The Sixteenth Korea-U.S. West Coast Strategic Forum

June 28, 2016

The Walter H. Shorenstein Asia-Pacific Research Center, Stanford University

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The Walter H. Shorenstein Asia-Pacific Research Center,
Stanford University

in association with

The Sejong Institute

Forum Report
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The sixteenth Korea-U.S. West Coast Strategic Forum was held at Stanford University on June 28, 2016. Established in 2006 by Stanford University's Walter H. Shorenstein Asia-Pacific Center (Shorenstein APARC), and now convening twice annually and alternating in venue between Stanford and Seoul, the forum brings together distinguished South Korean (Republic of Korea, or ROK) and U.S. West Coast–based American scholars, experts, and former military and civilian officials to discuss the U.S.-ROK alliance, North Korea, and regional dynamics in Northeast Asia. The Sejong Institute, a leading South Korean research and educational organization, is co-organizer of the forum.

Operating as a closed workshop under the Chatham House Rule of individual confidentiality, the forum allows participants to engage in candid, in-depth discussion of current issues of vital national interest to both countries. Participants constitute a standing network of experts interested in strengthening and continuously adapting the alliance to best serve the interests of both countries. Organizers and participants hope that the publication of their discussions at these semiannual workshops will contribute to the policy debate about the alliance in both countries and throughout Northeast Asia.

EXECUTIVE SUMMARY

Stanford University's Walter H. Shorenstein Asia-Pacific Research Center (Shorenstein APARC) hosted the sixteenth session of the semiannual Korea-U.S. West Coast Strategic Forum at Stanford University on June 28, 2016, in association with its Korean partner, the Sejong Institute. The forum continued its focus on Northeast Asian regional dynamics, the North Korea problem, and the state of the U.S.-ROK alliance. Participants engaged in a candid, productive discussion about issues relating to these topics.

NORTHEAST ASIA'S REGIONAL DYNAMICS

Discussion of Northeast Asia's regional dynamics focused largely on China's rise and the U.S.-Chinese rivalry in the region, Chinese-DPRK relations, deployment of a terminal high altitude area defense (THAAD) system to Korea, and U.S.-Japan-Korea trilateral security cooperation. Participants engaged in a heated discussion about the U.S.-Chinese strategic rivalry, or the apparent U.S. containment of China. Some maintained that the United States had no intention of containing China and cautioned against overreacting to China's rise, while others viewed the American policy in Asia as actively engaging in balancing China and clearly responding to Asian nations that desire U.S. engagement in the region.

The Chinese government has expressed concerns that THAAD deployment in Korea would pose a substantive security threat to China. While experts agreed on the primary purpose of THAAD system—to protect U.S. forces in Korea and defend Korea against North Korean missiles—many of them also agreed that THAAD could be used to detect China's military activities at its missile facilities in Northeastern China. Korean experts noted that the Korean government could not simply ignore Chinese concerns about THAAD deployment due to the exclusive economic and trade ties between China and Korea. Korea's economic dependence on China—in terms of trade—was the second greatest in the world, taking into account trade volume and GDP.

Participants acknowledged that within the Chinese government there were diversified opinions about North Korea; they felt that this was either due to the Chinese government's strategic ambiguity, or that it implied that North Korean issues were not overly important to China. After all, when it came to issues of China's "core interest" like sovereignty, there were no divergent opinions within China, nor were any signs of flexibility given.

Participants felt that the uncertainty associated with imminent U.S. presidential elections had never been so great as with this year's election. American experts mostly agreed that if Clinton became the next president, there would not be a significant discontinuity in U.S. foreign policy in Northeast Asia, whereas a Trump victory would create huge uncertainty.

NORTH KOREA

Discussion of North Korean issues centered on North Korea's nuclear capabilities, the North Korean economy, and the effectiveness of currently imposed sanctions. Participants disagreed to a great extent about whether the current economic sanctions have been effective.

Some experts believed the North Korean economy to be a quasi-market economy, with functioning domestic markets (*jangmadang*) within the country, in addition to black markets. While some experts did not see the sanctions as having much impact, others felt that rising fuel and food prices, especially in rural areas, pointed to the effectiveness of sanctions. They suggested that the sanctions had been working and that it was just a matter of time before the impact of sanctions on the North Korean economy could be seen. Others felt that sanctions had not affected the North Korean economy much at all, primarily

because of China's unwillingness to cooperate, and as long as that attitude continued, sanctions would not have their desired effect. Participants in general agreed that there were no better options other than sanctions at this point. However, it was agreed that sanctions would not, and should not be designed to, bring about a regime change in the North. Participants noted that sanctions should not be a goal in themselves but a diplomatic process striving toward a diplomatic solution. Participants generally agreed that a combination of strong sanctions and engagement policies would be preferable in dealing with North Korea, rather than just sanctions alone. In order to achieve such a combination, good coordination between the United States, China, and South Korea was absolutely vital.

American experts acknowledged that the United States would not consider a military strike on North Korea. One expert assessed that North Korea was absolutely clear on the retaliatory consequences of the use of nuclear weapons, and it was doubtful that North Korea would start a nuclear war. If the United States strengthened deterrence measures, it would be for the benefit of the South Korean and Japanese publics, which might not feel fully comfortable with the current level of extended deterrence, but it would not be necessary for increased deterrence. American experts felt that any U.S. engagement with North Korea should be undertaken only after extensive consultation with South Korea. Furthermore, in order to prevent Korea and Japan from going nuclear themselves, the United States should pursue whatever means necessary to maintain deterrence and assure South Korea's security. A number of American experts also reaffirmed that the United States would never be able to acknowledge or accept North Korea as a nuclear state.

U.S.–ROK ALLIANCE

Discussions of U.S.–ROK alliance issues focused on U.S.–ROK cooperation on North Korea, the THAAD deployment, South China Sea and the rise of China, and the domestic politics of the two countries.

The U.S.–ROK alliance was characterized as being stronger than ever—more mature and less vulnerable to sudden shifts in public support or unexpected downturns. The burden-sharing issue, as highlighted in some of Donald Trump's speeches, was likely to become a possible source of tension between the United States and Korea, regardless of who became the next U.S. president. Korean participants felt that Korea should be prepared to negotiate burden-sharing in a more constructive way so that the issue did not taint alliance relations, though American participants were not overly concerned, because the alliance was based on a good understanding between leaders and strong public support.

Participants discussed THAAD deployment at length. While Korean participants stressed Korea's vulnerability to Chinese retaliation in the trade and economic spheres if THAAD were deployed in Korea, American experts cautioned against overreacting to Chinese opposition. In the opinion of some experts, Chinese opposition was not rooted in THAAD's perceived threat to China's nuclear capabilities but in China's desire to pressure Seoul into not enhancing its alliance with the United States.

Korean experts pointed to the discrepancy between U.S. and South Korean expectations for the alliance; experts in the United States tended to raise questions about Korea's commitment in the South China Sea vis-à-vis China's assertive expansionism, while Korean experts tended to raise questions about the U.S. commitment to solving North Korean issues.

Participants acknowledged the need for closer cooperation between the United States and Korea (and China and Japan, if necessary) on contingency planning concerning North Korea, because there were different priorities among the stakeholders for a contingency situation in the North.

In regard to the upcoming U.S. election, participants hoped that the United States was heading for an administration with more predictability, better experience, and known track records.

Participants at the sixteenth Korea-U.S. West Coast Strategic Forum at Encina Hall.

THE SIXTEENTH KOREA–U.S. WEST COAST STRATEGIC FORUM

I. NORTHEAST ASIAN REGIONAL DYNAMICS

A Korean expert opened the session by outlining what he believed to be the current dynamics affecting Northeast Asia. He stated that South Korea was at a crossroads in dealing with the "power transition" between the United States and China, and with North Korea's growing nuclear and missile capabilities. Arguing that a balance of power and influence between the United States and China would be ideal for South Korea, he emphasized that the subtlety and complexity of evolving U.S.–China relations would be South Korea's most critical foreign policy challenge going forward.

In the era of Xi Jinping, China is in the process of undergoing profound changes in its foreign policy strategy and approaches, including its relations with North Korea, the United States, and South Korea. While China has long been regarded as North Korea's traditional ally, the expert suggested that China primarily perceived North Korean issues in the context of the U.S.-China strategic rivalry. The expert described the official visit of Ri Su-yong, the DPRK Labor Party's vice chairman of state affairs, to China on May 31, 2016, in this context, saying that this visit signaled China's new, audacious attempt to embrace the DPRK and take control of the nuclear stalemate on the Korean Peninsula.

An American expert then presented his view of the current situation in Northeast Asia. He said that, despite the many developments affecting the region since the last forum six

months prior, including North Korea's much-accelerated nuclear and missile testing and the toughened efforts to respond, the net effect appeared to be minimal. North Korea remained uncooperative and continued to pursue improvements in its nuclear and missile capabilities. China continued to be preoccupied with its internal challenges and to blame others, notably the United States and Japan, for tensions in the East and South China Seas, while the Obama administration continued to pursue—but receive little credit for—a higher U.S. profile in the region. Security-related developments had garnered the most attention, but elections and electoral politics could prove more significant over the long term.

The expert went on to say that the North's fourth nuclear test in January 2016 probably had not involved a thermonuclear weapon but had undoubtedly provided technical information helpful for fitting a warhead to one of the missiles currently under development. The test brought about unprecedented sanctions by the United Nations Security Council (USNC), closure of the Kaesong Industrial Zone, new economic sanctions by South Korea, unilateral sanctions by Japan, and tight financial sanctions by the United States. However, it was unclear how rigorously Beijing had enforced the newly imposed UN restrictions. Despite speculation that China had agreed to impose new sanctions in exchange for an ROK refusal to deploy the THAAD system, it appeared that deployment would occur. The expert also speculated that relations between North Korea and China had been strained, leading to China's agreement to tougher UN sanctions following the fourth nuclear test, but noted that there had been signs of possible reconciliation. China agreed to this new UNSC resolution, but it remains unclear to what extent it is enforcing the sanctions.

The expert highlighted the relationship between China's domestic situation and its actions on the global stage as perhaps the most important, if uncertain, shaper of developments in the region. The Chinese regime seems increasingly concerned about internal disorder. Beijing's ambiguous but seemingly aggressive postures on "sovereignty" issues in the East and South China Seas were perhaps meant to direct public attention away from domestic problems.

The expert also expressed concern about the continuing disconnect between the Obama administration's engagement in Asia and media/pundit expressions of doubt about the will and ability of the United States to remain engaged in the region, especially in the face of China's perceived assertiveness and creation of "facts on the water." He felt that the rivalry between the United States and China was widely overstated, but he also wondered what, if anything, the United States could do to address skepticism about its commitment to the rebalance and its ability, and will, to focus on Asia.

In the discussion that followed, American and Korean participants engaged in a candid discussion of issues raised by or relevant to the two presentations. Participants from both sides agreed that there should be closer consultation and cooperation between stakeholders in the region. A Korean expert voiced his opinion that more vigorous communication between the United States and Korea with respect to the sharing of sensitive information and assessments was necessary to produce a more consensus-driven view of what China and North Korea were up to, which would enable better cooperation on issues related to China and North Korea and better prepare the two allies for any contingency situation in the region. Another Korean expert said that the United States and China should engage in dialogue to try to solve many of the region's issues. He argued that the United States was strengthening its alliance relationships

with Japan, Korea, and other countries in the region, while trying to contain—or at least to pressure—China; this, he said, might bring about the development of a new Cold War structure in Asia, pitting the United States, Japan, and Korea against Russia, China, and North Korea, which would be to the benefit of no one. The expert argued that, if possible, the United States, Japan, China, and South Korea should construct a policy network to discuss regional issues and reduce tensions.

THAAD DEPLOYMENT

The Chinese government is threatened by the possibility of THAAD deployment on the Korean Peninsula in the belief it will target China's missile capabilities. While experts agreed on the primary purpose of THAAD system—to protect U.S. forces in Korea and defend Korea against North Korean missiles—many of them also agreed that THAAD could be used to detect China's military activities at its missile facilities in Northeast China. A number of Korean experts acknowledged the Chinese concerns about THAAD deployment in Korea and suggested that Korea had to take such concerns seriously when making the decision, due to the extensive economic and trade ties between China and Korea. Korea is the second-most dependent country on China, in terms of trade.

Participants' views differed somewhat regarding the military effectiveness of the THAAD system. A Korean expert was concerned that the system was not entirely effective in defending against incoming missiles from North Korea, as the threat of long-range artillery was beyond THAAD system capabilities. He felt that if THAAD were effective, there would have been no debate about whether to deploy it, and the Chinese would not factor into the decision. But even the United States stated on record that THAAD would defend against missiles launched by North Korea as well as those launched accidentally by China or Russia. This statement confused the Korean public and caused China to fear that it was being targeted by the system. Another Korean expert pointed to the lack of technical communication between the United States and Korea about the effectiveness of the THAAD system. He said that the Korean public would have to be persuaded of the military effectiveness of the system after deployment. Another Korean expert said that South Korea, which was skeptical about THAAD deployment just a year ago, now felt the need for additional protection beyond PAC-3 after North Korea's recent missile launch, which achieved an altitude of between five hundred and one thousand kilometers. But he felt that the prospect of integrating the missile defense system into a U.S.-Korea-Japan trilateral defense framework had upset China, and that such cooperation should be strictly confined to North Korean issues. Otherwise, it would raise a great deal of controversy and opposition from China and within South Korea as well.

U.S. DOMESTIC POLITICS

Participants felt that the uncertainty associated with imminent U.S. presidential elections had never been so great as this year's election. Some scholars referred back to the Clinton-Bush transition, when a promising initiative like the "Perry process" collapsed with the change of government to George W. Bush. An American expert was especially concerned that no credentialed person had been identified as a potential foreign policy advisor to Donald Trump. When asked with whom he consulted regarding foreign policy, Trump said that he consulted with himself. American experts mostly agreed that if Clinton became the next president, there would not be a significant discontinuity in U.S. foreign policy in Northeast Asia, whereas a Trump victory would create huge uncertainty.

A Korean expert expressed concern about whether the new president would support the Trans-Pacific Partnership (TPP). He asserted that the TPP was not simply an economic institution but a system of economically-based political and security cooperation. He worried that the TPP would be weakened if the United States walked away, a situation China would certainly take advantage of. An American expert said that he was pessimistic about the prospects of TPP passage, and criticized the Obama administration for attempting to sell the TPP as a means to counter China by constructing an economic order that would support the U.S. strategic presence in the region. He argued that a good case for the TPP had not been made on economic grounds and that it should have been sold on the merits of free trade, not on the merits of a strategic balancing game with China. In his view, there was deep skepticism in the United States about the actual economic benefits of the agreement.

CHINA'S RISE AND U.S. ENGAGEMENT IN THE REGION

Asked whether to treat China as a status quo power or a revisionist power, Korean experts tended to think that China was a status quo power with revisionist characteristics. A Korean expert said that China was the largest beneficiary of the current liberal international order as a member state of institutions like the UN, WTO, APEC, IMF, and IBRD, and that it had yet to show itself to be a revisionist power, though its increased signs of assertiveness could signal its aspirations to become an assertive status quo power or a potential revisionist power. He felt that the power gap between the United States and China was narrowing, even as countries in the region, including Korea, preferred the U.S.-led regional status quo. He suggested that the United States strengthen its relationships with key allies and cultivate relationships with potential allies throughout the region, in what he called a virtual alliance network. He also suggested that the United States actively participate in regional and sub-regional multilateral activities, such as the East Asia Summit and the Northeast Asia Peace and Cooperation Initiative, possibly even engaging China by means of a regional institutional framework in an attempt to alleviate the "China phobia" that many current and potential U.S. allies in the region arguably had.

Regarding the South China Sea, both American and Korean participants felt that the fundamental problem was China's bid to revise the current regional order. This major problem had arisen in the context of increasing U.S.-Chinese strategic competition.

A Korean expert felt that there would be no reason for China to maintain its role as a status quo power as its capabilities continue to expand. While China aspires to hegemonic status, it was uncertain whether China could become the sort of hegemonic power that the United States once was, because other countries are now also rising and China might not be able to resolve all of its issues; however, China would certainly try to change the current norms, rules, and institutions that had been created under U.S. dominance. He believed that China's aims were a mixture of status quo and revisionist in character.

Two American experts found it difficult to say one way or another whether China was a status quo power. One expert felt that China was in an ambivalent situation; the extent to which it adjusted to the status quo would be a function of what it thought it could achieve under the status quo, and if it were interested in changing the status quo, it would be in reaction to its unhappiness with the status quo. In other words, its choices would be very much structured by the actions of the United States and other

powers. Thus, it was not a one-way process but a question of how U.S. China policy shaped China's decisions.

Another American expert thought that China, being an enormous beneficiary of U.S.-led power, had no intention of operating outside of that order or challenging it, but sought a modified role in relation to it. He saw the United States as putting up no resistance to China or any other country playing a role in creating new institutions in currently ungoverned areas, like space, or in updating institutions. At the same time, however, he believed that China was occupied with domestic challenges and was not ready to play a more active role in Northeast Asia. The expert disagreed with the idea that the United States was attempting or should attempt to contain China. He rejected the earlier proposal by a Korean expert to buttress allies or add new allies. He felt that the policy of engaging China in economic, cultural, and even security arrangements seemed to be both the current policy and the more desirable approach, but he acknowledged that doing so would bring the inevitable consequence of raising questions among allies about the strength of the U.S. commitment.

A Korean expert defined strategic revisionism in two ways: directly challenging the status quo, or filling a power vacuum left by the hegemonic power. He argued that, during the past decade when the United States was preoccupied with its wars in the Middle East, the power vacuum left by the United States in Southeast Asia was consequently filled by China. Since the U.S. pivot to Asia announced in 2011, China had been smart enough to move its focus westward to fill the voids left by the United States in Central Asia and the Middle East. Even though China had not tried to challenge the U.S.-led regional order itself, China had brilliantly sought to take advantage of the power and leadership vacuums left by the United States. He expressed his concerns about the U.S. strategic blunders in this situation, created by either neo-isolationism or strategic miscalculation.

Participants also engaged in a heated discussion of the U.S.-Chinese strategic rivalry, or the apparent attempts by the United States to contain China. An American expert maintained that the United States had no intention of containing China and cautioned against overreacting to China's rise. Another American expert viewed the American policy in Asia as actively engaging in balancing China and clearly responding to Asian nations that desire U.S. engagement in the region. A Korean expert worried that a U.S. withdrawal from the TPP could be viewed as a retreat from the region and thus harm the credibility of U.S. policies. With the British vote to leave the European Union and a possible shift of U.S. attention to transatlantic relations as a consequence, some power vacancies could emerge in the Asia-Pacific region, providing China an opportunity for revisionism.

CHINESE-DPRK RELATIONS

Experts exchanged views about North Korea's importance to China. A Korean expert suggested that North Korea did not fall into China's areas of "core interests," and thus was not as important as other issues, such as sovereignty. China, he said, had tired of North Korean issues and might opt for a strategy of negligence. North Korea was a potential security challenge for China, whereas the South China Sea or Taiwan issues were distinctly sovereignty-related issues. In sum, North Korea may not be as important to China as many outsiders believed. Others felt that even if North Korea did not clearly fall into an area of China's "core interests," North Korea had strategic value to China, given that China viewed North Korea through the lens of U.S.-China relations. Another expert argued that China enjoyed the flexibility of ambiguity and did not have to articulate North Korea as a core interest in order to treat it as a core interest. He quoted a Chinese scholar as saying, "As long as the United States is there, and as long as the competition structure continues, there's no way China will let go of North Korea. Don't even think about it."

As there seemed to be rather diversified opinions within China on how to deal with North Korea, experts saw the potential for U.S.-Chinese cooperation rather than mutual suspicion. A Korean expert reasoned that such divergent opinions in China regarding North Korea implied that the issue was not overly important to China: Chinese scholars had some level of freedom to tell outsiders what they thought about the issue, regardless of the government's actual position.

U.S.-KOREAN-JAPANESE INFORMATION SHARING

Participants also exchanged views of the General Security of Military Information Agreement (GSOMIA) between Japan and Korea, currently under discussion between the two governments. While participants in general seemed to acknowledge the benefit of such a framework, a number of participants cautioned against looking at the GSOMIA as part of a U.S.-Japanese-Korean trilateral security cooperation or as part of an anti-China strategy. One expert made it clear that the GSOMIA should deal with North Korea questions, not China questions. The South Korean public was reluctant about the idea of engaging in security cooperation with Japan. In addition, the Korean public understood the importance of U.S.-Japanese-Korean trilateral cooperation to addressing the North Korean security threat, but worried that such a structure might lead to a Cold War arrangement against China, Russia, and North Korea.

A Korean expert pointed to what he perceived as the incorrect perception that Japan was a formidable threat to South Korean security, and noted that the GSOMIA did not require a country to share every piece of confidential information with a partner country. He observed, moreover, that South Korea had already concluded GSOMIAs with twenty-four other nations. As much as trilateral cooperation was necessary—and most Korean security experts supported a GSOMIA or AXA (Military Acquisition and Cross-Servicing Agreement) with Japan—the general public would not be easily persuaded unless Japan shared with Korea a clear vision about its role in the Asia-Pacific and publicly supported Korean unification on South Korean terms and the denuclearization of North Korea.

JAPANESE-KOREAN RELATIONS

Participants felt that the key achievement of the Comfort Women Agreement of 2015 was that neither the Japanese nor Korean government had attempted to politicize the comfort women issue. The Korean government was preparing for the establishment of a foundation, as part of the agreement, to provide support for the former comfort women. While the Japanese right wing and a vocal minority in Korea might continue to raise the issue, both governments were determined to navigate through a volatile political environment and to not politicize the issue.

II. NORTH KOREA

An American expert opened the session with his assessment of what he believed to be three missed opportunities for diplomatic solutions to the North Korean problem. First, the Clinton administration's Perry Process could have been carried over to the Bush administration to yield results, but lost its place with the change of administration. Second, when the New York Philharmonic performed in Pyongyang, North Korea was ready to greet top U.S. officials at the function—but no high-ranking U.S. official attended the event. Finally, when Dr. Siegfried Hecker suggested the three

"no's" after visiting the Yongbyon Nuclear Complex, the U.S. government did not accept his recommendations.

In the American expert's view, a diplomatic solution to the North Korean problem was unlikely to succeed today. In a diplomatic approach, there needed to be a clear goal and negotiating strategy, both of which were lacking in the current situation. He also felt that there would be no military option for North Korea: North Korea was absolutely clear on the retaliatory consequences of the use of nuclear weapons, and it was doubtful that North Korea would start a nuclear war. If the United States strengthened deterrence measures, it would be for the benefit of the South Korean and Japanese publics, which might not feel fully comfortable with the current level of extended deterrence, but would not be a result of inadequate deterrence against North Korea. But the American was concerned about the escalating risk of a nuclear war from a non-nuclear military conflict. He believed that if North Korea felt humiliated (for example, after being defeated in a conventional military conflict) to the extent that the regime's survival were at stake, North Korea might resort to using its nuclear weapons.

The expert also believed that any U.S. engagement with North Korea should be undertaken in extensive consultation with South Korea. Furthermore, the United States should pursue whatever means necessary to maintain deterrence and security assurances to South Korea, because if South Korea questioned the credibility of U.S. deterrence and decided to go nuclear itself, and if Japan followed suit, it would create a disastrous situation in the region.

Another American expert asserted that given the clear and repeated determination of North Korea to continue to build up its nuclear weapons, and its intention to develop a proven means of delivery of those weapons to targets beyond the Korean Peninsula, there was little basis to proceed with denuclearization talks. He argued that the only circumstance that could shift the diplomatic situation would be the advent of a progressive government in Seoul with a significant commitment to reengaging the North while accepting its nuclear status. The expert instead felt that far more attention needed to be directed toward evaluating the ability of the North Korean regime to implement its dual-track policy of economic growth and military buildup, the so-called *byongjin noson*. Despite widespread speculation that Kim Jong-un would use the Seventh Congress of the Korean Workers' Party of May 2016 as a dramatic setting to announce a major policy shift toward market reforms, in all his major addresses to the party congress, from the opening statement to his closing address, Kim made not one hint of support for the use of market mechanisms in the economy. There was not even reference made to the policies of reform already adopted, such as creating family-based work teams in agriculture or permitting state-owned enterprises to pursue new ventures. Indeed, the speeches put forth a completely opposite set of signals. In his major speech on May 8, Kim reportedly said: "Despite the filthy wind of bourgeois liberty and 'reform' and 'openness' blowing in our neighborhood, we let the spirit of *songun* (military first) rifles fly and advance according to the path of socialism that we had chosen."

NORTH KOREAN ECONOMY

The decision of Kim Jong-un and his circle to hold a party congress along these anti-reform lines took place when there were signs that the limited progress of recent years, mostly in the trade and agricultural areas, was now slowing, if not reversing.

Despite drops in trade and food production, there were no indications yet in North Korea of new severe shortages—the usual manifestation of crisis in a command economy—though UN agencies had reported that 70 percent of the population remained "food insecure," and there were some reports of malnutrition once again growing. With recent

sanctions, South Korean transfers had essentially come to a halt, Russian transfers were minimal, and U.S., Japanese, and other donor transfers were also now effectively zero. China was the only remaining source of aid. The largest and most significant source of funds for North Korea at this point seemed to come from the export of labor. In this context, the imposition of the UNSC sanctions and the Section 311 measures, which aimed at significantly slowing the movement of hard currency into North Korean hands, had real value. How much impact they would have remained to be seen and depended largely on China's readiness to fully comply. But there were reasons to believe that these impositions could pinch the ability of the regime to be able to simultaneously build up its military and nuclear capabilities while providing sufficient food and consumer goods to keep its elite happy and its populace in line.

An American expert argued that it was a viable strategy for the United States and the ROK to maintain their current approach and even to escalate pressures on sources of North Korean income. He asserted, however, that at the very least it needed to be made much more difficult for the regime to do what it wanted to do, with the United States and ROK continuing to offer a path out of the crisis consisting of market reforms and opening, denuclearization, and ultimately unification.

Conversely, a number of Korean experts believed that the North Korean economy was now a quasi-market economy. Markets within North Korea (*jangmadang*), besides black markets, were working, and the prices of rice and petroleum, for example, were relatively stable despite economic sanctions. One expert explained that this might be due to the North Korean government's stocking of inventories prior to the sanctions so that supply would remain relatively stable, at least in the short term. Another explanation was that demand had adjusted to supply. But even as signs of economic fluctuations were absent, Korean participants agreed to some extent that the sanctions had been effective and would have a greater long-term impact on the North Korean economy as inventories ran low. Another Korean expert stated that sanctions had had an impact on rural areas, if not in Pyongyang, with rising fuel and food prices—two common measures of the economic climate. The expert also believed that sanctions would have a still greater impact over time, but pointed to politics (i.e., the impatience of politicians) as the real problem. He said that compared to the United States and South Korea, for whom the political time frame to produce policy results was four or five years depending on the duration of an administration, North Korea had a wholly different time frame, being an authoritarian state with no change of administration. During the time span from from Kim Il-sung to Kim Jung-un—three North Korean leaders—Seoul and Washington had had eleven and twelve presidents, respectively.

SANCTIONS

The recently adopted UNSCR 2270 was the toughest sanctions regime ever on North Korea. However, participants said that unless the numerous visible loopholes, many of which had to do with Chinese compliance and cooperation, were filled, the sanctions would not produce vastly different results than it had so far. In this respect, the value of sanctions depended greatly on Chinese compliance. China had been reluctant to take certain responsibilities (in regard to international cooperation on sanctioning and denuclearizing North Korea), because it was more fearful of a North Korean regime collapse than of its further nuclear development. Participants agreed that China, and especially local Chinese governments, would need to be engaged for better coordination and more effective implementation of the sanctions. A Korean expert asserted that sophisticated coordination between U.S. intelligence, South

Korean intelligence, and Chinese local governments in Northeast China was required for the sanctions to be effective. Sanctions put Chinese local economies at risk, and the expert suggested that local Chinese governments would have to be compensated for the costs of sanctions in order to motivate them to cooperate. An American expert felt that the effective instrument in this regard was not a restriction on trade. Instead, he believed that pressure should be applied to Chinese provincial banks transferring money into North Korea.

Not everyone agreed with the premise that sanctions would lead to a regime collapse. A Korean expert argued that sanctions had had no significant impact on North Korea's policies. He felt that current sanctions went beyond pressuring North Korea to give up its nuclear weapons program. He was opposed to sanctions if they were designed to bring about a regime collapse in North Korea, and he felt that those sanctions would not work in North Korea and would be counterproductive insofar as they further toughened North Korean resolve and only led to a strengthening of nuclear and missile capabilities. An American expert likewise felt that it was wishful thinking that sanctions would precipitate a regime change in North Korea. He suggested that the U.S.-ROK alliance should avoid such wishful thinking, and instead accept the reality of the regime as it is today, and persuade North Korea that engagement is in its best interest.

Participants agreed that sanctions would not have their desired effect as long as China continued to be uncooperative. While a number of experts believed that there were no options other than sanctions at this point, a Korean expert argued that in order to achieve a more realistic solution through negotiation, rather than through sanctions, the U.S.-ROK alliance would have to accept North Korea's status as a nuclear state and negotiate with it accordingly.

To this view, a number of American experts stated that the United States would never accept North Korea as a *de facto* nuclear power. Another American expert, however, argued that whether or not the United States accepted North Korea as a nuclear power, the remainder of Northeast Asia would begin to treat North Korea as such as it continued to expand its nuclear weapons capabilities.

An American expert expressed frustration that sanctions were typically taken as an all-or-nothing approach. He argued that sanctions were meant to be used as a diplomatic toolbox to which policymakers turned when military options were unacceptable. Sanctions are part of the process of trying to bring North Korea back to diplomacy. He said that the important question should not be, "Do the sanctions work?" but instead, "What is the goal of the diplomatic process?" In keeping with this view, another American expert wondered why sanctions against North Korea could not be more flexible and strategic, given that sanctions were simply diplomatic tools. In response, a Korean expert suggested that a clear consensus needed to be arrived at with respect to whether the sanctions were aimed at causing a North Korean regime collapse or merely putting a halt to North Korea's nuclear development. He personally felt that the purpose of sanctions should be the latter. An American expert concurred, saying that the goal of sanctions should be to make it more difficult for the North Korean regime to strengthen its nuclear and ballistic capabilities.

Participants generally agreed that a combination of strong sanctions and engagement policies would be preferable in dealing with North Korea. In order to do so, good coordination between the United States, China, and South Korea was absolutely vital.

III. U.S.-ROK ALLIANCE

An American expert characterized the U.S.-Korean alliance as being in good shape—more mature and less vulnerable to sudden shifts in public support. President Obama was proud of his contribution to making the relationship with South Korea stronger than ever, and candidate Clinton shared his staunch commitment to South Korea, while a tough stance toward North Korea remained prevalent in the Congress. However, alliance management would require careful attention in the months ahead, with upcoming elections and political transitions in both countries, particularly as they could affect policies regarding North Korea, other nations in the region (including China and Japan), and trade and economic issues. Consultation and coordination on extended deterrence would have to not only continue but deepen, both to reassure the South Korean public and to take into account Pyongyang's growing stockpile and capabilities.

Regarding the alliance's cooperation on North Korea issues, the expert reaffirmed that South Korea was important to U.S. North Korea policy. Yet he acknowledged the necessity of more detailed and frank conversations between the United States and South Korea at the official level about what elements the two countries might be ready to put on the table if negotiations with North Korea were to resume, whether it be OPCON, the presence of U.S. troops in Korea, joint military exercises, etc. The expert was also concerned that support for free trade policies had eroded in the United States during the election season, with U.S. businesses expressing some unhappiness with the KORUS FTA implementation, particularly on the regulatory side.

A Korean expert suspected that North Korea might pursue a "triangular decoupling" strategy against the United States, Japan, and South Korea, threatening Japan with Rodong nuclear missiles and forcing the United States to choose between its two allies. (North Korea believed that the United States would be reluctant to risk Japan over a fight on the Korean Peninsula.) The expert wondered if the current extended deterrence strategy would be effective in preventing North Korea from successfully employing a strategy of this kind. Furthermore, although U.S.-Japan-Korea trilateral security cooperation was intended to be confined to coping with the North Korean threat, not the rise of China, the expert wondered whether the trilateral security cooperation should move beyond its originally stated goal to address China's rise as well.

The expert also raised the important question of how the alliance could lay the foundation for reunification given a North Korean regime collapse or any other contingency situation. While the top priority for United States in such a case would likely be to take control of North Korean WMDs, South Korea's greatest challenge would be to choose between stability and a high-risk attempt at reunification. The expert believed that the United States and South Korea should closely and frankly communicate with one another about North Korean contingency situations and, in addition, discuss with neighboring countries such as Japan and China about the terms under which a reunified Korea would be acceptable.

U.S.-ROK COOPERATION ON NORTH KOREA ISSUES

When asked what options were still available for the United States with respect to North Korea, an American expert m ade it clear that it would be politically unacceptable for the United States to acknowledge North Korea as a legitimate nuclear weapons state, to deploy military forces against the country, or to offer North Korea a peace treaty, given the country's current state. In his view, the only option left for the United

States was to proceed with the Obama administration's "strategic patience" policy toward North Korea, which he believed had yielded a number of important accomplishments, many of which were often overlooked, such as counter-proliferation measures, checks on North Korean vessels, cyber security, and significant military deterrence measures. Clearly, strategic patience was not a policy of doing nothing, contrary to some criticism. The expert lamented that the United States was expected to either go after North Korea much harder than it was currently, possibly including with military options, or acknowledge North Korea as a nuclear state and hope for the best. He felt that neither of these was a practical solution and that the Obama administration's current policy probably remained the best policy option available to the United States.

A Korean expert argued that South Korea strongly intended to intervene in North Korea given a contingency situation, but he doubted whether the United States would be inclined to cooperate with South Korea under such circumstances. The United States would have to consider its international reputation as well as the possibility of conflict with China. The expert felt that closer cooperation between the United States and Korea was necessary in this area, adding that he believed that the United States, Korea, and China should engage in trilateral dialogue concerning North Korean contingency planning.

THAAD DEPLOYMENT

The discussion returned to THAAD issues after the subject came to the fore during the first session. China had been extremely vocal about its opposition to THAAD deployment on the Korean Peninsula because of its belief that THAAD represented a prelude to the establishment of a missile defense system integrating the United States, Japan, and Korea. A Korean expert viewed THAAD as not only a prelude but even as an imminent threat to Chinese missile facilities. Korean experts noted that the Korean government, vulnerable to retaliation in the trade and economic spheres, could not ignore Chinese opposition. One expert suggested that the United States might be able to pressure China to relocate its missile facilities beyond the range of the THAAD system (to assure China that THAAD was not targeting those facilities), as had occurred during the Cold War between the United States and the Soviet Union.

However, a number of other experts cautioned against exaggerating Korea's economic dependence on China. An American expert argued that Korea's economic dependence on China was almost exactly same as China's economic dependence on the United States, but Beijing did not seem to worry about the United States as much as South Korea apparently worried about Beijing. In his opinion, China was overreacting to the THAAD deployment, not because it viewed a preemptive U.S. strike on China as a conceivable scenario, but because it wanted to pressure Seoul from doing something that the United States desired in order to enhance the ability of the alliance to deter or otherwise deal with a specific threat. In his judgment, China's opposition had very little to do with any perceived threat to China's nuclear capabilities.

THE SOUTH CHINA SEA AND THE RISE OF CHINA

A Korean expert felt that there was some level of mutual dissatisfaction between the United States and South Korea. U.S. experts tended to raise questions about Korea's commitment in the South China Sea, while Korean experts raised questions about the U.S. commitment to North Korea issues. An American expert expressed some uneasiness about Korea's concerns about the credibility of the U.S. commitment. If the alliance had been described as being at its strongest ever, he asked, then why was there so obviously concern about the credibility of the U.S. commitment? The expert found it puzzling that

when the United States had been perceived to be reliable with respect to Soviet nuclear capabilities, it would be perceived as being any less reliable with respect to North Korea's nascent nuclear program.

American participants disagreed with the widespread notion that China was closing the gap with the United States. An American expert asserted that no other gap than GDP had begun to close, whether it be the military gap, the soft power gap, the technology gap, or anything else. He explained that, given the size of the U.S. economy, China would have to grow more than twice as fast as the United States for the current economic gap to narrow. He was doubtful that it would happen in our lifetime.

A Korean expert explained that the notion of the United States being less reliable now was probably related to President Obama's continued expression of hopes for a "nuclear-free world," which implied to some Koreans that the United States would retaliate only with conventional weapons if South Korea were attacked. Another Korean expert said that Korea was worried about the consequences of the U.S. obsession with its domestic agenda, which could lead to a security vacuum in the Asia-Pacific. Koreans feared that such a vacuum could be filled by China or Japan.

DOMESTIC POLITICS

In regard to Korean domestic politics, a Korean expert said that the major accomplishment of the Park Geun-hye administration in respect to its North Korea policy was that it had silenced extreme leftists and reduced internal tension arising from what used to be an extreme polarity within South Korea about its approach to North Korea.

As for American domestic politics, an American expert said that U.S. foreign policy tended to go through cycles of ambition and retrenchment, and that it was nearing the end of a period of retrenchment. In the current administration, Hillary Clinton was perceived to be tougher on foreign policy issues, including China, than Obama was, and it seemed to the expert that the most likely outcome of the upcoming election would be the inauguration of another experienced leader. This, the expert said, raised hope that we were heading into an administration more predictable than ever, led by individuals with known track records.

BURDEN-SHARING

While agreeing that the alliance was in its best shape to date, a Korean expert cautioned against complacency. The expert recalled that during the Kim Dae-jung and Roh Moo-hyun eras, Seoul and Washington were often at odds with each other, not because of bilateral issues, but because of differing views and policies toward North Korea. The issue of burden-sharing in alliances had been a focus of Donald Trump's speeches, and even when Clinton took office, it was likely that she would take into consideration some of Trump supporters' demands. The expert felt that Korea should be prepared to negotiate burden-sharing in a more constructive way so that it did not taint alliance relations. An American expert agreed that complacency was dangerous. But he was not overly concerned because he felt that the alliance was based on a good understanding between leaders and had strong public support. However, he thought that the United States should take care to reassure the Korean public of its commitment to the extended deterrence of North Korean nuclear capabilities.

PARTICIPANTS IN THE SIXTEENTH FORUM: UNITED STATES

Michael Armacost, Shorenstein Distinguished Fellow, Shorenstein APARC, Stanford University

Thomas Fingar, Shorenstein Distinguished Fellow, Shorenstein APARC, Stanford University

Joyce Lee, Research Professional, Korea Program, Shorenstein APARC, Stanford University

T.J. Pempel, Professor of Political Science, University of California, Berkeley

William J. Perry, Professor (emeritus), Director, Preventive Defense Project, Stanford University

Gi-Wook Shin, Professor of Sociology; Director, Shorenstein APARC, Stanford University

Daniel C. Sneider, Associate Director for Research, Shorenstein APARC, Stanford University

Kathleen Stephens, William J. Perry Distinguished Fellow, Shorenstein APARC, Stanford University

David Straub, Associate Director, Korea Program, Shorenstein APARC, Stanford University

PARTICIPANTS IN THE SIXTEENTH FORUM: REPUBLIC OF KOREA

Nam-Hoon CHO, Senior Research Fellow, Korea Institute for Defense Analyses

Heung-Kyu KIM, Professor, Political Science, Ajou University

Soung Chul KIM, Senior Fellow, Diplomatic Strategy Studies, Sejong Institute

Sung-Han KIM, Professor, Graduate School of International Studies, Korea University

Ji-Eun LEE, Public Relations Officer, Sejong Institute

Seong-Hyon LEE, Research Fellow, Unification Strategy Studies, Sejong Institute

Haksoon PAIK, Senior Fellow, Vice President, Education and Training Division, Sejong Institute

Cheol-Hee PARK, Director, Institute for Japanese Studies, Seoul National University

Joon-woo PARK, Chairman, Sejong Institute

Minsoon SONG, former Minister of Foreign Affairs and Trade

Stanford | APARC Walter H. Shorenstein Asia-Pacific Research Center
FSI Freeman Spogli Institute for International Studies

The Walter H. Shorenstein Asia-Pacific Research Center | Freeman Spogli Institute for International Studies
Encina Hall E301 | Stanford Univerity | Stanford, CA 94305-6055 | http://aparc.fsi.stanford.edu