
Policy Forum 08-018: The Search for a Common Strategic Vision: Charting the Future of the US-ROK Security Partnership



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By the US-ROK Strategic Forum

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I. Introduction

This Report is the product of a multiyear, bipartisan, bi-national "strategic dialogue" to candidly discuss the strengths and address the weaknesses in the U.S.-ROK alliance, place them in a regional and global context and look ahead to identify ways to ensure its future success. It concludes, "The US-ROK partnership should be reaffirmed - but it should also be modernized and redefined... In this Report, we chart a path of strategic cooperation between the United States and South Korea for this new era."

The views expressed in this article are those of the author and do not necessarily reflect the official policy or position of the Nautilus Institute. Readers should note that Nautilus seeks a diversity of views and opinions on contentious topics in order to identify common ground.

II. Article the US-ROK Strategic Forum

- "The Search for a Common Strategic Vision: Charting the Future of the US-ROK Security Partnership"

By the US-ROK Strategic Forum

Executive Summary

The US-ROK security partnership is at a crossroads. For half a century the alliance has been an essential component of each country's security and a source of peace and stability in East Asia. But the region is undergoing rapid change. China is rising, American strategic interests are shifting, and the Republic of Korea has grown and prospered and seeks greater independence in its foreign and security policies. New security challenges are emerging in the region - and around the world. In the meantime, the United States and the Republic of Korea have just emerged from a period of acrimony over strategy toward North Korea and the wider terms of the security alliance.

This Report offers a comprehensive reassessment of the US-ROK security partnership. In our judgment, the alliance between the US and the Republic of Korea is a vital national security interest of each country, as is the stability and security of Northeast Asia more broadly. Over the decades, this alliance has been more than a security pact; it has been an institutionalized expression of a political and economic friendship - two countries as partners and participants in a larger international order built on shared interests, values, and aspirations. In looking into the future - and at the complex security challenges that await - a revitalized US-ROK alliance will be more, not less, important to our respective countries and the region.

The US-ROK partnership should be reaffirmed - but it should also be modernized and redefined. The alliance provides a solid foundation for addressing the future, but provides little guidance as to how the alliance's mission, priorities, scope and even its institutional identity should adjust to the recent changes and trends in Northeast Asia and the evolving security challenges of the 21st century. In this Report, we chart a path of strategic cooperation between the United States and South Korea for this new era.

To reaffirm and place the alliance on a more solid footing, this Report recommends the following specific steps:

- The United States and the Republic of Korea must begin to sketch a new - and shared - strategic vision that goes beyond tactical questions relating to North Korea. The alliance must be seen in wider and longer-term perspective as an institutionalized security partnership with a mandate to address both traditional and "new" security challenges in the region and the global system. In the 21st century, the alliance must become a "multi-tasking" entity.
- The terms of the alliance - and the roles and expectations of each partner - must also be redefined.

The old patron-client style of partnership should give way to a more equal and reciprocal relationship. These shifts in status and voice within the alliance come with a renegotiation of roles and responsibilities - roles and responsibilities that are detailed in this Report.

- Even as the American strategic priorities shift on a global level - and basing and deployment commitments evolve - the United States nonetheless reaffirms its commitment to the security of South Korea. In doing this, it should also make a commitment to the basing of at least 25,000 troops in South Korea.
- The new shared US-ROK strategic vision should include several areas for immediate dialogue and action: these include narrowing disagreements on North Korea, developing a common approach to China, and working together on the development of a new regional security mechanism.
- The search for a new US-ROK strategic vision should also include identifying a common agenda for addressing new transnational and regional challenges - challenges that involve establishing mechanisms to deal with environmental degradation, contagious diseases, energy security and conservation, WMD proliferation, and illicit activities.

I. Introduction

The U.S.-ROK security partnership is at a crossroads. For fifty years, this alliance has been an essential component of each country's security - and, as such, it has been one of the leading sources of peace and stability in East Asia. The alliance has been vital to America's regional and global leadership position. It has also provided a framework of support and cooperation that has served South Korea well as it made historic transitions to democracy and a modern economy. The alliance has been more than a security pact; it has been an institutionalized expression of a political and economic friendship - two countries as partners and participants in a larger international order built on shared interests, values, and aspirations.

But the future of this partnership is now far from certain. The shared strategic vision that grew out of the Cold War era has faded. The two countries have at times adopted different approaches to North Korea, and this has been a serious and persistent source of friction. America's strategic interests have shifted - both globally in the wake of September 11 and within the region with the rise of China. South Korea has grown, too, prospered and matured, and now seeks greater independence in its foreign and security policies.

Perhaps most important of all, the region itself is undergoing a major transformation. The old East Asia was organized around American security leadership, anchored in an array of bilateral security pacts. Those pacts, especially with the ROK, Japan and Australia, still matter - a great deal. But today, China is growing more powerful and its economic and military presence increasingly looms across the region. The future of the region hinges in no small measure on how the United States and China navigate this power transition - and the fate of the bilateral alliances, including the U.S.-ROK security partnership, will hang in the balance.

The Korean peninsula is at the center of changes that are reshaping this regional landscape. Many of these prospective changes remain poorly understood in the United States and the ROK and officials in both countries have often been slow to respond to these trends and developments. In this Report, we seek to chart a path of strategic cooperation between the United States and South Korea for this new era. Our basic argument is that the U.S.-ROK alliance is still vital to both countries - both in its value as a security pact and in its wider role as a vehicle for regional and global cooperation. The alliance must be redefined - but we argue that it should also be reaffirmed, revitalized, and placed on a new and more solid footing.

A first step entails sketching a vision of strategic cooperation that goes beyond tactical differences over how best to address North Korea's nuclear weapons program. Friends of the alliance - in both Washington and Seoul - need to step back from the day-to-day disagreements and peer more deeply into the future. We need to see the alliance in wider and longer-term perspective. It is important for the two sides to find agreement on how the bilateral alliance fits into the fast-evolving regional security environment. It is also important for the two sides to identify the wider, non-security value of the alliance - that is, its value as a mechanism for a larger cooperative agenda of regional and global diplomacy.

The two countries are now in the midst of presidential transitions. New leadership will take charge in both Seoul and Washington. The time is ripe, therefore, for a frank discussion of the strategies, interests and goals of both countries that will define the alliance for the future. This Report seeks to set out both why the alliance remains vitally important to both countries and to outline an agenda of action. If the oft-troubled US-ROK alliance is to be revived and brought into the 21st century, there are concrete and specific problems that the two sides must face and settle. This Report identifies these problems and provides a vision of how we can overcome them and move forward together.

II. The Regional Setting

Developments in the region will influence the choices facing both the United States and South Korea during the coming decades. While certain opportunities may be limited or even foreclosed, we believe there will, on balance, be greater opportunities for unprecedented regional cooperation. But this needs to be based on a clear-eyed analysis of recent changes and current trends affecting Northeast Asia.

1. A Rising China

Whenever Northeast Asian security is discussed-including with respect to the Korean peninsula-the 800-pound gorilla in the room is the People's Republic of China (PRC). Although China has no obvious aspirations to dictate the course of events on the peninsula, it does have significant interests there. Given China's rapidly developing economic and military power, and its consequent political influence, one simply cannot conduct a sensible dialogue on regional security in general, or peninsular security in particular, without factoring in Chinese interests and Chinese views.

Beijing has a large claim to participate in determining permanent Korean security arrangements because of its signature on the 1953 Armistice Agreement and because of its proximity. That does not mean China has a role in each and every aspect of the multi-party permanent peace mechanism that will hopefully be developed to replace the 1953 Armistice. But having entered the war in 1950 to protect Chinese national security, it would be unrealistic to expect Beijing to sit by while others decide the shape of future arrangements.

Moreover, China's increasingly important -- in some respects even dominant -- role in the economies of both Koreas, as well as the region more broadly, means that Chinese interests will inevitably need to be taken into account in any regional trade and investment agreements. For Seoul and Washington, this reality constitutes something of an imperative to move ahead to ratify and implement the June 30, 2007 Korea-US (KORUS) Free Trade Agreement.

For all of its growing clout, China's relationships with the countries of Northeast Asia, while generally cordial and constructive (certainly more so today than a year or two ago, with the improvement in Sino-Japanese relations), are characterized by more wariness than most of its relationships in Southeast Asia. This is of particular note because China sees its greatest security challenges as coming from the east-whether from the United States and Japan or even in some

respects from the Korean peninsula. Taiwan, of course, plays a prominent role in all of this.

Thus, it is all the more important-for China and for everyone else-to work as effectively as possible to strengthen relations, resolve problems and, ideally, even head them off before they mature.

At the same time, despite China's impressive economic performance over the past two decades and more, it is not axiomatic that its development will be an unending string of successes or that international conditions will invariably contribute to smooth, good-neighboringly relations. Disruptions in China's own economy-always a possibility given the social tensions, corruption, environmental threats, and banking system woes-could readily have harmful spill-over effects on relations with its neighbors. Nationalism has some utility for the Beijing authorities to rally public opinion and alleviate domestic tensions, whatever their origin. But this is not an unalloyed blessing. There is a point at which there will be an inevitable conflict between such sentiments and the "father knows best" approach of the Chinese Communist Party. The rapidly expanding room for Chinese citizens to determine the economic and social dimensions of their lives is already leading to greater demands for political power, as is reflected in the leadership's emphasis on greater "democracy." No one should be misled into thinking that this is meant to lead to what Americans characterize as "Jeffersonian democracy." But it will mean greater accountability, and an insistence that the leadership-and the party at lower levels-pay more attention to the demands of the people. We should all welcome this, but there is no question that it will complicate Chinese decision-making and, perhaps, political stability.

For a variety of reasons, Northeast Asia more generally is in a period of rising nationalist sentiment. This is true in Taiwan, Japan and South Korea, as well as China. Along virtually all bilateral axes, we have seen tensions rise over both current and historical issues encompassing political, economic and territorial disputes.

Some of these disputes are more serious than others. Although emotionally powerful in Korea, it would seem that tussling over "the ancient kingdom of Koguryo" will be of less potential consequence in the larger scheme of things in Sino-Korean relations than, say, the maritime and territorial disputes in the East China Sea are between the PRC and Japan. Although the conflicting historical claims between the ROK and Japan over Tokdo/Takeshima may not lead to physical clashes, they can inflame domestic public opinion and hence disrupt diplomatic relations.

Taiwan is more serious. In Taiwan, there is a heightened search for a new, hybrid identity, but this does not equate to enthusiasm for Taiwan's independence. In a recent poll, over 86 percent of respondents favored maintaining the status quo. This will likely remain the case, regardless of which presidential candidate is elected on March 22. And although the PRC still seeks ultimate reunification, it has in recent years adopted a posture of seeking to prevent independence, as it knows that its long-term goal is not currently feasible.

Still, Taiwan has the potential to aggravate relations between China and not only the United States, but virtually all of China's neighbors in Northeast Asia (perhaps, but not necessarily, excepting North Korea). Japan's preeminent interest in regional peace and stability, its clear need for reliable sea lines of communication, and its treaty ties with the United States would be directly and immediately affected by a major crisis over Taiwan. Although the Roh Moo Hyun administration sought to "opt out" of any involvement in a Taiwan contingency, South Korea would more than likely not be able to sit on the sidelines (and the Lee Myung-bak administration might have less inclination to do so, in any case). If, in the unlikely event that China were to use force-and most especially if the United States and Japan were drawn in-there would be serious consequences for the ROK, regardless of whether Seoul permitted or forbade the use of Korean bases for military operations.

In the meantime, the accumulation of PRC military capabilities, although designed first and foremost for Taiwan, creates new realities of great importance for others. Indeed, given the depth of mutual strategic suspicion between the United States and China, as well as between Japan and China, assessments of PLA modernization extend beyond consideration of their implications for a cross-Strait confrontation. The build-up of American naval and air capabilities in the Pacific, and Japan's recent military upgrades, are only partially in response to growing concerns about cross-Strait relations per se.

The issue of China's rapidly increasing dependence on imported energy-and the potential problems and opportunities this creates regarding regional relations-has been discussed in many places (see, for example, "The US-Japan Alliance: Getting Asia Right through 2020," also known as the Armitage-Nye Report II). We won't rehearse those points here, except to underscore that they are of fundamental importance and will only become more so as the huge Chinese economy modernizes.

An underlying factor affecting all of this is the mutual strategic suspicion that exists between the United States and China, despite the sincere determination on both sides to improve relations and tamp down disagreements. Americans worry that China seeks to become the regional hegemon at U.S. expense, and Chinese worry that the United States is not prepared to accept the PRC playing a more active role in support of its legitimate national interests. It is not self-evident how these suspicions will be alleviated, but it will be crucial to the long-term maintenance of peace and stability throughout the region that they are addressed rather than simply allowed to fester.

China's role in the Six-Party Talks has led to an improved image of the PRC in the United States, but on many other international issues (e.g., Iran and Sudan) and in terms of what is seen as unacceptably lax attitudes toward intellectual property rights (IPR) and product safety issues, China is still viewed skeptically or even negatively in many parts of American society. These attitudes are fully reciprocated by China. How the change in the American administration in 2009 will affect such mutual perceptions is not clear, but the general presumption is that a Democratic president would adopt a more confrontational stance on trade, currency manipulation and other economic matters.

Since Prime Minister Abe Shinzo's trip to Beijing in fall 2006, relations between Japan and China have improved, and Prime Minister Fukuda Yasuo has shown every intention of taking that several steps further. But there are not only lingering suspicions about each other's ambitions, there is also a series of clashing interests, including over East China Sea resources and over leadership in East Asia community building. A strong China and strong Japan co-existing simultaneously is an historical first, and it remains to be seen whether leaders on both sides will demonstrate the care and political will to maintain not simply workable but good relations.

It is possible that the effective/successful pursuit of denuclearization and establishment of permanent peace on the Korean Peninsula could be a driving force in fashioning a virtuous cycle of constructive relations among the United States, China and Japan, reducing Sino-American mutual strategic suspicion and even modulating Sino-Japanese competition for power and influence (though this last is less likely). But it will be a challenge for the United States to manage its policy so as to foster better relations with China while also preserving and enhancing alliance relations with Korea and Japan.

A key is Taiwan, where, if things go well, much of the concern on all sides will abate and, if things do not go well, those concerns will deepen.

The "China mood" or "China fever" in Korea has obviously subsided, but there is no question that Koreans understand the importance of ties with Beijing for their future well-being and that they seek to keep relations on a positive course, especially in the trade area. And it is clear that China has

played a positive role in the Six-Party Talks, one consistent with South Korean (and American) interests. However, a test may come if the denuclearization process bogs down. At that time, China may determine there is no percentage in pushing North Korea to denuclearize, deciding instead to live with the nuclear status quo for now and repositioning itself to gain greater influence with Pyongyang. How Seoul would position itself vis-à-vis China in such circumstances is uncertain, as would be the impact on the alliance with the United States of any significant shift in North-South relations.

2. A More Self-Confident South Korea

The Republic of Korea has undergone profound transformations in the last five decades. A decade after the Korean War, South Korea was one of the poorest countries in the world. The Japanese colonial legacy, national division, and a series of social and political upheavals trapped South Korea in a vicious circle of poverty and underdevelopment. Democracy in Korea was also a remote possibility. A 1961 military coup led to repressive, military-dominated regimes that lasted until the 1980s.

Yet South Korea emerged from these tribulations to become a full-blown democracy and one of the richest countries in the world. In the last few years, the South Korean economy has been consistently ranked within the range of the 10th to 13th largest in the world. The size of exports surpassed \$360 billion in 2007, marking the 11th largest in the world, whereas its foreign reserves are the 5th largest. And the number of patent registration in the Triad Patent Families (TPF), an important indicator of technological development was the 4th in the world in 2005 trailing only the United States, Japan, and Germany. South Korea has developed world-class industries in shipbuilding, steel, semiconductors, information and communications, robotics and electronics, and is the most "wired" country in the world. Underpinning all of this economic and technological success is a first-rate education system.

Judged on the size and dynamism of its economy, the level of technological development, the quality of human resources, and military capabilities, South Korea is one of the leading countries in the world. Its maturing democracy has also been a backbone of Korea's political stability. Moreover, the successful hosting of the 1988 Olympic Games and the 2002 World Cup, its increasingly dynamic film industry, popular soap operas and trendy music stars have significantly enhanced South Korea's soft power status.

These achievements have made South Koreans more self-confident and desirous of a regional and global status commensurate with their new power and wealth. Consequently, they have increasingly favored a more proactive and independent foreign and national security policy. This sentiment is especially prevalent among the younger generation, who has called for a more mature partnership with the U.S. based on mutual respect and a dismantling of the Cold War security structures on the peninsula. When these calls were adopted by the Roh Moo-hyun administration, they strained the traditional alliance with the United States and worked against a more cooperative stance with Japan.

Yet even if these views are unlikely to receive official approval in a new Lee Myung-bak administration, they reflect a changing domestic landscape that has important implications for the alliance and regional security. While holding steady to its partnership with the United States, South Korea intends to play a more active role in the peaceful re-unification of the Korean peninsula by fostering gradual, evolutionary changes in the North. In this sense, Kim Dae-jung's "sunshine" policy and Roh Moo-hyun's "peace and prosperity" policy have become institutionalized, although there will be tactical differences in the implementation of the policy, perhaps significant ones, depending on which political party occupies the Blue House.

At the same time, South Korea values the current stabilizing role played by the United States and strongly opposes any abrupt withdrawal of American forces from the region. Seoul also opposes rivalry between the U.S. and China for regional hegemony and a regional military competition between China and Japan, even if it is uncertain at this point on how best to promote these goals. More positively, South Korea wants to play a larger role in facilitating peace and common prosperity through multilateral cooperation, yet here again it is unclear how it defines and delimits its vital national interests (the Korean peninsula? The Northeast Asia region? Global issues?) and how it can effectively attach its power to regional and international institutions to achieve these ends.

The good news is that South Korea has substantial economic and military capacity -- and both are likely to become stronger in the future. In addition to dispatching combat or non-combat forces to trouble spots at the request of the United Nations or the United States, South Korea can also enhance global governance through peace-keeping operations, overseas development assistance, global and regional rescue operations, and emergency relief and humanitarian assistance. As South Korea's aspirations to help lead the international community grow in tandem with its self-confidence, there will be greater potential for cooperation with the United States that will extend well beyond the Korean peninsula and the traditional limits of the alliance.

3. A More "Normal" Japan

Since the mid-1990s Japan has begun removing both substantive and symbolic constraints on its security role in response to rising concerns about China and North Korea and political and generational change at home. Over this period, the Japan Self-Defense Forces (JSDF) have taken on more explicit responsibility to respond to regional contingencies together with U.S. forces, to support multinational coalition operations globally and to take on limited counteroffensive operations in the defense of Japan. In recent years, Japan has also passed legislation strengthening the government's emergency management authority; launched indigenous reconnaissance satellites; developed missile defense capabilities with the United States; elevated the Defense Agency to a Defense Ministry and established a joint Defense Intelligence Headquarters. For the most part, these are developments that have been sought by U.S. policy makers for decades. Support for changes in Article Nine of the Constitution has also grown; either through revision of the Constitution itself or reinterpretation of whether Article Nine should continue to bar Japan's forces from participating in "collective self defense" with U.S. forces.

Japan's neighbors have viewed these developments through different lenses and drawn different conclusions. In Northeast Asia, concerns have grown that Japan's process of "normalization" may not be so different from the pre-war Japanese shift towards militarization. These concerns have been exacerbated by former Prime Minister Koizumi Junichiro's controversial visits to the Yasukuni Shrine, which honors both ordinary soldiers and former war criminals, and by revisionist comments about the war, including former Prime Minister Abe Shintaro's attempts to minimize the Imperial Japanese Army's culpability for the inhumane treatment of so-called "comfort women."

Upon closer inspection, however, it appears that Japan's "normalization" may be more smoke than fire. The defense budget remains below 1% of GDP and has actually been contracting in real terms for several years. Opposition to developing nuclear weapons runs over 80% in polls even after the October 2006 North Korean nuclear test. Japan now deploys no more than a few hundred JSDF personnel abroad for peacekeeping, under tight civilian control. And even the ruling Liberal Democratic Party's proposal to change only half of Article Nine of the Constitution (retaining the anti-war clause but permitting collective self defense) has stalled. Meanwhile, opposition control of the Upper House of the Diet since July 2007 has rendered the government barely able to pass legislation keeping two ships in the Indian Ocean as part of the global war on terror.

While the United States and Korea often view Japan through different ideational and historical lenses, both Seoul and Washington share a common strategic interest in seeing Japan contribute to security and prosperity in Asia while building better relations with its immediate neighbors. Since the inauguration of the Fukuda cabinet, Japan has taken new diplomatic initiatives that give greater attention to Asia. These developments have been well-received in Washington and the region. Nevertheless, in order for Japan to emerge as a truly "normal" state that commands respect from the region and the world, it needs to overhaul its diplomatic strategy. The United States and the Republic of Korea must also work with Japan to strengthen coordination both bilaterally and trilaterally.

First, trust-building with neighboring countries and people is a crucial prerequisite for Japan to strengthen its impact on regional developments. Prudent steps should be taken to eradicate mutual misperception and distrust emanating from history issues. Politicians within Japan bear a special responsibility to demonstrate leadership in this regard and to avoid nationalistic rhetoric that weakens Japan's strategic position in the region.

Second, the United States, the ROK and Japan should revitalize their trilateral cooperative mechanism to deal with North Korea. This is necessary to sustain momentum in the Six-Party Talks and to help Japan place the sensitive issue of Japanese abducted by North Korea in a larger strategic context. Japan, the United States and the ROK share the common goal of peacefully ending North Korea's nuclear weapons program and a common responsibility to aid North Korea if diplomacy is successful or defend ourselves should diplomacy fail.

Third, Japan's efforts to enhance its defense capabilities and revise its Constitution should be conducted with greater attention to the need for transparency and deeper consideration for its neighbors' sensitivities. In this respect, a revival of U.S.-Japan-ROK trilateral defense talks from the late 1990s would be useful.

Finally, Japan should make clear its preparedness to expand its contributions to regional and global peace and stability, as well as its willingness to contribute further to international efforts to address transnational threats. Japan is well-positioned to do more in support of international peace-keeping, including operations under the auspices of the United Nations, as well as do more to address human security issues, such as poverty reduction and development assistance, trans-border migration concerns, and contagious diseases. Addressing global issues, such as climate change, environmental protection, human rights and support for democratic institution-building are worthy agendas, the pursuit of which would gain Japan considerable international credit. Further, Japan should also continue to undertake a leading role in building an East Asian community.

4. America's Preoccupations Outside of Asia

September 11 and its repercussions loom over U.S. strategic calculations. In the aftermath of the terrorist attacks on the U.S. homeland, American concerns shifted abruptly towards Afghanistan, Iraq and elsewhere in the non-East Asian portions of the Islamic world. Policy makers in Asia fully understood America's altered strategic imperatives, but internal stability, economic advancement, and future regional power alignments are far more pertinent in the eyes of nearly all regional states. Although there is selective attention to terrorist threats and to the risks of weapons proliferation, which rank at the very top of American anxieties, these concerns are not the dominant preoccupations of regional elites.

Despite the U.S. strategic stakes in East Asia, America's open-ended involvement in Afghanistan and Iraq and its venture to promote democracy throughout the Islamic world have reduced the attention and (to a lesser extent) American military resources devoted to Asia. Regardless of the ultimate

outcomes of the current conflicts in the greater Middle East, concerns about endemic and widespread instability in this region seem very likely to dominate U.S. foreign and defense planning for the foreseeable future. In this sense, the relative stability in East Asia over the past decade works against a greater American presence in the region. It is not that Washington takes its Asian friends and allies for granted or minimizes the overall importance of East Asia for global prosperity and stability. Rather, at a time when the U.S. is heavily engaged in two wars, policy makers have little time and fewer resources to devote to the region. Short of a crisis on the Korean peninsula or in the Taiwan Strait, the weight of America's attention is likely to remain focused on the Middle East and Southwest Asia.

This strategic preoccupation has important implications for the U.S.-ROK alliance. First, there will be incentives for the United States to move gradually to an offshore-dominant role, reducing the need for large American forces on the Korean peninsula, although it should (as this report recommends) maintain a sizable residual presence, on the order of at least 25,000 personnel. Second, the United States will want the ROK to assume a larger share of the security responsibilities on the Korean peninsula previously performed by the United States, a role that the ROK seems willing, indeed, eager to play.

Finally, both Seoul and Washington have expanded their concept of the alliance's mission to reach well beyond the Korean peninsula. This is due to several factors: the ROK's ambition to play a greater role on the regional and global stage; a recognition that instability, terrorism and WMD outside of Northeast Asia can threaten peace and stability in Northeast Asia; and the confidence that both conventional and nuclear deterrence towards North Korea, which has worked for over fifty years, will continue to work in the future without precluding U.S. and ROK forces from adopting other roles and missions off-peninsula. Exactly what guidelines and protocols will govern these other roles and missions, however, is still a work in progress.

5. North Korea: Transition, Stagnation or Crisis?

Few challenges loom larger in U.S.-ROK relations than the future of North Korea. The DPRK remains both dangerous and endangered, with no easy or obvious path to a fully functioning society and economy or to normal relations with the outside world, especially with the ROK. The North has yet to depart meaningfully from the siege mentality that the leadership has long employed to legitimate its claims to absolute power, including its pursuit of nuclear weapons. The second summit meeting between the leaders of the North and South in October 2007 suggested the possibility of fuller relations between the two Koreas, in particular a much larger ROK role in rebuilding the North's decrepit infrastructure, but this remains a vision, not a reality. At the same time, the possibility of upheaval or meltdown in the North must always be borne in mind. No state (least of all the ROK) can possibly welcome a major crisis in the North that could fundamentally endanger regional stability. Leaders in the South therefore hope that external assistance can lead to improved living standards and a modicum of economic opportunity long denied their brethren in the North. But such assistance cannot be unconditional. The DPRK must demonstrate a readiness to undertake fundamental shifts in its internal and external behavior, but such actions could well put the longer-term survival of the North Korean system at risk. It is no wonder that leaders in the North approach this prospect so warily.

The possibility of major crisis in the North reflects decades of deprivation, isolation, and economic mismanagement. Following the disintegration of the Soviet Union and the loss of Soviet economic subsidies, the North experienced virtual economic collapse, including a famine in the mid-1990s, resulting in the death of more than one million citizens. Food and humanitarian assistance from abroad forestalled an even larger calamity. (Most estimates suggest that the economy contracted by more than one-half over the course of the 1990s. Indeed, the North's leadership characterized this

period as an "arduous march.") Although modest economic growth and small-scale marketization began in the late 1990s, economic privation remains widespread, including pervasive shortages of energy, raw materials, and foodstuffs, along with a dilapidated industrial and transportation infrastructure. Despite such horrendous circumstances, the leadership has continued to espouse a "military first" policy, thereby justifying pursuit of a nuclear weapons capability and an economy skewed severely toward military needs.

Where does the DPRK go from here? Indeed, how does it even begin to define a viable future path? How does the leadership weigh the urgent need for internal change against the risks of the loss of control? Indications remain conflicting, reflecting leadership indecision, division, or both. Recent policy statements have described the country's main task as "rapidly improving the people's livelihood" that would place the economy on a "modern footing." Leaders in Pyongyang also seem gratified by the recent improvements in relations with the United States, which they characterize as portending larger breakthroughs in the North's diplomacy and economic prospects. Slogans aside, however, such goals are not even remotely achievable without a massive reallocation of domestic resources, acceleration of market-based activities, the building of credible commercial ties with the outside world and large amounts of foreign direct investment.

All these steps presuppose an equally consequential decision: the leadership's willingness to irrevocably forego the entirety of its nuclear weapons development, including a full accounting of its past nuclear behavior. But the necessary steps to advance this process remain halting and incomplete. As stipulated under a February 2007 declaration signed at the Six-Party Talks, the DPRK has ceased operations at its Yongbyon nuclear weapons complex. It is also proceeding (under a follow-on agreement signed in October) to disable its nuclear production facilities under the auspices of U.S. technical personnel. But the North has yet to fulfill its commitment to fully disclose its nuclear history and its extant capabilities. The ultimate disposition of any existing nuclear weapons, its fissile material inventory, and the technology for additional fissile material production remain entirely unaddressed. Indeed, some statements indicate that the North still seeks recognition as a nuclear-armed state, which is fundamentally antithetical to the declared objectives of the Six-Party Talks. The DPRK also asserts that, unless and until the United States ceases its "hostile policies" toward the North, it must retain its nuclear capabilities. The diplomacy has been further complicated by unresolved questions about the North's involvement in a Syrian complex bombed by Israel in September 2007 and by reports that Pyongyang turned over smelted aluminum tubes that contained traces of highly enriched uranium.

The United States and the ROK have found it difficult to find common ground on an issue where our values should be bringing us closer together, namely, the deplorable human rights situation in the North. Washington and Seoul can learn from each other on this issue. For Washington, the challenge will be to find a way to conduct a public discourse about the suffering of the North Korean people without appearing to advocate regime change. For Seoul, the challenge will be to maintain a consistent stand to improve not only the economic welfare, but also the fundamental human rights of the people in the North without allowing Pyongyang to silence the truth with threats and bluster. Then next administrations in the United States and the ROK need to engage in a thoughtful dialogue on strategies to improve the basic human conditions of the people of the North without unduly empowering the regime in the process. If there is to be a lasting settlement of security issues on the Korean peninsula, the condition of the North Korean people cannot be put aside. It goes to the basic character of the North Korean regime and to the prospects for bipartisan support of any settlement in both the United States and ROK.

These issues bespeak a deeper set of anxieties about the viability of the North Korean system. Can the leadership envision a longer-term future without its nuclear capabilities? Are leaders in

Pyongyang willing to allow their people greater freedoms? Are they truly prepared to accept the legitimacy of the ROK as a sovereign state? Indeed, does a normal relationship with the outside world (beginning with the ROK) constitute a far larger threat to the survival of the North Korean system than the regime's long-standing references to the military threats that it supposedly confronts? How can the United States and the ROK collaborate to meaningfully address the continued military dangers on the peninsula while imparting to the North the possibilities for an end to its isolation and a path to economic advancement? What steps are appropriate to reassure the North of the advantages of linking itself unambiguously to the region and the world, assuming that the DPRK leadership is prepared to do so? Such questions should be uppermost in all future discussions between the United States and the Republic of Korea.

6. The Russian Factor

Russia virtually disappeared from the Northeast Asian security and economic equation with the demise of the Soviet Union. Slowly, it has been coming back. The oil and gas boom, continuous economic growth, and effective state rebuilding has triggered a Russian resurgence, which in turn contributed to the acceleration of its "Eastern policy" in the overall framework of a pragmatic "multi-vector" or "multi-directional" foreign policy. During the past decade, the basic goals of Russian policy in East Asia have been ensuring a favorable security environment in the region, building mutually beneficial, largely economic, relationships with all the regional members, developing the Siberian and Far Eastern areas, and generally trying to return to its former status as a great power in the region.

Moscow has had some success in these areas, although it has not been able to attain the same level of influence it held in Soviet times. In the security area, Russia has tried to counter the expansion of American and Japanese influence in East Asia by reinforcing its "strategic partnership" with China, including participation in the Shanghai Cooperation Organization. It has shrewdly utilized its natural resources as political leverage by inducing competition between China and Japan on the location of oil and gas pipelines. In the Six-Party Talks, Moscow has attempted to enhance its role as serious "broker" with North Korea, its former client state. Russia's policy in Northeast Asia is likely to continue under a post-Putin regime with President Medvedev.

The inauguration of new administrations in both Korea and Russia will probably not create serious obstacles to the continuation of cooperative, mutually beneficial relationships between the two. Since the establishment of the official relations between Russia and the ROK in 1990, the two countries have undergone a continuous progression from "friendly and cooperative relationships," to "constructive and mutually beneficial partnership," to "mutual trust and comprehensive partnership." Russia has pursued fairly non-controversial policy objectives toward the Korean Peninsula: nuclear non-proliferation and the maintenance of peace and stability on the peninsula; support for inter-Korean dialogues and interactions contributing to a peaceful re-unification; expansion of mutually beneficial economic cooperation; and trying to obtain greater Korean involvement in developing Siberia and the Russian Far East. These latter efforts have reaped dividends with investment by some of South Korea's leading firms in the joint development of the oil and gas fields in Sakhalin and Kamchatka.

These mutual diplomatic and economic interests, along with the absence of any national security conflicts between the two countries on the Korean peninsula or in the region, ensure that Russia's relations with South Korea will continue to grow in the coming years.

7. The Rising Saliency of Transnational Threats

Bilateral efforts to redefine, reorient, and revitalize an increasingly complex U.S.-ROK relationship

are taking place in a Northeast Asia region that is itself becoming more dynamic and complex, and which is facing a daunting set of transnational challenges. These challenges provide a valuable opportunity to broaden the scope of U.S.-ROK cooperation and add an important new regional dimension to the partnership.

The most prominent challenge facing the Northeast Asia region today is nuclear proliferation, particularly the danger posed by a nuclear-armed North Korea that could sell, share, or transfer its nuclear know-how to others. The regional concern over this possibility has been a major motivation behind the Six-Party Talks as well as bilateral efforts by regional actors to press Pyongyang to abandon its nuclear ambitions. It is highly unlikely that Pyongyang would adopt this course as a deliberate policy (although unauthorized transfers cannot be ruled out); we judge that any transfer (or leakage) is far more likely in the wake of "regime implosion" or internal upheaval where the central authority loses political control.

The Six-Party Talks represent the most organized effort in Northeast Asia to deal with this regional concern, and the ROK has of course played a major role in those talks. However, despite its active role in the Six-Party Talks, the ROK has opted not to participate in another initiative aimed at dealing with the regional threat posed by WMD-related proliferation, the U.S.-led Proliferation Security Initiative (PSI). Sensitivity over Pyongyang's possible reaction to ROK participation has thus far prevented Seoul from joining PSI, which, despite U.S. efforts to characterize its focus more broadly, is essentially targeted at North Korea. It remains to be seen whether the new ROK government will revisit this decision as part of its evident willingness to be more outspoken about the North's nuclear ambitions. If Seoul opts to explore participation in PSI, it is likely to find Washington a willing partner.

The countries of Northeast Asia, including North Korea, today face a range of other transnational challenges that have considerable potential to threaten security, disrupt economic growth, undercut political and social stability, or otherwise undermine a region whose dynamism has been the envy of much of the rest of the world. One particularly critical challenge is that of environmental degradation, which has manifested itself in many ways, including the shrouds of pollution which cover much of East and Northeast China on most days, the downstream effects of this on the forests of Korea and Northern Japan, the deterioration of water quality in the Bohai and Yellow Seas, and the "yellow sand" which rains down on the region in the early spring. Despite some efforts to deal with this challenge on a regional basis, little progress has been made. This leaves considerable potential for Korea, a deeply affected country, to join with others, including the United States, to explore ways in which regional cooperation, and the technologies and know-how that countries like the ROK and the United States bring to the table, could be marshaled to deal with this challenge.

Competition over scarce energy resources is another challenge looming over Northeast Asia. Dramatic economic growth has been the hallmark of the region's success, but this good-news story has brought with it new concerns as the energy-intensive economies of the region vie for access to increasingly limited energy resources. This phenomenon is perhaps nowhere better seen than in the China-Japan rivalry in the East China Sea - a rivalry that has its roots in competing historical territorial claims but which is increasingly cast in terms of untapped energy resources believed to lie beneath these disputed waters.

While neither Beijing nor Tokyo wants to see a confrontation over competing claims in the East China Sea, this issue serves as a reminder of the lingering historical baggage that burdens the region and the possibility that energy-related competition could bring old rivalries once again to the fore, affecting the growth and stability that has characterized Northeast Asia for a generation.

As a major industrial power located at the crossroads of Northeast Asia and with major energy needs

of its own, South Korea has a major interest in assuring its own access to energy resources and also in ensuring that regional competition for such resources does not get out of hand. So, too, does the United States, which has a major stake in the region's peace, stability, and economic well-being. As major energy consumers, the United States and Korea, together with China and Japan, also have a shared interest in exploring ways to prevent their energy needs from boosting oil and natural gas prices and to bring to bear new technologies to conserve increasingly scarce energy resources.

Northeast Asia is not lacking in other transnational threats and concerns. The potentially devastating effects of infectious diseases such as SARS, HIV/AIDS, and Avian influenza have become a major concern in recent years. Increased efforts to share information, encourage countries in the region to be more transparent about domestic health developments, and develop ways to stem and reverse the spread of such diseases represent areas that are ripe for expanded U.S.-ROK cooperation as a first step, and then joint leadership to move these issues to a regional level.

Finally, the narcotics trade and counterfeiting are areas that have been highlighted by the United States and Japan in particular as major regional concerns, especially in light of North Korea's track record of involvement in these activities. But the threat posed by such illicit activities and others, including piracy, is one that extends to other countries as well, including China and the ROK.

As the United States and its Korean ally search for a common strategic vision and a new rationale for partnership in the 21st century, the various transnational and regional challenges described above offer a potential agenda of additional or expanded cooperation between Washington and Seoul. Developing initiatives to contend with environmental degradation, establishing mechanisms to deal with contagious diseases, and enhancing cooperation to deal with illicit activities are all areas where the two countries could easily work together. A desire to avoid the dangerous downside of a regional competition for scarce energy resources may also offer the United States and Korea a chance to cooperate with Japan and the PRC in developing energy conservation initiatives and in discussing ways to exploit together new sources of energy.

It is unclear to what degree the transnational challenges faced by Northeast Asia will lead to the creation of more formal regional mechanisms to deal with them. It seems certain that the absence of such a cooperative framework will make it more difficult to deal with these challenges. Nevertheless, even as the region ponders whether broad-based cooperation to deal with shared challenges is possible, there is considerable room for United States and Korea - two countries with a broad and deep set of shared interests and values - to help set the agenda for such cooperation.

III. Challenges and Opportunities Facing the Alliance

Since its establishment in 1953, the ROK-US alliance has played a key role in maintaining and fostering peace and stability on the Korean peninsula and promoting economic development and democratization. South Korea has become a mature partner for the U.S. in promoting common values and ideals such as freedom, democracy, human rights, and a market economy.

During its first five decades, the bilateral alliance endured its ups and downs, but the basic framework of the alliance by and large remained intact, with minimal overall adjustments. Under the Roh Moo-hyun government, however, the alliance began the wrenching transition to what might be called the "Koreanization of Korean defense." After much consultation (and some acrimony), the two countries managed in the past few years to resolve several important issues that underpin this transition: the relocation of the Yongsan headquarters base in Seoul to Pyongtaek; the realignment and relocation of U.S. Forces in Korea (USFK); revision of the Land Partnership Plan governing the return of military facilities to the ROK; the transfer of some military missions from the United States to the ROK; a Comprehensive Security Assessment and Joint Vision Study; and most significantly,

the decision to transfer war-time operational control and establish a new command relationship by 2012. The objective is to have the ROK assume the leading defense role, with the United States in a supporting capacity.

These adjustments, and the end-state of the promised transition, have raised understandable concerns about the future of the alliance. Some critics have described the process as a pathway to "sun-set divorce" and predicted the end of the alliance.

The authors of this Report do not share this skepticism about the technical aspects of the evolving relationship, although we are mindful of the difficulty of the anticipated changes and the planning, operational, budgetary and, not least, psychological obstacles that still need to be surmounted, on both sides. However, we have confidence in the outstanding professionalism of the U.S. and ROK militaries to help ensure that this transition is negotiated successfully. We are less confident that the two sides have adequately thought through the effects of disbanding the unified command on the "sense of alliance" that binds the two countries together or developed a common strategic vision that will guide the alliance through this transition and beyond. A common strategic vision, which the Report discusses below, will not minimize the inherent tensions between a United States that will want to place South Korea's military, economic and diplomatic strength in service to larger U.S. goals and interests that lie beyond the Korean peninsula and a South Korea that hopes to deepen its ties to the United States while avoiding comprehensive (and automatic) envelopment in U.S. strategy. For Seoul, this means walking a diplomatic and security tightrope - simultaneously managing the relationship to avoid either being abandoned by the United States or entrapped by its other commitments and security interests in Asia. We believe that officials in both countries can help to successfully manage these tensions first, by acknowledging that they exist and second, by candidly discussing potential areas of misunderstanding or disagreement. We also believe that the forging of a common strategic vision in the following six areas - North Korea, China, new military missions, regional security cooperation, trade, and public opinion -- will go a long way to smoothing the transition in the security field and solidifying the alliance for the future.

1. North Korea: Narrowing the Disagreement

In recent years, no issue in the bilateral relationship has caused passions to flare as much as arguments over how best to engage North Korea. Often forgotten in heated tactical disagreements over the North's nuclear weapons program, its abysmal human rights record, its "military first" policy that translates into conventional and unconventional military threats to the South, and its cult of personality based on the "Dear Leader," is a strong consensus that the North is living on borrowed time. The decades-long competition between the two Koreas is over, with South Korea the clear victor in military, economic and diplomatic terms. Even though it could still take some time, we are now negotiating the endgame of the North Korean regime.

One approach has been the "sunshine" policy advocated by President Kim Dae-jung and further refined as the "peace and prosperity" policy adopted by President Roh Moo-hyun. The record is suggests that the engagement approach pursued by the Kim and Roh governments has not resulted in the hoped-for significant change in regime behavior that was predicted by its most zealous advocates. In the past ten years, South Korean presidents have traveled to Pyongyang twice, ROK companies have invested heavily in the Mt. Kumgang project, the Kaesong Industrial Zone and other joint ventures, and Seoul has provided hundreds of millions of dollars of developmental and humanitarian assistance to the North. During this period, North Korea has continued to forward-deploy its military to threaten Seoul, increased its stockpile of nuclear fissile material, resumed testing ballistic missiles, and detonated a nuclear device. Yet many South Koreans downplay the military threat from the North (believing it is directed elsewhere), view the North with pity more than fear, understand that the transformation of the North Korean regime will take time, and are

willing to reach out a helping humanitarian hand to the North Korean people, regardless of the belligerent actions or rhetoric of its senior leadership.

Thus, it is likely that engaging the North has now received sufficient bipartisan acceptance in the South that it will be continued, in some fashion, if not in all its particulars or with as much enthusiasm as in the past, by future ROK governments. A loose consensus prevails among almost all American officials favoring the goals of this approach, namely the peaceful reunification of the Korean peninsula, but differences (sometimes heated) arise over tactics on how best to navigate the expected decades-long process of engagement with the North. Specifically, the United States prefers that the ROK use its immense leverage with North Korea to insist on a more hard-headed reciprocity with Pyongyang. Reciprocal steps for ROK investment in the Kaesong Industrial Park, joint tourism ventures and humanitarian assistance would include the North taking tangible steps to develop a free market economy, improve its human rights record, lower its provocative military posture and generally reduce its regional isolation.

The Lee Myung-bak administration may take a much tougher stance on North Korea, but a close examination of Lee's policy statements reveals considerable flexibility. As his main election pledge on North Korea, he proposed the "Denuclearization Opening 3000," which promised to raise North Korea's per capita income to \$3,000 within ten years if the North carries out the verifiable and irreversible dismantling of its nuclear programs, materials, and weapons. Lee has endorsed a peaceful and diplomatic resolution of the nuclear problem through the framework of the Six-Party Talks process, based on a much greater demand for reciprocity than his predecessors. This suggests a general convergence with the current approach of the United States.

As with all its predecessors, the Lee administration is likely to adamantly oppose the idea of military action against North Korea because of the risk of conflict escalation and the potentially catastrophic damage a second Korean war would bring to the South. The Lee administration will also be less susceptible to the idea of regime change in the North through the aggressive pursuit of isolation and containment, since this approach is also a high-risk option that contemplates a massive implosion in the North; the negative economic and demographic effects on South Korea would be severe. Nevertheless, unlike previous administrations, it is more likely to join the United States and other concerned parties in the event of a break-down in the Six-Party Talks. If the North fails to disable its nuclear facilities, declare all nuclear programs, materials, weapons, and third-party proliferation activities, and ultimately dismantle nuclear weapons in a verifiable and irreversible manner, then United States and ROK should adopt a policy of "strategic patience" that relies on further isolating North Korea and imposing economic sanctions while containing and deterring any aggressive behavior.

If the North works to resolve the nuclear issue, however, the Lee administration is likely to accelerate economic exchanges and cooperation. In fact, the Lee administration may be better positioned than its more liberal predecessors to cut deals and channel unprecedented amounts of bilateral assistance and foreign direct investment to the North. (Lee has already pledged to mobilize US\$40 billion in order to revitalize the North Korean economy should it end its nuclear ambitions.) Since the goal of both Washington and Seoul is a non-nuclear Korean peninsula which is free, democratic, reunified, and at peace with its neighbors, the margin of disagreement should be narrow.

2. A Common Approach to China

China has emerged as an enormously influential actor on the Korean peninsula. China has become South Korea's number one trading partner, number one destination for its exports and number one destination for its outgoing investment. China's stewardship in the Six-Party Talks, and its influence

over North Korea, is valued by Seoul. Chinese cultural influence is widely recognized throughout Korean society in terms of the increasing numbers of Koreans learning Chinese, visiting China, and studying in China. (More than 60,000 Korean students are currently studying in China, more than in the United States.) And China has made extensive inroads into the North, including investment, infrastructure development, and partial control over some of North Korea's natural resources.

For these reasons, and others, in the past few years some observers thought that South Korea might be tempted to "bandwagon" by distancing itself from the United States and aligning itself more closely with a rising China. Within this context, statements by the Roh Moo-hyun administration of South Korea's self-proclaimed role as a "balancer" in Northeast Asia caused alarm in the United States (and in some circles in South Korea as well) that Seoul was intent on weakening the traditional bilateral alliance with the United States and trilateral policy coordination with the U.S. and Japan. Fueling this concern was the South Korean mass media, which portrayed (mischaracterized, some would argue) this balancing role as a new foreign policy orientation. Although the Roh administration did not undertake any explicit foreign policy initiatives to capitalize on a rising China, its refusal to join the U.S.-Japan missile defense system, its reluctance to join the Proliferation Security Initiative (PSI) and its unwillingness to impose sanctions on North Korea following the July 2006 missile tests and October 2006 underground nuclear test increased American concerns over South Korea's policy intentions.

Not only did signs of such a "China mood" dissipate over time within the Roh administration's time in office, but, with the advent of the Lee Myung-bak administration, Seoul is not likely to send such ambiguous policy signals to the United States. However, South Korea undoubtedly wants to maintain friendly relations with China. In so doing, Seoul and Washington need to develop a common approach to China.

First, the two sides need to share their concerns over China's military capabilities and intentions and determine whether they view China as an implacable foe (unlikely) or as a rival for economic, diplomatic and (perhaps) military leadership in the region that can be handled through traditional economic, diplomatic and military means. (These types of discussions, especially over Taiwan contingencies, occur rarely, if at all.) A useful starting point is that neither South Korea nor the United States favors a hegemonic rivalry between Beijing and Washington in the coming decades, if it can be avoided. The recent American recognition that China can become a "responsible stakeholder" and improved Beijing-Washington ties (due in part to expanded and more regular strategic dialogues) has considerably lowered South Korea's anxiety in this regard. The next step beyond a joint strategic assessment of China's path will be consideration of how the United States and ROK can work together to shape China's choices so that it continues working towards a regional and global order as a fully responsible stakeholder.

Second, since normalizing bilateral ties on August 24, 1992, China and South Korea have maintained a cooperative, indeed, "special" relationship. They maintained this special relationship for more than a decade, until a diplomatic confrontation, fueled by nationalist sentiments, emerged in 2004. Bilateral disputes over ancient history, including China's Northeastern Project and its distortion of the reach of the Koguryo kingdom, inflamed Korean public opinion. (One astute American observer has commented that people in East Asia never seem to argue over the future, only over the past.) Although ancient history, the extent of the Koguryo kingdom has important contemporary implications for a possible Chinese claim to the northern part of the Korean peninsula in the event of the Kim Jong-il regime's collapse. American officials need to be sensitive to this dispute and other historic claims, yet should remain wary of wading in unless invited by the immediately affected parties or unless one side tries to unilaterally impose its version of history on the other.

Finally, Seoul and Washington need to work together to deal with China's growing economic

penetration inside North Korea. China has increased its investment in recent years in various sectors, including mining, glass-making, department stores, and machinery. Although introducing market principles, improving infrastructure and modernizing the North Korean economy are all part of the larger effort to expose North Korea to outside influences and integrate it more fully into the regional economy, there is the fear (especially in the ROK) that China is undertaking these investments as part of a longer-term strategy of garnering greater influence over the northern half of the peninsula prior to the eventual reunification of the two Koreas. In this sense, Seoul fears that Beijing views the future of the North in zero-sum terms. Whether these fears are justified or not (and they appear to be greater among the South Korean public than among ROK officials), it is clear that China will be central to the long-term future of the Korean peninsula.

For Washington, China's investments are less threatening for their longer-term implications than for their shorter-term ability to undermine U.S. efforts to withhold economic benefits from the North as part of its broader strategy in the Six-Party Talks. In the absence of a real break-through in the Six-Party Talks that brings about the definitive end of the North's nuclear weapons program, the United States needs to dampen this rivalry between the ROK and China for influence in the North, which Pyongyang can be expected to exploit by playing one party off against the other for its own advantage.

3. Adjusting the Alliance Mission

For most of its history, the U.S.-ROK alliance has been characterized more as a patron-client relationship than as a partnership of equals, devoted more to the defense of the Korean peninsula than to regional security, and focused more on military matters than on transnational threats and the promotion of common values. Some of that has changed over the past two decades; more change can be expected in the coming years.

These changes have been welcomed by both parties, including the most contentious change -- the transfer of wartime operational control of South Korean forces and the termination of the U.S.-ROK Combined Forces Command by 2012. No issue caused more debate among the authors of this Report, with divisions falling across, not along, national lines. While all the authors respect the high quality of the ROK military forces, they expressed concern about the timing of this transformation, how it would be implemented, and its potential to negatively impact other aspects of the alliance. Particular concern was voiced over the ability of the alliance to fight North Korea in the absence of a unified command structure. We recognize that this presents special challenges, and urge the senior military and civilian leadership in both countries to invest in the intervening period the time and resources needed to ensure that lines of authority and command are clearly delineated under crisis and wartime scenarios. Anticipating this investment, we believe that on balance this transfer should proceed as planned, save for a significant change in North Korea's military posture, especially its nuclear weapons posture.

Inevitably, this transformation presents other questions for the alliance and its future. For the United States, questions center around whether the ROK is willing to do more both on the Korean peninsula and off it, or more precisely, how much more it is willing to do. The United States has repeatedly asked for support not only for the alliance's common defense but also for its global strategy. In the aftermath of 9/11, the United States has been pushing for a strategy toward the Korean peninsula that reflects America's global counter-proliferation and counter-terrorism policies. The realignment of the U.S. armed forces, which was dictated by the Global Defense Posture Review and the Integrated Global Presence and Base Strategy, is a logical consequence of this new approach. This has meant the restructuring of overseas U.S. military units to enable them to deploy rapidly in the event of regional crises. It is hoped that the ROK military would support these contingencies as well as fill any shortfall on the Korean peninsula. Not least, Washington is hoping

that Seoul would allocate the funds to pay for these new missions.

Questions about the transformation are perhaps even more prominent on the Korean side. The ROK has wanted the United States to preserve a robust security commitment to the Korean peninsula, while calling for Washington's understanding of (and support for) intra-Korean reconciliation, despite the worsening situation with North Korea's nuclear weapons program. A more self-confident ROK military agreed to assume proportionately greater (and new) responsibilities; it will be more independent, if not yet completely self-reliant. At the same time, it has wanted (indeed, needed) continued cooperation with the United States.

Conceptually, America's new outlook and the ROK's new role raise two paradoxical concerns for Seoul: (i) a fear of abandonment by the United States so that the ROK may have to stand alone against North Korea and (ii) a fear of entrapment by the United States, with the ROK getting pulled into crises, and perhaps even conflicts, that fall well outside of Seoul's traditional military purview.

Not all of these questions have been fully answered or concerns fully allayed, but the good news is that there has been a recent convergence in strategic thinking between the ROK and United States that has provided some reassurance. The ROK has adjusted its military posture and mission to bring it closer in line to the new American strategy. In December 2006, the ROK Ministry of Defense announced "Defense Reform 2020," designed to reconfigure the direction of South Korea's future military development. Although still addressing military threats from the North, the underlying emphasis focuses more on issues beyond the peninsula, envisioning the transition away from predominantly ground-based forces to one shaped by new technologies and doctrines, with a pronounced shift towards "jointness" among the armed services.

And the tone of the bilateral dialogue is also likely to improve. While military-to-military consultations in recent years have been workmanlike and professional, the larger political dialogue between Seoul and Washington has been less so, subject to ideological disputes and, at times, petty bickering that has masked fundamentally different priorities (especially over how to deal with North Korea). It is likely that some of the tensions between Washington and Seoul will now dissipate with the advent of the Lee Myung-bak administration.

Still, as the alliance continues to undergo this transformation, further disagreements are likely to arise; both sides will need to speak candidly with each other and establish greater mutual trust. The ROK military faces some particularly difficult challenges. Among its own armed services, it will need to change the prevailing culture to ensure greater jointness and interoperability. Judging from America's own experience after passage of the Goldwater-Nichols Act, this internal adjustment can be expected to take years. And joint planning and training for new missions with U.S. forces beyond the Korean peninsula, which will be occurring simultaneously, can also be expected to take time. Both sides will need to review, and revise as needed, "alliance fundamentals," such as the roles, missions, and capabilities of their armed forces to ensure commonality and complementarity in information acquisition, command, control, coordination, surveillance, and reconnaissance, as well as comprehensive interoperability in force development and acquisition. Finally, there is no guarantee that future National Assemblies will allocate the funding needed for weapons procurement, personnel recruitment and retention, and training.

Above all else, as the US-ROK alliance undertakes this transition, the United States should reaffirm and clearly state its commitment to the security of South Korea. In doing this, it should also make a commitment to the basing of at least 25,000 American troops in South Korea. This basing commitment is an embodiment of its larger commitment to remain a security partner with South Korea even as the region, and the partnership itself, transforms. In reaffirming its commitment to South Korea, the United States should acknowledge that the alliance is more than a joint defense

agreement. It is a political partnership as well. The alliance creates political relationships and mechanisms for doing a wider array of business. This alliance role - as part of the diplomatic and economic architecture of the bilateral relationship and the regional order -- will become more important, not less, in the decades ahead, regardless of the fate of North Korea or other specific security challenges.

4. Regional Security Cooperation

For the past dozen years, academics and non-governmental organizations have increasingly taken the lead in suggesting regional security arrangements for Northeast Asia. They have proposed a number of models: (i) U.S. hegemony with other parties accommodating America's strategic priorities, (ii) a concert of great powers, such as the United States, China and Japan, who would determine the priorities for the entire group, and (iii) common or cooperative security, with shared power and responsibilities for maintaining an equitable regional order in the 21st century.

Largely due to a strong preference for the traditional hub-and-spokes alliance network, U.S. and ROK (and Japanese) officials have rejected these proposals. And to be sure, other reasons have existed to dismiss regional security cooperation in whatever guise: the absence of a commonly agreed-upon threat (or, more specifically, a similar assessment of a common threat); the absence of a commonly shared vision for peace and stability in the region; the potential competition for regional dominance among the great powers; the slow process of normalization of North-South relations; and, not least, unresolved historical disputes, territorial claims and escalating nationalism. The United States has also remained wary of regional multilateral groupings like the East Asia Summit or the Asean+6 that might limit U.S. action or weaken the goal of an open and inclusive trans-Pacific architecture.

Yet in recent years, the Clinton and Bush administrations have moved, on a selective basis, to complement the hub-and-spokes approach with broad, inclusive trans-Pacific arrangements such as APEC and has built functional multilateralism around specific problems like North Korea (the Six-Party Talks) and the Asian tsunami (the Tsunami Core Group).

These precedents, along with new factors, have led the authors of this Report to believe the time is now ripe to adopt a cooperative regional security arrangement. First, it is clear that the United States and the ROK are looking beyond the defense of the Korean peninsula to contemplate regional contingencies. (The United States and ROK have already talked about one such idea, a Northeast Asia Peace Forum.) But they have not yet identified all of these contingencies nor institutionalized plans and procedures to meet them.

Second, as outlined above, the emergence of transnational security threats, such as terrorism, WMD proliferation, organized crime, human and drug trafficking, pandemic diseases, and environmental degradation have grown in importance. No country in Northeast Asia is immune from these threats and no country can address them in isolation from its neighbors; they require collaborative efforts.

And third, the successful cooperation of five of the six countries in the Six-Party Talks provides a precedent and a diplomatic framework for expanded multilateral security cooperation. In fact, the Six-Party Talks have already taken tentative steps in this direction by their September 19, 2005, joint statement to introduce a "permanent peace regime on the Korean peninsula" and their February 13, 2007, joint statement to establish a "Northeast Asia Peace and Security Mechanism" working group.

Despite the growing need to combat these transnational threats, we frankly doubt whether the regional politics will at this time permit an institutionalized cooperative mechanism with real

authority. Given these constraints, the authors of this Report therefore believe that it would be wise to adopt a two-phase approach toward regional security cooperation. The first phase would consist of a security dialogue, where regional officials, starting with mid-level officials but eventually graduating to foreign ministers, would meet on a regular basis to discuss transnational threats of common concern. The initially modest goal here would be building greater confidence, trust, and transparency (and simultaneously reduce mistrust and misunderstanding) among the countries in the region by promoting discussion over various security issues, outlook and policies. We anticipate that this "Phase I" regional dialogue would include an exchange of information across a broad range of common issues that would emphasize "process," such as (i) standardizing emergency notification procedures in the event of health crises or pandemics, (ii) the sharing of best practices, (iii) development of common protocols to facilitate cooperation and (iv) development of codes of conduct, guidelines, and general principles for peace and security in the region.

"Phase II" would grow organically from the first one and focus more on substance. Although the parties themselves will have to develop their own agenda, specific issues for more action-oriented cooperation might usefully include:

- emergency humanitarian relief operations;
- pandemic diseases control and responses;
- natural disaster relief operations;
- illicit activities interdiction;
- narcotics and human trafficking;
- counter-terrorism;
- counter-proliferation including PSI; and
- peace-keeping and peace-building.

Ideally, regional arrangements for dealing with these contingencies would go beyond traditional military-to-military exchanges and include all related agencies, such as customs, treasury (or finance), immigration, institutes of health and public welfare, and drug enforcement, as needed. It is possible to envision joint planning, training, and naval exercises (such as rescues at sea), with a small headquarters staff to facilitate these activities.

The authors of this Report do not believe it is appropriate to include North Korea in any regional arrangement at this time, indeed, not until it has fulfilled its denuclearization commitments. To do otherwise risks validating North Korea as a nuclear weapons state, complicating the Six-Party Talks and allowing Pyongyang to subvert the goals of this regional institution by railing against the United States as a hostile power. North Korea should instead be told that it would be welcomed as a non-nuclear weapons state, thereby providing an additional (if modest) incentive for good behavior.

We also know that this transformation, perhaps as much a hurdle psychologically as politically and bureaucratically for the countries of the region, will not happen overnight. We do not underestimate the challenge of creating new modalities and even a new type of regional architecture, but on the positive side we note that there are numerous examples of similar confidence-building measures from other regions and a wealth of academic literature upon which leaders in Northeast Asia can draw for inspiration and guidance. We also do not wish to place a precise time-frame for a more institutionalized expression of a shared approach to common threats to take shape, believing that decision should be taken by the United States, ROK and other key actors in the region.

However, this Report sees little reason for evasion, equivocation or further delay. The reality is that these threats are present and growing, and they endanger the security and economic prosperity of all Northeast Asia.

5. Trade Issues

Bilateral trade and investment have been the saving grace of the ROK-U.S. relations since March 2001, when the first summit between Kim Dae-jung and George W. Bush revealed clear differences in their approaches to the DPRK. This is a converse of the situation in the 1980s and early 1990s when trade, not security, was the primary source of friction between the two allies. In the late 1980s, the ROK ran an annual bilateral trade surplus of approximately \$10 billion, when the bilateral trade volume was less than \$30 billion. The ROK's market liberalization and a weak U.S. dollar reversed the situation in the mid-1990s, with the United States running a surplus of \$10 billion on an annual bilateral trade volume of about \$55 billion. Since the economic crisis of 1997-98, however, the ROK has recorded a modest bilateral trade surplus. In 2006, the ROK's surplus was approximately \$10 billion on a bilateral trade volume of \$77 billion-a fraction of the surplus recorded by China and Japan in their bilateral trade with the United States.

For a long time, direct investment was one-sided in favor of the United States. As late as 2002, the United States invested \$4.5 billion in the ROK, while the ROK invested only \$0.57 billion in the United States. Since 2003, however, investment flows have become less lopsided and in 2006 the ROK investment in the U.S. (\$1.75 billion) exceeded the U.S. investment in the ROK (\$1.7 billion) for the first time. In sum, bilateral trade and investment between the two allies have become more balanced and less contentious. Today, the ROK is the seventh largest trading partner of the United States.

The ROK-U.S. Free Trade Agreement, known as the KORUS FTA, may be regarded as an attempt to place bilateral economic relations in a more comprehensive setting. If ratified by the parties, the KORUS FTA, signed on June 30, 2007, will have strategic as well as commercial significance. However, ratification remains a challenge on both sides, especially with the ROK legislative elections in April 2008 and the U.S. presidential elections in November 2008.

In the ROK, there is a widespread perception that the FTA was driven more by high politics than economics. Prior to entering into negotiations with the United States, many Korean experts felt that it made sense for the ROK to sign free-trade agreements with middle powers such as Canada and Australia. Although these countries would likely demand agricultural liberalization, it was believed that the ROK could negotiate on even terms with them and secure comparable concessions in return. In addition to achieving a more equitable outcome, such a sequencing strategy would allow the ROK's vulnerable sectors to adjust to liberalization in stages. An FTA with the United States was widely regarded as a long-term project, for it would impose significant adjustment costs not only on the ROK's agriculture but services as well, with less tangible benefits for the manufacturing sector. However, faced with a deteriorating external security environment in 2004-5, the ROK government came to see the free trade agreement with the United States as a way of compensating for strains in the U.S.-ROK alliance.

In the United States, increasing economic inequality and job insecurity in recent years has weakened public support for free trade agreements. Although the KORUS FTA will improve the U.S. position in the Northeast Asian market and facilitate future FTA negotiations with Japan, it is not popular among workers in vulnerable, and politically powerful, sectors such as automobiles. Public attitude toward free-trade agreements has shown a significant decline between the passage of NAFTA in 1993 and CAFTA in 2005.

The current state of bilateral trade and investment between the two allies suggests a two-pronged approach. Both parties should address the concerns of their respective vulnerable sectors by offering trade adjustment assistance. Both parties should also make every effort to explain to the public the strategic as well as commercial significance of the KORUS FTA. At the same time, however, both sides should try to avoid framing the issue as one of trust-a litmus test for the alliance. If ratification fails, it is far more likely to have been undone by domestic politics than by alliance politics. Bilateral trade and investment ties between the ROK and the U.S. are strong even without an FTA, and the two parties should not let a failure to ratify the FTA impede forward movement in other areas of mutual interest.

6. Winning Public Support

One reason for the erosion in the alliance in recent years has been the inability, or unwillingness, of the leadership in Seoul and Washington to explain the value of this partnership to their respective legislatures and other domestic audiences.

Far too little attention has been paid to rising nationalist sentiment in both countries and its deleterious impact on the alliance. In the Korean case, South Korea failed to understand the nature and ramifications of 9/11 upon American society. Anti-Americanism grew, no doubt partly due to the unpopularity of President Bush, the Iraq war, and Washington's hard-line approach to Pyongyang during President Bush's first term. Among the general public in Korea, affection for the United States has waned among younger Koreans not directly touched by the Korean War. These younger generations of Koreans, especially the so-called "386" generation, often associated the United States with its backing of repressive military regimes, the Kwangju massacre and the Vietnam War.

For its part, the United States has been slow to recognize the societal and generational changes inside Korea. Among a new generation of Americans, the situation is worse; they simply don't care (or even think) much about South Korea at all. And the older generation of both Americans and Koreans who remember the Korean War, the bravery of American soldiers, and the generosity of America's post-war reconstruction assistance is passing from the scene.

The resulting mutual misunderstandings led to a mismatch between expectation and response and to the erosion of mutual confidence among government officials, with both sides failing to win public support for alliance transformation. Rather than leading the public with a clear vision, both governments simply reacted to public passions, resulting, in the worst cases, in excessive politicization of alliance issues for short-term point scoring and domestic advantage.

The authors of this Report believe it is possible to overcome this residue of mistrust and apathy. Indeed, policy changes by the Bush Administration on North Korea have already begun to remove this issue as a major irritant in the bilateral relationship and as a basis for popular antipathy in Korea towards the United States. Eliminating the major irritants and mistrust in the bilateral relationship is essential for the alliance's future health and vitality. Even if Seoul and Washington adopt all of the measures recommended in this Report, the hallmark of any successful foreign policy in a democracy is domestic support. Without such support, the alliance cannot prosper.

There are some obvious steps that can and should be adopted. Devoting more time, attention and money to public diplomacy is one, with a special effort by U.S. officials to reach out to a younger generation (through the internet, the blogo-sphere and even You-Tube) that does not share the same historic memories of earlier generations. (The American Embassy in Seoul has increasingly started to do this.) Avoiding the politicization of alliance issues - turning every disagreement into a matter of wounded Korean pride or automatic American privilege - would be another helpful step. One of the key characteristics defining ROK-US bilateral relations is an asymmetry of attention. Whereas South

Korea has intense interests in the United States, American attention to foreign policy generally and issues related to South Korea specifically is far more limited. This means that South Korea has to work harder to make its voice and views heard. The good news is that the ROK starts with a reservoir of goodwill, based on lingering memories of shared sacrifices during the Korean War, respect for Korea's economic progress and rambunctious democracy, and admiration for the financial and artistic successes of the two-million-strong Korean-American community.

Still, as with many other countries, South Korea needs to actively promote its national image to U.S. officials and opinion-makers and to a wider American public. At an official level, more needs to be done with parliamentary exchanges, with a special burden placed on American legislators who too often view Seoul as an afterthought on their way to and from Beijing or Tokyo. Channels of communication need to be diversified, with bipartisan representation, including staffers and experts from the burgeoning think-tank and foundation communities.

A traditional way to reach the American people has been for countries to hire firms that specialize in strategic communications (or what used to be called "public relations"). The best of these firms are well-connected to the American media, Capitol Hill (on a bipartisan basis) and the executive branch. South Korea has a great story to tell -- with its robust democracy, dynamic film and music industries, commitment to the alliance and advanced science and high-tech industries -- but sadly, it has been punching well below its weight in terms of conveying its accomplishments and its importance. (The most egregious example is how few Americans, even within the Washington Beltway, know of the ROK's substantial commitment of troops to Iraq.) South Korea's success story as a mature democracy and economic powerhouse, as well as its partnership in an American-led alliance, needs to be much more widely publicized in the United States.

Conclusion

At the heart of this Report is a simple message: the half-century old US-ROK alliance remains vital to the security and strategic interests of both countries. The security challenges in the region are changing - but they are not going away. The alliance needs to be redefined and modernized for the 21st century but its best decades remain ahead of it. To tackle the new challenges - regional and transnational - the alliance must evolve out of the old patron-client framework of the Cold War era. The two countries must work together in new ways, with a new division of labor and a new equality of role and responsibility.

At its core, the alliance embodies a solemn commitment to fight, if necessary, on behalf of the other alliance partner. But the United States and the Republic of Korea are not simply partners in a narrow sense, defined by the threat from North Korea; the alliance is much more than a "business relationship" between two parties. Developed, nurtured and sustained for over five decades, the alliance is a framework that supports and facilitates a genuine political friendship. It is a deeper relationship built on history and shared interests and values. Moreover, the ROK's political and economic transformation -- joining in recent decades the ranks of leading capitalist democracies -- only expands the interests and values that the two countries share; together, they serve as positive examples to the region of the power of free ideas and free markets.

The institutional mechanisms of the alliance are integral to this relationship. They provide channels of communication that help the larger bilateral partnership to function effectively. A reaffirmed and redefined alliance should be supported by both countries for real and important security reasons. But it should also be embraced for its wider value - as the institutional embodiment and framework for an expanding and deepening political and economic partnership.

To put this alliance on a stronger footing for the 21st century, this Report argues that a new, shared

strategic vision is needed. The Report outlines this vision. This vision begins with the idea that the alliance will be a "multi-tasking" entity - it will be a security partnership that will be configured to address a wide array of regional problems. The alliance will seek to develop a common approach to China. The two countries will work together to help build a regional security mechanism - building on the framework of the Six-Party Talks. The two countries will also seek to anchor their relationship in a trade pact that facilitates deepening economic ties. Finally, all alliances need to have "friends" of the alliance working domestically in each country to support the alliance. These friends of the alliance are important as they keep an eye on the issues, spot emerging conflicts, and look for ways to support and deepen the partnership. As the US-ROK alliance evolves to meet the challenges of the 21st century, supporters of the alliance on both sides will need to become public champions of the alliance and its vital role in the new era.

About the Report

This Report is the product of a multiyear, bipartisan, bi-national "strategic dialogue" to candidly discuss the strengths and address the weaknesses in the U.S.-ROK alliance, place them in a regional and global context and look ahead to identify ways to ensure its future success. Although it does not reflect every view of each individual member, it represents our best collective judgment. A complete list of the ROK and American members of the Strategic Forum is presented below. The views and opinions expressed in this Report are solely those of the authors and do not necessarily reflect the views and opinions of the academic institutions, think-tanks or government agencies with which they are or have been affiliated.

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Electronic versions of this Report can be found by going to the following websites:

<http://www.wm.edu/news/USROKreport> (College of William & Mary)

<http://www.princeton.edu/~gji3/> (Princeton University)

(Yonsei University and the East Asia Foundation)

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The Northeast Asia Peace and Security Network invites your responses to this essay. Please send responses to: napsnet-reply@nautilus.org . Responses will be considered for redistribution to the network only if they include the author's name, affiliation, and explicit consent.

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