



The Future of U.S.-ROK Relations
and Four-Way Cooperation
with Japan and China

by
Brad Glosseman and Vivian Brailey Fritschi

Issues & Insights
Vol. 5 – No. 6

Pacific Forum CSIS
Honolulu, Hawaii
July 2005

Pacific Forum CSIS

Based in Honolulu, the Pacific Forum CSIS (www.csis.org/pacfor/) operates as the autonomous Asia-Pacific arm of the Center for Strategic and International Studies in Washington, DC. The Forum's programs encompass current and emerging political, security, economic, business, and oceans policy issues through analysis and dialogue undertaken with the region's leaders in the academic, government, and corporate areas. Founded in 1975, it collaborates with a broad network of research institutes from around the Pacific Rim, drawing on Asian perspectives and disseminating project findings and recommendations to opinion leaders, governments, and members of the public throughout the region.

New Asia Research Institute

The New Asia Research Institute (NARI), a non-profit think tank organization, is run by the Yoido Society for New Asia. Inaugurated in May 1993, NARI has offered timely and policy-relevant products on all issues of major concern to Korea and Asia. *New Asia*, a bilingual quarterly journal, serves as an important academic and policy forum in which academicians, officials, and business executives share their expertise with Korean and international readers. Additionally, its current 363-strong membership and its over 150 conferences, fora, and lectures so far attest to NARI's growth and standing.

The Future of U.S.-ROK Relations and Four-Way Cooperation with Japan and China

Table of Contents

| | Page |
|-------------------------------------------------------------------------------------------------------------------------------------------------------|------|
| <u>Acknowledgements</u> | iv |
| <u>Foreword</u> | v |
| <u>Executive Summary</u> | vii |
| Conference Report | 1 |
| <u>A Changing U.S.-ROK Alliance</u> | 3 |
| <u>The Six-Party Talks</u> | 6 |
| <u>Regional Integration in Northeast Asia</u> | 8 |
| <u>Mutual and Divergent Interests in Northeast Asia</u> | 10 |
| <u>Building Cooperation and Managing Competition</u> | |
| Appendices | |
| A. <u>Agenda</u> | A-1 |
| B. <u>Participant List</u> | B-1 |
| C. Selected Papers | |
| <u>The U.S.-ROK Alliance and Regional Security,</u> by Carl Baker | C-1 |
| <u>The ROK-U.S. Alliance: Where to Go and How to Steer,</u> by Woosang Kim | C-7 |
| <u>U.S.-Japan Alliance under Common Strategic Objectives:</u> <u>A Dividing Element in East Asia,</u> by Qi Dapeng | C-13 |
| <u>Building Cooperation and Managing Competition,</u> by Akio Watanabe | C-15 |
| D. <u>About the Authors</u> | D-1 |

Acknowledgements

The Pacific Forum CSIS and The New Asia Research Institute would like to thank the Korea Foundation, the Korea Economic Institute of America, and the CNA Corporation for their generous support for this project.

The Pacific Forum CSIS would especially like to thank Dr. Rhee Sang-woo for his vision, intellectual guidance and leadership since this project began. The editors want to thank Mrs. Georgette Almeida and Ms. Desiree Fernandez for support and unfailing good humor.

Mr. Glosserman thanks Mrs. Vivian Brailey Fritschi and Ms. Christina Hatfield for making the conference as pleasant, painless, and productive as it was. They did great work, as usual.

Foreword

The New Asia Research Institute and the Pacific Forum CSIS convened the ninth of our annual U.S.-ROK bilateral security dialogues April 21-22, 2005 in Honolulu, Hawaii. This year's meeting focused on quadrilateral cooperation among the two alliance partners, Japan, and China.

We remain convinced that the U.S.-ROK relationship is vital to Northeast Asian security and stability. The bilateral alliance has helped maintain peace on the Korean Peninsula and has provided a foundation for changes within South Korea itself. But that evolution within the South, new defense capabilities and doctrines (made possible as well as shaped by a new security landscape), and changes within Northeast Asia all pose challenges to the future of the relationship. For nearly a decade, we have focused on the forces at work on the alliance and tried to anticipate how best to deal with them. That process is becoming ever more complex as China emerges from its long slumber, Japan grapples with its place in the region and the world, and North Korea demands international attention and support. Economic, political, and social forces are tugging at traditional relationships within the region. As a result, old questions – how to deal with Pyongyang and how to better coordinate action among the three virtual allies: the U.S., South Korea, and Japan – take on new salience and urgency.

While these questions remain, they have been joined by a new set of challenges, prompted by the discovery of a clandestine uranium-based nuclear weapons program in the North and a deep ideological divide in the South between “progressives” and “conservatives.” The ideological cleavage directly affects Seoul's foreign policy as well as its North Korea policy. Clearly, the alliance must adapt to survive; we hope this dialogue will facilitate that process. The report that follows provides some insight into our discussions and we hope will encourage more scrutiny of these issues. We look forward to the 10th anniversary of our discussions next year, when we will narrow our focus again to the U.S.-ROK relationship.

Some 35 experts joined our discussions, including several participants from the PRC and Japan who provided valuable insight into their national perspectives on these issues. Our thanks go out to all who attended. We are grateful to all the participants for taking the time to join us. Their insights, analysis, and ideas for the future made this conference a success.

Rhee Sang-woo
President/Chairman
New Asia Research Institute

Ralph A. Cossa
President
Pacific Forum CSIS

Executive Summary

The U.S.-ROK alliance is under unprecedented strain. Generational change, an evolving international security landscape, and the transformation of the U.S. defense posture and priorities have produced frictions in the alliance. These have been magnified by difficulties in relations with North Korea, in particular, the problems created by the latest nuclear crisis. The ninth round of the annual U.S.-ROK dialogue co-sponsored by the Pacific Forum CSIS, the Seoul-based New Asia Research Institute, and the Washington-based Korea Economic Institute-KEIP, brought together experts from the U.S., South Korea, China, and Japan to examine these issues and their regional context. They generally agreed that the alliance plays an important role in maintaining peace and security in Northeast Asia, that it is beset by problems, and that all four countries should think more expansively about regional issues. They were skeptical whether there is consensus on approaches and results that would allow them to work together.

There is agreement in the U.S. and South Korea that the ROK should assume more responsibility for its national defense. While a majority in both countries favors continuation of the alliance with some modernization of roles, missions, and responsibilities, finding the right balance will be difficult. The vision of a modernized alliance requires rethinking the best way to ensure “security.” While remaining cognizant of the North Korean threat, both governments should explore a more comprehensive notion of security, one that relies on a wider range of instruments and diminishes reliance on the military.

Most South Koreans agree that the U.S.-ROK alliance remains indispensable to their country’s security, but they also believe that their country needs to play a new role within the region, and this requires a new relationship with the U.S. But there is no understanding of what this role is and the rhetoric that has been used – for Seoul to assume the role of “balancer” in Northeast Asia – obscures more than it reveals. The difficulty is compounded by a dilemma: the U.S. and its allies want an alliance strong enough to maintain regional security, but not so strong that it scares or riles China.

Assessments of the Six-Party Talks were bleak. The U.S. does not appear fully prepared for the implications that would follow from a North Korean agreement to talk seriously. Worse, the political climate in the U.S. is such that there is no politically sustainable “second Agreed Framework.” The perception that the U.S. has not yet negotiated with North Korea in good faith means that Washington – not Pyongyang – may risk isolation if North Korea returns to the talks. Japan’s long list of concerns means that resolving the nuclear issue would be only a step forward and would not transform relations between Tokyo and Pyongyang. More fundamentally, there is no agreed definition of “success” for the Six-Party Talks. While merely talking would not fit the bill, the talks could not be said to have “failed” as long as diplomacy remains a viable option. But getting from words to action remains problematic: South Koreans insist that their leverage over the North is limited, as do Chinese. As a result, U.S. frustrations with Chinese inaction are mounting. This is becoming a wedge in the China-U.S. relationship.

The Six-Party Talks are part of a new regional dynamic: increasing integration in Northeast Asia. Economics has been the driving force behind this process but it is becoming more political. Trade and investment flows are no substitute for deep-rooted integration. There is a growing “alphabet soup” of regional organizations, institutions, and processes, but Northeast Asia continues to be ambivalent about integration. The ASEAN Plus Three process and the East Asian Summit suggest that momentum is building. The U.S. will have to cope with this emerging Asia.

Regional cooperation among the four countries faces other obstacles. China remains suspicious of the U.S.-Japan alliance, particularly after the Feb. 19 Security Consultative Committee meeting that established the framework for a modified and rejuvenated alliance. Chinese worry that U.S. support for Japan has fueled Japanese nationalism and contributed to deepening tensions between Tokyo and its Asian neighbors. That takes on additional significance given that China-Japan cooperation is critical to the region’s future. Chinese fear that the U.S. aims to block China’s emergence as a key regional player. South Koreans express similar concern about the U.S.-Japan relationship, fearing that it nurtures Japanese nationalism and is driving a wedge through the region. In fact, all Northeast Asian countries are suspicious of their neighbors.

Solving these problems requires political leadership and vision. Governments should focus on concrete actions, and maintain realistic expectations. Common objectives exist: a peaceful solution to the North Korean crisis, a denuclearized Korean Peninsula, opposition to the proliferation of weapons of mass destruction, freedom of the seas, a peaceful solution to the Taiwan Strait issue, a peaceful and stable geopolitical environment, increased economic and political integration. Possible areas of quadrilateral coordination include disaster relief, combating disease, providing for energy security, and environmental protection. South Koreans called on Japan to step up and play the role of leader, perhaps following the German model in regard to regional integration. Others asked the U.S. to use its relationship with Tokyo to help smooth relations between Japan and its neighbors. While the U.S. has a role to play, Beijing, Tokyo, and Seoul must learn to talk among themselves. Multilateralism must not become an excuse to avoid difficult direct interactions among governments. And relations must not become the sole province of governments: grassroots involvement is critical.

The nations of Northeast Asia will be able to cooperate only when they understand their national interests and objectives. In Seoul, those basic principles are unclear. South Korea wants to play a more significant role but it does not know how to do that. Seoul talks of “balancing” without grasping the implications of that strategy. Until South Koreans – and Japanese and Chinese for that matter – can explain to themselves and to their neighbors their vision of their nation and the role it will play in Northeast Asia, there is little hope for sustained and sustainable cooperation among them.

As long as the ROK remains unsettled, its alliance with the U.S. will remain unbalanced as well. Both countries should assess their alliance, and, if it is worth keeping, restructure it to better meet the needs of both partners. If the two sides treat each other with respect and seek to solve problems then the alliance will survive and will serve each nation as well as it has for the past 50 years – if not better.

The Future of U.S.-ROK Relations and Four-Way Cooperation with Japan and China

Conference Report

The U.S.-ROK alliance is under unprecedented strain. Generational change in South Korea has yielded new perspectives on history, North Korea, alliance with the United States, and that country's place in Northeast Asia. Meanwhile, the United States is transforming its defense posture and priorities in response to the post-Sept. 11 security environment and the emergence of new defense capabilities and doctrines. These changes have produced tensions and frictions in the alliance, and they have been magnified by difficulties in relations with North Korea, in particular, the problems created by the second nuclear crisis that began in October 2002.

Experts from the U.S., South Korea, China, and Japan took a hard look at these issues and the broader regional context at the ninth annual U.S.-ROK dialogue, co-sponsored by Pacific Forum CSIS, the Seoul-based New Asia Research Institute, and the Washington-based Korea Economic Institute-KEIP, which was held in Honolulu, Hawaii, on April 20-22, 2005. They generally agreed that the alliance plays an important role in maintaining peace and security in Northeast Asia, and that it is beset by problems. They also concurred on the need to think more expansively about regional issues: they endorsed quadrilateral coordination and cooperation to deal with Northeast Asian problems, but were skeptical whether there is consensus on approaches and results that would allow them to work together. In other words, pressing problems exist, but regional specialists, no less than their respective governments, are not in agreement on how to fix them. More troubling still, it is unclear if the four countries define these problems in the same way; without commonly shared perceptions, it will be impossible to craft multilateral solutions.

The following report summarizes those discussions. As in all Pacific Forum meetings, all comments are on a not-for-attribution basis; the comments that are identified here come from papers presented papers the meeting. This is not a consensus document; it reflects only the views of the authors.

A Changing U.S.-ROK Alliance

Our meeting began with assessments of the state of the bilateral alliance. Broadly speaking, there is agreement in both countries that the ROK should assume more responsibility for its national defense. Beyond that, key differences quickly emerge. Col. Carl Baker of the Asia Pacific Center for Security Studies (APCSS) outlined U.S. views of the alliance. Those perspectives cover the spectrum, although a majority currently favors continuation of the alliance with some modernization of roles, missions, and responsibilities between the two countries. The U.S. seeks greater mobility for its forces on the Korean Peninsula and more flexibility in the roles they might play during a regional contingency. Washington would prefer that the alliance's glue be shared values

– democracy, human rights, market-oriented economics – rather than a mutual threat – North Korea. This would give the alliance a life after unification of the Peninsula and allow it to tackle other pressing challenges. Baker argued that realizing the vision of a truly modernized alliance requires rethinking the best way to ensure “security.” While remaining cognizant of the North Korean threat, both governments should explore a more comprehensive notion of security, one that relies on a wider range of instruments and diminishes reliance on the military. He endorsed track-two efforts to flesh out this idea.

Most South Koreans agree that the U.S.-ROK alliance remains indispensable to their country’s security. Yet, they also acknowledge the need to modernize the alliance. Views of North Korea have changed, and the country’s military has new capabilities that afford it more options within the alliance. Most significantly, many South Koreans – including many of the country’s top officials – believe that their country needs to play a new role within the region, and this requires a new relationship with the U.S. This is the rationale behind the Roh Moo-hyun government’s assertion that Seoul can be a “balancer” in Northeast Asia. Kim Woosang of Yonsei University argued that the term is problematic: while it is a departure from the strict bipolarity of the Cold War and represents the South Korean preference for more options in its foreign policy, it is unclear what the rhetoric means in practice or whether South Korea can realize such a role.

Our discussion honed in on the confusion surrounding the new Korean rhetoric (although several Koreans noted that similar language has been used for some time; in the past, however, Seoul would only have assumed this role after unification). One U.S. participant marveled at how times had changed: A decade ago, then Secretary of State Warren Christopher came under severe criticism in the South for calling for “mutual restraint” when the two Korean navies clashed over crab fishing rights. South Koreans were outraged that the U.S. would not whole-heartedly back its ally. Yet, more recently, Seoul has suggested that it might stay out of a U.S.-DPRK conflict. While that may be an exaggeration, the South is plainly worried about “entanglement.” South Koreans fear that the U.S. military transformation is a thinly disguised attempt to “contain” China and they are reluctant to embrace a strategy that could drag them into a conflict with their chief economic partner. The U.S. interprets this as Seoul “pulling” itself from Washington or “free riding.” South Koreans see the U.S. hard line as “pushing” itself away from them.

As one Japanese participant pointed out, the U.S. and its allies confront a dilemma: They want an alliance strong enough to maintain regional security, but not so strong that it scares or riles China. Beijing’s readiness to play upon and exploit those fears compounds the divergence in perspectives. Cynicism is not unfounded: a Korean participant argued that China would not accept the ROK assumption of a key regional role, but since the new rhetoric assumes a distance from the U.S., Beijing will support those aspirations for the time being. A Chinese participant explicitly ruled out any ROK role as “balancer” as long as it remains allied to the U.S. Ironically, he endorsed the continued U.S.-ROK alliance because it stabilizes the Korean Peninsula and cautioned against any move that might make Pyongyang think there was instability to exploit.

The notion of South Korea as “balancer” seems to put a stake through the heart of one U.S. strategic vision: it undercuts the notion of an alliance, “virtual” or otherwise, among the U.S., South Korea, and Japan. There is also the risk of damaging ROK credibility as a U.S. ally. Several Korean speakers argued that there is no intent to undermine the alliance. An ROK participant explained that Seoul wants to play a leading role on “soft power issues” while maintaining strong security ties with the U.S. Another said that the new role applies to regional relations, not the alliance with the U.S. Yet another said this was a medium- to long-term vision.

Despite the uncertainty, it is clear that South Korea is finally confronting the full impact of the Sunshine Policy. Changed perceptions of the North allowed Seoul to engage the North and continued engagement shapes those perceptions further still. The U.S.-ROK alliance has not kept pace with changing South Korean views of the North, however. A Korean participant voiced caution: Koreans have traditionally separated peace and security, but the two are intertwined. When Seoul talks about peace, he warned, it must not neglect security.

South Korea appears to be grappling with its place in the alliance and the region as it seeks to define itself and its role. Traditionally, the Korean national image has been defined in opposition to: North Korea, Japan, or the U.S. Engagement with the North has altered fundamental conceptions about being “South Korean.” The country’s diplomatic and security policies are trying to catch up. The survival of the alliance depends on the ability of Seoul and Washington to find a vision they can share and a common language to express it. Some guiding principles seem clear: Do not force South Korea to choose between the U.S. and China; focus on values, not threats; think more expansively about security; and embrace multilateralism.

The Six-Party Talks

We took up the challenges posed by multilateralism by examining prospects for the Six-Party Talks. We challenged participants by forcing them to anticipate their government’s reaction to success and failure of the talks. First we grappled with a fundamental question: how do we define success in the six-party process? If “managing” the problem is considered “success,” then the mere continuance of the talks offers all sides a chance to declare victory. If the yardstick is “solving” the North Korean nuclear crisis, then another standard is required. It has become apparent over the life of the Six-Party Talks that each country has its own definition of success and that those definitions change over time. For example, U.S. policy has alternated between regime change and a change in the regime (the “Libyan model”).

Scott Snyder, senior associate at the Asia Foundation and the Pacific Forum CSIS, provided a sober assessment of the prospects for the talks, arguing that the U.S. was not yet prepared for the implications that would follow from a North Korean “yes.” In his view, Washington has focused on tactics to counter anticipated (and actual) North Korean intransigence, but has not developed a strategy for dealing with North Korea if Pyongyang should actually pursue negotiations to dismantle its nuclear weapons

programs. He argued that the political climate in the U.S. is such that there is no politically sustainable “second Agreed Framework.” No U.S. administration is likely to be able to make a deal that would not be contested in its implementation. As a result, there is an accumulated set of issues – from nuclear weapons to missiles to human rights – that in practice would make it difficult for the U.S. to accept any North Korean declaration that it would embrace the “Libyan model” of denuclearization.

Moreover, any party that tries to broker an agreement runs the risk of being blamed if the deal does not work out. Given the desire on the part of most Asian parties to pursue a negotiated solution with North Korea along the lines of a second Agreed Framework, the greatest obstacle the U.S. faces in its diplomatic efforts to isolate North Korea is the widespread perception in the region that the U.S. has not yet negotiated with North Korea in good faith and therefore that all reasonable efforts to settle the issue diplomatically have not yet been exhausted.

In these circumstances, Washington – not Pyongyang – would be the party at greater risk of isolation if North Korea returns to the talks. Other members of the Six-Party Talks have already blamed the U.S. for the lack of progress in negotiations thus far.

The outlook is equally bleak from a Japanese perspective. Yoichiro Sato, also of APCSS, detailed Tokyo’s key concerns in the Six-Party Talks: elimination of the North’s nuclear programs, abolition of its missiles and development programs, solution of the abductee question, and resolution of these issues in ways that don’t undermine Japanese national security interests. In other words, Tokyo is also looking for security guarantees. In exchange, Japan is prepared to restore economic ties, expand trade concessions, normalize diplomatic relations, and provide all the economic and other forms of assistance that would come with such a step.

Sato cautioned that resolving the nuclear issue would be only a step forward in the relationship and would not transform relations between Tokyo and Pyongyang. Japan would still view North Korea as a security threat. The abductee issue tops the list of Japanese grievances against Pyongyang, even though it is not the nation’s most pressing security concern. It is unclear to what extent – if any – other governments (apart from the U.S.) are ready to back Japanese demands on this point.

Like Washington, Tokyo has to be concerned with how the six-party process affects Northeast Asian regional dynamics. If Tokyo is seen as holding out against a deal with the North, then it risks estranging itself further from Beijing and Seoul. Given the current sour state of relations among those three countries, any additional damage must be avoided. Nevertheless, Sato argued that Japan has every reason to favor a regional security structure, as long as it is consistent with an enhanced U.S.-Japan alliance. He also noted that progress in the Six-Party Talks might, ironically, reduce Japan’s incentive to engage Pyongyang.

Our discussion returned to the definition of success. A Chinese participant defined success as the North’s abandonment of all nuclear weapons programs, the elimination of

all such weapons, and the acceptance of IAEA inspections. In return, the international community would provide nuclear plants, economic assistance and normalize diplomatic relations. China would like to see the six-party framework evolve into a multilateral security forum. In his view, China will not tolerate North Korean nuclear weapons. Another Chinese questioned whether North Korea would give up its nuclear weapons, arguing that the regime saw them as necessary to ensure its survival. Still, both Chinese maintained that the six-party process was important and should be encouraged.

South Korean participants agreed that success depended on North Korea's decision to give up its nuclear ambitions, but they were adamant that there was no military solution to the problem. Several Koreans argued that North Korea's ambitions were political. For Pyongyang, success is defined politically – gaining U.S. recognition of the regime, marginalizing Seoul, and laying the groundwork for an eventual withdrawal of the U.S. from the Korean Peninsula, which some see as a step toward unification under the North. As one South Korean argued, Pyongyang favors CVID too, but its formula stands for “controlled, vague, incomplete, and deceptive.”

U.S. policy remained a focus of our discussion. Although official U.S. policy is that the government of Pyongyang is “sovereign” – meaning that Washington is ready to deal with it – an informal survey of our participants showed that more than two-thirds believed the U.S. sought regime change. South Koreans called for U.S. gestures that would give the North a reason to return to talks – such as striking it from the terrorism list. While we debated the merits of such steps, it was clear that the U.S. has to recalibrate its diplomatic calculus: conventional definitions of diplomatic “success” or “failure” revolve around North Korea behavior – whether it would return to the negotiating table or make a deal. Now, however, the question is whether Washington is showing sufficient leadership. Its diplomatic bona fides are challenged as never before.

The next session examined the prospects for failure in the Six-Party Talks. Tae-hyo Kim of Sungkyunkwan University provided a methodology for assessing the ROK reaction to failure. In his analysis, North Korean prevarication or provocation constitutes failure. A nuclear North Korea means the six-party process has failed; endless talks that do not cap Pyongyang's nuclear programs are a failure as well. Yet Seoul's ability to influence Northern thinking is minimal. Only China can influence North Korean thinking and it is unclear whether Beijing is willing to act.

Liu Ming of the Shanghai Academy of Social Sciences agreed that a North Korean nuclear test would constitute a failure of the six-party process, but he added that a test is in keeping with North Korean tactics and would not necessarily mean the end of the talks. For China, the response of the international community is paramount. Given the stakes, he believed that Beijing would not block United Nations Security Council deliberation of the issue. China would watch Seoul for cues on how to react, mindful of the concern that Beijing has only limited leverage over the North.

Participants agreed that merely continuing the six-party process is not enough; North Korea must not become a nuclear weapons state (and that is meant literally, not as

defined by the Nuclear Nonproliferation Treaty). There was no consensus on how to prevent that. Americans expressed frustration with the Chinese reluctance to use its influence over the North; Chinese are becoming increasingly vocal about the U.S. hard line. Plainly, this is becoming a wedge in the China-U.S. relationship.

Prospects for the Six-Party Talks appear increasingly dim. The other five countries don't seem able to unite around a single policy, other than rhetorical support for a denuclearized Korean Peninsula (which even Pyongyang says it backs). The U.S. fears North Korean strength, while China, South Korea, and sometimes Japan, fear its weakness. These divisions give North Korea an advantage, allowing it to exploit differences and play one government off another. Endless consultations have not narrowed the gaps, but they have given Pyongyang time to proceed with its nuclear programs unfettered by international inspections. Setting deadlines is counterproductive, however: they give Pyongyang leverage over the diplomatic process by forcing a response and revealing dissension in the ranks of its negotiating partners. Another U.S. participant reminded the group that delay has consequences outside of Northeast Asia: North Korea's behavior is a direct threat to the survival of the Nuclear Nonproliferation Treaty and could encourage other governments to adopt the same tactics.

As one American pointed out, the problem is not North Korean nuclear weapons, but North Korea itself. The regime is bellicose, belligerent, and unpredictable. The nuclear problem will go away when the regime itself does or when Pyongyang decides it does not need nuclear weapons.

Regional Integration in Northeast Asia

The discussion shifted during Session IV to integration in Northeast Asia. This session took on an economic focus, as this has been the primary driver of integration in the region. Projections for economic growth across the Asia Pacific in 2005 are positive, but guarded; growth is expected to remain steady (albeit uneven) across the region. The Chinese economy is projected to expand at a rate of over 9 percent this year. Although official forecasts for South Korea are nearly 5 percent, many analysts expect approximately 3 to 4 percent this year. Japan is slowly moving out of its recession amid signs of a weak recovery; longer-term forecasts are less optimistic. Across the region, economic growth remains highly dependent upon expanding exports and investment. Steady growth in China continues to drive the region's economies.

The long-term outlook for U.S.-ROK trade remains positive, and the investment outlook remains strong. Dr. Jeon Jong-kyou of Kyunghee University noted that the U.S. remains the largest source of foreign direct investment (FDI) for South Korea, providing 70 percent in the first quarter of 2004. Traditionally, manufacturing is the main destination – comprising 44.1 percent of total U.S. investment in the ROK – but in recent years an increasing amount of funds flows into the financial sector. Today, the U.S. is the number one investor in ROK financial markets, holding one-half of stock owned by foreigners and responsible for one-half of net stock trading. Contrary to popular opinion in South Korea, Jeon's research shows that U.S. investment tends to be stable and does not

contribute to market volatility. He concluded that the U.S. presence is critical to South Korean hopes of becoming a regional financial hub.

Even though U.S. market share in South Korea is sizeable, change is plainly afoot as the ROK increasingly orients its market toward China. In 2004, ROK exports to the PRC grew by over 40 percent, to reach nearly 20 percent of all ROK exports. At the same time, South Korean optimism about investments in China has given way to sober assessments of the degree to which that investment has eroded South Korea's domestic manufacturing base. South Korean hopes to become a regional trade hub have had to be reassessed as Chinese exports have expanded dramatically in quantity and quality.

Deepening economic integration in Northeast Asia has had limited impact on political relations and cooperation in the region. Christine Brown of the Korea Economic Institute highlighted the expanding "alphabet soup" of regional organizations in East Asia, but noted that they are still relatively young and have yet to deliver real results for members. Competition for status, territorial disputes, bitter historical legacies, and the regional preference for "soft" institutions have all hampered their development.

We debated the degree to which integration, or regionalization, can be considered regionalism. East Asia, and Northeast Asia in particular, has many production networks, but few real regional institutions. There are doubts about the vitality of the Asia Pacific Economic Cooperation (APEC) forum and the ASEAN Regional Forum (ARF), and worries that the growing number of free trade agreements (FTAs) could detract from – or prove an obstacle to -- efforts to implement reform globally. As one speaker noted, FTAs could be building blocks or stumbling blocks. He suggested looking more expansively at such efforts, noting that FTAs are "symbols of friendship rather than examples of free trade." A Chinese participant pointed out that technology transfer also plays an important role in shaping popular views of economic partners.

This duality of purpose reflects a more general ambivalence about integration. There are questions about all institutions, which reflect contrasting visions of purpose (in APEC, for example, the debate has focused on whether it is to implement a "grand design" or more mundane trade facilitation), the reluctance to surrender some sovereignty, and concerns about what membership implies (and more significantly what it means to exclude some nations).

Some participants expressed concern about U.S. engagement in the region. The U.S. remains the predominant power, but its influence appears to be waning; China's growing economic clout is increasingly evident. Thus far, the U.S. has no bilateral trade agreements with Northeast Asian nations, although it is negotiating an FTA with South Korea and the topic regularly comes up in discussion with Japan. There are worries that U.S. negotiating strategy could alienate trade partners rather than win them over. An American participant countered that the U.S. will always seek "quality" agreements rather than a deal for its own sake. At the same time, Brown argued that U.S. security concerns trumped economic ones: the Bush administration's trade priorities are for the

most part geared to advance its security agenda – an agenda that is largely focused elsewhere in the world.

In the only real regional security forum, the Six-Party Talks, there is concern that the U.S. is losing the public relations war and is increasingly seen as part of the problem (creating instability), rather than part of the solution. This is creating problems in U.S.-ROK relations and allowing China to assume a more prominent role in the negotiations and in the region (a topic covered in more detail in the previous sessions). Several speakers highlighted the need for the U.S. to take a more forward-leaning role. It could work harder to help Northeast Asian nations (and its allies, Japan and South Korea in particular) to overcome historical legacies. Brown suggested that the Trilateral Cooperation and Oversight Group (TCOG) could provide a framework for better coordination of security issues among the U.S., ROK, and Japan.

Despite the slow progress of regional integration, its pace seems to be accelerating. The most important indicators of this new reality are the ASEAN Plus Three process (involving the 10 ASEAN states, China, Japan, and South Korea), talk of an East Asian Community, and the East Asian Summit, scheduled to be held at the end of 2005. These pose dilemmas for the U.S., which falls outside their membership ranks. Washington can't afford to ignore the "emerging Asia"; the region involves too many U.S. interests for Washington to be indifferent to its course. And, as several speakers pointed out, engagement provides an opportunity to influence its development. At the same time, however, the U.S. cannot be seen as hostile to or trying to shape its evolution in ways that appear detrimental to Asian interests.

Most participants agreed that over the medium- to long-term, waning U.S. economic influence will force Washington to adjust the way it engages the region. But given political and security realities, there is little likelihood that U.S. economic policy will change substantially, except in the case of specific bilateral issues, such as beef exports to Japan, and textile imports from China. U.S. economic engagement with Northeast Asia should remain at current levels.

Mutual and divergent interests in Northeast Asia

Our attention then turned to other mutual and divergent interests in Northeast Asia. We focused on perceptions of the other bilateral relationships among the four principle regional powers.

Qi Dapeng, of China's National Defense University, anticipated much of our discussion with his assessment of the U.S.-Japan alliance. The alliance has been strengthened. The Feb. 19 statement issued by the Security Consultative Committee (the SCC, sometimes known as the "2+2 meeting" of foreign and defense ministers) established the framework for a modified and rejuvenated alliance. Qi acknowledged the need for revision – changes in Japan have to be accommodated and there are concerns about possible regional crises – but he asked whether a strengthened alliance was in harmony with regional and international trends. Bluntly, Qi asked whether this bilateral

relationship reinforced regional divisions when Asia was trying to achieve greater integration. Significantly, he asked whether U.S. support for Japan has fueled Japanese nationalism and contributed to deepening tensions between Tokyo and its Asian neighbors. That question takes on additional significance given Qi's belief that China-Japan cooperation is critical to the region's future.

His suspicion reflects another Chinese fear: that the U.S. still aims to block China's emergence as a key regional player. Although U.S. participants argued that the U.S. is not opposed to China's rise – and, more importantly, that it cannot prevent China's rise – doubts remain. What is more troubling is that many South Korean participants expressed similar concern about the nature of the U.S.-Japan relationship, fearing that it was nurturing Japanese nationalism and driving a wedge through the region. In-taek Hyun of Korea University argued that the future of Northeast Asia depends on Japan's strategic choices. He worried about a rivalry between Beijing and Tokyo over regional leadership, and the current state of relations between Seoul and Tokyo. He remains optimistic that those difficulties can be solved with political leadership in both countries.

Our discussion turned on a single phenomenon: mistrust. Nationalism is on the rise in Northeast Asia and its impact is profound. Nationalism pushes countries to take certain actions and nationalism magnifies and distorts perceptions of those actions in other countries.

Japan is not yet trusted by neighbors who worry about political developments in that country. Japan's ambitions to play a larger global and regional role – especially its campaign to win a permanent seat on the United Nations Security Council – are unnerving. Its neighbors aren't sure whether Japan's alliance with the U.S. serves as a “cap in the bottle” or whether Washington is “shaking the bottle before pulling the cork.” Giving voice to those doubts adds to frustrations in Tokyo, compounding the downward spiral in relations.

There are equally strong doubts about the future intentions of governments in Seoul and Beijing. Concerns about South Korea's future have already been discussed, and questions about Chinese intentions surfaced throughout our meeting. Despite Chinese assurances that Beijing recognizes the importance of the U.S. role in the region, that it could not hope to supplant the U.S. in Asia, and that its rise will be peaceful, doubts persist.

How can the damage be undone? Some participants argued that globalization acts as a brake. Increasing economic integration puts definite limits on how far governments can go: Recent calls for a boycott of Japanese goods in China were silenced when the impact of such a step on the Chinese economy became apparent.

But this is not enough. As noted, political leadership – vision – is needed. One Chinese called for enhanced efforts by the U.S. and Japan to help China “emerge.” The Feb. 19 SCC declaration is a step in that direction. A Korean speaker suggested Japan

take the lead by using its “soft power.” That would require more attention to Japanese rhetoric and the seeming gap between its words and actions.

Building Cooperation and Managing Competition

Our final session tackled this subject in more detail. Jim Rolfe, also of APCSS, began with an exhaustive typology of international interactions. It is a long list and it takes time to move from simple to more complex forms of cooperation. Given the divisions that persist in Northeast Asia – where, it is not to be forgotten, remnants of the Cold War linger – patience is a must. And especially, as detailed above, when confidence is so low. Rolfe also stressed that expectations must be realistic: it is a fantasy to think that cooperation will eliminate all frictions in Northeast Asia. At best, competition can be managed, and he suggests, restricted to ideas, rather than values or territory.

Akio Watanabe, president of Tokyo’s Research Institute of Peace and Security, kept our discussion firmly grounded, pointing out that there was little chance of quadrilateral coordination among the four governments if they could not agree on the threat posed by weapons of mass destruction and, by implication, the threat posed by North Korea. He observed that Pyongyang’s nuclear ambitions would transform the security landscape of Northeast Asia. To minimize the possible damage, he endorsed more confidence building measures between Tokyo and Beijing. Other possible areas of quadrilateral coordination he identified include disaster relief, combating disease, providing for energy security, and environmental protection.

Liu Ming called for more optimism, noting the progress that has been made in regional cooperation in Northeast Asia. A little over a decade ago, there were no multilateral regimes in the region. Today, several have emerged. This is reason for hope. Nonetheless, he acknowledged the substantial barriers to further progress: history, “domestic politics,” military alliances (“Cold War remnants”), and the failure to implement agreements already reached. Liu argued that U.S.-China dialogue is central to future developments.

Again, our discussion could be summarized by a single question: Do the four countries share sufficient interests and objectives to provide a foundation for cooperation and coordinated action? One U.S. participant noted that multilateralism had been tried in Northeast Asia in the naval treaties of the 1920s. They lacked an enforcement mechanism and they failed as a result. Today, governments call for cooperation and coordination, but there is little basis for common action. Absent alliances, the only alternative security structure is China’s concept of security, which exhorts governments to work together, but stops there. That, this analyst argued, threatens to repeat the mistakes of the 1920s.

Another U.S. participant laid out a list of common objectives shared by the four countries: a peaceful solution to the North Korean crisis, a denuclearized Korean Peninsula, opposition to the proliferation of weapons of mass destruction, freedom of the seas, a peaceful solution to the Taiwan Strait issue, a peaceful and stable geopolitical environment, increased economic integration, and increased political integration. For

him, there are three key obstacles: “history,” different visions of Northeast Asia, and different ideas about who would drive and the speed of the process.

Several participants, in particular Japanese, argued that humanitarian crises could provide a catalyst for cooperation. Japanese and South Korean troops cooperated in peacekeeping duties in East Timor. The Dec. 26, 2004 tsunami showed that Japan could use its military assets to play a positive regional role.

Several South Koreans called on Japan to step up and play the role of leader. One asked Japan to follow the German model in regard to regional integration. All bemoaned the lack of progress in initiatives launched by Seoul and Tokyo over the past 20 years to overcome “the history problem.” Several participants asked the U.S. to use its relationship with Tokyo to help smooth relations between Japan and its neighbors. One South Korean argued that multilateralism is only possible with bilateralism. (One U.S. wag suggested the governments “think multilaterally, and act bilaterally – as ASEAN does.”)

A Chinese countered that the U.S. has a role to play, but Beijing, Tokyo, and Seoul must learn to talk among themselves. Multilateralism must not become an excuse to avoid the difficult direct interactions among governments. And, relations must not become the province of governments: grassroots involvement is key to help smooth out some of the wrinkles in foreign relations. A Japanese agreed: multilateralism must not, he cautioned, become an excuse to avoid tough questions.

At this point, the discussion turned full circle. The nations of Northeast Asia will be able to cooperate and coordinate with each other only when they understand their national interests and objectives. As we established at the beginning of our meeting, in Seoul today those basic principles are still unclear. South Korea wants to play a more significant role in Northeast Asia (and the world) but it does not know how to do that. Seoul talks of “balancing” without grasping the implications of that strategy – indeed, if it even is one. A general feeling of dissatisfaction is no basis for foreign policy. Until South Koreans – and Japanese and Chinese for that matter – can explain to themselves and to their neighbors their vision of their nation and the role it will play in Northeast Asia, there is little hope for sustained and sustainable cooperation among them.

As long as the ROK remains unsettled, its alliance with the U.S. will remain unbalanced as well. While South Koreans must decide on priorities and the place the bilateral alliance will assume in their foreign and security policies, the U.S. must not be passive. Washington must also assess its alliance with the ROK, and, if it is worth keeping, restructure it to better meet the needs of both partners. Old assumptions must be re-examined and standard operating procedures readjusted. The process of striking a new balance will also influence the value each side puts on the alliance. If the two sides treat each other with respect and seek to solve problems, rather than score points, then the alliance will survive and will serve each nation as well as it has for the past 50 years – if not better.

APPENDIX A

**New Asia Research Institute
Pacific Forum CSIS
Korea Economic Institute-KIEP**

The Future of U.S.-ROK Relations and Four-Way Cooperation with Japan and China

**April 20-22, 2005
DoubleTree Alana Hotel
Honolulu, Hawaii**

Wednesday April 20

- 6:30PM **Young Leaders Meeting – *Pool deck (Mezzanine Level)***
- 7:00PM **Welcome Reception - *Pool deck (Mezzanine Level)***
- 7:30PM **Opening Dinner- *Pool deck (Mezzanine Level)***

Thursday April 21

9:00AM-9:30AM **Opening Remarks by Ralph COSSA and RHEE Sang-woo
*Helicon Meeting Rooms (7TH Floor)***

9:30AM-12:00AM **Session I: The U.S.-ROK Alliance and Regional Security
Presenters: Carl BAKER, KIM Woosang**

Topics: How does each country view the US-ROK alliance? What is its future and what should be done to ensure its survival? What are the projections for and impact of the Global Posture Review and U.S. force restructuring in the ROK? What has been the impact of U.S. and ROK elections? What is the status of anti-Americanism in the ROK? How does the alliance fit into future bilateral and multilateral security relations in Northeast Asia?

12:00PM-1:00PM **Lunch – *Padovani’s Restaurant (Lower Lobby Level)***

1:15PM-3:00PM **Session II-A: Future Scenarios for the Six-Party Talks: Success
Presenters: Scott SNYDER, Yoichiro SATO**

Topics: A successful outcome for the Six-Party Talks could transform Northeast Asia. How is “success” defined? What are governments prepared to do if North Korea agrees to give up its nuclear weapons? How do nations see relations with Pyongyang, and among themselves, evolving in the event of a North Korean decision to give up nuclear weapons? How would relations evolve in the event of a “successful” outcome to the Six-Party Talks? How would a successful outcome affect proposals for a more formal, institutionalized Northeast Asian dialogue mechanism?

- 3:00PM-3:15PM Coffee Break
- 3:15PM-5:30PM **Session II-B: Future Scenarios for the Six-Party Talks: Failure**
Presenters: Kim Tae-Hyo, LIU Ming
- Topics:** Failure of the Six-Party Talks would be equally significant. What would your government do in the event of a North Korean nuclear test? Would that be enough to make the talks fail? If not, what would constitute failure and how would your government respond to unmistakable failure? How would failure change relations among the parties to the talks? What should the parties do in response to failure? How would failure affect proposals for a more formal, institutionalized Northeast Asian dialogue mechanism?
- 5:30PM **Session ends**
- 6:00PM **Reception – Pool deck (Mezzanine Level)**
- 6:30PM **Dinner – Pool deck (Mezzanine Level)**

Friday April 22

- 9:00AM-10:15PM **Session III: Northeast Asian Integration**
Presenters: Christine BROWN, JEON Jong-Kyou
Helicon Meeting Rooms (7TH Floor)
- Topics:** What is the status of Northeast Asian economic relations? Political relations? Evaluate the ASEAN Plus Three process. What is Northeast Asia's role vis-à-vis East Asia as a whole? Evaluate the evolution of your country's policy toward Northeast Asia and East Asia. What are the prospects for an FTA and/or a regional monetary union? What are key challenges and obstacles? How can they be overcome?
- 10:30AM-12:30PM **Session IV: Other Mutual and Divergent Interests in Northeast Asia**
Presenter: QI Dapeng, HYUN In-taek
Discussant: SATO Yoichiro
- Topics:** How do the ROK and China see the U.S.-Japan relationship? How do the ROK and Japan see the U.S.-China relationship? Are there other regional and security issues that the four countries can work on together? What impact does Taiwan have on security in Northeast Asia? How are changes in domestic politics and traditional areas of friction (like history) impacting cooperation in Northeast Asia?
- 12:30PM-1:30PM **Lunch – Padovani's Restaurant (Lower Lobby Level)**

1:30PM-3:30PM **Session V: Building Cooperation and Managing Competition**
Presenters: James ROLFE, WATANABE Akio, LEE Jong-
kook
Discussant: LIU Ming

Topics: Can there be a meaningful “quadrilateral coordination process” in Northeast Asia? If so, how can it be implemented? What is the status of and prospects for confidence-building measures in Northeast Asia? How can regional efforts fit into global norms? Are there other possible areas of future cooperation, such as coordination on disaster relief and refugees? What lessons can China learn from the TCOG progress?

3:30PM **Wrap-up discussion and closing remarks,**
RHEE Sang-woo and Ralph COSSA

3:45PM **Adjourn**

4:00PM-5:30PM **Young Leaders Seminar**

APPENDIX B

**New Asia Research Institute
Pacific Forum CSIS
Korea Economic Institute-KIEP**

The Future of U.S.-ROK Relations and Four-Way Cooperation with Japan and China

April 20-22, 2005

DoubleTree Alana Waikiki Hotel
Honolulu, Hawaii

KOREA

Consul General Heung Sik CHOI
Consulate General of the Republic of
Korea

Ambassador GONG Ro-Myung
President, Institute for Japan Studies at
Hallym University and Former Foreign
Minister and Ambassador to Russia and
Japan

Ambassador HYUN Hong-Choo
Attorney at Law and Senior Partner,
Kim & Chang and Former Ambassador
to the U.S.

Dr. HYUN In-Taek
Professor, Department of Political
Science;
Vice President for Planning & Budget,
Korea University

Dr. JEON Jong-Kyou
Assistant Professor, School of
International Relations at Kyunghee
University

Dr. KIM Choong-nam
Korea Expert/POSCO Fellows
Coordinator, East-West Center

Mr. KIM Dong-yern
Deputy Consul General
Consulate General of the Republic of
Korea

Dr. KIM Mikyoung
Fulbright Scholar, Dept. of International
Studies, Portland State University

Dr. Steven KIM
College of Security Studies
Asia-Pacific Center for Security Studies

Dr. KIM Tae-hyo
Assistant Professor, Department of
Political Science at Sungkyunkwan
University
Director for International Cooperation,
NARI

Dr. KIM Woosang
Professor, Department of Political
Science and Associate Dean, College of
Social Science, Yonsei University

Mr. LEE Jong-kook
Deputy Director General for Policy
Planning
Ministry of Foreign Affairs and Trade

Dr. RHEE Sang-woo
Chairman, New Asia Research Institute
President, Hallym University

JAPAN

Dr. IKEGAMI Masako
POSCO Fellow, East West Center,
Director, Center for Pacific-Asia
Studies, Stockholm University

Dr. SATO Yoichiro
Regional Studies Department
Asia-Pacific Center for Security Studies

Dr. WATANABE Akio
President
Research Institute for Peace and Security

CHINA

Dr. LIU Ming
Director
International Relations Theory Studies,
School of World Economy and Politics,
Shanghai Academy of Social Sciences

Lt. Col. QI Dapeng
Institute for Strategic Studies
National Defense University

U.S.

Lt. Col. Carl BAKER, USAF
Policy Studies Department
Asia-Pacific Center for Security Studies

Mr. Frank BOAS
Board Member, Pacific Forum

Ms. Christine BROWN
Director of Congressional Affairs &
Trade Policy, Korea Economic Institute-
KIEP

Mr. Ralph A. COSSA
President
Pacific Forum CSIS

Mr. Brad GLOSSERMAN
Director of Research
Pacific Forum CSIS

Dr. David KANG
Tuck School of Business,
Dartmouth College

RAdm. Michael McDEVITT,
USN (Ret.)
Director, Center for Strategic Studies
Center for Naval Analyses (CNA)

Mr. Charles MORRISON
President
East-West Center

Dr. James ROLFE
Policy Studies Department
Asia-Pacific Center for Security Studies

Lt. Col. Major James SEAWARD,
USAF Japan Desk Officer
U.S. Pacific Command (J5)

Ms. Jane SKANDERUP
Director for Programs
Pacific Forum CSIS

Mr. Scott SNYDER
Senior Associate
Pacific Forum CSIS and The Asia
Foundation

Lt. Gen. Hank C. STACKPOLE, USMC
(ret.)
Former President
Asia-Pacific Center for Security Studies

YOUNG LEADERS

Ms. Celeste ARRINGTON
Ph.D. Candidate
University of California, Berkeley

Mr. Allen CHEN
Research Intern, Pacific Forum, CSIS
MBA Candidate
Darden School, University of Virginia

Mr. Larry FERGUSON
Asia Security Analyst
Project Asia, Center for Strategic Studies
Center for Naval Analyses

Mrs. Vivian FRITSCHI
Research Associate
Director, Young Leaders Program
Pacific Forum CSIS

Mr. IWASAKI Ryuji
Consul, Consulate General of Japan

Ms. Ah-Young KIM
Associate Expert
Humanitarian Emergency Branch, UN
OCHA (Office for the Coordination of
Humanitarian Affairs)

Ms. KIM Jae-Eun
Bachelors Candidate
Department of Political Science
Sungkyunkwan University

Mr. LEE Jang-Wook
Ph.D. Candidate, Sogang University
Vice Secretary General,
New Asia Research Institute

Ms. LI Fan
Executive Director
Global Links Initiative

Ms. Sachi NAGAOKA
Ph. D. Candidate at Keio University
Senior Researcher, Keio Research
Institute at SFC

Ms. Yumiko NAKAGAWA
MA candidate (Law and Diplomacy)
Fletcher School of Law and Diplomacy,
Tufts University

Ms. Sun NAMKUNG
Research Assistant
Pacific Forum CSIS

Dr. RHEE Moo-weon
Associate Professor of Management
University of Hawaii
College of Business Administration

Mr. David SALTIEL
International Security Initiatives Dept.
Sandia National Laboratories

Mr. Andrew THOMPSON
Assistant Director
Freeman Chair in China Studies
Center for Strategic and International
Studies

Mr. Qinghong WANG
Ph.D. Candidate
Department of political science
University of Hawaii

Ms. Qi ZENG
Ph.D. Candidate
Department of political science
University of Hawaii

PACIFIC FORUM STAFF

Mrs. Christina HATFIELD
Conference & Travel Coordinator

APPENDIX C

Session I

The U.S.-ROK Alliance and Regional Security

by Carl Baker

Policy Studies Department, Asia-Pacific Center for Security Studies

The recent statement by President Roh Moo-hyun that the Republic of Korea will seek to define its role in Northeast Asia as one of “balancer” has touched off a fresh debate about the future of the U.S.-ROK alliance. The statement provides a counterpoint to the U.S. call for increased “strategic flexibility” for U.S. forces based in the ROK as part of the U.S. Global Defense Posture Review and highlights a potential divergence of perspectives on the best way to adapt the security alliance to the modern realities in the region.

For more than 50 years the U.S.-ROK alliance has been one of the cornerstones of the American security commitment in East Asia. Over those years there has been a general reluctance on both sides to change the institutional arrangements for managing the military component despite the dramatic changes that have taken place on the peninsula and in the way we think about security and the application of military force. Although several respected analysts from both sides of the alliance have argued for adjustments to the alliance relationship, change has been slow. However, a series of events since the beginning of the century including inter-Korean reconciliation and the U.S. commitment to a global restructuring of its military forces seems to have generated a enough political will to move the issue forward.

To date, much of the work between the two governments has focused on details of the military alliance such as specific missions, location of the U.S. forces on the peninsula and command relationships rather than on any shared vision of the future. While interesting and necessary in the context of the ongoing threat from the North, focusing exclusively on these details risks missing the larger issue of the future role the alliance might play, if any at all, in regional security relations.

In the following outline, I will examine the future of the alliance from the U.S. perspective. First, I will discuss the variety of U.S. views regarding the status of the alliance. Second, I will examine the future contours based on the results from the Future of the Alliance talks and the ongoing Security Policy Initiative talks. I will conclude with some thoughts on the potential for moving beyond the specific focus on the threat from the DPRK toward a more idealistic view where the bilateral alliance becomes a cornerstone for establishing a more inclusive security order in East Asia based on the shared interests in creating a stable region that is focused on cooperation rather than military confrontation.

U.S. views on the status of the U.S.-ROK alliance

As one should expect, the U.S. does not speak with a single voice on its vision for the future of the U.S.-ROK alliance. During the Cold War and well into the 1990s, the common assumption was that while the alliance focused on deterring the threat from the DPRK, it also served as a force for regional stability, however vaguely that concept was defined. With the emergence of reconciliation efforts on the peninsula, the rapid improvement in ROK-PRC relations and re-emerging conflicts with Japan, there is a new demand for a refined definition of the concept. These changes have also led to the solidification of views within the U.S. toward the future of the alliance. Three views, which are not completely mutually exclusive, can be identified.

1) The alliance is dead. The U.S. should withdraw its military forces from the peninsula as soon as possible and let South Korea take responsibility for its own defense. Rationales for this view include:

- No vital U.S. interest in maintaining a force presence on the Asian continent after the end of the Cold War since South Korea is economically capable of providing for its own defense

- The perception that the Korean people have demonstrated distaste for the alliance through accusations that the U.S. force presence is hindering the Korean reconciliation process

2) Maintain the status quo. The deterrence of the DPRK remains the primary purpose of the alliance and to shift the focus away from that purpose would be to dilute the effectiveness of the alliance. Rationales include:

- Faithfulness to the alliance will lead to evolutionary change in the direction of regional cooperation after elimination of the NK regime.

- Current reconciliation effort is a false hope since the DPRK has given no indication that it is interested in reciprocating the generosity of the ROK and pursuing a peaceful future.

3) Modernize and diversify the alliance. This view is focused on recognizing the growing independent capacity of the South Korean military and extending the security relationship to the region. While recognizing that the DPRK remains an immediate threat, this view calls for the development of a shared vision for addressing regional security issues as a means to ensure the long-term viability of the alliance. Rationales include:

- The current alliance structure has created an unhealthy dependency on the presence of U.S. military forces on the peninsula.

- U.S. needs to have the flexibility to utilize forces stationed on the peninsula for global missions while maintaining its commitment to the defense of the ROK.

- Separate alliances with the ROK and Japan that are focused on a regional stability will provide an effective deterrent to any Chinese ambitions to regional hegemony.
- The creation of a coalition of willing states with the common goal of promoting stability, deterring proliferation, facilitating humanitarian relief, and combating terrorism will promote regional security.

There is not much new in the above views. In fact, each view has held sway in varying forms with Washington policymakers at various times over the past decades of the alliance relationship. Given the present focus on the Future of the Alliance Talks and the subsequent Security Policy Initiative talks, it seems clear that the view to modernize and diversify the alliance is in the ascendancy. However, the other views are still held and the various rationales for modernizing the alliance still compete for prominence in the security policymaking establishment. The point is that until changes are fully implemented, there is always the possibility of changes in focus as a result of political changes in Washington or other events in the international system.

State of play in reshaping the alliance

With the completion of the second round of the Security Policy Initiative earlier this month (April) as another step in the ongoing process to reformulate the alliance, the contours of the changed security relationship are beginning to take shape. In broad outline, the ROK is assuming increased responsibility for the defense of the peninsula while U.S. will have the “strategic flexibility” to incorporate Korea-based forces into its global security commitments. Specific changes that have occurred or are in the process of being implemented include:

- Transfer of 10 missions from USFK to ROK forces is proceeding according to schedule. Missions to be transferred by 2006 include rear area decontamination, JSA security, mine emplacement, air-to-ground range management, counter-artillery battery operations, Maritime counter-special operations forces interdiction, search and rescue, close air support and weather forecasting. The net effect of these transfers will increase the importance of the ROK military in defense of the peninsula.

- Shifting U.S. forces south of Han River into two hubs with an “air hub” centered on Osan-Pyeongtaek and a “sea hub” centered on Pusan. The notion of hubs has entered the discourse in U.S. policy circles and has been used most recently by Secretary Rumsfeld in a Pentagon “town meeting” and by Adm. Fallon in Congressional testimony. The use of the terms has led some to suggest that the intent is to not only make these forces more mobile and capable of being deployed off the peninsula if needed, but may also suggest an intent to ultimately remove most U.S. ground forces from the peninsula.

- The evaluation of command relations to make them consistent with transfer of mission responsibility. The evaluations are due to be presented at the Security Consultative Meetings scheduled for later this year. The implication of the evaluation is that the sensitive issue of wartime control of ROK forces will be carefully scrutinized.

- Commitment in the second round of Security Policy Initiative talks to form a track-two group to formulate a shared vision for the roles and relationships for the

alliance both on the peninsula and in the region. This shared vision document would then presumably be used to help shape the specific agreements on roles, missions, force structure, and coordination mechanisms within the alliance.

Although the details are far from settled, one of the goals is to recast the security relationship by the end of the year. The big challenges that lie ahead are dealing with the extremely sensitive areas of wartime command relations and defining to define a plan for wartime command of forces on the peninsula and provisions for operating off the peninsula.

America's ideal for shaping the alliance

One argument is that reshaping the alliance will give it meaning beyond its local anti-communist basis and diversify it toward a more regional or even global focus. In its broadest outline, the ideal arrangement for the U.S. would be the development of a coalition of states in the region that would form a security network supportive of the broad U.S. security strategy. Victor Cha argues in a recent *Washington Quarterly* article that the key to the long-term survival of the alliance is to couple it with the U.S.-Japan alliance and create meaning and identity for the trilateral relationship that goes beyond a vague notion of regional stability and specific threats and focuses instead on preventive defense and shared values such as liberal democracy, open markets, nonproliferation, human rights, anti-terrorism, and peacekeeping. Similarly, Cha Du-Hyeogn in an article for the *KIDA Papers* series argues that the alliance should be broadened into a comprehensive security alliance that focuses on modern issues such as terrorism, WMD, human security, and the environment, rather than on geographical boundaries.

The notion of extending the existing bilateral alliances in the Asia-Pacific into a web of partnerships has also been articulated as a policy goal of the U.S. for a number of years. For example, in 2000, during his tenure as Commander of PACOM, Adm. Blair put forward the idea to “build upon the current set of principally bilateral security relationships in the Asia-Pacific region to form a web of partnerships.” He goes on to suggest some concrete military activities that could be pursued by those partnerships, including ensuring the free flow of energy resources, countering terrorism and drugs, curbing proliferation of missiles and nuclear arms, peacekeeping, and peaceful reconciliation on the Korean Peninsula. More recently, Secretary of State Condeleezza Rice called for extending the existing bilateral alliances for the common good of the region during her recent visit to the region saying, “When the United States, Japan, and the Republic of Korea stand together in support of peace and security and promote our common values, Asia and the world become a better place.” Similarly, in recent Congressional testimony, Acting Assistant Secretary of State for East Asian and Pacific Affairs Evans Revere stated that the pursuit of “bilateral and multilateral cooperation to counter the proliferation of weapons of mass destruction, foster democracy and human rights, and attack international crime and trafficking in drugs and persons will ensure our overall success in maintaining regional stability.”

Statements from the joint communiqué from the October 2004 Security Consultative Meeting suggest ways in which the U.S. envisions the relationship between the alliance and larger U.S. security interests beyond the peninsula. For example:

- Secretary Rumsfeld expressed his appreciation for South Korea's provision of additional forces in Iraq, while agreeing with Minister Yoon that cooperation in combating global terrorism would "further strengthen the ROK-U.S. alliance."
- Secretary Rumsfeld and Minister Yoon agreed on the importance of "adapting the alliance to changes in the global security environment."

The idea is that the coalition of states is not based on the threats from specific countries, but rather on common interests embodied in the concepts of preventive defense or comprehensive security. The approach is clearly intended to be inclusive and to accommodate various perspectives. While it would be difficult to argue against these lofty goals, establishing a program of action to move from the specific concerns of the bilateral alliances to the broader values of the coalition has proven quite difficult.

Complicating factors in broadening the alliance to focus on shared regional security interests:

- Disagreement over North Korean threat assessment;
- Stalemated Six-Party Talks;
- Different perceptions regarding proliferation threats;
- Uncertainty regarding U.S. interest in strategic flexibility;
- Uncertainty regarding the U.S.-Japan alliance;
- Lack of progress in resolving the China-Taiwan issue;

In practical terms, given the current U.S. focus on countering terrorism and the threat of proliferation of weapons of mass destruction and geostrategic realities of Northeast Asia, it is difficult to envision any military activity for the alliance off the peninsula beyond limited support for the humanitarian missions such as disaster response and joint search and rescue operations. Other activities that would support efforts against counterterrorism and proliferation activities would focus on information sharing and coordination of law enforcement agencies.

Evidence for this type of support is seen in:

- Coordination efforts on transnational terrorist activity;
- Support for multinational planning augmentation team;
- Limited support for the Proliferation Security Initiative;
- Capabilities-based planning and exercises in the region.

Impact on multilateral security relations in Northeast Asia

One of the real difficulties in envisioning the alliance in a broader context of preventive defense or comprehensive security is that it requires a dramatic lowering of expectations about the role of the military in the alliance by both sides. Instead of a

menacing military threat from across the desolate DMZ that sustained the alliance for the past 50 years, the threat becomes vague and somewhat nonspecific. Instead of an intense training operations tempo, military cooperation is reduced to what is essentially patrol duty and information sharing. Likewise, realization of this coalition of states would look like a serious non-event in terms of its impact on regional military activity. There would not be any high-profile military confrontations and effective coordination and cooperation would theoretically eliminate the nuisances of proliferation and transnational crime. While it may be hard to imagine, that is the vision.

So, the question remains if the current efforts at reshaping the U.S.-ROK alliance should be viewed as the early steps in achieving a more cooperative and inclusive security order in East Asia. Certainly the blare of current news from the region about deteriorating relations and confrontations over a variety of issues from territorial claims to past grievances to nuclear proliferation make such a goal seem far-reaching at best. Nevertheless, if taken as a serious goal, the process of reshaping the alliance could serve as an important confidence building measure for the entire region. Some aspects that would encourage this interpretation of the effort include:

- Demonstrate that the reshaping is designed to enhance the Korean reconciliation process rather than impede it.
- Demonstrate that the effort is being undertaken to make the security order in East Asia more inclusive rather than to contain or isolate any particular country.
- Demonstrate that the shared interests articulated in the joint vision study are compatible with other countries in the region.
- Broaden the scope of the dialogue to reflect the comprehensive nature of the security alliance.

Failure to realize this interpretation would likely lead to the pursuit of one of the alternative views regarding the alliance presented earlier in the paper. For some, that may be the preferred solution and would certainly not be surprising given the immense difficulty in transitioning an alliance so heavily focused on a military threat to a more diffused sort of arrangement.

Conclusion

- The decision to re-examine the security alliance does represent an important strategic choice for both sides.
- President Roh is correct in suggesting that South Korea will play an important role in shaping the future security order in East Asia. This is consistent with Korea's historical role in the region.
- Given the lengthy time horizon, exogenous factors will play an important role in the process of reformulating the alliance.
- The easy part of the process is over. It is time to broaden the focus of the effort beyond the military aspects to demonstrate a commitment to broader vision for the alliance.

Session I

The ROK-US Alliance: Where to Go and How to Steer

by Woosang Kim
Department of Political Science
Yonsei University

When U.S. Secretary of State Rice visited Seoul last March she emphasized that the U.S.-ROK alliance remained strong, citing as evidence the dispatch of over 3,000 Korean troops to Iraq. However, her view is challenged by an increasing number of skeptics in both countries who note a series of developments in recent weeks concerning the ROK-U.S. alliance.

Recently, President Roh stressed that the ROK's diplomacy should focus on playing the role of the "balancer" to prevent possible conflict in Northeast Asia and that the ROK should be ready to mediate between China and Japan in case they engage in disputes in the region. To do so, he added, the ROK should depart from the "Cold War camp diplomacy," pitting the northern triangle of North Korea, China, and Russia against the southern triangle of South Korea, the U.S., and Japan. However, he did not forget to emphasize that his "peace and prosperity" policy needs a firm alliance relationship with the U.S. But, a number of skeptics in both countries argue that the ROK is not in the position to play the role of the balancer in the region and that the role of the balancer and the ROK-U.S. alliance are not compatible.

Other issues headlined were the U.S. move to scrap the U.S. ammunition storage for war (War Reserve Stocks Allies, WRSA) in Korea, the reduction of Seoul's burden sharing for the USFK and USFK's subsequent plan to cut back Korean employees, the ROK's decision to trim its 3,600 Zaytun Unit dispatched to Iraq by 240 men, and the ROK's objection to an operational plan, code-named 5029-05, that laid out military responses to various levels of internal trouble in North Korea.

How does Korean society view the ROK-U.S. alliance?

Although many demagogues in Korean society try to dichotomize almost every issue including pro- and anti-Americanism, there are diverse views toward the ROK-U.S. alliance in Korean society. Extreme progressives tend to believe that the existing U.S.-Japan and U.S.-ROK alliances create a new Cold War system. So, to maintain peace and prosperity in the region, the ROK should depart from the Cold War camp system and prepare to play the mediator role between Japan and China and between the U.S. and China. For them, the ROK-U.S. alliance is at the core of the Cold War mentality. Progressives support the idea of the ROK's balancing role between Japan and China. They seem to believe that the ROK can play this balancing role while readjusting the ROK-U.S. alliance. They also argue that the Roh administration does not agree with the USFK's idea of "strategic flexibility."

Extreme conservatives tend to think that the ROK's balancing role and the ROK-U.S. alliance are incompatible and that the Roh administration has decided to navigate Korean society toward the Chinese sphere of influence while distancing itself from the U.S. and Japan. Conservatives seem to think that such issues as the ROK's constructive role in the region and the readjustment of the ROK-U.S. alliance are to be raised sooner or later, but not now. They believe that capability-wise the ROK is not in a position to claim the kind of role and that the North Korean nuclear issue needs to be dealt with first. They seem to think that the ROK's role will not be that of regional balancer but as the "regional pivotal partner" based on strong soft power. They also think that although there are challenges to the ROK-U.S. alliance, the alliance should be maintained for years to come and that sooner or later both countries will have opportunities to readjust and rebuild this alliance to be constructively strengthened and future-oriented.

People at the center, on the other hand, believe that it is about time for the Roh administration to raise fundamental questions on such issues as the ROK-U.S., ROK-Japan, ROK-China relations and the readjustment of the ROK-U.S. alliance. They tend to agree with President Roh's goal of peace and prosperity in the region and believe that the ROK should play an important role as confidence-builder, peace-maker, peace-facilitator, or agenda initiator for peace and prosperity. They also think that the ROK-U.S. alliance is valuable but not a prerequisite for the ROK to play an important role in the region.

A recent survey of 1,000 people over 20 years old on the issue of the ROK's balancer role, conducted by the Blue House Public Survey Office, showed that a majority took a skeptical view, with 68 percent saying Korea as a Northeast Asian balancer has limitations but could be possible. More than 20 percent said it was virtually impossible, while 11 percent said it was viable.

How to ensure survival of the ROK-U.S. alliance?

Alliance theorists suggest that there are several crucial factors that influence the longevity and dissolution of the alliance. 1) When perceptions of common threat among alliance partners change, the *raison d'être* of the existing alliance will be challenged. 2) When a weaker alliance partner becomes stronger, it may think that it is in less need of its stronger ally's support and come to value the existing alliance less. 3) When regime change or leadership change occurs and consequently, the basic nature, identity, or ideology of the government changes, the alliance is likely to be dissolved.

There seems to be a growing difference in the common threat perception between the ROK and the U.S. While the current ROK government considers the Kim Jong-il regime to be a partner for peace and prosperity in the Korean Peninsula and less as a threat, the U.S. sees North Korea's nuclear capability and its WMD as a greater threat than ever before. For example, while U.S. leaders criticized the ROK government for deleting the term "main enemy" from its defense white paper, Unification Minister Chung argued that North Korea is a brother the South cannot turn its back on.

The relationship between South Korea and the U.S. became less asymmetric compared to 1953 when the alliance treaty was signed. The ROK has grown remarkably fast since the 1950s and South Korean self-confidence soared sky high after the successful 1988 Olympics and 2002 World Cup. Thus, the ROK, the weaker partner, which has a different threat perception, is likely to request adjustment of the alliance relationship.

Leadership change has occurred in both countries. The Roh administration, born with the blessing of anti-American sentiment, takes progressive positions on almost every issue. When the alliance relationship is domestically politicized, the ROK-U.S. alliance can hardly survive. The Bush administration, born with the blessings of neo-cons, considers the Kim Jong-il regime as part of the “axis of evil” and an “outpost of tyranny.” Based on its Global Defense Posture Review (GPR), the Bush administration plans to transform its overseas military into a more agile one. Bush plans to relocate the 2nd Infantry Division (2ID) and the Yongsan bases to the Pyong Taek area and wants to transform the USFK into a rapid deployment force to be sent outside the Korean Peninsula in case of regional conflict, possibly one that could break out across the Taiwan Strait. The different positions of the two governments on the USFK’s “strategic flexibility” issue as well as the burden-sharing issue may jeopardize the alliance.

According to alliance theorists, there are factors that strengthen alliance relationships. 1) The hegemonic power can discourage dissolution of the alliance by taxing a disproportionate burden. 2) The institutionalization of the alliance helps strengthen the existing alliance. A high level of institutionalization usually creates capabilities that are worth keeping even after the original purpose of the alliance is gone.

The 50-year long ROK-U.S. alliance has survived many changes in domestic political and international security environments. It seems natural for the alliance relationship to be readjusted. As long as both alliance partners share common interests in keeping the alliance and are willing to readjust the alliance in a constructive and future-oriented way, they can successfully do so.

The U.S. - the hegemonic power - has its own role to play to strengthen the shaky relationship. Americans could show their willingness to pay special attention to South Korean concerns about such ongoing issues as the USFK relocation and burden sharing, disputes over history between South Korea and Japan, and potential rivalry between China and Japan in the region.

President Roh said that, “there are intellectuals in our society who are more pro-American than actual Americans are and that is the problem.” That remark seems to imply that anti-America sentiment still exists in Korean society. However, at the same time the remark seems to suggest that there still is a considerable number of Korean intellectuals who consider the ROK-U.S. alliance to be indispensable.

Another recent survey of 800 people over 20 years old, conducted by *JoongAng Daily* newspaper (2005.4.18.), seems to corroborate the argument that many Koreans still think the ROK-U.S. alliance is indispensable. First, on the question of “which country should be the most important country for security cooperation with the ROK,” more than 62 percent answered that it is the U.S., while 16.5 percent said China, and 3.5 percent said Japan. On another question of “which country is the most threatening country for ROK’s security,” 37.1 percent said it is Japan, while 28.6 percent said North Korea, 18.5 percent said the U.S., and 11.9 percent said China. Among the respondents who answered that the most threatening power is the U.S., 29.2 percent are young people in their 20s, 26.4 percent in their 30s, 13.7 percent in their 40s, and 8.1 percent are 50 or over. When asked about the future of the ROK-U.S. alliance, 38.5 percent said the alliance should be strengthened, while 35.1 percent said that the ROK should be self-reliant at the cost of a deterioration in the existing ROK-U.S. alliance, and 22.5 percent said that the current level of the ROK-U.S. alliance should be maintained.

Looking back at the alliance history of the U.S., the U.S.-Great Britain and the U.S.-Japan alliances went through periods in which anti-American sentiment prevailed in Great Britain and Japan during the 1970s and ‘80s. But they managed the alliances very well and as a result they are stronger than ever. No one can deny that the current ROK-U.S. alliance relationship is instable. But that does not mean that the deteriorating relationship will die out. Clever and efficient two-track management efforts from both sides are needed. Since institutionalization of the alliance is supposed to be very helpful in strengthening the alliance, a new joint declaration or a new guideline will be a good idea for reviewing the 50-year-old Mutual Defense Treaty and for increasing the institutionalization of the alliance. But, if domestic political situations do not allow new institutionalization, the respective government bureaus and departments must fully utilize the existing level of institutionalization of the alliance.

The ROK and the U.S. have held a total of 12 Future of the ROK-U.S. Alliance Policy Initiative (FOTA) meetings from April 2003 to September 2004, during which many agenda items, including the relocation of the 2nd ID and the Yongsan bases, were successfully concluded. The Security Policy Initiative (SPI) was established to replace the FOTA and crucial issues such as the USFK restructuring and strategic flexibility are and will be discussed. Both governments must take advantage of these regular meetings and move alliance-related issues away from domestic politics. At the civilian level, intellectuals from both sides who believe that the ROK-U.S. alliance serves their common interests and values must come out and make efforts to maintain existing track two channels. Intellectuals from both countries must participate in public education and public relations efforts through mass media and other educational channels.

For a future-oriented ROK-U.S. alliance

The restructuring of the USFK seems unavoidable as it is required by the changing global security environment and the subsequent change of U.S. military doctrine. The ROK government fully understands the situation and has positively responded to the relocation and restructuring of the USFK issues. At the same time, the

Roh administration has suggested balanced pragmatism, cooperative self-reliant defense, and comprehensive security.

It is time for the ROK to come up with a specific plan to improve its defense capability in conjunction with the relocated and restructured USFK. As the Roh administration has suggested, the ROK should look beyond the Korean Peninsula and prepare for its increasing role in regional affairs. The future ROK-U.S. alliance should deal with regional stability issues, especially with nonconventional security issues. The alliance should be expanded geographically and functionally to meet comprehensive security issues, including terrorism and international crimes, spread of the weapons of mass destruction, protection of refugees, human rights, and sea lines of communications.

No country would like to see military conflict in the Korean Peninsula or in the Taiwan Strait. It seems less likely that military intervention by the U.S. into the Taiwan Strait will materialize in the foreseeable future. So, the ROK government may flexibly respond to the strategic flexibility issue. In the meantime, the ROK can support the USFK's restructuring effort, while the U.S. can help the ROK build its cooperative self-reliant defense capability.

President Roh's idea of the ROK playing an important role of confidence-builder, peace-maker, peace-facilitator, and agenda initiator for peace and prosperity of the region seems viable as long as the idea is based on a trustworthy alliance relationship between the ROK and the U.S. So, for the ROK to play this important role it needs to rebuild trust with its long-time alliance partner. To recover trust between alliance partners, both sides should provide consistency and transparency in their related policies so that the behavior of each party is predictable to the other.

Finally, the Roh administration should not use the term "balancer," since it creates unnecessary confusion and misperception among neighboring countries. The term is based on hard power. Rather, a term such as "pivotal regional partner" based on soft power is a better replacement. With a readjusted ROK-U.S. alliance based on trust, the ROK may be able to play the pivotal partner role in politico-economic, cultural, and other issue areas in the near future.

Session IV
Other Mutual and Divergent Interests in Northeast Asia
U.S.-Japan Alliance under Common Strategic Objectives:
A Dividing Element in East Asia

by Qi Dapeng
Institute for Strategic Study
of National Defense University, PLA

Introduction

The declaration of U.S.-Japan common strategic objectives is a result of the needs of the two countries' national interests and the development of their domestic politics. But national security strategies among countries in a region interact with each other. The enactment of these common strategic objectives is causing some negative responses from nations in the region.

I. The justifications for strengthening U.S.-Japan security cooperation as seen from official positions of the two countries

- Japan should achieve its normalization as a nation 60 years after the end of World War II. Japan also should play a more important role in the regional and international arenas.
- A possible future North Korea crisis and Taiwan crisis will threaten regional stability and peace. The U.S. and Japan have their own reasons to strengthen their traditional bilateral security cooperation to respond to these related threats, which is an option of their national security strategies.
- In the transition of the regional power structure, as the only superpower in the world, the U.S. needs to reinforce its strength and influence to help contain vital threats from this region.

II. Are these common strategic objectives in harmony with the trends of regional and international politics?

The basic purposes of the U.S.-Japan common strategic objectives are to counter possible future crises on the Korea Peninsula and Taiwan Straits and try to balance the power and influence of rising China.

- The separation of mainland China with Taiwan, the division of the Korean Peninsula, and the issue of the normalization of Japan, are legacies of the Cold War. Helping each other to reach its goal and completely exit the Cold War is the most important and substantial form of cooperation for the four parties. Strengthening military alliances against others with Cold War thinking might create a new cold war or a cold peace.

- As the pace of regional integration and globalization speeds up, countries in Northeast Asia should also concentrate on the integration of the regional economy. But the strengthening of the U.S.-Japan alliance is shifting the focus from economics to the security area.
- At the beginning of the Cold War, the U.S.-Japan alliance raised the strategic role of Japan in the U.S. East Asian security strategy. This allowed Japan to fail to correctly deal with its expansionist and imperialist legacy. Now, the U.S.-Japan common strategic objectives raise Japan's strategic role again, which creates a feeling of defiance in Japan toward its neighbors while standing with the U.S. This will not benefit regional cooperation nor U.S. and Japanese national interests.
- The East Asia countries, including China, acknowledge the presence of American power and influence in the region and try to cooperate with the U.S. at all levels. The U.S. does not need to strengthen its alliance with Japan to expand its influence in the region.

III. The U.S.-Japan common strategic objectives might divide East Asian nations

- The U.S.-Japan alliance's common strategic objectives could impose pressure on the North Korean government, but its role is very limited. Actually, the common strategic objectives create confrontation between North Korea and the U.S. and Japan.
- These objectives of containing China's rise might result in political and military confrontation between big powers and will give rise to an arms race in the region.
- The U.S.-Japan alliance, mainly against China and North Korea, will put the ROK in a dilemma in which it will be difficult for the ROK to choose between China or the U.S. The same thing will happen for Southeast Asian countries. At the end, all of Asia may be divided.

Conclusion

The U.S. and Japan could strengthen their security relationship, but that should be within Japanese territory, be defensive, and be bilateral without aiming at other nations. When dealing with regional security issues, the relationship should be under a multilateral security mechanism.

Session V

Building Cooperation and Managing Competition

by Akio Watanabe
Research Institute for Peace and Security

I. Quadrilateral coordination

There have been in recent weeks more bad news than good news in East Asia. Assuming that bad news has been much addressed in the previous four sessions, there is no need to repeat them here. The focus here is on the more positive sides.

TCOG (coordination among the U.S., ROK and Japan) seems precarious; therefore to expand it to include China seems infertile. Instead an extension of the on-going Six Party Talks on the Korean crisis is probably more feasible PROVIDED all four agree to put a matter of common concern (the DPRK nuclear program) before everything. To the extent that any or all of the four lacks enthusiasm about the nonproliferation of nuclear weapons and ballistic missiles in the Far East, the prospects for quadrilateral coordination wane.

II. Confidence-building measures (CBMs)

CBMs are most needed and, if successful, most effective when they are implemented between the two parties directly involved in a dispute. Two outstanding regional issues (inter-Korea relations and cross-Strait relations) should be addressed first.

How should we deescalate tensions between the ROK and the DPRK and those between Taiwan and the PRC? Unfortunately, prospects for any substantial development along this line (i.e. direct talks between the disputants) are slim, particularly for the cross-Strait crisis in view of the well-known argument put forward by Beijing that the Taiwan issue is *internal*.

Given that, are there possibilities for good offices by outsiders? Would China be ready to accept “facilitating” roles of outsiders (the U.S., Japan, and Russia, too)? Is China ready to “internationalize” cross-Strait issues in a way similar to the Six-Party Talks on Korea?

It can be said that de facto internationalization is already occurring (e.g. both the U.S. and Japan put the brakes on Chen Shui-bian when he tried to play the independence/constitution card in the legislative assembly election in December last year. The Hu Jintao administration behaved, it seems, with a certain degree of deliberation when enacting the anti-secession law in March. (They made efforts to explain in advance the forthcoming legislation by sending missions to Washington and Tokyo. They made a slight modification of the letter of the law at the last stage.) Incidentally, the European

Union (EU) is also a party to this game (e.g., they have become more cautious about the issue of the arms embargo on PRC). It is reported that the U.S. and EU will soon hold a meeting at the ministerial level to coordinate their policies toward Asia, whose agenda will most likely include (1) strengthening of military capabilities by the PRC, (2) possible escalation of tension over the Taiwan Strait after the anti-secession law, and (3) the North Korean problem after Pyongyang declared to have acquired nuclear weapons (*Nihon Keizai Shimbun*, April 13, 2005).

Since all of the four are in favor of the status quo with regard to the Taiwan issue, DOING NOTHING is the best policy. If the above analysis about the delicate balance over the cross-Strait issue is correct, there are some hopes for continuing the status quo.

But the case of Korea is somewhat different. While all of the four parties are in favor of the status quo (is the U.S. position somehow different, as it is more ready to adopt a regime change option?), no one can put brakes on the DPRK's nuclear ambitions. Does China have leverage over the DPRK? With the absence of any stopper, the DPRK's nuclear ambition is destined to bring about a critical change in the East Asian security map. As things stand, it is hard to have an optimistic view about the Six-Party Talks. Some experts suggest "the United States should work with South Korea to encourage the establishment of transnational democratic institutions to help facilitate the gradual unification under way between North and South." (Devin Stewart, "U.S. Credibility at Stake in Six-Party Talks", CSIS, Japan Watch, April 11, 2005). What "transnational democratic institutions" mean is not quite clear, but it may be worth further consideration.

CBMs between Japan and China remain underdeveloped. Prime Minister Obuchi and President Jiang Zemin agreed in their 1998 meeting to a Japan-China Joint Declaration on Building a Partnership and Cooperation for Peace and Development. In the same year Minister of Defense Kyuma visited Beijing and confirmed with his Chinese counterpart defense exchanges between the two countries, including continued dialogue between the chiefs of defense. No such meeting took place, however, until September 2003 when Minister of Defense Ishiba went to Beijing to meet his Chinese counterpart. Vice Minister of Defense Moriya made a visit to Beijing in January 2004 and also this year. At the director general level, security dialogues between diplomatic and defense officials are being regularly held (so far nine times). Exchanges between units are still lacking. In October 2000, Prime Minister Mori and Premier Zhu Rongji agreed to realize mutual visits by naval ships at an early date, but a planned visit by a Chinese naval ship (slated for May 2002) was postponed at the request of the Chinese side (presumably because of Koizumi's visit to Yasukuni Shrine in April of the same year. The planned visit by the Japanese defense minister was also cancelled for the same reason). Although a semi-official program of exchanges of uniformed personnel at the colonel rank between the SDF and PLA exists (sponsored by the Sasagawa Japan-China Friendship Fund of the Sasakawa Peace Foundation) military-to-military contact between Japan and China has been very limited. Prior to the realization of more substantial portions of CBMS, various preliminary steps (such as military-to-military contact and regular dialogue of defense officials and etc.) should be pursued.

From a long-term perspective, efforts should be made on both sides to produce an atmosphere favorable for sensible discussion about arms control in the field of nuclear armaments, naval buildups, etc. In the meantime, it would be necessary and desirable to promote confidence between Japan and China by making joint efforts in the field of functional (i.e., nonmilitary security) issue areas as discussed below.

III. Other issue areas of quadrilateral coordination

Quadrilateral coordination about functional issues such as disaster relief and anti-disease efforts (SARS, AIDS, bird, flu etc) is most welcome. Another likely candidate for quadrilateral coordination is anti-piracy activities. If China and the Republic of Korea agree to join international efforts for the Proliferation Security Initiative, it would be very helpful in fostering quadrilateral coordination.

One urgent issue for quadrilateral coordination is related to energy security. As of 2003, Asia accounted for nearly 30 percent of world total consumption of energy (Northeast Asia = 21 percent, Southeast Asia = 4 percent, and South Asia = 4 percent). China surpassed Japan in 2002 to become the second largest consumer of oil, next to the United States. Given the high pace of China's economic growth and if there are subsequent increases in energy consumption (the annual increase in energy consumption was 13 percent in 2003), the oil/LNG market will become very tight. All three economies in Northeast Asia (or four economies, if we include Taiwan) are heavily dependent on oil/LNG imported from overseas (especially the Middle East), and all share concerns about the safety of sea lines of communications (SLOC). One of China's energy strategies is to reduce the degree of dependence on sea-borne transportation of oil/LNG by developing overland pipelines from Russia, Kazakhstan, etc. Still it is apparent that China has to depend to a substantial degree on sea-borne oil from the Middle East. As pointed out, regional cooperation for anti-piracy activities is therefore a matter of common concern for all Northeast Asian economies. In addition, various efforts can be made in concert to make East Asian economies less vulnerable to disruption in oil supplies from outside the region such as (1) developing a regional scheme of oil stocks and mutual adjustment, (2) research and development on alternative energy sources (including nonmilitary use of nuclear energy), (3) enhanced technological assistance for efficient use of energy (both the U.S. and China, the two largest oil consumers, are among the worst), and (4) some scheme to avoid unnecessary conflicts over the rights for excavation of sea-bed oil/NLG fields.

The last item is particularly urgent in view of rather unfortunate exchanges in recent months between Tokyo and Beijing about the East China Sea seabed gas-fields. Any nationalistic scheme is infeasible for this type of undertaking. Putting aside disputes about sovereignty for the time being, China and Japan should seek a joint scheme of development because whatever the final shape of the national boundary on the surface of the sea, we cannot draw an artificial line dividing the seabed oil/gas field itself. A joint scheme will be in the interests of Japan since China would be the most likely buyer of the gas produced. In view of the necessary cost of transportation, East China Sea gas does

not pay for itself from the Japanese point of view. On the other hand, it is good for Japan if it helps ease China's energy requirements, mitigating the heat of the scramble for oil.

The issue of energy is inseparable from that of environment conservation. The United States and China are the two largest CO² emitters (U.S. accounts for 23 percent, China 15 percent, Russia 6 percent, Japan 5 percent, and India 4 percent). China is also the largest SO² emitter and the second largest NO² emitter. Neither the U.S. nor China is party to the Kyoto Protocol. The Kyoto Protocol comes under the UN umbrella. If a global scheme like the Kyoto Protocol cannot deal with all the issues, then is there room for any regional or bilateral alternative scheme? This leads to the next subject.

IV. Regional vs. global approach

Much has been said about compatibility (and some elements of tension as well) between global (e.g., WTO) and regional approaches (e.g., FTA) to economic policies. Can a similar thing be said about the relationship between regional and global approaches to issues of international security?

Two issues are on the list of most important matters of common interest among our four countries: international terrorism and proliferation of weapons mass destruction (including missiles).

As for the former issue, we often speak of the "Global War on Terror" (GWT), which means we take a global approach to the issue. Also a comprehensive approach is recommended. That is to say, not only military means, but also a broad range of policy instruments, including economic assistance and socio-cultural policies, should be fully mobilized in this "war." Ideally, the UN ought to be utilized to solicit as great as possible number of nations and nonstate actors for that endeavor. Unfortunately, the experience of the Iraq War exposed the inadequacy of this global mechanism and the U.S.-led coalition of the willing and able proved more useful. The U.S., Japan, and the ROK were, and still are, engaged in one way or another in the war on terror in Iraq, while the PRC cautiously stood aside. China attempted to compensate for its lack of support for the U.S. war in Iraq with cooperation with regard to the DPRK nuclear issue (namely the Six-Party Talks). More generally, China made use of the Shanghai Cooperation Organization (SCO) to demonstrate its contribution to the cause of antiterrorism, though it is more concerned with Islamic radicalism within its own territory than transnational terror. Such being the case, all four countries represented here, in one way or another, belong to the same camp in the Global War on Terror. It is hard to call it either global or regional, or bilateral, it is a mixture of all. If the Six-Party Talks can develop in the future into a more durable scheme with broader functions (antiterror activities included), we may witness a regional scheme to address terrorism.

As for the latter issue (WMD), a similar point can be made. Success of the Six-Party Talks would mean a regional scheme to supplement global regimes such as the NPT and IAEA. As long as global regimes cannot address the Korean problem, an alternative would inevitably be a national or bilateral response.

How can Japan deal with a nuclear-armed Korea? There are, theoretically, three options; (1) deterrence (namely reliance on the U.S. nuclear umbrella, that is bilateral, but if the U.S. umbrella is unavailable, a nuclear-armed Japan is a logical conclusion); (2) preemption or retaliation capabilities of one kind or another; and (3) defense (missile defense). The present situation is still gray. DPRK missile capabilities are a fact and its possession of nuclear warheads is not yet confirmed but not out of the question. Japan's response is therefore ambivalent. It has committed to a missile defense (MD) system to be jointly developed in collaboration with the United States (and to be operated jointly or unilaterally?), while the debate continues on whether MD is reliable. Against that background, a regional solution along the lines of the Six-Party Talks is much-preferred alternative for everybody. That is why cooperation among all the countries concerned, and especially quadrilateral coordination, is a matter of crucial importance.

APPENDIX D

About the Authors

Carl BAKER joined the faculty of the College of Security Studies at the Asia-Pacific Center for Security Studies in June 1999. He has served as a Department Chairman and as Assistant Dean. He has an extensive background dealing with East Asia security issues having served more than 20 years in various military assignments in Hawaii, Guam, Philippines, Japan, and Korea. Prior military assignments include seven years in Japan in a variety of operational assignments. During these assignments, he was involved in bilateral U.S./Japan contingency planning for mutual support and the operational evaluation of those plans. He was instrumental in incorporating U.S. space capabilities into the bilateral planning process in Japan.

Ralph A. COSSA is President of the Pacific Forum CSIS in Honolulu. He sits on the steering committee of the Council for Security Cooperation in the Asia Pacific and serves as executive director of the U.S. Committee of CSCAP. He is also a board member of the Council on U.S.-Korean Security Studies. Cossa is a political-military affairs and national security strategy specialist with over 25 years of experience in formulating, articulating, and implementing U.S. security policy in the Asia-Pacific and Near East-South Asia regions. He is a retired USAF Colonel and a former National Security Affairs Fellow at the Hoover Institution. He holds a B.A. in international relations from Syracuse University, an M.B.A. in management from Pepperdine University, and an M.S. in strategic studies from the Defense Intelligence College.

Vivian FRITSCHI was formerly with the Pacific Forum CSIS as Research Associate, Director of the Young Leaders Program, and coeditor of *Comparative Connections*, a quarterly electronic journal of international relations. Mrs. Fritschi holds an M.A. in Foreign Affairs from the University of Virginia. She received bachelors degrees in International Relations and French Literature at Tufts University. She was also a graduate research fellow at the Graduate Institute of International Studies in Geneva, Switzerland and studied at the University of Paris (IV)-La Sorbonne in Paris, France.

Brad GLOSSERMAN is Director of Research for the Pacific Forum CSIS in Honolulu, coeditor of *Comparative Connections*, and a contributing editor to *The Japan Times*, writing extensively on policy issues and international affairs. Previously, Mr. Glosserman was on the Editorial Board and the Assistant to the Chairman for the Japan Times concurrently. His comments and analyses appear regularly in media throughout the world. Mr. Glosserman holds a J.D. from The George Washington University and an M.A. from the School of Advanced International Studies of the Johns Hopkins University, both in Washington, D.C.

KIM Woosang is Professor of Political Science Department and Associate Dean of the College of Social Science at Yonsei University, Korea. He is also Associate Director of the Institute of East and West Studies at Yonsei University. Previously, he was an Associate Professor at Texas A&M University, and was a Research Associate at the

Hoover Institution, Stanford University. He is an editor of the Korean Political Science Review, and served as Guest Columnist for Dong-A Daily Newspaper (2002), and a Member of the Policy Advisory Committee, the National Security Council, the Republic of Korea (1999-2000). He has published numerous articles in journals and several books.

Qi Dapeng is an officer of the People's Liberation Army of China, and research fellow of the Institute for strategic studies at National Defense University (NDU) in Beijing. Over the last three years, Col. Qi has specialized in military strategy and national security affairs. Prior to joining the Institute, he served as a company commander in the army, and a staff officer in an area military command and the Head Quarters of NDU. He holds a Bachelor of Science degree from the PRC Military Academy in Dalian and a Master of Military Arts from the National Defense University. During the last half of 2004, Qi worked as an associate in the Institute for the Study of Diplomacy at Georgetown University in Washington, D.C.

Sang-Woo RHEE is President of Hallym University, Chuncheon, Korea as well as Chair and President, the New Asia Research Institute (NARI). President Rhee is also the chairman of the Korea-Japan Cultural Foundation. He was a professor of political science at Sogang University (1976-2002) and served as president of the Korean Association of International Studies (1992) and chairman of the Presidential Commission on the 21st Century (1993-1994). President Rhee has written and edited 15 books on international relations and currently serves as editor of two academic journals, *Korea and World Affairs* and *New Asia*. He received his LL.M. from Seoul National University and his Ph.D. in political science from the University of Hawaii.

WATANABE Akio is President of the Research Institute for Peace and Security. Dr. Watanabe graduated from the University of Tokyo, where he majored in Japanese history. He received his PhD from Australian National University in Canberra. In August 1966, Dr. Watanabe began teaching at Hong Kong University and has since taught at Meiji University and Aoyama Gakuin University, specializing in international politics and Japanese diplomacy. He is Professor Emeritus at both Tokyo University and Aoyama Gakuin University. From February to August 1994, Dr. Watanabe served as a member of the Defense Affairs Round Table (advisory panel to the Prime Minister) and participated in the compilation of the The Modality of the Security and Defense Capability of Japan (the so-called Higuichi Report). He is also author of *Ajia Taiheiyô no kokusai kankei to Nihon* (International Relations in the Asia-Pacific Region and Japan) and other works. In April 2000, Dr. Watanabe became President of the Research Institute for Peace and Security.