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**CENTER FOR NORTHEAST ASIAN POLICY STUDIES**

**UNITED STATES-REPUBLIC OF KOREA  
RELATIONS IN PRESIDENT OBAMA'S  
SECOND TERM:  
MANAGING CHALLENGE AND CHANGE**

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## **Executive Summary**

Only weeks into his second term, President Obama is facing the looming prospect of a nuclear-armed North Korea with a long-range ballistic missile capability. Pyongyang's successful nuclear and missile tests serve as stark reminders that North Korea is making progress in its goal to develop a nuclear strike capability. Now, as President Obama begins to work with his newly inaugurated South Korean counterpart, the North Korean regime is making highly bellicose threats against both the United States and its South Korean ally.

North Korea tops the list of challenges facing the U.S.-Republic of Korea alliance, and it will require priority attention by Obama and Park Geun-hye, South Korea's first female president and a strong supporter of the alliance. Before assuming office, Park had hoped to engage Pyongyang in "trust-building" diplomacy. North Korea's latest actions have given her pause, but domestic political needs may require her to test Pyongyang's willingness to engage. U.S. patience will be needed as President Park forms her government and develops her North Korea policy.

Washington and Seoul have coordinated very well together on North Korea, and the United States would be wise to keep ROK concerns firmly in mind as it mulls how to respond to the latest North Korean threats. An early, well-prepared U.S.-ROK summit, together with a "2+2" defense and foreign ministers' meeting, will help ensure that the two presidents are on the same page, that the alliance is ready for any contingency, and that Pyongyang does not misinterpret planned changes to our military command structure as a lack of readiness. A U.S.-ROK summit should also issue a strong restatement of our commitment to defend the ROK, including by the provision of extended nuclear deterrence, which commits the United States' nuclear arsenal to the defense of our ally.

The U.S.-ROK alliance is stronger than ever and well placed to deal with other challenges, as well, including a rising China, a changing regional power environment, historical and territorial legacy issues, deterioration in ROK-Japan relations, and the need to modernize the alliance. U.S.-ROK strategic dialogue should explore in depth the implications of China's rise and discuss how to increase support in Beijing for a reunified Korean Peninsula. The United States should encourage new leaders in Seoul and Tokyo to put pragmatism and common interest ahead of other concerns and rebuild bilateral cooperation.

As for North Korea, Pyongyang claims denuclearization is off the table and is seeking international acceptance of its status as a nuclear weapons state, something we must not do. Past attempts to end the North's nuclear program have failed and there may now be no prospect for putting the nuclear genie back in bottle. A new approach is needed to deal with the current impasse, particularly in light of the credible nuclear threat that the DPRK will pose in the near future.

A new situation requires a new negotiating paradigm: We need to talk with those who actually make the decisions in Pyongyang. Only if we engage the North Korean

leadership can we lay out a stark choice for them and determine whether denuclearization is dead. This new approach might not succeed, but the current approach will fail.

A prominent U.S. presidential envoy should meet with the North Korean leadership's inner circle. On behalf of the U.S. President, the envoy should deliver a message that conveys U.S. determination to defend itself and its allies and warns we will act if the North uses or proliferates nuclear weapons or materials. The envoy should also say we are prepared to resolve the nuclear and missile issues in the framework of a comprehensive package that would fundamentally change the nature of U.S.-North Korea ties. We should sharpen both incentives and disincentives for Pyongyang and make its choices as clear as possible. The wrong choice by the DPRK will strengthen support for stronger action by the United States, particularly with China and Russia, which place some of the blame for the current impasse on Washington.

Simultaneously, the United States and its ROK and other allies should actively prepare for the time when we will face a nuclear-armed North Korea with an ICBM capability. We should greatly raise the cost to North Korea of its pursuit of nuclear weapons and missiles. The North's banking system, including its links to the international financial system, offers a target of opportunity that could begin to undermine the regime's confidence in its ability to survive.

A more vigorous approach should include much stricter sanctions implementation, including the possibility of stopping suspect DPRK vessels on the high seas; additional steps to isolate the North politically; enhanced deployment of missile defense systems around the Korean Peninsula, including in Japan and at sea; the introduction of more advanced air and naval assets into the Northeast Asia region; more frequent military exercises; and covert measures to affect the North's WMD programs.

The above approach carries risks, including for our ROK ally, making the closest possible coordination and transparency with Seoul more important than ever. The U.S.-ROK alliance today rests on a solid foundation of trust, cooperation, and shared principles. That foundation will serve the two countries well as they deal with the new challenges that lie before them.

## **Introduction**

President Obama faces a daunting array of foreign policy challenges in his second term. One of the most intractable of these lies on the Korean Peninsula where, 60 years after the signing of the Korean War Armistice Agreement, tensions remain high, the potential for conflict is real, and the threat posed by North Korea to our South Korean ally and to the Northeast Asia region has grown to an unprecedented level.

Successful recent long-range rocket and nuclear weapon tests have raised the specter of a North Korea moving quickly in its quest to develop a nuclear strike capability, even against the continental United States. The collapse of diplomatic dialogue aimed at stopping the North's nuclear weapons program means that little, save for the limits imposed by Pyongyang's resources, stands in the way of its determination to become a *de facto* nuclear weapons state.

Add to this North Korea's significant conventional military strength, chemical and biological weapons capabilities, its record of proliferation and military provocation, and terrible treatment of its own people and the challenge posed by North Korea to the United States and to the U.S.-ROK alliance is serious indeed.

The alliance also faces other challenges, including dealing with the rise of China and changing regional power relationships in the East Asia region, regional differences over historical and territorial issues, a deterioration in ROK-Japan relations, and the task of modernizing and strengthening the bilateral alliance, including renegotiating a bilateral nuclear cooperation agreement and implementing a major change in wartime military command relationships.

In managing these and other issues on the bilateral agenda, President Obama has a new partner, ROK President Park Geun-hye, whose inauguration on February 25, 2013 brings into office Korea's first female president and the daughter of a previous Korean president, Park Chung-hee, who was assassinated in 1979.

A canny, sophisticated politician with an electrical engineering degree and speaking English and some Chinese, Park comes into the Blue House with a strong mandate. She will continue her predecessor Lee Myung-bak's emphasis on strong ties with the United States, even as she seeks to build good ties with China and Japan. Despite her personal differences with Lee, she sees the U.S.-ROK relationship as he did: as the cornerstone of the ROK's national security agenda. Reflecting this, she has cited the maintenance of a strong alliance relationship with the United States as one of her main strategic priorities.<sup>1</sup> Together with President Obama's well-known affinity for Korea and Koreans, this will help the two leaders get off to a good start.

A priority task for the U.S. president will be to build a strong personal relationship with Park. President Obama enjoyed a particularly cordial relationship with Lee Myung-bak

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<sup>1</sup> Ser Myo-ja, "Park's Agenda has five top priorities," JoongAng Daily, February 23, 2013, at: <http://koreajoongangdaily.joinsmsn.com/news/article/Article.aspx?aid=2967541>

and their personal ties contributed in no small way to the current strength of bilateral relations. In fact, U.S.-ROK ties are probably closer than they have ever been, thanks to careful stewardship of the alliance. The conclusion of a bilateral Free Trade Agreement between the two countries has also added an important new, revitalizing dimension to U.S.-Korea ties.

A different result in last December's ROK presidential election would have presented the Obama Administration with a very different ROK partner. A win by the progressive Democratic United Party (DUP) would have complicated coordination of policy towards North Korea, particularly since the DUP seemed primed to pursue a highly concessionary approach towards Pyongyang that was at odds with the hard-edged policy of Lee Myung-bak.

The DUP would likely also have placed a greater emphasis on closer ties with China, as did the last progressive president, the late Roh Moo-hyun. And the DUP made clear its desire to revise the U.S.-ROK Free Trade agreement, which finally won approval during the Obama-Lee years. Progressive skepticism about the ROK-U.S. Status of Forces Agreement and military basing agreements would also have cast a shadow over bilateral coordination on alliance matters.

Instead, the new ROK president and her U.S. counterpart will begin working together in an atmosphere of cooperation and common cause. There is every reason to believe that attention to building a good personal relationship between the two presidents, the closest possible consultation, and prudent management of bilateral issues will produce good outcomes. But tackling the complex bilateral agenda will not be easy, beginning with the toughest issue of all – North Korea.

### **The North Korea Challenge**

The North Korean threat is at the top of the U.S.-ROK alliance agenda. The threat took on an even greater degree of urgency in the weeks prior to Ms. Park's inauguration as a result of the North's successful test of a long-range rocket (used to launch a satellite) in December 2012, followed by the DPRK's third nuclear test on February 13, 2013. These tests have moved the DPRK closer to its goals of developing a viable nuclear weapon and a long-range delivery vehicle in a bid for international acceptance as a nuclear-weapons state. The DPRK's Central Military Commission (CMC) pointed to these goals in a February 21 statement that claimed, "The underground nuclear test ... represented a great political and military victory as it made the international community confidently recognize the status of the DPRK as a strategic rocket and nuclear weapons state."<sup>2</sup>

With the two tests, North Korea placed President Park in a difficult position. During the presidential campaign, she had promised to build a "trust-based" relationship with

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<sup>2</sup> "N. Korea claims winning international recognition as nuclear weapons state," Yonhap, February 21, 2013, at: <http://english.yonhapnews.co.kr/northkorea/2013/02/21/52/0401000000AEN20130221010400315F.HTML>

Pyongyang. She cited her willingness to re-engage in serious dialogue with Pyongyang and renew the provision of humanitarian and other assistance to the North, all while continuing to strongly oppose the North's nuclear and missile programs. She also emphasized the importance of holding the DPRK to its agreements and ensuring that there were consequences if it did not.

Park's advocacy of this approach was aimed in part at wooing center-left voters, who had strongly opposed Lee Myung-bak's tough line towards Pyongyang, a policy that in their minds unnecessarily escalated tensions on the Korean Peninsula and set back North-South ties. But it also seems to reflect her own judgment that Lee's policy had not yielded progress in achieving the North's denuclearization. Candidate Park's policy proposal also recognized that voters were more concerned with social welfare, employment, income inequality, and economic performance issues than with North Korea.

As president-elect, Ms. Park probably hoped that her electoral mandate would allow her to focus her main energy on domestic concerns, but North Korea's defiance of the UN Security Council and its inflammatory rhetoric served as a blunt reminder that it will not be ignored. Pyongyang may even have intended its escalation of tensions to put the new president on the defensive from day one. In any event, in the days preceding her inauguration, Park acknowledged that her ability to pursue a trust-building process with Pyongyang "is obviously going to be affected when Pyongyang throws cold water on things and breaks the rules."<sup>3</sup>

She also stated that "North Korea needs to understand that we couldn't implement it [her trust-building policy] even if we wanted to" as a result of the North's recent actions.<sup>4</sup> It remains to be seen how much the North's nuclear and missile tests will change the popular mood towards the DPRK in the South, but Park's own position seems to be moving as a result of the North's actions.

Prior to the nuclear test, Pyongyang's rhetoric directed against Park had been restrained, perhaps in anticipation of a more moderate approach by the new president. But the DPRK's restraint may be coming to an end. Just days before her inauguration, the DPRK's representative used remarks at the UN Conference on Disarmament in Geneva to threaten the ROK with "final destruction."<sup>5</sup> This latest North Korean threat may have been intended for Lee Myung-bak, against whom the DPRK has used some of its strongest language, even calling him a "traitor" on his last day in office. But it is possible that it was meant for the new ROK administration. In any event, it portends a very difficult few months for Korea's new president.

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<sup>3</sup> Seok Jin-hwan, "President-elect Park puts inter-Korean 'trust building' plan on ice," *The Hankyoreh*, February 14, 2013, at: [http://english.hani.co.kr/arti/english\\_edition/e\\_northkorea/573893.html](http://english.hani.co.kr/arti/english_edition/e_northkorea/573893.html)

<sup>4</sup> *ibid.*

<sup>5</sup> Tom Miles, "North Korea threatens South with 'final destruction,'" *Reuters*, February 19, 2013, at: <http://ca.reuters.com/article/topNews/idCABRE9110J520130219>

## **Giving President Park Room to Maneuver**

Judging by her recent comments, President Park is becoming more cautious about her “trustpolitik” approach to re-engaging with the North. But she has not given up on the idea, which she featured in her inaugural address. She may reach out to Pyongyang to test the regime’s willingness to deal seriously with her. Experience suggests that the North is likely to fail such a test, but for domestic reasons Park will probably need to try.

The United States will need to take this into account as it develops its own response to the latest provocations. Patience will be needed as President Park forms her government and develops her policies. Both our obligations as an ally and good alliance management practice argue strongly for giving our ROK partners some space.

It also remains the case that any U.S. policy towards North Korea can only be as successful as our ability to gain South Korean support for it. Accordingly, our ROK ally’s concerns and sensitivities need to be at the center of our thinking and planning.

## **The Evolving North Korean Threat**

As the new ROK government develops its policy toward the DPRK, it is clear to Seoul, as it is to Washington, that we are facing a new and more dangerous situation in the aftermath of North Korea’s recent tests. Under the guise of a satellite launch, Pyongyang has successfully tested a long-range, multi-stage rocket that moves the DPRK closer to being able to build an ICBM. In January of 2011, then-Secretary of Defense Gates assessed that North Korea was within five years of being able to develop an ICBM capable of striking the United States.<sup>6</sup> The success of the December launch makes that warning all the more credible.

Some assessments of the North’s recent nuclear test suggest it was 2½ times larger than its 2009 test, with a yield of between 5 and 15 kilotons.<sup>7</sup> As North Korea continues to move towards its goals, more testing of its long-range rockets will be needed before a credible ICBM capability can be achieved, and developing a survivable warhead for an ICBM is no easy task. But there are signs that the DPRK has made progress in this area, as well.

A noted U.S. analyst of the DPRK’s nuclear and missile program recently said that the North has **already** developed a deliverable nuclear warhead for its intermediate-range ballistic missiles.<sup>8</sup> If true, this means that population centers and U.S. bases in Japan and Korea could *already* be within range of a North Korean nuclear strike.

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<sup>6</sup> Elisabeth Bumiller and David E. Sanger, “Gates Warns of North Korea Missile Threat to U.S.,” New York Times, January 11, 2011, at: [http://www.nytimes.com/2011/01/12/world/asia/12military.html?\\_r=0](http://www.nytimes.com/2011/01/12/world/asia/12military.html?_r=0)

<sup>7</sup> See, for example, Rachel Oswald, “North Korean Nuclear Test More Than Twice as Powerful as Last Blast,” NTI/Global Security Newswire, February 19, 2013, at: <http://www.nti.org/gsn/article/north-korea-nuke-test-estimated-25-times-more-powerful-2009-blast/>

<sup>8</sup> David Albright, “North Korean Miniaturization,” 38 North, February 13, 2013, at: <http://38north.org/2013/02/albright021313/>

The previously cited CMC statement and other North Korean pronouncements issued suggest we can expect additional missile and nuclear tests. Pyongyang has also reiterated that it is no longer interested in denuclearization talks and has coupled its threat against the ROK with similar threats against the United States. Some may dismiss this as North Korean hyperbole, but we cannot overlook the real progress the DPRK is making in its WMD programs, nor can we ignore the likely effect those programs will have when the day arrives that Pyongyang can pose a credible nuclear threat to the Korean Peninsula and the region.

While there is no scenario under which the DPRK would ever present an existential threat to the United States, its possession of a credible capacity to attack regional and extra-regional targets with nuclear weapons would greatly complicate the security situation in the Asia-Pacific region, including by raising questions about U.S. willingness to use nuclear weapons in defense of its allies once the DPRK is able to threaten the American homeland.

The North's nuclear program has already given rise to debates in some quarters in South Korea and Japan about acquiring their own nuclear weapons. Some in South Korea have even called for the re-deployment in the ROK of U.S. tactical nuclear weapons – a move that is as ill advised and unnecessary as it is unlikely. Meanwhile, North Korea's nuclear pursuit is already reinforcing concerns about the potential for proliferation by a country that has long been deeply enmeshed in international proliferation networks, both as a recipient and a supplier.

### **North Korea's Game Plan**

North Korea's new leader has consolidated his rule and now occupies all of the leading state, party, and military positions in the DPRK. He has put confidants in key positions, removed several prominent military officers from their commands, and strengthened the role of the party as the main vehicle for his rule. In doing so, he has demonstrated a level of command authority that belies his youth and inexperience, and systematically projected himself internally as a dynamic leader concerned both about the people's welfare and showing the "American imperialists" who is boss.

No doubt sensitive to his late father's shortcomings, Kim Jong-un has wrapped himself in the mantle of his grandfather's (Kim Il-sung's) legacy of high profile, hands-on leadership and sought to foster an atmosphere of modernism and hope in a society that has known little of either. Economic and structural reforms have been hinted at, although concrete changes beyond the cosmetic have yet to be seen.

It remains difficult to see how the North could implement thoroughgoing reforms without putting at risk the regime's ability to exercise the often brutal, totalitarian control on which its survival depends. Pyongyang's caution in this regard suggests it may want to carry out just enough reforms to prevent popular unrest, satisfy the material needs of the



ruling elites on whose loyalty the regime depends, and ensure that the PRC, which has pressed Pyongyang to implement Chinese-style economic reforms, continues to provide support.

It remains to be seen how long a mix of limited internal “liberalization,” mobile phones that can only be used to call within North Korea, Chinese support, and nuclear weapons can guarantee the regime’s survival. Pyongyang may nevertheless believe it can convince the United States and South Korea (as it may have convinced Beijing) to accept this new direction in the belief that a “reforming” North Korea will ultimately become a denuclearized North Korea.

But by its rhetoric and actions Pyongyang has already taken denuclearization off the table. Despite our past hopes that denuclearization remained possible, it is difficult to see how it can now be achieved. All negotiating efforts, including those pursued by the past three U.S. administrations, aimed at realizing the North’s denuclearization have failed, and with the North having conducted its third – and most successful – nuclear test, prospects for putting the nuclear genie back in bottle now seem remote, if they exist at all.

But accepting North Korea as a de facto nuclear weapons state, as some have argued,<sup>9</sup> is a dangerous and unpalatable option. Doing so would accept both the permanence of Pyongyang’s nuclear program and the regime’s game plan, which for some time has been to gain such international acknowledgement of its nuclear status. It would legitimize North Korea’s unprecedented act of withdrawal from the Nuclear Non-Proliferation Treaty and damage, if not destroy, the credibility of the international non-proliferation system. It would raise concerns among North Korea’s neighbors, encourage those advocating the possession of nuclear weapons in the East Asia region, and shake the confidence of U.S. allies.

Equally bad would be for the United States and its partners to accept the DPRK’s possession of some number of nuclear weapons as an “interim” step in return for a North Korean pledge not to proliferate or build more or larger weapons. Relying on Pyongyang’s word would be a major mistake, and the DPRK would never accept the verification requirements we would need to be assured it was keeping its part of the bargain. Such an approach would also send a disturbing signal to our allies and to the international non-proliferation system.

It is important to retain the goal of denuclearization in dealing with the DPRK, however remote that prospect may be, and to keep the door open to dialogue with Pyongyang even as we take strong measures to deal with the DPRK’s nuclear ambitions.

As stated earlier, the incoming leadership in Seoul has signaled interest in reopening North-South dialogue. But efforts to resume cooperation with Pyongyang are likely to yield little, if anything, as long as the North remains wedded to its nuclear and missile

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<sup>9</sup> Bae Myung-bok, “Seoul has to adjust to a North with nuclear arms,” JoongAng Daily, E-mail interview with John Mearsheimer, February 23, 2013, at: <http://koreajoongangdaily.joinsmsn.com/news/article/Article.aspx?aid=2967578>

programs. And North Korea's pre-inauguration "greeting" of the ROK president-elect with threats of war and a nuclear test have sent a strong signal about the North's intentions.

### **Dialogue with Pyongyang?**

If President Park reaches out to the North, her administration will no doubt coordinate any approach closely with Washington. Washington should ensure that any future U.S. effort to engage Pyongyang is carefully vetted with our ROK ally, as well. Beyond avoiding surprises, the two governments should use such coordination to develop a shared strategy to deal with Pyongyang – a particularly important goal now that North Korea has raised the stakes with its recent tests.

### **A New Paradigm for Talks**

It is not clear whether Washington is contemplating a new approach to Pyongyang. The bitter aftertaste of the collapse of last year's Leap Day agreement, which sought to freeze the North's nuclear program in exchange for food as a way to jump-start denuclearization talks, is probably still fresh. But the Obama Administration has wisely made a point of keeping open the door to dialogue. But if new talks are contemplated, it will be important for Washington to understand the limitations of dialogue with North Korea's diplomats. The Obama Administration has hopefully learned an important lesson about the use of "back channels," if reports about a pair of secret visits to Pyongyang last year by American officials are true.<sup>10</sup>

Experience over the years has gradually shown us that talks with the North's diplomatic representatives on the DPRK's nuclear and missile programs will not lead to the elimination of these programs. Despite some success in freezing or slowing some parts of the North's nuclear weapons program in 1994, 1999-2000, 2005, and 2007, the DPRK was able to continue other nuclear weapons work surreptitiously or restart frozen programs when it wished.

The pattern of recent negotiations strongly suggests that the role of the DPRK's Foreign Ministry has been to buy time and provide cover to enable Pyongyang to achieve its nuclear and missile goals. Looking back over the history of nuclear negotiations with Pyongyang, the DPRK leadership has shown its willingness to endure considerable risk, isolation, and sanctions in order to acquire nuclear weapons, and the record of Kim Jong-un since he assumed power in December 2011 suggests that he is as determined as ever in this regard. If there was ever a time when dialogue with DPRK Foreign Ministry officials might have put North Korea on a different course, that time has certainly passed. The regime's leadership has made clear its goals and its determination to pursue them.

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<sup>10</sup> Ken Dilanian and Barbara Demick, "Secret U.S.-North Korea diplomatic trips reported," Los Angeles Times, February 23, 2013, at: <http://www.latimes.com/news/nationworld/world/la-fg-us-north-korea-20130224,0,2148994.story>.

Dialogue with the North's diplomats can help convey positions, deliver warnings, and explore differences, but if the aim is to determine whether there is any chance for denuclearization, it is essential that we engage the small group of actors at the top of the regime who have the power to make decisions in this regard. This group includes Kim Jong-un, members of his inner circle, such as Chang Song-taek and Vice Marshal Choe Ryong-hae, and the leadership of the Party Central Military Commission, the National Defense Commission, and the Presidium of the Party Politburo.

In an earlier paper, I called for the appointment of a prominent U.S. envoy to visit Pyongyang and engage the North Korean leadership on behalf of the U.S. president, and for North Korea to appoint a similar envoy to engage U.S. leaders.<sup>11</sup> The U.S. envoy would convey to the DPRK's leadership a clear statement of U.S. determination to defend its allies and interests and a strong warning of U.S. preparedness to retaliate against the use of nuclear weapons or the proliferation of these weapons and related technology. The envoy would also convey a proposal to resolve the nuclear and missile issues by placing them in the framework of a comprehensive package of steps to be negotiated by the envoys and blessed by their respective leaders that would fundamentally change the nature of U.S.-North Korea ties. The U.S. approach, coordinated with our ROK and Japanese allies, would sharpen both the incentives and disincentives for North Korea in order to give the DPRK the clearest possible choice.

There was some reason to believe this idea might have been well received in Pyongyang. Today, there may be less reason to hope that such an approach would succeed. North Korea may have gone too far down the path of nuclear and missile development to turn back. Nevertheless, a willingness to deal with the DPRK's leadership in a serious way would quickly confirm whether that is the case, while groping for solutions with those who have no power in the North Korean system to effect change has been shown to be a futile and frustrating pursuit.

The case for a new, higher-level engagement is buttressed by the fact that in the not-too-distant future we will face a nuclear-armed North Korea with a credible long-range ballistic missile capability. When that happens, it will have a significant effect on regional security dynamics. That growing danger suggests it is time to think outside the box.

If a new engagement effort aimed at the North Korean leadership were to yield serious talks on denuclearization, we would be better off than we are now. Presenting the North Korean leadership with an authoritative, comprehensive proposal that contains a path to better relations (including diplomatic normalization), the prospect of a peace treaty to replace the Korean War Armistice, economic and agricultural assistance, a defense conversion arrangement, commercial power generation possibilities and other inducements in return for denuclearization and the cessation of its medium- and long-

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<sup>11</sup> See Evans J.R. Revere, "Re-Engaging North Korea After Kim Jong-il's Death: Last, Best Hope or Dialogue to Nowhere?" Brookings, Policy Paper No. 29, January 2012, available at: <http://www.brookings.edu/research/papers/2012/01/11-north-korea-revere>

range missile program might convince the North Korean leadership to reconsider its current path.<sup>12</sup> The U.S. proposal would be accompanied by an equally authoritative presentation on the consequences of not responding positively to the U.S. approach. If the North declined to engage, the United States' case to take even stronger measures against Pyongyang would be strengthened by our having made this unprecedented effort.

### **Tightening the Noose**

Meanwhile, whether we opt to pursue a new approach or not, it is time to begin putting in place the elements of a much tougher policy, one that will need to be coordinated with the new ROK president and her national security team. It is time to begin crafting an approach that targets the North Korean regime's stability and longevity. Doing so would not only prepare us to deal with the emerging North Korean nuclear and missile threats, but also strengthen the hand of a presidential envoy should the United States pursue the high-level engagement advocated above.

North Korea's banking system and the regime's links with the international financial system present a target of opportunity. The centerpiece of a joint approach with Seoul should be an effort to greatly raise the cost to North Korea of its pursuit of nuclear weapons and long-range missiles. We need to make that cost so steep that it begins to strain the DPRK's financial system and raise concerns among North Korea's leadership about their ability to maintain regime stability.

A more vigorous approach should include stricter sanctions implementation, including the possibility of stopping suspect DPRK vessels on the high seas; additional steps to isolate the North politically; enhanced deployment of missile defense systems around the Korean Peninsula, including in Japan and at sea; the introduction of more advanced air and naval assets into the Northeast Asia region; more frequent military exercises; and possible covert steps targeting Pyongyang's WMD programs. A combination of such steps would make the DPRK's choices much starker than they are now.

In an ideal world, such an approach might prompt the DPRK to make better strategic decisions than the ones we have seen thus far. But we do not live in such a world. A core concern is that China's leadership seems wedded to a course designed to preserve the North's existence, regardless of how distasteful it may find Pyongyang's actions and irrespective of the increasing voices in China calling for a reassessment of the PRC's North Korea policy. As long as China continues to provide diplomatic cover for North Korea and is lax in enforcing UNSC sanctions, and as long as the leadership in Beijing calculates that underwriting North Korea's continued existence is in its interest, Pyongyang will have hope that it can survive a broad range of international pressures.

A tougher approach on North Korea will impose increased risks for the ROK, particularly since the proposed additional military and financial measures could elicit a North Korean

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<sup>12</sup> Revere, "Re-Engaging North Korea.." op. cit., pp. 20-21, contains a fuller description of the steps the two sides would take as part of this process.

response. China might also respond negatively to such steps, including because of its possible exposure to measures that we might take against the North Korean banking system. These risks and complications make it essential that Washington make coordination on North Korea policy with the new ROK government an urgent priority in the coming months.

### **U.S.-ROK Summit and Senior-Level Coordination**

U.S.-ROK coordination on North Korea can occur in several channels, but one essential mechanism should be an early U.S.-ROK summit. A well-prepared meeting between the two leaders would be an important symbol of alliance unity and it would get the new Park presidency and her relationship with President Obama off to a high-profile start. It would provide an opportunity for the two leaders to ensure they are on same page regarding North Korea. A summit would be a fitting venue for a strong restatement of the U.S. commitment to defend the ROK, including the continued provision of extended nuclear deterrence, which commits the U.S. nuclear arsenal to the defense of Korea.

U.S.-ROK coordination in the coming months should include a “2+2” Foreign and Defense ministers’ meeting. The ministers should also reinforce the messages of military commitment and deterrence and conduct a review of defense capabilities and diplomatic coordination to ensure that the alliance is prepared to deal with the emerging situation posed by a North Korea that is making new and disturbing threats against the ROK and the United States. These threats have raised the possibility that the DPRK might carry out conventional provocations against South Korea, making it essential that the alliance have an agreed plan on how to respond in such an eventuality.

### **The Importance of China**

In light of the central importance of China to solving the challenge posed by North Korea, the United States should support a visit to Beijing by President Park and her stated interest in developing an enhanced strategic dialogue with China. Such a dialogue would enable Seoul to encourage new thinking by the PRC regarding its relationship with North Korea. The ROK could also use such talks to press Beijing to contemplate alternative futures for the Korean Peninsula, to include scenarios for Korean reunification. Close U.S.-ROK consultation in advance of such a visit could enable the ROK president to share strategic reassurances with Beijing about the future of the U.S.-ROK security alliance. This could ease China’s concerns and perhaps begin to convince Beijing that a reunified Korean Peninsula under Seoul’s aegis could be a win-win for the PRC, the ROK, and the United States.

Looking at the role of China more broadly, it is more important than ever that United States and the ROK discuss the implications of China’s rise for the alliance, the Korean Peninsula, and the region. Seoul and Washington have a shared interest in encouraging China to be a responsible and cooperative player in the Northeast Asia region and beyond.

But as China's economic success continues to fuel a growing military budget, and as the PRC has adopted assertive positions on regional territorial issues but continues to tolerate the DPRK's misbehavior, there is growing concern among South Koreans about their neighbor. Nevertheless, building a good relationship with China must be a priority for the new ROK government, as is ensuring that U.S.-China differences do not negatively affect the ROK's interests, including with respect to North Korea. Seoul is mindful both of the value of the U.S.-ROK alliance as a hedge against China, and of the danger of being caught in the middle if U.S.-China competition increases. These and other concerns provide plenty of fodder for intensified U.S.-ROK strategic dialogue on the implications of China's rise.

### **OPCON Transfer, Reassurance, and Deterrence**

North Korea's threats and its pursuit of nuclear weapons and missiles make it essential that the United States and the ROK have in place the strongest possible military command and control systems to replace the U.S.-ROK Combined Forces Command (CFC) once wartime operational control (OPCON) of South Korean forces is returned to the ROK in December 2015.

The two allies originally agreed in 2007 that the time had come to return wartime operational control of South Korean forces to a ROK general, ending a long-standing arrangement by which Korean forces would be under the operational control (but not command) of a U.S. general in the event of a war. In 2012, concerns about North Korean military provocations and the ability of a non-integrated command structure to respond to future attacks prompted the two sides to delay the shift until 2015. The U.S. and ROK also established milestones to ensure that the planned transfer would not occur before the ROK is ready.

Nevertheless, concerns exist among some South Koreans that the disestablishment of the CFC will erode America's commitment to defend the ROK. At the same time, North Korea's recent nuclear and missile test successes could embolden the DPRK to test the alliance, while the planned shift in command relations could cause the DPRK to underestimate U.S.-ROK readiness.

U.S. and ROK officials should assess carefully the preparations for OPCON transfer and the dissolution of the CFC, including the follow-on command and control structures that are to be established. The twin goals should be to ensure there is a seamless transition and to convey the strongest possible messages of continuity, capability, and readiness to the South Korean people *and* to North Korea.

## **The ROK-Japan Factor**

North Korea's continuing development of nuclear and missile capabilities will not only pose a challenge to the U.S.-ROK alliance, it will also threaten Japan and U.S. bases and forward-deployed forces there, many of which would play a role in the defense of the ROK. This argues for the closest possible collaboration between the ROK, Japan, and the United States in dealing with the current and emerging North Korean threats, and in ensuring peace and stability in and around the Korean Peninsula.

In this connection, the failure of Seoul and Tokyo to conclude a General Security of Military Information Agreement (GSOMIA) and an Acquisition and Cross-Servicing Agreement (ACSA) last year because of differences over territorial and historical issues was not only a significant setback for Korea-Japan relations, it also detracted from efforts to enhance cooperation aimed at defending the Republic of Korea.

Better relations between Korea and Japan make sense for many reasons, not the least of which is the increased leverage it gives the two countries in dealing with a common threat. It also provides a platform for both countries to engage with the United States in trilateral coordination and cooperation against these threats. In the not-too-distant past, Seoul, Tokyo, and Washington learned much about the benefits of such cooperation during the heyday of the Trilateral Coordination and Oversight Group (TCOG), which strengthened our leverage in dealing with North Korea.

New leaders in Seoul and Tokyo now have an opportunity to make the rehabilitation of bilateral ties a priority. Both countries, facing a similar threat from North Korea and sharing a common goal of preserving peace and stability in the region, have a strong incentive to do so. The United States can be helpful – indeed, the Obama Administration has already made clear to Japan that it must not walk back previous historical gestures of apology - but the onus will be on the ROK and Japan to put pragmatism and shared interest ahead of other concerns if progress is to be made.

## **Peaceful Nuclear Cooperation**

The issues noted above are hardly the only ones to be addressed as the United States and the Republic of Korea deal with a broad and complex bilateral agenda.

U.S. and ROK officials have been negotiating the renewal of the agreement governing peaceful cooperation in nuclear energy, which expires in March 2014. The ROK, which anticipates encountering spent nuclear fuel storage problems in the future, has sought U.S. concurrence in allowing Korea to establish a full nuclear fuel cycle, including enrichment and reprocessing. The United States has been unwilling to do so because of concerns about proliferation. U.S. reluctance also stems from concerns that acceding to the ROK request would open the door to similar demands by other countries. And Washington is rightly concerned that it would also complicate the task of stopping the DPRK's nuclear weapons program, which relies on both reprocessing and uranium enrichment.

Seoul's desire to become a major global exporter of civilian reactor technology and its sensitivity that Japan has the full nuclear fuel cycle has prompted some in the ROK to portray this as an issue of national pride and "nuclear sovereignty." Of the remaining issues on the U.S.-ROK agenda, this one promises to be the thorniest and will require delicate diplomacy if it is not to become a contentious problem in an otherwise cooperative bilateral relationship.

The ability of Washington and Seoul to resolve a number of difficult bilateral problems, including last year's agreement to extend the range of the ROK's ballistic missiles, suggests that a way may yet be found to bridge the differences on the nuclear cooperation issue. And, as both presidents know well, the U.S.-ROK alliance today rests on a solid foundation of trust, cooperation, and shared principles. That foundation will serve the allies well as they deal with the new challenges that lie before them.