Special Conference on

The Future of Northeast Asia and the Korea-U.S. Alliance

Co-Chairs
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SPECIAL CONFERENCE ON

THE FUTURE OF NORTHEAST ASIA
AND THE KOREA-U.S. ALLIANCE

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This Joint Report is an outcome of the activities carried out by the CHEY-CSIS Commission on Northeast Asia and the Korean Peninsula (hereinafter referred as the Commission). The Commission consists of a high-level delegation of former government officials and scholars from the U.S. and ROK. It identifies the unprecedented geostrategic uncertainties and challenges generated by shifts in the balance of power, intensifying Sino-American competition, technological innovation, debilitating effects of the COVID-19 pandemic, and growing income disparities. Against this backdrop, the Commission aims to explore the geopolitical implications in the Northeast Asian region and the Korean Peninsula, including the ROK-U.S. alliance and trade & new frontier agenda.

Since its inception in December 2020, the Commission has convened two closed and two public sessions.

The views expressed herein are solely those of the participants and do not reflect those of the Chey Institute for Advanced Studies or CSIS.

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The Future of Northeast Asia and the Korea-U.S. Alliance

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Executive Summary

Geopolitics in Northeast Asia
The rise of China has significantly affected the Northeast Asian international order. Beijing has actively sought strategic hegemony in Asia through its grey zone tactics. There has been growing concern about what many believe is China’s attempt to export its authoritarian political model to the outside world and its frequent disdain of various international rules and norms.

In the past, the United States responded to the rise of China by adopting a series of strategies, including ‘Pivot to Asia’ by the Obama administration and the ‘Free and Open Indo-Pacific’ strategy by the Trump administration. President Joe Biden is now seeking to build a united front of U.S. allies and partners to confront China’s abusive behaviors and human rights violations. Changing China’s behaviors and building a united front with allies are central ideas and the U.S. will certainly need a united front with allies and partners for deterrence against China.

However, many Korean participants wished the U.S. government to pay more attention to how to establish a permanent peace on the Korean Peninsula. In this regard, both the United States and Korea need to develop a common strategy not just on China, but also on how to establish a permanent peace (including denuclearization of North Korea) on the Korean Peninsula.

A speedy and decisive strategy towards China is all the more imperative when considering the growth of North Korea’s military capability. Last October, Pyongyang unveiled a so-called ‘monster’ missile, which is believed to be a liquid-fueled intercontinental ballistic missile (ICBM). In January, North Korea demonstrated a new submarine-launched ballistic missile (SLBM) during a military parade, which could lay the foundation for a longer-range solid-fueled missile. It also claimed that it has developed tactical nuclear weapons for various missions, meaning that its short-range, lower-yield nuclear weapons can be used on the battlefield against military targets in and around the Korean Peninsula.

In the meantime, recent resurgences of historical animosities and disagreements have spiraled ROK-Japan relations to new lows. For the U.S., a network of like-minded allies and partners is a crucial advantage in the long-term competition with regional powers, such as Russia and China. In this context, as President John Hamre of CSIS emphasized, the division within the U.S., ROK, and Japan incurred by the strained relationship between the ROK and Japan could be detrimental to the Northeast Asian alliance.
North Korea
The growing nuclear threat continues to be the most urgent need with regard to North Korea. This point was made abundantly clear when North Korea announced its military modernization plan to ‘complete nuclear capability’ during the 8th Party Congress in January 2021. Considering the complexity of the North Korean nuclear problem and the hereditary nature of the North Korean decision-making structure, the Commission agrees that the U.S. and ROK should combine top-down and bottom-up approaches rather than solely committing to one of them. In addition, the Commission recommends that the ROK-U.S. alliance utilize a strategic mixture of diplomatic negotiations with North Korea and improvements in the alliance’s defense posture to deter and defend against North Korea’s nuclear and missile threats.

In this vein, economic measures can be considered as not only sticks (sanctions) but also carrots (economic development projects) depending on North Korea’s corresponding denuclearization measures. But the Commission expresses concern that a piecemeal interim agreement without a clear understanding of the final goal or timeline for denuclearization could be exploited by North Korea and may lead to recognizing the North as a de facto nuclear weapons state. In this regard, it is critical to make sure that China understands North Korea as a ‘strategic liability.’

On the security front, most of the Commission’s participants emphasized the importance of strengthening U.S. extended nuclear deterrence.

ROK-U.S. Alliance
The Northeast Asian region faces both opportunities and challenges, further complicated by the rise of China and the North Korean nuclear threat. The situation surrounding the Korean Peninsula continues to become more volatile; against this backdrop, there must be stronger coalition and coordination between the U.S. and ROK towards peace and prosperity in the region. Commission members welcomed the Biden administration’s promise to strengthen U.S. ties with allies and stand up to authoritarian regimes around the world. But the attention is now focused on whether President Biden will turn to diplomatic talks with North Korea, in line with Trump’s legacy, or whether he will take specific measures to restore pressure against North Korea by strengthening sanctions regime and resuming joint military exercises which were suspended by Trump following the Singapore summit in 2018. There is also some concern about the possible divergence between Presidents Biden and Moon in terms of their approaches to North Korea.

Another challenge for the ROK-U.S. alliance is China. The topic of to what extent both the U.S. and ROK could or should also deal with the strategic challenges posed by China was a topic of lengthy debate. In this light, some of the Korean members of the Commission noted that the United States did little to defend Korea from Chinese economic retaliation in the aftermath of the Terminal High Altitude Area Defense (THAAD) deployment in 2015-2016. This raises a very important task for further discussion about how the ROK-U.S. alliance could deter and respond to non-military threats from third parties. The Biden administration is also expected to encourage American allies and partners to join the united front to deal with China’s human rights violations.

The ROK-U.S.-Japan trilateral security cooperation was emphasized by many participants as an effective means to deal with North Korean provocations, although Seoul and Tokyo face immense challenges in terms of improving their ties. The trilateral cooperation is well-positioned to deepen cooperation on a wide range of global security issues, including (but not limited to) terrorism, piracy, cyber security, and maritime security.

Trade & New Frontier Agenda
Resetting the regional trade order will be an urgent priority for the U.S. as it restores engagement in the Asia-Pacific, as it will be essential to both support domestic economic recovery and strengthen international policy on matters regarding China. It is crucial to embrace strategically indispensable partners, such as South Korea. Reforming the WTO is a key area for the U.S. and Korea to work on together, with Korea being an important bridge between developing and developed countries. A Korean Commission member highlighted that the allies have a common interest in inducing China to change its economic and trade policies and practices.

The ROK-U.S. alliance needs to broaden the scope of cooperation and cement progress into new frontiers such as cyberspace, the 4th industrial revolution, public health, and the environment. Electric vehicles, as well as hydrogen fuel-cells and batteries, have the potential to become new pillars of energy cooperation. In these areas, the two countries’ cooperation has been successful, while prospects for future growth remain optimistic. They hold tremendous geo-economic value and are no longer subsidiary issues; they ought to constitute a much more solid pillar of the alliance. The proposals for the robust non-military cooperation, such as digital connectivity, infrastructure, development assistance, cultural affinity, space, etc., should be highlighted as well.
Policy Recommendations

Strengthening the ROK-U.S. Alliance

- The inauguration of Biden administration is a good opportunity to revitalize the ROK-U.S. alliance, but reinvigorated efforts must come from both sides. The two countries should rejuvenate the existing mechanisms of consultation that remained dormant during the Trump administration, such as the 2+2 Foreign and Defense Ministers’ Meeting. They would function as an umbrella consultation body where the security and foreign policies of both countries could be discussed and coordinated.

- Some of the Korean members of the Commission stressed that U.S. policymakers should pay more attention to the ROK's unique geopolitical dilemma in Northeast Asia and develop a more customized alliance strategy, rather than the one-size-fits-all approach that has colored previous administrations' Asia-Pacific strategies. For them, it is important to develop flexibility in South Korean participation in the U.S.-led Indo-Pacific vision, so as to avoid the perception that South Korea is unconditionally aligned with the U.S. in containing China. American members of the Commission stressed the need for Korea to view U.S. efforts at coalitional diplomacy on issues ranging from supply chains to clean networks to freedom of navigation—not as anti-China devices, but as South Korea's contributions to a "resilient Asia" and a rules-based order consonant with South Korean national interests.

- During the meeting, a Korean delegate stressed that in hindsight, the U.S. should have played a more active role in bridging the gap between the ROK and Japan.

Denuclearization of North Korea

- The U.S. and ROK should come up with a common strategy and detailed implementation process on how to denuclearize North Korea as early as possible. A comprehensive agreement needs to be pursued, even if its implementation will be gradual. The end-state (complete, verifiable, irreversible denuclearization; CVID) of such an agreement should be clear to North Korea.

- The U.S. and ROK should take a “hybrid” approach, combining top-down and bottom-up approaches rather than choosing just one. Regardless of the negotiation format, denuclearizing North Korea should be one of first and top priorities of the Biden administration.

- The U.S. and ROK should strike a balance between diplomatic negotiations and strengthening the allied defense posture to deter North Korea's nuclear and missile ambitions. At the same time, the allies should discuss in advance plans in response to missile provocations by North Korea.

- Economic inducements should and sanctions ought to be deployed in tandem as important tools to support negotiations. Economic engagement should be designed to incentivize North Korea to reduce threats, support North Korea's integration to the global economy, contribute to North Korea's sustainable development, and facilitate economic integration between the two Koreas.

- Future negotiations on denuclearization must involve the participation of the ROK and China. North Korea’s denuclearization would be difficult without China’s commitment to exercise its leverage over North Korea.

Global Economic Governance and New Frontier Issues

- The area of economics provides many opportunities for the U.S. and ROK to cooperatively address regional and global economic challenges. The U.S. should make conscious efforts to increase its economic relevance to countries in the region as a counterweight to aggressive Chinese economic expansion.

- Developing trusted supply chains is one area where further collaboration between the U.S. and Korea can reduce overall reliance on China by diversifying production lines.

- WTO reform is a key area for U.S.-ROK cooperation. The U.S. together with other members should push for the reform of WTO rules to instill changes in Chinese policies and practices. The U.S. and ROK should come together to set standards and norms with respect to emerging technologies.
Some members believe that the U.S. has been marginalized in the regional trade architecture. Joining the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) would give the U.S. a practical platform.

The two allies should broaden the aperture to deal with new frontiers issues such as cyber, space, the fourth industrial revolution, public health, energy security, and the environment. The alliance should also go beyond the Korean Peninsula and utilize the ROK’s potential to promote a rules-based international order in Asia on trade and human rights.

Section I. Geopolitics in Northeast Asia

Bringing peace to the Asian region and to the global system is a common challenge for the U.S. and ROK. The North Korean issue cannot make progress without active involvement by the U.S., China, and ROK. In that sense, the alliance with the ROK has become a critical foundation for peace, security, and prosperity in Northeast Asia. The ROK carries the flag of democracy on the Asian continent, which goes together with the interest of the U.S. A strong and capable Korea is the key to peace in Northeast Asia.

Against this backdrop, the U.S. relationship with China must be seen in a broader context. Former Deputy Secretary of State Richard Armitage used the term “coopertition”—the combination of cooperation and competition—to describe Sino-U.S. relations. The Korean Peninsula should be seen not only in a vacuum, but also as part of the framework of the broader U.S.-China relationship, for which the shared goal is a “Resilient Asia.”

The rise of China and the unpredictability of North Korea are very real threats to Seoul. Professor Joseph Nye of Harvard University explained how China and North Korea are attempting to disrupt the ROK-U.S. alliance. Professor Nye pointed to how China punished the ROK for the THAAD decision and how North Korea tried to manipulate the Trump administration about giving up ROK-U.S. joint military exercises for little in return. In order to effectively respond to the challenges from China and Korea, the maintenance of the alliance and deterrence is critical.

Compared to the Trump administration’s strategy of containment aimed at deterring Chinese military expansion and decoupling China from the global supply chain, the Biden administration is expected to pursue a strategy of transformation focused on changing the behavior of China while maintaining “competitive coexistence”.

However, according to former Deputy Secretary of State Richard Armitage, the Biden administration is somewhat constrained on China due to the domestic sentiments, which has shifted to be much tougher on China, if not outright hostile.

At the same time, the U.S. also has strong ties with many Asian countries as security partners in the Indo-Pacific region. Professor Lee Sook Jong of Sungkyunkwan University emphasized that potential security cooperation can be pursued through direct and indirect coordination utilizing existing sets of various “bilateral” military cooperation of ROK in that region.
Limited room for cooperation between the U.S. and China

Professor Joseph Nye predicted that the U.S.-China relationship will be a “cooperative rivalry”, in which 5G technology and the Indo-Pacific strategy will continue to be tough issues for the Biden administration, but the U.S. and China must acknowledge that it cannot solve global issues alone and seek cooperation in tackling them.

However, Professor Chung Jae Ho of Seoul National University remarked that the room for cooperation between Washington and Beijing on East Asia is quite limited. Regarding the Korean Peninsula, which involves North Korean problems as well as the ROK-U.S. alliance, the issues are more complicated. The issues on the Korean Peninsula are mostly considered to be “hard security” issues, which tend to be more sensitive and offer less room for cooperation between Washington and Beijing.

The U.S.-China rivalry still faces multi-dimensional roadblocks and will not be easily solved under the Biden administration. Professor Chung Jae Ho expressed concern that “the bilateral relationship will likely only get more tense because it already entails a structural competition, and conflicts are taking place across different issue areas on all fronts.” A U.S. Commission member argued that the issue of decoupling, which surfaced during the Trump administration, will likely continue to strain U.S.-China relations during the Biden administration. The U.S. direction will be a targeted, smart decoupling in certain critical supply chains, such as in 5G technology.

A new democracy alliance

President Biden’s commitment to host the Global Summit for Democracy in his first year indicates that he will lead a “value war” against China. Professor Lee Sook Jong suggested a three-tiered framework for Asian democracies to work together with the U.S. to promote democracy and good governance in the region. On the global level, Asian democracies, including the ROK, can forge democratic coalition on the platform like the United Nations to promote liberal norms and principles. At a regional level, it is in many Asian countries’ interests to work together to dissuade China from engaging in coercive diplomacy using their economic influence. Furthermore, the U.S. and Asian democracies can use their governmental and non-governmental development assistance in expanding good governance throughout developing countries. As the health of traditional liberal democracy is expected to recover in the Biden administration, the window for cooperation based on the value of democracy will be wider.

A revival of multilateralism

As President Park In-kook of the Chey Institute for Advanced Studies noted in his opening remarks, President Biden’s commitment to multilateralism is expected to broaden the area where the U.S. engages in multilateral cooperation with Asian countries. A great number of issues including climate change, public health, proliferation of WMD, trade rules, and global governance can be issues of cooperation.

Professor Joseph Nye underlined that the ROK should increase its role on the global stage, where it is not only a significant economic power in the G20 and OECD, among other global organizations, but also has a great deal of soft power. It can be the basis for further multilateral cooperation with the U.S. and other allies.

Making China a responsible player

Former Prime Minister Lee Hong-koo underlined the necessity to push China harder to become a more responsible superpower. Pointing out to a special responsibility attached to superpowers in global affairs, he noted that the U.S. did not sufficiently push on democracy promotion in China. China failed in fulfilling such responsibilities by allowing North Korea to become an exemption to the NPT requirement, implying that China has given up its ambition to become a superpower.

Prime Minister Lee further advised that the U.S. and its allies, including the ROK and Japan, must advance a new diplomatic initiative to make China a responsible great power in Asia. A Korean Commission member addressed how President Biden implied that China needs to play a more active role. Regarding the recalibration with China, it is important to add balance to the relationship with positive bilateral initiatives, such as a united approach toward climate change.

Re-building alliance in the Northeast Asia and beyond

The task for the Biden administration in Asia is to reaffirm American involvement in Asian affairs through multilateral organizations such as the ASEAN Regional Forum or the East Asia Summit. Former Deputy Secretary of State Richard Armitage stated that one task of the Biden administration in Asia would be to simply show up to international forums and display interest. Professor Chung Jae Ho added that when the U.S. shows up in Asia, it should not come empty-handed, but with the will to protect its allies. He also pointed out that the THAAD-related tribulations were an awakening moment for the ROK-U.S. alliance and its utility when the threat is not of military nature. Professor Chung suggested that allies in the region are wondering whether “the U.S. willingness to speak for its allies” will be accompanied by tangible
action. In this vein, CSIS President John Hamre noted that the U.S. foreign policy and defense communities still view Asia as the premier security question for Washington. President Hamre stated that Asia will be a top priority for the U.S., with peer-to-peer competition on track to be the primary focus.

The ‘appearance’ of diverging U.S. and ROK strategies towards China has created a dynamic within Washington; this perception of misaligned interests will only further embolden Beijing in Northeast Asia. In this vein, the impact of Chinese calculations in its geopolitical debate about Northeast Asia needs to be considered carefully. A U.S. member said that China prefers an independent Korea, meaning no ROK-U.S. alliance. Therefore, the Chinese view is that it must weaken the U.S. alliance network. To this end, China has used economic coercion over the THAAD issue against the ROK and is now employing a similar tactic against Australia.

**Trilateral cooperation among ROK, U.S., and Japan**

Former Deputy Secretary of State Richard Armitage noted that the U.S.-Japan relationship will continue to be the key relationship in Asia. Professor Park Cheol-Hee of Seoul National University added that the Biden administration ought to facilitate cooperation between Korea and Japan, as both countries are excellent models for democratic governance and the market economy in Asia. Both American and Korean experts recognized that Japan is an important player in dealing with geopolitical problems in this region, and that Japan should share this vision with the U.S. and Korea. Professor Park also presented careful optimism about the Biden administration’s willingness to play a more active role in facilitating cooperation between Korea and Japan compared to his predecessor. CSIS President John Hamre also noted that it is widely felt in Washington’s foreign policy and defense circles that division in the ROK-U.S.-Japan trilateral relationship weakens all three countries, and expressed the possibility of a U.S. effort to try to bridge across the great divides between Korea and Japan.

**Section II. North Korea**

Most Korean delegates believe North Korean nuclear issue should be one of the first and top priorities for the Biden administration. President Park In-kook of the Chey Institute stated that we must recognize President Trump’s achievement in giving the highest priority to the North Korean nuclear issue, which had been on the back burner since the signing of the Agreed Framework in 1994. He also raised a concern that Pyongyang may engage in provocations to gain more diplomatic attention from the Biden administration. Regarding such possibilities, the format of negotiation—four-party talks or six-party talks—and the possible form of additional sanctions deserve serious exploration as options.

To start off on the right foot, a policy review must be necessary because the previous approach of holding summits without sufficient preparation at the working level did not make much progress in limiting North Korea’s nuclear and missile capabilities. As Professor Kim Sung-han of Korea University emphasized, one of the serious disadvantages of the top-down approach is that it is extremely hard to find a solution when the summit ends without a formal agreement. The Trump administration could have placed a moratorium on North Korea’s nuclear and missile testing, but it would not have stopped North Korea’s clandestine research and development of the WMD program. In the absence of further progress in the bilateral talks, North Korea warned that it would not be bound by the moratorium, although it stopped short of declaring that it was breaking off denuclearization negotiations with the U.S. At the 8th Korean Workers’ Party Congress, North Korea disclosed details of its military modernization plan, most of which focused on increasing asymmetric capabilities vis-à-vis the allied forces.

Secretary of State Antony Blinken wrote right before the 2018 North Korea-United States Singapore Summit that the 2015 Joint Comprehensive Plan of Action (JCPOA) with Iran is the best model for the North Korean denuclearization. However, whether we should expect the Biden administration to pursue a similar deal with North Korea is questionable, given that North Korea already has nuclear weapons and is a very different case from Iran. South Korea does not have the luxury of time to try a new approach like the JCPOA and needs to strengthen deterrence capabilities while leaving the door open to diplomatic negotiations and remaining the economic sanctions regime intact. There is growing skepticism about North Korea’s willingness to give up its nuclear arsenal, which makes it difficult for those who suggest a step-by-step implementation starting from a nuclear freeze to nuclear draw-down in exchange of appropriate compensations to encourage North Korea’s cooperation. At the same time, coercing North Korea into signing a concrete roadmap for denuclearization would surely
be unacceptable for the leadership in Pyongyang.

**Increasing nuclear and missile threats**

Presumably, the recently deployed short-range missiles—the KN-23, KN-24, and KN-25—and newly developed cruise missiles by the North can evade the alliance’s current missile defense installations. Without finding practical ways to strengthen deterrence and defensive capabilities against North Korea’s nuclear and missile threats, there will be growing concerns about the credibility of the extended deterrence provided by the U.S. Former Chairman of the Joint Chiefs of Staff Jung Seung Jo emphasized that in a military perspective, we need to put more emphasis on extended deterrence. The alliance needs to show more decisive commitment from the working level to the national command level, while maintaining readiness of deployment capabilities and shared nuclear decision-making processes.

**WMD proliferation risks**

Many experts expressed concerns that North Korea will one day export nuclear weapons technology or expertise through sophisticated transnational smuggling networks previously used to distribute counterfeit currency and illegal goods. Therefore, North Korean proliferation has global implications. The allies should respond in coordination on the strategic trade between China and North Korea, as Chinese noncompliance to the UN Security Council resolutions is often seen as a glaring loophole in the existing sanctions regime. A failed denuclearization effort on the Korean Peninsula would result in cascading nuclear proliferation in Northeast Asia and beyond, including Japan, South Korea, and Taiwan. Since the summits between Trump and Kim Jong-un began, there was no further nuclear testing or ICBM launching. At the same time, after the Singapore Summit in 2018, some UN member states, and to some extent China, contributed to loosening the UN sanctions vis-à-vis North Korea. After 2017, China has displayed serious concern that North Korea’s ICBM development might lead to Japan’s nuclearization.

One American Commissioner argued that “preventing” nuclear proliferation in North Korea is impossible, since it has already happened. Therefore, the most reasonable option left is to “manage” the problem. In response, a Korean Commissioner disagreed with this statement, pointing out that this would imply acknowledging North Korea as a nuclear power. He emphasized the importance of continuing with the multifaceted efforts for North Korean denuclearization, including the economic sanctions, which have worked well so far.

**Sino-DPRK strategic ties**

Former Minister of Foreign Affairs Yoon Young-kwan emphasized that there is a very high level of mutual distrust between the U.S. and North Korea, which will serve as a major obstacle to a workable solution. North Korea’s deep sense of insecurity will jeopardize long-term U.S. engagement. At the midnight press conference after the Hanoi Summit, North Koreans stressed that it needs a security guarantee in exchange for specific steps toward denuclearization. While the bilateral talks on denuclearization reached a deadlock, North Korea turned to China to keep their ties closer than before. North Korea’s ties with China have been improving steadily since the failed Hanoi Summit in 2019. President Xi expressed his intentions to further deepen relations with Pyongyang, and Chairman Kim celebrated opening a new chapter of friendship with China at the 8th Party Congress.

It is highly likely that the Chinese influence on North Korea continues to be strong despite the latter’s closing of its borders as a result of the COVID-19 pandemic. Undoubtedly, Pyongyang’s increased reliance on Beijing means it is most vulnerable to Chinese influence. President Park In-kook of the Chey Institute emphasized that President Biden has mentioned that the U.S. will work with various stakeholders including China, implying that President Biden will pursue a multilateral approach to solve North Korean nuclear issues. In agreement, Professor Joseph Nye called for the U.S. and Korea to try to encourage China to put more pressure on North Korea. China’s cooperation and enforcement of sanctions is also essential for denuclearization. If the new U.S. administration reduces uncertainty on its China policy, China’s cooperation on sanctions enforcement will increase.

As President Park In-kook pointed out, securing cooperation from China in case of serious further provocations by Pyongyang would be a critical issue. The approach on North Korean problem would get difficult unless China is convinced to use its leverage to pressure North Korea to denuclearize. Progress on the North Korean issue should be pursued within a larger framework, since the Korean Peninsula is entangled with the broader U.S.-China relationship.

**Deteriorating North Korean economy**

Professor Kim Byung-Yeon of Seoul National University pointed out that internal developments in North Korea led by economic transformation will be important for the future of the Korean Peninsula. Pessimism on the effects of the economic sanction appears to be prevalent among experts in the U.S., but sanctions have had impacts on trade, foreign currency earnings, and markets in North Korea. The sanctions have been working—although not perfectly—but they were greatly enforced by the COVID-19 pandemic last year. North Korea’s GDP decreased perhaps by 10% or more from 2017 to 2019. Moreover, GDP in 2020 is likely to substantially decrease. In recent years, North Korea’s major economic sectors such as mining, manufacturing and the heavy chemical industry have shown negative growth, and the gap between the size...
of humanitarian aid requests and the actual funding of the international community has remained consistent. The fact that North Korea admitted its failure to achieve the five-year economic development strategy early this year suggests that North Korea must find a solution to improve its economy’s dire state. It will start off a new five-year economic development plan starting from 2021; at the same time, Pyongyang signaled that it wants to establish new relations with the U.S., arguing that the fundamental obstacle to national development is the ongoing confrontation with the U.S. This Commissioner believes that this implies that North Korea acknowledges that it should sit down and talk with the U.S. to find a solution.

**CVID as clear policy objective**
Both the ROK and U.S. agreed that Pyongyang’s growing nuclear arsenals should be contained and deterred. The end-state of such an agreement should be clear: the complete, verifiable, and irreversible denuclearization (CVID) of North Korea. The question is whether we could recognize the necessity of an interim agreement, a piecemeal deal without a clear understanding on the final goal or a detailed timeline, which can be easily exploited by North Korea.

**Balance between pressure and incentives**
Several Korean Commission members stressed the importance of maintaining the economic sanctions and pressure regime, as it is the only effective leverage against North Korea in future negotiations. As observed by Professor Yoon Young-kwan of Seoul National University, many observers came to recognize that the U.S. policy of “maximum pressure” does not work well on North Korea. Therefore, they expect the U.S. to take a more pragmatic, reciprocal approach to find a successful diplomatic solution. Rather than easing the sanctions related to proliferation of weapons of mass destruction, North Korea could be provided with alternative economic or humanitarian assistance in exchange for meaningful actions toward denuclearization. Professor Kim Byung-Yeon pointed out that the economic transformation and denuclearization of North Korea are complementary goals, mentioning that using both “sticks” and “carrots” in the form of sanctions and economic development projects will maximize the chances of success. Vincent Brooks, former commander of the USFK, agreed that the approach to North Korea must combine pre-existing pressure through sanctions and international alignment.

It deserves special attention that maximizing the effectiveness of sanctions is impossible absent Chinese participation. The stronger implementation of UN sanctions since North Korea’s ICBM tests in 2017 speaks volumes to this statement. At the same time, President Park In-kook noted that pressure alone cannot resolve the North Korean nuclear problem; tying in sanctions with positive economic incentives remains a task for the international community, UNSC, and the U.S.-ROK alliance.

### Section III. ROK-U.S. Alliance

The U.S. and ROK share a rich history that testifies to the resilience of the alliance. Even though the relationship has recently experienced problems, mainly due to the transactional approach of former President Trump, Ambassador Mark Lippert stressed that the alliance has shown a track record of overcoming challenges and adapting to changing conditions. The underlying raison d’être of the alliance—North Korea—remains, binding the two countries’ security interests together. Compelling common challenges such as North Korea continue to bind the two countries together, motivating the U.S. and South Korea to not only sustain the alliance but also strengthen it.

The ROK-U.S. alliance was born from the Cold War as a frontline of the geopolitical contest for hegemony. But the U.S. and Korea now are in a new competition environment, characterized by the U.S.-China rivalry in the maritime, space, and technological domains. This underscores the necessity for the U.S. and Korea to align their priorities in a regional context beyond just the Korean Peninsula. However, Seoul and Washington have been sometimes at odds over how to approach the challenges presented by China. American participants have continuously raised concerns that strategic differences on China serve as a wedge between Seoul and Washington.

With the advent of the Biden administration, the U.S. and ROK can apply a “zero-based budgeting” approach: a systematic analysis and reevaluation of the effectiveness of the alliance system to determine high-priority areas for cooperation. Confining the role of the alliance to the security arena is not desirable, as the growing size and complexity of shared geopolitical and economic challenges demands that the raison d’être of the ROK-U.S. alliance be put in a broader context.

**Growing security threats**
The allies face two growing challenges in the Asia-Pacific: a revisionist China and an unpredictable North Korea, issues that are closely related to each other. China is leveraging military modernization and predatory economic policies to coerce neighboring countries, which is of great concern for Seoul. China’s reaction to THAAD in Korea and other mercantilist retaliations against countries like Australia and Canada were mentioned as examples.

North Korea’s increasingly sophisticated nuclear and missile program is the top threat to the ROK and the U.S. As President Park In-kook of the Chey Institute outlined, North Korea has recently unveiled a new ‘monster’ ICBM and SLBM at a military parade, continuing to escalate
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Regional tensions. The Biden administration should deal with North Korean nuclear issue as a top priority at the earliest possible time by devising with a joint strategy with the ROK on the denuclearization of North Korea. In terms of enhancing military cooperation between the two countries, the ROK and U.S. should streamline the foundations of the alliance, such as burden-sharing, while strengthening trilateral cooperation with Japan.

Geopolitical dilemma

The ROK-U.S. partnership grew as South Korea became more interested in helping the U.S. maintain a rules-based international order. South Korea's contribution to the rules-based order is significant, from infrastructure assistance to capacity-building and rulemaking.

However, the ROK's geopolitical reality, also called ‘the irony of geography’ by a key U.S. Commission member, remains unshakeable. Historically, as a peninsula country surrounded by powerful neighbors, Korea suffered national catastrophes at their neighbors' hands such as wars, colonization, and division, a ‘victim of geography’ as termed by Professor Joseph Nye. Aligning with the U.S. was the ROK's strategic decision to acquire a security insurance in a difficult neighborhood.

However, some Korean Commissioners still believe that the U.S.-China strategic competition constrains their options in foreign policy and wish American policymakers would pay more attention to the ROK's unique geopolitical dilemma. Professor Yoon Young-kwan noted during the public session that a one-size-fits-all alliance strategy will not work for the ROK effectively. General Vincent Brooks agreed that the U.S. must understand the geopolitical complexity Seoul faces. Several American Commissioners advocated for Korea to approach the China issue in the U.S.-Korea alliance not as an anti-China containment effort, but as a proactive instrument for helping to maintain a rules-based order that is in the South Korean national interest.

Change of leadership in the U.S.

The presidents of the ROK and the U.S. are both deeply experienced and invested in the bilateral relationship. However, revitalizing the ROK-U.S. alliance requires mutual efforts. CSIS Senior Vice President Michael Green emphasized the importance of the Biden administration to not allow the ROK-U.S. alliance to be left on the sidelines and place it as the linchpin of U.S. foreign policy in Indo-Pacific.

Both sides should work to find more points of agreement, reduce points of disagreement, and reconcile differences in opinion. Professor Yoon Young-kwan suggested a jointly-established special bilateral commission comprised of high-level officials and experts to discuss the future of the alliance. Named ‘The Commission for the Future of the ROK-U.S. Alliance,’ Professor Yoon stated that it would reduce misunderstandings and miscommunications between the two countries. Gen. Jung Seung Jo also suggested that government and military officials increase communication and candid dialogue to strengthen the alliance. At the same time, these honest discussions ought to be united in the theme of reforming the alliance, not doing away with it.

Public support for the alliance

Popular support for the alliance is strong among Americans and Koreans, which is encouraging. According to a public survey conducted by CSIS, Americans strongly support the alliance, and the percentage of Americans saying the U.S. should defend Korea if it is attacked by China or North Korea is at an all-time high. Concerns over the potential reduction of the USFK (United States Forces Korea) led to efforts to emphasize the significance of the USFK in countering aggression and coercion in the region. Gen. Jung Seung Jo underlined the importance of strengthening military readiness of the alliance and asked the Biden administration to resume the combined military training as soon as possible.

Professor Joseph Nye and Ambassador Mark Lippert emphasized that South Korean soft power is an integral part of people-to-people relationship, which is closer than ever between the allies as Korea emerges as the world’s newest cultural powerhouse. As highlighted by Ambassador Mark Lippert, the Korean film Parasite winning the Academy Award, the K-Pop group BTS topping the Billboard charts, and ESPN’s daily broadcasting of KBO games are prime examples of Korea's soft power. Professor Park Cheol-Hee also shared the view that the U.S.-Korea tie is not just about security, economy, and trade but goes much deeper into the socio-cultural level, which makes the alliance deeply integrated and truly comprehensive.

Sharing key values and interests

At the regional and global level, the ROK and the U.S. are united on their desired future for the international order: rules-based, open, democratic, and tightly knit with strong partnership. The long-term vision of the U.S. for Asia has been to develop relationships based on human rights and rule of law to promote regional peace and stability. In other words, “Korea carries the flag of democracy on the Asian continent.” That the ROK has concurrently achieved democratic transition and successful modernization is the greatest selling point to expand democratic values in Asia.

Professor Joseph Nye also stated that the values and security interests of ROK and the U.S. are closely aligned, with no fundamental ruptures to be found. Ambassador Kathleen Stephens
noted that it is important that all the Commission members are speaking under the same premise: that the U.S. and Korea share key values.

The ROK has been working with the U.S. as a market democracy to reinforce the rules-based order on infrastructure assistance, capacity building, governance, trade negotiations, and rulemaking. In recent years, Korea has led efforts in shaping the global order and promoting democracy by chairing the ARF Inter-Sessional Meeting of Disaster Relief as well as Nonproliferation and Disarmament, the WHO Western Pacific Regional Office, and the Open Government Partnership initiated by President Obama’s speech at the UN General Assembly, among others.

The ROK has much more potential to increase its role on the global stage, where it not only is a significant member in top-tier economic institutions such as the G20 and OECD, but also has a great deal of soft power, which lies on positive associations with a nation’s culture, foreign policy, and political virtues to attract others to its cause. This global dimension constitutes the true value for continued alliance cooperation into the future.

Building trust
As Ambassador Mark Lippert noted, Washington and Seoul in recent years have become overly focused on more tactical issues such as defense burden-sharing, Section 232 of the Trade Expansion Act, and coordination on North Korea policies, which comprise a small set of trivial, technical issues. As a result, the relationship came to resemble an upside-down pyramid, as described by the moderator, Dr. Victor Cha, in which a disproportionate amount of energy was being spent on a few sensitive issues. CSIS President John Hamre also agreed that there is a tendency for the alliance to focus on the immediate issues and emphasized the need to form a foundation that will sustain the alliance for the next 30 years.

The credibility of the U.S. commitment is the central issue surrounding alliance management. Many in the ROK contended that the U.S. unwillingness to defend Seoul from Chinese economic retaliation during the THAAD incident eroded American credibility on the alliance. Using the term ‘extended economic deterrence,’ Professor Kim Sung-han raised a similar view that the alliance should be able to deal with non-military threats from the third parties. The U.S. has an important role to play in Chinese non-military aggression. An American Commissioner said that China’s grey zone actions should be a topic of alliance discussion, to determine which specific actions should trigger provisions of the alliance. Right now, there is no agreement on whether coercive non-military measures by Beijing should invoke alliance obligations.

Overcoming strategic ambiguity
The Commission members discussed Seoul’s stance between Beijing and Washington, specifically on the topic of strategic ambiguity versus strategic clarity. Strategic ambiguity—avoiding entrapment in this contest between superpowers—is practiced by many middle powers as they can maximize benefits and minimize risks by being careful with their behavior. A U.S. expert pointed out that Seoul’s increasing focus on maintaining ‘strategic ambiguity’ amidst an intensifying rivalry between the U.S. and China could fit into the U.S. debate that it should retrench. A Korean delegate explained that some Korean experts preferred to keep strategic ambiguity between the U.S. and China. But he argued that being strategically ambiguous between the U.S. and China is unsustainable. Both parties agreed that conflicting opinions on the China problem would send the message to Beijing that the ROK is the weakest link in the U.S. Asia-Pacific alliance network, and embolden China to drive a wedge between the two.

Trilateral cooperation
Despite some rising tensions, the ROK and Japan share the common goal of evolving from a security recipient to a regional security provider. The current security environment makes them natural partners; both countries have set aside historical animosities and disagreements and sought security cooperation in the realms of information sharing and joint training. Korea and Japan share concerns about the reliability of the U.S. extended deterrence and feel an increased need for cooperation between the two. Gen. Jung Seung Jo underlined the importance of ROK-U.S.-Japan military cooperation to counter North Korea and to maintain regional security. Professor Yoon Young-kwan added that the change in Japan’s leader from Abe to Suga would provide an opportunity to improve relations.

The U.S., ROK and Japan are all committed to a fully verifiable denuclearization of the Korean Peninsula, enforcing UN Security Council resolutions that prohibit unlawful activities by North Korea, and establishing stable peace on the Korean Peninsula. While the U.S. is a global leader on nuclear nonproliferation, Korea and Japan can play a crucial role in the fight against nuclear proliferation, which will benefit ROK-U.S.-Japan relations, as well as our relations with other Asian states who wish to be a nuclear-free region, such as the members of ASEAN. Beyond regional challenges, the trilateral relationship is well-positioned to deepen cooperation on a wide range of global security issues including terrorism, piracy, natural disasters, and many others.
Section IV. Trade & New Frontier Agenda

The ROK-U.S. bilateral economic relationship remains strong. Trade and investment had been growing prior to COVID-19, and the KORUS FTA provides an important reference and legal framework that will govern our bilateral economic relationship in the years ahead.

However, the Biden administration shares many of the concerns that the Trump administration had regarding China. Unlike Trump, Biden will emphasize building coalitions of like-minded states and developing common fronts against China over unilateral disputes. Many trading partners, including Korea, will be caught in the crossfire. There will be a renewed push for allies to call out China when it fails to abide to current standards and rules, and to work with U.S. to develop new standards and rules.

In addition, resetting the regional trade order is essential to support domestic economic recovery and counter the Chinese economic threat, making it an urgent agenda item for the U.S. in the Asia-Pacific. Korea will be a strategically indispensable partner in this effort. If a full-scale economic arrangement in a form of Trans-Pacific Partnership (TPP) is not feasible in the short term, the U.S. should first strengthen digital solidarity among its allies through the Digital Trade Agreement. Korea can be an important partner to deepen and develop the digital supply chain. The trilateral alliance among the U.S., EU, and Japan in terms of the digital alliance should be expanded to include other major actors such as Korea, Singapore, Australia, Canada, and Israel.

The ROK-U.S. alliance should expand the spectrum of bilateral cooperation on climate change, peacekeeping, nonproliferation, development aid, and public health, particularly with regard to COVID-19. The alliance has yet to explore its full potential over the past several years, and ought to become a high-performing global alliance, broadening the horizon and cementing progress into new frontiers, such as space, cyber, public health, etc.

On these issues, Professor Lee Jae-Seung of Korea University noted that climate change and energy security will be a new paradigm in the Asia-Pacific. The Biden administration's emphasis on climate change will bring a series of environmental standards, carbon restriction and trade regulations. Former Acting Deputy U.S. Trade Representative Wendy Cutler also pointed out that climate change is an area with potential for ROK-U.S. cooperation, especially on trade, by lowering tariffs on environmentally friendly products, looking into broader adjustment measures, and curbing certain subsidies, for instance fossil fuel.

Coping with domestic protectionist pressures

The Chinese economic system allows China to grow quickly at the expense of its neighbors’ economies. Here, U.S. and Korea share an incentive to stand up against these policies. However, developing effective strategies to this end remains a challenge.

The difference in opinion between Korea and the U.S. on how to counter China’s rise is a central issue to be solved. It would be very unfortunate if the U.S. and Korea could not overcome protectionism within its borders, as it will make it more difficult to recover from the economic fallout of COVID-19. It will also hamper efforts to build broader coalition against China’s mercantilist policies of its own.

Many countries, including some in the Asia-Pacific, have joined the U.S.-led initiative to distance from China. Richard Armitage noted that Australia and China have had disputes, resulting in sanctions against China on everything from the Yuan to coal. Considering China’s regional influence, Asian allies cannot stand up to China alone; a new mechanism to provide support for countries, specifically U.S. allies, is needed as China violates the WTO rules to exert pressure on them.

However, Korea has remained on the sideline so far, claiming that it needs more time to review this initiative, as it has an economic interest in staying on China's good side. While the immediate benefits of joining these initiatives are small, a negative reaction from China can inflict immediate damages. There is no effective mechanism yet to assist countries that suffer from Chinese retaliation.

The early test for Seoul will be a decision on joining the CPTPP. For Washington, it will be a decision on whether to continue Section 232 tariffs on steel and aluminum products.

China has flexed its muscles in recent years. Its recent assertiveness has alienated most of the ROK’s public opinions and alarmed Seoul’s business sectors. To this end, former U.S. Ambassador to the ROK Mark Lippert responded that while there is an important role for the alliance to play, virtually every country in the region from Japan, Vietnam, the Philippines, Australia, and even Canada are bracing for economic retaliation from China.

The challenge of bifurcation & standardization

In the area of technology standardization, an American member mentioned that the ROK and U.S. should be working together to set standards and norms for new technologies such as ICT, AI, electric vehicles, and the Internet of Things. The U.S. has taken serious actions in this
realm, such as building a coalition of like-minded countries on 5G-related initiatives, a "blue dot network" on infrastructure development, and an energy resource governance initiative.

President Park In-kook of the Chey Institute referred to the increasingly challenging issues surrounding bifurcation. The universal standardization of new technologies to avoid any further bifurcation issues is indispensable. He agreed that 5G issues are quite different from the previous bifurcations in the telecommunication technology such as Code Division Multiple Access (CDMA) and Global System for Mobiles (GSM). One was developed in the U.S. and the other in Western Europe. Fortunately, they were compatible with each other; 5G, however, is a different story. One technology is being developed in the West while the other is being developed in China. Making a desirable standardization process among China, the U.S. and Korea is becoming an urgent challenge.

**Cooperation for new trade rules**

Professor Ahn Dukgeun of Seoul National University stated that even though President Biden declared that he would not pursue any trade negotiations until the U.S. economy improves, it is crucial to have trade relations with economic partners in the near future. The ROK and U.S. can play very important roles to rebuild the trade relationship, especially in digital trade and with partners who have their own grievances with Chinese economic policy.

The U.S. has been pushing for WTO reforms to change Chinese behavior, even though results may not be apparent in the short term. WTO reform is a key area for the U.S. and Korea to work together on, and Korea can bring some important bridge-building skills to the table. The allies have a common interest in inducing China to change its trade policies and practices.

The U.S. and ROK should pay attention to regional and global economic objectives. There are important areas where the two countries share common interests and can work together to build new norms surrounding free trade and best economic practices.

**Resetting a new supply chain**

The ROK has a powerful interest in American markets. Korean access to the U.S. market has been the most important driver of technological innovation.

Former Acting Deputy U.S. Trade Representative Wendy Cutler stated that both American and Korean companies found themselves flat-footed during the early days of COVID-19 and recognized their over-reliance on China in the supply chains. Companies in both countries are reevaluating their vulnerabilities; therefore, Korea and the U.S. can play an important role in developing trusted supply chains with allies.

The restructuring of high-tech supply chains without China will be a difficult challenge to the ROK and other major economies in Northeast Asia. China’s supply of rare earth elements (REEs) is still dominant and will be a sensitive factor in the global high-tech supply chain. A new supply chain will relieve these tensions.

The Biden administration has no intent to decouple China from global value chains in other normal trade and investment sectors. However, the information and communications technology (ICT) sector has not only economic, but political and military implications as well. A Center for New American Security (CNAS) report says that control of communications infrastructure by authoritarian regimes is a pathway to solidifying their rule through oppression and marginalization, expanding influence abroad, and subverting the rules-based order. In this light, the Biden administration is expected to focus on how to prevent U.S. allies and partners from being digitally entangled with China, since Beijing is working to export 5G infrastructure to Latin America, Africa, and Central and Eastern Europe. Therefore, the U.S. may be interested in an ICT alliance with the ROK with an emphasis on next-generation semiconductors, AI, and quantum computing, all of which will influence the future of ICT competition between the U.S. and China.

**Rules- & principle-based coalition-building**

While the U.S. is trying to build a coalition of like-minded countries on specific issues such as 5G network and infrastructure, other countries may feel more comfortable with joining an initiative promoting broader principles rather than one that is issue-specific. Finding common principles that benefit all participants equally and developing an operational framework for the coalition will be a difficult but essential process for gaining legitimacy and broadening membership. The U.S. should avoid putting its economic initiatives in terms of the U.S.-China competition; instead, they should be presented more in terms of promoting rules and principles that can advance market-oriented policies.

How the U.S. will push for WTO reform to change Chinese behavior was another subject of debate. Former Acting Deputy U.S. Trade Representative Wendy Cutler stated that it is clear the current rulebook has not been updated to address the economic and trade practices that China is pursuing. She predicted that the U.S. will re-engage constructively in the WTO and emphasized that the U.S. and Korea could play an important role. The U.S. and Korea can work together to coordinate defensive measures such as export controls and investment restrictions, and deal with other aspects such as non-market economies, e-commerce, and the...
dispute settlement system.

The U.S. should reintegrate its market with the world and strengthen the KORUS FTA. It should keep the competitive markets available for Korean technological innovators and strengthen business ties with allies. Trumpian “America First” cannot be a cure to the ROK’s economic dependence on China.

U.S. participation in the CPTPP, among other trade agreements, can provide a more rules-based trade governance which will be beneficial to Korea and the rest of the world. What troubled the world was that the Trump administration did exactly the opposite and delivered the trade leadership into the hands of Xi Jinping. American accession to the CPTPP would provide it with an excellent platform inside the regional trade architecture. Korean accession, along with the U.S., could be another enormous opportunity.

**Strengthening regional trade regimes**

The CPTPP offers considerable advantages in the competition with China. It is a high-quality agreement in terms of market access and trade rules, boasting a membership of many important economies in the Asia-Pacific. An expanded CPTPP can work as a powerful tool for projecting U.S. leadership in the region and put pressure on China to change its system. Xi Jinping recently expressed willingness to consider joining the CPTPP. Chinese accession will represent a significant convergence of two different economic systems and enhance regional stability.

China began to emphasize the Regional Comprehensive Economic Partnership (RCEP) and Trilateral (China-Japan-Korea: CJK) FTA in East Asia while pointing out that Xi Jinping has also expressed a positive attitude on Chinese accession to CPTPP. China may have proposed CJK FTA as a way of discouraging the ROK from joining the CPTPP; the U.S. and ROK can work together as a way of dealing with these kinds of underwater developments and coordinate its economic strategy in regional contexts.

**Building a new frontier pillar**

As former U.S. Ambassador to the ROK Mark Lippert aptly pointed out, the ROK-U.S. alliance needs to broaden the scope of cooperation and cement progress into new frontiers such as cyberspace, the 4th industrial revolution, public health, and the environment. Electric vehicles, hydrogen fuel-cells, and batteries will constitute new pillars of energy cooperation.

These are areas where the two countries have made meaningful progress together and are ripe for further growth. They are no longer subsidiary, but now have huge geo-economic implications and should constitute a much more solid pillar of alliance. Other issues that should be highlighted include digital connectivity, infrastructure, development assistance, and cultural affinity, among others.

The new frontier issues can serve as an agenda for future cooperation, but they are also potential routes to conflict, as standard-setting and the technical agenda regarding these issues are often highly sensitive. In that sense, the U.S. and ROK must devote much energy to reduce possible sources of friction.

Public health matters including COVID-19 and environmental threats such as climate change are immediate issues for cooperation and can bring real opportunities.
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