THE BROOKINGS INSTITUTION

Seoul-Washington Forum
May 14-15, 2007

Panel V – Conclusion

Co-hosted by
The Brookings Institution
and
The Sejong Institute

Sponsored by The Korea Foundation

Seoul Plaza Hotel
Seoul, Republic of Korea

[Transcript produced from a tape recording]

Panel V: Conclusion

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PROCEEDINGS

YANG SUNG CHUL: Ladies and gentlemen, I think we have one panelist missing, former Minister Hong Soon-Young. Before Minister Hong joins us, let me make one personal note. As you know, I presented a paper yesterday in the first panel, and obviously when I was talking about the HEU caper, I was raising some unpleasant questions. I don't know if some of you American participants, including my friend Jim Kelly, read the Korean newspapers, but the Korean newspapers sort of personalized stories.

Actually, I was talking about the Bush administration's particular policy to North Korea. It happened to be that Jim Kelly and Jack Pritchard and also David Straub were the delegation who went to North Korea in October of 2002. But they are all good friends of mine; we are on a first-name basis. I know even their wives, so please don't try to personalize things. We have to separate personal friendship from differences or critical views on particular policies. That is the one step forward to maturity or maturing relations between the United States and the Republic of Korea. That's just a personal note.

This is the last wrap-up session, and for two days, yesterday and today, we had four panels, and probably we have exhausted the questions and issues and problems between the two countries. We talked about the alliance in transition, we talked about the Six-Party Talks, we talked about the FTA, and also we talked about the prospect for a peace regime and peace process. We have about a little bit more than one hour, since we're supposed to wrap it up by 5:50 according to my good friend Dr. Paik Haksoon; he told me that I should end by 5:50, ten minutes before dinner.

So I'm going to ask the four rapporteurs who chaired the four panels for the last two days—actually Tami Overby is supposed to be here but she's very busy. She's the CEO and president of AMCHAM Korea, and so instead of Tami we have my good friend Joe Winder, who is the excellent former president of KEI. And now we have another excellent KEI president, who is also a good friend of mine, Ambassador Jack Pritchard.

And at my far left is Mr. Kim Young Hee; we call him *daegija,* in Korean, "great reporter." But he deserves that, because when I joined the *Hankook Ilbo* in 1963—I can tell you how old I am; that is why I have a backache; yesterday I had a hard time curing my backache; in a last session like this, we need to be personal, ok; these are just personal stories—I was what they call a cub reporter for the *Hankook Ilbo* in 1963. Two months later—I joined in October 1963, and on November 23, 1963, probably you remember what day it was—was the day that President John F. Kennedy was assassinated in Dallas, Texas. And at that time, Korean newspapers, compared with today's electronic and complicated and sophisticated operations and processes, were quite primitive. In *Hankook Ilbo* we had a teletype, a 24-hour running teletype. The Korean time for the assassination of John F. Kennedy in 1963, November 23rd, was 3 o'clock in the morning.

And here, the senior reporter, Mr. Kim, was in the foreign section, he was on the night assignment on that particular day. He was the first one who captured that teletype.

I don't know if my story is accurate or not. Even the American ambassador didn't know, he was in a deep sleep. So at that time the head of the *Hankook Ilbo* was a very famous man, a wonderful man Chang Ki-young called, I think the Korean ambassador, that President Kennedy was assassinated. So he's the man here, a very distinguished journalist; everybody knows him in Korea, not as a journalist but also so famous.

[TAPE CHANGE]

So let me ask each panelist here to speak about five to ten minutes, the highlights of their panels. After that maybe we can open the discussion and questions to the floor. So let me start with former Minister Hong Soon-Young, who chaired the first panel yesterday morning, "Alliance in Transition: Strengthening Political Trust and Adaptability." Minister Hong?

HONG SOON-YOUNG: Thank you very much, Mr. Chairman. I will try to make it very brief, less than 10 minutes, and this will be appreciated by the audience as well, I hope. I will report on the Panel I discussion. I will make it, again, very brief. The theme of the Panel I session was "Strengthening Political Trust and Adaptability." The theme of Strengthening Political Trust and Adaptability is indeed an all-covering and very extensive topic, so I don't recall all the details of the discussion made at the Panel I session. So my summing-up is sort of my impression of the discussions made at that panel session.

We had the privilege of having distinguished Professors Yang Sung Chul and former Assistant Secretary of State James Kelly as our presenters, and these two professors made their presentations. After the presentation Professors David Straub and Yim Yong Soon took part as discussants. The key theme in the discussion of Panel I focused on the United States' policy on North Korea. One presentation was wholly committed to this subject. The general view seems to be that North Korea-related issues, such as perception of the character of the Pyongyang regime, threat of the nuclear program, progress and effect of the inter-Korean relationship—such North Korea-related issues seem to be the divisive elements in the existing alliance. One presentation pointed out that it would be a mistake to view North Korea not as a threat but as a pitiful cousin. Also, it would be a mistake or misjudgment to view the North Korean nuclear weapons as a matter only to be settled only between the United States and North Korea. This North Korean nuclear weapons issue should be taken in all seriousness.

There was not much, apart from these North Korea-related issues, there was not much discussion about the general state of the Korea-U.S. alliance, and I guess this implies that the alliance is in good shape. There seems to be a common assessment that both countries benefited from the alliance and the alliance is becoming more and more equal with the passage of time. The alliance is more than a defense pact, and should be continued and broadened. In this connection, the free trade sgreement and the United

States visa waiver program have been mentioned as supporting the vitality of the alliance. I feel that it has been admitted during the discussion that the alliance is viable and effective, basically because it stands on the shared values and mutual benefits or mutual interests. The two allies are becoming more conscious of this aspect of values and shared interests.

Of course we note that the atmosphere surrounding the alliance today is not what it used to be half a century ago. The United States is leading the war on terrorism and has to deal with such global issues as climate change, environment, human rights, and good governance and so forth. And also on the part of Korea, Korea, growing in stature, is not the unilateral beneficiary of the alliance. It has become more capable of contributing to the alliance and also to peace and prosperity in this region.

I sense that the consensus opinion at the discussion is that to strengthen trust and adaptability, the two allies should further diversify and strengthen consultative mechanisms and consultation channels. Consultation topics include pending issues like OPCON transfer, relocation of Yongsan base and strategic flexibility. Consultation also includes the sharing of the vision of a unified Korea which is nuclear-free, based on liberal democracy and a market economy, contributing to peace and prosperity of the region. This shared vision of a unified Korea shall hopefully provide the moral impetus to inspire the alliance and also the guidelines in pursuing the integration process between the two countries.

To sum up, all the discussion was most productive and most enlightening. This is very briefly my summing-up of the Panel I session as I observed or as I felt it. Thank you very much.

MR. YANG: Thank you, Minister Hong. OK, Ambassador Jack Pritchard.

JACK PRITCHARD: Thank you very much. I had the pleasure of moderating Panel II, which was "Six-Party Talks: Seeking a Nuclear-Free Korea." Our two presenters were former Assistant Secretary Bob Einhorn and Dr. Paik Haksoon, both of whom are here in our audience, so if I get this summary wrong they'll be jumping up here to take the microphone away from me. We were joined in that discussion by two very distinguished discussants, Ambassador Chung Chong-Wook and Bob Carlin, and I don't think either one are here.

But let me just try to summarize some of the key points that were made in a very good two and a half hour session. I characterize it by saying the presentations by both Bob Einhorn and Paik Haksoon had a number of points that were in common. Both recognized that little progress had been made in the Six-Party Talks until very recently. Paik Haksoon placed significant fault on the Bush administration for this. Bob Einhorn pointed to the role of China and the importance of the five nations remaining together in both providing incentives and disincentives. Bob Einhorn suggests negotiating a single roadmap with a multi-phased approach that could last perhaps, in his mind, realistically 4-8 years. He stressed the need for patience, realizing that the road will be long and

bumpy. He also recommended a separate discussion take place on missiles, noting that there has not been a discussion on missiles—I assume that your count's the same as mine; the first week of November in Kuala Lumpur in 2000 was the last serious discussion that the United States had with the DPRK on missiles. And Bob Einhorn rightly pointed out the need for that to take place even as the Six-Party Talks were continuing.

Dr. Paik suggested that we need to transform the armistice to a peace regime and seek normalization. He emphasized the need for rapid resolution of BDA and the need to create conditions for North Korea to give up its nuclear program. As I recall, one of the things that he was suggesting was for the Bush administration to take steps that would be described as political will to rapidly resolve the BDA question as rapidly as possible. He further emphasized the need to disable Yongbyon at the soonest opportunity, his point being that even as the talks continue, that preventing North Korea from creating additional plutonium or fissile material was essential.

The discussion then turned to our discussants; Ambassador Chung for the most part supported Mr. Einhorn's points on collective pressure and persuasion, emphasizing the importance of a united approach and certainly the role of China. He advocated the need for direct channels of communications with the top leadership in North Korea. Bob Carlin on the other hand pointed out that in reality, achieving a united front among the five nations was really unlikely and that negative pressure has not worked well on North Korea. He made a point of suggesting that the only time that he could recall perhaps in the last thirty-plus years was after the axe murders in 1976, when the United States mobilized B-52s among other response that really got the attention of the North Koreans. But as a consequence, Bob Carlin suggests that positive incentives, particularly economic ones, were more apt to work in dealing with North Korea. They also reminded us that each of the five other parties must be particularly vigilant to live up to their own obligations.

In the course of opening up the discussion to the audience, a good deal of attention centered around Plan B, and I think we probably got a little bit far a field there and had a difficult time bringing it back in, because naturally there's a good deal of attention and interest in the concept of a Plan B. But most agreed that a realistic Plan B, if one exists, did not contain serious military options. By the smile on his face I'm reminded that it was Joel Wit that asked us to move back to discuss Plan A, and in doing so, the discussion then centered on such current incentives and actions, such as the Nunn-Lugar Act and beginning a discussion about the LWR [light water nuclear reactors] sooner rather than later. We concluded this by Dr. Paik finally suggesting that inter-Korean relations could be or should be separated from the Six-Party Talks process. So that's in summary what I recorded from our discussions.

MR. YANG: Thank you, Jack. As I said, the tragedy of the Kennedy assassination was in my own lifetime more tragic, not only to America but also to the world, probably more so than when we heard about the death of Princess Diana or

Mother Teresa, actually. So let me without much ado introduce Mr. Scoop, Mr. Kim Young Hee.

KIM YOUNG HEE: Which means that I was a messenger of bad news to the Korean public on that tragic night. Anyway, thank you for reminding me of how famous a journalist I am. Just one point on this, the prize money I got from the legendary publisher of *Hankook Ilbo* and *The Korea Times* for the scoop was enough to buy a whole house. It was a record not broken yet.

My session, the main theme was the peace process on the Korean peninsula, which was a very attractive and at the same time heavy theme because denuclearization and normalization between Pyongyang and Washington are not, in themselves, the end. The end, the goal, should be permanent peace on the peninsula, with flow-over into the whole region. Therefore I liked very much chairing this particular session. As I said, during the session, the big three issues were peace, denuclearization, and normalization, and here, sequencing of the events among these three drew much of our attention, both presenters, discussants and floor.

In this regard, Professor Park Kun Young pointed out that denuclearization is not possible without and/or until normalization of North Korea-U.S. relations. According to Professor Park, since there is no mutual confidence between North Korea and the United States, we can hardly expect the U.S. to take a bold step to normalize relations with North Korea, or North Korea to verifiably dismantle its nuclear weapons programs first. Hence, for Professor Park, the only alternative is a simultaneous exchange. This particular point came up here and there even at the luncheon hosted by Ambassador Vershbow, and questions were posed to him because how simultaneous the key point is here when we are talking about simultaneous exchange or sequencing the events.

Another important point Professor Park raised was about the widely held concern that North Korea, in the end, will not give up its nuclear programs. This concern is widely shared, I guess, among Koreans, Americans, Chinese, Russians, and Japanese. Professor Park has a comforting answer to this. Given North Korea's capability to reconstitute its nuclear weapons program more quickly than in the past, North Korea will certainly dismantle its nuclear program if it views that normalization of relations with the U.S. means security and other benefits. This may mean that by virtue of the nuclear test, North Korea can afford a certain margin of error in this regard.

The other presenter was Mr. Joel Wit of Columbia University. He also made a good point on a permanent peace regime. He said negotiations for a permanent peace regime, before they reach the final goal, could serve as a useful tool. I think this has to do with Chairman Lim Dong-won's thesis that peace is a process as well as a goal. Permanent peace talks as a useful tool in overcoming North Korea's suspicions about U.S. intentions toward North Korea. We know that from North Korea's point of view, Pyongyang undertook to develop nuclear weapons in response to what it perceives as U.S. hostile policy vis-à-vis North Korea. Hence, measures conducive to trust-building are vital for denuclearization and a permanent peace regime.

As for the sequencing of events between normalization and denuclearization, Mr. Wit foresees two different approaches, one slow track and one fast track. As a way out, Mr. Wit suggests an exchange of America's agreeing to establish liaison offices and North Korea's disablement in the second phase of the Beijing Agreement. I find this is similar to Professor Park's idea of a simultaneous exchange. If I misrepresent you, Mr. Wit, do correct me.

We had an excellent discussion by Mr. Richard Bush. He rightly stated that we should know the differences in nuance or in substance between a peace agreement, peace regime, and peace process. I think this is subtle and not an easy job, but this is important when we reach a certain point of the peace talks. He at the same time points out that the problem here is a set of habits of hostility, mistrust, suspicion, paranoia, and even malevolence. As you know, changing habits is not so easy because the human psychology, human psyche is involved here. But this is, for us, worth listening and studying. He also cited working groups on North Korea of the Atlantic Council of the United States, which in its report suggested a comprehensive settlement for all of these big issues, but I won't bore you by going into too much detail.

Finally, Professor Lee Sang-man, who's an excellent economist, emphasized that mutual interdependence through inter-Korean economic cooperation is another basic element if we want to pursue a peace process. He says that economic interdependence is an insufficient condition for establishing a permanent peace. And another point he made was therefore, to establish a permanent peace regime, economic cooperation should go together with military and political measures.

This is what the two presenters and two discussants said, stated, pointed out in the session. The part where Mr. Bush referred to this distinguishing between peace regime, peace treaty, etc. is homework for us to pursue further. In conclusion, I want to refer to Mr. Wit's statement during the session. He said that he was surprised at our attaching importance to his thesis that North Korea wants normalization with the U.S. as a counterbalance to the perceived threat from China. He said, "It is common sense. Why is this news to Koreans?"

My answer to that is that in Korea, the widely held view is that North Korea is craving for normalized relations with the United States so that once relations are normalized, the United States will lift economic sanctions, will de-list North Korea as a state sponsor for terrorism. Normalization with Washington will be followed by normalization with Japan, which means at least, from North Korea's calculation, $10 billion of hard currency. And then, in addition to that, North Korea expects huge economic benefits by means of very good-conditioned loans from the IMF, from the World Bank, ADB, and many other international organizations. This is what we think the main motivation is behind North Korea's craving for normalized relations, and I'm surprised that that is not understood by Americans or by you. Thank you.

MR. YANG: Thank you, Mr. Scoop. Alright, Mr. Joe Winder; while I was in Washington, DC, he was the head of KEI. Good friend of mine. Joe?

JOSEPH WINDER: Thank you very much, Mr. Ambassador. I must say it was an honor and a pleasure for me as the head of KEI to work with you in Washington. I also might note that I am obviously not Tami Overby, as you may have picked that up.

In many ways our panel was the most directly confrontational of any of the four panels. The other three panels had some different analytical perspectives among presenters and discussants, but we had a real head-to-head confrontation in our panel, in good part due to the courage and forthrightness of Dr. Kim Sung-hoon, who was prepared to come into the lions' den and say, this is all a bunch of junk, even though he was facing people that he knew were mainly supportive. Now the moderator, Tami, and one of the two panelists, Jack Pritchard, and the two discussants were basically very positive about the benefits of an FTA, the KORUS FTA in and of itself. Tami Overby began by just saying she's delighted with it, increase partnership with the United States and take the relationship to a new level.

Ambassador Pritchard gave an excellent presentation, really, describing the benefits of the agreement, the rationale of both sides, and the likely outcome of where things might proceed. He quoted Ambassador Vershbow at lunch saying this is an investment in the future. He noted the economic viability of our relationship; he discussed a bit the rationale of moving ahead with the FTA from both sides; he quoted President Bush as saying the United States and Korea have a strong alliance bound together by common values, deep desire to expand freedom, peace and prosperity, and we seek to deepen the ties between our two nations, and so he was obviously putting the FTA in a broader perspective, not just economic.

He noted that President Ban Ki-moon had some of the same thoughts in which he talked about not only will we see visible economic benefits but expect to see various additional benefits with the advancement of the entire economic and social system and the alleviation of security threats. And as Jack concluded in his paper, "In short, Seoul saw in the FTA with the United States an opportunity to increase trade, revitalize and reform sectors that otherwise would not readily accept change, and enhance its overall relationship with the United States," which is as good a brief summary of the Korean objectives as any I've seen.

He described the process of negotiations; he described attitudes in the United States. One of the initiatives that Jack took when he took over KEI was to commission a series of studies by a prominent public opinion firm in Washington of attitudes throughout the United States, and he came up with the observation that turned out to be very prescient. The observation we heard from the public was the automobile sector was going to be a very tough issue, and it turned out with Congress that indeed was a tough issue, and he quoted Charles Rangel as saying we have three issues: autos, autos, and autos. And he said that the environment for ratification is iffy, clearly beef is a sine qua non. If there's no beef flowing from the United States to Korea, the free trade agreement won't flow from the desk of Senator Baucus to the floor of the Senate, it's that simple.

Then we had two excellent presentations by discussants—and I want to come back to Dr. Kim to provide a little bit of an overview of his negative side—but going on with the positive side, Mr. Cho Kun-ho talked about looking beyond the FTA toward a favorable environment for a fair relationship, both political and security. He noted that the KOSPI index had reacted very positively, a private economic institute upgraded their estimates of growth, sovereign credit rating has gone up, corporate investment's gone up, and so this has given quite a bounce to the economy and the psychology in Korea, actually. He expects economic reform to be a central element in bringing the benefits of the FTA to fruition, but one of the things he likes about the FTA is that it would provide an opportunity for competition to be the deciding factor in improving efficiency in the economy rather than government tweaking regulations, which has tended to be the practice in Korea. In fact, he noted that U.S. auto companies are already beginning to see benefits from the agreement with sales increases here in Korea.

We had also an excellent presentation by Ambassador Hubbard, in which he also talked about this. He called it a wonderful development, high-quality FTA, comprehensive and balanced, good for both countries, a model for trade in the region, more than just a market opening, will give Korea a big leg-up on China and Japan, over 60% of the Korean public now support it, and added his voice to those who had spoken very positively about the FTA.

Now Dr. Kim Sung-hoon, as I say, to his credit, and I would draw your attention to this excellent publication that I guess the Korea Foundation may have published, but it provides all the papers in here, and Dr. Kim Sung-hoon's paper is in here and it's well worth reading. This is a very honest, direct presentation of a perspective of a man who strongly opposes this agreement on principle. He has a number of reasons for this: one, he's very critical of the government, he says they just basically rammed it down the throat of the people. They violated all the procedures; they called for a meeting and then didn't have the meeting because of protests and said, "Well we had the meeting like we were supposed to have." He said the government oversold the benefits; they put the arm on the economic institutes to revise their estimates to make it look better. And he even questioned the motives of what he called his pal, President Roh Moo-hyun, he said, well it couldn't have been the economics because the economics don't make any sense, so he must have had political rationale for doing this.

He was critical of the outcome: He said the U.S. got 77% of what they wanted whereas the Koreans only got 8%. Four major Korean requests were rejected: trade remedies, investor-state dispute settlement mechanisms, Kaesong, and the visa waivers. He said in the two areas that the government is touting as the major areas of success, automobiles and textiles, basically that's baloney. He said automobiles is really not that big a deal, and textiles, there were only a very few limited areas in which the "yarn forward" rule was waived for them. He said that services were supposed to be the big winner in the agreement, and he quoted President Roh Moo-hyun as saying that services didn't do very well at all. And then he closed by saying Korea made a lot of concessions—well he didn't close, he said that Korea made a lot of concessions to the

United States having to do this: GMO [genetically modified organism] products, BSE-suspicious beef [bovine spongiform encephalopathy or mad-cow disease], auto emissions, screen quotas, drug prices.

And then he said that the United States may even have the nerve to come back for more! He said we may even face more demands, the United States coming back at us on labor and environment, maybe even autos and agriculture and who knows what all. And he concluded by saying, "I sure hope the National Assembly does its job," and basically he means just trashes the agreement.

So that led to a good discussion by other members of the panel, by Ambassador Hubbard who took him head on, and we had I thought one of the more lively discussions from the audience. A number of the people in the audience raised questions about it. One spokesman got up and spoke quite vehemently about how this, again, reflected unilateralism in the government, no coordination with the people, and compared this agreement to the colonial era of Japanese colonialism, where the Japanese rammed things down the Koreans' throats, and he said now the Americans are doing the same thing.

There was some discussion of the need for renegotiation of this agreement. Dr. Sun asked if this indeed was going to be necessary—Is this language that was agreed between the Bush administration and the Democratic caucus going to have to be put in the agreement? I think the panel pretty much put those concerns to rest by explaining that this is really something that should be no procedural problem. The language has not yet been wrapped up; this could be very easily incorporated in the agreement and no substantive problem.

In fact in my own view, in some ways Korea ought to take pride in this. Korea could take this advantage—I mean after all, the language that the Congress and the administration agreed to is basically what Korea's doing. It's almost as if they looked at Korea and said, there's a model that all the other free trade agreements ought to have, adhere to ILL basic standards, and that's what Korea's doing. In some ways, Koreans could say, we're proud that this agreement has in it language that would serve as the model for all other free trade agreements in the United States, and it's language that really reflects our situation. And so in many ways, politically, substantively, psychologically, this should not be difficult for Korea, although Ambassador Pritchard quite rightly points out that no government likes to see last-minute issues coming forward when they think a deal is done.

There was some dialogue with Dr. Kim; I raised questions, others raised questions about the substance of his discussion, his paper. Ambassador Hubbard was particularly effective in rebutting him, and he came back and said, "Well, the farmers are in big trouble." He agreed with Dr. Cho Kun-ho that without reforms, the FTA will not have recompense but he questioned the staying power of the government to push reforms through. He took issue with the argument that the United States left rice out, and he's saying, yeah but rice is in the WTO, and they're going to have to open up the rice market anyway so that was not a big deal.

There was some discussion about why Korea was selected as the partner for the United States, and basically the answer was that Korea was ready and nobody else was. In fact, I think again that is a point that really does deserve emphasis, that Korea is now the vanguard of the free trade movement in the Asia-Pacific region, and in fact, if I can add my own comments, in many ways Korea is now the fulcrum of the Asia-Pacific economic cooperation exercise, bridging both the Asian side and the Pacific side. Korea has a foot in both camps, with the ASEAN+3 exercise going on and now the FTA agreement with the United States in which Korea has the lead, and I think it's to Korea's credit, quite frankly, that it was able to negotiate an agreement which I think most observers would say is extremely well balanced with its major trading partner, solidify its access to the U.S. market where its access has been slipping in recent years, and provide for an opportunity to work with the United States to overcome its probably biggest obstacle in dealing with its economic issues in the coming decade, which is to overcome the low productivity in the service sector.

I mean, looking at all the OECD statistics and competitiveness statistics, Samsung Electronics is at the top and the service sector is at the bottom. Korea's got to turn that around if it's going to have a hope of having a positive economic future in competition with the resurging China and the resurging Japan, and this agreement can help Korea do that and help the United States and Korea do it together. So I think that pretty much summarizes the discussion plus a few additional comments of my own.

MR. YANG: Thank you, Joe. Actually we have plenty of time, so what I'm going to do is give another chance to any one of you on the panel who wants to speak. If not we also have panelists who took part in the panel yesterday and today, so I'm going to give chances to the panelists on the floor, anyone want to raise questions or amplify the issues or whatever? No one? Then I have a problem. I have to somehow make up for all these minutes before this wrap-up session ends.

QUESTION [in Korean]: Regarding the renewal of trust in ROK-U.S. relations, I believe Japan must be closely scrutinized. I don't know if Japan is dreaming of its militarist past, but in the context of ROK-U.S. relations, how should we view a Japan that is considering constitutional reform and rearmament? There are concerns that Japan's future rearmament may seriously hinder a reduction in arms or the general situation in East Asia. I'd like to hear the opinions of the panel on this.

Second, regarding the construction of a peace regime on the Korean peninsula, North and South Korea have signed the Basic Agreement. If this agreement were introduced as a bill in the UN and promulgated in the General Assembly, then a North-South peace regime could be established. However, if the United States and North Korea also sign an agreement and the peace regime is to consist of North Korea, South Korea, and the United States, then I doubt that a peace regime on the peninsula will actually be established. What is the opinion of the panel on this?

MR. YANG: No one wants to answer your questions. So, since I am the chairman, let me answer your question. Actually I'm forced to answer your question. First question: obviously not just the Republic of Korea but all the people in Asia, perhaps even the world, are quite concerned about the move that the current Abe cabinet is trying to achieve, such as revising the Japanese constitution. I'm not an expert on Japanese politics, so let me just say that the world is worrying about and concerned about the move by the current Japanese cabinet.

About your second question, as you know at this moment, because of the BDA issue, we are sort of going through some difficulty, but in the 2005 September 19 Joint Statement, as well as the February 13 Beijing Agreement this year, we have a roadmap for eventual normalization between the United States and North Korea. So all this afternoon and yesterday, we talked about this action-for-action, phased process of reaching to that final goal of denuclearization of the Korean peninsula, as well as normalization of relations between the DPRK and the USA. I hope that I answered your question.

Mr. Kim?

THOMAS KIM: There was a lot of question with respect to whether Kim Jong Il will finally give up his, not only just programs, but weapons down to his last one. I personally believe he will under the right conditions, which would include assurance of survival of his regime by way of a political solution supported by an economic package. I'm talking about normalization plus economic aid, but I'm not sure when the right time will be. I hope it comes along as Vershbow said during the lunch hour, but if he drags on, there is some view, I guess one of the panelists has said as long as there's a process of moving on it's going to be alright that we go along.

But what if, like President Bush said, patience is not unlimited? If the Bush administration reverts back to the means of sanctions, for example? I mean, there's a lot of concern whether Kim Jong Il will drag out this process until into the next administration, and Chuck Kartman, a friend of yours, in fact told one of the newspapers here in Seoul yesterday that North Korea will not be serious until the summer of 2009, during the new administration.

Now, in my personal belief I think Kim Jong Il will give up his nuclear weapons for a number of reasons. Number one, he wants normalization and economic development; number two, China wants denuclearization; number three, if the U.S. reverts back to economic sanctions there will be no chance for them other than further isolation, no chance to revive or improve economic conditions or alleviate the plight of his people; number four, I think the efficacy of his nuclear program will be upset by regional proliferation of nuclear weapons, say, first by Japan then even Taiwan, possibly by even South Korea; number five, I think it's a very important one, that is, denuclearization is the last wish of Kim Jong Il. My question is whether the Bush administration will be dragged along as long as there's a process, or will it revert back to hard-line sanctions? Then what?

MR. YANG: Well as you know, my understanding of the September 15, 2005 Joint Statement, as well as the Beijing February 13 Agreement, is open-ended. There is no time limit there. It's open-ended.

ROBERT EINHORN: I think the Bush administration will want to see some steady progress. If by November 2008 North Korea has not submitted a credible declaration of its nuclear activities, if it has not either disabled all of its nuclear facilities or is not engaged in a serious dialogue with the other five about the requirements of disablement, then I think the Bush administration will say, ok, this hasn't worked; let's go to Plan B or at least begin discussing with the other partners what is Plan B. But I think it will be looking for early indications. I think it's understandably been patient about the BDA affair. The shutdown of the facilities, the initial step, will be important: Are they inviting the IAEA back in, are they reaching an agreement with the IAEA on sensible monitoring provisions or are they being too difficult? So there are elements that will provide a basis for judging the intentions of the North Koreans, and if we're somewhere in summer of 2008 and they haven't shut down Yongbyon, I think they'll have known that this experiment hasn't worked.

MR. YANG: Mr. Bush?

RICHARD BUSH: I'd like to comment on the Japan question. I'd make two points: first of all, actually constitutional change in Japan is not easy, you need a pretty broad consensus in both houses of the Diet, and it's not clear that that broad consensus exists. One variable will be what happens in the upper house elections two months from now. Second, defense spending in Japan is not going up, it's stagnant or going down. The third point I would make is that the most important factor in determining Japan's security course is probably what happens in North Korea. If there is denuclearization on the Korean peninsula and if there can be some kind of control over North Korea's missile programs, then that removes the greatest sense of Japan's vulnerability and changes the climate for security policy in Japan.

MR. YANG: Thank you, thank you very much. Let's give some other people a chance. Mr. Kelly?

JAMES KELLY: I'd like to amplify Richard's comments about Japan, with which I completely subscribe. In fact, the legislation that is now on constitutional revision mandates only a second set of actions, a minimum of three years from now. That will not only be after the upper house elections that are this summer, but it will be after the lower house elections that are likely to be in 2008. This is on the slow track by classic Japanese standards, and it is far from certain that Japan is going to undertake its constitution revision.

Yes, the defense ministry, as Richard points out, is now a ministry and not an agency; it does not receive ten yen in additional funding, however, even to replace all their stationery. The fact is that Japan's armed forces are about at most one-fifth or one-

sixth the size of the Republic of Korea's armed forces; there is zero prospect of these being increased in a significant way in the near term. The notion about Japan's rearmament would involve increasing its defense spending by three or four or five hundred percent and holding it that way for four or five years and there's simply no sign of that right now. And so Korean attitudes towards Japan are entirely understandable. Many foolish remarks have been made in Japan, particularly recently, but we do need to look at this in a practical way in terms of military confrontation.

MR. YANG: I think they still keep a one-percent limit of the GDP as far as Japanese defense spending is concerned. But not only Koreans but also Southeast Asians, Chinese are still fresh about the recent history of Japan, so any move by the Japanese legislature, whether it is a slow track or fast track; the neighbors are quite seriously concerned about the situation. Ambassador Sun?

SUN JOUN-YUNG: Since the Japan issue has been raised, I would like to know the feeling on the part of the American colleagues here. The old history issue still remains as one of the negative factors existing in the Korea-Japan relationship and also China and Japan relationship. Recently, as you are well aware, Prime Minister Shinzo Abe was in Washington and expressed "a sense of apology" for the comfort women. And your president said, "I accept the apology." So I would like to know the feeling of American intellectuals or former and current policy-makers and academics on this particular issue. Thank you.

MR. YANG: As you know, after that conversation newspapers in Korea talked about his apologizing or sense of apology to the wrong audience or wrong person. How about the American response to that?

COMMENT: American intellectuals reacted similarly. That's Mr. Bush's style. The other night at a ceremony in Jamestown, Virginia, he finished the ceremony by going up and conducting the band, so he has his own style. The so-called comfort women issue in the United States is less of an historical issue than a gender issue. American attitudes about gender relations have changed dramatically in twenty or thirty years. So I think where Abe made his mistake in terms of American public opinion, including in the Congress, was by not understanding that this was not, for most Americans, an historical issue; this was an issue of the relationship between the sexes and how women should be treated.

So that caused a great deal of upset in the United States when Prime Minister Abe tried to...Now, when President Bush said what he did, even though it was not phrased appropriately, what it really meant was, Japan is important to the United States, and even though the so-called comfort women issue is a significant issue, it's not going to affect overall U.S.-Japanese relations. Now, at the same time, I can inform you that there are far over a hundred co-sponsors of this resolution, and it looks like it's going to pass.

MR. YANG: Thank you, it reminds me—I am side-stepping—I think there is a congressional resolution pending proposed by Congressman Honda? What's the chance of that resolution passing? Oh, it will pass.

QUESTION [in Korean]: I have some questions about integration between Korea and the U.S. In the process of integrating the two countries, it is necessary for the government to actively address outstanding issues, invest, and discuss integration through a variety of lenses—politics, society, economy, culture. Is the FTA a step towards economic integration into the international community?

MR. WINDER: I'm not quite sure what you mean by economic integration, I assume you don't mean some sort of union between the United States and Korea. The FTA is a huge step forward in integrating the two economies in their international components; it has nothing to do with their own domestic components. Each is going to have their own system, as that's the way it should be. But I think that's one of the benefits to both countries of the FTA—that it does provide a sort of symbiotic relationship that works to the benefit of both countries and will strengthen them together. Beyond that I'm not quite sure what you mean by integration.

MR. YANG: Thank you. Let me just conclude the session. Let me make just two points. The ROK and USA friendship and alliance has been more than half a century. I counted while I was listening to the panels this afternoon how many presidents have been during this time. In the U.S., there were about eleven presidents, from President Truman, Eisenhower, Kennedy, Johnson, Nixon, Ford, Carter, Reagan, Bush, Clinton, and Bush 43. In Korea we had nine presidents during the same time: President Syngman Rhee, Yun Bo-sun, Park Chung Hee, Choi Kyu-ha, Chun Doo-hwan, Roh Tae-woo, Kim Young-sam, Kim Dae-jung, now current President Roh Moo-hyun. Like weather, we had stormy times—I think yesterday the deputy minister of foreign affairs mentioned weather, and that's true. Relations between husband and wife or between allies too are like weather. There are stormy times and sunny seasons as well. We have overcome all these weathers up to this point, and now we are in the process of transforming our relations, not only in military alliance structure and systems but also in economic and trade relations as well. It's good for both countries.

We never forget about the United States, who was the first nation to recognize the Republic of Korea, when Korea was first born on August 15, 1948. The majorities of the Korean people never forget the Korean War and prompt assistance and alliance and help that U.S. forces, in the name of United Nations Command, helped us. And the majority of Korean people agree with me that without American friendship and alliance, what the Republic of Korea is today could not have happened.

That's why we are now reformulating or transforming our relations in military affairs and the KORUS FTA is pending ratification by U.S. Congress and Korean National Assembly. So those people who have doubts, some suspicions, it's like weather. Whether it will be raining tomorrow or it will be sunny tomorrow, speculation is free. But I think the main current of U.S.-Korea relations is solid, despite North Korea's

situations. So I think for the last two days, we have exhausted all the issues, all the questions, all the problems between our two countries. But that's a healthy discussion, and I do hope that we exhausted all the questions and issues and problems.

Before I close this session, since this is the wrap-up session, let me thank Chairman Lim Dong-won of the Sejong Institute who provided this wonderful forum and also Dr. Richard Bush who came all the way with excellent delegations from the United States. Say hello to Dr. Talbott, but we have been excellently represented by the U.S. delegation and the Brookings Institution. Also, as you know, this conference last year and this year could not have happened without the staunch financial support of the Korea Foundation, so I'd like to thank Ambassador Yim Sung-joon. And as always, Dr. Paik Haksoon and Dr. Richard Bush are the two great teamwork which made this highly successful conference last year in Washington and this year in Seoul. I really thank them and also the many staff I'm sure, they worked for the success of this conference. For instance, me, I called Ms. Choi Young-mi in the middle of the night, many times. I hope I didn't wake her up for improving my papers.

In any case, I am so happy to see many friends and colleagues from Washington, as well as here. Thank you very much for the conference. And Minister Hong wants to make last remarks.

MR. HONG [in Korean]: Before we close, I want to add a few words to what Chairman Yang has said on the history of U.S.-Korea ties. With Korea's liberation in 1945, our relationship with the United States began with the process of establishing a free democratic republic in the south. In the time of Dr. Syngman Rhee, Korea was established as a democratic republic and overcame North Korea's invasion. This was nation-building. After this President Park Chung Hee worked to achieve economic development, which would have been unimaginable without U.S. support, market opening, and economic aid. So we have the process of nation-building, the process of economic development, and then with the incoming of civilian presidents we achieved democratization. We have achieved today's democratization only after a difficult process.

Now, in terms of U.S.-Korea relations, we are crossing another major milestone, and that is the process of globalization. The KORUS FTA has great significance for this globalization. In light of the process of nation-building, the process of economic development, the process of democratization, and now the fourth process of globalization, the KORUS FTA has tremendous historical significance. I believe that U.S.-Korea relations have been an essential part of these four stages of development. Our task is to well maintain Korea-U.S. relations in looking to the future of these relations, particularly to the future of a united Korea.

It's wonderful that we can hold this conference and have the opportunity to take another look at the issues and history of U.S.-Korea relations. I just wanted to reemphasize the importance of the relationship between our two countries. Thank you.

MR. YANG: Well as you know, Minister Hong substantiated or summarized better than I did, so let's end this last session for this conference. Thank you again for your solid and stalwart support for the success of this conference. Thank you.