



US-Korea Relations:

Smooth Sailing in the Wake of *Cheonan*

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The sinking of the *Cheonan* remained the predominant issue in the US-ROK relationship as both countries spent the quarter coordinating and undertaking punitive measures against North Korea for its alleged attack on the ship. The UN Security Council adopted a Presidential Statement condemning the attack but did not directly blame North Korea. The US and the ROK held their first “Two-plus-Two” meeting in Seoul where Secretary of State Hillary Clinton and Secretary of Defense Robert Gates met Foreign Minister Yu Myung-hwan and Minister of National Defense Kim Tae-young. While countries reopened their dialogue channels in the hope of resuming the Six-Party Talks, there remain many challenges and uncertainties that make the future direction of the Talks unclear. Several issues remain to be resolved on the KORUS FTA while negotiators are expected to hold a ministerial meeting soon to strike a deal. The Chicago Council on Global Affairs released a report on US attitudes toward South Korea that highlighted public support for trade agreements, including the KORUS FTA, is lukewarm. Among those who viewed fair trade as critical for US interests, support for KORUS was much stronger.

***Cheonan* round 1: UN Presidential Statement**

Tension persisted from the beginning of this quarter as countries tried to reach agreement on the UN Security Council measure over the sinking of the *Cheonan*. While tireless wrangling and unyielding negotiations between the US and China continued over the language of the Presidential Statement to be issued, North Korea threatened to start a “death-defying war” if the statement condemned North Korea for the sinking of the *Cheonan*. On July 9, the UN adopted a unanimous Presidential Statement where it formally condemned the “attack” on the *Cheonan* without directly blaming North Korea. Sin Son-ho, North Korea’s permanent representative to the UN, called the statement a “great diplomatic victory” for North Korea, and South Korea was widely divided over whether the statement adequately condemned the North, with some people expressing disappointment with the outcome. The statement was well received by the US, and *The Wall Street Journal* called it “a late-hour linguistic, if not diplomatic, victory for the United States.” US Ambassador to the UN Susan Rice stated that although North Korea was not explicitly criticized, the statement’s message to North Korea was “unmistakable” and emphasized that the language was not “neutral.” The White House also stressed that the statement represented an “endorsement” of the results of the South Korea-led Joint Investigative Group which concluded that North Korea was responsible for the sinking of the South Korean warship. (For more details on the Joint Investigate Group report, please see *Comparative Connections* Vol. 12, No.2 at http://csis.org/files/publication/1002qus_korea.pdf). Disagreements lingered over the interpretation of the Security Council’s presidential statement, but its declaration helped the US and South Korea move forward and pursue independent actions.

***Cheonan* round 2: military exercise and new sanctions on North Korea**

The Security Council's response cleared the way for both allies to take a series of strong measures against the North. On July 20, US Secretary of Defense Robert Gates and South Korea's National Defense Minister Kim Tae-young met in Seoul and announced that the two countries would conduct naval and air exercises in the East Sea for four days from July 25. To send a strong message of deterrence to North Korea, the first joint military exercises involved a US aircraft carrier, the *USS George Washington*, as well as 20 other ships and submarines, 200 aircraft, and 8,000 military personnel from both countries. Throughout the quarter, the US and South Korea conducted two more rounds of joint naval exercises, one in the southern part of the Korean Peninsula and the other in the Yellow Sea.

Another measure taken against the North in response to the *Cheonan*'s sinking was a new package of US financial sanctions that were announced by Secretary of State Hillary Clinton immediately after the inaugural US-ROK "Two-plus-Two" meeting in Seoul. In early August, Robert Einhorn, special advisor for nonproliferation and arms control, and Daniel Glaser, the Treasury deputy assistant secretary for terrorist financing and financial crimes, visited Seoul to discuss these new sanctions with senior ROK government officials. At the end of August, President Barack Obama signed a new executive order authorizing expanded North Korea sanctions, targeting the country's illicit activities such as arms sales, money laundering, narcotics trafficking, and the procurement of luxury goods. The Treasury and State Departments also blacklisted additional entities and individuals found to be engaged in the weapons of mass destruction proliferation.

'2+2' and Sanctions on Iran

There is general consensus among policymakers in Seoul and Washington that the US-ROK alliance is in the best shape it has been in recent years. The *Cheonan*'s sinking brought together two already close allies to become united against North Korea and stage a "show of force." The first "Two-plus-Two" meeting held in Seoul between US Secretaries Clinton and Robert Gates and ROK Ministers Yu Myung-hwan and Kim Tae-young exemplified an "upgrade" of the US-ROK alliance from a traditional military alliance forged in the wake of the Cold War to a more comprehensive one. In a joint statement, Clinton said that the alliance "has evolved into a strong, successful and enduring alliance" and announced the decision to complete Strategic Alliance 2015 by the next Security Consultative Meeting.

The strength of the US-ROK alliance was also put to the test as South Korea came under US pressure to join its global nonproliferation campaign against Iran and impose independent sanctions on the country. During his visit to Seoul with Robert Einhorn, Deputy Assistant Secretary of the Treasury Daniel Glaser strongly urged the South Korean government to make a decision, calling the South Korean participation "absolutely vital." Pressures mounted on Seoul particularly after Japan adopted sanctions on Iran. The situation presented a dilemma for Seoul as Iran is Korea's third-largest trading partner in the Middle East with the annual bilateral trade amounting to \$10 billion. More importantly, South's heavy reliance on Iran for oil left many Koreans concerned about a potential backlash from Tehran. Internal splits within the ROK

government delayed Seoul's response to US entreaties. While the Foreign Ministry favored sanctioning Iran, the economic ministries were more cautious, partly because they remembered that sanctions by the ROK against Tehran during the George W. Bush administration resulted in immediate retaliation against South Korean businesses operating in the country.

Despite rumors that Seoul's reluctance made Washington uncomfortable and even briefly strained their alliance, South Korea's later announcement of its sanctions on Iran reaffirmed the resilience of the alliance and eased the anxiety of alliance managers. The ROK government blacklisted 102 Iranian firms and 24 individuals and suspended, albeit temporarily, the Seoul branch of Bank Mellat, which the US accused of conducting financial transactions related to Iran's nuclear development activities. Some experts say the centrality of the US-ROK alliance and cooperation, especially in the aftermath of the *Cheonan* to coordinate their response to North Korea's provocative behavior, prevailed over South's economic interests with Iran. We believe, however, that the core basis for Seoul's agreement on the Iran sanctions stemmed from proliferation concerns that overrode business interests. The ROK could not possibly have pressed for the international community to implement counterproliferation sanctions against the DPRK and then abstain from pursuing similar policy objectives regarding Iran.

Six-Party Talks and exit strategies

There was no agreement reached among countries to resume the Six-Party Talks, despite a flurry of shuttle diplomacy during the quarter. Starting with Chinese chief Nuclear Envoy Wu Dawei's visit to North Korea in mid-August, China took the first step to start the conversation about the resumption of the Talks. Wu traveled to Seoul on Aug. 26-28 to convey the North's expressed hopes of returning to the negotiation table and discussed ways to resume the Talks. A week later, South Korea's Chief Nuclear Envoy Wi Sung-lac and his Japanese counterpart, Akitaka Saiki, each flew to Washington and met US government officials to exchange views on the issues. Then, US Special Representative for North Korea Policy Stephen Bosworth and Special Envoy for the Six-Party Talks Sung Kim took a brief East Asia tour to South Korea, Japan, and China. Reopened dialogue channels and a series of active consultations and meetings among the representatives of the Six-Party Talks triggered widespread speculation that the Talks could be resumed soon. After his meeting with Korean counterparts, Stephen Bosworth also expressed his optimism that "at some point in the not too distant future, we can be back engaged." However, he also noted that the US was not interested in talking "just for the sake of talking" and urged North Korea to show its sincerity in denuclearization through meaningful steps.

Given that the US-ROK policy agenda toward North Korea remains in the shadow of the *Cheonan*, a key precondition for the resumption of the Six-Party Talks appears to be reengagement by the two Koreas. After the US and South Korea conducted joint military exercises and ratcheted up new sanctions on North Korea, questions have emerged in both countries as to what are the next steps and when and how they are going to move beyond the *Cheonan* incident. President Obama understands the gravity of the *Cheonan* incident and has made fairly clear through National Security Council and State Department channels that the US is not interested in a return to talks until the *Cheonan* issue is resolved to the ROK's satisfaction. Should the North acknowledge the death of the 46 South Korean seamen, a possible next step might be unofficial engagement among the US, ROK, and DPRK to gauge if the North is serious

about returning to talks to discuss implementation of the 2005 and 2007 denuclearization agreements. Formal resumption of talks might then proceed on this basis. The Sept. 28 DPRK Workers' Party Conference anointed Kim Jong-il's youngest son, Kim Jong-un, as the successor to his father, thus creating a new variable whose impact on the country's nuclear policy is yet to be known. But the mere news of a leadership transition is not likely to change US policy since this policy is based not on leadership change, but, as Obama officials have often stated, on behavior change by Pyongyang regarding nuclear weapons and conventional provocations.

Former US President Jimmy Carter's visit to North Korea

Former President Jimmy Carter visited North Korea this quarter on a mission to release Aijalon Mahli Gomes, an English teacher and human rights activist from Boston, who had been detained in North Korea since this past January for his illegal entry to the country. The State Department had been laboring along with the Swedish embassy in Pyongyang to secure his release for months. In July, the North Korean media reported that Gomes attempted suicide, and a few weeks later, a US consular official and two doctors were allowed to visit him to assess his condition. They immediately called for his release on humanitarian grounds, and the State Department and President Obama continuously expressed deep concern over his health. In the beginning of August, however, Philip Crowley, the State Department spokesman, said that Washington had no immediate plans to send a high-ranking envoy to North Korea to negotiate Gomes's release. On Aug. 25, Carter flew to North Korea on what the State Department describes as a "private humanitarian mission" in the hopes of bringing Gomes back to the US.

The Obama administration emphasized that Carter's trip was a purely private visit to North Korea and was not to be associated with official US diplomatic missions or negotiations. North Korea had made it clear that it wanted a high-ranking US official to personally retrieve Gomes, but the US could not be seen making concessions to North Korea during a period of heightened tensions on the peninsula. Carter's was a compromise: his status as a former president satisfied North Korea, and he was not a current US official, meaning his visit was not official US diplomacy.

The US government has used former presidents to negotiate the release of US citizens from North Korea. Former President Bill Clinton visited North Korea in August 2009 to retrieve two US journalists, Laura Ling and Euna Lee, who were arrested for illegal entry into the country. And Jimmy Carter visited North Korea once before as a private citizen in 1994, when he convinced Kim Il Sung to freeze North Korea's nuclear program in exchange for reopening channels of dialogue with the US, eventually leading to the 1994 US-DPRK Agreed Framework. Unlike Clinton who met with Kim Jong-il during his visit, however, Carter did not have a chance to meet the North Korean leader as Kim traveled to China the day after Carter arrived in the North. There are several possible explanations for this. First, Kim's health is deteriorating. His reported absence from Pyongyang provided the excuse not to meet Carter in his condition. Second, the pardoning of Gomes, which *KCNA* referred to as a "manifestation of [North Korea's] humanitarianism and peace-loving policy," may be attributed to Kim Jong-un to build up his succession credentials. Lastly, schedules simply may not have coincided. Kim's trip to China may have been scheduled in advance and overlapped with Carter's trip to Pyongyang. What should have appeared evident to North Koreans was that the past practice of using high-

level interlocutors to pressure the US no longer worked. Both Carter and Clinton conducted purely humanitarian missions to retrieve detained US citizens in North Korea and performed no other policy function. This sent a clear signal to Pyongyang that they must deal with the Obama administration and advance the denuclearization agreements of the Six-Party Talks.

Tepid public support for the KORUS FTA

The US and South Korea worked hard to achieve breakthroughs in their negotiations over outstanding issues related to KORUS. Although the June directive by President Obama to resolve differences with the ROK by the November G20 deadline rekindled hopes for ratification of the KORUS Free Trade Agreement (FTA), the negotiators reportedly have not yet closed the gap in their disagreements over South Korea's auto and US beef issues.

While both US Trade Representative (USTR) Ron Kirk and his counterpart, ROK Trade Minister Kim Jong-hoon, reiterated their commitments to complete the negotiation before this November, Kim also noted in a recent interview with *JoongAng Daily* on Sept. 16 that the ratification by the current deadline is "not a sure thing" given the speed of the negotiations. A week after his remark, Wendy Cutler, assistant USTR for Japan, Korea, and APEC Affairs, and Choi Seok-young, deputy minister for trade at MOFAT, consulted on the timing and venue of an upcoming ministerial meeting on KORUS. USTR spokeswoman Carol Guthrie confirmed that no date and location for the meeting had been decided yet. Though there may appear to be a lack of progress, the stakes are too high for either side to allow elements of the negotiations to float in the public domain until the very last stages. Because the remaining issues are so intractable and intensely political in both countries, the negotiations will probably come down to the 11th hour with both sides seeking top-level support to break the logjam. This will require personal phone calls by President Obama to key members of Congress with the argument that passage of the agreement is not only related to trade but to the reinforcing of broader US strategic concerns in Asia.

Meanwhile, the Chicago Council on the Global Affairs released a new public opinion survey, which found that the general attitude in the US toward KORUS is "lukewarm," with 44 percent of the survey respondents expressing their support. In a report co-written by this author and Katrin Katz on this survey, it was noted that this tepid support is not particularly different in comparison to other potential US free trade agreements with trading partners: Japan (52 percent), India (45 percent), China (37 percent), and Colombia (35 percent). From this, the report offered an explanation that the current adverse conditions of the US economy, rather than specifics of each trade agreement, may have a bigger impact on general US support for Senate approval of any free trade agreements.

The report also provided two policy implications. First, it is important that the public education on the KORUS FTA should focus on strengthening the public perception of South Korea as a fair-trade country. The cross-tabulation of the survey data across countries discovered that there is a high correlation between the public perception of a country practicing fair trade and support for an FTA with that country. In the case of KORUS, 61 percent of Americans who believe Korea practices fair trade support its ratification. In contrast, 27 percent of those who say Korea practices unfair trade support its ratification. Second, given huge public concerns about jobs and

burgeoning US trade deficits, policymakers on both sides should do a better job of explaining how the ratification of KORUS can boost jobs and economic growth in both countries and create greater trade and investment opportunities. (For more details of the report, visit <http://csis.org/publication/report-us-attitudes-toward-republic-korea>)

Chronology of US-Korea Relations July – September 2010*

July 1, 2010: ROK Foreign Ministry spokesman Kim Young Sun states that South Korea rejects North Korea's proposal for direct military talks on the *Cheonan* incident.

July 1, 2010: South Korea turns down North Korea's proposal to hold direct military talks concerning the sinking of the South Korean warship *Cheonan*, stating that this situation should be dealt with under the Korean Armistice Agreement.

July 6, 2010: DPRK refuses to discuss the *Cheonan* incident with the United Nations Command (UNC) Military Armistice Commission.

July 7, 2010: DPRK threatens to start a “death-defying war” if the UN Security Council adopts any statement that blames North Korea for the sinking of the *Cheonan*.

July 8, 2010: China's Foreign Ministry spokesman Qin Gang says that China “resolutely opposes” joint naval exercises that South Korea and the US plan to conduct in the Yellow Sea.

July 9, 2010: United Nations Security Council releases a Presidential Statement on the sinking of the *Cheonan*, which condemned the attack but does not directly blame North Korea.

July 15, 2010: Military officials from North Korea and UNC hold talks at Panmunjom.

July 21, 2010: The inaugural US-South Korea “two plus two” security talks are held in Seoul with US Secretary of State Hillary Clinton and Defense Secretary Robert Gates, and ROK Foreign Minister Yu Myung-hwan and Defense Minister Kim Tae-young as lead participants.

July 22, 2010: The UNC and North Korea hold a colonel-level meeting in Panmunjom.

July 25-28, 2010: The US and South Korea conduct a large-scale naval exercise codenamed *Invincible Spirit* in the Sea of Japan, that includes the aircraft carrier *USS George Washington* and 20 other ships and submarines, 100 aircraft, and 8,000 personnel from the US and ROK armed services.

July 30, 2010: Military officials from North Korea and the UNC hold their third round of talks since the sinking of the *Cheonan*.

* With assistance from Alex Bartlett, Soo Kook Kim, Jeonhoon Ha, Anna Park, Jenny Jun, and Nick Anderson

Aug. 2, 2010: Special Advisor for Nonproliferation and Arms Control Robert Einhorn and Treasury Deputy Assistant Secretary for Terrorist Financing and Financial Crimes Daniel Glaser visit Seoul to discuss new US sanctions on North Korea.

Aug. 5, 2010: South Korea kicks off one of its largest-ever naval exercises on in the Yellow Sea near the disputed western sea border with North Korea.

Aug. 6, 2010: South Korean government officials express concern that US sanctions on Iran will hurt Korean firms.

Aug. 9, 2010: DPRK fires some 130 rounds of artillery into the Yellow Sea near its border with the South.

Aug. 10, 2010: A fourth round of talks at Panmunjom ends without progress.

Aug. 13, 2010: President Obama issues a statement congratulating the Republic of Korea on the 65th anniversary of its independence from Japan.

Aug. 16-26, 2010: South Korea and the US conduct the annual *Ulchi Freedom Guardian* (UFG) exercise, a computer-based simulation involving about 56,000 ROK and 30,000 US troops.

Aug. 25, 2010: Former President Jimmy Carter arrives in Pyongyang on a mission to release Aijalon Gomes detained in North Korea.

Aug. 26-28, 2010: China's Special Representative on the Korean Peninsula Affairs Wu Dawei visits Seoul to discuss ways to resume the Six-Party Talks.

Aug. 27, 2010: Former President Carter leaves North Korea with US detainee Aijalon Gomes.

Aug. 30, 2010: President Obama signs an executive order mandating new financial sanctions on North Korea.

Sept. 1, 2010: China starts a four-day artillery exercise in waters off Qingdao.

Sept. 3, 2010: ROK top nuclear envoy Wi Sung-lac visits Washington and meets US counterparts to discuss the North Korean issue.

Sept. 7, 2010: North Korea releases the Southern squid boat *Daeseung 55* and its crew of seven on humanitarian grounds. They sail back to Sokcho port.

Sept. 8, 2010: ROK Foreign Ministry spokesman Kim Young-sun announces new sanctions on Iran over its disputed nuclear program. State Department spokesman P.J. Crowley says that the US welcomes the South Korean government's decision to impose sanctions on Iran.

Sept. 12, 2010: US Special Representative for North Korea Policy Stephen Bosworth and US Special Envoy for the Six-Party Talks Sung Kim arrive in Seoul to meet with Shin Kak-soo, the acting foreign minister, and Wi Sung-lac, the ROK's chief nuclear envoy.

Sept. 13, 2010: North Korea's ruling party delays the start of a rare conference of the ruling Workers' Party.

Sept. 13, 2010: US Special Representative for North Korea Policy Stephen Bosworth and Special Envoy for Six-Party Talks Sung Kim meet Japanese diplomat Akitaka Saiki in Tokyo.

Sept. 15, 2010: California Gov. Arnold Schwarzenegger visits Seoul and calls on the US Congress to pass the KORUS FTA.

Sept. 16, 2010: Assistant Secretary of State for East Asian and Pacific Affairs Kurt Campbell testifies before the Senate Armed Services Committee, making it clear that the State Department won't get ahead of Seoul in engaging North Korea.

Sept. 16, 2010: The Chicago Council on the Global Affairs releases a new report on U.S. attitudes towards the Republic of Korea.

Sept. 16, 2010: US Special Representative for North Korea Policy Stephen Bosworth visits Seoul and meets with his counterparts.

Sept. 22, 2010: White House spokesman Robert Gibbs says that North Korea will continue to face strong punitive sanctions unless it abides by its commitment to denuclearize.

Sept. 27, 2010: South Korea and the US launch joint anti-submarine military exercises in the Yellow Sea.

Sept. 27, 2010: Kim Jong-un and Kim Kyong-hui are promoted to the rank of general in the Korean People's Army.

Sept. 28, 2010: North Korea holds the Workers' Party of Korea Conference.

Sept. 28, 2010: Kim Jong-un is named Vice Chairman of the Central Military Commission of the Korean Workers' Party.