

THE THIRD U.S.-ROK DIALOGUE ON UNIFICATION AND REGIONAL SECURITY

CONFERENCE REPORT

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Despite the current strength of the relationship between the United States and the Republic of Korea (ROK), the alliance must continually be refined and adapt to new challenges as the political and security landscape of Northeast Asia evolves. China's rise remains central to the shifting contours of the region, and the potential emergence of a new type of great-power relationship between China and the United States will have significant and wide-reaching implications. ROK–Japan relations remain frosty, as historical and territorial disputes continue to simmer. The Democratic People's Republic of Korea (DPRK), meanwhile, remains an immediate threat and the focal point of the U.S.-ROK alliance relationship. The unexpected dismissal and execution of President Kim Jong-un's uncle and close adviser, Jang Seong-taek, underscores how unpredictable events on the Korean Peninsula can be and highlights the need for continued planning and coordination between Seoul and Washington on North Korea policy.

An explosive conflict on the Korean Peninsula would not just threaten the United States and South Korea but also be potentially devastating for the region. Maintaining stability on the peninsula, and in Northeast Asia writ large, is a delicate task that requires fresh perspectives and long-term thinking. Initiatives that develop regional security architecture and cooperation and promote Korean unification are positive steps in this direction. The U.S.-ROK alliance is thus a fundamental pillar of regional stability. Considering the nature of the threats in the region, it is time to take stock of the U.S.-ROK relationship, developments in the regional security realm, and North Korea issues in general.

The National Bureau of Asian Research (NBR) and the Korea Institute for National Unification (KINU) jointly convened a high-level conference to take stock of the current state of the U.S.-ROK alliance, with a particular focus on alliance strategy toward North Korea, operationalizing President Park Geun-hye's proposed Northeast Asia Peace and Cooperation Initiative (NAPCI)

and *trustpolitik* initiatives within an alliance-based framework, and prospects for expanding the regional roles and responsibilities of the alliance. The conference was held in Washington, D.C., on December 12, 2013, and was graciously hosted by the United States Institute of Peace (USIP). The discussion involved academics and policy professionals, as well as government representatives from South Korea and the United States.

Following is a summary of the issues discussed. The views expressed herein are not necessarily those of KINU or NBR, the authors of this report, or the conference participants.

NORTH KOREA'S INTERNAL SITUATION AND THE NUCLEAR QUESTION

North Korea remains a significant threat to regional security. Understanding how to manage the North Korean dilemma toward an eventual resolution is essential. This requires an accurate understanding of the DPRK's often enigmatic domestic politics, an objective evaluation of regional political and strategic dynamics, and a realistic assessment of options to combat North Korean nuclear proliferation, enforce positive steps toward denuclearization, and encourage Pyongyang to adhere to its international responsibilities.

Wishful thinking about the prospects for a reform-minded Kim Jong-un has given way to the realization that the young leader intends to repeat the belligerent policies of his father, particularly as he continues to consolidate his power at the top of the regime. While the purges of top officials over the past year, most recently of Jang Seong-taek, have raised concerns about the stability of the regime in Pyongyang, these concerns are likely misplaced. Kim's ability to purge top leaders likely reflects his growing confidence in his ability to consolidate and vest power within himself.

Nevertheless, North Korean domestic politics and decision-making remain a black box, and thus the potential for regime instability cannot be ignored. Moreover, as Kim consolidates his position, he may be encouraged to engage in provocative behavior as a means of strengthening his domestic position, enhancing social cohesion, or warning North Korea's purported enemies that they should not perceive Pyongyang as weak and attempt to take advantage of the situation.

The prospects for making progress toward denuclearization appear dim. In 2013, North Korea announced its adoption of a “new strategic line” of dual nuclear and economic development. In essence, this policy places greater emphasis on developing the country’s nuclear arsenal, so that the DPRK can spend less on the military and more on economic development—a North Korean “New Look” as it were. In accordance with this policy, North Korea has designated fourteen economic development zones across the country to try to attract foreign investment. Despite this, Pyongyang’s dual policy faces several significant obstacles. Simply put, the DPRK is not thought to possess sufficient resources to devote to both economic rejuvenation and nuclear development. Furthermore, as long as North Korea pursues a nuclear program it will face robust international sanctions, making foreign investment unlikely; yet this is a central element of the DPRK’s economic revitalization plans. Finally, the purge of Jang, likely to be followed by purges within his extensive networks, could limit the regime’s access to foreign revenue streams, further undermining its plans to foster sustained economic growth. Continued economic stagnation could compel North Korea to seek alternate forms of revenue, such as WMD sales abroad.

Although North Korea has the potential to make modest and incremental economic gains, Pyongyang continues to resist major reforms and consequently remains economically moribund. One bright economic spot for North Korea has been its trade with China, which appears to be rebounding. However, Jang’s sudden removal without any notification to Beijing could temporarily damage China-DPRK relations, particularly given that Jang was a prominent figure in managing this relationship. While Beijing has expressed its surprise over Jang’s rapid downfall, China maintains a number of long-term strategic interests in sustaining North Korean stability and viability.

From these various observations, three trends emerge:

1. The recent purges seem to indicate that Kim is firmly in charge of the country.
2. North Korea appears reluctant to forsake its nuclear program. Indeed, it would appear that the regime has only elevated the importance of possessing an operational nuclear capability through the adoption of the new strategic line.
3. Kim appears to be replicating his father’s brinkmanship style of foreign policy, though he may not be entirely clear where red lines lie.

With these considerations in mind, how can the North Korean dilemma best be managed in the short term, with the long-term objective of bringing about the denuclearization of the Korean Peninsula?

Recent progress toward a nuclear deal with Iran has led some observers to advocate for a similar approach to the DPRK. However, calls for such a deal are ill-informed. Iran is a much more open state, both domestically and to the international community, than North Korea. In addition, the Iranian regime is perhaps more brittle and certainly must be more responsive to its populace. It is also too soon to tell whether the Iran deal will be a success, making emulation difficult.

Over the past year, Seoul has pursued a new strategy of easing inter-Korean tensions and breathing new life into the relationship between North and South through President Park's signature *trustpolitik* initiative. Generally speaking, *trustpolitik* focuses on building trust by maintaining credibility in words and actions. The central principles of President Park's approach are: (1) trust-building requires mutuality and commitments must be verifiable, (2) transgressions will not be forgotten, nor will they be rewarded with new incentives, (3) North Korea will be held accountable for previous actions and commitments, and (4) consequences will be imposed on those who breach the peace. The initial efforts of *trustpolitik* have focused on re-establishing inter-Korean relations through relatively benign avenues, such as resuming activities at the Kaesong Industrial Complex. So far, these efforts have generally been intentionally delinked from the more contentious issues of human rights and denuclearization, although efforts at fully implementing *trustpolitik* have been undermined by the North's belligerence over the course of the past year. The United States, by and large, has been content for Seoul to take the lead in engaging with Pyongyang.

For its part, the United States must adopt a more comprehensive and coordinated strategy toward North Korea that fully utilizes the various aspects of its national power. Moreover, Washington, in conjunction with Seoul, must look beyond Pyongyang when considering such a strategy, particularly in terms of the current sanctions regime. North Korea has found a number of ways to evade sanctions, often through the tacit support of China or through reliance on "economic development" aid from Beijing. Any successful sanctions against the North Korean regime will

require either increased pressure on Beijing—potentially by sanctioning those entities within China that engage in business with, or on behalf of, the DPRK—or greater cooperation from Beijing, which is an unlikely prospect.

There have been some recent indications that China is growing increasingly frustrated with North Korea and may become more helpful in implementing international sanctions. However, although there has been heightened debate in China about taking a stronger stance against North Korea, little actual change has occurred in China's North Korea policy. In the absence of fuller cooperation, there are other creative approaches for tightening the sanctions regime. For example, rather than simply punishing Chinese companies that interact with North Korea, the United States and South Korea could offer financial incentives to attempt to curb Chinese businesses' involvement with the North, essentially allowing free-market forces to disincentivize continued engagement with Pyongyang. This approach might be useful in designing the next set of policy tools to deal with the sophisticated and complex economic relationship between China and North Korea.

Overall prospects for restarting talks on denuclearization in the near term—such as through the six-party talks—are bleak. It appears that the Obama administration has become increasingly convinced that talks have little chance of success, and the United States is unlikely to agree to future talks without a fundamental change in North Korea's behavior or rhetoric. Moreover, while President Park's emphasis on trust-building may help reduce tensions, it is unclear how this approach will result in a reversal of North Korea's WMD programs. Pyongyang's core security concerns must be met before there is any progress on this front. For its part, North Korea appears unwilling to enter talks with preconditions, particularly given that the regime considers its core security interests under threat. The situation requires continued close coordination and cooperation between Seoul and Washington.

THE U.S.-ROK ALLIANCE IN THE REGION

East Asia faces significant security challenges in both the immediate and not-too-distant future. With the U.S.-ROK alliance serving as a cornerstone of stability not only on the Korean Peninsula but also in the wider Asia-Pacific region, it is essential that Washington and Seoul enhance policy

coordination across a range of issues in accordance with their overarching shared interest in maintaining regional stability. This will require greater communication between the two allies on a more coordinated strategy to adapt to, prioritize, and ultimately address regional challenges. The allies must also recognize that on some occasions national interests may result in divergent strategies, and they must actively seek to minimize the impact of such instances. While North Korea will remain the focal point of the U.S.-ROK alliance, it is perhaps time for alliance managers to attempt to raise the regional profile of the alliance in order to better address the challenges facing the Asia-Pacific.

Preventing conflict on the Korean Peninsula—along with managing escalation and bringing about a swift conclusion should such conflict occur—has increasingly become a matter of regional, if not global, significance. A conflict on the Korean Peninsula could precipitate a confrontation between the United States and China that would have grave repercussions for international security, as well as for the regional and global economies. Even if such a confrontation were avoided, the impact of inter-Korean conflict would be severe. Given increasing economic interconnectedness and interdependence, it could cause tremendous damage to the world's leading economies, including China, South Korea, and Japan, not to mention the United States. In an increasingly globalized system, such a shock could result in a significant worldwide economic downturn. With Asia emerging as the engine of global economic growth in the early 21st century, any major disruption to the status quo is likely to have far-reaching consequences.

The United States and South Korea must therefore engage in frank and substantive bilateral—and, where possible, multilateral—planning for coping with the ongoing challenges posed by North Korea. Additionally, the United States and South Korea must take steps to prepare for North Korean contingencies, in whatever form they might take, and engage in serious planning for the ultimate unification of the Korean Peninsula.

Although Korean unification may not appear to be on the horizon, it is unwise to underestimate the fluidity of the international system and how rapidly change can occur. Few predicted the collapse of the Soviet Union or the Arab Spring; however, such “black swan” events carry with them significant political and strategic implications. While the DPRK has proved itself to be highly

resilient in the past—enduring international sanctions, chronic food shortages, and severe inflation—it is uncertain how much longer the regime can maintain its iron grip on power.

Beyond the challenge of North Korea, Washington and Seoul have each been actively searching for ways to address existing and emerging regional challenges—including both conventional and nontraditional security threats—that could undermine regional stability. The U.S.-ROK alliance may serve as a useful tool for greater cooperation in a number of areas. However, expanding the alliance within the broader regional context goes beyond the original parameters of the mutual defense treaty. While doing so may serve both Washington's and Seoul's strategic interests, it will require enhanced dialogue and coordination. To this end, Seoul and Washington could consider institutionalizing their 2+2 dialogue to discuss expanding the role of the alliance beyond the Korean Peninsula to possibly include greater cooperation on relatively low-intensity, yet highly necessary, regional missions such as humanitarian assistance and disaster relief (HADR), antipiracy operations, and intelligence, surveillance, and reconnaissance patrols.

Multilateral engagement among U.S. allies in the region will also be increasingly crucial in light of the many significant security challenges confronting East Asia. Improving relations between Seoul and Tokyo, for example, has become an increasingly important goal for Washington. However, simmering political tensions between South Korea and Japan over historical and territorial issues have thus far derailed any attempts at fostering greater cooperation between the countries, despite their seemingly congruous strategic interests. To overcome the current impasse, statesmanship and political leadership will be required.

For its part, the United States must continue to serve as a bridge, albeit in an unofficial capacity, as exemplified by Vice President Joe Biden's trip to South Korea and Japan in late 2013. In addition to supporting greater dialogue between South Korea and Japan in multilateral forums—such as in the East Asia Summit and potentially even the six-party talks, if resumed—the United States may also consider bringing South Korea into the existing U.S.-Japan-Australia Trilateral Strategic Dialogue. Since being upgraded to a ministerial-level exchange in 2006, the dialogue has improved coordination considerably between Japan and Australia. Incorporating South Korea would enable greater coordination, dialogue, and information-sharing among these three important U.S. allies,

an outcome that would surely be attractive to Washington. For South Korea, the inclusion of Australia and the United States may make engaging in a strategic dialogue with Japan more palatable for domestic audiences.

Although the United States is not directly involved in negotiations between Japan and South Korea, it is helping ease tensions through public, as well as “quiet” back-channel, diplomacy and by offering trilateral discussion mechanisms. Enhancing trilateral information-sharing and military cooperation will be vitally important, not only to help alleviate periodic tension and enhance alliance assurances, but also to encourage greater coordination in the event of a major regional crisis or contingency—for example, the resumption of violent hostilities on the Korean Peninsula, which would significantly affect both Japan and Korea.

Operationally, the most likely scenario for improved bilateral exchange and cooperation is in conducting HADR operations. Given the tremendous vulnerability of East Asia to major natural disasters and the significant response and relief capabilities possessed by South Korea and Japan, HADR may be an ideal area through which to enhance overall bilateral relations, especially those between the ROK military and the Japan Self-Defense Forces. Many Track 1.5 and Track 2 HADR initiatives between South Korea and Japan already exist and have proved to be robust arenas for bilateral interaction. Additionally, such cooperation could be pursued (even simultaneously) through multilateral forums, such as the ASEAN Regional Forum.

In addition to attempting to revitalize ROK-Japan relations, it is also important that Washington understand how growing ROK-China relations might contribute to greater regional stability and even serve to bolster the U.S.-China relationship. Over the past several years, South Korea has significantly expanded its relationship with China, which is now the ROK’s largest trading partner. Diplomatic relations have also warmed substantially in recent years, evinced by President Park’s recent state visit to China. Washington has been generally supportive of improved ties between Seoul and Beijing, particularly because their burgeoning relationship may offer new avenues to pursue greater cooperation on a number of pressing regional issues, most notably North Korean denuclearization. However, there has also been some concern in Washington that South Korea may be gradually moving toward an “equidistant” foreign policy vis-à-vis China and the United

States. Washington and Seoul must continue to maintain close communications so as to avoid strategic divergence and to take advantage of opportunities for collective engagement with Beijing as they present themselves.

With Northeast Asia likely entering a period of increasingly rapid change, the importance of the U.S.-ROK alliance to lend stability not only to the Korean Peninsula but to the entire region has only become more apparent. Although resolution of the North Korean issue will of course remain the central focus of the alliance, the alliance must also adapt to address new and emerging sources of regional instability. China's rise continues to raise concerns among many of its neighbors, particularly as Beijing has adopted an increasingly muscular regional foreign policy, as exemplified by its current approach to the various territorial disputes along China's periphery. Moreover, China's rapid military buildup and strategic opacity remain troubling and a potential source of regional instability. Nontraditional security challenges have also taken on a greater profile in the region following several highly destructive natural disasters, most recently Typhoon Haiyan.

The U.S.-ROK alliance, as a cornerstone of regional stability and security, will be essential to addressing these many challenges. However, for it to do so, Washington and Seoul must actively pursue opportunities to enhance the regional profile of the alliance. Both sides appear ready for the alliance take on this greater role. Continued coordination—a process that will be aided by regular and frank dialogue and exchange—will be crucial to success.

IMPROVING THE REGIONAL ENVIRONMENT

Relations among the great powers of Northeast Asia have long suffered from what has been termed the “Asian paradox,” a phrase that describes the coexistence in the region of dynamic economic interaction and pervasive and deeply rooted strategic mistrust among nations. Over the years, regional policymakers have sought to address the systemic mistrust that plagues Northeast Asia by proposing a number of different mechanisms to pursue greater intraregional cooperation. Unfortunately, these efforts have been, until now, unsuccessful. More than any time in recent memory, the region is wracked by suspicion and uncertainty.

To attempt to address this status quo of mistrust, and to heighten the role of South Korea within the region, President Park has proposed a regional corollary to her inter-Korean *trustpolitik* initiative: the Northeast Asia Peace and Cooperation Initiative. Similar to *trustpolitik*, NAPCI seeks to build trust among the great powers of Northeast Asia primarily through their engagement in robust and regular dialogue as equal stakeholders. This initiative would be highly inclusive, involving countries such as South Korea, the United States, China, Japan, Russia, and Mongolia. European and Southeast Asian nations would also be welcome to join in this initiative, and North Korea might also be considered at a slightly later date.

NAPCI would seek to build a new culture of confidence among regional stakeholders. While it would not immediately attempt to resolve the most contentious security issues, such as territorial disputes, the initiative seeks to kick off a virtuous cycle of relations by supporting and regularizing positive interactions among regional actors over time in order to build trust. As trust accrues and relationships deepen, it may become possible to broach once-contentious issues and reach acceptable resolutions. NAPCI would seek to build trust by first focusing on functional cooperation on relatively benign regional issues (what some might term “soft” security challenges) such as transnational crime, environmental protection, climate change, energy security, disaster mitigation and response, international health, and terrorism. In addition, issues such as addressing the regional problem of aging societies, building up cultural exchanges, and educational cooperation could offer other promising avenues for developing trust.

Despite this ambitious agenda, Seoul faces a number of challenges to successfully implementing NAPCI, the most difficult of which will be inducing the other major regional powers to buy into the process. NAPCI will also need to overcome several significant obstacles that are the result of an evolving regional power structure in East Asia. For example, it will be important to see whether NAPCI can accommodate (potentially even mitigate) the growing strategic competition between China and the United States. It will also be necessary, but highly difficult, to shape regional perceptions such that all the states involved view NAPCI as a neutral venue for open engagement on a level playing field. Indeed, these types of reservations may be the product of the various formal and informal relationships that already lend structure to the regional environment and feed

perceptions that neutrality cannot be guaranteed when some of the participants are allied nations. Similarly, NAPCI must resist the perception (or the reality) that it is an arena designed to expand or codify spheres of influence within the region. If it is to succeed, NAPCI must be able to operate independently of other contentious and potentially transient political conditions, such as the current tense relations between Seoul and Tokyo. However, accomplishing this in reality will be no mean feat.

Considering these dynamics, NAPCI will be difficult to operationalize and will likely require significant effort by President Park and robust levels of support from other regional capitals. It is unclear whether or not this support will materialize. NAPCI faces an additional potential constraint in that President Park will have only one five-year term to enact such a bold initiative. Ensuring that NAPCI acquires the domestic support necessary to sustain it after Park has left office will likely be a product of the degree to which the initiative is successful in the short term. However, with the benefits of NAPCI by design accruing over time, this presents a significant challenge. Moreover, it is unclear how the success of the initiative is defined or how it might be measured. Yet should NAPCI be able to overcome these various obstacles, it will prove to be a highly useful avenue for institutionalizing concrete confidence-building measures among stakeholders in Northeast Asia and could go a long way toward solving the Asian paradox.

CONCLUSIONS

As global wealth and geopolitical power become increasingly concentrated in the Asia-Pacific, it is more important than ever to engage in frank discussions about the obstacles to peace and stability in Northeast Asia. Overcoming the Asian paradox of increasing economic interaction and interdependence, yet heightened feelings of insecurity and distrust, will require forward thinking about how best to adapt the existing security architecture to meet the challenges of the 21st century.

At a broad level, China's re-emergence is fundamentally reshaping the power structure of the region. The country's rapid rise in influence and power—especially in terms of hard power—coupled with its generally opaque strategic intentions and recent bouts of assertiveness vis-à-vis its neighbors, has only contributed to concerns that China's rise will result in greater regional

uncertainty. Beyond China, a number of other emerging challenges threaten to upset stability in East Asia. Some of these challenges, such as climate change, demographic shifts, and resource scarcity and competition, will likely seize greater attention in the near to medium term. Importantly, many of these challenges are only likely to be managed or resolved through cooperative collective action. Maintaining regional stability will continue to be the central focus of the United States in Asia; however, U.S. resources are not infinite, and given the scope of the challenges the region faces, Washington will need to increasingly rely on its regional partners and allies, including South Korea.

President Park's proposed Northeast Asia Peace and Cooperation Initiative demonstrates the type of forward thinking that is needed to address these broader challenges. However, this initiative must overcome numerous obstacles. The initiative itself is still in a formative period and will be further refined and communicated to all the key stakeholders in the region through dialogue and exchange. According to the stated roadmap, Seoul will be promoting NAPCI around the region in the near future. South Korea's ability to articulate the initiative in other regional capitals and gain their initial support will be crucial. Equally important will be easing the current level of tension with Japan. Support from Washington, though likely not its direct involvement or intervention, will be crucial to both of these endeavors.

While raising the regional profile of the U.S.-ROK alliance will certainly support stability in the evolving Asian security environment, the key focus of this vital relationship will remain to deter the immediate threat posed by North Korea and seek a resolution to the long-standing division of the Korean Peninsula. The events of 2013 served as a stark reminder of this threat, with North Korea detonating its third nuclear device and threatening both Seoul and Washington with nuclear devastation, resulting in a significant deterioration in inter-Korean relations. With the recent ouster of Jang Seong-taek, Kim Jong-un has likely emerged with a firmer grip on power than before, amid concerns that he may be less aware of where U.S. and South Korean red lines lie. Moreover, with Pyongyang reiterating the importance of its nuclear program as a central component of the regime's "new strategic line," positive movement on the nuclear issue is unlikely in the near term. Indeed, despite the regime's recent appeals for the resumption of talks, there has been little indication that North Korea is prepared to enter into serious negotiations with South Korea or the

international community over denuclearization. This speaks to the need for continued close cooperation and coordination between Seoul and Washington.