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INTERNATIONAL JOURNAL OF KOREAN STUDIES

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China, the Great Powers, and the Koreas: Beyond the Beijing Olympics

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Abstract

A paramount geostrategic goal for China is to deny any other great power direct access to Korea. If outright control of the Peninsula is unachievable, then the second best situation for China is a divided Korea, which at least prevents other powers from having full control of Korea and limits Korea's own power. Unless a unified Korea can be independent and neutral, China has no real interest in a unified and independent Korea. Thus, for the past sixty years or so a divided Korea has suited Beijing's purposes.

But a divided Peninsula has provided scant reassurance to China in recent years. This article examines Beijing's thinking on Korea in the context of China's relations with the United States, Japan, and Russia with particular attention to the period since 2008.

Keywords: China, United States, Japan, Russia, North Korea, South Korea, Six Party Talks, Taiwan, Olympics.

Two thousand and eight was an eventful year for China. In January, the country was wracked by severe snow and ice storms during the busiest travel season—the Lunar New Year holiday. In March, Greater Tibet was shaken by the most serious and widespread unrest among ethnic Tibetans since 1959, and, in Taiwan, the presidential election resulted in the victory of the Kuomintang candidate (who assumed office in May). In May, Sichuan Province was struck by a devastating earthquake. In August, Beijing proudly played host to the 2008 Olympic Games. In the autumn, the ripple effects of a global financial crisis hit China. In December, in an unprecedented—albeit modest by great power standards—demonstration of maritime power projection, China dispatched a naval flotilla to the Gulf of Aden to conduct anti-piracy operations.¹

Perhaps the most significant events in Beijing's eyes were the Olympics, the financial crisis, and the Taiwan election. The first was a matter of enormous national pride; the second event was a matter of great concern; the third event was matter of much relief. Just as important, Beijing was almost certainly most grateful for a non-event: the absence of a high profile incident on the Korean Peninsula.

While China is concerned with events unfolding anywhere in its Asia-Pacific neighborhood, Northeast Asia is the region that constitutes China's doorstep. The countries of Northeast Asia are less China's next door neighbors than they are part and parcel of China's doorstep—the Koreas, Japan, Russia, and the United States (by virtue of its economic presence and security alliances with the Republic of Korea and Japan and security assurances to Taiwan). But the Korean Peninsula is perhaps better thought of as more a *threshold* than a doorstep. Indeed, in Beijing's eyes, Korea is the doorway to China's political and economic heartland. Thus, the condition and control of the Korean Peninsula becomes of paramount importance to China's national security. Indeed, it is widely accepted that Beijing is most sensitive to matters affecting domestic stability. The countries of Northeast Asia are extremely important to China economically. The Koreas have not only become economically intertwined with China but by virtue of their geographic proximity—sharing a land border and very being close as the crow flies—mean that instability or upheaval can spillover directly into China proper.

China's relations with the superpower and great powers are inevitably affected by events on the Korean Peninsula and colored by the

dispositions of these other powers vis-à-vis the Peninsula. This article examines China's national security priorities and its specific interests on the Korean Peninsula in the context of its relations with the United States, Japan, and Russia.

Korea in China's National Security Calculus

Of all the great powers, China is the closest of all to Korea.² For China, a paramount geostrategic goal is to deny any other great power direct access to the Korean Peninsula. If outright control of the Peninsula is unachievable, then the second best situation for China is a divided Korea, which at least prevents other powers from having full control of Korea and limits Korea's own power. Unless a unified Korea can be independent and neutral, China has no real interest in such a status. Thus, for the past sixty years or so a divided Korea has suited Beijing's purposes.

But a divided Peninsula has provided scant reassurance to China in recent years. The immediate focus has been on North Korea. Sharing a common border with Jilin Province, North Korea's proximity to China has led to the relationship between Pyongyang and Beijing being characterized as close as "lips and teeth." From China's perspective, North Korean lips protected Chinese teeth during the Cold War. Since the early 1990s, however, Pyongyang has constituted less a protective shield than a hazard in its own right. North Korea's importance as a buffer has been greatly diminished, if not disappeared completely, as China has sought to expand its economic and political ties with South Korea. Beijing's emphasis on economic development and integration into the global trading system has not resonated in Pyongyang. In fact, North Korea has proved to be China's most unruly and truculent neighbor of the post-Cold War era, refusing to embrace economic reform, seeking to restrict Seoul's efforts at rapprochement and engaging in ongoing brinkmanship with its nuclear and ballistic missile programs. China's concern in the medium and long term lies with South Korea. While Korean unification may not be inevitable, the possibility seems conceivable and perhaps even likely within a decade or two. If this were to happen, the assumption in Beijing is that it would occur under Seoul's auspices because Pyongyang is far weaker economically and more fragile politically. The specter of Korean unification looms not necessarily as an anathema to China; however, a larger, stronger single

Korean state would pose a new set of challenges, and Beijing would much prefer two stable and prosperous states on the Peninsula.³

Olympic Afterglow, Electoral Assurance, and Countering Contagion

As noted above, the most important events of 2008 for China's Communist Party (CCP) leaders were the Beijing Olympics, the global financial crisis, and the Taiwan election. The first was important because of the prestige it brought with it; the second, because of the threat it posed to China's economic dynamism; the third, because of the assurance it provided. China is very much concerned with status, seeing status as an important element of power in and of itself.⁴ Moreover, it is central to nationalism—the first—and probably the most important pillar of CCP political legitimacy. In the absence of ideology, this dimension is considered crucial to continued popular support for the regime. China had actively sought to host the Olympics for at least a decade, and Beijing's first bid to host the 2000 Games had ended in failure. From Beijing's perspective, it had been the only great power and the only country in Northeast Asia not to put on an Olympics—Tokyo had hosted the 1964 Olympics, Moscow had hosted the 1980 Olympics, Los Angeles in 1984, Seoul in 1988, and Atlanta in 1996. China's moment in the limelight was long overdue, and the government and people of China were determined to put on the greatest spectacle possible for the world. And they did.

Enhancing its own international standing and status is a top foreign policy priority for China. A positive, high profile for China on the global stage is extremely desirable for Beijing's leaders. It is important to be seen as a major global player. Beijing is very status conscious, and this motive should not be underestimated because it is related to the critical dimension of the legitimacy of the communist regime. The Chinese people are more than ever acutely conscious of and sensitive to their country's treatment and status in the world. To the extent that Beijing is seen as being able to raise China's status, the legitimacy of the CCP in the eyes of Chinese people increases; to the extent that Beijing is seen as being unable to deliver on this, it contributes to the frustration and resentment that Chinese people feel toward their own government. In short, China must look stronger and more respected abroad for its communist leaders to feel more secure at home.

The second event was important because it threatened to undermine the economic prosperity and sabotage economic growth. The second

pillar of popular legitimacy for the CCP—after nationalism—is economic growth. Anything that threatens to slow or halt China’s booming economy is viewed as a serious security threat by Beijing. What the CCP fears most is instability at home. While Beijing is concerned with ethnic unrest on its periphery—in Tibet in spring 2008 and in Xinjiang in summer 2009—the greatest worry remains unrest in the heartland among Han Chinese—who make up more than 90 percent of the populace. In recent years, China has witnessed thousands of local ‘mass incidents’ annually, but these have been contained and controlled by local authorities and not allowed to spread. The issues triggering these protests have varied by locality—discontent over official corruption, pollution, and job losses, for example. But a serious economic downturn is most feared precisely because of the nationwide impact it would have.

The global financial crisis which began in the latter half of 2008 seems to have both reassured and worried Beijing. The crisis was reassuring in that China seemed to be able to weather the storm fairly well—far better than many other countries—and rebound more quickly than other great powers and the Koreans.⁵ The crisis was worrisome because it revealed a superpower with feet of clay. The global hegemon the U.S. possessed a more fragile financial system than most of the world realized. Only massive government intervention ensured the viability of the system. By contrast, China seemed on much firmer ground economically, and its greatest concerns included ensuring the security of its substantial investments and stakes in U.S. institutions.

Beijing’s foremost priority is preserving domestic stability. While a number of scholars opine that the leaders of the CCP have entered a new era of greater confidence and maturity, this is only part of the story.⁶ What analysts often lose sight of is the high degree of insecurity Beijing continues to possess in the first decade of the 21st Century. This insecurity is not directed toward any grave external threat; rather, the alarm is over the potential for instability and unrest at home.⁷ Domestic stability does not simply presume continued firm political control (also known as *repression*), but also sustained economic growth. Both of these dimensions are viewed as being closely intertwined with the international environment. Above all, internal stability assumes peace in China’s immediate neighborhood—especially on the country’s periphery---the Korean Peninsula, Russia, Central Asia, Southeast Asia, and South Asia. But ensuring continued economic growth also demands

that Beijing operate further afield to secure natural resources and develop markets. Beijing is particularly concerned with energy security, especially petroleum.

Third, Taiwan figures prominently in terms of nationalism, economics, and a central irritant in US-China relations.⁸ The island figures in domestic stability because Beijing believes that appearing soft on Taiwan arouses the ire of the Chinese people. The island remains the only territory claimed by Beijing that maintains its independence. Governed by an 'authentic' Chinese power structure with its own military capabilities, Taiwan possesses an ocean buffer sufficient to provide the island options unavailable to Hong Kong and Macao.⁹ Moreover, the island possesses a superpower patron offering a security guarantee. Taiwan also figures in the enhancement of China's stature internationally, because the island is considered a constant thorn in its side. In Beijing's thinking, by competing with China for the diplomatic recognition of small states in the Third World and pressing for entry into organizations from the United Nations to the World Health Organization, Taiwan subjects China to constant embarrassment, if not humiliation. Moreover, if Taiwan takes the path toward independence and the communist regime is not seen to be doing an adequate job of thwarting the move, the CCP will endure the full wrath of the masses—widespread unrest or worse. Taiwan also figures prominently in China's relationship with the United States, because Beijing believes that Washington is engaged in sabotaging Chinese efforts at cross-strait unification, or at least manipulating the situation to its advantage. Hence, without cooperation or assistance from Washington, resolving the Taiwan issue is much more difficult, if not impossible. In short, the issue of Taiwan is seen as vital to Beijing's national security interests.

A top priority for China is managing its relationship with the United States and not just vis-à-vis Taiwan. Beijing views Washington as both an opportunity and a threat. Maintaining good relations with the sole superpower is seen as the key to continued CCP political rule, economic prosperity, and overall national security. Geopolitically, economically, and militarily, the United States looms large. Therefore, it is not surprising that the most important overseas posting for the PRC diplomatic corps is Washington, DC. Moreover, in recent years, the Chinese ambassador to the United States has been promoted to PRC Foreign Minister at the conclusion of his tour. However, keeping on good terms with Washington does not mean that Beijing always seeks to

accommodate, agree, or acquiesce to U.S. policy desires. On the contrary, China works to counter or at least to contain US influence in Asia and around the world. Simultaneously, China works to expand its own influence, especially in its Asian neighborhood. Nevertheless, China attempts to conduct these efforts in a manner that does not unnecessarily antagonize the United States.

Diplomacy and Leadership Change

China has continued to stress bilateral diplomacy but has also branched out into multilateral and public diplomacy. While China's diplomacy has, beyond a shadow of a doubt, 'gone global,' Beijing continues to focus the majority of its efforts within its own Asian neighborhood. China has created its own regional multilateral organizations in Asia. Notable are the Shanghai Cooperation Organization (SCO) which was formally established in 2001, although its genesis can be traced back to the early 1990s. Also noteworthy are the Six Party Talks on North Korea that China initiated in 2003. These organizations are perhaps best viewed as management mechanisms—means by which China is able to exert influence over the environment in its immediate neighborhood.

One of the most notable public diplomatic initiatives of this decade is the effort to create a global network of Chinese cultural entities. Of course, I am referring to Confucius Institutes. The first one was established in Seoul, South Korea, in 2004. The initiative is directed by the Office for Teaching Chinese as a Foreign Language in the Ministry of Education (known for short as the '*Hanban*'). Not surprisingly, the primary focus is Chinese language instruction. By October 2007, the Xinhua News Agency reported that there were 190 Confucius Institutes in 60 countries all over the world, including more than two dozen in the United States.¹⁰ In each case, the *Hanban* partners with a local organization. For example, in October 2007, China's Ministry of Education and Texas A&M University signed an agreement to establish a Confucius Institute in College Station. By October 2008, there were reportedly 326 institutes operating in 81 countries and regions. Of these, 32 were located in the United States, 10 in Russia, 11 in Japan, and 12 in the Republic of Korea.¹¹

Leadership Transitions

Key events since 2008 that have influenced China's relationships with the great powers and two Koreas include leadership turnovers and transitions in these political systems. In the United States, there was a change of parties in the White House as Democrat Barak Obama defeated Republican John McCain in November 2008 and succeeded outgoing Republican George W. Bush as head of state. In August 2009, the Democratic Party of Japan soundly defeated the incumbent Liberal Democratic Party, and Yukio Hatoyama became Prime Minister the following month. In Russia, Dmitry Medvedev took over as President from Vladimir Putin in May 2008, after being elected in March (although the latter stayed on as Prime Minister and was widely regarded as the key power broker). In December 2007, Lee Myung Bak won presidential election in the Republic of Korea and took up residence in the Blue House in February 2008, succeeding Roh Moo Hyun. Lastly, there were inklings of leadership change in North Korea as Kim Jong Il seemed to be making preparations for a second dynastic succession. Arguably the last of these has exerted the greatest impact on China and the situation on the Korean Peninsula. The ICBM launch in April 2009 and the nuclear test the following month probably have as much to do with succession politics in Pyongyang as they do about North Korean foreign policy.¹² In June 2009, Kim Jong Un, the twenty-six year old son of Kim Jong Il reportedly visited China as a member of a high-level North Korean delegation, suggesting that he is being groomed to succeed his father.¹³

GREAT POWERS

USA

China's relations with the United States have been on an upswing since September 11, 2001. Jiang Zemin was one of the first world leaders to telephone the White House to offer condolences and support. Nevertheless, for several years afterward, Taiwan remained an irritant. With President Chen Sui-bian of Taiwan widely viewed both in Beijing and Washington as a troublemaker, President George W. Bush moved from making a declaration in April 2001 that the United States would do "whatever it takes" to defend Taiwan, to announcing in a joint press conference with Chinese Premier Wen Jiabao in December 2003 that the United States did not support "any unilateral decision by either China or Taiwan to change the status quo." Bush singled out in his remarks, "comments and actions made by the leader of Taiwan."¹⁴ While Taiwan

constituted less of an irritant in bilateral relations, despite Chen's re-election in 2004, the victory of Kuomintang candidate Ma Ying-jeou came as considerable relief to Beijing. There was almost immediate improvement in the climate of cross-strait relations, followed by concrete progress in ties.

While Taiwan has almost become a non-issue in US-China relations—at least in 2009—other matters such as protectionism and North Korea have come to the fore. Most recently, Washington and Beijing have become embroiled in a dispute over tire imports to the United States. But it was financial crisis that has been cause for greatest concern. China was alarmed by the hidden flaws in the US financial system flaws which came to light as a result of the subprime mortgage meltdown. Since China has considerable holdings in US dollars, including Treasury bills, these investments were put at risk.

As a result of the crisis, China began to reassess the viability of the United States as the global economic hegemon and the longevity of Washington as the world's sole superpower. Governor Zhou Xiaochuan of the People's Bank of China suggested on several occasions in 2009 that perhaps the U.S. dollar ought not to remain the most important international currency and should be replaced by something else. Moreover, China's Finance Minister, Xie Xuren, sought assurances from his U.S. counterpart that the United States would work to cut its deficit.¹⁵ The crisis has underscored China's interest in lessening its dependence on the United States as a country to invest in and trade with. But the United States remains a key economic partner for China, even if some in Beijing believe that Washington is in gradual decline.

Moreover, the United States continues to be a key diplomatic and security player for China, especially in Northeast Asia. The United States, along with North Korea, is one of the two key parties in the Six Party Talks. Without U.S. participation, no progress is possible. China has shifted from viewing the United States as the main obstacle to resolving the crisis to seeing North Korea as an obstacle as well. With the Six Party Talks stalled at the time of writing (late 2009), there were signs that China was seeking to jumpstart them. A visit by Premier Wen Jiabao to Pyongyang in October 2009 suggested Beijing was setting the stage for a resumption of talks. The chill between the United States and North Korea has been warmed somewhat by the visit of former President Bill Clinton to Pyongyang in August 2009, when he met with Kim Jong Il and obtained the release of two U.S. journalists held by North Korea.

JAPAN

Relations with Japan have proved to be a considerable challenge to China. Despite rocky periods in the 1990s and mid-2000s, both Beijing and Tokyo have made great efforts to improve the climate of relations. The economic relationship is critical to both countries, and it is in the interests of both China and Japan to manage the history issue and territorial disputes. Japan is now China's number two trading partner. Regarding the Six Party Talks, Japan remains rather peripheral—Tokyo is focused on the abductee issue—one that China regards as irrelevant or at the very least an unwelcome distraction to the main business of the talks.¹⁶

RUSSIA

China finds Russia weak, worrisome, and unreliable. While in the early 21st Century, Russia is a shadow of the former Soviet colossus, Moscow remains a nuclear power with considerable economic clout, if only because of its substantial energy resources. Perhaps what Beijing fears most is not a strong but a weak Moscow. A Russia further weakened by severe demographic distress and ruled by a corrupt and perhaps, in the post-Putin era, inept or incompetent leadership could slide closer and closer to chaos. Of course, the reality of a failing Russia today does not preclude the possibility of a future revival. Nevertheless, it is likely that Russia will remain a state of concern for China for a considerable time to come.¹⁷

Although Russia has been valuable to China as a source of arms and military technology transfer, this usefulness appears to be declining. Moreover, Moscow has proved to be an unreliable source of energy resources—while proximate to China with abundant reserves of oil and gas, construction on a pipeline of any kind has yet to begin, let alone be completed.¹⁸ From China's perspective, its relationship with Russia is aptly described as an "axis of convenience."¹⁹

Regarding Russia's role in the Six Party Talks, Moscow, like Tokyo, is a rather peripheral player. However, Russia is widely seen as sympathetic to North Korea and can serve to reassure Pyongyang. Moreover, from Beijing's perspective, Moscow can help check possible extreme impulses on behalf of Washington.

THE KOREAS

Sino-South Korean economic ties grew dramatically in the 1990s.²⁰ South Korea became the second largest investor in China, and China became a significant investor in South Korea. In 2004, China replaced the United States as South Korea's largest trading partner, and South Korea has become China's fourth biggest trade partner.

Chinese satisfaction with the boon of economic ties with South Korea has been a dramatic contrast with Chinese dissatisfaction with economic stagnation in North Korea. Despite persistent efforts by Beijing to push and prod Pyongyang in the direction of adopting Chinese-style reforms, the response has been underwhelming. North Korea has resisted systemic reform and conducted limited ad hoc adjustments that amounted to reform around the edges. Yet Beijing has persisted with economic aid and assistance, encouraging investments by Chinese entrepreneurs in North Korea. Reportedly, at least one-third of China's total foreign economic assistance budget has gone to North Korea, 40 percent in 2006. Chinese businesses have invested in mining, food processing and the service sector. Unlike South Korean investors, Chinese investors have been granted "much wider-ranging access to many sectors of the North Korean economy."²¹

China has worked hard to increase its influence in South Korea to counter the dominant role of the United States. In the early 1990s, China was concerned with Russian influence but the weakness of the Russian economy has meant that Moscow struggles just to stay relevant on the Peninsula. Moscow's main influence is with Pyongyang, although even this is quite limited. China was also successful in making South Korea break official diplomatic relations with Taiwan.

North Korea is China's only formal ally in the post-Cold War era. However, this alliance may be best thought of as 'virtual.'²² The 1961 Treaty of Friendship and Cooperation and Mutual Assistance is technically still in effect. And yet, the message Beijing has repeatedly communicated to Pyongyang in private and public is: don't expect China to come to your rescue in a military conflict of your own making. China appears to find the piece of paper psychologically useful in a number of ways. First, it provides at least some measure of reassurance in Pyongyang that it still has Beijing's backing while discouraging overconfidence. Hence, it serves hopefully to check against North Korea's acting too provocatively. Second, the existence of the document

serves as a deterrent against any rash decision in other capitals to act against Pyongyang because of uncertainty about Beijing's reaction.²³ Finally, the treaty provides a formal justification in the event that China ever felt it imperative to intervene in North Korea.

CHINA, KOREA, AND THE UNITED STATES

China's top priority on the Korean Peninsula is stability.²⁴ While China does not want nuclearization, it can live with a nuclear North Korea. China has worked extremely hard to organize negotiations between Pyongyang, Washington and other governments. Since 2003, China's efforts to broker a diplomatic solution on the nuclear issue have been both unprecedented and remarkable. By organizing and hosting the Six Party Talks—not to mention serving as the driving force behind them—Beijing has stepped outside its traditional diplomatic comfort zone. China has sought to serve as an honest broker between the United States and North Korea, especially in prodding and cajoling both Pyongyang and Washington to be flexible and willing to compromise. Beijing appears to believe that the United States, as by far the most powerful and more secure of the two countries, is the party that can most readily compromise. North Korea, meanwhile, as the weaker party, exhibits extreme insecurity and is far less capable of compromise up front. Thus the Chinese focused their initial efforts on pushing the United States to be more flexible in the hope that this would build much needed trust between the two countries and increase the likelihood that North Korea would compromise. The discussion in the United States on China's role has tended to revolve around whether or not China was doing enough to promote resolution. This is not a useful debate, because it ignores the question of whether Beijing and Washington have the same priorities and agree on strategies.

While China and the U.S. share overlapping goals on North Korea, these are not identical; moreover, the two countries differ on strategies. There is nothing surprising or troubling about these differences. Each country brings its own set of national interests and geostrategic logic to the issue. China is most worried about instability and war on its borders, while the United States is most concerned with a nuclear-armed rogue regime with long range missiles. Beijing prefers a gradual and cautious approach to the problem to minimize tensions and focus on the process; Washington prefers a swift and bold strategy to achieve a desired outcome as soon as possible.

Thus, in the medium term, if the Korean nuclear crisis is drawn out, this is not necessarily bad for China's interests. It requires constant attention by the U.S. military and complicates a Taiwan scenario. The crisis also ties down the Americans in a complex diplomatic venture and, at the same time gives China a significant diplomatic clout and status. Beijing does not want a breakdown of the Pyongyang regime, and the extended crisis serves to prop up that regime. It buys time for North Korea's economy to stabilize and, China hopes, to see reforms enacted. Furthermore, the creeping crisis serves to perpetuate the division of the peninsula which also suits Beijing's interests.

Overall, the unresolved crisis and China's diplomatic response to it have been a significant success for China. First, it has served as a prime example of a new responsible and proactive 21st Century power, not only boosting China's status, but also serving to increase China's influence in Northeast Asia and beyond. Beijing's relations with Washington have been mostly enhanced, because the United States has come to rely on China as well as serve as a bright spot on a bilateral agenda filled with quite contentious items. While the crisis and Six Party Talks have raised tensions between China and Japan, and China and South Korea, they raised comparable tensions between the United States and its two allies. Japan has felt ignored and marginalized, and Japan is the country with the greatest threat perception of North Korea. The level of anxiety about Pyongyang's missiles and nukes is far higher in Tokyo than in any other capital. And yet, it has little influence in the negotiations as shown by the marginalization of the abductee issue in the Six Party Talks. The protracted crisis has also put strains on the U.S.-South Korea relationship, since U.S. policy has been unsympathetic to South Korean alarm over rising tensions on the Peninsula and the daunting challenges it would face in the event of a hard landing by its northern neighbor.

Given the range of possible alternatives, the situation on the Korean Peninsula at the start of the second decade of the 21st Century is quite favorable to China. Certainly, Beijing would prefer a denuclearized peninsula, but it can live with the reality of a nuclear North Korea. Moreover, in the long run Beijing is hopeful the Korean situation will gradually sort itself out, and China will emerge as the most dominant outside power. Beijing has sought to portray its on-going role as a constructive mediator in a manner that may pave the way for Koreans to accept a benevolent outside power looking out for Korean interest.

Much will depend on the fate of the Six Party Talks. China has a lot at stake in this multilateral forum. From Beijing's perspective, the prestige and status it garners from its role is very significant. Moreover, in a real sense, Beijing views the talks as a management mechanism—as an extremely useful way to control the actions of the great powers. Yet, the bar for success is actually very low. The only outcome that would constitute failure from China's point of view would be a complete collapse of the talks. Anything other than this is success. Stalling, posturing, delays, suspensions of the talks do not constitute failure. In short, success in Chinese eyes is the perpetuation of the process.

If and when unification occurs, China and South Korea both want North Korea to experience a soft landing to avoid instability. This is one reason, along with maintaining diplomatic access, that Beijing continues to treat Kim Jong Il with outward deference—as an old and respected friend—even though Chinese leaders find his regime distasteful. China's primary long term goal is to avoid dominance of a unified Korea by the United States. Since South Korea is the future, China wants good relations with that regime. All other things being equal, a future unified Korea will probably strive for true independence and for regional influence. China will want Korea to get rid of US troops or at least not see any U.S. military presence north of the DMZ.

China's long term management of conflicts with a unified Korea will almost certainly be concentrated on economic and territorial issues. A united Korea may seek to turn northeast and Eastern China and the Russian Far East into its economic hinterlands. China needs to be sensitive to the fact that the Koreans are most likely to feel a strong threat from China because of geography and China's burgeoning growth. There are certainly border, cross-border, refugee, economic, and other issues which could emerge as sources of conflict. In recent years, contentious bilateral issues have included China's treatment of North Korean refugees and the furor over the ancient kingdom of Kogoryo.²⁵

Conclusion

The Six Party Talks have become a very important venue for China—both in terms of Beijing's global status and its relations with the Great Powers and the two Koreas. For reasons of prestige and as a mechanism for controlling the American superpower, the great powers, and the two Koreas, the talks cannot be allowed to fail. Of course, the bar for success is very low so China can claim success as long as the

talks continue. Moreover, China now recognizes the value of the Six Party Talks as a mechanism for managing Northeast Asian security and not just for dealing with tensions between North Korea and the United States. Since the mid-2000s, Beijing has begun floating the idea of the talks evolving into a multilateral security mechanism for the region.

The United States remains the most important actor for China. Nevertheless, Japan, Russia, and the Koreans by dint of their closer location and economic interrelationships, have become ever more important to China. Beijing needs good relations with all these countries to maintain stability at home. A tranquil neighborhood is a prerequisite for continued economic growth, cordial ties with the United States, and steady progress on unification with Taiwan.

Notes:

¹ All of these events are mentioned in China's 2008 Defense White Paper issued in January 2009, see *China's National Defense in 2008* (Beijing: Information Office of the State Council of the People's Republic of China, 2009).

² This and the following two paragraphs draw heavily on Andrew J. Nathan and Andrew Scobell, *China's Search for Security* (New York: Columbia University Press, 2010, forthcoming), chapter 5.

³ On China's interests and priorities, see Avery Goldstein, "Across the Yalu: China's Interests and the Korean Peninsula in a Changing World," in Alastair Iain Johnston and Robert S. Ross, eds., *New Directions in the Study of Chinese Foreign Policy*, (Stanford, CA: Stanford University Press, 2006), pp. 131-161; David Shambaugh, "China and the Korean Peninsula: Playing for the Long Term," *The Washington Quarterly* Vol. 26, No. 2 (Spring 2003), pp. 43-56. Also see Andrew Scobell, *China and North Korea: From Comrades-in-Arms to Allies at Arm's Length* (Carlisle Barracks, PA: Strategic Studies Institute, 2004); Andrew Scobell, "Beijing's Headache Over Kim Jong Il," *Far Eastern Economic Review*, Vol. 170, No. 6 (July/August 2007), pp. 35-38.

⁴ Yong Deng, *China's Struggle for Status* (New York: Cambridge University Press, 2007).

⁵ See, for example, Pieter Botellier, "China and the International Financial Crisis," in Ashley J. Tellis, Andrew Marble, and Travis Tanner, eds., *Strategic Asia 2009-10: Economic Meltdown and Geopolitical Stability* (Seattle, WA: National Bureau of Asian Research, 2009), pp. 71-104.

⁶ See, for example, R. Taylor Fravel and Evan Medeiros, “China’s New Diplomacy,” *Foreign Affairs* Vol. 82, No. 6 (November/December 2003), pp. 22-35.

⁷ See, for example, Susan Shirk, *China: Fragile Superpower* (New York: Oxford University Press, 2007).

⁸ Alan Wachman, *Why Taiwan? Geopolitical Rationales for China’s Territorial Integrity* (Stanford, CA: Stanford University Press, 2007).

⁹ This point is made in Andrew Scobell, “China’s Rise: How Peaceful?” in Sumit Ganguly, Joseph Liow, and Andrew Scobell, eds., *The Routledge Handbook of Asian Security Studies* (London: Routledge, 2010), p. 16.

¹⁰ “Confucius Institute to be Established in Indonesia,” *Xinhua*, October 3, 2007.

¹¹ James F. Paradise, “China and International Harmony: The Role of Confucius Institutes in Bolstering Beijing’s Soft Power,” *Asian Survey*, Vol. 49, No. 4 (July/August 2009), p. 648 and Appendix 1. This author’s research suggests the number of active institutes is probably less than 300. Whatever the number, the expansion has been rapid and impressive. No institutes appear to have been established in North Korea.

¹² See, for example, Mark Landler, “The North Korea Puzzle: A Leadership Mystery Inside a Nuclear Enigma,” *New York Times*, May 27, 2009, p. A8.

¹³ See, for example, Jamil Anderlini and Robin Harding, “Kim’s heir taken on a secret visit to China,” *Financial Times* (London), June 29, 2009, p. 3.

¹⁴ See Nathan and Scobell, *China’s Search for Security*, chapter 4.

¹⁵ Mark Landler and David E. Sanger, “China Seeks Assurances That U.S. Will Cut Its Deficit,” *New York Times*, July 29, 2009, p. A5.

¹⁶ This discussion draws on Nathan and Scobell, *China’s Search for Security*, chapter 5. For a sober account and analysis of Sino-Japanese relations, see Ming Wan, *Sino-Japanese Relations: Interaction, Logic, and Transformation* (Stanford, CA: Stanford University Press, 2006).

¹⁷ This paragraph draws from Scobell, “China’s Rise: How Peaceful?” p. 14.

¹⁸ See, for example, the discussion in Evan Medeiros, *China’s International Behavior: Activism, Opportunism, and Diversification* (Santa Monica, CA: RAND Corporation, 2009), pp. 101-110.

¹⁹ Bobo Lo, *Axis of Convenience: Moscow, Beijing, and the New Geopolitics* (Washington, DC: Brookings Institution Press, 2008).

²⁰ This section draws on Nathan and Scobell, *China's Search for Security*, chapter 5.

²¹ Scott Snyder, *China's Rise and the Two Korea's: Politics, Economics, Security* (Boulder, CO: Lynne Rienner Publishers, 2009), pp. 9, 98, 112. For more on Chinese investments, see Jae Cheol Kim, "The Political Economy of Chinese Investment in North Korea," *Asian Survey* Vol. 46, No. 6 (December 2006), pp. 898-916.

²² Andrew Scobell, "China and North Korea: The Limits of Influence," *Current History*, Vol. 102, No. 665 (September 2003), p. 277.

²³ Yoichi Funabashi, *The Peninsula Question: A Chronicle of the Second Korea Nuclear Crisis* (Washington, DC: Brookings Institution Press, 2007), pp. 297-298.

²⁴ This entire section draws on Nathan and Scobell, *China's Search for Security*, chapter 5.

²⁵ But there is no overt border dispute and the Kogoryo controversy has not led to any territorial claims by China. Beijing and Pyongyang resolved their border demarcation dispute in 1962. See David C. Kang, "The Security of the Korean Peninsula," in Ganguly, Liow, and Scobell, eds., *The Routledge Handbook of Asian Security Studies*, pp. 41-42.

China and North Korea after the Cold War: Wariness, Caution, and Balance¹

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Abstract

A review of Chinese policy and practice toward North Korea since the end of the Cold War shows the Chinese administration endeavoring to sustain a leading position in relations with both North and South Korea as it reacts to changing circumstances on the Korean peninsula. Growing Chinese frustration with the twists and turns of North Korean behavior, especially Pyongyang's nuclear weapons development, has not resulted in a major change in China's reluctance to pressure North Korea to conform more to international norms and eschew provocations and confrontation. China's focus has been to preserve stability in a uncertain environment caused by internal pressures and international provocations of North Korea, and erratic policies by the United States and South Korea. China continues to follow practices that give priority to positive incentives rather than pressure in order to elicit North Korean willingness to avoid further provocations and to return to negotiations on eventual denuclearization.

Keywords: China, North Korea, nuclear weapons, stability, South Korea, United States

Overview

The Chinese administration has experienced major turns in its relations with North Korea since the end of the Cold War. The record shows China repeatedly put in a reactive position as it was compelled to deal with crises caused by North Korea's nuclear weapons development, often abrupt and wide swings in North Korea's posture toward its neighbors and the United States, and economic collapse and leadership transition in Pyongyang. U.S. and South Korean policy toward North Korea also have been erratic. The stakes for China have been high. With the possible exception of Taiwan, there is no more important area on China's periphery for Chinese domestic and foreign policy interests than the Korean peninsula. The stakes have grown with rising Chinese equities in improving relations with South Korea, and often intense U.S. and other regional and international involvement to curb North Korea's advancing nuclear weapons development.

A good deal has been written about China's growing frustration with North Korea, following its nuclear weapons tests in 2006 and 2009 and other provocations.² Contrary to past practice, the Chinese administration has allowed a public debate recently in which relations with North Korea often are depicted as a liability for China, requiring serious readjustment in Chinese policy. Meanwhile, some American commentators suspect that China, in order to weaken U.S. power and influence in Northeast Asia, is somehow manipulating North Korea's brinksmanship and avoiding using its influence in conjunction with the United States in order to get North Korea to reverse its nuclear weapons development.³

The evidence of growing Chinese frustration with North Korea is strong while the evidence to support the charge of self-serving Chinese manipulation of the North Korean nuclear crisis is less so. On balance, the overall record of Chinese policy and practice shows continuing caution; China endeavors to preserve important Chinese interests in stability on the Korean peninsula through judicious moves that strike an appropriate balance among varied Chinese relations with concerned parties at home and abroad. China remains wary that North Korea, the United States and others could shift course, forcing further Chinese adjustments in response.

Chinese leaders recognize that their cautious policies have failed to halt North Korea's nuclear weapons development; they probably judge

that they will be living with a nuclear North Korea for some time to come, even as they emphasize continued diplomatic efforts to reverse North Korea's nuclear weapons' development and create a nuclear free peninsula. They appear resigned to joining with U.S. and other leaders in what is characterized as "failure management" as far as North Korean nuclear weapons development is concerned.⁴ They will endeavor to preserve stability and Chinese equities with concerned powers. As in the recent past, they probably will avoid pressure or other risky initiatives on their own, waiting for the actions of others or changed circumstances that will increase the prospects of curbing North Korea's nuclear challenge and allow for stronger Chinese measures to deal with nuclear North Korea.

Post cold war developments: challenges and responses

Developments in the two decades since the end of the cold war can be divided into three periods⁵:

- 1989-2000 featured Chinese angst over North Korean leadership transition and instability and economic collapse, and crisis with the United States, prompted by North Korea's nuclear weapons development;
- 2000-2001 featured a period of unprecedented détente, with China facilitating North Korean outreach and endeavoring to keep pace with expanding North Korean contacts with South Korea, the United States, Russia and others; and,
- 2002-2010 featured periodic and intense North Korean provocations and wide swings in U.S. policy, ranging from thinly-disguised efforts to force regime change in North Korea to close collaboration with Pyongyang negotiators. South Korean policy also shifted markedly from a soft to a harder line in dealing with North Korea.

South Korean officials, along with U.S. and other outside observers, have often judged that China has a longer term interest in seeing a growth of Chinese influence and a reduction of U.S. and Japanese influence on the peninsula.⁶ However, Beijing has long been careful not to be seen as directly challenging U.S. leadership in Korean affairs. The Chinese administration apparently judged that Chinese interests in the Korean peninsula after the Cold War were best met with a broadly

accommodating posture that allowed for concurrent improvements in China's relations with South Korea and effective management of China's sometimes difficult relations with North Korea. The net result was a marked increase in China's relations with South Korea and continued Chinese relations with North Korea, relations closer than any other power, without negatively affecting Beijing's relations with the United States. During the crisis over North Korea's nuclear program since 2002, China's cooperation with the United States, South Korea, and other concerned powers in seeking a negotiated solution to the problem has enhanced overall positive development in China's relations with these countries, while managing tensions over the North Korean program in ways that has avoided conflict or helped to reduce the instability caused by Pyongyang's provocative actions.

A careful review of the gains China has made in improving relations with Asian countries and elsewhere in recent years shows South Korea to be the area of considerable achievement for Beijing. The Chinese advances also coincided during the earlier years of this decade with the most serious friction in U.S.-South Korean relations since the Korean War. Thus, China's influence relative to the United States has grown on the Korean peninsula.

Meanwhile, U.S. policy has evolved in dealing with the North Korea, working much more closely with China to facilitate international talks on North Korea's nuclear weapons program. North Korea has preferred to deal directly with the United States on this issue. While such bilateral interchanges with North Korea presumably would boost U.S. influence relative to that of China in peninsula affairs, the U.S. government has seen such US-North Korean contacts as counterproductive for U.S. interests in securing a verifiable end of North Korea's nuclear weapons program. China has seen its influence grow by joining with the United States in the multilateral efforts to deal with the North Korean nuclear weapons issue on the one hand, while sustaining its position as the foreign power having the closest relationship with the reclusive North Korean regime on the other.⁷

Against this background, China's relations with South Korea have improved markedly.⁸ China is South Korea's leading trade partner, the recipient of the largest amount of South Korean foreign investment, and the most important foreign destination for South Korean tourists and students. It has also been a close and often like-minded partner in dealing with issues posed by North Korea's nuclear weapons program

and related provocations, and the Bush administration's hard line policy toward North Korea. South Korea's trade with China grew rapidly in this decade. In 2004 it was valued at \$79 billion, with a trade surplus for South Korea of \$20 billion. In 2005, South Korean exports to China were valued at \$62 billion in total trade of \$100.6 billion, resulting in a trade surplus for South Korea of \$24 billion. Trade reached \$115 billion in 2006.⁹ Until the global economic crisis of 2008-2009, the two countries were on course to meet a goal of \$200 billion in trade in 2010. South Korean investment in China in 2004 amounted to \$3.6 billion, almost half of South Korea's investment abroad that year. The amount in 2008 was \$3.14 billion.

After South Korean efforts to stabilize its currency with the help of a \$30 billion line of credit from the U.S. Federal Reserve in October 2008, China joined Japan in December in pledging its own \$30 billion currency swap with South Korea. China was the most important foreign destination for South Korean tourists (four million South Korean trips to China and two million Chinese trips to South Korea in 2007) and students (38,000 in 2005). In the face of the Bush administration's tough stance toward North Korea from 2001-2006, South Korea and China were close and like-minded partners in dealing more moderately than the United States with issues posed by North Korea's nuclear weapons program and related provocations.¹⁰

As relations developed, China's economic importance for South Korea was increasingly seen more in both negative and positive ways. Periodic trade disputes came with growing concerns by South Korean manufacturers, political leaders, and in public opinion about competition from fast-advancing Chinese enterprises. China's economic attractiveness to South Korean consumers declined markedly as a result of repeated episodes of Chinese exports of harmfully-tainted consumer products to South Korean and other markets. South Korean leaders strove to break out of close economic dependence with China through free trade agreements and other arrangements with the United States, Japan, and the European Union that would insure inputs of foreign investment and technology needed for South Korea to stay ahead of Chinese competitors.¹¹

Other differences between the two countries focused on competing Chinese and Korean claims regarding the scope and importance of the historical Goguryeo kingdom, China's longer-term ambitions in North Korea, and Chinese treatment of North Korean refugees in China and of

South Koreans' endeavoring to assist them there. The disputes had a strong impact on nationalistic South Korean political leaders and public opinion polls which showed a significant decline in South Korean attitudes toward China and its policies and practices since earlier in the decade.¹²

Regarding Chinese relations with North Korea, Beijing's frustration grew with North Korea's continued development of nuclear weapons and other provocative actions. Chinese officials obviously miscalculated when they argued in the past that North Korea's nuclear weapons program was not a serious one but represented an effort to elicit aid and other support from the United States, South Korea and others. China's recent working assumption seems a more realistic one—North Korea is intent on keeping nuclear weapons. In response, China has been more willing, albeit with continued reservations, to join U.S.-backed efforts in the United Nations to criticize and impose limited sanctions on North Korea until it resumes negotiations leading to denuclearization. Meanwhile, a growing debate about the need to shift Chinese policy toward a harder line has become more public in active discourse in the official Chinese media.

Complementing the modest hardening in China's stance toward North Korea are a series of recent positive steps China has taken to offer unspecified but apparently substantial economic and other incentives to North Korea, amid a major burst of high-level official engagement between the two sides.¹³ The mix of Chinese actions, seemingly involving more carrots than sticks, underlines Chinese concern to preserve stability and China's position as the foreign power with the best relationship with both North and South Korea. China is prepared to acquiesce in a continued nuclear North Korea for the foreseeable future, rather than risk dangers associated with strong pressure on Pyongyang. The future of North Korea could be violent and disruptive. China seeks to avoid such negative outcomes and to sustain a position of influence in determining the future of the peninsula. The latter goal also supports continued Chinese efforts to improve relations with South Korea as seen throughout the post cold war period.

1989-2000: The progress and development of China's relations with South Korea contrasted sharply with the often more difficult Chinese relations with North Korea after the cold war. Still, Chinese interests in North Korea remained strong. In the 1950s China fought a major war

resulting in one million Chinese casualties, in order to preserve an independent North Korean state, one free from U.S. domination. Chinese leaders also competed actively with the Soviet Union for the favor of Kim Il Sung and his government in order to assure China that it would not face a Soviet proxy along China's northeastern periphery.¹⁴

The cutoff of Soviet aid to North Korea and the normalization of Soviet-South Korean relations in the late 1980s, and the demise of the Soviet Union in the early 1990s, reduced Chinese concern over Moscow's influence in North Korea. However, post cold war conditions saw North Korea pursue nuclear weapons, leading to a major crisis with the United States and its allies. The death of Kim Il Sung in 1994 added political uncertainty to the already unstable conditions on account of the collapse of the North Korean economy and widespread famine in the country.¹⁵

Chinese officials provided a large share of North Korea's outside food and energy supplies, but not in amounts that satisfied North Korean officials.¹⁶ Chinese leaders repeatedly encouraged their North Korean counterparts to follow some of China's economic reforms and to open itself more to international economic contacts. North Korean officials seemed reluctant to do this, presumably fearing that outside contact would undermine the regime's tight political control, based on keeping North Koreans unaware of actual conditions abroad. North Korea did endeavor, however, to carry out some domestic economic reforms and to open some restricted zones for foreign trade, tourism, and gambling.

Chinese diplomacy in North Korean-South Korean-U.S. relations, particularly regarding the crises prompted by North Korea's nuclear weapons program, emphasized preserving stability on the Korean peninsula. Chinese frustration with North Korea's nuclear weapons program, ballistic missile tests, and other provocations was deep and serious, particularly as North Korean actions could provoke a U.S. attack and encourage the spread of nuclear weapons to Japan, Taiwan, and elsewhere. At the same time, Chinese leaders showed a keen awareness that major instability in or the collapse of the North Korean regime would have potentially major adverse consequences for China. These included the danger of full-scale war on the Korean peninsula and a large-scale refugee influx into China. China also was thought to be concerned over the implications for Chinese security interests of the possible establishment of a unified Korean state under the leadership of a

South Korean government that maintained a close military alliance with the United States.

For many years after the cold war, Chinese officials adopted a stance that assumed North Korean nuclear weapons development was unlikely or remote. They stressed the need to avoid international and other pressures that would further destabilize the North Korean regime and adversely affect overall conditions on the peninsula.

China's policy in the late 1990s also continued to balance often conflicting imperatives regarding North and South Korea as it dealt with the delicate and potentially-volatile situation on the peninsula. Symptomatic of the balancing in Chinese relations with North and South Korea were the often difficult Chinese efforts to improve relations with North Korea once Kim Jong Il assumed the post of general secretary of the Korean Workers' Party in October 1997, and the cordial Chinese relationship established expeditiously with the newly installed Kim Dae Jung administration in South Korea in 1998. Chinese party chief Jiang Zemin on October 1997 sent Kim Jong Il a friendly personal message of congratulations on his accession to the position of general secretary of the Korean Workers' Party, and the Chinese Foreign Ministry spokesman also "heartily congratulated" Kim. But despite repeated speculation about a Chinese-North Korean summit, Jiang Zemin told Japanese visitors in February 1998 that no high-level contacts were in the offing. Jiang said that before former North Korean President Kim Il Sung died in 1994, Beijing and Pyongyang had had regular state visits, but after Kim's son, Kim Jong Il, took over the reins of the country, such exchanges were not resumed. "After Kim Il Sung passed away, Kim Jong Il [observed] the three-year custom . . . of mourning . . . now that the three years have passed he has therefore become general secretary of the Workers' Party, but it appears he has not made any plans to visit," he said. Jiang said that as China and North Korea maintained good-neighborly ties of friendship, mutual visits were normal, but "at present we have not had the opportunity."¹⁷

In contrast to his oblique references to Chinese frustration with North Korea's leadership, Jiang in the same interview extended a warm welcome to South Korea's new president. "We were very happy to see that Kim Dae Jung won the South Korean elections and will be the next president. We welcome him to China for a visit after assuming his presidential duties."¹⁸

Beijing made significant high-level approaches to the new South Korean leadership. Chinese Vice President Hu Jintao, selected by the Ninth National People's Congress in March 1998, made his first trip abroad to Japan and South Korea in April 1998. In meetings with South Korean President Kim Dae Jung, acting Prime Minister Kim Jong Il, and Foreign and Trade Minister Park Chung Soo, Hu highlighted the progress in Sino-South Korean after 1992 and emphasized the importance of a stable Korean peninsula for the entire Asia-Pacific region. The PRC vice president also assured his hosts that China's currency would not be affected to the financial pressures buffeting the currencies of other East Asian countries. Opportunities for closer cooperation were discussed in the areas of fisheries, visa-free tourism, and nuclear energy projects. Hu also sought reaffirmation of Seoul's commitment to a one-China policy, though Taiwan-South Korea business contacts continued to thrive. Further solidifying relations, South Korean President Kim Dae Jung was warmly received by President Jiang Zemin and other senior leaders during an official visit to Beijing in November 1998.¹⁹

Military ties between Seoul and Beijing grew more slowly than political and economic relations, presumably because China wanted to maintain ties with the North Korea armed forces and was wary of the effect of closer China-South Korean security ties on China's military relationship with the North. In the 1990s, Seoul continued pushing for strengthened military exchanges, but Beijing sought to limit the scope and pace of their military relationship. Military ties grew concurrently with political and economic relations, but at a slower pace. The South Korean vice defense minister visited China for the first time in November 1997, the highest-level military exchange to that date. Higher-level contacts gradually developed and Beijing slowly responded to repeated South Korean overtures to establish regular exchanges between their defense ministers and other senior military officials.²⁰

Meanwhile, presumably in deference to North Korean sensitivities, Beijing delayed in the face of repeated South Korea efforts establishing a consulate in Shenyang, in northeastern China, closer than Beijing to the North Korean border. There were millions of ethnic Koreans in this part of China and many thousands of North Korea refugees, many of whom had knowledge about developments in North Korea. The South Korean consulate opened in 1999.²¹

In sum, China's policy in the late 1990s continued to balance often-conflicting imperatives regarding North and South Korea as it dealt with the delicate and potentially volatile situation on the peninsula. Beijing did not appear to seek big changes in the political or military status quo; rather it appeared intent on promoting as much stability as possible, while benefiting economically and in other ways by improving its relations with South Korea. As economic conditions in North Korea deteriorated, and as the North Korean regime persisted with provocative military and other actions, Beijing officials privately worried about possible adverse consequences for China. Nonetheless, Chinese officials still saw their basic interests as well served with a policy of continued, albeit guarded, support for the North, along with improved relations with the South and close consultations with the United States over Korean peninsula issues.

2000-2001: The situation for China's relations with North Korea improved for a time with the unexpected breakthrough in North-South Korean relations leading to the Pyongyang summit in June 2000. This event raised hopes in China of eased tensions and peaceful accommodation on the Korean peninsula. China figured importantly in the North-South summit preparation as the site of secret North-South negotiations. Moreover, Kim Jong Il seemed to be seeking Chinese advice and support in the new approach to South Korea as he made two visits to China and Jiang Zemin visited North Korea. The overall trend in North Korean actions suggested more openness to Chinese advice and greater willingness to adopt policies of détente and reform that would reduce the danger of North-South military confrontation, promote economic revival in North Korea, and lower the chances of economic collapse and social instability, including the need for massive Chinese assistance and the large-scale flow of North Korean refugees to China.²²

2002-2010: This hopeful period ended with the impasse in North Korean-U.S. relations following the Bush administration policy review on North Korea in 2001, the sharp rise in tensions on the peninsula posed by North Korea's provocative nuclear weapons development beginning in 2002, and signs of strong differences between North Korean and Chinese leaders over reform in North Korea's economy. China was instrumental in persuading North Korea to participate in the three-party and six-party talks in Beijing beginning in 2003, talks dealing with the

nuclear crisis and related issues. Chinese diplomats were careful not to take sides in the discussions, endeavoring to find common ground between the positions of North Korea, on one side, and the United States, on the other. In this regard, Chinese positions were close to those of South Korean officials, who, at that time, also sought common ground and stressed the need to reduce confrontation, avoid pressure, and preserve peace. China–North Korea relations seemed on the upswing as China showed its support for North Korea in welcoming Kim Jong Il, who again visited China in 2004 and 2006, and as Chinese president Hu Jintao made his first visit to North Korea in 2005.

Beginning in late 2002, Chinese officials appeared more convinced by U.S. and other evidence that North Korea indeed had developed nuclear weapons and was determined to build more. The tense crisis provoked by North Korea’s nuclear program prompted many Chinese officials and commentators, at first privately but increasingly publicly, to argue for greater Chinese pressure on the North Korean regime, with a few commentators considering regime change in North Korea as an option for Chinese policy. China went along with UN Security Council sanctions against North Korea, following its provocative missile tests in July 2006 and its nuclear weapons test in October 2006. However, prevailing Chinese government actions still seemed to strike a balance of support and accommodation with the North Korean regime, with China’s seeking to avoid the many dangers for its key interests that would follow from major instability or collapse of the North Korean regime. Chinese food aid of about one million tons a year and energy supplies of about five hundred thousand tons of heavy fuel oil continued.

Well aware that dealing with North Korea involved unpredictable twists and turns perpetrated mainly by the idiosyncratic leader of this isolated state, Chinese officials for the time being appeared resigned to a protracted effort to deal with the North Korean nuclear crisis through diplomatic means. Uncertainty about the health of the North Korean leader and succession in the country added to Chinese angst in 2008–2009, but evidenced no significant change in policy. The North Korean nuclear test and other provocations in 2009, elicited stronger Chinese support for U.S.-backed United Nations sanctions and other means to prompt North Korea to return to negotiations aimed at complete denuclearization. At the same time, Chinese officials made known China’s continued opposition to strong pressure on North Korea, reportedly warning of North Korea’s using military means to lash out in

response to pressure. Continued Chinese food and energy assistance were among key Chinese sources of leverage with North Korean leaders, but Beijing remained hesitant to use these levers for fear of provoking a sharp North Korean response, contrary to Chinese interests of promoting stability on the peninsula.

China appeared successful in getting North Korea to agree to return to the negotiating table with carrots rather than sticks. The highlight was the visit to North Korea in October 2009 of Chinese Premier Wen Jiabao along with a large delegation of officials in charge of technical and economic assistance. The visit was followed by high-level military contacts, presaging a renewed burst of positive Sino-North Korean interchange coincident with the year of friendship marking the 60th anniversary of relations between the two countries.²³

Throughout this period, Chinese officials also worried about U.S. actions. One fear was that as the United States became impatient in the face of North Korea's continued development of nuclear weapons, it might resort to strong political, economic, or even military pressure. Chinese officials realized that the U.S. military preoccupation with trying to stabilize postwar Iraq and the continuing conflict in Afghanistan, and American concerns with the war on terrorism, the global economy and other issues, made it unlikely that in the short term the United States would risk confrontation or war on the Korean peninsula by substantially increasing U.S. pressure on North Korea. They welcomed the more moderate U.S. approach to North Korea, beginning in late 2006. The situation remained volatile, however, with concern focused especially on the U.S. reaction or other international fallout from such possible North Korean steps as another nuclear weapons test, more ballistic missile tests seemingly targeted against Japan or U.S. forces in Japan, or North Korean nuclear weapons cooperation with international terrorists.²⁴

On the economic front, meanwhile, there were numerous reports in 2005 and 2006 of significant growth in Chinese trade and investment in North Korea. China undertook a range of infrastructure projects in and around North Korea, and, in early 2006, was said by the International Crisis Group to account for 40 percent of North Korea's foreign trade. Reports said that since 2003 over 150 Chinese firms had begun operation or trading in North Korea and that as much as 80 percent of the consumer goods in North Korea came from China. Chinese investment in the North Korean economy rose from \$1.1 million in 2003, to \$50 million in 2004, and to \$90 million in 2005. Trade was predicted to be worth \$1.5

billion in 2006. This would give China half of North Korea's foreign trade along with the lion's share of its foreign investment. The Chinese goal was seen as a long term effort to encourage a reformed, China-friendly North Korea.²⁵

Significantly, South Korean officials and elite opinion reacted with concern over China's economic leadership in the North. South Korea was unable to keep pace with China in its efforts to promote inter-Korean economic cooperation. South Korean trade with North Korea was valued at \$700 million in 2004 and \$1 billion in 2005. More importantly, South Korean officials privately and publicly voiced uneasiness over perceived Chinese intentions to foster economic reforms and development as a means to perpetuate a separate North Korean state. They saw this objective as being at odds with South Korean efforts to use asymmetrical economic engagement to facilitate a gradual process of integrating North Korea into South Korea's orbit, eventually leading to Korean unification with South Korea in the lead. A stronger North Korea, one heavily dependent on China, was seen from Seoul as adverse to longstanding South Korean interests and emerged as a significant issue in China-South Korean relations in 2006.²⁶

In any event, the 2009 North Korean nuclear test and resulting negative international reaction with United Nations sanctions, and the global economic recession, resulted in a decline in China-North Korean trade and investment. One examination of Chinese infrastructure developed along the border with North Korea which anticipated the growth in Sino-North Korean trade characterized the Chinese development as largely misguided and futile—a "bridge to nowhere."²⁷

Conclusion

This review of China's post-Cold War relations with North Korea provides several key findings. They are:

- China has been and continues to be reactive in dealing with changing circumstances affecting its interests on the Korean peninsula
- China's focus has been to preserve stability in a uncertain environment created by internal pressures and the international provocations of North Korea as well as the erratic policies of the United States and South Korea

- China miscalculated North Korea's intentions regarding nuclear weapons. Its frustration with North Korea's actions in this area has recently led to some hardening of China's position. However, China generally eschews pressure and stresses diplomacy in order to address North Korea's nuclear weapons development and to maintain the opportunity to pursue meaningful denuclearization under changed conditions in the future.
- China continues to prefer positive incentives toward Pyongyang rather than pressures on North Korea, seeking to encourage North Korea to avoid further provocations and to return to negotiations on eventual denuclearization
- China seeks to maintain and develop a position as the power with best relations with both North and South Korea as a means to insure that its interests in the potentially volatile peninsula will be sustained.

Notes:

¹ By Robert Sutter, Visiting Professor of Asian Studies, School of Foreign Service, Georgetown University, Washington, DC.

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³ Anne Applebaum, "Shadow Boxing in Pyongyang: Why All the Threat? We'd Best Ask China," *Washington Post* June 2, 2009 www.washingtonpost.com; Dan Blumenthal and Robert Kagan, "What to Do About North Korea," *Washington Post* May 26, 2009 www.washingtonpost.com

⁴ Christopher Twomey, "Chinese Foreign Policy Toward North Korea," *Journal of Contemporary China* 17 (56), (August 2008) p. 422.

⁵ This section is taken in part from Robert Sutter, *Chinese Foreign Relations: Power and Policy Since the Cold War* (second edition) Lanham, Md.: Rowman and Littlefield 2010, pp. 203-208. See also Scott Snyder, *China's Rise and the Two Koreas: Politics, Economics, Security* (Boulder, Colo.: Lynne Rienner, 2009); Yang Bojiang, "China and Its Northeast Asian Neighbors," (Beijing) *Xiandai guoji guanxi* 17 (January 2007) pp. 56-63; International Crisis Group,

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⁶ Taeho Kim, "China's Evolving Bilateral Ties in Northeast Asia," in Jaushieh Joseph Wu, ed. *Rising China* (Taipei: Institute of International Relations, National Chengchi University, 2001), pp. 205-206. Roy *China and the Korean peninsula* Fei-ling Wang *Tacit acceptance and watchful eyes: Beijing's views about the U.S.-ROK alliance* (Carlisle, Penn.: U.S. Army War College), 1997.

⁷ Samuel Kim, "The changing role of China on the Korean peninsula," *International Journal of Korean Studies* viii: 1,(2004), pp. 79-112.

⁸ Taeho Kim, "Sino-ROK relations at a crossroads: Looming tensions amid growing interdependence," *The Korean Journal of Defense Analysis* XVII:1, (Spring 2005), pp. 129-149. Some of the trade and other figures in this section are taken from Kim's article. For up to date reviews of Sino-South Korean relations, see the articles by Scott Snyder in the quarterly e-journal *Comparative Connections* available at <http://www.csis.org/pacfor>.

⁹ Jiang Wei, "Trade with South Korea to reach U.S.@115b," *China Daily*, October 14-15, 2006, p.5.

¹⁰ Scott Snyder, Post Olympic Hangover: New Backdrop for Relations," *Comparative Connections* 10:3, (October 2008), pp. 101-107; Taeho Kim, "Sino-ROK Relations at a Crossroads: Looming Tensions Amid Growing Interdependence," *Korean Journal of Defense Analysis* 17, no. 1, (Spring 2005), pp. 129–49.

¹¹ Scott Snyder, "Lee Myung-bak and the Future of Sino-South Korean Relations," Jamestown Foundation *China Brief* Vol VIII: 4, (February 14, 2008), pp. 5-8.

¹² Snyder, "Lee Myung-bak and the Future."

¹³ “China-Korea Relations” *Comparative Connections* 11:3, (October 2009), www.csis.org/pacfor; “China-Korea Relations,” *Comparative Connections* 11:4, (January 2010), www.csis.org/pacfor ; Scott Snyder, “China-DPRK Relations: A Return to a Strategic Relationship?” January 22, 2010. <http://blogs.cfr.org/asia/2010/01/22/china-dprk-relations-a-return-to-a-strategic-relationship/> (accessed January 25, 2010).

¹⁴ Roy *China and the Korean peninsula*.

¹⁵ Samuel Kim, “The making of China’s Korea policy in the era of reform.” In *The Making of Chinese Foreign and Security Policy in an Era of Reform*, ed. David Michael Lampton, (Stanford,CA: Stanford University Press, 2001), pp. 371-408

¹⁶ Sutter, *Chinese Foreign Relations*, (2010), p. 203.

¹⁷ “Jiang invites Kim Dae Jung to visit PRC,” *Kyodo* February 24, 1998. (internet version)

¹⁸ Ibid.

¹⁹ Robert Sutter *Chinese policy priorities*, Lanham, MD: Rowman and Littlefield, 2000, p. 103.

²⁰ Ibid.

²¹ *The Korean Herald*, January 18, 1999. (internet version)

²² Scott Snyder, “Beijing at center stage or upstaged by the two Kims?” *Comparative Connections* July 2000. Scott Snyder, “Economic interests uber alles,” *Comparative Connections*, July 2001.

²³ “China-Korea Relations” *Comparative Connections*, 11:3, (October 2009), www.csis.org/pacfor; “China-Korea Relations,” *Comparative Connections*, 11:4, (January 2010), www.csis.org/pacfor; Scott Snyder, “China-DPRK Relations: A Return to a Strategic Relationship?”).

²⁴ Sutter, *Chinese Foreign Relations*, p. 207.

²⁵ *China and North Korea: Comrades Forever?* (Brussels: International Crisis Group Asia Report 112, February 1, 2006).

²⁶ Scott Snyder, “China-Korea Relations,” *Comparative Connections*, (April 2006), pp. 112-116.

²⁷ Carla Freeman and Drew Thompson, *The Real Bridge to Nowhere: China’s Foiled North Korea Strategy*, (Washington, D.C.: U.S. Institute of Peace Working Paper April 22, 2009), www.usip.org.

U.S. Policies Toward North Korea Under The Obama Government

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Abstract

U.S.-North Korean relations have been troubled for decades. The Obama administration deals with that legacy. The Obama campaign and his first year in office conveyed diverse implications for U.S.-North Korean issues. North Korea's hard line posture and global economic and geopolitical pressures on the Obama leadership team made it hard to focus on innovative policy changes. Two captive American journalists in North Korea made it especially difficult. How that was resolved using former President Bill Clinton to help President Obama and Secretary of State Hillary Clinton arrange their release bolstered the prospects for change in U.S. policy. That was reinforced by the improvement in inter-Korean relations that followed inter-Korean meetings at former President Kim Dae-jung's funeral. The prospects for a peaceful negotiations process were underscored by President Obama's being awarded the Nobel Peace Prize. The Obama administration's options regarding North Korea have received significant attention by some American scholars and benefited from avoiding negative scenarios. It is recommended in this analysis that the Obama administration pursue a positive policy approach designed to foster U.S.-DPRK scholarly negotiations, creative use of existing American research centers, and creation of a new U.S. research organization that would focus on improving U.S. policy toward Korean peace processes and reunification.

Keywords: brinkmanship, soft power, hard power, smart power, change, nuclear agenda, missiles, trade, Obama-Lee summit, diplomacy, strategy, six-party talks, bilateral talks, Nobel Peace Prize, geopolitical scenarios, peace process, unification, US-UK

The United States' relations with North Korea have been openly adversarial since the Democratic People's Republic of Korea's creation in 1948. Korea's evolution into a divided nation caused the U.S.-USSR to assume roles on the peninsula that were significant in extending the Cold War. Inter-Korean tensions, obviously including the Korean War and its post-armistice legacy, have been the focus of numerous scholarly assessments. The U.S.-Republic of Korea security alliance and geopolitical bonds have focused on dangers emanating from DPRK policies. Those inter-Korean issues have been of great concern to all U.S. administrations since the 1950s. This analysis will focus on how the Obama administration has shaped U.S. policy toward North Korea during its early months in office and the prospects for the Obama administration's—and its successors'—future approaches to U.S. policy toward North Korea.

Candidate Obama and North Korea

First, it is useful to summarize the ways that North Korea perceived Senator Barack Obama's candidacy for the U.S. presidency, how Senator Obama appeared to North Koreans when compared to his Democratic and Republican rivals, and what Senator Obama's campaign potential for North Korea policy appeared to be. Those North Korean perceptions drew upon North Korea's self-centered domestic political, economic, and strategic dynamics which collectively make the DPRK one of the world's most unusual, highly authoritarian countries.¹ Those North Korean perceptions of the American candidates also drew heavily upon the DPRK's views of various previous U.S. political leaders and their attitudes toward the DPRK's nuclear agenda in the post-Cold War years. This involved the evolution of the George H. W. Bush, Bill Clinton, and George W. Bush administrations' approaches to U.S. policy toward North Korea's nuclear potential and intentions.² The post-9/11 geopolitical environment for the George W. Bush administration's policies toward all states deemed to be dangerous to U.S. interests initially caused the DPRK to be lumped into the "Axis of Evil," but during his second term the President adopted a more flexible approach to North Korea, influenced heavily by Secretary of State Condoleezza Rice and Assistant Secretary Christopher Hill.³ For North Korea, the United States' 2008 presidential election process would yield a successor government which might pursue an approach similar to Bush's second term policies, but on the other hand, could revert to a very hawkish

approach, or could develop new policies that would be even more flexible than Bush's second term policies. Given the unusual qualities of the North Korean regime noted above, Pyongyang could also hope to induce a new U.S. administration to respond positively to North Korean goals in ways that would fundamentally benefit the DPRK by persuading American leaders to accept the peculiar logic behind North Korea's ideology. Although the chances of that occurring were extremely remote, the notion that North Koreans could hope for such a shift in U.S. policy underscores the possible spectrum of geopolitical choices the U.S. elections could represent for North Korea.

One could make a hypothetical case that North Koreans who paid attention to the presidential primaries in 2007-2008 might have favored a contest between a libertarian non-interventionist like Ron Paul and a very liberal anti-war advocate like Dennis Kucinich. Election of either Paul or Kucinich as president would likely have led the United States to disengage from various strategic commitments—including removing U.S. armed forces from South Korea. While the prospects for either candidate are intriguing in and of itself as well for North Korea, it certainly was unlikely. Whatever remote possibility would have been utterly destroyed had the DPRK endorsed either candidate. For that matter, any overt North Korean support for an American Presidential aspirant would severely damage his or her prospects for success. Arguably the only candidate in whom North Koreans might have been somewhat seriously and credibly interested was New Mexico Governor Bill Richardson. The notion of "somewhat" is significant, though, because North Korea had often been uneasy about his influence on North Korean issues and had perceived him as possessing assertive tendencies.

As it became clearer to the entire international community during 2008 that the next U.S. president would either be Republican Senator John McCain or one of two Democratic Senators—Hillary Clinton or Barack Obama—North Korea had to cope with the potential consequences for the DPRK of each. When compared to McCain's record of geopolitical hawkishness and Hillary Clinton's toned down version of her husband's humanitarian geopolitical interventionism, Obama's approach to U.S. foreign and defense policy was more open to the "change" metaphor he used as a core message in his campaign.⁴ Given that metaphor, it is plausible that North Korean specialists in U.S. policy may well have been hoping for a Democratic administration of change-oriented President Obama and a North Korea-interested Vice

President Richardson. Any such hopes initially fell by the wayside with the selection of the Obama-Biden team.

During his presidential campaign, Senator Obama did not make Korean issues a major theme as that it was unlikely to garner much interest or support. Nonetheless, just as Obama did on other foreign policy issues, his comments on Korean issues drew considerable attention in South Korea.⁵ Seoul's interest in a potential President Obama was logical and predictable from the ROK's perspective. However, continuing ROK-U.S. relations did not help to generate North Korean hopes regarding what an Obama administration might do. Although North Korea's KCNA website did not even acknowledge Obama's victory the day after he won,⁶ a few days later North Korean officials at the United Nations met with advisors to President-elect Obama in New York.⁷

President Obama and North Korea

When the Obama administration entered office in January 2009, it clearly had a broad range of national and international issues with which to deal. When, why, and how the Obama administration would deal with North Korea was one of many important topics certain to be addressed. Such options were of serious interest to Americans involved in Korean policy issues and to Koreans in both the ROK and the DPRK. Because of North Korea's volatile and reckless proclivities, there was considerable concern about what the DPRK might do and might not do vis-à-vis the Obama administration.

Possible North Korean hopes regarding trade options with the United States rose when Obama selected Richardson as Secretary of Commerce but presumably fell when Richardson withdrew and was replaced by Chinese-American Governor Gary Locke of Washington State. That early bureaucratic shift by the fledgling Obama administration may have sent mixed signals to North Korea and its PRC neighbor. Nonetheless, there was reason for North Korean leaders to hope that it was the very "change"-oriented decisions made in the United States during the election which led to the New York Philharmonic Orchestra's visit to Pyongyang in February 2008. These concerts, widely perceived as "musical diplomacy" clearly constituted a form of cultural breakthrough which could contribute to a "change" paradigm for the Obama administration's policies toward the DPRK. In short, in the very early phase of the Obama administration and in the wake of its campaign

emphasis on “change” from Bush’s policies, there were plausible reasons for North Koreans to hope for greater U.S. emphasis upon “soft power” use of American economic and strategic stature. Such North Korean reasoning was severely shaken by how the economic recession of 2008-2009 put severe pressures on U.S. foreign policy. In the early months of the Obama administration, despite its once optimistic outlook on foreign affairs,⁸ it reacted adversely under domestic and international economic pressures. Those circumstances and the lengthy domestic focus on health care legislation amidst the economic recession caused the Obama administration to evolve early in its time in office toward a more cautious and balanced approach regarding the “change” metaphor’s significance for U.S. foreign and defense policies.⁹

During Obama’s first weeks in office, while his administration was obviously adjusting to a broad spectrum of domestic and international contexts, there was an effort by North Korea to garner positive American attention to issues constituting U.S.-DPRK relations. A week before Obama’s inauguration, the North Korean Foreign Ministry issued a statement urging the incoming U.S. administration to readjust its approach toward North Korea’s nuclear weapons agenda. Pyongyang even appeared to call attention to how the DPRK, in the weeks prior to the Bush-Obama transition, had “refrained from its usual tirades against the United States.”¹⁰ That effort may have had some success because, after that statement had drawn considerable international attention, Hillary Clinton—during her Senate confirmation hearings to become Secretary of State—was rather upbeat. She suggested the Obama administration would be more open to a bilateral dialogue with North Korea than the Bush administration had been. She said “Smart power requires reaching out to both friends and adversaries, to bolster old alliances and to forge new ones.”¹¹ In the very early days of the Obama administration there were both upbeat and pessimistic media assessments of Obama-DPRK prospects.¹² There also were some significant analytical efforts to advise Obama about how his administration should cope with problems caused by North Korea.¹³ Indeed the early months of the Obama administration tested its abilities to deal with the DPRK’s policies and intentions.

In the second month of Obama’s presidency (February 2009), Secretary of State Hillary Clinton launched a major visit to important East Asian states—Japan, South Korea, and China. Before she departed, Secretary Clinton outlined the Obama administration’s approach to

negotiating with North Korea on nuclear issues via the Six-Party Talks which had begun during the Bush administration and—if progress could be made—“to normalize bilateral relations and replace the peninsula’s long-standing armistice agreement with a permanent peace treaty.”¹⁴ Despite that very positive approach, North Korea’s use of another missile test to draw attention to the DPRK’s geopolitical position caused concerns prior to Secretary Clinton’s trip.¹⁵ That possibility became a major issue during Clinton’s visit to Tokyo, playing to Japan’s concerns about such missiles, and causing Clinton to speak bluntly to North Korea about the risks of pursuing that agenda.¹⁶ Those risks were intensified shortly after Secretary Clinton’s trip by additional North Korean brinkmanship about possible missile launches.¹⁷ While in Seoul, Secretary Clinton expressed U.S. concerns about the prospects for political succession in North Korea following Kim Jong-il.¹⁸ During the final stage of her East Asian trip, Secretary Clinton had to deal from Beijing with how effective U.S. “soft power” could be in addressing serious problems with countries such as North Korea during the global economic crisis. That was underscored by the importance of PRC-U.S. economic and how Chinese officials perceived U.S. policy toward North Korea.¹⁹

In the weeks which followed Clinton’s trip, North Korea pursued its brinkmanship on both missile and diplomatic fronts.²⁰ One issue which drew attention in the United States was the seizure by the DPRK on March 17th of two Asian-American journalists—Laura Ling and Euna Lee—for “illegally intruding” into North Korea after crossing the border from China. What drew special attention from many Americans, beyond the event itself, was that the two journalists worked for a media outlet (Current TV) led by former Vice President Al Gore.²¹ Their seizure, followed by Pyongyang’s decision to put them on trial for “hostile acts” against North Korea, led to escalating tensions during the months which followed. Also drawing media attention during that period of Pyongyang’s hostile brinkmanship was Obama’s appointment of an academic North Korea specialist—Stephen W. Bosworth—as the State Department’s senior North Korea expert, replacing Bush’s Christopher Hill, in a part-time position. This allowed Bosworth to remain as Dean of Tufts University’s Fletcher School of Law and Diplomacy. While a plausible arrangement, it caused concern among some Korean specialists in the United States that the Obama administration attached less

importance to North Korean issues than other serious international problems.²²

If that was the intention of the Obama administration, North Korea's reckless brinkmanship rapidly compelled it to intensify its approach to the DPRK. While Americans were focusing on North Korea's treatment of the two captive journalists and speculating on North Korea's intentions to conduct missile tests, despite warnings not to do so from the United States, China, and the United Nations, the Kim Jong-il regime launched a three-stage Taepodong-2 missile over the Pacific Ocean on April 5, knowing full well that it was a provocative act which would—and did—draw massive media attention in the United States.²³

Although the viability of the North Korean missile test was severely questioned by missile specialists,²⁴ the diplomatic brinkmanship embodied by the launch was fairly effective for North Korea's policy toward the United States and its Asian allies. That test partially disrupted Obama's very positive reception during a diplomatic tour of Europe and raised questions about the effectiveness of his overall foreign policy. Criticism from the United States and cooperative countries in the United Nations led North Korea to escalate its hostile rhetoric on nuclear weapons and to scorn the six-party talks in ways that put more geopolitical pressure on the still fledgling Obama administration.²⁵

Following that rhetorical surge, North Korea severely increased its attempts to put pressure on the United States during the Obama administration's fifth month in office. Early in May the DPRK Foreign Ministry accused Obama of following the same policy course as the preceding Bush administration.²⁶ Obama's efforts to support a U.S. free trade agreement with South Korea later in May, despite economic pressures for protectionism among many Americans,²⁷ tended to reinforce that DPRK accusation. North Korea's rhetoric increased in mid-May when the DPRK announced that it would be putting two captured American journalists on trial on June 4th.²⁸ During the remainder of May, North Korea moved well beyond rhetorical pressures by engaging in provocative nuclear²⁹ and missile tests.³⁰ Those tests were accompanied by North Korea's harsh warning toward South Korea that the Korean War armistice agreement no longer limited the DPRK's strategic options.³¹ In that serious context the U.S. Secretary of Defense Robert Gates—formerly Secretary of Defense for President George W. Bush—was condescending toward DPRK brinkmanship, but also issued a warning to North Korea.³² The Obama administration also worked

more closely with South Korea and Japan to bolster the readiness of the United States' two alliance relationships to cope with North Korea's threatening brinkmanship.³³ These pressures from North Korea during May caused Secretary of Defense Gates to emphasize that issue during the so-called "Shangri-La Dialogue" of senior Asia-Pacific defense officials in Singapore³⁴ and caused the United States to exert pressure on the PRC to intensify its pressures on North Korea.³⁵ U.S. pressures on China also caused considerable domestic attention to be paid on how well the Obama administration was coping with North Korea in the early stage of its time in office.

Because of that turmoil in May the next couple of months were truly troubled. American attention to the administration's problems was intensified when the two captive journalists were put on trial and received a harsh sentence.³⁶ North Korea did, however, permit one of the two journalists, Laura Ling, to make a phone call to her sister who was told that a release might be possible if the United States and North Korea improved their communications. That communication may have reflected North Korea's understanding that this form of human brinkmanship might not work for them. It remained, however, a major problem for the Obama administration. Washington's need to pursue a tough approach to North Korea's nuclear and missile agendas did not mesh well with its hopes to help the two journalists, whose treatment the United States strongly criticized.³⁷ Ironically, United States caused North Korea to criticize the United States for being inaccurate and unfair. Given North Korea's widespread and well deserved reputation for rarely being either accurate or fair, Pyongyang's attempt to shift the blame to the United States backfired on the DPRK and helped President Obama on that issue.

On the more intense nuclear and missile agenda issues, however, the Obama administration was experiencing difficulties in coping with North Korea's brinkmanship, problems that did not reflect well on Obama's ability to cope with such serious geopolitical problems. In response, the Obama administration explored more assertive policies that were consistent with some conservative recommendations.³⁸ Predictably, North Korea practiced brinkmanship on its nuclear agenda. Whether or not North Korea's missile and nuclear ambitions were actually plausible have been—and shall likely remain—debatable, but they certainly received mixed attention in the United States.³⁹ The Obama administration's difficulties in maintaining a reasonably balanced

approach to North Korea's reckless brinkmanship was made even more difficult by heightened attention Kim Jong-il's possible successor and by widespread rumors about corruption within the DPRK leadership.

Because of the obvious risks Pyongyang's brinkmanship posed to the liberal-progressive Obama administration engaged in a well publicized dialogue with South Korea's very conservative Lee Myung-bak government. That dialogue became very public as a result of the June 16th Obama-Lee summit meeting in Washington, DC, and a press conference at the White House.⁴⁰ The summit received positive media attention before and after it was held. Obama made instructive comments about U.S. policy toward North Korea which—while not very specific—nonetheless drew creatively upon his campaign metaphor about “change.” He stated: “There’s been a pattern in the past where North Korea behaves in a belligerent fashion, and if it waits long enough [it] is then rewarded. We are going to break that pattern.”⁴¹ Clearly that was not the form of “change” which North Korea's hard-line advocates were hoping to cause in the Obama administration.

In the wake of that Presidential summit, senior defense officials from both countries held major talks in Seoul to coordinate their policies better regarding North Korea's aggressive posturing.⁴² One innovative policy the Obama administration pursued—that extended the DPRK's possible illicit arms supplying to Myanmar (Burma)⁴³—was a military program for tracking North Korean ships that might be carrying illicit materials.⁴⁴ The U.S. administration also created a new position at the Department of State by naming a senior diplomat—Philip Goldberg—to lead a task force to coordinate U.S. policies on North Korea with other concerned countries.⁴⁵ In reaction, the Kim Jong-il regime organized a very large—100,000 people—public protest in Pyongyang which received much publicity. The DPRK used the event to threaten the United States and South Korea with a “fire shower of nuclear retaliation,” if harsh actions were taken against North Korea.⁴⁶

Following that mid-June U.S.-ROK summit and North Korea's attempts to use public protests to derail U.S.-ROK efforts, North Korean issues drew more public attention in the United States during the following month. The United States tried to crack down on foreign companies—in Hong Kong and Iran—involved in commerce helpful to North Korea's missile and nuclear agendas.⁴⁷ The United States also condemned another round of North Korean missile tests and welcomed sanctions taken by the United Nations against the senior North Koreans

involved in the DPRK missile and nuclear programs.⁴⁸ There also was substantial attention paid to the possibility that North Koreans might have been involved in cyber attacks on international websites, doubts existed about those accusations.⁴⁹

Despite such controversial media issues, the U.S. also paid attention to potential changes in North Korea. There was press coverage of how and why the two captive journalists had not yet been sent to a prison-labor camp, but instead were being kept in a “guest house” in Pyongyang. Indeed, the DPRK told a visiting Korean-American scholar—Han S. Park (University of Georgia)—that the journalists could be released if the Obama administration apologized on their behalf.⁵⁰ There also was significant media coverage of Kim Jong-il’s weakening health status, the likelihood of his death, and its impact on his family, if a son succeeded him.⁵¹ Such media coverage of North Korea drew more attention to the Obama administration’s policies toward the DPRK.

Against that mixed background, following the Obama-Lee summit, the U.S. administration experienced some internal discord over how best to approach North Korea. Presumably that internal debate contributed to Secretary of State Clinton’s fairly blunt comments about North Korea during the ASEAN Regional Forum (ARF) meeting in Thailand. After emphasizing the United States’ presence as a leader in Asia, Secretary Clinton was critical of North Korea and rejected the possibility of meeting DPRK representatives at the ARF.⁵² She also expressed concern about DPRK-Myanmar cooperation.⁵³ Not surprisingly, North Korea responded bluntly and harshly.⁵⁴

Despite such tensions, North Korea’s Foreign Ministry played another—more creative—aspect of its brinkmanship approach by stating its readiness to engage in nuclear talks, but not in the six-party format. Clearly, the North Korean government was trying to engage in bilateral U.S.-DPRK talks with the Obama administration. The U.S. Department of State responded by stating bilateral talks were feasible “but only in the context of the six-party talks.”⁵⁵ That situation caused media skepticism about the merits of Obama’s original goals of using a constructive diplomatic dialogue with troublesome states to resolve problems worsened by past administrations’ policies.

Given the apparently bleak status of U.S.-DPRK strategic and diplomatic relations, the American public—as well as observers throughout the world—were surprised when former President Bill Clinton and a U.S. delegation went to Pyongyang in early August to meet

with Kim Jong-il and senior DPRK officials. The visit was to arrange the release of the two captive American journalists, Laura Ling and Euna Lee. The meeting of the ex-U.S. president and North Korea's "dear leader," Kim Jong-il drew enormous attention in the United States.⁵⁶ American magazine coverage of the meeting with a color photo of the U.S. and DPRK teams, with Clinton and Kim seated side-by-side, presented a very different tone for U.S. –North Korean relations.⁵⁷ More important for U.S. policy prospects was the attention paid to Secretary of State Clinton's role in helping initiate the process⁵⁸ and to the role of a senior U.S. intelligence specialist on North Korean affairs in setting up the visit.⁵⁹

Well after the Clinton trip, the two released reporters used the *Current TV* website to present their views of what had happened to them.⁶⁰ In the wake of Clinton's visit, as inter-Korean relations evolved in some positive ways, the Obama administration paid close attention to changes in North Korea's attitudes and policies, and President Obama met with former President Clinton to express his interest in and appreciation for the North Korean effort.⁶¹ How significant the Clinton trip may prove for future Obama administration policy decisions is unclear, but it is possible that future changes may warrant the label of the "Clinton Effect" used by a Chinese analyst of inter-Korean affairs.⁶²

After having made a conciliatory gesture to the United States over the two reporters, North Korea tried to offset the negative repercussions of its missile and nuclear brinkmanship, tactics which had brought the conservative South Korean government and the liberal Obama administration closer together. It now began a return to the DPRK's former cross-border cooperation with South Korea, stemming originally from the "Sunshine" policy. The DPRK announced its intentions to reopen the DPRK-ROK border for cooperative economic activities, tourism, and divided family reunions. This caused South Korea to reexamine what North Korea was doing in a more positive manner.⁶³ North Korea then followed suite, sending a delegation from the North Korean diplomatic mission at the United Nations in New York to meet with New Mexico Governor Bill Richardson on August 19. Given Richardson's prior experiences with North Korea, it was clear that the North Korean efforts were intended to convey the message that Pyongyang wanted Richardson's words: that the DPRK is "now prepared to have a dialogue with us."⁶⁴

That possible shift in U.S.-DPRK relations, based on North Korean efforts to restore some of its ties with South Korea, experienced a truly major transformative event when former ROK President Kim Dae-jung died on August 18 after a life of significant achievements via his “Sunshine Policy” toward North Korea. (For which he was awarded the Nobel Peace Prize in 2000). The funeral ceremony on August 23 primarily focused on Kim Dae-jung’s achievements and his legacy for Korea as a whole. It also proved to be a significant turning point for the two Koreas because of the actions of the South Korean hosts and of the North Korean delegation. Both could jointly identify with what Kim had accomplished in pursuit of reconciling inter-Korean tensions and achieving progress en route to peaceful reunification of the Korean peninsula. The North Korean delegation also had important meetings with senior South Korean officials. The day before the funeral the ROK’s Unification Minister, Hyun In-taek, met North Korea’s “spy chief” in charge of inter-Korean issues, Kim Yang-gon, for useful talks.⁶⁵ The following day, prior to the Sunday ceremony, the North Korean delegation met with ROK President Lee Myung-bak, at the presidential Blue House and conveyed a positive message from Kim Jong-il about Pyongyang’s desires to reduce inter-Korean tensions and work toward a positive agenda.⁶⁶ Interestingly for the Obama administration, a senior South Korean Asian affairs scholar—Lee Su-hoon of Kyungnam University—wrote very positively about Bill Clinton’s impact on these events, saying “Mr. Clinton’s visit prompted South Korea to re-examine its inflexible stance towards the North.”⁶⁷ Clearly, the message was that the Obama administration could, and should, pursue “change” via flexibility.

Soon after the Kim Dae-jung funeral-linked meetings, more progress was achieved. North Korea, which had not permitted inter-Korean family reunions for two years, authorized family reunions to be restarted. It also decided to free four South Korean fishermen, whose boat went astray in North Korean waters on July 30. Both decisions were well received in South Korea. When North Korea followed through on September 1 with its earlier announced decision to open its borders with South Korea for economic and family purposes, Kim Jong-il also renewed the DPRK’s request for talks with the United States, focused on creating a peace treaty which would formally end the Korean War by replacing the existing truce.⁶⁸ Although the Obama administration’s senior State Department specialist on North Korea, Ambassador Stephen

Bosworth, was at that time preparing for an Asian tour—not including North Korea—to encourage resumption of the six-party talks process, it was widely expected in South Korea that the newly elected liberal government in Japan—under the Democratic Party of Japan and its Prime Minister Yukio Hatoyama—would be amenable to Japan-DPRK bilateral talks. Later in September, North Korea used its ties with China to express its willingness to engage in talks with the United States on the nuclear issue.⁶⁹ These indications of progress plus prospects for further supportive actions by the Korean peninsula’s Asian neighbors—notably China and Japan—could set the stage for improved U.S. policies toward North Korea for the remainder of the Obama administration and beyond.

That hopeful possibility was altered by two events which stemmed from President Obama’s global agenda. In late September Obama gave a major speech to the U.N. General Assembly in which he called for global cooperation en route to the peaceful resolution of significant problems and advocated international policies that would end all countries’ possession and possible use of nuclear weapons.⁷⁰ On October 9, the international community – and President Obama – were surprised by the announcement that the U.S. President had been awarded the Nobel Peace Prize for what the Nobel Committee described as “his extraordinary efforts to strengthen international diplomacy and cooperation between peoples.”⁷¹ That announcement produced convoluted reactions worldwide. Most salient for present purposes, South Korean President Lee reacted positively⁷² and North Korea remained basically silent as it had after Obama was elected President.

Those two developments contributed to setting the stage for President Obama’s second summit with President Lee when they met in Seoul on November 19 during the President’s diplomatic tour of Asia that included Japan, China, and the Asia-Pacific Economic Cooperation (APEC) forum meeting in Singapore. With Obama’s Nobel Peace Prize looming in the background, the Obama-Lee summit was also influenced by earlier positive and negative developments in inter-Korean relations. At the Obama-Lee meeting President Obama stated the United States’ readiness to use President Lee’s “grand bargain” soft power metaphor to induce North Korea to change its nuclear agenda and indicated that his envoy, Ambassador Stephen Bosworth, would be engaging in bilateral U.S.-DPRK talks.⁷³

Although Obama’s trip to Asia, including his meeting with President Lee, received mixed reactions, it did help the stage for Bosworth’s trip to

North Korea.⁷⁴ That visit followed the path of the relatively brief October 2008 meeting in Pyongyang by the Bush administration's Assistant Secretary of State, Christopher Hill, and Korean officials. Occurring December 8-10, it drew substantial media attention in the United States.⁷⁵ While some press coverage emphasized that the meeting did not induce North Korea to return to the six-party nuclear talks, Ambassador Bosworth's post-meeting comments on that issue were more optimistic about future prospects.⁷⁶ That guarded sense of optimism was bolstered by North Korea's official KCNA comments on the Bosworth meeting and by the international press coverage of North Korea's assessment of the visit.⁷⁷

As important as Bosworth's trip appeared to be, the visit attracted a different level of attention when it was revealed that President Obama had discreetly sent a letter to Kim Jong Il via Ambassador Bosworth, a letter that a South Korean news agency (Yon hap) reported, had suggested the creation of a U.S. liaison office in North Korea.⁷⁸ Amidst these developments on the U.S.-DPRK diplomatic front, Obama drew far more attention globally when he made a major speech about war and peace in Oslo as he received his Nobel Peace Prize. Although his approach to North Korea was briefly included in his Oslo speech, the core of his remarks focused on his approach to the geopolitical concept of a "just war" and its relevance to the pursuit of meaningful peace.⁷⁹ That theme proved to be controversial for pundits on U.S. foreign policy and for analysts of the merits of a renewed call for peace in U.S. policy.⁸⁰ Despite the international focus on Obama's potential peace agenda, in the remaining weeks of 2009, his administration had to deal with the controversy surrounding Thailand's seizure of North Korean weaponry cargo being illegally shipped in an airplane that was being refueled in Bangkok.⁸¹ Such pressures on North Korea may also have been bolstered by allegations late in 2009 by the controversial Pakistani nuclear scientist Abdul Qadeer Khan about North Korea's past nuclear agenda.⁸²

In that tense context, Bosworth's visit still seemed significant as it put the United States and North Korea back on a dialogue track, even though there were no specific agreements reached. When coupled with North Korea's post-visit problems and the international community's how President Obama may or might pursue innovative policy goals consistent with his Nobel Peace Prize, it could enhance the U.S.-DPRK dialogue process. That potential was underscored by North Korea's

2010 New Year's message to the United States, a message that sought "an end to the hostile relationship" and encouraged pursuit of a peace treaty to improve both U.S.-DPRK and DPRK-ROK relations.⁸³ Within a week the PRC's Ambassador to the United Nations, Zhang Ye Sui, recommended at a news conference that the United States and the DPRK "meet each other half way" to help restart the six-party talks.⁸⁴ Shortly after that, North Korea proposed peace treaty talks with the United States, but lack of progress on the six-party talks caused the United States and South Korea to make it clear they could only engage in peace treaty talks after the six-party talks had been resumed and had made serious progress.⁸⁵ All of these developments in late 2009 and early 2010 helped set the stage for Obama's future policies regarding North Korea.

The Obama Administration's Policy Options Regarding North Korea

The Obama administration's potential policy options vis-à-vis North Korea will be considered in two overall contexts—one very negative and pessimistic, the other normally positive and optimistic for U.S. foreign policy. The first shall be assessed here very briefly because one must hope—with a strong sense of realism—that it is unlikely to occur.

The United States' concerns about North Korea from the early post-World War II era to the present have always been predicated on the United States' being a global power with major interests in nearly all sectors of the world. Had the United States in the mid-1940s reverted to its pre-war isolationism, many policies that Washington actually pursued would never have occurred. Clearly, that would have included the United States' roles in the Korean War, in the post-armistice U.S.-ROK alliance, and in decades of political, economic, and strategic animosity between the United States and the DPRK. The pros and cons of U.S. abstention for both the ROK and the DPRK are obvious. Far less "obvious" are the consequences for both contemporary Koreans, had the United States retracted from active global involvement.

Were the current economic recession to become unfathomably worse than virtually all Americans anticipate—yielding circumstances as bad as or worse than the Great Depression—strategic "depression" in the form of a renewed isolationism could also occur. Similarly, were other individual countries or groups of countries to acquire superior socio-economic as well as military stature to overshadow the United States, the

impact upon American's strategic confidence and global ambitions could be very negative. On another pessimistic front, were the United States to experience major strategic setbacks in its geopolitical entanglements by losing questionable wars in the anti-terrorist activities, it could shatter American confidence as a major player in world affairs. Were any pessimistic scenario of that sort to develop for the Obama administration, there would be no need to examine its options vis-à-vis North Korea. Those negative scenarios regarding North Korea will not be examined here because they are unlikely to materialize, although a credible case can be made for a somewhat reduced U.S. role in world affairs, one still designed to preserve U.S. geopolitical power and influence.

Negative scenarios are, however, also worth acknowledging in order to contrast the positive circumstances that the Obama administration's policy needs to draw upon. They are important to indicate why North Korean leaders have ample reasons to be glad that such improbable negative circumstances are unlikely to occur. Although North Korean leaders are unlikely to acknowledge it openly, they can benefit from the United States' playing active roles in their region. If the United States' role in Asia were to collapse, North Korea would no longer be able to use its brinkmanship leverage—much less have any hopes for future assistance from the United States. Despite Pyongyang's animosity toward the United States, among the last things that the DPRK should want is a serious deterioration of U.S. international power which would severely weaken Washington's ability to use a 'soft power' option toward North Korea.

Before concluding this analysis with specific recommendations for the Obama administration, it is worthwhile to examine some of the suggestions various analysts have already offered. Several columnists will be assessed chronologically. In the mid-April context of concerns about North Korea's missile tests, a prominent libertarian from the Cato Institute, Ted Galen Carpenter, suggested that the Obama administration try to persuade the PRC to pursue a regime change policy toward Pyongyang—replacing it with a more pragmatic government willing to cooperate with China and the United States on overlapping policy issues related to threats posed by the DPRK.⁸⁶ While that could be a plausible option if the United States seriously feared a North Korean missile or nuclear threat, that degree of fear is questionable because of how North Korea manipulates fear to make brinkmanship effective. In addition, for such an option to be viable for China, the PRC would have to have

confidence in its ability to make regime change effective. One of the last things China—and the United States—would want to occur is the replacement of the Kim Jong-il regime or its dynastic successor with a less stable government which might be even more recklessly dangerous. Hence, while the Obama administration can keep such an option in its file of potential choices, it is unlikely to utilize it unless North Korea becomes far more dangerous to the United States and China, as well as to South Korea and Japan.

In late June a former Congressman, Stephen Solarz, and a Brookings Institution researcher, Michael O'Hanlon, urged the Obama administration to work closely with China because of its economic stature in Asia. In this way Washington could put pressure on North Korea—compelling it to choose between “economic collapse” or the “verifiable dismantling” of Pyongyang’s nuclear capabilities.⁸⁷ While a possible option for the Obama administration, the risks for China’s going too far too fast make it an unlikely choice for Beijing. Therefore that particular China option is little more than a remote option for the Obama administration. To become more plausible for the United States and China, the Obama administration would have to be willing to sanction a larger geopolitical role for China, one that would strengthen its regional influence over South Korea and Japan relative to the United States. Therefore, while possible, it is unlikely.

Another aspect in the debate over the most appropriate way for the United States to deal with North Korea’s is the degree to which Washington should engage in a constructive U.S.-DPRK dialogue versus abstaining from any such dialogue to send a crucial message from Washington to Pyongyang. There have been solid scholarly analyses about why and how Obama should pursue cooperative contacts with the DPRK, ones capable of stabilizing the situation and creating more peaceful relations. Mark Manyin and Mary Beth Nikitin of the Congressional Research Service advocated closer U.S.-DPRK economic and humanitarian assistance relations.⁸⁸ Leon Sigal, of the Social Science Research Council, has criticized the Obama administration for following too many of the same flawed policies used by the preceding Bush administration and has urged the current administration to expand its dialogues and “restore constructive engagement.”⁸⁹ Lastly, Tae-Hwan Kwak, a Korean-American emeritus professor and former president of the Korea Institute for National Unification (KINU) has made a strong case for the United States role in an inter-Korean “peace-

regime-building process.”⁹⁰ Were any, or all, of these suggestions to be adopted by the Obama administration, the United States would benefit from an improved and expanded U.S.-DPRK dialogue with the potential for making significant progress.

Taking a very different approach, three prominent think tank analysts, while not rejecting constructive dialogues with a potential for success, have expressed skepticism about the ability to accomplish much vis-à-vis North Korea because of its tendency to manipulate such U.S. and South Korean efforts for the DPRK’s policy purposes. Cato Institute libertarian analyst Doug Bandow, who has written extensively on Korean affairs, has expressed skepticism about the degree to which North Korean threats are real. He has stated, “Pyongyang poses no meaningful danger to America” and concludes “The next time Pyongyang rattles its sabers, Washington should respond with bored contempt.”⁹¹ A similar approach has been advocated by Edward Luttwak of the Center for Strategic and International Studies. He has expressed pointed skepticism about President Obama’s pursuit of a dialogue to improve U.S.-DPRK relations and avoid the risks of war. He has been scornful of Washington’s willingness to adhere to policies reminiscent of “Winston Churchill’s dictum that it is always better to ‘jaw-jaw than war-war’.” Instead, he has urged the United States to use a “diplomacy of silence” regarding North Korea.⁹² Another libertarian analyst, Ivan Eland of the Independent Institute, has expressed similar skepticism about the merits of engaging North Korea in serious dialogues—even as he has expressed scorn for neo-conservative advocacy of a more “belligerent policy toward North Korea.” To Eland, the Kim Jong-il regime’s hostility toward the United States is akin to a “child’s tantrum.” He has suggested “treating Kim like a child, the U.S. should simply ignore North Korea and its belligerent posturing.” And he has concluded “Doing nothing is doing something and is much better than the ill-advised policy the United States currently has toward North Korea.”⁹³ While these options are plausible in principle, they could entail risks in practice that the Obama administration is unlikely to accept. Nonetheless, the existence of such options could be useful because of the ways President Obama could send signals to Pyongyang. Such tactics could make North Korea more responsive to other U.S. options.

Conclusion

While the Obama administration clearly should be wary of the dismal scenarios briefly outlined above and should pay serious attention to the pros and cons of the advice it has already received from various pundits working on U.S. policy toward North Korea, there are other policy options it may wish to consider. Three are outlined in this concluding section. Since all three options would involve innovative approaches, requiring some boldness on the part of the U.S. government, were the Obama administration to pursue these options it should bear in mind the campaign slogan which did so much to get Obama elected president of the United States—"yes we can!" Any doubts about pursuing a bold policy option on the part of skeptics should be perceived as being in the "no we can't" camp of the President.

As the Obama administration's foreign policy position is being bolstered by the bureaucratic accomplishments of Secretary of State Clinton, it is also being hampered by political doubts about the merits of the administration's emphasis on the Afghanistan War as well as winding down the Iraq War and coping with serious economic uncertainties. Such factors have caused the Obama administration's foreign policy approaches to be more cautiously pragmatic than some of his liberal-progressive supporters had assumed it would be.

Bearing that fact in mind and drawing upon the Bill Clinton's successful visit to Pyongyang, President Obama should consider a policy option which would make use of ex-President Jimmy Carter via the Carter Center and Emory University. The Carter Center's activities are focused on three themes: Waging Peace, Fighting Disease, and Building Hope.⁹⁴ While all of them could be salient to U.S. policy toward North Korea, the "Waging Peace" theme has several specific "programs" keyed to issues or regions. The Obama administration should consider urging former President Carter to sponsor a "Korea Program" in its "Waging Peace" section.

Given Carter's stature as a 2002 recipient of a Nobel Peace Prize for Carter Center activities "to find peaceful solutions to international conflicts,"⁹⁵ he is well qualified to host and administer a "Korea Program." That is underscored by the Carter administration's troubled record in dealing with the Koreagate scandal and Korean issues and Carter's personal efforts, out of office, to help the inter-Korean and U.S.-DPRK diplomatic processes by visiting North Korea in June 1994 and

negotiating an agreed framework. He also met with Kim Il-Sung in Pyongyang almost three weeks before Kim died.⁹⁶

An Obama administration-backed initiative for a “Korea Program” at the Carter Center, with a commitment to future U.S. government-backed funding for its activities, would facilitate American efforts to negotiate a Korean Peace Treaty, establish normalized U.S.-DPRK diplomatic relations, and encourage additional presidential diplomacy vis-à-vis North Korea. That would draw on both Presidents’ Nobel Peace Prizes in ways that would bolster Obama’s legitimacy as a Nobel Peace Prize recipient. The Carter Center’s ability to develop and operate a “Korea Program” would also be useful for expanding a U.S. dialogue with North Korean officials and scholars by interacting in the United States with the numerous university-based academic centers for East Asian studies, which include researchers on Korean affairs. These scholars should be invited to participate in Carter Center conferences on U.S.-DPRK issues. The more such scholarly interaction occurs, the more American and North Korean specialists would be exposed to the other country’s cadre of academic and governmental specialists on U.S.-DPRK affairs.

Another institutional policy option the Obama administration should consider en route to improving U.S. policy toward North Korea would be the creation of a U.S. government-funded “U.S. Center for Korean Reunification Studies,” either at an American university or as an independent think tank. It could be located in Washington, D.C., in or near a city with a significant Korean-American community, or in a locale distant from either in order to spread the American people’s consciousness of the importance of Korean unification into broader intellectual circles.

The proposed U.S. Center for Korean Reunification Studies would conduct research, organize and host conferences, publish salient research studies, send its research staff members to conferences and meetings in both South and North Korea, and host visiting scholars from both North and South Korea. This proposed U.S. Center could also interact creatively with the proposed Carter Center Korea Program, if that program is created.

While Korean unification will primarily be the responsibility of Koreans in both the ROK and the DPRK, other countries—notably China, Japan, other Asian neighboring states, and the United States—also have reasons to be kept informed about the inter-Korean dialogues and to try to help the two Koreas achieve their goals. It is most likely

that the United States, during the Obama administration and its successors, will prefer to interact with a non-nuclear armed but unified Korea.

There is, of course, a geopolitical argument that favors the proliferation of nuclear weapons, based on the fact that nuclear armed countries have a solid record of not attacking each other. Thus the world would actually be safer if that solid record were grasped by other potential nuclear powers. In that context, North Korea's nuclear weapons agenda could actually become more dangerous if the DPRK ever collapsed and lost control of those nuclear weapons. To avoid that possibility, the Obama administration—and its successors—should consider the plausible advantages of a U.S. Center for Korean Reunification Studies either advocating a “democratic, unified and eventually nonnuclear Korea”⁹⁷ or a United Korea with nuclear arms in a balanced triangular strategic relationship, surrounded by a nuclear armed China and Japan and, in addition, a nuclear armed Russia to their north and a nuclear armed United States in the Western Pacific. That option—admittedly unlikely—also would make it easier to cope with North Korea's brinkmanship agenda.

If these two proposed U.S. government-backed research projects are pursued and established by the Obama administration, there would be expanded opportunities for the President to interact personally with Kim Jong-il. Using the U.S.-USSR precedent, this might prove helpful in stabilizing relations.⁹⁸ Even if neither of the two proposed research center projects ever are created by the Obama administration, the U.S. government should reconsider utilizing the initial open-handed approach it endorsed during the campaign. In order to make serious progress, in achieving such goals, the United States should consider inviting Kim Jong-il—or his successor—to the United States to meet President Obama. Such a bilateral meeting could be at Camp David with less publicity or at the White House with full-scale publicity. It might also be held in New York City at the United Nations. If such a bilateral summit focusing on both contentious and cooperative issues were to achieve some degree of success, Obama should consider a reciprocal trip to North Korea. That summit could and should be followed by Obama's meeting with South Korean, Japanese, and Chinese leaders to explain the agenda and hopefully the accomplishments of this summit diplomacy.

Such U.S.-DPRK summitry would be intrinsically valuable, but it would be even better for pursuing overall U.S. interests vis-à-vis Korea if

done either in connection with establishing or legitimizing the proposed research organizations. The more positive the Obama administration can be regarding a “yes we can” attitude toward a constructive diplomatic dialogue with North Korea, the better the prospects for achieving and maintaining peaceful relations with North Korea. This would help the two Koreas reconcile their differences, working toward the achievement of inter-Korean reconciliation, and developing a U.S.-United Korea special relationship akin to the American-British version of the U.S.-UK geopolitical bond.

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**Unraveling of U.S.-DPRK Nuclear Accord?
A Post-Mortem Analysis of the Six-Party Talks (SPT) Process***

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Abstract

A question often asked regarding a “nuclear North Korea” is: “Have the Six-Party Talks produced any tangible results? An answer is both “Yes” and “No.” Pyongyang accepted “the Statement of Principles” in 2005 by pledging to “abandon its nuclear program, rejoin the NPT, and allow IAEA monitors to return, in exchange for North Korea’s receiving food and energy assistance from the other members.” Yet, it reversed this policy in 2009, timed with the inauguration of the Obama Administration. This article proceeds with a brief overview of the evolution of the Six-Party Talks (SPT) process, in terms of a theory of collective action and policy dilemma of coordination perspective. After an analysis and evaluation of the North Korean negotiation strategies, the article closes with a speculation of future problems and prospects for SPT process.

Keywords: Diplomacy, US-DPRK Nuclear Accord, the Six-Party Talks Process, Nuclear Settlement, Denuclearization, Collective Action Dilemma, Game Theory, Nuclear Disablement, the Nuclear Non-Proliferation Treaty Regime,

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The Problem Stated

Barack Obama's Administration's initial overture toward North Korea, on resuming the Six Party Talks (SPT) process on denuclearization, was vituperatively rejected by Pyongyang in 2009. While President Obama unveiled his new policy initiative toward nuclear nonproliferation in Prague, North Korea, on April 5, 2009, provocatively conducted a long-range missile test followed by a second nuclear weapons test on May 25. The DPRK foreign ministry announced that North Korea not only refused to return to the negotiating table, but would also revoke all its previous concessions. It restarted the nuclear reprocessing plant it had mothballed in 2007, as part of the previous agreement, and also said the Korean Armistice Agreement of 1953 no longer applied.

North Korea's test-firing of its ICBM across the Pacific Ocean, officially a satellite launching, was conducted despite widespread international opposition.¹ When the third stage missile failed to separate, the "payload" reportedly plunged into an ocean. Reacting to a tightening of sanctions by the United Nations Security Council, Pyongyang acted to expel IAEA on-site inspectors, declaring its intention to revive an atomic weapons program. North Korea announced that its second nuclear test on May 25 was successful, again defying international warnings. The U.N. Security Council, convening an emergency session that afternoon, successfully enacted resolution 1874 that reinforced sanctions against North Korea's defiance of not heeding its previous UNSC Resolution 1718, following its first nuclear test on October 6, 2006.

Do these belligerent and provocative acts by the North amount to the unraveling of U.S.-DPRK nuclear accord that the SPT carefully worked out and as stipulated in the Joint Statement of September 19, 2005 on the principles of keeping Korea nuclear-free? The same question also applies to the decision at the Fifth Round Talks on North Korea's "Disablement of the Yongbyon Nuclear Reactor Facilities" on February 13, 2007.

A question often asked as regards a "nuclear North Korea" is: "Have the SPT produced agreements?" In part, the answer is "Yes" as the Six-Party participants eventually adopted "the Statement of Principles" of 2005 after many years of on-and-off negotiations and four rounds of sporadic talks. Pyongyang, this pact stated, would eventually "abandon its nuclear program, rejoin the NPT, and allow IAEA monitors to return, in exchange for North Korea's receiving food and energy assistance from

the other members.” The statement also paved the way for the DPRK to normalize its relations with both the United States and Japan, and, for the negotiation of a peace agreement on the Korean peninsula.”²

This article will proceed first with a brief overview of the evolution of the current policy problem for the Obama Administration, followed by an analysis of the rationale for the Six-Party Talks process in defusing the North Korean nuclear crisis. The article will turn next to an analysis of the role of the Six-Party Talks, as an IGO (inter-governmental organization) of state-actors in terms of both capabilities and limitations. The SPT is primarily track I diplomacy that may or may not be sufficient in attaining its stated policy objective, without simultaneously mobilizing track II diplomacy which entails certain NGOs (Non-Governmental Organizations) also playing non-state roles in enhancing communications toward a settlement.³ The article closes by speculating on future problems and prospects for the SPT process.

Whether the SPT will ever reconvene despite Pyongyang’s current hard-line stance, remains to be seen. North Korea’s number two man, Kim Young-nam, as President of the DPRK Supreme People’s Assembly was quoted in July 2009, as stating categorically that the six-party nuclear talks “are over for good” as no dialogue or negotiations were possible, as he put it, “where the principles of respect for sovereign rights and equality are denied.”⁴ The same pessimism has also prevailed over the SPT’s ever attaining its stated goal, i.e., building regional peace and security in Northeast Asia via the denuclearization of the Korean peninsula.⁵

A brief overview of SPT evolution

The Democratic People’s Republic of Korea (DPRK or North Korea) is one of the last Stalinist states in the post-Cold War era. In October 2006, North Korea became a new member of the nuclear club. Over the past two decades it has alternated between confrontation and inch-by-inch conciliation with its neighbors. It has also gone through an oscillation that seems to be driven both by its hard-to-fathom internal political strains and by an apparent belief in nuclear deterrence, and brinkmanship strategy, as the most effective form of diplomacy.

After setting off its first atomic device, the secretive, isolated, heavily militarized and desperately poor country of the “Dear Leader Kim Jong-Il,” whose health is rapidly deteriorating, has slowly moved away from confrontation. On September 19, 2005, for instance, North

Korea signed the Joint Statement of the Six-Party Talks on the Principle of Denuclearization of the Korean Peninsula and related measures. On February 13, 2007, the North also agreed to “disable the Yongbyon nuclear facilities” with a commitment to eventually dismantle its nuclear program. When Pyongyang submitted a 60-page report on its nuclear program, in July 2008, the George W. Bush administration acted to remove North Korea from its list of state sponsors of terrorism. The U.S. Senate reportedly deliberated, however, whether the DPRK should be placed back on the U.S. listing in 2009.

Yet, the SPT progress collapsed during the December 8-11, 2008, Sixth-Round of talks when Pyongyang refused to accept terms for verification in writing, as informally agreed to and proposed by the United States. Between August 2003 and December 2008, the SPT negotiations were held intermittently but often became bogged down by one crisis day after another. The first three rounds of the talks were evaluated as not having made substantive progress.⁶

It was not until the Fourth Round of talks, in September 2005, that real progress was registered. Examples of crisis events thereafter affecting the SPT included the United States’ imposition of sanctions against Banco Delta Asia, in November 2005, on suspicion that this Macao-based bank laundered money for Pyongyang, North Korea’s Taepodong II missile launching on July 4, 2006, and the underground nuclear test on October 6, 2006. Additionally, the 2004 U.S. presidential campaign, prior to George W. Bush’s second term in office (2005-2009), also led the DPRK to hesitate on its timely return to the SPT negotiation. Not until September 2005 were the Fourth Round of talks held.

The Fifth Round was delayed until February 2007, yielding a disarmament-for-aid pact under the February 13, 2007 Accord on the DPRK nuclear disablement. The progress of its implementation stalled in 2007-2008, however, primarily due to the verification standoff, even if significant pressure was placed on the talks to ward off further deterioration. One example of this pressure was the personal visit of U.S. chief negotiator Ambassador Christopher Hill’s to Pyongyang in early October, during the final year of the Bush administration.

Why did North Korea choose to challenge the new Obama administration by its provocative acts, first the April 5 test firing of the long-range missile and, then the second nuclear test of May 25, 2009? Pyongyang was apparently driven by its own logic of nuclear deterrence and was in a hurry, instead of waiting for the Obama Administration to

adopt a new North Korea policy. The Obama policies toward North Korea have been, as one analyst has put it, one of “reactive response” that unfolded gradually, in response to North Korean provocations.⁷

North Korea has not been high on the Obama administration's list of priorities, although his administration has not pursued an ABB (Anything But Bush) policy along the lines of the ABC (Anything But Clinton) approach of the early Bush administration. Instead, Obama drew several lessons from Bush's experience, according to this observer. For instance, in response to perceived failures by Christopher Hill--the Bush administration's chief negotiator with North Korea—to reassure allies in Tokyo and Seoul, the US now committed itself to more effective coordination. This has been shown already, through efforts to enhance the quality of consultations and, most recently, through affirmation of the written US commitment to “extended deterrence,” as part of the US-ROK Joint Vision Statement issued during the Obama-Lee White House 2009 summit on June 16, 2009.⁸

Despite North Korean provocations, Obama's approach is said to have undergone “an understandable case of attention deficit disorder vis-a-vis North Korea.” President Obama had so many domestic and foreign issues on his policy menu that “North Korea has become the top crisis at the bottom of the American agenda,” according to the same analyst. There was little near-term prospect that Washington would devote the effort required to resolve the North Korean nuclear issue, especially given the heightened political risk of any attempts to engage a regime that had not yet signaled a willingness to come out of its shell. North Korean provocations had made the American task of coordinating with South Korea, Japan, China, and Russia somewhat easier, at least momentarily.⁹

One recent study has identified a set of five factors behind Kim Jong-Il's acts of provocation: 1) desire to be a permanent nuclear state; 2) pay-off to the military and succession; 3) enhanced prestige and scientific nationalism; 4) advertisement of its wares on global market; and, 5) a greater stake in future negotiations.¹⁰ Pyongyang's demonstration of its dual-use technologies, both nuclear and rocketry were also well-suited for the Kim regime's survival strategy. The July 4 fireworks display in 2009, launching seven Scud missiles, was a clear violation of the UNSC Resolution 1874, which demanded that “[North Korea] not conduct any further nuclear test or any launch using ballistic

missile technology” [and] . . . that “the PRK shall suspend all activities related to its ballistic missile program.”

The Rationale: Theory and Policy Analysis

Collective Action Dilemma and the SPT

The SPT can be looked at from the perspective of group theory organization: that is, how individual members of an association called the SPT, placed together by major powers in world politics, will attain a set of common and joint interests, i.e., promote a nuclear-free zone for the Korean peninsula. SPT members each acting voluntarily as a sovereign state, have agreed to try to achieve their professed common interests of promoting the denuclearization of the Northeast Asia region. A group theory view of how difficult it is to make individual members pursue their joint welfare, as contrasted to individual welfare, is well documented in the literature as it was initially developed by an economist, Mancur Olson, in his 1965 seminal book, *The Logic of Collective Action: Public Goods and the Theory of Groups*. Application of this group theory will yield a more realistic and credible analytical model for the study of such international organizations as the SPT.

Olson set out in this book to challenge the prevailing optimism about group theory, an attitude that had dominated the field of “pressure and interest group” politics in social science research. This theory claimed that a set of individuals with common interests would voluntarily act to further those.¹¹ Olson’s “collective action dilemma” theory, on the other hand, provided an alternative economic explanation. As he argued on the opening page of his 1965 book:

The idea that groups tend to act in support of their group interests is supposed to follow logically from this widely accepted premise of *rational, self-interest* behavior. In other words, if the members of some group have a common interest or object, and if they would all be better off if that objective were achieved, it has been thought to follow logically that the individuals in that group would, if they were *rational and self-interested*, act to achieve that objective.¹²

Olson’s challenge to the orthodox theory of group and organization politics was based largely on the premise that one who could not be excluded from obtaining the benefits of a collective good, once the good

is produced, had little incentive to contribute voluntarily to the provision of that good. Clearly, the DPRK from the very outset of the SPT in 2003 seems to have been motivated by a “rational and self-interested” mindset, which in the end has turned out to be not selfish.

“The view that groups act to serve their interests presumably is based upon the assumption that the individuals in groups act out of self-interest”.¹³ Olson was less pessimistic in his group theory, however, because he also considered it an open question as to whether “intermediate-size groups” would or would not voluntarily provide collective benefits. “His definition of an intermediate-size group depended not (so much) on the number of actors involved as on how noticeable each person’s (i.e., state-actor’s) actions were”.¹⁴ The SPT process, as a small N sized group, therefore could be considered as one such “intermediate-size” group of activities.

The tragedy of the commons, the prisoner’s dilemma, and the logic of collective action are all closely related concepts in game theory models. Each of these concepts has defined the accepted way of viewing many problems that the individuals (state-actors in our case here) would face when attempting to achieve collective benefits. At the heart of each of these models is the free-rider problem. Whenever one particular state actor (i.e., the DPRK) cannot be excluded from the benefits that others would provide, each actor in the group will be motivated not to contribute to the joint effort, but instead to free-ride on the efforts of others. If all participants in the group choose to free-ride, however, the collective benefits obviously will not be produced.

The temptation to free-ride, in fact, may have dominated the SPT decision process by Pyongyang, in particular, and thus all ended up where no one member wanted to be. Alternatively, some members still wished common results while others free-rode, leading to less than an optimal result. Collective action dilemma models were thus extremely useful and relevant for explaining *how perfectly rational individual state actors could produce, under some circumstances, outcomes that seemed not “rational” at all when viewed from the perspective of all those SPT member countries involved in negotiation.*¹⁵

What makes these game theory models useful and powerful, as a tool of policy analysis, is that they tended to capture important aspects of what had actually transpired in the SPT process of negotiations and bargaining.

The Role of SPT in Realizing Denuclearization: Policy Analysis

What is the purpose of the SPT, and its proper role as a forum for attaining the peaceful settlement of the DPRK's ambitious nuclear weapons program through disarmament? Can the Six-Party Talks bring about an outcome of "dismantlement" of the DPRK nuclear weapons program, via disablement of the Yongbyon nuclear installations as an intermediate stage, toward attaining the final goal of DPRK nuclear disarmament?

The nuclear disablement of North Korea, as the first step, was to be attained in 2008 closing down the Yongbyon nuclear reactor installation. In June 2008, Pyongyang submitted an inventory of "all" of its past nuclear activities, as expected, and dramatically destroying its cooling tower at the Yongbyon nuclear facility. This prompted the Bush administration to take action, hastily perhaps as seen in hindsight, so as to move forward on the path toward disarmament by announcing the removal of the DPRK from the list of state sponsors of terrorism. But this act did not hold beyond December of 2008. What went wrong?

A last round of the SPT, as it turned out to be, to date, at least, was held December 8-11, 2008, but negotiations failed on "issues of sequencing and verification". The final session of the Sixth Round of talks was aimed at solidifying a protocol to verify North Korea's nuclear declarations, determining a timetable for disablement of its nuclear facilities, and setting a schedule for the delivery of the remaining energy aid to North Korea. Even after extending conversations one day beyond schedule, the meeting still could not produce a single Six-Party agreement, and the parties were therefore forced to return home without aid or verification understandings in hand.¹⁶

In light of this failure to attain a settlement of the nuclear dispute in December 2008, we need to ask what went wrong and why? What lessons can be drawn from the SPT failure? In this regard one needs to be certain of the role of the SPT process from the perspective of foreign policy and international political theory. We also need to be clear that an adoption of the verification protocol was not the same as nuclear "dismantlement or disarmament" of the DPRK nuclear arsenal. In short, the politics of the Six-Party talks was mixed up with a vocabulary of nuclear "disablement," in the sense that "disablement" does not translate automatically to "dismantlement" of the DPRK nuclear installations.

The Six-Party talks as a multilateral process is clearly a means to achieve a foreign policy end, rather than an end in itself. It has been set

up as an instrument and a mechanism for bringing about the settlement of issues between the DPRK, with its ambitious program of nuclear weapons development, and the remaining five members of the Six-Party talks. The five were united in denying North Korea from making a nuclear breakout by turning the fuel rods extracted from its nuclear reactor into reprocessed weapons grade plutonium to be used to acquire WMD capabilities, in defiance of the IAEA and NPT obligations.

Like any other diplomatic forum, the Six-Party talks was as efficient and effective as an instrument as each of the member states was prepared to have it be. The first step toward dispelling any false expectations, was to ascertain both “limitations and possibilities” of what the Six-Party talks could accomplish. The following are two key questions that may help ascertain the proper role of the Six-Party talks as diplomatic tool. First, how successful was the ‘disabling’ of the Yongbyon reactor facilities? Second, why the delay in verification by North Korea of what they had already agreed to do? In other words, what lay behind their change of minds mid-course during the Six-Party talks?

In explaining the process, with the less-than-perfect settlements and solutions in September 2008, it is useful to consider the current state of “nuclear disablement and dismantlement” politics as a type of game theory situation called “a mixed motive,” rather than as either “a zero-sum” or “a non-zero-sum” game. A zero-sum game is any game in which the interests of the players are diametrically opposed, while a non-zero-sum game is an interactive situation in which the players have mixed motives, that is, in addition to conflicting interests, they may also share some common interests.¹⁷

An arms race was going on between the DPRK and the United States, as the chief protagonists of the Six-Party member states. The basic assumptions of game theory apply to the conflict situation of the Six-Party strategies on nuclear deterrence and decision-making. Game theory is the science of interactive decision-making. Before applying these concepts to the real-world situation on the Korean Peninsula, a brief survey of the current status of disablement, declaration, and delays in verification is necessary.

Evaluation: How Successful was the “Disabling” of the Yongbyon Reactor Facilities?

In July 2007, the DPRK was expected to shut down and seal the Yongbyon nuclear facility, in accordance with the February 13, 2007

Six-Party agreement on “Initial Actions for the Implementation of the Joint Statement” and the October 3, 2007 accord on “the second phase actions.”¹⁸ The DPRK agreed in the February 13, 2007 accord on “Initial Actions for the Implementation of the Joint Statement,” to shut down all its existing nuclear facilities, beginning with the core facilities at the Yongbyon nuclear complex, by December 31, 2007. The Yongbyon nuclear complex houses the three core facilities of North Korea’s plutonium program: the 5-MW(e) reactor, a reprocessing facility, and a fuel fabrication facility.¹⁹

These facilities were operating until they were shut down in July 2007 as part of the Six-Party negotiations. In addition, North Korea invited back IAEA personnel to monitor and verify the shutdown and the sealing of these facilities. The DPRK subsequently agreed in the October 3, 2007 agreement on “Second-Phase Actions for the Implementation of the Joint Statement” that it would disable all its existing nuclear facilities, beginning with the core facilities at Yongbyon.

Assistant Secretary of State Christopher Hill traveled to meet his North Korean counterpart, Kim Kye-gwan, on September 1-2, 2007, in Geneva. They reached agreement on the basics of what would become the October 3, 2007 document on "Second-Phase Actions". Among the understandings were, disabling the reactor, the reprocessing facility, and, the fuel fabrication plant at Yongbyon, and listing the nuclear material and equipment that were to be eliminated in phase three. North Korea also pledged "not to transfer nuclear materials, technology or know-how" to third parties – the first time it had done so. The United States, in return, promised to fulfill its commitment to terminate the Trading with the Enemy Act and to de-list the North as a state-sponsor of terrorism".

After November 2007, U.S. experts were on the ground at Yongbyon, continuously overseeing disablement activities.

- Eight out of 11 agreed disablement activities at the three core facilities were completed, and work on disablement activities continued.
- U.S. experts oversaw the discharge of the spent fuel rods from the 5-MW(e) reactor. As of mid-May 2008, more than one-third of the spent fuel rods had been discharged successfully.

- These actions had halted the DPRK's ability to produce additional weapons-grade plutonium for its nuclear weapons program.

The United States thus remained committed to the full implementation of the September 19, 2005 Joint Statement of the Fourth Round of the Six-Party Talks, which unanimously reaffirmed the goal of the Six-Party Talks as the verifiable denuclearization of the Korean Peninsula in a peaceful manner.²⁰

On June 26, 2008, North Korea and the U.S. concluded the last in a series of steps they had promised to implement in February 2007, part of the SPT process on disablement of the North Korean nuclear installment. North Korean diplomats presented a declaration of its nuclear weapons program to their Chinese counterparts who had been coordinating the six-nation talks. In return, President Bush announced the lifting of some trade sanctions and removed North Korea from the U.S.-list of state sponsors of terrorism.²¹

After a delay of more than sixteenth months, North Korea, on June 27, 2008, dramatically demolished the cooling tower of its main nuclear reactor in Yongbyon, signaling its commitment to stop making plutonium for nuclear bombs. Demolition of the sixty-foot-tall cooling tower, in the presence of selected media representatives, including CNN, was the most visible symbol of the North's serious intentions, coming approximately twenty months after the first detonation of a nuclear bomb in an underground test.²² This action did not leave the conventional uranium route of North Korea's nuclear weapons program as well as the Syrian connection through which Pyongyang had transferred the nuclear technology to a third country.

A U.S. ship carrying 37,000 tons of wheat arrived in North Korea on June 29, perhaps not coincidentally, as part of the U.N. World Food Program. It was the first installment of 500,000 tons of assistance promised by Washington. The U.S. aid was not said to be directly related to the nuclear talks between the two countries, but the WFP said this shipment would help feed more than five million starving people in the communist country.²³ Because of an acute and worsening food shortage, the U.N. agency warned in April 2008 that time was running out to avert a humanitarian tragedy in the DPRK. Famine in North Korea had already killed an estimated one million in the mid-1990s, and had become a serious international policy concern, together with the human rights issue in the North.²⁴

These actions by Pyongyang and Washington, after so many false moves and delays seemed hopeful indeed. Whereas the DPRK has submitted its listing of the plutonium-based nuclear program and activities to the Six-Party Talks, the Bush administration reciprocated by lifting limited sanctions and delisting North Korea as a terrorism sponsoring country. At least this mood of relief prevailed among those in the policy community and in various capitals, including Washington, D.C. Does that mean, however, that North Korea had finally abandoned its nuclear weapons?

An answer was “not quite”. In fact, the North Korean regime had re-considered nuclear deterrence as a key to its own self-defense and regime survival. It had also considered attaining a new nuclear status as a key ingredient for boosting domestic morale and securing regime survival. An ultimate goal of “complete and verifiable” nuclear disarmament of North Korea, therefore, was not attained and still had a long way to go.²⁵

Why Delays in Disabling, Declaring, and Verification?

The Six-Party Talks on denuclearization of the Korean peninsula proved to be a greater challenge for the Bush administration in its last months. The complexity of the negotiations and the presence of the multiple partnerships would make policy coordination difficult with each of the participating countries advancing its own national interests and aspirations.

For the Kim Jong-Il regime, the Six-Party talks could be seen as a way of buying time. It could also be seen as a desire by the United States to avoid the use of force and possible war. Disablement, in the final analysis, was a means to an end rather than an end in itself, and, as such, it was not a lasting solution to the challenge of disarming “nuclear” North Korea.

Collective Action Dilemma & Coordination Failure: A Game Theory Interpretation

The reason for the latest stalemate and stagnation in the SPT process, from the theoretical perspective, had more to do with the systemic and structural problem of the “Collective Action Dilemma” than an absence of political will or good intentions. The five member countries of the Six-Party talks, other than North Korea, were jointly engaged in the search for an acceptable solution to the North Korean nuclear program. As such, they had to confront the challenge of “free riding” by North Korea. In the anarchic world of sovereign nation-states, a government

must be prepared to cope with what is known as the challenge of the “Public Goods and the Prisoner’s dilemma.”²⁶

Institutions like the SPT may be seen as “games in extensive form,” in which actors’ behaviors are structured by the rules of the game. In the absence of mutual trust and credible sanctions against defection, however, cooperation is difficult to achieve. In the SPT process, each party had an individual incentive to defect and become a “free rider.” Success depended on the broader social context within which any particular game was played out with mutual trust and good will. Social capital, such as trust, norms, and networks that could also improve the efficiency of society by facilitating coordinated actions was absent.²⁷

In the absence of mutual trust and commitment, each of the Six-Party talks individually had an incentive to defect and become a “free-rider.” This was exactly what North Korea in 2008 had chosen to exercise. Each member state expected the others to defect, leaving the defector with the “sucker’s payoff.” These models of collective action and the prisoner’s dilemma were useful in explaining how perfectly rational individuals and state actors could produce, under some circumstances, outcomes that didn’t seem to be “rational” when viewed from the perspective of all those involved.²⁸

The US and the DPRK were playing a game of hide and seek. In the context of the Six-Party talks, they had interacted repeatedly since 2003 to make sure that North Korea would abide by the pledges it already made for disablement of the Yongbyon nuclear installation, with the ultimate goal of nuclear disarmament. In the absence of mutual trust, however, cooperation was not forthcoming and no steps toward institution-building were to take hold, despite a series of ad hoc agreements. Then, all hell broke loose from the U.S. point of view. This was because of the inertia of the “Politics of Delay”.

What transpired in 2008 was by no means unique and unanticipated. In fact, throughout 2007 the Six-Party talks were suspended, and, after a nine-month hiatus, finally met in July, 2008. After three days of talks in Beijing, the six negotiated the completion of phase two of the DPRK denuclearization and opened a new phase of denuclearization. On July 12, North Korea agreed on a timetable to complete the ongoing disabling of its principal nuclear facilities by the end of October and also accepted general principles for verification. Verification and monitoring procedures were among the first steps to be taken for dismantling Pyongyang’s nuclear weapons.²⁹

The text of these Six-Party nuclear talks, issued on July 12, indicated that “the verification mechanism consists of experts of the six parties and is responsible to the Working Group on Denuclearization of the Korean Peninsula. It will include visits to facilities, the review of documents, interviews with technical personnel and other measures unanimously agreed upon among the six parties.”³⁰ At this meeting the North received a four-page draft verification protocol which included interviews, on-site visits, and materials sampling.

Pyongyang, however, refused to accept some of the proposed terms. The DPRK asserted, for instance, that it had never agreed to make verification of the nuclear declaration a precondition for removal from the terrorism list. The North then reiterated its demand for a simultaneous nuclear inspection in the South, claiming that all six parties must undergo inspection “in the final phase of denuclearizing the Korean Peninsula.” The official “Chairman’s Statement” sounded good and proper. Yet, a more somber and realistic picture was given by one of the astute observers to the process.³¹

It was true that “the North was more forthcoming about its plutonium program” wrote Leon V. Sigal in his timely essay, “How a mock trial could turn into defeat on North Korea’s nuclear arms?”³² Pyongyang had said, for instance, that it had made about 37 kilograms of weapons grade reprocessed plutonium, including a yet-unspecified amount it had expended in its nuclear test. But Pyongyang had “refused to say where it was assembling its nuclear device and it did not disclose the exact amount of plutonium it had produced in each of its reprocessing campaigns.”

The total of Pyongyang’s plutonium announcement was at the lower end of US estimates – “enough plutonium for at least a half dozen nuclear weapons,” according to the annual threat assessment given to the U.S. Congress in 2007 – but well within the range of possibility. Pyongyang had agreed to provide the operating logs of the reactor and reprocessing plant which, if complete, could help verify the amount of plutonium, but it wanted to delay verification until the next phase of the Six-Party talks. In May it finally relented and turned over some 18,000 pages of records to Washington. It also promised to blow up the reactor’s cooling tower, as a symbolic climax to the disabling process.

Moreover, when fully disabled, the North’s plutonium program would take a year or more to restart. By early 2008, eight of the eleven disabling measures, including those at the North Korean reprocessing

facility and fuel fabrication plant, had been completed without much difficulty. That was not the case for the two most critical steps: removal of all the fuel rods from the Yongbyon reactor and disposal of the replacement of fuel rods. De-fueling by the North was initially delayed to prepare the cooling pond where the spent fuel rods would be stored.

Then, North Korea, accusing the other parties of not living up to their obligations, delayed even further. Russia, which was supposed to provide North Korea with 50,000 tons of fuel oil by December, did not deliver the full shipment until late January. China and South Korea, which were each supposed to supply the equivalent of 50,000 tons of fuel in the form of steel and other material to refurbish conventional power plants in North Korea, were also late with their respective deliveries. And the United States did not "advance the process" either of ending the Trading with the Enemy Act sanctions or delisting the North as a state sponsor of terrorism.

In response, at a point where fewer than 20 percent of the 8,000 fuel rods had been removed, Pyongyang slowed the de-fueling to 32 rods per day, down from 80. At that rate, the de-fueling would not be completed until late 2008. Disposal of the replacement fuel rods made no headway at all, not surprisingly, leaving the North in a position to stop unloading the reactor, reload it with replacement fuel rods, and restart it to generate more plutonium – nuclear leverage that the disabling would deny it.

Diplomacy: A Quid-pro-Quo on Nuclear Settlement?

The United States and North Korea, at a meeting in Singapore on April 7-8, 2008, agreed to a compromise on uranium enrichment and Syria, another key concern to the U.S. In return for Washington's lifting sanctions under the Trading with the Enemy Act, and removing Pyongyang from its state sponsor of terrorism list, the North would "acknowledge the US conclusions" – the list of enrichment equipment and components and the information Hill had shown Kim about Syria – "and take serious note of US concerns."

That would allow completion of the plutonium program. That also left the United States a list of enrichment equipment to be dismantled, albeit one that the North might reopen in the next phase of negotiations. And the agreement would also keep the Syria issue on the bilateral agenda, without being resolved. That outcome was a big win for US security objectives. It was preferable to waiting for a possibly incomplete North Korean list that would then have to be verified and

which might have only further delayed disabling and left Pyongyang with its nuclear leverage intact.³³

Yet the arrangement outraged those in Washington who viewed the declaration as a way to extract a North Korean confession of its past misdeeds and saw this deal as another instance of Pyongyang's cheat-and-retreat tactics. It even prompted anxious questioning among erstwhile supporters of deal-making and was attacked by right-wingers in the Republican Party who had opposed negotiations with North Korea since 1994. These critics included the party's presumptive presidential nominee, John McCain.

It also sparked anger in Japan, where dropping the North from the list of state sponsors of terrorism, absent further progress on the abduction issue, had become a right-wing cause. Prime Minister Fukuda decided to resume talks with the North on June 11-12. During the talks, Japan offered a partial relaxation of sanctions, and the North reciprocated by promising to reopen its investigation of the abductions and to hand over four Red Army Faction members, who had fled to North Korea after hijacking a JAL passenger jet in 1970. But reaction from the LDP right wing prompted the government to back off from easing sanctions.

The vehemence of the reaction in Washington was a sign of how far many were from accepting the principle of reciprocity underlying Six-Party talks. More fundamentally, many had yet to absorb the lesson that it was inconceivable for North Korea to denuclearize permanently until the United States took convincing steps toward reconciliation. That could take years.

The long series of steps that were needed to achieve denuclearization was daunting. It included, for instance, the storage and eventual shipping of spent fuel now being removed from the reactor, the dismantlement and decontamination of the nuclear facilities, verification of denuclearization and the disassembly of nuclear weapons and removal of all fissile material from the country. All of these measures, once negotiated, would require an unprecedented degree of cooperation by North Korea, and reciprocal steps by the other five parties – above all, the United States.

The U.S. and North Korea would also need to discuss the possibility of not only unannounced visits to the Yongbyon nuclear facility for inspection—the key issue in the verification process—but also sample taking, as well as the IAEA's active role. Thus, they failed to reach an agreement.

If President Bush yielded to his right-wing critics, he could jeopardize his most positive foreign policy legacy—continued accommodation with China—which was taken to be the key to peace and security for all of Northeast Asia. China was a factor in Bush's turnabout on North Korea – not because of its supposed influence over Pyongyang, but because of the president's desire to sustain engagement with Beijing.

North Korea's missile tests in July 2006 had demonstrated its unwillingness to yield to pressure—from the United States or China. Yet Chinese support for a Security Council resolution warning of sanctions only intensified pressures from right-wing Republicans, bent on forcing China to bring North Korea to its knees.

With Democrats challenging President Bush's China policy on trade and human rights, his cooperative course with Beijing was in trouble. With a North Korean nuclear test impending, former Secretary of State Henry Kissinger went to Beijing for talks with Chinese President Hu Jintao. They met, by unhappy coincidence, on October 10, one day after the North's nuclear test. Kissinger had brought a message for Pyongyang underscoring Bush's willingness to sign a peace treaty, once North Korea was made nuclear-free and to have a regional security dialogue that included North Korea at the top table.³⁴

Consequences of a Less than Perfect Solution on Disarmament

Diplomatic give-and-take with North Korea on disabling the Yongbyon nuclear facilities was yielding some payoffs for American and regional security. Turning the talks into “a mock trial” of North Korea, however, would only be a waste of time, as analyst Leon Sigal put it.³⁵ Still, with North Korea dragging its feet on the verification requirement, the United States initially decided to keep North Korea on the terrorist list “indefinitely,” in the absence of a verification agreement.

A diplomatic source in Washington observed that President Bush had decided to postpone the removal since North Korea had failed to agree on verification. On August 11, 2008, when the White House was to certify delisting of North Korea as state sponsor of terrorism, nothing happened, despite the fact that there was no opposition from Congress to the administration plan.³⁶ Instead, North Korea remained on the list. A diplomatic source in Washington said Bush had decided to postpone the removal, since North Korea had failed to verification.

By law, the U.S. president could have removed the North from the terrorism list on August 11, just forty-five days after he formally notified

Congress his intention.³⁷ U.S. Secretary of State Condoleezza Rice, in fact, told Japan's Foreign Minister Masahiko Komura about the impending policy change. Bush's hopes of reaching a breakthrough on the nuclear deal with North Korea, before he left office in January, was the immediate casualty of this unfortunate turn of events.

On August 21, the North blamed the U.S. once again for delaying action on the terrorism blacklist. The U.S. said it would take North Korea off the list only after the county first agreed to a full nuclear verification plan. Two months had elapsed since the blow-up of the cooling tower of the Yongbyon nuclear reactor, however, and gone with it was any optimism about nuclear disablement as Pyongyang announced it was taking countermeasures to restore "the nuclear facilities."³⁸

In retrospect, Bush's delay in delisting of North Korea was a costly policy error. The U.S. decision may very well have heralded an extended chilly period in the days ahead in its relations with the North. This was so, despite the fact that Six-Party Talks delegates from the U.S., South Korea, and Japan were meeting with the Chinese delegates in Beijing during the first week of September.

An additional factor in the delay of nuclear declaration and verification, however, may have involved the North Korea's new calculation. The time was running out for negotiation and bargaining with the lame-duck Bush Administration. The DPRK might therefore take a calculated risk with the new Democratic Administration of Barack Obama and hope for a better deal after January 2009.

Pyongyang must have made its own strategic decision on delaying the SPT process. The declared statement of the North Korean nuclear program, for instance, had already been made long before North Korea could expect further quid-pro-quo delivery of rewards and compensation from the other SPT members. This was in accordance with the joint statement provision and the terms of agreement then being implemented at a snail's speed.

The SPT process on denuclearization of the Korean peninsula, in short, had proven to be a greater challenge, given the complexity of issues, with unintended consequences, and each of the multiple partners having a contending set of national interests and aspirations. This chapter in the SPT, through promoting disablement of the North Korean nuclear program, could thus be seen as a reflection of the Bush Administration's new strategic plans, a temporary measure for buying

time, or a temporary setback and delay, so as to avoid the use of force as a means of an eventual denuclearization of North Korea.

Disablement after all, in the final analysis, was a means to an end rather than an end itself. Disablement, as such, was clearly not a lasting solution to the challenge of disarming the “nuclear” North Korea. A recalibration of the new strategic thinking was called for with new administrations in Washington and Tokyo after 2008.³⁹

What Lies Ahead?

A “Nuclear” North Korea, Sui generis or *deja vu*?

In the days after North Korea carried out its first nuclear test on October 9, 2006, reinforced by its second nuclear test on May 25, 2009, South Korea and the United States saw a “very different world.” South Korea as a U.S. ally became increasingly helpless in the face of the North’s evolving nuclear threats. Seoul could only confront a nuclear-armed North Korea with its conventional military might and a revamped security alliance with the United States.⁴⁰

The DPRK is sui generic as an “aspiring” nuclear power; it is the only country that withdrew from the Nuclear Non-Proliferation Treaty (NPT), in clandestine violation of the NPT non-proliferation norms and obligations, to go ahead with acquiring nuclear weapons and the WMD capability of its own; it has succeeded in emerging as the ninth member of the nuclear club, together with the original five (the U.S., Great Britain, France, Russia and China) after joining the NPT on December 12, 1985.

The remaining three additional nuclear weapons-states, which never signed the NPT to begin with, were Israel, India, and Pakistan. The DPRK was the only country that had attempted to benefit from its IAEA membership at an early stage, with technical assistance and support. After joining the NPT in 1985, at the urging of its ally, the former Soviet Union, it took advantage of the loopholes in the IAEA and NPT regime red tapes so as to enhance its own national interests.⁴¹

North Korea had deliberately forsaken its “safeguards” accord obligations by announcing its intention of withdrawing from the NPT, first on January 12, 1993 (which it reversed only one day after its taking effect on March 12) and, second, on January 10, 2003, to take effect on April 10, thereby creating a negative ripple effect on the NPT regime, the first country to do so.

The DPRK is the only country that has taken advantages of both joining the NPT, with the privilege of receiving technical support, and also withdrawing from IAEA so as to enjoy the double benefits. This history of the DPRK's self-promoting behavior vis-à-vis the NPT underscores the logical foundation for the Six-Party insistence on the Verification Protocol of the DPRK's nuclear disablement.⁴²

Only four countries, in addition to Libya, have to date abandoned a nuclear weapons program: South Africa, Belarus, Kazakhstan and the Ukraine. Some eight countries are said to possess the technical know-how to acquire nuclear weapons: Bulgaria, Canada, Germany, Italy, Japan, the Netherlands, Norway and Spain. Some twelve countries have also had nuclear weapons programs, at one point, but were pressured to abandon these programs during the Cold War era: Argentine, Australia, Brazil, Egypt, Poland, Romania, the ROK, Spain, Sweden, Switzerland, Taiwan and Yugoslavia.⁴³

The DPRK clearly poses a threat to the viability and continuity of the existing NPT regime. Three challenges related to the nuclear proliferation today are mentioned in the literature: states within the existing NPT regime, states outside the present NPT regime, and challenges coming from non-state actors, including terrorist groups. Three different approaches to nonproliferation challenges are also identifiable: institutional approaches anchored in the NPT regime, non-treaty-based approaches that Israel, India and Pakistan have adopted, and a set of ad-hoc, non-institutional and non-conventional approaches to future challenges on proliferation. The DPRK's nuclear "disablement and verification" protocol must be considered as an integral "part and parcel" of this global challenge in the 21st century.⁴⁴

Despite the fact that the DPRK's denuclearization status was addressed primarily by the U.S. and China, within the context of the Six-Party talks, the challenges posed by North Korea are both global and regional in nature, and the United Nations' role in safeguarding the NPT regime is a key to the future of humanity in the 21st century. In this regard a recent study report on the possible U.N. role in the DPRK denuclearization seems right on target. As the author, Anne Wu noted: "The perception of the NPT as a hollow shell with respect to containing proliferation could trigger further defections from the treaty and encourage non-nuclear parties to begin to pursue nuclear weapons programs of their own." The UN's facilitation of an early end to the crisis might therefore be seen as a wake-up call, whereas continued

peripheral and ineffectual involvement will only serve to further erode confidence in the global nonproliferation regime.”⁴⁵

Underlying the resistance and reluctance of the DPRK to participate fully in the Six-Party Talks illustrates the recent history of what happened to North Korea following the September 2003 Koizumi-Kim Jong-il summit, which Pyongyang now considers a diplomatic setback and defeat. In this regard what the Japanese call the “Peninsula Questions” episode, referring to the DPRK nuclear standoff, seems appropriate.

What author Yoichi Funabashi calls “the (Korean) peninsula question,” tracing back into the late 19th century security environment in Northeast Asia, may or may not repeat itself in the 21st century. However, it is time to come up with credible and possible scenarios suited to today’s age of complex interdependence and globalized world economy. Only with careful comprehensive planning, can we hope to start laying a foundation for the future structure of lasting peace and stability in Northeast Asia.

Problems and Prospect

Acquiescence in the North Korea’s nuclear program would fly in the face of American foreign policy, especially strengthening the Nuclear Non-Proliferation Treaty (NPT) regime, founded in 1967, as well as what U.S. President Obama professed to put forward in Prague on April 5, the very day North Korea chose to launch its third ICBM into the Pacific Ocean. It would work to undermine the prospects of the U.S. proposed negotiations with Iran. If the North’s methods of brazen confrontation are tolerated, nuclear proliferation could also occur elsewhere.

A long-term solution to Korea’s nuclear problem cannot be achieved by America alone. Nor is it sustainable without the key players of Northeast Asia; that means China, South Korea, the United States and Japan, with an important role for Russia as well. Wise diplomacy will move urgently to assemble the incentives and pressures to bring about an elimination of nuclear weapons and stockpiles from North Korea. It is not enough to demand unstated pressures from other affected countries, especially China. A new concept for the political evolution of Northeast Asia’s regional security order is urgently needed.

North Korea said, on August 25, 2008, that it halted disablement of its nuclear facilities because the U.S. refused to strike it off a list of state sponsors of terrorism. Despite this worsening turn of events in the SPT

process of nuclear disablement, Pyongyang subsequently continued to acknowledge the *modus operandi* of bi-multilateral diplomacy that the Six-Party talks represent for a while.

Now that the DPRK has announced that it will not return to the SPT, no one can be sure whether North Korea can be persuaded to return to the negotiations. Pyongyang should know that it will be more advantageous for them to maintain the SPT process intact.

But North Korea's regime is unlikely to repeat its previous mistake of "confession diplomacy" as happened in the Koizumi-Kim summitry of September 2002. Once before, the North Koreans were burned by Kim Jong-il's 2002 confession of the 1980s kidnappings of Japanese nationals.⁴⁶ They felt that they had only raised new hurdles to normalization with Tokyo, as they were still wary of disclosing the list of enrichment equipment or nuclear proliferation activities.

Hence, it seemed only natural that North Korea not only refused to itemize the Pakistan-supplied centrifuges and components that it had acquired in the late 1990's, but they flatly denied the existence of any equipment they would be obliged to abandon in the next phase of the Six-Party talks. The former U.S. Chief negotiator Christopher Hill opted instead to draw up his own list of what US intelligence believed the North had acquired. On March 1, 2008, Hill gave that list to the Chinese to pass on to the North Koreans, but at a meeting in Geneva on March 13-14, Kim Kye-gwan refused to check off the items on the US list. Kim also denied North Korean involvement in Syria's nuclear efforts. North Korea's tendency toward cheating and defection, so as to benefit from a "free-riding" behavior, was clearly evident in this and other related episodes in the SPT process of negotiation.

Conclusion

While diplomacy needs to be backed up by the most effective possible use of force, with threats as possible tools, it is still the best option for avoiding war. Ironically, the Clinton era US-DPRK missile deal-making was aborted eight years later at the dawn of the 21st century. The Bush era US-DPRK nuclear deal under the Six-Party talks in 2008 may or may not be repeated in the days ahead under the Obama Administration. Hopefully, this will not be the case.

It is both ironic and tragic that the moment of truth arose at the end of Bush's eight years in office. An era of the Bush's controversial foreign policy and security challenges of the post-9/11 War on Terror

came to a close, as the DPRK nuclear issue flared up once again, and the stalemate settled in on the Six-Party talks process in 2009. Fortunately, a personal letter from U.S. President Barack Obama to Kim Jong Il was delivered by the U.S. visiting negotiator Stephen Bosworth to Pyongyang, on December 8-10, 2009, and North Korea reportedly expressed possible interests in returning to future SPT sessions in 2010.

North Korea says, however, that its nuclear weapons programs are a deterrent to threats from the U.S., insisting it will not abandon its arsenal unless there is an end to what it considers U.S. hostility. Pyongyang also wants to forge a peace treaty with the U.S. to replace the fragile armistice that ended the 1950-53 Korean War. The U.S. position is that any peace treaty should be discussed within the Six-Party talks on ending the North's nuclear ambitions. U.S. special representative for North Korea policy Stephen Bosworth, during his Pyongyang visit in December 2009, reportedly hinted at holding such four-party discussions on the peace treaty within the Six-Party framework.

Moreover, this time around in 2009-10, the Lee Myung-bak administration seems to be more realistic and is well aware of the risk and danger of making undue concessions to the North on matters of national security. Hence, a new defense white paper that calls North Korea a “substantial threat,” not necessarily a “main enemy,” was released early in 2009.⁴⁷ Also, a 2008 Lee Myung-Bak-Hu Jintao third summit in Seoul, on the day after the closing of China’s successful hosting of the 2008 Summer Olympics in Beijing, laid out a new regional context for future dealings with North Korea.

Closer strategic cooperation between Beijing and Seoul, vis-à-vis the North Korean nuclear and security threat, is likely to materialize in the days ahead thanks to the Seoul-Beijing rapprochement and the strategic cooperation accord just concluded.⁴⁸ Further tapping of the possibilities and limitations of realigning and retooling of the U.S.-ROK alliance is also underway, with a view to seeking alternative strategic visions vis-a-vis North Korea. Depending on how Obama’s new Asia policy and his strategy toward a “nuclear” North Korea unfold, the future path may not exclude an off-shore global strategy for the United States.⁴⁹

Notes:

¹ Pyongyang’s missile testing in 2009, unlike the first Taepodong I missile testing in 1998, was announced in advance. Both test firings did not succeed in placing a satellite into orbit, despite Pyongyang’s claim to the contrary.

² Zissis, Carin. “The Six-Party Talks on North Korea’s Nuclear Program,” New York: Council on Foreign Relations *Backgrounder*, October 14, 2008 updated.

³ As for an example of “track two” diplomacy, see the reported conference at UC San Diego in late October 2009, to which both DPRK’s Ri Gun and US Ambassador Sung Kim attended. To a similar conference held in Tokyo few years ago, consisting primarily of the private sector academic and think-tank experts on Northeast Asian Security Dialogue, the DPRK official was not invited. See Pritchard, *Failed Diplomacy*, 137-139.

⁴ “N. Korea's No. 2 Leader Says Nuclear Talks Are Over,” Choson.com, July 16, 2009.

⁵ As for the contrary stance on optimism, as to “how and why” the SPT will need to be reconvened, see International Crisis Group Asia Report No. 169, *North Korea: Getting Back to Talks*, June 18, 2009.

⁶ Kihl, Young Whan, “Bi-Multilateral Approaches to Defusing Nuclear Crisis: Beyond the Six-Party Talks as Peace Strategy,” in Y. Kihl and Hong Nack Kim, eds., *North Korea: The Politics of Regime Survival*. NY: M.E. Sharpe, 2005, 245-267.

⁷ Snyder, Scott A. “What’s Driving Pyongyang?” *Council on Foreign Relations Backgrounder*, July 3, 2009.

⁸ As for the Obama-Lee summit talks of June 16, 2009, in Washington, D.C., see: “Remarks by President Obama and Lee M.B. in Joint Press Conference,” June 16, 2009. <http://WWW.Whitehouse.gov/the-Press-Office>.

⁹ Snyder, *What’s Driving Pyongyang?* Op. Cit.

¹⁰ International Crisis Group, *North Korea Getting Back to Talks*, Asia Report No. 169, June 18, 2009, 5-7.

¹¹ Bentley, Arthur. *The Process of Government*. Evanston, Ill: Principia Press 1949; Truman, David B. *The Governmental Process*, NY: Alfred A. Knopf, 1958.

¹² Olson, Mancur. *The Logic of Collective Action: Public Goods and the Theory of Groups*, (Cambridge: Harvard University Press, 1965), 1.

¹³ Ibid.

¹⁴ Ostrom, Elinor, *Governing the commons: The Evolution of Institutions for Collective Action*. (NY: Cambridge University Press, 1975), 6.

¹⁵ Ibid.

¹⁶ Finnemann, Nicole, "2008's Final Attempt at a Six Party Solution," *Korea Insight*, Vol. 11, No. 1 (January 2009), 1-2.

¹⁷ Zagare, Frank, "Game Theory," In Paul D. Williams, ed., *Security Studies: An Introduction*, Op.Cit., 47.

¹⁸ The sources of information on the following analysis are from: *Fact Sheet* "Update on the Six-Party Talks" (2008/369 Released May 10, 2008) Office of the Spokesman, U.S. State Department, Washington, D.C.

¹⁹ David Albright and Paul Brannan, "Disabling DPRK Nuclear Facilities," Institute for Science and International Security. Washington, D.C. USIP WP Series, October 23, 2007. See appendix to this paper: "How to accomplish disabling of the Yongbyon Nuclear Facilities?" See Appendix below.

²⁰ Ramstadt, D. "North Korea Nuclear Tower is Destroyed by Blast," *The Wall Street Journal*, June 26, 2008.

²¹ Ibid.

²² "North Korea Nuclear Tower is Destroyed by Blast," *Digital Chosonilbo.com*, 2008.

²³ "U.S. Ship Delivers Food After Agreement," *Digital Chosonilbo.com*, 2008.

²⁴ Haggard, Stephan and Marcus Noland. *Famine in North Korea: Markets, Aid, and Reform*. (NY: Columbia University Press, 2007).

²⁵ See, in this regard, "Caution Against Overestimating Pyongyang's Move." *NAPSNet Policy Forum Online 08-051A*. 3 July, 2008.

²⁶ On "collective action dilemma" literature, see Elinor Ostrom, *Governing the Commons: The Evolution of Institutions for Collective Action*. (NY: Cambridge University Press, 1990), 6. Robert D. Putnam, *Making Democracy Work*, 1993, 163-167.

²⁷ Robert Putnam, *Making Democracy Work: Civic Traditions in Modern Italy*. (Princeton: Princeton University Press, 1993), 167.

²⁸ Putnam, 164.

²⁹ Lee Kwang-ho, "Verification of Pyongyang's Nuclear Declaration." 6. *Vantage Point*, Volume 31, No. 8 (August 2008).

³⁰ Ibid.

³¹ Leon Sigal, "How A Mock Trial Could Turn Victory into Defeat on North Korea's Nuclear Arms." *Nautilus Institute Policy Forum Online 08-063A*: August 19, 2008.

³² Ibid.

³³ The information used here comes from Sigal essay, Op. Cit.

³⁴ Ibid.

³⁵ Ibid.

³⁶ On U.S. North Korea negotiation on the terrorism delisting of the DPRK, see Larry A. Niksch, "The Terrorism List Issue in U.S. Policy Toward North Korea," *International Journal of Korean Studies*. Vol. 9, No. 2 (Fall 2007), 126-155.

³⁷ "Korea 'to Stay on Terror List Until Verification Is Agreed'" *Digital Chosonilbo.com*, July 24, 2008.

³⁸ "Nuclear deal put on back burner: Pyongyang blames U.S. wait, threatens to restore reactor." *Washington Post*, August 27, 2008: A12.

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⁴² Wagheguru Pal Singh Sidhu, "Nuclear Proliferation." In Williams, Security Studies, Op. Cit., 362, 361-375.

⁴³ Ibid.

⁴⁴ Ibid., 361.

⁴⁵ Anne Wu, Denuclearization, 1-7, 3.

⁴⁶ See Funabashi, Ch 1-3.

⁴⁷ Na Jeong-ju, "Seoul, Beijing to Strengthen Ties over NK Nukes", *Korea Times*, August 8, 2008; Kwang-tae Kim, "China, SKorea Agree to Keep Working on NKorea Deal," *Associated Press, Seoul*, August 25, 2008.

⁴⁸ “Defense White Paper to Call N. Korea ‘Substantial Threat’” *The Chosonilbo.com*, August 29.

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ROK-U.S. Maritime Cooperation: A Growing Dimension of the Alliance

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Abstract

In June 2009, Presidents Lee Myung-bak and Barack Obama concluded a “Joint Vision for the Alliance” that called for the ROK-U.S. relationship to be a “comprehensive strategic alliance of bilateral, regional, and global scope.” While the focus of the alliance remains deterring an attack from North Korea, increasingly Seoul and Washington are confronting a broader array of common challenges such as piracy, illegal fishing, human trafficking, and preventing the spread of weapons of mass destruction that have a maritime dimension. Moreover, South Korea has undertaken a determined effort to expand and modernize its naval capabilities to build a blue water naval fleet. As a result, ROK-U.S. maritime cooperation has been growing and holds out an important opportunity for expanding and broadening the alliance.

Keywords: maritime cooperation, U.S. Navy, ROK Navy, proliferation security initiative, naval exercises, blue water navy, U.S.-ROK Alliance

Introduction¹

For over 50 years, South Korea (Republic of Korea – ROK) and the United States have maintained a security alliance to deter, and, if necessary, defeat an attack from North Korea.¹ Over the years, countless studies have examined the political, military, and economic dimensions of the alliance. More recently, scholars and analysts have considered the continued viability of the alliance, particularly in the wake of several years of anti-American sentiment from some quarters in South Korea and friction within the alliance over differing assessments of the security environment.² Most notable have been differing judgments over the proper course of action to take regarding North Korea and efforts to induce Pyongyang to relinquish its nuclear weapons ambitions.

While much attention has focused on the larger strategic role or adjustments to ground force components of the alliance, less attention has been given to changes occurring between ROK and U.S. naval forces and the potential for greater maritime cooperation. The alliance retains its primary mission of protecting South Korea from an attack by the North, and South Korea's chief security challenge is coping with the DPRK threat. Yet, the security environment has been changing and increasingly, the ROK-US alliance is taking a broader view of its role. In February 2009, Defense Minister Lee Sang-hee noted regarding ROK-U.S. ties: "at the outset of the 21st Century, it's time for our alliance to enter its next phase. . . . Such an alliance will be a comprehensive one that will go beyond simply protecting the Korean Peninsula to contribute to peace in Northeast Asia and the world."³ Regarding ROK security, Defense Minister Lee later asserted: "The establishment of a defense posture for comprehensive security refers to preparing for existing and potential threats from North Korea as well as transnational/non-military threats and building an omnidirectional defense posture that can contribute to peace in East Asia and beyond. In other words, it means gearing up for any and every kind of threat and standing ready to immediately respond to any circumstance regardless of time and place."⁴

Former Deputy Minister at the ROK Ministry of National Defense, Jeon Jei Guk, maintained: "In the face of rampant transnational threats, however, Korea cannot guarantee national security and prosperity without looking beyond the Korean peninsula and Northeast Asia.

¹ The views expressed in this report are the authors' alone and do not represent the official position of the Department of the Navy, the Department of Defense, or the U.S. government.

Looking far ahead and wider, Korea thus has to transform its alliance with the U.S. into a strategic alliance through which the two partners address common interests at a global level encompassing Asia, Middle East, Europe, and Africa.”⁵ Thus, many South Korean officials and defense planners are looking at ROK security and the ROK-U.S. alliance in much broader terms.

U.S. officials are also viewing the alliance within a more global context. In May 2009 at the Shangri-La Dialogue in Singapore, U.S. Secretary of Defense Robert Gates noted that “the United States will continue to maintain its firm commitment to security on the peninsula, even as we seek to broaden the alliance to address other security challenges in the region and beyond.”⁶ In testimony before the Senate Armed Services Committee, former U.S. Pacific Command (USPACOM) Commander, Admiral Timothy Keating, maintained that North Korea remained the focus of the alliance but also “the U.S.-ROK alliance continues to transform to better meet security challenges, both on and off the peninsula” and “we continue to seek opportunities to build upon our partnership with the ROK to respond to regional security challenges such as counterproliferation and maritime security.”⁷

The ROK-US alliance has been undergoing significant changes in the past ten years and will continue to evolve. Indeed, throughout its history, the alliance has adjusted its structure on several occasions, often due to changes in the security environment or due to shifts in the political climate in one or both of the alliance partners. Most of these changes have involved aspects of U.S. ground force and the command structure. In most instances, these changes have raised concerns for the continued security of South Korea or the credibility of the U.S. commitment to South Korea’s defense. An important part of the ongoing evolution of the alliance is the growing level of ROK-US maritime cooperation and the expanded role of the alliance in addressing a broader range of security challenges. The power configuration of the alliance has changed and so has the security environment, creating forces for adjusting in the ROK-US relationship.

This article will explore these issues and argue that ROK-US maritime cooperation is an important dimension of an alliance that is expanding its scope and contributing to the long-term viability of the relationship. The remainder of the article will review South Korean goals for acquiring improved naval forces, the specific improvements in ROK naval capability, U.S. naval forces in the region, existing ROK-

U.S. cooperation and the potential for expanding these activities, and, finally, the implications of increased ROK-U.S. maritime cooperation for regional security.

“To the Sea, To the World” and Defense Reform 2020

On March 20, 2001, in a speech to the graduating class at the Korean Naval Academy, President Kim Dae-jung announced that South Korea would pursue a “strategic mobile fleet that protects state interests in the five big oceans and plays a role of keeping peace in the world.”⁸ As a result, South Korea began producing its own destroyers and submarines while organizing a strategic task force from its three fleets. According to President Kim, “The government will do all it can to help the navy grow into a true blue-water force.”⁹

In 2005, the Ministry of National Defense announced Defense Reform 2020. According to one assessment, this measure was designed to “transform Korea’s defense from a manpower-intensive military force to a capability-oriented military force, from a short-term-based force to a long-term-based force, a military-dominated defense ministry to a civilian-dominated defense ministry, a service-oriented force structure to the Joint Chiefs of Staff-centered force structure.”¹⁰ The effort is South Korea’s extensive overhaul of its defense establishment and intended “not only to resolve old problems in the defense but also to keep up with the global trends toward military transformation.”¹¹ Under Defense Reform 2020, a 15-year military modernization program, the ROK military planned to reduce its active duty force levels from 670,000 to 500,000 and the number of reservists from 3 million to 1.5 million. The Army would be reduced from 550,000 to 360,000 but the Air Force and Navy at 64,000 and 67,000 respectively would each be increased to 70,000.¹² Defense Reform 2020 was a broad Ministry of Defense directive, but it continued the move toward building a blue water navy and included the addition of a Maneuver Combat Group.

On March 25, 2008, again before a graduating class at the Korean Naval Academy, Defense Minister Lee Sang-hee read a statement from President Lee Myung-bak that stressed the importance of maritime power for South Korea’s interests and reaffirmed the intention to develop the country’s Navy:

The 21st century is the era of the ocean. We have to build a state-of-the-art force that can protect our maritime sovereignty. With a vision for an advanced deep-sea Navy, our Navy should

become a force that can ensure the security of maritime transportation lines, and contribute to peace in the world. Sea is the turf for our survival and national prosperity. Only if we efficiently defend and use the sea can peace and economic growth be secured.¹³

Under the banner, “To the Sea, To the World,” South Korea remains committed to developing a world class, blue water navy.

There are several reasons for South Korea’s determination to develop a modern, strategic naval force. First, South Korea’s primary security concern continues to be North Korea. Though most attention is focused on the ground component of this threat, the First and Second Yeongpyeong battles in 1999 and 2002 respectively, the November 2009 clash, and continuing tension along the Northern Limit Line demonstrate that the Republic of Korea Navy (ROKN) must remain vigilant for naval provocations from Pyongyang.¹⁴ In particular, there is significant concern for North Korea’s submarine force, either in its ability to disrupt ROK commercial shipping and the movement of ROKN warships, or its ability to deliver DPRK special operations forces along coasts in the south. Thus, continuing to improve ROKN capabilities for coastal defense remains an important priority for naval modernization.

Second, as noted earlier in President Lee’s 2008 remarks, South Korea’s dependence on exports and the need to protect its sea-born commerce are additional motivations for developing an expanded maritime capability. South Korean prosperity is heavily dependent on exports making the free-flow of commerce essential to the well-being of its people. Increased blue-water naval forces allow South Korea to provide its own maritime security while also contributing to larger international efforts to protect the maritime commons. The synergy created by the maritime cooperation of South Korea and others helps to protect global economic activity.

Third, the global security environment presents a broader array of challenges and, increasingly, more of these are maritime in nature. Piracy, limiting the spread of weapons of mass destruction (WMD), illegal fishing, and ballistic missile defense, among others require increased maritime capabilities and cooperation. Improving ROKN capabilities is viewed as a path to address these challenges.

Finally, South Korea’s blue water capability is also being undertaken with an eye toward the uncertain future of the region. The direction of China’s rise and its future intentions are unclear. While regional conflict

is far from certain, the watch word throughout the region is “hedging” as states implement cautious strategies that attempt to account for several possible future outcomes and configurations of the security architecture in Asia. Moreover, it is unclear how Japan may respond to these uncertainties, creating the possibility of a resurgent Japan and the potential for Sino-Japanese conflict in the future.¹⁵ Given the geography of the area, regional competition would likely have a heavy maritime component so that a significant and competent ROKN would be important to protect South Korea’s, or perhaps in the future, a unified Korea’s, regional interests. Furthermore, South Korea also has specific concerns such as maintaining its control of Dokdo.

As a result of these issues, South Korea has embarked on a phenomenal building program to increase the size and capability of its fleet. Seoul is well positioned to undertake this project as it dominates the world shipbuilding industry. Early projects have often involved cooperation with outside entities, including German and U.S. companies and the U.S. Navy. However, most of the construction has occurred in South Korean shipyards such as Hyundai Heavy Industries, Daewoo Shipbuilding and Marine Industries, and Hanjin Heavy Industries. The rise of South Korean naval power has been a surprise in its speed and scope, as few expected Seoul to achieve what it has done in building its fleet.

In June 2009, the ROK Ministry of National Defense released a revised Defense 2020 plan that retained similar goals from the earlier version but “with more realistic and realizable plans,” including scaled-back budget projections. The initial version of Defense Reform 2020 received heavy criticism that it cut too deeply into personnel and was based on highly optimistic economic forecasts that projected unsustainable defense spending increases. All of this became particularly difficult with the global economic downturn that began in 2008. As a result, defense budget projections were adjusted “based upon realistic and reasonable principles” and some of the procurement programs and other elements were adjusted with longer time lines.¹⁶

ROK Maritime Capabilities

The Republic of Korea Navy is composed of 170 ships and submarines. In the past, these forces have been a brown water force, focused largely on patrol of its coastal seas. While the ROKN maintains this capability, it has also embarked on a major naval modernization and

expansion program for a blue water navy capable of conducting operations far beyond its coast. In 2001, President Kim Dae-jung announced the creation of a blue water navy along with significant budget increases to build this capability by 2020. Defense spending increased by 8.6 percent in 2004, followed by increases of 10 percent and 9.8 percent respectfully for 2005 and 2006.¹⁷ However, as noted earlier, budget increases have been reduced as a result of the global economic crisis and the ROK's struggling economy.

The ROKN has approximately 67,000 personnel, including a contingent of 25,000 Marines. Naval forces are divided into three fleets: First (East), Second (West), and Third (South) with 46 principal combat vessels (destroyers, frigates, and corvettes), 12 submarines, 78 patrol and coastal combat ships, 10 mine warfare ships, and 24 support vessels.¹⁸ Fleet headquarters and 3rd Fleet headquarters are located in Chinhae, 1st Fleet and 2nd Fleet headquarters are located in Donghae and Pyeongtaek respectively. South Korea intends to build a new naval base on Jeju Island at a cost of \$850 million for the new strategic fleet.¹⁹

South Korea began its transition to a blue water navy with a three-phase shipbuilding program of modern destroyers.²⁰ The first phase produced the *Kwanggaeto the Great*-class (DDH – Destroyer Helicopter) or KDX-I light destroyer.²¹ These ships are 3,800 ton multipurpose vessels outfitted with advanced weaponry and sensors. The KDX-I destroyers are equipped to work in a complex environment, either by themselves or as part of a larger battle group. The ship is configured to conduct strike operations, anti-submarine warfare (ASW), screening and convoy duty, and support for amphibious operations. In addition, the ship has a large hanger and helicopter deck capable of accommodating two helicopters. The ship was built by Daewoo Heavy Industries in South Korea, but many of the advanced combat systems were acquired from the U.S. Navy through Foreign Military Sales (FMS) arrangements. Other components were purchased from European sources. The first KDX-I, the *Kwanggaeto the Great* (DDH-971) was commissioned in 1998 followed by two more, *Ulchimundok* (DDH-972) and *Yangmanchun* (DDH-973), commissioned in 1999 and 2000 respectively. South Korea had plans to build up to ten *Kwanggaeto the Great*-class ships, but the program was cancelled when shipbuilding efforts shifted to the next phase of building the KDX-II destroyer.

The first KDX-II, the *Chungmugong Yi Sunshin* (DDH-975), was commissioned in 2003 and is named for legendary naval hero Admiral

Yi Sunshin, who on two occasions defeated a vastly larger Japanese armada in 1592 and again in 1598. Admiral Yi is also credited with building the turtle ship, the first ironclad warship in naval history. The 4,300 ton stealth destroyer is larger than the earlier KDX-I and built with a stealth hull design to deflect radar and other detection methods.²² The ship also has advanced combat systems, including top-line air defense and ASW capabilities, with many of these systems purchased from the U.S. Navy, which further enhances interoperability with U.S. naval forces and the possibility of future maritime cooperation. The KDX-II can also function as the main battle ship in a combat task force. In addition to the first KDX-II, two more ships have been built in this class, *Munmu the Great* (DDH-976), commissioned in 2004, and the *Daejoyoung* (DDH-977), commissioned in 2005. The first and third ships in this class were constructed by Daewoo while the second was built by Hyundai Heavy Industries. The ROKN intends on building three more KDX-II ships, and there have been discussions to expand this number to a total of nine additional ships. However, these plans are on hold, due to South Korea's economy and the global financial crisis.

The most technologically-advanced ship in the ROKN is the Aegis-class destroyer, *King Sejong the Great* (DDG-991) that was built by Hyundai and commissioned in December 2008. The vessel is a 7,600 ton multipurpose KDX-III destroyer that is outfitted with the latest technology, including SPY-1D radar that can track close to 900 targets and engage 17 of them simultaneously. *King Sejong the Great* also has advanced torpedo and missile launching systems, along with an anti-airplane and anti-missile defense system more advanced than the Phalanx Close-In Weapons System. Similar to the KDX I and II, the KDX III has a significant amount of its technology and combat systems purchased from the U.S. Navy, further increasing interoperability with U.S. forces. According to Park Chang-kwon, from the Korea Institute for Defense Analyses, "the Aegis ship will make the Korean Navy outright dominant over the North Korean Navy and enable it to cope effectively with regional disputes at the same time. Securing a fleet of Aegis ships will enable the nation to protect our people and maritime interests on our own. Most of all, the KDX-III's advanced anti-ballistic missile system will safeguard South Korea from the North's missile threat."²³

South Korea is one of five countries along with the United States, Japan, Spain, and Norway that have deployed an Aegis-class ship. South Korea intends to construct up to four more KDX-III vessels by 2012, and

the government has approved funding to build three more of these ships. In November, South Korea launched the second *King Sejong the Great*-class destroyer, the *Yulgok Yi I*, built by Daewoo Heavy Industries. This vessel is expected to be commissioned sometime in 2011. As a result of Hyundai's cooperation in the production of the *King Sejong the Great*, with Lockheed-Martin, the manufacturer of the Aegis combat system, the two companies have entered into a joint venture to produce a mid-sized Aegis guided missile ship for sale to third countries, possibly India or others in South or Southeast Asia. The mid-size vessel may be more appropriate for smaller countries rather than a full-size Aegis-class ship and will be equipped with the SPY-1F radar system, a version that is smaller than the SPY-1D on the *King Sejong the Great*. This is the first time Lockheed-Martin has worked with a foreign corporation to produce a vessel for sale to a third party.²⁴

In July 2007, South Korea commissioned its first amphibious assault ship, the ROKS *Dokdo* (LPH-6111) that significantly enhanced its naval capability and ability to project power in the region.²⁵ The 13,000 ton vessel has a helicopter flight deck and a flooding well deck to launch landing craft and air cushion hover craft. The *Dokdo* can accommodate every type of helicopter in the ROK military, and its hanger bay can accommodate ten helicopters. However, South Korea suffers from a shortage of helicopters, which limits the *Dokdo's* capability. The ships in this class were also designed to operate as task force flag ships with state of the art command and control capabilities for coordinating combat or humanitarian assistance/disaster relief operations. Depending on the space configuration, the ship can carry up to 700 troops, seven helicopters, seven armored vehicles, six tanks, and two small landing boats. The ship also carries the Goal Keeper weapons system for tracking and destroying incoming anti-ship missiles and the Rolling Airframe guided missile system.²⁶ Construction of the *Dokdo* by Hanjin Heavy Industries in Busan began in 2003. The ship was South Korea's largest military shipbuilding project and, to date, the largest amphibious vessel built in Asia. The ship made its first trip abroad to participate in a defense exhibition in Malaysia in 2007. According to the ROKN, with its participation, "the *Dokdo Ham* is expected to help promote the country's arms exports and enhance the Navy's global status through active military diplomacy including acquisition of up-to-date information on foreign warships and equipment."²⁷

There are plans to build three more Dokdo-class ships, with the second, the ROKS *Marado*, due for completion in 2010. The third LPD, set for completion in 2013, the ROKS *Baeknyendo*, is designed to be larger than the two earlier versions, perhaps 20,000 tons, and capable of handling Vertical, Short Take-Off and Landing (VSTOL) aircraft, making this a small aircraft carrier. The fourth ship is yet to be named but is planned for completion in 2016. South Korea may also have ambitions of selling this class of vessel to other countries such as Malaysia and Turkey. The ROKN showcased the *Dokdo* in the October 2008 Fleet Review in Busan to celebrate the 60th anniversary of the founding of the Republic of Korea. The *Dokdo* has been a significant addition to South Korea's naval capability and allows the ROKN to play a much larger role in regional affairs.

In addition to these capital ships, South Korea has 75, 170-ton fast attack patrol boats (PKM) that form the core of South Korea's coastal defense navy. In December 2008, the ROKN commissioned the first of a new patrol craft, the PKG (Patrol Killer, Guided Missile) *Gumdoksuri*-class high-speed patrol boat, specifically designed for coastal duties along the Northern Limit Line where there has been a history of North Korean incursions. The ship, *Yoon Young-ha*, is named after the Navy lieutenant commander who was killed in the 2002 naval clash with North Korea. These ships are 440-ton, high speed, guided missile boats with integrated combat systems that are similar to the Aegis system. This system allows the PKG ships simultaneously to detect and track 100 air and surface targets while its automated weapons system can engage multiple targets at the same time.²⁸ In September 2009, the ROKN launched two more PKGs, the *Han Sang Guk* and *Jo Cheon Hyeong*, named after two other sailors killed in the 2002 West Sea battle.²⁹ ROK officials have indicated that they intend to have 20 PKGs by 2015.

South Korea also has plans to build a new line of frigates (FFX class) to replace its Ulsan-class frigates and Pohang and Dong Hae-class corvettes. These older versions have insufficient air-defense systems and lack space to load helicopters. The government plans on building 12 to 30 of these 3,200 ton multirole, modular frigates for coastal patrol, anti-submarine warfare, and convoy transport. The initial design for these ships will likely come from an international source but will be built in Hyundai shipyards, with the first batch of six frigates expected for delivery by 2015.³⁰

By 2020, ROK planners intend to have two, possibly three, rapid response fleets capable of deployments beyond Korean coastal waters that include an LPH amphibious assault ship, one KDX-III and two or three KDX-II destroyers, several frigates and one or two submarines.³¹ However, due to the global economic crisis and continued budget problems, completion of these plans will be delayed.

TABLE 1. Republic of Korea Naval Forces

Vessel	Number in Service	Planned for Construction
KDX-I (DDH) <i>Kwanggaeto the Great</i> <i>Ulchimundok</i> <i>Yangmanchun</i>	3	Program ended in favor of the KDX-II
KDX-II (DDH) <i>Chungmugong Yi SunShin</i> <i>Mummu the Great</i> <i>Dae Joyeong</i>	3	3-9
KDX-III (DDG) <i>King Sejong the Great</i> <i>Yulgok Yi I</i>	2	4
Dokdo-class (LPH) <i>Dokdo</i>	1	3
Type 209 Submarines <i>Chang Bogo class</i>	9	
Type 214 Submarines <i>Son Won-il</i> <i>Jeong Ji</i> <i>An Jung-geun</i>	3	3-6
KSX-III		9 Program awaits formal approval
Fast Attack Patrol boats (PKM)	75	
Patrol Killer, Guided Missile (PKG) <i>Yoon Young-ha</i> <i>Han Sang Guk</i> <i>Jo Cheon Hyeong</i>	3	17
New Frigate Program (FFX)		12-30
Frigates (FFG) Ulsan-class	9	
Corvettes (PCC) Pohang-class	24	

Corvettes (PCC) Dong Hae-class	4	
Mine Warfare	10	
Logistics and Support	24	
Total Ships	170	

Source: *Military Balance, 2009*, International Institute of Strategic Studies, and Global Security.org.

South Korea's chief weakness in naval forces is its submarine fleet, and Seoul has already begun a determined effort to address this issue. In the late 1980s, South Korea began a project with the West German company Howaldtswerke-Deutsche Werft (HDW). The project resulted in the construction of nine Type 209 submarines that comprise the ROKN's *Chang Bogo* class. The first of the submarines was built in Germany and commissioned in 1993. The remaining eight were constructed in South Korea by Daewoo Heavy Industries, and the last of these was commissioned in 2001. It was becoming increasingly clear to ROK defense planners that North Korean submarines were a threat to South Korea's shipping lanes and its coastal waters, a threat that was emphasized by the 1996 and 1998 submarine incursions along the South Korean coast. While the *Chang Bogo* submarines are not as advanced as the fleets of others, ROKN operators showed strong skills in operating the boats. In the 1998 Rim of the Pacific (RIMPAC) Exercise, a ROKN submarine sank 13 ships in one simulation, surprising many of the participants. In a 2004 exercise, a *Chang Bogo* submarine sank the U.S. aircraft carrier, *John C. Stennis*, along with an Aegis-class ship that was providing protection.³²

Rather than building more of the Type 209 submarines, South Korea launched a plan to acquire the more modern Type 214 submarine, the most advanced submarine on the market and also produced by its German partner, HDW. The Type 214 has several more advanced systems, particularly the air-independent propulsion (AIP) system. *Chang Bogo* submarines are not configured with AIP and are required to surface at least once every three days to replenish their oxygen supply through the use of a snorkel. This operation requires a submarine to come close to the surface which makes them easier to detect. With the AIP system, submarines can remain submerged for up to two weeks, which increasing their stealth and capabilities.³³ South Korea has three submarines in this KSS-2 class —*Son Won-il* (SS-072), *Jeong Ji* (SS-073), and *An Jung-geun* (SS-075)— and in September 2009, ordered six

additional submarines as part of Batch 2, which it hopes will be completed by 2018. The first three boats were assembled by Hyundai Heavy Industries, and the first submarine in the second batch will be assembled by Daewoo with the remaining contracts yet to be decided. South Korea also has plans for a KSX-III program of indigenously produced three-ton submarines. The ROKN had hoped to complete the construction of these boats by 2018, but the Defense Ministry announced in May 2009 that, due to budget constraints, the submarines would not be completed until 2020.³⁴

US Maritime Strategy and Capabilities in the Asia-Pacific

ROK-U.S. maritime cooperation is part of a broader security relationship that began over 50 years ago and is currently undergoing some significant changes, particularly in its ground force and command structures. Recent changes include three key initiatives.³⁵ First, in 2003 the United States, announced that it was reducing the number of troops in South Korea to 25,000, a reduction that was later frozen at 28,500 and remains the current level of U.S. forces on the peninsula. To compensate for these withdrawals, Washington committed \$11 billion on force upgrades for existing U.S. forces. Second, the United States will return close to 50 military installations to South Korea, including the headquarters of US Forces Korea (USFK) at Yongsan that occupies valuable real estate in Seoul. These forces will be relocated at two hub locations south of the capital city with one at Camp Humphreys near Pyeongtaek and the other at Osan Air Base. Finally, in April 2012, the United States will transfer wartime operational control (OPCON) of ROK forces to South Korean commanders. South Korea had given OPCON authority to the United States during the Korean War. In 1994, USFK returned peace time OPCON, but OPCON during wartime remained with Washington. The transfer will also entail the dissolution of the Combined Forces Command, replacing it with some type of separate, parallel command structure. For U.S. forces, this command structure will be called Korea Command or KORCOM.

In addition to these structural and force changes, the alliance has tried to develop a common vision for the direction of the alliance. In June 2009, President Barack Obama and President Lee Myung-bak concluded a “Joint Vision for the Alliance” that outlined a common set of goals and concerns for the relationship. In the past the alliance focused almost exclusively on protecting South Korea from an invasion

from the North. This remains an important objective but the Joint Vision points to how the alliance is beginning to expand its purpose and scope. Thus, the statement notes that since its inception “our security Alliance has strengthened and our partnership has widened to encompass political, economic, social and cultural cooperation. Together, on this solid foundation, we will build a comprehensive strategic alliance of bilateral, regional and global scope, based on common values and mutual trust”³⁶ The document continues noting: “Our governments and our citizens will work closely to address the global challenges of terrorism, proliferation of weapons of mass destruction, piracy, organized crime and narcotics, climate change, poverty, infringement on human rights, energy security, and epidemic disease.”³⁷ While the details will require further work and discussion, the joint vision points to an expanded view of the alliance, beyond what was conceived in previous decades and beyond concerns that are solely focused on security on the peninsula, though that continues to remain central to the alliance.

Concerning maritime issues, in October 2007, the United States Navy released a new maritime strategy, *A Cooperative Strategy for 21st Century Seapower* that was a collaborative effort with the U.S. Marine Corps and the Coast Guard.³⁸ The strategy, the first U.S. maritime strategy since the end of the Cold War, stressed the importance of cooperation: “Expanded cooperative relationships with other nations will contribute to the security and stability of the maritime domain for the benefit of all. Although our forces can surge when necessary to respond to crises, trust and cooperation cannot be surged. They must be built over time so that the strategic interests of the participants are continuously considered while mutual understanding and respect are promoted.”³⁹ Prior to the development of the Maritime Strategy, then Chief of Naval Operations (CNO) Admiral Michael Mullen called on the development of a “1,000 ship navy” – a euphemism for broader, multilateral naval cooperation with anyone willing to participate in providing global maritime security and protection of the maritime commons. The concept was later renamed the Global Maritime Partnership but the intent was the same. In the Maritime Strategy,

the Sea Services must become adept at forging international partnerships in coordination with other U.S. services and government departments [and] seeks a cooperative approach to maritime security, promoting the rule of law by countering piracy, terrorism, weapons proliferation, drug trafficking, and

other illicit activities. Maritime forces will work with others to ensure an adequate level of security and awareness in the maritime domain. In doing so, transnational threats—terrorists and extremists; proliferators of weapons of mass destruction; pirates; traffickers in persons, drugs, and conventional weapons; and other criminals—will be constrained.⁴⁰

In October 2009, at the International Seapower Symposium hosted by U.S. CNO Admiral Gary Roughead and attended by the naval leadership of over 100 countries, the Admiral maintained that navies must learn to work together before disasters or crises occur. “These efforts confirm that there need be no contradiction between defending our country’s sovereign rights and sailing together, against the common threats to our welfare,” according to Admiral Roughead. As a result:

Our goal should now be to bridge the regional security awareness initiatives in support of yet broader awareness and partnerships. . . . Ultimately, the time we spend learning and improving interoperability is time well spent when it comes to issues of maritime security. There is no better example today of maritime partnerships than the work so many of us are doing against piracy, the Navy’s oldest foe, in the Gulf of Aden. . . . Common use of the high seas has been a driver of international cooperation and institution-building for centuries. Today, in the early years of the 21st century, I am convinced that our new partnerships – informal as well as formal, local as well as global – are writing a new chapter in the development of international society.⁴¹

The call for partnerships and greater maritime cooperation was a global call for action, but, certainly, South Korea was one of the many potential partners for the initiative. Indeed, maritime cooperation between Seoul and Washington was already extensive as will be addressed later in this article.

The Asia-Pacific region is an area dominated by water and thus, is an important concern for the U.S. Navy. Naval activities in the region are directed by the U.S. Pacific Fleet (PACFLT) which reports to U.S. Pacific Command (PACOM). The U.S. Pacific Fleet includes five aircraft carrier strike groups, and Marines based in the region represent about two-thirds of U.S. Marine Corps combat strength. The Navy-Marine contingent includes 135,000 personnel, 180 ships, and 1,400

aircraft.⁴² Within PACFLT, the U.S. Navy divides into two fleets that patrol the Pacific Ocean region: Third Fleet headquartered in San Diego, California, is responsible for the eastern and Northern Pacific Ocean, and Seventh Fleet, is responsible for the Western Pacific and Indian Oceans with forward-deployed forces in Japan and Guam. Other U.S. units in the Asia-Pacific that could be utilized in the Asia-Pacific region are the Fifth (Japan), Seventh (South Korea), Eleventh (Alaska), and Thirteenth (Guam) Airforces and 13,000 U.S. Coast Guard personnel who are available to support U.S. efforts in the region.⁴³

U.S. forces in the Asia-Pacific participate in numerous exercises and pursue many different types of engagement with foreign military forces. Major exercises include TALISMAN SABER with Australia, COBRA GOLD with Thailand, BALIKATAN with the Philippines, KEEN SWORD/KEEN EDGE with Japan, and Rim of the Pacific (RIMPAC), which is a large multinational exercise that includes Canada, Australia, Japan, South Korea, Chile, and the United Kingdom. USPACOM also has participated in over 20 disaster relief operations in the region since 1996 and makes close to 700 port visits each year in the Asia-Pacific.⁴⁴

For the ROKN, most cooperation occurs with the U.S. 7th Fleet, the largest of the U.S. forward deployed fleets.⁴⁵ The 7th Fleet has three major assignments: joint task force command for natural disaster or joint military operations; operational command of all naval forces in the region; and defense of Korea. If war breaks out, the 7th Fleet is also the Combined Naval Component Commander for defending Korea, and all naval forces flowing into the theater come under the control of the 7th Fleet Commander. However, this arrangement will change in 2012 with the transfer of wartime OPCON. After the transfer, South Korean naval forces will be the supported command while the U.S. Navy will be the supporting command, reversing a relationship that had been in place since the Korean War.

Table 2. 2009 - U.S. 7th Fleet: Ships and Units Forward Deployed in the Asia-Pacific

Yokosuka, Japan	
	Aircraft Carrier <i>George Washington</i> (CVN 73)
	7 th Fleet Command Ship <i>Blue Ridge</i> (LCC 19)
	Aegis Guided-Missile Cruiser <i>Cowpens</i> (CG 63)
	Ticonderoga-class Guided Missile Cruiser <i>Shiloh</i> (CG 67)
	Arleigh Burke-class Guided Missile Destroyer <i>Curtis Wilbur</i> (DDG 54) <i>John S. McCain</i> (DDG 56) <i>Fitzgerald</i> (DDG 62) <i>Stethem</i> (DDG 63) <i>Lassen</i> (DDG 82) <i>McCampbell</i> (DDG 85) <i>Mustin</i> (DDG 89)
Sasebo, Japan	
	Amphibious Assault Ship <i>Essex</i> (LHD 2)
	Amphibious Landing Dock <i>Denver</i> (LPD 9)
	Dock Landing Ship <i>Tortuga</i> (LSD 46) <i>Harpers Ferry</i> (LSD 49)
	Mine Countermeasures Ship <i>Avenger</i> (MCM 1) <i>Defender</i> (MCM 2) <i>Guardian</i> (MCM 5) <i>Patriot</i> (MCM 7)
Guam	
	Los Angeles-class submarine <i>City of Corpus Christi</i> (SSN 705) <i>Houston</i> (SSN 713) <i>Buffalo</i> (SSN 715)
	Submarine Tender <i>Frank Cable</i> (AS 40)

Source: U.S. Navy, 7th Fleet: <http://www.c7f.navy.mil/forces.htm>

The 7th Fleet has 60-70 ships, 200-300 aircraft, and 40,000 Sailors and Marines at any given time. Eleven ships are based in Yokuska, Japan including the aircraft carrier *USS George Washington* (CVN 73), the 7th fleet command ship, *USS Blue Ridge* (LCC 19), two Guided Missile Cruisers, and nine guided missile destroyers. Other vessels are based in Sasebo, Japan, and attack submarines along with other support units are based in Guam. Finally, the USN has a regional commander of U.S. Naval Forces Korea (CNFK). The CNFK has no ships assigned to the command but does have approximately 300 personnel who work on planning and executing operations. The CNFK also serves as a liaison to the South Korean Navy, U.S. commanders in Korea, and the 7th Fleet.

ROK-US Maritime Cooperation Activities

South Korea and the United States conduct numerous maritime cooperation activities, either on a bilateral basis or as part of multilateral endeavors. The level of cooperation as demonstrated by exercises, operations, intelligence sharing, and other activities is very good, but there are always possibilities for new ventures as occurred with ROK-US cooperation on anti-piracy activities. The following sections describe some of the current dimensions of ROK-US maritime cooperation.

a. Exercises.

Key Resolve/Foal Eagle

One of the important elements of deterring an attack on South Korea is demonstrating U.S. capability and resolve to come to South Korea's defense should deterrence fail. Key Resolve/Foal Eagle is the annual joint bilateral exercise that demonstrates U.S. determination to come to South Korea's aid if attacked, in addition to improving operational readiness and enhancing interoperability of U.S. and ROK forces. The exercise was formerly called RSOI (Reception, Staging, Onward Movement, and Integration), and, before that, Team Spirit but was changed in 2008 to Key Resolve to reflect the changes that will occur in the upcoming OPCON transfer scheduled for 2012. The two joint exercises are conducted in February and March to rehearse how the United States would come to South Korea's aid, if attacked. Key Resolve is a command post exercise, and Foal Eagle conducts field exercises. In addition to U.S. troops based in South Korea and South

Korean forces, over 14,000 U.S. troops from outside the peninsula also participate in the exercises.

The two navies conduct the exercise to improve coordination of the operations necessary to defend South Korea and support its ground forces. The U.S. 7th Fleet represents the United States and for the past few years, the *USS Blue Ridge* (LCC 19) has acted as the command and control center. In 2009, the United States Navy sent an aircraft carrier and two Aegis-class destroyers among other ships to Key Resolve. The 2009 exercise focused on rehearsing a large-scale amphibious operation, and Lieutenant General Richard Zilmer, commanding general of the U.S. Marine Force that participated, noted, “The Sailors of the U.S. 7th Fleet, the Marines and Sailors of the III Marine Expeditionary Force (MEF) and our great ROK Navy and Marine Corps partners have clearly demonstrated that we are the only nations and services capable of conducting a combined, joint forcible-entry operation of this scope and magnitude.”⁴⁶ Vice Admiral John Bird, the U.S. combined naval component commander who oversaw U.S. and ROK forces during the exercise, maintained, “Amphibious operations are a critical part of our overall mission to defend the Republic of Korea. Working hand in hand with our Korean and U.S. Marine counterparts, we seek to synchronize all maritime activities in support of the combined landing force by preparing the battle space, moving the Marines safely ashore and supporting them from the sea as they carry out combat operations.”⁴⁷ As part of Foal Eagle, U.S. and ROK units also participated in a bilateral mine countermeasures exercise off of the southern coast of South Korea.⁴⁸

At the conclusion of Key Resolve/Foal Eagle, ROK and U.S. commanders signed a new operations plan (OPLAN) for the naval forces, should war break out. The OPLAN came about after 18 months of extensive cooperation and planning by ROK and U.S. Navies in preparation for the transfer of wartime OPCON. By 2012, the U.S. 7th fleet will be in a supporting role, and the ROK Navy will be in the lead. Captain Park Sung-bae, the South Korean signer of the OPLAN, observed “the close cooperation between the 7th Fleet and ROK Fleet is represented in the detailed planning and coordination that is described in this comprehensive plan of action,” and Vice Admiral Bird maintained “even though our operational control roles may reverse, our commitment to working together to defend Korea has not changed one bit.”⁴⁹

Ulchi Guardian Freedom (UGF)

Begun in 1976, Ulchi Guardian Freedom is a large, annual command post exercise that uses computer-generated scenarios to train for possible contingencies in defending South Korea from attack. The command and control exercises seek to evaluate and improve coordination, plans, and combat and intelligence systems for conducting operations in South Korea. Conducted in August and September, over 10,000 personnel from all the services participate in UGF. The exercise was formerly named Ulchi Focus Lens but changed its name in 2008 because for the first time, the South Korean military assumed the lead in the exercise in anticipation of the 2012 OPCON transfer.

Rim of the Pacific (RIMPAC) Exercise

RIMPAC is a biennial naval exercise held in June and July off the coast of Hawaii and is hosted by the navies of the United Kingdom and the United States. It is the largest international maritime exercise, and, in 2008, included participants from ten countries. RIMPAC was first held in 1971 and included forces from the United States, Canada, and Australia. The most recent RIMPAC exercise in 2008, the 21st such exercise, included Australia, Canada, Chile, Japan, the Netherlands, Peru, South Korea, Singapore, the United Kingdom, and the United States. The exercise included 35 surface combat ships, six submarines, 150 aircraft, and 20,000 personnel. Other navies including Indonesia, India, Mexico, Russia, and Thailand, among others, participated in 2008 as observers.⁵⁰ Observers do not contribute ships, but their representatives are involved in the operations. The exercise provides an opportunity for countries to work together on maritime operations, improve tactical competence, build trust, and improve interoperability. In addition, the 2008 exercise included a project to bring scientists from the National Oceanic and Atmospheric Administration, Duke University, Cascadia Research, and other groups to share information about marine mammals.⁵¹

South Korea participated in its first RIMPAC exercise in 1990 and has been part of the exercise ever since. In 2008, South Korea sent two destroyers, *Munmu the Great* and *Yangmanchun*, a LYNX anti-submarine helicopter, and a submarine. *Munmu the Great* commanded a three-country battle group during the exercise.⁵² In 2010, ROKS *King Sejong the Great* will join the RIMPAC exercise and participate in the Combat System Ship Qualifications Trials (CSSQT) which is likely to be

a ballistic missile defense drill. To improve the *King Sejong's* capabilities, it will be outfitted with the Standard Missile-6 and the Standard Missile-2 Block IV, both surface-to-air missiles that are an improvement over its current missile system.⁵³

Other Exercises and Events

In 2007, South Korea participated in *Pacific Reach*, a large multinational exercise hosted by Australia. The exercise was intended to improve submarine rescue capabilities and cooperation while helping participants familiarize themselves with each other's submarine rescue techniques and equipment. *Pacific Reach 2007* is the fourth such exercise with the first hosted by Singapore in 1999 and subsequent events hosted by Japan (2002) and South Korea (2004). The ROKN sent the *Chang Bogo* 209-class submarine *Lee Eokgi* to the exercise that included Australia, Japan, the United Kingdom, the United States, Canada, Singapore, China, and Malaysia. Others attended as observers including Chile, India, Indonesia, Pakistan, Peru, Russia, and South Africa.⁵⁴

In October 2008, the ROKN hosted the International Fleet Review in commemoration of the 60th Anniversary of the founding of the Republic of Korea. The event hosted the navies of 13 different countries under the banner, "All in One To the Sea, To the World." South Korea hosted its first Fleet Review in 1998.⁵⁵

Finally, ROKN and USN forces also conduct small scale bilateral exercises such as the Counter Special Operations Forces Exercise (CSOFEX) in May 2009. In the exercise, 16 ROKN ships joined the *USS John S. McCain* and *USS Mustin* in a series of exercises to address the threat North Korea poses with its ability to deliver special operations units by sea and improve the interoperability of ROK-U.S. forces. According to a USN spokesman, "Our helicopters are doing air control events with their helicopters, we're doing a lot of anti-submarine warfare training, a lot of anti-surface training and we're practicing simulated missile engagements overland and at sea."⁵⁶

b. Operations

Proliferation Security Initiative (PSI)

In May 2003, the United States started the PSI to prevent the transfer and sale of nuclear technology, material, or weapons along with delivery systems from states such as Iran and North Korea to other state and non-

state actors. On May 26, 2009, South Korea endorsed the “Statement of Interdiction Principles,” that committed Seoul to full participation in the PSI. South Korea had expressed an interest in joining the PSI after the April 2009 missile test but did not commit, citing the delicate nature of North-South relations due to the North’s detention of a South Korean worker at the Kaesong Industrial Complex.⁵⁷ Following the April 2009 missile test, North Korean officials blasted the Lee Myung-bak government and characterized “any pressure to be put upon it [North Korea] through ‘total participation’ in the PSI as a declaration of undisguised confrontation and a declaration of war against the DPRK.”⁵⁸ However, after the nuclear weapon test the following month, South Korea formally declared its intention to join, becoming the 95th country to endorse the PSI principles. Initially, South Korea refrained from joining PSI but supported its underlying principles and pledged to participate when it could. ROK-U.S. military exercises incorporated a WMD interdiction component, and South Korea acted as an observer at five PSI exercises.⁵⁹ South Korea under President Roh Moo-hyun was reluctant to participate in PSI for fear of upsetting relations with the North. However, after the May 2009 nuclear test, President Lee decided that South Korea needed to join the PSI, regardless of its impact on North-South relations.

Piracy Operations in the Gulf of Aden

In 2008, the ROK National Assembly approved South Korea’s first foreign deployment of naval forces for an anti-piracy mission in the Gulf of Aden and off the coast of Somalia. The KDX-II destroyer, *Munmu the Great*, commanded by Captain Jang Sung-woo, was dispatched in March 2009 with 300 personnel on board for a six-month deployment to the region. The ship participated in the U.S.-led Combined Task Force (CTF) 151 along with the navies of 16 other countries including Canada, Germany, Japan, Russia, the Netherlands, Spain, and India. CTF 151 is a multinational force organized to protect the shipping lanes and conduct counter-piracy operations around the Horn of Africa.

While in the Gulf, ROKS *Munmu the Great* guarded 325 commercial vessels, 140 of which were Korean ships. Over 450 South Korean ships use this shipping route each year, and one-third of these are particularly slow, making them vulnerable to pirate attack. Increasingly, ROK commercial vessels are becoming targets for pirates in the region. While in the Gulf of Aden, *Munmu the Great* participated in 22 missions and

repelled seven piracy attacks, including one against a North Korean ship, the *Dabkasol*. In one operation, *Munmu the Great* responded to a distress call from an Egyptian ship on its way from the Red Sea to India, and the South Korean commander sent a helicopter with a team of snipers to rescue the vessel. Soon after, the ROKN helicopter was joined by a U.S. Navy helicopter to carry out the first joint ROK-U.S. naval operation since participating in CTF 151.⁶⁰ According to Captain Jang, “Allied forces gave high marks to the Korean Navy’s capabilities and assigned us the most pirate-infested area of northern Bosaso off Somalia. We are proud to raise Korea’s reputation in the international community.”⁶¹ *The Munmu the Great* has since returned home and was relieved by another ROKN KDX-II destroyer, *Daejoyeong*. In November 2009, a third KDX-II destroyer, *Chungmugong Yi Soon-shin*, left to relieve the *Daejoyeong*. The new contingent of the *Cheonghae* unit will carry an anti-submarine Lynx helicopter and a 30-man underwater demolition unit.⁶² Despite the considerable distance from South Korea, ROKN participation played an important role in protecting its commercial interests. Moreover, its presence also helped to deter attacks on other ships in the region.

c. Arms Sales/Ballistic Missile Defense

South Korea, already a major commercial ship builder, is increasing its indigenous warship building capability, producing a significant portion of the ships in domestic shipyards such as Hyundai, Daewoo, and Hanjin among others. However, an important element of ROK-U.S. naval cooperation has included purchases of ship designs and weapons systems. The level of cooperation in this area has led to increased interoperability between South Korean and U.S. forces. One of the current cooperation projects is the acquisition of standard missile (SM) systems for the South Korean Aegis-class ships. South Korea’s Aegis ships, such as *King Sejong the Great* and *Yulgok Yi I*, are armed with the SM-2 Block III A/B. This version of the SM-2 is an improved model of earlier versions but not as capable as the improved SM-2 Block IV and SM-2 Block IV A. The various SM-2 missiles, built by Raytheon, are short to medium range missiles, designed for area air defense for ships at sea and during ground force insertion operations. The advanced version of the SM-2 Block IV A is on U.S. Ticonderoga-class Aegis cruisers and Arleigh Burke-class Aegis destroyers. In June 2009, South Korea announced that it was going to purchase 84 SM-2 Block IV missiles, one

notch below the Block IV A version, for its Aegis-class ships but improvements over current missile systems. South Korea has also expressed interest in outfitting some of its future Aegis-class ships with the SM-6 missile. The SM-6 provides longer range, over-the-horizon capability, than the SM-2 missiles because it has its own, on-board radar, allowing the SM-6 to track its target in the last stage before it strikes. As a result, the missile can be launched from longer ranges when the target is over the horizon with the ability to adjust course in ways the SM-2 models cannot.

Implications for Regional Security

ROK-U.S. maritime cooperation is significant, positive, and the level of cooperation continues to grow. Seoul and Washington conduct many important exercises to improve cooperation, and intelligence sharing continues to be an important strength. The maritime environment poses serious challenges for the global maritime community. Piracy remains a challenge off the coast of Somalia and in the Straits of Malacca, and a rash of bad weather and earthquakes in Southeast Asia once again demonstrated the need for disaster relief that is led by the navies in the region. Maritime activities are part of a broader ROK-U.S. security alliance that has been largely focused on deterring an attack by North Korea, particularly a ground assault across the DMZ. There has always been a maritime component to this relationship, but it has usually been secondary to the needs on the ground. While the North Korean threat remains, the list of challenges to South Korean and U.S. security is changing and increasing. Some of these challenges —piracy, ensuring the free flow of commerce, terrorism, nuclear proliferation, and humanitarian assistance/disaster relief— are important maritime concerns shared by Washington, Seoul, and the larger global community.

In addition to the United States and South Korea's sharing a broader, more global set of security concerns, the ROKN has also made significant advancements in its naval capabilities with the construction of state-of-the-art destroyers, a large-deck amphibious ship, and extensive plans for further expansion of ROK naval capabilities. Consequently, South Korea is simply able to do more by taking on a larger array of roles and missions while still maintaining a careful watch on Korean coastal waters. As a result of these changes in the security environment and increased ROK naval capability, maritime cooperation is broadening

the base of the ROK-U.S. alliance with a greater global footing that can address common security concerns beyond those on the peninsula.

While maritime cooperation between Seoul and Washington remains strong, there are three areas that need continued, more immediate, attention to improve ROK-U.S. maritime cooperation. First, South Korea will need further training to improve its participation in the U.S.-led PSI. South Korea has been a relatively new participant in this effort and needs to continue work on its ability to contribute to these operations. Second, countering special operations forces remains a complicated mission, one that requires continued training and exercises with the United States. When South Korea assumes the lead for this mission in 2012, it will require increased training and exercises between the ROKN and USN to ensure the capability to block the insertion of DPRK's special operations forces along the thousands of miles of ROK coastline. Finally, North Korea's submarine fleet remains a serious problem. South Korea continues work on its plans to improve its submarine force, but, in the near term, Pyongyang's submarines remain a problem. Consequently, greater cooperation and attention to anti-submarine warfare is an important priority in maintaining ROK maritime security.

An important factor in the growth of the ROKN's capabilities will be the ability to generate the resources and defense budgets to sustain ship construction and modernization plans. The global economic crisis has been a serious problem for South Korea; the crisis has hurt economic growth rates and has put significant pressure on the ROK government's defense budget. As a result, the ship building program may be delayed as Seoul works its way out of the economic difficulties shared by many around the world. In addition, South Korean officials, analysts, and the general public will need to continue the discussion of the proper division of defense resources among the Army, Navy, and Air Force. All three services have important tasks and future needs that will require funding; careful consideration will be necessary to set the necessary budget priorities, based on security needs and not interservice rivalry.

As ROK-U.S. maritime cooperation expands and increases the scope of the alliance, it will be important for the two allies to develop a maritime strategic vision and strategy that will help to guide future cooperation. The roles and missions of the two navies will evolve, but they must be based on a common set of goals and understanding of the roles each will play in the maritime domain. Thus, it will be important to

develop a joint maritime strategy. The maritime strategy should also include planning regarding the actions that might be taken should North Korea implode or become sufficiently unstable that it requires some type of response. These discussions should be part of a larger effort to plan for such contingencies and should include China to ensure that there are no misunderstandings and to better coordinate the responses that might be taken in the chaos of a North Korean collapse.

An important dimension of the sustainability of the alliance is the level of public support within partner countries for the alliance. While the presence of ground forces can be problematic, because of the large footprint they create, maritime cooperation creates a far smaller footprint and makes it easier to sustain ROK domestic political support for this type of endeavor. The South Korean public has recognized the need to protect its sea commerce and maritime interests. As one indication, the commissioning ceremony of *King Sejong the Great* at the Hyundai Heavy Industry shipyard was a television event covered widely by most stations. Thus, there is fairly broad public support in South Korea for an expanded maritime force and for maritime involvement.

While increased ROK-U.S. maritime cooperation can achieve some important goals, there are dangers that must be considered. First, South Korea's ship acquisition program and overall expansion of its naval capabilities addresses important concerns Seoul has for the future security environment in the region. However, the growth of the ROKN is part of a larger regional expansion and modernization of naval forces in Asia. According to the U.S. National Intelligence Council (NIC) report that speculates on the security environment for 2025:

Maritime security concerns are providing the rationale for a series of naval buildups and modernization efforts in the region [Persian Gulf to East and Southeast Asia], such as China's and India's development of 'blue-water' naval capabilities, to protect critical economic assets and secure access to energy resources. Other national navies in the Middle East and Asia will not be able to replace the US Navy's role in protecting strategic sea lines of communication in 2025, but the buildup of regional naval capabilities could lead to increased tensions, rivalries, and counterbalancing.⁶³

While these increasing naval capabilities can help to police the commons and address a number of maritime problems, care must be

taken by all in the region that the predictions of the NIC report do not come to fruition, producing a naval arms race and a more tenuous security environment. More specifically, China's rise and military modernization program are likely to continue, and, for many in the region, hedging is the strategy of the day as states attempt to cope with an uncertain future security environment. However, there is a danger that Beijing will perceive the growing naval capabilities of South Korea, Japan, and others in the region as an effort to contain Chinese maritime interests. Efforts must be made to draw in and include China in the efforts to increase maritime security.

Finally, South Korea's increasing maritime capabilities and ROK-U.S. cooperation point to the potential for trilateral maritime cooperation between South Korea, the United States, and Japan. Yet, the legacies of history and the dispute over Dokdo [Takeshima to the Japanese] continue to impede greater cooperation. Indeed, South Korea's maritime capabilities are, in part, an effort to counter any possible Japanese pressure to relinquish Seoul's claim to the islands. While these concerns remain an issue, solutions need to be explored to overcome these obstacles for more robust trilateral cooperation between the United States, South Korea, and Japan. Both Seoul and Tokyo have bilateral alliances with Washington that could be the foundation for greater efforts between these three navies. There is much potential in this relationship, as demonstrated by the cooperation displayed in CTF-151 operations between these three countries and others. Somehow, a solution to these lingering tensions must be found to allow these three allies to work together more closely in maritime activities. There are positive signs from Japan's new Prime Minister Hatoyama Yukio that he is interested in resolving some of these historical legacies and moving forward.⁶⁴ Hopefully, there can be some new efforts to create the necessary basis for improved trilateral cooperation between Seoul, Washington, and Tokyo.

Conclusion

The ROK-U.S. alliance has been a long term relationship that has undergone numerous changes and has evolved, based on a number of factors. It should be no surprise that a relationship lasting close to 60 years will be modified from time to time, particularly as the power configuration and security assessments of the partners change. Maritime

cooperation has been an important dimension of the alliance but has received less attention as a part of the overall workings of the alliance. However, ROK-U.S. maritime cooperation has been growing, holding out an important opportunity for further expansion and broadening of the alliance into what Presidents Lee and Obama have called “a comprehensive strategic alliance of bilateral, regional and global scope.” Increasing agreement on a broader set of security concerns that go beyond solely the threat posed by North Korea and South Korea’s continued efforts to expand its naval capability have been important factors for the growth in ROK-U.S. cooperation. In turn, this has expanded the foundation of ROK-U.S. relations. Future challenges remain that need to be overcome to continue broadening the maritime dimension of the alliance. Yet, cooperation in the maritime arena and maintaining peace and stability in the maritime commons are likely to be growth areas that will, in turn, also be significant drivers in the continued importance and viability of the ROK-U.S. alliance.

Notes:

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Promoting Long-Term Economic Growth: America and East Asia Working Together

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Abstract

A deep recession and a dramatic financial crisis have shaken the global economy. Although Asian countries could not help but be affected, the impact on the region was less than many predicted. The surest strategy to a speedy economic recovery and prosperous future is strengthening economic cooperation within the Asia-Pacific and between the Asia-Pacific and the United States.

That means maintaining an open trading system, encouraging bilateral investment flows, and working together to resolve economic disputes. Protectionism remains a dangerous temptation, but history suggests that all countries lose when they sacrifice economic ties in an attempt to win short-term financial advantage.

Equally important is preservation of peace through creation of stronger political and security arrangements in the region. Peace and stability are necessary for Asia's economic miracle to continue. In the aftermath of World War II the U.S. sought to promote stability through a series of essentially unilateral alliances. This system is now obsolescent. The basis of security and stability should shift from unilateral military alliances to multilateral cooperative relationships.

Implementing the correct economic and security policies is important not just for Asia, but for the rest of the world. Despite today's short-term economic difficulties, the future appears to be bright. At least as long as Asian nations, as well as their partners elsewhere, most obviously the U.S., do not repeat the mistakes of the past.

Keywords: Asia, Republic of Korea, China, Japan, U.S., Economic Cooperation, Regional Institutions, Region Security, Free Trade, Investment, Economic Reform, Asia-Pacific, APEC, ASEAN, Free Trade Agreements

Introduction

In late 2008 a deep recession and a dramatic financial crisis shook the global economy. Both the United States and Europe were at the epicenter of the world economic slowdown, but the impact radiated outward to countries rich and poor alike in every region.

Although Asian countries could not help but be affected by the significant drop in demand in some of their largest markets, the impact on the region was less than many predicted. Long led by Japan, Taiwan, and the Republic of Korea, now dramatically joined by the People's Republic of China, Asia increasingly has become a separate engine of economic growth, working alongside the United States and European countries. The surest strategy to a speedy economic recovery and prosperous future is strengthening economic cooperation within the Asia-Pacific and between the Asia-Pacific and the United States.

The best means of obtaining this prosperity lies in maintaining an open trading system, encouraging bilateral investment flows, and working together to resolve economic disputes, whether over currency valuations or regulatory standards. Tough economic times may tempt national leaders to turn economics into political battlefields. However, history suggests that all countries lose when they sacrifice economic ties in an attempt to win short-term financial advantage. Indeed, a policy of isolation helped turn the once great Chinese Empire which dominated Asia into a geopolitical weakling, one vulnerable to Western imperialism. Unfortunately, Washington seems to be following in Imperial China's path with the refusal of Congress to approve the U.S.-South Korea free trade agreement and the unwillingness or inability of President Barack Obama to make the case necessary to win congressional backing.

But Asia's future depends on more than economics. Equally important is the preservation of peace through creation of stronger political and security arrangements in the region. Peace is necessary for Asia's economic miracle to continue: the Korean, Japanese, Chinese, and other peoples have direct experience with how violence, both internal and external, can inhibit national development. Thankfully, Asia's conflicts since World War II have been limited. In the aftermath of World War II the U.S. sought to promote stability through a series of essentially unilateral alliances with Australia, Japan, New Zealand, the Philippines, South Korea, and Taiwan (though nominally bilateral or

multilateral, the defense guarantee ran only one way, from Washington). Whatever the merits of this system at the time, it is now obsolescent.

First, the geopolitical context has changed with the disappearance of the Cold War which led to hostility and conflict among the region's most important powers. Second, countries which were weak and poor after being ravaged by years of war now are strong, prosperous, and confident. The basis of security and stability should shift from unilateral military alliances to multilateral cooperative relationships. Although policy disagreements and vigorous competition among the United States, China, Japan, ROK, and other states are inevitable, these countries have a powerful incentive to resolve their differences amicably while limiting military competition and pressure for an arms race.

Getting both economic and security policies right is important, not just for Asia but for the rest of the world. The dynamic core of world economic affairs long has been shifting to the Asia-Pacific. Japan remains an economic power even while stuck in the doldrums. South Korea continues to grow after recovering from the Asian financial crisis. Even more significant is China's growing economic role. Beijing's relative immunity from the worst of last year's financial crisis merely reinforces Asia's economic importance.

The region's economic transformation has most obviously benefited people throughout Asia. As growth continues, those elsewhere around the world also will benefit greatly. Despite today's short-term economic difficulties, the future appears to be bright, if we do not repeat the mistakes of the past.

The 21st Century may prove to be the Asian Century. But that is likely only if the 21st Century in Asia also proves to be a time of peace, liberty, prosperity, and stability. Tensions in the region have dropped dramatically with the end of the Cold War, along with increased international understanding and economic interdependence. All of these trends are embodied in Asia's growing role as part of the international community. Still, neither peace nor prosperity can be taken for granted. Cooperation and goodwill will be necessary throughout Asia and across the Pacific. We all are benefiting from today's environment of peace and prosperity. We all must work together to preserve it.

The Importance of the Asia-Pacific Economy

China once was a global power. But by turning inward the empire ceded economic dominance to Europe and later America. The reasons

the West prospered are many and complicated.¹ However, economic freedom and innovation were critical to the rise of many traditional, rural societies out of poverty. The resulting wealth improved the living standards of Westerners. The growing economies also financed advanced militaries which enabled the West to rule much of the world, and to impose its influence widely, including Asia, in general and China in particular.

Today, the global balance of power is shifting away from the West. Although the United States retains the world's largest economy, and Europe collectively is even larger, Japan and China hold the second and third positions (the exact order depends on the measure used). Germany, at number four, is the European state with the largest economy. Other East Asian nations, led by South Korea, have been moving up rapidly. India remains poor, but it, too, is on its way to becoming an economic superpower.

Making predictions about the future is risky since the unexpected is inevitable and even the fastest-growing economies slow as they mature. Nevertheless, one Goldman Sachs forecast has the U.S. only slightly ahead of China in 2025, followed by Japan and India, with Germany in fifth place. By 2050 China is first and the U.S. is number two, barely ahead of India. The United Kingdom is the highest ranking European economy at nine, with Germany at ten.²

Some analysts argue that this economic shift will take more time, and they may be right. South Korea's future growth could be greatly affected by events in the North. China and India face enormous challenges as well as opportunities. And even as these populous nations, along with Indonesia, generate large economies, their per capita incomes will remain relatively low. The West will remain a, if not the, dominant economic influence for decades.³

However, Asia increasingly will act as a second engine of growth. South Korea, Taiwan, and Japan all have become advanced industrialized nations and major trading states. China is pairing rapid economic growth with a large population. Asia's role in spurring economic recovery is evident in the aftermath of last fall's financial crisis. The U.S. and Europe fell into severe recessions while facing a crisis of confidence in their core financial institutions. Some small countries, such as Iceland, found their banks disastrously overextended, while others, such as Greece, have seen their governments veer close to *de facto* bankruptcy.

Such a large economic shock could not help but affect the Asia-Pacific, especially given the importance of the U.S. and Europe as a market for exports from the ROK, China, Japan, and other Asian nations. Nevertheless, the PRC, in particular, weathered the Western economic turbulence surprisingly well. China appears to have maintained growth and its exports, though still down, have rebounded. “The export recovery is proceeding steadily,” explains Xing Ziqiang, an economist with China International Capital Corp. in Beijing, who has predicted an eight percent increase in exports this year.⁴

The PRC is now estimated to play an even larger global economic role than before. Reports John H. Makin of the American Enterprise Institute: “During 2009, China’s contribution to world growth has gone from 15 percent of the total to nearly 20 percent, underscoring China’s extraordinarily early and rapid acceleration of growth during the first three quarters of 2009.”⁵

The PRC’s increased economic importance obviously benefits the Chinese people, allowing them to escape the tragic poverty that trapped their ancestors. Of course, there remain critical challenges for China to overcome, particularly unequal distributions of income that have contributed to social unrest.⁶ Nevertheless, the transformation of China remains one of the most astonishing, and astonishingly positive, developments of the last three decades.

Beijing’s increased wealth has also greatly benefited the Asia-Pacific. As the West had to learn before it could grow so dramatically, economics should be treated as a positive-sum game. China has become an increasingly important investor in, buyer from, and seller to its neighbors. Between 1987 and 2007, note Douglas H. Brooks and Changchuan Hua of the Asian Development Bank and Hong Kong Monetary Authority, respectively, “PRC trade increased over 30 times—with PRC becoming the largest trader in Asia.”⁷ China has become a leading importer from as well as exporter to the developed Asian countries of South Korea, Japan, and Taiwan. Beijing trades more with the ROK than does America. Last year the PRC surpassed the U.S. in total trade with Southeast Asia. China still trails Japan, but not by much. Even the *Wall Street Journal* acknowledged that “Chinese capital has helped fuel” the region’s rapid economic growth.⁸

Some analysts in America fear that the PRC is displacing the U.S.—the PRC’s growing relationship with traditional American ally, Seoul, is particularly notable—but Asians benefit from having an additional

source of finance and markets. In 2004 K.C. Fung of the University of California (Santa Cruz) termed China "a locomotive in the Asia-Pacific region."⁹ That was well before the economic crisis last fall. Today, with Western economies only slowly and uncertainly emerging from recession, China's regional role is even more important.

For similar reasons the U.S. and Europe also are beneficiaries of China's economic rise. Many in the West are reluctant to acknowledge their gains since competition from Chinese industry has hurt individual firms and workers. However, the goods and services coming from China and the rest of Asia have enriched the West, and will be even more beneficial in the future. Two-way trade between the U.S. and PRC hit \$409 billion in 2008, up from just \$94.9 billion in 1999, and is likely to continue its steady rise. China is buying as well as selling: it purchased \$224.7 billion worth of goods from America in 2008. Trade between China and the rest of the world ran \$2.56 trillion in 2008, twice the level of four years earlier.¹⁰

South Korea, Japan, and Taiwan all moved from inexpensive to quality producers; other, less-developed Asian nations, including China, are moving along the same path. For instance, output per worker in East Asia rose from one-eighth that of industrialized states in 1996 to one-fifth in 2006. Annual East Asian productivity rates exceed those of industrialized states.

Moreover, Asia is awarding more degrees in science and engineering, publishing more papers in those subjects, and filing more patent applications. High-tech Asian exports also have been rising rapidly, far faster than (the still larger) U.S. production.

Direct investment likely will follow as ever more Chinese and other Asian companies become global leaders. Japan started down this road years ago; the ROK and Taiwan, though possessing smaller economies, also have spawned leading international corporations. The PRC already is a large purchaser of U.S. government assets, and last year Chinese companies invested in such troubled firms as Citigroup and Morgan Stanley. Although the PRC continues to lag behind the U.S. in number of companies in the Fortune Global 500 (37 versus 140) and in the 50 top firms by market capitalization (9 versus 21), China is catching up.¹¹ Moreover, the real issue is not who is number one but who is wealthy and productive enough to contribute to the global economy. Now the PRC must be included, along with the South, Taiwan, and Japan.

Despite the unfortunate controversy over the proposed acquisition of Unocal by the Chinese National Offshore Oil Corporation (CNOOC), significant future direct investment and control by Chinese enterprises in America seems likely. Obviously, the U.S. remains the largest investor: as of 2008 American firms had invested \$62.2 billion in 58,000 projects in China.¹² However, more Chinese money is coming to America. Lenovo purchased IBM's laptop operation. In his new book on Asia's economic miracle, Michael Schuman writes of Haier, which has opened the first Chinese manufacturing plant in America.¹³ Just as U.S. investment has helped China grow, in the future Chinese investment will help the U.S. as well as China's neighbors grow.

The importance of a two-way relationship has been highlighted by the financial crisis. In the past, Europe and the rest of the world would have had to wait until the U.S. recovered to grow again. Now the rest of the world can keep moving, and even help jumpstart the U.S.

Policy Challenges to Maintain a Growing Economy

Asia's, and particularly China's, relative economic importance will continue to expand. How smooth and swift the journey will be we do not know. But Asia has discovered the path to prosperity and is not likely to depart from it. The future then should be bright.

Nevertheless, improved economic policies will increase economic cooperation. There are many varied proposals emanating from governments, think tanks, analysts, and pundits. We can argue about the details, but all of us should acknowledge that there are serious questions which must be confronted and answered.

Fiscal Responsibility. The short-term challenge after the fall of 2008 for most countries was moderating the recession and reigniting economic growth. In large part that has been achieved. The continuing human pain is obvious: the U.S. may face a jobless recovery, where growth returns while employment lags. Although many leading European countries appear to have emerged from their recessions, there are some important exceptions. The travails of Iceland and Greece have been well-publicized; Great Britain, one of the world's largest economies, remains in parlous condition.

Nevertheless, the longer-term issue of fiscal responsibility is taking on greater importance. For instance, the U.S. ran a \$1.4 trillion deficit in Fiscal Year 2009, faces a \$1.6 trillion deficit in Fiscal Year 2010, and is expected to have to borrow another \$10 trillion over the next decade.

That comes on top of an existing national debt of \$12.6 trillion, as well as very large pension and health care obligations to America's elderly, and the ultimate costs of the new health care reform legislation. Estimates of the future U.S. account deficit rise to 15 percent or more over time.¹⁴ Chinese leaders understandably have indicated their concern over U.S. fiscal policy and its impact on the value of the dollar and of Chinese investments in U.S. government securities, about \$1.2 trillion worth as of last year. The *New York Times* observed of President Barack Obama's visit to Beijing: "he will, in many ways, be assuming the role of profligate spender coming to pay his respects to his banker."¹⁵

Generational Transfer. Most industrialized nations, especially the U.S., Europe, Japan, and China, face challenges from the impact of aging societies. Many of the consequences will be economic: fewer workers, more pensioners, and much higher medical expenditures. The resulting change in the work force also will affect economic productivity and growth. Although the demographic challenge facing each nation varies, all of these countries will be forced to address similar problems. Policies might not cross boundaries, but consultations can. Affected nations should share information, discuss the impact of policies, and search for strategies to care for a growing number of elderly as well as preserve the strong economies necessary to provide for young and old alike.

Financial Regulation. How to properly structure financial markets so as to discourage irresponsible risk-taking while encouraging innovation remains complicated and controversial. Although the issue has mainly been debated within and between the U.S. and Europe, it also concerns Asia. Indeed, the financial crisis has left Chinese banks in a stronger relative position internationally. At the same time, concerns continue to be expressed over the lending practices of some institutions; in fact, failings in domestic banking sectors contributed to the Asian financial crisis a decade ago. The ROK has struggled with economic reform from the Asian economic crisis through the celebrated assault on vested economic interests by Kim Dae-jung's government and beyond.

Thus, it is in the interest of many Asian states to clean up their banking balance sheets as well as coordinate with other leading economic powers to ensure effective and efficient international oversight. There was a time when such rules would and could be set in Washington, with perhaps some contribution from London, Frankfurt, or Brussels. Today Asia is too important as an economic and financial center not be directly and fully involved as well. In advance of the latest

APEC meeting, Treasury Secretary Timothy Geithner joined with the finance ministers of Indonesia and Singapore to call for financial regulation which prevented a recurrence of 2008 while creating “deeper and more efficient financial markets [that] will enable better intermediation of savings and enhance investment productivity.”¹⁶

Investment Barriers. Foreign investment complements foreign trade, but also is greatly affected by policy. Secretary Geithner and his colleagues also urged reforms “to promote cross-border private investments, while ensuring an institutional capacity and prudent regulatory framework to enable markets to absorb capital flows that may be large and volatile.”¹⁷ That is an agenda with which all Asia should agree.

The U.S.-South Korean economic relationship is long-established. Given the disparity in sizes of the two economies, however, the weight of investment always will flow from America to the ROK. The relationship of U.S. and Japan has been closer to one of equality. That between America and China is moving in that direction too.

The U.S. and the PRC have important bilateral controversies to resolve, however. Existing American investment in China is substantial, roughly \$28.3 trillion as of 2007, nearly three times as much as in 2002. Nevertheless, U.S. investment remains hampered by insufficiently secure property ownership, independent legal regime, and transparent political system. Analyst Pete Sweeney has called for “equalizing the regulatory treatment of foreign firms (who already operate under an information and ‘guanxi’ deficit) so that everyone plays on a level field.”¹⁸ Corruption poses another challenge for foreign investors.

Chinese direct investment in America remains, understandably, far less than U.S. investment in the PRC. The total was about \$1 trillion as of 2007, making the PRC number 30 in terms of sources of investment in the U.S. The relative disparity most importantly reflects different levels of development and income. However, the U.S. also has allowed political and security concerns to impede Chinese investment in America. In particular, the CNOOC controversy ran counter to Washington’s claim to favor an open economy. Sweeney complained that “many of the U.S. security concerns regarding China are paranoid.”¹⁹ Zachary Karabell of Fred Alger Management more politely suggested that “the unwillingness to acknowledge the benefits of China’s rise is part of a pattern of China bashing that raises questions about the ability of the U.S. to compete in the global economy that it did so much to create.”²⁰

In any case, both countries can and should adopt reforms to encourage direct investment by the other. The two governments need to encourage liberalization while addressing each other's non-economic objectives.

Trading Practices. Trade dominates the U.S.-Asia economic relationship. During the 1980s controversies dogged commerce between America and Japan; Tokyo-bashing became common political sport in the U.S., and one analyst even wrote a book predicting war between the two countries. Those concerns receded long ago, especially after Japan entered its long and enduring recession.

Trade also is important between South Korea and the U.S. That relationship, despite past friction, was cemented by the free trade agreement negotiated by Presidents George W. Bush and Roh Moo-hyun. Yet rising protectionist sentiments have prevented ratification by the U.S. Congress, where many Democratic members are especially upset over provisions governing the auto industry. It is incumbent on the Obama administration to press for ratification to strengthen geopolitical ties between the two nations as well as to spur economic growth across the Pacific.

The rise of China has turned trade into the most important aspect of that bilateral relationship. Explains the Congressional Research Service: "In 2008, bilateral trade hit \$409 billion, making China the second largest U.S. trading partner (after Canada), the third largest U.S. export market, and the largest source of U.S. imports. In recent years, China has been one of the fastest growing U.S. export markets and the importance of this market is expected to grow even further as living standards continue to improve and a sizable Chinese middle class emerges."²¹

The most contentious issues tend to center around import restrictions and currency values.²² Both subjects have led to strong disagreements between the U.S. and PRC. Ironically, even though U.S.-China trade was down last year about 15 percent over 2008, trade disputes had increased. The importance of these issues has been magnified by the substantial increase in Asia's share of global trade in recent years. The trans-Pacific linkages have grown particularly strong and beneficial. Many of the same issues are in dispute between the European Union and Asian countries, particularly China. Yet no country is exempt: popular resistance emerged after the EU negotiated a free trade agreement with the ROK.

Like many complex economic controversies, the “correct” answer to these questions is not clear. The political challenge was captured by the *Financial Times*: “China and the U.S. resolved several thorny trade disputes yesterday even as Beijing confirmed it was investigating potential dumping of U.S.-made cars in the Chinese market.”²³ Neither side is free of responsibility.²⁴

After all, there is no proper currency value other than that set in the marketplace. Both the U.S. and China have restricted trade. Nevertheless, both countries share an interest in continued and growing commercial relations. Although the impact of trade competition falls differently upon different nations, the other residents of the Asia-Pacific share these same broad goals.

Thus, all of the region’s economic leaders, and especially the ROK, Japan, China, and Taiwan, should work with the U.S. to better integrate all economies in a freer trade network. That would suggest moving from politics to economics to determine currency values and expanding the scope and reach of existing free trade agreements.

Obviously, policymakers will emphasize strategies believed to serve their own nations’ advantage. This will be the case for America and Asian countries. However, all governments should recognize their overriding shared interest in promoting deeper and wider economic cooperation. All nations—and that goes as much for the U.S. as for the ROK or China or anyone else in Asia—must be willing to face down domestic interests which hope to stall and even reverse commercial cooperation.

In America the U.S. business community has remained largely supportive of trade with and investment in the PRC, but some domestic manufacturers, labor unions, and human rights activists are hostile to proposals for increased economic cooperation. There reportedly also are serious divisions of opinion in China over varying bilateral economic issues. Despite mutual frustrations, however, neither government can afford to allow the relationship to founder. The two countries have been said to be “trapped in the economic equivalent of the mutual assured destruction described by theorists of nuclear deterrence in the Cold War.”²⁵ To destroy the relationship would harm both parties, and that ultimately would hurt other countries in East Asia as well.

One obvious strategy would be to broaden existing free trade agreements to include additional nations and link the accords to each other. Washington also must reassert its traditional leadership role in

pushing to liberalize international markets. Of 168 free trade agreements currently in force in Asia, only two involve America. This is a travesty. The U.S. Congress should approve the pending US-South Korean FTA; the Obama administration should propose new FTAs with other Asian countries, starting with Japan and Taiwan. At the same time, potential FTA partners should work with the U.S. to eliminate political barriers to negotiation and ratification.

The Economic Necessity for Peace and Stability

Economic cooperation has long been recognized as having beneficial political consequences. Commerce draws people together, substituting a real human partner with a name and face for an anonymous potential adversary. This process appears to have helped draw the people of China and Taiwan together, despite years of political contention. Economic ties have supplemented a military alliance between America and South Korea. In the case of the U.S. and China, many more people on both sides of the Pacific have a far better understanding of the other nation as a result of trade, investment, and other business dealings.

But prosperity also depends on the right political environment. For the last three decades all of the major powers in East Asia have been at peace. There have been tensions among them, to be sure. North Korea has been a particular problem. Nevertheless, the diminution of the threat of war has allowed countries throughout the Asia-Pacific to concentrate on economic development. To ensure that the region continues on its present course, China, other leading Asian nations, and the U.S. should resist the temptation to engage in an arms race, instead cooperating to create regional institutions likely to encourage both peace and stability.

Obviously, the outbreak of war between any of the major states in the region would disrupt commerce between them and would, depending on its nature, scope and severity, have destabilizing effects throughout the region. Preventing conflict thus is the first responsibility of nations seeking to ensure continued regional growth.

Also important is avoiding a sustained regional arms race. Military outlays always divert economic resources to unproductive ends and often increase political tensions. With the world's number 1, 2, 3, and 5 military spenders (U.S., China, Russia, Japan)²⁶ either part of Asia or involved in Asia, as well as other nations with substantial military outlays (ROK, India), there is potential for wasteful military outlays to

stoke fears, promote miscalculation, and raise tensions. We all would be poorer as a result.

Although military spending per se does not create wars, it is more likely to spark instability where countries already share difficult histories and conflicting geopolitical interests. The perception of a regional “zero sum game” is enhanced by the survival of Cold War relationships even though the Cold War is long over. The U.S. has been particularly creative in developing new justifications for old alliances.

Many countries are affected, but the greatest potential for serious confrontation is between Washington and Beijing. Some American hawks now treat the PRC as the next security threat, warranting increased U.S. military outlays.²⁷ In turn, Washington’s military activities and international intentions engender skepticism among many Chinese policymakers. Conflict between these two countries inevitably would draw in other East Asian states, starting with America’s closest allies, the ROK and Japan.

Other national pairings reflect varying degrees of hostility and fear. China and Japan, the two Koreas, North Korea and Japan are three of the more important. If Moscow continues to roughly assert itself, it might again enter more into the regional military equation. There are no reasons for any of these nations to come into conflict with any others, though the conduct of the Democratic People’s Republic of Korea remains uniquely problematic. The fears sparked by the most recent sinking of the South Korean warship in the Yellow Sea in 2010, though apparently not caused by DPRK military action, well illustrates the problem.

All of these countries should consider the impact of their policy objectives, military outlays, and rhetorical outbursts on other interested nations. North Korea’s perpetual policy of brinkmanship is beyond the control of more responsible nations. However, Washington’s determination to maintain regional military dominance, Russia’s more belligerent outlook, and China’s sometimes harsh stance toward Taiwan also are among the factors affecting regional perceptions and responses. In particular, these three countries—superpowers former, current, and future—should emphasize defense transparency, military cooperation, and geopolitical moderation.

Especially important is integrating the PRC into security as well as economic arrangements. Doing so should not be viewed as concessions by Beijing, since the latter would benefit in a number of ways, including

from the greater international trust that would result. Fruitful areas for future initiatives include humanitarian assistance, peace-keeping missions, search-and-rescue training, joint operations against pirates and smugglers, and military exercises.²⁸

There are practical reasons for such cooperation. Observes Jonathan Holslag of the Brussels Institute of Contemporary China Studies: “why should China not work with the United States? Both powers have many security interests in common. Maritime piracy is an obvious example. Collaboration on energy security can be explored as well, given shared concerns about violence in areas such as the Gulf of Guinea and eastern Africa. The United States should also seriously consider the added value of working with China in stabilizing Afghanistan/Pakistan.”²⁹ Similar arguments apply to cooperation by both the U.S. and PRC with other Asian nations.

The ROK can play a particularly useful role, given its active military as well as economic role in the region. Seoul’s closer economic relationship with the PRC has reduced the possibility that the latter will support military adventurism by Pyongyang, despite the continuing bilateral alliance between the two traditional friends. South Korea should seek to establish ongoing military contacts and cooperation as well.

A positive response by China would aid those in the U.S. who are committed to peaceful cooperation. Polls indicate that many Americans are worried about the prospect of China becoming a superpower. Unsurprisingly, those suspicious of Beijing use the public’s relative ignorance to advocate confrontational policies. There is support even among mainstream academics and analysts for increasing America’s military deployments in the region.

International Structures for Peace and Stability

Maintaining peaceful relations and moderating military build-ups will be easier if nations in the region as well as countries with which they are closely linked, such as the U.S., work together in strong institutions. Expanding its UN role has helped Japan move beyond its imperial past; the ROK has taken on greater political as well as economic roles as it has moved onto the international state. One of the most important ways in which the PRC has demonstrated its commitment to a “peaceful rise” is its increasing participation in international organizations.

Notes China specialist Ann Kent: “Formerly castigated as a ‘rogue’ or ‘renegade,’ China has changed its international behavior under the impact of international institutions. Its rapid integration into the international system since it replaced Taiwan as formal representative of ‘China’ in the UN in 1971 is indicated in the expansion of its membership from only one intergovernmental organization (IGO) and fifty-eight international nongovernmental organization (INGOs) in 1966, to forty-six conventional IGOs and 1,568 conventional INGOs in 2003.”³⁰

Obviously, quality participation as well as quantity membership matters. Nevertheless, placing nations within a web of international organizations and obligations is more likely to promote the peaceful resolution of conflicts. Of the existing international system, notes G. John Ikenberry of Princeton: “the postwar Western order has an unusually dense, encompassing, and broadly endorsed system of rules and institutions. Whatever its shortcomings, it is more open and rule-based than any previous order.”³¹

Such a system helps shape the decisions of all participants. Asian nations such as the ROK and Japan long ago joined with other nations internationally. This approach will prove particularly valuable for a nation like the PRC as it moves toward the center of the international order. It also offers a positive benefit for a dominant power such as America. Multilateralism emphasizes constructive engagement and helps shift policy from coercion to cooperation.³²

However, Asian regionalism remains far behind that of Europe, epitomized by the European Union. In fact, observes Scott Snyder of the Asia Foundation: “The failure to develop official regional security cooperation stands in stark contrast to the economic regionalization that has developed along with China’s economic rise.”³³ Important barriers to enhanced Asian political integration remain. Still, as the countries of the Asia-Pacific continue to develop and expand their influence, interest in creating effective regional institutions continues to grow. How far and how fast residents are willing to go is difficult to predict, but ultimately they are likely to go far and fast. This process can and should promote geopolitical stability, creating an even stronger foundation for ongoing economic cooperation and growth.

What form this cooperation should take remains up to the nations in the region, of course. The resulting institution or institutions should place first responsibility on regional parties for resolving disputes

peacefully and countering threats to peace. This process could be supported by including both America and Russia in some form, given their long-standing and significant interests in Asia. With the end of the Cold War, the conflict between these two contending superpowers no longer dominates regional affairs. However, America's economic and military role in the Asia-Pacific remains huge, while that of Moscow could again increase. At least some of their activities could be channeled through regional institutions.

A number of structures currently exist; others have been proposed.³⁴ For instance, the immediate purpose of President Barack Obama's recent trip to the region was the Asia Pacific Economic Cooperation (APEC) forum. Created in 1989, APEC is largely an economic "talk-shop." The forum has been encouraging discussion of the development of a Free Trade Area for the Asia-Pacific. (Separately, the U.S. has indicated its interest in restarting discussions of the Trans-Pacific Partnership agreement, which even includes Chile, though it is open to all Pacific nations.) However, APEC also has provided a venue for the discussion of political issues, such as the violence in East Timor a decade ago.³⁵ The forum could evolve into a more formal structure with greater responsibility for regional issues.

In a similar vein comes the idea from Dmitri Trenin, of the Carnegie Endowment for International Peace, for "a security-minded G20."³⁶ This proposal also would take an informal system of economic consultations and turning it into something more formal and comprehensive. Trenin's initiative would be global, but the principle could be applied to East Asia.

ASEAN provides another potential foundation. Beijing appears to prefer an ASEAN Plus 3 (China, Japan, South Korea) forum to new organizations or meetings. In fact, ASEAN has spawned a variety of venues, including the ASEAN Security Community and ASEAN Regional Forum. The organization is flexible enough to include Washington in some venues. For instance, the U.S. has decided to ratify ASEAN's Treaty of Amity and Cooperation, which could expand its involvement. So far, however, the organization has failed to live up to its potential. Observes Amitav Acharya of American University: "Non-ASEAN members have grown a little frustrated with ASEAN's lack of resolve in shaping the direction of Asian multilateralism."³⁷

The East Asian Summit was first held in 2005 and recently convened in Thailand. In it Australia, India, and New Zealand joined the ASEAN

Plus 3 members; Washington is not a participant, but that could change. ASEAN Plus 3 has discussed creating an East Asian Economic Community, which mimics the 1990 Malaysian proposal for an East Asian Economic Caucus. Australia has proposed the Asia-Pacific Community. Japan has suggested the East Asian Community. They all differ in details; one of the most important questions is the role for America. For instance, the APC, in contrast to the EAC, would authorize U.S. participation.³⁸

Although none of these new ventures appear to be close to acceptance, let alone implementation, Snyder argues that the frustrating dealings with North Korea offer hope for ultimate success. He writes: “Ironically, North Korea—as the actor that has catalyzed common concerns that have created a basis for cooperation among the other parties in the region—might be regarded as the biggest promoter of multilateral security cooperation in the region.”³⁹

Snyder points to the (now defunct) Korean Peninsula Energy Development Organization, four-party talks among North and South Korea, China, and the U.S., the Trilateral Coordination and Oversight Group involving Japan, South Korea, and the U.S., and the Six-Party Talks (adding China, Russia, and North Korea to cover Pyongyang’s nuclear program). The latter forum, argues Snyder, “has arguably laid the foundations for the development of a permanent regional security mechanism in Northeast Asia.”⁴⁰ He sees the potential for the equivalent of the Helsinki Final Act and the resulting Commission on Security and Cooperation in Europe. Other analysts have recommended turning the six parties minus North Korea into the Northeast Asia Regional Forum to meet regularly. In fact, in 2006 when the North was boycotting the Six-Party Talks, the other five members joined with Australia, Canada, and Malaysia to discuss the nuclear issue at the ASEAN Regional Forum meeting.

The U.S. also has a variety of security alliances and consultations in place, including the trilateral U.S.-Japan-Australia security dialogue, initiated in 2005. It would, however, be difficult to turn such obviously America-centric processes to broader regional use. The ROK might be willing, but China, especially, is likely to be skeptical of dialogues which proceed from organizations seen as potentially directed against the PRC. Nevertheless, Washington and its allies might be able to help allay such suspicions by inviting Beijing to join in mutual consultations.

In contrast, China and Russia belong to the Shanghai Cooperation Organization, which the U.S. sees as largely directed against the American government. As a result, it is no less an improbable base for regional security cooperation as are Washington's alliance-based security dialogues.

There are other options as well, but the security visions of nations throughout East Asia vary substantially.⁴¹ Pulling so many different countries into a single organization or forum will not be easy. Creating an effective institution will be even harder.

However, the very process of attempting to create such an entity itself would be useful, especially if Asian countries like the ROK take the lead. Since the goal would be to promote peace and stability, creating an ethic of cooperation itself would be valuable. Getting regional leaders together with America to discuss the best means to develop a positive regional order would be useful even if practical progress remained slow. Success might not be guaranteed, but the search for solutions alone would offer potential benefits for the future.

Conclusion: Economic Cooperation after the Financial Crisis

East Asia has been transformed over the last half century. Michael Schuman calls the process simply "The Miracle."⁴² Poverty and stasis have given way to plenty and transformation. The miracle of development occurred centuries ago in the West, but the process took centuries. In the East countries are rushing into the industrial age in decades and even years. Japan, Taiwan, and the ROK successively joined the high-income, industrialized world. China and several smaller "tigers" are traveling along the same track. The benefits of Asian economic growth are evident around the globe.

However, it would be foolish to assume that continued progress is inevitable. There are challenges aplenty. Countries like South Korea, which have been ravaged by war, most understand the danger of failing to meet those challenges.

Nations in the region, and those with which they are most closely linked, must continue to promote responsible economic policies, especially fiscal responsibility and open markets. Asia, and China in particular, has become an increasingly important engine of economic growth. We must keep that engine running.

Second, members of the Asia-Pacific must promote regional stability. That means easing tensions and moderating military

expenditures. An important objective should be to either transform existing or create new regional institutions capable of promoting peace and stability. Although multilateralism is no panacea, it offers a potentially powerful stimulant for countries to resolve their differences cooperatively.

We live in exciting times. All of us benefit from East Asia's enormous economic progress in recent years. It is our responsibility to help protect past gains while seeking greater prosperity and more enduring peace.

Notes:

¹ See, e.g., Martin Jacques, *When China Rules the World: The End of the Western World and the Birth of a New Global Order* (New York: The Penguin Press, 2009), pp. 23-45.

² Jacques, 3.

³ For one skeptical look at Asia's and China's rise, see Minxin Pei, "Think Again: "Asia's Rise," *Foreign Policy*, July/August 2009, www.foreignpolicy.com

⁴ Quoted in Terence Poon and Andrew Batson, "China's Exports Continue Recovery," *Wall Street Journal*, November 12, 2009, p. A16.

⁵ John H. Makin, "China and the United States, Economic Outlook, American Enterprise Institute, December 2009, p. 2.

⁶ See, e.g., Zheng Bijian, "China's 'Peaceful Rise' to Great-Power Status," *Foreign Affairs*, September/October 2005, www.foreignaffairs.com/print/61015

⁷ Douglas H. Brooks and Changchun Hua, "Asian Trade and Global Linkages," *Asian Development Review*, vol. 26, no. 1 (2009), p. 115.

⁸ Tom Wright, "U.S., China Vie for Dominance in Southeast Asia, *Wall Street Journal*, November 12, 2009, p. A16.

⁹ K.C. Fung, Testimony before the U.S.-China Economic and Security Review Commission, Hearing on China as an Emerging Regional and Technological Power: Implications for U.S. Economic and Security Interests, February 12, 2004.

¹⁰ The US-China Business Council, www.uschina.org/statistics/tradetable.html; Zhong Shan, "U.S.-China Trade is Win-Win Game," *Wall Street Journal*, March 26, 2010.

¹¹ David Barboza, "China's Sprint for the Gold," *New York Times*, November 15, 2009, p.WK4.

¹² Shan.

¹³ Michael Schuman, *The Miracle: The Epic Story of Asia's Quest for Wealth* (New York: HarperBusiness, 2009), pp. 345-51.

¹⁴ John Plender, "Decline But No Fall," *Financial Times*, November 12, 1009, p. 7.

¹⁵ Helene Cooper, et al., "China's Role as Lender Alters Dynamics for Obama's Visit," *New York Times*, November 15, 2009, p. 1.

¹⁶ Timothy Geithner, Sri Mulyani Indrawati, and Tharman Shanmugaratnam, "The Road Ahead for Asia's Economies," *Wall Street Journal*, November 12, 2009, p. A23.

¹⁷ Geithner, et al.

¹⁸ Peter Sweeney, "American Paranoia or Prudence: Why Block Chinese Direct Investment?," June 20, 2008, [www.danwei.org/business/paranoia_](http://www.danwei.org/business/paranoia_or_prudence_why_block.php)

[or_prudence_why_block.php](http://www.danwei.org/business/paranoia_or_prudence_why_block.php).

¹⁹ Sweeney.

²⁰ Zachary Karabell, "Watch Out for the China Bashers," *Wall Street Journal*, September 5, 2007, <http://online.wsj.com/article/SB118895539198217667.html>

²¹ Wayne M. Morrison, "China-U.S. Trade Issues," Congressional Research Service, June 23, 2009, p. 1.

²² For a detailed summary, see Morrison, pp. 14-26.

²³ Geoff Dyer, "China and U.S. Resolve Trade Disputes," *Financial Times*, October 30, 2009, p. 6.

²⁴ See, e.g. "Playing with Fire," *Economist*, September 19, 2009, pp. 37-38; David M. Dickson, "Festering Trade Rift Awaits Obama in China," *Washington Times*, November 15, 2009, A1, A9.

²⁵ Plender. See also Eswar Prasad and Grace Gu, "An Awkward Dance: China and the United States," Brookings Institution paper, November 11, 2009.

²⁶ International Institute for Strategic Studies, *The Military Balance 2009* (London: Routledge, 2009).

²⁷ See, e.g., Doug Bandow, "The China Syndrome," National Interest online, October 19, 2009, <http://www.nationalinterest.org/Article.aspx?id=22308>

²⁸ Peacekeeping is a particularly good example of how Beijing has started to channel its growing military strength through international cooperation. See, e.g., Andrew Higgins, “China Showcasing Its Softer Side,” *Washington Post*, December 2, 2009, p. A8; Kenneth D. Johnson, “China’s Strategic Culture: A Perspective for the United States,” June 2009, p. 9, www.StrategicStudiesInstitute.army.mil/

²⁹ Jonathan Holslag, “Embracing Chinese Global Security Ambitions,” *Washington Quarterly*, July 2009, p. 112.

³⁰ Ann Kent, *Beyond Compliance: China, International Organizations, and Global Security* (Stanford, California: Stanford University Press: 2007), p. 2.

³¹ G. John Ikenberry, “The Rise of China and the Future of the West,” *Foreign Affairs*, January/February 2008, www.foreignaffairs.com/print/63042

³² See, e.g., Thomas J. Christensen, “Shaping the Choices of a Rising China: Recent Lessons for the Obama Administration,” *Washington Quarterly*, July 2009, pp. 89-104.

³³ Scott Snyder, “Prospects for a Northeast Asia Security Framework,” Korea Economic Institute, October 15, 2008, p. 1. See also Dick K. Nanto, “East Asian Regional Architecture: New Economic and Security Arrangements and U.S. Policy,” Congressional Research Service, January 4, 2008, p. CRS-2.

³⁴ Nanto provides a good survey of the relationship between and overlapping memberships of the many East Asian organizations and forums.

³⁵ John J. Brandon, “Obama Attends APEC Forum on Inaugural Trip to Asia,” *In Asia*, The Asia Foundation, November 11, 2009, <http://asiafoundation.org/in-asia>

³⁶ Dmitri Trenin, “So Far Purely Economic, G20 Could One Day Cover Security Too,” *Europe’s World*, Autumn 2009, www.europesworld.org.

³⁷ Amitav Acharya, “Competing Communities: What the Australian and Japanese Ideas Mean for Asia’s Regional Architecture,” *Pacific Forum CSIS, PacNet No. 70*, October 27, 2009, p. 2.

³⁸ See, generally, Acharya, pp. 1-2.

³⁹ Snyder, p. 2.

⁴⁰ Snyder, p. 4.

⁴¹ See, e.g., Nanto, pp. CRS-30-CRS-33.

⁴² Schuman.