analysis of the North Korean problem. And he agreed with Dr. Terry that the allies must be prepared to respond strongly to North Korean provocations if they continue. Ignoring the North's periodic

proposals for a dialog is also necessary - its latest proposal, for example, was clearly not serious. What should US policies be toward China and North Korea now and in the future?

On other aspects of Brister's presentation, how can nuclear disarmament be pursued with North Korea if it is not recognized as a nuclear weapons state? And how best can the US and the ROK stabilize the military situation on the peninsula? What kind of status quo would be best? The current North Korean cycle of using scare tactics then negotiations to extract concessions is very bad for the entire region, and that needs to change. Many people now face serious risks from North Korea's behavior. We need to remember all this in deciding what steps to take for the future.

The panelists offered various responses. **Bechtol** said that the comments had been good. On Maxwell's question about the North Korean view of CFC dissolution, his answer was that North Korea would be delighted. The CFC has been very effective, with foreign military observers amazed as how well it works now. As for Dr. Lim's question on what military adjustments the ROK needs to make, the following are vital:

- 1) More C-130s for moving allied forces;
- 2) Better BMD preparations, particularly PAC-3s and SM3s. The PAC-2 ABMs the ROK is moving to rely on won't provide enough protection. It would also be best if the ROK joined the US BMD system for Northeast Asia as Japan is doing.
- 3) More streamlined jointness in ROK forces so they work better together;
- 4) Better air-to-ground interaction, especially where the artillery units are involved;
- 5) A return to more autonomy for the ROK marines.

In her responses **Terry** agreed with Bechtol that North Korea will be pleased to see the CFC disappear. On reactions to President Park, Pyongyang must be concerned now that she has a good opportunity to strengthen connections with Beijing given its dismay over the North's recent behavior. She has stressed that the alliance must be made even stronger, and that the allies have been too soft in their past reactions to North Korean provocations, a situation she wants to see reversed.

Brister agreed that Pyongyang must be somewhat anxious about President Park because she seems off to a good start. He expressed approval of Lim's comments and said he would take them very seriously. As for gaining stability on the peninsula, at least we haven't had renewed warfare. Chances of a North Korean attack and the use of all its weapons is very unlikely, since that would leave the allies free to devastate it.

General Discussion

The first question from the floor, from a former Korean marine, was how we can best grasp North Korea's perceptions of the outside world. He also asked for some clarification about the complicated US-ROK-China relationship. **Bechtol** initially offered a comment about the internal situation in the North, then turned to the question. A military revolt in the North that toppled the regime is very unlikely, because there are two separate monitoring systems operated by the leadership over the armed forces to detect any signs of disarray or disloyalty. More likely is a loss of control by those at the top, particularly Kim, Jong-il, and then a splintering within the armed forces in reaction

to this. As to the perceptions of the regime about the outside world, it mounts provocations because it thinks it can get away with them – no seriously harmful response will take place. Also important is that the North doesn't sit on its weapons; it is constantly trying to upgrade its forces. Finally, the alliance has been designed to deter outright *attacks*. With recent changes in policy it will now tackle the problem of *provocations*. It may now be able to convince the North that this is the case and thus deter provocations as well.

Hugo Wheegook Kim noted that there are two major schools of thought about talking with North Korea. One is that there is no need to rush into this – if North Korea continues to misbehave China will cut off its support. The other is that we should enter into communications with the North as soon as possible. Comments? **Terry** indicated she is in the first camp, with the hardliners. The allies should ignore the North until its behavior changes. They should make real, serious, threats. The only good reason for talking to the North is to slow down its plans, being ready to accept making only minor progress. Being optimistic about talks would be a mistake.

Doug Kim from Kyunghee University asked when the North has ever seemed ready to give up its nuclear weapons program in the past? If they always persist with it why do we continue talks with them? We are under some pressure to start such talks again – what we should do is obvious. **Terry** basically agreed, saying we must not insist on a promised denuclearization before returning to negotiations. Bechtol added that North Korea will not give up those weapons, so the main allied goal must be containment and deterrence. That is what we must emphasize. In that connection the key is to keep at least some significant US forces in the ROK.

PANEL III: REGIONAL ECONOMIC COOPERATION BETWEEN THE ROK AND THE U.S. UNDER THE NEW ADMINISTRATIONS

Chair: Dr. Hugo W. Kim, after a career in the ROK Army, taught at a number of American universities, is the Co-Coordinator of the Council on US-Korean Security Studies, a leader of several Korean studies organizations, editor of the International Journal of Korean Studies, and author of numerous books and articles.

Paper Presenters:

Professor Hwang, Eui-Gak, (emeritus – Korea University) Had a long university career in the ROK and abroad as professor and administrator, has worked in several institutions like ICSEAD in Japan, Brookings, and the Bank of Korea. He is the author of 16 books and over 200 articles.

Dr. Richard T. Shin, Senior Vice President – Economists Incorporated (a consulting firm). Has worked in the US Justice Department and Federal Trade Commission, and has published numerous articles on regulation, telecommunications, econometrics, and health economics

Discussants:

Dr. Bertrand Renaud, Director – Renaud Associates. Formerly a professor at a number of US and other universities, he has held positions at the World Bank and was head of the OECD Urban Affairs Division. He has received awards for studies of Russian market reforms and Korean development, and has published 5 books, numerous papers and reports.

Dr. Yang, Un-chul, Professor (emeritus) Iowa State University. Was a former visiting professor/scholar at Stanford, Georgetown, Yonsei, the Sejong Institute, and Ehwa Womens University. Serves on the Board of ICKS, is former editor of its journal, and has written several books on North and South Korean politics.

The Chair opened by briefly reviewing some major issues in political economy bearing on the situation in North Korea, such as the impact of severe military expenditures, the impact of trade balances or imbalances, and the tension between political and economic objectives that can arise in making economic policy decisions. Then he turned the floor over to the panelists.

PAPER: Dr. Hwang, Eui-gak “Prospects of Inter-Korean Economic Cooperation and North Korean External Trade”

Professor Hwang described himself as a neoclassical economist, and noted he has written a book on explosion and implosion models that may apply to the North Korean economy because exploration of options has to be undertaken in view of the possibility of a North Korean collapse.

Will North Korea climb out of its pit or be erased from the world atlas? That was how Dr. Hwang depicted the options facing the DPRK. Some ROK economists used to think it would open up somewhat, escalating economic interactions with outsiders, so as to make major economic progress. North-South trade was nil until 1990, then began to pick up in large part due to the Kumgang and Gaesong projects, rising to 1.8 billion annually in 2008 - the year Kumgang was closed. At about that time the Gaesong project began displaying declining marginal returns as the average productivity of North Korean workers dropped and North-South relations deteriorated. Now the North has closed the project sending home those 54,000 workers and administrative staff and has rejected requests for talks on starting it again.

This closed an important source of dollars for the North, and might lead to the end of the ROK’s providing water and power for the area. Costs to the South could be huge for emergency relief funds for the firms involved. Estimates are that the North gained \$11-12 billion over the years from Gaesong and Kumgang, but it apparently fears the flow of information into the North from these contacts with the South. And the North has made little economic progress from the funds due to its heavy military spending. So its dependence on China has been rising and this will likely continue. Overall, it has been losing ground in trade with China in the past ten years.

North Korea experimented with decentralization of some foreign trade into the hands of local authorities and certain units in the Prime Minister’s office in the late

1970s-early 1980s. Despite the state measure limiting markets in 2005, and the currency “reform” in 2009, which were very damaging, private and public marketing activities have continued to grow. But while management of many economic activities has been shifted from the party to the Cabinet and thus to the Department of Trade – opening up more localized foreign trade - the Financial Accounting Department controlling the budget reaps much of the income.

In the 2000s the North’s external trade rose nearly threefold to \$6.3 billion in 2011; its exports value grew even faster (to \$2.8 billion by 2011) compared with imports (\$3.5 billion). Key exports were coal and steel products, other minerals, fish, and textiles. In imports it was oil and fuel products plus machine and electronic items. The bulk of the trade, (90% in 2011) is with China; Russia is a distant second (1.8% in 2011). The trade deficit has existed since at least 1991, and the DPRK balance of payments has been in equilibrium mainly through aid from the ROK and international agencies. The rise in trade with China is due to:

- 1) proximity – which cuts transportation costs
- 2) China’s rapid growth, especially demand for raw materials
- 3) steady cuts in China’s import tariffs on North Korean goods in the border regions

Today, China supplies 80% or more of the DPRK’s oil and almost half its food. This trade has not produced much economic growth in the North, nor much economic specialization and improved competitiveness – it mainly supplies primary products and the regime has had to count mostly on rising prices for those products to expand its import figures. Trade with Japan is virtually zero due to Japanese complaints about the abductions, North Korean nuclear weapons activities, and its missile tests – Japan froze its exports to North Korea in 2009. Generally speaking, trade with the ROK rises and falls counter-cyclically with the rise and fall of trade with China. Other, very modest, trade partners include Germany, India, Bangladesh, Taiwan, Indonesia, Thailand, Brazil, and the Netherlands.

The North relies somewhat on exporting workers – over 70,000 are now employed abroad. Those in northern China give up 40% of what they earn to the DPRK government. The big problem for the North is that trade (and workers abroad) involves interactions with outsiders.

Trade with the ROK in the 2000s rose considerably, as noted above, from less than \$20 million annually in 1989 to roughly \$1.8 billion in 2007 and again in 2008. Some is commercial trade, roughly 20% is non-commercial including private and public social and cultural projects, aid, grants, and other subsidies, and some oil. The ROK has provided almost \$900 million in aid in the last two decades, and international humanitarian aid totaled \$1.8 billion from 2000 through 2011, alongside of the \$1 billion plus in Gaesong investment. Lee, Myung Bak’s insistence on reciprocity for aid which provoked North Korean resistance led to a steep drop in inter-Korean trade to essentially nil by 2011, apart from Gaesong, and then Gaesong was closed in April 2013. Without it, Pyongyang will have about \$86 million annually in lost wages.

When the South pumped money into the DPRK there was no real change in its attitude or behavior, and no improvement in living standards, and when the South insisted

on some results as reciprocity the entire economic exchange effort came to a halt. Now President Park says she will follow a “trustpolitik” approach, with economic exchanges depending on a halt to North Korean provocations. With no progress so far, North Korea’s dependence on China will deepen. Obviously, some setting aside of the noneconomic frictions with the North will be needed if the economic relationship is to resume

From 1990 to 1998 the economy was in a recession while also suffering a severe drought and serious flooding. Then with international assistance plus more market-oriented policies at home it expanded from 1999 until 2006. Shifting away from a market approach after that led to little growth in the ensuing years. By the end of 2011 the per capita GNP was approximately \$1330 compared to the South’s \$22, 489 and the gap has been steadily widening. Part of the widening since 2005 is due to the North stressing coal and mineral exports to gain more hard currency at the expense of other domestic investment. Recently dependence on private market activity has increased, but North Korea is now facing more pressure on its economy even from China.

Since the turn of the century the North has greatly increased its dependence on external trade and other economic activity. But its economic survival came to rest primarily on China and the ROK, not its international exchanges elsewhere. And the link to the ROK has been sharply curtailed, leading the North to become a rising source of raw materials and certain commodities for China. Apparently, the regime is now depending considerably on an “inflation tax” via inflationary policies to keep itself afloat, an approach that cannot continue very long. Its reliance in China will remain due to international sanctions. And it may want to reopen economic interactions with the South.

PAPER: Professor Richard T. Shin “U.S. – Korea Economic Cooperation: An Assessment of the KORUS Free Trade agreement”

Professor Shin opened his remarks by apologizing for not having submitted a paper by the opening of the conference. He started his presentation by noting how widespread Free Trade Agreements have become and explained that the recently signed US-ROK FTA is, comparative, quite comprehensive. As a result it should lead to the elimination of about 95% of the tariffs in US-ROK trade in just the next five years. Among its many provisions is a strong protection regime in regard to intellectual property to offset the concern about theft of such a resource. The US will gain increased access to the Korean services sector, including areas like law, which is a rapidly growing area in both economies. It appears that overall, thus far, larger firms are benefitting from the impact of the FTA so far.

Of course it is important to measure the overall impact and this is never easy. And the key politically is whether the impact is *mutually beneficial*. The impact so far is already impressive and facets of it can be tracked in detail right down to the effects on specific states in the US, for example. To date, total bilateral trade is up significantly, but not vastly. More data in the future will be needed to say more about all this.

Discussants:

Dr. Bertrand Renaud began by noting that he has conducted extensive studies of the Russian shift into a more normal interaction with the world economy and then the ensuing Chinese movement in the same direction. But the development of the North Korean economy he described as the “worst headache I have ever seen.” It is the ultimate today in having dual economies in a single state. The military economy undermines, saps, the civilian economy! Why is there such a great contrast between the economies of the two Koreas?

In the case of the Gaesong project from 2004 to 2013, it has not been a great success. North Korea has received something like \$10-12 billion from it, but due to the DPRK’s squeeze on the project activities there has been a steady decline in worker productivity. 123 ROK firms have been involved and the North Korean pressure has led to them having to be subsidized by the ROK to continue production. This is in contrast to the original plan which was that the North Korean workers would initially be about half as efficient as those in the South but would eventually catch up.

As for the economic impact, the Workers Party has controlled all the North Korean earnings and there have been only limited exports from the project. The North Korean economy has therefore continued to shrink in its diversity. So as Hwang explained, China dominates the flow of the North’s trade, its energy imports, and is the chief destination of North Korean exports particularly in raw materials. DPRK trade with Japan is nil. The available data on all this is untrustworthy, but Hyundai suggests that DPRK per capita income is roughly at the 1974 level. “Juche” is the best word to describe both the civilian and military economies.

Paul Krugman has shown that the following are the key variables in an economy’s development: urbanization, the growth rate of the urban population, and changes in the population’s values over time. But when North Korea urbanized very rapidly it eventually experienced an economic collapse! (China actually faced a decline in urbanization during the Cultural Revolution.) Today North Korea is something of an illusion. In key cities things seem to be going well. But there is a widening gap between the city and the countryside. After the economic catastrophes in the 1990s the DPRK’s centrally planned economy began to collapse. Black markets grew up, often run by women. In his paper Dr. Hwang shows that the gaps are increasing between various elements of the population. Andrei Lankov has shown how the system has many remnants of Stalinism, and that the elite survives only by provoking outsiders into buying off the North. He thinks change will probably come ultimately from inside and below. Some of the things that might be done, can’t be. As George Kennan lamented, necessary foreign policy measures are often blocked by domestic situations, not foreign constraints.

Turning to Shin’s paper, it is clear that Free Trade agreements are the dominant sorts of trade agreements today. With 325 in existence as of last year, they now cover roughly 50% of world trade. In East Asia they have multiplied five-fold in the last decade. The US now has 14 and is working on 7 more. Korea has numerous FTAs and is currently pursuing 14 more in negotiation or initial planning - it is on the cutting edge when it comes to FTAs but progress in generating new ones has been slowing down.

China is also active in signing FTAs. US-China interactions in connection with all this will be a key factor in how open the global economy becomes in the years ahead.

Dr. Yang, Un-chul, the next discussant, called Professor Hwang a leading analyst on the North Korean economy, saying that he had begun collecting data on that economy and other aspects of North Korea three decades ago. It seems clear that there is much infighting now inside the North Korean economy. Kim, Jong-un's heavy purging is helping disrupt the distribution of economic rents. In agriculture, he has called for the formation of smaller production groups that get greater rewards for producing more, but the government subsidies involved are too expensive to maintain so the rewards have been going to the government instead. Exports are now an important part of the government's economic plans but the export growth rate is very slow. In fact, across the economy in general it is very difficult to make money because the government collects such a big part of what there is.

As is well known, people have moved deeply into working in or with markets in order to survive, and they are mainly using Chinese money in doing so. Thus in the planned economy versus the market forces, the latter are likely to win out. In fact, young North Koreans have no commitment to the state, to working for the state. Heavy industry jobs were once good paying, but now the government takes much of the workers earnings, leading to a good deal of resentment. And exports are rising only very slowly.

General discussion:

Hugo Kim wondered whether the Gaesong complex should be expanded, downsized, or perhaps not retained. And whether inter-Korean trade should be continued and expanded/reinvigorated, or just dropped? **Hwang** said it all depends on the North Koreans' intentions, which are not at all clear. **Yang** suggested that, in addition, adjustments in Gaesong would have to meet the ROK's preferences.

Renaud noted how the ROK benefitted from industrial development, and clearly Gaesong was a test case for the North – but it was never properly used by the North. So it is not worth reopening now. But **Hwang** argued that not starting the Gaesong complex up again will deeply damage the DPRK and its resentment about this will be significant. **Patrick Morgan** said that since the North was the party responsible for closing the complex, and poses a costly threat, why would the ROK want to reopen the complex? Why not leave it closed?

Hugo Kim reiterated the point that North Korea never really understood or accepted the point and purpose of Gaesong. A Korean member of the audience asked if North Korea collapsed due to the penalties that have been imposed, who would suffer the most? **Hugo Kim** brought the panel to a close by noting that, judging by the discussion, the North Korean collapse may just be a matter of time.

DINNER ADDRESS
MINISTER OF DEFENSE KIM, KWAN-JIM

General Kim, Jae-chang expressed great pride, on behalf of the Council and the audience, at being able to introduce the Minister of Defense, the honorable Kim, Kwan-Jim. The Minister attended the Korean and German Military Academies for his studies. Among his many military-related activities he has been heavily involved in force design and force buildup issues. The Minister came into office and took up his duties in the new administration in the midst of the recent crisis situation

Minister Kim opened his remarks by expressing the highest regard for General Kim, Jae-chang and thanking him for such an extravagant introduction. He also offered his greetings to the scholars and others in attendance and in particular to the distinguished guests most notably **General Paik, Sun-yup** the renowned hero of the Korean War and the founding Co-Chairman of the Council.

Sixty three years ago the Korean War broke out. Huge sacrifices had to be made to preserve the ROK and to this day we remember those true heroes. With the signing of the alliance treaty and the creation of the US-ROK alliance, as was predicted at the time the ROK benefitted enormously, got much richer and stronger, and North Korea has been deterred ever since from starting another war. Initially, North Korea developed more rapidly but eventually the ROK easily bypassed it and Seoul rose to be one of the world's great international cities. And the alliance is now widely considered the best such association in the world today.

In May our two presidents held a summit meeting and reaffirmed the vital importance of the alliance, and emphasized the vital importance of the agreement on expanding the alliance into one of global scope in activities and responsibilities. We are and will be executing major joint plans along these lines on behalf of the alliance.

Today the international security environment has become much more complex due to such matters as the nuclear proliferation threat, the wider range of interactions, the rising disputes in various places. In this environment the North Korean military developments and provocations pose quite serious threats, and thus continued strong US-ROK cooperation is very much needed. The security environment on the Korean peninsula remains grave due to developments such as the DPRK's nuclear tests, the closure of the Gaesong complex, North Korea's threats, etc. In February I told Defense Secretary Panetta that it would be wise for the US to display some of its military assets, and in March he sent two stealth bombers, a stealth fighter, a submarine, and an aircraft carrier. With these and other steps the alliance deterred any further provocations.

Then the North suddenly called for talks with the ROK, and eventually for separate talks with the US, but this was done with no real sincerity. The North can still return to provocations, but next time we will quickly reply militarily. It will be clear to the North that such actions can only isolate it further and bring costly consequences. If progress on the conflict is to be made, trust will be required and that can only come from honest steps by the parties. With that in hand peace can come.

This is a meaningful academic conference, and I hope it produces new ideas and leads to new opportunities to promote peace.

After warm applause **General Kim** moved to close the event. He noted that he had spent 30 years at the Korean Military Academy, that Minister Kim was there first and then went on to the Germany Military Academy as well. In 1952-3 General Paik was the leading professor at the Academy, and it was during that time that President Rhee resisted the coming of the armistice and eventually released enemy POWs rather than turn them over to be sent home for mistreatment or punishment. General Kim also again cited General Paik as one of the major figures in the Korean War and in the history of the ROK.

PANEL IV: STRATEGIC COOPERATION BETWEEN THE ROK AND US AFTER SIXTY YEARS OF THE SECURITY ALLIANCE

CHAIR: Dr. and Lt. General Park, Yong-ok, former Vice Minister of the ROK Ministry of Defense, currently Governor of South Pyongando Province. Also a former professor, Dr. Park was on the ROK delegation in the North-South Nuclear Talks in 1991-2 and has served as Deputy Secretary-General of the National Security Council at the Blue House.

Paper Presenters:

Bruce W. Bennett, Senior Researcher – RAND Corporation, has worked with the US Defense Department, the US Pacific Command and its Central Command, ROK and Japan Armed Forces, and the US Air Force, among others.

Dr. Park, Min-hyung, Professor – National Defense University. Specializing in the ROK-US alliance, multilateral cooperation, and North Korea, he has recent articles on cooperative security in Northeast Asia and the future of the ROK-US Alliance.

Dr. Yoon, Sukjoon, Senior Research Fellow – Korea Institute for Maritime Strategy. A former Navy captain; currently professor in defense system engineering at Sejong University; former professor at the Naval Academy, and at the Center for Chinese Studies, IFANS.

PAPER: Dr. Bruce Bennett, “The Sixty Years of the Korea-U.S. Security Alliance: Past, Present, and Future”

The paper was summarized by **Dr. Bennett** as a review of major changes in the alliance since the Korean War and an examination of the challenges for the future and how they might be met. Once the war ended US and Chinese forces quickly shrank to much smaller levels and the Chinese forces eventually left. North Korean forces declined to under 300,000; while ROK forces declined somewhat they remained close to 600,000 before beginning to drop in the past decade. Kim, Il-sung mounted, in the mid-1960s, an insurgency campaign, including a direct attack on the ROK President, to destabilize the ROK. The campaign and its resulting failure led to a steady buildup in conventional DPRK forces that continued until 1990 when force levels stabilized at 1-1.2 million, almost double the ROK forces, where they have remained until recently. Since 1990 there have been reports of the conscription period being lengthened, physical standards

lowered, and more drafting of women. The conscription pool is about to begin declining by almost 20% due to demographic constraints, and thus future cuts in DPRK forces can be expected.

The buildup reflected the shift to more conventional military thinking and plans, and included major increases in armor and artillery, producing a heavily mechanized force. The North may well have been planning for blitzkrieg warfare. However, it has had to make do mainly with very old tanks, fighters, and other weapons systems, leaving those forces very vulnerable to alliance capabilities. Facing a ROK that some time ago became capable in any future war of destroying the DPRK and unifying the country, the North turned to asymmetric military means and related plans.

American leaders had suggested possibly using nuclear weapons during the Korean War and stationed them in the ROK starting in 1958. The North's eventual response was its own nuclear weapons program, initiated with training in nuclear technology from the USSR beginning in 1956. It also began work on chemical weapons in 1954, leading to small CW amounts for some time and then major production beginning in the 1980s. By the late 1980s it was moving into production of missiles for delivery of WMD. This was stimulated in particular by a desire to offset the major qualitative advances American forces introduced after the Vietnam War, forces that would later be so potently displayed in Desert Storm.

Up through the early 1980s the Soviet Union and China refused to help the DPRK actually develop nuclear weapons, so North Koreans modified or built research reactors that could produce small amounts of enriched uranium or plutonium to give it a start. That program was much enhanced by a major shift in Russian policy in 1984. The Yongbyon reactors and an associated reprocessing plant became the focal point for producing both kinds of fissile materials for actual nuclear devices. Estimates of DPRK nuclear weapons have to be based on estimates of how much fissile materials it possesses and of what kind. Analysts' conclusions today run from under 10 to over 20 nuclear weapons, and the projected numbers by 2016 are from 12/13 to nearly 50. How many may fit on missiles for delivery is equally hard to judge. For years North Koreans have been claiming that in a war their nuclear weapons will be used. Some analysts take this seriously, others claim that with the US readily able to obliterate their country they will be deterred from starting a nuclear war. If they did use them, Camp Humphries might be an early target to disrupt the allies cooperation. And just one 10 KT explosion in Seoul could generate up to 200,000 casualties, overwhelming hospital facilities and doing as much as \$200 billion to \$1.5 trillion in damages.

North Korea is widely believed to have a biological weapons program though not a great deal is known about it. Estimates of the DPRK's chemical weapons stockpile range from 2500 to 5000 tons. They would be delivered by artillery shells and probably short-range missiles. The main targets would presumably be major military facilities in the South, especially US bases, allied C2, gateways for US reinforcements from outside, and transportation capabilities. The North has roughly 1000 short and medium range missiles and has tested a missile with intercontinental range that is still being developed.

Since 1978 the allies have operated under a Combined Forces Command that is tightly integrated, although President Roh, Moo-hyun insisted, against American wishes, on not preparing for a North Korean collapse or a major counteroffensive against it. The ROK forces are clearly superior but the ROK spending on R & D is rather limited and, demographically, the manpower pool for ROK forces is shrinking which could have a big impact in the future on a mostly (70%) conscript force, unless the small number of women now inducted rises considerably. And the conscription period of service has dropped from 36 months in the 1960s to 21 months currently, with another 3 months cut already promised by President Park, which will cut 60,000 ROK military personnel all by itself. The ROK army is down to 500,000 and is heading toward a planned 390,000 limit by 2022. The difference is supposed to be made up by introducing much better weapons and other advanced technology, but the ROK is spending far less than necessary to achieve this.

Since the 1950s US forces based in the ROK have shrunk from over 100,000 to 28,000. ROK plans call for up to 690,000 to come from the US in a major conflict, but at current projected levels if any US forces are in a major contingency elsewhere the available US forces would be significantly below 690,000, especially because the US pattern is to have 2 divisions at home for each division abroad. With North Korea developing nuclear weapons there are proposals in the ROK that the US store some of its nuclear weapons again in Korea, but the US says it provides a suitable nuclear umbrella with its strategic nuclear weapons.

The traditional alliance posture that has been focused on a major attack by the North, needs adjustments to fit our new concerns about:

- 1) a DPRK diversionary attack to divert the allies from seeking to pull off a coup through military elements in the North; or
- 2) escalation from a DPRK military provocation that leads to a sharp ROK retort and possible allied entry into the North;
- 3) intervention after a North Korean collapse.

Military operations *inside* the North will pose quite different problems from defending against an attack by the North. Invading forces would have to dig out the enemy, uncover the North's nuclear weapons and other WMD, deal with refugees, stabilize situations over large areas, deliver humanitarian aid, etc. This would take a great many ROK and US ground forces, possibly as many as 16-18 divisions, but the anticipated alliance forces in the future are shrinking. While the ROK has large reserve forces, most reservists serve only 3 days a year and are not organized in integrated units. There are also too few well-trained specialists. Chinese forces might well enter the North and could do so rather easily for at least 50 to 100 kilometers, and in fact their intervention might even be requested by the ROK given its shrinking forces.

As a result, more and better trained reservists will likely be needed in the ROK, along with Chinese help in handling DPRK forces in the northern sector of the country, plus some American forces, and all that will require advance arrangements for coordinating all these different forces and their operations. Once there, China may insist that its forces stay until the ROK is fully able to run the country, citing possible refugee flows into China and humanitarian considerations.

Considering possible operations against the North naturally bring up the question of who is to be in charge in any alliance fighting in the future. In 2006-7 the US and ROK agreed on transferring the wartime OPCON command to the ROK by 2012, in a structure involving a ROK military command and a separate US military command in support of it. Various concerns have beset this plan since then, including inadequate ROK spending on the necessary military capabilities, insufficient training, and insufficient advanced technology. This led to postponing the transfer until late in 2015 and now there are indications that it will be delayed further. The current plan calls, as well, for retaining the CFC or a similar structure with a ROK commander and a US deputy commander, out of concerns that too much of the existing CFC integration would otherwise be lost.

As for possible use of nuclear weapons by North Korea, the US has long used extended deterrence not only to deter North Korea but to discourage the South from developing its own nuclear forces lest this destabilize Northeast Asia. But in situations where an allied intervention in the North might occur the survival of the North would be at stake and it might then not be deterred. Clearly the allies must try to deter provocations to prevent possible escalations into fighting, such as by threatening to mount campaigns to undermine political stability of the regime via broadcasting and other information penetration. The US must plan to destroy the regime in any retaliation or intervention, since its leaders' own survival is their ultimate goal, not that of the North Korean people. But it must therefore also focus on attacking in particular those who would be involved in using nuclear weapons. And the allies must aim to destroy North Korean WMD installations, which would take a great many ground forces to fully carry out. Obviously we would need much better intelligence about those WMD, maybe gained by buying defectors. China would have to help the allies in preventing any black market of DPRK WMD materials from emerging.

We also need better missile defenses in the ROK, something the ROK has been resisting. It needs to spend a good deal more on this, particularly on the most advanced BMD available. And we need to generate new concepts of deterrence and how it applies on the Korean peninsula as the situation there is significantly changing.

PAPER: **Professor Park, Min-Hyoung** "Strategic Cooperation between the ROK and the US Under the New Direction of Operational Cooperation"

Professor Park opened by citing the May 2013 summit between Obama and Park and the resulting Joint Declaration in commemoration of the 60th anniversary of the alliance. Over that period the alliance has been the foundation of ROK national security and its economic fortunes, pivotal in deterrence of North Korean attacks, contributing greatly to Northeast Asian, and Korean, political and economic stability. South Korea had no serious alternative support available, and the two parties shared a common threat plus a common faith in democracy, anticommunism, and market-based economic systems.

But since the Cold War basic working assumptions behind the alliance have been changing due to major shifts in the international system and the region's geopolitics, the disappearance of Russia's strong support for the DPRK, and the rising US preoccupation with terrorist and nuclear proliferation threats. Resulting adjustments in the alliance include a ROK effort to become militarily more self-sufficient, with opposition and controversy about such efforts, as well as adjustments in the allies' forces and responsibilities reflecting the evolution of their military capabilities. The ROK is the world's 11th largest economy, very able to defend itself against North Korea in conventional forces, with a great deal of international influence, yet the proposed transfer of the wartime operational command has faced severe opposition from conservative political elements claiming it will weaken the alliance, provoke arms increases among some of the neighbors, and be too great an economic burden. In light of these concerns the question is why and how the allies should cooperate after this transfer.

Any allies normally have serious concerns are about how large the threat is that they face and how much help each can expect to get from each other. The East Asian theater is now one of the most dynamic areas in the world in terms of security. The alliance was created to protect the ROK, which was on the fault line in Asia between the communist world and maritime democratic one. The allies' shared threat was communism. Since the Cold War the US preoccupation has been with the asymmetric threats posed by terrorism and WMD proliferation, and about the security implications of the rise of China.

For the ROK, the North Korean threat is the most imminent, in its military capacities and in the possibility its collapse would mean huge costs and refugee flows. The North has over a million military personnel, 70% stationed below the Pyongyang-Wonsan line ready to be used on short notice. On the other hand, the North lacks fuel, its military units often have to forage for food, and defector reports say even ammunition is sometimes in short supply. But the North works to compensate via asymmetric forces – missiles, long-range artillery aimed at Seoul, its special forces. The US particularly worries about the WMD problem, and missile capabilities, the North poses. The North increased its focus on nuclear weapons after the Gulf War, and its efforts included exchanging technology and information with states like Syria, Iran, Pakistan, and Libya. Antiproliferation efforts against the North have failed and its destabilizing activities and pursuit of WMD continue. There are four dimensions to the allied concerns:

- The North can attack the ROK and may soon be able to attack US territory;
- It may continue transferring weapons and technology to the global terrorist network states;
- The North may generate a nuclear arms race in the region;
- The North's brinkmanship efforts could result in an unintended war.

The rise of China poses a more standard security concern, and US-China relations will dominate the security situation in Northeast Asia in the future. Many analysts think the security competition will be intense and will have a considerable potential to bring about a war. China's defense spending continues rising steeply, reaching 6% of the national budget in 2011 officially and widely regarded as being a good deal higher than that. Some analysts predict it will pass the US in scale by 2030. And China is stressing

anti-access capabilities to reduce its vulnerability. The other dimension of China's possible threat is its rising capacities to harm American friends and allies in East Asia through its growing power projection capabilities, its expanding diplomatic activities, its massive economic impact, and its drive to garner ever more of the world's and the region's resources. Its energy concerns have led to its close association with Iran and other countries with which the US is at odds. There are economic threats in the US trade deficit with China and huge Chinese holdings of US bonds and other debt.

There is also the anxiety in some quarters over the OPCON issue. The UN Command from the Korean War was dismantled in 1978 in favor of the CFC under US leadership in the event of a war. After President Roh, Tae-woo's request in 1990, the peacetime OPCON was turned over to the ROK in 1994; in 2002 a similar effort was initiated leading to the plan to shift the wartime OPCON by 2012. But after the Cheonan incident and the Yeonpyeong shelling the transfer was delayed until December 2015. The shift has always been controversial: younger citizens and those with anti-American feelings in favor, conservative and anglophile elements against. A transfer would enhance ROK leverage on the DPRK and display ROK self-reliance. But others fear it would be a heavy economic/military burden, and weaken the alliance by reducing the US role when the primary goal is still deterring North Korean threats. Many also fear the possible loss of unity of command in wartime. With North Korea's 3rd nuclear test, there is also sentiment for delaying the transfer indefinitely.

OPCON transfer would not mean the end of the alliance, but would call for significant changes. First, a redefinition of the role of the alliance is already taking place, from focusing only on the peninsula to making an important contribution to regional and global security – a shift often referred to as embracing “strategic flexibility.” US forces in Korea are now more mobile and agile – ready for use elsewhere than Korea – so the ROK is expected to take more responsibility for its own defense. US forces in Korea have already been significantly redeployed. This must be taken into account in redefining the role of the alliance.

Second, this leads to concern about a weaker US commitment if the ROK is in command in a war and the US only providing support, a reformulation of an older ROK concern about whether the US would heavily participate if the ROK was attacked. There has also been concern in the ROK about whether the allies' forces would remain significantly integrated under a Korean Command and a parallel US Command reporting to it. This led in April to agreement to designate a Korean officer as head of a combined command and an American officer as second in command. This is important since unity of command and simplicity in the command structure are key principles of effective warfare.

Third, the US and ROK need to declare that the US will instantly engage in retribution for North Korean provocations, not just leave this to the South, and extend this to the outbreak of a war. The US reaction and participation should be automatic. Fourth, there is still too large a gap between ROK and US C4ISR (Command-Communications-Control-Intelligence-Surveillance-Reconnaissance) for the ROK to readily operate the

OPCON in wartime; if this continues the US should fill in that gap until the ROK can do so.

Fifth, the ROK in turn should plan for an active role in global security issues under US leadership. This is the way to move from appearing to be a strategic burden or liability to being a strategic partner, a strategic asset. This applies in continuing current ROK contributions to humanitarian needs and reconstruction/stabilization projects around the world. Some fear this would be a new version of the ROK ceding freedom of action to the US, but there is no reason its role couldn't be expanded later and wouldn't be an appropriate ROK contribution to the alliance now.

In the past the ROK's freedom of action was quite limited, but alliances change in this respect. Current plans call for the ROK to carry more of the burden but it still needs US assistance to offset the DPRK nuclear threat and to move toward a unified Korea.

PAPER: Dr. Yoon, Sukjoon, "Some 'New Wicked Problems' in Asia-Pacific Regional Maritime Security: Can Solutions be Found?"

Dr. Yoon's very interesting presentation began by citing a 2011 paper by Dr. Sam Bateman on "Wicked Problems of Maritime Security..."¹ indicating his paper would examine the implications of "Wicked Problems" in East Asia today, problems affecting maritime security in unexpected and unwelcome ways. Hopefully they will stimulate new thinking and provide the impetus for new solutions. Bateman's list included:

- 1) differing interpretations of the UN Convention on the Law of the Sea (UNCLOS);
- 2) failure to preserve good order at sea;
- 3) numerous conflicting claims over maritime jurisdiction;
- 4) increased naval action
- 5) lack of agreed upon maritime boundaries

Bateman saw hope for solutions but this has turned out to be incorrect so far.

Such problems are usually robust and divisive, with discrepancies over preserving maritime rights and interests on the one hand and maritime peace and good order on the other, compounded by suspicions and distrust stemming from older problems, unruly nationalist pressures, the invariable involvement of third parties, and buildups in naval forces. Older ones have often yielded to negotiation, but this may not be so true of the emerging ones. Today what we see is friction, distrust, and competition on:

The China-Japan dispute over the Diaoyu/Senkaku islands;

The China-ASEAN dispute over the South China Sea;

The peer competition between the US and China;

The peer competition between China and Japan over regional maritime dominance

Emerging "Wicked" Problems

The first is that domestic factors do much to intensify everything. All the new administrations involved talk nicely about regional maritime peace and cooperation. But they actually have followed a win-at-all-cost approach on acquiring maritime resources,

¹ Sam Bateman, "Solving the 'Wicked Problems' of Maritime Security: Are Regional Forums Up To The Task," *Contemporary Southeast Asia*, Vol. 33, No. 1 (2011)

jurisdictional interests, and historical rights. Beijing designates the Diaoyu islands as a “core interest,” making the conflict more rigid, while Japan announces it is buying three of them. The US “pivot” toward Asia involves more exercises with its allies and displays of its naval power off the DPRK, and China takes ever more steps toward a true blue water navy with considerable reach through its first carrier and more to come.

Second, US ships and overall naval spending have been declining significantly due to the budget crisis and sequestration, with other ships delayed in coming on line. In its “pivot” the US is not sending enough additional forces to make a serious impact. The Asia-Pacific naval and air forces are too often neglected in comparison with ground forces, and that is unwise. Chinese naval assets, in contrast, have been growing, especially its Maritime Surveillance Agency (i.e. coast guard) ships and planes used to protect China’s aggressive territorial claims – the target is 700 ships eventually. The Chinese seem bent on pushing the US out of Asia, and there is a growing feeling the US will soon lack the capability to sustain peace and security in the region, particularly without the help of partners and other associates. So countries like Indonesia are trying to position themselves as not taking sides. “China’s gunboat diplomacy in areas also claimed by other nationals is inflammatory, and will only serve to heighten tensions.” One result is that the US and its partners will need to take on more burdens at unpredictable levels of expense, with the partners wondering how this maintains a strategic balance if Chinese forces are rising and those of the US are declining.

Third, lack of clear national-policy-based guidelines and operational protocols for commanders at sea just invites a future escalation of a conflict to a serious level due to miscalculation or misunderstanding. But military circles and networks remain very influential, and this is leading to too many opaque and misleading naval operations, rather than ones rationalized and standardized via clear Areas of Operation and Rules of Engagement. Two good examples recently:

- 1) The confrontation between Chinese ships and Japanese forces near the Senakaku Islands;
- 2) The clash, with some loss of life, between Taiwanese and Philippine fishing boats and coast guard forces in May.

Other such collisions of ships or planes have regularly occurred in the past decade. Naval units need to be operating based on rigorous command and control arrangements, especially in the cases of Japan and China.

Fourth, the involvement of third parties, an important new complication and challenge, adds to the aggravation. The US has become somewhat involved in the China-Japan and China-Philippines or China-Vietnam quarrels by reassuring its friends about its alliance commitments, which immediately damaged the regional security environment, and by sending monitoring vessels plus holding naval exercises near the Philippines and Vietnam – the US conducted more than 170 military exercises and events in the Asia-Pacific in 2012. The US has endorsed Japanese sovereignty in the Senkakus. And China blocked a unanimous ASEAN Declaration on the Conduct of parties in the South China Sea in July of 2012 by heavily pressuring Cambodia to object. Each government readily objects every time the other intervenes.

Fifth, also emerging is a deliberate blurring of the distinction between navies and coastguards, the latter used to ease the costs of naval activities, to a form of naval power in areas where regular warships would look too threatening, and shift more of the money in coast guard budgets into naval activities. This is especially true of China in the South China Sea. This blurring poses serious complications in economic, legal, and constitutional matters.

Sixth, advanced missile technology and WMD are a growing problem. The expanding US military effort is moving forces into the area to a greater extent on Guam, Hawaii, Australia, and Singapore. This increases the strategic significance of those parts of the sea, and of the airspace that can be used to enhance the vulnerability of the major military concentrations on them. This is why the US has been expanding its missile defense assets in the region and China is seeking to develop long range missiles for attacking access forces and ships including carriers. Japan is boosting its antimissile capabilities vigorously as well, with US equipment and assistance. The ROK is adding new missiles and related systems to offset North Korean missiles. Clearly territorial disputes and fields of operation now extend beyond the seas to the air above.

Seventh, there is clearly a dearth of new maritime security initiatives for *common security* in the area. A new regional approach is needed, but the various governments continue acting in a fragmented manner. The US and China should be leading the way. Hu Jin Tao talked about the “Harmonious Sea” but with no lasting effect; China is widely regarded as anything but harmonious on upholding China’s “interests.” The American “Cooperative Strategy for 21st Century Sea Power” (“The Maritime 2007 Strategy”) does not cover emerging maritime realities. It talks about a 1000 ship combined navy, but ignores the rise of China and its implications. It is seen as an effort to get others to carry more of the burden, and to draw on other’ greater familiarity with their own sector issues and problems so as to facilitate US naval operations. Other maritime security regimes – PSI, Maritime Domain Awareness, Regional Maritime Security Initiative – are similarly deficient.

However, resource constraints may push China and the US toward more innovative thinking. And concerns about China’s naval buildup are driving East Asian nations into more self-reliant defense policies and naval buildups. Current plans envision major naval expansions, growing defense industries, and closer cooperation with neighbors out of concern about China and the lack of transparency about its intentions. Gaining some control over all this is an important necessity.

Eighth, so far there is a reluctance to deal with maritime disputes via legal solutions. Needed are rules-based solutions in keeping with legal judgments under UNCLOS. In their dispute the Philippines has sought an UNCLOS arbitral tribunal, but the Chinese completely reject this. China has readily submitted claims to the UN significantly enlarging its supposed continental shelf. This sort of behavior, pursuing “hypothetical rights,” just incites resentments by others. There are several tracks through which regional maritime security mechanisms could be discussed: the ASEAN Regional Forum; the Heads of Asian Coast Guard Agencies; the Council of Security Cooperation in the Asia Pacific (CSAP). But they are very reluctant to take on such new challenges.

Nations should be working together to allow countries to pursue their maritime activities and maritime resources in an ecologically sustainable and peaceful way, and to proscribe illegal and unilateral activities and promote arrangements for safety and security of everyone's shipping. But they offer too many different concepts of maritime security to develop a common approach. Some blame the area's closed geography, others object to third party involvements. Fortunately, however, only a few have very hardened traditional approaches (Taiwan and South Korea) due to their national defense concerns.

Existing institutional mechanisms have so far been ineffective. There is a reluctance to directly address causal factors. Few initiations have come out of multilateral forums with their sub-forums and committees. How can robust institutional mechanisms be established to correct this? First, disagreements should be diffused if possible through discrete bilateral negotiations. Otherwise popular and nationalist reactions to supposed affronts to sovereignty can take over. This has frequently occurred in the area. It would be best to internationalize the maritime jurisdictional and boundary disputes to limit this phenomenon. Expanding maritime jurisdictional claims in a very assertive way has produced only trouble.

Next, international forums should consider the suitability of international law, particularly by involving disputants in jointly implementing a new concept of consensual maritime security in the region. And the US should ratify UNCLOS as soon as possible to be able to play an active role. Without that it can't even advise on the legal merits of competing claims and seek to help protect its allies' positions. And it might help curb Chinese claims that now resemble an Asian version of the Monroe Doctrine.

Maritime jurisdiction in the East and South China Seas and the rights/duties of coastal states in maritime zones, especially Exclusive Economic Zones, badly need updating. States should also take steps to define clear Rules of Engagement, including on non-military maritime threats. In addition, resorting to use of international legal regimes should be a last resort, used only when bilateral interactions and other negotiations have failed. The bilateral approach helps provide for solutions that benefit both parties. International legal regimes tend to produce clear winners and losers, with resulting resentment on one side.

In turn, China should announce that parts of the South China Sea within the EEZs of ASEAN members are not altered or affected by its historical sovereignty, and should try to explain how its 9-dash line can be reconciled with current navigational charts and UNCLOS regulations. Apologies to weaker neighbors for its sometime imperial mindset and assertive attitudes would be in order as well.

The ultimate goal is regional meetings and interactions that culminate in stable regional regulatory norms, getting away from action-reaction clashes going on too often now. This would include a code of cooperation, so that China's unyielding claims on its sovereignty and territorial integrity and the US insistence on the right to conduct frequent exercises in such areas are toned down. This would call for:

States behaving consistently and reliably – especially the US in dealing with its partners about long-term strategic considerations;
 Governments identifying existing avenues, and developing new ones, to alleviate Wicked Problems, using the many available forums;
 Nations in the area standing apart from American and Chinese uses of force to support their claims;
 Nations widely participating in bilateral and multilateral dialogues so many points of view can be accommodated.

With such a tangle of major problems, it would be good to have a “Senior Dialogue for Maritime Affairs” available to grapple with them. It is important that the region’s governments reverse the current trend under which the existing regional maritime environment is becoming ever more insecure.

Discussants

Dr. Kim, Tae-woo said it was a pleasure to participate in the conference, and that the paper by Dr. Yoon was very good. There are indeed “wicked problems” in the present maritime situation in the Asia-Pacific, including nationalist forces at work and the hegemonic competition between the US and China. However, Joon is not always clear on just what is to be done. Many fear that a vigorous US intervention in the situation would disrupt the region, but the countries there can readily be disruptive as well.

Yoon focuses in particular on multilateral action for the long term, but bilateral steps are vital for dealing with many maritime matters right now. A multilateral approach would not be best for the Senkakus dispute, and the ROK must cope with the North Korean threat. The proper role for the US is to provide regional security. So what would be best for the ROK? It must emphasize *detering* North Korea, particularly its nuclear weapons threat. And it needs a strong *defense*, especially via Aegis vessels and their missile defense capabilities, in case deterrence is not enough.

Apparently Dr. Park sees the OPCON transfer as irreversible. He is right that we need to carry it out in a sensible way, very smoothly, with no serious glitches. That means, among other things, the US will provide all the support needed while the ROK expands its military capabilities to the proper level. But in view of how things are going, wouldn’t it be good to delay the transfer somewhat? North Korea has been talking very tough, so a delay makes considerable sense. He asked Park to comment on this. He added that ultimately in the OPCON transfer there could turn out to be parallel military structures, or the ROK operating basically on its own. Will the US remain in the ROK under either arrangement. No - the latter will cause it to leave.

The Bennett presentation provides a very good summary of the past and present situations and the future challenges for ROK forces. But there is clearly a shortage of funding for the necessary defense transformation. This invites the following questions. First, on defending against attacks versus retaliation, what are the differences? Bennett always says North Korea should get no gain from a provocation, meaning a strong defense and rapid response are needed. A really serious retaliation would be my preference. Bennett offered bold proposals, even direct attacks on North Korean leaders

in response to provocations, and conveying to them that we know where they hide – a very strong stance. He asked Bennett whether this was a long-held view or a new one.

Bennett suggests that 690,000 troops and maybe 2000 planes from the US to meet a North Korean attack will not be possible under plan 5027. Many in the ROK count on a US response at that level as the core of the ROK's deterrence. If it can't be done, we need a new, more realistic plan. What would that be?

Finally the US withdrew its tactical nuclear weapons in 1991, settling for providing a nuclear umbrella from afar. Is this still feasible? If not, what are the alliance's options? Do we need more nuclear weapons in the Western US devoted to supporting the ROK? People in Pyongyang are probably confused now about what the alliance strategy is. We have to sort that out and we need continued US support. Progressives in the ROK continue to press for a more conciliatory approach and we must not go that route.

Colonel David Maxwell agreed with Joon's paper on how the WMD threat is serious and how the ROK really needs SM3s and Pac3s in the navy. The navy could be a major factor in operating the US Proliferation Security Initiative as well. On the other hand the ROK focus must remain on North Korea itself. There is no good solution in sight to this major territorial issue.

Bennett's paper is a very good, very strong presentation, and very wise. And as he suggests, the key to a more stable situation is getting the message through to top North Korean leaders that very painful retaliation will take place in response to their provocations. As the paper shows the explosion/implosion possibilities constitute a very complex and dangerous situation. However, his view on how the rotation of US forces limits the aid the US would bring under plan 5027 is incorrect. The US is ultimately committed to *winning* any war with North Korea, doing away with that country.

Turning to Park's paper, for the OPCON transfer to occur the alliance has to evolve. How should alliance forces therefore be organized now, across the spectrum of operations that might be used? And how can we come up with the necessary capabilities given public opinion in both countries?

Next, Park did not address the existence and nature of the Military Committee which is drawn from both countries. A combined command is vital – unity is necessary for effective military operations. Ending the OPCON will bring strong protests in the US for that reason. And US forces can work well under Korean leadership despite many concerns this is not the case. US forces work under Korean officers all the time as it is. The Military Committee, reporting to the two presidents, means that US forces are not ultimately under the Korean government. Through this arrangement neither of the forces cedes its national sovereignty, and this will mitigate the protests in the US. Park should also say something about the UN Command. How would a new combined command relate to the UN Command?

An important recent development was the allies' agreement that there will be a combined allied military response to any North Korean provocation, plus agreement that the response will be decisive and provide a tactically victorious outcome. Thus the US would be integrally involved in the military operation(s). It would also be better than a much larger later response – that might be too provocative.

Panelist responses

Bennett said we need to think of a spectrum of conflict responses. The response to a provocation should deny North Korea any benefit, any gain, from its action. But this should be done by more than military steps. We need to go after the leaders too, to put them at risk. That is the best kind of psychological impact for a regime that thinks of nothing but itself and its own survival.

On the size of available forces for a major war, the prospective cuts in the ROK armed forces cannot be covered by US forces being sent to Korea. At the present size of the ROK forces, we can do what we have planned to do in sending US forces, but when they are cut we will not be able to readily make up for the cuts.

On tactical nuclear weapons and the ROK, if the US were to return them to South Korea who would be comfortable with this in the neighborhood? And what would be the main targets of such weapons? It would be better to use nuclear weapons delivered from Guam or the US, or from the sea. And reinstalling tactical nuclear weapons in the ROK to offset North Korean's nuclear forces will not drive the North to serious negotiations.

Maxwell is correct in suggesting that more psychological operations to influence North Korean perceptions would be good. More North Koreans must learn that unification would be good for them.

Park, in his response, pointed out that his theme was not about being opposed to the OPCON transfer, but on how to cope with the resulting situation and relationship. Dr. Kim says we should consider postponing it even though Obama and Park have recently reconfirmed the plans and date. And serious domestic political problems in the ROK will only be exacerbated by more delay. The suggestion that we wait to see how things go in view of the North's nuclear threats won't help – just waste time and any improved forces.

As for joint allied military operations for responding to provocations, will the US agree to this? It would mean someone else deciding for the US when to fight. The best arrangement would probably be using a Combined Command to make the decision. Finally, the US has never had its forces led by a foreign army - will this really change now?

Joon asserted that the Navy could plan a much larger role, and should, but the Army takes too much of the available defense spending. He also supported the idea of joint operations in the event of provocations. And facing nuclear weapons will require a new approach, using the Navy in particular; the Strategic Missile Patrol to deal with missile defense is a good example.

On the force reductions in the ROK military, the remaining divisions will be much more capable and thus the ROK will not lack for suitable forces to deal with the North. The Navy can also contribute well here. It has important power projection capabilities, can provide considerable assistance in the developing Strategic Alliance, and is important for dealing with fishing and island disputes with the North. We need leaders who trust the Navy to make such contributions.

As Yoon pointed out, maritime security efforts in the region are very important now, going well beyond the North Korean threat. This is true on sea control, fending off illegal fishing, etc. China is being very assertive on such matters and the ROK must have a response for this. Preventing nuclear proliferation is certainly important and the Navy can help on the PSI and in other ways. Deterrence is a very relevant function the Navy can perform.

General Discussion

One question from the floor was about why China is so difficult, so belligerent, on many matters when it has lots of concern about nuclear weapons and when it has huge reserves of things like shale oil. Another asked why the allies don't try war gaming many of their problems to work out responses. A General Lee from the audience applauded the praise of the Navy by panelists, stressed that it was important to persuade civilians to take military issues and threats more seriously, and noted that it is important to make better use of available research about current military and security issues. A final speaker from the floor said the OPCON is extremely important, especially in any wartime situation, and must be retained. All of the speakers offered comments, rather than questions, and presented their views very vigorously, very intensely – they were strongly moved by the panel presentations and the ensuing discussions.

Closing the Deliberations

In his final comments **General Tilelli** pointed out how the Combined Forces Command strongly stresses the two forces acting together, indicating that throughout the command there are Korean officers commanding American forces and vice versa, that the CFC is a unique institution in the degree to which the command and the forces are integrated in their duties and activities. He concluded by praising the participants for what had been a fine conference.

General Kim also declared that it had been a fine conference and reminded everyone that the next one would be held in the US. He noted how the conference had seen considerable stress placed on the changes that seem to be occurring in North Korea. With that he thanked all the participants for their excellent contributions.

FINAL LUNCHEON

In welcoming conference participants to the final event, a luncheon on the second day, **General Kim, Jae-chang** once again congratulated everyone for helping hold a

quite successful conference and he expressed his appreciation, the Council's appreciation, and the appreciation of the other sponsors for the panelists' and other speakers' contributions. He offered a toast to this effect.

General John Tilelli then introduced the guest speaker for the luncheon **Lieutenant General Jan-Marc Jouas**. General Jouas is currently Deputy Commander of the Combined Forces Command, and Commander of the US 7th Air Force in Korea. Having served in a variety of other places and positions during his career, his record includes 30 combat missions.

In his brief speech **General Jouas** thanked General Kim, General Tilelli, Dr. Bechtol the President of ICKS, fellow officers, and the guests, and particularly thanked the Council members and others for their dedication to the stability and prosperity of South Korea. For over 60 years the US-ROK bond has been unbroken. Founded to defeat aggression in Korea, the alliance has evolved to meet the challenges of today. The ROK-US Combined Forces Command was established in 1978 with the mission of deterring aggress and defending the ROK.

Today we must not forget the veterans of the Korean War. We owe a great debt to the soldiers, sailors, marines, and airmen of the ROK and the UN sending states that ensured the freedom of South Korea. Since that time the ROK has fought alongside the US in Vietnam, and deployed with the US to Iraq and Afghanistan. It has also conducted anti-piracy actions of Somalia and is involved in 8 peacekeeping operations under the UN, which illustrates how the ROK military's capabilities and missions have expanded.

On May 7 the US and ROK announced a "Joint Declaration in Commemoration of the 60th Anniversary of the Alliance Between the Republic of Korea and the United States of America," stating that the alliance is now multi-faceted and global, encompassing diplomatic, military, economic, scientific, cultural, and people-to-people ties. And it will continue to evolve via the complex joint exercises regularly being conducted. As an advanced nation with a strong economy, a stable democratic government, and a very capability military the ROK will soon be able to take over primary responsibility for commanding the alliance forces in Korea. The goal is transferring the wartime Combined Forces Command responsibility from a US to a ROK commander by the end of 2015.

There will be a continuing evolution of the integrated ROK and US defensive capabilities in Korea under the alliance. This includes enhanced command, control, communications, computers, Intelligence, surveillance, and reconnaissance systems that are compatible and fully integrated. Another key component is ballistic missile defense, which is also continuing to evolve. Overall defense plans are continuing to be refined, and more realistic exercises are being developed and implemented

The alliance is one of the strongest, and longest-standing alliances in modern history. It has been preserving the Armistice, promoting democracy, and providing security for citizens in Korea. It is prepared to deter, counter, and defeat any external aggression.

I thank you for the honor of addressing the Council and for your dedication to the stability and prosperity of the peninsula and Northeast Asia.

The general agreed to answer some questions. **Dr. Richard Weitz** asked whether we really want the ROK to participate in the missile defense system being implemented by the US and Japan? This would, after all, be very upsetting for some other states. **General Jouas** general responded that this is certainly a complex issue, with many people in the ROK concerned about it. The countries are continuing to work on this question but the outcome remains uncertain for now.

A question from the audience asked if the US will invite China to observe some of its major military exercises in the Asia-Pacific. The General said that the US has been seeking closer ties with the Chinese military and will continue, in this way and others, to enhance US-China military ties.

Another question concerned what should now be considered the most critical North Korean threat, and what the greatest need is in the ROK military? The General indicated that the ROK needs to put greater emphasis on conducting joint warfare. In training its forces, imitating what the US has done along these lines in recent years. Related to this is the ROK need for improvements in its C4ISR capabilities, which are vital in modern warfare, including modern joint warfare with other forces. As for the greatest threats now posed by North Korea, those are associated with the North's nuclear weapons and its asymmetric forces particularly its special operations forces.

A final question pertained to the presence of US 7th Air force elements in the ROK – how should we interpret the close association of the US and ROK Air Forces? This has considerably escalated in recent years. Why? **General Jouas** traced this closeness to the integration of the two staffs, in air force matters and in other aspects of the alliance. For instance, both ROK and US officers fill command slots, and they work closely every day not just in crisis situations. This includes the joint planning of operations against the North. The pilots also practice flying together. I call it “our power team,” and it encompasses the pilots in the Marines and Navies of our two countries. This is part of the preparations for joint efforts to defend Seoul, in providing ground support to the air force units, in readiness maintained for attacking missile bases. Our mission is always Deter, Defend, and Defeat.

General Tilelli thanked the General Jouas for taking the time from his busy schedule to address the luncheon and to answer some questions. He then reminded everyone of the conference next year in the US.

Patrick Morgan
Rapporteur