



Secretary Cohen's Visit to South Korea: Some Key Issues to Resolve by Ralph A. Cossa

U.S. Secretary of Defense William Cohen will soon be arriving in South Korea toward the end of a two week swing through Southeast and Northeast Asia. This is the first visit to Korea by a senior Defense Department official since the financial crisis struck the ROK in earnest and Cohen will need to deal with both the short and long term security implications of this crisis.

The immediate impact has already been felt. The ROK Department of Defense is cutting its budget, to include the cancellation of planned or anticipated expensive arms purchases from the U.S. This action, combined with the severe devaluation of the won (which has lost more than half its value against the dollar in the past three months), is sure to remove Korea from that rare list of Asian countries with whom the U.S. enjoyed a trade surplus. It is not likely to immediately increase the South's vulnerability, however, given North Korea's own difficulties and the strength and deterrence value of the U.S.-ROK military alliance (backed up by the presence of 37,000 U.S. troops in the South).

Cohen must also be prepared to deal with ROK requests for relief from impending security-related financial obligations. This includes ROK concerns about paying US\$399 million in host nation support to defray the costs of the U.S. presence and even greater concerns over ROK financial support to the Korean Peninsula Energy Development Organization (KEDO) which faces, over the next ten years, a financial burden in the neighborhood of US\$5-6 billion to construct two light water reactors (LWRs) in North Korea. The LWRs are part of a deal, under the 1994 U.S.-DPRK Agreed Framework, in which Pyongyang froze its ongoing nuclear "research" effort in return for interim fuel oil deliveries (which the U.S. is in large part funding) and the eventual construction of less proliferation-prone LWRs (which the ROK and Japan were expected to finance).

South Korean defense officials have acknowledged their host nation support obligation as part of their "burden sharing" arrangements with the U.S. but are hoping for some flexibility since the US\$224 million in wages to be paid (in U.S. dollars) to Korean workers at the U.S. bases will now cost more than twice as much won as originally anticipated -- they reportedly would like to pay at least some salaries in won. Meanwhile, President-elect Kim Dae-jung has joined an ever-growing chorus (which includes many Japanese officials as well) calling for at least "token" U.S. support to the LWR project.

These contentious issues, while of immediate concern, pale in comparison with the more fundamental question of America's future role on the Peninsula. The North Koreans have stated unequivocally that they want to see a total withdrawal of U.S. forces from the Korean Peninsula (and

perhaps from the rest of Asia as well) as part of any peace agreement to emanate from the on-going four-party talks (involving the two Koreas, China, and the U.S., and aimed at replacing the 1953 Armistice with a formal Peace Treaty).

Both the U.S. and ROK has thus far stressed that the U.S. military presence is "not negotiable" at the talks. The North is expected to continue to pursue its position, however, and this could begin to strike a more resonant chord as South Koreans fret over the cost of maintaining the U.S. forces. Such sentiments would become even stronger were the North to become genuinely cooperative at the talks, although the prospects of this occurring seem slim. Nonetheless, it is absolutely essential that Cohen and the ROK's current and future presidents (Kim Young-sam remains at the helm until Feb 25th) seize the opportunity of the Cohen visit to stress to the South Korean people why the continued U.S. presence is essential to their security today and well into the future.

[It is useful to note in this regard that the absence of a peace treaty over the past 45 years has not resulted in another war. Nor would the presence of a formal treaty assure peace, absent a fundamental change in attitude on the part of the North (along with some reduction in what is today the world's fourth largest standing army). Until there is genuine rapprochement between South and North, the surest guarantee of peace on the Peninsula remains the U.S. military presence.]

U.S. flexibility in easing the more immediate financial burdens would also help. But, while some token U.S. contribution to KEDO sounds reasonable, the probability that the U.S. Congress would approve additional funds for this purpose is somewhat less than zero. In fact, the Clinton Administration will be lucky to come up with the funds to pay for its obligated fuel oil deliveries. There is also the concern (not entirely unfounded) that U.S. agreement to provide token funding would open the door for demands for greater U.S. funding of the LWR project, since some South Korean (and Japanese) officials are already denying that they had previously promised to fully fund the LWRs.

One possible solution would be for the U.S. to agree to a one-time reduction in the ROK's host nation support, with the understanding that these funds would instead be directed toward the LWR project. A 25% reduction (about US\$100 million) is not likely to bankrupt the U.S. Defense Department. Since LWR construction costs are largely won-based and the payments in large part will go to support ROK companies, this should provide added benefit to the South. Most importantly, it helps defuse an immediate problem that could have an impact on both nations' long-term interests while also helping to assure that the U.S. and ROK do not renege on their side of the bargain with North Korea.

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