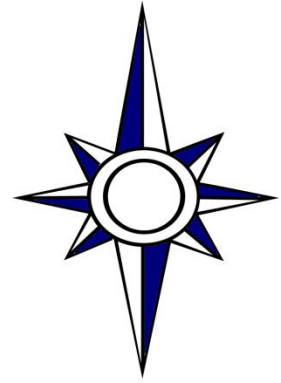


# Comparative Connections

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## US-Korea Relations: A Return to Dialogue

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The summer months saw a potentially new cycle of US-DPRK dialogue. Secretary of State Hillary Clinton's invitation to DPRK Vice-Minister Kim Kye Gwan to visit New York for two days of official talks raised the specter that the North may be ready for re-engagement. Meanwhile, South Korea named a new unification minister, which some perceive to be the harbinger of a shift in its North Korea policy. But reliable sources say that President Lee Myung-bak will not cave so easily on his principles. Elsewhere, the Korea-US free trade agreement remains in limbo as it remains caught in partisan strife within the legislatures of both countries and the US received another lesson in Korea's preferred terminology for Asian geography.

### Returning to dialogue?

Both the US and South Korea took unusual steps over the summer, hinting of a quiet but gradual shift in their North Korea policy and a possible return to denuclearization negotiations. The Obama administration made the first move with Secretary of State Hillary Clinton's announcement in late July right after the ASEAN Regional Forum (ARF) in Bali that DPRK Vice Foreign Minister Kim Kye Gwan would be invited to New York to meet US officials. The US played down the importance of the bilateral meeting by characterizing it as an "exploratory" session to assess North Korea's sincerity on denuclearization. Yet, the presence of the entire US negotiating team – Stephen Bosworth, Syd Seiler, and Edgard Kagan – showed that this was more than a casual session. The Obama administration's decision to hold these talks after two years of maintaining a policy of "strategic patience" with respect to North Korea showed that there was some uneasiness in Washington with the absence of any diplomacy and a little less patience than before with Seoul's staged approach to the resumption of Six-Party Talks that prioritized the improvement of inter-Korean relations before any bilateral contact with the US or multilateral talks would resume.

It has been almost three years since a full round of Six-Party Talks. Since then, the North has repeatedly violated the letter and spirit of the agreements that had been negotiated. In April 2009, it conducted a ballistic missile test; the following month it exploded a second nuclear device. In March 2010, DPRK submarines torpedoed an ROK Navy vessel and in November 2010 the North fired artillery onto South Korean territory, killing several civilians. That same month, Pyongyang brazenly revealed that the regime was pursuing a second nuclear program based on uranium-enrichment, which they had denied for eight years after the Bush administration first confronted them about it in 2002.

The Obama administration has rightly maintained that North-South dialogue to address Seoul's concerns about DPRK aggression is a prerequisite to re-engagement. At the same time, Washington appears to be putting quiet pressure on the Lee government to stop obsessing about the apology for the *Cheonan* sinking that killed 46 sailors (hardly a trivial matter), and move on with dialogue. At the ARF, Secretary Clinton clearly stated that the US is not interested in resuming the Six-Party Talks until North Korea demonstrates "a seriousness of purpose." But this outwardly tough position belies the fact that Pyongyang would prefer to have official bilateral dialogue with the US rather than resume the Six-Party Talks any day, which is what they got in New York in July.

Why is Obama risking any political capital on such a re-engagement when he has so many other political bills to pay? No one believes that North Korea is serious about denuclearization, and Pyongyang has done nothing during Obama's tenure to demonstrate otherwise. At the same time, however, no one wants another DPRK provocation. A study we conducted at CSIS shows that since March 1984 the average amount of time it takes the US to re-engage North Korea after a provocation is 5.4 months. We are well beyond that timeframe now. This suggests that sooner or later, there will be another aggressive act by the North, which will result in certain military retaliation by South Korea. After the two military attacks by the North in 2010, the ROK president and public are fully prepared to "clean North Korea's clock," as one ROK official confided, in order to re-establish deterrence. No one in Washington wants an escalation or ignition of hostilities on the peninsula as they enter an election year.

Second, Secretary Clinton has arguably been the best performing member of the Obama Cabinet, with an admirable record in Asia. The last thing she needs on her record is a crisis on the peninsula, which the history books would record as part of her policy of sanctions and non-dialogue that led to war. Third, the current consensus view in this administration appears to be that the North Korean problem is best managed through diplomacy. Again, our CSIS study shows that over the past 35 years, the DPRK does not fire off missiles or torpedo ships when its diplomats are sitting at the table with Americans (with one exception in 1998).

So there are clear tactical reasons for the US to re-engage. But does anyone have a strategy? Pundits will call for a bigger and better agreement this time, but after 25 years and two agreements in 1994 and 2005, we are less confident that such an agreement is attainable. The administration must avoid buying the same nuclear "horse" from the DPRK for a third time. Secretary Clinton said that she would not reward the North for "talking for talk's sake," and North Korea apparently knows this as Vice Foreign Minister Kim during his meetings in New York proposed resumption of the Six-Party Talks "without preconditions." In this regard, one reward that should be not given is to rescind economic sanctions instituted as part of UN Security Council Resolution 1874 after the May 2009 nuclear test. The administration should also build on its efforts to start a human rights dialogue with the regime. In May, human rights envoy Robert King made an unprecedented trip to Pyongyang. Kim Kye Gwan should not have been allowed to leave New York without sitting down with King to advance the agenda on this very important issue. After all, any positive steps by Pyongyang to address international criticism of human rights abuses would make any future negotiations by the regime on its nuclear programs more credible. With regard to denuclearization, the ball is really in Kim Jong Il's court. If he wants anyone to believe he is serious this time, he needs to put real nuclear dismantlement

on the table, including the removal of fresh fuel rods that feed the plutonium reactor, a shutdown and inspection of their uranium program, and the removal of fissile material from the country.

### **New faces in South Korea**

Meanwhile, ROK President Lee's appointment of a new unification minister at the end of August reflected growing pressure from within and outside South Korea for change in his administration's approach toward North Korea. His decision to nominate Yu Woo-ik, his former chief-of-staff and then ambassador to China, sends an implicit message that there could be a notable policy shift going forward. That is, although the Lee administration still maintains a consistent hardline stance, it could also become more flexible vis-à-vis North Korea as minister-designate Yu publicly expressed. According to press reports, this means that the Lee administration, will attempt to create new dynamics in inter-Korean relations through things like family reunions or a preliminary meeting on the proposed pipeline infrastructure project, which will help restart the stalled North-South dialogue, which could help restart the six-party process. Whether Yu will become a game changer remains to be seen, but his entry to the stage scattered the rumor in South Korea that Seoul is preparing a new chapter in its relations with Pyongyang.

Yu is known as an action-oriented individual, akin to President Lee in his "bulldozer"-like mindset of getting things done once a policy direction has been chosen. Thus, if Lee makes the decision to re-engage the DPRK in a full-throated way, one can be certain that Yu would lead this charge and step over any interagency roadblocks to get there. Yu is almost certain to increase the strength of the Unification Ministry within the ROK government. But the real question is not whether Yu will change ROK policy, but whether President Lee will. Those very close to Lee swear that the press is overstating the meaning of the change from the hardline Hyun In-taek to Yu. They argue that Lee has a very simple principle that he lives by when it comes to North Korea – reciprocate everything, but give nothing unconditionally. Despite US pressure or possible DPRK provocations, Lee will not budge from this principle during his remaining time in office. While some see this as stubbornness, others see it as trying to affect a paradigm shift in the way the DPRK views the ROK. If these sources are correct, then Washington will have to decide whether it will abandon a lame duck Lee, who is one of the closest US allies in Asia these days, for dialogue with the DPRK.

One thing is for certain. Now that Pyongyang smells a hint of US interest in dialogue, it has very little interest in meeting bilaterally with Seoul. Foreign Ministry officials in the ROK are working hard to schedule a second bilateral dialogue with the DPRK following up on the meeting in Bali this past summer on the sidelines of the ARF meetings. But no one is answering the phone in Pyongyang. The DPRK has not followed up with any actions since the July 2011 meetings in New York either, despite what many describe as "a good meeting." Out of such meetings usually comes "homework" for each side when they return home, and word is that the DPRK has done none of theirs.

### **Chicken or egg?**

There was no breakthrough in either the US or South Korea on ratification of the long-pending Korea-US free trade agreement (KORUS FTA) as it remains caught in partisan strife within the legislatures of both countries. In the US Congress, voting on the three pending FTAs with South

Korea, Colombia, and Panama was delayed again, as a political tug-of-war continued between the White House and the Democrat-dominated Senate on one side and the Republican-controlled House on the other – this time clashing over Trade Adjustment Assistance (TAA). TAA is a US trade relief program created in 1962 to provide financial assistance and benefits to workers and companies hurt by trade liberalization that expired this past February. In seeking to restore it, the Obama administration has withheld the three pending trade bills and refused to submit them to Congress for approval until Republicans pass TAA first as a precondition. However, many Republicans strongly oppose the TAA extension because 1) it is generally considered as one of the Democrats' tools to win labor union votes and 2) in the national debate to reduce the US budget deficit, the cost of the TAA extension was politically too expensive. Republican members of Congress insist that the FTAs be passed before Congress deliberates on TAA, urging the White House to immediately submit the bills first.

The *Washington Post* put this as the “chicken-or-egg” question. What seems to matter most in Congress is how to handle the FTAs and TAA renewal, not the contents of individual FTAs, specifically the KORUS FTA after its revision last December. The sequencing issue clearly drove a wedge between the White House and the Republican leadership and derailed both sides from their respective timeline regarding the passage of the trade deals. In effect, this resulted in the US trade agenda getting held up and squeezed out by other pressing domestic issues. The “path forward” agreement reached between Senate Majority Leader Harry Reid and Senate Minority Leader Mitch McConnell in early August appeared to help bring these drifting trade deals back on the track. The Senate leadership agreed to vote on the three pending trade deals and TAA renewal in tandem, although placing passage of the TAA legislation before that of the FTAs, when the Senate reconvenes in early September.

In South Korea, the KORUS FTA also made little progress toward its ratification as the introduction of the ratification bill to the National Assembly's Foreign Affairs, Trade and Unification Committee was postponed several times. This delay was partly due to sluggish movement and the uncertain prospect of passage of the deal in the US Congress, but also because of the standing disagreements within the National Assembly on the substance of the agreement. Calling the KORUS FTA an unbalanced deal unfavorable to Korean workers and industries, the main opposition Democratic Party claimed that it will block submission of the bill to the committee while urging the Lee administration to renegotiate “10 plus two” items, including a 10-year grace period on beef tariffs and a provision granting an extraterritorial extension to products made in the Kaesong Industrial Complex. However, as the ruling Grand National Party is adamantly against such renegotiation demands, the ruling and opposition parties have not been able to settle their difference on this matter. As a result, an intense partisan clash is expected to continue in the coming months over the KORUS FTA ratification.

Many trade experts believe the US Congress will be able to vote on the FTAs in October, and that this will certainly affect the ratification process in Seoul. It is expected that the National Assembly will try to vote around the same time. While many things remain to be seen as they unfold in the coming months, one thing becomes very clear: ratification of the KORUS FTA in both countries will be much more difficult the closer it gets to the elections that will be held in both countries next year. In recent conversations with ROK senior officials and politicians on the sidelines of the Korea Global Forum in Seoul, we heard repeatedly how the domestic political

situation is quickly and unpredictably changing in South Korea. With a mayoral by-election unexpectedly scheduled this October as a result of the recent resignation of Seoul Mayor Oh Se-hoon, as well as the legislative general election and a presidential election in April and December 2012, South Koreans are faced with elections approximately every six months between now and December 2012. Many South Koreans expressed concern that the KORUS FTA ratification could lose momentum if it is completed this year. The political landscape in Washington is not any better. In the meantime, one can be pretty certain that we will see no South Korean politicians coming to Washington any time soon. Several of the potential presidential candidates had considered such a trip to polish their foreign policy credentials and gain some international exposure, but each one decided to postpone it because of the delays on the KORUS FTA.

The US is also facing a presidential election in 2012, and in the wake of the recent downgrade of US credit ratings, the looming economic recession, and the high unemployment rate, the free trade agreements could be forgotten or lose priority in Congress. President Obama needs the FTAs in his hand when he goes to the East Asia Summit and APEC Leaders Meeting in November to help assure Asian countries of US economic engagement in the region. This is probably why there is still hope for the KORUS FTA.

### **Agent Orange and East Sea/Sea of Japan naming dispute**

This summer there were two new developments that created small amounts of friction in US-ROK relations. In early May, several US veterans raised allegations that in the late 1970s the US military had buried large quantities of the toxic defoliant Agent Orange in several areas of Camp Carroll in Chilgok, North Gyeongsang province. The revelations prompted an immediate launch of a joint investigation team headed by US Forces Korea to verify the claims. After conducting a review of its military records, US Forces Korea admitted that some of the allegations appeared to be true as it had found evidence indicating illegal burial of dioxin. Yet, contamination caused by the amount of dioxin believed to have been buried was deemed not hazardous to public health, said Lt. Gen. John Johnson, commander of the Eighth Army. Nevertheless, controversy remains as South Korean media reports state that the joint investigation has not been conducted at the sites where the veterans had indicated it was buried. Given that environmental pollution at US military bases has been a thorny issue between the US and South Korea, the repercussions of the findings can be significant. To contain any fallout for the US-ROK alliance relationship, a complete and transparent investigation is being called for in both countries. The final results of the investigation are expected to be announced in September.

In August, South Korea filed a formal protest with the US government over the latter's decision to accept "Sea of Japan" as the name of the waters between South Korea and Japan. This US "opinion" initially offered by a government agency to the International Hydrographic Organization (IHO) is based on the US policy to follow the US Board on Geographic Names (BGN), which currently lists the concerned body of waters as the Sea of Japan. However, South Korea has been calling the waters the East Sea for nearly 2,000 years and the government has insisted that the body of waters be called both the East Sea and the Sea of Japan simultaneously. Given South Korea's high sensitivity to territorial disputes with Japan, the US government's decision immediately stirred up a public outcry in the South. To appease South Koreans' anger, the US later advised IHO to note the East Sea as an "alternate name" for the Sea of Japan in the appendix of its official publication. History forever lives in East Asia.

## **Chronology of US-South Korea Relations<sup>1</sup>**

### **May-August 2011**

**May 4, 2011:** Senate Finance Committee Chairman Max Baucus says he reached a deal with the Obama administration addressing his concerns with South Korea's remaining beef import restrictions, clearing another roadblock on the Korea-US free trade agreement (KORUS FTA).

**May 6, 2011:** US House Speaker John Boehner says he wants the pending free-trade deals with Korea, Colombia and Panama to pass Congress before August.

**May 6, 2011:** *Yonhap News* reports that US Trade Representative (USTR) Ron Kirk wants Congress to approve the KORUS FTA "this spring."

**May 16-18, 2011:** US Special Representative for North Korea Policy Stephen Bosworth, Special Envoy for Six-Party Talks Sung Kim, and Sydney Seiler, the new Korea policy chief at the National Security Council, visit Seoul and meet Foreign Minister Kim Sung-Hwan, Special Representative for Korean Peninsula Peace and Security Affairs Wi Sung-Lac, and Presidential Security Adviser Chun Young-Woo.

**May 20, 2011:** ROK government and the Grand National Party agree to try to pass South Korea's free trade agreement with the US through a parliamentary committee beginning in June.

**May 23- 27, 2011:** South Korean and US air forces launch a joint exercise, *Max Thunder*.

**May 25, 2011:** Special Envoy for North Korean Human Rights Issues Robert King and USAID Deputy Assistant Administrator Jon Brause visit Pyongyang and meet First Vice Foreign Minister Kim Kye Gwan, Vice Foreign Minister Ri Yong Ho, and Director General for North American Affairs Ri Gun to assess food shortages in North Korea and discuss the status of a US citizen who is being held in a North Korean jail.

**May 26, 2011:** The US Navy halts a North Korea ship suspected of carrying arms to Myanmar, but the vessel denies permission to board. The ship turns around and heads back on May 29.

**May 28, 2011:** North Korea frees Jun Young Su, a US citizen held since November 2010.

**May 30, 2011:** South Korea's Defense Ministry begins a large-scale investigation of former US military bases due to claims by retired US soldiers who say that they helped dump large amounts of the toxic chemical Agent Orange inside a US army camp in 1978.

**June 3, 2011:** Eighth US Army Commander Lt. Gen. John Johnson tells Environment Minister Yoo Young-sook that drums of chemicals were removed from Korea in 1982-1983.

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<sup>1</sup> Compiled by Barbra Kim and David Hong

**June 9, 2011:** US Secretary of Defense-designate Leon Panetta says he will work closely with Congress in pressing ahead with the realignment of troops stationed in South Korea.

**June 10, 2011:** Assistant Secretary of State Kurt Campbell meets Wi Sung-lac in Seoul and says the US supports South Korea's position that inter-Korean talks must occur before talks between Washington and Pyongyang.

**June 20, 2011:** Gen. Walter Sharp, outgoing commander of US Forces in Korea, says the US will not deploy tactical nuclear weapons to South Korea.

**June 22, 2011:** US Secretary of State Hilary Clinton says, following a meeting of the Japan-US Security Consultative Committee, that the US is "committed to deterring further provocative behaviors by North Korea, supporting a North-South dialogue, and promoting the complete and peaceful denuclearization of the Korean Peninsula."

**June 22, 2011:** Wi Sung-lac meets with Special Envoy Stephen Bosworth and Assistant Secretary Campbell in Washington to discuss security issues and resumption of Six-Party Talks.

**June 22, 2011:** Clifford Hart is named US Special Envoy to the Six-Party Talks.

**June 22, 2011:** State Department spokeswoman Victoria Nuland says the US is still looking for a new page in inter-Korean relations to come before all else in issues related to the two Koreas.

**June, 23, 2011:** South Korea's Six-Party Talks Envoy Wi Sung-lac meets Deputy Secretary of State James Steinberg.

**June 23, 2011:** *Joongang Ilbo* reports that Seoul has told Washington that it does not mind it sending food aid to North Korea, but only after North Korea agrees to talk with the South.

**June 24, 2011:** Secretary of State Clinton and ROK Minister of Foreign Affairs and Trade Kim Sung-hwan meet and sign an agreement in Washington to better coordinate international development aid. They also agree to not ease pressure on North Korea's government unless it changes its ways before resumption of stalled nuclear talks.

**June 24, 2011:** Special Envoy for Six-Party Talks Sung Kim is officially nominated as US ambassador to the Republic of Korea.

**June 27, 2011:** *Joongang Ilbo* reports that the US pressured South Korea during several meetings between officials to actively engage with North Korea to resume inter-Korean dialogue.

**June 29, 2011:** In South Korea, 15,000 protestors rally against the KORUS FTA and rising college tuition costs, taking over Kwanghwamun Street for the first time since 2009.

**July 1, 2011:** US Forces Korea says only small amounts of cancer-causing dioxin were detected last year near one of its bases in the country, citing its draft report on the inspection.

**July 2, 2011:** European Union Humanitarian Aid Commissioner Kristalina Georgieva says the EU will send 10 million euro (\$14.5 million) in food aid to North Korea to save the lives of at least 650,000 people.

**July 4, 2011:** Unification Ministry spokeswoman Lee Jong-joo says South Korea will not send any government food aid to North Korea.

**July 5, 2011:** State Department spokeswoman Victoria Nuland says that the US “understands” and talked to the EU regarding its decision to provide North Korea with food aid but stresses that it will make its own decision on aid.

**July 7, 2011:** House Ways and Means Committee and the Senate Finance Committee hold simultaneous “mock mark-up” sessions on preliminary draft implementing bills for the three pending free trade agreements including KORUS.

**July 8, 2011:** Lee Myung-bak administration and the new leadership of the ruling GNP party agree to ratify the KORUS FTA during the August legislative session.

**July 13, 2011:** Secretary of State Clinton calls for an end to partisan strife over free trade agreements with South Korea, Colombia, and Panama in a speech at the US Global Leadership Coalition Conference in Washington.

**July 14, 2011:** US Army Gen. James Thurman is inaugurated as the new commander of US Forces Korea, vowing to strengthen the alliance between Seoul and Washington.

**July 14-15, 2011:** Park Ro-byug, South Korea’s envoy for the civil nuclear accord talks, meets Robert Einhorn, the US State Department’s special adviser for nonproliferation and arms control, for a third round of Korea-US talks on revising a bilateral nuclear cooperation pact.

**July 20, 2011:** The main opposition Democratic Party announces a list of 10 + 2 points to renegotiate, blocking the National Assembly’s ratification of the KORUS FTA.

**July 22, 2011:** South Korean chief nuclear negotiator Wi Sung-lac and his newly-appointed North Korean counterpart Ri Yong Ho meet in a two-hour meeting on the sidelines of the ASEAN Regional Forum in Bali.

**July 23, 2011:** North Korean Minister of Foreign Affairs Pak Ui Chun meets South Korean counterpart Kim Sung-hwan at the ASEAN Regional Forum.

**July 23, 2011:** Secretary Clinton says at the ARF that the US will not support a resumption of Six-Party Talks unless the DPRK proves it is serious about the effort, adding that a private meeting between the North and South is not enough and the DPRK should cease its provocative actions, improve relations with the South, and begin dismantling its nuclear program.



**July 23, 2011:** Foreign Minister Kim Sung-hwan, Secretary Clinton, and Japanese Foreign Minister Matsumoto Takeaki meet at the ARF to coordinate strategy toward North Korea.

**July 24, 2011:** Secretary Clinton says the US has invited Kim Kye Gwan, North Korean vice foreign minister, to New York for exploratory talks.

**July 28-29, 2011:** Vice Foreign Minister Kim Kye Gwan meets Special Envoy for DPRK Policy Stephen Bosworth in New York. Newly named Special Envoy for Six-Party Talks Clifford Hart and DPRK Human Rights Envoy Robert King also attend the meetings.

**Aug. 4, 2011:** Senate Majority Leader Harry Reid and his Republican counterpart Mitch McConnell issue a joint statement supporting passage of the trade agreements with Korea, Colombia and Panama after the August recess with the condition of assured passage of the TAA being separated from the FTA.

**Aug. 5, 2011:** GNP members welcome Washington's joint statement supporting passage of the KORUS FTA; lawmakers Nam Kyung-pil and Hwang Woo-yea state that the National Assembly should ratify the bill around the same time.

**Aug. 9, 2011:** The US Department of Defense proposes a meeting with the DPRK to discuss recovering the remains of US soldiers from North Korea.

**Aug. 9, 2011:** US State Department confirms the policy of calling the waters between Korea and Japan the Sea of Japan; South Korea protests the decision.

**Aug. 10, 2011:** ROK National Security Adviser Chun Yung-woo meets US National Security Advisor Thomas Donilon and holds "very productive discussions on a wide range of bilateral, regional and global issues," including a request to reconsider use of "Sea of Japan." Chun also meets Deputy Secretary of State Bill Burns, with a brief attendance by Secretary Clinton.

**Aug. 10, 2011:** Three North Korean artillery shells fall in waters near Yeonpyeong Island. South Korean military returns fire.

**Aug. 11, 2011:** State Department spokeswoman Victoria Nuland urges the DPRK to "exercise restraint" and says the US wants to see North Korea take steps along the lines they discussed in New York for the resumption of the Six-Party Talks.

**Aug. 16-26, 2011:** ROK and the US conduct the annual joint military exercise *Ulchi Freedom Guardian* in South Korea.

**Aug. 20, 2011:** US announces it will provide emergency aid valued at \$900,000 to North Korea.

**Aug. 30, 2011:** President Lee Myung-bak replaces Unification Minister Hyun In-taek with Yu Woo-ik, a former chief-of-staff to Lee and former ambassador to China.