

Partners in Democracy

Perspectives on the U.S.-South Korea Alliance



A Publication by FMC's Congressional Study Group on Korea and The Korea Society

FMC and Congressional Study Group on Korea

FMC, the Association of Former Members of Congress is a bipartisan, nonprofit, voluntary alliance of former United States Senators and Representatives, standing for America's constitutional system. FMC works to strengthen Congress in the conduct of its constitutional responsibility through promoting a collaborative approach to policy-making. FMC seeks to deepen the understanding of our democratic system, domestically and internationally, and to engage the citizenry through civic education about Congress and public service.

The Congressional Study Group on Korea (CSGK), the newest Congressional Study Group established in 2018, has brought current Members of Congress and senior congressional staff together with their peers, as well as high-level representatives of the academic, business, and diplomatic communities. With more than 50 current Members of Congress, the Study Group on Korea facilitates frank and candid dialogue on all issues that affect the strategic U.S.-ROK alliance through regular programs on Capitol Hill and delegations to South Korea for Members of Congress and senior congressional staff. The Congressional Study Group on Korea is one of several legislative exchange programs FMC oversees on behalf of current Members of Congress, the others being Germany, Japan, and Europe.

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The Korea Society

The Korea Society is a private, nonprofit, and nonpartisan organization dedicated solely to the promotion of greater awareness, understanding, and cooperation between the people of the United States and Korea. In pursuit of its mission, the Society arranges programs that facilitate discussion, exchange, and research on topics of vital interest to both countries in the areas of public policy, business, education, intercultural relations, and the arts. Based in New York City, the Society continues to serve its audience in the metro area while also extending its reach nationally and internationally through online programs, webcasts, and video releases.

The Society traces its roots to 1957 when a group of prominent Americans, under the leadership of General James A. Van Fleet, who commanded the U.S. armed forces in the final phase of the Korean War, established the first nonprofit organization in the United States dedicated to the promotion of friendly relations between the people of the United States and Korea "through mutual understanding and appreciation of their respective cultures, aims, ideals, arts, sciences and industries." Today, the leadership of The Korea Society is in the hands of Thomas J. Byrne, who serves as President and CEO, and Kathleen Stephens, a former U.S. ambassador to Korea, who serves in the capacity of Board Chair. They are supported by a board of directors drawn from the fields of business, the professions, academia, and public affairs and an advisory council whose members are leading public figures in Korea and the U.S.

The Korea Society expresses its gratitude to the Korea Foundation for its generous support of this program, and to the Association of Former Members of Congress (FMC) for their valuable partnership and collaboration.

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Edited by Leonard Steinhorn

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Preface

I would like to offer my heartfelt congratulations to The Congressional Study Group on Korea (CSGK) on producing its first publication. Just over a month into the new U.S. administration and the 117th U.S. Congress, this publication could not have come at a more opportune moment. The CSGK has worked tirelessly to help Members of Congress deepen their understanding of Korea and Korea-related issues. I am confident that the essays in the following pages will further guide you through the breadth and depth of the partnership between our two nations. I genuinely appreciate each author sharing their keen insight and views on the future of the ROK-U.S. relationship.

Forged in blood during the Korean War and bound by the Mutual Defense Treaty of 1953, the ROK-U.S. alliance has evolved over the past seven decades into a comprehensive strategic alliance encompassing the political, economic, cultural, scientific, and people-to-people realms. It has grown into a linchpin of peace, security, and prosperity for Northeast Asia, the Indo-Pacific region, and across the world. When I served as counselor at the ROK Embassy in Washington, D.C. more than 20 years ago, Korea was still much dependent on the United States. Having visited different parts of the United States as ambassador, however, I never cease to be amazed at how the extraordinarily rich tapestry of our bilateral relationship is making a profound impact on the American people as well. Korean companies including Samsung, LG, and SK are among the top foreign investors in the United States, while K-pop, K-drama/movie, and K-food are increasingly garnering a huge following across the country.

These phenomena—combined with unflagging support for our alliance in the U.S. Congress—may also explain why I have always enjoyed such a warm welcome in every congressional district I have visited as ambassador. As an aid recipient turned donor nation, Korea has emerged as a vibrant democracy and an innovative economy with lessons to share and a leadership role to play. Take, for example, our open and transparent response to COVID-19. Korea and the United States have closely cooperated on the COVID-19 response and kept their borders open to each other to allow essential travel of both nationals. Korea provided two million face masks to the U.S. Federal Emergency Management Agency (FEMA) and donated 500,000 masks to American Korean War veterans and 210,000 masks to Korean heritage adoptees. More recently, we also sent care packages containing 100 masks and other items to 514 former Peace Corps volunteers. Against this backdrop, it was very unfortunate that last year the pandemic prevented the CSGK from sending any congressional delegation to Korea and the U.S. Congress from receiving Korean delegations. As both governments in Korea and the United States are currently doing their best to get their citizens vaccinated, it is my sincere hope that we can resume ROK-U.S. interparliamentary exchange later this year.

We are ready and primed to advance our shared goals with the United States and develop a coordinated response to our common challenges including climate change and global health. President Moon Jae-in has made it clear time and again that the ROK-U.S. alliance is the bedrock of ROK's foreign policy. On the same day that President Biden was sworn in, President Moon stated that the Korean government will develop the ROK-U.S. alliance into a more comprehensive, mutually beneficial, and responsible partnership. Of course, addressing the North Korean issue must be a top priority for the ROK-U.S. alliance. It is imperative to make progress on inter-Korean and U.S.-North Korea dialogues for purposes of complete denuclearization and the establishment of permanent peace on the Korean Peninsula. In February, President Moon and President Biden reaffirmed their firm commitment to a robust ROK-U.S. alliance and a peaceful and prosperous Korean Peninsula during their first phone call following President Biden's inauguration. As he recently wrote in his letter appointing Foreign Minister Chung Eui-yong, President Moon also said we must reinforce our alliance for the success of the peace process on the Korean Peninsula.

Given our deep friendship and the challenges our two nations face as partners in democracy, it is beyond paramount that Korea continue to count on the unwavering, bipartisan support in the U.S. Congress. Congress has always played a significant role as an even keel in ensuring our alliance stays robust regardless of which administration is in power, especially since the Congressional Caucus on Korea was first formed in 2003. The U.S. Congress has introduced 22 resolutions on Korea and adopted 8 of them since May 2017, when President Moon took office. I am deeply appreciative and proud of The Congressional Study Group on Korea's genuine efforts to strengthen ROK-U.S. relations and to foster the growth in the number of Members of Congress joining the group since its inception in 2018. As the ROK ambassador to the United States, I will also provide full support for the CSGK's activities and look forward to working closely with the Members of the 117th U.S. Congress in the years ahead. Your continued commitment to our bilateral ties will serve as a mainstay for our two countries in the march toward a more peaceful and prosperous future. We can walk far if we walk together.

Ambassador Lee Soo Hyuck
ROK Ambassador to the United States





Senator Brian Schatz

CSGK Senate Co-Chair

The U.S.-ROK Alliance: Immediate Challenges, Long-term Opportunities

As Congress and the Biden administration work to restore American leadership in the world, we must reaffirm the unwavering alliance between the United States and the Republic of Korea (ROK). We have mutual interests and shared security concerns, and we have strong cultural and economic ties. We will continue to work together on the basis of our longstanding friendship and common values. As friends, we should not be interacting with each other as if each negotiation is the first or the last, or that every difference of opinion needs to be a diplomatic quarrel to be aired out and debated.

Consider the burden sharing issue that got a lot of attention these last few years. Yes, there's always a negotiation to be had when you're talking about costs, but the 13 percent increase that South Korea proposed—the largest in the history of the alliance, but one that President Trump rejected—seems perfectly reasonable and should position us to put this particular dispute behind us, which the Biden administration appears to be doing with the agreement in principle they reached with ROK in early March 2021. This is not the kind of issue that should be at the fulcrum of the U.S.-ROK relationship. Ours is a friendship too deep and our needs overlap too much for this to turn into some sort of real estate deal.

We need to keep our alliance laser focused on essential security and regional issues, and chief among them is how we continue to work in a methodical way toward the denuclearization of the Korean peninsula. North Korea remains an immediate, existential threat to both of our countries—and to global security and stability—and we must not allow distractions to get in the way of our commitment to the complete, verifiable, and irreversible denuclearization of the peninsula.

Addressing this challenge requires hard work—technical work—involving various stakeholders and drawn out multilateral negotiations. Coordination between our State Department and the ROK Foreign Ministry is essential, as is engaging the International Atomic Energy Agency. We must game out various scenarios and develop detailed and strategic blueprints. Creating and properly resourcing a diplomatic infrastructure—and starting negotiations from the bottom up with seasoned experts and diplomats—is critical to any long-term success.

We also need to recognize that this threat will not be solved by any individual meeting or high-profile pronouncement. And we need to remember that if we push too hard, if we rush toward resolution, high hopes can devolve into frustration or even rancor, and things can become less safe. We want to move in the direction of denuclearization fully understanding it is a long-term enterprise.

Whatever doubts I had about President Trump's approach to North Korea and Kim Jong Un, where I had confidence is that the people on the ground—the men and women at the State Department and Department of Defense—understand the painstaking work of diplomacy and the necessity to involve and coordinate with their South Korean peers to build a multilateral coalition and create a framework and foundation for progress. Standing on their shoulders is the surest way to move toward denuclearization and peace.

“We need to keep our alliance laser focused on essential security and regional issues, and chief among them is how we continue to work in a methodical way toward the denuclearization of the Korean peninsula.”

We also need to engage China in this process. Denuclearization of the peninsula depends at least partly on the relationship between China and the entire peninsula, especially since China is North Korea's main benefactor and ally. My own sense is we need to avoid the glib statements and blame shifting that we've seen too often in public statements about China's involvement and instead recognize that China has influence and equities in the Korean equation and those should be brought to bear.

What this means is we are going to have to use our negotiating power with China on a multitude of issues and understand that in some instances they are going to be our competitor, but in others we can find areas of cooperation. That's how diplomacy is supposed to work. It's similar to how we established the Iran nuclear agreement—a lot of our adversaries helped us because we had overlapping interests. With North Korea, all of the neighboring countries would benefit from a denuclearized peninsula, and we just have to move in that direction together and pursue common ground as aggressively as we can.

Another challenge facing the Biden administration is the need for a reset in the Asia-Pacific region to remedy the mixed messages and confusing signals that are a hangover of the last administration.

We did avoid catastrophe. But the alliances were frayed over time and the focus was on particular hotspots and even sabre rattling as opposed to the necessary work of building the long-lasting human, economic, and diplomatic infrastructure that can

solidify our relationships, facilitate our work together, and enable us to maximize the opportunities that present themselves in the Pacific.

This doesn't mean that relations with and between some countries won't involve friction on certain matters, but it does mean that through diplomacy and economic relations we can commit to a peaceful and prosperous Pacific that benefits everyone. As a key ally of ours, South Korea can and must be a partner in this reset.

As part of this effort we would like to see two of our closest friends in the region improve relations, and there may be a role for the United States to play. But whatever we try will require patience, judgment, and caution—it's not for us to force the issue when some of the differences appear intractable based on deep historical or political reasons. We also have to recognize that even our best allies don't always see the world the same way, and we therefore need to communicate that the differences between them do not diminish our friendship with either one of them.

“If there's one area that presents an enormous opportunity for the United States and South Korea to collaborate and have a long-term global impact, it's climate action.”

There's also the question of whether we should rejoin the Trans-Pacific Partnership (TPP), which was a centerpiece of President Obama's pivot to Asia but one that President Trump opposed and withdrew from on his third day in office back in 2017. To the extent that our withdrawal was viewed as the United States pulling back from economic engagement, it was harmful. But at a more granular level, we need to better understand how significant our participation in TPP would have been in regard to our influence in the region—and whether we are appropriately managing expectations as to the strategic benefits of economic engagement.

Even as non-participants in TPP, we were perfectly capable of having strong trade arrangements with other APEC (Asia-Pacific Economic Cooperation) countries, and the list of what any individual American company or entrepreneur was able to do or not do based on TPP was rather small. If you talk with Foreign Service officers or local chambers and even chambers abroad, they report ongoing robust economic relationships irrespective of our participation in TPP.

So I'm a little less persuaded that we must rejoin, but I would be open to it if we could accomplish something similar to what we did with the recent North American trade deal by negotiating better labor and environmental standards as part of the agreement.

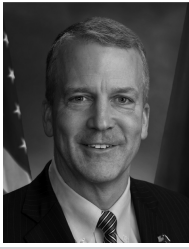
If there's one area that presents an enormous opportunity for the United States and South Korea to collaborate and have a long-term global impact, it's climate action. The ROK has committed to clean energy goals by the year 2050 and they've ratcheted up their ambition to address this issue. I have no doubt that with our new administration and Congress the United States will again be a leader on climate action.

But this isn't just about zero-carbon pledges as they relate to the Paris Climate Accord. It's about the added value of partnering to create green jobs and clean energy infrastructures in both of our countries. It's also about ocean acidification, rising sea levels, and changing weather patterns, and the impact these environmental effects have on our economic and national security.

When attending the 2012 World Conservation Congress on Jeju Island to pitch Hawaii as the venue for its 2016 gathering—which is where it took place—I saw first-hand the incredible work South Korea was doing even then in clean energy development. But whatever progress and commitments we make, and even with the sense of urgency our two countries share, we also should not be naïve about the challenges we face. The legacy fossil energy interests still have considerable power. There are a lot of competing interests to sort out.

But it is becoming increasingly clear in our two countries—especially among our younger generations—that clean energy and climate action are not only moral imperatives, they are also essential to our long-term economic development strategy. We must eschew the old mindset that sustainable practices are in conflict with economic growth—they aren't. For this next generation, capital investment and climate action are intertwined, and to them this is not a zero-sum game but an opportunity for everyone to benefit from solving the world's greatest crisis, our climate crisis. For our two countries to take the lead on this issue would be the greatest gift our friendship can bequeath to the future.

Brian Schatz is Hawaii's senior United States Senator. He serves on the Senate Foreign Relations Committee; the Appropriations Committee; the Commerce, Science, and Transportation Committee; and the Select Committee on Ethics. Schatz also chairs the Senate Indian Affairs Committee and serves on the Senate Democratic Caucus's leadership team as Chief Deputy Whip.



Senator Dan Sullivan

CSGK Senate Co-Chair

**An Alliance Built on Strength, Sacrifice, and
Common Interests**

I. Introduction: A bond based on shared sacrifice and goal

As a former Assistant Secretary of State under Condoleezza Rice, a current Colonel in the Marine Corps Reserve, and now a United States Senator for Alaska, Korea has been a constant touchpoint in my life. I have great respect for the Korean people, admiration for their many accomplishments, and appreciation for the strong and enduring alliance between our two countries.

I was first deployed to South Korea 25 years ago during the Third Taiwan Strait Crisis, when China tried to intimidate Taiwan with a series of missile tests in the Taiwan Strait and in doing so, threatened the stability of the entire region. I got a firsthand perspective of how best to handle such provocation aboard the USS Belleau Wood when we were the first ship to sail through the strait as a part of the two U.S. carrier strike groups that President Clinton sent to the region as response. My military experience in the region also extended to participation in joint exercises in Busan with the South Korean Navy and Marines—and I experienced first-hand the seamless coordination of the U.S.-Republic of Korea (ROK) Combined Forces Command. My time there also brought me to the DMZ and to the Joint Security Area in Panmunjom.

Later, as both a staff member at the National Security Council and as an Assistant Secretary of State, I returned to Korea a number of times working on security matters. In addition to my role as a co-chair of the Congressional Study Group on Korea, I also represent a strong and vibrant Korean-American community in Alaska.

Further, I am a Korean War history buff who is committed to rectifying what I believe is a deeply unfortunate lack of knowledge about that war—the suffering it caused, the more than 36,000 Americans who died and well over 100,000 wounded, and of course the millions of Koreans who were killed and wounded. It is a war that taught us—or should have taught us—any number of lessons about our military policies and our strategic role in the region.

This is a country and an enduring friendship—built in combat—which I value, and believe more of us need to appreciate and understand. The Korean people fought with us on their own soil, in Vietnam, in Afghanistan, in Iraq—shedding their blood alongside ours—and the bond we’ve built based on our shared history, goals, and commitment to democracy makes them a natural partner not only regionally, but globally.

II. Republic of Korea as a Linchpin of Security

I am not alone in having this perspective: It is widely shared in Washington, regardless of one’s political party. Just as President Trump and his team understood the importance of Korea, so too will President Biden, Defense Secretary Austin, and Secretary of State Blinken. We all agree: The Republic of Korea is a linchpin of our security in the region, and we demonstrate our own commitment to this alliance through the number of American troops we have stationed there.

Our regional challenges are many, and how we navigate around the challenges posed by China and its many efforts to exert its military and economic strength remains a top priority. But if there’s an immediate—I would even say existential—threat that we and the ROK must constantly monitor and address, it is North Korea.

I often think of the now infamous space station photo of the Korean Peninsula taken in 2014 in which we see a South Korea full of light and energy and vibrancy—and then, at the 38th parallel, it ceases and the entire area north is completely dark. The light and life south of the 38th parallel speaks to South Korea’s incredible progress as a nation. At the start of the Korean War, those images may have been flipped, with the south mostly agrarian and the north more industrialized, but that has all changed largely through the will, sacrifice, and determination of the South Korean people and the partnership our own country has forged with them.

But as much as South Korea’s success should make all of us proud, it’s that grim image of the north that poses a most unsettling challenge—because it’s a nation both literally and figuratively steeped in darkness.

A few years ago, on a Congressional delegation trip to South Korea that I led with other members of the Senate, we met with a very senior North Korean defector. I wanted to hear firsthand just how authoritarian North Korea was, whether any dissent was allowed and what might happen if someone were to publicly denounce Kim Jong Un. I was confident that would never be allowed, but wanted to know how the Kim dictatorship might react to such behavior. The defector looked me straight in the eyes and said, “That man does not exist in North Korea.” His answer was chilling.

That exchange is the embodiment of how North Korea is governed—without mercy and conscience. Kim Jong Un is concerned only with projecting dominance and maintaining the ability to silence even the most minor threats to his power.

There's only one language a regime like that understands: the language of strength. Our strategic playbook should be written in that language as well. When we show any weakness or ambivalence, they do something provocative. When we show strength and determination, they take notice and back off. We must be constantly vigilant and send signals that only convey our strength.

Part of this strategy should involve continuing and strengthening sanctions, but ensuring they are targeted more effectively. With the sanctions currently in place, the people of North Korea suffer, while the regime has found a way largely to avoid the pain. We must make the regime itself feel the pain. When President Trump met with Kim Jong Un, I was wary at the outset even though I understood what he was trying to accomplish. But my mind was eased when I saw the President pair these meetings with significantly stricter sanctions. That's the only language North Korea's regime understands.

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We also must understand that the North Korean regime studies American politics and picks up on any signs of weakness that they might be able to exploit. Knowing this, I was deeply concerned about the defense spending decline during the Obama administration. As chairman of the Readiness Subcommittee of the Senate Armed Services Committee for the last three years, I understood that the perception of downsizing our Armed Forces would be seen as a sign of weakness by the North Koreans. I found this to be a particularly dangerous policy decision, both in terms of our overall readiness, but also for what it communicated to countries like North Korea.

We've made significant progress over the last few years—with bipartisan support in Congress and the administration—to rebuild our military and readiness. And we cannot take our foot off the pedal; we must continue to show strength, alongside South Korea, and we must always make our joint commitment to an integrated approach in defending the peninsula clear.

One of the ways the United States has communicated strength has been building up our missile defense system to protect ourselves from the desire of rogue nations

like Iran and North Korea to hold our homeland hostage. In 2017, I sponsored and enacted legislation calling for a huge buildup of our missile defense system, in large part because of the North Korean ICBM threat and the nuclear warhead capacity they were developing, which is profoundly destabilizing. I see the power of our missile defense in Alaska, my state, where many of our missiles and radar sites are based. This is a strategic deterrent—both in our defense capabilities and the message it sends to our adversaries.

We also must be steadfast in our commitment to keeping our troops in South Korea. In addition to Kim Jong Un, China's President Xi and Russia's President Putin would like nothing more than for the U.S.-ROK alliance to split and for our troops to be removed from the Korean peninsula. That cannot happen.

When President Trump was looking for additional negotiating power in his talks with Kim Jong Un, I included a provision in the National Defense Authorization Act that said Congress wouldn't allow and wouldn't fund a deal that would exchange the removal of illegal North Korean nuclear weapons for the removal of legally-based U.S. troops from the south. I explained to the President that we cannot rely on trust and reciprocity when dealing with the North Korean regime.

We must continue to show strength, we must remain completely aligned with our ROK allies, we must continue sanctions directly targeted at the North Korean regime, and we must maintain a strong message of deterrence through our troops, missile defense system, and promise of massive retaliation. None of us have all the answers and none of us hold the key to unlocking this situation. But as long as we speak a language the North Koreans understand, and as long as we show them the price they pay for the nuclear programs they pursue, we will continue to hold all the cards.

III. China's Involvement with North Korea

One aspect that complicates America's strategy is China's involvement with North Korea. As North Korea's main ally, China has a key role to play. I'm not sure why the Chinese government chose to sit back and watch as Kim Jong Un pursued nuclear weapons.

This alliance can't be something China celebrates—they must see North Korea as a prickly ally, not always easy to deal with. It doesn't surprise me when I meet with some in Chinese leadership positions and they privately tell me that the U.S. presence plays a profound stabilizing role in the region.

But as we know, naked self-interest governs most of what China does. Just as North Korea speaks a language of strength, China speaks a language of power and

opportunity. We must consider that fact when determining how we bring them into any discussions about the future of the Korean peninsula.

China's influence in the region has been demonstrated before. Let's not forget how in 2017, China decided to flex its muscle by punishing South Korea when they allowed the U.S. to deploy a missile defense system (THAAD) in their country to protect both South Koreans and the tens-of-thousands of American troops and their families from North Korean aggression. China aimed its venom at South Korean companies in general, but especially the Lotte Group, which gave the South Korean government land it owned to house THAAD.

It was clear to me that China was blowing this way out of proportion. In a bipartisan letter I organized with nearly 30 senators, we expressed our firm support for South Korea, and the Trump administration came to Seoul's defense also. We had to meet power with power. But we were under no illusions that China's main concern was the missile defense system. They simply wanted to put pressure on our relationship with South Korea and exhibit their strength. That's the mentality we and South Korea must take into consideration as we try to bring China into discussions about North Korea.

IV. Burden Sharing

It's clear that the alliance between the United States and South Korea faces a number of regional challenges. The strength of our partnership also depends on how we work through any disagreements. An issue that was heavily discussed in the media is burden sharing—how much South Korea should contribute to our military presence on the peninsula. I believe that the differences between us pale in comparison to how heavily that issue was discussed, and it appears that was exactly the case now that our two countries, as of March 2021, have signed an agreement in principle.

This is a legitimate issue, and it's always worth having a dialogue among friends to determine how we share the financial burden of our mutual defense. Equity is important, and we want to ensure our partners are doing their part to keep peace around the world. The United States greatly benefits from our alliances and that should never be undervalued or underestimated.

Burden sharing is a far greater issue with our European partners than with our Asian allies. Every president since Ronald Reagan has pushed our NATO allies to contribute more, and in 2014 they all committed to spend at least 2 percent of their GDP on defense by 2024. Right now, most still come in at 1 to 1.5 percent. In comparison, South Korea's defense spending has grown to more than 2.5 percent. So yes, our allies

can do more, and we should constantly assess what constitutes an equitable level of spending on their own defense, but perhaps the focus on South Korea was more of a media story than a defining issue.

In fact, what didn't get enough press coverage was the significant contribution South Korea made to the new U.S. Army base, Camp Humphreys, which is about 40 miles south of Seoul. Traditionally our Army bases have been in or around Seoul and near the DMZ, so what Camp Humphreys does is consolidate a lot of our troop presence into a single, state-of-the-art base. Camp Humphreys cost about \$11 billion; South Korea paid 90 percent of it, about \$10 billion. One has to acknowledge that South Korea has indeed stepped up to share the burden on behalf of our common alliance. And it tells us how much the Korean government, military, and people welcome and appreciate our military presence.

V. Areas of Common Interest

Looking ahead to new areas of common interest, I see the potential for our two nations to develop a greater trading relationship in the energy sector. From 2005-2017, the United States reduced its greenhouse gas emissions by about 15 percent, more than any other major economy in the world, and much of that is due to our production and use of natural gas, which has made us a global superpower for energy production. Like the United States, the ROK is deeply concerned about climate change, and increasing its liquid natural gas (LNG) imports from the United States will help lower their carbon emissions.

“None of us have all the answers and none of us hold the key to unlocking this situation. But as long as we speak a language the North Koreans understand, and as long as we show them the price they pay for the nuclear programs they pursue, we will continue to hold all the cards.”

It will also provide them with a reliable source of energy to power their economy. Currently, Russia is one of their main suppliers. But as we've seen with Ukraine, if an issue arises between their two countries, Putin will have no problems cutting off their gas supply. The United States is in a mutually beneficial position to provide the ROK with affordable energy, reliability, and stability.

In the United States, this partnership will create millions of jobs, particularly in my own home state of Alaska, which is a major natural gas supplier. And if we are able to bring the ROK and Japan together in an energy alliance with us, it will also help to sand some of the rough edges in their relationship and add energy

as yet another bond in a trilateral alliance that already involves security, intelligence, and economic cooperation.

I see this as a great area of opportunity for the Biden administration. It will address climate change, provide our allies with a reliable source of energy, build bridges between our two key friends in the region, add jobs, improve the American economy, dramatically lower our trade deficit, and strengthen our regional role and presence throughout the Indo-Pacific.

VI. Conclusion

My interest in Korea dates back to my years as a Marine, but it's also more than a personal passion. The Founding Fathers imagined the Senate as a key player in providing advice and consent in the foreign policy direction of the United States. As a senator, I take that role seriously. In the case of Korea, our advice and consent will always remain grounded in the critical importance of this alliance, the values we share, the benefits we gain, and our common goal of advancing security, peace, free and fair trade, economic opportunity, and democracy.

Senator Dan Sullivan was sworn in as Alaska's eighth United States Senator in 2015 and serves on the Senate Armed Services Committee. Senator Sullivan has been able to pass numerous bills and amendments related to rebuilding and modernizing the U.S. military, responsible resource development, reining in federal overreach, spurring economic development, and expanding benefits for U.S. veterans. Senator Sullivan served in the George W. Bush Administration as the U.S. Assistant Secretary of State for Economic, Energy, and Business under Secretary of State Condoleezza Rice and as a Director in the International Economics Directorate of the National Security Council staff at the White House.



Representative Ami Bera CSGK House Co-Chair

South Korea: A Key Ally in a Multilateral World

The United States has many close friends and allies around the world, but a bond forged in shared sacrifice and the loss of life can create the strongest of relationships, and that's really the starting point to understand the U.S.-South Korean alliance and why it is so durable, valuable, and essential.

Look back seven decades to when the fate of our two nations intersected, when South Korea was among the poorest nations on earth—and now it is one of the most advanced, dynamic, innovative economies anywhere in the world. It's not because of the United States that South Korea has transformed—the South Koreans deserve credit for that. But the partnership, the shared values, the mutual respect, and of course the support we provided all made it possible for South Korea to seize the opportunity and thrive, and as allies we stand stronger together. Alliances matter.

Ours are likeminded democracies that share strategic and geopolitical goals but also much more. Our troops are stationed together against a common and heavily armed foe up north, and while the U.S. may not face the same constant and existential threat from North Korea, we are ready to defend our friend and view any aggression toward South Korea as aggression against the United States.

We also benefit from South Korea's healthy and longstanding relations with other countries and its ability to facilitate strategic alliances and initiatives that ultimately advance American goals—in East Asia, India in particular, and throughout Africa as well. No country has escaped the ravages of Covid-19, but South Korea's response became an object lesson for our policy makers and public health officials, and we are of course grateful for the way they shipped PPE to our country when we needed it most.

But our bond is also shared at a personal level as the United States is home to a spirited Korean diaspora that has enriched our country and contributed to it in so many ways—culturally, economically, and increasingly politically. This last election, three Korean-Americans won seats in Congress, adding to Andy Kim from New Jersey who has served since 2019.

The ties that bind our two countries are strong at any number of levels. We must now translate that bond into an effective course of action to deal with the mutual

challenges we face and the many complexities involved.

China poses a number of difficulties not only because they are and will continue to be our biggest strategic competitor this century—but also because of South Korea’s own economic ties with China as well as the role China will play in any resolution of the North Korea issue.

We certainly expect South Korea to be our strong ally on whatever diplomatic and economic path we pursue—after all, our relationship is based on the deepest of values, on democracy, freedom, and the rule of law, whereas South Korea’s relationship with China is largely transactional—but at the same time we do not want to see South Korea caught in the disadvantageous position where circumstances force them to choose between the U.S. and China.

From a congressional perspective and in particular from my position as Chair of the Subcommittee on Asia, the Pacific, and Nonproliferation, I think we always have to include our friends in any strategic planning and discussions that deal with China, understanding that yes, we have our own national interests, but those interests are also bound up with the concerns of our allies.

Case in point is when we deployed an American anti-missile defense system in South Korea early in the Trump administration to protect against a potential North Korean attack against South Korea and our troops stationed there. Remember, those were the “fire and fury” days, before the summits and the “love letters” between Trump and Kim, when our rhetoric made it seem as if we were at the brink of war. Our South Korean friends were on board with the deployment, but when the Chinese objected and then retaliated, it wasn’t the U.S. they targeted—it was South Korea. Bullying like this isn’t something we in the U.S. would do, but China does it all over the region, and while we should always resist it and never bend to it, in this three-dimensional chess game we’re in we should always factor in what our allies are thinking and how it will affect them.

And that raises the larger issue of the best approach we should take to deal with China and pursue our strategic interests. The Trump administration, as we know, focused on an America First approach that eschewed multilateral coalitions and instead focused primarily on bilateral efforts. Now we’re seeing its shortcomings, not only because it was less than successful but also because it left our allies wondering about our commitment to them.

A multilateral approach makes far more sense, and when dealing with China it’s essential to get on the same page with our likeminded allies and to build a determined coalition with them—think not only of South Korea but Japan, Australia, the European Union and to some extent India.

On the economic front, none of us fear competition, but it has to be fair competition, a level playing field, one governed by the rule of law—and not one in which China steals intellectual property or takes advantage of its size and market power to dictate the terms of engagement. The question is how we create that framework, how we create the rules, the predictability, and the norms that can lead to a level playing field for all. Perhaps we might consider reviving the Trans-Pacific Partnership, which I supported, or at least the general framework behind it, the goal being to set the rules of commerce for the entire region.

“From a congressional perspective and in particular from my position as Chair of the Subcommittee on Asia, the Pacific, and Nonproliferation, I think we always have to include our friends in any strategic planning and discussions that deal with China, understanding that yes, we have our own national interests, but those interests are also bound up with the concerns of our allies.”

The bottom line is we can't go it alone. All of our countries have too much at stake—for example, intellectual property issues, reciprocity on tariffs, labor and environmental practices. Yes, bilateral trade deals certainly work—the KORUS FTA being an excellent example—and the Biden administration will have to address our trade tensions with China. But our individual positions are strengthened when we approach this challenge collectively.

The truth is, multilateral and bilateral approaches are not mutually exclusive. Negotiating together to address common concerns does not exclude negotiating individually with one another to work out issues specific to our relationship. But bilateral negotiations must also have a context, and the goal has to be win-win and strategic, not zero-sum with winners and losers, especially with our allies and friends.

I say this because the Trump administration too often approached our allies from a transactional and not a mutually beneficial perspective. Whether it was South Korea or NATO, President Trump always seemed to boil down the issue of American troops to dollars and cents, to an accounting spreadsheet defined only by the expense of stationing our troops overseas. The message: we're spending all this money, you ought to be paying us back, and you're taking advantage of our generosity. And that has eroded some of our goodwill both in South Korea and Europe.

That's not to say we shouldn't expect other countries to pay their fair share—we should. And with South Korea we need to work out a fair and mutually acceptable burden sharing agreement—a revised Special Measures Agreement (SMA). Thankfully the Biden administration has made that a top priority, not only for our alliance but for the united front we show to North Korea.

But let's not allow the dollars to determine the strategic benefits we gain from our troops stationed there. Our troops have helped keep a relative peace in Asia for seventy-plus years—the Vietnam War excepted. They serve as a deterrence against North Korean aggression. They protect our citizens living in South Korea and the many American companies operating there. More broadly, they make a statement about our interest in maritime security and freedom of navigation issues. So this is not just to the benefit of the South Korean people. It certainly has helped our own strategic interests in the region as well.

Another multilateral issue that should be high on the Biden administration's agenda is what I call the trilateral relationship between the United States, Japan, and South Korea. Relations between our two friends is probably at its worst point in recent years, certainly in my eight years in Congress, and given the history and the emotions we shouldn't understate how complicated and deep-rooted it is. But improving this relationship needs to be a top priority because it strengthens our hand in every respect—regionally, with China, and with North Korea.

I do think the Biden administration will be much more actively engaged in this relationship. When he was a Deputy Secretary of State, our incoming Secretary of State Tony Blinken would hold quarterly meetings that brought the two countries together. They also can draw on Members of Congress who have built up relationships with Japanese and South Korean legislators. We need to be clear: we have a much stronger hand with our three countries united than with two of our three divided. It's in our shared interest to work this out.

Of course the biggest puzzle facing all of us is what to do with North Korea. Let's be clear: as much as we may want a dramatic breakthrough, this is not something that's going to happen in a single president's term. We often lose sight of the fact that we're looking at an issue that has been decades in the making and will require years to resolve. The North is isolated, it's underdeveloped, it's run by a mentality of ruthless and paranoid self-interest, and they rarely act in good faith. I'm 55 years old. I could still be here 20 years from now when we're actually seeing the last nuclear warhead being removed, and even that may be ambitious.

“With all countries but especially with North Korea, foreign policy must be built on an infrastructure of diplomacy and negotiations.”

Consider the grand gesture President Trump hoped to accomplish. We all would have cheered had it somehow brought us progress, but both he and President Moon may have been moving much faster than the conditions on the ground merited. Show the North too much solicitude and they interpret it as a sign of weakness, which then reinforces their extortion mentality and bullying. So as much as the summits generated good press, behind the scenes the North Koreans were continuing to advance their

nuclear capacity, missile technology and their ICBM capabilities as well. It's a pattern we've seen over the years.

With all countries but especially with North Korea, foreign policy must be built on an infrastructure of diplomacy and negotiations. Just as we learned during the grueling years of the Cold War, any progress is the result of hard diplomatic work, rolling up the sleeves and hammering it out. It involves keeping our troop presence strong in South Korea. It involves a united front among all our allies. It involves offering economic and development carrots in exchange for real progress toward denuclearization. It involves human rights, which is both a tangible issue for the people of North Korea but also a symbol of the trust and confidence we could place in their pledges and promises.

It would be naïve to think that the North would say, yes, we'll denuclearize in exchange for economic aid. But through economic engagement we might get them to stop enriching uranium or developing more nuclear warheads. None of this will happen on day one. My guess is President Biden will appoint a special envoy to deal with North Korea. And I can imagine a scenario where there's a Biden-Kim summit. But it will take time, effort, coalition building, and the type of deep negotiation and diplomacy essential to making progress. And we must never waver from our ultimate goal, which is a nuclear free Korean peninsula.

I also think President Biden, as a former Senator and chair of the Senate Foreign Relations Committee, will make far better use of Congress than President Trump did. When it comes to foreign policy, yes, the President leads and sets the agenda, but he will always have a stronger hand to play with Congress involved in the process, at the table, and on his side.

Regardless of who is president for four or eight years, many Members of Congress from both sides of the aisle have been building long-term relationships with their peers in other countries, and these relationships can be helpful both as backchannels and as tools to build internal consensus and public support. These relationships are nonpartisan, and in fact the House Foreign Affairs Committee is probably the least partisan committee in Congress, so our interest is national, not political.

Our many relationships with members of South Korea's National Assembly are a case in point. We also have strong relationships with members of Japan's Diet. We can and we do build bridges, and we are ready to assist however we can. Particularly as we transition from one administration to the next, it's important to convey a degree of strategic consistency, continuity, and confidence-building, and the networks that Members of Congress have built can help with that.

Looking back on our foreign policy, it's not hard to see what we did in the aftermath of World War II as remarkable. We warded off Soviet aggression, helped rebuild Europe and Japan through the Marshall Plan, we defended South Korea and helped them build

their vibrant democracy and economy. But while the past is instructive, we must not allow it to govern the future. Any clear-eyed view of our challenges ahead should tell us that diplomacy is going to look a lot different from what it was last century.

When thinking about our relationship with South Korea, they may not be equal partners, but they are essential partners, and with their robust economy, culture, and democracy they must be at the table as we develop new multilateral coalitions to meet the needs of the twenty-first century. I am confident the Biden administration will engage them as key allies in dealing not only with China and North Korea but with the economic, security, technological, environmental, and geopolitical issues our global community faces in the years and decades ahead.

Rep. Ami Bera is the House Co-Chair of the Congressional Study Group on Korea (CSGK) housed in FMC and has represented California's 7th Congressional District in the U.S. House of Representatives since 2013. Rep. Bera is currently a member of the House Foreign Affairs Committee, where he serves as Chairman of the Subcommittee on Asia, the Pacific, and Nonproliferation. He is also Vice Chair of the House Committee on Science, Space, and Technology. Rep. Bera is a Leadership Member for the New Democrat Coalition, a group of over 100 forward-thinking Democrats who are committed to pro-economic growth, pro-innovation, and fiscally responsible policies.



President Geun Lee

President of the Korea Foundation

Shared Values, Shared Challenges, Shared Goals

Perhaps the best way to describe and encapsulate the relationship between the United States and South Korea is through the word “share”—because it’s the values, history, challenges, and objectives we share that bind our two nations together. We may have taken different paths to this relationship, and at times we may have different regional perspectives, but our core principles and end goals remain the same.

South Korea is a country that accomplished democratization within a very short time—it’s a real and living memory for so many of us, and we owe a debt to it. Freedom and democracy have allowed us to flourish and thrive as a country—economically, culturally, and politically—and as a people these values are coded into who we are and what we believe.

We are of course grateful for all the United States has done for our country, both past and present, but it’s as much out of common purpose as it is out of gratitude that we stand together. Like the United States we are steadfast in defense of democratic values—freedom of the press, freedom of expression and association, human rights, individual freedoms. We support free and open markets economically, and internationally we stand for a rules-based order built on multilateral coordination and cooperation. We also understand our responsibility to ensure that future generations enjoy a healthy planet.

These are the values that unite our two countries. And it is from those shared values that we confront the geopolitical, strategic, and existential challenges that democracies like ours face today.

Arguably the most complex knot to untie is China. Most important, perhaps, is how we address what is increasingly the parallel digital platforms the U.S. and China are developing, which to me is not only a choice between digital democracy and digital authoritarianism but also a sign of what the global economic future may look like if the two countries decouple from one another. In many ways we are at a digital inflection point, and the decisions we make today will shape the contours of our economies tomorrow.

As a nation dedicated to small “d” democracy in politics and technology, South Korea stands ready to work with the United States to advance an Internet governance that is free, transparent, and open. And we hope that China eventually will appreciate the many advantages of this platform. But that’s not guaranteed, and it’s fully possible that the two countries will treat the digital economy not as mutually beneficial, not as win-win, but as a zero-sum game in which the two sides push forth competing visions and one side advances at the expense of the other. As an alliance partner, South Korea will certainly side with the United States, but I’m not sure the global economy will be best served by such a conflict.

Let’s keep in mind the many ways our digital economies are transforming before our very eyes. We’ll soon have unmanned vehicles traveling our roads, commerce will know no borders, data transfers will continue to connect us globally and the Internet of Things (IoT) will infuse artificial intelligence into our daily lives and our most personal decisions. Will our economies benefit by having completely dissociated systems governing different regions and nations with little or no interaction? And if so, what will that mean for some of the larger issues we face, such as climate change and economic inequality? We are prepared to support the United States on whatever path they choose, but given the social, political, and economic challenges all of our nations face in the years ahead, a global governance structure based upon rules and multilateral negotiation, if not cooperation, would seem to make the most sense.

“Most important, perhaps, is how we address what is increasingly the parallel digital platforms the U.S. and China are developing ... and the decisions we make today will shape the contours of our economies tomorrow.”

Then there’s the security issue we face. Far beyond troops and weapons, the security challenges ahead are closely connected to digital technology—for example, quantum computing, data protection, satellite communications, and digital privacy. Korea has immense capabilities to advance in these areas and commercialize innovations, and we have high quality scientists and engineers, but digital security requires immense amounts of money, and it will be difficult for South Korea to stand alone without close cooperation and collaboration with the American scientific community. Not having verifiable protocols built on international governance structures will make our relationship with the United States even more critical to our national interest.

The direction we take with our digital platforms is one piece of the larger global competition between China and the United States. China has been singularly focused on expanding its market power worldwide, and there is a concern that the more they gain a foothold in our region and elsewhere, the more economies will be connected to the Chinese platform. China clearly sees a significant benefit in the Regional

Comprehensive Economic Partnership (RCEP) agreement that 15 of our Asia-Pacific nations recently signed, which is to them an opportunity to pull other nations into their sphere of influence, both economically and digitally.

“As much as North Korea and China may dominate our conversations and immediate concerns, we must be careful not to define our alliance solely on the basis of these two issues.”

Let’s be clear: RCEP will benefit all of its signatories by opening markets and advancing free trade in our region. But unless it is supplemented by other regional free trade agreements, such as Trans-Pacific Partnership (TPP) or something akin to that, it has the potential to create yet another dilemma for nations like ours—whether to align with China or the United States. For South Korea, it’s not an open question—we will join with our friend and ally. But that will create a ripple effect for the many South Korean companies that have invested heavily in China, which could face difficulties and need some sort of compensation. And that will have a significant economic impact on our entire nation. So once again, a zero-sum competition between China and the United States will have consequences far beyond their two economies.

North Korea is another shared challenge we face, and our two countries are united behind the same goal: the elimination of the North Korean nuclear threat and the complete denuclearization of the Korean peninsula. The Trump administration took a more top-down, dramatic approach to addressing the problem, and while the Biden administration may pursue a different path, we are ready to work with the United States to achieve this goal. Our people have learned to live with the North Korean threat, but acclimation is not acceptance, and we will join with the United States to ensure that we send a message of strength and determination through diplomacy and military capability. Our own country will be having a presidential election in 2022, and while our different parties may disagree on tactics, both are steadfast on the goal of denuclearization. America will always have a partner on this issue.

But as much as North Korea and China may dominate our conversations and immediate concerns, we must be careful not to define our alliance solely on the basis of these two issues. Given our role in global trade and innovation, our hope is to work with the United States in larger venues, alliances, and summits—for example, the Group of Ten meetings that deal with global finance, or the Summit for Democracy that President Biden has proposed for 2021.

And as prosperous nations we also have a responsibility to address global inequality, the gap between rich and poor, which is not only a moral but a national security issue. Countries heavily divided between those with wealth and those in poverty are typically the ones where corruption thrives, and where corruption thrives democratic

values decline. Leaders who weaponize corruption are likely to sell themselves to the highest bidders, and that is a recipe for instability not only within a country but regionally and internationally as well.

We also need to make sure that access to the Covid-19 vaccine does not become a competition between nations, that self-interest and geopolitical advantage do not dominate access and distribution. I hope the Biden administration will play a very strong global leadership role in making sure the vaccine is distributed to parts of the world that may not have the wealth or influence to secure early access to the vaccine.

It's also important to view relations between our countries through a lens much larger than policy, trade, geopolitics, and technology. South Korea is a very dynamic society. We are digitally connected, technologically advanced, and culturally diverse. Our young people are very creative and innovative. They are globally minded, well-educated, and fluent in foreign languages. We are now well-known for our K-pop culture and for breakthrough films like *Parasite*. But we are also a nation of strong traditions and close-knit families. Our hope is that Americans, particularly young Americans, will come to our country and experience its many attributes, surprises, and characteristics.

For decades the United States has supported our country—and has shed blood for our people. You provided us with development assistance, technological know-how, military aid, even Peace Corps volunteers. You opened your market to us and helped us grow economically, and the democratic principles you exported have become central to our nation's DNA. Our hope now is to pay you back with our human resources, technological expertise, economic wherewithal, and cultural gifts—and to do it in a way that brings nations together and contributes to a future characterized by stability, cooperation, prosperity, and peace.

President Geun Lee is the current President of the Korea Foundation, which was established in 1991 to promote Korean affairs to the world and to support public diplomacy to deepen mutually friendly international civil networks. Prior to being President of the Korea Foundation, Geun Lee served as a Professor to the Institute of Foreign Affairs and National Security and also served as a Member of the Policy Specialist Committee to the National Security Council in Korea. He currently is the Chief Vision Officer of the Mirezi (Future Insight) think tank and is concurrently Vice President and Dean of the Office of International Affairs at Seoul National University.



Ambassador (Retired) Kathleen Stephens

President & CEO of Korea Economic Institute
Board Chair of The Korea Society

A South Korean Odyssey

South Korea's modern story is an extraordinary one: from poverty to prosperity, authoritarian rule to a thriving democracy, a "hermit kingdom" to an influential global player in technology, culture, and much more. None of this seemed likely at the end of the Korean War in 1953, which ensured the survival of the Republic of Korea but left it in ruins, still tragically divided, facing the rival DPRK to the north, and utterly reliant on the United States. There is much inspiration—and also some hard lessons to learn—in South Korea's extraordinary blossoming, and in how the U.S.-Korea relationship has broadened, deepened, and become more resilient over the decades.

Diplomats are witnesses as well as sometimes participants in history, and I count myself fortunate to have lived in South Korea during three periods: first in the 1970s as a Peace Corps volunteer in authoritarian Korea as economic growth began to take off, next in the 1980s as an American diplomat covering South Korean domestic politics during decisive years in the struggle for democracy, and finally as the U.S. Ambassador to South Korea from 2008 to 2011, the first Korean-speaker and first woman to serve in that role.

As a Peace Corps volunteer, I lived in rural South Korea from 1975 to 1977. Scarcity defined the country—scarcity of food and goods, scarcity of basic infrastructure, and under its authoritarian government, scarcity of civil rights. As volunteers, we lived and worked in Korean homes and schools with no heat, no air conditioning, no indoor plumbing. Rice was rationed. Industrialization and urbanization were accelerating, though by GDP per capita measures South Korea was still near the bottom of the pile, along with North Korea. Think of it this way: Hyundai wasn't yet producing cars, though they were working breakneck on it, but gas was expensive and there weren't many paved roads to drive on anyway. What was not in scarcity was human audacity and ambition, which I saw everywhere in Koreans' determination to build a better future for their children and their country.

I went back to South Korea in the 1980s as a diplomat in the political section of the U.S. embassy, serving there for six years. This time, the economy was booming more than ever, but political discontent was growing, along with demands for democratization. Once again Korean aspirations and determination took hold, and

Korea turned decisively and irreversibly toward democracy. This political blossoming has not gotten the same attention as South Korea's economic transformation, but it was just as unexpected and just as hard won.

To be sure, the United States, which had come under increasing criticism for prioritizing security over political liberalization in earlier years, played a role too. Secretary of State George Shultz and others in the Reagan Administration surprised many Koreans with their insistence, both publicly and privately, on political progress. It was a good case study in quiet, and sometimes not-so-quiet, diplomacy.

But it was the South Korean people who demanded change—especially the university students who took to the streets and inspired many to join them with the demand for direct election of the next president. The 1988 Seoul Olympics were planned as South Korea's great coming-out party; this too spurred the Chun government to agree to a new constitution, the election, and a host of other reforms. Since that decisive year of 1987, South Korea's civil and democratic institutions have continued to take root, the military has stayed away from politics, and the country has never looked back.

I saw the many fruits of South Korea's economic and democratic transformation when I returned as the U.S. ambassador in 2008. A sense of freedom, creativity and innovation infused the life of the nation, from artists to inventors, to a vibrant press and public life. I often look back to my Peace Corps days and think with some wonder how far Korea has traveled. Today, from across the Pacific, as we routinely purchase South Korean products, drive Korean cars, and enjoy Korean cultural exports, it is easy to forget or take for granted the difficult journey Korea traveled. But that story is central to the narrative of modern Korea, as is the fact of the continued division of the peninsula.

“Today, from across the Pacific, as we routinely purchase South Korean products, drive Korean cars, and enjoy Korean cultural exports, it is easy to forget or take for granted the difficult journey Korea traveled.”

South Korea's modern transformation has been accompanied by an evolving U.S.-Korea relationship. It's a broader, deeper partnership rooted in shared values and strong people-to-people ties, and a deep, complex history. There have been major bumps and irritants along the way, including during the Trump Administration. But relations between the United States and the Republic of Korea remain strong with broad public support in both countries. There has been, however, a growing need for a strategic review of their future alliance and relationship due to changes in the regional environment; as U.S.-Chinese relations enter a troubled period; and as security and economic relationships evolve among the countries of the Indo-Pacific region.

The attention devoted to the United States' and South Korea's relationships with North Korea has somewhat overshadowed South Korea's identity as a powerful, technologically advanced country with strong democratic values and globally attractive soft power, gained through its well-known commercial brands and cultural exports. Shared values and common challenges—such as climate change and adaptation to advanced technologies—provide a foundation for productive future relations between the United States and South Korea. Long-standing people-to-people relationships also serve as an enduring basis for friendly ties.

“There will be disagreements—as there are in any complex, mature relationship between countries—but both governments should take care that they not stem from misunderstandings or inattention and that they be kept in proportion to the overall value of the partnership.”

Nevertheless, the United States and South Korea face coming policy choices that may bring them closer together or push them farther apart. There is unlikely to be a crisis in the relationship, but it would serve both countries' interests to work even more closely during the Biden Administration. There will be disagreements—as there are in any complex, mature relationship between countries—but both governments should take care that they not stem from misunderstandings or inattention and that they be kept in proportion to the overall value of the partnership.

One short-term challenge will be to ensure that policy coordination towards North Korea continues. The United States and South Korea share common and complementary interests regarding North Korea. It should be possible to arrive at a common approach through active consultation and flexibility. It would be more difficult for either country to achieve its goals regarding North Korea if they take differing approaches.

A medium-term challenge—or opportunity—will come from the Biden Administration's return to multilateral diplomacy in the Asia-Pacific region and to an emphasis on human rights not only in North Korea but in China. During the four years of the Trump Administration, Korea operated within the environment of President Trump's preference for bilateral diplomacy and for transactional relations over the promotion of values. President Biden has said that he not only intends to resume multilateral cooperation and adherence to international commitments but will rely on them more heavily to promote U.S. interests. The Biden Administration will seek to enlist South Korean help in forming multilateral networks.

It has been crudely put that South Korea will have to “choose” between the United States and China, but this grossly over-simplifies a complex policy environment to the point of being misleading. All countries, including the United States, will cooperate with China where possible, and resist China when it impinges on their interests.

There is not one choice to be made, but hundreds of policy decisions, large and small.

A still over-simplified but more accurate way to describe South Korea's policy choices will be whether it will lean towards a "hedging strategy," to be among countries that are more accommodating to China's preferences, or whether it will be a fuller participant in a collective "shaping strategy" to nudge China towards rule and norm-based behavior. In regard to multilateralism, the old distinction between security and economic frameworks is becoming irrelevant because the lines between defense and commercial technologies are blurring.

The world is changing, not least because of the 2020 COVID-19 pandemic and its aftermath. The United States and the Republic of Korea cannot avoid making fresh policy decisions and should not take their alliance and relationship for granted while doing so.

Ambassador (ret.) Kathleen Stephens is a former career diplomat. She was U.S. Ambassador to the Republic of Korea from 2008-2011. Ambassador Stephens also served in a number of policy positions in Washington at the Department of State and the White House. These included acting Under Secretary of State for Public Diplomacy and Public Affairs (2012), Principal Deputy Assistant Secretary of State for East Asian and Pacific Affairs (2005-2007), and National Security Council Director for European Affairs at the Clinton White House. She has served overseas in U.S. diplomatic missions in China, India, former Yugoslavia, and Northern Ireland. She has been President and CEO of the Korea Economic Institute of America since September 2018.



General (Retired) Walter “Skip” Sharp

Former Commander of United Nations Command, ROK-U.S. Combined Force Command, and U.S. Force Korea
Board of Directors of The Korea Society

The U.S.-ROK Military Alliance: Shared Decisions, Joint Responsibilities, Common Purpose

One of the most meaningful and significant assignments in my years of service to the United States was when I had the honor and privilege to serve as the Commander of the United Nations Command, Republic of Korea-United States Combined Forces Command and United States Forces Korea from 2008 to 2011. Given this experience and my own background, it’s the military relationship between the Republic of Korea (ROK) and the United States—and the military opportunities and challenges our two nations face—that I will primarily address here.

But even from a military perspective, it’s important to state up front that our relationship with South Korea is much more than just a military alliance. It’s an alliance built not merely on soldiers and arms and a common defense but on the shared values and beliefs we have—in democracy, freedom, human rights, and the rule of law.

We are two nations that adhere to the same norms. Our diplomatic concerns and objectives align. Our democracies are built on similar institutions. Our economies prize innovation and support a world trading system based on rules. And we share a common purpose in protecting and advocating these values, norms, and institutions. Yes, at times we may disagree on tactics and approaches. But our bond is strong and it positions us to expand our alliance even beyond what it is right now.

So it’s not solely because of our strong military alliance that the relationship between our two nations thrives, but it’s because of our thriving relationship that we have built such a strong military alliance.

And I do believe, from a military standpoint, that it’s the strongest alliance the United States has anywhere around the world. Consider the reasons why.

“Beyond a history that binds us together is the structure of the military alliance we have created—and I would call it unique.”

One of the most important is our shared history of military deployments. South Korea was with us in great numbers during the Vietnam War. They contributed the third largest force on our side in Iraq. They were in Afghanistan, they sent ships fighting

pirates off Somalia, and they served and continue to serve in many UN peacekeeping missions.

They truly believe in a common defense, in a defense capability that is interoperable with the United States, and they have acquired all kinds of defense materiel from us to make sure we can work together.

But beyond a history that binds us together is the structure of the military alliance we have created—and I would call it unique. Our Combined Forces Command (CFC) is singular in that South Korean and U.S. officers literally sit side-by-side, day after day, and not only interact but share strategy and ideas. It is the only combined command structured that way, and it takes the word “combined” not just seriously but literally.

At the head of the CFC is a U.S. commander—which has been in place since it was first established—but sitting in the office next to him is his South Korean deputy, a four-star general, and that proximity is representative of the collaboration and respect, the common planning and training, that permeates the entire CFC culture and staff.

One anecdote from my time as CFC commander illustrates. We had to do some revisions for a couple of war plans, and for those to get approved I had to take it not just to our Pentagon, Secretary of Defense and our joint staff but also to the equivalent officials on the Korean side, to their Ministry and Minister of Defense. I probably spent more time on the Korean side talking through the plan than I did on the American side. We simply see ourselves as a team working together.

For decades we’ve had in place structures and mechanisms to ensure that our combined command is truly one of joint responsibility and shared decision-making. We have military and security consultative committees that meet at least once annually to establish processes, examine opportunities, and work through any issues. And that reaches the highest level—our Secretary of Defense and their Minister of Defense.

So it’s a very strong alliance—structurally-wise, organizationally-wise, planning-wise. If we ever did have to go to war, I have every confidence—given our planning and our combined exercises—that the very nature of our combined command would make it thoroughly effective and absolutely successful.

That said, I see three main issues our two countries need to address in the coming years. One is the question of burden sharing and how much South Korea should contribute—to me, there’s more noise than signal with that issue, but it’s been a point of contention so we need to work it out. A second and highly critical matter involves the transfer of wartime Operational Control Authority (OPCON) from the U.S. to South Korea—in other words, instead of an American general in charge of the CFC, it would be a South Korean. Third, of course, is how we proceed with North Korea.

On burden sharing, or what's officially called the Special Measures Agreement (SMA), this was a major concern for President Trump, who argued that South Korea wasn't paying its fair share for stationing our troops there and for non-personnel costs, and he was apparently insisting as much as a fivefold increase from the roughly \$1 billion they currently contribute. Needless to say, this caused a good deal of friction.

Let's be clear: it's always good and important to look closely at the cost of our troops and the stability and security they provide around the world. But part of burden sharing also should include a clear-eyed understanding of what other countries contribute to an alliance beyond the cost of our troops, facilities, and exercises.

In South Korea's case, there's a lot of value on their side of the burden sharing ledger that helps to balance it out beyond the dollars and cents. Think of the troops they've deployed with us around the world, or the billions upon billions in defense goods they purchase from us. So if we're going to count beans they've got to be counted on both sides of the ledger. And it has to be broad enough to account for all that South Korea does not just for our combined forces but for the overall military alliance we have.

As I write this, it appears that we're on a path to resolving this, that the American side has embraced this expanded view of burden sharing, and that South Korea understands that it can contribute more to the equation. Once the details are made public on the agreement in principle they signed in March 2021, I wouldn't be surprised if South Korea agreed to a reasonable increase and a process to ensure stepped up contributions over time. It was important for the Biden administration to address this issue early, and that's what they have done.

On OPCON, a little history might help explain what we have to resolve today. Since the second Bush administration there's been a plan in place to transition our Combined Forces Command from the United States to South Korea—to put a Korean general in charge of it, instead of a U.S. general. Keep in mind this applies only to when we are on the verge of war; under the armistice, the South Koreans command their own troops which patrol the air, sea, and DMZ and provide for their nation's defense. But with North Korea we must always be prepared for conflict, and that's why we have a CFC structure with a single unified commander in charge of all troops on the peninsula, both South Korean and American. As mentioned earlier, the commander has always been a U.S. general, but again, both in spirit and structure that general reports to and consults with both countries. The intent is to hand the leadership role to South Korea.

We've now gone through several iterations on how to transfer command to the South Koreans, but each time they've hit speed bumps and obstacles. At times it's been North Korean belligerence that has delayed transition planning. Other times it's been concerns by some South Korean conservatives who worry that giving their country command might open the door for the U.S. to pull out its troops and leave.

The latest approach is to move toward a transition that's not time-based but condition-based—in other words, not adhering to a set schedule but to whether the South Korean military acquires certain capabilities and demonstrates the ability to command and control the peninsula in case of conflict. They have already gone through the initial operating capability (IOC) exercise and test three years ago, and that was encouraging. But again, like before, it's run into some friction.

President Moon has said he would like to complete the OPCON transition by the end of his term in 2022. But when he and President Trump agreed to reduce and, in many cases, eliminate some high-level exercises as an incentive to move North Korea toward denuclearization, that then limited South Korea's ability to demonstrate in practice its command and control capabilities—which could preclude us from completing the transition by 2022.

Making this work will also require clearing up misconceptions. In South Korea and to some degree in the United States, an OPCON transition is perceived by many as giving operational control to the Korean military. But that's really not the case.

“The bottom line is that the vast majority of decision-makers in the United States grasp the importance of this alliance and understand how shortsighted and foolish it would be to draw down troops—especially with a nuclear and hostile North Korea destabilizing the security not only of our friend but the entire region.”

Remember, regardless of who commands the combined forces, it's still a combined force working for both governments. It will not be commanded by the Korean military; it will be commanded by a Korean officer; and that's a huge difference. That spirit and structure of collaboration I described earlier will govern the CFC irrespective of which country provides the general to command it.

There's another misconception, particularly in South Korea, that the United States might withdraw its troops if operational control is turned over. Yes, we've heard idle thoughts from American presidents about our troop presence, dating back to Jimmy Carter all the way to Donald Trump. But the bottom line is that the vast majority of decision-makers in the United States grasp the importance of this alliance and understand how shortsighted and foolish it would be to draw down troops—especially with a nuclear and hostile North Korea destabilizing the security not only of our friend but the entire region. Besides, year after year Congress authorizes a baseline troop level and it would be extremely difficult to go below that number without checking a lot of boxes and overcoming hurdles. Our troops will remain in South Korea regardless of which general from which country commands our combined forces.

The third condition for OPCON transition is the security conditions on the Korean peninsula. How North Korea might respond to the OPCON transfer is an interesting question. They might view it as a sign of South Korea's military strength, that the U.S. wouldn't have agreed had South Korea not proven its operational capabilities. That could send Pyongyang a pretty strong message of deterrence. But North Korea also might pick up on the South Korean worries that the transfer signifies a lessening of American support, in which case they might wait it out and see if it ultimately gives them leverage.

But in truth no one can truly predict how North Korea will respond to anything. What we can say with assurance is this: if South Korea demonstrates its operating capability, and if circumstances on the peninsula merit the transfer—in other words, if there's calm, if North Korea isn't testing missiles and engaging in constant provocations—then the conditions might be right to take this next step in our relationship.

That then brings up the larger issue of how we deal with North Korea and how we pursue strategies to reach our ultimate goal, which is a denuclearized North Korea, one that respects the human rights of its people, abides by international norms and UN Security Council resolutions, and no longer engages in provocations or aggressive behaviors. That's a big task, but let's unpack some of the approaches that might move us forward.

We're faced today with a North Korea that continues to develop its nuclear arsenal, its long-range capabilities as well as its medium and short-range missiles. What President Trump hoped to accomplish through his summits and personal diplomacy was certainly worth a try—after all, he kept up the pressure through sanctions and seemed to get Kim Jong Un to hit the pause button briefly on its long-range missile development. But after all the fire and fury, we're at a place not much different today from where President Trump started. For the path ahead we need to think of a longer-term strategy to truly effect change.

I see two tracks to the approach we should take—one is exerting pressure to change via external means, the other is building pressure to reform via internal means. Externally, we've done a decent job putting stress on the North Korean leadership, and if anything, we should expand and strengthen what we are already doing diplomatically, economically, and militarily. Sanctions work, our joint military exercises work, and our continued commitment to the CFC works. Adding to our intelligence and missile defense capability—including both defensive and offensive systems that can see deep into North Korea and quickly strike anywhere there to protect the South Korean population—will also send a strong message.

The North Koreans must always understand that if they ever attack South Korea in any form—much like they did in 2010, when their torpedo sank a Republic of Korea (ROK) naval ship and they shelled a South Korean island killing both ROK marines and civilians—the retaliation would hit them very, very hard.

The threat of massive response and counterattack has certainly reduced the number of North Korean provocations and missile tests. But it has far from eliminated them. And part of the reason is that North Korea and its leaders feel they must constantly prove their military and nuclear mettle as a way to deter what they view as external forces threatening their regime.

So our second line of strategy must be using the tools of modern media and communication to change some of the internal dynamics of that very enigmatic country. Think of an information campaign, one reaching deep into North Korea, that makes clear to the people, the military, and the regime that there is a place for them in a free and open North Korea and even a reunified peninsula—that the world is ready to help them and back them if they force a change within their country. We can do this together with our allies and with NGOs. We can make it a continuous drumbeat, not just in times of crisis. But it has to be far more than bland reassurances that they'll be fine, that their economy will get better. It has to show the North Koreans what life can actually be like if they open up.

Let's be clear: as closed a society as North Korea is, information is still getting in, and the people do understand the huge difference between them and South Korea. They also understand it when they see the lights go off for a few hours each day. They understand it when they are not allowed to go from city to city.

Think of setting up an international fund that would provide North Korea with incentives to improve their society and end their provocations. Here's a billion dollars for your electrical grid if you advance human rights in a particular area and we can verify it. Here's another billion if you eliminate long-range missile tests altogether. If Kim Jong Un follows through, we can broadcast that to his people; but if he reneges, we broadcast that as well. It's a carrot and stick approach amplified through an information campaign, and the goal is clear: increase internal pressure on his regime.

In the long run, we and the South Koreans, and ideally China and Japan, have to discuss in more specific terms what a free and open North Korea looks like and, most importantly, what place the North Korean people and the regime have in what could be this new North Korea. Such things as what happens to the North Korean military, are there property right issues, what is the law that governs North Korea, how is the border between North Korea and China maintained, among many other questions. We must offer a vision of a free and open North Korea and be able to articulate this and convince the North Korean people that it could be theirs if the regime changes its ways.

There's one final issue that touches on both the North Korea challenge and regional security, and that's South Korea's relationship with Japan. With each of our two friends the work we do is bilateral—yet in many cases a trilateral relationship would help us militarily through regional exercises and greater intelligence sharing. The U.S. has pushed for more of a trilateral military alliance, but whatever reasons we

put forth—a common missile defense, for example—they run up against the shoals of a deep-seated animosity between the two countries. I will say this: my admiration for South Korea is broad and deep, but it's Japan that has been far more willing to create a trilateral military cooperation and planning—via exercises, planning, intelligence sharing—than South Korea. The ball for this is in South Korea's court.

So yes, we may have challenges to address and differences to iron out, but in the long and the short run, our alliance with South Korea is strong, it's essential, it's critical to our national and regional security. We must nurture it, strengthen it, always hold it as a top priority. Nor is it simply a military alliance or one built on deterring North Korea; it's far beyond that, an alliance with the potential to develop new initiatives and address many of the problems facing the global community today. The South Korean people have faith in the United States and trust in our relationship. We must always remember our closest friends.

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Dr. Victor Cha

Korea Chair, Center for Strategic and International Studies (CSIS)

The U.S.-ROK Alliance: Meeting Global Challenges, Advancing Democratic Values

In the long arc of modern history it's hard not to admire how the United States, in the years after World War II, created a number of alliances that have stood the test of time and maintained a degree of global and regional stability that has enabled countries all over the world to grow and thrive. One of the most visible manifestations of this foreign policy success in Asia may be the rise of a democratic, prosperous South Korea.

Set aside for a moment our involvement in Korea during the Cold War. Before that the United States was never intrinsically interested in Korea, which was a non-democratic, economically backward, and agrarian state that on the surface had no strategic or geopolitical value. U.S. government estimates in the 1950s and 1960s predicted that Korea would not advance beyond an economy that could produce agricultural products and at best light manufactured products.

Now consider South Korea today. Yes, it had some growing pains initially, but it experienced one of the most peaceful transitions to democracy in world history, and now it ranks among the healthiest, most vibrant democracies in the world. It is also the twelfth largest global economy, a leader in technology and innovation built on a determined, dedicated, and educated labor force.

For all of these reasons the United States should be proud of its partnership with South Korea—and proud to know that the prosperous liberal democracy we see in South Korea every day exists in large part because of the hard work of its people and the support it has received from the United States. This is a success story for Americans and Koreans alike.

South Korea is now one of the key frontline allies of the United States, a centerpiece of America's post-Cold War architecture. South Korea has fought with the United States in every war since the Korean War. It has supported almost every U.S. multilateral initiative, from climate change to the global governance reforms after the 2008 financial crisis. During the initial Covid-19 crisis, South Korea moved the U.S. to the top of the list of all the countries that were requesting PPE. When the United

States has a new idea and looks around the world for partners to help them execute it, Korea is one of the countries that steps up and joins the effort.

So it's essential for the United States to see its alliances and partnerships as assets, not liabilities—not as burdens on U.S. power but as allies on behalf of common goals. But frankly speaking, the alliance has gone through some tough times recently. Perhaps from President Moon's perspective, it's been more positive than not because he's had an American president willing to invest so much into building bridges with the North Korean leader, the hope being that it will yield progress in the many tensions between the South and the North.

But juxtapose that with the fairly consistent pronouncements that South Korea was taking advantage of the United States on both trade and defense. There's been a lot of focus not on our mutual goals and shared values but on money—that South Korea was less a trading partner than a country using unfair trade practices, that South Korea was draining the U.S. treasury and not paying anything close to its fair share to maintain our common defense against North Korea. At one point the Trump administration was demanding five billion dollars—far more money than it costs to station American troops in Korea.

“So it's essential for the United States to see its alliances and partnerships as assets, not liabilities—not as burdens on U.S. power but as allies on behalf of common goals.”

Under the America First mentality we didn't hear much about the common challenges we face, from climate change to global governance, and it felt as if those issues didn't much matter. And if they didn't matter, and if the relationship is viewed as transactional rather than mutual, then it puts a strain on the alliance and begs the question as to the meaning of the partnership. But this wasn't the first time our alliance has gone through difficulties, not the first time we've heard speculation about withdrawing all our troops from Korea. In the 1970s we withdrew troops from Korea and threatened to leverage the entire alliance if South Korea didn't stop trying to build a secret nuclear weapons program.

So there have been trying times in the relationship, no doubt, and the important lesson to learn is that the alliance is resilient. I'm optimistic that under the Biden administration we will see a return to much more traditional alliance diplomacy. Yes, we need to finish a Special Measures Agreement (SMA) that will equitably fund the U.S. military presence, but beyond that we must stop defining this relationship solely in terms of dollars and cents.

But even if we change the rhetoric, improve the optics, iron out the immediate issues, and restore confidence in our alliance, we will need to chart out an agenda and vision moving forward, one that addresses broader initiatives around the world in a way that makes the most of our alliance.

Will we work together more closely on climate change and vaccine distribution, two items that matter to both countries? Will the Biden administration explain to Congress what it wants to accomplish with this alliance and what Capitol Hill can provide to make it happen? Will we leverage our investments in each other's country to create new areas of growth? Think of the Hyundai, Kia, and Samsung plants in the United States which employ tens of thousands of U.S. workers—can we create opportunities for more? Or think about South Korea's reliance on Middle East oil—wouldn't it be better to rely on the United States, which would be a strategic win for both of our countries? What I'm suggesting is that we need to stop looking at the ledger and instead consider the potential.

One of the main areas we must address is how we navigate South Korea's relationship with China in the context of our alliance and its strategic needs. We've seen China flexing its muscles in the East China Sea and Hong Kong, we've witnessed Beijing's tightening fist over any form of free expression, and we all understand how China's lack of transparency contributed to the global pandemic we're in.

At the same time, South Korea has a significant economic relationship with China, and China will likely play a key role in dealing with North Korea. South Korea doesn't have the same power or leverage as the United States, so as much as they are wary of China they also don't want to alienate China, which may make them less enthusiastic about going along with the U.S. on issues like freedom of navigation in the South China Sea or "clean" next generation wireless networks that don't use Chinese technology or parts. This places an additional challenge on our alliance. And it requires a frank and serious dialogue on how to manage South Korea's relationship with China.

It's not that South Korea has any illusions about its relationship with China. They are worried about China's rise, they are not at all comfortable with China's effort to create hegemony in the region, and they do not want to see the United States ceding regional dominance to China. They certainly learned a lot when China in 2017 imposed severe economic sanctions after South Korea cooperated with the United States on a missile defense system to counter North Korea—these Chinese sanctions on South Korean companies resulted in billions of dollars in economic damage.

The U.S. and Japan have had very good conversations on how to deal with China, but it's been more complex with the South Koreans because of their economic ties with China. A major priority of our alliance must be strategic consultations on these issues.

Trade is certainly one place to begin. We have an effective and mutually beneficial trade agreement in place, the 2007 United States-Korea Free Trade Agreement, KORUS FTA, which in many ways was the prototype for subsequent trade agreements that are not just about reducing tariff barriers but also about setting high standards involving environmental practices and labor laws—so that we wouldn't need to worry about such concerns as child labor or human rights violations along the supply chain. Those principles were then encoded in the Korea-European Union Free Trade Agreement, and they also became the foundation for the Trans-Pacific Partnership, the TPP. In many ways, it shows how our two countries can work together to build economic opportunity and at the same time advance our shared values.

And the reason I raise this is because China just orchestrated the Regional Comprehensive Economic Partnership (RCEP), which now gives it a great deal of influence and leverage in this most economically vibrant part of the world. South Korea is a party to that agreement. We don't know whether the Biden administration plans to revive the TPP, or whether it will work with the 2018 Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) that many Asia-Pacific countries—though not South Korea—joined after the Trump administration pulled out of the TPP.

But we do know this: if the United States wants a foothold in the region beyond bilateral trade agreements, if it wants more protection for data privacy and intellectual property, if it seeks to improve labor and environmental standards, if it wants better and fairer dispute settlement mechanisms, if it hopes to develop more supply chain resilience, then the best vehicle to do this is through a multilateral free trade agreement, and South Korea will likely be a willing partner. But South Korea, because of its economic ties to China, will also need a greater degree of certainty that the U.S. will follow through.

North Korea is a second and very existential challenge for our alliance, and it's a problem that's only getting worse. Yes, you have to give President Trump credit for a couple of things. One is that he was not in any way beholden to past negotiating frameworks; there was nothing that he would not try, from the threat of a military attack to the so-called love letters between him and Kim. He also invested a great deal personally and was willing to spend political capital on making progress.

The problem was that these high-level meetings were not supported by any substantive negotiations beforehand, so you had two leaders who sat at the table with initial positions, but once they didn't get what they wanted—which never happens in a negotiation—they had no real fallback position. There were statements and documents, but no real steps toward denuclearization. For any type of agreement like this, there needs to be substantive spadework done in advance. Leaders typically come

together not to negotiate a deal themselves but to sign a deal that has already been negotiated by experts. That didn't happen.

If anything, through these meetings we learned more about the leadership of North Korea and saw how important summits can be. But they were no substitute for expert working-level negotiations and diplomacy.

In fact, since the last summit meeting in Hanoi between Trump and Kim, North Korea has conducted 30 ballistic missile tests and they have developed a cache of nuclear material waiting to be deployed into numerous weapons. They have delivery systems that can easily reach South Korea and Japan, and at their October 2020 military parade they rolled out a new ICBM missile potentially capable of hitting the United States with multiple nuclear warheads as well as a fourth generation submarine able to launch ballistic missiles. So this is a real threat.

Our first priority must be stopping the growth of their program. As distasteful it as it may sound to some people who have watched this issue over the years, we must think about negotiating a freeze on their nuclear capabilities. It would of course require rigid verification, but we have to begin somewhere, and a freeze is an important first step.

“North Koreans are the ultimate hard-nosed realists in international affairs. They know that power matters. ... We have to speak their language.”

The next question is how to go beyond a freeze and begin to dismantle their capabilities. We made limited progress in that direction in past agreements dating back to the Clinton and to both Bush administrations. But not recently. My own sense is a verifiable freeze becomes not an end in itself but an opportunity to build enough confidence between our two countries to try changing the overall political relationship—to create more of a cooperative platform from which to tackle the harder issues of denuclearization.

Whether this political approach will work is unclear, but what we do know is that our efforts up until now haven't worked. We've tried sanctioning them as hard as we could and even threatening war as we did in 2017, but that didn't work. We've tried summits between the two leaders, but that hasn't worked either. So I suggest a political track not because I think I have confidence that it will work—but because the other things that we've tried have not. For the sake of our national security and that of our allies, we might want to try something different.

Moving to a political track does not mean we should in any way diminish or dilute our military presence on the peninsula. We should continue our joint military exercises and continue to show the type of strength and determination that the North will understand and respect. Diplomacy that rests on military strength gives us choices, but diminish that strength and we are left in a position of appeasement. Even if we hope to show goodwill, if we have one less soldier or one less exercise and we're not maintaining a position of strength and instead showing weakness and equivocation, the North will take full advantage of that. North Koreans are the ultimate hard-nosed realists in international affairs. They know that power matters. That's why they're building nuclear weapons and why they're willing to sacrifice everything else in their country to build these weapons. We have to speak their language.

The final factor in our approach to North Korea must be a united front between the United States and South Korea. Our policies and initiatives should be well-coordinated, and we don't want to be working at cross purposes. If North Korea is conducting missile tests and we respond with sanctions, it does us no good if the South Korean government tries to provide assistance or soften the sanctions. We have an overall goal here, which is to move them closer to denuclearization, and that's not going to happen unless all of us are working closely together.

There's one other challenge our two nations need to address, and that's the South Korean relationship with Japan. The United States has two key allies in the region, yet the relationship between our two key allies is quite bad right now. The problem between our two allies isn't just a problem for them—it's a problem for us as well. Anything we want to do on North Korea, on the rise of China, on intellectual property, on climate change—we need both of our essential partners working together.

We recognize the very difficult history between Japan and Korea and we don't diminish or downplay it, but with our larger goals in mind we have tried to play a subtle role to keep our two friends from falling further apart. It's a good sign that the incoming Secretary of State Tony Blinken—when he was Deputy Secretary of State under President Obama—used to hold quarterly trilateral meetings with the South Korean and Japanese deputy foreign ministers. He clearly understands the importance of this essential relationship, of keeping the three allies working together. So I'm confident in that respect that the Biden administration understands the nature of the problem and also understands how to deal with it.

That said, if it were only this easy. Part of the problem is that the relationship gets wound up in the domestic politics of each country. For the politicians, particularly for Korean politicians, being tough on Japan allows them to score political points; for the media, controversy and demonizing “the other” sells.

But I'm also encouraged because the younger generations don't carry the same baggage as their elders. Japanese citizens love to visit Korea to shop, they love K-pop culture, and there's lots of tourist travel between the countries. There are close business ties as well, and the military leaders in each country know that their problem is not each other but China and North Korea. So I think there are many in each country that would like to see an improvement in relations.

Summing up the U.S.-South Korean alliance, what all of this tells us—China, North Korea, trade, climate change, and all the bilateral and multilateral work our two countries have done—is that we have a vital relationship that has accomplished much and is positioned to do even more. Both countries can create regional and global initiatives on their own, which they've done, but together they have the resources and influence to bend history toward the humane and democratic values they share. They should seize this moment.

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Chairman Chey Tae-won

Chairman of SK Group

How Korean Investment in the United States Strengthens our Alliance

Relations between the United States and South Korea have seen a remarkable shift from cooperation to global partnership. Our friendship was of course forged in blood and sacrifice, with last year marking the 70th anniversary of the outbreak of the Korean War. Since then, however, our mutual interests have brokered a valuable partnership on a range of issues of regional and global consequence. The emergence of Korea as a regional soft-power and major economic hub has given our relations a new basis for vitality, and the deepening of our bilateral ties in trade and investment gives boundless potential for imagination and self-reinvention.

The numbers speak for themselves. South Korea is today the United States' sixth-largest trading partner. In 2019, we traded \$170 billion in goods and services. Under the auspices of the KORUS FTA, which we signed in 2012 and updated in 2019, South Korea has become the United States' second-largest source of foreign direct investments from Asia. In 2019, majority-owned Korean firms such as SK supported some 74,300 jobs in the United States.

While these achievements are cause for celebration, the disastrous developments of 2020 should also invite caution. The pandemic and its economic repercussions have devastated economies worldwide, decimating trade flows and testing social resilience to breaking point. In both of our countries, the clustering of risks on the horizon threatens the outlook for growth and prosperity. Nations around the world are becoming more inward-looking as they battle the crisis and seek to protect their economies and citizens. Governments today are erecting barriers to the free flow of goods, capital and talent.

These developments have put our multilateral trading regime under considerable strain. A measure of the resilience of US-South Korean bilateral relations, therefore, will be our ability to overcome these challenges together. This is, after all, the true meaning of partnership: that it proves mutually beneficial in times of plenty but also in times of adversity. And on this point I am filled with confidence, as our partnership is resilient and our investments particularly well-suited to address the challenges ahead. Please allow me to share some thoughts and observations.

Korean Foreign Direct Investments in the United States

South Korean foreign direct investments (FDI) into the United States topped \$10 billion for four consecutive years up until the COVID-19 pandemic, with cumulative FDI stocks climbing above \$61 billion in 2019. Beyond the headline figures, however, Korean inflows are dominated by high-value industry sectors. These include auto components, industrial equipment, consumer electronics, and renewable energy. Korean activity has therefore been more prevalent in sectors that are capital and technology-intensive, which means that investment cycles are typically long and often in excess of five years.

Crucially, large capital expenditures with long-term horizons tend to have a stabilizing effect on the economy as they are immune to short-term adverse market developments and shocks. While FDI activity and infrastructure investments fell in the United States last year overall, sustained inflows and existing stocks helped cushion the economic damage from the pandemic. Going forward, they will also contribute to resilience-building and economic recovery. Large projects often come with significant spill-over benefits for the wider economy through employment, contributions to the tax base, local sourcing, and the development of supplier ecosystems around industrial parks.

Meanwhile, Korean companies' top-heavy focus on manufacturing has already unlocked significant technological and intellectual property transfers in the United States. These have raised labor productivity and stimulated considerable product and process innovation through R&D. The focus on cutting-edge technology and clean energy means these investments are spurring the United States' growth engines of tomorrow and helping to develop the so-called 'new economy' built on efficiency, adaptability, and sustainability. As such, they are supporting the creation of high-quality, skilled, green, and future-proof American jobs.

And Korean players are here to stay. Companies such as SK are increasingly viewing the United States as a base for their manufacturing and production facilities. This is very much driven by the rising competitiveness of the United States' manufacturing industry, which has seen the reshoring of economic activity, consolidation of foreign-owned firm activity and attraction of global FDI. The United States' industrial fabric has also demonstrated a remarkable capacity to absorb foreign investments through technology transfers, value chain linkages, and the integration and enrichment of expertise and know-how. Korean corporations invest in the United States for its 330 million-strong consumer market, world-class infrastructure, leading research centers, highly-trained workforce and the potency of its industrial ecosystem.

SK Group is now a major player in the United States

Our company has availed itself of these favorable business conditions. We have been investing in the United States across multiple value chains for years, and SK Group is an object lesson in the mutual benefits that arise from Korean FDI. Our investment

philosophy focuses on sustained merger and acquisition (M&A) activity in leading and high-growth sectors but also on the consolidation and upgrading of our existing operations to promote long-term organic growth.

“The emergence of Korea as a regional soft-power and major economic hub has given our relations a new basis for vitality, and the deepening of our bilateral ties in trade and investment gives boundless potential for imagination and self-reinvention.”

And our projects have grown in size and ambition. Our energy and chemical affiliate SK Innovation broke ground on its new lithium-ion electric vehicle battery manufacturing plant in Commerce, Jackson County, Georgia in 2019. This is an ambitious project that will significantly raise production capacity in the United States and provide an alternative source of supply in a market characterized by chronic shortages and the concentration of supply among a small number of players. Undeterred by the pandemic, SK Innovation doubled down on its investment in May last year and pledged to build a new facility on our Georgia site to meet rising demand from the automotive industry. Translated into real numbers, the total investment for the development now exceeds \$2.6 billion, and should see commercial production commence in 2022 with a total capacity of 21.5 gigawatts. This is roughly equivalent to 330,000 vehicles per year. Future expansion plans could see our investment grow to \$5 billion by 2025 along with the creation of up to 6,000 highly paid American jobs.

Our electric vehicle battery manufacturing project in Georgia is emblematic of the added value that Korean companies can bring to the United States. It will build a strong case for the electric vehicle industry by improving production economics and the marketing of cost-effective batteries. It will strengthen the competitive positioning of the United States on global electric vehicle markets by boosting domestic production capacity. Our localized production will help domestic automakers meet environmental standards and the more stringent rules of origin provisions in the recent USMCA trade deal. Meanwhile, our business will create thousands of American jobs as key suppliers and service providers set up their own businesses around our production lines in Georgia. All this of course will come as a major benefit to the United States consumer, as our partnership with major auto-manufacturers will support the line-up of a new and broad range of premium and affordable vehicles that cater to a variety of consumer preferences. This includes the electrification of iconic and much-loved American passenger cars and pick-ups.

Late in 2019 in Washington D.C., I pledged an additional \$10 billion of investments in the United States over the next couple of years and across a wide range of value chains. I am delighted to confirm that we have not cut back on our ambitions due to the pandemic. Most of our acquisitions involve leading technology companies in sectors that will be driving growth in the world of tomorrow—semiconductors, flash

wafers, memory chips, telecommunications, next-generation transmission services for mobile and fixed broadcasting networks, and pharmaceuticals with a focus on AI-powered research.

The principles of Korean FDI

As with other Korean companies, our pattern of engagement in the United States is sustained by a tried-and-trusted business model that promotes close partnership with local stakeholders. There are three core components to this model.

The first and most important is the localization of our operations in the United States. This is a significant advantage from the standpoint of contributions to domestic GDP, with its positive spillovers into supplier pools and the creation of highly paid American jobs. But the on-shoring of production in the United States also resolves a number of supply chain issues that pre-existed the pandemic but which came to a head with last year's global trade upheavals. In the automotive industry, for instance, dependence on foreign suppliers disrupted entire production lines in the United States. The dependency on foreign-manufactured components and the unavailability of substitutes jeopardized entire vehicle programs, which was a monumental opportunity cost given the size of the investment and the thousands of jobs involved in the auto-industry and its supplier ecosystem.

Local supply nullifies the risk of unexpected geopolitical developments that threaten the integrity of foreign production lines and supply chains. It also raises our cost-effectiveness to our clients through the reduction of transportation, logistical, and insurance costs. Domestic supply also reduces our clients' exposure to adverse trade policy and regulatory risks and helps them meet ever-more stringent rules of origin requirements. These are key provisions enshrined in the new USMC free-trade agreement which superseded NAFTA. Lastly, localized production caters to trends in consumer demand, including an increasing awareness surrounding CO2 emissions and the need to prioritize the domestic workforce and its local communities.

“Korean corporations invest in the United States for its 330 million-strong consumer market, world-class infrastructure, leading research centers, highly-trained workforce and the potency of its industrial ecosystem.”

The second component of our business model is an emphasis on sustainable technologies and new energy. Our batteries will of course power the electrification of transportation, however we have also invested in the development of hydrogen fuel cell systems. Our \$1.5 billion strategic investment in United States market leader Plug Power will accelerate the possible adoption of hydrogen as an alternative source of energy. Meanwhile, and to materialize the opportunities that we see, we

leverage group affiliates to develop use-cases that straddle multiple value chains and that can be deployed at enterprise or industry scale. We are, for example, currently developing an e-mobility value proposition through close collaboration between SK Innovation, SK Telecom, SK Hynix and our stakeholders in the United States, Europe, and Asia. This multidisciplinary approach has also proven successful in other sectors. As a major ICT and technology company we are for example able to anticipate the game-changing impact of connectivity on people's lives. With the internet of things, we see an ever-expanding need for new memory-based solutions to support devices from smartphones to cars and from traffic lights to household appliances.

The third and last core component of our business is an emphasis on the double bottom line. SK is a business centered on people, and we constantly seek to balance the economic and social value we generate. Our objective is to deliver sustainable business growth while contributing to human progress and the happiness of our stakeholders. We like to think about this dual objective as a shift from shareholder to stakeholder capitalism. And our strategy is not just an exercise in corporate social responsibility. Our accountability to our stakeholders is enshrined in our articles of incorporation. We measure environmental, social, and governance (ESG) value generated across all our affiliates using a methodology that we developed in-house and in close collaboration with external experts and academics. We then report on this value in an annual accounting exercise that will soon incorporate a detailed breakdown in our financial reports. From experience, we have found that this approach resonates strongly with our clients, shareholders, employees, and wider stakeholders in the United States. We also believe it makes sense to look after our business ecosystem and that there are long-term benefits to be reaped through the mitigation of environmental damage and our impact on local communities and families.

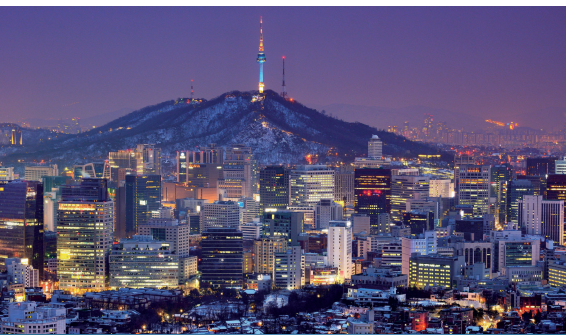
Conclusion

To conclude, I have deep and abiding optimism for the future of United States –South Korean relations. I am excited about the permanence of our global partnership, the momentum that energizes it, and the shared goals that define it.

The United States has created favorable business conditions that showcase the attractiveness of its industry, the highly skilled nature of its workforce, its world-class infrastructure, and a focus on cutting-edge technology that positions it well to absorb foreign capital and operations. Meanwhile, Korean companies' focus on high-value industry and manufacturing will continue to unlock substantial capital expenditures with a long-term investment horizon. For this reason, I can see an increasing number of Korean companies setting up their manufacturing and production base in the United States. These companies will elect to do so because they see long-term opportunities and corporate synergies that will long outlive the pandemic and current economic turmoil.

SK's thriving and growing operations in the United States are emblematic of this momentum and intersection of interests. Our success thus far and contribution to the United States' economy bodes well for the future of SK. But above all, it speaks to the invaluable opportunities that lie ahead for the United States–South Korean partnership.

Chey Tae-won is Chairman and CEO of SK Group, a position he has held since 2007. Under his innovative and dynamic leadership, SK has continued to expand steadily and today encompasses over a hundred companies with a primary focus on energy, chemicals, telecommunications and semiconductors. He has also committed SK to maximizing socio-environmental welfare by pursuing social value as an engine of growth.



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