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CSIS COMMISSION ON

The Korean Peninsula

Recommendations for the U.S.-Korea Alliance

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A Report of the CSIS Commission on the Korean Peninsula

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Executive Summary

Recommendations for the U.S.-ROK Alliance

Since the 1953 Mutual Defense Treaty, the U.S.-ROK alliance not only has secured peace on the Korean peninsula but also has expanded into a comprehensive partnership that is global in scope, encompassing significant economic and political dimensions beyond security.

Yet, the alliance has faced headwinds in recent years generated by the shifting geopolitical dynamics of U.S.-China rivalry and transactional alliance issues, all while being unable to agree on common approaches to major security challenges concerning North Korea and China.

The U.S.-ROK alliance needs to perform better. This report, based on the work of a bipartisan group of experts organized by the Center for Strategic and International Studies (CSIS) offers concrete proposals for a journey of revitalizing the alliance in the areas of extended deterrence, global contributions, regional relations, denuclearization and peacebuilding on the peninsula, and trade and global governance. The report's recommendations are summarized below.

Reaffirm to domestic audiences the mutual interest in a strong alliance.

Any effort to revitalize the U.S.-ROK alliance should begin with the mutual recognition of enduring interests.

- For South Korea, allying with the United States—a distant power with no territorial ambitions—has been critical to its ability to prosper in a tough neighborhood.
- For the United States, South Korea is a vital partner in dealing with the region's most pressing security challenges and, more broadly, in maintaining the open, rules-based liberal order in the Indo-Pacific that has been the foundation for regional peace and stability for the past several decades.

Clear the tactical underbrush in the relationship to focus on broader challenges.

It is imperative that Washington and Seoul prevent narrow, contentious issues from defining the alliance in order to refocus attention on broader strategic challenges on the peninsula and in the region.

- The two should promptly conclude the Special Measures Agreement (SMA) negotiations that became deadlocked during the Trump administration.
- Carefully coordinate a conditions-based approach to operational control (OPCON) transfer that is not held hostage to any party's political timelines.
- Washington and Seoul should also consider a "grey zone" defense planning dialogue designed to map out which actions by regional actors short of war would trigger the provisions of the alliance.

Restore and strengthen U.S. extended deterrence.

The U.S. security commitment to South Korea forms the core of the alliance's capacity to maintain peace and stability on the peninsula in the face of the burgeoning North Korean nuclear threat. The allies should take a number of steps to strengthen the credibility of U.S. extended deterrence.

- Reaffirm at the highest levels that the presence of 28,500 ground troops and their dependents on the peninsula comprise a "community of fate" shared with South Koreans. This U.S. presence is the most meaningful indicator of U.S. resolve to never decouple from its ally.
- Increase the tangibility of U.S. extended deterrence through senior-level military exchanges and confidence-building activities.
- Pursue upgrades and better U.S.-ROK coordination on defensive capabilities as well as consideration of joint offensive capabilities.
- Create a new annual bilateral extended deterrence conference and reinstate previous consultation channels, such as the Extended Deterrence Strategy and Consultation Group (EDSCG).

Build the alliance for a "resilient Asia."

The most significant and yet inadequately addressed challenge to the long-term resiliency of the alliance is how to respond to China's growing assertiveness in the region. The alliance must devise a new framework that acknowledges Seoul's economic and North Korea-related equities in its ties with Beijing, but also China as a large, sometimes bullying neighbor.

- Washington and Seoul must rewrite old narratives of an "anti-China" alliance with a positive, forward-looking, and principles-based framework for working together to shape "a resilient Asia" in areas such as secure supply chains, clean networks, robust democracy, freedom of navigation, official development assistance, and human rights. The allies welcome China to join these efforts if it abides by the rules.
- Relatedly, Washington and Seoul, along with other allies and partners, should initiate multilateral efforts to aid countries targeted economically by China with measures that violate the letter and spirit of the World Trade Organization (WTO).
- Japan is a core member of a resilient Asia, sharing U.S. and South Korean values of democracy, freedom, human rights, and market economy as well as common strategic interests. Close trilateral U.S.-ROK-Japan defense and intelligence cooperation acts as a force multiplier in

addressing security challenges. Areas ripe for trilateral cooperation in promoting an open, rules-based regional order include regional infrastructure and economic development, clean energy, climate change, and public health.

Broaden the aperture of the alliance.

Given the many global challenges in the world today, the alliance needs to broaden its base to perform at peak levels. This means realizing the alliance’s global potential as a public goods provider.

- Reinvigorate the “New Frontiers” agenda in space, cyber, public health, energy, the environment, and the fourth industrial revolution. These are areas of deep expertise for both countries and engage new, younger constituencies in generating new commercial opportunities and high-paying, high-skilled jobs.
- Operationalize common values as a core foundation of the alliance to support the liberal, rules-based international order in organizations such as the Democracies 10.
- Coordinate development policies bilaterally and multilaterally, including with Japan and Australia, to promote transparent, socially responsible, and environmentally friendly infrastructure and development assistance projects.

Follow a principled, substantive approach to North Korean denuclearization.

The threat presented by North Korea’s nuclear weapons is more serious than ever. This is the land of lousy options—there is no “perfect approach” to dealing with North Korea, only a handful of suboptimal alternatives. Going forward, the most effective policy, even as new initiatives are tried, should not depart from several core principles.

- The alliance’s goal should remain complete, verifiable, irreversible denuclearization (CVID), even if this is not a near-term prospect.
- In the interim, the focus must be on stopping further growth in North Korea’s nuclear program and managing the threat.
- Negotiations with North Korea should not come at the expense of U.S. allies and instead should be closely coordinated with them.
- U.S. and UN Security Council Resolutions (UNSCR) nonproliferation sanctions should only be relaxed in response to DPRK denuclearization measures, not reversible steps.
- Addressing human rights abuses in North Korea is requisite to any improvement in U.S.-DPRK political relations.
- The United States should support North-South engagement efforts, particularly in humanitarian areas, with the understanding that these policies will be aligned with denuclearization negotiations and with UN sanctions requirements.
- Recruit China to support denuclearization while not outsourcing the policy to Beijing.

Expand regional and multilateral trade and global governance initiatives.

The United States and ROK must build on the economic strength that the 2012 U.S.-Korea Free Trade Agreement (KORUS) agreement added to the alliance, particularly by expanding economic cooperation in regional and multilateral areas.

- Seoul and Washington, together with other like-minded countries, should focus on building coalitional rulemaking initiatives on issues such as subsidies and state-owned enterprises, digital rules, and WTO reform, as well as coordinating on defensive measures such as export controls and investment restrictions.
- Seoul and Washington should devise specific plans in the economic sphere to support a broader environment and climate alliance initiative. This could include pursuing trade liberalization on environmental goods and services, discussing carbon adjustment measures, and reducing fossil fuel subsidies, all of which align with existing initiatives in South Korea.
- Seoul and Washington should cooperate to develop more secure, diverse supply chains and reduce reliance on China.
- Both countries should remain open to joining the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), despite domestic sensitivities regarding this agreement on both sides.

A U.S.-ROK alliance that maximizes its vast potential on the peninsula, in the region, and in the world will help to form the core of multiple coalitions of countries that share the conviction that an open, rules-based order presents the most reliable and effective pathway toward regional and global peace and prosperity for the decades to come.

Preamble

The alliance between the United States and Republic of Korea (ROK or South Korea) remains a critical component of U.S. strategy and foreign policy in Asia. The devaluing of alliance relationships trumpeted by the “America First” rhetoric of the past four years suggested an inward turn for the United States; however, Congress and the American public remain supportive of alliances and U.S. international engagement. The U.S.-South Korea alliance is among America’s most successful alliances. Its continued resilience and improvement are integral to U.S. strategy in Asia and beyond. The Biden administration must embark on a journey of alliance revitalization after setbacks over the past four years and changes in the regional environment.

Northeast Asia is undergoing significant geopolitical flux. Recent years have seen U.S.-China tensions harden into a strategic competition across several dimensions, with Beijing taking actions in places such as the East and South China Seas to challenge the U.S.-led, rules-based order and the United States escalating its longstanding economic grievances with China into a trade war. The Covid-19 pandemic deepened the rift between the United States and China, as each seized on new opportunities to criticize the other rather than cooperating to defeat the virus. The threat from North Korea also became more serious, as Pyongyang continued to expand its nuclear arsenal and missile capabilities despite multiple high-level summits during the Trump administration.

These developments have occurred against the backdrop of rising doubts among some in the United States regarding the benefits of international engagement, with constituencies on the left and right questioning the value of overseas military commitments and trade agreements that have jeopardized certain domestic industries. The Trump administration’s “America First” foreign policy agenda amplified these sentiments, generating uncertainties among Northeast Asian countries regarding the United States’ willingness to continue to lead the liberal international order it founded in the

wake of World War II. Moreover, serious domestic economic troubles and social unrest within the United States over the past year, which reached a pinnacle in the Capitol Hill riots of January 6, have magnified doubts regarding the United States' capacity to engage beyond its borders.

As the United States turned inward, other countries stepped in to fill in the void. Following U.S. withdrawal from the Trans-Pacific Partnership in 2017, Japan led an effort to salvage and reformulate the agreement. The resulting Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) concluded by the remaining 11 countries in 2018, upholds the rules-based approach and provides a pathway for the United States to join in the future. In November 2020, 15 countries, including China and with active participation of the ROK, signed the Regional Comprehensive Economic Partnership (RCEP), a pact that makes the Asia-Pacific the world's largest trading bloc, accounting for 30 percent of global GDP, but notably does not include the United States. A few weeks later, in December 2020, the European Union and China concluded negotiations in principle on the EU-China Comprehensive Agreement on Investment (CAI), even as concerns within the European Union regarding China's coercive foreign policy behavior and human rights violations are on the rise. These developments highlight the degree to which the United States' decline in international leadership has kicked off a global contest to shape the rules-based order on issues ranging from security to economic governance. This contest affects the fate of countries not just in Asia, but all over the world.

The U.S.-ROK alliance has faced new headwinds in the context of these shifts. The Biden administration's approach must contend with the damage done by the previous administration's "America First" agenda in the region, which included actions such as openly considering the withdrawal of troops from the Korean peninsula and suspending joint military exercises without first consulting Seoul. These measures eroded trust in the U.S.-ROK relationship.

The deterioration in U.S.-China relations has placed further strains on the alliance, as Seoul relies on Washington for its security vis-à-vis North Korea and its other more powerful neighbors and separately relies on Beijing as its top trading partner. Beijing has tried to leverage its economic muscle—boycotting South Korean goods and curtailing tourism—to weaken the alliance by challenging new U.S. missile defense systems on the peninsula.

Tackling the North Korea nuclear issue has also become more complex in the current geopolitical environment. U.S. and South Korean government views on North Korea's nuclear intentions have diverged. Moreover, securing Beijing's economic leverage over Pyongyang in any denuclearization strategy is far from certain. In the past, China has tended to become motivated to pressure Pyongyang only after it saw North Korea's provocations lead to a strengthening of allied cooperation in the region. In the absence of strong coordination among U.S. allies, both North Korea and China see lower costs to destabilizing behavior.

Despite these challenges, the U.S.-ROK alliance and the U.S.-led order from which it evolved continue to provide essential tools for pursuing mutual interests in Northeast Asia and beyond.

Seoul might prefer to stay out of U.S.-China quarrels, but not at the cost of going it alone in the region. South Korea is one of the world's greatest success stories and one of the world's richest countries with a thriving democracy. Allying with the United States, a distant power with no territorial ambitions, has been critical to South Korea's ability to hold its own and prosper in a tough neighborhood while surrounded by powers that could otherwise absorb it.

The United States also has an enduring interest in protecting the independence of South Korea, an allied power on China's doorstep that shares values of freedom, human rights, democracy, and market economics. A breakdown of the U.S.-ROK alliance would deal a strong blow to the U.S.-led alliance system and the open, rules-based regional order that has formed the foundation for peace and stability in the Asia-Pacific. A world without the U.S.-ROK alliance would be one in which, over the next 25 years, regional transactions based on liberal rules and norms that bind large and small powers alike would likely give way to either a mercantilist, China-led order or, in the absence of order, the logic of "might makes right." In the former case, liberal internationalist principles would be replaced with rules designed, first and foremost, to keep the authoritarian Chinese regime in power. In the latter case, the Korean peninsula would again become vulnerable to the great power machinations that prevailed in the late-nineteenth and early-twentieth centuries—dynamics of fluctuating allegiances and frequent warfare whose costs would quickly reach the shores of the United States, as they did in the mid-twentieth century. Alliance skeptics in Washington and Seoul must ask themselves whether those are worlds in which they would prefer to live.

Despite these challenges, the U.S.-ROK alliance and the U.S.-led order from which it evolved continue to provide essential tools for pursuing mutual interests in Northeast Asia and beyond.

Aside from these existential, long-term benefits of strong U.S.-ROK ties, the alliance also provides indispensable means to address immediate security challenges in the region. North Korea is much less likely to launch an attack on South Korea, as it did in 1950, if it knows it will face swift escalation and counterattack from combined U.S. and South Korean forces. And China understands that its options in reshaping the regional order in accordance with its interests are significantly more limited in the context of strong U.S.-ROK and U.S.-Japan alliance coordination. North Korean and Chinese efforts to disrupt U.S. alliances in Northeast Asia provide some of the strongest evidence for the effectiveness and ongoing importance of these relationships as the bedrock of regional stability.

The CSIS Commission on the Korean Peninsula, consisting of a bipartisan group of experts organized by the Center for Strategic and International Studies (CSIS), is unified behind the conviction that **revitalizing the U.S.-ROK alliance is critical and urgent to addressing present-day geopolitical challenges and ensuring the continuing peace and prosperity of the region in the coming decades.** The new administration in the United States provides a window of opportunity to get the alliance back on a strong, future-oriented track.

This report, based on the work of the commission, highlights concrete recommendations for strengthening the alliance and building a forward-looking political and economic foundation for generations to come in the areas of global contributions, regional relations, denuclearization and peacebuilding on the peninsula, and economics and trade.

The Foundations and Future of the Alliance

The U.S.-ROK alliance was initially established in 1953 to uphold South Korea's defense and deter a second North Korean invasion. While the alliance remains focused on these core military objectives, it has expanded over the past several decades into a comprehensive partnership that is global in scope and encompasses significant economic and political dimensions beyond security.

At present, the alliance is not living up to its full potential as a basis for peace and stability in Northeast Asia and a source of global public goods. Recent years have seen the trajectory of growth in U.S.-ROK ties stilted by the previous U.S. administration's transactional approach to the alliance—an element of its “America First” agenda that downplayed the value of U.S. alliances on a global scale. Throughout his presidency, former president Trump said he would consider withdrawing U.S. troops from South Korea and Japan if Seoul and Tokyo did not contribute more to offset the costs of stationing troops there. He further suggested that he was comfortable with the idea of South Korea and Japan developing nuclear weapons to handle their own defense. In 2019, U.S.-South Korea military cost-sharing negotiations remained deadlocked because of Washington's unreasonable demand for a five-fold increase in Seoul's burden-sharing contributions. In the economic sphere, the Trump administration threatened to withdraw from the United States-Korea Free Trade Agreement (KORUS FTA) prior to starting a renegotiation process, imposed a restrictive quota on Korean steel imports, put its ally under investigation for Section 232 tariffs on autos and auto parts, and pursued a variety of antidumping and countervailing duty cases against ROK imports. The Moon Jae-in government's singular focus on engagement with North Korea, even as Pyongyang continued to develop ICBMs capable of reaching the continental United States, contributed to the deterioration of trust between the two sides. The outcome was an alliance that could not agree on policies related to North Korea and China, with Washington and Seoul bogged down by a small set of thorny issues.

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In the lead up to the 70-year anniversary of the alliance in 2023, the Biden administration should take advantage of the renewed energy in both capitals to recover the lost momentum of recent years and ensure a strong alliance for the future. The landscape demands a high-performing global alliance that is deeply involved on issues that will shape the twenty-first century. The commission recommends the following steps to revitalize and strengthen the alliance.

First, **reaffirm mutual interests in a strong U.S.-ROK alliance.** For South Korea, the alliance is central to its ability to continue the remarkable success story that has defined its experience in the last half century. In the 1960s, South Korea had a per capita income on par with some of the poorest countries in the world. Today, it has the world's tenth-largest economy (based on 2019 data) and is a member of the G20 and the esteemed Development Assistance Committee of the Organization for Economic Cooperation and Development (OECD).¹ Beyond growing economically, South Korea developed into a robust democracy capable of transferring power peacefully after elections, setting an example for the rest of the world. South Korea's impressive handling of the Covid-19 pandemic has demonstrated that democracies can work as well as, if not better than, authoritarian states in maintaining order and effectiveness amid fast-moving, high-stakes challenges. Alongside these developments, South Korea has also amassed a considerable amount of soft power thanks to its popular culture, with musical groups such as BTS and films such as *Parasite* gaining attention and admiration around the world.

South Korea's alliance with the United States helps it to manage the two greatest threats to its continued success, both of which stem from its geographical position: the rise in power of its giant neighbor, China, and the unpredictable nature of the regime to the north in Pyongyang. The alliance has enabled South Korea to avoid the need to “bandwagon” with China, Russia, or Japan to protect its own interests—which would involve Seoul being captured to some degree by one of these major powers. Instead, Seoul has been able to “borrow power” from the United States, a distant country with no territorial ambitions, to protect its independence for the past several decades.

The U.S.-ROK alliance has also provided significant benefits to the United States. First and foremost, it enables the United States to better deal with the security challenges it cares about most in the region: China and North Korea. More broadly, South Korea is a vital partner for the United States in maintaining an open, rules-based order in the Indo-Pacific as a foundation for regional peace and stability. Seoul has stepped up in important ways in recent years to advance this goal, specifically in the areas of infrastructure assistance, capacity building, democracy and governance, and trade negotiations and rulemaking. South Korea also carries the flag of democracy on the Asian continent, an important element of the country's success story that is in America's interests to help protect and advance.

For all of these reasons, there is uniform support for the resiliency of this alliance in both countries. An August 2020 CSIS survey of American thought leaders and the U.S. public indicated that support

1 “S. Korea's GDP ranks 10th worldwide in 2019,” Yonhap, May 27, 2020, <https://en.yna.co.kr/view/AEN20200527001300320>.

for the defense of South Korea remains high in the United States, while South Korean thought leaders also indicated a high level of trust in the United States.² Considering this solid foundation of elite and public support, political leaders in both capitals should and will find this a winning area of focus for national security.

Second, **clear the tactical underbrush in the relationship.** It is imperative that Washington and Seoul work together to prevent narrow, contentious issues from defining the alliance. Specifically, this means: reducing irritants, finding more common ground, and effectively managing legitimate disagreements in areas such as burden sharing and unilateral trade actions. Quickly concluding Special Measures Agreement (SMA) negotiations regarding military cost-sharing would constitute important progress in this area. Resetting the timeline for SMA negotiations (e.g., extending the next agreement to cover a three-year period and, thereafter, holding negotiations every five years) would also help to insulate SMA talks from future impasses.

Third, **broaden the aperture, expand zones of cooperation, and “modernize” the alliance.** The flux exhibited in the global, regional, and peninsular environment today calls out for a high-performing alliance institution on the peninsula. The U.S.-ROK alliance has proved resilient in the face of challenges over the past four years, but it should be doing better. Overall, the pooling of U.S. and ROK capabilities in pursuing their respective national interests and promoting shared values provides tremendous advantages to both countries. Allowing the U.S.-ROK alliance to stagnate or collapse would forfeit these advantages to regional rivals, leaving Seoul and Washington with new challenges and a diminished set of tools to address them. This report lays out “New Frontier” areas, including space, cyber, public health, energy, the environment, and the fourth industrial revolution, where expansion and modernization of the alliance to engage new, younger constituencies can take place.

Fourth, **ensure closer alignment and coordination on topics such as North Korea, China, and Indo-Pacific strategies, as well as critical security issues such as operational control (OPCON) transfer and responding to “grey zone” provocations.** The preoccupation with divisive, tactical issues in recent years has prevented close cooperation on pressing strategic challenges on the peninsula and in the region. Two modifications to status quo practices would help to foster greater effectiveness in these areas. First, both sides must commit to a more accordant approach to problem solving at the strategic level. The antagonistic dynamics of recent years have fostered zero-sum understandings of alliance outcomes: in the burden-sharing talks, for instance, Washington’s loss was Seoul’s win, and vice versa. Focusing on the shared values and principles that energize all dimensions of the alliance, rather than narrower issues on a case-by-case basis, should guide a reframing effort. Second, the Biden and Moon administrations should rejuvenate and upgrade four pre-existing consultation channels: (1) 2+2 foreign and defense ministers’ meetings; (2) the Extended Deterrence Strategy and Consultation Group (EDSCG); (3) the North Korea contingencies consultation body; and (4) the North Korea special representatives channel.

2 When U.S. survey participants were asked to rate “on a scale of 1 to 10, how important is it to defend South Korea in the Asia-Pacific if they come under threat from China?” the mean responses were 8.6 and 6.92 among thought leaders and the general public, respectively. When South Koreans were asked “on a scale of 1 to 10, how much risk do you think the United States is prepared to take to defend South Korea?” the mean response was 7.28. Furthermore, an August 2020 Chicago Council on Global Affairs poll found that 90% of South Koreans polled said they somewhat support (58%) or strongly support (32%) the alliance with the United States.

The Moon government has expressed a clear desire to achieve transition of wartime OPCON. The transformation of the military alliance to this next stage represents a natural evolution between two integrated and capable militaries and should be welcomed by both governments. However, the allies must agree that further steps are needed by South Korea to ensure the OPCON transfer does not result in any deterioration in the shared U.S.-ROK capacity to respond to potential aggressors. **The OPCON transfer process must be closely coordinated to maintain the quality of joint response capabilities, preserve the UN Command structure, remain consistent with established benchmarks, and be mindful of the surrounding security conditions.**

Increasingly, the United States and South Korea face challenges from actors and non-state actors short of war. Such “grey zone” actions, ranging from cyberthreats to challenges to the freedom of navigation, do not fall within the purview of the alliance’s security function, but they are nonetheless threatening to each ally’s national security and to the vitality of the rules-based international order. **The two allies should augment existing communication channels with a “grey zone” defense planning dialogue designed to map out which actions short of war would trigger the provisions of the alliance.** This dialogue could eventually grow to include other like-minded partners.

Fifth, **work together to promote the norms and values of the alliance.** Korean allies watched the unfolding of events in the United States, culminating in the January 6 attack on the U.S. Capitol, with deep worries about the state of American democracy. The inauguration of the Biden administration, the autonomy of the judicial system in fairly adjudicating 80 court challenges, and the integrity of the election process all demonstrate the strength and resiliency of American democracy. The two allies should operationalize common values as a core foundation of the alliance to support the liberal, rules-based international order in organizations such as the Democracies 10. South Korea can serve as a bridge between the developed and developing world to promote human rights in fora such as the UN Human Rights Council. And both countries, not just in principle but in practice, should coordinate development policies bilaterally and multilaterally, including with Japan and Australia, to promote transparent, socially responsible, and environmentally friendly infrastructure and development assistance projects.

Sixth, and from a more philosophical perspective, it is important in this moment of reckoning about the United States and its place in the world that **Washington develop a better understanding of South Korean views on its unique geopolitical dilemma as well as Korea’s history with the United States.** As one commission adviser noted, Korea’s history is one of tragedy at the hands of great powers, largely because of its geographic proximity to larger, more powerful countries. Sadly, the United States has played a role in a number of South Korea’s tragic chapters. This fact is more at the forefront of historical memory for South Koreans than it is for Americans, generating different cognitive frames that can lead to misalignment on present-day foreign policy issues.

South Koreans’ extensive awareness of their history with the United States gives them a frame of reference in which similar U.S. abandonment or betrayals in the present day are not unfathomable. Reaching a common view of Korea-U.S. history and South Korea’s unique geopolitical dilemmas will not only deepen empathy in U.S.-ROK interactions but also help the two countries reach alignment on new approaches to regional challenges and hopefully prevent a replay of the tragic episodes of the past.

Restore and Strengthen U.S. Extended Deterrence

The U.S. extended deterrence commitment to the ROK refers to Washington’s pledge to devote the full range of its military capabilities, including nuclear weapons, to deter and, if needed, defeat an attack on South Korea by North Korea or other potential aggressors. It forms the core of the alliance’s capacity to maintain peace and stability on the peninsula.

The credibility of U.S. extended deterrence has been called into question in recent years as North Korea has made significant advances in its efforts to reach the United States with a nuclear warhead. This has generated concerns in Seoul about the possibility of the United States eventually deciding to “decouple” its security from South Korea’s. President Trump’s statements indicating that he would consider withdrawing troops from the peninsula—together with his downplaying of the seriousness of North Korea’s short-range ballistic missile tests and expression of comfort with the idea of Seoul and Tokyo developing their own nuclear weapons—exacerbated these concerns.

The implications of heightened doubt regarding U.S. extended deterrence are already becoming clear, as South Koreans have started discussions about developing their own nuclear weapons. The situation will become more severe in future years if North Korea continues to build its nuclear arsenal in the absence of an effective denuclearization strategy. In such a scenario, South Korea’s heightened sense of vulnerability will increase the importance of assurance as a critical element of extended deterrence; Seoul will require more frequent and visible explanations and reminders of U.S. extended deterrence.

A return to more traditional alliance management practices will help to restore Seoul’s belief in the U.S. commitment to its defense. The Biden administration should **make clear that the presence of 28,500 U.S. troops and their dependents on the peninsula serves as a powerful deterrent and meaningful marker of U.S. resolve to defend South Korea.** U.S. troops on the ground, together with the larger

civilian American presence, situate the United States and South Korea in a shared “community of fate” to deter North Korean aggression. If North Korea (or any other potential aggressor) were to attack with nuclear weapons, South Korea and the United States would both suffer fatalities. This would trigger the involvement of the United States military, along with the full spectrum of capabilities that lie behind U.S. troops in South Korea. As such, the American physical presence in Korea constitutes an important source of deterrence as well as assurance (convincing South Koreans that the United States would come to their defense if North Korea did attack) and should be acknowledged as such.

Reaffirming the troop presence is far from enough, however. The evolving threat environment on the peninsula and in the region calls for further action to not simply recover but also augment U.S. extended deterrence. The commission recommends new initiatives in three areas to help achieve this.

First, **broadcast the U.S. commitment to provide extended deterrence to the ROK using “the full range of military capabilities” more frequently, at higher levels, and in more fora.** The United States regularly reaffirms its “unshakable” extended deterrence commitment through the annual Security Consultative Meeting (SCM) and other military consultation channels. While these affirmations are important and should continue, the same types of assurances should be repeated at higher levels, in more settings, and at more regular intervals. Efforts in this area should also involve reinstating consultation channels such as the Extended Deterrence Strategy and Consultation Group (EDSCG) and introducing an annual extended deterrence conference that could be organized either through government or think tank channels in Seoul.

Second, **increase the tangibility of U.S. extended deterrence through senior military exchanges and confidence-building activities.** The United States should offer senior South Korean military and government officials opportunities to visit U.S. military facilities such as USSTRATCOM to work on deterrence-related initiatives and see strategic assets up close. These types of opportunities would provide a further source of assurance for South Koreans through offering more tangible and less theoretical understandings of U.S. extended deterrence.

Third, **devise ways to bolster U.S. extended deterrence through pursuing upgrades and greater coordination on defensive and offensive capabilities, including the consideration of joint strike capabilities.** Initiatives in this area will enhance deterrence on the peninsula while signaling to China that its ambivalence toward North Korea’s development of nuclear weapons is not cost-free.

Expand and Modernize the Global Contributions of the U.S.-ROK Alliance

In recent years, the alliance's forward progress has been obstructed by issues such as SMA negotiations, which consumed all of the energy of alliance managers. Going forward, and given many global challenges, the alliance needs to broaden its base to perform at its peak level. This means realizing the alliance's global potential as a public goods provider.

This is not a new concept to the alliance. U.S. and South Korean defense personnel worked side by side in international stability operations in Iraq and Afghanistan as well as in antipiracy operations in the Gulf of Aden. ROK peacekeeping forces also participated in stability operations in Lebanon and South Sudan. In other areas, South Korea stepped up to host important international conferences, including the 2010 G20, the 2011 meeting of the OECD Development Assistance Committee, and the 2012 Nuclear Security Summit. South Korea also made important contributions to the area of energy security through founding the Global Green Growth Institute and as host of the Green Climate Fund. Through all of these efforts, South Korea demonstrated its high capacity and effectiveness as a contributor to international stability and global governance initiatives and as a partner to the United States on the world stage.

The commission hopes that the Biden and Moon administrations will reinvigorate the New Frontiers agenda in space, cyber, public health, energy, the environment, and the fourth industrial revolution. These are all issue areas in which both sides have deep expertise and some history of working together. They involve considerable upside, especially among the young people in both countries, as this is a way to recruit new constituencies into the bilateral relationship, including doctors, entrepreneurs, scientists, engineers, and civic leaders, who will bring fresh energy and insights to alliance efforts. These initiatives also have the potential to generate economic benefits to both sides through engaging new areas of the private sector and creating new commercial opportunities for businesses

that will generate high-paying, high-skilled jobs. Work on this agenda has become more urgent, as transnational issues that, by definition, cannot be handled independently have moved front and center in the global contest to define the future of international order. Collectively, these initiatives will amplify the alliance's efforts to build a prosperous and secure global community in important ways.

The commission hopes that the Biden and Moon administrations will reinvigorate the New Frontiers agenda in space, cyber, public health, energy, the environment, and the fourth industrial revolution.

Regarding **space**, the United States and South Korea can reinvigorate the bilateral space policy dialogue which has languished in recent years. The two countries can work together on developing international standards and protocols on space activity. Notably, South Korea is increasingly interested in developing a commercial civil space ecosystem, for which the United States should remain the partner of choice. The space agencies in both governments are primed to deepen cooperation, compelling the United States to assess carefully the legal frameworks that could facilitate such cooperation.

Cooperation in the area of **cyber** is perhaps even more urgent due to the attacks that South Korea and the United States have already suffered in recent years. Both countries share the aim of creating an open, secure, and reliable information structure to support commerce and trade, international security, innovation, and free expression. Opportunities abound for public-private sector bilateral cooperation to improve cyber defenses through enhanced policy dialogues and technical capacity building. U.S. private sector companies, which are leaders in cybersecurity could play an important role.

In the area of **public health**, South Korea stepped up to support the United States early in the Covid-19 pandemic, sending 2 million medical face masks and 500,000 test kits, among other supplies. The United States and South Korea earlier collaborated in fighting the Ebola epidemic in West Africa, which involved both countries sending specialists and contributing financially to help address the challenge. South Korea was also a supporter of then-vice president Biden's Cancer Moonshot Initiative to eliminate cancer during the Obama administration, and both countries have worked together to combat antimicrobial resistance. There are opportunities for joint vaccine research, both between governments and hospitals and medical institutions.

Regarding **energy**, significant opportunities for collaboration exist because South Korea is a major energy importer, and the United States is a major energy producer. In particular, cooperation could be deepened in the areas of clean and green energy, civil nuclear power, and traditional fossil fuels. In all three areas, prior bilateral work provides a basis to expand joint initiatives during the Biden administration. On green energy, Washington and Seoul have been important leaders in the Clean Energy Ministerial process, which Seoul hosted in 2014 and the U.S. hosted in 2016. South Korean and U.S. experts have also worked together to develop clean energy technologies including microgrids, fuel cells, and energy storage. On civil nuclear power, Washington and Seoul signed a successor to the "123 Agreement," which can serve as a platform from which to promote compliance with existing

international rules and norms in the areas of nuclear nonproliferation and safety. Clean energy and zero-carbon energy transitions are a growth area for the relationship.

On the **environment**, the United States and South Korea have supported initiatives to help developing countries reach their climate change targets, worked to phase down the production and use of hydrofluorocarbons (HFCs), and tackled air pollution through joint studies on pollutants over South Korea. Going forward, South Korea should find opportunities to support and partner with the Biden administration's plans for a U.S.-led post-Covid-19 global green recovery plan, as South Korea had done in the past on the G20 and nuclear security summits. South Korea should lead by example, undertaking more tangible actions in the near term to achieve their net zero by 2050 pledge and coal phaseout, to both partner with and encourage the United States to do the same.

Lastly, in **the fourth industrial revolution**—which involves technologies that fuse the physical, digital, and biological worlds, such as artificial intelligence, cloud computing, robotics, and the Internet of Things—the United States and South Korea should work with like-minded countries to promote open, inclusive rules and technical standards to govern these technologies and foster interoperability. Work in this area could thread together already-strong cooperation between ROK firms and universities with their U.S. counterparts, focusing on areas like quantum computing and artificial intelligence.

Regional Relations

Work Toward a “Resilient Asia”

China

During the presidential campaign, then-candidate Biden emphasized that he is committed to a tough approach to China—one that makes room for cooperation in areas of interest alignment, such as North Korea and climate change. He also stressed that he views forming a united front with democratic allies as an indispensable element of this effort. As Biden noted in the March/April 2020 edition of *Foreign Affairs*: “On its own, the United States represents about a quarter of global GDP. When we join together with fellow democracies, our strength more than doubles. China can’t afford to ignore more than half the global economy.”

Forming a united front with South Korea to address China’s destabilizing behavior will require taking into account the unique sensitivities involved in South Korea-China relations. For Seoul, Beijing is seen as both a vital partner on economic and North Korea-related issues as well as a threat as a large, sometimes bullying neighbor. Yet, China’s proximity and relative size, dwarfing South Korea across every dimension, also make Seoul wary of binding itself too closely to Beijing. China’s use of economic coercion four years ago to pressure Seoul to reject the deployment of the THAAD missile defense system further amplified Seoul’s perceptions of Beijing as a strategic threat.

Because of these conflicting dynamics in South Korea’s relations with China, Seoul’s policy toward Beijing has involved hedging and strategic ambiguity. Seoul does not want to cave to China’s pressure, but it also does not want to antagonize it and become the target of further punishment. These dynamics have made it difficult for Washington to recruit Seoul to support initiatives to counter China’s aggressive behavior, with South Korea preferring to remain on the sidelines on issues such as China’s island building in the South China Sea or human rights violations in Hong Kong and Xinjiang.

Strategic ambiguity is not a long-term strategy for South Korea for two reasons. First, it has created strains in the U.S.-ROK alliance, as some in Washington have misunderstood the approach as siding with China. This is a misconception, as Seoul and Washington both agree that Beijing is seeking some form of regional hegemony and that this presents an obstacle to the future regional order both countries would like to see. In a 2019 Pew Research Center poll, 90 percent of South Koreans polled and 81 percent of U.S. respondents indicated that China's growing military is a bad thing for their country. Nonetheless, this misconception has exacerbated the erosion of trust between the United States and South Korea that has accompanied difficult negotiations on alliance issues in recent years. Second, South Korea's leverage with China diminishes when Beijing perceives that Washington and Seoul are not on the same page. In those cases, Beijing tends to view Seoul as the weakest link in the U.S. alliance network and acts accordingly. In other words, strategic ambiguity agitates a key ally while increasing vulnerability vis-à-vis Beijing: a high-cost, low-benefits scenario for Seoul.

In order to reorient and strengthen U.S.-ROK cooperation on China-related issues, the commission recommends **replacing the idea that the U.S.-ROK alliance has to be “against China” with a principles-based framework “for a resilient Asia.”** This approach advances the two countries' mutual interest in promoting an open, rules-based order as the basis for regional peace and prosperity. Areas of focus could include secure supply chains, clean networks, democracy promotion, freedom of navigation, official development assistance, and human rights. China would be welcome to join these efforts to support a resilient Asia, if it chooses, but it must abide by the rules. Such a reorientation of U.S.-ROK regional efforts, aligned with like-minded partners in Japan and Australia, would effectively replace strategic ambiguity with strategic clarity while avoiding the pitfalls that have come from pressuring Seoul to choose sides in U.S.-China disputes on a case-by-case basis. And it would present a pathway for alliance revitalization that is feasible and immediately actionable.

Strategic ambiguity agitates a key ally while increasing vulnerability vis-à-vis Beijing: a high-cost, low-benefits scenario for Seoul.

The commission further suggests that **the United States and South Korea, along with other allies and partners, should lead a multilateral effort to backstop countries that are targeted economically by measures of others that violate the letter and spirit of the World Trade Organization (WTO).** The United States cannot ask its allies to join it in its regional efforts and then do nothing when China engages in mercantilist retaliation against them for cooperating with Washington and others. Within South Korea, this effort could be framed on the basis of principle: defending Korea's rights in an international system of law. This effort would likely also prompt a recalculation within Beijing of the costs of its economic coercion tactics, thereby potentially deterring further actions.

Japan

Japan shares U.S. and South Korean values of democracy, freedom, human rights, and market economics as well as a common strategic interest in promoting an open, rules-based regional order

that is safe for democracies. Close trilateral defense and intelligence cooperation between the United States, South Korea, and Japan acts as a force multiplier in addressing security challenges presented by North Korea and China. For these reasons, U.S. and South Korean coordination with Japan will be vital in any effort to promote regional peace and prosperity in the coming years.

Yet, achieving sustained trilateral cooperation has proven to be difficult, primarily because of ongoing historical and trade disputes between Seoul and Tokyo. Tensions between Japan and South Korea have been particularly bad since South Korea's 2018 supreme court ruling on forced labor compensation during World War II. This kicked off a cycle of escalation involving Japan's introduction of new export restrictions on South Korea and South Korea threatening to withdraw from the General Security of Military Information Agreement (GSOMIA). Despite some signs that the leadership transition in Japan could provide an opening for an improvement in relations between Seoul and Tokyo, a recent South Korean court ruling ordering Japan to pay reparations to South Korean comfort women is likely to make things worse.

Biden administration officials should facilitate better relations by defining and coalescing the three allies around a visible and active trilateral agenda. Rather than rehashing or mediating past history agreements, the United States should encourage Japan and Korea to focus on a forward-looking bilateral and trilateral agenda focused on dealing with security threats from North Korea, “shaping” challenges regarding China, and improving the rules-based international order. Secretary of State Tony Blinken played a key role in facilitating U.S.-Korea-Japan trilateral cooperation during the Obama administration. Washington should impress upon its allies that improvements in bilateral Seoul-Tokyo relations are part and parcel of improving each ally's alliance with the United States. In this regard, the United States should reaffirm the importance of the trilateral intelligence-sharing arrangement (GSOMIA) and should reinstitute regular trilateral policy coordination dialogues on North Korea, as well as high-level, trilateral deputy foreign ministers' quarterly meetings.

In addition to close trilateral military coordination to address shared security threats, the United States, South Korea, and Japan should join forces on initiatives to promote an open, rules-based order and global governance. Some areas that are ripe for cooperation include regional infrastructure and economic development, clean energy, climate change, public health, WTO reform, and the fourth industrial revolution.

North Korea and Inter-Korean Relations

Defending South Korea against North Korean provocations remains the central objective of the U.S.-ROK alliance, but **the alliance should not lose sight of the common goal of a Korean peninsula that is whole, democratic, and free of nuclear weapons.**

As President Biden enters office, the threat presented by North Korea’s nuclear weapons is more serious than ever. Pyongyang is believed to have 20 to 30 nuclear warheads and enough fissile material production capacity for scores more. It is also close to, if not already in possession of, the ability to reach cities in the United States with long-range missiles carrying multiple nuclear warheads. In total, North Korea has conducted six nuclear tests and over 100 missile tests over the last 30 years.

The Biden team, which consists of a number of experienced Asia hands, will be aware that North Korea policy is the land of lousy options—there is no “perfect approach” to dealing with North Korea, only a handful of suboptimal alternatives. Going forward, the most effective policy, even as it tries new initiatives, should not depart from several core principles.

The first principle is that policy must be informed by the unfortunate realization that **denuclearization is not a short-term prospect, but complete, verifiable, irreversible denuclearization (CVID) should remain the long-term goal.** Given the advanced state of North Korea’s nuclear program, the path to CVID is likely to take time and involve intermediate agreements or way stations along the way. The journey will surely be difficult. But giving up on denuclearization as a long-term aim is not a viable option, as it would both undermine the global non-proliferation regime and create incentives for neighboring countries to initiate their own nuclear weapons programs, thereby seriously undermining regional stability.

Second, **closely coordinate with allies in Seoul and Tokyo.** This involves maintaining transparency at each step of negotiations and not using alliance equities, such as bilateral military exercises, as bargaining chips. An alliance-focused strategy should also involve efforts to strengthen regional defense and deterrence through bilateral as well as trilateral U.S.-Japan-South Korea initiatives, including a restart of the Trilateral Coordination and Oversight Group (TCOG). These steps will amplify pressure on Pyongyang and provide a backup plan based on deterrence and containment if negotiations fail.

Third, in the short term, **focus on stopping further growth in North Korea's nuclear program and managing the threat.** The Biden administration should present a comprehensive denuclearization roadmap that begins with an initial freeze to the plutonium and uranium nuclear operations in and around Yongbyon and a stop to North Korea's fissile material production. This roadmap should include the prospect of transformed political relations, test bans, threat reductions programs, and a peace regime as pathways to irreversible nuclear disablement and dismantlement in later stages of negotiations.

Fourth, in considering interim deals, it will be important to **maintain pressure from UNSCR and UN member states' sanctions** and exercise caution in trading away this critical source of leverage in exchange for reversible steps.

Fifth, **the United States cannot lose sight of the human rights abuses in North Korea.** The Biden administration should appoint a special envoy for North Korean human rights abuses, a position that has been vacant since the Obama administration. Improvements in the way North Korea treats its own people will be an important indicator of its strategic decision to join the international community, as well as a necessary precondition to any serious economic engagement with the world.

Sixth, in the area of inter-Korean relations, **the United States should support North-South engagement efforts, particularly in the humanitarian areas, with the understanding that these policies will be closely coordinated with denuclearization negotiations and will remain compliant with the UN sanctions regime.** In this way, inter-Korean peacebuilding initiatives can advance alongside shared aims in the area of denuclearization.

Lastly, **recruit China to put more pressure on North Korea while not fully outsourcing the policy to Beijing.** China's strategic interests in its approach to North Korea diverge from those of the United States. It places a higher premium on maintaining stability (and preventing the possibility that U.S. troops would be stationed near its border in case of a North Korean collapse) than on removing North Korea's nuclear weapons. For this reason, in working with China, it is important to strike a balance between coordinating on tactics while not allowing Beijing to drive the overall approach toward denuclearization. In achieving denuclearization, the United States should tactically leverage China's influence over Pyongyang as its main trading partner and only ally while considering longer-term economic and political strategies with North Korea that prevent Beijing from determining Korea's economic future.

Trade and Global Governance

Expand Regional and Multilateral Initiatives

Over the past 15 years, the United States and South Korea have significantly strengthened their bilateral ties in trade and investment. This culminated in KORUS, which entered into force in 2012. KORUS has benefited both sides economically, specifically in the areas of market access for automobiles, agriculture, and services and in setting high-standard rules on e-commerce, intellectual property, labor, and the environment. Increased economic cooperation has also augmented the strategic alliance, carving out new areas for cooperation on international matters in organizations such as the World Trade Organization (WTO), Asia-Pacific Economic Cooperation (APEC) forum, and the G20. Commercial and economic integration increased further under the revised KORUS agreement signed in 2018.

The alliance needs to open a new era of economic cooperation, building on the ballast that KORUS added to the alliance, particularly in regional and multilateral fora. The commission offers six concrete suggestions for doing so.

First, in line with the strategic reorientation proposed more broadly, Seoul and Washington, together with other like-minded countries, should **focus on augmenting coalitional economic initiatives through a principles-based approach as a means to address the China challenge**. The Biden administration has made clear that it would like to work with allies and partners, including through multilateral organizations and groupings on rulemaking issues such as subsidies and state-owned enterprises and coordinating on defensive measures such as export controls and investment restrictions. In the past, South Koreans have been hesitant to confront China alone in these areas due to concerns about retaliation from Beijing. Adopting a principles-based, rather than explicitly anti-China, framework, as well as joining forces with a broader coalition of countries to backstop the effects of mercantilist actions from Beijing, should help to diminish these concerns.

Second, South Korea and the United States should **join efforts in setting the digital rules for the region and possibly globally**. The United States and Korea are already working closely with other countries on digital trade deals. This issue area has become even more important since the onset of the Covid-19 pandemic and is primed for a regional agreement. It is critical to take the initiative together with like-minded partners to write the standards for key technologies moving forward. Efforts in this area could also pave a pathway for eventual U.S. and South Korean involvement in the CPTPP.

Third, Seoul and Washington should **devise specific plans in the economic sphere to support a broader environment and climate alliance initiative**. This could include trade liberalization on environmental goods and services, discussing carbon adjustment measures, and reducing fossil fuel subsidies, all of which align with existing initiatives in South Korea.

Fourth, the United States and ROK should **work together on WTO reform**. Korea brings important bridge-building skills in this area. For instance, Seoul recently took the initiative in no longer declaring itself a “developing country,” as almost two-thirds of current WTO members (including China) currently do. Seoul and Washington should also work together and with others to strengthen rules governing non-market economics, as well as on e-commerce plurilateral negotiations underway in Geneva.

Fifth, Seoul and Washington should **cooperate to develop more secure, diverse supply chains and reduce reliance on China**. Working with trusted partners will generate more opportunities quickly in this area than would be possible through independent initiatives. The aim for Seoul and Washington through these efforts would be to build more resilient economies that are less subject to Chinese coercion.

Lastly, both countries should **remain open to joining the CPTPP, despite domestic sensitivities regarding this agreement on both sides**. The shifting consensus away from trade liberalization in the United States will present an obstacle for the United States to join the CPTPP in the near future, but the Biden administration should keep it under consideration as a possibility down the line. The November 2020 signing of the Regional Comprehensive Economic Partnership (RCEP), a broad Asia-Pacific trade deal that does not include the United States, might help to spur Washington to consider actions to restore its economic relevance and engagement in the region. If the United States were to join the CPTPP, doing so alongside South Korea would present a great opportunity. However, South Korea may choose to join before the United States as it seeks to diversify its trading partners. The application of other like-minded allies such as the United Kingdom to join the CPTPP should also spur South Korean interest in being a part of this body, not only for trade reasons but to collectively support a rules-based order.

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Conclusion

An Indo-Pacific region in which the United States does not remain closely aligned with allies and partners that share its values and interests in an open, rules-based order would be one in which this type of order, which has advanced regional stability and prosperity for several decades, has a much lower chance of enduring. The region and world will keep going, with or without the United States. Washington's absence will only forfeit the rule-setting game to countries that are more concerned with protecting and building their own power than upholding principles that are designed to benefit everyone. Policymakers must ask themselves whether the possible benefits of U.S. retreat outweigh the likely costs. This commission does not believe they do. The commission believes that the reinvigoration and strengthening of the U.S.-ROK alliance, along with other alliances and partnerships in the region and around the world, presents the best chance for upholding regional and global peace and prosperity as the United States addresses critical challenges in the coming years and lays the groundwork for stability for future generations.

Amid ongoing uncertain times, the commission does see some reasons for optimism. First, President Biden's prioritization of alliances in his foreign policy platform reverses the stance of the previous administration and injects much-needed resolve into the picture. Second, Presidents Moon and Biden both have deep experience in managing the bilateral relationship and support in segments of their respective legislatures for the alliance. Third, a talented cadre of alliance managers remains active in both capitals and is being supplemented by a deep bench of foreign policy expertise in the Biden administration. Lastly, despite the difficulties faced in recent years, polling indicates that elite and public support for the U.S.-ROK alliance remains robust on both sides. In summary, restoring momentum and building a future-oriented alliance to last for the next 70 years will not be easy, but Seoul and Washington are armed with important tools for the road ahead.

This report highlights areas in which the capacity already exists within the United States and South Korea to embark on a journey of alliance revitalization. While the U.S.-ROK alliance will remain steadfast in its commitment to deter North Korean aggression, a strategic reorientation toward a principles-based approach in the areas of New Frontiers initiatives, regional relations, and global economic governance will cost relatively little in terms of new expenditures—several of the actions proposed here involve tapping and repurposing existing resources that have lain dormant in recent years—but pay dividends. As Seoul and Washington become more closely aligned in addressing regional and global challenges, they will attract new partners along the way. A U.S.-ROK alliance that maximizes its vast potential on the peninsula, in the region, and in the world will help to form the core of multiple coalitions of countries that share the conviction that an open, rules-based order presents the most reliable and effective pathway toward regional and global peace and prosperity for the decades to come.

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