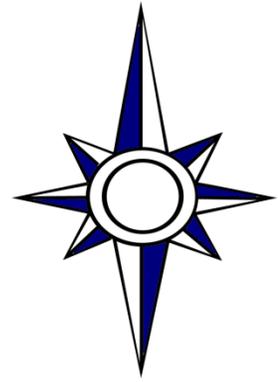


Comparative Connections

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US-Korea Relations: A Good Start

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The highlight of US-ROK relations was the first summit between Barack Obama and Park Geun-hye in Washington where the two presidents celebrated the 60th birthday of the alliance. Obama announced his support for Park's "trustpolitik" initiative, demonstrating bilateral agreement on policies toward North Korea. The US also voiced support for the thaw in inter-Korean relations reflected in resumption of dialogue over the Kaesong Industrial Complex. Meanwhile, South Korea and the US agreed to an extension of the US-ROK civil nuclear agreement, began negotiations on a Special Measures Agreement (host nation support for US forces), and restarted discussions on a possible delay of OPCON transfer.

Obama-Park summit: trustpolitik gains support

The most significant event in US-ROK relations over the summer of 2013 was the summit between Presidents Barack Obama and Park Geun-hye in early May. The overall tone and atmosphere of the meeting was very positive. In commemoration of the 60th anniversary of the alliance, Presidents Obama and Park signed a joint declaration, where they referred to the alliance as the "linchpin of peace and stability in the Asia-Pacific." On the evening of the summit, Park hosted a 500-person dinner at the National Portrait Gallery in DC to celebrate the alliance. While some complained that the Obama administration's representative, Secretary of Defense Chuck Hagel, vacated his seat next to Park halfway through the dinner, the event was memorable. The two presidents held the usual Oval Office and larger Cabinet meetings, but Park wanted some one-on-one time with the president and managed to do this en route to lunch. Both sides expressed satisfaction with the agreement between the two leaders on North Korea as well as other global issues. Following her summit with Obama at the White House, on May 8, President Park addressed a Chamber of Commerce lunch with US and Korean business executives to promote greater trade, investment, and economic cooperation between the two countries. At this lunch, Park assured the business community (in eloquent English) that she would not allow North Korean provocations to roil South Korean markets, delivering a message of confidence in the Korean economy. The statement brought loud applause from the ballroom full of corporate executives.

President Park was given the honor of addressing a joint session of Congress, which turned out to be a highlight of the visit. In recognition of the historic significance of being East Asia's first female to be elected head of state, Congress rolled out the red carpet (despite the fact that they had just done the same for the previous South Korean president in 2011). Park became the sixth Korean leader to address the US Congress – which is itself a testament to the strength of the alliance (by comparison, no Japanese prime minister has addressed a joint session of Congress).

Her speech, which was delivered in perfect English, included several themes including democracy, free trade, partnership, and resolve to deal with the North Korean threat. She drew six standing ovations. At the private reception in Speaker John Boehner's office afterward, Park reached "rock star" status as Congressmen and Congresswomen and other invitees all jockeyed to take a photo with her, with finger sandwiches still in hand.

In terms of deliverables, this summit was long on ceremony but short on substance. There were suggestions about a possible statement regarding flexibility in the ROK's opposition to the Trans-Pacific Partnership (TPP) trade agreement in the run-up to the summit, but nothing to this effect came out of the meeting. The two leaders tried to avert a negative optic on the stalled renegotiation of the *Agreement for Cooperation Between the Government of the United States of America and the Government of the Republic of Korea Concerning Civil Uses of Atomic Energy* (US-ROK 123 civil nuclear agreement) by making the announcement that they were "punting" the issue for an additional two years through a simple extension of the agreement. President Park knows the details of this issue well and undoubtedly pressed her position with President Obama behind closed doors, but publicly the two leaders spoke in unison about their enthusiasm for a new deal.

North Korea was an important topic of discussion. The Obama administration, at a loss for what to do in response to the North's harsh rhetoric and belligerence, welcomed any ideas the new ROK president had for pushing the ball forward with North Korea. Park unveiled her "Korean Peninsula Trust-Building" plan and Obama supported the concept. Trust-building requires a degree of engagement but this does not mean Park Guen-hye is headed off the "Sunshine Policy" cliff anytime soon. She is familiar with how the North Koreans operate and wears no rose-colored glasses.

While there was much on the agenda between President Park and President Obama, first summits are really about building a relationship between the leaders. Personal chemistry is an underestimated variable in international relations. When it exists, it permeates through the bureaucracies and cements working relations between two governments. In the run-up to the summit, Park's people were very conscious of the fact that Obama had a famous personal friendship with her predecessor, and were preoccupied with carving out her own unique relationship with the US president. Preparations for the summit oscillated between doing similar events as her predecessor and doing wholly different ones. In the end, all were relieved that Park made a successful debut in Washington and built good rapport with Obama.

Return to dialogue?

By the end of August, there were signs of progress in inter-Korean relations. Although North Korea's provocations continued until mid-May with the launch of six short-range missiles seemingly as a response to US-ROK joint military exercises, tensions began to ratchet down in June after the two Koreas broke their standoff over the Kaesong Industrial Complex (KIC) with an agreement to discuss reopening the joint industrial zone. The KIC is the last working legacy of the "Sunshine" era and an important source of hard currency for the North. In spite of this latter fact, Pyongyang effectively shut down the complex in April when it unilaterally withdrew its 53,000 workers in the midst of high tensions with the South.

Why has the North expressed renewed interest in re-opening Kaesong? The need for hard currency is certainly one plausible answer. (According various sources, the North Korean regime earns approximately \$90-100 million per year in hard currency from Kaesong). But another reason could be the cold shoulder North Korea has received from China. The Bank of China's sudden announcement in early May that it would join in sanctions against North Korea's Foreign Trade Bank by closing all bank account(s) and suspending financial transactions must have shocked Pyongyang. North Korea's Vice Marshal Choe Ryong Hae's visit to Beijing at the end of May almost certainly was aimed at mending ties with the Xi government, but the coolness from Beijing remained. Growing frustration with the DPRK in Chinese press statements spurred media buzz and speculation in Seoul that there was a shift underway in Beijing's North Korea policy and its strategic calculations on the peninsula.

It was in this context that President Park traveled to Beijing in June 27-28 to meet President Xi. The optics of the summit were very positive, and this must have spooked those in Pyongyang a little bit. The Xi government has shown greater openness and willingness to cooperate with Washington and Seoul on the denuclearization issue since North Korea's third nuclear test and recent escalation of tensions on the peninsula. Xi reaffirmed China's willingness to cooperate on the denuclearization of North Korea at both the Obama-Xi Sunnylands summit and Xi-Park Beijing summit in June. This consensus allowed the three countries to hold the first trilateral track 1.5 strategic dialogue in late July in Seoul (CSIS was the US participating institution). China had previously shunned participation in this dialogue process.

Those who surmise that Park's outreach to China is somehow detrimental to the US-ROK alliance do not have an accurate understanding of the ROK president's worldview. Engagement with China under this government has been a natural result of the rather poor relations that her predecessor had with Beijing. Moreover, the ROK wants a free trade agreement with China. But Park has no doubts about where the ROK-US alliance stands in these calculations. It remains the center of gravity for Seoul's foreign relations, and indeed a strong alliance with the US puts Seoul in a better position with its engagement of China. So, there is nothing of concern here for the United States. Indeed, Park probably believes she is slowly peeling the Chinese off from the North Koreans. Meanwhile, the Chinese think they are peeling the South Koreans off from the US. Neither is probably right.

There was no change in status regarding the imprisonment of Kenneth Bae. He is the first US citizen in recent memory to have been detained for nearly one year in the North, and the first to have been tried, convicted, and sentenced to hard labor at a camp in North Korea. The administration has been less than proactive in securing his release. Indeed, Dennis Rodman has probably said more in public about Bae than the administration. And no solution appears in sight. The DPRK abruptly turned off a scheduled trip to Pyongyang at the end of August by Robert King, the DPRK human rights envoy for the US. To the embarrassment of many Korea watchers, North Korea extended an invitation to Rodman, a former NBA basketball star and the most unlikely diplomat. He last met with Kim Jong Un in Pyongyang in February this year and has had more access to the new North Korean leader than any other American, describing himself a "best buddy" with Kim. Following the visit, Rodman reported that Kim has a baby girl and that he is reform-oriented. Perhaps he should bring the denuclearization brief to Pyongyang.

123 Agreement talks, SMA, OPCON Transfer

Three important, but difficult negotiations are underway in US-ROK relations. The newest one is the Special Measures Agreement (SMA), or burden-sharing agreement, which is about sharing the costs of keeping US forces in South Korea. In early July, ROK and the US negotiators met in Washington to initiate the official negotiations on the renewal of the agreement before it expires at the end of 2013. The negotiators faced challenges from the start as the two countries had wide differences – more than \$89 million – on the desired amount of South Korea's contribution. With the US request for the ROK to increase its share of the cost to 50 percent and the ROK opposed to that level, negotiators could not agree. A further complication is South Korea's demand to revamp the cost-sharing system, which met strong opposition from the US negotiators. South Korea is seeking to amend and adopt new measures to restrict usage of South Korean funds for US Forces Korea relocation plans. In late August, the two sides remained entrenched in their positions and concluded the third round of negotiations without any progress.

Meanwhile, the war-time operational control (OPCON) debate has resurfaced following South Korea's formal request for another delay. At the May summit Presidents Obama and Park expressed their intent to proceed with the transfer of operational control as scheduled in 2015. The reversal in South Korea's position in July reflected ongoing concerns in Seoul about North Korea's rapidly advancing nuclear weapons and missile programs.

OPCON transfer has already been delayed twice. The latest extension came against the backdrop of the *Cheonan* incident in 2010 when a North Korean torpedo attack on a South Korean Navy *corvette* killed 46 South Korean sailors. The sinking of the *Cheonan* changed the security outlook of the peninsula and this made the Obama and Lee administrations decide to delay the transfer until 2015. On the sidelines of the ASEAN Defense Ministers Meeting-Plus (ADMM+) in Brunei on Aug. 28, Secretary of Defense Chuck Hagel and ROK Defense Minister Kim Kwan-jin agreed on the need for the delay but could not come to agreement on the timing of the transfer. Ultimately, OPCON transfer is President Obama's call to make. Although it would be difficult for him to reverse his decision again, OPCON transfer should be carried out based on an evaluation of security conditions on the peninsula as the US is rebalancing to Asia.

In addition to the SMA and OPCON issues, South Korea's new fighter procurement project is another issue affecting US-ROK relations. There are two US companies in the bidding process with Lockheed Martin offering the *F-35 Lightning II* and Boeing offering the *F-15 Silent Eagle*. A third aircraft being offered by European Aeronautic Defense and Space (EADS) is the *Eurofighter Typhoon*. This summer South Korea's Defense Acquisition Program Agency (DAPA) briefly halted the bidding process because all three contenders exceeded the South Korean budget limit of 8.3 trillion won (\$7.2 billion). The bidding process resumed in late July and competition is likely to heat up in the next couple of months. This project to procure advanced fighter jets between 2017 and 2021 is the South Korean government plan to reinforce its air power against North Korea.

Renegotiation of the US-ROK civil nuclear agreement remained in limbo. Both sides bought time by agreeing to a two-year extension in late April while President Obama and Park called for

continued cooperation to find a mutual solution during their summit in May. Negotiators treaded water in their latest round of talks in July without showing any realistic short-term prospect for settling the contentious issues.

Other developments associated with the negotiations occurred in each country. In the US, Thomas Countryman replaced Robert Einhorn as the new chief negotiator, and the US House Foreign Affairs Committee passed a bill approving the two-year extension agreement. In South Korea, the recent revelation of safety violations in its nuclear industry has complicated Seoul's position in the talks. The Park government has taken a very firm stance in addressing the problems, but, these violations put the very complex nature of maintaining a civilian nuclear program in stark relief for the public. The issue is not simply demanding reprocessing and enrichment rights so that Korea can be treated like Japan. There are serious responsibilities that come with ensuring the safety and security of a nuclear power industry. The United States and Japan have a long history of safety problems related to nuclear industries that should be shared with the South Korean public to understand the responsibility that comes with their desired objectives. These responsibilities go beyond safety and extend to nonproliferation. The latter concern is one glaring element missing from the current South Korean position on the 123 civil nuclear agreement talks. For the ROK, the discussion is all about the right to reprocess and to enrich fuel, but there is no sense of responsibility to become a global champion and stakeholder in the nonproliferation agenda. In the end, safety and nonproliferation are the two most important issues. Losing sight of them would be tragic.

Chronology of US-South Korea Relations* **May – August 2013**

May 2, 2013: DPRK Supreme Court sentences Korean-American Kenneth Bae to 15 years of hard labor. Former President Jimmy Carter conveys his plans to visit North Korea and possibly secure Bae's release in a letter to Secretary of State John Kerry.

May 5-10, 2013: ROK Special Representative for Korean Peninsula Peace and Security Affairs Lim Sung Nam visits Washington, DC to discuss North Korean issues with US Special Representative on North Korea Policy Glyn Davies and other US officials.

May 6-9, 2013: ROK President Park Geun-hye visits the US. She meets UN Secretary General Ban Ki-moon in New York, President Barack Obama in Washington, and Mayor Antonio Villaraigosa in Los Angeles; she delivers a speech to a joint session of the US Congress.

May 6-10, 2013: *USS Nimitz* Strike Group participates in a joint US-ROK anti-submarine exercise in the Yellow Sea.

May 9, 2013: ROK Defense Ministry states that Seoul will focus on developing its own Korea air and missile defense system instead of joining the US-led missile defense system.

May 10, 2013: North Korea criticizes President Park's US trip as "a prelude to war."

* Chronology compiled by Andy Sau Ngai Lim and Jung Dae Suh.

May 13-14, 2013: ROK and the US conduct joint naval exercises off the east coast near Pohang.

May 14, 2013: Special Representative Glyn Davies visits Seoul and meets ROK counterpart Lim Sung-nam. He stresses China's role in the denuclearization process.

May 14, 2013: *Rodong Sinmun* refutes assessments that tensions have eased on the Korean Peninsula, citing US hostile actions such as the military exercises involving the *USS Nimitz*.

May 15, 2013: US State Department spokesperson urges the DPRK to grant Kenneth Bae amnesty and immediate release.

May 18-20, 2013: North Korea launches six short-range missiles from its east coast in response to "hostile" US-ROK joint military exercises.

May 19-23, 2013: US Special Envoy for North Korean Human Rights Issues Robert King travels to Korea to meet ROK officials, including Special Representative Lim Sung-nam.

May 23, 2013: North Korea reiterates that nuclear weapons are necessary to maintain its sovereignty in the face of a hostile US.

May 27, 2013: Cho Tae-yong replaces nuclear envoy Lim Sung-nam as South Korea's special representative for Korean Peninsula peace and security affairs.

May 28, 2013: *Rodong Sinmun* releases an article stating that North Korea has no plans to unilaterally renounce its nuclear weapons and programs in face of constant threats from the US.

June 1, 2013: ROK Defense Minister Kim Kwan-jin and US Defense Secretary Chuck Hagel meet on the sidelines for the Shangri-La Dialogue in Singapore and agree to develop a joint deterrence posture in response to North Korea's nuclear and conventional weapons.

June 2, 2013: ROK Defense Ministry announces an agreement with the US to establish a new Combined Theater Command for post-OPCON transition, replacing the initial Combined Forces Command plan.

June 3-4, 2013: ROK chief negotiator Park Ro-byug and US chief negotiator Thomas Countryman meet for the 7th round of the US-ROK 123 civil nuclear agreement negotiations in Washington, DC.

June 5, 2013: US Secretary of State John Kerry announces that South Korea is exempt from the Iran sanctions outlined in Section 1245 of the National Defense Authorization Act (NDAA).

June 6, 2013: *Rodong Sinmun* criticizes Seoul for creating a new combined command body with the US after the transfer of wartime operation control in 2015, stating that the presence of the US in South Korea is the primary reason for the tension in the Korean Peninsula.

June 8, 2013: President Obama and Chinese President Xi Jinping agree to cooperate on the denuclearization of North Korea at a summit in Sunnylands, California.

June 12, 2013: US Deputy Defense Secretary Ashton Carter announces that the Pentagon will not cut its budget for security operations on the Korean Peninsula.

June 12, 2013: Reps. Ileana Ros-Lehtinen (R-FL) and other republicans send a letter urging Secretary of State John Kerry to recategorize North Korea as a state sponsor of terrorism.

June 18, 2013: South Korea and the US establish a joint committee to investigate pollution around the USFK base in Seoul.

June 19, 2013: ROK Special Representative Cho Tae-yong, US Special Representative Glyn Davies, and Director General of Japan's Ministry of Foreign Affairs Shinsuke Sugiyama meet in Washington and agree to enforce stricter terms on North Korea for resuming dialogue.

June 24, 2013: President Obama sends a statement to Congress notifying it that the White House will extend economic sanctions on North Korea under the International Emergency Economic Power Act for another year.

June 26, 2013: South Korean police and USFK agree to establish joint patrols near Yongsan in Seoul to prevent civil-military incidents.

June 27, 2013: US Assistant Secretary of State for International Security and Nonproliferation Thomas Countryman testifies before the House Foreign Affairs Committee emphasizing the importance of the extension of the existing 123-Agreement to allow enough time to secure nonproliferation and civil nuclear cooperation objectives with South Korea.

July 1, 2013: Secretary of State Kerry comments at the ASEAN Regional Forum (ARF) that the US, Korea, China, and Japan are united in working toward the denuclearization of North Korea.

July 2, 2013: ROK and the US hold the first round of negotiations for the Special Measures Agreement. They exchange demands and express hope of reaching an agreement by October.

July 2, 2013: DPRK Foreign Minister Pak Ui Chun calls on the US to hold talks without precondition at the ARF meeting in Brunei.

July 4, 2013: US State Department spokesperson expresses concerns about the health of Kenneth Bae, who has been detained in North Korea since November 2012.

July 5, 2013: Department of Homeland Security Secretary Janet Napolitano visits Seoul to meet Foreign Minister Yun Byung-se and Deputy Prime Minister and Minister of Strategy and Finance Hyun Oh-seok.

July 5, 2013: ROK Defense Acquisition Program Administration suspends the F-X project bidding, as all bidding contenders exceeded the budget limit of \$7.3 billion.

July 15, 2013: ROK Ambassador for International Security Affairs Choi Sung-joo and US State Department's coordinator for cyber issues Christopher Painter meet at the second Cyber Policy Consultation in Washington.

July 16, 2013: US Defense Department announces that the ROK requested a delay in OPCON transfer. The ROK Defense Ministry in response releases a statement that the ROK would like to review all options regarding the transfer due to the current situation with North Korea.

July 17, 2013: USFK holds a ground-breaking ceremony for its headquarters relocation to Camp Humphrey in Pyeongtaek.

July 18: US Defense Security Cooperation Agency notifies Congress that the ROK government has asked to buy *AIM-120C-7* Advanced Medium Range Air-to-Air Missiles to be installed in *KF-16* and *F-15K* aircraft, with an estimated budget of US \$452 million.

July 18, 2013: Chairman of the US Joint Chiefs of Staff Gen. Martin Dempsey acknowledges that there are "some setbacks" to completing the OPCON transfer plan in his written testimony to the US Senate Armed Services Committee.

July 21, 2013: ROK government offers an increase in South Korea's cost-sharing of the Special Measures Agreement from \$778.1 million to \$780 million.

July 22, 2013: Track 1.5 US-ROK-China strategic dialogue is for the first time held in Seoul to discuss North Korea's nuclear program.

July 24, 2013: US House Foreign Affairs Committee passes a bill to extend the existing agreement on the civilian nuclear energy cooperation between South Korea and US.

July 25, 2013: South Korea and the US fail to agree on the cost-sharing burden of the USFK.

July 25, 2013: ROK Defense Acquisition Program Administration spokesperson announces that it will resume the bidding for the F-X Project and increase the overall budget if necessary.

July 27, 2013: The 60th anniversary of the Korean War Armistice is commemorated at the Yongsan Korean War Memorial, honoring the sacrifices of Korean soldiers and UN allies. The US also holds a commemoration ceremony at the Korean War Memorial in Washington, with President Obama delivering remarks to honor the people who served in the "forgotten victory."

July 29, 2013: ROK Vice Foreign Minister Kim Kyou-hyun and US Treasury Department Undersecretary for Terrorism and Financial Intelligence David Cohen meet in Seoul to review recent sanctions on Iran and North Korea.

July 30-31, 2013: Korea-US Integrated Defense Dialogue (KIDD) is held in Seoul in preparation for the OPCON transfer.

Aug. 2, 2013: US Senate confirms Lt Gen. Curtis Scaparrotti as the new commander for USFK, replacing Gen. James Thurman.

Aug. 7, 2013: Institute for Science and International Security updates a satellite image of Yongbyun nuclear complex in North Korea showing a possible expansion of the building that houses centrifuge plant for uranium enrichment.

Aug. 12, 2013: Six South Korea *F-15K* jet fighters participate in the *Red Flag* exercise, an aerial combat training exercise hosted by the US Air Force, in Eielson AFB, Alaska.

Aug. 15, 2013: Secretary of State John Kerry sends a congratulating message to South Korea for Aug. 15 Independence Day.

Aug. 15, 2013: UN Resident Coordinator Ghulam Isaczai announces a UN appeals to international community for \$98 million to support the North Korea humanitarian program.

Aug. 16, 2013: Eighth US Army confers the title of the honorary commanding general to retired Korean Army Gen. Paik Sun-yup for his service during the Korean War.

Aug. 18-30: ROK-US Combined Forces Command (CFC) conducts the annual joint military exercise *Ulchi Freedom Guardian*.

Aug. 19, 2013: Lockheed Martin announces that they are working with the US to make the sale of the *F-35* fighter jet to South Korea, denying that the plane was eliminated by South Korean government.

Aug. 22, 2013: South Korea and the US hold the third round of negotiations for the Special Measures Agreement (SMA) in Seoul. ROK also proposed an amendment to regulate the USFK fund usage to restrict it as a source for USFK base relocation from Yongsan to Pyeongtak.

Aug. 22, 2013: Robert King, special envoy for DPRK human rights issues, visits South Korea.

Aug. 25, 2013: US Sen. John McCain says the US will not resume the Six-Party Talks until North Korea shows concrete action towards denuclearization.

Aug. 28, 2013: ROK Defense Minister Kim Kwan-jin and US Defense Secretary Chuck Hagel meet on the sidelines of the ASEAN Defense Ministers' Meeting-Plus in Brunei.

Aug. 30, 2013: North Korea rescinds its invitation for US human rights envoy Robert King who was scheduled to visit Pyongyang to seek the release of Kenneth Bae.