

U.S.-Korea Relations:
**The Winds of War from Afghanistan
Sweep the Korean Peninsula**

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The war against terrorism in Afghanistan largely shaped the development of U.S.-Korean relations this quarter. Although the actual conflict took place far away, new U.S. military and diplomatic needs, South Korea's alliance responsibilities, Bush administration rhetoric, and North Korea's reactions complicated and altered security relations on the Peninsula.

U.S.-Korea Security Issues

In late September, South Korea gave a measured response to the war in Afghanistan by offering logistical and medical support to U.S. forces. The Korean government expressed a willingness to send combat forces in response to a U.S. request, but did not seem eager to deploy them overseas. In part this reluctance arose from the thin domestic political support for Korean casualties in an unanticipated war. Seoul was also deeply worried about complicating its important relations with nations in the Middle East during this unsettled period. The seemingly precarious state of the South Korean economy, apparently falling further into recession, seemed to exacerbate the government's nervousness.

The first adverse effect of the war on U.S.-North Korea relations arose in mid-October. For logical military reasons, President Bush issued a warning to North Korea that it should not doubt U.S. resolve to defend South Korea, even while the war in Afghanistan continued. No doubt some administration officials were worried that North Korea might take advantage of the U.S. focus on combating al-Qaeda terrorism by engaging in some military provocation.

In addition to Bush's rhetorical effort to reinforce deterrence, the U.S. Air Force reportedly deployed an unspecified number of F-15 fighters to South Korea at the same time. The new fighters were intended to fill the vacuum left by the departure of the Kitty Hawk task force carrier group from Japan to support the Afghanistan effort.

Before and during the subsequent APEC Leaders' Meeting in Shanghai, President Bush publicly criticized North Korean leader Kim Jong-il and at one point accused him of "timidity" for failing to take up the U.S. offer to resume bilateral negotiations. U.S. Ambassador to South Korea Thomas Hubbard attempted to soften U.S. public diplomacy at the end of October by reiterating the U.S. desire to begin talks with North Korea unconditionally. Hubbard also called for North Korea to join the coalition of nations fighting terrorism and proposed that North Korea supply the U.S. with any information it had on Usama bin Laden or his organization.

In general, North Korea reacted to the hardened U.S. rhetoric and perceived military build-up on the Peninsula as a threat of attack and began ratcheting up its anti-U.S. rhetoric accordingly. The overall message of North Korea's statements was that the U.S. should not consider North Korea a "second Afghanistan" and that the North Korean military would inflict heavy casualties on any attacking U.S. forces. The North Korean "rhetorical offensive" could be construed as its own effort to "deter" U.S. military action. On a regular basis, U.S. newspapers were carrying reports of discussions, among Bush advisers, on where "next" to extend the war on terrorism – and North Korea may well have been nervous about the effect of the war on U.S. policy toward so-called "rogue states."

The on-going stalemate in U.S.-North Korea relations and the anti-terrorist measures accompanying U.S. military action in Afghanistan materially affected North-South diplomacy in mid-November. After five days of talks, the two sides were unable to even agree on a bland closing statement and broke off their negotiations without a plan for resumption. Among the casualties of this breakdown were a planned round of reunions by divided family members and efforts to enhance cross-border transportation links in the area of the Mount Geumgang tourism project.

U.S.-North Korean relations and North-South relations deteriorated in tandem through early December. In mid-November, U.S. Under Secretary of State John Bolton condemned North Korea's biological weapons program during a speech at a UN conference in Geneva. Shortly thereafter, President Bush called for new inspections of North Korea's nuclear facilities, as called for under the 1994 Agreed Framework. (Although North Korea is technically only required to submit to inspections by the International Atomic Energy Agency (IAEA) after the completion of a substantial amount of construction but before it receives the key components for the first light-water reactor, several years hence, the IAEA has urged that the "process" of compliance begin much sooner.)

Both U.S. statements caused North Korea to once again intensify its propaganda attacks on the United States and caused some South Korean officials to react with dismay. South Korea reportedly asked U.S. officials whether the statements about North Korea's weapons of mass destruction (WMD) signaled a change in U.S. policy supporting the 1994 Agreed Framework.

To assure South and North Korea of U.S. intentions, Assistant Secretary of State James Kelly supported a joint communiqué at a regular meeting of the Trilateral Coordination and Oversight Group (among South Korea, Japan, and the U.S.) in San Francisco in late November, which reaffirmed the U.S. commitment to both the 1994 Agreed Framework and the Korean Peninsula Energy Development Organization (KEDO) light-water reactor project. Almost at the same time, a State Department spokesman stated that the U.S. would continue humanitarian aid to North Korea, despite U.S. concerns about North Korea's WMD capability. And Ambassador Hubbard once again publicly reiterated the U.S. desire to resume bilateral negotiations "unconditionally" with North Korea as soon as possible.

Continuing on a positive track, the first high-level, public diplomatic contact between the U.S. and North Korea occurred in early December when KEDO Executive Director Charles Kartman visited Pyongyang and then Seoul for consultations. At the Pyongyang meeting, surely by pre-arrangement, North Korea announced its willingness to accept international inspection of one of its nuclear laboratories. This statement effectively showed some North Korean diplomatic flexibility on the inspection issue and reduced tension with the United States to some extent. In so doing, North Korea continued its resistance to more intrusive IAEA nuclear inspections that are only legally mandated when the light-water reactor project moves closer to completion.

In late December, South Korea announced that in view of the U.S. military success in Afghanistan, it would end its domestic state of alert and return to normal security levels. At roughly the same time, the U.S. reportedly decided to withdraw the reinforcements of F-15 fighters that were deployed to Korea in October. Following these moves, some South Korean officials speculated that an issue complicating North-South relations (which had led to the impasse in November's ministerial talks) would be resolved.

Although North Korea once again in December indicated an interest in signing various UN conventions against terrorism, it did not respond directly to the lowering of South Korea's alert level or the re-deployment of U.S. forces. Rather, Kim Jong-il called for North Korea's military forces to maintain high combat capability and North Korean media referred to the U.S. diplomatic posture toward North Korea as a "peace hoax."

Trade Issues

The most controversial trade issue to emerge during the quarter arose from the decision of the U.S. International Trade Commission (ITC) to investigate foreign steel exporters, including those from South Korea, for allegedly causing unfair harm to the U.S. steel industry. The purpose of the ITC investigation was to determine the extent of such harm and to calculate the punitive tariffs that should be imposed on foreign steel makers.

South Korea reacted to the U.S. decision by expressing strong "disappointment" and accusing the United States of adopting protectionist policies to bolster its ailing domestic steel industry, despite the supposed U.S. commitment to free trade. On a practical level, the ROK government adopted a strategy of joining forces with European countries that

stood to be negatively affected by the U.S. investigation. South Korean trade negotiators met with European Union officials in November and again at the Organization for Economic Cooperation and Development (OECD) steel industry conference in December to agree upon various “countermeasures” they would take to protest the U.S. action.

Despite these reactions, the ITC moved ahead with its investigation and in mid-December recommended a 5-40 percent tariff on 16 steel import products from various countries. South Korean steel industry sources predicted the U.S. would impose an approximately 20 percent tariff on Korea steel exports, until the U.S. steel industry is restructured to become more competitive. At the time the tariffs were announced, Korean officials said they would continue working with the EU to persuade U.S. officials that the tariffs would damage free trade in the steel sector.

During December, Seoul and Washington also held preliminary discussions concerning a U.S.-South Korea Free Trade Agreement (FTA). Leaders of the big Korean conglomerates reportedly pushed for an FTA because of the greater access it would give them to the U.S. market in the steel, auto, and other industrial sectors. Nevertheless, Ambassador Hubbard indicated that a new FTA was not a U.S. priority at this point. Rather, he stressed that much had to be done to open the Korean market further to foreign trade and investment. He called for Korean companies to restructure themselves, to reduce heavy debt burdens, and to adopt measures bringing more transparency in corporate governance and financial accountability.

On the issue of autos, in particular, General Motors’ pending purchase of Daewoo Motors, and the resulting access to the Korean market it would provide, went far to reduce U.S.-South Korean trade friction in this sector. Korean auto imports to the U.S. boomed in 2001, with sales of more than 500,000 units, while U.S. auto sales in the ROK remained at the level of a few thousand.

Other Bilateral Issues

In early December, the U.S. Federal Aviation Administration (FAA) upgraded South Korea’s aviation safety rating after lowering it in August. The new Category I rating means that South Korea has met all the safety regulations prescribed by the International Civil Aviation Organization. As a practical matter, the new rating allows Korea to launch new routes, increase flights to the United States and change the types of aircraft used on these routes. The FAA downgraded Korea’s safety rating in August after Korea failed to heed warnings and take the requisite steps to meet safety standards that the FAA regularly strives to enforce.

After more than an eight-year delay, South Korea and the U.S. resumed their negotiations in mid-December on the relocation of the U.S. forces from Yongsan Army base in downtown Seoul. In the early 1990s the U.S. agreed to return the Yongsan base, a huge and valuable piece of prime real estate, if South Korea bore the financial burden of relocation. The catalyst for the new negotiations was a reported decision by the U.S. military command to build new apartment buildings on the base to house soldiers and

their families. Civic groups vociferously opposed this plan when reports about it were leaked to the media. Evidently to defuse criticism, the U.S. agreed to resume the overall negotiations at the same time as the ROK Defense Ministry expressed support for the new construction.

Future Prospects

At the end of the quarter, observers were split on the future direction of U.S.-North Korean as well as North-South relations. One scenario saw hard-liners in the Bush administration eventually becoming dominant in shaping U.S. policy. With the U.S. emerging triumphant from its military success in Afghanistan, the argument went, one of the “next” rogue states requiring U.S. attention would be North Korea. In the face of continued tough rhetoric from the U.S., including U.S. demands for more nuclear and biological weapon-related inspections, North Korea might then engage in some military provocation – mainly for the purpose of demonstrating its own toughness and continuing a strategy of brinkmanship that had proved successful in the past. The Bush administration, of course, would not take kindly to this threat and, once provoked, would engage in correspondingly tough military moves of its own.

Under the other scenario, observers saw North and South Korean engagement moving forward, in part out of a mutual desire to prevent conservative elements in the U.S. administration from successfully undermining inter-Korean reconciliation. (In the South Korean press, some politicians have argued that the U.S. was deliberately “sabotaging” North-South talks for reasons of its own.) Following a possible visit to North Korea by State Department Korea Coordinator Jack Pritchard or another special envoy, North Korea might agree to fully resume the bilateral talks that have been suspended since the end of the Clinton administration. By explaining U.S. intentions to continue the process of diplomatic engagement with North Korea, the special envoy could arguably overcome North Korean fears of being sandbagged or coerced in new bilateral talks.

Whether either of these scenarios or some third variation comes to pass remains to be seen. In any event, the effects of the U.S. war against terror in Afghanistan and elsewhere will continue to be felt, over the coming months, on the Korean Peninsula.

Chronology of U.S.-Korea Relations October - December 2001

Oct. 5, 2001: At the UN, North Korea expresses regret for terrorist attacks on U.S.

Oct. 8, 2001: Seoul expresses full support for U.S. military attacks against terrorists in Afghanistan.

Oct. 9, 2001: Seoul announces it will send 450 non-combatants on medical and transport missions to assist U.S. efforts in Afghanistan.

Oct. 12, 2001: North Korea postpones family reunions citing South Korea's security alert following terrorist attacks in the U.S.

Oct. 17, 2001: President Bush warns North Korea not to take advantage of U.S. involvement in the Afghanistan conflict.

Oct. 19, 2001: President Bush and President Kim Dae-jung meet at the Shanghai APEC conference.

Oct. 23, 2001: U.S. says foreign steel exporters including South Korea committed trade violations. North Korea says President Bush's criticism of Kim Jong-il was "imprudent."

Oct. 26, 2001: Ambassador Hubbard calls for South Korea to improve trade balance with the U.S.

Oct. 31, 2001: Ambassador Hubbard urges North Korea to join the U.S. and the international coalition in the war against terrorism.

Nov. 4, 2001: North Korea demands the U.S. remove it from the U.S. list of nations that suppress religious freedom.

Nov. 6, 2001: South Korea and the U.S. announce the postponement of their joint "Foal Eagle" military exercise until spring 2002.

Nov. 12, 2001: North Korea ratifies UN anti-terrorism treaty.

Nov. 14, 2001: North and South Korea break off talks without agreement; North Korea accuses the South of heightening tensions through anti-terror measures.

Nov. 15, 2001: At annual U.S.-Korea Security Consultative Meeting, the U.S. requests that South Korea buy Boeing fighters.

Nov. 19, 2001: At a Geneva conference, U.S. Under Secretary John Bolton accuses North Korea of developing biological weapons. In Washington, D.C., Asst. Secretary of State James Kelly says U.S. is still "hopeful" for resumption of dialogue with North Korea.

Nov. 20, 2001: South Korea and European Union agree to cooperate in resisting U.S. steel quotas.

Nov. 22, 2001: Bank of Korea reports South Korean economy grew 1.8 percent in third quarter.

Nov. 26, 2001: President Bush demands North Korea accept inspection of its suspected programs for producing weapons of mass destruction and halt missile sales.

Nov. 27, 2001: North and South Korea exchange gunfire at the DMZ.

Nov. 26-27, 2001: At a trilateral meeting, South Korea, Japan, and the U.S. reconfirm their support for the 1994 Agreed Framework.

Nov. 29, 2001: U.S. reaffirms it will provide humanitarian assistance to North Korea. Ambassador Hubbard reiterates Washington's readiness to resume talks with North Korea.

Dec. 1, 2001: On the arrival of KEDO Executive Director Charles Kartman, Pyongyang agrees to open a nuclear laboratory to international inspection.

Dec. 3, 2001: KEDO and North Korea sign agreement on quality assurance and warranties for two light-water reactors.

Dec. 6, 2001: FAA upgrades South Korea's aviation safety rating after Korea revises laws and regulations in accordance with international standards.

Dec 7, 2001: Bank of Korea estimates economic growth of 3.9 percent in 2002.

Dec. 8, 2001: U.S. recommends tariff on steel imports, including those from South Korea.

Dec. 10, 2001: EU indicates that North Korea is willing to sign five more anti-terror international agreements.

Dec. 12, 2001: U.S. and South Korea hold high-level consultation over relocation of the Yongsan Army base, also discussing controversial U.S. plans to build new housing.

Dec. 13, 2001: Korean Defense Ministry backs U.S. plan to build large apartment complex at Yongsan Army base, despite protests.

Dec. 14, 2001: Reports surface that the U.S. has proposed a visit by State Dept. Coordinator Jack Pritchard to Pyongyang.

Dec. 16, 2001: U.S. Forces, Korea reportedly plans to use the Yongsan Army base as a new "hub," despite some calls for relocation away from the center of Seoul.

Dec. 18, 2001: Visiting U.S. official to Seoul indicates U.S. interest in a U.S.-Korea Free Trade Agreement.

Dec. 19, 2001: F-15 fighters deployed to Korea in October will reportedly be returning to the U.S. in December.

Dec. 21, 2001: South Korean military lifts the high-alert status of its forces put in effect after the Sept. 11 terrorists attacks in the U.S.