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INTRODUCTION

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PROCEEDINGS

RICHARD BUSH: We're about to start. If I could ask you to take your seats, please? Thank you.

Good morning. My name is Richard Bush. I'm the Director of the Center for Northeast Asian Policy Studies here at Brookings, and it's my great pleasure to welcome all of you to our session today, the third Seoul-Washington Forum.

This is sponsored by the Brookings Institution and the Korea Foundation. We at Brookings deeply appreciate the encouragement and support of the Korea Foundation. I'd personally like to thank the Korea Foundation's President, the Honorable Yim Sung-joon. Without him and his staff, none of this would have been possible. I'd also like to thank my staff and other Brookings colleagues for all the hard work they've done on this session.

The title of the discussion this morning is the "Future of ROK-U.S. Relations." This is a bilateral relationship that is very important to the two countries and very important to the East Asian region and the world. It has security, political, economic, cultural, and value dimensions. And the vibrant presence of Korean-Americans in this society is a constant reminder of our two countries' close ties.

We also share the dilemmas and challenges surrounding the complex issue of North Korea. Now, we didn't know when we picked April 16th as the day of the session that one, North Korea would have launched a ballistic missile reportedly with a satellite on top two weekends before; two, the U.S. Security Council would issue a president's statement condemning the act one weekend before, and North Korea would announce its withdrawal from the six-party talks two days before. But if these events created greater interest in today's session, I'm not complaining.

To address these questions, we have three of Korea's outstanding scholars, and Korea has a lot of outstanding scholars. Then our friend, Victor Cha, from Georgetown, will offer commentary. Before we go to our speakers, however, I would like to invite President Yim of the Korea Foundation to make his introductory remarks. President Yim?

YIM SUNG-JOON: Thank you, Richard, for giving me a chance to say a few words of greetings to the distinguished guests for our Seoul-Washington Forum today.

I'm very excited and very glad to be in Washington again. I lived

in Washington for about three and a half years – in the early 1990s, so while I'm quite used to this beautiful town, this is my first visit since the new administration was set in January of this year. I'd like to see what's happening in this capital of the United States, and first I would like to explore the changes taking place.

On behalf of the Korea Foundation, it is my pleasure to be among such distinguished company, and to be welcoming you at the third Seoul-Washington Forum; the last of which was held two years ago in Seoul.

The Korea Foundation hosts a series of bilateral or regional forums every year, but the Seoul-Washington Forum is one of the most significant of all these forums. Over the years, it has served to provide an open and honest arena to discuss issues and politics, economics, culture, education, and society in the relationship between Korea and the United States.

I also believe that this forum has played a pivotal role in building and strengthening the valuable human networks and communication channels between the most important experts from both countries. I'm particularly glad that the timing of this third forum is very appropriate. Much has occurred and changed in both of our countries, and indeed in the world since the last time we met in the forum.

Domestically, both countries have new presidents and administrations. Both President Lee Myung-bak and President Obama have attempted to steer away from many of the policy directions of their predecessors. The Northeast Asia Pacific Region that we live in have seen different issues and situations emerge, particularly with the case of North Korea, China, and Russia.

The world itself is a little different from the one that we lived in a couple years ago, and many are speculating that there is no return. And the economy that we have to live in is indeed very different that of two years ago. We have suffered a great deal already, and I'm afraid that we have not seen the worst yet. With all these changes, the relationship between Korea and the United States keeps moving, we hope, in the forward direction.

At this Forum, there are a significant number of issues and agendas on the table for us to discuss. First of all, we face a critical time for the peace and security of the Korean Peninsula. The recent missile test by North Korea, whether it was a success or a failure, whether it was a missile or a satellite, poses a great threat to the security not only of the Korean Peninsula, but the entire Northeast Asian region and the United States as well. Because these tests are not just separate tests, but they are a series of tests that build and accumulate weapons technology for North Korea. It is especially worrying at a time when the Six-Party talks are standing at a stall without any sign of reaching a concrete agreement any time soon.

Also critical is the corporation between Korea and the United States concerning the financial crisis and trade agendas. It is becoming clear that the global financial system that we have maintained for the most part since the 20th century is in need of fundamental change.

Both of our countries have economic systems that are based heavily on the free market liberal trade system. It is vitally important for us to reach agreeable terms for the Korea-U.S. Free Trade Agreement.

Most importantly, we must understand and coordinate the policies of our two countries in the major areas of bilateral concern. President Obama's perspectives on Korea and Asia are known to be much more forthcoming than previous administrations.

However, we must study together how and to what degree these perspectives may be different from what we are used to in the last eight years. Unfortunately, the recent missile testing by North Korea is providing a chance for us to learn.

Nevertheless, I can firmly say that the Korea-U.S. alliance is the bedrock of the Korean foreign policy. The United States is our closest ally and friend. Korea will always work closely with the United States and cooperate on matters of peace and security in the Peninsula, in the Northeast Asian region, and the world. I believe the United States agrees fully on this view.

In closing, I would like to thank and commend the good work of the Brookings Institution in organizing this forum, especially Richard. I look forward to attending this forum and to lively and important discussions that we will have here today. Thank you so much.

(Applause)

RICHARD BUSH: Thank you very much, President Yim. We now turn to our panel. Our first presenter is Professor Chun Chaesung, who teaches in the Department of International Relations at Seoul National University. He will speak on the U.S.-ROK Alliance. Professor Chun.

CHUN CHAESUNG: Thank you. It is my great pleasure and honor to be the first speaker in the morning session.

My subject is the ROK-U.S. Alliance. There have been several reviews and articles since the Obama administration started here in the United States and some from South Korea. There is very lively talk about the future trajectory of the ROK-U.S. Alliance. So, I will try to introduce some debates in

South Korea and my concerns about what kind of an alliance we should have in the future.

There was an agreement about the idea of a strategic alliance for the 21st century last year between President Lee Myung-bak and former President Bush. But it's still unclear what kind of details, strategic interests and perspectives we should share in the future. I think this is the time to fill out the details of that concept of the strategic alliance for the 21st century and to talk about how to implement the details of that alliance.

I think we've been doing fine with the Alliance. It's one of the longest bilateral alliances, and has lasted for more than 50 years. But in the time of the post-Cold War transition, we should anticipate the strategic objectives that we should have in the coming years.

There were several factors that defined the features of post-Cold War transition, several ones: first, the continued threat or existence of North Korea, which in some sense, provided some *raison d'être* of the Alliance during this transition period. But it was a factor that delayed the process of redefining the objectives for the 21st century-type of alliance. So the existence of North Korea has that kind of double effect. One from structural features that come from global unipolarity, as you all know. The United States tried to transform the basic features of the Alliance based on the concept of military transformation or transformation of diplomacy.

So we have some different structural features at the end of the Cold War. Very interestingly, we have the process of democratization in South Korea. It had a lot of impact on how the South Korean government defined the missions of the Alliance and what kind of alliance we should have. During the decade-long restructuring process, there were some ups and downs, and I think we did fail. It was not enough to talk about the basic strategic objectives. There was some kind of bottom-up approach or issues-based approach rather than from the top down after we agreed upon the basic perspective, basic strategy proposal.

So this year there will be the summit meeting between the two presidents maybe in June, and we have to start to talk about the basic strategic interests and values and objectives, and there will be several factors that will determine that discussion.

The first one is South Korea's new definition of its role in the world. The Lee Myung-bak administration during the presidential campaign suggested the idea of being a global middle power -- a "Global Korea," which is a very interesting concept. South Korea wants to transform itself from a relatively weak power in Northeast Asia to a stronger, more responsible global middle power, which is still rhetoric. We have to define what kind of role South Korea

should play in global politics.

But that, I think, gives the impression to the Americans that there might be some reciprocal missions from South Korea in America's missions globally, such as counterinsurgency operations and missions. We still have that and the missions to fill out the details.

Second is we still have the continued existence of North Korea – a transitional North Korea. We have a Cold War type of military antagonism from North Korea, but there is something happening inside North Korea, as you know, and a political process of maybe a leadership change or some possibility of contingency. So the Alliance should be prepared to act in the case of transition in North Korea. Are we prepared for that? We have to chart out the possible scenarios for that transition.

The third one is, more broadly, the dual phenomenon of the balance of power and power transition in Northeast Asia. We still lack a multilateral security cooperative mechanism in Northeast Asia. We see the balance of pure power logic, in which China emerges, and Japan tries to become a new military and economic power.

So what kind of cooperation should there be between the United States and South Korea in dealing with this very dynamic situation? What kind of a common regional strategy should we have?

The third one is, most controversially, the global role of the Alliance. The Obama administration inherited several problems including the rise of terrorism, global economic turmoil, and weakening soft power and legitimacy. President Obama has to deal with many global issues. How can South Korea help? Will there be support from the South Korean civil society in performing Obama's mission?

These components of the strategic thinking will affect how the Alliance should be transformed in the 21st century, so let me go through these three details for about 10 more minutes.

First, a transitional North Korea. Now we are faced with a very serious North Korea nuclear crisis. I don't know if North Korea will give up. There should be some long-term plans, which is not the like the Sunshine Policy, which is a form of an engagement policy. It's still very controversial. It should not be some kind of benign neglect either. There should be a third way which combines principled coercion, a long-term plan to guarantee North Korea's reformed regime, which can hasten the decision of North Korean leadership.

There should be some kind of process to make North Korea give

up its nuclear weapons and normalize the North Korean system. If we succeed in that mission, then there will be a big wave of missions to deal with, which will include leadership change and subsequent contingencies. The ROK-U.S. alliance should be prepared to deal with the transition in North Korea. Still, we don't have overall plans to deal with North Korea as a political problem, not just a plan to deal with the North Korean nuclear problem.

First, we should be prepared to have a long-term and very comprehensive plan to deal with North Korea. If that succeeds, then we still have another problem: to be prepared to plan and coordinate a long-term new North Korean policy.

Maybe there should be a chance of reunification of the peninsula, which will pose a greater challenge to this alliance. When we think of the strategic cooperation between two countries in dealing with peninsular issues, then we should be very prepared for this long-term perspective.

The second one is about regional role. There was a Congressional report in March or April, about Chinese military power which said that there is a big rise in several categories of the Chinese weapons systems. And we still have problems with transparency. The report said that China is not very transparent, so we don't know what kind of military power and strategic orientation China has.

South Korea is very much dependant upon China economically, and is geographically very proximate to China. So we should have strategic views of the rise of China which should be coordinated with the American view about the Chinese emergence.

What I feel is that there is some lack of that strategic dialogue between South Korea and the United States about the strategic implication of the rise of China. So I think we should have some form of dialogue about this regional transition.

The second one is the possibility of trilateral corporation among South Korea, Japan, and the United States. There was the TCOG process, but we had some problems with Japan on many issues including historical issues and North Korean nuclear issues. So we have problems in making a common strategic vision with Japan. If we have common strategic views, but suddenly are met with historical issues or territorial disputes, then our cooperation on sharing a strategic vision collapses. What we expect is some leading role of the United States in facilitating this trilateral coordination process.

Third, is development of a network-type of security relations. The concept of the alliance itself is changing. We have a very different kind of multilevel network, not just in the military area, but also in economic and social

areas. There is a mixture of multilateral, mini-multilateral, and trilateral networks that are mixed together. So for example, if we want to deal with a North Korea contingency, South Korea and the United States have dialogues in Washington and Seoul. But, we need Chinese colleagues to deal with this issue. So issue by issue, we need to have different kinds of trilateral or bilateral relations and a mixture of security cooperation networks, and managing these overlapping, multidimensional networks will be one more problem that we will have in the future of alliance reorientation.

Lastly, globalizing the alliance. The problem is, are South Koreans prepared to deal with global issues? South Korea has never been a global power. It just started to think about its global role as a middle power on the basis of the alliance with the United States. But, to implement the strategy globally, South Korea needs a lot of things -- well-planned policy goals, concrete target regions and countries, national consensus on the concept of national interests at the global level, and the proper policy means.

Still, "Global Korea" is just rhetoric, I think. It's not a strategy. South Korea needs some multi-staged gradual efforts to expand its strategic dimensions. The government should acquire public support. It should accumulate its successful experiences.

So what is crucial for South Koreans is to have their own strategic view on global affairs and then find consensus in globalizing the alliance. If we go to some non-Asian countries and regions as just a junior partner of the alliance, then there will be some blowbacks or criticisms from the South Korean civil society.

But there is a possibility and some hope. The alliance in the 21st Century is not just based on interests. It's based on values and norms, which we can say is a "smart alliance," the combination of the hard power type of alliance and soft sense of alliance. So if we emphasize the values and norms such as nonproliferation, durable peace, modernizing failed states, and solving humanitarian security problems -- those are very familiar to South Koreans. It has global implications, because we have experiences, especially with regard to dealing with North Korea. North Korea has been a failed state, in some sense, with the problem of proliferation and antagonism.

If we emphasize more on values and norms and try to expand that geographically in terms of missions of the alliance, then I think we have some hope in making the South Korean civil society more sensitive to global issues and more proactive in dealing with global issues. Then it will make the South Korean government define its national interests at the global level with the status of global middle power, hopefully.

The United States has many issues and we understand that. The United States, in dealing with various global issues, impending issues, needs help from its alliance partners. So these two countries should cooperate in making a staged gradual strategy to global lines, especially the South Korean perspective and policies.

And so far, I appreciate the support of the U.S. and your desire to make yourself better-understood, with President Obama and his strategy of listen and lead, to strike the balance between military power and diplomatic efforts to wield smart power -- all this new strategy and new emphasis have a very good impact on the South Korean civil society.

So with some proper speed and plans, both countries will gain a lot in cooperating and dealing with serious global problems. Thank you.

(Applause)

RICHARD BUSH: Thank you very much Professor Chun. You were given a very broad topic, and you handled it very well.

Our next speaker is Professor Bark Taeho. He's the professor of International Commerce at the Graduate School of International Studies of Seoul National University. He will talk on economic relations. Professor Bark.

BARK TAEHO: Thank you very much, Richard. My name is Taeho Bark. I'm a professor at the Graduate School of International Studies at Seoul National University. I used to live here for four years in the early '80s, when I was teaching at Georgetown. So I always feel Washington, D.C. is kind of my second home. I'm very glad to be here today.

I will use PowerPoint for my presentation. I will also be very brief. My presentation will first cover the Korean economy at a glance. I'll introduce how Korea is doing now, and then bilateral trade relations; and a very important topic for Korea and also United States -- the KORUS FTA, and numerous bilateral trade issues. And then I'll conclude my presentation with future cooperation.

Like most other countries, Korea is also experiencing economic hardship, as you can understand. From the fourth quarter last year, we have been recording negative growth. And economic stagnation seems to be continuing in 2009. Our exchange rate was very volatile. It went up very high, but now it is a little bit stabilized, but has yet to be specialized more.

Let's look at a few diagrams, graphs. Consumption plunged last part of last year and then continues -- and then investment also. And exports -- it

is interesting. It is going down dramatically, but coming to this year, the negative growth rate has been a little bit reduced. So it's not that we are doing better, but maybe we are doing less worse. I don't know what kind of word I should use.

And as for imports, as you know, our economy is not doing very well, in terms of economic growth, so we are heavily dependent on imports. Imports are going to pretty dramatically. Unemployment is, as you can expect, rising a little bit, and it is especially hurting young people. It's almost twice of the normal unemployment rate for young workers and young students.

During this process, we were concerned about the high Korean exchange rate against the dollar, but actually this depreciation of the Korean won benefited export sectors. In fact, the last two months we recorded surpluses -- \$3.15 billion in February and more than \$4 billion in March. But, as I said before, this is because our exports declined relatively less than imports.

So that doesn't mean that we are doing much better in terms of exports. We are shrinking our imports too rapidly, so that's why we have this kind of trade surplus, which has a good impact on our foreign exchange market anyway. The government tried to stabilize the money market in the financial market by establishing a bond market stabilization fund and bank recapitalization fund. The government also encourages corporate restructuring. The government helps small and medium-sized firms, which are suffering from the liquidity problems with loan extensions.

And the main element of Korea's economic stimulus package, as you can expect, tax cuts and increased public spending, and our government submitted a supplementary budget to the National Assembly. I think at this moment they are discussing it at the Korean National Assembly.

If it is approved, then the stimulus package altogether in 2009 will require funding amounting to 5.9 percent of Korea's GDP. It's quite high, you know, the level of government contribution to the economy. The government is also encouraging job sharing and providing interns to young people. These are the very quick explanations of the Korean economy right now.

Before I move to the next topic, this is the various forecasts for GDP growth for 2009. The IMF downgraded from two percent to minus four percent, but one thing which is new this time around is the Bank of Korea just a few days ago announced that our economic growth for 2009 will be minus 2.4 percent, a very recent kind of forecast, which is similar to the Korean government. The last Administration of Finance also predicted minus two percent.

So what I'm saying here is that it depends on the effectiveness of our stimulus package. If you can lift the economy one or two percent, then maybe

the IMF is correct without considering the economic stimulus effect. If we reach around minus two percent, maybe the Korean government would do something to lift our economy a little bit more.

Let me turn to the next topic, which is bilateral trade relations. As you know, bilateral trade volume has a steady growth. But here in this diagram, it's a very elementary index. It's called trade intensity index. I don't want to explain the index, but it's a very simple one.

If this above -- bigger than one, that means Korea exports to the U.S. much better than average of other countries. If this is less than one, then our performance is actually weaker than the world average. Here, the dotted line is Korea's exports to the United States.

If it keeps falling down, even falling down below one, that means that our exports to the U.S. performance is weaker than the rest of the world. So we are not doing very well in terms of our export activities to the United States. However, the imports still declined a little bit, but it's above one. In other words, U.S. exports to Korea or our import from the United States is bigger than the world average.

So this one tells you that we are a little bit concerned about our exports to the U.S. Maybe this is one of the reasons why we are trying to have the KORUS FTA increase our export performance compared to other parts of the world.

On the other hand, if you look at the same kind of trade index with China, Korea-China trade, look at this: you know, the dotted line -- our export performance to China, the index reach -- bigger than three, which we are doing much, much more than the world average. That's why China has now become the number one trading partner of Korea. We are also importing a lot from China.

Just want to give you some idea of what is going on with our trade relations with other countries -- this is the data collected from USITC for 2008. This is the bilateral trade structure between the U.S. and Korea. In the capital goods, industrial supplies, and materials, we are doing quite okay. In other words, we are doing exports and imports at the same time. We called this in economics intra-industry trade. So we are reaching a higher level of intra -- industry trade.

But if you look at consumer goods, automotives, we have a big imbalance. We are exporting a lot while we were importing very small. But the agricultural sector, the last one, the U.S. is doing much better to Korea than Korea's exports to the United States, to just give you some idea about trade structure.

Let me move on to the next topic, which is the KORUS FTA. I think Korea-U.S. FTA is the most advanced and comprehensive arrangement among Korean FTAs so far. And at the same time, to the United States, it's also the most economically significant FTA since NAFTA held in 1993. Many researchers and institutions published academic exercises -- how the two countries will potentially benefit from this FTA.

As you know, Korea is a rather small country compared to the United States, so we are supposed to gain relatively more benefits. But in Korea, we have some debates on the actual estimated figures, with whether the GDP grows, how much an import or export grows. But as an economist, I think these numbers should be interpreted as qualitative directions rather than exact magnitude. Well, I think you all know that, but I just wanted to emphasize that.

And what about ratification. You all know that both countries, especially the Korean National Assembly and the U.S. Congress did not complete the ratification yet. And Korea's ruling party is trying to complete the ratification process at the Subcommittee for Foreign Affairs, Trade, and Unification by this month. That's what I heard just before I left. We have distinguished members of the National Assembly presenting at this conference. Maybe they can add some more comments on this ratification process of Korea.

I think final ratification in the Korean National Assembly will be approved at the plenary session, but I don't know when this will be completed. Some say that by the end of June, but I don't know for sure. But this is the status of ratification.

As you know, earlier this month in London, President Lee and President Obama met for the first time and agreed that the KORUS FTA is a very important one, and both governments will try for further progress on FTA issues. It's a very general statement.

We often hear from last year, that the U.S. raised some concerns about the auto trade section of the FTA. We have lots of discussions on this, especially in Korea. I don't know how much discussion goes on in the United States, but it seems to me that a full-scale renegotiation may not be necessary because those particular issues limited to auto trade can be resolved bilaterally, and the outcome could be formalized as an annex and then attached to the main agreement.

This is my own simple analysis. And, as I said before, the Korea-U.S. FTA is an integral part of Korea's external economic strategy for the future. The KORUS FTA will restore diversity in Korea's trade relations and avoid shifting trade largely to East Asian markets.

As time goes by, the three countries: China, Japan, Korea, their intra-regional trade is increasing and our export shares to the United States are decreasing. That's why one of the main objectives of having the Korea-U.S. FTA and Korea-EU FTA is to diversify our trade relationship into other parts of the world.

The KORUS FTA will promote the mutual beneficial industrial collaboration. I think the initial reason of having a bilateral investment treaty between the two countries, which actually failed is this: through combining Korean manufacturing capabilities and U.S. research and development expertise and technology expertise, if you combine them together, it can produce a very internationally competitive outcome. So the Korea-U.S. FTA will provide this kind of momentum in the future.

As you know, the Korea-U.S. bilateral trade exceeded \$80 billion in 2008, and for that kind of magnitude of trade, we will see many, many numerous contentious issues, which is very natural to have. The issue of U.S. beef imports was a little bit different. It went from being purely economic and trade related and to something that was considered to have high political implications. I think you all know that very well. So I think this time around when you introduce trade issues, we have to provide many opportunities for the civil society to understand the correct status and correct implications.

Let me just briefly talk about the U.S. concern about bilateral trade and also the KORUS FTA, which is really about the automotive trade between the two countries. The U.S. raised its concern that Korea still does not import many foreign cars, and American autos only account for 11 percent of Korea's total automobile imports.

Actually, until several years ago, I taught my students that our auto market is closed because the import market share -- foreign cars market share in Korean consumption is less than one percent for many years. So this is virtually closed. But in 2008, I think the foreign car consumption share in Korea reached six percent. So if you consider the period of reaching six percent from 0.8 percent, it's rapidly increasing. So, I'm optimistic that our market is not closed. It's really open. Consumers are choosing cars depending on the price and quality.

In addition to these trade issues, there are numerous standing trade issues -- IPR issues, service market regulations, investment, agricultural products from both sides. Korean farmers also want to export chicken and other agricultural products to the United States. They have raised some issues there, too.

Let me just move to the last part of my presentation -- future cooperation. Professor Chun mentioned global issues. I will start with a kind of

global cooperation for global issues.

Both nations should continue to maintain close collaboration in implementing the results in setting up the future agenda of two G20 summit. In the last two meetings, Korea and the U.S. shared a close collaboration in producing a very productive outcome. I think we should do that more for future G20 meetings. In that regard, both nations should reject protectionism and jointly push for a swift conclusion of the Doha Round.

I just saw Carla Hills this morning, and she's really concerned about the DDA. I'm also a trade economist. We also are very concerned about the DDA, because the DDA is not moving. And, as you know, the world trade dropped by more than six percent in 25 years. That's according to World Bank estimates. And the WTO is estimating more than nine percent of the world trade in this year, which is very rare. Trade is the engine for growth, and they are now all talking about their domestic economy stimulus packages, not worrying much about what will be going in world trading. I think this is a very important issue for both countries to work on very closely and to have some conclusion and results.

Another global issue, green stimulus initiatives by the two nations, by the two presidents that will be very useful to reach the dual goals of economic revitalization and environmental protection.

Regarding regional issues, Korea and the U.S. should also make a joint effort to revitalize APEC activities, which is very, very slow these days. One thing you often heard, and maybe Mr. Bergsten can further explain when he joins us later, is that when we made an APEC declaration, we said that by 2010 we will liberalize trade among advanced countries, among advanced members; by 2020 for developing countries. By 2010 is next year, and what do we do about this?

We have to have a clear position on that. Also, many people including Claude Barfield of AEI are suggesting that maybe we should evaluate an APEC-wide FTA. We should jointly conduct research on this to help come up with some kind of a solution.

I just want to introduce some competing proposals regarding regional economic integration in Asia. Some scholars suggest that Korea, Japan, and China should form an FTA together or an ASEAN+3 or maybe you can include New Zealand or Australia and India to make it ASEAN+6.

One thing that is interesting is Korea, Japan, and China have a separate FTA with ASEAN. So ASEAN plus China, ASEAN plus Korea, ASEAN plus Japan are already there. Why not ASEAN+3? Many scholars are suggesting that kind of a proposal.

We are doing FTA negotiations with many countries, including EU, Canada, Mexico, India, and Japan. We've temporarily stopped the negotiations but will consider resuming them.

It is important to combine the scientific and technological expertise of U.S. industries with the manufacturing capabilities of Korean enterprises. As a bilateral cooperation, we want to encourage that. I don't know how we encourage this, but the private sector should exchange more of their comparative advantages.

Also, it is very useful in the development and implementation of environmentally sound green growth technologies, because we are lacking this technology in Korea. Maybe we can have some cooperation from the United States. You already know the partnership between LG Chemical and General Motors. They are combining together. It is a very good example for this kind of cooperation.

Korea needs to develop its service industries -- maybe Korean-U.S. firms, which have more comparative advantage in the service sectors, should come to Korea and help Korean service industries. And the WEST Program, I don't know whether you are familiar with this, but this is very popular among young Korean college students. The WEST Program is "Work, English, Study, and Travel." This will provide valuable opportunities for Korean youth to better understand American people and culture through shared experiences and mutual understanding.

Well, this is the last slide. We discussed strategic alliances between the two countries today and maybe tomorrow. I think the KORUS FTA, and I'm not saying this because I'm an economist, but this is very important. If it enters into force, it will make a huge contribution to this part of the Alliance between the two countries.

Lastly, I don't know whether I should mention this, but there is some discussion in Korea that it would be very helpful if the existing currency swap agreement is upgraded in terms of length or in terms of amount. But this was mentioned by some people in Korea, so I just wanted to introduce this topic in the future cooperation.

I will stop here. Thank you very much.

RICHARD BUSH: Thank you very much, Professor.

(Applause)

RICHARD BUSH: We now turn to Dr. Choi Kang, who will talk

about the North Korea issue. Dr. Choi is a professor and Director of American Studies at the Institute for Foreign Affairs and National Security. Professor Choi?

CHOI KANG: Thank you. I'm very much pleased and honored to be here with you in this room. I'd like to thank the Brookings Institution and the Korea Foundation for allowing me to come here, especially because Chairman Yim Sung-joon used to be my boss. At that time, he talked and I took the notes. The role is reversed today, I think.

I speak strictly from my personal capacity on this occasion. There are some points I'd like to make, but some points have been covered by Chung Chaesung already. So I'll be very brief for the sake of discussion for later in the session.

It seems to me that North Korean challenges have become more complex nowadays. We used to talk about the deterrence during the '50s, '60s and '70s, but during the late '80s and '90s, we started talking about improvement in relations between the two Koreas and the nuclear issue. We need to have a more comprehensive long-term North Korea policy and not issue-driven by policy, at this stage.

I'd also like to talk about the North Korean factor. The points I'd like to make today are that the North Korean factor is still the main rationale of forming, strengthening, and maintaining the alliance between the two countries, while we are talking about the 21st century strategic alliance or global alliance. Still, an alliance is an alliance.

We have to come back to the basics of the alliance. We have to think of the alliance in a more traditional way, and also there's the rationale of having strong political military cooperation between the two countries at this point in time. Also, North Korean problems will remain with us for the time being. That's the basic point I will make, and I will come back to these points later and in more detail.

First of all, it seems to me that for the past 10 years our North Korea policy has been driven by issue, especially the North Korean nuclear issue and not any of the other issues. We didn't have much time to think about other issues. We always focused our attention on the nuclear issue without any comprehensive plans, except that the Perry Process may be the only one we can think of in terms of a comprehensive North Korean policy approach among all three countries -- the U.S, the ROK, and Japan. But that lasted about one and half years.

Second, it seems to me that we have not been able to overcome the major differences between the two allies. We coordinate our policy approaches

towards North Korea one at a time. But there are significant differences. I would not neglect that there are some significant differences, especially the cognitive difference between the two countries, their understanding of the character and nature of the North Korean regime or the Kim Jong-il regime. So we agreed only on what we could agree on. That's the problem. We were not able to narrow down or minimize the conceptual or perceptual cognitive difference between the two countries. There are also some differences in policy priorities and policy objectives in dealing with North Korea.

So those factors have become the source of friction between the two countries, unfortunately. Traditionally, North Korea was or has been the factor in which the two countries were brought closer together and then allowed them to form an alliance. In recent years, however, especially for the past 5 to 10 years, the North Korean factor has become the source of friction between the two countries. I think it's time for us to revisit our North Korea policy, to form a very solid ground for having a common approach vis-à-vis North Korea, especially on the perceptual and cognitive dimensions. That's the second point.

And the third point is, whenever there's differences or friction between the two countries, it always benefits North Korea. North Korea always tries to drive a wedge between the two countries. I think we all know that fact very well. So that's why I'm asking you to give us some good advice and good recommendations in making a common approach vis-à-vis North Korea, and I think that with the Obama administration, we are facing new opportunities in forming this approach, and gaining new solid ground in handling the North Korean issue.

There's one more point before I go into the details. We have to reaffirm what the ultimate end state on the Korean Peninsula should be - we have not talked about that for a long time. We have discussed the North Korean issue, how to revive the Six-Party talks, or how we can handle the supply of light water reactor or heavy fuel oil -- all those things. We have to have a clear understanding of each other's intention in the final goals on the Korean Peninsula. Over the years, there have been suspicions on our side about what the U.S.'s intentions are on the Korean Peninsula. Is it to achieve stable management of the division of the Korean Peninsula or to cap North Korean nuclear capability? We have to eliminate that kind of suspicion if we want to have a good and solid alliance between the two countries.

The North Korean challenge can be divided into four groups nowadays. It used to be that traditionally, you had the military deterrence or defense was the primary goal or in terms of challenges we had to deal with. Nowadays we have three other challenges. The second one is contingency. Contingency is not an immediate one, but we have to think about it. The third element is the opening and reform of North Korea. How can we do it in a

peacefully and in a manageable way? The fourth is how to handle the activities North Korea is engaged in, that undermine our peace and security, like proliferation activities. So I divide the North Korean challenge into those four groups.

I'd like to come back to the first point. I'd like to ask whether we have a strong deterrence posture vis-à-vis North Korea nowadays. After the nuclear test in October 2006, I don't know whether we are in a good reliable deterrence posture vis-à-vis North Korea. There's a mismatch between the plan of transferring the OPCON on April 17, 2012, and the North Korean nuclear issue - whether we can resolve the issue or not.

Another element that we have to take into account: because of the economic setback both in the U.S. as well as in South Korea, I don't think we were able to implement what we intended to do, like Defense Reform 2020. There's a financial shortage and we can't pour it into defense sectors. Actually, I don't know whether we can do it or not.

There are also a lot of details going on between the two countries, including working out proper command structures. I know that General Kim Kwan-Jin here knows more than I do about that. But, there are some differences between the two countries, and I think we should be more realistic in forming this reliable deterrence posture and also defense. Do we have an understanding of the challenges of the North Korean nuclear program in a military perspective?

The second element about this is the contingency. Nowadays many people are talking about the contingency. We were closer to the conclusion of what we called Operational Plan 5029, but we failed to agree on that. There are differences between the two countries in understanding the contingency itself and also how to handle the contingency. So an issues-based approach was there.

But contingency is not actually from my personal perspective; it's not an immediate problem, but one that we have to think about. What kinds of challenges will the contingency bring us and how we can handle them? For example, the involvement of a third party. As you know, this is China. What type of a reaction will China have, militarily or politically? There are also the WMD issues, whether we can handle WMD challenges effectively or not. We used to talk about these issues, but I think we should go beyond that. We should have a more comprehensive understanding of contingency. What is the definition of contingency? How does it happen? And what kind of challenges will surface? We need to look at contingency from a more systematic way.

Also, if you look at the Afghanistan or Iraq, I think there are some lessons we can draw from those cases, for example. What about civil affairs? What about public affairs? Stabilization? That means just military to military

talks are not enough to be ready for the contingency. I think a more comprehensive interagency coordination and dialogue is very necessary between the two countries.

Whenever I talked with U.S. officials or ROK officials, I always emphasize that we need interagency coordination. Sometimes it's much more difficult to have interagency coordination amongst ourselves, especially in South Korea. The Foreign Ministry might have a different understanding, the Unification Ministry or the Defense Ministry might have a different understanding or different approach. We need a more comprehensive interagency coordination if you want to handle the contingency more effectively. That also applies to the deterrence and defense posture.

I'd like to cover the third point on how we can urge North Korea to transform or open up its system. I think everybody agrees that the engagement policy is the only one we can pursue nowadays. Now, of course, I think if you look at the "peaceful coexistence and co-prosperity" approach of the Lee Myung-bak administration, there is quite a similarity between that policy and the previous government policy, but we still need a more balanced approach between the means and objectives in handling that; and also reciprocity should be there. We cannot underestimate North Korea's action to drive a wedge in that process. I think that we should be ready to handle that kind of challenge effectively.

Finally, I'd like to come back to the point about proliferation activities that go beyond the Korean Peninsula. We used to talk about North Korea's nuclear program as a military threat on the Korean Peninsula, and also as a regional threat. But if you talk about North Korea's proliferation activities it goes beyond that. So I think the South Korean government is contemplating joining the Proliferation Security Initiative.

So what would be the implication or impact of the PSI on inter-Korean relations or the other way around? We have to think in more complex terms in handling those challenges. We have to handle North Korean issues in a more universal way and not in a particular way in order to consolidate a strong base of alliance for the future, going beyond the Korean Peninsula.

I don't have any specific answers for the questions I have raised. Rather, I think I can suggest that we need to sit down and talk about the basics of the alliance, and the cognitive dimension is critical and the main foundation of the future of the alliance. This is the time for us to have a real strategic dialogue between the two countries. Of course, the South Korean government wants to have a "Two Plus Two" Dialogue – to have the military and also the Defense Minister or the Foreign Minister get together with their counterparts to have a dialogue because there's a Two Plus Two Dialogue between the U.S. and Japan, and also with Australia. I think we would also like to have that kind of formula to

enhance and strengthen the U.S.-Korea alliance, and we will be in a much better position to handle the diverse North Korean challenges.

Let me stop there. Thank you.

(Applause)

RICHARD BUSH: Thank you very much, Dr. Choi. We now turn to our commentator, Dr. Victor Cha. He's the holder of the D.S. Song Chair at Georgetown University, where he holds a joint appointment in the School of Foreign Service and the Department of Government. Victor?

VICTOR CHA: Thank you, Richard. Thank you for inviting me. It's a real pleasure to be here. This Seoul-Washington Forum has become one of the most important events related to Korea since it started.

RICHARD BUSH: Thanks.

VICTOR CHA: And I think you've done a great job. I say this not based on the quality of the panel, which I think is high quality, but on the quality of the audience, where I look around and I see names and faces of people who really are of the top -- the elite in terms of our discussion and opinion making on Korea.

I think my role here on this panel is to offer not the American view, but one American view on these three topics of the alliance, the economy, and North Korea. And I'm going to do that by offering what I think are some points that I think are important for any American to think about when they think about the future of this alliance.

And in making these points, I think you will find some of them resonate with some of things that my Korean colleagues have said and some they might disagree a little bit. But overall, I think we are pretty much on the same page.

The first thing I think we have to always remember when we look at the U.S.-Korea alliance relationship is that substance is more important than tone.

This is a relationship where the tone has oftentimes not been so good, where if you look -- if you just take a cross-section of view of the relationship, there is anti-American sentiment, there is anti-Korean sentiment. There's a lot of negativity in terms of the overall noises that are made about the relationship. But as somebody who studies alliances, you must always remember that what matters in the end is not the day-to-day tone. It's the substance that

comes out at the end.

And here I think the U.S.-Korea relationship overall has done pretty well. One very important period was the period I was personally involved in where the tone was quite bad. But if you look at the substance in terms of outcomes, very important agreements were reached, whether it Yongsan relocation, base realignment, visa waiver, NATO plus three, FTA, the WEST Program that Professor Park referred to, OPCON transition. These were all very important agreements that were made that advanced the relationship. I think that advanced the life of the alliance at a very difficult period in terms of tone. So I think we always have to remember that in substance, not tone, that matters.

Second, this is a relationship, I think, that strives to become important intrinsically to the two countries rather than strategically. Now this is different from what you hear in terms of the policy dialogue.

The policy dialogue is about a new strategic relationship, which I think from a policymaking perspective makes sense. But when you study alliances, when you talk about a strategic alliance that generally doesn't have a good connotation, it essentially means the alliance is only important for the purpose of keeping it out of the adversary's camp.

When the United States decided to first form an alliance with the Republic of Korea and the Syngman Rhee government, they didn't do it for intrinsic reasons. They did it only for strategic reasons, which was that Korea had no value to the United States -- South Korea did -- except to keep it out of the communist bloc's camp.

That is clearly not the way that we look at the alliance today, and I don't think it's the way alliance crafters look at the alliance for the future. This is an alliance relationship that people want to see evolve beyond merely a strategic relationship to one where it is intrinsically valued by both countries as a normative good based on common values and based on common interests that expands beyond simply the problem of dealing with North Korea.

And I think the alliance is on that track. It takes a lot of work, but it's on a track, which takes me to my third point. This is not an alliance where alliance crafters can simply rest on their laurels. This is always an alliance that is underestimated and taken for granted. That's why for people who study and who make policy on the alliance you always have to run. You can't coast in terms of this alliance relationship.

You always must work hard to accomplish the next step in terms of advancing the relationship. This does not have a quality like the U.S.-U.K. relationship where basically there's an assumption that we'll be friends forever.

It doesn't have a quality quite frankly likely the U.S.-Japan relationship, where there is much more -- I'm being, some crafters of the Japan alliance may not feel this way at times -- but there is much more of an appreciation of the longer-term resiliency of the U.S.-Japan alliance.

So I think for the U.S.-Korea alliance, you always have to be working hard to make this a better relationship. There's plenty of room to continue to do that, whether it's in terms of working together in places like Afghanistan, climate change, PSI, as Professor Kang mentioned, the financial crisis. This is a relationship where you constantly need to work at it to keep it moving forward.

The fourth thing is that -- and Professor Park mentioned this -- is the importance of finishing the FTA. Professor Park mentioned all the reasons why it's important for the alliance relationship. The only additional reason I would add is that many people are often asked when they look at this relationship had we make it better? How do we deepen it? How do we increase trust?

There's no more important way of doing that than the Free Trade Agreement. It adds a new dimension to what is already a very vibrant trade relationship -- Professor Park mentioned an \$80 billion trade relationship. This, as everyone knows, is the second largest FTA the United States has ever negotiated. So it's very important for the overall future of the relationship.

Even if it's on a longer timeline to passage of the implementing legislation on both sides, that's fine. But this has to be on the radar screen as something that must be finished.

The only additional point I would add there is that I think the Free Trade Agreement is important not just for the Alliance, it's important for overall perceptions of American leadership in Asia.

The United States is important in Asia not only because it provides security, but also because it is seen as a provider of -- a supporter of the free-trade regime. That's a very important component of U.S. leadership in the world and in Asia; and that the United States is perceived with this big agreement to be not interested in implementing it, and I think it has repercussions for the overall position of the United States in Asia.

The fifth point is that as the United States is considering these things, it also must keep its ear to the ground in terms of what is happening inside of South Korea. We always must be hypersensitive to the domestic politics of the South Korean system, because the United States never wants to be in the position where it's seen as a problem in Korea.

Professor Park mentioned the fact that there are very high unemployment rates now in Korea among young people, in part, as a result of the financial crisis. That potentially is a very dangerous and combustible situation, and it could lead to bouts of populism, in which the United States is not perceived well not just because of things like another Highway 56 incident, but because of things that Professor Park mentioned like the currency swap agreement and Korean perceptions that the United States is not helping Korea in a time of need.

So it's not a policy recommendation. It's just simply the point that we must keep our ear close to the ground to understand what is going on in terms of the effects of the financial crisis within South Korea and the potential negative repercussions for the Alliance.

On North Korea, the current administration, I assume, is still doing its policy review. We don't know what the outcome of that will be. It seems to me that whatever policy that this administration chooses, it's got to be one that shows three qualities. It has to be one that clearly is showing that the United States is interested in testing North Korean intentions. I know that people have drawn lots of conclusions about North Korean intentions, given the last few days. But it must be a strategy that tests North Korean intentions; and that one that also shows political will and patience to really work at the problem.

It seems to me that this is the most important thing that the United States can do to position itself well, whether these negotiations turn out positively or negatively. The United States must always be seen to be the country that is demonstrating the political will and the patients to try to tests North Korean intentions.

I really liked Choi Kang's model of these four areas -- deterrence, contingency, opening, and managing proliferation. And I think you're right; perhaps it is time that while both countries conduct their own policy reviews, maybe it is time for the United States and South Korea at some point to come together and work on a joint review, bottom-up review, of the longer-term strategy towards the Korean Peninsula and North Korea. It sounds like a very good idea. At least as of today, it doesn't look like we're going to be very busy with Six-Party negotiations for quite some time. So we have to find things to occupy our time.

The last point I would make is that while we always focus on North Korean denuclearization, the last point is that we always have to keep our eye on the prize, and the eye on the prize for the alliance is not simply North Korean denuclearization, it's thinking about and working towards an outcome where you have a united Korean Peninsula that is free and at peace.

I think Professor Kang was mentioning in his points and Professor Chun that sometimes that gets lost in our tactical discussions on North Korea. I mean, it's one that we should always keep in mind and work actively towards.

And my last set of points are on the situation in the North. We're all aware of what has happened over the past few days. My own view is that I think the missile test and the actions that were taken yesterday in terms of the announcement by the North on the Six-Party and the expelling of U.S. and IAE inspectors were very unfortunate.

In my view, I think that they were not a reaction to anything that other countries have done to North Korea, in particular the United States. I don't think you can blame what is happening now in terms of North Korean behavior on U.S. policy, because the United States under the Obama administration at least initially has made very clear its interest in engaging immediately without precondition with the regime in North Korea.

My concern is that it's not over; that we've seen a chain of some very difficult actions that have been taken by the North and that we may not be at the end of this chain. There may be more to come.

Stepping back from this, looking at it from a larger perspective, as an academic, I think we are beginning now to see the geostrategic ripple effects in the region of North Korean nuclearization. It's something that was often talked about hypothetically, but I think we're beginning to see now how this is actually having a real effect in the region.

We've clearly seen it in Japan over the past few years in terms of the domestic politics of Japan, the prime ministerships of Abe and Aso, the growing security normalization in Japan, the movement of the JDA from a defense agency to a ministry, the basic law of missile defense. We're seeing a gradual security normalization of Japan that is being driven by other factors. But one of the factors clearly is the direction in which North Korea is going.

And I would dare to say that in the case of South Korea, too, we are now beginning to see at least the very tip publicly of South Korean concerns and reactions to what they see as a growing reality in North Korea, in particular statements that we saw by some -- I can't recall whom -- but some officials noting that South Korea does not possess missiles that are able to strike at the Musadan-ri facility in North Korea from which they launched this satellite.

The United States and South Korea have a bilateral agreement on missiles that limits the range of South Korean missiles to 300 kilometers. North Korea obviously has missiles that go far longer than that. The fact that this issue has been now raised in the public discussion, I think, is another manifestation of

what I think are the growing ripple effects of North Korean nuclearization that I think both the United States and South Korea and other countries in the region need to watch carefully and start to talk about in a much more frank and open way.

So with that, thank you very much for your attention. And it's a pleasure to be here.

(Applause)

RICHARD BUSH: Thank you very much, Victor. That was interesting commentary. We have a lot of issues on the table. And there was a lot that wasn't mentioned or it was discussed pretty lightly simply because of time.

So there's a lot for us to discuss, and I want to try something and that as a topic is raised if people have two-finger comments, signal to me and we'll try to keep the discussion on a particular topic going for a little while.

For those standing in the back, there are some seats in front. If you feel the need to slip out and get a cup of coffee or something else to drink, please feel free to do so. If you have a question, wait for the mic once I've designated you and please identify yourself. I saw Paul Chamberlin first.

QUESTION: Thank you very much, Richard, and compliments on arranging such an excellent forum with such interesting presentations. I have two things to say. One Professor Chun and Dr. Cha as well talked the global alliance, and I'd like to recommend for consideration this report just issued by the Center for Strategic and International Studies on pursuing a comprehensive alliance. There are good ideas in there, I think. It seems to me to a fundamentally important strategic issue -- Victor mentioned it -- but the end prize of unification.

Now having been a Korea watcher for only 35 years, there's a certain amount that I've missed, I'm sure. But there is a fundamental problem in the alliance, and it has to do with the strategic interests or the stated national interests of the U.S. and Korea on the end state of the Korean Peninsula.

This is a clearly stated Korean national interest. It is not a clearly stated U.S. national interest. There is a policy statement that unification is a good thing, but there's no behavior. North Korea presents enduring challenges to U.S. and South Korean security and other national interests, as well as those of Japan and other countries.

It will continue to present a challenge. And, therefore, we really need to come to grips with the reality -- it needs to go away. And I propose -- I suggest -- and I submit -- I solicit feedback on the U.S. declaring a national -- its

national interest include the peaceful unification of Korea and we work with Seoul in support of and in coordination with Seoul, our Korean ally, to develop a peaceful, nonviolent patient strategy to move towards this strategic objective.

It's very important. Elements of this strategy could include assisting refugees, strengthening the broadcast of information to North Koreans to let them know that their plight and to offer some hope that there is a solution in the future, and a number of other measures. This approach would not preclude normalization of U.S.-North Korea relations if the conditions were right. It would not preclude the establishment of a peace settlement if the conditions were right.

But it's fundamentally important that the South Koreans see the United States in a clear, practical, measurable way as being on their side in the resolution of this problem and that we create a strategy so that we can have complimentary efforts towards the resolution of this problem.

Seoul needs to be the leader. We need to be a supporter, but we need to get on the same sheet of music. How long will it take? Hard to say. But I would submit it's a fundamentally serious asymmetry in the alliance. The time has come to fix it and to move patiently to the future. And I'd solicit comments, particularly from Dr. Cha and Professor Chun. Thank you.

RICHARD BUSH: Would you like to comment?

CHUN CHAESUNG: Later.

RICHARD BUSH: Okay. Larry Niksch.

QUESTION: I'm Larry Niksch from the Congressional Research Service. Now I know why in discussing the alliance very little was said about 2002. It's been seven years. And the polls show right now a good deal of South Korean public support for the U.S. military presence in contrast to the attitudes in 2002 and the events that took place because of those attitudes and South Korea.

But it seems to me three things happened last year. Three decisions were made or at least prognosticated that worry me about the U.S. military presence and the future South Korean public reaction to it.

The first of these are the repeated statements coming out of the South Korean Defense Ministry that the relocations to Pyungtaek will not take place until 2016 now. That means to me that the financial costs of the relocations are likely to go up considerably beyond I believe the estimated \$10 billion. And the financial costs to South Korea in particular are going to go up in a considerable fashion, if those predictions are correct.

Secondly, the Pentagon, Under Secretary Gates halted the Rumsfeld program to draw down U.S. troops to 25,000 by September 2008, and I believe to go down further beyond that to the objective of a much less visible, much less intrusive U.S. military presence. The Pentagon announced last year that U.S. troops would remain at a level of 28,500, again meaning that the Rumsfeld program came to halt.

Thirdly, Secretary Gates announced that in the future family members of U.S. military personnel would be allowed into South Korea to live in South Korea while military personnel, their family members were serving in South Korea. I've seen estimates that this could mean a family presence of 35,000 Americans in South Korea in the future, if family members of the 28,000 U.S. troops come into South Korea, live in South Korea during the tours of duty of their family members.

So instead, it seems to me that what all of this means is that instead of a smaller, less visible, less intrusive U.S. military presence, the overall military presence, including this large potential civilian family contingency is going to be a much, much bigger and much more visible military presence. If you count the civilians, you may be talking about 60,000 to 70,000 military-related personnel in South Korea by 2016 or so.

Given the undoubtedly escalated financial costs of this, given the much larger and much more visible presence, the American military again with this larger definition now is going to have, will, in your view, the South Korean people accept this as a positive step, a positive major change in the military component of the alliance.

Or if South Korean public perceptions continue to be that North Korea remains an economic basket case, the North Korean conventional military continues to deteriorate, and if there is some stabilization of the nuclear issue, is there a prospect that you could begin to see a re-growth in resentments towards the American military presence among the South Korean people.

RICHARD BUSH: The gentleman right here.

QUESTION: Thank you. I'm Danny Leipziger. I have a question prompted by your comment, Victor, about the nature of the relationship. It seems to me that from the Korean side what's expected of the U.S. is security and trade. Those are the top two, I would think.

But you alluded to the fact that U.S. interests are broader. You mentioned Afghanistan, climate change, financial crisis, et cetera. So if we follow the line of argument that to make the relationship more robust in the future, we have to expand the areas of mutual interest. I am curious how the panel

sees Korea expanding its own activities in some of the areas that the U.S. considers important and in that connection since Korea chairs the G20 next year, it could be an opportunity to expand that relationship. Thank you.

VICTOR CHA: A few years ago I did an extensive study and published it comparing U.S. and Korean national interests, and there is exceptional overlap between the United States and South Korea, globally. Globally. Politically, economically, from a human rights perspective, with respect to climate change, freedom of navigation. The only area of dissidence has to do with the future of North Korea, which I've already addressed.

But there is remarkable symmetry between the two countries, the extent to which South Korea might step up to the plate in a way that Americans might expect. That's a matter for discussion.

MR. BUSH: Person in front and then over there.

QUESTION: Thank you. Mike Billington from Executive Intelligence Review. On the reunification question, under KEDO there was a considerable economic part to the agreements. You had both the building of the nuclear plant but also sort of implied and on the side the development of the railroad connections between North and South Korea and other aspects of looking towards peace, including a very strong economic aspect and development aspect. That, of course, was pretty much dumped with the Bush-Cheney Administration, but even now today, I don't see much discussion about an effort to reintroduce that kind of strong economic development perspective and I wonder if you can comment on that.

Linked to that, Lee Myung-bak has put a great deal of emphasis on their relationships with Russia in regard to collaboration on the development in eastern, on the far east of Russia. And although its not active now, they look at this as a potential for bringing North and South Korea together in the development of East Asia, generally and in Russia in particular on transportation, energy infrastructure using South Korean technology and North Korean labor as a kind of goal for introducing, again, this kind of economic perspective into the reunification question. And could America participate in that kind of collaborative effort with the U.S., China, Russia, Japan agreements?

RICHARD BUSH: Does anybody want to sort of offer some answers to this first round of questions and comments? Go ahead.

PROFESSOR CHOI: Okay. Let me respond in reverse way because actually, this raises a question about this strong economic cooperation between the two Koreas. Lee Myung-bak's ministry has emphasized continuation in economic cooperation, but some conditions should be met. For example, North

Korea should be allowed to three things, which we call *sam tong*: communication, transportation, and customs, unless we have a more solid ground in the North for forging or expanding the economic cooperating between the two Koreas.

I don't think we will be able to have the fruits of economic cooperating between the two Koreas, so I think, of course, the timing is bad but if you recall, five or ten years ago, both administrations suffered two years each from the setback in dealing with North Korea. So now we have entered a second year of the Lee administration so we can be more patient as someone already raised that patience and consistence, so there are some conditions that should be met. But the other things you raise like tri-lateral cooperation between South Korea, North Korea, and Russia - I think that is still valid. If you look at energy development as a chance for us, and you also mentioned KEDO, but if you come back to September 19th and other agreements that we made in the Six-Party Talks, there is a working group on energy and economic cooperation among the countries involved in the Six-Party Talks.

But depending on the project and program, I think there is a chance that we can develop and expand the cooperation as counterparts. Maybe the EU wants to be on the board again. So there is some chance we can think about it. And every culture acceptance is very important also.

That is my response to the multilateral cooperation in developing North Korea - that's a long-term plan. But I think we have to think about more small and medium-scaled economic cooperation, not just large ones. We used to have a large one, Kaesong, and also the tri-lateral cooperation on the railway, but we have to have very strong reform measures in the North if we want real economic cooperation between the two countries. The problem is how can we bring that kind of change in the North? I think that is a critical question we have to ask and also answer.

Second, about these overlaps of national interest between the two countries, I think we have seen the growth of overlaps between the two countries in national interests, but as Paul already mentioned we differ from each other on the North Korean issue, but it is time for us to revisit North Korea issue again and reaffirm our full commitment and desire to have an end state of peaceful reunification and a WMD-free North Korea.

Medium and long-term policy objectives and prioritizing the policy objectives and issues are necessary. I think we have to do that. Whether inter-agency or joint policy review, maybe we can do that. If you look at the 1995-1996 the U.S. and Japan executed the Joint Declaration on Security and a committee carried out that mission. I think we need to think about an institutional body to carry it out, because the State Department, Defense Department, and the Foreign Ministry are preoccupied with daily operations. We need advice on

consolidating the background for cooperation between the two countries.

About South Korea's response to the USFK, I think we have quite a positive response for having the U.S. forces, even after the unification. The public response has changed over the past couple of years, substantially in very meaningful and positive ways. South Korea's government is doing its best to provide a favorable background for stationing the USFK. One of the main successes in the first summit last April was the freezing the fourth level of USFK 275,

The other technical issues that we need to discuss should be between the two authorities and the Defense Department and also the Defense Ministry. I think there are some political considerations that should be given to those two issues that were raised, the family housing issue and the relocation issue, which we are already behind schedule on and not because of the financial burden which will be divided into two countries, but because of technical issues. The master plan came out just last year.

The Roh Moo-hyun government did its best to purchase the land and to persuade the residents in Pyungtaek. The Assistant Minister came down to the area to persuade the local people on why we should do it, how we will do it, that financial assistance will be given to you, and that we are sorry about the relocation. We did our best. I think the Lee Myung-bak administration will do the same thing and really do the hard work. There is no intention to delay the relocation.

We talked about the revival of this task force to carry out that mission. That mission was carried out under the supervision of the Prime Minister's office. The relocation issue should be dealt with all the interrelated agencies. Not only the Defense Ministry or the Foreign Ministry, but you have to talk with the Ministry of the Transportation and the Ministry of General Affairs. We need to have real interagency cooperation, and I think we will see that kind of interagency coordination, but in essence, I will say that we will do our best to forge a very, very strong background for having U.S. forces on the Korean Peninsula. Okay. Let me stop there. Thank you.

RICHARD BUSH: Professor Chun, do you want to make a comment?

CHUN CHAESUNG: Yes, I have two short comments. The first one is about unification.

There is a dilemma when we think about unification, because South Korea had pursued a so-called "engagement policy" but the result is that so far, there will be no functional unification between two Koreas. There is no

spillover, even though we pursued socioeconomic interchange. Without some political and strategic decisions from North Korea, there will be no spillover from the area of socioeconomic cooperation into the political cooperation.

Then what should we do? There should be harmony between North Korea policy and unification policy. If we clearly state that we intentionally aim for unification, then North Korea will think that South Korea wants to observe North Korea. That's the one possible way. Then engagement policy cannot have effects. Engagement means that there should be North Korea as a semi-sovereign entity, but when we simultaneously talk about unification then North Korea will very much feel threatened about being observed, and will not accept the engagement policy.

So if there is a civil society consensus about engagement policies for North Korea, then it's very hard to talk explicitly about unification. It doesn't mean that we should not talk about unification; there should be strategic dialogue about the prospect of it, but one possible dilemma is the relationship between North Korea policy and unification policy.

The second one, a minor one, is unification costs and changing the perception of South Koreans, especially young people, and in terms of the financial crisis. Over 50 percent of the Korean population does not want an abrupt unification with North Korea. So there is some changing in the perception of reunification.

We should not exclude the possibility of reunification even though it comes from a contingency situation. So we don't exclude the possibility, but it's very hard to intentionally aim for unification. One possible way to think about unification is integrating the Korean Peninsula as an end state. If we have inter-Korean relations like we do with Japan, if inter-Korean relations evolve like they did for South Korea and Japan, even though we are a divided country and semi-sovereign two entities, then integration might pave a natural way for unification. Then we should not explicitly talk about unification, that's one possible way.

The second thing about the USFK that Larry Niksch raised is that I was a surprised about how the Americans perceive the South Korean public's perception of the USFK. Personally, I think South Koreans change very quickly. If you look at South Korean history, it is a very hard history starting from the 19th Century. So we have very strong sentiments about outside intervention or imperialism. We are very critical, not just about American influence, but also the outside influence of any great power, but it eventually goes away. It was a part of nationalism that we should go through, at the outset of the 21st Century. Now, having gone through a restructuring process, we are very much strategic and also we feel, as Professor Victor Cha noted, the importance of intrinsic values, especially the younger generation. I think we are moving away from the

sentiments of the 386 generation very quickly. That's my personal feeling. So in 2016, for example even though there is over 30,000 USFK and families, I think it will be a much better environment for them.

RICHARD BUSH: Professor Bark.

BARK TAEHO: I would like to give a quick response to Daniel Leipziger's question about the G20 meeting.

Of course, Korea is hosting the G20 meeting, but this G20 meeting is organized by the Finance Minister and the Central Bank Governors. So it's still unclear whether we will host the summit meeting next year. Maybe there will be a summit meeting in the later part of this year to discuss the financial crisis.

But Korea really wants to use this G20 as a format to participate in global issues in collaboration with the United States. For example, I already mentioned the DDA issues, climate change, and also helping developing countries in dealing with global health issues. So we are pretty much eager to participate through that kind of processes, but I don't know whether the G20 Summit will be regularly held. That's my quick comment.

RICHARD BUSH: We have a question back there. We have a question in the back.

QUESTION: I'm from the Voice of America. Professor Chun mentioned that there is a lack of dialogue between Washington and Seoul on the rise of China. My question is: does Seoul really want to start that kind of dialogue when South Korea enjoys China as the biggest trading partner? I'm sorry. I should say when China is the biggest trading partner for South Korea. Thank you.

RICHARD BUSH: Assemblyman Hong.

QUESTION: Thank you. Thank you for the wonderful discussion. Jungwook Hong from the Korean National Assembly representing the Grand National Party. As Winston Churchill once said, I make it a point never to criticize my country when I am abroad, but I am going to make some exceptions today.

My question is directed at Professor Chun. You have touched on the middle power strategy as the diplomatic strategy of the current administration of Korea. And a middle power strategy has been popular rhetoric for countries with roughly the size and international standing of Korea. But I think middle power strategy is always a convenient way to combine a sort of aggrandizing notion of self-reliant diplomacy and rhetoric and the utter reliance on the U.S. in

reality.

I think any middle power strategy, if it is to succeed, has to favor engagement over containment and also working through international channels rather than bipolar confrontation. And also key to the success is really to hold leverage in relation to the superpowers of the time. In this case the unipolar, the United States.

I keep thinking about what kind of leverage South Korea has in order to make this middle power strategy a reality. Perhaps with strength in economic regionalism, perhaps we could serve international responsibilities so as to gain the trust and respect of the world, but the ultimate leverage, really comes from our ability to handle the Korean Peninsula question which, I do not think South Korea has at this point. And as we see, we had two avenues of discussion really, which were the inter-Korean dialogues and the Six-Party talks and we all know where they are standing at this point.

So as the discussion moves into the bilateral stage between North Korea and the United States; what kind of leverage could South Korea really have in terms of affecting the outcome of these discussions? Perhaps Professor Cha can answer as well. Thank you.

RICHARD BUSH: Lee Sigal.

QUESTION: I'm Lee Sigal. I've got a question for Dr. Choi. You spoke about the need for a common strategy toward North Korea and I agree we do need one. But I would like to quote you something and get your reaction.

This is from the *Chosunilbo*, March 24th quoting a senior South Korean government official. "Japan could play a role", and I quote, "in slamming on the brakes to U.S.-North Korean speeding up of bilateral talks." And then the official went on, "Japan was what's considered a stumbling block to solving North Korea issues, but now it has the most important role, that is putting on the brakes." And then he added, "that Seoul-Tokyo cooperation is importantly because", and I quote, "the U.S. has no choice but to listen first to its allies, Japan in particular, no matter how important it is to seek a solution to the North Korean nuclear issue." Is this what you had in mind about a common strategy?

CHOI KANG: This is a kind of division of labor. Actually, I don't know who mentioned that. I think each party has a special role to play and coordinate. It seems to me that some South Koreans were worried and suspicious during that time because they thought that maybe the Obama administration would speed up the normalization process or open up a Pandora's Box.

Lee, you know that the Perry Process, or the beginning of the Perry

Process was very rocky. We disagreed on almost everything. Then after six months of consultation among high-ranking government officials, we came up with a common road map or action plan, stage first, second, third, plus the other one. I think it is time for us to look back on that process and see what we can do and how we should do it. Maybe we should have more consultation with China, because now China is a major player in handling the North Korean challenge.

I forgot to mention the ripple effect of North Korea's nuclear program. I think, of course, there are some extremes in the South who raise the issue of needing to have to our own deterrence capability, but if you look back on the general understanding, that's maybe the beginning of end of the alliance or maybe the weakening of the alliance. The majority of the people oppose the nuclear option because during the Park Chung-hee and Chun Doo-hwan Administrations, there was some attempt, but we learned lessons in the previous two cases. So I think to achieve peaceful unification and to maximize national interest, I think we have to keep the principle of denuclearization and a WMD-free Korean Peninsula as the foremost and the most important guide. South Koreans are concerned with the Japanese but I don't think the rational and more reasonable Japanese would oppose a nuclear option. Let me stop there.

RICHARD BUSH: Dr. Chun, a couple of questions were posed to you.

CHUN CHAESUNG: Yes. First of all, the China question. My personal feeling when I come to D.C. is that the United States is more engaging towards China than South Korea. I know, the U.S. uses the rhetoric that China should be a responsible stakeholder. That's okay. And the Obama Administration, if you look at Secretary Clinton's visit last month to China, there was a lot of rhetoric to engage China.

As a student who studies security, I personally feel as though South Koreans are more cautious or worry more about the rise of China. We have a history of 2,000 years with China and currently we have many disputes, including historical and trade disputes. As our relations with China become closer it is inevitable. But we still don't have the right mechanism to deal these disputes and cultural misunderstandings between the two countries.

So it is not about the South Korean government, but I strongly feel there should be a strategic dialogue between the United States and South Korea about China, and how to make China conform more to the international norms based on democracy and the market economy.

Maybe we can start from a Track II dialogue, but I have participated in several Track II scholarly conferences and if you look at the current delegation we don't have China specialists in Korea. So I think we should

come with South Korean China specialists, who should meet American China specialists and they should talk about the rise of China and the strategic implication.

To Congressman Hong's very difficult question, I think you should deal with that during Congress.

(Laughter)

The middle power concept is very elusive, as you mentioned, and as a middle power I don't mean that we should act as some kind of balance or an independent actor between China and the United States. That is not the meaning. If you look at Northeast Asian politics, we are still dominated by the balance of power logic, so we have to transform that security architecture into more multilateral, cooperative environments. So we have to have good relations with the United States based on the alliance and we have concluded a strategic partnership with China. So we have a multiple strategic relations. That's our leeway.

If we have cooperative relations between China and the United States, then we that common area in which we can maneuver with what? We don't have hard power to balance. Many Koreans these days talk about policy networks and policy knowledge. If you look at the process of the North Korean nuclear crisis, this administration tries to have good ideas and suggest good solutions to the Six-Party process. Then we can have an upper hand on the multilateral negotiation process. So if we have good ideas, good institutions, good diplomatic skills, then we might act as a middle power in solving critical Northeast Asian problems.

RICHARD BUSH: Choi Kang.

CHOI KANG: I forgot to mention on National Assemblyman Hong Joonwook's question about leverage. I don't like to use the word leverage. I think "strategic value" is much better than leverage because actually you have to increase strategic value in carrying out common values and ideas. I think that's the way to be recognized as an important strategic partner in the 21st Century. Of course, there is some domestic reservation on some issues, but I think that's a reality. We have to do our best to overcome the domestic reservations. Actually, Professor Chun already mentioned that domestic constituency for an alliance is key.

I would like to come back to Paul's comments. There are a lot of things we can do together. The last summit meeting between President Bush and President Lee Myung-bak produced some agreements for example. There were Aerospace agreements, nuclear agreements, and climate change. There are lots of

things we can do together, especially on climate change and green growth. I think this is time for us to look at the non-security aspect, the non-security national interests for both countries.

RICHARD BUSH: Victor.

VICTOR CHA: On the Congressman's question about the middle power strategy. I could be wrong in the assessment and there are people in the audience that could speak to this better than I can, but it seems to me that in the history of the Korean Peninsula, the only case of successful middle powered diplomacy was exercised by North Korea during the 1960s and '70s between the Soviet Union and China. And that was largely because the Soviet Union and China were having problems between them and the North was seen as strategically quite relevant to both of them in terms of maintaining their influence within their block in East Asia.

I just don't see the current U.S.-China relationship as anything parallel or comparable to Sino-Soviet relations in the '60s and '70s. So it's difficult for me to imagine the successful middle power strategy between those two. Especially when you consider some of the additional thing that Professor Choi raised about common values and these other things.

Clearly there is a very strong trade and economic relationship between China and South Korea. But at least some of the polling that I have seen shows there is quite a disconnect between how Koreans view their future economic relationship with China and how they view their future strategic and political relationships, which tend to be over 60 percent or more in favor of the United States.

The one other point is, going back to some of the earlier comments on whether the United States should state that whether it's called an integrated Korean Peninsula or a Korean Union or a Peaceful Korean Union, should be a stated policy objective of the United States. Looking in the longer term.

I don't have a particular opinion on that. The only thing that I would say that is different about making statements of that nature and making statements on human rights, is that current administration doesn't carry the baggage of the last administration, when the last administration mentioned human rights or unification that was immediately seen as a neo-conservative code word for regime change or regime collapse. And the Obama Administration carries none of that baggage. In fact, they have come in looking quite in favor of improving the relationship with the North and opening as many channels as possible.

So my point here is that I think there is an opportunity for the

Republic of Korea and the United States to reboot, if you will, on the human rights issue and work together on it because you have an American administration that can talk more openly about the need to improve the human rights situation in the North without it being interpreted as regime change.

Practically speaking, I think it hard for the United States not to start talking more about North Korean human rights, especially with this development of these two Americans that have been captured and are still being detained in the North. I think it becomes very difficult for the United States not to raise the human rights issue with North Korea now.

RICHARD BUSH: Paul, you have a quick comment.

QUESTION: Thank you very much. Two quick comments. One to Professor Chun's very helpful and thoughtful response.

Engagement has taken on the term of some ambiguity. I've been a firm advocate for principle engagement since 1993 and the principles are transparent, verifiable, and mutually beneficial. The flaws in the approach from the Korean government in the last eight years is that it was not so principled. Transactions were not transparent, verifiable or mutually beneficial. Of a thousand opportunities presented to North Korea, maybe only one will meet that criteria.

Two. I fully understand Korean concerns about hasty unification and the economic implications, and cultural implications, too. That's why it's a long-term strategic approach. My suggestion for a patient, non-violent strategy rests on what I think is a truth. No government can govern indefinitely without the consent of the governed. Look of the collapse of the former Soviet Union and East European countries and so on.

North Korean people, arguably, support the North Korean government, but their support is all predicated on lies and of course, the control for which the North Korean government is renowned. To start to unpackage those lies, to send truth into North Korea would have, I think, long-term benefits. It will take time, you have to be patient and assisting refugees. Assisting escapees. Try to lean on China to let people go. That is going to be a tough proposition.

But focus on these people components, because when all is said and done it is people that make the country. And starting to empower North Koreans with truth will pay dividends, if history is any guide, will pay dividends. Not next week, not next year, it might take a generation, but if we wait until the next generation to start then we have lost a generation. That's why it is important to do it now.

How public should our public policy statement be? That's a matter for discussion. Probably not very public. But the statement of national interest ought to be, but the rest ought to be, probably be fairly quiet and effective. Thank you.

RICHARD BUSH: Thanks. I would like to take the prerogative of the chair to mention the A-word, Afghanistan.

It's an important priority of the Obama Administration. It's one where we will need the help of allies and friends. I don't know how big the gap is between what the United States might expect of South Korea and what South Korea might be willing to provide, but I think Professor Chun's point is very important that you need popular support for whatever you are going to do.

And so I would like to ask any member of the panel who wants to reply. What is the mood in South Korea now about Afghanistan and what if anything South Korea should be doing there?

CHOI KANG: I don't think I'm in a position to answer this question, because I have been away from Seoul for two months in Vienna, Austria. I don't know what the current mood is in Seoul. It is a rather political issue for the administration to take a strong stance on this issue. Maybe this is a litmus test for the political leadership, whether it has the real intention to be a strategic partner to the United States.

But on the other hand, we have to think about the repercussions that could happen domestically on the U.S. side. For example, the U.S. is pressing this issue against the will or interest of South Korea. I think we have to think about Afghanistan as well as the decision which will be made by the Lee Myung-bak Administration and what that means for ROK-U.S. relations. We have to think of a long-term strategy. Of course, I know that the U.S. wants three things: troops, financial assistance, and equipment. Personally, I don't know anything about these three things but I think what's controversial is the troops. I have no further knowledge on this issue, but I think people's understanding on Afghanistan is not so receptive. We have to look at whether NATO countries respond to Obama's call for the increase in their participation and contribution. Only the U.K. has said that it is going to increase the number of troops in Afghanistan. For example, France. Sarkozy said maybe PRT and military advisors and policy advisors. Unfortunately, I do not have any further knowledge on this issue.

RICHARD BUSH: Thanks. Professor Chun do you want to supplement, you're in Seoul, not Vienna so--

(Laughter)

CHUN CHAESUNG: I have less knowledge than Professor Choi. I'm at the university and my university is very far from the Blue House. I have to cross the river. So I don't know much about what the Blue House is doing. And I agree with Professor Choi that this is a political question.

My government for the few years, failed to present that Afghanistan is directly related to South Korea's national interest. So it could be an indirect South Korean interest to help Afghanistan via the alliance. But President Lee did not sufficiently convince the South Korean people that the alliance is important enough to dispatch our high level troops to Afghanistan.

So President Lee has a lot to do to convince the South Korean people that this is in our own national interest. This is based on anti-terrorism, norms and we have to upgrade our national policy to globalize our national interests.

So the question is how much time do we have before we do all of these things that are demanded from the American side? I think we can start small, and then there should be some positive feedback from the Afghan people. South Koreans will then think that while we are doing fine and that we can do some more, and President Lee can handle this in terms of domestic politics, then we can expand the scope and deepen the level of cooperation with the United States. However, the current administration should convince South Korean people that this could be in South Korea's national interest, but so far, it has not happened. That is my personal view.

RICHARD BUSH: Professor Ha.

QUESTION: I'm Young-sun Ha, Seoul National University. I would like to hear some voices from the U.S. on Afghanistan. Professor Cha mentioned that we would rather go in a long-term perspective. Intrinsic alliance rather than strategic alliance. From that perspective and the upcoming summit between South Korea and the United States, if President Obama asks President Lee to send military troops to Afghanistan, do you think from your point of view, will that kind of request contribute to the growth development of intrinsic alliance in the long-term perspective?

VICTOR CHA: I think the short answer to the question is yes. But I think it's obviously more complex than that. I agree entirely with my Korean colleagues that this is an extremely difficult issue for the Lee Myung-bak Administration given the history of the last time Korea was Afghanistan.

And I would agree with Professor Chun that one of the mistakes was to not couch the whole Afghanistan issue in the broader war of terror and

how resolving the problem of Afghanistan is contributing to a public good for the world that everybody will benefit from. That has not been the frame in which Afghanistan has been discussed. It's largely been discussed in the frame of, you know, the Americans want us to do this, should we do this?

So I think for one, we, the United States should not look like we're pushing Korea to send combat troops to Afghanistan. I know that sounds strange coming from a former Bush Administration official.

(Laughter)

RICHARD BUSH: Georgetown has that effect.

VICTOR CHA: Right. Georgetown academia has that effect. I mean, that doesn't mean from behind the scenes the U.S. should not be fully engaged trying to get Korea to contribute, but publically that is a very bad optic and it sets off all sorts of bad dynamics within South Korea. And on the South Korean side, the focus has to be on framing this as a broader issue where South Korea is contributing for a broader public good rather than for the alliance.

Having said all of that, the record of Korean contributions in Iraq, Afghanistan, and other peacekeeping operations has been stellar. Their contributions in Iraq have really gained them widespread respect, the Korean military, widespread respect not only in terms of peacekeeping, but also in terms of training and protection. So regardless of what people think about the ROK contribution to Iraq. There were some very useful things for Korea that came out of it.

RICHARD BUSH: Are there other American comments on the Afghan issue? Joe?

QUESTION: Joe Snyder. I think that one way for South Korea, it may be a little simplistic, but one way for South Korea to deal with the Afghanistan issue is to put it in the UN context. The Secretary General is a Korean. The UN has called for international participation in all forms in Afghanistan. It would seem to me that's one way to take this out of the alliance context and make it somewhat more palatable.

RICHARD BUSH: Joe did you have another question?

QUESTION: I actually do have another question. Victor, I was intrigued by this discussion of the ripple effect of nuclear North Korea and you mentioned some signs in Japan and South Korea. Clearly, there are ripple effects in this country as well, but I wonder if you've noticed any similar ripple effects in either China or Russia.

VICTOR CHA: Nothing with regard to Russia. For me personally, the desired ripple effect for China is that they'll work harder to bring North Korea back to negotiating table to stop this ripple effect from continuing to ripple.

I'm just keying off of Professor Choi's comments. When I talk about this ripple effect I'm not implying that South Korea is headed in the direction of seeking nuclear weapons. I don't think that's the case. I think South Korea has been one of the strongest supporters of the NPT regime.

But I think it is having an effect in terms of raising discussion, even at the fringe for now that were not there before. And as an academic, one of the things that you do is you try to look for these sorts of signposts and I think we're starting to see some of those signposts in South Korea now after the events that have taken place over the past week. And we've already seen them in Japan really since the July 2006 missile tests.

So it may be nothing in terms of the significance, but I'm only pointing out that we are beginning to see this now and frankly if I were in Beijing, my primary concern would be to stop this from happening and I think that would mean the Chinese need to work harder to bring the North Koreans back to the Six-Party talks.

RICHARD BUSH: Other questions? Scott Harold.

QUESTION: Scott Harold from the RAND Corporation.

I'm wondering if we could get some commentary on the visit by President Lee around the region that followed Secretary Clinton's visit. President Lee made visits to Indonesia and Australia and talked about forming stronger ties, including building security partnerships across the region, strategic partnerships.

I wonder from our Korean guests could we hear some analysis of what this means long-term for Korea's going out into the world and forming a more comprehensive alliance, partnership with the United States. And from Victor, could you give us your assessment of what this means for the U.S.-Korea relationship, long-term?

RICHARD BUSH: Comments?

CHOI KANG: The Lee Myung-bak administration emphasized from the beginning of this year, that now it is time for South Korea to become more active in regional affairs. I think that was the beginning of forming regional partnerships with Southeast Asian countries and Australia. It's complimentary to the bilateral alliance with the United States and not supplementary. That's how I

see things from Vienna, Austria.

On the points about Afghanistan, I think it's good to frame the Afghanistan issue from a UN context, but I don't see any immediate possibility of having a new UN formula in dealing with Afghanistan issues. It depends on Karzai's response to that. I suspect that there is something going on inside Afghanistan so we have to keep careful watch. And also, Pakistan is another issue as well. How we can handle Afghanistan and Pakistan simultaneously and within the context of dealing with the challenge of terrorism?

I'd like to shed some light on the fact that South Korea has been very successful in providing nation-building capacity to locals. I think we have been very successful in East Timor as well as Iraq. So I think that we can make some contribution in society-building by providing non-combatant assistance to the people. We started with medical supplies and treatment for the locals. I think that's something we can do. But I don't know whether that can meet the expectation of the U.S. There are things we can do and some things we cannot. That is a fact of life.

RICHARD BUSH: Victor.

VICTOR CHA: President Lee's trip to the region, I think, was fairly successful and the question was how did this relate to the alliance?

You know as we all know the primary foundation of the U.S. presence in Asia since the end of the Second World War has been this bilateral hub and spoke system, unlike in Europe. What I think is interesting about President Lee's visit to the region and other things like Prime Minister Abe's security declaration with Australia and other sorts of proposals, is that we're now beginning to see more and more of these connections taking place among these spokes, if you will.

A lot of that is based off the U.S. hub and spoke system. I think it's starting to evolve as becoming a big part of the architecture of Asia. Clearly, one big part of the architecture of Asia is the institutions that had been generated by ASEAN, EAS, some of these other groupings, and there are some that are generated by China, the SCO, and the Plus 3 Formula. But I think what we are seeing now is more of the interconnections growing among these spokes. Japan-Australia Declaration, Australia-Korea. The obvious one that's missing and has been missing for sometime is a Japan-South Korea Security Declaration. But to me that is an interesting phenomena.

I don't think that comes at the expense of the U.S.-Korea alliance relationship. My own view is that many of these architectural groupings in Asia do not come at the expense of the United States in the region. And in fact, what

we are seeing is sort of a proliferation of these. What--?

CHOI KANG: Mini-lateralism.

VICTOR CHA: Mini-lateralism. But the term that the international political economists use is the Noodle Bowl. You are getting a noodle bowl of all these different types of mini and plural-lateral groupings. That is the architecture that is emerging in more than one single large institution.

RICHARD BUSH: The gentleman back with the gray hair. Third row from the back.

QUESTION: Hee Seok Chae. I want to raise a pretty sensitive issue about what's going on in Korea domestically. In politics sometimes, domestic politics trigger specific events. So we have seen a series of events with the beef demonstrations, and then the global economic crisis. Korean politics now face significant conflicts. We are also facing the PSI, which might have a very critical impact on not only the Korean Peninsula but in the whole region. I want to know your idea and opinion, just very briefly because I know that time is almost up. But as you come from Korea you might have some ideas and opinions. Maybe just your impression how domestic politics may develop, or may lead to the impact on the U.S.-Korea bilateral relationship in the future.

RICHARD BUSH: Any volunteers?

BARK TAEHO: We have two distinguished members of the Korean National Assembly, from the ruling and from the opposition. They might have some perspective on things.

RICHARD BUSH: Go ahead.

JUNGWOOK HONG: I just can't get away from the domestic political questions can I?

Well, it's fun as usual. Lots of fights and not much attention being paid to international relations, which is too bad. But I would like to go back a little bit to the Afghanistan question. Professor Cha has mentioned that we need to be careful not to make ROK-U.S. alliance, not to put it in worse shape by committing mistakes, et cetera.

Somebody mentioned putting this in a UN context is good. I think it is a smart plan, but I think the timing is too late. It's been made so clear by President Obama during the campaign and afterwards, that it is a U.S. policy priority that any attempt to place this in a UN context, I don't think is going to fool anyone, especially the Korean public.

I personally believe Korea needs to do more. We're the 10th largest contributor to the PKO budget, but in terms of troop dispatch we are the 37th so I think Korea needs to take on greater international responsibility. However, Afghanistan is not just a policy issue, it is a personal issue. It is still vivid in the Koreans' memory what happened in Afghanistan. And also, we are getting mixed signals from the U.S. counterparts.

Ambassador Stephens and other officials have mentioned that the U.S. preference is for Korea to provide financial contributions of about \$100 million a year, et cetera. And I'm getting other messages from the State that troop dispatch is in fact a preference. So I think it is tough for the Korean government and the Congress to start acting on this front, and if we don't get our acts together and start convincing the public what we need to do in terms of Afghanistan, I think it will have a tremendous risk moving forward and also the KORUS FTA as well. With the support of the Democratic Party represented here by my esteemed colleague, Congresswoman Shin with the support of the Democratic Party, I think we have a chance of ratifying it in April. That would be good to try to move the process forward. At the same time, if we do not have the support of the Democratic Party, it could be another triggering event that could set the ROK-U.S. alliance back a little bit. So that is sort of my roundabout way of answering the domestic political question. Thank you.

RICHARD BUSH: Thank you. That's very good. Congresswoman Shin, do you have any? No? You don't have to if you don't want to. Is there another question here? That gentleman right there.

QUESTION: Adam Wojohowitz. I work at the Korean Embassy in the Public Affairs Section. If I could change the pace maybe a little bit. I just want to ask a different question to the whole panel, but especially the three gentlemen on the left.

As teachers at Korean universities, I wanted to ask you about what kind of qualities you see in your students today. Since a lot of the issues you've talked about require long-term solutions, periods of transition, and of course, the generation that has grown up in the last ten years or so that's come of age has done so in a very different country from any previous Korean generations, especially their parent's generation.

So I am wondering how you think they may do things differently or the same, or what you see there. Thank you.

BARK TAEHO: Well, our Korean students these days are interested more in their own future career rather than political issues, whether they can get internships in the summer or sometimes they want to go abroad for

study. So they are now a much different generation. I went to college 30 years ago and it was really different. So maybe -- this is one fact you must know. The foreign students in the United States in terms of absolute number -- Korea ranked number one. The same thing in China, too. So our young people are going to all parts of the world. That's one thing I noticed as a difference between our generation and the new generation. Thank you.

RICHARD BUSH: I think we have time for one more question. Anybody? Right here.

QUESTION: Hi, I'm John Mikum. While I was a Foreign Service Officer in the '90s, at one point I worked on Korean affairs and in recent years I have been a lobbyist on trade issues.

My question is really, do you truly think the KORUS agreement has a chance of being enacted? I am very pessimistic sitting in Washington looking at what's happened to the trade agenda in recent years and what I hear now from the new leadership on the Hill and the administration. I think it would be great if Korea ratifies the agreement, but there are still issues that need to be worked and do you really think it's possible for that to happen?

BARK TAEHO: I think there are many questions on security issues and not many questions on economics, but you raise this question. Maybe it is also a political question, rather than an economic question. But I believe we can do it, because there is so much at stake. It would be unfortunate to miss this opportunity from both sides.

Somebody mentioned that it will take longer, but in the end I think we can pass this with some revision or some adjustment. Not a whole lot, but I think we can do it. That's my prediction, thank you.

RICHARD BUSH: Any other? Well, with that I would like to express my great appreciation to everybody for this outstanding session. First of all to the panelists for provoking such a good discussion and also to you in the audience for asking great questions and I think everybody's played their role in this division of labor.

I want to thank you again. The meeting is adjourned.

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