

**THE KOREAN PENINSULA AFTER THE 2012 PRESIDENTIAL ELECTIONS
IN THE UNITED STATES, SOUTH KOREA AND REGIONAL STATES**

**27TH ANNUAL CONFERENCE OF THE COUNCIL ON U.S.-KOREA SECURITY
STUDIES**

In Association With

**THE INTERNATIONAL COUNCIL ON KOREAN STUDIES
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OPENING REMARKS

Promptly at 9:30 am, **Dr. Edward McCord**, Director of the Sigur Center welcomed the participants in the 20th anniversary year of the Center. Its co-sponsorship of the conference reflects its many programs including one on “Rising Powers in Asia.”

General John Tilelli, Jr, USA (Ret.), Co-Chairman of the Council on US-Korean Studies (COKUS), welcomed the participants, saying the conference was being held at an ideal time, with great sponsors and an expended presentation list this year. This is also a time of major transformations, with presidential elections in the US and the ROK, leadership transition in the DPRK and the US-ROK alliance moving toward shifting the OPCON command to the ROK. And North Korea has just declared itself a nuclear weapons state. Thus there are many issues to be discussed.

General Kim, Jae-chang offered a similar welcome. He noted how conference members last year had predicted the death of Kim, Jong-il but that it occurred even sooner than expected! Major changes in Korea are coming, and a new environment may emerge. But what will result is hard to predict and some careful analysis at the conference can help us here. He thanked participants and sponsors for their contributions.

Dr Soon Paik, President of the International Council on Korean Studies, added his appreciation to the participants and sponsors. He reported that ICKS is in its 16th year, holds a conference on Korean affairs annually, and publishes the International Journal of Korean Studies.

PANEL I: MAJOR POWERS' RELATIONS IN THE KOREAN PENINSULA

MODERATOR:

Dr. Edward A. McCord, Director of the Sigur Center, George Washington University

PRESENTERS:

Dr. Doug Bandow, Senior Fellow at the Cato Institute

Gordon G. Chang, Columnist at Forbes.com and The Daily

Professor Byungi Kim, Director of the International Security Policy Forum at the Graduate School of International Studies

Professor Celeste Harrington, Political Science Department, George Washington University

DISCUSSANTS:

Professor Robert G. Sutter, Elliott School of International Affairs, George Washington University

Dr. Andrew Scobell, Senior Political Scientist, RAND Corporation, Washington, DC

Professor Yim, Yong Soon, Professor Emeritus, former Dean, and former Provost at Sung Kyun Kwan University

PAPER: “U.S. Policy Toward the Two Koreas after the US and ROK Elections in 2012”

Dr. Doug Bandow, analyst and columnist, appears in many periodicals and newspapers and is a frequent speaker on television, radio and in person. He is the Taft Fellow at the American Conservative Defense Alliance and the Cobden Fellow in International Economics at the Institute for Policy Innovation.

Dr. Bandow said the upcoming ROK and US elections are difficult to predict. The Republicans could win the House and Senate but Romney poll ratings remain low, with analysts giving Obama a slight edge. Foreign policy is not a major issue but one on which Obama has considerable support. If he wins US policy on Korea is unlikely to change. It stresses patience since offering North Korea new initiatives has gone nowhere. Secretary of State Clinton is expected to leave office. Romney has been vague on coping with the DPRK, just promising to be firm with international opponents. Korea will not be a major issue in the campaign.

The US relationship with North Korea began in the Clinton Administration, including the 1994 Agreed Framework incentives and later efforts to halt DPRK missile development. The ensuing Bush Administration took a much harsher position, embarrassing some US officials as well as President Kim, Dae-jung. It did not deal with the North for several years as members were skeptical about negotiations and favored a more coercive approach. The eventual 2005 and 2007 agreements reached in the Six Party Talks produced meager results due to North Korean noncompliance. The Obama administration, perhaps noting the DPRK Foreign Ministry announcement that “we can live without normalizing relations with the US but not without a nuclear deterrent,” has seen little payoff in negotiations – it has had lots of other pressing priorities. North

Korean provocations reinforced administration steps to enhance relations with the ROK and Japan, including closer military cooperation with Seoul after the attacks on the *Cheonan* and Yeonpyeong. Nonetheless, efforts to restart talks had emerged in a preliminary fashion when Kim, Jong-il died. Progress froze when Pyongyang conducted a satellite launch and the US cancelled plans to resume food aid. Now nothing will happen before the US election; a reelected Obama will downplay North Korea due to its behavior and skepticism about it ever abandoning nuclear weapons.

The Romney position has been roughly the same – treating the North a serious menace, promising a tough position and greater sanctions, etc., but not giving it high priority. This would probably be drive policy in his administration. Republicans in general could press for tougher policies; John McCain has regularly complained about US appeasement of the North, and John Bolton regards negotiations with it a grave mistake. But Romney, as he did in the past, would probably move to a more centrist policy after some early tough talk. But this is not certain.

For years the US-ROK relationship was patron-client until Kim, Dae-jung's election brought the "Sunshine Policy" and broad concessions to the North. This was unacceptable to the Bush Administration and even moreso in President Roh, Tae-woo term. The strain was serious with each ally often criticizing the other, though some important matters – like the Free Trade Agreement – were handled in a cooperative fashion. President Lee, Myung-bok and President Obama have had much better relations, including Lee's first state visit by a Korean President in a decade, based on similar views and policies. The US now calls the ROK an important partner on regional and global matters, which more than offsets their various frictions (economic and otherwise). This could be strained again depending on who wins the coming ROK presidential election, which will be very competitive. Another radical would revive tensions with the US, particularly with Obama since he shows little patience with allies that are weak or unhelpful. The general criticism of Lee as too uncompromising suggests his successor will be more even-handed on the North.

Alternatively, if Lee's party wins his hard line or one even harder could also lead to friction with the US. Some in Korea want the US to send tactical nuclear weapons back to their country; others want the ROK to develop its own. Neither step would be acceptable to the US. A Romney administration would be more comfortable with conservatives in power in Seoul and might send US tactical nukes. A potential snag could be continuing South Korean pressure to revive the SOFA issue with the US. But such ups and downs have regularly been weathered in the past and it seems that this lengthy partnership will remain firm in the future.

PAPER: "China's Korean Policy after the 2012 Leadership Transitions in Asia and America"

Gordon Chang has written *The Coming Collapse of China* (2001) and *Nuclear Showdown: North Korea Takes on the World* (2006) He is a well known commentator on China affairs

The paper opened by stating “the Chinese political system is embroiled in an ever-widening drama of ambition, lust, murder, corruption, treason, and intrigue” and suggested the Party is fracturing. This has allowed the armed forces even more latitude while the party is diverted from critical issues such as the situation in Korea. The “Wang Lijun incident” has led to the arrest of several top officials, and challenges the assumption that the Party’s institutionalized rules and practices have stabilized leadership politics and periodic leadership transitions. Whatever the outcome, political turmoil is accelerating. Hu, Jintao, backed even by Jiang Zemin, has insisted infighting end via at least a temporary truce. Gordon Flake (Mansfield Foundation) may be right that “old-school conservatives” have lost ground which will reduce China’s support for North Korea, and some evidence supports that idea.

Chinese politics and foreign policy are being remilitarized, something building since 2003 when Hu sought the military’s political support. Its rising influence is evident in how, in the Wang Lijun incident, Bo Xilai sought support from the 14th Group Army, how the military is steadily consulted by top officials on Bo’s situation, and how various “leftists” have called on the army to intervene in the political situation. Top officers now speak and act more independently. At the upcoming 18th Party Congress the military will be the most cohesive faction, with members well positioned to defend their standing and offices. They could be the final arbiters on major political decisions, including membership on the Central Military Commission which, it appears, Hu Jintao wants to continue to run once he leaves office. There have been rumors of a possible military coup and an attempt on the life of Vice President Xi, given some credence by how often Hu emphasizes that the Army must be subordinate to the Party. Outsiders have noted how the armed forces and civilian leaders often seem to pursue separate policies.

Links between the Chinese and North Korean armed forces have been expanding and deepening, more than we thought. In April Chinese-made vehicles were carrying the DPRK’s latest missile (the KN-08) during a parade, perhaps indicating that the missiles themselves were bought from China, maybe without civilian leaders in Beijing being consulted. The missiles could threaten American forces soon in the Pacific and Alaska, indicating how China’s attitude is hardening and that it will be even less cooperative on North Korea in the future.

Western policymakers have gradually found that without China’s cooperation on North Korea their options are shrinking. Engagement appears less attractive and viable in Washington, particularly in an election year, and “strategic patience” remains the only viable policy because “the North is obviously not ready to deal with the international community in good faith for the conceivable future.” The Republicans, particularly Romney, will likely take the same view so it matters little who wins in November.

In the ROK liberals won a stunning victory in the recent Seoul mayoral election, giving Park, Won-soon a huge boost nationally, reviving the liberal elements in the electorate and threatening a return to the alliance frictions under Kim, Dae-jung and Roh, Moo-hyun. On the other hand the GNP seems likely to shift more to the middle and be more amenable to talks and better relations with the North so the December election may

make little difference. After all, the North is unlikely to be more amenable - the military and the political leaders are not ready to make concessions. Though the leadership transition there seems to have gone smoothly, there are signs that a number of leaders have been purged and that Kim, Jong-un is in a ruthless struggle for power. But being inexperienced he must rely heavily on the military, and thus he promises to retain the “military first” policy. There are signs the military is basically in charge, like the rapid violation - via the satellite launch - of the agreement for more US aid; the military apparently overruled the civilians on this. The most nonconstructive elements in the regime seem dominant these days.

One result may be another nuclear test – some think the preparations have already been made. Many analysts think China could prevent this but it may be no longer true. China’s leaders are preoccupied with the leadership transition and this has reduced their clout in Pyongyang. Technically China could “strangle” North Korea but its interests and its political difficulties preclude any such step – trying to eliminate the North’s nuclear weapons by engaging China is futile. For some time the US has pressed the great powers to act in concert in managing the globe but authoritarian governments rarely act constructively in the long run, and this has been particularly true of China on the North Korean problem. To do something on proliferation the US must work with the democracies in the region, and they are ever more concerned about “an increasingly arrogant, spiteful, and occasionally belligerent Beijing.” The US is holding meetings in the region, sending more forces there, while knitting the democracies together. They are finally moving away from being vulnerable to North Korea and counting on China’s help.

PAPER: “Russia’s Policy Toward North Korea in the Post-Kim, Jung-il Era”

Dr. Byungki Kim is Professor of Politics and International Relations at the Graduate School of International Studies, Vice Director of the Institute for Sustainable Development at Korea University, and a Visiting Fellow at the Global Economic and Financial Research Institute

Dr. Kim thanked the organizers for the opportunity to participate. There are four major points to make about the new Putin administration. First, President Putin does not see North Korea as an important problem - dealing with it won’t help Russia much now, it can’t help generate more financial benefits. This is the general attitude of the oligarchy. Second, the emphasis of the new administration will be on the internal situation instead, on the many challenges there. Third, China is more important now in Putin’s view, for example moreso than working with the G-20. Finally, Putin disliked the West’s dominance in handling the war in Libya, and is therefore putting more stress on greater involvement in Syria.

Russia is often ignored in thinking about the current situation in East Asia, and with good reason. But this is unwise. Russia can have influence in the North Korean situation. It did, after all, supply the reactor which has spawned the North’s nuclear weapons program, and has supplied the North with some missiles. Russia is best understood now as a petro-welfare state, highly dependent on oil exports. But its older

oil sources are drying up. Development of resources in the Far East is vital for Russia's economic future, but the costs will be much higher there than they were earlier. Moscow has tried playing China and Japan against each another for major investments in the development, particularly on new pipelines, but with no success.

Russia's stature was severely damaged with the end of the Soviet Union in many places, but less so in the Far East and Siberia. Its borders with China and North Korea are peaceful and stable, basically demilitarized. East Asia in general is stable. China is rising and Putin appears to have put more focus on North Korea as well after 2002, but apparently with few results. The Russian foreign policy orientation today is toward the West, which is related to its main domestic concerns. China may be an important and reliable partner in dealing with the West, especially in offsetting the US, but many in Russia see China as a potential enemy - the armed forces, for example, take this view. And in various foreign policy matters Russia will continue to stress nationalism, particularly on territorial issues like the one with Japan.

PAPER: "The Abductions Issue Ten Years On: Japan and the Korean Peninsula"

Professor Celeste Arrington is the incoming Korean Foundation Assistant Professor of Political Science and International Affairs at George Washington University, specializing in the affairs of the two Koreas and Japan, and was a 2011-12 appointee at the Institute for Advanced Study in Princeton.

Dr. Arrington recalled how a decade ago Kim, Jong-il suddenly admitted to Prime Minister Koizumi that the DPRK had abducted 13 Japanese citizens in the late 1970s-early 1980s. While this seemed like a breakthrough in Japan-DPRK relations, it ignited Japanese public indignation which soon overwhelmed even concerns about North Korea's nuclear weapons program. Despite the government's strong response to the issue, it remains very much alive. In the ROK a similar issue has languished in obscurity, and on the North Korea problem it has not dominated the concerns of either ROK governments or the public. Public interest in national reconciliation has outweighed concerns about the abductions, though the government has done a good deal to try to resolve the issue and provide benefits to the families involved. What accounts for the very different salience this issue has had in Japan than in the ROK?

Several explanations have been offered. One stresses how political entrepreneurs skillfully hyped "captivity narratives" in Japan while they were downplayed in the ROK. Another stresses that the abductions have different connotations in the two nations' nationalism. A third emphasizes how the media in Japan narrowed and heightened the focus on the abductions issue. An important factor insufficiently addressed is how Korea's public sphere – political actors and types of communications – is more fragmented than Japan's, less homogeneous in content and consumer consumption habits, and less dominated by concentrated media firms. And Korea's activist sector is dominated by large professionalized and politically connected organizations and coalitions; the Japanese counterparts are small and volunteer in nature with little political access. Surprisingly, the smaller Japanese citizen-activist groups were better able to generate public sympathy and sustain it, while the Korean groups had to compete with

the big professional groups which had other interests. Key actors in such situations are the media and activist elements that filter information and shape public and elite perceptions on issues, affecting the credibility and salience of activists. The activists' interaction with this environment is crucial.

Each mediating sector's organizational structure and norms determined how the abductee advocates' efforts turned out. Each sector encompasses broadcasters, newspaper firms, etc. Their varied internal organizational arrangements, values, career patterns, and resulting perspectives on stories, shape their incentives and disincentives for backing grievance groups. These sectors affect the relative costs of activist efforts by creating or closing windows of opportunity. They can certify and amplify a group's message or impede its efforts to gain attention and resources. They are important in framing problems and shaping the seriousness of issues. "In short, mediating sectors can open or close windows of opportunity, provide or deny resources to grievance groups, and validate or invalidate a group's issue framing."

The DPRK abducted thousands from the ROK in the 1970s and 1980s, eventually keeping over 500 for decades – soldiers, students, artists, etc. The far fewer Japanese abductees were mostly younger – taken to help train spies, turned into spies, or sent to work camps. Many other people not abducted – members of separated families, prisoners taken during the Korean War, etc. - are not included but form part of the backdrop to the abductees issue. For years both governments played down the issue to avoid complications in dealing with the North or due to lack of detailed information on the people involved. ROK officials even tended to treat people with connections to the North as potential or actual defectors. After this died down there was still concern about antagonizing the North by raising the issue, and concern about how former conservative regimes would look if their past behavior on the issue was now scrutinized. In the late 1990s family members of the abductees in both countries began mobilizing and gathering support from a wide variety of politicians and groups. But the Korean activists became divided into two major organizations, weakening their leverage somewhat.

In both countries, the activists sought media attention and support. Japanese news media are more concentrated so barriers to getting attention are initially much higher; once these are overcome the attention can be more readily sustained and concentrated. The reverse is true in the more fragmented Korean media sector. The former reflects the long dominance of the LDP political establishment and its cozy media relationships, the latter emerged from the much newer ROK openness (since 1987) and has a less concentrated character. The Japanese system tends to homogenize news coverage and reporting practices. The "reporters clubs" attached to government agencies and corporations dominate access and produce homogenized journalism coverage – the main sources used are official. Korean media are much more diverse and Chaebol ownership-dominance of major media is somewhat offset by many other outlets. Reporters' rooms in agencies and corporations have been largely closed. Japanese news outlets tend to follow similar formats and homogenous patterns, while Korean news outlets stress competitive diversity, multiplying the topics covered and promoting ideological polarization. So Koreans are more attached to politically compatible news outlets and

thus more fragmented on issues. They give more attention to internet media, online forums, social networking media, etc. More use the internet, not newspapers or television, than in Japan.

Japanese activist groups are typically local, nonpartisan, volunteer-based and thus not strong on *national* political advocacy. In Korea they are more national, organized, and professional. Both sectors grew substantially in the 1990s, but Korean groups are concentrated in the capitol, with regular staffs and employees, more lawyers, etc. They have good reputations, often enjoying considerable access to the government and wide media coverage. But activists in Japan, once given serious notice, were much better positioned to secure intense, continuing attention, even legislation requiring national education on the abduction issue. The Korean groups were more varied, conveyed more mixed messages of varying intensity. The coverage in Japan was eventually very sympathetic, emotional, and uncritical. The abduction issue gained and then sustained very high salience in electoral politics. This is still the case. In the ROK, bureaucratic buck-passing and competition more readily held sway because of the fragmented nature of the abductee campaign, initially preventing passage of special legislation on the subject. The salience of the issue remained much lower than concern about nuclear weapons in and military tensions with the North. In Japan, it still dominates Japan-DPRK relations and Japanese foreign policy.

Discussants

Professor Robert Sutter has worked in the National Intelligence Council and the State Department Bureau of Intelligence and Research, and is Professor of Practice in International Affairs at George Washington. His most recent publications are *U.S.-Chinese Foreign Relations: Perilous Past, Pragmatic Present* and the third edition of his award-winning *Chinese Foreign Relations: Power and Policy since the Cold War*.

Dr. Sutter found Bandow's presentation very effective, the Chang presentation quite striking, the Kim analysis interesting, and the Arrington paper wonderful. The bottom line from the presentations is that there is no good option at present for the US. The overall situation is unstable, the available options weak. A second Obama administration will continue along the same lines on Korea but the ROK might shift somewhat after the upcoming elections. Bandow makes Romney look too wishy-washy but is correct: Romney will not institute a big shift on Korean matters. Chang sees China as very unlikely to help, and also as unstable - a very serious matter if it is true.

Will there be another DPRK nuclear test? And what are our options on preventing or responding to it? The panelists cited none. Dr. Kim indicates that Russia is not a major player on this. Arrington's paper is very thorough on how the abductees issue locks Japan into an odd stance on the Korean problem. Thus the panel was a very good start to the conference but depressing about our options.

Dr. Andrew Scobell has been a faculty member at the Bush School of Government and Public Service at Texas A&M, the Strategic Studies Institute of the Army War College, and Dickinson College, and is the co-author of *China's Search for Security* (Columbia University Press 2012)

He began by indicating that the papers were fascinating. Several questions come immediately to mind. Kim depicts Russia as somewhat desperate to remain relevant in the Far East, but what are its prospects for this now? For Professor Arrington: what is the future of the abductees issue in Korea? Bandow says that Romney is known to be pragmatic, almost a classic American problem solver – but is there really any pragmatic solution to the North Korean problem? The Chang paper is particularly fascinating, if speculative. What is the relevant time line on the China situation? And, as with the other cases discussed, aren't we left having to wait to see what develops? We have lots more information on all these matters now but how much of it is good?

Is China really characterized now by stability and yet division? This is not clear. It's not just in turmoil - Chinese politics has been increasingly institutionalized. It has a stable leadership transition pattern in place and that will likely work well this time around. The same is true about China's attitude on North Korea – big shifts seem unlikely. It resembles the situation in 1976 when the armed forces helped steer China through the Gang of Four ouster via a veritable political coup. But is the PLA really in charge now - is remilitarization a fact? Clearly, PLA influence has been rising but it's not in charge of the political system. It is part of the Party so it is always important - nothing is new about this. China has been a "Party-military state" so civil-military relations are complicated, hard to explain. Civil-military relations are not, however, highly institutionalized. The Military Commission overseeing the armed forces consists mostly of military members. The key role is Hu's position as Chairman, which offers a tenuous form of civilian control. All this makes antagonizing the military unattractive politically. Thus it remains hard to assess the PLA's influence and its actual role.

On North Korea, is China's policy basically in paralysis? Probably – it displays much inertia. Shifts come rather slowly. One problem is that North Korea is too close to China's heartland, making it something like a Darfur problem for Beijing. China's major concern is how Pyongyang attracts too much attention from the hegemon, and it has a cold war mindset on this. Keep in mind that China has very few friends - and North Korea makes a very weird friend! So China operates cautiously. Inertia is the most likely prospect in its Korea policy.

Professor Yim, Yong Soon has served, at times, as adviser to the Ministry of Foreign Affairs, Ministry of Unification, the National Intelligence Service, the Seoul Government, and the Korean National Security Council. He is a member of the Board of the Council on US-Korean Security Studies.

He agreed that Chinese, Russian, and American policies on North Korea are unlikely to change in the months ahead. But people are perverse so change can't be ruled out. That gives rise to several questions. For Bandow: what if North Korea develops true nuclear weapons and delivery systems? Will US policy on the North remain unchanged? And what if the leftists come to power in the ROK again? Would the US end up removing its forces? He asked Chang whether Pyongyang recently testing a missile, not a nuclear weapon, was due to pressure from China? If so, is that a major Chinese policy shift? And what if China and South Korea reach agreement on an FTA - would that shift China's policy on North Korea?

The Arrington paper is very innovative – I’ve never thought about the whole matter in this fashion. Maybe ROK culture matters on this. It is a ROK habit to submerge smaller issues so as to focus on major ones, and unification, as the paper notes, is the really big one in the ROK. As a divided country, it has different priorities when it comes to abductees.

The moderator noted Professor Yim’s joshing him about not pronouncing the name of Yim’s university correctly by noting how he had practiced it beforehand but, alas, with no success when the time came.

General Discussion

Richard Shin, Senior Vice President at Economists Incorporated, asked for more information about China’s position on Korean unification: what conditions it would consider prerequisites for that. He also suggested that the ROK’s huge concern about unification explained ROK-Japan differences on the abductees issue (as Dr. Yim had suggested). **Chang** responded by indicating that China may not want unification. It has recently boosted its economic and strategic relations with the ROK, but is likely to do the same thing with North Korea if conditions permit. **Arrington** agreed that the salience of the abductee issue in Japan is much higher given the ROK’s quite different experience and problems with North Korea. But differences in the public spheres remain an important factor.

A visiting Chinese scholar (at Georgetown) asked what China’s policy on maintaining stability on the peninsula was. **Chang** suggested China was not wedded to sustaining the current arrangement. In fact, it often has permitted North Korea to do rather destabilizing things. **Hugo Kim**, conference organizer, wondered what China’s most significant leverage on the North Korean issue was. **Chang** replied that it was definitely the economy. North Korea needs much more food and the problem is growing. Also important is China’s contribution to the North Korean economy through its large purchases of minerals, particularly since that sector is run by the DPRK military.

General Tilelil agreed with the panel that the ROK-US alliance is resilient and will be no matter what. But the big political shifts in ROK politics in the recent past put a serious strain on it. Couldn’t that be the case again? He asked **Bandow** if a new ROK government would want the US to pull out its forces. **Bandow** thought a new government would not. A new government would affect the tenor of US-ROK relations but a really hard-nosed one seems very unlikely to emerge from the elections.

Professor Chung, Chong-wook (Emeritus – Seoul National University) cited Chang’s paper as excellent and asked: does China’s Central Military Commission make final decisions or does the Standing Committee have the final word? **Chang** said it was not clear. There is a good deal of consultation between members of the two groups, but no top military officials are on the Standing Committee. The consultation is important because military views and pressure matters. The key question is whether the military is

to be loyal to the Party or the state. **Scobell** suggested that the issue is really nothing new. Top leaders have always said the military must be loyal to the Party. A final question from the floor: what it would take for Russia to support Korean unification, what steps would be needed to bring that about? **Kim** replied that there were high-level contacts between Russia and North Korea last year, many in secret. North Korea wants to be less reliant on China and Putin's old political base was in Vladivostok. Russia's importance in the world remains significant but its priorities these days are in Europe.

The chair then closed the panel, saying it had been fascinating.

LUNCHEON

General Kim, Jai-chang opened the proceedings by thanking the Hwajeong Peace Foundation and Dong-a-Ilbo for sponsoring the lunch. He also officiated as an award from the Ministry of Veterans Affairs was presented to **Major General Stephen Silvasy, Jr** (USA Ret.) His 35 year career included service up on the line in 1976-9 in the ROK and as Assistant Chief of Staff CJG-3 for the UN Command, the CFC, and US Forces Korea. He accumulated numerous honors and awards before finishing up as Deputy Commanding General, US Army, Pacific. In accepting the award he said that Korea is his "second home" and General Hyung "my younger brother."

Professor Hong Nak Kim (West Virginia University) then introduced the luncheon speaker, **Hwang, Joonkook, Deputy Chief of Mission and Minister for Political Affairs** of the ROK Embassy. Minister Hwang, a Seoul National University graduate, has served in the UK, Saudia Arabia, and several ROK UN missions.

Minister Hwang expressed pleasure and honor at being invited to speak. He focused immediately on North Korea, a constant allied problem for years and with whom we have had no success on denuclearization. Various agreements have been reached but with few results. The April long range missile launch was yet another provocation. ROK and US policies and principles for talks now include:

No chasing after the North

No dialog for its own sake

No rewarding the North for bad behavior

Recently, the DPRK claimed to be a nuclear weapons state, dampening any remaining optimism in Seoul and Washington. It continues to spend heavily on missiles while the nation lacks food and faces a food crisis. There are rising pressures on the North over human rights, insisting that human rights values are universal and must apply there. Obviously we must go on sharpening the choice North Korea faces: nuclear weapons or economic development. It is up to North Korea to choose. The role of China is crucial – it seeks peninsula political stability and denuclearization – and close cooperation with China on North Korea remains important.

Meanwhile the US and ROK have one of the strongest alliances in the Pacific. The Lee-Obama chemistry is very good, and both are tired of the lack of progress on the North Korea problem. Meanwhile, the ROK is doing well economically and politically –

the future of the peninsula belongs to the ROK. With the rise of China, the ROK is more important than ever to the US. The alliance is mature and comprehensive, undertaking joint missions on a broader scale than ever. The ROK is deepening its role as a US partner as Asia rises in importance, with its economic growth burgeoning and China's huge role in this. The US is shifting its strategic focus accordingly.

The US-Japan-ROK trilateral relationship should be better, should be stronger, especially on historical issues, but Japan is insufficiently apologetic for its past behavior. However, ROK cooperation with Japan will continue to grow. The same is true for US-ROK relations. Some Koreans fear the nation will have to choose between China and the US eventually but this is a mistake. In fact, the ROK must ensure this doesn't happen.

General Kim then brought the luncheon to a close.

PANEL II: THE MAJOR POWERS' RELATIONS IN THE KOREAN PENINSULA

MODERATOR:

General John H. Tilelli (USA Ret.), Co-Chairman of the Council on US-Korean Security Studies

PRESENTATIONS:

Colonel David S. Maxwell (USA Ret.), Georgetown University

Professor Park, Changhee, Korean National Defense University

Dr. Michael O'Hanlon, Brookings Institution

DISCUSSANTS:

Ambassador Song, Keun-ho (Adm. Ret., ROK Navy) Korea Institute for Maritime Strategy

Professor Huh, Nam-sung, Korean National Defense University

PAPER: "It Takes a Strategy to Deal with North Korea and its Provocations"

Colonel David Maxwell is Associate Director of the Center for Security Studies and the Security Studies Program, Georgetown University's School of Foreign Service, recently retired as a Special Forces Colonel, and a former faculty member at the National War College.

Colonel Maxwell said his assigned topic was on dealing with North Korean provocations, but "we can't have a strategy just for provocations." Policy makers would like to disrupt the cycle of provocations but that is not a stand-alone problem. They stem from the nature and existence of the DPRK regime, and the worst scenarios in dealing with that regime are war with it or its collapse. How is that problem ultimately to be resolved? By reunification; no other solution will work. Ultimately we need a strategy for unification combining an overarching strategy on North Korea and continuation of the alliance as strong and unified.

Provocations will continue as long as the Kim family regime; it can't afford to give them up. It will not function as a member of the international community, has never negotiated in good faith, and insists reunification under its rule is the only way its regime can survive. It sees the US, ROK, and Japan as deep threats and needs a military capability for defense and to seize the south someday – hence its “military first” policy and its insistence that the US leave the ROK. It has used provocations consistently for decades: the Pueblo, Blue House attack, the Panmunjom attack, Rangoon, the KAL flight – in the ROK, Japan, Hong Kong, and elsewhere. Often the same types of attacks are used, so recent cyberattacks mean we must expect more of these. The regime even uses its people's suffering to attract aid it diverts to other purposes. The provocations are pursued first to gain political and economic concessions in negotiations, second to sustain tensions that justify the “military first” policy and the regime's legitimacy, third to sustain elite cohesion and loyalty, and fourth to influence ROK elections.

The worst outcome would be another Korean war – the top threat facing the alliance. Another is the exports of missiles and the nuclear weapons program. A third is the North's asymmetric warfare capabilities such as CBW or infiltration forces and plans. Also illicit activities like counterfeiting, drug smuggling and sales, and money laundering. And we cannot ignore its massive human rights violations. Numerous organizations/groups have tried to deal with such matters, from the six-party talks to the UN, but they operate relatively independently in a piecemeal or stovepipe fashion. Needed is a unifying strategic vision against which to assess their activities. In June 2009 Presidents Lee and Obama offered one, the Joint Vision Statement. Its key point is the goal: peaceful unification based on democracy and a market economy with nuclear weapons and missile programs eliminated and human rights respected. Any organization or activity tackling the North Korean problem should be assessed in terms of how, and how well, it implements the Joint Vision Statement.

For instance the 2012 Defense Strategic Guidance Statement mentions dealing with DPRK provocations but not in the larger context of the Joint Vision Statement. There is the June 2012 Joint Statement, after the 2+2 talks on crucial issues, which does not stress reunification. And there are special envoys for various aspects of the North Korean problem, plus committees and working groups, which are not coordinated. Needed is a single ambassador-level official and a North Korea Strategy Group to integrate and synchronize US strategy with a parallel official and group in the ROK.

Key assumptions for such planning:

- 1) the regime in the North will not peacefully reunify – it would not survive this;
- 2) the regime will not abandon its nuclear weapons program – it would collapse;
- 3) the regime won't end provocations

With this in mind a combined strategy group would prioritize the tasks as:

Deter and defend against the North

Prepare for war and regime collapse

Sustain and strengthen the alliance

Conduct transformation and military modernization

The allies' actions and policies could be coordinated accordingly to attack the regime's strategy on multiple levels – undermine its legitimacy, damage its effectiveness, expose it internationally and to all Koreans, make it pay for provocations. It should have lost a sub after attacking the *Cheonan*, and seen its firing systems and C2 facilities being destroyed after the shelling of Yeongpyong. Many nations should aggressively target Department 39 which runs the DPRK's global illicit activities, crippling them and the funds they provide and targeting responsible elite members. ROK relations with others, like military cooperation with Japan, should be strengthened. Alliance military exercises should be planned with possible provocations in mind. Greater readiness, broadly conceived, is also necessary, particularly during the upcoming OpCon transfer and CFC dissolution. Needed is further improving ROK BMD via PAC3 and SM3 missiles, halting the US 210th Fire Brigade's move south, and redeploying US attack helicopters to Korea. Maybe US ground combat units should rotate in to provide crucial experience while permanently stationed US forces are being reduced.

PAPER: "The US-ROK Contingency Plan for the DPRK Crisis in the Post-Kim Jung-il Era"

Professor Park, Changhee, Military Strategy Department – Korea National Defense University. He was Chief of Military Affairs Research at the Research Institute for National Security in 2009-11, and he focuses on military strategy, and China's military affairs.

Dr. Park began by noting that while we can't say when, the DPRK will eventually collapse if it stays on its current course. Times have changed and North Koreans are shifting their thinking. Various catastrophes could result with a regime collapse – lots of refugees and defectors, civil war, WMD being lost, even a sharp shift in the regional power balance. In 2011 the Key Resolve exercise had the allies practicing for such contingencies together for the first time. The allies need a plan for shaping a favorable environment for unification when the time arrives and North Korea is in crisis, a plan based on four principles:

The ROK should take the lead in operations;

Multilateral cooperation on military and nonmilitary operations should be promoted;

There should be a program to influence North Koreans

Reunification should be arranged under UN authority

The US and ROK should bring the crisis situation to the UN to seek a Security Council resolution stating that it is a *Korean* problem, constitute some multilateral forces, create a command, and implement stabilization operations. The US, possibly with ROK and Chinese aid, would move to eliminate North Korea's WMD and related items. An interim government would plan free elections, demobilize North Korean forces, and arrange for reunification.

A shift in current leaders would not be such a contingency, even regime collapse might not be, but a North plunging into anarchy and the resulting chaos gravely threatening neighbors would. This might be precipitated by a public uprising, or a coup; whatever the cause there could be many refugees, a possible military clash among intervening states, serious US-China tensions, etc. The ROK would particularly care about removing North Korean hardliners, preventing a humanitarian crisis, stabilizing the

political situation, and preventing or containing civil fighting. The US would focus on North Korea's WMDs, but would have a strong interest in humanitarian missions, establishing security, and reunification. But a ROK-US joint intervention would immediately provoke Chinese intervention too, so the best course is to get multinational forces through the UN – very hard to do quickly and without controversy.

Obvious challenges would readily arise. China would want to create a pro-China regime along non-Western lines if possible, to stabilize the situation and sustain the buffer zone against the West the DPRK provides now. It would want to prevent a massive refugee flow. It has good reason to care about safeguarding DPRK nuclear weapons lest some fall into the hands of separatists and extremists in China. It could easily intervene unilaterally, but not without harsh criticism from the international community, and having to use as many as 400,000 military personnel. Even if China seeks multilateral intervention it will inevitably take some initial unilateral steps. Russia and Japan will certainly try to get involved. Russia will want to expand its influence on the peninsula, retard others from gaining too much, and particularly fear having all of Korea under US influence. Japan will oppose any unilateral Chinese intervention. Both will stress multilateral intervention under UN auspices.

The US might try to trade its intervention for halting China's intervention, resulting in reunification being forestalled. Then something like the North Korean regime might still remain, a satellite of Beijing. Russia might collude with Beijing on this, out of fear of expanded US influence otherwise and in keeping with their current cooperation on other matters. Unclear is how North Korean forces might respond to interventions. If they fight, the operations would be much more complicated.

The US and ROK should agree on getting successful military and nonmilitary operations rapidly underway with the ROK in the lead, multilateral cooperation being promoted, on appealing for support in the North, and on North-South political integration being gradually instituted. That means working at the UN to offset Chinese concerns and opposition. Use of a multilateral force is crucial, to forestall serious unilateral interventions if possible. Otherwise the US and ROK might have to mount a major operation to eliminate North Korean resistance. Gaining popular support in the North would be particularly important – without it reunification cannot be pursued in earnest. Steps toward unification would include promoting democracy, disarming the DPRK forces, incorporating some of its officers into the ROK military, holding a referendum on unification. Thus delay in getting multilateral action must not hold up everything else. And without prior preparations the allies might fail to agree on and coordinate their operations, risking loss of a much more stable future in Northeast Asia.

PAPER: “America's Pacific Power and Pacific Alliances in an Age of Uncertainty”

Dr. Michael O'Hanlon is a Senior Fellow in Foreign Policy at Brookings, specializing in defense strategy, the use of force, homeland security, and US foreign policy. He is a visiting lecturer at Princeton and an adjunct professor at Johns Hopkins. His latest book is *A Skeptic's Case for Nuclear Disarmament* (Brookings 2010)

Dr. O'Hanlon opened with the sequestration threat to the budget. For the US-ROK relationship it could mean such things as:

Some bad policy

The need to avoid a failure of deterrence

The US promise not to cut its Pacific forces turning out to be untrue because of cuts in DOD budgets of \$487B in the next decade (\$350B taking inflation into account).

This could happen. Republicans don't want tax increases to offset it, while Democrats see entitlement cuts as awful, military cuts as acceptable. Bipartisanship is at a very low level – the losers won't accept losing – so divided government is a serious continuing prospect. Some experts are unconcerned - US military spending is 10% higher than a decade ago and needs cutting. But actually the cuts will hurt and US military capabilities, even in the ROK, will drop up to 10%. The Romney budget plan is a mess, the Obama plan only modestly better. Meanwhile we must remain very potent in the eyes of the DPRK. Since the army will lose 7-8 brigades we need to remain able to rapidly move forces to Korea, get help from allies, and keep improving precision strike and other high tech capabilities.

On a much broader scale US forces are declining. In the Vietnam War the active duty forces were nearly 1.5 million, under Reagan about 800,000, under 500,000 after the Cold War ended, then beefed up by about 130,000 during the wars in Iraq and Afghanistan. Now they face major cuts again. We have tried planning to avoid manpower-intensive wars before but that hasn't worked. Today our forces are the world's second largest but only modestly higher than those of India, Russia, and North Korea; the active duty forces are not much larger than those of South Korea and Turkey. Heavier reliance on air and naval forces will not work – recent experience shows we need significant ground forces too. “Offshore balancing” won't work – opponents and friends will not be easily manipulated and our noninvolvement will free the former to be bolder.

The cuts could come to roughly 15% in our combat forces, about twice what the services want, back to about where they were ten year ago. For years we maintained forces to fight two wars simultaneously. That capability is probably unnecessary – a “one war plus several missions” level would be enough, particularly since war with China or Iran would most likely use air and naval assets. With 38 active duty army combat brigades, 24 more in the National Guard, 11 combat aviation brigades and seven in reserve, 3 marine divisions and 3 associated Marine Expeditionary Forces, the US could meet any probable contingency well enough while forces were rebuilt. Going to 28 active combat brigades would save \$5-8 billion more, and more National Guard brigades would help meet emergencies. But counting more heavily on the reserves would be risky as many current situations could breed wars: a North Korean conflict from a coup, escalation from a DPRK provocation or attack on the South, even an allied preemptive strike on North Korean nuclear forces. Perhaps there would be Chinese intervention. US ground forces would be needed in the ROK, particularly the mobile assets, to win fast.

Or US forces might be needed in Iran. Too small to seize the country, they could at least defeat the existing government and its basic forces, leaving occupation to others or along with others' substantial forces. That might pose enough of a threat to deter Iran.

More daunting could be a major India-Pakistan war – the US would probably need significant assistance from other forces to stabilize that situation. Thus the US can have enough forces to cope based on existing war plans for Korea and plausible assumptions about possible missions elsewhere that might arise. While this would be cutting it thin, the US may have significant allied support like the Western alliance system demonstrated it can provide in Afghanistan and Libya. Australia and Canada have been dependable contributors. Perhaps Japan will become one as its concern about China rises.

On the other hand, the allies are not greatly upgrading their forces. NATO defense spending is declining and it was not very high before – about half that of the US as a percentage of GNP. But the allies will provide a good deal of help when more directly threatened. The ROK will certainly do so for fighting on the peninsula. Taiwan would fight alongside the US if attacked from the mainland. Saudi Arabia and the UAE have impressive air forces to help the US protect them from Iran (they would not help in attacking Iran) and the same would be true for Japan in a US conflict with China. We can get help from various sources for smaller missions, especially low-risk ones

US forces are certainly very busy – some 2 million Americans have served abroad in combat-related missions in the past decade. There are significant US forces in Europe, the ROK, and Japan plus major naval units, numerous military units in the Persian Gulf and Afghanistan, lesser deployments or a force rotation presence in many other places. The US has over 60 formal allies or security partners. It has treated Eurasia coastal regions as vital to US security for decades - South and Southeast Asia sometimes included, sometimes not. Naturally this costs a lot, not in terms of basing and operating abroad per se (other than in isolated places like Afghanistan which are expensive), but just in the total forces involved. But withdrawal from such extensive involvements and responsibilities could be very dangerous:
Iran might menace others in the Middle East
China might press harder in East Asia
American friends might turn to nuclear proliferation
The low incidence of interstate war since World War II might end.

A good example is China. It requires a sophisticated American approach to a competitive/cooperative relationship – China is not a true adversary or friend. We need a subtle policy, pursuing a positive relationship while hedging against emergence of a negative one, a military relationship that is resolute but not belligerent or provocative. China has been acting tough on its neighbors and the US has been pushing back, and the presence of US forces helps reassure friends and others – helping the regional democracies and others to better prepare to stand together as needed. Playing this role takes a substantial overseas military presence in forces, infrastructure, relationships, logistics. We are used to it but it is not a normal great-power operating policy. At least the costs are eased by allies, such as by providing air bases.

The Bush administration's Global Posture Review attempted to evaluate our total military posture and basing, including needed force redistributions, in light of ongoing developments like the rise of China or threats in the Persian Gulf. The study envisioned

retaining some 500 sites overseas, relocating 7000 Marines from Japan to Guam, and other big changes. Such shifts have often occurred before. The current ones involve “planning for uncertainty” with shifts in , forces, and naval presence. The Navy now has under 400 major warships, half its size under Reagan, but 15% more deployment time abroad than a decade ago. It wants more ships as a result but can get by. The Air Force has 180 bombers and 260 tankers (and 300 in reserve) to service its 1700 active-duty combat planes. US forces can draw on prepositioned supplies around the world

What is the best approach in an age of austerity? With bases and personnel already abroad, little is gained by moving them home. The big savings come from removing them from war theaters and cutting the total number of military units. And the forces in one area are often flexible enough to readily move to other areas. The best place to make cuts now is the Navy. It has made clever adjustments to having fewer ships like rotating crews while keeping the ships at sea but has not extended this to major surface combatants from destroyers on up. Those ships are home for 6 months of training, abroad for 6 months (half of which is in transit), then home for 6 months more training – very inefficient. Rotating crews – keep a ship abroad for two years, would allow more Navy presence with fewer ships, with more ships available for newer missions such as in the Arctic. Allowing for a future war, maybe 20 surface combatants could be cut from the Navy’s request. Putting more subs at Guam would allow cutting up to ten attack submarines. Other cuts can be made by forward basing a carrier in Hawaii, Guam, or Japan. And instead of moving marines from Japan to Guam, they should go back to the US, with more supplies and equipment prepositioned in Japan, for a rapid reaction capability at lower cost

Discussants

Ambassador Song, Keun-ho, former ambassador to Kuwait, served in his naval career as Commander of the Second Fleet, Commander in Chief, and Director of Strategic Planning for the Joint Chiefs of Staff.

Ambassador Song called the papers very good, giving them an A+. He agreed with the Maxwell paper that North Korea wants a communist society for all of Korea, and currently emphasizes its nuclear power status. But its political, social, and economic situations are unstable, so we must expect more provocations. The allies’ elections won’t shift DPRK behavior, but continued provocations should evoke strong reactions. Cooperative planning for provocations has risen with a new joint plan on this now in place. The question is: how well will this work? Plans for retaliation are certainly necessary – past responses were too weak – with retaliation jointly.

On replacing the Combined Forces Command, it has been very valuable, as the former CFC Commander and Deputy Commander in the room (Generals Tilelli and Kim) can attest. The decision to shift the OpCom was a political, not military, decision. Since the military situation has not improved, well coordinated military operations are more valuable than ever. The CFC should exist until military judgment feels it is all right to make the change. How do the panelists feel about this? The US is arranging to keep 60% of its naval forces in the Pacific area, and increased US-ROK naval cooperation could help contain North Korea. What does Maxwell think about this?

Professor (emeritus) Huh, Nam-sung from Korea National Defense University is Director of the Korea Institute for Crisis Management Analysis. He has taught at other schools, been a news commentator at the Korean Broadcasting System, and a staff member in the Office of the President and the President's Security Service. His latest publication is *Korean National Security in Crisis* (2012)

Dr. Huh elected to focus on the other two papers to "protect" Dr. Park who "is my roommate here so I must protect him." The Maxwell paper is logical in stressing a holistic approach focused on unification. The idea of a joint reunification policy group to coordinate allied efforts seems appropriate, with reunification as the key – that is the ultimate security problem on the peninsula and in the region. He is correct in saying that the emphasis must not be on provocations per se; they can't be fully deterred or anticipated. Now we don't retaliate and we should – North Korea suffer for its provocations - so it feels free to continue them. Maybe the ROK should extend the range of its missiles to 1000 miles to bring the North entirely within range.

The O'Hanlon paper is very informative. It is true that we need enough ground forces and must not cut them indiscriminately – the size of those forces matters. Is 400,000 a large enough US army, as he suggests? Would sending 100,000 to the ROK in a crisis be enough? No; the DPRK has over 1,000,000. Wouldn't it be a mistake to cut US forces to 400,000? As for China, its policies are indeed problematic. It tolerates Pyongyang's behavior too much – as shown recently! Its main goal on the peninsula is stability, more important to it than denuclearization for example. What do the panelists think – should we press China harder? And what are the US options if North Korea deteriorates and China intervenes?

Colonel Maxwell expressed appreciation for the fine comments from the discussants. Song raised the matter of the CFC. In the military view unity of command is vital in war, and the CFC has been an excellent institution. The threat remains severe, and in a war or a North Korean collapse a unified response would be best – especially in view of the US fiscal situation. On Huh's comments, **O'Hanlon** said we certainly don't want sequestration to occur. A US army of 450,000 is sufficient – 400,000 would be too low - because if there is only one crisis at a time the US can send enough forces to cope. On China intervening, **Tilelli** added that planning for a North Korean collapse has a long history in US-ROK relations.

General Discussion

Bruce Bechtol asked Maxwell about putting more into having a proportional response to a North Korean provocation. Would this increase the chances of escalation. **Maxwell** replied that usually we haven't responded to provocations but when we have it seems to work. A ROK response must be a winning one but not go too far. A decisive response of this sort will likely work – the North can't afford serious military escalation. Forces primed to respond rapidly in this way are needed.

O'Hanlon said maybe we can use the current tight economic situation to forestall the OpCon transfer for a while – that might work. (Maybe for the Futema replacement

too.) In general, keeping more marines in the US and arranging to move them back faster is a better option; we use the base less and save money by not building new facilities for them elsewhere. But **Tilelli** interjected that the easiest way to implement military budget cuts is to *cut muscle*, that's the problem.

Dr. Larry Nicksch (CSIS) said it has been suggested that a ROK general run the CFC – would the US Army accept this as part of extending the CFC? And if there are serious cuts, and the Pyongtaek project and moving army families to the ROK are halted, would this cancel shifting US forces to the south from the DMZ? Would the US then press for larger ROK forces? **Tilelli** replied that the Pyongtaek project has started and should continue as planned, with US forces shifted south. More problematic is moving families. He emphasized that a ROK general already commands US forces in various situations. US forces accept that, its part of what makes the alliance the strongest in the world. **Maxwell** added that the CFC Commander reports to the two national commanders so *both* governments run the OpCon and the commander can be from either the ROK or the US. **Tilelli** said that alternating the ROK and US commanders in the alliance is working well, and **General Ayres** (US Marine Corps Ret.) agreed – the Pershing Rule (US forces under a US commander) dating back to World War I is way out of date. **Tilelli** said the alliance is very mature about all this. With that the panel ended and the conference adjourned for a coffee break.

PANEL III: NORTH-SOUTH KOREAN RELATIONS IN THE NEW ROK ADMINISTRATION

MODERATOR:

Ambassador Chung, Chong-wook, Seoul National University (emeritus)

PRESENTERS:

Professor Cho, Yun-young, Chung-ang University

Professor Hong Nak Kim, West Virginia University

Dr. Nicholas Eberstadt, American Enterprise Institute

DISCUSSANTS:

Dr. Marcus Noland, Peterson Institute for International Economics

Dr. Larry Nicksch, Center for Strategic and International Studies

Professor Yoon, Young O., Kookmin University

The Moderator opened the panel by reminiscing: after coming to the Sigur Center some years ago I had an emergency recall to join the ROK government. I was unable to return until now. The goal then was to support the effort by President Kim, Young-sam to move toward unification. Instead, we grappled with the crisis over North Korea's nuclear weapons program in 1994, which was exhausting. When that crisis was over I was sent to China; only now have I finally been able to return to the Sigur Center.

PAPER: "North Korea's Nuclear Challenges and Future Directions on Solutions for the Nuclear Issue"

Professor Cho, Yun-young, Vice president of the Korean Association of International Studies, serves on the Ministry of Foreign Affairs advisory committee. He is the author of many articles and several books including *Korea's Foreign Policy Strategies for Smart Power* (2009)

He began by recalling that the North Korean nuclear issue dates back to 1989 and the international community has been unable to end the North's efforts in over two decades of trying. Instead - a vicious cycle of negotiation, agreement, abrogation, crisis, and renegotiation. To summarize: the initial crisis and resulting US-DPRK negotiations led to the Agreed Framework and creation of KEDO but no resolution of the issue. The second crisis, in 2002, brought the Six-Party Talks, the September 19 Statement (2005) and the Joint Statement (February 13, 2007), eventually followed by the North's second nuclear test. Pressure and sanctions have not worked.

Years ago the North joined the NPT to build nuclear reactors, but also began a nuclear weapons program and resisted IAEA inspections. The US and others soon suspected this, especially after the North's withdrawal from the NPT in 1993. This created a crisis, Jimmy Carter's intervention, negotiations, and the Agreed Framework. The 2002 crisis was sparked by DPRK moves to develop a uranium enrichment program as a new part of its nuclear weapons program. The eventual Six-Party Talks ended up making no progress; North Korea tested nuclear weapons in October 2006 and March 2009. Thus a 3rd nuclear crisis had emerged focused mainly on the HEU program. It has led to more UN sanctions against the North and the US but, so far, no new talks. The US pursued complete, irreversible, verifiable, dismantlement (CVID) of the North's nuclear weapons, and saw the North as rogue state - a threat to regional security, an economic failure, and a human rights violator. In the Six-Party Talks each round resembled the others. Each was initiated right before or just after a new government came to power in the ROK or US, with the North probing their weaknesses or, in the US, the delay in constructing a new administration. The North used threats and brinkmanship, with the US, ROK and others making concessions in exchange for uncertain promises and vague rhetoric. Agreements always left out some important steps that should have been banned, which the North then exploited. Its research and development continued as the negotiations dragged on, then any agreements would be cancelled. Thus the North carried out a missile test recently right after the February deal on a nuclear freeze in exchange for food aid. What is needed in such cases is a tough response to show the North it will pay a high price.

In a true agreement, destruction of the North's program would include the Yeongbyeon facilities, the HEU program, other nuclear materials, and any nuclear weapons. Major issues would include the area in which weapons were to be destroyed, the order in which this was carried out, and the ways it was done. Yeongbyeon is now outdated so it is of lower priority than the other components. Most dangerous is the HEU program because it can have inconspicuous facilities and no radiation discharges. The US and the North disagree strongly on which comes first - the end of US sanctions or the end of the North's nuclear program. Adding other matters, such as steps to maintain peace on the peninsula or building light-water reactors, only allows the North to drag everything out further, more time to refine its nuclear weapons and delivery systems.

Contentious issues would arise over whether to destroy nuclear materials simultaneously with destroying the facilities, and whether to do this on site or have the materials transferred elsewhere for destruction. The North will seek to have major steps taken serially and via separate negotiations, stretching out the time involved. It is unlikely to give up its nuclear weapons even if other elements of its program are dismantled. Thus we may never really see the end of the North's nuclear weapons.

Early in the Six-Party Talks the North insisted on the principle of "peaceful settlement" of the nuclear weapons issue, no use of force. This reflected fear in both North and South that the Bush Administration would attack the North. Over time the North has insisted it also means coming to a diplomatic solution through "negotiation and persuasion," hoping to weaken American negotiating leverage. This principle should have rested from the start on clear evidence the North is ready to destroy its nuclear weapons, intends to do so. Without that, talks can go on indefinitely. We need to change this. We must also reconsider whether negotiations are an appropriate way to proceed. Several conditions and practices should become basic:

- 1) Use carrots and sticks simultaneously
- 2) Time should not be on the North's side. The "benign neglect" approach is therefore a good way to proceed. The North will insist that sanctions end as a precondition for more talks. This must be avoided.
- 3) Destruction of nuclear weapons is part of any other steps agreed on. Thus no tackling easier issues first with the later, important, ones never resolved. If the North has the will, to eliminate its nuclear weapons it must do so at the start. No more freezes, or giving benefits that never lead to disarmament. The benefits should be readily, instantly open to cancellation automatically when the North fails to carry out its promises. The agreements should be "symmetrical" – applying to both sides equally.

PAPER: "The Kim, Jong-un Regime's Survival Strategy and Prospects for Inter-Korean Relations"

Professor Hong Nack Kim has been president of the Association of Korean Political Scientists in North America, president of the International Council on Korean Studies, and is currently Chairman of the Board of the International Council on Korean Studies and former editor-in-chief of *The International Journal of Korean Studies*.

Professor Kim said the succession has gone smoothly so far, and summarized how Kim, Jong-un came to power. Designated heir apparent by his father in January 2009, he moved into key positions in the Korean Workers' Party in late September 2010 - Vice Chairman of the Central Military Committee and member of the Central Committee - having earlier been named a four-star general. Kim, Jong-il was also elevating his brother-in-law Jang, Song-taek, to handle the overall transition of power, while eliminating (or letting others eliminate) one of Jang's rivals. Kim, Jong-un was active in inspections and other trips with his father, accumulating additional power, until his father's death in December 2011. He became Supreme Commander of the armed forces later that month, First Secretary the following April, and succeeded his father as Chairman of the Central Military Committee and First Chairman of the National Defense Commission. Jang became a full Politburo member and Kim, Kyong-hui, his wife, a

member of the Secretariat. There were other top personnel shifts, pulling together a new leadership team.

Kim, Jong-un must gain the support of the powerful party, government, and military elites to stabilize his rule. He must also tackle three major strategic issues. *First*, he must do something about the deplorable economy. A quarter of his people are on the edge of starvation, living standards are deplorable. If this continues his legitimacy will suffer and regime survival could be in question. *Second* is the nuclear weapons conflict with the US and other major powers. The North's nuclear program continues despite strong outside pressures and criticism. In November 2011 it revealed a sophisticated HEU facility, another provocative step. *Third* is the ongoing relationship with the ROK. Technically the two Koreas are still at war, with huge forces on each side. The North has rescinded nearly all prior agreements with the ROK and conducted several serious provocations. Continued confrontation means more risk of war and little or no ROK help for the North economically.

In January 2012 the North agreed to negotiate on suspending its nuclear program for 240,000 metric tons of food aid from the US, implying a return to broader talks as well. Though it had advanced its nuclear weapons program considerably it was suffering from US-orchestrated sanctions. But sinking the *Cheonan* and shelling Yeonpyeong froze these activities and testing a missile shut down the food aid. The Security Council condemned the missile launch and added additional sanctions. Yet Kim, Jong-un announced that the "military first" policy would continue, and the newly revised constitution says the North is a nuclear power. Any progress toward negotiations is very unlikely until after the US elections.

The North's economic situation reflects a failure to expand its GDP since the Cold War and the huge famine it suffered in 1995-8. It lacks investment capital, decent energy supplies, and modern technology. It suffers from excessive foreign debt and frequent bad weather. Comprehensive economic reforms are needed, probably along the lines of China's: semi-privatized farming, more market mechanisms in industry and commerce, more private enterprise, major foreign investment, joining international economic organizations. North Korea has run a Stalinist command economy from the start and is now one of the world's poorest countries. The enormous military establishment eats up about a quarter of the GDP. Like his father, Kim, Jong-un promises a "strong and prosperous nation," and there are reports of reform-oriented comments by other high officials but major reforms are unlikely until the new regime consolidates its position, and real reductions in military spending will not come soon. The North has fallen behind in almost every area including its forces and has to rely on its nuclear weapons, but as long as it does so it will not get serious assistance from Western nations or international economic institutions. Thus it relies even more heavily on Chinese economic assistance and investment, which may not be sufficient and exacerbates North Koreans' concern about excessive dependence on Beijing.

Finally, the relationship with the ROK needs attention. North Korea was irate when the Lee administration cancelled major aid unless the North took reciprocal steps to

reform, open up to outsiders, and abandon its nuclear weapons program. It objects to the ROK's closer relations with the US now and its vigorous criticism of DPRK human rights violations. The Lee administration has also been much harder on North Korean sympathizers, agents, and collaborators. The signs of Seoul's tough attitude led the North to rescind numerous agreements with Seoul and maybe provoked some of its provocations. It is now trying to influence the upcoming elections and blaming the ROK for North-South tensions. Expect little change until the new regime has consolidated its position – the nuclear weapons program will continue, major reforms will be put off, and tensions with the ROK will continue until the South's elections in December.

PAPER: "Prospects for Inter-Korean Economic Cooperation: The Next Phase"

Dr. Nicholas Eberstadt is a senior adviser to the National Board of Asian Research, a member of the Global Leadership Council at the World Economic Forum, and author of numerous publications on East Asia, the two Koreas, Russia and other former members of the USSR.

Dr. Eberstadt summed up his message this way – North Korea under Kim, Jong-il was the only society with an urban literate population to suffer a famine. This is a very difficult feat to pull off. Kim, Jong-il was actually running the economy from 1980 on under his father, and initially it was in fairly good shape. It had long outpaced the ROK and was doing well in exports with a higher per capita rate than China. Now it is near the bottom in exports – falling well below Vietnam, even Bangladesh. The same applies to imports. Along the way it became very aid dependent and is now one of the most aid-dependent countries in the world, relying on China, and periodically on the US, Japan, and the ROK.

A series of charts and graphs comparing North Korea with what figures from around the world suggest the figures out to be was used to explore facets of this situation: In per capita merchandise exports in 1980 North Korea was close to Turkey, well ahead of China, Vietnam, Cambodia. By 2007 it was on a par with Djibouti and Guinea-Bissau, below Bangladesh. China and Vietnam have done vastly better.

North Korea's real per capita merchandise imports remain significantly below 1980s figures – China and Vietnam do much better.

In 1995-2007, US and ROK aid equaled 34% of DPRK's exports, well above equivalent figures on aid and development assistance to sub-Saharan Africa

North Korea is near the bottom of an Index of Economic Freedom for 1995-2010.

In terms of global GDP per capita vs Urbanization Rates, North Korea's GDP ought to be somewhere around \$5800.

Correlating Global Per Capita Merchandise Exports with Life Expectancy, North Korea's figure should be \$893; its actual exports are \$86.

Correlating Global Per Capita Merchandise Imports with Average Years of Education of those aged 15-64, DPRK imports should be almost \$6000. Actual imports are \$133.

North Korea is way below what it should in Per Capita GDP given its levels of life expectancy, urbanization and education.

In per capita merchandise exports Vietnam does \$692 versus expected exports, given its life expectancy, urbanization, and education, of \$279. China does \$940 versus expected exports of \$717. North Korea does \$86 versus expected exports of \$2684.

Actual and expected merchandise imports: China \$791 actual, \$1357 expected; Vietnam \$848 actual, expected \$782; DPRK actual \$133, \$2722 expected.

Thus, given its human and other resources North Korea ought to be producing vastly more than it does, doing much better than it is. Obviously, the policies being followed are mainly responsible. Using the Economic Freedom Index along with other resources data, North Korea's predicted output, exports, and imports are much higher than the actual output, exports, and imports.

Discussants

Dr. Marcus Noland is well known for work on Asia, Africa, and the Middle East and is a leading economic specialist on North Korea. He is a former senior economist at the Council of Economic Advisors in the White House. Author of numerous works he has held research or teaching positions at Yale, Johns Hopkins, USC, Tokyo University, the University of Ghana, and the Korea Development Institute.

He announced he would present his version of the Eberstadt story, which he summarized as "North Korea has a really lousy economy." It now has very high levels of internal corruption. Would economic engagement with the outside world provoke and promote reforms? That is unlikely. Major players in the DPRK economy and political system have very divergent interests when it comes to the economy. And the North mainly interacts with states that don't care much about North Korean reforming. As for international firms, they would worry about expropriation. ROK firms deal with the North in various normal ways, like using firms there as intermediate producers working on commission to process materials received from outside and send them on. And ROK subsidies often affect what happens in the North's economy. Internally, the Kaesong project is run along South Korean lines. So there is some external impact.

Will the North develop better policies. The leaders are right to fear what would result from true market arrangements, and the more North Koreans know about the outside world the more critical they are of the regime. Those who know a lot are more likely to leave the country, are more likely to have been arrested, and have the most negative views. True reforms could really pay off, but the capacity to deliver them is quite low. Discontent is widespread, with an expanding civil society partly responsible. Basically, the country is "great at inflicting misery."

Dr. Larry Nicksch served in the Congressional Research Service for 43 years, specializing in East Asia and the Western Pacific. Now at CSIS he is also an Adjunct Fellow at the Institute of National Security Strategy in Seoul and has been teaching at George Washington University.

He started with the nuclear weapons issue. Kim and Cho were pessimistic about this, and they should be. Denuclearization is a failed effort and policy. North Korea is very close to adding reentry vehicles to its arsenal for a nuclear delivery system. Its nuclear weapons program probably cannot be reversed – the regime would insist the US remove its forces from Korea and alter the alliance as a prerequisite. Thus Cho's recommendation that the allies insist on denuclearization as the starting point in talks is

the best approach. The question is: would DPRK development of reentry vehicles finally end attempts at denuclearization? If so, what policy could replace it?

Next, Kim, Jong-un has drawn a link between nuclear weapons and the DPRK domestic situation. Can he institute real and viable reforms and have nuclear weapons at this point? If so, how should the US and ROK approach this matter? I agree with Noland that we must put an economic reform component (requirement) in our aid programs, even on food aid, and call on the North to institute Chinese-style food reforms in order to 1) embarrass China and 2) enhance China's efforts to press the North on this.

On North-South relations, the fluctuations in ROK policy in the last three administrations have been huge. A new president is likely to shift the ROK policy, reducing the current linkage between denuclearization and better relations sought by the current administration. This is probably necessary. The ROK should be seeking deals with Pyongyang, more open contacts with it, have less polarizing policies toward it. The next president should offer new negotiations along these lines, on the following matters:

- 1) the North-South boundary line in the Yellow Sea
- 2) long term schedules for family reunions
- 3) placing all missiles in Korea under the Missile Technology Control Regime
- 4) ROK assistance, and related training, to North Korean hospitals
- 5) aid to the North on economic reform efforts

Professor Yoon, Young-o has served as Dean of University Relations, Dean of the School of International Relations, Provost, and Dean of the Graduate School at Sung Kyun Kwan University, as well as an advisor to the Ministry of Foreign Affairs, Ministry of Unification, National Intelligence Service, and National Security Council.

Having received his Ph.D at George Washington, **Dr. Yoon** said it was great to be back, that he had benefitted from the prior commentators and could be brief. As mentioned earlier, the US is unlikely to shift its policies on North Korea. Direct talks in the Clinton years reached some agreements but had no permanent success, and the Bush administration dumped the whole idea. Why not try direct talks again? That is necessary because the North is close to becoming a China satellite, and the ROK can't swing a deal on denuclearization by itself. The DPRK may be amenable. Defectors tell us Kim, Jong-un could be in serious trouble if economic needs are not met – he lacks legitimacy.

Kim's paper is correct: we need to reduce conflict in the ROK on how to deal with the North and ease North-South confrontation. The next ROK government should announce it will respect earlier North-South deals (reversing President Lee's approach), seek more interaction with the North (after all, the Kaesong project has been a kind of Trojan Horse), and pursue decent tit-for-tat interactions.

Discussion

Lack of time kept further discussion very short. **Dr. Kim** accepted the comments of Nikisch, saying he had little to add. He said Yoon's proposal that bilateral US-DPRK talks be revived would not help. North Korea will just continue discarding agreements when it wants. We must emphasize the ROK interests at stake, not leave dealing with the

North to the US. Stress should be placed on the Six-Party Talks again – more deals have been reached that way. This is partially because North Korea thinks its nuclear weapons will allow it to overpower the ROK, which is a stupid idea and will get it nowhere. Finally more pressure should be put on China to promote economic reforms in the North.

The audience reaction suggested its approval of this lengthy panel, and the conference adjourned for dinner.

Dinner Address

To open this event, **Major General Lee, Seo-young**, The ROK Military Attache who had been in attendance all day, expressed appreciation to the participants on behalf of the ROK Minister of Defense. He noted that the Defense Minister had recently been in Washington, discussing North Korea's provocations and other topics very much related to the conference topics and discussions. He indicated that the Defense Minister was the sponsor of the dinner.

General Tilelli thanked the Defense Minister and General Lee for their support of the Council and the conference. He then introduced the speaker, **Lt. General Wallace "Chip" Gregson** (US Marine Corps, Ret), pointing out that General Wallace had held a number of important positions in East Asia during his years of military service, adding that this career had made him a natural choice for his current position as Assistant Secretary of Defense – Asian and Pacific Security Affairs.

After thanking General Tilelli for the fine introduction, **General Wallace** recalled that they had first met years ago flying from Pyongyang to join high level US officials who were to review their five-day stint in North Korea. "It was my third trip to North Korea." As always, the poorer the state the more lavish the entertainment for important visitors! Wine flowed. A huge chorus. Vast meals. Dancers. A string orchestra. When North Korea negotiates they see everything as part of a long line running through their history, all being interrelated. For the US such activities are strings of discrete events, thus a problem is something that can be solved, right now. The two styles of negotiation don't mesh. The lead negotiators for the North were the lead negotiators 20 or 30 years ago. Our negotiators turn over regularly, rapidly.

The topic tonight is "A Free North Korea." To start with, outside conditions have a strong impact in restricting changes in the Korean situation, making for considerable continuity. For instance geography dictates a good deal of what can take place. There is the very long coast, but also the Yalu which you can walk over in many places. Koreans cite some 900 invasions in the nation's history. All allies are perceived and dealt with warily. Outsiders have long treated Korea as an afterthought, a trade target. World War II itself was a huge outside condition. When the US forces were dissolved and pulled out of the ROK, the result was disaster in the form of the Korean War – then a very long path to democracy for the South, and dictatorship and eventual decline for the North.

Provocations by the North are an old story. It has exploited the restraint shown by others. After the Cold War North Korean economic and political systems became much more restrictive, went into decline. The DPRK threat became much less invasion than lesser attacks. There was a serious decline in its living conditions – which is why its soldiers are much shorter than the ROK's. Medical conditions have become primitive, education is quite limited – too much propaganda. Then there are the concentration camps. And the great power pressures from Japan, China, and the US, bearing down on the Koreans, continuing to limit their options, reinforcing the status quo and opposing a solution by force, so negotiations produce little success. External factors can be very potent indeed. The North Korean elite needs to have the status quo survive - it is now just a criminal cartel with hostages. But more information is flowing in from outside so various kinds of interactions can affect it somewhat. This is worth considering.

There was time for some questions. **Professor Bruce Bechtol, Jr.**, Angelo State University, asked what future North Korea had with a “kid” in charge. **General Gregson** said the US had thought Kim, Jong-il would be running things. Earlier many in the US thought the North would not survive after the Cold War so maybe Kim, Jong-un will be able to continue in power. But the regime is trapped, also the elite. They, and many abroad, fear that a rapid shift in the status quo would be disastrous. So North Korea may survive for some time. Deterrence has worked to prevent another invasion, but it doesn't work when it comes to provocations. We particularly need better containment of North Korean sales of weapons, nuclear materials, illegal drugs, etc.

Joe Jerebosco suggested that China's role is shaped by the fact that it likes having the US distracted by North Korea. What if this is so? **General Gregson** agreed there might be some truth in this. But many North Korean actions provoke Chinese responses that are critical of North Korea. Other North Korean actions just increase US support of and better relations with its allies, and help keep US forces in Asia. Hence the North's behavior is a very mixed bag from China's point of view.

A member of the audience asked if China could use North Korea for leverage in the South China Sea disputes. **General Gregson** saw little leverage via North Korea for China's concerns to the south. North Korea is relevant, can have some impact, on Northeast Asia matters instead. **Dr. Marcus Noland** cited the limited stature of North Korean soldiers mentioned in the dinner address – the food situation is very bad there. Yet a deal on more food aid from the US fell apart in February, and starvation may be taking place as a result. Should we offer the aid anyway? **General Gregson:** US policy has typically been against using food aid to punish or harm. The US can use it to penetrate North Korea to some degree and we should insist on doing so.

Dr. Richard Shin (Economists Incorporated) said some South Korean diplomats report that the elite in the North is doing well, and that many North Korean officials privately expect the North to be absorbed by the ROK eventually. Any comments? **General Gregson** made the following points in his reply:
Clearly the elite does quite well, for the most part
But many people are doing badly, even in Pyongyang

Even in premier places where foreigners stay, the staff have their own gardens
NGOs tell us that the situation is very bad
But will this be compelling? I can't say. There will be more refugees. But change? The people may be too exhausted for that.
Finally, various North Korean officials do, in fact, say the end of the regime is coming.

Kathy Verbeck (Council on Foreign Relations) asked how North Korea viewed the upcoming OpCon transfer. **General Gregson** said this is a big issue in the ROK and "I don't know." North Korea claims the ROK is a US lackey. Will this step put an end to that? "I can't say."

General Tilelli brought the event to a close by thanking the speaker, praising him in particular for great candor in his address and responses.

PANEL IV: PROSPECTS FOR KOREA'S ECONOMIC RELATIONS WITH MAJOR POWERS AFTER THE U.S.-KOREA TRADE AGREEMENT

MODERATOR:

Dr. Soon Paik, President of the International Council on Korean Studies and Senior Economist at the Department of Labor's Bureau of Labor Statistics

PRESENTERS:

Professor Yoon-shik Park, School of Business at George Washington University
Dr. Claude Barfield, American Enterprise Institute
Professor Hong, Sung-gul and Professor Mok, Jin-whyu, Dean of the Graduate School of Public Administration and Professor of Public Administration respectively at Kookmin University

DISCUSSANTS:

Dr. Richard Shin, Economists Incorporated
Professor Shin, Myung-soon, Yonsei University
Professor Jung, Il-hwa, Hankook Ilbo and Kyonggi University

PAPER: "The Impact of the U.S.-Korea Free Trade Agreement on Both Economies"

Professor Yoon-shik Park is a professor of international finance, holds two doctoral degrees, has written numerous books, worked at the World Bank as a Senior Economist, served on the Board of Directors of Samsung, and been a consultant to numerous US and international economic agencies and organizations

Professor Park noted that the KORUS FTA, in effect since March 15, is the latest of 20 US FTAs, with more to come. There are now 250 FTS just in the Asia-Pacific region – up from 53 in 2000 - and a huge surge in FTAS globally. They now extend to 50% or more of world trade. The ROK has 9 FTAs (its first was with Chile in 2004) and is in negotiations on 6 more while also exploring ones with Russia and China. International trade accounts for about 25% of the US economy and supports 9 million jobs, and President Obama's National Export Initiative seeks to double US exports over the next 5 years. International trade is even more important in Korea, accounting for 60-

70% of ROK economic growth in 2009-10. Nevertheless, it has lagged behind others in pursuing FTAs, and it will take signing the 6 prospective FTAs to make half of Korea's trade FTA-related. The KORUS FTA was the largest free trade deal since NAFTA. If a China-ROK FTA emerges the ROK will link China, a huge base for Korean parts and semi-processed products, with the giant US and EU markets, the only country to do this.

This is a huge shift for the ROK. When I first came to the US the ROK had a weak currency and imposed limits on how much citizens could take out of the country. I came to study but needed a job immediately since I could bring only \$50 (!) with me. How things have changed! The ROK was the 15th largest economy in 2011, with a remarkable record of trade-driven economic growth – it is one of only 9 countries with a total trade volume of over \$1 trillion. It is the 7th largest US trade partner and a huge market for US food, information technology, and services. It heavily uses Chinese labor for cheaper production of its goods, which has stimulated FDI from the US and Japan.

The huge shift in percentage of total Korean trade from the US to China will be somewhat readjusted because of the FTA. US imports from Korea have exceeded its exports there for years but, judging by other FTAs, KORUS should boost US exports to the ROK substantially. The US has had a much more open economy than the ROK for decades, which was a huge benefit to the ROK through trade. The US was very generous on this which is something many Koreans forget. But almost all trade between the two will be virtually free within ten years. Koreans hope this will stimulate development of the ROK services sector – banking, insurance, medicine, research and development, etc. The earlier campaign to make the ROK a great financial center has failed, and the FTA may do something to rectify this by forcing the bureaucracy to take some action. Also expected are big increases in exports to the US of auto parts, textiles, and shoes. Studies in the US predict the US GDP will rise by \$10 to \$25 billion as a result of KORUS.

This is welcome news in today's global economy which remains fragile. The US economic recovery continues to be very slow, at half the rate that was normal in past recessions. US first quarter growth this year was just 1.9%. And world economic growth promises to be less this year than last. One response of the Obama administration has been strong emphasis on US export growth since exports support some 9 million American jobs. ROK exports are responsible for 70 % of its economic growth recently, and 80% of its manufacturing jobs; they are the cornerstone of its economic miracle.

A major new development is the Trans-Pacific Partnership talks announced in November 2011, involving Australia, Brunei, Chile, Malaysia, New Zealand, Peru, Singapore, Vietnam, and the US. It is aimed at cutting trade barriers, and harmonizing or developing policies on intellectual property, labor, and environment matters, state enterprises, regulations, and innovative products and services. It would cover about 40% of world GDP. This is part of the US shift toward Asia and its efforts to promote exports more vigorously, and Korea and Japan may join the talks in the near future in part from wanting to expand trade arrangements that don't involve China. Mexico and Canada have also joined the TPP talks, while China has been pushing more vigorously for an

FTA with the ROK. KORUS seems like a geo-political catalyst for expanding US influence in the region.

PAPER: “The United States and Asian Regionalism: the Long Road to the Trans-Pacific Partnership”

Dr. Claude Barfield is a Resident Scholar at the American Enterprise Institute, specializing in international trade, Asian regionalism, intellectual property, science and technology policy, and US competitiveness. Prior to moving to AEI he taught at Yale University, among other places.

Dr Barfield started with a brief history of US trade regionalism, saying that in the past two decades US policy has been fairly stable. Recently the pace of trade agreement developments has increased. In the past the US often overreached itself, pressing for too many things such as straight reciprocity agreements. It also prefers deep levels of trade integration, going well beyond tariffs to regulation, services, etc. Now there is a major US focus on Asia whereas earlier Asia was not considered central.

As a champion of free trade after World War II, the US stressed *multilateral* trade arrangements. But where GATT did not cover some important trade sectors domestic interests urged the US to act unilaterally or via bilateral trade deals, which it did. But by the late 1980s the rise of the EU economic bloc and of Japan (possible head of an East Asian economic bloc) pushed the US, especially Secretary of State James Baker, toward regional trade arrangements with Latin America and elsewhere, in part for their important implications for US political/diplomatic and security interests as well. President Clinton then sought to prevent US decline by expanding its economic competitiveness, moving along more mercantilist lines to expand US trade. He also moved to establish NAFTA which slashed trade barriers to trade in North America across the board and created side agreements on labor and environmental issues. NAFTA became a template for subsequent US bilateral and regional trade talks. Clinton also launched the annual APEC meetings, which had a general orientation toward cutting barriers to trade and foreign investment but letting states do this at their own pace rather than through elaborate timetables. However, the US, and others, were soon moving toward timetables and binding agreements, something the Asian states had to resist.

The Bush administration committed itself to the multilateral world trade system and WTO but continued emphasizing links between trade policy and overall US foreign and national security policy. It also added a policy of “competitive liberalism” – seek deals *bilaterally* or with *groups* and *regions* that used the leverage of access to the huge US market to help promote global free trade in the long run. Such deals were to also depend on others’ support of US security goals and policies – those who did would get preferential treatment. Thus the Bush administration was the first to try to put FTAs within a larger US national trade, and security, strategy. The result was negotiations started or completed with 15 countries, particularly in the Middle East. Australia got priority over New Zealand because it supported US security policies and New Zealand did not. The Central American Free Trade Agreement was another significant step.

Obama had a history of opposing deals like NAFTA and CAFTA and many democrats wanted no deals without provisions on human rights, social protections, environmental rules, and currency reforms. He eventually shifted to a more internationalist view via listening to his economic advisors, looking for ways to boost the economic recovery, and reacting to a rising China, and by 2009 he was announcing US participation in the TPP talks and promoting KORUS. China was particularly important on all this as a rising elephant in world trade.

East Asia regionalism had been experiencing:
Suggested alternative East Asian arrangements – ASEAN plus 3 or the East Asian Summit;
The decline of APEC;
An explosion of FTAs.
APEC's decline started during the Bush administration and was not strongly resisted by the US. ASEAN plus 3 (APT) arose as one possible response to the Asian financial crisis in the 1990s, but after 2000 became a possible vehicle for East Asian integration, particularly to China, steadily displacing APEC. One Chinese goal was to exclude the US from the region. The FTA explosion was in reaction to similar developments in other parts of the world, and pushed East Asia well beyond doing things in the "Asian Way."

The US announced it would join the TPP negotiations in 2008 and they got underway in 2009. They are very complex due to many cross-cutting issues in important areas and having to take existing FTAs into account. Significant issues:

1) Membership

The goal has been to eventually encompass the APEC members and create an Asia-Pacific FTA. But this conflicts somewhat with the desire to get have the initial participants set up the basic agreement. It raises problems for important states (Australia, Japan, etc.) who would have to join without having set up the basic rules. Japan and Canada are interested but have delayed trying to join for now.

2) Architecture

The US seeks to keep existing FTA arrangements on market access in place – avoiding renegotiations of all sorts and retaining deals the US signed on matters like intellectual property, services, phased tariff reductions, etc. Others want an overall common-market access schedule, eliminating clusters of separate arrangements. The third option is to blend the first two – a messy solution. No solution has emerged.

3) Agriculture

Major groups in US agriculture see no gain in cutting barriers to imports of farm products (sugar, dairy, etc.), others hold the opposite view. Such issues aren't easily resolved in negotiations with other states (New Zealand, for example, on dairy products).

4) Rules of Origin

In FTAs these rules pertain to how much of a good must be produced by the partner(s) to qualify for tariff preferences. The US wants high threshold levels and narrow product-specific rules of origin and, in textiles, mandating that materials used come from either the home country or an FTA partner country. Naturally, other US parties want somewhat different rules. The US view is opposed by several other states.

5) Intellectual property

The US seeks, particularly in pharmaceuticals, provisions that slow, or provide barriers to, rapid introduction of generics, plus strong protection for intellectual property generally. Other governments (New Zealand) claim the US position will harm innovation. The US hopes to water down EU-like restrictions limiting names of types of products (like wines or cheeses) to particular regions. There are disagreements over copyright provisions and even over holding internet providers liable for carrying copyrighted material on the internet.

6) Investment

The US calls for rules, often found in other FTAs, on national and MFN treatment for investments, curbs on expropriation, free capital transfer, no performance requirements, etc. There is conflict over strong international arbitration and judicial proceedings vs national ones in dispute resolution between investors and states, with some US and international groups supporting the use of national agencies.

7) Labor and the environment

US labor interests want provisions on freedom of association, collective bargaining, elimination of forced labor, abolition of child labor, and ending discrimination in employment, plus adherence to ILO labor conventions – things Republicans will strenuously oppose. And the US has proposed a wide set of rules on a many environmental concerns; poorer nations will oppose provisions on fishing.

8) Latest issues

One is regulatory coherence – getting national regulations on trade rationalized and harmonized or at least mutually recognized, with concerns about transparency, duplication and overlapping, anti-competitive regulations, etc. Another issue the US is pushing is ending preferential treatment for state-owned enterprises in places like Vietnam, Malaysia, and eventually China. But some US public-private arrangements (in energy and some manufacturing) might be hampered by limitations of this sort

Clearly, the negotiations will be long and difficult. Some lessons from the developments thus far:

- 1) Asian states are wary of reciprocity-based obligations (instead of the “Asian Way”) so the very legalistic US approach needs adjustment;
- 2) The “US model” for regulations is similarly unpopular
- 3) The US team must include more people from State and DOD to better link trade to political/diplomatic and military interests
- 4) Often the Office of the US Trade Representative office seems to put private interest proposals on the table to use rejections there to justify its compromises. If so it needs more support from State and DOD for this reason as well.
- 5) While the big test is ahead, the participants are more serious than seemed possible just a few years ago. A settlement may actually be reached. It is likely that a TPP agreement will look a great deal like KORUS. Adding Korea and Japan to the negotiations would greatly enhance incentives for other Asian states to join. The ROK should join too.

PAPER: “The Russo-Korean Cooperation for Natural Resources: The Prospect of the Trans-Siberian Pipeline”

Dr. Hong, Sung-gul is a specialist on the information technology industry and on information society development. He serves on evaluation and advisory committees for

the Ministry of Information and Communication and the Ministry of Science and Technology.

He reported that there have been Russo-Korean talks recently about the idea, dating back to 1989, for a natural gas pipeline (PNG), from Russia to the ROK through North Korea. The plan was associated with the Nordpolitik of President Roh, Tae-woo but has been frozen for years. It would greatly benefit all three parties, cutting the price of gas to the ROK by 30% and giving the DPRK some \$100-150 million annually in transit fees. Construction costs alone would run about \$11B, providing a lot of business. The North would have a stable energy supply, thus reduced reliance on China. On the other hand, North Korea is not trustworthy, might use the pipeline as greater leverage on the ROK - the project would operate for decades and who knows what will happen during that time?

On and off discussions finally resulted in a 2008 ROK-Russia agreement on a feasibility study, with gas to flow by 2015. This was undertaken in 2009-10 based on the gas going to Vladivostok and then on to the ROK, but in September 2011 the DPRK was added. (A Sakhalin-Khabarovsk-Vladivostok pipeline has already been constructed and the ROK gets some LPG from there.) Russia has about 25% of the world gas trade, gets over 60% of its export revenues from oil and gas. It anticipates Asia taking more of its exports because the Europeans are diversifying their energy imports, China's consumption is rising, and new gas fields are coming on line in eastern Siberia. The ROK, China and Japan are the largest LNG importers in the world already, and the ROK is the world's 10th largest energy consumer.

There are strategic considerations involved. For South Korea, the project would cut gas costs substantially, diversify its sources, and open up possibilities for more cooperation with the North. It may benefit from constructing portions of the pipeline too. Russia has mainly economic considerations - more development in Siberia, markets for the gas fields there, possibly more influence in Pyongyang at China's expense. If the DPRK is connected it will likely write off its \$10B debt to Russia. It can get revenue from running the pipeline and maybe helping construct it, plus easing its energy shortage. It also would reduce dependence on China somewhat.

China gets much of its gas from a central Asia pipeline, and would like one from Russia to the ROK to run through Manchuria to Beijing and on to South Korea under the Yellow Sea. That would give China more leverage with Russia in negotiations over Russian gas prices, while one going through Russia to Vladivostok and on to the ROK would undercut its bargaining power. Japan has been talking with Russia about energy cooperation but has low expectations that a gas pipeline will run from Russia to Japan. The US boom in shale gas might expand Europe's energy supplies, easing its dependence on Russia and curbing Russian influence. On the other hand, rising cooperation between Russia and the ROK via by the pipeline and related projects could change the political environment in Northeast Asia, reshaping US foreign policy there.

However, Moscow might utilize the project to achieve a gas-exports-driven monopoly on Northeast Asian energy supplies much like it has done in and with Europe.

That could lead to Gasprom, which is just an extension of the Russian state, or North Korea exercising serious leverage on Seoul. While LNG can provide an alternative delivery system the price is considerably higher, and the higher it is the more leverage North Korea would enjoy. Or the North could regularly seek to raise the transit fees it charges Russia – the Ukraine’s fees have more than doubled since 2009. If, as seems likely, North Korea wants the fees as high as possible, the ROK may have to take care of much of the increase. There are suggestions the pipeline be developed as separate from political issues, to avoid the how the Keumgangsán project ended up. But the primary risk will come from “the very existence of North Korea, and its unpredictable behavior.”

A lot of cooperation will be needed to make the pipeline project a success and unfortunately Northeast Asians have more experience with competition than cooperation. For example there are the conflicts Japan has with others over its behavior in World War II. But the commercial interests at stake are very potent and could change the structure of the world energy market. Even the US could have a stake since Sakhalin 1 project is operated by ExxonMobil, and US firms might have some role in the new pipeline construction. The ROK has been essentially an island country since its creation and this project could link it directly to Eurasia. And Russia could double its natural gas markets. However, North Korea’s possible leverage is a problem with no ready solution, making the project more difficult to realize.

Discussants

Dr. Richard Shin’s research interests include applied microeconomic theory, industrial organization, regulation, the telecommunications industry, and econometrics, and his publications have covered not only these matters but also health economics.

He thought the papers were fine. On the economics of free trade, for maximum efficiency free trade is best; less than free trade distorts markets. However, not all tariffs and related departures from free trade are bad, especially if they have some political benefits. To maximize the benefits of free trade multilateral agreements are best, but bilateral agreements are easier to negotiate although they often involve departures from free trade.

Dr. Park’s paper shows KORUS has had unexpected benefits for Korea. If China and Japan sign FTAs with Seoul investors in the ROK can access to all major global markets. In the regionalization of American trade practices and policies there are certainly a wide range of deals. The Barfield paper is very good on the noneconomic factors helping shape US trade policies. The Hong (and Bok) paper makes it clear that the Russia gas pipeline project could be very beneficial. Three monopolists would be involved: Russia as supplier, North Korea as transporter, and the ROK as main consumer. It will certainly be hard to establish effective legal constraints on any of the three in the deal. One question: won’t political instability continue to inhibit the project?

Professor Shin, Myung-soon has served as Provost, Dean of Social Sciences, Dean of the Graduate School, and Director of the Institute for East and West Studies at Yonsei University. He has written numerous books and articles, focused particularly on

Korean politics in recent years, and served at one point as Policy Advisor to the Prime Minister.

Dr. Shin, like the other discussants, praised the papers as very good. They cover a great deal concisely, particularly the central aspects of their topics. The Park paper is fine on KORUS. It has many good aspects so why don't all states adopt them? Why hasn't the US pursued FTAs with Japan and other major economic powers? The paper should offer an explanation here. Also, several problems remain in the ROK on the FTA: strong opposition from unions, farmers, and several other groups, and even some fighting among elements in the National Assembly. In fact, the opposition parties claim they will repeal the FTA in the future. So its future and long term impact is still uncertain.

Barfield noted the importance of security considerations in recent US trade policy. One puzzle – have security aspects applied only in picking *partners* for US FTA talks or have they been important in the actual talks – with the US trading economic benefits to meet various security concerns? Also, Korea clearly gets short term benefits from the FTA but will the continuing rise of China make the FTA less beneficial in the long run? Or will the FTA enhance ROK influence with China at North Korea's expense?

The Hong-Mok paper highlights the need to offset the North Korean problem in the pipeline project because there is no solution for it available now, and I agree. But this means that the pipeline project does not have good prospects. Thus North Korea is *really* the problem!

Professor Jung, Il-hwa, now at Baeksok University, has specialized in international relations at a number of universities in his academic career and is also a career journalist – winner of the Korea Journalist's Prize and the Distinguished Science Reporter Prize.

Opening with the Park paper, he suggested that the North Korean problem should be possible to handle by an using ocean route to bring gas to South Korea. It could run from Sakhalin (where Exxon operates) to Japan, and then from Vladivostok to the ROK following the route used by Soviet spyplanes along the coast. Wouldn't this eliminate the North Korean problem? What would it cost? And what would the technical problems be, if any? It's about time to get the project up and running. After all Russia was the first oil exporter to Korea in the late 19th century, and oil lamps were sold widely in Seoul then. But they emitted too much soot! Natural gas would be much better, supporting the buses Seoul converted from diesel to gas some 10-15 years ago, again because of pollution. One question for Barfield: are there lessons to be drawn from European economic regionalism for transpacific regional trade arrangements? And on the Park paper, will KORUS somehow enhance the promotion of democracy in China and North Korea?

These and earlier questions posed by the discussants went unanswered as the session came to a close.

Luncheon Address
Ambassador Kathleen Stephens
“The US-ROK Partnership and Peace and Prosperity in East Asia”

General Kim opened the luncheon proceedings by thanking the sponsors of the lunch: **Dr. Song, Dae-sung** the President of the Sejong Institute, and the Korean Institute for Maritime Strategy. Then **Professor Robert G. Sutter** from the Elliott School of International Affairs at George Washington University introduced the luncheon speaker. **Ambassador Kathleen Stephens** was a Peace Corps volunteer before joining the Foreign Service and rose through the ranks to be the Ambassador to the ROK in 2008-2011. She has been Acting Under Secretary for Public Diplomacy and Public Affairs, Principal Deputy Assistant Secretary for East Asian and Pacific Affairs, Deputy Assistant Secretary for European and Eurasian Affairs, and Director for European Affairs at the National Security Council. Her book *Reflections of the American Ambassador to Korea* was published in 2010.

The Ambassador began by saying that the conference had been very good and she felt honored to have the chance to make a presentation. She said she would address her assigned topic but felt free to talk about other matters as well.

The US-ROK alliance today is one of the world's strongest. President Obama has been to Korea three times, and always says that the alliance is stronger than ever. Koreans, and public opinion polls, agree. Why is this and how has it come about? After all, it has not always been like this, and not too long ago either. Now, ties between our two leaders are very good. Secretary of State Clinton has visited the ROK five times. Two of the 2+2 meetings, involving all the principals, have been held, which is rare. The allies have risen to meet serious external challenges from the global recession and North Korea. In all such matters the weight of the ROK continues to grow – in G-20 meetings, on piracy off of Somalia, etc. Links between the allies are broader and deeper, the dialog between them is more penetrating, and this is true for the nongovernmental links as well. Several other factors are obviously important. One is the FTA. How important it is going to be is not fully understood yet. It will be a decisive step for the US presence in Asia in the years to come. It will create a great many jobs in both countries. As we know it wasn't easy to develop and get ratified. While the agreement had been hammered out in 2007 ratification was delayed in both states. There were critics, and doubts that the agreement would ever be completed had arisen. But in the end it was deemed "too important to fail" and the necessary bipartisan support was achieved. The FTA is the largest for the US since NAFTA and the largest ever for the ROK to date.

There is now broader bipartisan support as well, even consensus, in the ROK and the US on the alliance and the broader relationship of the two nations. This makes the alliance more resilient these days. The people-to-people relationships are stronger now, which is a big change from when I first went to South Korea some 37 years ago. There are the Fulbright fellowships and other government programs. ROK students are the third largest bloc of foreign students in the US now, the highest per capita rate. The largest foreign program for English teaching in the world is in the ROK. Making a major contribution is the Korean-American community in the US, which was very small 37 years ago. It is very important for its public service activities, and its presence in US military academies.

Twenty-five years ago, June 26-8, 1987, Korea's citizens were driving toward the installation of democracy. June 29 was when President Roh, Tae-woo accepted holding direct elections for the presidency. The rest of the year saw, in place of the prior strife, peaceful political rallies and students mobilizing to promote democracy. Korea has had five democratically elected presidents since and is now a resilient political democracy – a great Korean story. Helping things along at the time was Gaston Sigur, along with others, the Assistant Secretary of State for East Asian Affairs who strongly urged that the US support the movement for democracy in the ROK. He spoke out in support of modernizing the Korean political system on his own, without having received prior clearance, and was then backed strongly by Secretary of State George Schultz.

The upcoming US election will introduce lots of negative elements. But the US and ROK need to be revitalizing their democracies with elections. 1987 settled the legitimacy question on the peninsula – the ROK was clearly established as the true Korean regime. Of course we are still a long way from a unified Korea. That will take strategic perseverance and persistence. Just the other day Queen Elizabeth shook hands with the former leader of the IRA; it took years to end the Irish conflict. It will be the same with Korea and we need to persevere there even though things are made tougher by the nuclear weapons problem. And we need to remember the old Korean proverb that says “when you drink water remember the people who dug the well.”

The Ambassador generously accepted several questions. One member of the audience asked what the major challenge for the younger generation in Korea was now. **Ambassador Stephens** said that Korean young people now had rosy prospects, but that hypercompetition was doing too much harm. A broader vision is needed for raising children there. For those who are older there is a real need for high turnouts in ROK (and US) elections. We can't have cynical young people. Another question concerned the changes for women taking place in the ROK. The ambassador said she had lived in Korea in the 1970s, then again in the 1980s, and more recently and had watched it become a very interesting place for women. As a woman I saw aspects of Korea my American male colleagues did not. There was a lack of legal help and protection for women, but there were also a great many contributions by women to Korea's success. Those were a major part of the Korean economic miracle, including the recovery from the Korean War, which was an untold story at the time. There have been huge changes in women's lives since those days. The greatest challenge now is the upcoming demographic decline as the birth rate languishes.

A GW professor wondered about the status of the “leap year” agreement on food aid to the North. Has it been irreversibly abrogated by the North Korean missile test? **Ambassador Stephens** said this was a frustrating situation but it was necessary to persevere on this matter too – it was too important to abandon. **Larry Nikisch** raised the matter of strained Japanese-Korean relations. Many Korean-Americans these days are protesting the “Sea of Japan” designation on US maps. And the Koreans see the US as ignoring them on the comfort women issue or bypassing it. How is the State Department handling these matters. What does it see as the US role on them? The Ambassador

began by emphasizing that Japan and the ROK are friends, and it is bad for everyone to have this Japanese-Korean friction. The issues are rooting in their past history and the State Department sees no diplomatic role for the US in all this. The US sincerely wants to see the issues resolved by the two sides.

A GW student asked what the Ambassador saw as the differences and similarities between the ROK and China. The Ambassador said she had wanted to see China, to go there, back in the 1970s and 1980s. Since then the nation has experienced extraordinary changes, particularly economically and in the expansion of personal freedom for the people. The ROK has made a similar transformation even faster, especially politically by and through the development of democracy. The emergence of a huge, and friendly, relationship between China and Korea is a fine development, and restores a historically normal pattern of interaction. She concluded by saying she felt it was a shame that Korea doesn't teach Chinese characters any more.

There was a strong audience expression of appreciation for the Ambassador's presentation, and her candor and patience in responding to questions.

PANEL V: MILITARY ISSUES ON THE KOREAN PENINSULA

MODERATOR:

Lt. General Raymond P. Ayres, Jr. (US Marine Corps, Ret.) His 36 years in the Marine Corps included command assignments in Europe and in the Combined Forces Command in Korea

PRESENTERS:

Professor Hong, Sung-pyo, Ajou University
Professor Bruce E. Bechtol, Jr., Angelo State University
Bruce Klinger, the Heritage Foundation

DISCUSSANTS:

Dr. Patrick M. Cronin, Center for a New American Security
Dr. and Brigadier General (Ret.) Song, Dae-sung, President of the Sejong Institute
Dr. Chung, Samman, Korea Naval War College

PAPER: "North Korea's Capability to Conduct provocations and the ROK-U.S. Capability to Counter Them"

Dr. Hong, Sung-pyo at Ajou University retired in 2011 as a Colonel in the Air Force and as Professor of Military Strategy and Director of the U.S.-China Research Center in the Research Institute of Security Affairs at Korean National Defense University.

Dr. Hong called the death of Kim, Jong-il a shock, generating a "critical instability" that could threaten security on the peninsula. The succession is proceeding amid food shortages and the failed long range missile test (on April 13). Neighbors are strengthening their forces. China is trying to develop a stealth fighter, as are Russia and

Japan, and Japan will be purchasing stealth F-35s. This reflects the current overall security situation in the area.

North Korea's capacity for conducting provocations can be assessed by looking at its relative military capability. The North continues its "military first policy." Since 1962 it has been working to fortify all of its territory and arming all of its citizens. It has consistently sought military modernization and seeks to overcome its deficiencies by elaborate military training, asymmetric warfare preparations, and the development of nuclear weapons. It stresses a blitzkrieg war strategy – hoping to defeat the ROK before major US forces arrive – counting on its conventional and unconventional fighting, strong firepower, and armor. It has five military branches: Army Ground Force, Navy, Air Force, Strategic Rocket Forces, and Special Operation Force. The annual defense budget is about \$6 billion. It may have enough fissile material for 2-9 nuclear weapons. Along with just under 1.2 million in the armed forces, over 4000 tanks and 2100 other armored vehicles, 420 surface combat ships and 70 subs and 820 combat aircraft, it is the most militarized country in the world. The personnel enlisted serve for 3-12 years. The ROK figures are about 650,000 military personnel, 5000 tanks and armored vehicles, 120 combat ships, 10 subs, and 460 combat aircraft. The North began losing qualitative superiority or parity in the 1990s but has many of its forces poised for a surprise attack. Its air forces get much less flight time due to shortages of fuel and have mostly out of date aircraft. It has one of the most intense air defense systems in the world but, again, with aging equipment. The South's equipment is much more modern and effective. DPRK special operations forces are very large, about 200,000. The North has a massive concentration of artillery close to the border, especially long-range artillery for reaching Seoul. It has had ballistic missiles since 1988 and continues work on development of a long range missile that could reach US territory. The ROK navy, much smaller than the North's, has far more major combat ships – the North has far more submarines. In addition to nuclear weapons, the North has huge holdings of chemical weapons and at least some biological weapons.

South Korea claims that since 1953 there have been 221 provocations by the DPRK, 26 by force including 9 in the 1990s and 5 in the 2000s. Recent ones have provoked the current ROK posture of "take counter-action first, then report later" for its forces. The Northern Limit Line and the Yeonpyeong Island area have seen several North Korean attacks – in 1999, 2002, and 2010 – and there have been other naval engagements culminating in the 2010 attack on the *Cheonan*.

The North has numerical superiority in various military categories but overall its forces are inferior in quality. And the South enjoys backing by US forces, satellites, U-2s, and drones. This gives the allies superiority in C4ISR and precision guided munitions. The alliance forces have regularly exercised together for decades. The US has long left responses to DPRK provocations to the South, focusing its deterrence on higher level attacks. Pyongyang's determination to engage in provocations is clearly very strong, but the allies have a "reasonable sufficiency" for offsetting its provocations and asymmetric warfare plans. However, this capacity is not perfect so provocations continue. Military specialists worry that some weaknesses might emerge during the upcoming OpCon

transfer. The North's asymmetric warfare preparations continue to pose a serious problem.

PAPER: "The North Korean Asymmetric Threat: Advances and Internet"

Dr. Bruce Bechtol at Angelo State University was formerly on the faculty at the Marine Corps Command and Staff College and the Air Command and Staff College and prior to that was an intelligence officer at the Defense Intelligence Agency. He is the author of *Defiant Failed State: the North Korean Threat to International Security* (2010) and *Red Rogue: The Persistent Challenge of North Korea* (2007)

The Kim, Jong-il era was one of provocations and nuclear brinkmanship, uncertainty, and turmoil, and his successor's first months suggest there will be more of the same. We can assess recent military developments in the North to see how this is taking place. In missiles the North has long had systems that cover the ROK but efforts to develop an intercontinental missile have not gone well – the latest test of the Taepo Dong 2 was another failure. The test was announced in advance and outsider observers were invited, a surprise. It took place at facilities (at Tongchang-ni) that look much like ones in Iran, reflecting DPRK-Iran collaboration on nuclear matters and the North's arms sales to Iran. (An Iranian delegation observed the test and gather data; Iran may have helped fund the test.) Since the test violated the recent US-DPRK agreement suspending missile launches in exchange for renewed food aid, it was puzzling – the US had announced it would cancel the food if the test occurred. Was it a continuation of Kim, Jong-il's policies, or due to military objections to the agreement, or the military pressing ahead while the new government was not fully in command? The North's preparations demonstrated that its missile technology for a three-stage vehicle remains primitive. The setting-up process was rather slow and was partly covered against satellite surveillance.

The US, ROK, and Japan prepared elaborate surveillance arrangements. Apparently the US also sent a delegation on a secret trip to Pyongyang on April 7 to try to get the test cancelled, but the test took place on April 13. The missile exploded after just two minutes or so and the cause remains unclear. The UN Security Council then condemned the missile firing and added to the sanctions on the North, though doing a good deal less than the US had requested.

The test was a continuation of Kim, Jong-il's policies and thus a violation of a UN Security Council Resolution. Alongside the missile failure, the North has another kind of long-range missile under development, perhaps a variant of the previously tested Musudan missile which has a 4000 mile range or even a true ICBM. A missile or mock up was displayed at a parade recently on a TEL which looks Chinese – the US complained to China about that – and would make it more difficult to attack. The ROK and US response to the missile program has been further development of the ROK BMD system. But Seoul has not joined the US global BMD system development effort, so it is working with inferior missiles. The ROK might also develop longer range missiles to target all of North Korea, as some have proposed. But it will still need advanced BMD systems for protection, particularly of Seoul, like the PAC-3 on land and the SM-3 for its Aegis-equipped ships.

The North is also developing cyberattack capabilities and practicing on South Korean agencies and facilities effectively enough to provoke rapid efforts to build up South Korean defenses and take other related steps. The North has been jamming GPS systems and that might pose a serious threat in a conflict. Targets have included media, government agencies, industrial sites, and navigation systems of civilian airliners.

Thus the North continues along the same lines as under Kim, Jong-un, including maintaining a hostile atmosphere on the peninsula.

PAPER: “The Right Steps to ROK Defense Reform: How to Overcome Constraints”

Bruce Klinger is a Senior Research Fellow for Northeast Asia at the Heritage Foundation, which he moved to after two decades working in the CIA and the DIA where he specialized in Korean political, military, economic, and leadership matters. His articles appear in major media in the US and abroad.

He pointed out the unusual range of threats North Korea poses for the South – from tactical level clashes to outright invasion, etc. – and that even the North’s weaknesses pose risks of instability, refugee flows, China incursions, loose nuclear weapons, etc. The ROK must also worry about China’s military modernization and its recent belligerence. As a result it is pursuing major military modernization, which will provide many improvements but is hampered by demographic and economic limits so the ROK still needs US support. The Defense Reform Plan 2020 initiated in 2005 was intended to cut forces by about 25%, especially in the army, in favor of advanced aircraft, naval vessels, and vehicles. This reflected the ongoing drop in military-age manpower, the Roh government’s desire to reduce militarization, and the need to placate young voters while increasing the labor force. It also fit Roh’s plans to deal with the North primarily by relaxing North-South relations and thus reduce reliance on the US.

By 2009 the Plan had to be reformed because of budget problems, leading to:

Delaying completion until 2025

Reducing the defense spending

Reducing the cut in forces somewhat

Greater emphasis on improving C4ISR and creating a Network Centric Warfare System

Seeking greater precision attack capabilities

The basic problem was wanting to rely more on advanced technology while lacking the resources to pay for it. The budget shortfalls each year began piling up, hence planning for bigger force cuts than originally planned, increasing ROK vulnerability, and failing to get the capabilities needed to carry out the OpCon transfer.

In 2011 a new DR 307 plan emerged for 2011-2030. It modifies Defense Reform Plan 2020 rather than replacing it, and partly reflects the impact of the DPRK attacks in 2010 which boosted concerns about security. The new thinking embraces moving to a single commander with authority over all combat forces, better preparations for quick responses to small attacks, and more focus on possible attacks from the North as opposed to undertaking new missions abroad. This includes more attention on anti-submarine warfare, downplaying the idea of a blue water navy for now, and being better prepared for asymmetric DPRK attacks. DR 307 calls for:

Command structure reform – for after the OpCon transfer, and for US-ROK defense cooperation

Unit structure reform – cutting units and command elements, boosting capabilities of combat units

Troop structure reform – a technology-intensive force will need fewer skilled personnel

Force structure reform – more jointness and better military equipment

The plan includes having the Chairman of the Joint Chiefs of Staff command all operations during war, following the OpCom transfer. The service chiefs will serve under the Chairman. The operations commands of the services will be merged, making the Joint Chiefs an interservice operational command

Also planned is a buildup of forces and sensors in the northwest border area. There will be more marines, with 40 more helicopters and amphibious ships. The ROK will purchase drones, advanced counter-battery radar systems and PGMs. But Navy objections to some of this display a continuing servicism that is unfortunate.

DR 307 will improve the ROK military situation and lays a good foundation for the OpCon transfer. It means a ROK independent military command arrangement can be in place when the US shifts to a supporting role. The ROK is also moving to enhance its strategic surveillance capabilities that support:

- 1) a Joint Command and Control System to connect the Joint Chiefs to each service
- 2) a Military Information Management System for handling tactical level interoperability
- 3) a Joint Tactical Data Link System for distributing tactical information to the services
- 4) a Tactical Information Communication Network providing broadband

For now, however, the ROK can't quickly respond to North Korean provocations and its forces aren't set up well for joint operations - the links among them are too poor. Often the ROK buys fine equipment without the necessary logistics, training, communications, etc. to use it properly. DR 307 won't fix that. And the new equipment won't appear if budget restrictions continue - restrictions partly due to political gridlock in the National Assembly. Needed are the following steps:

Fully funding the necessary military expenditures

Buying the right equipment:

- Improved C4ISR capabilities

- Better long-range precision-strike planes, munitions, missiles, and artillery

- Target location/designation equipment for ground observers to direct aerial attacks

- Increased sealift and airlift for the Marines

- Flexible systems that enhance interoperability

Buying "whole package" sets of equipment, training, maintenance, etc., not just pieces.

Creating a joint task force HQ for crisis response, with a unified command structure to synchronize powerful military retaliation after DPRK provocations.

Adding 4000 Marines to better defend ROK islands and conduct peace operations.

Deploying a multilayered BMD that fits US BMD with PAC-3 and SM-3 missiles

The US should take a number of complementary steps:

Congress and the National Assembly should hold open hearings on peninsula security issues to promote transparency, expand public support, coordinate funding plans;. Expand the ROK's ballistic missile range limit to 1000 km; Maintain a robust military presence in the ROK – 28,500 troops – and reaffirm its extended deterrence commitment involving forces, BMD, and nuclear weapons; Fully fund plans for US military shifts in the ROK and Japan, and cut defense budgets less than some are predicting; Augment deployments and training exercises in the ROK by including American units from Japan, the US, and US bases elsewhere in Asia; Increase naval exercises near Korea, including the West Sea; Return an Army attack helicopter battalion to the ROK; Deploy an additional combat fighter squadron to the ROK. Continue encouraging the ROK to “go global,” assume a greater role in the world, thus providing opportunities for ROK forces to train, plan, and take action.

Discussants

Dr. Patrick M. Cronin is Senior advisor and Senior Director of the Asia-Pacific Security Program at the Center for a New American Security, and former Director of the Institute for National Security Studies and head of the Center for the Study of Chinese Military Affairs at National Defense University. He formerly worked at the International Institute for Strategic Studies, CSIS, and the US Institute for Peace.

Dr. Cronin said all of the papers were good. His broad comments started by asking what the real problems with North Korea are, saying we are too focused on the nuclear weapons issue when the North is not about to give them up. We need to focus more on North Korea's provocations. But they don't present a fixed target – they keep shifting. We also need better thinking about the political benefits, or lack thereof, from our counterproliferation strategy. The biggest asymmetrical threat comes from the North's special operations units – they are really dangerous – and from the North's emerging cyberattack capabilities. We need to minimize North Korean miscalculations, Keeping in mind the heavy military involvement in the North's decisions in shaping our threats and responses. The allies need a 5-year strategy on containing the nuclear weapons issue, with better information operations to help turn the North away from its behavior as a guerrilla state. That could include more efforts like the Kaesong project, and maybe developing more links with mid-level military officers in the North.

New strategies are needed for ROK efforts as an emerging middle power in the international system. For instance, the Burmese armed forces appear to be casting about for a new relationship with the world, and the Korean armed forces offer an ideal model from which Burmese mid-level officers could learn.

The panelists were right to stress the need for C4ISR improvements, particularly to better link the allies on dealing with North Korean and eventually China. The same is true for their recommendations on BMD – Seoul needs PAC-3s. It also needs better nonlethal ways of responding to North Korean provocations that nevertheless impose a serious price. Strengthening the UN command might be another way to send the North a message. Klinger provides a long list of the military-related steps the US should take but

not all of them can be carried out so trade-offs will be in order. It is crucial that the US pivot toward Asia is sustainable, with a clear commitment to the ROK and other allies.

Song, Dae-sung has been President of the Sejong Institute since 2009. A former brigadier general with responsibilities in the Joint Chiefs of Staff, his writings include *Lee, Myung-bak Government's North Korea Policy* and *Transformation of Korean-U.S. Alliance and Issues of Korean National Security*.

Dr. Song felt the Hong paper offered the correct overall view of the North-South military balance, although we can use much more information about North Korea's military posture. Kim, Jong-un is pushing the need for greater military strength very heavily so far, with military power being depicted as the key to unification under the North's control, central to the regime's survival, and the basis of its bargaining position with the South and the world. Including these elements nicely fleshes out the picture Hong has presented.

Hong says the DPRK military weakness lies in the **quality** of its capabilities, but this is only partly correct. The North is modernizing in various areas to reduce its limitations, and the morale and moral attitudes of its forces are higher than in the ROK. Its military training remains extreme. Hong points out that the North can't be understood within a normal logical perspective, which is true. But when he says the US and ROK are basically in a good position to counter provocations this conflicts with how they did not respond well to the recent, very serious, provocations.

The Bechtol paper is excellent, in particular in his analysis of the missile test. He is right about the North Korean-Iran link on missiles and nuclear weapons matters – North Korean sales to Iran have been very damaging. As he suggests, the ROK should imitate Japan in improving its BMD capabilities. And he is right on how military policy in the North remains unchanged. It continues to rely on its military actions having symbolic importance with outsiders. It misses the Sunshine Policy era and thus continues attacking the policies of presidents Lee and Obama.

Chung, Samman, a former naval attaché in Washington, is a senior analyst at Naval Forces Development Command in Navy Headquarters in Daejeon. He has held teaching and research positions at the Naval War College, and was a planning officer at the Naval Warfare Development Center.

He reported he is nearing retirement from the ROK Navy. The papers on the panel were good, and one can be satisfied with them, but the devil is always in the details and people often dislike going into details. For instance, the Hong paper presents no underlying strategy. In 2010 President Lee emphasized the arrival of proactive deterrence but the details remain fuzzy and the term is just a broad principle. It should stress taking *responsibility* and seizing the *initiative* in dealing with provocations. Responsibility means “the buck stops here” at a place with the ability to select and implement a response.

As for initiative, the North epitomizes the stability-instability paradox with its provocations – cause low level trouble while the other side doesn't react out of fear of

escalation. It exploits its willingness to seize the initiative. The allies' reactions are too limited to preclude this. Both their general deterrence strategy and their immediate deterrence plans need to be tailored to the provocation problem. At the immediate deterrence level the allies should aim at nearby targets and stop worrying about possible escalation. And ultimately defenses should complement deterrence to maintain stability and contain North Korean actions. This is the real key to proactive deterrence.

General Discussion

Larry Nikisch (CSIS) applauded the connection drawn between North Korea and the Iranian nuclear program. But the stress on BMD may be a bit misplaced. Seoul is too close to North Korea to fully protect that way, especially since the North has far too many missiles to destroy. What can panelists say about this? **Bechtol** responded that if the PAC-3's are good for protecting US forces, why not use them to help protect Seoul? And it is a system that aims at the reentry vehicle, not a shotgun approach. North Korea's 1000 missiles are varied in their reach and accuracy – far fewer than this number are the really dangerous Scuds. Finally, while PAC-3s would not intercept all the RVs they would still save a lot of lives.

Dr. Richard Shin (Economists Incorporated) asked what the chances were of a North Korean attack on Seoul. What are the relative costs and benefits, and thus priorities, of putting a lot into protecting Seoul? **Bechtol** said that the Scuds can only reach the ROK, that is their only target, and the PAC-3s would be best for meeting that threat – the SM-3 is best for a long range missile threat. As for the cost of defending Seoul, it would be substantial. Perhaps less if the ROK joins the US regional BMD system as is rumored. However, it will need antiballistic missiles that fit the system

Ian Rinehart (Congressional Research Service) asked whether sending US tactical nuclear weapons back to the ROK would be a good idea. **Hong** thought that their impact would be mainly political in terms of deterrence, and that this step would clash with existing ROK defense policy. **Song** said that extended deterrence is a very political element in the allied relationship. If a new government in the US, for example, did things that weakened it that would be a major problem for the alliance. It is vital to sustain the credibility of US extended deterrence – not to ship nuclear weapons back to the ROK. A final question concerned why the North engages in potentially dangerous provocations and how North and South compare on the percentage of government spending going to military matters. **Bechtol** said the North's aim is to terrorize the ROK, often by threatening the use of asymmetrical means. As for the budget percentages, the ROK spends about 3% of the national budget on national defense, the North more like 30%.

Closing Remarks

Dr. McCord said it had been a great pleasure for the Sigur Center to host such a successful conference that featured so many fine speakers and discussants. He thanked the participants and also the members of the audience. He also thanked the Sigur Center staff for their hard work and Hugo Kim for organizing the conference. The Council on

U.S.-Korean Studies and the International Council on Korean Studies were consistently very good, very helpful. **General Tilleli** added his thanks to Hugo Kim, the sponsors, those who provided funding, the ROK Ministry of Defense, and the ROK embassy. He indicated that the next annual conference would probably be held in late June in Seoul. **General Kim** highlighted the contributions of **Dr. McCord** and the Sigur Center to making the conference such a fine success. He concluded that while major changes in North Korea might well occur soon, if the succession process and its political consolidation continue effectively the chances of major changes will be diminished. **Dr Paik** reiterated the congratulations and feeling of appreciation for the organizers and staff, and then brought the conference to a close.

**Patrick M. Morgan, University
of California, Irvine
Rapporteur**