

THE HERITAGE LECTURES

*A Heritage Foundation
Conference*

247

**THE U.S.-REPUBLIC OF
KOREA RELATIONSHIP:
REAFFIRMING THE
COMMITMENT
FOR THE 1990s**

Edited by Kenneth J. Conboy



The Heritage Foundation was established in 1973 as a nonpartisan, tax-exempt policy research institute dedicated to the principles of free competitive enterprise, limited government, individual liberty; and a strong national defense. The Foundation's research and study programs are designed to make the voices of responsible conservatism heard in Washington, D.C., throughout the United States, and in the capitals of the world.

Heritage publishes its research in a variety of formats for the benefit of policy makers, the communications media, the academic, business and financial communities, and the public at large. Over the past five years alone The Heritage Foundation has published some 1,000 books, monographs, and studies, ranging in size from the 953-page government blueprint, *Mandate for Leadership III: Policy Strategies for the 1990s*, to more frequent "Critical Issues" monographs and the topical "Backgrounders" and "Issue Bulletins" of a dozen pages. Heritage's other regular publications include the *National Security Record*, *SDI Report*, *U.S.S.R. Monitor*, and *Heritage Foundation Federal Budget Reporter* and the quarterlies *Education Update* and *Policy Review*.

In addition to the printed word, Heritage regularly brings together national and international opinion leaders and policy makers to discuss issues and ideas in a continuing series of seminars, lectures, debates, and briefings.

Heritage is classified as a Section 501(c)(3) organization under the Internal Revenue Code of 1954, and is recognized as a publicly supported organization described in Section 509(a)(1) and 170(b)(1)(A)(vi) of the Code. Individuals, corporations, companies, associations, and foundations are eligible to support the work of The Heritage Foundation through tax-deductible gifts.

Note: Nothing written here is to be construed as necessarily reflecting the views of The Heritage Foundation or as an attempt to aid or hinder the passage of any bill before Congress.

The Heritage Foundation
214 Massachusetts Avenue, N.E.
Washington, D.C. 20002
U.S.A.
202/546-4400

A Heritage Foundation Conference

**THE U.S.-REPUBLIC OF KOREA RELATIONSHIP:
REAFFIRMING THE COMMITMENT FOR THE 1990s**

Edited by Kenneth J. Conboy

**Richard V. Allen
Chairman
Advisory Council, Asian Studies Center**

**Karl Spence Richardson
Director
Office of Korean Affairs, Department of State**

**Douglas Paal,
Director of Asian Affairs,
National Security Council**

**Roger D. Severance
Deputy Assistant Secretary for East Asia and the Pacific
Department of Commerce**

**Colonel Kenneth F. Jodoin
Deputy Director of East Asia and Pacific Region International Security Affairs
Department of Defense**

**The Lehrman Auditorium
The Heritage Foundation
October 10, 1989**

Edwin J. Feulner, Jr.: Good morning, ladies and gentlemen. I am Ed Feulner, President of The Heritage Foundation. On behalf of all my colleagues, it is my pleasure to welcome you to "The U.S.-Republic of Korea Relationship: Reaffirming the Commitment for the 1990s." This conference comes immediately prior to next week's official working visit of Korean President Roh Tae Woo and reiterates Heritage's long-standing interest in relations between Washington and Seoul.

At this point, it is my pleasure to introduce my colleague, the Honorable Richard V. Allen, who chairs the Advisory Council of our Asian Studies Center.

Richard V. Allen: The word that most characterizes the U.S.-Korean relationship is "change." This change has come at an epic pace in the course of the last decade and at a breathtaking speed in the course of the last two years. In the face of such change, it is amazing that the U.S.-ROK relationship has remained stable.

Of course, there remain nagging trade issues that affect the relationship between the U.S. and its Pacific Basin trading partners. Korea is no exception. However, it is useful to remember that Korea, by a margin of safety, recently was able to escape identification under the Super 301 provisions.

Two-way trade between the United States and Korea in 1988 exceeded \$31 billion. Korea is America's seventh largest trading partner and is the second largest market for agricultural goods from the United States. Conversely, the United States is Korea's largest overseas market and, thus, very important to Seoul.

The trade balance favored Korea by \$8.9 billion in 1988, but there are signs that this imbalance is narrowing. Over the years the United States has enjoyed a very substantial trade surplus with the Republic of Korea. Once that changed, and was compounded by the U.S. deficit with Japan, the U.S. public began to pay attention to Korea, to Taiwan, and to other nations contributing to our overall trade deficit.

It has been said that without the current U.S.-Japanese trade tensions, there would be far fewer problems with Korea and Taiwan. We should explore matters like that today. In addition, we know that in response to U.S. pressures, Korea has allowed its currency to appreciate by as much as 34 percent in the past four years.

Thus, the dynamic change occurring in Korea today is directly linked to U.S. policy initiatives. Those policy initiatives are certain to be examined by Presidents Bush and Roh when they meet next week. It is in order to get a start on that agenda we have invited you all here to be with us today.

Our first speaker this morning is Karl Spence Richardson, Director of the Office of Korean Affairs at the Department of State. Mr. Richardson has rich experience in the Far East. He began by studying Japanese in 1968 at the Foreign Service Institute, had tours at the United States Embassy in Tokyo, language training in Yokohama, and was principal officer at the American Consulate in Fukuoka from 1972 until 1976. Later he was the chief political officer at the Embassy in Seoul and deputy section chief responsible for internal political affairs. He is today the Director of Korean Affairs at the Department of State. Mr. Richardson will address the political issues that can be seen as fundamentally important to the relationship today.

Karl Spence Richardson: U.S.-Republic of Korea relations are in very good shape. I think that the title of this seminar, "Reaffirming the Commitment," is one of the keys to the relationship and to the Roh visit. Still, change is coming, and at a breathtaking pace.

The U.S. security relationship with the Republic of Korea is still at the heart of the bilateral ties. From the time that I was in Korea some years ago, there have been changes. Human rights are off the front burner. Trade issues, conversely, have become more important.

I'd like to make a very quick overview of where the relationship stands today. In the area of security ties, there are a few contentious issues, for example, the Korean fighter program, in which Korea has agreed to buy 120 fighter planes from the United States. Another example is the U.S. base at Yong San. When we established our base in Yong San, it was essentially out of Seoul. Now Seoul has grown around it, and it's not much of an exaggeration to say that Yong San is in the heart of Seoul. I'm sure you are all aware of pressure by Congress to look at the relationship, to have the Koreans assume more of a burden for the cost of keeping our forces in Korea.

In the area of economic relations, the U.S. trade imbalance with Korea is down. We were happy with Korea not being named under the Super 301 designation, and also with the drift net agreement. Still, problems remain, such as in the Korean beef market, which USTR found to be unfairly protected and on which retaliation is mandatory in six months unless we get concessions. Problems also exist with access to the Korean telecommunications market and enforcement of intellectual property.

In the area of political issues, we have a National Assembly that is, it seems to me, a lot different from the one I worked with during my years in Seoul. The government did not pay a lot of attention to the National Assembly; now they must. The National Assembly certainly asserts itself. In my opinion, the executive and the legislative branches are still working out their relationship. They are not entirely comfortable with each other yet, but sometimes that's true of other countries as well.

The human rights situation and democracy in Korea, in my opinion and the opinion of this Administration, has improved vastly in the past few years. You are all aware, I am sure, of Kim Dae Jung's indictment, and there have been allegations of increased arrests. And these are things that I hope will be worked out. However, there is no question in my mind that the situation is considerably better than it was. These and other issues — such as working out the details of how to handle the Chun administration — are things that the Koreans will have to work out for themselves.

Finally, I would like to talk about North Korea and what the South Koreans call *nordpolitik*. Some of the talks with North Korea are back on track. Red Cross talks have taken place for about three years. There are plans to move forward on some of the others. We are glad to see this because how the two Koreas resolve their differences is something that the Koreans themselves will have to decide. Still, I have not seen a tremendous amount of movement on the North-South talks. In contrast, the Republic of Korea's move to establish diplomatic relations and trade relations with other socialist countries has been extremely successful. They've exchanged ambassadors with Hungary. It's certainly possible that they will exchange ambassadors with Poland and Yugoslavia by the end of the year.

In addition, they have exchanged trade offices with the Soviet Union, and that is a policy that the United States whole-heartedly supports. We believe that these successes are very much in U.S. and Korean interests.

Mr. Allen: Thank you very much, Mr. Richardson. You made several interesting points. For example, you mentioned the new assertiveness of the National Assembly in the Republic of Korea. This is not something that would necessarily reach the front pages of our newspapers, but speaking as someone who regularly visits Korea, much has changed in the past several years. The ruling party, President Roh Tae Woo's Democratic Justice Party, does not enjoy a majority in the National Assembly. By any stretch of the imagination, it is an interesting situation for an emerging democracy to develop such deep anchors, so to speak, in legislative programs put before the National Assembly.

I might add that, based on what I was able to observe over one period during the past year, the oversight functions — that is, the audit functions of the National Assembly — can be almost as crippling as they have been said to be right here on Capitol Hill. So it didn't take the opposition parties or, for that matter, the ruling party, very long to learn that parliamentary and manipulative devices are extremely useful in audit and oversight functions.

Our second speaker is Douglas Paal, Director of Asian Affairs at the National Security Council. A specialist in Chinese affairs, Mr. Paal previously served on the Policy Planning Staff of the Department of State and at the U.S. Embassy in Singapore. He also had a tour with the Central Intelligence Agency. Mr. Paal earned his B.A. and M.A. at Brown University and a Ph.D. in Far Eastern Studies from Harvard University.

Douglas Paal: I have been asked to look particularly at Japan, the U.S., Korea, and China, but I would like to start off by examining a couple of assumptions about the Soviet Union and North Korea. I think their weight in the region and the security threat posed to South Korea is the dominant factor in any regional role we might envision for the Koreans over the next decade.

The first thing to be said is that in the case of the Soviet Union, the Soviets have now begun a process of reducing tensions in the region, and this is having a political effect. But it is done on a military base that never in history have the Soviets enjoyed. They now have deployed a modern military machine in the Pacific, which is greater than any ever put in that part of the world. They have a very large, entirely modernized fleet in the Pacific. They are bringing in modern aircraft on a regular basis. In short, the Soviet Union is a modern military presence in the region and will remain so for the next decade. Thus, while recognizing the reduction of tensions in the political and diplomatic sphere, we must still note the continuing presence of important nuclear and conventional arms in the region.

Secondly, we have to look at our assumptions about North Korea. Regarding Pyongyang opinions vary widely, mostly because we have so little to go on. There are many views about the subterranean political struggle in North Korea. There are explanations about how the North Korean military is really defensive in character, despite its offensive disposition north of the 38th parallel.

All of these factors can be put to one side in face of the overwhelming evidence that we have before us. That evidence points to a strong dictator-led society, with a powerful

military machine of about 1 million men, compared only 650,000 men in the South Korean army. The North has overwhelming numbers, and it is steadily modernizing its equipment.

So the South Korean government looks forward to ten years with a very large and dangerous neighbor to the north, the Soviet Union; and a very powerful and perhaps more dangerous immediate neighbor on the Korean peninsula, North Korea. Awareness of these will color our views as we move along.

What are the prospects for Korean interaction with the Chinese? Recent events to one side, the prospects, I think, are good for growing trade and other interaction between the Republic of Korea and the People's Republic of China. With the events of Tiananmen, there has been a natural inclination for the two societies, North Korea and China, to find commonalities between themselves in the ideological sphere and elsewhere. But I think that the strategic appreciation that drove China to expand its unofficial, economic and other links with South Korea still indicates that China sees it in its interest to have a better relationship with South Korea on an unofficial footing. Investment from South Korea alone would be inducement enough.

In 1987, a senior Chinese official said to a visiting group of Americans, including myself, that China's expectation was that the largest number of tourists to China would come from South Korea, eventually displacing the large number coming from Taiwan. Who ten years ago would have said that South Korea and Taiwan would provide the largest numbers of tourists going to the PRC? It is an extraordinary development, and I think it shows the strength of the trend toward increased involvement of the two sides.

Having said that, I think the Tiananmen incident will have some effect, at least in the short term. This is especially the case because some of the individuals associated with the unofficial relationship between China and South Korea were themselves caught up in the events of Tiananmen. Some are now out of the country in exile. It will take a while for the mechanisms that were promoting a better relationship between Seoul and Beijing to re-establish themselves.

Looking to Japan, we see a much more complex relationship. But it is a place to remind ourselves of something, and that is when we ask about the regional role of Korea, we have to remember that Korea already has a regional role. Its forces may be oriented toward the North; it may be locked closely in an alliance with the United States for the security of South Korea; but by maintaining that security in South Korea, we are maintaining a much broader framework of security.

Japan does not fear a proximate threat from the Korean peninsula. It also has a strong and friendly relationship with the South Korean government. Thus it is a secure country that does not need to test its internal limits on militarization, internal limits that are very important to the comfort of Japan's neighbors as well.

In a sense, the Korean peninsula is, as Belgium has been on the European continent, the cockpit of Asia. Maintaining a high degree of security under very difficult circumstances conduces to a regional stability of great importance; one which allows us, for example, in the various dispositions of our forces in Asia to maintain a forward defense.

People forget about forward defense in the United States because we are so far away from it. But, in fact, we have been able to keep any potential battles largely away from our

shores and nearer the shores of our potential adversaries through that network of facilities. And the fact that we have had a secure environment in which to maintain those facilities, to exercise our forces, and be prepared for any possible coming conflict is a tremendous regional benefit.

Having gone through that series of assumptions, let me give you my sense of where Korea will play a greater regional role. If you were to encapsulate it in one phrase it would be, Korea will play a greater role directly in regional stability through economics and diplomacy. And it will play a greater role indirectly through its contribution to its own defense and its contribution to the United States' defense in the region.

The Korean economy continues to grow in strength. For many years, it has been able to maintain a large debt — and then start moving to the point where that debt is not the predominant issue. It had tremendous growth running 10 percent a year; this is now down to 7 percent, but not yet a cause for great concern. This economy has to play a role in the region.

There will be opportunities for Korea to make that contribution. These will include perhaps such things as a greater participation in the future in multilateral aid initiatives in the region, such as we have seen elsewhere.

Similarly, the Koreans will speak with a greater self-confidence and authority on regional issues. We saw the South Korean delegation of senior officials attending the Pacific Rim Basin group that was held in Australia. This is another symbol of how Korea will steadily move forward into a greater role in regional organizations.

And finally, we will see Korea's indirect contribution through greater responsibility-sharing between Washington and Seoul. As our defense relationship takes shape over the next decade, it is important to remember that Korea has a greater capacity to share in the cost of its defense. And I would expect the Koreans to step forward to that responsibility in a measured and steady pace over the next decade.

Mr. Allen: Thank you very much, Doug, for that very interesting presentation.

I am reminded that two weeks ago as I left Korea, I read a poll — polls are now, I think, widely accepted to be reliable in Korea — indicating that 94.1 percent of the population still strongly supported the presence of American troops. One of the issues we want to discuss here would be the prospect for troop reduction in the context of some of the matters that both you and Mr. Richardson mentioned.

There are those who believe that any reduction at the present time would send the wrong signal. There are those, both in the U.S. and Korea, who believe that now is the time to reduce. And, of course, this is very much bound up with the threat assessment on the Korea peninsula. I think this will ride very high on the list of issues for President Roh and President Bush to discuss next week.

Our third speaker is Roger Severance, the Deputy Assistant Secretary of Commerce for East Asia and the Pacific. Prior to this assignment, Mr. Severance held several other positions in the Department of Commerce, including Director of the Office of Pacific Basin and Deputy to the Deputy Assistant Secretary for East-West trade, and Director of the Office of

East-West Country Affairs. He has had several tours with the Department of State, and from 1969 to 1971 was Commercial Officer at the U.S. Embassy in Tokyo.

In his current position, Mr. Severance is responsible for the Commerce Department's day-to-day policy with Korea. He also is the Executive Secretary and Chairman of the working group for the U.S.-China Joint Commission on Commerce and Trade.

Roger D. Severance: I think it is time we recognize that we have a very important trade and investment relationship with Korea, and that we have a very good trade relationship with Korea. And the reason is, I think, that the development of U.S.-Korea trade relations in the last eight to ten years has been very much of a success. And that has been both due to the efforts of the government of Korea and the U.S. government.

Korea is our seventh largest export market. We are Korea's largest export market. Last year Korea exported over \$2 billion worth of automobiles; \$2 billion worth of textiles; \$2 billion worth of footwear, and a little under \$2 billion worth of computers.

For our part we have a large investment in Korea. General Motors, Caltex, and Ford all have very large investments there supplying that market.

If you look back to 1982, when the decision was made on the part of the Korean government to undertake a comprehensive review of its trade policy and a review of its tariff and import restrictions, you can easily tell that Korea has made substantial progress in the liberalization of its market. Just to cite a few figures of dramatic cuts in tariffs: in 1984 the tariff on machine tools which the U.S. exports to Korea was 20 percent; in 1993 it will become 8 percent. That gives foreign exporters very much of a competitive advantage in selling to the Korean market.

In 1983, 20 percent of all the products on Korea's tariff schedule, including things that we like to sell to Korea like computers, machine tools, consumer appliances, and cosmetics, were virtually banned from the Korean market. Now all these important manufactured products can be exported to Korea freely.

We have seen also some significant easing of import restrictions, like in areas of insurance, intellectual property rights, cigarettes, wine, motion pictures, investment, localization, and agriculture. These, as I say, are important. In 1983, you could not sell these services or products to Korea. Today you can.

In the intellectual property area, in 1983 it was thought unlikely that Korea would have completely rewritten its patent, trademark, and copyright laws to make them consistent with internationally acceptable standards of good intellectual property protection. Yet, today that has happened. Korea has its intellectual property laws in place, and is in the process of enforcing these laws.

The agreements that we reached last May in the 301 process, which Mr. Allen has referred to, were very important agreements. The significance of these agreements was not really, I believe, made public in the sense that it should have been.

In the area of investment, Korea completely changed its policy and philosophy on foreign investment. It will move from a case-by-case approval system to a notification system, which means that investment in Korea will be allowed in a wide range of industries with only notification to the government. Permission from the government will not be necessary. And

I think that point was lost when these agreements were written up in the press, but I would like to stress it here.

There were some other significant agreements at that time. There was an agreement to do away with export performance requirements; that is, the Korean government could not say to investors that they must export a specific percentage of the product produced in Korea. This is a very fundamental change in Korean trade and investment policy.

Another change involved the "going public" agreement. That prevented the Korean government from imposing new requirements on U.S. investments that they must divest themselves of 30 percent of the equity when "recommended" to list their firms on the Korean stock exchange.

I should also say that there remains work to be done. There is work, for example, remaining in the agricultural area. We hope to resolve some of these issues in the GATT. In fact, we are talking to the Korean government now about the GATT. There are issues involving access to the Korean telecommunications market; last week we had another one of our continuing negotiations with the Korean government concerning this.

But these are issues that we have in hand. The Korean government is willing to talk, and there is the basic policy of the Korean government to open and liberalize its markets.

So my suggestion to my State Department friends is that we recognize the record of outstanding successes in terms of our trade and investment relations with Korea during the visit of President Roh. I would add that there is nothing in my view that we have asked the Korean government to do that is not in the long-term best interest of Korea. The market-opening measures and the freer investment climate will all help Korea to be a more competitive country.

So I think that as President Roh Tae Woo prepares to come to the U.S. and as the visit takes place, we can really say that we have had successful trade and investment policy negotiations over the last eight years.

Mr. Allen: The security issue, as Mr. Richardson mentioned at the outset, is really at the core of the U.S.-Korean relationship and everything that Korea does.

As we consider this, we should keep in mind that since the dark days of the Korean war — which saw more than 50,000 U.S. casualties — there has arisen a solid and firm partnership characterized more by the absence of any serious frictions at the military and security level than our relationship with virtually any other country in the world.

It is a real success story, and we will ask Colonel Jodoin to analyze it for us in terms of its modern implications.

Our final speaker, Colonel Kenneth Jodoin, is Deputy Director of East Asia and Pacific Region, and Director for Policy Planning in the Office of the Assistant Secretary of Defense, International Security Affairs.

Colonel Kenneth F. Jodoin: Looking at our defense relationship with Korea, President Bush, Vice President Quayle, and Secretary Cheney have all reaffirmed our commitment to the defense of South Korea.

This commitment is based on the reality that U.S. forces in Korea have played a central role in deterring renewed aggression by North Korea since the signing of the armistice in 1953.

It is also based upon the reality that the regime in Pyongyang continues to devote as much as 25 percent of its gross national product to military expenditures and in doing so continues to pose an unpredictable military threat not only to our South Korean ally but also to the stability of all Northeast Asia.

Reports from attendees at the recent World Youth Festival in Pyongyang noted severe shortages of food and other necessities of life. We see this as just one more example of the Communist regime's determination to carry out its elaborate arms and propaganda programs regardless of the cost to the people of North Korea.

We also see it as representing a mindset that makes the continued vigilance and readiness of our combined forces and our continued presence on the peninsula essential.

While many in the U.S. Congress share our concern about the unchanging nature of the North Korean regime and understand the reasons for our commitment, there is increasing interest on the part of the American people and pressure from many on Capitol Hill to reduce the federal budget deficit by having our allies contribute more proportionally to the common defense.

The Nunn-Warner Amendment to the Defense Authorization Bill and the Stevens Amendment to the DOD Appropriations Bill will require the Administration to provide a report to the Congress by April 1990, on our projections of U.S. force deployments in Korea and the Pacific region in the future.

Both of these amendments note growing South Korean economic strength and military capabilities, and they signal expectations that these conditions will result in the Republic of Korea carrying a greater share of the cost for its own defense.

I have been asked to answer today that part of the question posed by those amendments pertaining to our future presence in Korea. I simply can't do that before we have completed the very forward-looking and thorough analysis that this question demands. I can, however, lay out some of the ground rules that we intend to follow and some of the realities that must pertain.

The starting point for our review must be the treaty commitment between the United States and the Republic of Korea. Also, as we proceed with the review, it is important to remember that the defense of South Korea is not a U.S.-only proposition, nor does our presence there serve only South Korean interests. The mistake of placing Korea outside the sphere of our security interest was made once before, and we're not going to make that mistake again.

To some degree from the outset, and certainly since the end of the Korean War, our defense policy towards Korea has been based on the concept of combined defense. Under this concept, the South Korean force structure was developed as the South Korean government's ability to pay for, train and field adequate forces grew.

The implementation of this concept has, over the years, strongly influenced the composition of U.S. and South Korean forces as well as their respective roles and missions.

The deterrence of North Korean aggression continues to rely on the combined military strength of both the Korean and American armed forces. U.S. forces have been, and continue to be, a key factor in the equation of deterrence.

How large a factor they are we cannot say, since the ultimate evaluator of the effectiveness of a deterrent force is the one who is being deterred.

Despite the inability to place a specific deterrent value on the U.S. forces on the peninsula, we can say that what we have there now works. We cannot say with any degree of certainty that a smaller presence would work as well.

Because of the uncertainties associated with deterrence, the key criterion against which we must measure the correctness of the U.S. presence as an element of our contribution to the combined defense is the ability of the combined forces to halt a North Korean attack.

Maintaining the ability to win on the peninsula is no less important today than it was ten years ago, and although we are fully supportive of President Roh Tae Woo's efforts to reduce tensions through bilateral negotiations with the North, we do not anticipate that the ability to deter or defend successfully will be any less important by the end of this century.

In fact, we might even reasonably anticipate events, such as the death of Kim-Il Sung, that could make the situation on the peninsula even more uncertain and unsettling than the current level of the threat makes it today.

Kim Chong-Il has already shown on many occasions that while he shares his father's lifelong ambition of reunifying the peninsula under North Korean rule, he does not necessarily have the sense his father has shown in avoiding a resumption of hostilities that would destroy what little, from our perspective, North Korea has achieved.

Regardless of the course our review may take, the U.S. government must continue to promote improvements in the South Korean military growth and to provide access to U.S. weapons systems. Access to U.S. systems will not only provide economic benefits to the United States but also ensure greater inter-operability and a continuing combined defense of U.S. and Korean interests on the peninsula.

The American Congress and the public are not the only ones who would like to see the Koreans play a larger role in their own defense. The Koreans, too, are keenly interested in a more prominent role in the security relationship. They are also cautious in their approach to adjusting a defensive alliance that has preserved the peace, however tenuous, for the past 36 years.

South Korea's contribution to our common mission compares very favorably with the best efforts of our NATO allies in Japan. Over the past eight years, South Korea has maintained defense spending equal to about one third of its national budget, about 5 percent of its gross national product, and we can expect that the Republic will continue spending at these levels — an important thought when we consider an annual growth rate of about 8 percent.

South Korea also provides significant support for U.S. forces in Korea. This support is reflected only in part by budgetary data. The latest figures put its total contribution to the U.S. presence at slightly over \$2.2 billion per year in direct and indirect support, and the Republic has already agreed to increase its funding on many common defense-related programs.

While we have achieved considerable success in obtaining South Korea's agreement to increase its contributions to the common defense, we are not satisfied that we have reached the best division of responsibility for sharing the cost of maintaining the U.S. presence.

Even without public interest and congressional pressure in the United States for adjustments in our security relationship, there is a need for the Republic to continue to do proportionally more.

As I indicated earlier, specifically how our examination of our relationship and our comparative contributions on the peninsula will turn out, I can't say. I can say, however, that the military relationship between the United States and the Republic of Korea has been adapting to internal and external changes since its inception and that we intend to make no changes in the future without consulting with our Korean ally.

I can also predict with some degree of certainty that our presence in Korea will not be the same as it is today. Not necessarily smaller, just different, as a result of the difficult roles and missions it will be necessary for each of us to undertake to better address the security environment evolving from the fundamental changes we are witnessing in Asia and the Pacific today.

Mr. Allen: Our thanks to all of you for a very interesting survey of the problems, prospects, and successes that the two presidents may be reviewing when they meet next week.

At the Asian Studies Center we believe that if we are to harvest the fruits of an excellent relationship between the Republic of Korea and the United States, and indeed, if Korea is to harvest the fruits of a sound Pacific Basin policy, then the roots of that policy ought to be identified.

In my personal view, the last decade has witnessed a surge in the development of a comprehensive Pacific Basin policy by the United States. No one has yet seen fit to step forward and claim credit for either formulating this policy or for creating the conditions that allowed this policy to develop.

Certainly, in the years of the Reagan Administration there was a band of experts in the Departments of State and Defense, the Central Intelligence Agency, the National Security Council, and the Department of Commerce that worked very hard to forge the comprehensive Pacific Basin policy that the United States embraces today.

No President has stepped up to the plate to articulate this clearly. It can't be found in one specific place.

In terms of the U.S.-Korean relationship, we have seen master strokes taken in U.S. policy, markers laid down by people like Gaston Sigur and Paul Wolfowitz at the State Department, and Fred Iklé and Rich Armitage at the Defense Department. It is, I think, with a great deal of satisfaction that policy makers from the U.S. today can step back and see the elements of a comprehensive policy in place, one that is designed to rely on stability and economic growth.

Despite all of that, having weathered friction over trade matters and other certain misunderstandings from time to time, that policy basically prevails today. It's one of open-

ness, and I think that the remarks of specialists like Mr. Severance, for example, in reaffirming that the talks with Korea have demonstrated a feeling of openness, are reassuring.

He mentioned, for example, that the results of the 301 discussions in which Korea escaped being identified as a culprit under Super 301 were not given publicity. This was not picked up by the media. If Korea had been on the Super 301 list, as was Japan, it might have been a different story entirely.

I have had the opportunity to watch both from the perspective of the advisory board of the Asian Studies Center and from the practical business point of view how things have developed in Korea, and I'm amazed at what has happened. I find also amazing a striking congruence and a similarity of views among people of all political persuasions here in the United States as they view Korea.

I was in Korea in late August and had the opportunity to visit opposition leader Kim Dae Jung, who invited me to his party headquarters. I think I was the first member of my party to visit his headquarters and meet with a delegation of PPD legislators. While we didn't have a total congruence of views, as you may imagine, it was extremely interesting that I was permitted the platform to address those 60-some legislators and other party members and get into a very significant dialogue. Our discussions avoided confrontation, and I had the opportunity to make certain points about the genesis of U.S. policy, including the first visit of President Chun Doo Hwan early in the Reagan Administration.

This morning we briefly have discussed "*nordpolitik*," the policy toward North Korea, a fascinating topic that certainly merits a much deeper examination. Consider also the question of Korea's relations with China.

The notion that Korea may emerge in the '90s as a much stronger partner of the United States has also been raised, and that would give us opportunity to examine Korea's role vis-a-vis that of, say, Japan.

Would the nature of future U.S.-ROK ties be deeper, would its fundamental core be comprised of different components than the relationship with Japan, which was recently identified and reaffirmed by President Bush as an extremely important relationship?

Korea's role in the region has been expanded. What new roles will Korea play, and will they in any way conflict or collide with perceived U.S. interest?

The question of Korea's ability to sustain the continuing defense contribution for its own security as well as to the presence of U.S. troops there are also of interest.

It was pointed out by Mr. Severance that nothing that the United States has requested with respect to Korea threatens the long-range interest of Korea. There arise certain questions of the change and the pace of change.

We've seen in our bilateral relationship with Japan many kind of domestic obstacles placed in the way of U.S. objectives. Whether those obstacles have been placed there deliberately is a question being debated today. Will the same thing occur in Korea, and can our politicians recognize that the question of pace is extremely important as well?

Then we have such open-ended questions as the longevity of Kim-Il Sung, and what course a new leadership in the North would follow. The very important point that was made

by Doug Paal was that North Korea continues its fast-paced military modernization program, an investment of resources that could otherwise be used for infrastructure and peaceful purposes. Pyongyang's military building, backed up by a highly modernized Soviet military presence in the region, albeit one that is perceived in the global context to be reduced under the rubric of detente, *glasnost*, and *perestroika*, remains a very important military threat.

All of these are extremely important topics, and I would propose now that we move to an examination of these issues in detail and ask our visitors and participants here to enter into the discussion with us.

Mr. Edler: Henry Edler, American Agricultural Development Corporation. One of the speakers said something about a problem with beef in the relationship between the United States. Could you expand on this problem?

Mr. Richardson: Our agricultural interests want to export more beef to Korea. Right now, I think, Roger, we're under a quota system, is that correct?

Mr. Severance: That is correct.

Mr. Richardson: Again, I'm optimistic this will be worked out, but I think we want an end to the quota system. And the GATT has found them, is it not correct, Roger, in violation, and we want them to accept that ruling, which they have not so far done.

Mr. Severance: Korea has quota restrictions and high import duties on beef and other high value agricultural products which we would like to sell. The justification for these restrictions in the GATT is for balance of payment reasons. The U.S. government position in the GATT is that Korea can no longer justify these restrictions for these reasons.

Unfortunately, other members of the GATT were not as quick as we would like, and by other members I'm talking about Japan, to accept the removal of this justification. So we are now in the process of negotiating this in the GATT, and the Administration is hopeful that we can resolve it there on a multilateral basis, rather than in direct bilateral negotiations with Korea.

Unidentified Guest: Mr. Allen, I was wondering if the antipathy between Korea and Japan which may still exist is going to create any tension in the emergence of Korea in the time to come, and affect U.S. security interest in the area.

Mr. Allen: In my own view, the residual latent antipathy toward Japan in Korea is subsiding at a fast pace. I think the frictions will linger, however. The memories of the generations of Koreans who suffered under Japanese occupation will not be erased overnight.

Furthermore, I think that competition is clearly and keenly felt between the two people, although some Korean companies are styled on the Japanese system of management and rely heavily on an infusion of Japanese technology.

There are some cross investments as well that are extremely interesting in the automotive field between Korean and Japanese companies. So while on the one hand there is the ever-present antipathy based on historical factors — and, it might even come again to the fore if extreme nationalist elements would resurrect it — nonetheless, I find it tempered by the realities of modern life.

Korea needs Japan and Japan depends on Korea. Curiously, I think Japan is quite wary of Korea, especially in view of Japan's slowly changing work ethic. Some Japanese believe the Koreans work too hard, and this is viewed as unsettling in Tokyo.

Mr. Richardson: I think you are exactly right. I think there is a lot of historical baggage, as Mr. Allen pointed out, but Japan-Korea trade links are very important. So in my opinion the South Koreans and Japanese will have to work out the problem out by themselves. It is something in which we have almost no role, in my opinion.

Mr. Paal: Well, that's interesting. I was about to say the U.S. has a vital role in bringing this about, but I'm speaking at a different level. In terms of working out the specific differences, obviously that's a Japanese-Korean matter.

A phrase used frequently these days is that we are moving from a period of high tension-high stability, to one of low tension-low stability in superpower relations. One of the things this describes is the notion of how the U.S. can play a role in a future of multi-polarity where more and more states are growing self-confident and have the economic wherewithal, much as the Republic of Korea continues to develop.

How do you manage a system with more and more active partners in it? The answer is not to say it's the end of bipolarity. History has taught us that bipolarity is essential to the stability of international regimes, that when you break down to a multi-polarity, the instability overtakes stability very rapidly and you end up with a lot of problems.

As it applies to this particular dispute, such as it is, between Korea and Japan, I would say that the U.S. participation in the security arrangements for both Japan and Korea provides a kind of salve and a common interest. We are not a direct neighbor of either, nor do we bring the historical baggage that their own relationship does.

Rather, we play the same role that the British played with Japan in the 1920s, when it had an alliance with London and enjoyed democracy at home. England was a distant ally, a relatively passive ally, working to provide the security and the comfort of the people of Japan. The United States will have that role in the years to come in both Korea, and Japan as well. And I think because of the security dimension, the U.S. will play an important role in helping to contain what disputes may exist otherwise in the bilateral relationship between Korea and Japan.

Mr. Allen: As a footnote, I think we ought to mention the fact that there will be a Pacific Forum Ministerial meeting designed to follow up on the initiative of Secretary of State Baker some months ago.

This ministerial will take place this November in Sydney. There will be present the nations of the region which maintain a vital interest in the disposition of Japan. As we urge Japan to take on a greater share of the burden in defending itself, this is increasingly problematic for other neighbors. Most of these steps were taken in the early 1980s and particularly in the spring of 1981, when Japan agreed to certain obligations in defending sea-lanes out to 1,000 miles, a move which embroiled Japan in its own internal debate. It would seem to me that Korea's regional role is of cardinal importance as one of the major stable points in Northeast Asia.

Unidentified Guest: What do you think of a more active role by the United States government in easing or reducing tensions between North and South Korea?

Mr. Richardson: I don't think that the United States has much of a role. We are certainly willing to do whatever we can that meets the desires of our ally, the Republic of Korea, to facilitate processes, but one of North Korea's major objectives has been to somehow engage in a dialogue with the United States. We reject that, and briefly to recapitulate, I think what we are doing now, which isn't a lot, is just about right. I don't think we should do more.

Dr. Paal: What was left unsaid, but I'm sure not meant to be left out, is that the U.S. will work closely with Seoul. And where Seoul feels that we could be helpful, we're certainly willing to listen to the case made by the Koreans.

Right now, there's a very active policy being promoted by the government of President Roh. The key phrase is calling for a Commonwealth of Korea, and this has many ramifications and steps involved. We are close allies of Seoul and we will continue to work very closely with it and listen to any suggestions it may have.

Colonel Jodoin: I would also like to mention the U.S. role as the provider of the Commander in Chief to the United Nations Command. This involves many initiatives which go across to North Korea, such as the notification of exercises, inviting the North Koreans to that Team Spirit exercise in the South and joint investigations of what's going on in the demilitarized zone. We look at all of these as being supportive, and as indicating a willingness on the part of the entire military structure in the South to include the United Nations Command, and to assist in reducing tensions on the peninsula. And we would hope that such initiatives continue to be viewed as being supportive.

Mr. Allen: In the spring, Daryl Plunk and I had the opportunity to visit with the first four North Koreans allowed to visit Washington, in the context of a seminar at the Carnegie Endowment for International Peace. We had a dialogue – something between a monologue and a dialogue – and a very instructive experience that resulted in, among other things, an invitation for the U.S. participants to visit Pyongyang sometime soon.

There is at least some traffic between the U.S. and North Korea. In fact, I think the bridge is about to be traversed again by one known to us for an examination on a first-hand basis. That, I think, is extremely useful, but I would certainly agree with Mr. Richardson's observation that the U.S. should not at this time take a more active role in its exchanges with Pyongyang.

I would say, however, that informing the United States not only with respect to initiatives to be taken by the South to the North and briefing the United States vis-a-vis Korean intentions in *nordpolitik* generally will remain a key area of interest to the United States. As far as I'm able to determine, even industrialists who have recently been to North Korea, China, and the Soviet Union, have come to the United States to discuss what their objectives are. I think that's a very healthy trend, because sometimes we find that economic activity, if kept secret, may be given the wrong spin and therefore draw the wrong kind of attention from the United States.

Unidentified Guest: There have been several meetings with North Korea in Beijing. Does the U.S. have any concrete or actual policy toward North Korea, or is the U.S. only testing or sounding out North Korea?

Mr. Richardson: There have been meetings at the political counselor level in Beijing. There are none scheduled for now.

North Korea is, as you know, on our list of terrorist states because of the KAL flight that they blew up, and other activities. If we were to move forward on talks, Pyongyang knows there are some things that we would feel that they should do. One is a full accounting of MIAs from the Korean War and an accounting of their remains. Another one is a cessation of the virulent propaganda in which they engage. A third is real progress on South-North talks. There is one other one, but that's essentially what our policy is.

Mr. Allen: I think it might be useful to point out that minor changes in U.S. policy toward the North were made in the last year that would permit, for the first time, selling humanitarian goods, for example, medical supplies, food stuffs, and the like. Although no economic activity has yet taken place under that policy change, it does represent a change.

I would say that there is another legitimate concern that we have with respect to North Korea and our lack of knowledge about what's going on in North Korea, and that is the increasing nuclear capability of North Korea. This ought to be of concern to the entire world, and Western nations should continue to demand, directly and through the Soviet Union, China and every other nation that has contact with North Korea, that it subject its nuclear activities to international safeguards.

Unidentified Guest: I would like to know your opinion about the ASEAN-Korean relationship and whether there is any possibility that the Koreans would like to join the ASEAN nations?

Mr. Severance: I think whether or not Korea would be asked to join the ASEAN community is something that is up to ASEAN. I've heard no discussion of that. In fact, in preparing for the ministerial meeting in Sydney which Mr. Allen mentioned, one of the concerns the ASEAN countries had was that their special relationship with the United States and with other countries as an ASEAN group would somehow be diluted by being included in a broader Pacific Basin initiative.

Increasingly, the economic relationship, the trade relationship and the investment relationship between Korea and the ASEAN countries certainly is expanding. In fact, one of the major developments that's going on in the ASEAN area today is a north-southward shift of investment. And as you all know, most of the Asian countries are what we describe as export-driven economies. So as production costs increase in the north, and as currencies appreciate — the yen, the New Taiwan dollar, and the won have all increased substantially in the last few years, it becomes more expensive to produce a given item for export in those countries.

So more and more firms are looking to the ASEAN countries as places for export platform investment and there's a closer economic relationship. There's a little bit of a closer political relationship in the context of the Pacific Basin initiative, but beyond that, I don't think there is much.

Mr. Allen: Some Korean industrialists are very concerned about maintaining Korea's present level of competitiveness given the doubling of ROK wage rates. This has occurred in the course of the last two years, and its impact is likely to be felt for some time to come. Korea may even join that march of companies from countries, such as Taiwan, which are going south to Thailand, Malaysia, Indonesia, and particularly to the Philippines because they offer new opportunities for manufacturing and production.

Mr. Kimura: My name is Kimura from Kimura Research Japan. I would like to ask Mr. Paal and Colonel Jodoin what is their assessment of the capabilities of South Korean forces in the middle to late 1990s, and what will be the American expectations of that capability.

Colonel Jodoin: We would not necessarily envision a regional role for Korean forces in the near future. It may evolve into that, but I don't see that right now.

What we would hope to see in the mid or late 1990s is that the Republic clearly plays a leading role in the defense of the peninsula and that the U.S. role in that defense is essentially supportive. From that, one can deduce that there would be, I would imagine, changes in the command and control structure and in other arrangements between us and the Republic of Korea that would put them in the lead role.

Mr. Paal: Korean force modernization is taking place, and as this proceeds, we will see a lessened dependence in some mission areas on a U.S. ingredient. When we will cross the point at which the Koreans are able to take care of certain missions entirely by themselves is not yet clear.

An important ingredient in this is the vital Korean fighter program which is something we're going to hope to initiate as soon as possible. We're looking forward to Korean indications of which aircraft they would like to investigate further, and we will move on that program as expeditiously as we can to give them a greater self-defense capability.

Mr. Constantine: Gus Constantine, *Washington Times*. Would anybody on the panel like to relate the vast changes that are going on in the rest of the Communist world to the threat from North Korea to the South? It seems to me to remain a constant while the rest of the Communist world is in flux.

Mr. Richardson: I agree with, I think, the thrust of your question. If there has been a let-up in North Korea's efforts to enhance its military strength or in its policy, except right at the margin, I'm not aware of it.

Mr. Paal: I think the North has to be watching what's going on in the Socialist world. Anything we could conclude about what that process would lead to in North Korea would be highly speculative.

I think there might even be a certain amount of self-satisfaction derived from the conflagration in China this past summer in that North Korea has not, as we know of, had to experience such a situation. Nonetheless, the trend lines must look worrisome over the long run to the North Korean regime, and they must cause them to reconsider the basis of their regime. What the outcome of that reconsideration is, again, highly speculative.

Mr. Tubbs: Gordon Tubbs, U.S. Information Agency. Would someone address the current ROK-Soviet relationship, particularly in the economic sphere and what's likely to be happening, let's say in the next five years?

Mr. Severance: Obviously, the Korea-Soviet trade relationship is at a minimal level, and we have just signed a strategic trade agreement with Korea. That means that they will implement export control regulations on their exports. I think beyond that there is a minimal level of trade and, as far as I know, there is no investment either way.

Mr. Paal: There is one fur-raising joint venture of a few hundred thousand dollars. I think most of the trade relationship can be summarized as a gleam in the eye. They haven't been able to find a means of coming together yet, beyond the desire on both sides to expand trade.

One Soviet official in a memorable quotation said that the Soviet side was looking for Korean factories to process the lumber cut by North Korean workers. That's the potential you're looking at somewhere out there, but between now and then may be a period of time that is very difficult to estimate.

Mr. Allen: That's absolutely correct by my experience as well. No industrialist that I've talked to, even those who have been there, intends to do anything very serious in terms of major investments in North Korea.

This is of course the outgrowth of *nordpolitik*, which focused in the first instance on the Olympic movement and contributed to the great success of last year's Seoul Games.

I spent three weeks in Seoul at the time of the Olympics and watched the level of goodwill that was expressed toward people with whom the Koreans had never had contact before, and I must say it was very impressive. I think this interest in trade is part of the delayed result of that.

Unidentified Guest: There seems to be a lot of concern expressed here about the North Korean threat. Also, a few words have been mentioned about association between the United States and North Korea. If a balance was made, which at this point weighs heavier: toward the threat, or toward a possible opening in relations?

Mr. Paal: That's very easy for us to answer. We weigh more heavily in the direction of security threat.

Our experience has been that we're looking at more than a half a million men, perhaps a larger number than that, poised just above the 38th parallel; thousands and thousands of artillery tubes looking down on Seoul itself; continuous military modernization, including new SA-5 surface-to-air-missiles, MiG-29s, other kinds of attack bombers, and naval improvements by the North; and a regime which for the last 40-plus years has been sitting and talking to itself, primarily, and has created a cult of personality, an inward-directedness, and has never recognized the legitimacy of any other authority on the peninsula.

All of this points towards a major security threat. That doesn't mean we dismiss the potential for talking with the North, but to be prudent, we have to observe some signs of real change in North Korea before we can take steps in that direction.

Unidentified Guest: I have a follow-up. It seems the Soviet Union is expressing some sort of *glasnost* with South Korea, but the weapons you've just mentioned represent a lack of new thinking towards North Korea. Is that correct, and if so, is there any understanding of why?

Mr. Allen: Not so much *glasnost* as it would be detente. There has been a lot of new thinking on the part of the Soviets, but I don't think on the one hand they could cut off an ally, at least a nominal ally, and simply refuse to supply what they've been supplying all along.

Colonel Jodoin: I've heard many times in the past people calling North Korea a client state of the Soviet Union. When North Korea attacked the South in 1950, we sent additional forces to Europe presuming this was part of the Soviet plot to distract us from their real intent.

I think you have to begin with the premise that the Soviet Union perhaps exercises far less control over North Korea than a lot of people think it does. Also perhaps they want to maintain a certain relationship with North Korea, based on North Korea's propensity for violence, which would perhaps serve their interest in Northeast Asia. North Korea — and it has been said before — does not seem to be changing, surely not to our advantage.

Mr. Carpenter: Bill Carpenter, Stanford Research. Could you elaborate on what's going to happen with the U.S. Command, the United Nations Command, and various command structures, if we do phase down. Would this result in a reduction of the U.S. Army? Would we come home?

Colonel Jodoin: As I pointed out, there's going to be a very thorough review that is going to come up with the answers as to what the command structure is going to look like at some time in the future.

I probably will be a part of that, but since we have not begun, I am not willing to give any answers yet. I will say some things that we can begin with. If you talk about the United Nations Command, the only instrument of peace on the Korean peninsula is the armistice agreement, how ever tenuous it may be. The CINCUNC, Commander in Chief United Nations Command, is the signatory on our side for that agreement.

I cannot imagine a situation where you wouldn't have, until there is a peace agreement between North and South Korea, an instrument, at least of nonhostility, to negotiate or enforce that agreement. Until such time as there is a peace agreement between North and South Korea, the United Nations Command will serve that role.

As I say, I don't expect to see a necessarily smaller U.S. force, just a different one that will have different kinds of roles and missions.

Mr. Kim: One or two panelists mentioned that Korea has more room to take over the defense burden. Could you estimate in terms of expenditure out of the Korean GNP, how large that room would be?

Mr. Paal: That is a very complicated question that takes many factors into consideration and it is going to take quite a long time of consultation between the U.S. government and the Korean government to work out what that number ought to be. Anything we could say now would be, 1) misleading because we don't know the answer, and 2) premature because we probably should tell the Korean government before we tell the public.

Mr. Allen: Before we tell the press, we should tell the Korean government.

I would like to thank each of the panelists. The conference has been very productive, and very useful in terms of understanding the issues that will develop and be discussed during the forthcoming summit between President Roh and President Bush.



Appendix

Remarks by Ambassador Tong-Jin Park Embassy of the Republic of Korea Washington, D.C.

Korean-American relations today encompass much more than the ever-vital security relationship. They are also bolstered by our common foundations in democratic values and institutions, in trade, investment, and the transfer of technology, just to name a few of our many shared concerns. Over the last few years, our previous relationship has been steadily transformed into an association of growing interdependence.

Despite years of ongoing tension from the threat of North Korean military provocation, the Republic of Korea has emerged today as a major player in the Asia-Pacific region, particularly in Northeast Asian affairs. The changed stature of the Republic of Korea is a result of its economic dynamism, a rapidly developing democratic government and strong defense capabilities.

Last year in February we saw the inauguration of an elected president, marking Korea's first peaceful transfer of governmental power, which was blessed by the popular support of the people. In early autumn we hosted the very successful 24th Summer Olympic Games after years of careful preparation. The satisfaction at having achieved such a great accomplishment in the face of a thinly veiled and very real threat of terrorism from communist North Korea will never leave the memories of Koreans. In this regard, the participation in the world sports event of many communist countries with whom the Republic of Korea did not have formal relations, such major powers as the Soviet Union and the People's Republic of China, helped add a new dimension to Korea's diplomacy and provided the government of the Republic of Korea with a new perspective in coping with Korea's delicate strategic environment in Northeast Asia.

Many foreign experts and scholars point out that contemporary Asian countries are characterized by three elements: first, economic dynamism; second, the trend of political liberalization; and third, strategic complexity. This, to my mind, is a very realistic observation.

Indeed Korea is very much preoccupied with economic development and has registered a rapid economic growth.

In conjunction with sustained economic development, the movement for liberalization steadily gained strong momentum in the field of politics and finally brought about the sweeping democratic reforms we have seen since the summer of 1987. In this regard, President Roh Tae Woo has played a key role.

Ambassador Park spoke a luncheon meeting for conference participants on October 10, 1989.

As we look to the international front, we see that the new policies of the People's Republic of China under Deng Xiaoping and the Soviet Union under the leadership of Mikhail Gorbachev have helped lessen the tensions between the East and the West and have certainly contributed to a more pluralistic power distribution in Northeast Asia. Furthermore, the recent domestic upheavals in mainland China and the emergence of several sub-regional powers in Asia without a doubt make the strategic environment more complex than a few decades ago.

Korean-American relations are changing and expanding so rapidly in so many areas that we need to manage consciously our bilateral relations intelligently in light of the changing perceptions toward each other as well as the common interests which bind our two nations.

I believe that the most important element that influences our bilateral relationship will continue to be how soon the Republic of Korea will progress toward full democracy. Although the road to full democracy in Korea is a long one, it is beyond any doubt that President Roh and his government, along with the entire Korean people, have been making enormous efforts to expand democratic institutions and ensure human rights.

The commitment to democracy goes hand-in-hand with the obligation to reject and oppose all political ideologies which contradict democratic values. For a responsible government which believes in the rule of law is duty-bound to enforce its laws and maintain public order, or else the process of democracy will fail to follow its natural course.

In my opinion, the second most important issue on our bilateral relations is the security cooperation between the United States and Korea. Recently, there has been a noticeable rise in congressional attention to the future of an American military presence in Korea, and the Senate has been debating possibly restructuring U.S. forces overseas. We hear also of America's demands for greater cost-sharing by the Koreans.

As we all know, the security alliance between our two countries, particularly the U.S. military presence in Korea, has been essential in maintaining peace and stability on the Korean peninsula. Though a large part of Korea's success in recent years is attributable to the industriousness and ingenuity of our people, it is also true that the close security cooperation between Korea and the United States has been providing formidable protection for Korea's economic and political progress south of the armistice line. Even though the Cold War atmosphere is weakening in many parts of the world, it is a stark reality that the North Korean political attitude has not changed.

Obviously, tensions between the two parts of Korea continue, and the armistice agreement has not yet been transformed into any viable peacekeeping arrangement. By nature these tensions and confrontations between the South and North have evolved from the larger issue of Korean reunification and the competition between the opposing political ideologies. In this regard, it is reassuring that our two governments have been making a concerted effort to lessen the existing tensions on the Korean peninsula. We believe that we have been able to take all these initiatives because we have effectively demonstrated to our adversaries that we are ready for both peace and war.

Since President Roh took the leadership of the Republic of Korea early last year, his government took rigorous initiatives to make the South-North dialogue progress more effective than in the past, greatly emphasizing the spirit of reconciliation.

Since the U.S. military forces stationed in South Korea play such an important role, as I previously discussed, I believe that the question of restructuring the U.S. forces in Korea should be treated carefully from our common strategic point of view on Northeast Asia. If the recent debate in the U.S. Congress is concerned more with the question of Korea as a partner assuming an increased financial burden for the U.S. military presence, I believe it would be relatively easier to find a solution since the Republic is prepared to do more in terms of cost-sharing in the future to be commensurate with Korea's economic growth. I expect President Roh to say something on this matter to the American public when he addresses the U.S. Congress next week.

Another crucial element in our relations is, without a doubt, bilateral trade. The Republic of Korea was fortunate to become so successful in our economic development that we enjoy the compliments of many American friends including policy makers, scholars, and the press. On the other hand, the rapid expansion of Korea's export trade developed a considerable trade surplus against the United States during the last three years. When asked to reduce this surplus, we took various measures to accommodate the United States' concern. As a result, Koreans sometimes feel that American demands on trade issues are unrealistic, premature, or excessive. Over these types of issues some young Korean college students stage anti-American demonstrations on school campuses or in the streets, offering a turbulent photo-opportunity for the American press and, I think, leaving the American public with a grossly warped idea of the Korean sentiment toward America.

I expect that the friction and differences in the field of trade will never end as long as our economies are dynamic and growing. But our recent experience in bilateral negotiations on trade matters in relation to the Super 301 provisions of the U.S. trade law provided both sides with a good lesson for the future.

Korea's current economic and political success story is also America's success story. The United States may also take pride in Korea's accomplishments and its changed status in the world community because the United States played such a uniquely supportive and vital role since Korea's independence.

As I look ahead to the future of Korean-American relations, what is significant in my view is that whatever change may happen in the Asia-Pacific region in the future, our two nations will remain bound by the common ideals of freedom, democracy, justice, and world peace.

When Vice President Quayle held a press conference during his very first trip to Seoul quite recently, he said in his opening remarks that no two sovereign nations have entirely identical national interests and therefore the United States and Korea will continue to have differences. I agree. But we all know that there are far more common interests which bind us together than differences to move us apart.

The dynamics of our burgeoning relationship will continue to bring new challenges of adjustment to our two countries. Yet, if the distance we have travelled over the past four decades is any indication of what we can accomplish together, I have no doubt about continuing our commitment to a shared and mutually beneficial future.

