U.S.-ROK Alliance: Looking Ahead to the New Administration and Beyond
ROK-U.S. Strategic Forum: U.S.-ROK Alliance- Looking Ahead to the New Administration and Beyond was co-hosted by the Center for Strategic and International Studies and the Korea Foundation.
As we all know, North Korea policy area is a very, very sensitive area. I will review with you some of the recent developments that have happened in North Korea policy and challenges associated with all things North Korea.

I have been away in Malaysia for three years. Upon returning, I was very much struck by how much more urgency there is to North Korean issues, and especially to the North Korean WMD challenge. In fact, this past year alone, we have had a number of missile launches and nuclear tests.

For context, during Kim Jong-il’s 18 years in power, North Korea conducted nine major missile launches. This year alone, in 2016, the DPRK conducted 24 major missile launches, including one from a submarine.

Of perhaps even greater concern is that up through 2016 North Korea had conducted three nuclear tests in total. This year alone they conducted two. The last one, in September, showed a significant improvement in yield.

This threat demands our immediate attention. Our response to this growing threat really has been threefold. Number one is the pressure to convince the
North Koreans to return to the negotiating table. Number two is what I will call defensive measures to protect ourselves and our allies from an attack. The third is what I will call diplomacy to explore diplomatic options to denuclearize the Korean peninsula.

Sanctions are a key element of our pressure campaign. [On November 30] in New York, the UN Security Council adopted Resolution 2321. This was in response to the September 9 nuclear test. This resolution builds on UN Security Council Resolution 2270, and it will really further tighten the international sanctions regime. We estimate that these sanctions will decrease the North Korean exports by more than $800 million.

[On December 2], the U.S. announced our own unilateral sanctions. We designated 16 entities and seven individuals for their ties to the government of North Korea or its nuclear weapons and weapons of mass destruction. At the same time, South Korea and Japan also announced their own unilateral sanctions. This shows once again the closeness of cooperation between the three allies—the U.S., South Korea and Japan.

We coordinated closely with China on UN sanctions. It is debatable how much influence China has over North Korea, and whether it has waned or not. But I do believe that China still maintains significant leverage. An enormous share of North Korean exports, probably around 90 percent, are destined to go to China. This clearly means that we must have China’s cooperation if sanctions are to work.

We have also at the same time launched a global pressure campaign in close cooperation with the Republic of Korea, targeting North Korean government’s revenues as well as its reputation. We have had a number of successes in this area, with countries closing down North Korean businesses, diplomatic operations, and also making it more difficult for North Korean passport holders to enter other countries.

[Secondly,] I would like to talk to you a little bit about defensive measures. We are building, of course, you know, very robust ballistic-missile defense system, deploying ground-based interceptors in Alaska and California while working with South Korea to deploy THAAD—that is, the Terminal High-Altitude Area Defense system.
We back all of that up with our extended-deterrence commitment, not only that any attack on the United States or its allies will be defeated, but that any use of nuclear weapons will be met with an overwhelming and effective response.

Particularly noteworthy, I believe, is the past year has seen a big increase in trilateral U.S.-ROK-Japan defense cooperation. For example, in June our navies conducted a trilateral integrated air-and-defense missile exercise that allowed missile-tracking devices and information to flow among all three countries for the first time. And in November, the ROK and Japan signed GSO-MIA—that is, the General Security of Military Information Agreement—that will give both countries real flexibility in sharing defense information that is classified.

I do believe these bilateral and trilateral defensive measures will only increase if the North Korean threat continues. In fact, the trilateral cooperation takes place at all levels. [In November] I was with Tony Blinken when we had the fifth vice minister-level consultations in Tokyo. Tomorrow I will be traveling to Tokyo and Seoul for bilateral consultations with my Japanese and ROK counterparts. We will also meet trilaterally in Seoul to coordinate the way forward following the adoption of the new UN Security Council resolution.

I am very mindful that sanctions and defensive measures are not an end in themselves. They are tools to bring the North Koreans back to the negotiating table on denuclearization. Our goal, let me emphasize, is denuclearization. We have made repeated overtures to North Korea, signaling our commitment to the 2005 joint statement of the six-party talks and our willingness to engage in credible and authentic talks aimed at restarting negotiations on denuclearization.

I think you would all have to agree that so far the response from Pyongyang has not shown any signs that it is ready to undertake serious negotiations. And that is why we believe we must continue on the pressure track. Somebody recently told me that sanctions are always a failure until the day they work. And when that happens, we really need to complete the painstaking work of Chris Hill and many others to ensure a denuclearized Korean peninsula.
OPENING SESSION

Mark Lippert,
Ambassador of the United States
to the Republic of Korea
Good morning, I am going to try to tick through three quick things. First, taking stock of where we are. Second, highlight some opportunities for future cooperation. And third, talk a little bit about some mechanisms to promote change and manage conflict within the alliance.

First, let me get right to the bottom line up front: Because of the last 60 years, because of the strong recent bipartisan work on the alliance from both the Bush and Obama administrations, the alliance is in really good shape today. Second point, there are a lot of opportunities for potential growth, potential cooperation to take the alliance to the next level over the coming years.

And third—I think this is an under-told story of the alliance—there are really now mature dynamic mechanisms to manage change, which you want to promote in order to keep the alliance modern, and at the same time manage friction, which is natural between two countries that are separate, sovereign entities. There are strong mechanisms.

Let me just start with the first point: Strong bipartisan foundation after eight years [of] the Obama administration building on some good work of the Bush administration. The alliance is functioning well across all four traditional pillars of the alliance—security, economy, the global partnership, and people-to-people. We have added the new frontiers that really focus on five key areas: cyber, space, energy, environment, and global health. The bottom line here is today you see a popular, problem-solving alliance that is increasingly able to handle complex challenges not just on the peninsula, not just in the region, but around the world.
Quick survey of some of the highlights across the four pillars. On security, the capabilities of conventional forces have risen dramatically and more capability gaps have been filled. On DPRK policy, thanks to new consultative mechanisms, especially the Deputy Secretary Cho Tae-yong mechanism, there is very tight alignment and coordination on DPRK policy. Trilateral relationship among Korea, Japan, and the United States is stronger. And beyond Asia our security cooperation has increased multiple times over.

On the economy, KORUS implementation I would argue is strong. When I first took this job, there were big implementation issues—cross flow of data, rules of origin, automobiles, to name a few. More work to be done, but let us just say the big issues have been solved or are on their way to being solved toward what I would call an equilibrium; where there are going to be problems, there is going to be conflict, but the bandwidth or the sine waves look like other free trade agreements.

Second point on the economy—in a time when Korea needs investment, we’ve always had a pretty strong trading relationship. Investment is something that, I would argue, the Korean economy needs more now than ever. The U.S. is the number-one investor in Korea. This is up 52 percent from last year. And then on trade, coming back to that, the volume is up. In 2012, we were at 130 billion [dollars]. Today we’re at 150 billion [dollars].

On the third pillar of global partnership, the issue set has expanded. Counterpiracy, counterterrorism, refugees, nonproliferation, USAID-KOICA [Korea International Cooperation Agency] development cooperation—if we are doing it, the Koreans are there with us in increasing strength. That is something that really has changed dramatically over the last 25 years.

Finally, on people-to-people there is more interest in Korea from the United States. The number of U.S. students studying in Korea is up. The Koreans, per capita, are the highest numbers of students studying at universities here in the United States. And that is not insignificant, especially because of the cost factor of universities.

So all good news on the four pillars.

Finally, on the new frontiers, on these five key areas. On space, we have signed the first legally binding space framework agreement
with an Asian country; cyber the first Blue House–White House coordination mechanism, and myriad cooperation across other public and private sectors; environment, INDC [intended nationally determined contribution], HFC (super-polluting hydrofluorocarbons), green energy, a lot of growth initiatives there; energy, but condensate policy change, export ban, a lot of opportunities on both fossil fuels and green energy as well. On global health—Ebola, MERS [Middle East Respiratory Syndrome], global health security initiative, all of those have been areas of robust cooperation.

The foundation is strong. Let me pivot to opportunities for cooperation. On security, obviously both sides will want to talk early in the next administration about [the] DPRK. But the sanctions, the posture moves that have been made, leave a lot of room for growth and leave the DPRK situation in as good a shape as you can to make changes and to respond to the challenge as it is. I do not want to understate the challenges that exist, but there is a pretty strong foundation on which to build.

On the defense side, I think there could be much more cooperation on countering asymmetric capabilities of DPRK, which will increasingly rely on cyber, missile defense, undersea warfare, special operations. There are lots of operations—lots of room for cooperation there. And continue to fill more traditional capability gaps—that’s another area where I think we can still work together as well. We should deepen the conversation on extended deterrence, capitalizing on the work already done late in the Obama administration and, of course, reunification and human rights conversation and action will be also paramount and provide a real opportunity.

On the economy, Minister Yoo outlined real alignment in a policy vision last week. I will just try to cobble together a little bit about what he said and some of the opportunities that I see as well. But let me just quickly say that, one, finishing KORUS implementation will be key. Beyond KORUS, many of the same sectors where we thought KORUS would unlock growth are still stifled by regulations that are inconsistent with international standards, that aren’t as fair, transparent, or predictable as they could be. That is an area where we could work together and have common cause to try to unlock more growth in both of our economies.
There are customs issues, audits, taxes—that’s an area where I think on the economic side there are opportunities for cooperation that will unlock more investment into Korea. Finally, on the economic areas, working together to promote common rules of the road, both in the multilateral forums but also in the capitals, that both countries would like to see more market access, more penetration, and standard rules of the road that we all are accustomed to dealing with.

On sectors, energy is key. I think it will be a huge area of opportunity. Korea imports 97 percent of its energy. The United States obviously has a huge stockpile of energy. With the crude oil export ban, the condensate [policy], Korean refinery capacity, interest by the state of Alaska, there are real opportunities on the energy front. We have the ability to take our nuclear cooperation to the next level. Westinghouse was just in Korea celebrating all the good work it has done over several decades there. And a lot of green opportunities.

Minister Joo [Trade, Industry, and Energy] mentioned infrastructure. I would add to that artificial intelligence, cyber, space, S&T, [have] huge upside potential. And again, continue the strong gains of U.S. services and agriculture in Korea, I think is another opportunity.

The final point I would make, on building on these opportunities, building on the foundation. There are a lot of mechanisms that exist now in the relationship, in the alliance, that can promote change and manage friction. To that end, I would recommend to avoid reopening old agreements and issues, and use these mechanisms to drive the change and to meet the future challenges that the alliance will face.

Some of these mechanisms that really do not get a lot of attention are the SCM [Security Consultative Meeting], MCM [Military Consultative Meeting], that provide robust security cooperation. The Special Measures Agreement on burden sharing is a mechanism we use once every five years to calculate the costs. On DRPK policy, I mentioned the deputy national security advisor and the deputy secretary mechanism have been very effective. On trilateral coordination, the trilateral vice foreign minister’s mechanism has worked extremely well and is worth continuing. Another mechanism is the high-level commission to manage
conversations on civil nuclear cooperation. These mechanisms, plus the mechanisms that were set up under KORUS, have managed conflict. They have managed disputes incredibly well and they provide windows and opportunities to drive further change. Let me end on saying strong foundation, again. Good areas for potential growth for the alliance into the twenty-first century. And finally, strong, dynamic, and vibrant mechanisms to manage and promote change, and also to manage conflicts within the alliance.
OPENING SESSION

Ahn Ho-Young,
Ambassador of the Republic of Korea
to the United States
There is very little I could add to what we have already heard from Ambassador Lippert. On his first point, that is to say 60 years of relationship between Korea and the United States, there of course is the big picture. The relations between Korea and the United States have never been stronger than today. But at the same time, how did it come here? It is through all those efforts we have made over the past 60 years. And I think maybe this is one of the better times that we should be thinking about this big picture. Why? Because we are in the middle of transition. And what is the big picture? As Ambassador Lippert has already said, 60 years of work, where we have never been as strong as we are today, between Korea and the United States. But at the same time, let’s propose just to extend this to the context of 70 years of what we went through since the end of World War II, 70 years of peace and prosperity.

When we compare it with 5,000 years of human history that preceded those 70 years, then this has been an exceptional period of peace and prosperity. One of the good reasons for the peace and prosperity is the all security infrastructure we built, all the economic structures we built, and all the diplomatic structures we built.

The second point that Ambassador Lippert made is that we are very proud of what we went through over the past 60 years; but at the same time, what is important is what we do today, and what we do tomorrow. I totally agree with him. I keep saying the relations between Korea and the United States have never been as close as today, but at the same time, complacency is the last thing we want. We came here through hard efforts.
But at the same time, I look at Ambassador Lippert and what he has done over the past three years, it is in fact an accumulation of all those efforts we had made over the past 60 years. But as we move ahead, we should remind ourselves once again, complacency is the last thing we want. We cannot take it for granted. But at the same time, I am confident, if we just keep on working then the coming 60 years of partnership between Korea and the United States will be as solid as we have experienced over the last 60 years.

Why am I so confident about that? Let us think about the common strategic goals we have and all the achievements we have made. At same time, let us think about the common values we share between Korea and the United States—democracy, human rights, rule of law, and transparency. They remind me about what we share, the depth as well as the scope of what we share between Korea and the United States, which make me confident that with hard efforts we can keep strengthening and widening the relations between Korea and United States.

The third and last point that Ambassador Lippert made on the importance of mechanisms. Once again, I wholeheartedly endorse what Ambassador Lippert said. He of course went through many of those new institutions, as well as existing institutions that we have between Korea and the United States. And I think maybe we should give the credit to Mark, as well as to the Korean embassy, that in the past four years we established scores—let me emphasize—scores of new institutions between Korea and the United States in various different areas.

Ambassador Lippert just mentioned the new institutions we set up at the vice-ministerial level. At that level, there are no less than six of them. One of them is of course the strategic dialogue on North Korea. Another is the extended deterrence dialogue, which is held in the two-plus-two format. And what we mean by the two-plus-two format is the foreign minister and the minister of national defense from Korea and the Department of State and Department of Defense from the United States.

Another very important vice-ministerial channel would be the two-plus-two dialogue on defense technology. The list goes on and on and on—there at least six of them at the vice-ministerial
level. When I share that with my diplomatic colleagues here in town, they just yawn. Did you set up all those institutions within four years? And my answer is, yes we did. But, once again, thank you so much. And both Ambassador Lippert and I are thanking CSIS as well as the Korea Foundation for this very timely get-together. Definitely these efforts will help us to tide over this exciting period called the transition, and then continue to further strengthen relations between Korea and the United States. Thank you so much.
WELCOMING REMARKS

Lee Sihyung,
President, The Korea Foundation
His excellency Ambassador Richard Armitage, Honorable Han Sung-joo, the Honorable Yoon Young-kwan, Ambassador Mark Lippert, Ambassador Ahn Ho-Young, there are many familiar faces here. But I have to save time for your discussion later, while I have a few faces from the Korean side who used to be my direct bosses: former Minister Yoon Young-kwan and former Trade Minister Kim Jong-hoon, whom I worked for some years.

Distinguished delegates, ladies and gentlemen, very good morning. On behalf of the Korea Foundation, it is my great honor and privilege to co-host the Korea-U.S. Strategic Forum in partnership with CSIS here in Washington, D.C. First and foremost, I would like to express my sincere gratitude for your participation in this gathering, despite your busy year-end schedule. Special thanks go to those who came from outside Washington, D.C., and especially those from Seoul together with me.

It is most gratifying that the Korea Foundation, throughout its 25 years of history, has made close friends with leading figures of major institutions in Washington, D.C. Over the years, we have supported the research activities of several prominent institutions here. I am sure that our work in collaboration with those institutions has significantly contributed to the making of the Korea-U.S. alliance today.

Our working relationship with CSIS is a good example of the value of cooperative endeavors. CSIS research projects invariably attract the keen attention of scholars and policymakers in Korea. And this has all been made possible through the dedicated effort of Dr. Victor Cha, the Korea Chair at CSIS, and his research staff. Several months ago, when the Korea Founda-
tion considered the formation of a new partnership for this forum, CSIS and Victor were a natural choice. And we are, thus, confident that today’s Korea-U.S. Strategic Forum will be as productive as ever at this critical time of transition.

Since becoming the president of the Korea Foundation, I have attended a number of these kinds of forum gatherings, which the Korea Foundation organized in partnership with leading institutions of Korea’s partner countries, including China and Japan. During our recent forum in Japan, journalists and scholars of the two countries had good sessions on the bilateral exchange of people and culture, but with regard to the comfort women issue or China, they were not necessarily of the same view. On the other hand, at a gathering in China friendly discussions often developed into fierce debate over sensitive issues, such as North Korea’s nuclear program and a missile defense system on Korean soil.

While at some point the Japanese participants would ask us, are you with China or Japan, the Chinese would inquire whether you are with America or with China? Posing such blunt questions may not be possible between the official representatives, but it may happen between nongovernmental policy experts. Of course, I personally do not like to be in such an awkward situation, but providing such a venue for a candid and productive exchange of views is the main purpose of the forums that the Korea Foundation organizes. Certainly, Korean participants today will not be asked by their U.S. colleagues which side Korea belongs to. This feeling of self-assuredness comes from my belief that the Korea-U.S. alliance is that strong.

The Korea Foundation and CSIS agreed to schedule this year’s forum for some time after the U.S. election so that the participants might have some ideas about the policy direction of the incoming U.S. administration. From the Korean perspective, I sensed positive expectation together with certain anxiety with regard to a new administration’s policy strategy toward East Asia and the Korean Peninsula in particular. Above all, at this critical time of change, I am hopeful that this forum provides a timely guidance to the U.S. and Korean policymakers on the key issues of their mutual interest and concern.
By the conclusion of tomorrow’s session, I expect that Korean participants will have a better perspective of the new U.S. administration’s policy direction, while the U.S. participants will better understand the expectations Koreans have toward the new president and his administration. Finally, I would like to express my sincere appreciation to CSIS for all its hard work in making this forum possible. Thank you very much.
WELCOMING REMARKS

Richard Armitage,
President, Armitage International;
CSIS Trustee; and Former Deputy Secretary of State,
U.S. Department of State
Good morning, Ambassador Lee, Ambassador Hill, Ambassador Lippert, Ambassador Ahn, and, of course, our old friend Foreign Minister Han Sung-joo. Welcome to you all. Special welcome to our VIPs. And a special thanks for those who have traveled here from Seoul. This a time of some dislocation in Seoul. Generally, at least here, if there is some dislocation at home people tend to stay near the flagpole, make sure they do not miss anything. So I am doubly grateful for those of you who traveled here. And I am grateful to Victor Cha for giving me the opportunity to stand in for Dr. John Hamre this morning. He’s our real landlord here, in partnership for this meeting with the Korea Foundation. And as a board member, I am delighted to have the opportunity to welcome you.

It occurs to me that this upcoming Year of the Rooster is going to be really something. We are already seeing the beginnings of it. You see it in Seoul. We have some real questions surrounding the direction of our own country in Asia and elsewhere, with a new administration. Prime Minister John Key resigned today and we will find out who follows him on the 12th of December. Mr. Duterte’s leadership in the Philippines opens some real question marks. We got the 19th party congress in Beijing in the fall of 2017. All in all, there is a hell of a lot going on in Asia. There is always something going on, but I think this Year of the Rooster is really going to have some challenges in ways we cannot even foresee.

So today in this joint CSIS-Korea Foundation two-day meeting, we are going to be discussing, obviously, the challenge of the DPRK. We are going to be discussing U.S.-ROK relations. We are going to be discussing how we can revitalize our energy ties, economic ties, and our trade ties. And God knows, there ought
to be—because of our excess of shale gas and our ability to now export—we ought to be able to come up with a plan that induces and instills confidence in Seoul that they have a steady and dependable supply of the product. This should not be beyond the ken of us. We are also going to be talking about the nuclear program of the DPRK, their capabilities, including missiles, and we are going to be talking about sanctions.

So I want to make two points here, if I may, in these short remarks. The first is, given the recent United Nations Security Council sanctions, unanimous sanctions on the DPRK, it is inconceivable to me that China did not understand that these would be followed by unilateral sanctions by certainly the United States and I suspect several others. So the question that I am putting before you is whether this signals any sign, real sign, in change of attitude in the People’s Republic of China. Are they finally fed up?

My second observation on sanctions is that it is beyond my belief that Kim Jong-un will not respond in some way to the imposition of these sanctions. Whether it is another nuclear test or whether it is a missile test I do not know. But it is incomprehensible, again, to me, that he would not respond in some way, if you follow the way that he has acted up to this point.

The last point I would like to make is a bit of a confession. I, like some of the others around here, have for years spent a lot of time talking about how we do not really want regime change in North Korea. We just want a changed regime. We want a behavior change, but we are not looking to interfere in the leadership of the DPRK. I no longer hold that view. The only way, in my view, that North Korea can be dissuaded from their present path is by a regime change. And I would be very interested in—maybe groups in the closed session—some real discussion about how to bring this about.

In my experience, dealing with North Korea, two things have made an impression on them. One was the United Nations Security Council human rights resolution—by the way, an excellent discussion was held here at CSIS on the North Korean human rights problem—and our interference in the finances of North Korea and the Macau bank back in 2005. So I would be personally gratified if we would have, during the course of the next two days, a good discussion.