

## U.S.-Korea Relations: **Riding the Roller-Coaster**

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From President George W. Bush's highly controversial "axis of evil" speech in January to a surprise announcement in late March that a high-level South Korean envoy would visit Pyongyang, this quarter was the most tumultuous in recent history in U.S.-Korean relations. At the end of the quarter, there is no more assurance of diplomatic progress toward peace and stability in the region than there was at the beginning. Much depends on North Korea's intentions, which at this point are still unknown.

### **From Tentative to Tailspin**

The quarter opened tentatively, with North Korea scorning critical Bush administration statements and the U.S. pursuing its campaign against terrorism in Afghanistan. Middle-level U.S. officials met with North Korean officials in early January, pressing the U.S. offer to meet "any time and any place" to resume the bilateral dialogue but made no apparent progress. Frustrated at the apparent impasse in U.S.-North Korea relations, South Korean President Kim Dae-jung suggested that allowing North Korean leader Kim Jong-il some means to save face would move the negotiations forward.

North Korea took initial steps toward improving relations with the U.S. in mid-January by inviting four former U.S. ambassadors to Korea to visit Pyongyang for talks. And during this period of uncertainty, South Korean opposition leader Lee Hoi-chang met with Vice President Dick Cheney and other U.S. officials in Washington.

The watershed event of the quarter occurred on Jan. 29 when President Bush, in his State of the Union address, accused North Korea of being one of three states that could potentially threaten the United States: "North Korea is a regime arming with missiles and weapons of mass destruction, while starving its citizens ... The United States of America will not permit the world's most dangerous regimes to threaten us with the world's most dangerous weapons."

Shortly after the speech, the State Department and the U.S. Ambassador to South Korea Thomas C. Hubbard insisted that the president's statement did not represent a shift in

policy. The U.S. was still fully open to resuming its bilateral dialogue with North Korea without any preconditions, they said.

North Korea reacted harshly to the U.S. president's words, however, saying: "Mr. Bush's remarks clearly show what the real aim the U.S. sought when it proposed to resume talks with the DPRK recently ... We are sharply watching the United States moves that have pushed the situation to the brink of war after throwing away even the mask of 'dialogue' and 'negotiation.' ... The option to 'strike' impudently advocated by the United States is not its monopoly."

The North Korean statement apparently tried to justify North Korea's earlier reluctance to resume talks with the U.S. It essentially argued that the proposed U.S. negotiations were a sham designed to divert North Korea's attention from the real U.S. goal of coercing the DPRK. In a rhetorical sense, the statement aimed to match Bush's tough comments by alluding to North Korea's ability to take military action unilaterally if it felt threatened.

### **The Fallout in South Korea**

The "axis of evil" speech set in motion a chain of events that quickly led to the dismissal of South Korea's foreign minister and President Bush's apparent decision to exercise "damage control" during his mid-February visit to Seoul.

During a press conference with visiting South Korean Foreign Minister Han Seung-soo in Washington shortly after the State of the Union address, Secretary of State Colin Powell for the first time publicly expressed U.S. doubts about the Sunshine Policy. He questioned whether the "results" of that policy justified the efforts of the South Korean government to build ties with North Korea.

Taken together, the "axis of evil" speech and Secretary Powell's remarks put great political and diplomatic pressure on the South Korean government. The statements implied that, in spite of the U.S.-South Korea alliance, the U.S. was prepared to take any unilateral measures it deemed necessary, in the short- to medium-term, to prevent North Korea from threatening the United States. This position had the effect of creating new and serious war fears in South Korea and sharply undercut the Korean (and Japanese) government's policy favoring inter-Korean reconciliation. The opposition party in South Korea immediately attacked President Kim for being "out of step" with U.S. policy and thus weakening national security.

The U.S. statements also heightened anti-American feelings in South Korean public opinion because they seemed to demonstrate the U.S. was ready to attack North Korea at the cost of thwarting Korea's long-term process of reunification. The statements called into question, in the most fundamental way, U.S. support for President Kim's policy toward North Korea.

While observers pointed out that Bush's remarks were largely meant to reassure the U.S. public in the aftermath of the Sept. 11 attacks, the effects of the president's words went

well beyond their intended audience. Four days after the “axis of evil” speech, President Kim dismissed Foreign Minister Han in part to relieve domestic political pressure and, in part, to show disapproval of the new Bush rhetoric. Foreign Minister Han was considered close to the U.S. government and was blamed for a failure to warn Seoul as well as for the substance of the new U.S. position.

The next two weeks in U.S.-South Korean relations, leading up to President Bush’s visit to Seoul, were more turbulent than any time since the nuclear crisis with North Korea in 1993-4. President Kim did all he could to bolster support for his North Korea policy, even while shrill North Korean propaganda accused the U.S. of ratcheting up pressure and risking the outbreak of war. The Pentagon released a report estimating that the next “large-scale regional war” scenario in the near term would likely be on the Korean Peninsula. In South Korea, student demonstrators and civic groups organized anti-U.S. protests and one radical student group occupied the offices of the American Chamber of Commerce.

### **Damage Control**

When President Bush visited Seoul on Feb. 19-21, it was apparent that the White House intended to use the trip to improve U.S.-South Korean relations and exercise damage control in the aftermath of the “axis of evil” speech. Bush strongly expressed U.S. support for inter-Korean reconciliation and pointedly declared that the U.S. would not attack North Korea. His latter statement was at least the equivalent of the U.S. declaration of “no hostile intent” toward North Korea that the Clinton administration announced in Oct. 2000. Bush’s statement largely fulfilled North Korea’s request that the new U.S. administration endorse former President Bill Clinton’s North Korea policy before it would agree to resume bilateral talks with the United States. The U.S. president accomplished this diplomatic gesture at the same time as he continued to express frankly his negative views of the North Korean regime.

The South Korean government, which had conveyed deep nervousness prior to the visit about possibly aggressive Bush statements in Seoul, appeared deeply relieved that the Bush visit went smoothly. The trip had the effect of reinforcing the U.S.-South Korea alliance, improving policy coordination between the two governments, and lowering the palpable tension between North Korea and the U.S. to some degree.

From a policy standpoint, the South Korean government undertook a new effort, during and after the Bush visit, to put the U.S. policy of ending North Korea’s export of missiles and development of weapons of mass destruction much higher on its own policy agenda. In the past, it had largely left these issues to the United States.

In China, on the final leg of his trip, President Bush asked for President Jiang Zemin’s assistance in pressing North Korea to resume bilateral talks. Jiang reportedly offered to convey U.S. views to Pyongyang and shortly thereafter, China undertook several diplomatic efforts to restart the U.S.-North Korea discussions. Since the last round of Four-Party Talks in August 1999, China had found itself on the sidelines of most

diplomatic developments on the Korean Peninsula and appeared to welcome a more active role.

For its part, North Korea issued a public statement after the Bush visit to Seoul rejecting the U.S. request to resume bilateral talks and charging that the U.S. intended to “stifle” its political system. The latter remark appeared to respond to President Bush’s derogatory statements about North Korea’s totalitarian regime and the distinction Bush drew between U.S. support for the North Korean “people” as opposed to its government. South Korean political observers generally down-played the significance of this North Korean statement and said North Korea “needed time” to digest the meaning of the Bush visit.

### **Agreed Framework under Threat**

In spite of the beneficial effect the Bush visit had on official U.S.-South Korea relations, a remarkably sharp rise in anti-American sentiment in Korean public opinion occurred shortly after he left Seoul. While the underlying cause of this change was likely the “axis of evil” speech (and the fear of a new war it engendered among ordinary Koreans), two other unrelated events triggered rhetorical attacks on Americans in the news media and over the Internet. These events were: the decision of an Olympic judge to deny a South Korean skater a gold medal and award it instead to an American and the subsequent derogatory remark of American talk-show host Jay Leno about the Olympic incident. Both events led to widespread accusations of American “prejudice” and “racism” against Koreans, a major sensitivity among the South Korean public.

In the several weeks following President Bush’s visit to South Korea, it was unclear what its short-term impact would be on either North-South relations or U.S.-North Korea ties. The U.S.-North Korean relationship received two negative jolts in mid-March. The first occurred when a leaked Pentagon report (the Nuclear Posture Review) indicated that the U.S. was preparing contingency plans for the possible use of nuclear weapons against various countries including China, Russia, and North Korea. The report further documented the need for a “new generation” of nuclear weapons to meet future threats.

The second adverse event was the first-time U.S. decision not to certify that North Korea was meeting its obligations under the 1994 Agreed Framework, which froze North Korea’s nuclear production. Even though the Bush administration indicated it would not certify North Korea’s compliance, it decided to legally “waive” the certification requirement. This waiver procedure allows the U.S. to continue fulfilling its obligations under the accord to supply North Korea with heavy fuel oil.

North Korea reacted to these events by denouncing the “nuclear lunatics” in the White House and declaring that it would re-examine all agreements with the U.S., including the nuclear agreement. Taken together, the Pentagon report on new uses for nuclear weapons against potential adversaries, the U.S. decision not to certify North Korean compliance, and the North Korean reaction fundamentally jeopardized the sustainability of the Agreed Framework, which for more than seven years has frozen the North’s nuclear program.

The one piece of evidence that U.S.-North Korean bilateral talks stood a chance of resuming came when State Department North Korea Coordinator Jack Pritchard met on two occasions with North Korea's Ambassador to the United Nations Pak Gil-yon in mid-March. Public reports indicated the U.S. view that these discussions were "useful" but did not provide details on any specific progress.

Against this background of events, the announcement on March 25 that South Korea would send a high-level special envoy to Pyongyang to resume North-South talks came as a major surprise. Reports indicated that North Korea's willingness to meet with Lim Dong-won, President Kim's special adviser on foreign policy (and the architect of the Sunshine Policy), followed secret talks between the two sides. Notably, just a week before this announcement occurred, Lim warned publicly that a new nuclear crisis might envelop the Korean Peninsula within a year, unless outstanding nuclear and missile issues with North Korea are resolved.

At the planned meeting in Pyongyang on April 3, Lim will reportedly brief North Korea on President Bush's visit to Seoul and urge North Korea to resume bilateral talks with the United States. He is also expected to discuss reconnection of the inter-Korean railway, a high priority for President Kim, and the resumption of family reunions between North and South Korea. Reports further indicated that North Korea might dispatch a return delegation to South Korea to attend the opening of the World Cup on May 31.

### **U.S.-Korea Trade Issues**

After President Bush announced his decision to impose tariffs of 8 to 30 percent on 14 categories of imported steel products on March 5, the ROK government reacted sharply. The Ministry of Foreign Affairs and Trade expressed strong regret at the decision and threatened to take the dispute to the World Trade Organization (WTO) if further negotiations did not prove fruitful. Over a 120-day period, beginning on March 20, South Korea and other affected countries have been told they can seek agreements with the U.S. for tariff exclusions on particular products.

In these negotiations, South Korea's reported strategy is to request U.S. reconsideration of the tariff rates on a number of products, especially flat steel items. While negotiating and preparing for a possible WTO lawsuit, Korea intends to cooperate with Japan and member countries of the European Union that have also been very critical of the U.S. steel decision.

South Korean industry officials were reportedly shocked by the U.S. decision since they had considered themselves to be working with the U.S. government to control production in a period of global oversupply of steel. During 2001, Korea exported \$6.7 billion in steel products, with about 15 percent (approximately \$1.1 billion) destined for the United States. The 14 Korean steel products on which new tariffs will be levied total approximately \$600 million-700 million of these exports to the U.S.

## **Arms Sales**

In the last week of March, the South Korean Defense Ministry indicated that it had narrowed its choice to two companies – Boeing and Dassault Aviation – to supply 40 advanced fighter jets to Korea in a deal worth \$3.23 billion. The Ministry said its final selection of the successful bidder would occur in mid-April.

The U.S. government has backed Boeing Corporation's bid for this project, which is the subject of stiff competition and recent controversy. The primary competitor to Boeing, Dassault Aviation of France, in mid-March faced accusations of engaging in bribery to obtain secret information about the project. Following the arrest of two former military officials who appeared to have a relationship with Dassault's Korean agent, the French aviation company denied all accusations and said it was the victim of "manipulation."

At the time of President Bush's visit to the ROK, some newspaper editorials suggested that South Korea would favor Boeing's bid as a means of influencing U.S. policy. But the Korean Defense Ministry strenuously asserted that it was conducting the project evaluation in an entirely objective manner that was free from political influence.

## **Military Base Issues**

In late 2001, the issue of moving the main U.S. military base in Seoul, Yongsan military compound, became a major matter of public interest. The large Yongsan facility occupies a swath of prime real estate in downtown Seoul and controversy arose over announced plans to construct a new apartment complex there. At the time, the U.S. recommitted itself to move the base to a new location if the South Korean government shouldered the lion's share of moving expenses.

During this quarter, quiet and sometimes difficult negotiations over the base relocation took place between U.S. military officials and the South Korean Defense Ministry. The parties ultimately decided to go ahead formally with the relocation process – which will take as long as 10 years to complete – and indicated they would reach a final agreement on the location of the new site by June. The political effect of these talks was to quell public anger over the new apartment complex at the Yongsan base, which had ignited protests over the "permanent" U.S. military presence in downtown Seoul.

## **Future Prospects**

There is no doubt that President Bush's "axis of evil" speech created at least a short-term diplomatic crisis for South Korea by appearing to seriously undercut the government's policy fostering inter-Korean reconciliation. The Bush speech forcefully asserted the primacy of nuclear and missile issues in U.S.-North Korean relations, growing out of greatly heightened U.S. concerns following the Sept. 11 terrorist attacks. Fortunately, from the standpoint of "alliance management," the U.S. president's meetings in Seoul smoothed relations with its close ally and helped to reintegrate U.S. and South Korean policy toward North Korea.

While the different emphases in U.S. and South Korean policies remain, South Korea has now for the first time elevated the nuclear and missile issues to the top of its diplomatic agenda with North Korea. Without resolution of those issues, Seoul deeply fears a reoccurrence of the nuclear crisis of 1994 and with it, a tragic end for the Sunshine Policy. For its part, Washington has once again underlined support for inter-Korean reconciliation and given North Korea a security assurance (not to offensively attack the DPRK) that Pyongyang specifically sought in recent months. Nevertheless, in asserting a generally harsher tone toward North Korea, it is not clear how much weight Washington actually gives to deep South Korean concerns about the costs of a new war on the Korean Peninsula.

The main reason for uncertainty about the development of U.S.-North Korean relations in the coming months is the inability to discern North Korea's intentions. Even while North Korea continues to reject a resumption of negotiations with Washington, it agreed in late March to receive a high-level South Korean envoy to reinvigorate North-South relations. If North Korea uses these talks to seriously address security concerns and to foster resumption of bilateral negotiations with the U.S., the process of peaceful reconciliation on the Korean Peninsula can once again proceed apace. On the other hand, if North Korea cynically tries to play South Korea and the U.S. against each other, North Korea will likely hasten the advent of a new confrontation with the United States.

### **Chronology of U.S.-Korea Relations January–March 2002**

**Jan. 1, 2002:** North Korea calls for military build-up to meet the U.S. threat and for improvements in the DPRK standard of living.

**Jan. 3, 2002:** Economic indicators forecast imminent Korean economic recovery.

**Jan. 10, 2002:** U.S. Special Envoy Jack Pritchard and North Korean UN Ambassador Pak Gil-yon meet in New York with no apparent progress.

**Jan. 14, 2002:** South Korean President Kim Dae-jung urges the U.S. “to allow North Korea to save face” to help re-start bilateral U.S.-North Korea talks.

**Jan. 15, 2002:** International Atomic Energy Agency (IAEA) officials arrive in North Korea to visit nuclear facilities.

**Jan. 18, 2002:** U.S. and South Korea finalize environmental measures on U.S. bases.

**Jan. 22, 2002:** North Korea offers visitors to Mt. Kumgang free access to Pyongyang for festival celebrating anniversary of the late Kim Il-sung.

**Jan. 25, 2002:** A BBC documentary claims U.S. commanders ordered indiscriminate

killing of Korean refugees during Korean War.

**Jan. 25, 2002:** Opposition leader Lee Hoi-chang meets Vice President Dick Cheney in Washington.

**Jan. 26, 2002:** U.S. and North Korea fail to reach agreement after four days of MIA talks.

**Jan. 29, 2002:** President Bush, in his State of the Union address, says North Korea is part of an “axis of evil” threatening the U.S.

**Jan. 31, 2002:** The U.S. State Department insists that the U.S. is still open to dialogue with North Korea despite “axis of evil” rhetoric.

**Feb. 1, 2002:** North Korea says Bush speech is “little short of a declaration of war.”

**Feb. 3, 2002:** Secretary of State Colin Powell expresses skepticism about the results of the Sunshine Policy to South Korean Foreign Minister Han Seung-soo.

**Feb. 4, 2002:** President Kim dismisses Han as foreign minister and appoints Choi Sung-hong in his place.

**Feb. 5, 2002:** President Kim calls for easing tension with North Korea through dialogue and preventing the threat of a new Korean war; ruling party leader Kim Geun-tae warns that Bush stance should not undermine Sunshine Policy.

**Feb. 6, 2002:** U.S. Deputy Chief of Mission in Seoul Evans Revere says the U.S. would not take military action against North Korea without prior consultation with South Korea.

**Feb. 7, 2002:** Pentagon report says most likely large-scale regional war scenario in the near term would be on the Korean Peninsula.

**Feb. 8, 2002:** North Korea UN Ambassador Pak says the DPRK is ready to resolve tensions with U.S. and South Korea through dialogue.

**Feb. 13, 2002:** Secretary Powell says U.S. has “no plan to start a war” with North Korea.

**Feb. 17, 2002:** President Bush reaffirms U.S. offer to talk with North Korea and says if it “abandons” weapons of mass destruction (WMD), the U.S. would welcome more trade with North Korea.

**Feb. 18, 2002:** Radical South Korean students occupy offices of American Chamber of Commerce in Seoul to protest Bush visit.

**Feb. 20, 2002:** In South Korea, President Bush rules out offensive attack on North Korea and expresses support for Sunshine Policy.



**Feb. 21, 2002:** In China, Bush asks President Jiang Zemin to help resumption of bilateral U.S.-North Korea talks.

**Feb. 22, 2002:** North Korea rejects U.S. request to resume bilateral talks, saying the U.S. wants to “stifle” its system.

**March 1, 2002:** President Kim says there is “no alternative” to the Sunshine Policy.

**March 3, 2002:** Korean Business Survey Index hits two-year high based on improved Korean economy.

**March 5, 2002:** President Bush announces tariffs of up to 30 percent on steel imports.

**March 5, 2002:** U.S. State Department Human Rights report condemns human rights violations in North Korea.

**March 6, 2002:** South Korea expresses strong regret at U.S. decision on steel import tariffs and weighs challenge at WTO.

**March 10, 2002:** The Bush administration is reported to prepare contingency nuclear attacks against seven countries, including North Korea.

**March 11, 2002:** European Chamber of Commerce in Korea announces it will send trade delegation to Pyongyang.

**March 12, 2002:** Korean representative of Dassault Aviation acknowledges giving money to a South Korean military official to influence fighter jet procurement.

**March 13, 2002:** North Korea says it will re-examine all agreements with the U.S., including the Agreed Framework, in light of new nuclear threat to North Korea by the U.S.

**March 15, 2002:** Special Envoy Pritchard meets in New York with DPRK UN Ambassador Pak for “useful” talks.

**March 18, 2002:** Twenty-five North Korean defectors arrive in Seoul after first seeking asylum in Beijing.

**March 19, 2002:** China says it will crack down on nongovernmental organizations that assist defectors.

**March 20, 2002:** President Bush refuses to certify North Korea’s compliance with the Agreed Framework but will continue heavy fuel oil delivery.

**March 25, 2002:** South Korea announces that Presidential Adviser Lim Dong-won will

visit Pyongyang as a special envoy April 3.

**March 27, 2002:** South Korea narrows choice of bidders in billion-dollar fighter jet project to Boeing and Dassault Aviation.