

February  
2011



# Korea Insight

A Monthly Newsletter from the Korea Economic Institute

## Uncertainty in the Alliance?

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During the last two years ago, U.S.-South Korea relations have strengthened in ways that many Korea watchers did not expect. With a liberal President Barack Obama entering office, some feared that the new administration's priorities would differ and relations would clash with the conservative Lee Myung-bak administration. But the two administrations actually worked well together and coordinated closely on a number of regional and global issues, including dealing with North Korea and working toward finalizing the U.S. - Korea free trade agreement. Today, few will deny that bilateral relations are stronger than ever. Looking ahead, however, both Washington and Seoul will need to remain vigilant in nurturing ties. As we look to the second half of the Obama administration, two uncertainties that could potentially complicate bilateral relations need to be carefully watched – namely, 1) the likely shift in Washington's North Korea policy of strategic patience; and 2) the domestic political wrangling in both countries leading up to the ratification of the U.S.-Korea free trade agreement.

### **Uncertainty One: Solidarity, but what is the North Korea Policy?**

The first uncertainty is whether the U.S. can continue its policy of strategic patience and wait for Seoul to determine when to engage Pyongyang again, while still hoping to halt North Korea's nuclear program. Looking back, the Obama administration never had an opportunity to formulate a positive path forward toward its goal of denuclearization of the Korean Peninsula. It inherited a poor situation in which Pyongyang had been removed from the State Sponsor of Terrorism List and the last of the Trading with the Enemy Act (TWEA) sanctions had been lifted, while the promise of a comprehensive verification protocol by North Korea never materialized. Obama also faced the prospect of a moribund Six Party Talks process and threats of more military provocation even before he had his Asia policy team in place.

To the administration's credit, it decided that its first priority was to establish a strong relationship with Seoul as the basis of dealing with North Korea. In 2009, both governments coordinated closely on seeking to punish Pyongyang through United Nations Security Council action (presidential statement and a sanctions resolution) for North Korea's missile and nuclear tests. Washington stood by Seoul through a tumultuous 2010 which saw unprecedented and violent provocations by Pyongyang resulting in the sinking of the *Cheonan* in March and the artillery shelling of Yeonpyeong Island in November.

This closer coordination paid dividends in the broadest possible sense with Seoul becoming a sterling partner working on a variety of regional and global issues such as fixing the global financial markets. However, with regard to achieving the Obama administration's goal of making actual progress towards denuclearization, its default policy toward North Korea of "strategic patience" has not paid off. In fact, the administration may be signaling that it is ready to shift its approach with North Korea and give diplomacy a chance again.

The critical question facing the Obama administration in 2011 is how to maintain its solidarity with Seoul, enlist the assistance of Beijing in moderating Pyongyang's behavior, and create positive opportunities to demonstrate leadership that will result in actual progress in the most pressing goal of controlling North Korea's nuclear weapons program. Balancing between these priorities will not be an easy task, especially with Pyongyang's recent revelation to KEI's staff of the existence of its uranium enrichment facility and light water reactor project at Yongbyon. Now, strategic patience may no longer be the answer. But, can the U.S. government shift its North Korea policy without creating suspicions and eroding bilateral relations with a South Korea that is still reeling from the *Cheonan* and Yeonpyeong Island tragedies? This is an uncertainty that will need to be watched closely?

## **Uncertainty Two: U.S.-Korea Free Trade Agreement looks promising but still unfinished**

While recent developments look promising especially following the conclusion of the KORUS FTA supplemental agreement in December, passage should still not be taken for granted. The domestic political landscape in Seoul and Washington continues to shift despite the backing of the two presidents, and the FTA remains vulnerable to becoming hostage to domestic politics in both countries.

In the United States, passage of the FTA will depend on a good working relationship between the White House and the new Republican congressional leadership in the House of Representatives, a relationship that is likely to be tested in the coming months. Looking ahead, budget negotiations and the need to raise the debt ceiling could strain relations between the two sides, especially if Republican grassroots supporters push their leadership to avoid allowing President Obama the kinds of legislative victories that he experienced during the recent lame duck session. If that becomes the case, there could be pressure on the Republican leadership to be less compromising and secure the party's priorities, including the passage of the Colombia and Panama FTAs in exchange for consideration of the KORUS FTA, which would severely complicate and delay its passage in the U.S. Congress.

KORUS FTA ratification in Seoul could also be made difficult by pending events as well. The National Assembly election in April 2012 shrinks the window available for passage in 2011 as parties begin to prepare for elections beginning this fall. After the highly contentious budget battle in December 2010, the ruling Grand National Party (GNP) is now skittish about unilaterally pushing the controversial FTA through the legislature without any opposition party support especially as elections draw closer. Liberal members have already begun digging in to make the KORUS FTA a general election issue and are arguing that the Lee administration gave away too much in auto concessions to finalize the free trade deal. This means that should auto, beef or any other perceived additional demands attract wide attention again, it could push a vote on the FTA until after the election cycle, if not indefinitely. South Korean GNP legislators are concerned and hope that the U.S. Congress ratifies the KORUS FTA before July so that the ruling party could use this momentum to draw broader support including some liberal opposition members for a quick ratification before the fall legislative season. Any later, the upcoming general

elections may cause the National Assembly to polarize between the GNP and the minority opposition parties and drive up the political costs too high for even KORUS FTA supporters to vote for ratification.

In short, while both the Obama and Lee administrations have made tremendous strides to building a strong relationship during the last two years and will likely continue to have good ties moving forward, this does not mean relations will be trouble-free. Specifically, the constant challenges of dealing with North Korea and the complex domestic political dynamics surrounding the KORUS FTA are two areas that must be watched closely in the coming months.