

CRITICAL QUESTIONS

U.S.-Korea Alliance Confronts a Global Economic Crisis

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Q1: How important are U.S.-Korea relations given the economic crisis and the new role of the G-20?

A1: While the economic crisis often seems to have pushed security issues like North Korea's nuclear program off the newspapers' front pages, it may place U.S.-Korea economic cooperation in a more prominent role than perhaps at any point in history. As the economic crisis becomes the world's driving issue and the G-20 becomes the main forum for addressing it, Korea's role in chairing the G-20 in 2010 and the United States' role as the world's leading economy will place these nations and their relationship at center stage as the world looks for solutions to a deepening crisis. U.S. cooperation with Japan in the G-8 played a key role in deepening and strengthening that alliance, and the G-20 agenda in 2010 provides a unique and rare opportunity for building on and finding new ways to strengthen U.S.-Korea cooperation.

Q2: How will the Korea-U.S. free-trade agreement impact relations?

A2: How the Obama administration deals with the Korea-U.S. free-trade agreement (KORUS FTA) will be a key indicator for the direction it will pursue on international economics as well as for the broader prospects of international efforts to advance trade and fight protectionism in the midst of the global economic downturn. The status of the KORUS FTA remains in doubt after statements by key congressional leaders, and President Obama during his presidential campaign expressed opposition to the agreement signed by the Bush administration. Key sticking points in the United States have been Korea's treatment of U.S. beef imports and opposition to the agreement from some U.S. automobile manufacturers. In addition, the Korean National Assembly recently agreed to put off a vote on the KORUS FTA based on concerns by the opposition party. While both nations are currently focused on domestic impacts of the financial crisis, failure to resolve the situation of the KORUS FTA before the 2010 G-20 meeting in Korea could be a major issue for the relationship and send mixed signals as the G-20 seeks to advance international trade.

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