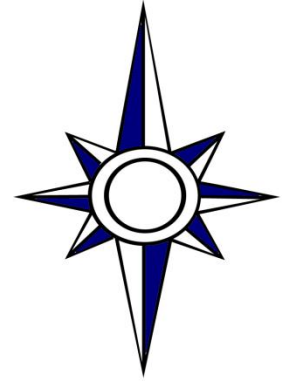


# Comparative Connections

A Triannual E-Journal on East Asian Bilateral Relations



US-Korea Relations:

## North Korea's Rocket Launch

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The most significant news in early 2012 centered on North Korea's rocket launch. In a slightly different twist to the pattern, this latest provocation came just two weeks after reaching what seemed to be a new deal with the US to freeze its missile and nuclear programs in exchange for food assistance. After Pyongyang went ahead with the launch in defiance of its international agreements and its so-called "Leap Day" deal with the US, it felt like Groundhog Day. The question soon became how soon a nuclear test might be in the offing. Meanwhile, the KORUS FTA finally took effect in March after seven years of deliberation, and the US sanctions on Iran and US beef imports also reemerged as issues for the US and ROK relationship.

### Groundhog Day

Despite a strong, unified voice by international opposition to the DPRK regime's announced satellite/rocket launch, Pyongyang's decision to go ahead on April 13 once again raised tensions on the Korean Peninsula. Although Pyongyang defended its actions as a sovereign right to launch a weather satellite for peaceful uses, the rest of the world saw the use of ballistic missile-related technology for the launch vehicle as a violation of UN Security Council resolutions. The then-expected launch stole the headlines of the Seoul Nuclear Security Summit on March 26, where Presidents Barack Obama and Lee Myung-bak garnered more press for their sideline-bilateral consultations on the DPRK than for the agreements on security of nuclear materials reached at the summit. The two leaders called on the North Korean leadership to stand down, and Chinese President Hu Jintao also made an unusual public appeal urging Pyongyang to focus on improving its people's livelihood.

The failure of the rocket 135 seconds after liftoff was a huge embarrassment and the first setback for the North's young leader, Kim Jong Un. As part of celebrations marking the April 15 centenary of the birth of the late DPRK founder Kim Il Sung, the rocket launch was carefully orchestrated as a prelude to the festivities, and presumably constituted an attempt to link the inauguration of a new political leadership with the country's "conquest" of a new frontier (i.e., outer space). The regime went out of its way to invite foreign media, granting visas from April 6 to April 26 and allowing journalists and space experts to witness and confirm the North's benign intentions with the satellite launch. The explosion of the rocket, most likely due to either a catastrophic failure in the launch phase or self-destruction due to an errant guidance system, compelled the regime to make an unprecedented public acknowledgment of the embarrassing results. In the end, the North got the worst of both worlds – a failed satellite launch and worldwide condemnation in the form of a unanimous UN President's Statement that sought to expand and more stringently enforce UN sanctions against the country.

North Korea's continued insistence of their right to launch satellites has been at the core of the current crisis with the US. However, the debate about whether Pyongyang has this right misses the fundamental point: They do not have a civilian space program. The entirety of its space program is the previous two rocket launch attempts in 1998 and in 2009, both of which failed and came close to dropping stages of the missile on Japan. The 1998 launch carried the *Kwangmyongsong-1*. For spaceheads, a satellite must be able to broadcast on a high frequency to project images and signals to earth. The frequency of this first satellite was 27 MHz, according to experts – this is the frequency used for your kid's radio-controlled toys. The 2009 satellite used a higher frequency, but there is no evidence according to the International Maritime Organization (IMO) and International Civil Aviation Organization (ICAO) that the North succeeded in putting this into orbit.

That leaves the *Kwangmyongsong-3*, which exploded in April. It is more appropriately termed a micro-satellite rather than a satellite (or as one senior White House official put it, “a refrigerator wrapped in tin foil”). It had a stated power capacity of 200 watts and weighed about 100 kg, which is tiny by international standards (by the way, a 100 kg payload would approximate the weight of a crude 1 kiloton-yield nuclear warhead). It is supposed to transmit images but it is fixed with a low-resolution digital camera. A digital camera from outer space? Be Serious!

This may be all that the North Koreans can produce given the crippling international sanctions and its self-imposed isolation. China helped them with the first satellite and has since stopped. Even if they succeed in putting something into orbit, there are no signs the DPRK has developed the network of communications necessary to interact with the satellite and receive data or images. Moreover, according to the late Christopher Joyner, an expert on law and space, North Korea has not participated actively in international conferences and organizations like the UN Committee on Peaceful Uses of Space that comprise today's space regime.

North Korea is following the path of the Soviet Union and China. Both of their rocket programs were for military application first and foremost, despite rhetoric to the contrary. The objective was to develop the intercontinental ballistic missile capability to deliver a nuclear warhead to the US. Only after they achieved this was there interest in a space program.

## Dead deal

What came as an unexpected surprise was that North Korea went ahead with the rocket launch before the ink was even dry on the Feb. 29 “Leap Day” deal with the US. The deal emerged from a third round of U.S.-DPRK exploratory dialogue on Feb. 23-24, which was also the first meeting following the death of Kim Jong Il and the ascension of his youngest son Kim Jong Un. In the deal, Pyongyang agreed to a moratorium on long-range missile launches, nuclear tests, and its nuclear activities at Yongbyon, including its uranium enrichment activities. It also agreed to allow IAEA inspectors to return to North Korea to verify and monitor the moratorium on uranium enrichment activities at Yongbyon. In return, Washington agreed to provide 240,000 metric tons of nutritional assistance to Pyongyang. The Obama administration played down the significance of the agreement, calling it a first, cautious step forward that offered glimmers of hope for a possible improvement in relations with the new regime and a return to Six-Party

Talks. Behind-the-scenes, there was palpable optimism that the deal was a good one and that relations could move forward after years of stasis. Theories were flung about Washington that junior Kim was a reformer and along with other princelings in the North Korean system represented a new generation that saw Coca-Cola and McDonalds as a part of the country's future. (In fact, a DPRK delegation in New York for track two talks in the aftermath of the February deal did meet with Coke representatives about the possibility of putting a bottling plant in the country).

Why did the deal fall apart? Why did the North announce a rocket launch two weeks after reaching a deal? There are no clear answers. The US government answer is that the North Koreans basically broke their word. This is not hard to believe given past behavior. At the same time, the North Koreans have maintained for over one decade now that a satellite launch is different from a ballistic missile test and that their announced launch was not in violation of the February commitment to a missile testing moratorium. The notion that they would move off of that position after 10 years for merely 240,000 tons of food seems odd. This ambiguity of missile vs. satellite tests could have been resolved if the two sides negotiated a joint statement (the agreement was announced as parallel statements in Washington and Pyongyang, but without a negotiation of the specific language of the statements), but such a negotiation could have taken months and would have left the Obama administration vulnerable to criticisms that it had abandoned the Six-Party Talks for bilateral negotiations with the DPRK.

In the end, the explanation that may make the most sense is that North Korea thought the February deal would have been concluded in December. That is, the third round of US-DPRK talks that produced the agreement in March was originally supposed to take place in mid-December, had it not been for the death of Kim Jong Il. Pyongyang's calculation might have been to make a deal in December, and then after four months of implementation – with IAEA inspectors presumably on-the-ground monitoring the uranium facility – force the US hand by announcing the satellite launch to see if Washington would be willing to give up all that it had achieved to that point. This is at least the view floating around Seoul these days. In the end, neither the US nor the DPRK came out smelling good from the failed deal.

What does this portend for the immediate future? Activity at the Punggye nuclear test site, including what appears to be a newly excavated tunnel entrance, provides telltale signs that the DPRK is preparing to repeat history with a third nuclear test. The danger of such a provocation is that there appear to be no exit ramps to dampen tensions after the event. The past cycle of events has been a North Korean provocation, which is followed by international sanctions, which is then followed by a quiet return to diplomacy to de-escalate the situation. The problem we now face is that the failed missile test created domestic political pressures for junior Kim to prove his legitimacy with a successful display of force. This will then elicit more international sanctions. But then there is no way out. The US, fed up with DPRK belligerence and failed deals, will not seek diplomacy and would presumably just move into containment mode, at least until after the November elections. Thus, we currently sit in a “negative feedback loop” when it comes to DPRK provocations. This situation would be exponentially exacerbated if the next provocation is a conventional military action against the ROK, as Seoul's certain response will be military rather than diplomatic.

## Ripple effects

It would be an understatement to say there is widespread skepticism and pessimism in Washington about the utility of diplomacy and engagement with North Korea. The Obama administration will not resume dialogue with Pyongyang any time soon unless for some unforeseen reason, it seeks to spend the political capital to re-engage with Pyongyang amid what would be a frontal assault from Republicans about naively buying the same horse yet again. Meanwhile, the lack of any diplomatic progress and North Korea's increasing missile threats have created greater impulses in Seoul to push for revision of its missile guidelines with Washington. The two countries held several talks over the past months to discuss the issue, and Seoul continues to press for Washington's acquiescing to a maximum ballistic missile range of between 800 km to 1,000 km (the current restriction is 300 km). President Lee spoke openly about ROK desires in the aftermath of the DPRK missile test, which for the first time elevated this negotiation out of the working levels to a higher political level. Recent ROK parliamentary delegations to the US have been giving demarches on this issue, something not seen in the past. It's an election year not only in Washington but also in Seoul, and the possibility that candidates could take this up is far from remote.

## US sanctions on Iran and South Korea's dilemma

President Obama signed a defense authorization bill into law in December 2011 that contained a provision authorizing sanctions on Iran's Central Bank in an effort to ratchet up pressure on Tehran to give up its suspected nuclear weapons program. The US subsequently urged other countries to join in its campaign by reducing oil imports from Iran. A deadline of June 28 looms as countries that fail to reduce the oil imports from Iran could face sanctions from the US.

Seoul has always faced a dilemma when it comes to Iran and US counter-proliferation policy. The country is South Korea's fifth-largest supplier of crude oil, accounting for 9.4 percent of its total oil imports in 2011. Last December, South Korea expanded its sanctions against Iran by blacklisting more than 100 firms and individuals with suspected links to Iran's nuclear program. Yet, the new measures taken by the US have deepened Seoul's dilemma. On the one hand, Seoul wishes to remain a close ally of the US and understands well the proliferation threat posed by Iran. On the other, finding alternative suppliers to make up nearly 10 percent of its oil imports is no small feat, and creates speculation in the market about oil shocks and economic downturns (in an election year). In January, the South Korea announced its plan to discuss with Washington the new US sanctions on Iran oil and at the same time increase its efforts to look for additional suppliers to secure a stable supply of energy. This prompted President Lee and Prime Minister Kim Hwang-sik to travel to the Middle East and meet with leaders of the United Arab Emirates, Saudi Arabia, Qatar, and Oman to secure alternative oil supplies.

In late March, the Obama administration announced that 10 European Union countries and Japan would be exempted from US sanctions for their significant reduction of oil imports from Iran. This heightened pressure on South Korea, China, and India, which haven't been able to cut their Iranian oil imports. Washington and Seoul have continued to work together to narrow their differences and plan to finalize a deal before the sanctions take effect in June. Stay tuned on this.

## 2012 Seoul Nuclear Security Summit

Amid all the hoopla over North Korea, South Korea successfully hosted the Nuclear Security Summit (NSS) in Seoul. Leaders from 53 countries and international organizations participated, including President Obama, Chinese President Hu Jintao, Japanese Prime Minister Noda Yoshihiko, and Russian President Dmitry Medvedev. The first NSS, which was held in Washington in April 2010, was Obama's initiative born out of his vision to build a world without nuclear weapons for the future generations. In his 2009 speech in Prague, he declared nuclear terrorism as "the most immediate and extreme threat to global security" and announced a US plan to host a global summit on nuclear security. The 2010 summit was the fruit of that effort, and the US drew out unanimous support from participating countries to join in its efforts to enhance global nuclear security by reducing the world's stockpile of nuclear weapons and dangerous nuclear materials and preventing them from falling into wrong hands.

The Seoul summit was a follow-up meeting to review overall progress made by individual countries. As the second country to host and chair the NSS, South Korea held an important responsibility to further the goal of the summit process by setting the agenda and developing concrete steps and guidelines to enhance global nuclear security. Following the disastrous Fukushima accident in Japan in March 2011, nuclear security-safety interface emerged as a pressing issue. With North Korea's announced rocket launch, the Seoul summit inadvertently became an important venue for countries to discuss their common response to North Korea's imminent rocket launch as well.

The Seoul summit concluded with countries unanimously adopting the Seoul Communiqué in which countries agreed to 11 points – the most notable was the agreement to remove or reduce the amount of HEU by the end of 2013. Some nuclear experts called it a "sign of progress," but others pointed to the summit's limitations as the Communiqué is not legally binding. Moreover, since there is no mechanism to enforce and verify countries' pledges, they called for active political leadership, which they said is essential in reinforcing their commitments.

## Implementation of KORUS FTA

After seven years of deliberation, the Korea-US Free Trade Agreement (KORUS FTA) was finally approved by the US Congress and ROK National Assembly and officially went into effect on March 15, 2012. The FTA aims to remove tariffs on up to 80 percent of US industrial and consumer exports, leading to almost 95 percent tariff-free bilateral trade on industrial and consumer goods. The hope is that all duties and tariffs between the US and ROK will be removed within five years, by 2017. According to a report released by Korea International Trade Association on April 15, the KORUS FTA was found to have reduced wholesale and retail prices of the US goods in South Korea by 7 percent and 6.3 percent, on average. The most significant drop in prices was in wine and beer (13 percent), fruits and nuts (9.6 percent), and meat and fish (7.7 percent).

While it was clear there would be benefits to opening up trade, domestic anxiety about the effects of the KORUS FTA on smaller Korean companies and on job losses fueled continued politicking against it. In the run-up to the 2012 ROK National Assembly elections in April the

Democratic United Party spearheaded the effort, campaigning on a pledge to fundamentally renegotiate and, if necessary, repeal the agreement. In what proved to be a fatal tactical mistake, the proposal fell upon deaf ears among the electorate and was widely opposed. This action, in part, led to the surprising victory for the conservative (formerly GNP, now Saenuri) party in the national elections in what will be seen as one of the most surprising electoral outcomes in South Korean political history. After seven years of politicization, the FTA is finally in effect and providing benefits to both economies. Moreover, any challenges to it (and there will be many given the electoral politics of 2012), can now be dealt with through the dispute mechanisms built into the agreement rather than on the streets by protestors. Still, the opposition party and other leftist parties fear that one of the primary negative externalities of the FTA is that the combination of cheap US goods with Korean conglomerates' traditional domination over the domestic market will hurt small businesses and low-wage workers. The back-and-forth is likely to continue through the presidential election in December 2012.

### **Just when you thought the beef issue was done...**

On April 24, the US Department of Agriculture's confirmation of the discovery of a case of Bovine Spongiform Encephalopathy (BSE), commonly known as mad cow disease, in a dairy cow from central California reignited a controversy in South Korea over the safety of US beef. In 2008, the issue led South Koreans to the streets in candlelight vigils to protest the Lee administration's negotiation with Washington over resumption of US beef imports after years of being banned. At that time, months of strong public protests paralyzed the government administration and rocked the then fledgling Lee administration.

In light of the previous political upheaval, both Seoul and Washington promptly responded and handled the matter with great success. The Lee administration announced that it will not stop imports of US beef, but will strengthen quarantine inspections. The US allowed Korean inspectors to visit US beef processing plants (which was a difficult political lift). Because Korea only imports beef from animals that are younger than 30 months, the government explained that the latest case of BSE, which involved a dairy cow older than 30 months, should not lead to an immediate all-out halt of the US beef imports.

The ROK government decision predictably came under strong criticism. The opposition parties demanded that the government immediately stop imports of US beef, and the Saenuri Party also joined in by calling for a halt of quarantine inspections, which has the same effect as suspending imports. Park Geun-hye, a leading presidential hopeful and chief of the Saenuri Party, warned that "the government should not give the public the wrong perception that it is more interested in avoiding trade friction with the United States than in the health and safety of its people."

Thus far, the massive street demonstrations we saw in 2008 have been replaced by calls for restraint and rationality. The likely outcome of this issue will be that Korea will not, in the foreseeable future, import beef of 30 months or older, which was the next step in US plans to return to normalcy in beef trade.

## **Chronology of US-South Korea Relations\***

### **January – April 2012**

Jan. 1, 2012: In his New Year's message, ROK President Lee Myung-bak vows to deal strongly with any provocations from North Korea but keeps open the possibility of inter-Korean talks.

Jan. 4, 2012: Kurt Campbell, assistant secretary of state for East Asian and Pacific Affairs, arrives in Seoul to discuss the situation on the Korean Peninsula following the death of North Korean leader Kim Jong Il.

Jan. 9-12, 2012: President Lee meets Chinese President Hu Jintao in Beijing to discuss strengthening economic ties and North Korean and peninsular stability.

Jan. 11, 2012: DPRK releases a statement that it remains open to suspending uranium enrichment in exchange for US food aid.

Jan. 12, 2012: ROK Prime Minister Kim Hwang-sik visits Oman and the United Arab Emirates as the US continues to urge South Korea to reduce its Iranian energy imports.

Jan. 17, 2012: Robert Einhorn, US State Department special adviser for nonproliferation and arms control, meets ROK Deputy Foreign Minister Kim Jae-shin in Seoul and urges South Korea to help put more pressure on Iran.

Jan. 17, 2012: Assistant Secretary Campbell, Lim Sung-nam, ROK representative for Korea Peninsula peace and security affairs, and Japanese counterpart Sugiyama Shinsuke attend a trilateral meeting in Washington; they offer hope for restarting talks with North Korea.

Jan. 27, 2012: Iran's Ambassador to ROK Ahmad Masumifar says in an interview with *JoongAng Ilbo*, "We can find our own customers and if Korea joins this sanction, Korea will be deprived of Iran's market."

Jan. 28, 2012: DPRK chastises ROK and the US for its recent military drills and warns against the joint military exercises planned for March.

Feb. 1, 2012: After meeting ROK Deputy Foreign Minister Kim Jae-shin and ROK nuclear envoy Lim Sung-nam in Seoul, Assistant Secretary Campbell says, "the road to improve relations [with Washington] run through Seoul for North Korea."

Feb. 2, 2012: DPRK National Defense Commission says there are nine preconditions for resuming talks, including that ROK must apologize for failing to show proper respect regarding Kim Jong Il's death.

Feb. 9, 2012: Democratic United Party and the United Progressive Party deliver letters to the US Embassy in Seoul threatening to repeal the KORUS FTA unless it is renegotiated.

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\* Compiled by Barbra Kim

Feb. 16, 2012: South Korean Ambassador to the US Han Duck-soo announces his resignation.

Feb. 20-24, 2012: South Korean and US navies hold a series of joint anti-submarine exercises in the Yellow Sea.

Feb. 23, 2012: Glyn Davies, US special representative for North Korea policy, and DPRK Vice Foreign Minister Kim Gye Gwan meet in Beijing.

Feb. 24, 2012: Special Representative Davies announces that the US and DPRK “made a little bit of progress” in talks aimed at finding ways to resume the Six-Party Talks.

Feb. 27, 2012: ROK and U.S. begin military joint exercise *Key Resolve*, which will last two weeks. DPRK has previously called these annual drills a provocative act.

Feb. 29, 2012: Parallel announcements regarding the food-for-nuclear/missile freeze agreement are issued by the US and the DPRK.

March 1, 2012: Chinese Foreign Ministry spokesman says that China hopes the US-DPRK agreement will lead to the speedy resumption of the Six-Party Talks.

March 2, 2012: DPRK threatens to launch a "sacred war" against ROK over alleged defamation of its leadership.

March 6, 2012: Robert King, US special envoy for North Korea human rights issues, and Jon Brause, senior U.S. Agency for International Development official arrive in Beijing to finalize arrangements for the first US government food aid shipment to DPRK in three years.

March 8, 2012: Ri Yong Ho, DPRK’s vice foreign minister and envoy to nuclear disarmament negotiations, and South Korean counterpart, Lim Sung-nam attend a two-day, academic forum on security in Northeast Asia in New York.

March 8, 2012: Choi Young-jin, a former vice foreign minister and ambassador to the United Nations, is named South Korea’s new ambassador to the US.

March 9, 2012: In a joint press conference with ROK Foreign Minister Kim Sung-hwan in Washington, Secretary of State Hillary Clinton says the US is opposed to the forceful repatriation of North Korean refugees, considering it a breach of international agreements.

March 13, 2012: Special UN Rapporteur on North Korean Human Rights Marzuki Darusman calls on all states “to adhere to the principle of non-refoulement,” making a thinly veiled request to China to not return North Korean defectors.

March 15, 2012: The US-Korea Free Trade Agreement takes effect.



March 16, 2012: DPRK announces its plan to launch an earth observation satellite, Kwangmyongsong-3.

March 17, 2012: US State Department spokeswoman says the North Korean rocket launch would violate UN resolutions prohibiting the use of ballistic missile technology.

March 19, 2012: IAEA spokeswoman Gill Tudor confirms that the agency received the invitation from DPRK on March 16 inviting the agency's inspectors to return to the country.

March 20, 2012: Through *Korea Central News Agency*, DPRK claims that its planned rocket launch has nothing to do with a recent nuclear deal with the US.

March 20, 2012: US announces exemptions for 11 countries from the newly passed Iranian oil and economic sanctions, and does not include South Korea on its list.

March 23, 2012: Gary Samore, special assistant to the president and White House coordinator for arms control and weapons of mass destruction, proliferation, and terrorism, says the DPRK will face a "strong response" if it goes ahead with its plan to launch a long-range rocket.

March 23, 2012: President Lee Myung-bak says in a joint interview that ROK and the US are expected to reach a compromise on allowing Seoul to develop long-range ballistic missiles.

March 25-26, 2012: President Obama visits South Korea to attend the second Nuclear Security Summit and hold a bilateral summit with President Lee.

March 28, 2012: Peter Lavoy, acting assistant secretary of defense for Asian and Pacific affairs, tells the House Armed Services Committee that the US has suspended food aid to North Korea.

March 30, 2012: President Obama releases a Presidential Memorandum on sanctions on Iran.

April 6, 2012: Pyongyang threatens to retaliate against any country that intercepts a DPRK rocket booster or collects the rocket debris.

April 8, 2012: DPRK allows invited foreign press to tour the Sohae Satellite Launch Center and see the satellite.

April 9, 2012: A ROK intelligence report reports the excavation at the Punggye-ri test site is in its final stages, hinting at North Korea's intention of a third nuclear test.

April 11, 2012: A legislative election is held in South Korea, with the ruling Saenuri Party surprisingly renewing a majority in the National Assembly.

April 13, 2012: DPRK launches its rocket.

April 13, 2012: North Korea holds the fifth session of the 12<sup>th</sup> Supreme People's Assembly. Kim Jong Un is elected first chairman of the DPRK National Defense Committee.

April 13, 2012: United Nations Security Council (UNSC) holds an emergency meeting to discuss the North Korean rocket launch.

April 14, 2012: President Obama says that the US would work with the international community to further isolate North Korea after the country's unsuccessful rocket launch.

April 16, 2012: UNSC adopts a President's Statement condemning North Korea's failed satellite launch and orders its sanctions committee to expand sanctions against North Korea.

April 16, 2012: North Korea withdraws its offer to accept IAEA inspections at the Yongbyon nuclear facilities in response to the withdrawal of the offer of food aid from the US.

April 24, 2012: White House Press Secretary Jay Carney says the US has raised issue with the Chinese government about suspected missile cooperation between China and North Korea.

April 25, 2012: Two South Korea retailers halt US beef sales over new case of mad cow disease in California.

April 27, 2012: Park Geun-hye, a leading presidential hopeful, says that South Korea should halt quarantine inspections of US beef until it is confirmed safe to consume.

April 29, 2012: The Blue House rejects increasing calls to halt quarantine inspections on US beef imports after an US dairy cow was found to have mad cow disease.