

THE BROOKINGS INSTITUTION

THE SEVENTH SEOUL-WASHINGTON FORUM: U.S.-KOREA-JAPAN RELATIONS,
UNIFICATION AND GREEN POLITICS

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PARTICIPANTS:

Welcome and Introduction

KATHARINE H.S. MOON
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in Korea Studies
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HYUN-SEOK YU
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PANEL 1 - STRATEGIC CHANGES IN ASIA: U.S.-KOREA-JAPAN RELATIONS IN THE
U.S. REBALANCE IN ASIA

Moderator:

SHEILA SMITH
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Panelists:

SOOK-JONG LEE
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PANEL 2 - THE POLITICS OF UNIFICATION: BONANZA OR BOMBS?

Moderator:

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Panelists:

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Professor, Graduate School of International
Studies
Sogang University

HYUN-WOOK KIM
Associate Professor
Korea National Diplomatic Academy

DAVID MAXWELL
Associate Director, Center for Security Studies
Georgetown University

PANEL 3 - KOREA'S LEADERSHIP IN GLOBAL ISSUES: GREEN ECONOMY AND
CLIMATE CHANGE

Moderator:

JENNIFER TURNER
Director, China Environment Forum
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Panelists:

SO-MIN CHEONG
Associate Professor, Geography
The University of Kansas

PARTICIPANTS (CONT'D):

JAY L. KOH
Managing Director, Siguler Guff
Member, Private Sector Advisory Group to the
U.N. Green Climate Fund

SUH-YONG CHUNG
Associate Professor, Graduate School of
International Studies
Korea University

P R O C E E D I N G S

MS. SMITH: Good morning, everybody.

QUESTIONER: Good morning.

MS. SMITH: I need a good morning back.

GROUP: (Laughter) Good morning.

QUESTIONER: Good morning, teacher (Laughter).

MS. SMITH: Yes, I am Professor Moon. That's my other life. It's mostly to wake me up. I need the, you know, resonance. My name is Kathy Moon, and I am the SK-Korea Foundation Chair of Korea Studies here at Brookings. I am very happy to see you all, and I apologize for our slightly late start, but we wanted to make sure there was a critical mass of people in the room, so you don't miss any gem or intellectual, analytical value that will come from our first panel.

This is the first Seoul-Washington forum that I have helped organize, together with colleagues at the Center for East Asian Policies Studies here at Brookings, as well as the Korea Foundation. And it's been a big learning experience as well as a very exciting, inspirational journey. It made me think hard about how to frame and approach U.S.-Korea, U.S.-Asia, Korea-Asia related issues in an interesting way. And what I tried really hard to do, together with my colleagues at Brookings is to diversify the speakers, their perspectives, generations; all sorts of ways to involve more people and new voices. And hopefully, we will be the beneficiaries of this collective effort.

I'm very happy to say that this is, we believe, the largest ever RSVP'd audience for the Seoul-Washington Forum. This is the 7th meeting, and I believe we have over 200 people who have RSVP'd, which is a record for us, and so, we're very happy about that. And many people will be coming in and out throughout the day.

The public portion of the event will start with the panel on ROK, Japan relations in the context of U.S. rebalance toward Asia. But before we open up, I'd just like to let you know that the procedure or format for this conference is a slightly different one from the ones you might be used to in Washington. We had asked each moderator, and the moderators were chosen very carefully ... if you notice, all three are women (Laughter).

They were tasked to be very tough, very organized and very directed in terms of coordinating themes and coming up with analytical questions, concepts that need to be clarified, to point out areas of agreement, disagreement among the presenters, because we Americans, we like disagreement, as long as we can come to some consensus later (Laughter). And so, we wanted to air out all sorts of opinions. And so, the moderator's job is very important.

They will open each panel with their own assessment of the panel's work pre-conference, pre-today. They've been emailing and working on this prior to today, and then they will share with us their findings and also, discuss some of the areas that they've outlined for further research or for further debate, or ways to inform policy makers in creative, constructive ways. So, I thank the moderators very much for their leadership role, in advance.

Now, the real big thank you goes to the Korean delegation who has traveled very far to join us. And so I thank all of the university professors, the excellent think tank analysts, and we have the president of the East Asia Initiative, Dr. Sook-Jong Lee, who is an alumna of Brookings as a visiting fellow. So, we're happy to have you back. We will fight for you as ours and maybe not the Korean teams, but you are truly Korean American today.

We also have members in our presentation group on both the U.S. and Korean side. Also, a representative from the private sector, Jay Koh. We want very much to include individuals and organizations that are not necessarily the usual suspects in Washington, at least on these analytical panels.

We have also, a former Republic of Korea National Assembly member, a very, very respected and I would say, revered member, Dr. Pok Jin. He is here. He is actually at the Wilson Center, also as a fellow. He has been one of the most thoughtful Koreans I have ever engaged with in terms of U.S.-Korea, East Asia and global issues, and we're very lucky to have you with us and shed some light.

We also have two current members of the Korean National Assembly with us; Mr. Yushung Mim right here, and Mr. Che Jay Chung. And you will have occasions to speak with them, ask questions, et cetera, during various moments in the day.

I very much want to thank the head of the Korea Foundation, President Yu -- president -- Dr. Yu Hyun-seok, and also, his staff. We have been working on this for months, and as you can imagine, it takes a lot of work to coordinate between two different time zones and two large organizational protocols, procedures, rules, and also, interests. So, it's a very much a product. Today is a product of collaboration in the best sense of the word.

Dr. Yu will join me in welcoming you in a minute, and I also would like to thank my colleagues in the Center for East Asian Policy Studies. Are you here? Aileen Chang? Jennifer Mason, Aileen Chang, Paul Park? They're all out there, but I hope you will pat them on the back, on the shoulder, and give them a word of thanks, because this truly could not have occurred without them (Laughter). And I mean that very literally. So

thank you. And Dr. Yu?

DR. YU: Thank you, Kathy. Good morning, everybody. My name is Hyun-seok Yu, president of the Korea Foundation, the co-advisor of this whole Washington forum. Unlike Kathy, I bring somewhat of a formal opening remarks, but fortunately, very short.

It is my pleasure and honor to deliver the opening remarks for this Seventh Seoul-Washington Forum. In particular, I'd like to express my sincerest gratitude for your participation in this meaningful gathering. This forum, which underscores the longtime partnership between the Brookings Institution and the Korea Foundation, would not be possible without the contribution of everybody here today.

Since its launch in 2006, the Seoul-Washington Forum has successfully served as a comprehensive dialogue channel for the discussion of the critical matters that affect the common interests of Korea and the U.S. I can tell you that this whole Washington forum is almost the most important and effective forum event that the Korea Foundation presents in cooperation with its foreign partners. In this service, the Seoul-Washington Forum will discuss recent developments in the East Asian regional order and their overall impact on U.S. foreign policy.

Recently, there have been several multiple changes in and around the Korea Peninsula and East Asia. These include the emergence of various diplomatic -- the controversies over past history that have clearly strained the relationship between Korea and Japan, along with other contentious regional security issues. Therefore, this situation called for a critical assessment of these geopolitical and in strategic matter of East Asia within the context of Washington's people to Asia.

In addition, the Korean government's effort to move towards the

unification of the two Koreas needs to be readdressed in this forum. The unification of the Korean Peninsula represents a daunting challenge and a huge opportunity in several regards. This forum is just a timely opportunity to scrutinize between parts, (Inaudible) vision of unification, as well as the obstacles that must be overcome for this realization.

Another item of discussion is Korea's initiative to assume a more active role in the development of global issues, especially in regard to such matters as clean economy and the climate change. With environmental concerns being one of the most critical issues of our time, the potential contribution of Korea's latest technologies in this area are of vital importance to the global community.

Overall, I look forward to yet another productive outcome from this meaningful gathering of such distinguished policy makers and the specialists of the U.S. and Korea. Hopefully, this event might serve as a catalyst to broaden your perspective of critical the Trans Pacific issues and help to fortify the intellectual network of our two countries and peoples.

Finally, I'd like to, again, express my sincere gratitude and appreciation to the Brookings Institution, and especially Dr. Kathy Moon, for co-hosting this event in preparation of this wonderful, meaningful gathering. Thank you very much. (Applause)

MS. MOON: May I just ask that you, God forbid, turn off your smart everythings (Laughter), if you have the self discipline, because all of these people deserve your undivided attention. If you don't have that discipline or have urgent matters, then please put them on vibrate so that we don't disturb our panelists. Thank you.

MS. SMITH: So, without further ado, I think we will begin the first panel. Good morning, everybody. My name is Sheila Smith, and I'm the senior fellow for Japan studies at the Council on Foreign Relations. I'd like to thank Dr. Moon and Dr. Yu for

convening the forum, of course, but also, for inviting me to participate in this morning's conversation.

As Kathy pointed out at the start, we have been given fairly strict orders on how to proceed, and I will try to be faithful to Kathy's intent. I think, you know, my own background has been focused on the linkage between domestic politics and foreign policy choices, and I have been watching East Asia for many years now, more than I'd probably care to say.

But I had the great pleasure of working with Kathy on a project that I led; a collaborative project on the U.S. military presence in Asia, almost a decade ago. And with Kathy's guidance, we visited South Korea. We also visited the Philippines as well as Okinawa, Japan. And I think all of us in that project came away with a very keen set of convictions, some of which we had before we started, but were really reinforced, and that is that unless we understand the domestic political context of the debates over strategic choices -- unless we stand the currents that will shape leaders in the countries of East Asia, we can't really have a serious conversation about policy making.

It can't all be led from the top of governments, nor can it all be led from Washington, D.C. So, I hope in the context of our conversations on the first panel, but also, throughout the rest of your day, that that nexus between domestic political change and strategic changes is part of your thematic.

I think it's always useful when we talk about geostrategic change to take a step back from East Asia. We are, and I think nobody in this room -- raise your hand if you disagree -- everybody recognizes that we are in an era of particularly conspicuous geostrategic change.

Asia-Pacific's rise as the core of the global economy, I think, is transformative

in and of itself, and within that, of course, China's rise -- the lifting of millions of people in Asia out of poverty has also created some interesting political currents in the Asia-Pacific. But they are not just about Asia. I got up this morning to watch the news, and the first thing at the top of the news was the Scottish independence vote. Right?

These are political transformations that are not particular to Asia. We're watching them develop in Europe. We're watching that with the secession -- the annexation, rather, of Crimea. We're watching it around the globe, and I think it's very hard to have one concept, one idea that captures all of these transformations at once, but I think it's a particularly widespread sense that we need some new frameworks for trying to understand our collective action, and that collective action is as important as it is in the alliances as well as the regional multilateral institutions and global institutions, both economic and political.

So, our policy makers, I think, around the capitals are really grappling with a very complex world. And it's not just that it's a moment of change. It is not that we can't quite understand if it's the change we are seeing in front of us or the change that we are anticipating that's really going to fundamentally challenge these alliances in East Asia.

So that's my very brief sense of the difficulties. And I sense them in Seoul. I sense them in Tokyo. I certainly know that our policy makers here are having a very hard time managing relationships that for a long time have seemed fairly stable and very day-to-day and very kind of tied in to existing networks of bureaucrats and politicians.

But today, I think the citizens and the broader groups around society are calling some of those compacts into question. So, at the end of this morning's session, I

hope we're going to come right back to the policy context to ask, how do we design alliance relationships. Towards this era of geostrategic change, can we redesign our security and strategic cooperation in a way that encompasses all of these complex political dynamics.

Now, I read the papers. They're excellent papers, and we have a group of excellent speakers this morning. I have some questions, but I thought we would give them just a few minutes at the start to talk about how they have approached this question of strategic change. They have each done it, actually, quite differently, in each of their papers. Some are worried and see risk. Some see opportunities.

It might not surprise you that the sole economist on our panel is more inclined to see opportunity than risk (Laughter). But I hope we'll flesh that out a little bit after the panelists have a brief chance to introduce their remarks.

If our Korean guests will forgive us, I'm going to start from my right. It's very impolite to start with the Americans first, but I'm going to start here on the Obama pivot and we'll work our way down to your conversation about Japan and South Korea. So, Stacie, would you like to lead us off for a very brief introduction of your thought?

MS. PETTYJOHN: Sure, thank you. And thanks to Kathy for inviting me to participate. I'm very honored to be here today.

My remarks are going to center on the Pentagon's pivot or rebalancing towards East Asia, and in particular, in Northeast Asia. And I just wanted to make a few observations about the rationale behind this initiative; some of the challenges that it has encountered in Northeast Asia, and then, its future prospects.

So, starting with the rationale behind it, I think that the pivot was really motivated by the Obama administration and the United States' effort to maintain its

current strategy of forward defense in the face of growing operational as well as political threats to its access in the Asia-Pacific region. But you see that there's actually a bit of divergence between these two geographically, and that in Southeast Asia, which has received the lion's share of attention, the United States is looking to expand its presence, and is basically responding to China's growing military capabilities, and in particular, its ability to hold U.S. forces at risk with its arsenal of precision guided munitions.

So, you're seeing this expansion into Southeast Asia so the U.S. can better deal with China's growing assertiveness in the South China Sea, concerns about freedom of navigation in that region, as well as the Indian Ocean. And the U.S., in response, is trying to disperse its forces. There are some very small efforts, maybe, at hardening some of its facilities there, so that they are less vulnerable to attack. And then also, increasing its active defenses, mainly its missile defenses.

And if you contrast that with Northeast Asia, most of the main initiatives that are considered to be a part of the pivot today actually predate it significantly. And they're contracting the United States' permanent military presence. And they're in response to the political threats to access, in particular the fact that there's been enduring and persistent domestic opposition to the United States military presence in South Korea as well as in Okinawa.

And in response, the United States has been trying to find a way to lighten its footprint, as it likes to say, by reducing the forces that it has permanently based over overseas, and relying more on temporary rotation.

So, you have the two components in South Korea where the Yongsan relocation plan -- moving the large Army Garrison out of the heart of Seoul, and the land partnership plan where the U.S. is consolidating -- actually, getting rid of nearly half of its

facilities in South Korea and moving all of its forces to two very large hubs.

And then, with Okinawa, you see that there's the realignment of the Marine Corps by reducing -- I think it's around 9,000 Marines now -- moving them off of Okinawa to Guam, either Hawaii or Australia. So, there's this fundamental distinction, I think, in terms of the motives of what has been subsumed under the pivot in terms of what's happening in Southeast Asia and Northeast Asia, and the actual type of actions that the United States is taking.

So, the expansion that might be happening in Northeast Asia has really centered around the hope or the expectation that the U.S.'s two closest allies, South Korea and Japan, can actually cooperate more and strengthen their military cooperation. And there's been some difficulties encountered in trying to actually realize this objective.

So, I think when you look at the challenges that the pivot has faced in Northeast Asia, they're due primarily to three different factors. You have different priorities among the allies of the United States, South Korea and Japan. There are domestic political difficulties, and then there are budgetary constraints.

So, starting with the different priorities, if the United States, and increasingly, Japan, have been focused on the threat posed by China. And that has led them to be more willing to take actions that China is not necessarily happy with, including things like developing an integrated ballistic missile defense system in Northeast Asia.

By contrast, South Korea is still largely focused on the North Korean threat and sees a missile defense system as a very expensive and not necessarily effective way of countering the number of missiles that North Korea has aimed at it. So, it's been more reluctant to get involved in this initiative, and that hasn't actually gone forward very well trilaterally, yet. The U.S. and the Japanese are cooperating.

In terms of domestic politics, some of the problems that have been encountered, getting back to what Sheila mentioned initially is that the United States is trying to realign its forces in Korea and Japan, not just open new bases or close bases. And that's typically really difficult wherever it happens. We have trouble within the United States with the last brack -- caused all kinds of difficulties and cost overruns. And these same problems have plagued both of the efforts in Korea and in Japan and have led to delays.

So, you find that this process is taking much longer. It looks like Korea is actually moving forward. They're saying 2017 now for the completion. Okinawa and closing Futenma, they're still looking at 22, though I did see this morning that the Japanese government came out and asked that -- they're going to push for the U.S. to actually close it by 2019. But we'll see whether that actually happens.

And then, you have the territorial and the historic disputes between Korea and Japan, which has obviously been an impediment to growing cooperation between them. The fact that they don't necessarily trust each other and that they still have this outstanding island dispute has certainly prevented a deepening cooperation, and it helped to undermine the military intelligence sharing agreement that was on the table in 2012, and seems to be resurfacing in a slightly different form these days.

The final issue is just budgets and financing the pivot, and who's going to actually pay the cost of this. The United States is increasingly looking to its allies to share a greater amount of the burden. And South Korea and Japan are already at the forefront of this in terms of providing host nation support, subsidizing the U.S. military presence in both of these countries. But you're seeing that there's tension and pressure within Congress for this to increase even more, and that this could be a problem.

Even more importantly, I think, is the issue that because the United States is facing these mandatory spending limits imposed by the Budget Control Act for the next decade, there are questions whether the U.S. can actually implement the pivot and create a politically and operationally resilient posture. Does it have the money to actually follow through on this policy? And that has manifested itself in some of the concerns about abandonment, and in particular, with South Korea, the reluctance, I think, to go through with the Upcon transfer, delaying the transfer of wartime operational control of Korean forces, again, I think is in part due to this fear that the United States may actually just pull out if it's given the chance.

So, that's rather bleak (Laughter). I don't actually think it's entirely awful. You see that the pivot is moving forward in terms of the realignment, especially in Korea, though there are some outstanding issues about whether some troops are going to -- some U.S. troops are going to remain near the demilitarized zone, although there's been some recent disagreement between the U.S. and the South Korean government on that and other issues. As far as trilateral cooperation, it seems --

MS. SMITH: Can you hold on the trilateral piece of that?

MS. PETTYJOHN: Sure.

MS. SMITH: I'm sorry to interrupt you, but we'll come back to that at the end of the panel.

MS. PETTYJOHN: Sounds good.

MS. SMITH: So, is that all right? We'll come back to the descriptions at the end. You'll have to forgive me, also. I was so anxious to get into the conversation that (Laughter) I forgot to introduce Stacie Pettyjohn (Laughter) from the RAND Corporation. And I think you have -- in the handouts, you have the bios of all of your

speakers. So, forgive me for my enthusiasm.

Our second speaker is Gary Hufbauer from the Peterson Institute. And Gary, you're a much -- your paper was strikingly different in tone, in large part because you were talking about trade and the Trans Pacific partnership, among other things.

MR. HUFBAUER: Yeah.

MS. SMITH: So, I wonder if you could share with us your sense of the opportunities at (Inaudible).

MR. HUFBAUER: (Laughter) Thanks, Sheila. And I want to start by thanking Katharine and the Brookings Institution and the Korea Foundation for inviting me.

Well, it won't surprise you when I tell you that as an economist, we think that the world is best and countries are best when people who want to get rich are running the country (Laughter), to be very crass about it, not military people. And military people tend to be hostile to one another. That's their business.

Businessmen, people who want to make money, they tend to see opportunities with each other. And as an economist, and a specialist in international economics, I see the trade investment lends as a way of furthering cooperation between countries. And I take the view, not only in East Asia, but more generally, that trade agreements in the post war, post Second World War, period, have had a large liberalization component.

There are some scholars who think that they basically codify what countries have already decided to do internally, and there is a codification element. But I think there is a huge liberalization component, which then leads to the growth of creating an investigation internationally, which is one of the great positive glues in the global

economy, and has contributed enormously to world prosperity in the 60 or 70 years.

So, before going on in that happy theme, I do want to recognize and acknowledge what the Pugh Foundation, which has just done a big poll, has reported. We had a meeting yesterday at the Peterson Institute and had a summary of that. I won't go into any detail. Americans certainly know that there's a sour attitude towards trade in this country amongst the population at large.

Many people think it decreases wages and it kills jobs. So, that's not new news. But in Korea and this poll covered 40 countries. It's worth looking at if you're interested in it. In Korea, there's a more optimistic attitude towards job creation, which is to say half of the people think it creates jobs as opposed to in the U.S., 20 percent.

But notably in Korea, there's quite a hostility to investment, inward investment, especially M&A, mergers and acquisitions. Same in Japan. So, a pretty protective attitude towards an element of the international economy which is critical for the kind of glue I'm seeing. And that has to be discouraging. However, the however on this is that in the United States, trade on -- when we come to an election is always way down at the bottom, like a number ten issue. And I don't know in Korea, because I just don't know in Korea and Japan. It's probably a somewhat higher issue. But it's generally low compared to other issues in most countries, according to the few reports that I heard yesterday.

So, what that means is that politicians can do the right thing and get people to eat their spinach, when they come to the spinach. For Northeast Asia -- well, particularly for Japan and Korea and also the United States, the Trans Pacific partnership is the centerpiece -- is the centerpiece. This is going to be the trade glue of the next decade.

If it comes about, I'm optimistic, and I have some statistics in my paper for Korea. The payoff, according to a model that we commissioned, is about two percent of GDP. Now, I know 2 percent may sound small, but actually, for government work, that's very big stuff. It goes on forever. If you were to discount it to the present value, it's a very big sum. For the U.S., it's less, because of the size of our economy, but for Japan, it's also about 2 percent.

Now obviously, the big point on the TPP is this is the way for Japan and Korea to cooperate; both in it, politically easier than a bilateral agreement, and could be a very positive thing. And we're thinking that Japan will join in the second tranch after TPP is you know, ratified by the 12 -- sorry, that Korea will be -- in the second tranch, you will be the leader of the second wave, Indonesia, possibly some other countries, as well.

In this kind of optimistic scenario, services liberalization is just critical. We all are highly restrictive on our services trade. It's difficult to estimate the size of barriers, but the most recent research done by a French institute says that in Japan, Korea and the United States, that tariff equivalent of services barriers is about 45 percent. That is extremely high. That's higher than agriculture on average. There are peaks in agriculture, but on average, 45 percent is extremely high. There are a lot of restrictions on services.

Services are between 60 percent and 3/4 percent of our economy. That's the future of liberalization. That's the future of economic growth, and it goes all the way from education, like we're talking today, to hospitals, to finance, obviously right across.

Let me talk about just a couple of other possible trade agreements.

There's the China-Japan-Korea agreement, which has been talked about, negotiated. I think one can be optimistic about the Korea-China leg. China is already the principle trading partner of Korea. There's a lot to agree on, so that may be a very positive thing. It's harder to see the Japan-China leg, and it's also hard to see the Korea-Japan leg. Much easier to see a TPP formulation than a Korea-Japan, but that's a possibility.

Just one other agreement is kind of in the offering right now, and that's the regional comprehensive economic partnership, of which all of these countries are part of and many others, as well. But our view is that that will be a very shallow political agreement, and much more on the codification line and the liberalization line. So, not a lot of push there, but maybe easiest political thing.

Let me just wind up with just a brief comment on Korean unification, which has enormous, obviously political and strategic and military implication. But there is an important economic question there, and that is whether, if and when there is unification, other countries which are part of the trans-Pacific partnership, which I'm envisioning Korea will be part of. Other countries will have equal access to economic opportunities in what is now North Korea as South Korean firms. That will be a big issue.

Another very big issue, and these are future issues, is whether products from North Korea would, through these trade agreements, have equal access to the markets of sales throughout the U.S. and so forth. You say, well, that's a no brainer. That's a big brainer. Look at the problems with North Vietnam -- sorry, with Vietnam on labor issues, and for North Korea, they would be in spades. Thank you.

MS. SMITH: Thank you very much, Gary. Our third speaker on the panel this morning is Dr. Sook-John Lee, who is the president of the East Asia Institute and professor at Sungkyunkwan University. Dr. Lee?

MS. LEE: Thank you, Sheila. It's good to be here (Inaudible) circle and meeting all the friends and new friends. And actually, I thought I was asked to write about the Korea-Japan relations and role of the U.S., but that specification was cultured in the U.S. de-balancing to Asia. So, I strongly feel like I have to mention something about this, and also my four page memo and talking points on that out there circulated only among the only presenters.

Let me respond to the U.S. pivot to Asia; how it is creating a dilemma to South Korea. I guess many Koreans understand that the U.S. pivot to Asia is motivated by trying to maintain its presence toward the right in China. And so therefore, and at the same time, there is a kind of declining -- the source power of the USA, so there is a kind of a writing demand to share the military defense capability among allies in Asia-Pacific.

As in that matter, Korea -- and it has a kind of complex reaction to this -- South Korea is basically welcoming to this rebalancing, because we are interpreters as the American's strong commitment to the defense of South Korea around all potential threats from North Korea. So, it's good for the security commitment to the peninsula.

On the other hand, because this U.S. pivoting to Asia is motivated it -- the U.S. American concern about China and Korea is a dilemma, because obviously, the (Inaudible) is that China is an important political partner to Korea, and we believe having good relationships is what China is good for the peace in Northeast Asia in general, and also, good for the U.S. in the long haul.

As in that matter, we have quite different reactions compared to the Japanese reaction. The Japanese interpretation of the U.S. rebalancing to Asia -- and they are using more like strengthening Japanese military capabilities -- are using this opportunity, because Japan thought of China's more seriously compared to all the threats

to South Korea.

So, that is related to something I'm going to talk about; how the Americans can play a role in this volatile relationship important to allies, Korea and Japan. When I meet the American friends, they are saying we worry about more of the deteriorating relationship between two allies, Korea and Japan, rather than the problems approached by North Korea. So, I understand the American position, because having a good relationship between two allies, very critical allies in the Asia-Pacific is very important to the success of the U.S. rebalancing to Asia-Pacific.

However, I know there are serious challenges in these volatile relationships. Actually, when I am thinking about these worsening Korea Japan relations, I am still debating, it is a matter of Abe government with the current Korean government, or is it going to be a continuous pattern?

And we remember the Japanese government of Hatoyama cabinet -- for example, he suggested the idea of each station community. So therefore, this Abe cabinet's policy of trying to kind of alienate Korea can be very -- can just leave only under his government. But at the same time, if I see a kind of very spreading -- how can I say it, the rightist sentiments and elements in a significant portion of Japanese civil society, especially Japanese politicians, I am worried about this pattern. May they can be succeeded by another conservative government in the future.

So for that matter, I think that Washington should worry about this potential conflict between two important allies in Asia-Pacific. And here, I guess, what can you do? There are typical legislative matters, and you may wonder, Korea and Japan had historical problems in the past, then why does it matter that much at this point? That's important. Right?

Typically, we have three big issues about the past history between Korea and Japan. The Koreans are usually taking this Japanese textbook historical issues, because -- white washing the historical issues. And also, the comfort women issue we call sexual slavery today. And also, the Dokdo Takeshima territorial disputes. And the Korean side tends to take these territorial issues as historical issues. On the other hand, the Japanese are approaching this issue as a legalistic approach. So, there is a huge dimension on this one.

I think for the U.S., there are not many things that the United States can do about this Dokdo Takeshima issue. However, I think in history matters, there is a lot of room for the U.S. to play. For example, when we discuss historical issues, there are two theories. Some people say it is better to separate historical issues from the security cooperation, because security cooperation between Korea and Japan through the common ally, the U.S., is very important and it's well shared by Korea leaders and Korean opinion leaders, and also Japanese leaders and Japanese opinion leaders and politicians.

But nevertheless, it's not easy to separate these issues in theory, because in reality, they are not separable, because it's not only due to the mistrust among important politicians, and also, that issue is somehow related to securities issues. So, therefore, we have to address that issue, and I guess the American side should, in my opinion, should put some (Inaudible) so the "revisionist history" attempted by the Japanese right wing groups cannot surpass certain limits.

Then, what kind of limit? I guess for example, the Abe government's attempt to nullify the Kona statement made in 1993 -- I think I understand America, Washington played a very subtle nuanced role in discouraging this kind of -- the

nullifying efforts of Kona's statement. So, there must be a continuous effort for this, because America is a stakeholder in the post-war Japanese history including the peace constitution. So therefore, it is important.

And also, continuous discouragement about the Japanese Prime Minister (Inaudible), and also, next year, Japan is going to memorialize the 70th year of ending the World War II, so we expect that Prime Minister Abe is going to replace with his statement the memorial statement done in 1995. So, we had better watch how Abe's new statement is going to -- how can I say, coloring these two important documents.

And the second issue that the U.S. should play is about the Japanese right to collective security. Collective security -- and of course, the Japanese government loves to use the UN, United Nations right to any government to defend their own territory, and also to join this collective security. So, legally, of course, Japan has a full right. But however, the Koreans worry, because this has -- kind of doesn't have a kind of sufficient procedural effort from the Japanese side to seek the Korean understanding.

So, so far, our official prediction about this issue is that if there is some contingency in the Korean Peninsula, if Japan is -- the military wants to support the U.S. - - F.K. in the Korean Peninsula, they need to seek the Korean government's approval first. So actually, they are more putting more conditionality worrying about this procedural aspect. But you know, if that kind of thing happens in a substantive manner, how can Korea oppose the Japanese support of U.S. forces in Korea?

So, it's a more procedural matter. But we see the Japanese government didn't -- haven't tried enough to get the understanding of the Korean side. And in addition to this, I think many Koreans worried about this collective right can create the (Inaudible) with regard Japan's Chinese reaction to this. So, there was a concern about this kind of

tipping more lively and tensions between -- on China and Japan. And South Korea is definitely trying to find the kind of middle power role to ease the tension.

Okay. For that matter, I guess if Japan is not doing enough, I think the U.S. should try to persuade or to put it in a better framework, so the Japanese right to collective security can serve the stability and peace in the Northeast Asian region. That's it.

MS. SMITH: Terrific. Thank you, Professor Lee. And our last, but certainly not least speaker is Ji Hwan Hwang, who is a professor at the University of Seoul. Professional Hwang?

MS. HWANG: Thank you, Sheila. Thank you for having me here, and I'm really glad to have a chance to speak about the U.S.-Korea-Japan -- the triangle issues. Actually, Stacie said before that the Koreans believe that the overall (Inaudible) -- U.S., the rebalancing and the pivot to Asia is a natural response to the rise of China. So, it is why the United States makes every effort to (Inaudible). The triangle (Inaudible) is South Korea.

But in order to theoretically (Inaudible) the rise of China in Northeast Asia, the strengthening of the strategy triangle, U.S., Korea, Japan -- the triangle is very important. But however, it is not easy because of the development of relation between Korea and Japan.

So, the problem is not -- it's located in the outside, but the problem is inside in the -- especially between Korea and Japan. So as you know, South Korea and Japan are geographically very close, but you know, we always say that mentally, far from each other. So, it's because of the historical and emotional relationship.

The Korean Japanese relations you know have continuously suffered

from mutual distrust, and the friction. So, because of the strong -- but because of the strong you know, U.S. commitment, and the security commitment and the economic commitment to East Asia -- so, South Korea and Japan could sustain a security link with the United States, but the Korea Japan have never found a -- actually, the substantial bilateral security alliance.

Some people say it's a pseudo alliance, but never had a bilateral security alliance. So rather, Korea and Japan have shared the security perspective more with the United States than with each other. But you know, we share the common -- the military and political you know threat from the former Soviet Union during the Cold War era and the China and North Korea.

So, both South Korea and Japan have related to each of the -- I think bilaterally through the United States. There still exists the bilateral relations, but the United States has you know, placed a very critical law in the linking the two countries. So, this may look very strange from the American point of view, because you know that South Korea, Japan is you know, geographically very close.

So, such an unstable relationship between the two countries and you know, serious -- the perception gap to reflect the historical issue, the colonial legacy and the emotions which differ from those to be, I think, expected in the west. So, historical antagonism against Japan in South Korea has become so deeply, you know, embedded in the Korean society, and still you know, passed it down to the generation to generation through media and history education, that anti-Japanese sentiment has you know, characterized the (Inaudible) of the Korea national -- the identity and nationalism.

But the problem is that now, the United States tried to separate the history issue, such as the conflict of (Inaudible), sex slavery issue from the other agendas

such as security, all the diplomatic ones. But the thing is that the history, domestic politics and foreign policies are still you know, intertwined with each other. So, history still has a great impact on the -- both in Korean and Japanese domestic politics and foreign policy.

So, regarding the Americas -- the rebalancing strategy in East Asia, such as the unstable relationship, I think may wage a very pessimistic prediction about the U.S.-Korea-Japan security triangle in the future, especially in consideration of the rise of China, as I said. But there may be a continuous and a strong tendency for South Korea and Japan to depend on the United States as your outsider -- you know, our (Inaudible) of the mediator, but the strategy cooperation is still that -- you can have cooperation in the other areas and that's very difficult. But you know, in the security issues, not really -- (Inaudible) in the difficult issues.

But you know, the thing is that because the United States tried to shift the button of balancing Chinese power to an East Asian region of the alliance, that South Korea and Japan -- so one of the best options for the United States -- the rebalancing and the pivot to Asia policy would be a trilateral -- you know, the security triangle. But however, it is not clear whether South Korea and Japan will be willing to pursue substantial security cooperation.

We can see this situation, you know, in the case of Jisomnia -- the security intelligence sharing cooperation between South Korea and Japan, but it you know, failed to have such kind of the agreement. So, if Korea -- the Korean Japanese you know, security cooperation seems less likely than continued -- maybe if both countries made an effort to focus on the internal balancing rather than the external balancing in Northeast Asia.

So, maybe the pessimistic future for East Asian security could be the predictor. So, the South Koreans have always shown concern about the Japanese region. (Inaudible) and Japan -- also you know, the complaint about South Korea's -- you know, the entire Japanese sentiment. But if this situation you know continues before South Korea and Japan to achieve better mutual understanding, the region will, I think, become a much more dangerous neighborhood.

So, more stable relations will come only when Japan is able to truly confront its past history, and also, South Korea also should be encouraged to face the future on that, rather than the history issues. So, the U.S.-Korea-Japan triangle, you know, depends largely on Korea and Japan's cooperation, and the bilateral relationship will be mostly -- I think the functional or psychological factors such as historical (Inaudible) and the emotional relations, which have prevailed for almost a century.

So, the history should -- kind of an emotional issue and the national identity has a great impact on both the Korean Japanese -- the domestic politics, and also, the foreign policy. So, they are intertwined to each other, and have a strong impact in this area.

So, Koreans are also concerned about the unification issues. Koreans are not really sure whether the United States -- both the United States and Japan will strongly support the -- maybe the only indication of the (Inaudible) just in case something happens in the North Korean regime.

South Koreans are now also uncertain whether Japan will be persuaded, even if the United States chooses to support the Korea unification in the near future, or maybe all of the unifications. Japan appears to be discreet to the scenario of the Korean indication because of the destabilizing factors that the Korean unification may cause. So,

Japan appears to be seriously concerned about whether a unified Korea will move close to China, and even with the alliance with the United States.

But South Korea's main project -- current main project is how to (Inaudible) Korea's -- you know, the alliance with the United States, strong alliance with the United States, and also with South Korea's partnership with China. So, Japan is a little -- somewhat, you know, concerned about the situation. Maybe it's because it will give Japan or the serious strategy you know, a challenge.

And this stance is very necessary to address such concerns about the relations between Korea and Japan. And as I said, the United States -- in this sense, the United States is really important for the last 60 or 70 years, because maybe the U.S. policy was -- is a great impact, you know, on the relations and Korea and Japan, and also, the security situation in Northeast Asia. Thank you.

MS. SMITH: Thank you very much. Four very thoughtful presentations. I think that we can all hear the similar kinds of sort of disconnects in terms of the perception of what the challenges are ahead. I think it's very clear that when you're sitting in Washington, thinking either about the military or the economic dimensions of U.S. policy in the region, that the rise of China, the complexities of dealing with the integrative need, or the need to integrate the countries of the region and the U.S. role in that has a very different resonance than obviously it does when you're sitting in Seoul or in Tokyo.

Perhaps there are no Japanese participants on the panel, and perhaps it would be wise for me to play a little bit of devil's advocate (Laughter). When I sit in Tokyo, it will not astound anybody in this audience that I hear a very similar refrain, and that is largely that we don't know how to deal with Seoul. We don't know what the right

step forward is.

Why, all of the sudden -- I mean, these history issues -- of course, the legacies of colonization, the legacies of the war have been with us throughout the post war period, but we don't understand why the intensity now. And I think it's quite easy to point the figure at Mr. Abe, to be quite frank. I mean, his own personal beliefs -- he's never been hesitant about talking about post war and his sense of Japan's future and Japan's identity. Right?

But I don't think it's quite fair factually, because I think a lot of the tensions that really erupted -- in fact, most recently erupted under Madam Pok's predecessor, (Inaudible) Bach. And so, when the Japanese go back to think about history and the current set of tensions in the relationship, they don't stop in 2012. They go a little bit earlier, right, before Mr. Abe came into power.

All that being said, I wonder if, especially for our Korean participants, and again, we'll open this so the audience in a few minutes. But if you could share with me your insights into the domestic pressures and cleavages in South Korea that are presenting hurdles to some kind of bilateral dialogue between Japan and South Korea, I would be very happy to hear it, and I'm sure our audience would, as well.

For our two American participants, and I hate to break it out, American and Korea that way, but I sense I'd like to push you a little bit further, both of you on, as you look out at the region, the rise of China -- it was implicit in both of your comments, I think. But the rise of China does produce new challenges for the United States, both in the economic and the strategic military domain.

How much do you think American policy today is driven by the rise of China, and how much do you see China as a partner, a collaborator with the United

States in both TPP and economic discussions as well as our strategic effort to bring China in, in the region? You are welcome to comment on the Japan Korea piece of the puzzle if you would like, but if we could break it up in those two focal points?

And I'll let our Korean colleagues go first this time, in large part, because I made you wait until the end. But could you give us a sense -- a little bit more of a sense of the texture in South Korea and what you think needs to happen by political leaders in both Seoul and Tokyo to move or to remedy the situation?

QUESTIONER: Okay. Because I have been following the public opinion in both countries, Japan and Korea, actually Japan and Korea, the mutual public perception had been -- improved a lot up to the late 2000s, especially after they co-hosted the World Cup, and also especially -- Japanese, the favorable perception of the Koreans got improved a lot.

So therefore, if you compare the recent two or three years of survey, you can see the contrast. So, my observation is the public opinion of two countries as strongly influenced by the two governments' relations. That's very certain, if you look at the poll data. And if you ask the countries whether they're improving the bilateral relationship, I think both Koreans and Japanese are saying it's very desirable to improve these important bilateral relations.

But there is one important and new phenomenon, especially among our Japanese citizens. Usually, history matters. Japanese was a kind of aggressor, and Korea played this victim, psychology. However, if you look at the recent data, the Japanese are saying we are very much tired of this apology, and also, we don't like the Koreans criticizing Japan over this history, on and on. So, there is a kind of a strong anti-Korean sentiment. So, the history issue, it became a kind of a double-edged sword,

hurting both societies' opinions.

So for that matter, I think there comes to be more reconciliation between two governments, then you may say who started first (Laughter). It was there, and then if it's a government (Inaudible), who started? I guess the Japanese side likes to say (Inaudible) started when he started as a very pro Japanese government. He just visited the Dokdo island and mentioned a little bit about the emperor and so forth (Laughter).

But I think it's more like even focused to the simple interpretations. However, if you look at more deep changes, I think it's definitely the Abe cabinet, because he systematically kind of is repackaging this official Japanese position about their past history, imperial history, like you know an examination. He talked about once he's in power, he's going to make a new Abe statement to replace the Murama statement, and also, he attempted again to prove the (Inaudible) statement.

So therefore, I would say even though there is a kind of some unfortunate misunderstanding, I think it's more forged by abdicating it. But I think that there is a kind of a -- their abstracted thinking, why they play in that way. You may think, isn't this stupid? Because you know, it's better to have a relationship with Korea, especially for the security and so forth. Why are they just so obsessed with rewriting the history?

I think there is not only an ideology side, there is a kind of a stretched side, and they tend to be complacent, as long as they've got the U.S. And I think that they're playing down the South Korean liaison very lightly, and that is creating antagonism in Seoul. And how can we improve? I think civic diplomacy will be important. So, I'm one of the Koreans who is you know, organizing the talk -- direct contact between citizens and citizens, and they are more easy to talk to.

MS. SMITH: Thank you. Professor Hwang?

MS. HWANG: Yeah. You know, what is interesting is that there has been pattern of relations between Korea and Japan for the last five -- maybe four or five - - the Korean government, both in the -- and also in Kim Young's Hum government and Kim Day Jung government and (Inaudible) government -- also, the (Inaudible) government.

The Korean president has only five years, and then during the first two or three years, the Korean government tried to -- every Korean government has tried to make every effort to improve their relations with Japan. So you know, actually, the Japanese domestic politics does not (Inaudible) you know, very seriously. But so, the South Korea -- there is such a kind of -- you know, the policy in the South Korean government is not so sustainable.

So, South Korea, for the first two or three years, the South Korean government kept you know, trying to change their relationship patterns -- patterns or relations, but eventually, it turned out to be a failure. So, the problem is that it seems to everyone that the history, you know, directly relates to the foreign policy -- Korea's policy towards Japan, and Japan's foreign policy towards South Korea.

But actually, the domestic politics between the history and the foreign policy, I think -- so, if both countries -- that Korea and Japan's domestic politics is not really any fundamental changes, there -- you know, we will see -- another problem in the future. So, I said that the history, domestic politics and foreign policy are still entwined.

MS. SMITH: Thank you very much. Again, when you talk to people inside Japan who are working on the relationship, on the bilateral relationship within the Japanese government, I think you have a real sense of urgency to the diplomacy itself. I

think the broader factors that you're outlining here in terms of Japanese politics are quite accurate, but I also sense that the new court case is in South Korea.

The role that the court is playing in terms of some of these historical legacy issues and compensation issues are also something for both governments, and I think it's a much more complex source of pressure than it has been in the past. And as we approach next year, it's not just the 70th anniversary of the end of the war, it's also the 50th anniversary of the conclusion of the bilateral peace treaty.

QUESTIONER: That's right.

MS. SMITH: And I know for many who are working in the foreign policy arena in Tokyo, this is something that's very worrisome, and whether or not there will be some reopening of the discussion of the treaty, how to get over these different avenues of advocacy both in -- in both sides of the country.

QUESTIONER: Right.

MS. SMITH: Both countries -- both sides of the debate -- I think for the diplomats and for the political leaders in both countries is going to be very challenging. I want to get to the point where we invite the audience in, so forgive me if I move on to the next question, which is, from Washington's perspective, or at least from the United States' perspective, in terms of the two policy initiatives, the military rebalance and the trade agenda that hopefully will be successful, given our own politics, where do you see, A, the alliances, but also China?

Is it possible that we can craft a future economic partnership or a military strategic partnership with Beijing? And if so, what is it going to look like in the future?

Stacie, would you like to first?

MS. PETTYJOHN: Sure. I think that the military rebalance has clearly

been driven by China's military modernization and its rise. It's the first time in several decades that the United States military has faced a peer or near peer competitor that has seriously challenged its military supremacy.

It has identified U.S. vulnerabilities and is seeking to exploit these. And then, this fear has been compounded by the fact -- Chinese behavior really, since about 2008, where it's been increasingly willing to assert its claims to disputed territories in the east and South China Sea, which seems to confirm that there is some cause for concern, and that the United States needs to strengthen deterrence within East Asia to ensure that conflict does not break out.

And that requires building upon the U.S.' strong alliances with both South Korea and Japan, and also, expanding its relationships and strengthening them with other countries within the region. So, as far as collaborating with China, I think that there are certainly initiatives to try to build trust and to include China whenever possible, though it has been somewhat of a reluctant partner and has not always proven to act in good faith.

China just recently, for the first time, participated in the big naval exercise Rim Pac held out in Hawaii, and that was a fairly big deal, but it also sent out a ship that was gathering military intelligence and collecting that, not only probably on U.S. vessels, but on all of the participants. And that seemed to not suggest that it was participating good faith and really trying to build relationships, but it was seeing this as an opportunity where it could gather more information that it could potentially exploit in the future.

So, there's certainly high mill to mill exchanges, and I would expect those to continue, and to, whenever possible, try to incorporate China into more of the multi-

lateral initiatives, probably more so than bilaterally.

MS. SMITH: I just want to follow up on something that both Professor Lee and Professor Hwang raised, and that is that there is a certain discomfort in South Korea about this idea of containing China, or being so explicit in thinking about the alliances as instruments of containing China.

Do you see the military rebalance as a kind of East Asian balancing, I think, Professor Hwang, was your terminology? Is this what the pivot is all about in your mind, in terms of the military ambitions of the pivot? Are we trying to create an East Asian balancer against (Inaudible) (Laughter)?

MS. PETTYJOHN: I don't think it's put explicitly as balancing. I think it's cast in a much different light in terms of stabilizing the region and making sure that the current status quo order is not changed by the use of force. And that requires strengthening deterrence and increasing the U.S. and its allies' capabilities to be able to effectively respond to any military challenge, whether it comes from China or North Korea.

But I think North Korea is often considered a lesser included case from the U.S. perspective.

MS. SMITH: Great. Thank you.

And Gary, I wonder if you could -- you did a very good job of outlining the various trade collectivities, if you will, but the opportunities for trade expansion and trade liberalization. Where do you see China factoring in here, in terms of the way in which you set the priorities for the region and the benefits that you outlined?

MR. HUFBAUER: Well, I feel like you put me on a panel here with a lot of Darth Vaders (Laughter).

MS. SMITH: So, I want you to save us from the dark side (Laughter).

QUESTIONER: But you're Princess Lea (Laughter).

MR. HUFBAUER: So, you know, I'm going to try to give a little optimism, but we're not on cloud nine. We are realistic. So, let me start with the realism. The realism is that there is bound to be long-term geopolitical conflict between the United States and China. And you know, the Southeast China Sea, Taiwan -- it's going to go on for the lifetime of the older people in this room, but also, I think many of the younger people in this room. That's part of life.

The point is to contain that part of life, recognize it's there, but not have it totally dominate the relationship between the United States and China. So, that's where economics comes in. And as everyone in this room is aware, I think, the multi-national corporations are very much in favor of a good economic relationship with China. But also, I've spent time in China. I don't pretend to be a China expert, but the business firms there are very interested in a strong relationship with the United States. They are very interested in TPP.

We have a bilateral investment tree. There are a lot of things going on. China and Canada just signed an investment protection agreement. Many, many constructive things are going on, and I think it is just possible -- there is no historical precedent -- but it's just possible that we will have a fairly strong economic engagement, because China, after all, is foremost a capitalist country. There is no doubt, it is a capitalist country.

Well, you know, there is Communist rhetoric (Laughter), but that's -- the reality is, it's a capitalist country. They're very internationally engaged in the economy, trade, investment and more so in the future, and we hope that side of the economy is

dominant, which it has been so far. And so there's a lot of opportunity for constructive engagement on the economic side.

But just turning to history, you have to go back to the 19th century where there was a famous treaty between France and Britain to find anything that conceivably replicates her -- is a precedent for this notion of economic cooperation -- the Sykes Picot Treaty, between two rivals -- political rivals. And that treaty lasted about 15 years.

But if you look at the German British relationship prior to the first World War, while there's quite a bit of trade and investment, there were no treaty arrangements between them. So, what we're envisioning is something which is quite different than, at least historical precedents for the last couple hundred years.

Let me briefly talk about Japan-China. There's a huge Japanese economic interest in China. The amount of investment far exceeds U.S. investment in China -- at least direct U.S. investment in China. And the Japanese companies are very happy doing business there, and of course, they have a big interest in a good relationship. And I think the China companies going in the other way into Japan. So, that's actually quite strong, but obviously, the geopolitical tension is high and not going down.

I want to, though, toss in a little realism to my Darth Vader poke here. The Korea-China relationship. There is no geopolitical conflict. Let's be straight about this. Now, there's all the history, and everybody in the room knows the history better than I, and all of the bad things that were done back and forth, and the colonization and so forth. Today, the fact of the matter is that U.S. and Japan -- we have a geopolitical joint concern about China which is not shared by Korea, to my view. Korea has no real tension with China, and it needs China as a collaborator in any unification effort.

So, there is a very different going forward, and I've already spoken to the China-Korea economic relationship, which is already quite strong both in investment and in trade, and will only grow stronger. So, that's how I see the world, but what I want is the people who want to get rich to be in charge in all three countries (Laughter) -- all four countries.

MS. SMITH: Thank you, Gary. So, I promised I would open the floor at 10:30 sharp, which I will do. And I think what we'd like to do -- we've got a great audience -- a big audience. So, I think there are microphones? Is that correct? There will be coming around with microphones.

Raise your hand. Be patient with me as I go around the room. There's many hands already. And I'm going to take two or three questions, for our panelists, we'll get a few questions on the table, and then we'll come back and volunteer to answer. So, I'm going to start at this side of the room with the lady right there with the blond hair and the white shirt. Please stand up and wait for the mike and tell us who you are, please.

MS. STRONER: Hi, thank you for your talk today. My name is Nicole Stroner with the American Foreign Policy Council, and I have a question for the Korean side of our panel today. And it's in regards to the historical tensions that you guys have been touching upon.

And in fact, with the youth of today and whether it's intentional soft power in terms of the interactions that the new generation sees today in terms of studying abroad perhaps, or more travel internationally between China, Korea and Japan, is it possible that these historical tensions will be put aside in the future, simply for the fact that there's more interaction between the younger generation, and they seem to be kind of forgetting this tension? Thank you.

MS. SMITH: Great. Thank you. Right in the middle, the gentleman right there? Yes. Please stand up if I -- forgive me for the pointing, but that's probably the best way for me to do it.

MR. HERALD: Absolutely. Thank you, Sheila. Scot Herald from the Rand Corporation, and a big fan of "Star Wars." (Laughter) And having had my colleague described as a Darth Vader, I want to remind the audience that it was Darth Vader who saved the universe from the emperor (Laughter), who was truly evil.

So, Dr. Hufbauer, if I may push you into that role (Laughter) -- you have described your aspirations for the world as a place where the rich countries -- the rich people cooperate to run the countries. That's a very neo-liberal U.S. view. However, the Chinese Communist party runs China. It does not have a view that cooperation should be on a level playing field amongst people all trying to get rich, but rather, a very linked view of the relationship between power, national power and economic actors, all of which are state owned enterprises, and I would very strongly contest your contention that the capitalist portion of China is the leading portion.

That's absolutely not the Communist party's view. They don't ever want that to be the case. It would slip away from them. They do want to reform the economy. But I do want to push you on that, and I want to use that to segue to our Korean friends, who I think have some pretty strong concerns about China that you mischaracterize when you say they don't have any.

I think they actually have a lot, but their view is that they need China on the North Korea issue, and so, they want to sublimate those concerns. Afterwards, however, there's a tremendous anxiety that North Korea is being bought up by China, and so, I'd like to hear the Korean side talk a little bit about their concerns with respect to

China, because I think that is part of the equation. Thank you.

MS. SMITH: Thank you. I was lenient with Scott to allow him two questions, but let's try one question at a time, because there's a lot of people on the room. And the young woman in the back here? Thank you.

QUESTIONER: Good morning. My name is Dara (Inaudible), a non resident fellow for Career Foundation of Pac Forum, CSIS. And I guess this question is open for all of our panelists today.

So, I'm wondering, does the U.S. want South Korea to choose ultimately between the U.S. and China when it comes cooperation? And if that's the case, what is their ROK's or the South Korean's government's point on this, and how would they manage that?

MS. SMITH: So, let me just clarify. You want the Americans to answer that question and -- or would you like the perception --

QUESTIONER: Yes.

MS. SMITH: -- South Korean perceptions as part of the question, too?

QUESTIONER: Yes.

MS. SMITH: Okay. Well, let's start there. I thought the first question was absolutely nice to focus us on the future. Right? On the next generation? And so, what about these historical tensions? And let's get over it so that younger people can study abroad and learn about the three societies of Northeast Asia in a much more constructive way. I'm going to start -- Professor Hwang, if you don't mind?

MS. HWANG: Yeah.

MS. SMITH: From that end of the table.

MS. HWANG: Okay. I don't represent the Koreans -- the younger

generation (Laughter), but I think that the --

MS. SMITH: Perhaps on the panel, you might. How is that?

MS. HWANG: I am the youngest here in this pane (Laughter), but I think I have to --

QUESTIONER: Younger (Laughter).

MS. HWANG: Younger. Okay (Laughter). I have to respond to those questions. As I said, still, the Korean younger generation is really different, of course. But you know, regarding the Japanese issue and also the history issues, they are not so different, actually.

As I said, the histories, they start antagonism in (Inaudible). So deeply, you know, they're embedded in the Korean society, and still being passed down to the generation to generation. And the media also has a very important role in you know, reproducing those kinds of sentiments. And also, the history, the education is still nationalistic, also in China -- also in Korea, I mean.

But no, the soft power issue, the young generation, new generation, still, we are talking much about the soft power issues, especially the Korean wave, Hallyu. And maybe the (inaudible) or the (inaudible) are very popular in Japan. And also, the Japanese comic books and the Japanese drama, which is called (speaking foreign language) drama -- is very popular in Korea.

Those kinds of soft powers have some you know, influence on the Korean-Japan relations, but cultural relations, and maybe the economic relations. But I really hope that those kinds of soft powers -- you know, the impact can lead to the better relations between Korea and Japan. But I think that both Korea and Japan maybe like -- more likely to separate the culture and the economic issue from the history issues and

security issues -- something like that.

MS. SMITH: But this does get us into this question of what the consequences of today's tensions are, really, not just for today, but for the future. Right? And I think you used the word reproducing those sentiments.

And the question in my mind, and I hope Professor Lee, you can speak to this in terms of the polling data that you've analyzed is, why reproduce them? You know, what is the purpose of reproducing them? And I think that both of you, in your presentations, talked about Korea identity -- is it equivalent to anti-Japanese sentiment? Or is it deeply wrapped up in a debate about who Koreans are today. Right? Is that going to change, and should it change, I guess is my question.

And on the Japanese side, you can ask very similar questions, which speaks to the question of the historical revisionism that is actually going on today in Japan. I would say it's not across the board in Japan, but there is certainly more interest in this reproducing of a different historical memory. And so you're talking about processes here that -- where people have choices to reproduce or not to reproduce. And Professor Lee, could you speak to that, because I think it really gets to the heart of the question about why.

MS. LEE: This issue of identity is very important to political scientists and idealists, as well. I think yes, it's true, the Korean identity -- the part of the important Korean identity is the strong independence from the Japanese colonial legacy and all of these memories. So therefore, I don't deny, there is a kind of anti-Japanese sentiments as a part of an important pillar of the Korean identity, the modern identity.

But at the same time, Korea is very much a globalized society. So, many Koreans, not only the younger generation and also the middle aged Koreans -- they are

very much liberal and globalized much more so to an equivalent generation of Japan. For example, you know, I have so many Korean students going abroad to study, not only to the U.S. and to China, but less so to Japan. And the other way around is worse. Japanese students are not coming out to China or to Korea and even to the U.S., I believe.

So, this is not a good tendency, because I feel if you want to create a good effect of more integrating and globalize the younger generation working for peace and cooperation, they need the more team knowledge and understanding of each other's history and culture. But they are usually looking at only K-pop and J-pop, but it doesn't translate into a deeper understanding.

And given that the historical education is not well done inside Japan, the majority of them, even though they like the K-pop, they don't have much knowledge about the past history. So, I worry about that. And from -- if I entertain the questions to the gentleman about the China threat, yes, the Koreans worry about the Chinese investment to mining industries and some key industries in North Korea, and that is one factor that the pro engagers are asking our government and our leaders. We have to better engage in more -- within North Korea to facilitate the economic cooperation before North Korea's key industries is under the hands of China.

And also, another question about whether Korea is perceiving -- whether we are pressed to choose one of two -- G2 important countries. Yes, I think so. There is pressure. But I guess our strategy is that we try to dilute the kind of situation of forced choice, and definitely for the security matter, the U.S. is the most important ally to Korea. There is no question about that before the two Koreas are unified. So, I guess our interest is to harmonize to this key ally relationship of how we accommodate and

harmonize our interest in having a good relationship with China.

MS. SMITH: Thank you. I'm going to ask Stacie to address that last question, too, about whether it's in the United States' interest to ask South Korea to choose. Are we asking South Koreans to choose (Laughter)?

MS. PETTYJOHN: I don't think so.

MS. SMITH: And if so, what do you think the answer will be (Laughter)?

MS. PETTYJOHN: I don't think the United States wants to have to choose itself. This is not the Cold War, where your interests were neatly divided, economic and security aligned. Here, it's a very different situation, and the United States is just -- well, maybe not just, but very economically interdependent with China, as well, and doesn't want to actually have a hostile relationship. At the same time, it doesn't want to encourage or allow there to be aggression within the region, and in particular, territorial expansion. So, it has divergent interests and it doesn't really have much -- it does not want to see different countries having to choose sides.

Conversely, I think that China actually does want to push countries to pick sides, and that it tries to exploit the historic hostilities between Korea and Japan and to enflame those tensions whenever possible, and to make it difficult for its close economic partners to work with the United States by putting pressure on them, at least publicly.

MS. SMITH: Thank you. I won't ask you to defend your honor as Darth Vader, but we will go to the emperor, I believe (Laughter). Gary, you're next. I mean, I think Scott's point about who China is today and what its ambitions are in the economic realm are just as germane as they are in the strategic realm. So, how do you respond to that critique?

MR. HUFBAUER: I'm going to start with a correction on what I said earlier. It was the Cobden Chevalier Treaty between France and Britain in the 1870s, just for historical correction, which is a slight precedent for what's happening today.

Now, after that bit of modesty -- I mean, first of all, I praise Rand because I was on the -- one of the visitors of the Rand graduate school because when Charlie Wolf was running it, and I have a great admiration for Rand. And that's the end of my nice remarks (Laughter).

The comment was completely wrong -- a complete misdescription of China today. And I urge you to read, when you have spare time, which I know you don't (Laughter), the book which was just released this week by my colleague, Nicholas Lardy, "Markets over Mao." And it is a very powerful description.

China is a capitalist economy, as I said before. The state owned enterprises are a very small share of the economy. They're about 20 percent. The direction has been absolutely clear. Price control is a very small part of the economy. And of course, people can get extremely rich -- Jack Maw is now the latest one, but -- in China. And you know, it's just fine. So, the notion that it's a state-run economy is just not correct.

Now, what about the Communist party? The Communist party is interested in power. Yes. A monopoly power, now and in the indefinite future. I agree on that, but it doesn't run through the kind of economic control that we associate with the former Soviet Union and some other countries of the past, including China before (Inaudible).

And you don't have to go any further, probably, than this room, but certainly this building. There are a lot of princes and princesses from China who are related to the standing committee directly or indirectly, and they're going into economics,

and they have a good start in life on that. I mean, that's the China. So, I don't see the conflict which was described on the economic front.

I do agree there's a monopoly of power, and the Communist party is not about to give that up, and that does create anxiety here in the west, and how long we can live with that and the problems with that, that's another dimension. But it's not an economic contest in terms of the model.

MS. SMITH: Thank you. Chris Nelson, you had your hand up, and then we'll go back to the other parts of the room. Chris?

(Discussion off the record)

MR. NELSON: For our friends at Rand, I think we're looking at --

MS. SMITH: Is it on, Chris? I'm sorry. We're not hearing you there. And let's remember that we should have one question apiece.

MR. NELSON: Can we -- okay, there I am. The suggested assignment for our Rand friends -- probably a better model is "Star Trek," not "Star Wars," because the question on China is, you know, are these guys Klingons? You know, noisy, boisterous, they break stuff, but you can socialize them and get along with them. Or, are they the Borg? You know (Laughter)? So, maybe Scott and Stacie can work on that and put out a joint paper. (Laughter)

(Discussion off the record)

MR. NELSON: And I'm sort of serious. My question is a fascinating and yet incredibly discussion of history. This is the third year now?

MS. SMITH: Mm-hmm.

MR. NELSON: You know, that we've all participated in this kind of discussion. And right at the start, the question was raised, what is the U.S.' role here?

Does the Obama administration need to adopt a more public and more proactive in discussing and trying to contain the fantasy that Abe and the deniers live in?

And the debate has been, well, it doesn't work if you're noisy in public about it, versus if you're not noisy in public about it, A, the Koreans don't think you're serious. And B, Abe just does whatever the hell he wants to do, anyway. Three years --

MS. SMITH: I'm sorry. Abe doesn't?

MR. NELSON: Abe will do whatever he wants to do without strong public American pressure. So, that's my question to the panel. Looking at what you see and looking at this unknowable debate, is this Abe or is it now becoming institutionalized? Is it time now for the U.S. government to take a more active public role in constraining historical revisionism? Thank you. But I want to know about the Klingons (Laughter). Okay?

MS. SMITH: Do you have a question? Well, Kathy wants to ask a question (Laughter). Sorry. You were waving at me. I couldn't quite figure out why. No, please, go ahead.

MS. MOON: I'm just saying hello. I'm just going to take the liberty, since I put a lot of work into the coordination part, but frankly, I'd rather be up there with you guys thinking and talking. I have a real question, but this is in answer to two of the questions or things two of you three out there. Dr Lee did, as well as Sheila -- Dr. Smith.

The issue about the reality -- that the Korea-Japan historical tensions have been there a long time. Yes, we know that. The question. Why has it become so intense in recent years, I think deserves an answer, or at least answers. And I think we have to keep in mind -- and I hope the media in this room are taking note. I'm a professor, so I ask people to take notes, but before taking notes, really think about what it

is you're taking notes on (Laughter), because I think the media and all of us who are public educators, in a sense, have a moral responsibility as well as a practical responsibility to try to educate and enlighten our different leadership, learnership, our audience.

The bottom line is, South Korea's democratization in the late '80s and the Democratic fervor and institution building -- but also, with that in the 1990s, this passion for unleashing all sorts of questions and frustrations and pent up anger and distress, both at the South Korean government as well as other governments, both historical and current in terms of issues, that is what happened in South Korea. The 1990s were a time when NGOs basically you know -- thousands of NGOs bloomed in the 1990s.

You had a free press. You had a free media. People were able to ask questions that they had not been allowed to ask in the 1960s, '70s and '80s. One of those questions and one of those frustrations and dilemmas and pent up curiosities, as well as the frustrations, had to do with history.

So, yes, the issues have been there, but the reality that politics changed in South Korea, I think needs to be remembered. It is not, as both Dr. Smith and Dr. Lee are saying -- it is not just simply a Japan created reality or just a Korea created reality. It is both. But something happened in South Korea in the 1990s that the Japanese have to understand.

The Japanese have a democracy. It started earlier, sooner than South Korea's, and South Korean democracy has been, in the 1990s onward, beating itself up. Not just beating up Japanese or beating up Chinese or beating up others regarding the history, but South Koreans have been beating themselves up over past wrongs, past

confusions, past dilemmas; not just a Japanese issue, but also, who among the South Koreans were collaborators.

So, as many of you know, the witch hunt, including these pseudo legal investigations into South Koreans whose you know, uncle, great grandfather had been a collaborator, and then punishing current day individuals who are not related to the historical past, I think is a problem that South Korea really has to grapple with, because you can't have a unified society if you're going to constantly scare people about the past, because somebody is going to dig it up. And then, it gets related to Japan or America or somewhere else.

The second reality is that South Korean political leaders need to take responsibility historically for some of these historical tensions with Japan that have been going on and on, but have become exacerbated, specifically the Dokdo Takeshima issue was dealt with by both the Japanese and South Korean governments for many decades as simply a fisheries agreement issue. It was what Dr. Pomyong Shigavason Institute called a material issue; not a political diplomatic issue.

It was under Prime Minister Dutarō Hashimoto and President Kim Young Sam in South Korea -- it was during that period when both political issues used the Dokdo Takeshima issue for political gain domestically. So, they should be held accountable. Political leaders need to be held accountable for how and why they manipulate and maneuver historical issues to become contemporary problems.

The Chongshinda issue -- when the Chongshinda -- the sex slaves, comfort women issue began to arise in the late 1980s and early 1990s through democratization, the South Korean government of Kim Young Sam, then later Kim Dae Jong -- sorry, (Foreign names) up to (Inaudible) did not want to deal with the comfort

women issue. You could talk to the comfort women activists themselves. They were so hurt by their own government that this issue was not being taken up by the governments.

When does it get taken up? By Im Young Bop. Why? For political gain. Personal and domestic political gain. And so we have absolutely clear answers as to why these issues have come politicized. They're not just political, they become politicized. And I think that whether it's the media, academics, whoever needs to be watching how these things happen and point to those, point to the sources that actually make these issues worse.

My question goes to -- (Laughter) -- no, this issue, this history issue is just -- it's old. It's getting -- you know, we're losing the taste of it. It's now become like part of this -- you know, it's like clouds in the sky: we see them every day. Nobody knows how to deal with it. Nobody really cares how to deal with it, to tell you the truth. We talk about how to care about finding remedies and nobody's really putting forth efforts. And I think basic reality is to be honest with one's self. That means each society has to take responsibility; that includes Japanese as well as the Koreans. And political leaders have to take responsibility, including Abe, but also South Korean leaders.

My question is regarding the so-called rebalance. American policymakers repeatedly try to tell us that the rebalance is not just about strategic military issues, but economic issues, as well; that it's a total package. It's not a two separate policy deal, it's one policy package. It often gets forgotten. So the economic side is supposed to be the facilitator, in a sense, to make some of these harder, difficult issues move along a little bit better. So that's one thing.

Related to that is that Koreans had hoped that with the rebalance might come some new and fresh attention to the North Korea issue in the context of

rebalancing, both economically and politically. Not all Koreans, but some; they've said so. What I'd like to know from Dr. Hwang as well as Dr. Hufnauer is where does North Korea fit in in the -- or where should it fit in the rebalance approach? Because right now it doesn't have a place. And Dr. Hufnauer, you alluded to this, that there are issues that need to be resolved.

So if you could address that, a North Korea question in the context of rebalance, both economically and politically, I'd appreciate it. Thank you.

MS. SMITH: Thank you. So I think we'll have one more. That was a big set of questions and comments, but one more and we'll come on this side. There's a gentleman back there who's been waiting, right by underneath the television, so we'll address him and then we'll come back.

Is the button on? Maybe another mic?

MR. YI: Yi Gwan-Song from Sogang University, the one she teaches at. (Laughter) I don't really have a question. I just wanted to give an additional comment on the first questions about the younger generation's --

DR. HWANG: Younger generation.

MS. SMITH: Yes.

MR. YI: I may be able to represent better for the younger generation. (Laughter) Well, at Auschwitz there is -- as far as I know there's an engraving that goes, "We shall forgive, but never forget." My grandmother, who was born in 1929 and who is still alive, was almost taken to Japanese Imperial Army as a sex slave when she was 15. So it's not a history that's too far ago. And I know that many young generation in China, Japan, Korea, are not paying too much attention about history nowadays, but that is why it is all the more important that we have to give proper, right history education to all these

three countries.

And personally, to give a brief background of myself, since you mentioned the global younger generation, I went to International School in Burma for four years and currently doing a defense intern at Cato Institute. So personally I have a lot of Chinese and Japanese friends who are quite close with me. And I don't have any personal antagonism toward my friends. My antagonism is toward the wrong education policies and failing, unsuccessful corresponding responses to that. Thank you.

MS. SMITH: Thank you very much. All right, so what do we do? Let's go to Kathy's question first. I mean, because the history is going to be a big part of the conversation, but let's start on the very specific issue that Kathy asked Gary and Professor Hwang to identify or to talk about, which is where is North Korea in all of this? How do we understand North Korea's place, both economically, but also politically, in a future Asia?

Dr. Hwang, would you like to go first?

DR. HWANG: So everyone understands that the U.S. did rebalancing and pivot to Asia policies or response or the rise of China, but the Northeast Asian countries, both Japan and South Korea, are sure that it's really, you know, important and we welcome the U.S. rebalancing and pivot to Asia, although I still suspect that (inaudible) really the rebalance and pivot to East Asia still, you know, the grain issue and also the Middle East issues are important.

The thing is that North Korean issues are really important, so we (inaudible) South Korean government and we as Korean people try to think much about the importance of the pivot to Asia regarding the North Korea, especially the unification issues. So if the United States thinks much about the meaning of, the importance of

Northeast Asia, especially the Korean Peninsula, but I think that the U.S. needs to resolve these old issues still, not only the history issue, but also the North Korean issues are old. So it's really important to understand how to cope with the North Korean issue and how we will (inaudible) North Korean issue will lead to the unification issues. But still, the problem (inaudible) is that we don't know exactly how to connect this kind of rebalancing or pivot to Asia is to the Korean unification peace issue.

So, still, it's very important for us to understand how we will, you know, (inaudible) the rebalance of U.S. foreign policy in responding to the unification. Because the unification is really important to Koreans, but it's also important for the Americans and also Japanese and Chinese. But, you know, still more important to more compelling issues to the Koreans.

MS. SMITH: Let me ask you a fairly blunt question. Is the pivot helpful for the ultimate goal of reunification or are you worried about its impact?

DR. HWANG: As far as I understand, the pivot to Asia means that the United States thinks more about East Asia and Northeast Asia than before. Then the North Korean issue, the Korean Peninsula issue should be -- means a lot, you know, to the United States. So it is good to the Koreans and maybe to the Japanese and maybe not to the North Koreans. (Laughter)

MS. SMITH: So it's good for Seoul. All right. Gary, would you like to address the North Korea piece?

DR. HUFNAUER: Well, everybody else has delved into history, so I'll just delve into a little bit, and that is that North Korea has been subject to U.S. economic sanctions longer than any other country. Cuba is number two, but North Korea is number one. So it's 60 years and we have virtually no economic relations with North Korea. It's

a medieval country and I just love this episode where the nephew assassinated his uncle. I mean, you know, the kind of things that go on there are just, well, they're kind of out of history books in terms of the way the country is run, the people are starved, you know, all the things that go on, the luxury goods for the leadership, and on and on.

So with that little bit of background, it really makes it difficult for President Obama, or any president, to kind of liberalize with economic relations or any relations with North Korea because the last President who tried to do this, President Clinton, got pilloried for what he did and, you know, kind of what he tried to do and it didn't pay off politically in the United States and didn't pay off diplomatically with North Korea. So what to say about this?

I know the United States is not inclined to listen to other countries, but on this file my view is that the United States should just do what South Korea wants with respect to North Korea within the political limits in this country, and just follow what South Korea is the best approach. Maybe it's tighter sanctions. You know me, I'm not saying that we should bomb North Korea or South Korea, if it comes to that, which I doubt it will, but within the normal range of diplomacy and economic relations I think Washington should be very guided by the South Korean leadership.

MS. SMITH: Thank you. Anybody else on the panel want to speak to North Korea or can we go back to the history question? Did you want to talk about North Korea specifically?

MS. LEE: No.

MS. SMITH: Stacie?

MS. PETTYJOHN: Can I say just --

MS. SMITH: We are going to go back. Yeah, go ahead.

MS. PETTYJOHN: One quick comment about North Korea's obviously important to the pivot and it's the one area where you see Japan, South Korea, and the United States having overlapping interests. The United States is increasingly concerned as North Korea is developing and fielding longer range missiles and its nuclear arsenal expands, and clearly Japan is, as well.

Also, from what I've heard from colleagues is that the military-to-military relationship between South Korea and Japan is actually much better at the working levels than the political relationship and it's sort of separate from that. And there might actually, to try to not be so gloomy here, be a place where there could be fruitful cooperation that is somewhat separate from the political arena in that both Japan and South Korea are facing sort of lower level aggression, which you've seen with North Korea in actions in 2010, and then Japan is obviously really concerned about what it calls gray zone aggression: this creeping, salami-slice tactics of China. And they may be able to, at a mil-to-mil level, start to work on ways to develop an effective response to that that wouldn't be escalatory, but, at the same time, could deter further aggression and stop it from actually succeeding.

MS. SMITH: Thank you. I think we should go back to this question, and Chris started off with a question, about what the U.S. role was, but I just want to comment both on the gentleman's comment and on Kathy's comments just briefly.

I always get very nervous when people talk about a correct or proper history. I think whether you're liberal or conservative, you should be careful because dogmas are dogmas, whichever side of the political spectrum they come from. And in most democratic societies today, history is a debate over what actually happened and the costs and the consequences of things. We don't necessarily have to rewrite the facts

because there are some facts that really aren't uncontested, right? They're acknowledged whether inside a particular country or across a broad spectrum of countries, but I would urge us just to be very careful and about a right and correct history because you're leading yourself down the path to eliminate other possibilities of contention.

Now, diplomatic reconciliation is based on a legal treaty system, right? You negotiate between governments. Societies don't always recognize that negotiation represents their entire interest and you can see that across the board, but particularly in the countries in South Korea, right, and that were colonized. You can see it in most post-colonial societies, frankly, that there's a rewriting and a rethinking and a reinterpretation of the terms of the independence of the post-war peace.

That's what's happening today. Is it wrong? Absolutely not, but I think it needs to be acknowledged as such that across Northeast Asia there is a series of questions being asked about the post-war settlements, plural. Right? So in Japan, yes, there are voices that question the terms of the San Francisco peace Treaty and there always have been in post-war Japan. This is not something that popped up. Mr. Abe is not the first one to articulate it, but he may be the first prime minister who's willing to acknowledge it. Right? So Japan's post-war debate about its constitution is a very similar thematic. Why was that the right term for Japan's post-war and should it be revisited today? And Japan will independently make its decision about whether that constitution stays or goes, is revamped or not revamped, but it is deeply embedded in this broader questioning of the post-war settlement.

It's not necessarily anti-American or anti-Korea or anti-Chinese for that matter, but it is part of a questioning and the younger Japanese today are quite willing to

raise some very pointed questions, not only towards the United States, but also towards their neighbors. And so some of that pointed questioning may come from the conservative right, but you may hear also some of it coming from the left in Japan.

So I think we ought to acknowledge that this is not just about the Japan-Korea relationship. It is deeply about what is happening across Northeast Asia.

Similarly, in China. You know, we didn't spend a lot of time talking about domestic politics in China, but all of us here who speak to colleagues, academics as well as other, who come from Beijing and we go back and forth, we know the question about the 100 years of humiliation in many ways is driving a larger conversation about Chinese identity today and the aspirations of new generations of Chinese. Will that raise or call into question the post-war settlement with Japan? Absolutely. It already has with the island dispute. And it will with us, as well. I can't tell you how many Chinese academics and policymakers have said to me but you created the San Francisco peace treaty, you created you being America, you created these problems in the region, and you ought to fix them.

So getting me back to Chris Nelson's question, what is the U.S. role in this, I don't think -- I wrote a piece before the Hague meeting between Prime Minister Abe and President Pak and President Obama. I think in that particular case -- and, as you know, the United States Government spoke out about the Yasukuni Shrine visit and I think that was the correct way for the United States Government to respond, but the real question is a facilitating role, not a mediating one. And I do not think, and, again, many in the audience may disagree with me here, but I do not think it's the American government's role to try to force upon either the Japanese or the South Koreans a remedy. And even if we could and even if government spokespersons did try to do that,

including our President, I doubt that the South Korean people and the Japanese people would accept that role.

So I think ultimately, in the deeper sense of what constitutes historical reconciliation, that's a project for the Japanese and the South Korean people. And I think our commentary on it only comes when we're talking about U.S. interests in the region.

One place I do think the United States has a broader set of homeworks, frankly, is in understanding better its own role in the creation of the post-war order in Asia and not talking about it simply as a strategic interest or an economic interest, but in understanding better the way in which American choices affect perceptions of history and other countries' debates over that history.

So I'll stop there. I realize, Professor Lee, you wanted to add to that, I think.

MS. LEE: I think Sheila has mentioned a very important matter of why there is no historic reconciliation among the Northeast Asian countries. If you compare the European continent, I think Europe had a tremendous loss of life and casualties because of two wars. And I think with that huge price, I think that they had the kind of historical reconciliation. And also, because of costs and because of their post-war efforts through the multilateral integrations and also the very important role of Germany in that matter.

But I guess in East Asia, in Northeast Asia, we didn't have that kind of chance. It was more like liberation by the Western powers and so, therefore, we didn't have enough regional, more voluntary efforts to reconcile each other. So that makes why the 19th century themes of history and this obsession of sovereignty comes up again and again. So I think, for that matter, I guess many Koreans and Japanese and also Chinese

would advocate more multilateral cooperation to settle these historic issues from their own hands.

MS. SMITH: Thank you very much. We have 15 minutes left and then I'm told I must shut down the conversation abruptly. So I'm going to get two people, maybe three people, so very persistent people with the same hands. So three more people. If you could be very brief and then we'll come back to the panel to conclude.

Gil Rossman.

MR. ROSSMAN: I'm Gil Rossman, formerly of Princeton, now at the (inaudible) Forum, and I have a question about the response to China's rise. I think that has been underestimated as the key difference between Japan and South Korea. And the specific theme here is South Korea's reaction to Japan's change on collective self defense. And why does South Korea respond to negatively to what Japan is doing? And what specifically has Japan done, setting aside history issues, to offend China in its collective self defense and to lead South Korea to say Japan is a cause of the problem of managing China?

MS. SMITH: Thank you, Gil. The gentleman has been very patient with me.

DR. RYU: Thank you for the microphone. For the last 20 minutes or so, much of the words were spent in answer to your question, Sheila Smith, about why now, and Katharine Moon gave an excellent answer, and I'd like to add a couple points that reinforce it, and then I have a question and I'll try to be very simple.

MS. SMITH: For the audience, could you identify yourself for the audience, please? I'm sorry, could you give your name?

DR. RYU: Can you heard?

MS. SMITH: Yes.

DR. RYU: Oh, my name is Jai Poong Ryu. I'm a retired professor of sociology of Loyola University of Maryland. I'm going to serve as the chairman of the newly merged organization of One Korea Foundation with the International Council for Korean Studies, which will hence be called International Council for One Korea.

Why now? It's not now. It's been, as Kathy pointed, has been here all the time. And why it has not been said before it should be asked. That is Korea has been too poor to address issues like old, you know, sentiments that brewed in history; too poor to address -- you know, when the stomach calls for your attention, nothing else matters, so they waited for that time.

Second is, as Kathy pointed out, the democracy. Korea has been under military dictatorship up to 1987 and then another in-between years under the rise of Y.S. Kim in 1993 elections. So it's been scarcely about 20 years. And actually questions should also be raised why Japan now is raising the issue of the collective -- I mean, doing away with the old constitution and so on, and you'll find similar answers, too. Japan, too, has not had the reason to raise this issue, although it's been brewing in their minds for a long time, as well.

The other thing is that the recent development in the United States by the efforts of Korean Americans and they find world opinion is on Korea's side in the comfort women issue and the Dokdo Island issue and naming of the Eastern Sea or others call Sea of Japan. We find that, you know, a lot of Koreans are interested in Germany, which is also divided, and they will find out more and more about why Germany was divided, how they got united, and what you can learn from their experiences. And we learned that visitors to Germany not only see the Brandenburg

Wall that's been demolished, but they also go to Auschwitz, they also go to Dachau, and see how Willy Brandt came there and knelt and apologized. There's been nothing of the sort on the part of Japan. I mean, the Japanese didn't gas people by the millions or maybe it's not fair to compare, but the crimes were crimes.

And one of the most interesting phenomenon is Michael Honda, the Japanese-American congressman, stood with the Koreans in many of these issues. And you can see why and how there are so many Korean Americans supporting his candidacy which is being threatened now in this year in the November elections, and how against a lot of Japanese Americans, the sabotage of him.

So I think in the long run it will be found that, after all, America was an adversary in World War II and suffered terribly. And the guilt of having bombed Nagasaki and Hiroshima made them mute, but a lot of American blood was shed and that might have to be also addressed at some point. And in terms of the United States' attitude, a lot of Koreans now think this sort of a détente being established between North Korea and Japan is being done under the -- while the United States is looking the other way or at least under condonement of the United States. And if it is so, I think it's a mistake and they should try to -- I have one question, though.

MS. SMITH: Please. (Laughter)

DR. RYU: We talked about United States-Japan-Korea relationship and here we talk about South Korea. Think about United Korea and see how this triangular relationships will develop into what kind of shape into the future. United Korea is in the minds of most Korean watchers that I know is inevitable because of the unsustainability of North Korea in so many ways. It's been said that what is not sustainable will not be sustained. The only question is will it be a hard landing or a soft landing or when.

In the minds of most people, as far as I know, unification of Korea is one thing. I think the future of this triangular relationship will undergo great shifting and transformation once Korea is united. I think intellectual --

MS. SMITH: What would you like to ask the panel? We'll continue the conversation throughout the day, but if you could ask the panelists the question on your mind.

DR. RYU: The question is whenever you have sense in terms of the nature of relations between these countries with an eye on domestic politics, which is very refreshing to see -- as a sociologist, I find that so --

MS. SMITH: Sir, I need your question.

DR. RYU: My question is how would you introduce -- what sort of variables to comprehend this one Korea that is going to inevitably come to being?

MS. SMITH: Okay, thank you. We have one last --

DR. RYU: Thank you.

MS. SMITH: Thank you very much. We have one last question. Sir, if you could be very brief, right there by the camera. We need to come back to the panel and we need to stop at 11:30, so very quickly.

MR. KIRK: My name is Don Kirk. I've spent some time in the region. There seems to be an assumption here that there is a rebalance or a pivot. Can this really happen when we're plunging into a war in Syria and Iraq? Are you confident that will happen?

Ms. Pettyjohn, in particular, are you familiar with the dispatch of thousands of U.S. troops from Okinawa to the Middle East, to Afghanistan, Iraq, and now possibly -- you know, if not under this President, under the next President -- to Syria and

Iraq again? Do you think it's really possible to rebalance under these circumstances? I should add not only dispatch of troops, but also aircraft carriers and planes and much else. Thank you.

MS. SMITH: Terrific. Thank you very much. So we have three questions. I apologize, I'm going to be very -- I'm going to try to get you to be very succinct.

So first question, why are the South Koreans reacting so strongly to the right of collective self defense? Number two, what does a unified Korea mean for trilateral cooperation between the United States, Japan, and Korea? And finally, is there a pivot? And if there is one, is it sustainable?

So let's start. I think, Professor Hwang, if you don't mind, I'll start with you, if you could be very brief on the unified Korea, since your paper was partly about unification.

DR. HWANG: You know, the baseline, the bottom line for the Koreans is South Korea would be the power, but South Korea is still surrounded by the four great powers: the United States, China, Japan, and Russia. So (inaudible) Korea is unified in the future. I also believe that Korea will be -- eventually will be unified. Still, Korea is still a middle power, you know, vis-à-vis through the other four great powers. So our expectation level and our situation will be somewhat different from those of today's South Korea. But actually still we have very similar concerns and very similar the expectations about the future, the situation of Northeast Asia.

So maybe South Korea's feeling about the other countries, somewhat different, but still we may be concerned -- will be concerned about both China and Japan, maybe Russia. You know, Putin is still more interested in the Far East. So unification is

really important to Koreans, but I don't see the many differences, even though the two Koreas are unified, but still Northeast Asia is very in the set place of the great powers in the future.

MS. SMITH: Thank you. So a unified Korea is still going to want to cooperate with the United States and Japan. Is that right?

DR. HWANG: Yes. Why not? Of course.

MS. SMITH: Why not? So, Stacie, I'm going to turn to you on the pivot question. Is it sustainable? Are we even doing it? And what are the prospects for the future?

MS. PETTYJOHN: I've actually grappled with this a little bit myself and sometimes wonder how real it is, but I think it is actually real. The administration just sort of rolled it out in a way where they created unrealistically high expectations of what might -- this might entail and, therefore, has reasonably not been able to meet them. The United States is a global power with global interests and is never going to focus exclusively on one region. And its forces are going to actually have to be able to move between the regions as crises emerge, which you see it happens all the time. And most of the U.S.'s forces are actually based in the United States anymore. There's very little forward in any of the region.

So I think the U.S. has also not gotten credit for a lot that is going on. The pivot or the rebalance is different. We're rotating forces. We're not permanently basing them. There have been plus-ups in Korea. We've sent another battalion, an armored heavy battalion, to reinforce the BCT there. There are attack helicopters, others. Rotations to Okinawa have gone up, not to mention what's happening in Australia and other places. Whether that's sufficient to actually stabilize the region is a

different question.

MS. SMITH: Thank you. Gary, the question wasn't asked this way, but if you're sitting here in Washington, of course the economic arm of the pivot is getting a lot of attention. Can we do it? Will our Congress be able to marshal its will, if you want to call it that, behind the prospect of a free trade agreement with Asia? Can you help us understand? Is it going to happen? And if it doesn't happen, what then?

DR. HUFNAUER: Well, yes, it will happen, and you can -- and if I'm wrong, you'll know it. I'm not going to kind of waffle on that question. I think Congress will do the right thing. I think President Obama will see this as part of his legacy and he will really push it. There's even talk about pushing trade promotion authority in the lame duck session. I'm skeptical there, but I think he will push it hard and we will get the TPP through. And I'm more skeptical about TTIP, but that's another day.

So I'm optimistic. And if the U.S. were to fail, it would be a major failure, both economically, but politically probably more so. It would just be devastating.

MS. SMITH: Thank you.

DR. HUFNAUER: But let me -- can I say something about the North Korea? This is -- you know, if and when it happens, it's probably going to cost \$1 trillion or more. And the question is who's going to help the Korean unification?

If it's all China, well, you know what that's going to mean for the geopolitics. And there's a big question whether the U.S. will be willing and able and Japan willing and able to step up and provide substantial -- and I do mean substantial -- money for what will be a very difficult project for a medieval country to come partway towards civilization.

MS. SMITH: Thank you. Professor Lee, I wonder if you could help

answer Gil's question or this comment that we have underestimated the impact of the rise of China on Japan-South Korean relations. And specifically, why are the South Koreans reacting so strenuously to the debate in Japan over the right of collective self defense? Is it an overreaction?

MS. LEE: I guess, I think I'll really answer the questions that Japanese right for the collective security. First of all, I think they began to talk about this (inaudible) support since 1998, when they revised the guideline. If they meant to support the U.S. forces in the Korean Peninsula if there is a way in the Peninsula, or the defense purpose of South Korea, there's no reason to oppose. Right? That's very rational thinking. But, however, our historical memory of colonization a century ago, it's still (inaudible), so many Koreans feel very uncomfortable with the Japanese Army coming to the Peninsula again.

And second, if we had trust between two countries, I think it would be much easier to imagine that kind of situation. However, that said, if there is a certain contingency and if they come, I don't think there is no reason that South Korea is opposing as long as they're helping the USFK.

And I think because it's very unrealistic about imagining Korea -- a war in the Peninsula, I think that they are more concerned about the fact vis-à-vis China. Because arming in Japan, they think, is only creating added tension in Northeast Asia. So consider the Japanese rightful collective security as a destabilizing factor in the region, so we don't (inaudible) much even though they have a right.

MS. SMITH: Perfect. Thank you. So this panel has, I think, done an excellent job at talking a lot about both the impact of the changing geostrategic moment, but also in getting into the domestic politics, the aspirations and, also, the popular

anxiety, I think, that is surrounding this particular moment in Northeast Asia. There is, as Kathy pointed out, a great deal of political opportunism across the board. And I think part of our job as educators and as the media, as I see a lot of media in the background, our job is to make sure that we don't let them get away with being very superficial about either causality or about underestimating the consequences of political decisions, particularly between Japan and South Korea and the United States.

So with that, please join me in thanking our terrific panel. (Applause)

Before you go anywhere, if you stood up, please sit back down. Our grand director, Dr. Moon, has given me instructions to not let you move. So the panel who are on the panel next, the speakers who are speaking on the next panel and the moderator, please go and be first for the lunch. There is box lunches in the other room. All the rest of us get to stay right here. But for those of you who need to eat and eat fast, please go do it now. Otherwise, the throngs will be upon you.

And once we have one minute of a head start for you, we are all going to join you in the other room. But thank you all, you've been a terrific audience.

(Recess)

MS. LEE: Ladies and gentlemen, I'm back again; as a Moderator this time, as so I'm trying to catch my breath.

Today, the second session is titled, Dilemma on the Korean Peninsula, Bonanza or Bombs; and actually I was confused what they mean by Dilemma on the Korean Peninsula, as I thought maybe Korean unification. But then I thought; how can the unification become a bomb? But do you mean the nuclear challenges?

So by maybe, intentionally, making this title ambiguous I think that gave

the opportunity to three presenters to talk about these three issues; nuclear challenges, and also unification challenges.

Well actually I found out, we have three very distinguished panelists, Kim Hyun-wook of Korea's National Diplomatic Academy. He mainly talked about -- wrote about North Korea's Nuclear Weapon Programs, and how this deals with nuclearizing North Korea is a challenge to South Korea.

And on the other hand, Professor Kim Jae Chun, of Sogang University, I think that he elaborated kind of linkages between the denuclearizing efforts and policy of South Korea, and at the same time, South Korea's unification policy, that needs a more engaging Inter-Korean relations.

On the other hand, Professor David Maxwell, of Georgetown University, I think he talked about -- he will talk about the kind of different scenarios of North Korea Regime raging change, and the process of unification, and also what -- the U.S. can play a constructive role in supporting South Korea's unification policy.

So it's very interesting. I think the audience will enjoy their talks as you have done in the first session. I asked during the pre-conference stage, electronically, I asked our three presenters more -- I think they are really on the end state of nuclear-free unified Korea, but there is a nuanced difference. While Professor Maxwell is more flexible about the sequencing, I think Professor Kim Jae Chun and Kim Hyun-wook are more emphasizing the denuclearization of North Korea as a condition for the further unification process.

And I asked these three gentlemen to be more specific about the unification terminology, because unification as end state of the merge of two political entities, South Korea and North Korea Regime, at the same time, unification is a long-

term process; so related to terminology of the integration of two systems. So when they use this term, unification, I asked them to be more specific, and of course, as the audience, I have particular questions, but I'll hold up until the Q&A session.

I think that Sheila Smith has excellent job as a Moderator, but I don't think I can do it like her, but I'll try my best. And so, without further ado, to make our time very -- effectively, I'll ask Kim Hyun-wook to go first.

MR. HYUN-WOOK KIM: Okay. Thank you very much. I'm Hyun-wook Kim currently at Korean National Diplomatic Academy, as an Associate Professor, and I thank you for inviting me to this valuable conference, and I'm very happy to have a chance to share my views about the Korean Peninsula issues.

The issues I'm going to have today, the topic is about the nuclear North Korea and unifications. The focus of my presentation is pretty much looking at some of the situations in the Korean Peninsula along with some of the policies from the U.S. and China towards the Korean Peninsula, both in North Korea nuclear issues and unification issues.

I think of -- there has been some debate in South Korea and in China about the current status of the North Korean Regime stability. When there was Kim Jong-il, when he had health problem, got his stroke in 2008, I think from that time, important measures to stabilize his son's power began. So I think we can think of three stages to stabilize current Kim John-un Regime's power.

First stage was for his father to form a Guardian Group for his son, which is composed royal family and New Military Group. And second stage was when Kim Jong-il died in 2011 there was another reformulation and reshuffling of the previous Guardian Group by Kim Jong himself. And during this time, I think there were a lot of

changes in the New Military Group leadership personnel, and I think the last stage can be, to form a sole governing system of Kim Jong-un himself.

In order for this last stage, there have been removal of Jang Song Thaek and Choe Ryong Hae, so I think that he is now almost complete in consolidating his power. And what we have to take a note is that, of course there are many functions the North Korea Nuclear Program and threats can perform, but still as Kim Jong-un has been in it, his initial stage for power consolidations, a long-range missile test, and third nuclear tester has been pretty much focused on his power stabilization; it was pretty much for the domestic issues.

And also the February 29th Agreement, and also satellite launch right after that, was also for the sake of power stabilization, that's the logic that we can understand why they have emerged a sudden military provocations of North Korea in the middle of important negotiations with the United States.

Let me take a look at the U.S. policy towards the North right now. I mean, the Obama Government policy towards North Korea begins from its regrets about the past negotiation patterns with North Korea. I think after there was a breakdown of February 29th Agreement in 2012, I think that was -- I think the pivotal point, a critical juncture that made the U.S. policymakers to realize that; hey, maybe U.S. has no intentions to talk with us.

So afterwards, U.S. began to change its policies, well then focusing on the more serious and sincere dialogue, and also they want to look at how North Korea behaves first, because it's not clear; what is the real intention of North Korea about the nuclear issues. So I think one sentence about the Korean Government's North Korea policy can be, "We don't buy the same horse twice," and it has been stated many times

by high-level officials of the United States.

Now I think it's very clear that North Korea would not abandon its nuclear program. It clearly mentioned in 2013 about a dual policy of nuclear development and economic construction, and also the same year they have mentioned about DPLK becoming full-fledged in nuclear powers -- nuclear weapon state. So now there's a law relating to this kind of nuclear power status consolidation.

So, based upon these domestic measures about nuclear program, the dilemma right now is that the U.S., China, most of the countries, do not believe that North Korea has intention to give up its nuclear program.

So based upon these explanations, now U.S. is very adamant that; hey, North Korea has no intentions to give up its nuclear program, we are not talking with you. It's all about economic sanctions to sharpen the choices of North Korea, and that is the current policies of Du-Bong Government.

Let me look at the Chinese posture. Chinese policy towards North Korea has been pretty much under discussion. The Xi Jinping Government policy towards North Korea, the priority -- the first priority of the government policy has been denuclearization of the Peninsula.

After the second nuclear test, Chinese policy towards North has been no war in the Peninsular, no chaos in the North Korea Regime, and no nuclear of North Korea. So the third option, the third priority has moved into the first priority. So that has, you know, caused a lot of discussion. Is it really meaning that there has been fundamental change in North Korea policy -- in Chinese towards North Korea?

But I think I'll -- some of the logics that comes out it, is that first, I think the Xi Jinping Government's -- of course to become a global power for the Chinese side,

began from Hu Jintao period, like 2007, 2008. There was Beijing Olympics, financial crisis, after which China began to change its policies to become a global power, from a regional power. And I think these kinds of precursors of policy change happened during the Hu Jintao period in the current Xi Jinping Government's policy.

The so-called new type of great power relationship, it's something that reflects, you know, something that happened already. So these kinds of changes in its policies, global strategies, it makes sense that there might have been some changes in its North Korea policy.

The second thing is that during the Cold War period and also Post-Cold War period, North Korea has been important buffer state to China. Whenever something happened it was all about North Korea that evaded the attentions from the global community, you know, about China. So North Korea was an important buffer state but, you know, from sometime it is becoming more of a troublemaker to China. The example is that 2010 Cheonan ship sinking in Yeonpyeong Island, the artillery cases, you know, brought the U.S. aircraft carrier into the Korean Peninsula which had to become a big headache to China.

So whenever something happens in North Korea; that becomes more and more a burden to China right now. So these kinds of regions are giving good rationale for China to change its North Korea policy fundamentally. But still, still there exists some of the important signs that there has not been the fundamentally changes in its Chinese policy towards the North.

Current Chinese policy towards the North, still focuses on stability, and still focuses on its relationship with the United States, and what is changing now, is that because North Korea is becoming towards a troublemaker, China is now trying to look at

South Korea, and trying to think of South Korea as another buffer states, vis-à-vis the United States.

So overall, I think of some reasons for why there has been a fraudulent relationship between China and North Korea now. As I have mentioned some of the global interests of China would make China to change its tactical posture towards the North, and that will be the first reason. The second reason I can think of is that maybe China was really angry when Jang Song Thaek was killed.

Jang Song Thaek was an important figure from the Chinese side. He had all the important network inside North Korea, he was the one that could allow Chinese merchants and leaders to have economic aid from North Korea. So when he was dead, Chinese leaders were angry because they lost all the networks they had maintained through Jang Song Thaek.

Third reason I think is that, maybe China is waiting for the Korean, North Korea Government to be stabilized. I have had a newspaper yesterday that one of the Chinese Ambassadors mentioned that, you know, soon Kim Jon-un's visit to China can be accomplished, and I think that means that current Chinese leaders are preceding Chinese and North Korean regimes almost at the -- you know, in the stage of becoming stabilized.

Okay. Let me take a look at the unification issues. For now it seems like it's very difficult to find the solution for denuclearization. I mean, the U.S. is not moving, and also China thinks that denuclearizing North Korea is very, very difficult. The reason they consider stability as their policy priority, is because denuclearized North Korea takes long-time efforts, and even though there are harsh, hard-line economic sanctions vis-à-vis North Korea, China believes that that would make denuclearization possible.

And instead of, you know, ruthless efforts to be made vis-à-vis North Korea, China maybe prefers to have stability to be maintained in the Korean Peninsula, because denuclearization is the goal to be -- that it would not be attained easily. The reason why I think unification is important is that that would be one important momentum for the denuclearization of the Korean Peninsula.

Some of the realistic scenarios and methods we can think of, of the unification, can be two-fold I think. The first one is pretty much the official postures of North and South Korea toward unification. South Korean official perspective and methods and approach, has been to achieve unification by Confederate States. You know, this is where the functional approach tries to have more exchanges and context in economic terms of which I think would have a basis for political integration later on.

North Koreans try to achieve unification by federated systems. They want to touch upon the political and (inaudible) first, and then try to have one state formed with two political systems. But one of the weaknesses we can find from these two official approaches of two Korea is that it might not be easy task to achieve political integration as has been the case in German Unification. I think, you know, it's not always easy. I mean, the Yemen case also proves that when two countries try to achieve unification, political integration was not easy, and they went into warfare again, you know, to achieve unification.

The second realistic scenario can be a peaceful absorption of South Korea, you know, South Korea absorption of North Korea peacefully. Maybe this scenario would guarantee much of the interest of the United States, rather than, you know, Confederate and Federate system -- systemic approaches which still have no easy task of political integration.

U.S. has been welcoming Korean unification historically. Many Presidents have emphasized that U.S. welcomes peaceful unifications of the Korean Peninsula, and also respects the terms that the Korean people accept. If unification is achieved, I think there might be several important interests of the United States, but the most important thing would be two-fold.

First one is that, about the interest of the United States both global and regionally, which is to denuclearize the Korean Peninsula can be achieved. Second one is about the U.S. Korean Alliance, I mean, now the Alliance is focusing on deterring North Korea. If unified Korea maintains the US-ROK Alliance, I think that that would be pretty much helpful to the people policy of the U.S., because new rules and functions of the alliance would be about guaranteeing the security of East Asia, rather than only focusing on the North Korean issues.

Secondly, Chinese policy towards the Korean Peninsula is again, say, four words. The first one is that they support a peaceful, independent, incremental and denuclearized unification. Peaceful means that the unification should be achieved peacefully so that that would not bother the economic development of China. And independent means that unified Korea should not be leaning towards the United States. I mean, they don't want the unified Korea to be pro United States. Incremental means that unification should not impair stability of the Korean Peninsula. Stability has been always the, you know, policy priority of China.

Lastly, denuclearization means that the Korean Peninsula after unification should have, you know, all the nuclear weapons removed, you know, off -- from the North Korean territory, you know, Northern territory, and also possibly U.S. extended assurance. So what then China means by denuclearization of Korean

Peninsula does not only focus on the North Korean nuclear program but also U.S. nuclear umbrella.

So my bottom line is that, okay, now six-part process seems very much, you know, unfunctional, you know, many states know that there has been official announcement of North Korea to possess nuclear program, and it's not very easy for us to undertake the six-part process which seems very much disappointing to achieve its goals, and unification is a very important tool for the denuclearization now for the Korean Peninsula, and that goal, I think would be beneficial both to China and the United States too.

One possible scheme and structure we can think of is US-China-Korea trilateral cooperation and meeting. We need to have those two -- three countries come together to talk about the Korean Peninsula issues. I mean, the U.S. has very big interest on the Korean Peninsula. China also has an important interest in the Korean Peninsula, and many issues are there. Not only nuclear issues, unification issues, we also have to talk about the continuous issues of North Korea, and then throughout the trilateral cooperation, and come together with the same front towards North Korea, that would be an important and diplomatic measures vis-à-vis North Korea.

Whenever we had different and diverse voices that allowed North Korea to use those gaps and maximize their interests diplomatically. Thank you.

MS. LEE: Thank you. Professor Kim Jae Chun.

MR. JAE CHUN KIM: Thank you. Let me preface by saying that it's such an honor to be part of this venue, and to be surrounded by exceptional, distinguished experts, and informed and knowledgeable audience today. When I was working on my talking points, the suggested title of this session, Dilemma on the Korean Peninsula, Call on Unification Initiative, and North Korea Nuclear Threat; rather than

Bonanza or Bombs, which I think was a little bit confusing.

So I thought my mission was to think about the ways in which we can sort synchronize unification policy with the policy to denuclearize North Korea. You know, to keep these two seemingly in compatible policies in tune with each other. Reconciling these two policies, I think is going to be very demanding, it's going to be very difficult, if not impossible.

Why? Because it's going to put us in dilemma-like situation; if we push North Koreans too hard towards denuclearization then this could undermine flexibility in South Korea's unification initiative toward North Korea.

Likewise, unification policy, unification initiative, without clear strategic vision, or unification policy without discipline can worsen North Korean weapons problems. So it's quite demanding, and North Korean nuclear weapons problem is certainly -- is playing out as a stumbling block for the unification process. Why? Because unless there is going to be a clear and significant breakthrough in nuclear talks with North Koreans, I think it's going to be very, very difficult for South Korea to take proactive initiatives towards unification process.

President Park Geun-hye, clearly mentioned that unless there is a breakthrough that Korea Vision Project is not going to be activated. Vision Korea Project, by the way, is to establish economic community between the North and South. That project is going to be activated, President Park Geun-hye said, only when there is going to be a significant breakthrough in nuclear talks with North Korea.

But the flip side, the flip side of this, is that if there's going to be a breakthrough North Korea nuclear weapons problems, then I think this could expedite the unification process, right. And unification, not the process, the end result of the

unification is going to be the ultimate solution towards, you know, North Korean nuclear weapons problems. So what I'm saying here is that success of one policy can actually facilitate success of the other.

So with that nature of these policies in mind, I'm going to talk about how we can deal with North Korea's nuclear weapons problems first. Okay. I'm not going to talk about the current status of the North Korean nuclear weapons problems, because Professor Kim Hyun-wook already, you know, elaborated on this point. Increased substantially, all the more difficult to the nuclear (inaudible) because the leader made it very clear that he would not give up on this -- (inaudible) strategy, right, of which the objective is to continue both economic development and nuclear weapons programs.

So it's all the more difficult to denuclearize North Korea nuclear weapons problems. Actually I remember Victor Cha saying that North Korea is a land of lousy policy options, I can't really agree with him more on this point. There are some things that we shouldn't do. Let me talk about the things that we shouldn't do.

First, we should not recognize the North as nuclear state, and engage in nuclear arms reduction talk. It's like giving in to their demands. Second, we should not offer incentives or concession to North Koreans first in the vain hopes that they would reciprocate with good behavior. It's tantamount to repeating the past mistake. It hasn't happened in the past, and it's not going to happen. It's like buying the same horse twice, so it's not going to happen.

Then what should we do? I think the first thing that we should do is to strengthen our nuclear deterrence capability. South Korea should work on our own deterrence capability such as, KMD and kill chain, but I'd like to see more cooperation taking place between the United States and South Korea. I want South Korea to gain

better access to the operations of the American nuclear capabilities and have -- I want South Korea to gain better use of the American extended deterrence. The point here is to make North Koreans think that their nuclear weapons are useless. You know, the point is that to deny their strategic advantage that they think comes with nuclear weapons. Okay.

Second, I think we should maintain and strengthen international pressures on North Korea, will have to continue by international sanctions on the North, and if necessary, we'll have to strengthen them. Okay. I think it is very important for the international community to keep China in these efforts. Once again, the point is that to send this message to North Koreans that the international community is vehemently opposed to their nuclear weapons program. The major stakeholder countries in North Asian region, vehemently oppose to their nuclear weapons program.

Third, whilst strengthening nuclear deterrence, and while strengthening and maintaining international (inaudible) I think it is also important to work on nuclear diplomacy. Why nuclear diplomacy? Well, with all the limitations and deficiencies, I think still -- I still believe that nuclear diplomacy can provide avenues to which we can manage North Korea nuclear weapons problems, although we may not be able to resolve them altogether. I think our nuclear diplomacy can still provide avenues through which we can -- the international community can put some diplomatic pressures on North Koreans.

And maybe by initiating and continuing diplomatic nuclear diplomacy we may be able to assess and reassess their intentions, if they change their intentions. And also, nuclear diplomacy, in my opinion, is going to -- is going to be very important in terms of creating favorable environment for the unification process to move forward on the Korean Peninsula.

So, in terms of viable options, in terms of options with which we can deal with North Korea weapons problems, I have this table, if you had my -- oh, but you don't have handouts, obviously. So on the one -- there's a continuum, so on one end of the continuum, we have what I would call appeasing the policy towards North Korean nuclear weapon problems.

And on the other end of the spectrum, there is an option of -- an option that I would call, extreme measures, such as launching preemptive strikes on North, nuclear sites; South Korea developing our own nuclear weapons programs, and redeployment of American technical nuclear weapons on the Korean Peninsula. I think those are extreme measures, I think we'll have to rule those out. Appeasement, a policy is just like, tantamount to giving in to North Korean demands, so we'll have to rule them out as well.

In the middle we have two measures, a-half measure is -- what I would call a-half measure is to repeating previous approach. You know, reengagement with old incentives, old diplomacy hasn't worked, so we shouldn't go back to that path, I think. The more proper measure I think is what I would call new engagement. We'll have to engage North Koreans, but with a clear strategic vision this time, and with a clear -- with discipline, with discipline; with strength and deterrence and with pressures. Okay.

So those are the measures that I think are -- I think those are proper measures. I mean if you have other ingenious ways in which you can -- we can denuclearize the North Koreans, please enlighten me after the presentation.

(Off the record)

MR. JAE CHUN KIM: Then, how to take the unification initiative when there is a clear and present danger, you know, North Korean threat, was again, to me, it

seems that there aren't any other options to take too strategic -- two-track strategy. By two-track strategy I mean, we'll have to stand firm with North Korea on security issues, including North Korean nuclear weapons issues, while at the same time we'll have to remain patient, creative, and start and continue into Korean exchanges.

You know, projects and cooperation that might be able to -- for South Korea to lay foundation for unification. So I think it's very important for South Korea to maintain balance between security policy and unification policy, and it's very important for South Korea Government not to repeat the past mistakes of Roh Moo-hyun Government, and even Lee Myung-bak Government. And Roh Moo-hyun Government the emphasis was on cooperation at the cost of undermining our security of Lee Myung-bak Government, I think it was quite contrary to emphasize the importance of security, but it wasn't really imaginative in terms of unification policy, or cooperation for that matter.

But the (Inaudible) Government is saying there we should start with a small unification policy, and once we build enough trust between the two Koreas we should move toward bigger unification policy. I think starting small, and taking this gradualist approach, or incrementalist approach, I think is the right approach. But at same time, I think we should start high-level Inter-Korean dialogue as well. High-level Inter-Korean dialogue on security issues and on North Korea nuclear weapons issues.

Can we make progress? I don't know, but at least Inter-Korean dialogue I hope will scale down the tensions of the Korean Peninsula which will work to the advantage of proactive unification policy on the Korean Peninsula. I have a lot of points, but I really don't think I have time to cover all of these.

So just to conclude, well at the first glance, there was a tested agreement between -- we'll have talk more to preempt, yes, the questions afterwards. So

to conclude, the policies to denuclearize North Korea, and then policy to unify Korean Peninsula, they appear rather incompatible, but let's not forget that unification is the surest way to resolve North Korean nuclear problems, and unless we resolve nuclear problems, unification, any attempts, will be incomplete. So let's be patient, creative and stay the course. Thank you.

MS. LEE: Thank you. Lastly, Professor David Maxwell.

MR. MAXWELL: Thank you, and let me echo my colleagues. Thanks for the opportunity to be here, to Brookings and the Korea Foundation. And to be with -- among all these distinguished colleagues.

I have much to say that is perhaps similar to both Dr. Kims' presentations. But I'm going to say some things, I think, in a little bit different way and, you know, first, my thesis is that the only long-term solution to the North Korea nuclear problem and to human rights atrocities that are being perpetrated on a daily basis by the Kim family regime is through unification of the Korean Peninsula.

I think that from the United States' perspective we have an opportunity with President Park's leadership, in Trust Politique and the Dresden Initiative, and it is time for the United States to embrace Korean unification and offer full support to the Republic of Korea to achieve unification.

As mentioned, we've talked about unification over the years, but in fact the 2009 Joint Vision Statement said that through our alliance we aim to build a better future for people on the Korean Peninsula, establishing a durable peace on the Peninsula, and leading to peaceful reunification on the principles of free democracy in a market economy. And President Park and President Obama reaffirmed that in May 2013.

And from my previous experience as a military planner that, to me,

serves as guidance for the Alliance, that the end state that we seek to achieve would be unification. Peaceful unification, surely, but North Korea has a deciding vote on whether it's peaceful or not. So unification should be end state and, in fact, from a strategy perspective the first thing I would always like to have is an end state.

So what is the end state that we should try to achieve? And my proposed end state would be a stable, secure, peaceful, economically vibrant non-nuclear peninsula unified under a liberal constitutional form of government determined by the Korean people. That would be my broad -- that would accomplish a lot, but I think our focus on the nuclear problem, as well as unification, as Dr. Kim said, we can't reconcile the nuclear problem in unification, but I think we should prioritize.

But our focus on the nuclear problem, and our -- as well as our fear of what might come next from a security perspective, really has paralyzed our strategic thinking. And that's why I think that we should prioritize and focus on unification, and as Dr. Kim said, unification will lead to solution to the nuclear problem. Because I don't think that -- as we all know, North Korea is not going to give up its nuclear weapons and, in fact, the report that came out this week, this weekend from North Korea, you know, stating that, nuclear weapons are key to protection of North Korean human rights, I think really illustrates -- really illustrates their position on nuclear weapons.

So, because we are paralyzed by the unknown, and what comes next, I think it's important to look at some scenarios on how unification occurs. And I think the confederal [sic] process -- the federal process laid out, those are -- you know, those are good, but we have to look at probably the full range of scenarios. Now the ideal path to me would be a peaceful unification that would really be built on respect, reconciliation, reform, rebuilding, and then ultimately reunification here.

And the ultimate, or the operative word here is ideal, and that would be a perfect case, and allow for peaceful unification. And some people would call that a dream, and perhaps an impossible dream, and I recognize that the likelihood of this happening, you know, I'll probably win the lottery before that happens; but that is the ideal. However, by thinking about that path to unification it can provide a lot of focus for the preparation that needs to occur for unification, and what I would say is, that we've done a lot of talk, and perhaps a lot of planning, but really the key to unification in the long run, would be preparing, and making all the preparations that need to occur.

The second path to unification would be much different. It would start in North Korea and would revolve around a bottom-up internal resistance that would lead to a regime that would seek unification, because I don't think, as we've heard, that the Kim family regime, Kim Jong-un is not going to seek peaceful unification unless it is on his terms, and that's not acceptable to Korea, the United States or the international community.

So, another path to unification has to be through internal regime change in North Korea leading to a leadership that would want to -- that would want to seek unification as a way to ensure the peace and security and the wellbeing of the 25 million people in North Korea. And actually, I would say that that would be one of the best paths to unification; the ouster of the Kim family regime, leading to a regime that would unify, but that's also difficult to do.

The third and fourth paths though are the most dangerous, and the third path is of course what causes tremendous problems for the security community and the region, and that would be that there would be the catastrophic collapse of the regime, and all the attending consequences. And, you know, collapse would mean the loss of

governing effectiveness, central governing effectiveness by the Kim family regime; and then of course the loss of support and coherency of the military and security services.

And that would lead to chaos, humanitarian disaster, and of course it, prior to the catastrophic collapse, the real danger could be Kim Jong-un making a decision to launch his campaign plan to unify the peninsula in order to, in his mind, have a chance to survive. And that leads to the worst-case path, which would be through war. And if that occurred, you know, the effects would be also catastrophic.

Now I lay out those four paths because, you know, three out of four are very difficult and dangerous, and the first one, ideal, is not likely to happen. However, the ideal path is important, because if we can -- if South Korea with the support of the United States, can really develop and conduct the preparations for unification, even if the other three paths occur, all that preparation will still support the plan for -- a plan for unification, and lead to the end state.

And some of the preparations that I think need to occur, number one, of course would be full support to President Park's policy of Trust Politique. Number two is the continued engagement between South and North Korea with a focus to get information into North Korea. As we've seen, that is happening more and more through various NGOs, defector organizations, but there really needs to be a concerted effort by the government, and again, with the support of the U.S. to do that.

There needs to be a number of plans put in place for unification, from land ownership. Plans for the North Korea Military; plans for, as President Park is already discussing about infrastructure development, economic development, and the transition; and then of course, ultimately, government integration and functions.

And lastly, the comprehensive diplomatic engagement and coordination

with the international community to support unification, particularly with China, and I would say that South Korea's relationship with China is particularly important. The focus on unification from a U.S. perspective, we are of course distracted, as mentioned in the first Panel. One of the questions, you know, we are still heavily engage in the Middle East, and we likely will be for some time.

And we are a global power with global interest, but focusing on supporting Korean unification can give the United States a different focus on the rebalance or the pivot. And in fact unification -- supporting the Korean unification might serve as one of pillars for the pivot. And allow U.S. strategists and policymakers to focus on supporting the unification, because we know that the six-party talks are not going to work. They haven't, they are unlikely to be. We don't want to buy the same horse twice.

And some would say, though, that that would be tacit recognition of North Korea as a nuclear power. And I certainly do not, ever, would want to call North Korea a nuclear power. In fact, I think the best description of North Korea and its nuclear program, is by one of our own colleagues Dr. Bruce Bennett, who calls North Korea and noncompliant, unsafe nuclear experimenter, and I think that's probably how we ought to think about North Korea. And of course being unsafe and an experimenter, does make them, of course, very dangerous.

The U.S. though should support unification really in three major ways. One is to take -- to make a visible effort to support President Park in her unification plans. We should publicly support them, and then we also need the U.S. National Security apparatus that deals with Korea, to be focused on unification, and not just the nuclear problem. Again, I think that focusing solely on the nuclear problem, really paralyzes us strategically.

And as Dr. Kim said, we really need creative, agile planning and execution, and I think that under the context of focusing on unification, we will be able to, at least contain the nuclear problem, manage it until unification can occur. And then the third focus has to be on that U.S. National Security apparatus assisting South Korea in developing and carrying out its unification strategy.

The last thing; and I'll just make a couple comments to conclude, I could go through all the elements of power in many ways that we could support this, but we've got a real -- the U.S. has a practical and a moral interest in supporting unification on the peninsula. And while we focus on deterrence and defense for the last 60 years, which needs to continue of course, we really have to look beyond deterrence in defense in the nuclear program to achieving an end state that is going to be one that will bring -- have the best chance of bringing security to Northeast Asia.

It's got a -- it will be a long-term policy, you know, it would be great to have unification occur overnight but, you know, some of us have been looking at North Korea for a long time and thinking it's going to collapse, and it has not, obviously, and so we can't say when change will occur. But through active preparations in supporting a unification policy, I think that there is a better possibility of bringing about change rather than the current strategic paralysis that we, I think, currently are experiencing.

So, unification is important. I think it should become a priority for the Korean part of the pivot, and U.S. support to unification should be and could of great -- make a great contribution to Korea and security in the Northeast Asia Region. And I'll conclude there.

MS. LEE: Thank you. Before I open the Q&A session, let me ask some questions from Moderator to be clarified by the three presenters. Actually unification

policy and debate on unification have -- it existed in Korea, but I think the audience in Washington will be puzzled a little bit.

Why? From recently, this year, especially after the -- our President Park Geun-hye's talk, mentioning about unification as a jackpot, created all this stir, and bringing many Korean delegation to the talk about unification, not only to Washington, and also to Germany, and also China and Tokyo. And obviously the purpose is trying to get the international support, especially from major stakeholders like the USA and China.

But still, I think there's something to be clarified up to this moment, even though the three gentlemen have mentioned unification can be an instrument for ending up the North Korea's nuclear program, and human rights violations; however, if we (inaudible) her, the Korean Peninsula trust process, still unification stays at the last stage. As you know her first stage is normalizing the Inter-Korean relationship based on strong, strengthened deterrence of North Korea's threat.

And then second stage, expanding the Inter-Korean cooperation exchange, we are going to build the trust. And then that's going to lead to unification. So this is a kind of three-stage sequence. So therefore, there is no official, as far as I know, government position changing the sequence, meaning unification itself can be a first goal to end up the nuclear program of North Korea.

So I want to clarify it, and also I didn't know, following the Dresden Initiative, our government is trying to open up the humanitarian support, and also more dialogue engagement with North Korea, and obviously that was rejected by Kim Jong so far. And also, as you know, our President has created a Presidential Committee preparing unification recently, and several gentlemen belonging to the committee as well.

So I think the audience in Washington, D.C., is going ear more about the

Korean Delegation, asking -- American support and talking about the unification. But nevertheless there are very complex things to be answered and to be debated, and the first one is, I think as a state, as North Korea, I think when there was the execution of Jang Song Thaek, some experts predicted instability of Kim Jong-un -- Young Kim Jong-un's regime. But I guess today, many of the Korean experts would agree that Kim John-un has succeeded consolidating his power.

And also following his (inaudible) announcement, the simultaneous pursuit of a strong military, and also economy reform, and there is also some observation that there's and economic kind of reform is popping up. So I would like to ask three presenters what's your assessment of current Kim Jong-un Regime, and if his power consolidation is stable, is it going to make difficult the denuclearization efforts between the USA and South Korea? So I'd like to ask.

And second is, North Korea policy, and obviously we have to compare the American Obama Government's policy towards North Korea, and Xi Jinping's policy towards North Korea; and President Park Geun-hye's towards North Korea. And there is much inaction in Washington, because Washington is so tired about the North Korean issues, actually it's not a benign neglect, it's a malignant neglect, so I think we are more talking about, you know, that whether Xi Jinping is really changing his policy.

And as Professor Kim Hyun-wook has mentioned, there is some changes, and at the same time the -- especially after Park consolidation by Kim John-un, again, China is going back to favoring that regime for the sake of stability of North Korea. And in South Korea too, I think the Park Geun-hye Government is in dilemma, even though she's talking about unification. You know, how we are going to arrange and link this unification policy with the North Korea policy, fundamentally based on conditionality

of denuclearization of North Korea?

So linkage is not clear yet, so I think Professor Kim Jae Chun has elaborated, but I think it's still obvious a need to be persuaded how these two policies are -- competitive policies that can meet at some point.

And last question is about the future of unified Korea. Obviously there is kind of diverse interest between the USA and China, about the political nature of a unified Korea, and China of course, doesn't want a unified Korea with a much large population, and a great economic potential to be staying the allied relationship with the U.S.A

And Korean experts try to persuade China, maybe, you know, putting USFK for the South we can still maintain the U.S. Forces and unified Korea as a force, so therefore we need to talk about what conditions, whether it's political entity of unified Korea, or to satisfy both the USA and China to secure their support of a unified Korea at the same time. And at the same time, also getting two Koreas there is also a very thorny debate about the political nature of a unified Korea.

I guess both Koreas agree about gradual, delayed, integration of two systems to minimize the cost, but at the same time, about the end state of a unified Korean, North Korea doesn't want to put liberal democracy, so to speak. However, it's for South Korea's imagination, there is no other alternative negating liberal democracy as a political system of unified Korea. So that is also the issue how the both Koreas can agree about the unified Korea.

So to which, gentlemen, can answer any of these three questions, I'd like to welcome you. (Laughter)

MR. MAXWELL: I'll go. As far as Kim Jong-un's stability, I think it's clear from his actions that he has gone very far in consolidating his power. So I think that that

is -- that is happening and he seems to have sufficient capability to keep himself in power. I do worry though, about him and his decision-making power, and what he understands about the world, particularly about the relationship -- military relationships between North and South Korea and the capabilities.

And I worry that, when faced with instability, or with any kind of threat that he might make a decision that is, from our perspective, not very logical. And so I worry about his decision-making, because of his inexperience, and I do fear that he is probably not getting the best advice from his senior leaders in his military.

As far as policy towards North Korea, I agree with what Dr. Hufbauer said this morning. I think that this is an opportunity for the U.S. to really support South Korea. So I think it's imperative that South Korea and U.S. policies be aligned. But I think we are really in a position now to support President Park's leadership, you know, I think that's really key.

China, you know, there are certainly you know, no war, no collapse and no nukes. I mean, I think we are all are in alignment with that idea. Obviously we have different ways, you know, of how to achieve that, and I don't think we'll ever be in line with South Korea, China and the U.S. with policies, but we have to try to do that, to get them at least cooperating. But U.S. and South Korea policy has to be in line.

On the future of a unified Korea, I think, yes, that's, you know, how China feels about a unified Korea, well I think that today they would say, you know, they might not favor it, but I think there's also a certain inevitability, and I think that in the end they will support it and as long as they are able to achieve their objectives. And unfortunately, I think the major Chinese objective in terms of a unified Korea, in addition to having access to, you know, the minds and the resources that's already buying up there, would

be that it would want U.S. Forces off the Korean Peninsula. And I think that would be its final demand for support to unification.

MS. LEE: Do you want to go next, Kim Jae Chun?

MR. JAE CHUN KIM: Okay. How stable is North Korea? How stable is Kim Jong-un? I think Kim Jong-un has succeeded in conciliating his power, you know, making a firm grip on the society. So in the short term I think the stability is there, but in the long run, because of the dual policy objectives of pursuing both economic development program, and retaining nuclear weapons, that they are contradictory towards each other.

If you want to continue with the economic program, you need the support from the international community, unless you give up -- unless you take some measures to denuclearize, there's not going to be any help or assistance from the international community. So in the long run, I think he is damaging the strategy, or geopolity objective of maintaining both, you know, economic programs and nuclear weapons program is going to backfire.

Just to get back to some of the points that you made. Why unification policy all of a sudden? I think that the perception of the Park Geun-hye Government is that, for some reason unification discourse in South Korea has lost its momentum, the younger generation has lost interest in unification discourse. You know, younger generation he's actually younger than I am. (Laughter)

MR. HYUN-WOOK KIM: I'm old.

MR. JAE CHUN KIM: Looks can be deceiving, I am older than you. So the point is to, you know, rekindle the --

MS. LEE: The interest.

MR. JAE CHUN KIM: -- yeah, interest, and regain the momentum and keep that momentum going. So to that extent I think Park Geun-hye Government did a pretty good job, but the problem is -- you know, we are going -- it's going to be a bonanza, it's going to be jackpot. You know, the substantial interest would be materialized, but where are we going to enjoy those interests? What kind of house are we going to build? Under which roof are we going to enjoy those benefits?

So we have to clarify, come up with a clear vision, and the blue print with which we can, you know, get to the final destination known as unification, also how we are going to build this house. What kind of architectural types are we talking about here, so those are my thoughts and vision; I think that the Park Government has to work more on vision and methodology vehicles with which we can get to the final destination known as unification.

The incapability of the two policies, so do we have to prioritize one policy over another? Do we have to give up on one policy? Personally, I don't think so. I think we'll have to pursue these two policies simultaneously, as I said before. If unification comes first and that is the resolution of nuclear weapons problem, and if we can resolve, if we can make, you know, genuine progress in nuclear talks, then that's going to expedite the unification process.

So it's not a matter of which policy we'll have to prioritize. Do we really have to give up on one policy over another, I don't think so. We'll have to keep these two strategies -- two-track approaches. What else am I missing out here?

MS. LEE: It's okay.

MR. JAE CHUN KIM: I think sometimes neglect can be benevolent, you know. We are criticizing for -- the U.S. party for being negligent, sometimes inaction can

be more --

MS. LEE: They've been inactive so long, so.

MR. JAE CHUN KIM: So, I don't know. I really -- I'm of an opinion that we should not be just talking for the sake of talking. We shouldn't just provide avenues for North Koreans to buy time, and then the petty games one more time. Not that I'm saying that we have -- we shouldn't be initiating nuclear diplomacy with North Koreans, we should be, but with the increased, strengthened deterrence and maintaining, you know, a unified front between stakeholder countries and in terms of community, then we can engage with a clear strategic direction. I think I'm missing out, but.

MR. HYUN-WOOK KIM: Thank you, for talking a lot of things about these issues. I think I already touched upon the current assessment of Kim Jong-un a little bit. I think the status, stability of the regime, I think is becoming pretty much complete. Several signs of this that first; now there are the signs of possibilities of Kim Jong-un's visit to Beijing, that's my first one.

And secondly, when I look at the North Korean diplomatic behaviors; when the regime itself, and the leader itself within, North Korea is trying to consolidate his power, whether it's the initial phase or in the middle of reshuffling his power arrangement inside, the diplomatic behaviors and military provocations happened very regularly. For example after -- like, during Kim il Sung era also, when there has been a meeting between two leaders, and afterwards suddenly, there was Kim Jong-un coming into South Korea to assess President Park.

Also, recent example, 2000, February 29th Agreement, North and the United States agreed upon, you know, to stop the nuclear development; and suddenly development, and suddenly after like two months a satellite launched. So all this kind of

behavior doesn't make sense, whenever the power consolidation process is going on within North Korea, but recent behaviors of North Korea shows such irregularity, I think.

Now the frozen relationship between North and South -- North Korea and China, now North Korea is trying to, you know, diversify its relationship. They are visiting Russia, and then Russia-North Korea relationship is very solid. They are even talking about, you know, deploying Russian, you know, Military inside North Korea. Also North Korea, Japan, had a good deal about their -- of their key issues.

You know, North Korea is sending its athlete group to South Korea for Asian Game, also visiting the United States, and Europe; so all the kinds of diplomatic moves of North Korea makes sense, diplomatically. That kind of proves that the power consolidation process is pretty much complete.

One more thing I want to talk about is that, nevertheless, I think that North Korea would pursue towards nuclear state some day. They clearly mention their willingness and intention to become a nuclear state, and in order for that -- I mean, before there was some suspicions by external members and observers whether the functions of North Korea nuclear program might be just to have a deal with the Western countries, and the United States, but I think as they made it, you know, clear now, that they want to become a nuclear state, I think that someday they will test the fourth nuclear test; but the timing would be when the political damage they get from testing their nuclear weapons would be the very least.

U.S.-China's different interest on the unification; yes, I think that they have different interests on the unification. But the fundamental difference is that China does not want the unification of Korea, they officially begin to mention that; hey, we welcome the, you know, unification of Korea, but I don't think China really wants the

unification.

The United States historically has been mentioning about, you know, supporting the unification. Susan Rice several days ago, clearly also mentioned about the U.S. support unification. So I think we have to begin from that kind of different, you know, postures and assumptions about the unification from these two countries.

The second one is that U.S. interest is definitely, you know, focusing on denuclearizing the Korean Peninsula. You know, now, especially during the Obama Government the nuclear weapons, and Nuclear Zero Initiative has been important, you know, diplomatic goals of the U.S. Government. So that has been the first one, but I think the Chinese case has been always the stability of China and to prevent the unified Korea to become pro United States, so I think in this sense there has been some, you know, dilemmas that Korea -- unified Korea would have between the United States and China.

About the North Korean detestation of free democracy of unified Korea; yeah, I think I have mentioned this already. This is a pivotal point of unified Korea. I mean, to achieve political system, I think that is a most difficult task that we can have when we unify -- when you get unified. And I think -- I mean this is my private opinion, not official opinion -- but I think, you know, rather than official approaches of two countries, the most ideal approach is South Korea observing North Korea peacefully, because political integration is really tough.

MS. LEE: Thank you. We have a great audience today, so I know some of you can have another presentation, but we have only 15 minutes, to the maximum. So please be brief, and then identify yourself first; so Former Congressman (Inaudible) first.

QUESTIONER: Well thank you, for the presentation on the insights

(inaudible) unification issue. I would like to make one comment, and one question. I'm very encouraged by Professor David Maxwell, about the importance of the U.S. diplomatic, economic and military support for the unification. I think that in general, there are three scenarios for the unification; soft landing, hard landing and turbulent landing, which might -- (Laughter).

MS. LEE: What's the difference with (inaudible)?

QUESTIONER: -- which might include your scenario for insurgence or collapse. Things happening in North Korea is, in a way, beyond our control. And although we aspire to realize this peaceful, long-term incremental unification which might minimize any turbulent impact on the Korean Peninsula, things may transpire that we have to deal with contingency, and have to prepare for every possibility.

So in that sense, and I think that close Korea, U.S. Alliance and the emphasis on the U.S. active role, to be played to facilitate this unification of the Korean Peninsula is absolutely crucial. And after six decades of the successful Korea-U.S. Alliance which has managed to deter the North Korean threat, certainly, I think our next mission is to move towards the unification of the Korean Peninsula based our strong Alliance. So I'm very encouraged by your presentation.

The other point, and a question, to either of the two Professor Kims, or maybe to the Moderator, Professor Lee, is about the ironic twist of the external relationships of two Koreas between China and Japan. That conventionally North Korea was close to China, as a kind of an ally, but now North Korea is continuously troubling China through the nuclear test and missile launching. While North Korea is opening its door to Japan, and in contrast, South Korea is having a close dialogue with China, and now we have a very chilling relationship with Japan.

I wonder; how do you interpret and assess this ironic twist of external relations of two Koreas? First, for the unification of the peninsula, and two for our management of our relationship towards China --

MS. LEE: Can you -- no, wait. Can you stop?

QUESTIONER: Maybe I can -- sure, certainly, sure.

MS. LEE: Yeah. I'll take two more questions in a row; Professor (Inaudible) first.

QUESTIONER: (Inaudible) University. My first question goes to Professor Maxwell. So you talked a lot about American Government supporting the Unification Initiative of the South Korean Government, but from a military point of view, from the U.S. perspective, how does unification change U.S.-Asia strategy? For example, U.S. rebalancing to Asia emphasizes the strengthening existing Alliance relationships with Seoul and Tokyo. If unified Korea has -- you know, shares a border with China, I mean does it change at all, U.S.-Asia strategy compared to the post-war U.S. -- American Liberal Order or you are in the region?

My second question to Professors and Kim, two Kims whoever --

QUESTIONER: Two Kims, Professor Kims, whichever one.

QUESTIONER: I am curious and I really do not have much information on this, how much dialogue is there between Beijing and Seoul about unification? Is there any? I get a sense that from the panelists that there is some understanding about the importance of trilateral collaboration and cooperation between Beijing, Seoul, Washington. How much dialogue, and I mean, there is -- is there something going on that I am not aware of? Or maybe something -- a question of quiet diplomacy, I do not have to know, but I'm just really curious. Thank you.

MS. LEE: Thank you. One more; did you ask people in the first session? Can you just -- (Laughter) -- Yeah?

QUESTIONER: I'm (Inaudible), from Siguler Guff. I'm glad to hear Russia mentioned at least once in this conversation. It hasn't been mentioned till this Panel and, you know, historically has been an important actor in this whole discussion.

In this practical sense, the Dresden Initiative also announced some investment incentives, and investment strategy to practically prepare for this, including infrastructural investments and related investments both into Russia and into China to try to prepare practically for the cost and infrastructure, in a broader environment -- economic environment maybe as an example, and also just as a practical measure to create a more viable, integrated economy.

I'm wondering what your opinion of that is, in its importance and its likely execution, particularly given, you know, the background of all these conversations we've had in the last, this past morning, of Russia's realignment towards China; Russia's realignment towards the Fareast; but also the complexity now between the U.S. relationship with Russia, and Japan's; and Korea's relationship with Russia; so really a focus on the practicality and importance, from your point of view, of the aspect of investment as a possible preparatory activity for the unification process.

MS. LEE: Okay. Gentlemen you don't have to answer all three questions. Just go ahead. David, do you want to go?

MR. MAXWELL: Okay. First, I just want to respond to Dr. Park. Instability is a big problem. I think in the contingencies, if North Korea collapses, I think your hard landing and turbulence, we've got to be ready for those. I'm reminded, when we were doing 5029 planning back in the 1990s, and Kurt Campbell was a -- Dr.

Campbell was of the Assistant Secretaries for East Asia, of Defense; and he said about collapse of North Korea, there's only two ways to be prepared for the collapse of North Korea. That's to be ill-prepared or to be really ill-prepared. And that has stuck with me for a time.

So I think that, you know, we have to be ready for those contingencies, and I think we are seeing much more increased low-level instability, that's really, really -- bears watching. And something could happen, even though we want to have a long-term unification plan, something could happen along the line very quickly that we need to be prepared for.

In terms of, if unification occurs, U.S. strategy; I think that will be a game-changer for North Korea. So I think, you know, the pivot and everything, when unification occurs it's a radical change to security and Northeast Asia, although I would say the one constant will be that the Korean-U.S. Alliance will still be critically important. And I think both Korea and United States will want to maintain that Alliance given the overall situation; but unification will be a game-changer for U.S.-Asia strategy.

And I do think that investment is important. I think that that part of President Park's plan is important, because I think that goes to preparation, and that also, I think, creates opportunities if we are -- if the international community is doing that in support of unification, it may provide other opportunities for engagement that, you know, could help diplomatically in other areas to include, you know, dealing with the nuclear program.

So I think investment is important, but the current relationships are, you know, there's a lot of friction that could cause problems, particularly from a U.S.-Russia perspective.

MR. JAE CHUN KIM: Okay. The only twist is taking place in the region, in Northeast Asia, Japan toying with this idea of establishing diplomatic relationships with North Korea and then -- and South Korea are getting closer to China, I don't know. I don't think this is really a tectonic change in the region. I think it's rather a temporary deviation. Japan, the Japanese leadership is doing this for domestic political consumption to advance their domestic political gains. I don't think Japan violates -- would go as far as to violate international sanctions, undermine international sanctions.

I think Japan will be -- will stay united, you know, in front of these sanctions against North Korea. You know, China is important to South Korea, that's no denying that, but China is important, you know -- it's (inaudible). You know, the importance to (inaudible) is because of economic interest. And South Korea realized that the cornerstone of our security policy is still our, you know, partnership with the United States.

So it isn't really a tectonic change. I think that the division between oceanic power and continental power is still very much intact. It's not as tight as the one that we had with the U.S. during the Cold War era, but still it's a little bit loose, but I think that this -- the structure hasn't really changed.

Is China up for unification? Well, the United States and China, continuously, the leadership have said that they are all for unification policy officially, but perhaps South Koreans doubt that they are sincere about their announcement, because the status quo might be actually preferable to, both to the United States and China, because of the unpredictability, unpredictability of the unification process itself, and the uncertainties of the end state of unification.

I think both countries might actually prefer status quo to unification,

particularly if the relationship between the United States and China deteriorates, both countries might actually prefer the status quo to unification. Why? Because if there is a heated rival between the two countries, it's just like the Cold War era; you know, when the Cold War -- temperature was at its high during the Cold War era, and neither -- you know, both Soviet Union and the United States actually prefer the status quo in Western Europe.

Neither side was really -- pretty happy with the status quo, neither side was willing to push the other too hard, because of the balance of interest, because the stake was too high. So I think from the perspective of South Koreans, we want to see more cooperation taking place between the United States and China in this -- in Northeast Asian region. Thank you.

MR. HYUN-WOOK KIM: Yes. Several questions, I will answer some of those things. Concerning to Congressman (Inaudible) questions. I think now -- you know, I think in order to look at the current relationship between China and North Korea, and China and South Korea, I think we have to think a little bit about what is the characteristics of Chinese foreign policies. China doesn't have its grand strategy, historically, in its foreign policies. What moves China to behave in diplomatic matters in foreign policy is how they define their interests, national interests.

And also in their policy towards North Korea, their interest worked in their changes in responding to North Korea and nuclear program and tests. For example, after first nuclear test in 2006, Japan was very aggressive participating in U.N. sanctions, but the bottom line was that, you know, the U.S. and North Korea had a deal. They had a secret meeting in Geneva, and lifted the BDA sanctions, and U.S. and North Korea had come up with a February 13th Agreement, in 2007.

So, what Japan realize that, okay, we try to give hard time to North Korea to denuclearize North Korea, but what they got was that; hey, North Korea came to the side of the United States. So their policy changed after the second nuclear test in 2009, what China did was that they were really reluctant to be harsh -- hawkish to North Korea. They begin to divide North Korean issues and North Korean nuclear issues.

And now after the third nuclear test, they are getting tougher and tougher now. China is getting tougher. So it all depends upon what kinds of interests they think is important. There is no unilateral policy in their foreign policies, and also in their North Korean policies. And concerning that, related to the China-South Korea relations now is getting better and better, and we know that, that it's more on the side of China that wants a closer relationship within South Korea and China, rather than what South Korea wants.

Because I think there are two reasons. The first one is that, as I have mentioned earlier, North Korea is becoming a troublemaker, and China wants to expand its buffer state into the entire Korean Peninsula, including South Korea. That's the first reason.

And for a second is that, I think China is beginning to get prepared the unification. Current balance of power, and then unification, that's very bad for China. It's China versus U.S.-ROK Alliance, and China does not want it, so China needs to have a strong relationship, but also a relationship with South Korea.

About the unification, it may be good for U.S. Pivot Policy? Yes. I think, definitely. After unification, the U.S.-Korea Alliance would have another role, which is to work as a order maintenance in Asia; securing guarantor of Asia, which is definitely good for the U.S. Pivot Policy. By way of this, U.S. does not need to be stationed in South Korea and Korean Peninsula altogether, vis-à-vis the North Korea threat. They can be

flexible and deployable which is good for cost -- cost of U.S. forces in Korea, and good for the U.S. Pivot Policy strategy.

Is there any dialogue between Beijing and Seoul about the unification?

There have been a lot of statements by scholars about China's posture towards unification, before the Xi Jinping Government; which is that Chinese posture towards Korean Peninsula is that they support peacefully in the pending unification of Korea. And after Xi Jinping Government this statement became official. That's the difference.

The second one is that I think as the Xi Jinping Government also mentioned about China supporting South Korea initiated unification. That's the current, you know, ideas proposed by -- announced by Chinese Government.

MS. LEE: Thank you. Our last session has to start from 1:45, so we need a 10-minute break. So I'm sorry to take up only three questions from the floor. But don't get disappointed because there will be a series of conferences like this, between this year and next year. And thank you, for the audience, for the tremendous questions, and (inaudible). (Applause)

(Recess)

MS. TURNER: My name is Jennifer Turner and I know you're going to be a little confused, but I direct the China Environment Forum at the Woodrow Wilson Center. So I do China stuff on energy and environment and climate. I don't speak Korean. I do actually have two sisters-in-law from Korea just to confuse things, so two family members married Koreans. So I have a little Korean in my family, so that's why I know how to say (speaking Korean). And I can say (speaking Korean) and (speaking Korean) and we're done with my Korean.

I'm very excited to be here. At first I was confused when Brookings

invited me, but then I was excited because I focus on China. And here in D.C. when you talk about climate and Asia, everyone says C-H-I-N-A, right? China, the number one greenhouse gas emitter in the world and are they doing enough? Yes, they are, maybe not. And then there's Korea and I know that Korea is actually really moving and working to become a leader in climate issues. And so I thought, well, this is a good opportunity not only to highlight this trend -- not to say it's 100 percent successful, we'll find out -- but also for my own personal selfish gain to understand what Korea's doing because I think there could be some opportunities between China and Korea.

So what we have today is a panel called "Korea's Leadership in Global Issues: Green Economy and Climate Change." I've got three speakers, and I've been very strict with them. I've told them they have 15 minutes and they stop talking because your job in the audience is going to be to ask difficult questions. Now, I don't know -- see, this is your homework. You have to pay attention and ask challenging questions because I know maybe a lot of you are not energy and climate people, but it is a matter that is important for the world to be an environmentalist kind of person standing up here.

So what we're going to do is we're going to start off with -- and I'm going to do my best not to mangle everyone's name. We're going to start off with Dr. Suh-yong Chung who's an associate professor at Korea University, and he's going to take us on a quick review of Korea's leadership on the climate issue and green economy. So that's looking more about what Korea's doing on climate mitigation to prevent it from coming out.

And not that she's negative, but So-Min Cheong, an associate professor of geography at University of Kansas, she's done some really fascinating work that's going to be -- and you'll have to tell us where it's going to be published -- but looking at

climate adaptation. If you're not familiar with the term, that basically means climate impacts are going to happen. How can we adapt? How can we cope? How can we be resilient? And fascinatingly enough is due to the comparison between what France and Korea are doing in terms of their planning.

And then we have Jay Koh who's a managing director and partner at Siguler Guff who's kind of from the more business angle because how do you pay for all this? And I'm not going to steal his thunder about what he's going to talk about.

So you understand the plan here? They're going to talk quickly, succinctly, and compellingly. And you are getting ready to ask difficult questions when it's done, and I'll guide you in the discussion. Does it sound like we've got a good contact, social contact, here this afternoon? All right, it's after lunch. They're going to get sleepy. Got to keep it moving. All right, Professor Chung. Let's welcome him.

PROFESSOR CHUNG: Thank you. This is so unusual I think for us to discuss about a nontraditional security issue such as climate change in Washington, D.C. This is actually my second appearance talking about Korea's climate change -- actually third in Washington, D.C. And I know that Washington, D.C., has tried to gradually though have more interest in how Korea has been addressing some of the global issues such as climate change. And particularly because of the active carbon policy of the Republic of Korea under the Lee Myung-bak Administration, Korea has been exposed to this world of the climate a lot more than before. And many people are still curious whether or not Korea is willing to -- and Korea is actually considering -- pursue this policy under Park Geun-hye's Administration. And my answer from the beginning is yes, of course, and then I will try to explain how Korea has been doing this work at the global and regional and national levels.

I was asked to finish my presentation in 15 minutes, which is a very difficult task, but I will do my best.

So let me start with why I want to talk about climate change here in Washington, D.C., not because climate change is such an important issue. The Secretary-General of the United Nations took climate change as his one very important agenda in his term. This is the first time for a U.N. S-G actually to take climate change as his own agenda. So it reflects that climate change is very important, of course.

Are there any other reasons why we want to talk about climate change in Washington, D.C., especially in this forum? And I'm arguing yes, there are several reasons why and I would like to discuss some of the context of why we are not discussing climate change in Washington, D.C. First of all, the Republic of Korea is a Non-Annex I country. That's the technical term, a developing country under the U.N. FCCC, which doesn't have any legally binding obligations to reduce greenhouse gas emissions, along with China, India, and other advanced developing countries, but still a member of the OECD. So Korea has been questioned by many countries, why don't you take the legally binding obligations to reduce greenhouse gas emissions because you are an OECD country? So in other words, Korea has been pressured to take some actions, active actions, to climate change.

Number two, still Korea has very energy-intensive industry infrastructure, which means even if we have been working very hard to reduce greenhouse gas emissions by ourselves, but still the GHG emissions have been growing. So there are a lot of reasons and this is similar to the United States. If you see the trend of the greenhouse gas emissions and you ask, there are similarities between the two countries.

And number three, the need for adequate role as a middle power, Korea

has been very active, not just as a mirror of the eight countries in Northeast Asia. These days if you carefully trace the general policy of the Republic of Korea, Korea has been striving to identify its own country's role towards some of the important issues at the global level. At the same time, does Korea think that climate change is very important? Of course. The U.S. has been the leading country in addressing all those other kinds of global issues, including climate change. So there could be some issues that we can talk about together.

Finally, let me go to one slide. There were two actual statements made by the summits of two governments, of the Republic of Korea and the United States, emphasizing that in the context of the future, a U.S.-Korea alliance. There are several issues that we can work together in the context of global commerce, and I highlighted them. You can see low-carbon green growth, clean energy, nuclear energy, and in most recent times, President Park Geun-hye shared her vision in emphasizing common challenges, including global partnership, Korea's leadership, more important climate change, clean energy, energy security, development assistance cooperation, peaceful uses of nuclear energy, and nuclear safety issues.

Then I question myself where I extend all these great political commitments have been implemented, both in Seoul and in Washington, D.C. So there is my starting point. And my answer for now is to actually there are more needs for us to walk together instead of saying there are a lot of activity already done between the two governments. So there are several contexts that we can approach, now talking about the climate change in Washington, D.C.

So here I want to spend a little bit more time to talk about the so-called approaches. The two countries have shared that the climate change is important

agenda, but there's just some reasons why actually two countries are very good reasons to work on specific issues to address climate change. And then in this context, we need to understand a bit more about approaches to technical climate change.

As the chair introduced, I'm going to focus on the mitigating aspect of the climate change issues, meaning that why climate change matters? Because we make the greenhouse gas emissions, right? So unless you reduce greenhouse gas emissions, you cannot solve the problem of climate change. That's the issue of mitigation, right? So mitigation is extremely important agenda. And then at the global level, if we want to address the mitigation issues, then you only need probably about 20 countries because the top 20 countries will represent more than 80 percent of the total greenhouse gas emissions of the world. We have about 200, but actually if we want to tackle mitigation, you need to have about 220. So that's a starting point. Then the question is how we can handle these 20 countries to reduce greenhouse gas emissions.

So here usually when I ask people on the street, when you think about the climate change, when you think about reducing greenhouse gas emissions, what should you do? And the usual answer will be we have to keep legally binding obligations to countries to reduce greenhouse gas emissions. Under the U.N. FCCC, that comes with developed countries. We call the Annex I countries. So it's very regulation oriented. And when I ask people which ministry will be responsible for this issue, the usual answer will be Ministry of the Environment and here in the United States, EPA is pretty much regulation oriented, regulation so that we have to control them meeting the greenhouse gas emissions. We call this approach at the global level as top-down approach. In other words, countries agree on their legally binding treaties based on those countries that have to implement legally binding obligations to reduce greenhouse gas emissions.

Remember, at this time only developed countries are supposed to take these legally binding obligations.

But what's striking is -- because I don't have much time to cover everything --

MS. TURNER: You're making me the bully, huh?

PROFESSOR CHUNG: A great study, an economic study, in order to meet the target, there was a proposal recommended by IPCC, you have to reduce greenhouse gas emissions by 2030. How much? About 20 gigatons, 19 gigatons; that's a lot of CO₂. Out of 19 gigatons, ask yourself who needs to reduce more greenhouse gas emissions between developed countries and developing countries. Ask yourself. The answer is, surprisingly, 15 gigatons out of 19 needs to be reduced by developing countries.

I told you, developing countries under the U.N. system don't have any legally binding obligations to reduce greenhouse gas emissions, including China, India, Korea, Mexico, Indonesia, Brazil, South Africa. As I told you, we only need about 20 countries from the top, right? Now, major emitter is China. In the year 2030 scientists expect that India will be the number one emitter, so more developing countries are getting more important. Unfortunately, the U.N. system has failed in persuading all these important major emitters actually to agree upon legally binding obligations to reduce greenhouse gas emissions. As of today under the U.N. system, only 15 percent of the total greenhouse gas emissions at the global level is being covered by this top-down approach. In other words, only European countries.

Climate change politics is about amount of emission. You emit a lot of greenhouse gas emissions, you are very influential. If you don't have it, then you are not

that influential. So LDCs, you know, small other countries, are very, very important countries that we have to take care of, but actually in real politics we are politic. They are not a decisive factor to bring decisive agreement on how to tackle climate change.

So what I'm trying to argue is that the traditional approach under the U.N. system that has been embedded since 1992 actually is not working as well as it was supposed to. So this top-down approach because countries are not willing to take legally binding obligations. Climate change history doesn't have a long history -- 1992 -- many of you here were born before, of course, 1992. So you are the history of climate change, meaning that countries beginning to build many practices actually to depend upon some of the very tangible things. So the climate change area requires other approaches. This is another thing. Why climate change more a problem happens? Because of the economic activists, energy uses. So if and why countries are reluctant to take legally binding obligations? Because they think that taking legally binding obligations to reduce greenhouse gas emissions gives the burdens to their society. So you have to change your mind. If countries are concerned of taking burdens, then you have to make this subject as a matter of opportunity. So this comes from one of the famous works of the McKinsey. It listed all those available green technologies, low-carbon technologies. So in other words, if your country invests your resources to promote these technologies in the market, then your economy will grow. But these technologies are low carbon, either energy efficient or renewable, so they don't emit greenhouse gases or they emit greenhouse gases less. So you want countries to grow, but actually you can reduce greenhouse gas emissions. It can be applied not only to the developed countries, but also developing countries. Countries are not concerned about the sovereignty interruption by the treaty because it's all voluntary. So what matters is how to create the

institutions for where all these various stakeholders -- not only governments, but also private sectors, international organizations, NGOs -- can work together comfortably.

So I think this is the issue and we call this bottom approach. And the reason why I spend all the time to explain about this is that in the legal context, in building global architecture, the United States has been very, very active actually in promoting this bottom approach along with some other countries, including Australia, Canada, Japan, and others. And then they are very, very market oriented. That's a very big difference between the European Union and the United States in the U.N. setting to tackle climate change mitigation issues.

Now, because I'm running out of time, all these things can come along with some economic planning. Ask yourself, okay, if we want to pursue this, which ministry might be more relevant in your country to employ all these ideas? Is that Ministry of Environment? No, it's the Ministry of Finance, right? So all these ideas start to be implemented not only by the Ministry of Environment, but rather by the Ministry of Finance as a matter of economic growth. In the Republic of Korea, Korea started to call this under the Lee Myung-bak Administration as low carbon, green growth policy. So low carbon green growth policy in Korea is not Korea-specific. Actually there is a global trend actually to tackle climate change in the context of promoting low carbon technologies. And then in Korea it was called as low carbon, green growth policy. Now under the Park Geun-hye Administration we call it as -- you know, there are some good linkages between creative economy and what I was just describing about.

So I'm arguing that I have been questioned by many people whether the previous government stopped than the previous government, my answer would be different? No. We have our policy in a different way, but in a very same context.

So Korea's strategy -- let me finish things very quickly -- Korea set all these things as national agenda by the previous government and then Korea implemented -- Korea established domestic institutions to implement all these policies, such as frame of act and then introducing legislation on EPS and others. There are many, many legislations, which are legally binding on a voluntary basis of Korea who has never been forced by any treaty or any other country. It's voluntary. It's very good. And Korea committed to reduce greenhouse gas emissions by 30 percent on its own. So it's very voluntary. It gave a very good signal, a positive signal, to the world as all the rest of the countries, which is not supposed to get in legally binding obligations actually tried to take this as a matter of opportunity. And these days, Korea is very active not only working at the national level, but internationalizing all these policies. So one of the very obvious examples includes hosting the Global Green Growth Institute and the GCF in Korea. The GGGI is supposed to provide planning schemes to the countries. This is a new approach. So the Ministry of Finance is not familiar with how to make plans. So there needs to be somebody's agent, which might be able to help especially in developing countries to develop this strategy. And the GGGI is supposed to play the role. I personally serve as a member of the Council of the GGGI now -- that's the governing body -- so we are working really hard actually to meet the needs of the world. And the GCF is very, very important. I think one of my colleagues will talk about it even more because it requires --

MS. TURNER: The Green Climate Fund.

PROFESSOR CHUNG: If we want to implement this idea, then you have to secure your sufficient financial resources. So financial mobilization is very, very important and that comes not only from the public sector, but also private sector as well.

Maybe private sector is mobilization will be more important, so we have to work on this and Korea is the host country. Next week, President Park Geun-hye will be in the United States at the United Nations, but she comes to the U.S. to go to the United Nations to attend the climate change summit meeting. Even if I cannot talk about the details at this time, she will play very, very important role in the summit meeting and she has even been asked by the United Nations to do so because Korea has GCF.

This is my last slide, if I'm allowed 30 more seconds. So this just leads to some other things. What I'm trying to emphasize, and you can read this list, these are things that we can work together in the context of climate change between the Republic of Korea and the United States. Korea is committed to take climate change as a matter of politics, as a matter of economics. And the United States is the country that tries to tackle climate change using this approach. I see a lot of good things in terms of cooperation. But the problem I would say or the limitation I would say is that in the State Department in the United States, those do not work on the bilateral side. If I go to the U.S. embassy in Seoul, more diplomats from the U.S. are working on North Korea rather than on this issue. I know some of them, but they are too busy actually to cover the other thing. So maybe one of the good things for us to be able to think about is to how to mobilize all these good opportunities for the best benefits of the two countries as well as the entire world.

So this is the end of my presentation. Thank you very much.

MS. TURNER: Thank you very much. See, I'm really mean, but see now you've left them wanting more. We're going to hold on. We're going to go straight to the next speaker and then we'll do questions, but don't forget any questions that you have for the professor.

And so we're going to move on to -- I have to have my people in the back room give us -- oh, here it is, awesome. We'll wait till they do the clicky stuff. That's the wrong one? We need the other presentation for Suh-yong Chung. It's the colorful one. But while we're waiting for them to do that, one thing that comes to mind is when you were talking about the need for bilateral U.S.-Korea -- I mean in U.S.-China they have -- Presidents Obama and Hu in 2009 had like nine clean energy agreements and that we have this kind of growing kind of bilateral with China on clean energy, which focuses -- that's still the wrong PowerPoint? Is that the wrong one? That's the wrong one. I have it on a jump drive if you need it. But maybe while we're waiting for that, does someone have maybe one question on the Korea climate? We'll move to Jay's? Okay. We won't do questions. Jay. Well, because it does make sense, too, because he mentioned the Green Climate Fund. Can we dim the lights, please?

MR. KOH: Thanks. My name is Jay Koh and I'm here to give you a little bit of a tour of the Green Climate Fund and some of its implications for South Korea overall. My role here really is as a private citizen. I work for an entity called Siguler Guff, which is a global investment house. But I'm also a member of the Private Sector Advisory Group to the U.N.'s Green Climate Fund in partially providing some feedback to the board of the Green Climate Fund on the design of the private sector facilities that you talked about briefly.

I'd like to add my thanks to the other members of the panels today, to both Mr. Yu and Professor Moon, and the Korea Foundation and Brookings for hosting us. It's been a terrific experience for me, and I hope that I can add something to the conversation here.

Very quickly, to give you some background on the Green Climate Fund

itself for those who are less familiar with it, this is an entity that was set up with the purpose of providing support from developed countries to developing countries to limit or reduce greenhouse gas emissions and also to adapt to climate change. What that really means is what's highlighted here in the blue box, which is to channel financial resources to developing countries with the objective of catalyzing climate finance, both public and private climate finance, to actually address two major challenges -- there's the adaptation challenge and the mitigation challenge -- and to also do it through what's being described as the Private Sector Facility.

So what does that practically mean? From the high policy level I'll take you down to a kind of investor's view or a practical execution view of how this is actually being developed and how it might actually work architecturally.

The history is that this is first mentioned at the COP back in 2009 in Copenhagen. They established the initial governing instrument in 2011. Korea was selected as the host country for the Green Climate Fund in 2012, and they named a Secretary-Executive Director and opened the formal offices, and you'll see a picture of President Park at the opening ceremonies in December 2013 in Songdo in the Incheon FEZ in 2013.

It hasn't been until 2014 this year that the first major commitments have started to come into the Fund. Korea made its initial leading commitment of \$40 million to the entity back in 2013, but by December of 2013 there's only \$69 million from any other set of countries that have come into the Green Climate Fund, which again was part of the long-term finance objectives that were set out under FCCC of the U.N.'s objectives, which was designed initially to attract over \$100 billion of capital a year.

The picture of Angela Merkel is on here because Germany just made a

billion dollar commitment to the Green Climate Fund, which is finally getting to a point of potential operation in the 2015 context, and we'll talk about what that actually means.

So what is the Green Climate Fund itself? It has a structure that was set up in the governing documents, which is a little complicated to the outside observer, but might be quite familiar to folks that actually operate in the multilateral context. It has a board of 24 different members equally split between developed countries and developing countries, and then another 24 alternates to the board also from developed countries and developing countries. That sits and governs a secretariat, which is in formation right now. It has a headcount today of about 23 people, a number of them consultants. And it's supposed to do three major activities: Mitigation, and a mitigation window has been set up; adaptation, again mitigation being trying to reduce the actual greenhouse gas emissions and adaptation being adapting to climate change and we'll hear about a little bit more later today how that actually might happen and a lot of people are interested in figuring out what that actually means; and a Private Sector Facility, which was an important objective of some of the different board members in the creation of this facility.

Stepping back into the private sector context, at this point in time both President Zoellick of the World Bank and President Jim Kim have both noted that private sector capital flows into emerging markets now vastly dwarf public-to-public transfers in ODA. So being able to channel private sector capital might be a really important component for trying to address the substantial amount of investment and spending activity that has to happen somehow to address some of these issues and climate, and the Private Sector Facility is supposed to be designed to do that.

There has been some controversy in the past about the mix of mitigation versus adaptation activity. You can read about that in the press. And the design of the

Private Sector Facility itself has been a question of some debate.

What's the Private Sector Facility supposed to do? It's supposed to directly and indirectly engage in private sector finance, private sector mitigation adaptation activities. So by designing the Private Sector Facility, one of the components of the Green Climate Fund itself is it's supposed to motivate or mobilize private sector finance, private sector actors in addition to the government actors that we directly integrate it into or interacting with the Green Climate Fund for the mitigation adaptation window to engage in climate finance. So you can mobilize vastly more capital than might be available to the Green Climate Fund through government transfers.

The question is how you actually do that because it's relatively easy to state policy objectives and debate about the overall strategic objectives, but the implementation of it actually is really important. The idea in part is to design a mechanism that changes the current risk and return to investors or to private sector actors from where it is today or maybe technology, political, and financial risk might outweigh the credit and equity return you might get from your investment and by providing guarantees or concessional credit or concessional equity potential or your grants change that balance of activity so that the private sector will actually act, will step into the market and create a capital flow that will be sustainable over a long period of time.

There are some challenges with how you actually do this; one of which is conditionality, the idea that you shouldn't just be subsidizing the private sector, but doing something that the private ordinarily wouldn't do. How you actually go about doing what instruments you allow this entity to actually engage in. Is it just grants? Is it just concessional finance, which are traditional instruments of some of these multilateral and

direct development finance institutions of a variety of different governments, including Korea's, and how do you accredit counterparties to this entity? If you stand up this body again, which has a 24 plus 24 country-member board, how does this thing operate with the private sector? So from the private sector's standpoint, and my objective is in part to provide that kind of private sector feedback in design of this, if you imagine the question of how we actually get people to invest, think about whether you would want to get your mortgage from a bank that has 48 different countries deciding whether you should get your mortgage.

So the Board of Directors thought about this relatively long and decided they would establish what's called the Private Sector Advisory Group, which is again a ten-member body, five from the developing countries and five from the developed countries, private sector experts of which I happen to be one, and two civil society experts as well as four board members or alternates from the board of the fund itself. And it's designed explicitly to provide feedback and commentary from the private sector perspective on the design of the Private Sector Facility.

So here are the questions that are currently being addressed. I'll just give you a quick overview of the practicalities; we don't have to get into the weeds here. But the questions are really how do you actually design an entity that has the global objectives of addressing climate change through mobilizing private sector actors in many different geographies across many different sets of challenges in a way that's predictable and a way that the market can actually engage with this entity. So if you can imagine, again, a private sector actor that wants to engage in climate finance having to understand how you engage with a 24 plus 24 board secretariat in a way that's going to be scalable, efficient, and predictable? That's one of the questions that's before the design of the

private sector part of the facility itself. There are other separate questions on the adaptation mitigation part of it.

So questions that are being discussed right now are how do you actually create counterparties for this entity, and how far you go in actually operating the secretariat. Should the Green Climate Fund itself engage in direct individual transactions or create other kinds of programs or mechanisms to actually reach to the private sector in a way that actually is predictable, scalable, and efficient? And then what types of instruments should it use to actually do that?

If you think about it very simplistically, here's kind of the challenge that some of us are addressing, that we've been asked by the board to address, which is how do you actually generate the huge number of projects, programs, or investments that will actually address some of these issues in climate finance. You do that through the secretariat, you do it through intermediaries, you do it through local private sector actors and international actors. Then you have to have a mechanism for actually choosing which ones of those you actually execute. And today the mechanism is being considered whether that should be at the board level. Again, it might be more difficult for a distributed solar installer in Kenya to predict the actions of a 24-member board as opposed to a bank counterparty or traditional private sector counterparty. So these are some of the issues that are being debated actively right now, which is how do you actually resource this, how many people are actually going to be sitting in Songdo in the secretariat, how do you actually do risk management for it, and how do you govern it? How do you make decisions about it? The board has so far met on kind of a semiannual basis. And, again, just using the mortgage analysis, if you wanted to choose between getting a mortgage from a bank or from a 24-country board that meets twice a year, it

might make it more difficult to do the latter than the former, making it difficult to private sector actors to show up and the scalability of the mobilization process might be very challenging.

So the three questions that have been put to the Private Sector Advisory Group right, which just met last week in Cape Town in advance of the next board meeting of the Green Climate Fund itself, have been discussing ways to mobilize funds at scale, how do you promote private sector actors in the developing countries themselves, most of whom might find it difficult to get all the way to the secretariat in Korea or to figure out how to interact with it, particularly in an efficient, distributed way, and what type of instruments should be used in the creation of the interaction with the private sector? So one of the major issues that's being discussed is if there's only concessional loans and grants as instruments that can be used by the Green Climate Fund, then what about equity investments, what about other aspects of engagement with the private sector, which might be really critical and there's a long history of challenges when you don't have the full set of instruments you can engage with the private sector on.

Now, what's South Korea's role, just stepping back from this -- and I don't pretend to be an expert on South Korea's engagement here. My role, again, is to provide a private sector perspective as to how this would actually work or what might work or not work better in the design of the Private Sector Facility and its interaction with the Green Climate Fund on the one hand and the private sector finance community on the other.

There are three real axes of engagement or influence that Korea has with regard to the Green Climate Fund. First is governance and you can see the 24-member board picture at the top there. At this point in time Korea is represented as an

alternate on the board of the Green Climate Fund. I think Mr. Kwang-Yeol Yoo from the Ministry of Strategy and Finance is the current alternate representative representing developing Asia on the Board of Directors. There's obviously a way to influence some of the decisions or participate in the decisions that are being made that come out of recommendations from the Private Sector Advisory Group and other discussions about the mitigation adaptation windows, how governance is going to work and resourcing is going to work here.

The second really major activity is funding. Korea was a leader here in providing the first major commitment to the Green Climate Fund of \$40 million. The picture that is a little bit of a thumbnail sketch here is of Choo Kyong-Ho who is the Vice Minister of Strategy and Finance announcing the \$40 million commitment, which at the time was the largest commitment to the Green Climate Fund and is now finally getting to a position where they're going to raise more of this kind of financing.

And last is the host country's status aspect, and I think that might be the kind of most potential, but unclear axis of development or influence on climate leadership and climate change out of Korea. So Songdo, Korea, was selected as the secretariat in October of 2012 by consensus. Three of the eight board meetings of the Green Climate Fund have been held in Songdo, Korea, and I would expect other ones to be held there. So there really is a focus on what's going on geographically in Songdo in the FEZ and how that translates into whatever else might happen is a real question that I think South Korea should contemplate seriously.

So what happens in the future? And I'll just be very brief because I'm going to run out of time here. Here's some just thoughts about how things could move forward and how Korea might be influential or take a leadership role or be influenced by

the Green Climate Fund itself in the context of global climate activity.

The first is on governance and that is by using its position as an alternate member and initially and additionally one of those numbers of the Fund governance itself that sits sort of between as a Non-Annex I, but OECD country -- you know, between the history of the development from a developing country ODA recipient to an ODA donor -- in that perspective in helping to motivate and make decisions about this in looking at best practices and thinking through the actual physical operations of this entity and how it might interact with the private sector and government actors.

The second is really funding. Korea's already made its \$40 million commitment here. It was a leader in doing this. Obviously there'll be additional discussions about funding coming up. There is the Secretary-General's summit next week as part of the U.N. meetings on climate finance. There'll be a formal meeting in November about the Green Climate Fund itself and donors, and the target objective by the director of the Fund itself has been to try to raise between \$10 billion and \$15 billion by the end of the year so the Fund can go operational in 2015.

And, finally, the question on the host country's status and that will be a question about how it actually develops and what Korea's policy objectives are really in taking advantage of or capitalizing on or extending its leadership in this area by creating either a center of gravity or something else along those lines.

So I'll talk about them very briefly. There's some key decisions of the board that are coming up about intermediaries, about types of instruments and flexibility, about funding, about how you actually resource this. Like how many people will actually work at the Green Climate Fund secretariat in Songdo; that will determine a lot about how effective that body can actually be. How you make decisions; do we really want all 24

countries or 48 countries voting on every single transaction that goes through this entity? I think it might be very difficult to have thousands and thousands of mortgage applications for solar panels in Kenya or Nairobi or Nigeria or Peru at the board level. So thinking through the right kind of governance structure that'll actually make a viable and attractive counterparty to the private sector is important, and then how quickly you make decisions and these kinds of things. There'll be upcoming board meetings that will happen again on a semiannual basis.

The second thing really is -- there was a point about funding where I think Korea really sits at a very interesting intersection. And the quote here is from the World Resources Institute, but I think it's probably a generally shared view that Korea is sort of in an interesting position as a country that's really sitting, having rapidly developed in a developing country context and in the context of the Green Climate Fund, but one with an OECD perspective. For this little diagram here I sort of say that of all the bubbles here, the big blank ones are China and India on the developing country side who have not made any commitments to the Fund. The big empty bubbles on the left side, on the developed country side, are the U.S. and EU and Japan who also have not made any commitments to the Fund. Germany has. France is expected to do so in advance of the Paris COP next year. But so far it's a billion dollars and then \$40 million from Korea and then a few other drips and drabs of commitments that have come through from other places. Korea really sits on that bubble because it has that perspective of rapid development, but also having come from a developing country context and developed country context as well.

And the last bit really is about this climate ecosystem, and I have the question mark there at the top because I don't know what the answer to this is. So just

very simplistically, if you look at the center of this whole diagram, this cloud of potential ecosystem or expertise that could be developed in South Korea or might develop in South Korea, you really have the Green Climate Fund's headquarters itself. It's the secretariat sitting in Songdo, South Korea. There'll be staff hired for that entity; the number, the quality, the type of staff will have to be decided by the board and, again, Korea has governance issues around that or governance influence over that. There will be both private sector and public sector advisors that will grow up around the Fund itself as it actually executes adaptation and mitigation window strategies as well as engages with the private sector. Now, what happens beyond that will be determined by what the shape of each of those actual executions actually is. So there's the potential to build think tanks and NGOs around this part of Korea or in Korea more broadly because you'll have a center of gravity of an actual execution resource there. I mean whether this becomes something like the Asian Development Bank or whether it remains an allocation entity with a very limited number of staff is a very open question that might influence how Korea actually geographically develops as a center of gravity for this kind of activity.

And then finally, other aspects like the Global Green Growth Institute are being co-located in the same area. You have the World Bank's offices and the FC's offices being located in the same area. Will there be kind of this nexus of thought leadership, private sector engagement, financing capability? I think these are all questions that are potential by the fact that Korea is the host country and will be the focus for the board itself and certainly as the secretariat becomes operational, however it becomes operational, might be potential there. But those are choices and questions for South Korea to take in this context.

That's all of my slides right now. I think the basic point that I'd like to

make here is you're in the process now of watching the Green Climate Fund become operational. Korea has taken a lead role in that process by being one of the lead early committers to this and has a governance influence over it as well as this special host country status, which could be translated into a broader center of gravity for this kind of activity. How operational this entity really will be and how effective it will be at mobilizing resources, both public sector resources and private sector resources, particularly in becoming a credible, transparent, reliable, efficient counterparty to the private sector, will be absolutely determined by the decisions taken by the board and the entities going forward. And if it becomes more complex, more bureaucratic, less difficult to predict, less difficult to interact with, then there will be a substantial opting out by the private sector in favor of actors that are much better at predicting how countries vote and bureaucratic institutions operate than maybe how climate financing efficiently gets done. So I hope that it's more of the former than the latter. Thank you.

MS. TURNER: Wow, thank you so much. I'm gathering my questions. You guys gathering your questions? No sleeping out there, okay? I know you just had lunch and all, but you've been fed so use that energy, grab more coffee if you need it, pop that Coke.

All right, we have the correct PowerPoint because this is a cool PowerPoint. And just so you know that the first two PowerPoint presentations will be online not yours because yours is a not-yet-published piece but Jay's, he actually had a whole bunch more slides with lots more details, so you'll be able to catch that online at Brookings.

PROFESSOR CHEONG: So about three years ago I was talking with one of my co-authors while we were working on the IPCC report, and he said I went to

D.C. and all they talk about is mitigation. Lately we notice more climate-related or weather-related disasters that occur frequently as well as a burgeoning of adaptation plans around the world. So in this context I want to focus today on national adaptation planning and the rule of soft laws.

So to illustrate this point, I want to compare France's and Korea's national plans. So mitigation is basically to hold or slow down climate change. So they have basic emission targets and a binding treaty; because of the nature of the binding agreements, it's stalled. Adaptation assumes that there will be inevitable climate change. And it is society-wide, so it includes health, disaster, food and water security. And when this is done fully, it restructures the whole society, or that's the end goal in the direction of sustainability. It's also longer term than central policies that you see today. However, this does not have any targets like emissions do. Instead we have national adaptation plans with guidelines and recommendations, and these guidelines are imprecise.

And these are the attributes of something called soft loss. Soft laws tend to be nonbinding and imprecise, and we see these examples in transnational governance. International declaration is one example, conventions, memoranda of understanding are all indicative of soft laws. Domestically we can see in the U.S., for example, congressional resolutions. In the private sector, this is akin to corporate social responsibility.

So why use soft laws in adaptation planning? Climate change adaptation is just too uncertain and complex and it involves many sectors. Adaptation is also locally driven, which means that we have to deal with numerous local biophysical and social conditions; therefore, it is very difficult to set a specific target like you see in the emissions.

How do France and Korea use soft laws? Well, both of them place a higher priority on mitigation. This is represented in the French climate plan and also Korea's low carbon and green growth framework. So this is the French framework. So let's see, the climate plan usually refers to mitigation and then they have a separate line going along with the national plan that's preceded by a national strategy. Both mitigation and adaptation converge at the regional and local levels. In actuality, a regional climate change plan incorporates mainly mitigation actions, not adaptation.

In the Korean case, it starts with a broad framework, which just translates into an axis on low carbon and green growth. And then adaptation-related causes are two, two articles are there out of all of this, articles on the green economy and green growth. So it constitutes like on a related assessment and climate change scenarios. You can see -- it's difficult to see because all the writings are small, but there is only one category, number three, that's funded for adaptation. The rest have to do with mitigation and green economy growth.

MS. TURNER: And this is a five-year plan underneath Korea's low carbon green growth plan?

PROFESSOR CHEONG: Yes. Yes, this is the first five-year plan from 2009 to 2013.

MS. TURNER: Okay, I just wanted to make sure. Thanks.

PROFESSOR CHEONG: So the main strategy is that France and Korea use two -- to build up their adaptation plan coordination are two. One is mainstreaming. Mainstreaming basically is the integration of climate change impact into existing policies that relate to health, forestry, coasts, ocean, disaster, and so forth.

So in this slide -- it's a French one -- and it's the national adaptation

strategy for the sector on biodiversity. So you can see in these three columns they use the integration word, integrate the challenges of climate change into existing biodiversity conservation management policies, integrate new principles and tools into these same public policies, promote integrated governance. So the word "integration" basically refers to mainstreaming. And you'll also notice that these are very general statements, not necessarily enforceable regulations that local and regional governments can deal with.

Adaptation is also centered on something called risk management. People see climate change as a threat rather than an opportunity; therefore, they want to manage this risk. And you see how it's translated into the vision policy in Korea's plan. So on the very top line there's human health, which is one sector they want to adapt to and it says "protect people from heat waves and air pollution." So there's the word "protection," which is part of risk management. Disaster, minimize damage. Agriculture, switch to adaptation. And this one is more of an opportunity. And Forestry, improve forestry health. Here with Ocean, respond to sea level rise and secure stable marine resources. So these are all parts of response and recovery should a climate change impact occur in a large scale manner.

How do France and Korea differ in their adaptation planning? So France, they have a gradually developed national adaptation plan with detailed strategies. So national strategies that, depending on the vulnerability assessment and climate change scenarios, preceded the plan itself. So the strategies occurred in 2006. The plan was established in 2011. This plan is a policy document, meaning it has no legal mandate. Korea developed this plan rather rapidly, so they didn't get deep into the specific strategies; however, the plan contains two binding articles.

Despite some differences, the end result is similar in that they have

some shared implementation dilemmas. So one is lack of knowledge. This basically means that when it comes to the field government officials who have to implement these policies, they lack knowledge. They don't know what to do because the national plans are so abstract and general to be of much use.

Secondly, there is lack of enforcement. There is no monitoring, no evaluation criteria, and no penalty to assess the lack of compliance with these policies.

Lastly, there is a problem of mainstreaming. It is in principle a very good idea to integrate climate change impact into central policies; however, there is room for misuse in the sense that they mask existing policies as adaptation measures maybe to get some more funding or to raise their performance score. And in reality they actually do nothing about climate change adaptation.

So as far as soft laws are concerned with implementation, it hasn't performed well. What it has done -- and this is a quote from a French geological survey scientist: "So far adaptation planning has provided people with directions and people know what can be done one way or another flexibly. After all this is a continual adaptation. There is no terminal point yet. Soft laws, therefore, serve as information rather than as a tool to change behavior." Thanks.

MS. TURNER: Okay, thank you so much. Well, you guys just threw a lot of information at them in a very short period of time. You guys okay out there? Is there an instant question or can I ask you a question first? You're desperate? Oh, the back row is going to let me ask a question first. I appreciate that.

Well, actually I've got lots of little questions and I'll probably insert them in. I guess the first one is because this panel was created with the premise it's all Katharine Moon's fault if it's not right that maybe Korea really is a leader on climate and I

see some hints of that here in the panel. And so I'd like you to just respond a little bit more, is Korea really a leader because you said that in terms of mitigation, but has -- we look at China -- well, China -- their energy consumption is still exploding, but they have made lots of effort and they have really have slowed -- they're still growing, but their growing their greenhouse gas emissions at a much slower rate. Massive investments into clean energy technologies, which is maybe why they're not involved in your GCF; they're doing their own kind of Green Climate Fund within China. But I'm wondering with Korea, so are you seeing results so far in Korea lowering the mitigation?

And, So-Min, you mentioned that there two binding provisions on the adaptation. I was curious what they were, but also I know you just compared France and Korea, but can you step back more broadly because I know -- I'm guessing that the people in the room are like me -- is any country a true leader on adaptation? In the U.S. we call it resilience, did you know that? Have you noticed the word "resilience" coming up a lot recently in this country? It's more like resilience strategies.

And, Jay, I guess my question to you -- well, I mean you were the one that kind of got me thinking. You said that being a leader, a potential leader, in this Green Climate Fund, but I was wondering are there any other models for the private sector? When they built this, was there a model for the private sector to follow in doing this or are they really just -- I don't know, made it up as they went and forged a new path because there are a lot of international financing mechanisms, but yours sounds unique.

All right, down the road quickly. I'll start with you.

PROFESSOR CHUNG: I think there are a lot of potentials where Korea can play a leadership role in tackling climate change. As I said, both global and regional, even the national level, if you see the structure of industry in Korea, Korea is almost

number one in petrochemicals, shipbuilding, and automobile we are very strong. So in other words, many of the key industries or sectors are all energy intensive.

So that gives Korea another good opportunity, not burden, by actually indicating that these companies can develop their industries not only based on what they are doing now and also they can see the future trends. For example, Korea is very strong in shipbuilding, meaning that Korea can be very strong in wind power. So there are good potentials in the sense that there are many good signs and surprisingly enough all those are large companies in Korea, including Samsung. They are not influenced by governments in developing their business plans.

MS. TURNER: Because they're so big.

PROFESSOR CHUNG: Yeah. They've already done that at the global level. So it's a matter of how to coordinate regulatory policy to some of the good plans that are already available. And then from my side, what I try to tell this, especially to the government, is that it's a matter of building the good regulatory regimes at the global level. So we have to actually invite the private sector's investment so that we can make the floor and then that needs to be done by the public sector. So that's why G-20 is very important because G-20 can be a very good place where we can get pretty major emitters together and discuss the climate financing issues. Climate financing is an issue that needs to be with the Minister of Finance. If we go to U.N. FCCC, they are a Ministry of Environment so they cannot actually work on this. One of the innovations where the United Nations system has made in the context of creating the Green Climate Fund is it's a matter of shifting the focus from a Ministry of Environment to Minister of Finance. Legally speaking, GCF is attached now under the U.N. FCCC, but still it's almost getting independent.

So there a lot of things. And Korea in the sense, in terms of making global institutions, is hosting two major international organizations. These are major international organizations the likely size of GCF is \$100 billion U.S. It's a similar size to the World Bank. And the Korean people don't know this. So we have a lot of potential.

MS. TURNER: But also have to note, we must note, too, I think, is that in the United States we don't have a climate policy. There's been action being taken by the states and President Obama pushing the Clean Air Act to really start working on greenhouse gas emissions, but we don't have a climate policy. We don't have a coherent energy policy, but Korea, you do have a climate policy.

PROFESSOR CHUNG: Yeah, we are developing a policy.

MS. TURNER: I'm pushing you up here, this is good that you have a climate policy.

PROFESSOR CHUNG: Because we see them as opportunities, not burdens of society.

MS. TURNER: And you're not arguing about it between your different

PROFESSOR CHUNG: Oh, we argue with each other.

MS. TURNER: Oh, okay.

PROFESSOR CHUNG: But they are a group of people, a group of organizations, which firmly believe it's a matter of -- it has gained a lot more support from the society I think. And then there are the reasons why Korea needs to work together with the United States on GCF. This is not well known, but when Korea tried to host the GCF, it was possible partly because of support of United States at the last minute.

MS. TURNER: But we didn't fork over the cash.

PROFESSOR CHUNG: There are many items that we can work on.

MS. TURNER: Great. We'll come back to you.

PROFESSOR CHEONG: To binding articles they are one on creating national adaptation policies and plan for it. The second one is --

MS. TURNER: Wait, wait, say that -- what was the first one again?

PROFESSOR CHEONG: Establishing a national adaptation policy.

MS. TURNER: Okay, just establishing it.

PROFESSOR CHEONG: Yeah. Second one is implementing it. So it's very general at this point. There's no detailed plans and they are in the process of making them at the regional and local levels. So any country that's a leader in adaptation planning, if that country has had a big weather-related disaster, is yes, that place becomes a leader because of urgency and because they see the reality of not adapting. So, for example, in New York City after Sandy has accelerated climate change impact and its integration into their existing policies. The mayor's office is a separate climate change adaptation -- I think a forum of some sort. Also low-lying coastal areas, so small island nations are very dedicated to establishing adaptation plans because this is something very real and urgent for them. So I think there has to be some climate extreme event and, second, it has to be urgent in order for countries to come up with a good adaptation plan.

MS. TURNER: Has Korea -- because, again, my ignorance but I can give you examples from China -- has Korea had any kind of Sandy-equivalent or where other because I think it is important to note that a lot times it is the cities that are at the front lines of dealing with the climate impacts. And you see in the United States we've got regional -- some states that have come together around climate. Any similar rumblings in Korea?

PROFESSOR CHUNG: Not similar, but Korea has had the frequent floods, coastal floods and also river floods, river base floods. And recently Korea is trying to establish a new ministry for disaster management, so the climate concerns could be integrated into that one.

MS. TURNER: That's good. Thank you so much. Okay, now Jay.

MR. KOH: Well, I don't have an informed opinion on what the implications on Korean leadership might be in the climate sector aside from the fact that there is this potential because of its governance aspects, its leadership that's already shown on the funding side in its host country status, which creates the potential for this center of gravity. Now, what happens to that I think will be a matter of how that entity actually evolves, how it's organized, how it's resourced, and how it actually gets managed.

You asked a question about models for the private sector to interact, and I don't mean to say at this point in time that there isn't a plan or a strategy or this is a very unusual way to structure an organization. There are many precedents for this type of structure and there are things like the World Bank, the IFC. The United States government has an entity that I served in called the Overseas Private Investment Corporation, which is part of the development finance community. There are similar entities in Korea and all the OECD countries have development finance institutions that promote investments into emerging markets. Each of these entities themselves are already engaged with the private sector in sponsoring investment and trying to crowd in investment into credit activity and equity investment activity to promote renewable energy, efficiency transactions, lending, distributed power generation, and so on.

So there are a lot of these models and part of the work that's being done

right now as the secretariat and the operations of the Green Climate Fund are being set up is to take some of those models and try to apply them, to take the best practices in terms of flexibility of instruments, in terms of governance and decision making instead of replicating early challenges that have been faced by the evolution of some of these institutions.

And one other point I just wanted to make quickly is whether the United States has a climate strategy at the national level. But I think the point about municipalities and states is actually a really important one. So New York State and California both have renewable energy and climate-oriented strategies. They're increasingly leaning towards market facing interactions at the local level. There's a green bank in New York, there's a green bank in the U.K., which are designed to try to crowd in private sector capital either through credit transactions, through green bonds and the like, or by co-investment or convertible equity into the actual risk-taking parts of these transactions.

So there are a lot of different models for this. I think one question being faced right now at the Green Climate Fund is how much should that entity do itself and how much should it partner with a lot of existing entities and just deploy capital or allocate capital to those entities.

MS. TURNER: And I know it's still being set up, but I know it's like looking in the crystal ball, but just in general thinking about what the business sector -- if you're looking at mitigation and adaptation, which is more attractive? I mean part of me thinks well, where are they going to make the most money, right. And adaptation would be if you're concerned about your business, all businesses need water, clean air, risk mitigation which direction do you think like the Green Climate Fund do you think they

may you mentioned distributed solar a few times, so it seems like renewables, mitigation strategies?

MR. KOH: Well, I'd say that that -- I think two things. One is there are three separate programs that are being developed under the Green Climate Fund a mitigation window, an adaptation window, both of those are considered to be country strategy level interactions with the Green Climate Fund, so primarily public sector finance. The Private Sector Facility, which will interact with the private sector, I think will be an evolving animal. I don't think climate change is going away or climate finance is going away and I don't think we're at the end of this story. I think we're closer to the beginning or the middle of the beginning of the story. So if you think this is going to be around for 20 or 25 years or longer, then what might be important today or investible today -- which might be most obviously renewable energy and mitigation and these kinds of activities -- might be much more commonplace later on. And what might be needed in the next phase might be investments around the right business model for adaptation, like do we help finance more green buildings? Do we help finance more power resiliency in the grid? And so I think part of the private sector's input into this process has been try to set up a flexible mechanism that you expect to be able to change overtime because the market will change overtime and your interactions with that entity will have to change overtime, too. It's very difficult to change your fundamental documentation in terms of what you can do and how flexible you are in your ability to do it. So the more inflexible you are at the beginning, the more likely you're going to have to come back and have a conversation about it later on or create another entity that will face the next set of challenges.

So the easiest things to see right now are investments around mitigation

because they're project finance oriented -- solar power, wind, efficiency transactions around insulation. Distributed solar is an easy one to think about because it's a project. You can do it in a big scale. You can do it in a small scale and so on. But the question is what would you invest in in adaptation?

MS. TURNER: Yeah, that's the --

MR. KOH: Is that just roads? How do you invest in roads? Some countries you can own the roads. Some countries you can't. Better ports, same thing. Insurance for low-lying hotels, I mean is that a mitigation solution? So I think we're at the beginning of discovery of what that actually will be like. And whether there are investible business models around that I think will be "to be determined." I would expect that there would be and that's why I think at this point in time if you're really setting up an entity that will have this kind of long-term operation, particularly from the point of view of folks in South Korea where you could be creating a center of gravity around this activity, you'd want the maximum flexibility to start out with and the most predictability from the point of a market actor so that 20 years from now you aren't wishing that 20 years ago you had had more flexibility because the challenges are completely different. The way the market looks is completely different and how you interact is completely different.

PROFESSOR CHUNG: If I may --

MS. TURNER: Just real quick because these guys are getting restless.

PROFESSOR CHUNG: Sure. Can I --

MS. TURNER: You can talk.

PROFESSOR CHUNG: I think what Jay just mentioned can be related in the context of climate change building process. Everybody in this room should know the Copenhagen meeting. If you go to that time, this is almost the first time where

actually countries, a group of countries, tried to see climate change as matter of economy. So they agreed on Copenhagen Accord where, if you carefully read them, there is a striking agreement. Number one, short term, a small amount, to cover both mitigation and adaptation. Long term, large amount, \$1 billion by 2012 only for mitigation. Then next meeting, next meeting was in Cancun, you go through the negotiations and there are a lot of small countries. They saw that they are losing their opportunity. So they started to talk about mitigation and adaptation. As a result, it goes on and on and then now we have Green Climate Fund. So if we go there, then they always talk about balancing mitigation and adaptation. But if GCF will focus more on the mitigation, I don't think GCF will have bright future because in the way system in terms of financial mobilization is to draw some of the interest from private sector. So as Jay said, unless you focus on mitigation, it's very, very difficult for you to bring the money from the private sector. A current statistic that I saw, a large one, is 500 billion euros every year to tackle climate change. You cannot get that money from public sector. You have to bring private sector. So that's why climate change is a matter of business.

MS. TURNER: All right. So let's gather a few questions here. Hands high. Is there a microphone? Okay, the gentleman in the back zipped his hand up first. I'm going to gather like two or three questions, depending on the length, but let's try and keep them short because we've got just 15 minutes and then we're going to --

QUESTIONER: Hi. Loren Hershey. I'm an attorney, semi-retired now. I thank you very much. Each one of the panelists gave us an abundance of information. It's incredible.

The GCF, I had never heard about it. You said the South Koreans have never heard about it. Has there been publicity widely about the creation of this Fund?

And also will it be funded at \$15 billion as Mr. Koh said or at \$100 billion as Mr. Chung said?

MS. TURNER: Okay, that's one question. Remember, don't answer right away. Pass the mic, just right in front. We'll do little clusters.

QUESTIONER: Hi. (inaudible) from the Wilson Center. I would like to ask a question about Korea's leadership regarding climate change. I know that there is a clash between developing countries and developed countries regarding their obligation on how much CO2 they must reduce, but developed countries are arguing that developing countries like China should take more responsibilities. And China and developing countries are saying that the developed countries have a historical obligation to reduce CO2. So Korea who has an interesting position, which is in between developing and developed countries, what kind of role should they take to relieve this incoherent thinking between the two groups of countries? Thank you.

MS. TURNER: Okay, and right next to you.

QUESTIONER: Sara KO. I'm a Nonresident Fellow at Korea Foundation. Actually I want to kind of maybe switch gears a little bit. And since we're talking about green politics, I want to kind of mention green diplomacy and green politics. How this would actually work if we could use this to maybe bring a policy-oriented thinking for North Korea because I know North Korea is suffering from a lot of issues, including deforestation. Do you think that it's a possible maybe soft power for six-party members to kind of encourage North Korea to come back to the table through use of these green initiatives?

MS. TURNER: Okay, so succinct answers. First, let's go the GCF one about -- did anyone --

MR. KOH: Yeah. To be very clear about it, the Green Climate Fund was first mentioned at Copenhagen in 2009 very publically. What it would look like, how it'd be structured, what amount would be done was not entirely clear. There was a target set up at that point in time to do \$100 billion in what's called long-term financing under the U.N. FCCC. There was a fast-start target of \$30 billion in a shorter timeframe that was designed to encourage the developed countries to actually mobilize capital more quickly, both private sector capital and public investment and public spending.

The targets that I talked about are -- just to be very clear -- are not my opinion of what the right amount is or what the amount will end up being. It's the explicit target that's been set by the director of the Green Climate Fund, herself, which is to try to raise between \$10 billion and \$15 billion by the end of this year.

So there have been some preconditions to the operation of the Green Climate Fund in the setting up and design of that structure, which are now being voted on by the board, before it becomes operational. And it now may have the potential to become operational in 2015 after it fulfills these preconditions. So it's now just starting to get into the fundraising phase and we'll see how successful that is. The Secretary-General's summit next week on climate and then the formal meeting in November to try to gather commitments, additional commitments, from donors will show you whether or not that has been a successful mobilization or the design of this has actually has been successful.

So there's 24 plus 24 members on the board. They represent different countries and regions. There have been expressions of potential commitment from people like Brazil and I believe also South Africa and Mexico. Indonesia committed some capital to the Fund. Korea has had the largest commitment until Germany's recent

announcement about a month or so ago. So it's not that China's opting out or India is opting out or the U.S. is opting out or anyone else is opting out. They haven't really been that formally asked yet and that momentum will gather -- or we'll see if the momentum gathers in the kind of next few months. And a lot of that is thought about as a precursor to how successful 2015 discussions might be and the success of the Paris COP in 2015, but I don't have a great opinion on that. We're just here to provide a private sector perspective.

MS. TURNER: And I think with the second question, I think we could be brief because what they were talking about was specifically about Korea's leadership in doing the GCF and their commitments to a reduction of 30 percent of greenhouse gas emissions. Was there anything short you wanted to add to supplement her question about South Korea's leadership on it? But what about the Korea Foundation woman's question about a good avenue -- of course, there has to be a North Korea question, right? Is this a good avenue?

PROFESSOR CHUNG: Well, I published a report, research report, about that topic actually in English last year. So earlier this year, Minister of Foreign Affairs reported to President Park Geun-hye about one of the plans of the Foreign Ministry to implement a so-called green détente through the Global Green Growth Institute. It's very surprising that the per capita emission of North Korea is way above the average of the developing countries and there are many good reasons. One of the main reasons why is they don't have energy resources so they are cutting trees. So that's the main reason. So that's why you mentioned about the deforestation. This is the exact area where actually we can work with North Korea in the context of the trust-building process. And then we have a great organization immediately available in Seoul and

that's the Global Green Growth Institute. Then you can draw the global attention immediately. And there are good items that we can work on.

MS. TURNER: But even thinking, too, though, of China, right? I mean China maybe you guys don't focus on China's environment, but China really has they've been the number one investor in clean energy technology for the past three to four years, number one installed wind power. It's actually now -- there wasn't initially a lot on grid, now it's on grid. They installed more solar PV panels last year than we have in the United States now. They're doing it again this year. They'll do it again next year. And so it makes me wonder is China even -- I mean I know they've talked to North Korea about business models.

PROFESSOR CHUNG: But that's economic, though. If we go to U.N. FCCC organization, then China represents the developing countries' growth, which is basically favoring not taking legally binding obligations. That doesn't necessarily mean that, as you said, China is actually doing a lot of good things at the domestic level. So China has been positive actually. So they have a sense of political interest, right? In defending the general interest of developing countries as a whole, China belongs to G77 in China in the organization group. That's the largest group. If I were China's leader, I don't have any intention to give up these political benefits. But at the same time at the domestic level, China is almost number one in solar panels.

MS. TURNER: But air pollution is a huge problem.

PROFESSOR CHUNG: So here the question is how we can internationalize what China is doing at the domestic level. So that's the question. And the answer requires a lot of time to explain, but is an emphasizing powerful approach. You know, making country feel comfortable on what they are doing and institutionalize

them at the global level. Don't attack a sovereignty of China. They will not follow you. Encourage them and bring the institutions where China can comfortably play in the game.

MS. TURNER: Okay, we're going to take some more questions. This side of the room is going to revolt unless I let Colin and them -- so how about these two questions here. Good questions so far, people. I'm glad you were paying attention. Okay, the pressure's on.

QUESTIONER: Alex Forster with the East-West Center here in Washington. First of all, whether or not Korea has had any Sandy equivalent, GCF is built on reclaimed low-lying coastal land, so let's hope that they don't have a Sandy equivalent or GCF might be very directly affected.

And as far as how seriously Korea is taking the environmental issue, I think the disappearance of all the Korean media that were here for the earlier panels also is a little bit of a testament to that.

MS. TURNER: Ahh.

QUESTIONER: That said, Korea is going to implement on January 1 one of the world's most ambitious environmental trading schemes as it's currently laid out. It might have a carbon price of over \$90 a ton. There are fears, though, that that could lead the system to collapse because it's too robust. It's based on previous businesses' usual estimates, which have since been revised upwards without changing the specs of the ETS. So I was wondering if any our experts have an opinion on ways that the ETS itself could be modified and any improvements that should be done before implementation.

And I also published a proposal earlier this year for how North Korea could improve its environment system through micro grids and distributed wind energy to

reduce that deforestation issue.

MS. TURNER: I think for the general audience, in case they don't know, ETS is about carbon --

QUESTIONER: Carbon trading, exactly. Thank you.

MS. TURNER: Okay. Hold the answer, we've got another question.

QUESTIONER: Thanks for presentation. But I wonder if you can really emphasize more on technology and less on the financial private sector partnership. And then currently if you want to say the IMF, Madame Lagarde, and then she and her staff will do a wonderful job on cost of pricing the pollution. That is a very good concept in an economic sense or political sense or partnership sense. And then I also think about an environmental group. I think if you can follow them, you can help propaganda in reduce the gas pollution or drilling or fracking, that will help green and the climate change. And in -- there will be a march on NYC and that's good news. The U.N. Secretary is going to be there to be a leader in the march, so just very wonderful things.

And the concept of the private partnership can be always, basically always, abused especially by the think tank. And even in any public sector, if you have a message you want to bring out or debate, they don't allow you to debate instead like think tank they don't allow you to debate. They tell you -- they say it's social media account. So then they say only those who want propaganda for something they can talk, but general public or environmental group they cannot. So this will be really biased.

MS. TURNER: Did you have a question?

QUESTIONER: My question is would you please help get the message out about real technology sense and then put every effort -- you know, the top 1 percent of wealthy people, they have a lot of money. GE have a lot of money to do a green

investment. You don't need to take the private sector's home and take the money to GCF. You don't need this.

MS. TURNER: Okay, okay. So do we have maybe one more question? Oh, we need to cut it off? Okay, so on the first one, the CO2 emissions trading scheme? And then I'm going to modify -- pull something out of her question.

PROFESSOR CHUNG: I think I need to be very quick. So as far as I understand, I am not based in Seoul these days. I am based in Paris temporarily, so I might be not 100 percent accurate. But as best I know, the Korean government is scheduled to launch the ETS as planned, but it will give more carbon pricing deals to the industries, so by giving more free allowance. That's what I was told, meaning that Korea will be the first developing country in the world on a voluntary basis to introduce this very important carbon pricing scheme. So Korea will be the first. And then I know that China is following very closely.

MS. TURNER: But China has some regional -- I mean China's so big, they're just one province. They've been doing experiments in some of the provinces on CO2 trading, which would make a lot of sense.

Now, one thing from her comments I thought that we didn't really mention much here today, but I mean, Jay, you had a little box about how NGOs might be involved. I was curious in terms of Korean environmental NGOs, are they active in terms of working on or pushing climate mitigation, climate adaptation? Just real quick from you two here.

PROFESSOR CHUNG: Well, if I am to understand who favors what, it depends on what kind of expertise you have. Most Korean environmental NGOs are ecologists, so they favor adaptation issues. There are a limited number of NGOs who

push the mitigation issues to a large extent as a matter of making opportunity.

MS. TURNER: Really? That's just like the opposite here. So they focus on adaptation?

PROFESSOR CHUNG: They emphasize adaptation. And mitigation wise they, of course, you know are saying that industry needs to reduce greenhouse gas emissions, but their main focus I would say lies in adaptation.

MS. TURNER: Okay. Is that -- in terms of what you've looked at, is that --

PROFESSOR CHEONG: I think generally NGOs focus more on sustainable development and adaptation is considered at the forefront of that field.

I think on going back to the North Korea and developing countries question, I think vulnerability reduction has to precede mitigation. Otherwise, important green technology to the developing countries or North Korea may not be very useful if these countries do not have capacity. So in order to get to that capacity stage, you need to at least reduce the physical and social vulnerability of the place and adapt to potential harmful effects of climate change first instead of importing green technology that they may not be able to utilize without a lot of training.

MS. TURNER: And, Jay, on your little box when you had NGOs being advisors, what kind of NGOs are you talking about? Are you talking Natural Resource Defense Council?

MR. KOH: No, I just think that when you create an entity like this, it tends to attract people that are going to try to influence it and be thought leaders around it and counterparties for this entity, just like the World Bank and the IFC are located here. There are a lot of people that interact with it. It can create kind of a center of gravity for

those types of individuals. If you create a facility that actually deploys capital, the decision making about that will attract people that want to get some portion of that capital or to interact in a way that actually is more predictable with the entity itself. So I'm just saying that's a potential outcome from the design of this institution.

I think the technology point is a really important one actually and lends itself more towards the flexibility of design of this program. If you can imagine the technology today, solar PV prices collapsed over 85 percent in 18 months. Why? Huge investments by Chinese solar photovoltaic manufacturers, which have now led to some trade disputes with other countries as well. But the financing for that technology, the mainstreaming of it, the collapse in pricing for it that allowed it to be more compatible or more competitive with existing power, all that requires capital. It requires expenditure. It requires risk-taking. The implementation of any kind of adaptation strategy that requires the building of an infrastructure, whether it's sea walls or more resilient homes or more resilient agricultural crops, it's all going to require someone to spend money someplace. So if you want to pool all this capital together, you have to find out a way that will over a long period of time be flexible enough, transparent enough, efficient enough to deploy that capital in a way that doesn't require a lot of cost, that is predictable, and that is flexible. And if you don't, then you'll be stuck with whatever technology was available at the time when you froze that entity's ability to act. And I think that would be problematic and you would have a completely different energy mix and you'd have a completely different even building mix. I mean one of the points here is sort of this adaptation-mitigation debate has become a debate even though both of these are strategies that will inevitably get done by people in the private sector and people in the public sector serve automatically. We talk about green buildings today, right, energy efficient buildings

today. I mean isn't kind of the end state here five years or ten years from now just to have buildings that all are a lot more energy efficient rather than ones that are greener than other ones? Because it's more cost effective, because it actually does reduce your operating costs and these kinds of things, or get technologies that are so commoditized that you even think about them as differentiated.

So there's aspects to what will be important at this stage and what you'll get the best return from in investing in, whether it's moving from diesel power, diesel fuel, coal fuel oil-oriented boilers and energy generation in the United States even, versus what will be important five or ten years from now. So I think that's the important part.

MS. TURNER: Okay. Well, while the Korean news media scurried off, you guys hung out. They appeared engaged. Could we thank these people for their really good talks this afternoon? I believe there's an announcement.

MS. MOON: I would like to thank Jennifer Turner from the Wilson Center

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MS. TURNER: Yeah, James Person said he was sorry he couldn't come.

MS. MOON: Yeah, well, I'm going to talk to him.

MS. TURNER: Well, he had to go to Amsterdam for some unknown reason.

MS. MOON: I'm very happy with the course of our panels and our learning and our thinking, and mostly our debating. I'm very glad that our audience was able to throughout the day have a chance to air their thoughts.

I am running through from morning to now and I think it's interesting because we had what seemed like random topics, but they're actually not. We started

the morning with a regional focus on security, conventional security and economics in the context of the U.S. rebalance towards Asia, so a regional focus and conventional issues that are of concern.

And then we moved in mid-day to a panel that helped us think with more focus and deeper analytical purpose to issues that are particular to the Korean Peninsula, so the nuclear North Korea problem as well as unification. So we go from region to a focused detailed view at the peninsula and issues that also out of the peninsula, realities that have big implications for the region and for the world, whether it's unification or whether it's the continuation of nuclear development in the north.

And then our last panel at the end of our afternoon leaves us with a much more global view, a panel that looks at shaping the world and country policies now in order to create a more sustainable, livable, enjoyable, prosperous future for everybody, not just the Asia region, not just the Korean Peninsula. And I like ending on this note because it is a way to tie us altogether. And when I think about the U.S., South Korea, and Japan as we started off in the morning, we had added bits of China, issues about China, in the unification panel and then, of course, North Korea.

We need to think about ways to connect these issues and these countries on practical measures that actually people can take on and try to move forward. Nuclear dilemma? This is a tough one. We all know it. We may not succeed in five years, ten years, I don't know. Unification? Another tough one. Five, ten, 20, 30 years? I don't know. But regardless of the challenges of improving our world in terms of climate, environment, I see ways that Americans, Koreans, Chinese, Japanese, and possibly North Koreans can find openings; that is as Sara from the Wilson Center had mentioned, North Korea does care about the environment, maybe not from an ethical perspective the

way some of the environmentalist types might, but from a very practical perspective because it's been deforested as we know from the Great Famine and because for any kind of economic reform development or sustainability to make sense in North Korea, you need to address the environmental issues. I visited the North two summers ago. We were brought to this steel fertilizer-making factory. And that factory is one of two factories that puts out petrochemical -- not petrochemical -- synthetic fertilizer for agriculture. So it is a major part of the so-called agricultural development of North Korea. What mortified me was the smell of ammonia everywhere, and the North Korean manager took great pride in explaining how this process of converting ammonia into fertilizer with the other chemicals. It's so important and it's very vital to the nation. Yeah, it's vital to the nation, but I was trying not to breathe when I was standing there because I felt poisoned literally right there. You don't have to go far. This was Hungnam. It's a major city. And so we're not talking going into the woods or lack of woods, we're talking in everyday places in North Korea the environment is something in many ways many types of environment issues are things that we could take up.

As many of you know, next week there will be big coverage over the human rights issues in North Korea. I consider environmental rights or environmental issues also part of human rights and most human rights scholars look at environment as part of the larger umbrella of human rights. And if we look for ways to help North Korea think constructively, positively, and potentially toward a yes rather than a no, such as environment perhaps, we may make more progress than hitting them over the head with the very large questions about human rights violations that are so explicitly political that we already know their responses to.

So I think those of us who have more information and have a better

understanding of the way the world runs need to be really good psychologists as well as good analysts, policymakers, scholars, writers and think about ways to bring North Korea, Japan, China, South Korea, the U.S., and, of course, the rest of the world toward issue areas and toward practical measures that actually can deliver something.

I want to thank everybody for staying. Those of you in the media who stayed, can you raise your hands? Yea! I was shocked, and I'm going to email some of the colleagues in the media today or tomorrow maybe and tell them, you should have stayed, because their job is to report what's going on now and their job is to report problems. When this panel was so busy on what's going on now in order to prevent problems in the future and to fix the problems of today, they needed to be here.

And I also think that it's very important that people know that South Korea is not just about nuclear weapons, about North Korean problems, and about unification problems. South Korea is such a rich, rich resource of so many issues and developments to study, to enjoy, to explore. I tell my students, anywhere I go and I'm talking to students, study South Korea as a case study for anything because whatever your issue is, you'll find it there. And in that light, I think it's very, very important to acknowledge that South Korea as a government and as a private sector has been moving very explicitly toward a green economy and toward abiding by green principles. And it is one of the few countries, again without being forced to, has voluntarily made so much progress. And it is an area where South Korea truly is taking on a global leadership role. So in that sense it should be celebrated. I had hoped to learn a little bit more about President Park Geun-hye's emphasis not only on the sources of energy and finding alternative sources, but she also wants to emphasize the consumption end and we didn't hear about that. We'll leave that for another conference.

So I think we're ending on a very positive note about South Korean leadership, not just following and being stuck between China and Japan and Russia and the United States, not being just harassed by North Korea, but a society, a government, a private sector, an NGO world that actually can move forward on these issues that affect the entire world, not just the Koreas and not just the region.

So I give very big-hearted thanks to the Korea Foundation, to President Yu and all of your staff who have worked very hard. I give huge, huge heart-felt thanks to my colleagues at Brookings who worked literally night and day to make all this happen. And I guess I should also thank the Johns Hopkins SAIS building. There's no leader here, no representative, but the building since our auditorium is being remodeled. You'll be able to enjoy it soon, but we were lucky to have this wonderfully large space with good accommodations. So thank you all for staying and your participation.

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I, Carleton J. Anderson, III do hereby certify that the forgoing electronic file when originally transmitted was reduced to text at my direction; that said transcript is a true record of the proceedings therein referenced; that I am neither counsel for, related to, nor employed by any of the parties to the action in which these proceedings were taken; and, furthermore, that I am neither a relative or employee of any attorney or counsel employed by the parties hereto, nor financially or otherwise interested in the outcome of this action.

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