

# Heritage Lectures

No. 1144

Delivered January 12, 2010



Published by The Heritage Foundation

February 4, 2010

## The Status of the U.S.–Korea Relationship in 2010

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**Abstract:** *South Korea is a stalwart U.S. ally that has long been overshadowed by Washington’s repeated references to Japan as the “cornerstone” of U.S. security in Asia. Growing strains in the U.S.–Japanese alliance following the Democratic Party of Japan’s accession to power highlight Tokyo’s unwillingness and inability to play a major international security role. South Korea, on the other hand, has demonstrated the ability and willingness to engage on the world stage in support of such shared values as freedom and democracy. The Obama Administration therefore should affirm its commitment to defend South Korea against security threats, welcome its return to coalition efforts for rebuilding Afghanistan, and signal U.S. commitment to free trade by ratifying the South Korea–U.S. FTA.*

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### Introduction and Congratulations

My dear friend of more than three decades, Asan Institute Chairman Chung Mong-joon; former Minister Han Seung-joo; Members of the National Assembly; and Ladies and Gentlemen:

Today is a particularly noteworthy occasion for all of us and, indeed, for all of the people of Korea. And it is also a singular honor for me. Of course, I refer to the singular honor of having been invited to give this inaugural speech at this beautiful new headquarters building of the Asan Institute. And what a sense of accomplishment you, Chairman Chung, must be feeling.

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### Talking Points

- The U.S.–South Korea security relationship is very strong, and progress has been made on transforming the two countries’ military relationship into a true strategic alliance of equal partners.
- It seems increasingly obvious that the Obama Administration is willing to sacrifice a critically important strategic agreement on the altar of auto-sector protectionism. Demands made by the auto unions and their congressional supporters are inimical to free-market principles.
- South Korea has demonstrated the ability and willingness to engage on the world stage in support of such shared values as freedom and democracy. The Obama Administration therefore should affirm its commitment to defend South Korea against security threats, welcome its return to coalition efforts for rebuilding Afghanistan, and signal U.S. commitment to free trade by ratifying the South Korea–U.S. FTA.

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This paper, in its entirety, can be found at:  
[www.heritage.org/Research/AsiaandthePacific/hl1144.cfm](http://www.heritage.org/Research/AsiaandthePacific/hl1144.cfm)

Produced by the Asian Studies Center

Published by The Heritage Foundation  
214 Massachusetts Avenue, NE  
Washington, DC 20002–4999  
(202) 546-4400 • [heritage.org](http://heritage.org)

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Congratulations from all of us, and especially from those of us, like myself, whom you have invited to serve on the International Advisory Board of the Asan Institute. We share your pride, and we also look forward to many years of thought-provoking research and seminars from your distinguished group of scholars, research personnel, and invited guests.

The last few months have seen a series of interesting developments in the relationship between the Republic of Korea and the United States. Within the political side of Korea, the high level of divisions between parties, and the differences among factions in the same parties, often leave the casual observer to wonder what can be achieved. (By the way, it is much the same story in our Congress.)

Of course, as you who are involved in the policy process day-to-day here in Korea know so well, things do get done, and they are often done on a scale and with a clarity that surprises those outside observers.

For me, it is wonderful, after a six-month absence from Korea, to take stock and see the concrete achievements of Korea's national leaders. I will discuss today:

- North Korean policy.
- Relations with your giant neighbor to the west (PRC).
- Regional leadership.
- International economic leadership as the ROK comes out of the global recession earlier and stronger than most other nations.
- A political leader in the Cheong Wa Dae who has the respect of international leaders and growing popularity at home.

In short, you, my Korean friends, have much to be proud of, and I say this especially at this time, in this year. After all, you are celebrating—rather, I should say, commemorating—two significant anniversaries, both of painful memory to all Koreans: the 100th anniversary of the Japanese occupation and the 60th anniversary of the outbreak of the Korean War.

And yet, as I say, you, my Korean friends, have much to be proud of.

Before I give you my impressions on aspects of the bilateral relationship, let me tell you briefly about something that you may not have heard much about through the so-called U.S. mainstream media: Conservatism in the United States is coming back! As Gallup reported in a poll released just last week, there are twice as many self-identified conservatives as there are liberals in the United States today, one year after the election of one of the most liberal (left-wing) Presidents in U.S. history.

A specific data point might be of interest: In January 2008, the dues-paying membership of The Heritage Foundation stood at 289,000. As of January 1, 2010, that dues-paying membership is now at 582,000. A doubling in two years!

The American people are looking for alternatives to the big-government warmed-over socialism of this American Administration, and Heritage has those alternatives in the policy arena. So watch America's fall 2010 congressional elections very closely to see if Barack Obama's agenda is ratified or repudiated by the American people.

And we at The Heritage Foundation are maintaining our long-time active interest in all of Asia. We will co-sponsor another major seminar in India later this year. After Seoul, this evening, Beth Cave, Ken Sheffer, and I will join our colleague, Walter Lohman, the Director of our Asian Studies Center, in Beijing for meetings with high-level Chinese government officials. We will also be spending time in Guiyang, Shenzhen, and Hong Kong.

So we, too, understand the importance of China in today's world policy discussions.

## North Korea

First, regarding North Korea: As we begin another year of confrontation with North Korea, it is useful to look back to the naively euphoric expectations at the beginning of 2009.

Last January, when I was here, the predominant view in Washington and Seoul was that the change in U.S. leadership from President Bush to President Obama would cause North Korea to abandon its provocative behavior and eagerly engage the new U.S. Administration, which in turn would lead to a significant improvement in bilateral U.S.–DPRK

relations and a breakthrough in North Korean denuclearization.

North Korea's belligerent behavior may not have surprised all of you, or even your friends who have followed their tortuous task for so long like me, but

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it did shock the Obama Administration and the U.S. media pundits. In my opinion, however, North Korea proved to be its own worst enemy. Its provocations created a belated realization among virtually all U.S. experts that Pyongyang's violations and intransigence were to blame for the nuclear crisis, and not the various U.S. policies under Bill Clinton and George W. Bush and now Obama.

Pyongyang's rejection of the outstretched hand of friendship and dialogue gained Washington more traction for international pressure tactics than President Bush was ever able to achieve. It is ironic that President Obama is now pursuing a firmer policy toward North Korea than George W. Bush did during his second term.

Washington is more pessimistic about the potential for success in achieving North Korean denuclearization than ever before. The trip by Ambassador Stephen Bosworth is widely perceived as a "non-success."

Of course, during this New Year, we may have another bilateral U.S.–North Korea meeting or even a resumption of Six-Party Talks. I also notice new rumors in the Seoul media of a possible third inter-Korean summit. However, the real measure for success of any such meeting must be what was accomplished rather than simply whether such a meeting occurred.

In 2010, we can expect more of the same from North Korea. It will alternate provocations with seemingly conciliatory behavior.

But at this time, the landscape is different in both Washington and Pyongyang. There is less patience in Washington for Pyongyang's antics and far fewer experts and officials who still believe that unfettered engagement will actually achieve denuclearization, and there is a greater potential for instability in North Korea. As an outsider, I read about:

- Kim Jong-il's failing health;
- Doubts of a successful succession to Kim's third son, Kim Jong-un;
- Worsening economic conditions brought on by systemic problems;
- The tightening noose of international sanctions that is starting to bite; and
- Internal unrest following North Korea's currency revaluation.

All of these five factors could combine to create a tinderbox of dangerous change in North Korea. As a result, we may be in for a bumpy ride during the Year of the Tiger.

Dealing with North Korea will require even closer coordination between Washington and Seoul since Beijing and Moscow will remain reluctant to pressure Pyongyang, and it is uncertain to what degree the new Hatoyama government will alter

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Japan's policy toward North Korea. You have all heard me say that "we cannot permit any daylight to appear between the Seoul–Washington–Tokyo positions on the Six-Party Talks." When I have said that in the past, I worried about differences between Roh Moo-hyun and George W. Bush. Now I must worry about the Japanese position.

## **U.S.–ROK Relations**

President Obama's summit meeting in Seoul was the one oasis of calm in an otherwise dramatic yet unproductive Asian trip. Such relative calm is in itself quite significant, particularly in light of the

expansive and violent anti-U.S. beef demonstrations that transfixed Seoul last year as well as the strained bilateral relations during the Roh Moo-hyun administration (2003–08).

Though there were few “deliverables” from the summit meeting, Barack Obama and Lee Myung-bak had the opportunity to further develop their personal relationship as they coordinated policies on critical issues.

The Obama Administration’s adoption of a firm policy toward Pyongyang in response to North Korean provocations has brought Seoul and Washington closer together, removing what could have been a strong policy dispute. In 2009, the U.S. and ROK successfully completed North Korea contin-

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gency plans (for situations other than full-scale war) that had languished during the Roh administration. Though given impetus by concerns of Kim Jong-il’s failing health in late 2008, the Lee administration was far more receptive than Roh, who felt such discussions were an infringement on South Korean sovereignty.

### **The Security Relationship**

The U.S.–South Korea security relationship is currently very strong and enjoys far greater confluence of policies than areas of contention. Progress has been made on transforming the two countries’ military relationship into a true strategic alliance of equal partners.

For example, Seoul’s announcement that it will send civilian and military personnel to support coalition efforts in Afghanistan is an indication that South Korea is adopting global responsibilities commensurate with its capabilities. As such, it marks a sharp contrast with the new Japanese government’s reluctance to do more than offer economic assistance. Washington’s growing unease with the new Hatoyama government provides an opportunity for Seoul to be recognized as the U.S.’s closest ally that

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best understands the need to confront global security challenges.

In his New Year’s Day speech, President Lee underscored the need for Seoul to pursue “global diplomacy” in 2010 in order to achieve a “greater Republic of Korea.” President Lee’s drive for his country to play a greater diplomatic, economic, and security role on the world stage is reflected in South Korea’s selection as the site of the G-20 summit in November.

We are seeing a further development of the mature U.S.–ROK military relationship without the former acrimony on either side. And decisions once taken, are accepted by both sides. In other words, everything already decided is not going to stay open to future debate. Here I think of wartime command and control.

### **South Korea–U.S. Free Trade Agreement**

The lingering stalemate over the South Korea–U.S. Free Trade Agreement (KORUS FTA) is the obvious exception to the otherwise commendably strong bilateral U.S.–ROK relationship. Despite their repeated claims to the contrary, the Obama Administration and the Democratic-controlled Congress continue to favor protectionist trade practices.

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It seems increasingly obvious that the Obama Administration is willing to sacrifice a critically important strategic agreement on the altar of auto-sector protectionism. The auto unions and their



congressional supporters continue to make demands that are inimical to free-market principles and that violate the letter of the already negotiated agreement.

My colleagues at The Heritage Foundation estimate that enacting the Korean FTA would increase U.S. GDP by at least \$10 billion. As such, it would be both an economic stimulus package and a job-creation program without requiring any additional government spending or adding to the U.S. deficit. Yet the Obama Administration and Congress continue to allow the agreement to languish in limbo.

U.S. Trade Representative Ron Kirk and Commerce Secretary Gary Locke have extolled the virtues of the South Korea FTA, but both declared that it would have to wait in favor of pursuing President Obama's domestic political agenda.

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The Obama Administration and certain Members of Congress, particularly from Michigan, have complained about an unequal playing field for sales of U.S. autos to South Korea but reject the very agreement that would remedy the problem. The two and a half years since the June 2007 signing of the FTA have exposed the falsehoods of the auto sector's blaming others for its poor competitiveness. Let me state it very plainly: General Motors and Chrysler did not go bankrupt as the result of South Korean non-tariff barriers stopping U.S. cars from coming into Korea.

As the Obama Administration and Congress have poured billions into the domestic auto industry, they have clearly dithered about this free trade pact. It would have been a small price to ask (and a small price to pay) to have demanded that the domestic industry and unions drop their opposition to the FTA for the billions of taxpayer bailout subsidies provided to the domestic industry. But the Obama Administration, fearful of "alienating its base," refused to play hardball.

Meanwhile, with Washington dithering, the world has not stood still. South Korea ratified an FTA with India and initialed an agreement with the European Union. In recent years, China, Japan, and the EU have all surpassed the U.S. as South Korea's major trading partners, and now you are intensively negotiating with China on an agreement.

As I have said on many occasions recently in Washington, "We cannot assume the rest of the world is standing still when we fail to act." Even Democratic Senator Max Baucus (D–MT), chairman of the Senate Finance Committee and a big Obama ally, lambasted the Obama Administration for lacking a "comprehensive trade agenda."

A continued failure to ratify the FTA will have tangible consequences. The U.S. Chamber of Commerce estimated that failure to implement the FTA while America's trading partners go forward with their Korean FTAs would lead to a decline of \$35.1 billion in U.S. exports and a loss of 345,000 domestic American jobs.

Tragically, it is unlikely that the Obama Administration would submit KORUS to Congress without some additional changes in the auto provisions of KORUS. Yet the Administration has been unable to even articulate what it wants because it remains engaged in internal discussions. Sources indicate that the USTR and Department of State favored moving forward but were overruled by White House Chief of Staff Rahm Emanuel for domestic political reasons.

We have urged that a side letter could achieve the necessary limited requirements of U.S. domestic politics at this time, and I have publicly urged the President to mention the agreement as a "must-do priority" in his forthcoming State of the Union message. We shall see. (Or as the TV anchor said, "Stay tuned.")

## Conclusion

South Korea is a stalwart U.S. ally that has long been overshadowed by Washington's repeated references to Japan as the "cornerstone" of U.S. security in Asia.

Growing strains in the U.S.–Japanese alliance following the Democratic Party of Japan's accession to power highlight Tokyo's unwillingness and

inability to play a major international security role. South Korea, on the other hand, has demonstrated the ability and willingness to engage on the world stage in support of such shared values as freedom and democracy. The Obama Administration therefore should affirm its commitment to defend South Korea against security threats, welcome its return to coalition efforts for rebuilding Afghanistan, and signal U.S. commitment to free trade by ratifying the South Korea–U.S. FTA.

Finally, let me say two things directly to all of you, my Korean friends and allies. On two recent visits to my office in Washington—one by the leader of an important Korean NGO and one by a senior Korean journalist—I was told that the “Korean people are very proud to have been selected as the host for the November G-20 Meeting, as it shows Korea’s new global role.”

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My response has been “excited and animated,” according to Heritage’s three Korean policy experts who sat in these meetings. What they really meant was that “the old man” (me) was frustrated and making a point very strongly.

I jumped out of my chair, walked to my bookcase, and held up the glass Olympic torch that our late friend Park Seh-jik had given me for my advisory work on the 1988 Seoul Olympics. Then I marched across my room and held up the FIFA football that our host, M.J., gave me at the start of the 2002 Korea–Japan World Cup Tournament. Then I went to my desk and held up the Christmas card I had just received from the Secretary-General of the United Nations, Ban Ki-moon.

I then gave a friendly but stern message: Korea is already a serious international player, and it has been for several decades now.

- Korea is a regular full member in the Organisation for Economic Co-operation and Development of developed nations.
- You sit at the most powerful international decision-making tables in the world in New York, Copenhagen, Geneva, and everywhere.
- You are carrying your fair share of the international burden in the global war on terrorism.

You should be proud of what you have done here in your own country. To mention just a few accomplishments:

- You have some of the best world-class hospitals, universities, and cultural attractions in the world.
- You have a worldwide reputation in the industrial sector for basic products that is unexcelled—whether it is shipbuilding, steel production, or automobile production.
- Your high-tech industries are the rivals and, by many measures, the world standard (even ahead of Japan’s).
- Your entrepreneurial spirit shows from Itaewon and Busan to Los Angeles to the Upper East Side of Manhattan and to the boroughs of London.
- Your construction capability has virtually rebuilt an entire region of the world in the Middle East.
- Your political system, due largely to many of the people in this room, is vibrant and rapidly maturing.

So my final message to all of you is: Be proud to be leaders of Korea. You have come so far and done so much, and as your American friends and allies, we are honored to go forward with you together. 2010 will be a great year for Korea and, with the effort of everyone here, for the Korean–U.S. relationship.

—Edwin J. Feulner, Ph.D., is President of The Heritage Foundation. These remarks were delivered as a presentation to members of the National Assembly of the Republic of Korea and invited guests at a meeting sponsored by the Asan Institute in Seoul, Korea.