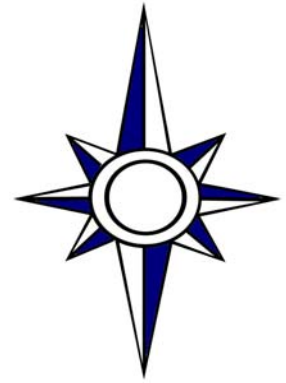


Comparative Connections

A Quarterly E-Journal on East Asian Bilateral Relations



U.S.-Korea Relations: What's the Beef About?

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The quarter started off well with the first meeting of Presidents George W. Bush and Lee Myung-bak at Camp David in April. The two leaders emphasized common values and the global scope of the alliance. They reached an agreement to maintain current U.S. troop levels on the Peninsula, which appeared to be an attempt by conservatives in Seoul to reverse the unfortunate trend they saw during the Roh-Rumsfeld era where each side was perceived as whittling away at the foundations of the alliance for disparate reasons. An important but understated accomplishment was Bush's public support of Lee's request to upgrade the ROK's foreign military sales status. Should this request be approved by the Congress, it would amount to a substantial upgrading of the bilateral alliance relationship as it would give Seoul access to a wider range of U.S. military technologies similar to what NATO and other allies like Australia enjoy. Finally, the two governments inked a memorandum of understanding on security improvements necessary to enable the ROK's entry to the U.S. visa waiver program.

Early Success

The White House decision to offer Camp David to President Lee Myung-bak (the first time for a South Korean president) was a clear and early signal of the desire to establish a personal chemistry in the alliance that had long been missing. The commonalities were clear: two former businessmen, Christian and conservative, one an ex-mayor and one an ex-governor. The chemistry matters because it colors the way the whole government views the bilateral relationship. In the past, President Bush may have had to call the ROK leader about issues. Now he will *want* to do so. The two proclaimed a new global vision for the alliance, which frankly has been the aspiration of alliance-crafters going back to Clinton-Kim Young-sam and was certainly emphasized during the Roh Moo-hyun administration. What is arguably new is a sense that Korea's new global commitment is no longer viewed in the Blue House as a quid pro quo for U.S. engagement with North Korea. Discussions of a larger ROK role in Afghanistan or an enhanced status as an Overseas Development Assistance provider derives from Lee's personal view that the ROK needs to do this as one of the world's largest economies and vibrant democracies. That sort of thinking resonated well with Bush. White House attention to the visa waiver program as a summit-level issue dating back to the Roh administration is unprecedented and demonstrates the commitment to improve people-to-people exchanges for the younger generation of Koreans. Lee also did well to endear himself to the general public at both his Korea Society dinner in New York, and Chamber of Commerce dinner in Washington using humor and personal stories to captivate his audience. Lee left his highly successful visit to

Washington for Tokyo where he met with Prime Minister Fukuda Yasuo for the second time in three months demonstrating not only improved Japan-ROK relations, but also reinvigorating trilateral US-Japan-ROK relations.

What's the beef?

So what happened? How did Lee go from this fairly auspicious start to the state of mass hysteria that has gripped Seoul with 80,000 protestors flooding the streets of downtown Seoul, below-20 percent approval ratings, the reshuffling of his Blue House staff, and strikes by the Korean Confederation of Trade Unions which have lost the South Korean economy billions of dollars? No South Korean president has gone from the largest margin of victory in a presidential election to a complete loss of public confidence in four months. To say the honeymoon is over would be about the biggest understatement in modern Korean political history.

The ostensible cause of Korea's crisis has been Lee's decision, prior to Camp David, to lift the import ban on U.S. beef. The decision to reopen the South Korean market was by far the most important deliverable of the summit. The market had been closed to U.S. beef since 2003. Prior to that, South Korea annually consumed \$815 million worth of the product making it the third largest overseas market for U.S. beef. The ban took effect after a cow in the state of Washington that was imported from Canada was diagnosed with bovine spongiform encephalopathy (BSE) or mad cow disease. After appropriate safeguards were instituted, most countries that had similar bans on U.S. beef reopened their markets with the exception of Korea, Japan and a few other countries. Lee probably calculated that his decision to lift the ban was not only important for the Free Trade Agreement (key members of the Congress including finance committee chair Max Baucus made it clear that the beef import ban had to be lifted before Congress would consider the FTA) but for the overall alliance relationship. Many pundits claim that "trust" is what was needed under Lee to consolidate the bilateral alliance after the difficult Roh Moo-hyun years. But trust is an overemphasized element. States don't operate based on trust, but based on national interest. For Lee, one of the critical ways to improve the bilateral relationship with the U.S. is to diversify it with the FTA, which potentially gives an entirely new dimension to the relationship. It is the way the U.S.-Australia and U.S.-Singapore relationships were taken to a new level of closeness. Though much-criticized by politicians and interest groups in both countries, the KORUS FTA is a "gold standard" of FTAs and will become the standard by which all future trade agreements in Asia, if not the world, will be measured.

The snap decision to re-open the market – a commitment that was made by the Roh government but left uncompleted – was befitting of Lee's "get-things-done" nickname, the "bulldozer." However, it was apparently troubling to those who felt that the new president was governing in a nonconsensual manner. Rumors and blatantly false stories started spreading like wildfire across Korea's well-connected internet society that Lee was sacrificing Korean health and safety for his "CEO" relationship with President Bush. The level of misinformation about the safety of U.S. beef (which meets the safety standards of the authoritative France-based World Organization for Animal Health) was astounding. Young Korean mothers were out in the streets at candlelight vigils demanding that their government renegotiate to ban cows older than 30 months from Korean markets. Rumors spread that mad cow-diseased U.S. beef was being secretly ground into lunch meals served at their children's schools. The U.S. beef industry, in response to the

crisis, offered to label the beef according to age categories (30 months or younger slaughtered cattle), and then allow the Korean consumer to make their choice. What got lost in the hysteria was the fact that the most dangerous source of Creutzfeldt-Jakob disease, the brain-wasting ailment that comes from BSE-infected cows, is the ingesting of the brains and spinal cords. Koreans do not purchase or eat this part of the beef imported from the United States. The demonstrations continued, however, and ROK trade officials came to Washington in mid-June to seek a renegotiation of the beef agreement. After eleventh hour talks U.S. Trade Representative Susan Schwab announced a revision of the agreement in which the U.S. Department of Agriculture would work with the U.S. beef industry to set up a monitoring system to allow only for beef younger than 30 months to be shipped to Korea “until consumer confidence improves.” In the interim, Koreans continued to consume copious quantities of Australian beef (which is statistically not less prone to BSE than U.S. beef), and U.S. pork exports to Korea have risen.

The political Left’s battle

The morphing of the demonstrations into strikes by truckers’ and construction workers’ unions and protests by teachers’ unions represented a snowballing of criticism against the government that forced Lee to accept the resignations of several key officials. Demonstrators called for Lee’s resignation and complained of his leadership style – even though he has not been in office long enough to implement any lasting policy shifts. While the trigger for Korea’s self-paralyzing demonstrations were concerns about beef, it is increasingly apparent that the ideological Left in Korea, pushed out of power after over one decade in the seat of the presidency and in control of the national legislature – and with no major election scheduled for another four years – have taken their politics to the streets in an effort to subvert the first conservative Korean government in a decade. The liberal opposition lawmakers, voted out of the majority in the April national elections, refused to open the new National Assembly in June, leaving President Lee unable to make his state of the union address to the legislature. This is not about lofty notions of a new Korean nationalism, but about the primitive struggle for political power long a part of politics on the Peninsula.

One also has to wonder whether the issue really is Lee’s “management style.” After all, he was a rather effective and popular mayor of Seoul. Instead, the demonstrations show the degree to which domestic political struggle for power in Korea can damage a nation. The Left has turned the “candlelight vigil” into an effective political weapon and is on the verge of destroying the Korean economy. Perhaps it is because there is no crisis with North Korea, no major dispute with Japan, and no major bout of anti-Americanism that Koreans can afford the current political chaos. But the costs are real. The Commerce Ministry as of mid-June estimated that total lost business from the disruptions cost almost \$6 billion. The credit rating agency Moody’s assessed in late-June that the protests could impact Korea’s long-term economic performance from the view of international investors because of the likely delays in the Lee government’s ability to privatize state-owned financial institutions.

Free trade woes

Seoul is not the only place where domestic politics have colored political logic. In Washington, the U.S.-Korea FTA remains “dead in the water” as House Speaker Nancy Pelosi and Senate

Majority Leader Harry Reid have called for a “strategic pause” on all free trade agreements negotiated by the Bush administration, ostensibly because such agreements cost U.S. jobs. Yet, the economic arguments are clear. The FTA will increase trade volume in goods and services by \$80-90 billion annually. It will provide the service sector – where the U.S. runs a surplus with the rest of the world, and accounts for \$8.5 trillion or 80 percent of U.S. GDP and about 80 percent of the private sector workforce – with access to Korea in financial services, express delivery, telecom, and IT services. A non-vote of America’s single largest bilateral free trade agreement by the current Congress, moreover, would send a clear but bad signal about U.S. leadership in Asia. It will be recorded by historians as the data point from which the U.S. ceded its predominant position to China (which is proliferating low-quality FTAs around Asia). So Lee has been the victim of domestic politics not only in his own country, but also in the United States. Caving on beef and yet not achieving Congressional support for the FTA has been a source of the weak presidency thus far.

North Korea

With North Korea’s much anticipated nuclear declaration and the circus-like televising of the collapse of the cooling tower at the Yongbyon facility on June 26, the Bush administration potentially opened a new chapter in U.S. relations on the Korean Peninsula. As a parallel action to DPRK’s implementation of its declaration and disablement obligations under the Six-Party Talks, President Bush announced his intent to remove North Korea from the list of state sponsors of terrorism and to begin the process of terminating application of the Trading with the Enemy Act (TWEA) on the country. It was apparent how carefully choreographed the series of steps that led to June 26 were. One can imagine that the North wanted every assurance that the U.S. would follow through on its commitments once a declaration was submitted to the Chinese. Hence, Secretary of State Condoleezza Rice gave a public speech on June 18 previewing the administration’s intent. She also authored an opinion piece in the *Wall Street Journal* on the day of the declaration, thereby putting in writing a commitment by the U.S. to keep its commitment.

Rice’s speech at the Heritage Foundation clearly previewed that the priority of the U.S. will be on the ensuing verification process. The 45-day period of advance notification to Congress of the Bush administration’s intent to remove the DPRK from the state sponsors of terrorism list was set out by Rice as the timeline for the DPRK to demonstrate its bona fides on verification. Any belief that Pyongyang might have that it can merely submit the declaration, win political rewards, and dispense with any verification process would be badly mistaken. Existing U.S. law still maintains the majority of sanctions on the DPRK even with termination of TWEA. Further, President Bush’s “National Emergency Declaration,” which was also issued on June 26, reinstated other sanctions given the existence of the continuing proliferation threat from North Korea, so there is little tangible reward for the North. One can anticipate an intense period of negotiations to nail down a verification process that will be difficult, to say the least, as the five parties seek deeper access into the North’s nuclear programs. Critics may claim that the declaration’s exclusion of nuclear weapons, warheads, triggers, etc. is a deficiency of the agreement. But the distinction here is between what is ideal and what is real. Ideally, any negotiator would want Pyongyang to give up its weapons immediately. But the reality is that the small stockpile of weapons will be the last and hardest negotiation, now left for the next phase of the Six-Party Talks, which will in all likelihood outlast the Bush administration’s term in office.

Physical disablement of the North's only known plutonium-based nuclear facility puts a permanent cap on its ability to make more weapons. That is an accomplishment that one should not take lightly.

Chronology of U.S.-Korea Relations* **April – June 2008**

April 1, 2008: U.S. Assistant Secretary of State for East Asian and Pacific Affairs Christopher Hill holds bilateral consultations with ROK counterpart Chun Young-woo in Seoul and meets other senior officials, including Unification Minister Kim Ha-joong, Vice Foreign Minister Kwon Jong-rak and Deputy Foreign Minister Lee Yong-joon.

April 1, 2008: The ROK government pleads with local assemblymen to pass the Korea-U.S. (KORUS) Free Trade Agreement.

April 2, 2008: The DPRK's Worker's Party Newspaper, *Rodong Shinmun*, criticizes President Lee Myung-Bak, calling him a "sycophant" a "confrontational maniac" and a "traitor".

April 2, 2008: Chairman of the Joint Chiefs of Staff Gen. Kim Tae-young, states to the National Assembly that the ROK would consider a preemptive military strike on nuclear facilities in North Korea if it believed the DPRK was about to launch a nuclear assault.

April 3, 2008: Lt. General Walter J. Sharp, nominated to be the commander of U.S. and UN forces in Korea, informed the Senate Armed Service Committee that the ROK should upgrade its anti-missile defense system to the PAC-3 Patriot missile defense system.

April 3, 2008: Pyongyang announces that it will take unspecified "military countermeasures" if the ROK does not apologize for Gen. Kim Tae-young's comment regarding a preemptive strike.

April 5, 2008: The DPRK's *Tongil Shinmun* denounces the ROK's possible membership in the U.S.-led ballistic missile defense system, condemning it as a preemptive strike on the DPRK.

April 7, 2008: The *Rodong Shinmun* attacks the U.S. for transferring nuclear technology to other countries including the ROK. It said "The United States is not entitled to say anything about the "nuclear issue" of others."

April 8, 2008: Assistant Secretary Hill and DPRK Vice Foreign Minister Kim Gye-Gwan meet in Singapore. Press reports indicate that an agreement is reached in which the DPRK would acknowledge U.S. concerns regarding DPRK proliferation activities and concerns on uranium enrichment. Both negotiators express satisfaction in the main outcome of the meeting.

April 9, 2008: President Lee Myung-bak's Grand National Party wins a majority in the parliamentary elections by securing 153 of the 299 seats. The results are a blow to the United Democratic Party headed by minority leader Park Geun-hye.

* Compiled by Jeremy Lee

April 9, 2008: Top negotiators of North Korea, China, U.S., South Korea, and Japan meet separately in Beijing. Secretary Hill states that he has good discussions with all his counterparts but much work remains. Vice Minister of Foreign Affairs and lead Chinese negotiator Wu Dawei states that he expects a resolution in the fall.

April 9, 2008: In confirmation hearings, U.S. Ambassador-designate to South Korea Kathleen Stephens expresses hope that the ROK will deploy troops to Afghanistan and that the issue will be discussed at upcoming talks between Presidents Bush and Lee at Camp David.

April 14, 2008: South Korea's *Yonhap News* reports that after gaining a majority in the National Assembly, the GNP is pushing to open a parliamentary session next month to resolve several issues including the KORUS FTA. Spokesperson for the GNP Cho Yoon-sun, states, "We must open a May assembly session and vote on the ROK-US free trade agreement and other bills."

April 14, 2008: ROK Foreign Ministry names Kim Sook, former North American Bureau director, to be the top ROK negotiator to the Six-Party Talks replacing Chun Young-woo.

April 17, 2008: A coalition of 500 U.S. businesses and state and local chambers of commerce present a joint statement calling for speedy ratification of the ROK-U.S. FTA to President Lee at the end of a meeting organized by the Chamber of Commerce in Washington DC.

April 18, 2008: President Lee arrives at Camp David for his summit with President Bush.

April 18, 2008: Presidential spokesman Lee Dong-kwan confirms that Cheong Wa Dae has decided to send at least ten police officers to train Afghan police cadets.

April 21, 2008: President Lee holds summit with Prime Minister Fukuda Yasuo in Japan. The leaders reach an agreement to strengthen U.S., ROK, and Japan relations, which includes a three-way dialogue to discuss the DPRK's nuclear program.

April 22, 2008: Team of U.S. officials and nuclear experts led by Sung Kim, director of Korean Affairs at the Department of State meet Kim Gye-Gwan and others in Pyongyang to discuss the details of the North Korean nuclear declaration.

April 23, 2008: U.S. Department of Defense announces a plan to extend the assignment period from one year to three years for U.S. military stationed in South Korea.

April 23, 2008: CIA and White House officials brief key lawmakers on evidence of a DPRK-Syria nuclear technology transfer. The CIA describes the capabilities of a plutonium-based nuclear reactor to create nuclear weapons.

April 24, 2008: Agreement is reached between the DPRK and the U.S. that the DPRK will give thousands of pages of documentation on nuclear activity at Yongbyon.

April 24, 2008: U.S. intelligence officials show U.S. lawmakers a videotape of a remote nuclear reactor site in Syria that links the activity to North Korea.

April 29, 2008: The ROK Defense Ministry reports that they were not notified when the U.S. relocated a Korea-based *AH-64D Apache Longbow* helicopter squadron to Afghanistan.

May 1, 2008: House Foreign Affairs Committee passes legislation to allow the DPRK denuclearization process to be funded by Department of Energy. The U.S. plans to give \$50 million in the fiscal year 2008 and up to \$360 million in fiscal year 2009. Committee also approves a bill that requires a “complete and correct declaration” of all nuclear programs before North Korea can be removed from the state sponsors of terror list.

May 2, 2008: Presidential Spokesperson Lee Dong-kwan states that the Lee administration is trying to alleviate the public panic surrounding mad cow disease, or bovine spongiform encephalopathy (BSE).

May 5, 2008: ROK Agriculture Ministry official confirms to *Agence France-Presse* plans to resume imports of beef from U.S. in late May.

May 10, 2008: U.S. team headed by Sung Kim returns from the DPRK with 18,000 pages of documents on DPRK nuclear activities at Yongbyon.

May 11, 2008: South Korea’s *Yonhap News Agency* reports that the ROK government will send \$9.6 million in humanitarian aid to the DPRK to mitigate the effects of famine.

May 16, 2008: South Korea delays U.S. beef importation for up to 10 days due to public unrest. U.S. Secretary of Commerce Carlos Gutierrez says the event is "unfortunate."

May 18-19, 2008: Secretary Hill meets counterparts Kim Sook of South Korea and Akitaka Saiki of Japan in Washington, DC.

May 22, 2008: An unidentified South Korean official confirms to *Yonhap News Agency* that the ROK plans to buy DPRK fuel rods in an attempt to speed up the denuclearization process.

May 27, 2008: Secretary Hill meets Minister Kim Gye-Gwan in Beijing to discuss the aid that the DPRK will receive if it fully denuclearizes and the possibility of removing the DPRK off the US list of state sponsors of terror.

May 29, 2008: The Unification Ministry states that if the DPRK completely denuclearizes the ROK has agreed to send 1,000 tons of copper as economic aid.

May 29, 2008: Papers report that the DPRK attempted to export a GPS jamming device to Iran and Syria. The device can interfere with the signal needed by GPS guided bombs and missiles.

June 2, 2008: Defense Minister Lee Sang-hee and Secretary of Defense Robert Gates meet in Seoul to discuss mutual military interests. During the meeting, Gates endorses extended tours for US troops in South Korea. They also agree to maintain current U.S. troop strength at 28,500.

June 3, 2008: Gen. Walter Sharp assumes command of United Nations Command/Combined Forces Command/U.S. Forces Korea.

June 8 2008: In a televised statement South Korean Justice Minister Kim Kyung-han vows to take action against protestors against U.S. beef in order restore order.

June 18, 2008: Secretary Rice speech at Heritage Foundation expresses support for the six party process and previews the U.S. steps in conjunction with North Korea's declaration.

June 19, 2008: Trilateral talks among Six-Party Talks negotiators from U.S. South Korea, and Japan. Japan expresses concern over U.S. plans to remove the DPRK from its state sponsors of terrorism list.

June 20, 2008: Secretary Hill meets Chinese counterpart Wu Dawei to discuss North Korea's denuclearization declaration.

June 20, 2008: After a week of negotiations in Washington, DC, U.S. Trade Representative Susan Schwab and South Korean Trade Minister Kim Jong-hoon reach a revised agreement on U.S. beef exports to Korea.

June 25, 2008: President Bush telephones Japanese Prime Minister Fukuda ahead of an anticipated nuclear declaration from North Korea to indicate support for Japan's ongoing claims against North Korea over the abduction issue.

June 26, 2008: Secretary Rice authors opinion article in the *Wall Street Journal* supporting the negotiation process with North Korea and confirming the intent to remove the DPRK from the terrorism list and TWEA with submission of its nuclear declaration to China.

June 26, 2008: North Korea submits long-awaited nuclear declaration to China as the Chair of the Six-Party Talks. In exchange the U.S. agrees to lift key Trading with the Enemy Act sanctions and remove North Korea from its terrorism list.

June 26, 2008: President Bush signs a National Emergency Declaration, which reinstates many of the TWEA restrictions due to continuing proliferation threat from North Korea.

June 26, 2008: U.S. resumes beef exports to South Korea despite intensified protests. South Korean quarantine inspections restart as well.

June 27, 2008: North Korea demolishes a cooling tower at its Yongbyon reactor.

June 28, 2008: On a tour through Asia, Secretary Rice meets ROK Foreign Minister Yu Myung-hwan in Seoul.