



U.S.-Korea Relations:
To Test or Not to Test: Missile Politics

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After the impasse in the Six-Party Talks deepened this quarter, North Korea shocked its neighbors as well as the United States by launching seven missiles July 4 into the Sea of Japan. One of these missiles was a long-range *Taepodong 2* that theoretically might have reached the U.S., but failed, 40 seconds into its flight.

The missile tests fed a widespread perception in the U.S. that North Korea's action represented a political failure for the Bush administration. U.S. financial and diplomatic pressures over the previous 10 months had neither contained Pyongyang nor caused it to submit to U.S. political demands. Together with the U.S. refusal to offer any positive gesture toward North Korea, these pressures merely formed the backdrop to North Korea's all too familiar defiance of the outside world.

The U.S. and South Korea held their opening round of negotiations on a Korea-U.S. free trade agreement (FTA) during early June. Among the most contentious issues were the U.S. demand to open the South Korean rice market to U.S. exports, and South Korea's demand that the U.S. extend favorable tariff treatment, under the FTA, to all products produced in the Gaeseong Industrial Zone in North Korea. On the rice issue, South Korean negotiators gave no ground and are under considerable pressure from farmers not to allow U.S. rice into the country. On the Gaeseong issue, U.S. negotiators rejected the Korean request, claiming that North Korean workers at the site are subject to harsh, exploitative treatment by the Pyongyang regime.

Finally, at a meeting in Singapore, South Korea's defense minister and the U.S. secretary of defense appeared to reach general agreement that operational control of South Korea's armed forces during wartime would be transferred back to South Korea after five or six years. The final agreement will be announced at the ROK-U.S. Security Consultative Meeting in October.

Avoiding a diplomatic encounter in Tokyo

The quarter opened on a contentious note as U.S. Ambassador Christopher Hill rebuffed North Korea's desire for a bilateral meeting on the sidelines of an international security policy conference in Tokyo during mid-April. The U.S. would only meet separately with senior officials of North Korea at the Six-Party Talks, Hill said, and urged Pyongyang to

rejoin those negotiations as soon as possible. North Korea's Ambassador Kim Gye-gwan insisted that the U.S. had to end its financial sanctions before North Korea would again participate in the nuclear negotiations. Kim said, provocatively, that North Korea would use the period of delay in re-starting the Six-Party Talks to build up "more deterrent force" through its nuclear weapons program.

Hill reportedly told South Korea's Vice Foreign Minister Yu Myung-hwan that the tough U.S. position was "intended to send a strong message to North Korea" that it had to return to the Six-Party Talks. The ensuing North Korean reaction revealed that Pyongyang would not accept the mid-March suggestion of U.S. Ambassador to South Korea Alexander Vershbow to take up the financial sanctions bilaterally at the multilateral nuclear negotiation.

More broadly, the exchange of strong words in Tokyo revealed how U.S. sanctions against alleged counterfeiting by North Korea had undermined the central U.S. policy objective of negotiating an end to Pyongyang's nuclear program in the Six-Party Talks. While Washington imposed these "law enforcement" measures independently of the nuclear talks, their practical effect has been to create a major obstacle to the nuclear negotiations. To U.S. hardliners who hope that diplomatic failure will lead to harsh U.S. military measures and "regime change" in North Korea, this impasse is of little concern and even a welcome development. For professional U.S. diplomats seeking a peaceful resolution of the nuclear issue, the delay is deeply troubling, though their tools for ending it are quite limited.

The Hu-Bush summit and beyond

President George W. Bush tried to put additional pressure on North Korea later in April when he urged China's President Hu Jintao, during their Washington summit, to influence North Korea to rejoin the Six-Party Talks. Hu agreed with Bush that North Korea needed to give up its nuclear ambitions, but Hu was noncommittal about any specific steps China would take to pressure Pyongyang. Although the Chinese president told Bush that U.S. financial sanctions against North Korea were an impediment to the resumption of the nuclear negotiations, the U.S. downplayed his warning. U.S. National Security Council staff member Dennis Wilder observed "But [Hu] didn't say 'you need to end those measures' in any way, shape or form."

At the summit meeting, Bush also protested China's harsh tactic of returning North Korean refugees who attempt to flee North Korea through China. He asked Hu to establish a process in keeping with UN standards for resettling refugees in South Korea, which has a policy of welcoming the refugees. According to news reports, Hu listened politely to Bush's suggestion but did not respond.

In late May and early June, the U.S.-North Korea diplomatic standoff continued, reflecting the basic positions the two sides enunciated six weeks earlier. In retrospect, the diplomatic exchanges at this time prefigure the subsequent crisis over the North Korean test of its *Taepodong 2* missile.

After consultations in Seoul on May 25, Ambassador Hill stressed the importance of North Korea returning to the Six-Party Talks, but made clear that the U.S. would not offer any “sweetener.” A few days later, an official statement of North Korea’s news agency invited Hill to visit Pyongyang for a bilateral meeting, just as Ambassador Kim Gye-gwan sought a bilateral meeting to discuss outstanding issues in Tokyo during April. White House Spokesman Tony Snow rejected the North Korean request: “the United States is not going to engage in bilateral negotiations with the government of North Korea...We are going to do it through the appropriate forum.”

Following this new refusal in late May to discuss U.S. financial sanctions prior to resumption of the Six-Party Talks, North Korea upped the ante by preparing to test-launch a long-range *Taepodong 2*. Two and a half months earlier, to express its displeasure with U.S. unwillingness to negotiate financial sanctions, North Korea tested short-range missiles near North Korea’s border with China. The U.S. mildly criticized the tests but the event received little media coverage.

This time, North Korea’s threat to test a long-range missile that appeared capable of hitting the United States with a nuclear payload ignited public fears in the U.S., South Korea, and Japan. Public tension was elevated June 19, when *The New York Times* reported that North Korea had fueled the missile.

Prudently assessing North Korea’s intentions, National Security Advisor Hadley responded to news reports by noting that Pyongyang was likely trying “to create a sense of crisis... They seem to think that’s something that works for them.” Hadley pointed out “the intelligence is not conclusive at this point” and that North Korea might be seeking to orbit a satellite for peaceful purposes.

The sense of crisis in the U.S., Japan, and South Korea amplified June 22 when two former Clinton administration defense officials, William J. Perry and Ashton Carter, called for the U.S. to destroy the North Korean missile on its launching pad before a test occurred. They wrote in the *Washington Post*: “...[I]f North Korea persists in its launch preparations, the United States should immediately make clear its intention to strike and destroy the North Korean *Taepodong* missile before it can be launched. This could be accomplished, for example, by a cruise missile launched from a submarine carrying a high-explosive warhead... [T]he effect on the *Taepodong* would be devastating....[T]he U.S. air strike would puncture the missile and cause it to explode...North Korea could respond to U.S. resolve by taking the drastic step of threatening all-out war on the Korean Peninsula. But it is unlikely to act on that threat.”

Rejecting the advice from these former Clinton officials, the Bush administration concentrated in the following days on coordinating diplomatic efforts to persuade North Korea not to launch a missile, in violation of its agreed 1999 moratorium on missile tests.

Bush asked China to “send a focused message to the North Koreans” that a missile test would be “provocative.” Meeting June 29 with Japanese Prime Minister Koizumi Junichiro, Bush said “launching the missile is unacceptable,” while noting that “there

have been no briefings as to what's on top of the missile." Koizumi added that "should [North Korea] ever launch the missile..., we would apply various pressures" that he would not specify. Among the "pressures" that Japan has considered are restricting trade and ferry service with North Korea as well as cutting off remissions of cash to North Korea by ethnic Koreans living in Japan.

North Korea made good on its threat on July 4 by launching seven missiles into the Sea of Japan: six short- and medium-range *Nodong* and *Scuds*, and one long-range *Taepodong 2* which failed 40 seconds into its flight. Pyongyang's action delivered a psychological shock to the U.S. public and the Bush administration, which had assumed that diplomatic pressure from China, in particular, would lead to Pyongyang's restraint.

In ensuing days, President Bush emphasized that diplomacy "takes time" while an administration spokesman downplayed the threat that North Korea poses to the United States. But the headlines about a new North Korean menace underscored that diplomacy was not working nearly as well as the administration had hoped.

Tough going in the FTA negotiations

During early June, trade delegations from South Korea and the U.S. met in Washington for the first round of negotiations on a bilateral free trade agreement. The complexity of their efforts was underscored by the large number of negotiating committees – 17 – that the two sides organized to handle key issues.

Major differences reportedly remained on various sectoral issues at the end of this first negotiating round. Among the most contentious issues is the U.S. demand for a full opening of the Korean rice market to U.S. exports – which has aroused considerable opposition from Korean farmers. South Korea insists that any market opening should be implemented on a long-term, phased-in basis, to allow for trade adjustment assistance to farmers adversely affected by this measure. The rice issue is expected to be a subject for discussion at the second round of FTA negotiations scheduled July 10-14 in Seoul.

A second issue is the question of how to treat exports by South Korean companies that operate in the Gaeseong industrial zone in North Korea. South Korea firmly believes that a free trade agreement should treat Gaeseong exports like any other South Korean product. Under political pressure from the Congress and White House, U.S. trade negotiators insist on excluding Gaeseong-made products entirely from any FTA. The U.S. argues that the North Korean workers who produce goods in Gaeseong are subject to exploitative practices by North Korea's regime. At the end of the quarter, many U.S. observers believed that unless South Korea gave ground on this largely "political" issue, it could put the entire FTA negotiation at risk.

Operational control of South Korea's armed forces

The U.S. and South Korea continued to conduct a joint study on detailed measures for the transfer of operational command over South Korea's armed forces during wartime. At present, control of South Korean armed forces remains with the commander of U.S. forces in Korea.

In early June, South Korea's Defense Minister Kwang-ung Yoon met with Secretary of Defense Donald Rumsfeld in Singapore and they discussed this issue. South Korean newspapers reported that South Korea would likely take back control of its own armed forces in five to six years. Minister Yoon commented that it would take this long for South Korea to build the country's self-reliance and defense capabilities to the point where it could exercise operational control during wartime. The final decision on the command transfer issue will be announced at the next session of the annual ROK-U.S. Security Consultative Meeting (SCM) which will be held in Washington, D.C. in October.

On another defense matter, South Korea moved ahead with the relocation of U.S. forces in South Korea to a new base in Pyongtaek, south of Seoul. In early May, thousands of police ejected farmers and activists from the Pyongtaek site, where their protest had blocked construction for months. Military engineering units erected a 29-km barbed wire fence around the base area while establishing checkpoints and other restrictions on public access. A master plan for construction of the base is expected to be approved during September and the actual construction work is scheduled to begin in October.

Prospects

Prospects for a diplomatic resolution of the nuclear issue with North Korea in the Six-Party Talks have never looked so dim as they do at the end of this quarter. The dug-in positions of both North Korea and the U.S. have prevented their diplomats from meeting, let alone exploring the elements of an agreement to address the nuclear issue.

The gridlock in the Six-Party Talks and unyielding U.S. pressure on North Korea through financial sanctions were factors in Pyongyang's decision to frighten the U.S. and Japanese publics by launching missiles on Independence Day in the United States. The tests underscore why a Bush administration policy favoring diplomacy – and the continuation of the Six-Party Talks – needs more than sticks and coercion on the part of the United States to succeed. U.S. firmness needs to be combined with a greater U.S. willingness to meet North Korean concerns *in the short- and medium-term* if the U.S. expects diplomacy to work.

For the U.S., the impasse means it cannot move forward on its most important policy objective of eliminating North Korea's nuclear weapons program by diplomatic means. For North Korea, the impasse means it will continue to experience strong U.S. pressures, including financial sanctions, and be unable to move toward a diplomatic settlement,

which would allow North Korea to rebuild its weak economy and improve its standing in the international community.

At the end of the quarter, as North Korea ratcheted-up its brinksmanship over missile tests, the least pessimistic of U.S. observers could only harken back 12 years earlier to June of 1994, when a near U.S. decision to strike North Korea militarily, and the subsequent intervention of former President Jimmy Carter, led to a diplomatic resolution in the 1994 Geneva Agreement. Though discredited in some quarters, the 1994 agreement kept North Korea from reprocessing spent nuclear fuel rods for a number of years, and could have resolved the nuclear issue altogether under different historical circumstances.

Chronology of U.S.-Korea Relations

April-June 2006

April 10-11, 2006: Ambassador Hill refuses to meet with North Korean Ambassador Kim Gye-gwan at NEACD talks in Tokyo.

April 13, 2006: Ambassador Kim Gye-gwan says North Korea will build up “more deterrent force” while the Six-Party Talks are in impasse.

April 19, 2006: U.S. trade official Wendy Cutler says the U.S.-Korea FTA will have to address nontariff barriers in addition to normal tariff reduction issues.

April 20, 2006: At a summit meeting in Washington, President Bush asks Chinese President Hu Jintao to urge North Korea to attend the Six-Party Talks.

April 30, 2006: South Korea’s Ministry of Unification accuses U.S. Human Rights Envoy Jay Lefkowitz of “unthinkable intervention” for criticizing humanitarian aid to North Korea; President Bush meets with defectors from North Korea at the White House.

May 1, 2006: ROK President Roh meets USFK Commander Gen. B.B. Bell at the Blue House in Seoul. Also present are DM Yoon Kwang-ung and U.S. Ambassador to Seoul Alexander Vershbow.

May 4, 2006: ROK police eject protesters from site of planned U.S. base in Pyongtaek.

May 5, 2006: Six North Korean refugees arrive in the United States.

May 8, 2006: South Korea begins withdrawal of troops from Iraq; ban on U.S. citizens maintaining any business relationship with North Korean-flagged vessels takes effect.

May 25, 2006: Ambassador Hill begins two days of discussions in Seoul on the Six-Party Talks; U.S. and South Korea conduct Security Policy Initiative meeting in Hawaii.

May 25, 2006: U.S. and China reach agreement for four North Korean defectors seeking asylum at the U.S. Consulate in Shenyang to travel to the United States.

May 31, 2006: South Korea holds by-elections. The opposition Grand National Party wins a majority in National Assembly, regional, and local government contests. The ruling Uri Party does not win a single seat in the National Assembly.

May 31-June 2, 2006: ROK FM Ban travels to U.S. to attend meeting on HIV/AIDS at the UN and to consult with U.S. counterparts in Washington over Six-Party Talks.

June 1, 2006: White House spokesman implies rejection of North Korean invitation to Ambassador Hill to visit North Korea; KEDO announces its official termination.

June 3, 2006: After a U.S.-Korea defense ministers meeting in Singapore, DM Yoon says Korea will obtain full operational control of its military from the U.S. in five to six years.

June 5, 2006: First round of negotiations for a U.S.-Korea FTA opens in Washington.

June 7, 2006: FM Ban says that South Korea and the U.S. are “deeply concerned” about reports that North Korea may test fire a *Taepodong 2* missile.

June 19, 2006: FM Ban urges North Korea to engage in a human rights dialogue.

June 21, 2006: Bush administration says it does not have conclusive information about pending North Korean missile test; former President Kim Dae-jung postpones planned visit to North Korea.

June 22, 2006: In a *Washington Post* editorial, former Clinton defense officials William Perry and Ashton Carter argue for a preemptive strike against North Korea’s *Taepodong* missile while it is still on the launch pad; the White House quickly rules out this option.

June 25, 2006: Ambassador Vershbow says issue of Gaeseong goods could “poison” U.S.-Korea FTA negotiation.

July 4, 2006: North Korea launches seven missiles – six *Nodong* and *Scud* and one *Taepodong 2*. All fall into the Sea of Japan.