

KOREA-SOUTHEAST ASIA-US RELATIONS: THE GAP IN THE U.S. TRIANGLE?

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INTRODUCTION

South Korea (Republic of Korea – ROK) is well-recognized for achieving remarkable success: transforming itself from an impoverished, war-torn society into a modern, developed, and democratic nation within the span of one generation. Notably, for the first time in Korea's long history this success has propelled the ROK onto the global stage with the capabilities to have a positive impact potentially far beyond the Peninsula. Yet, the ROK remains firmly embedded with the United States in a bilateral alliance which ensures that the fate of both countries and their future prosperity and security in the region are inherently tied to each other. While South Korea's continued reliance on the United States for its primary security needs reinforces a certain dependence on the superpower, the ROK has cultivated over the past few decades a remarkable level of independent engagement in its own sub-region of Northeast Asia, the broader East Asia region, and the world.

This paper examines South Korea's robust engagement with Southeast Asia and assesses how its contours and rationale may fit with U.S. objectives in the Asia-Pacific region, as well as implications for the U.S.-ROK alliance. Ultimately, there is little doubt that strengthening relations between the sub-regions of Northeast and Southeast Asia are undeniably beneficial for themselves as well as for the United States and its own relations with the entire region.

KOREA'S GLOBAL STRATEGY

President Lee Myung-bak has in many ways become synonymous with his vision of a "Global Korea," one he has promulgated effectively for the last four years. Indeed, the "Korea" brand has achieved remarkable success globally, riding on the crest of the powerful "Korea Wave" or *hallyu* that has swept Korean fads and trends into popular frenzy throughout the world, and especially in Southeast Asia. One needs only to travel to any popular tourist destination in the region, such as the small northern Cambodian town of Siem Reap, to find no fewer than thirty Korean restaurants, catering to Korean tourists and locals who cannot seem to get enough of Korean food. Or visit one of Bangkok's fashionable parks to view young locals gathering on most evenings to rehearse their Korean-pop dance moves and sing Korean songs.

Yet somewhat surprisingly, the idea of a global strategy for Korea is actually two decades old, first articulated and implemented as a national strategy of globalization or *segzehwa* by the Kim Young Sam administration in 1993. Indeed, perhaps no other state in the post-Cold War era cast its lot with globalization quite as publicly as Korea did in the 1990s.² The country's policy of globalization or *segzehwa* was meant to describe its unique way of promoting political, economic, social and cultural enhancement to reach the level of the most advanced nations in the world.³

A profound gap, however, existed between the formulation and rationalization of *segyehwa*, and its implementation. For example, in 1993 *segyehwa* was articulated as a visionary strategy to expand Korea's role in the international arena, but in reality it was a singularly myopic policy to raise the nation's own domestic standards and status. At the time, sweeping changes in the global economy meant increased economic pressures on the highly export-dependent South Korean economy.⁴ Thus, Kim Young Sam responded to these external challenges by unveiling the *segyehwa* policy, a banner strategy under which he could attempt top-down reforms of the South Korean political economy to meet the rapidly changing conditions of the world economy. As was typical of many national campaigns, globalization was touted in South Korea as not a matter of choice but one of necessity. The national slogan "globalize or perish" in the 1990s replaced the "export or die" mantra of the rapid development era of the 1970s.⁵

Another significant outcome of *segyehwa* is that it ultimately failed to make substantive progress in globalizing the South Korean economy. Between 1993 to 1998, South Korea's economic performance actually declined noticeably according to standard indicators, including a steady drop in globalization rankings.⁶ In large part, this is because the vision was precisely that: merely a vision for the future. The country lacked the capabilities, infrastructure, or political capacity to implement in any meaningful manner a truly global role for itself. It has thus taken two decades for South Korea to develop the commensurate means to support and implement the current leadership's articulated vision of a truly "global Korea."

When Lee Myung-bak was inaugurated President in February 2008, he inherited a Korea that was primed to be launched onto the global stage. The global financial crisis in late 2008, although an unfortunate event, was fortuitous for Korea in the sense that it elevated the G20 into the primary forum to address global priorities, and Lee seized the opportunity for leadership by hosting the Leaders' Summit in Seoul in November 2010. The ROK's unique position as a newly developed economy with a robust democracy, made it singularly qualified to serve as the natural "bridge" between the two divergent halves of the members that make up the G20. With an approximate GDP per capita of \$28,000, South Korea is the only G20 member that occupies the mid-point between the rich, advanced G7 economies (each with

per capita over \$30,000), and the remaining developing economies (each well below \$20,000 per capita).⁷

Hosting the G20 Summit was but one high-profile role that Seoul initiated. Within the first two years of his presidency, Lee took a series of bold actions that cemented the ROK as a globally responsible and active actor in the international arena: it initiated a speedy and significant response to the earthquake in Haiti (January 2010); joined the Proliferation Security Initiative (PSI), an international cooperative effort to combat proliferation of weapons of mass destruction; sent ships to join in multinational efforts to battle pirates in the Gulf of Aden; and expanded its contributions to peacekeeping operations (PKO).

Yet, skepticism remains about South Korea's ability to provide leadership on the global scale. As a small country surrounded by great powers — a "shrimp among whales" — Korea (both pre- and post-division) is a country more accustomed to falling victim to great power machinations, than one able to maintain independent control over its own destiny much less affect the actions of others. Indeed, a common supposition about Korea is that certain immutable traits — i.e. that it is a small, relatively weak power sitting at the intersection of interests among the major military and economic powers in the region — have resulted in a loss of independence. As such, this logic concludes that Korean policy decisions are reactive to the exigencies of external situations thrust upon Korea, rather than proactive in any fashion. According to this capabilities-based argument, the only way Korean — notably applicable to both the South and the North — foreign policy formation becomes more proactive is with a corresponding elevation of Korea's status and power in the regional hierarchy.⁸

Thus, it can be argued that South Korea has achieved its "middle power" status by raising its relative regional stature through rapid economic development and modernization. However, it is important to note that the ROK remains relatively small compared to both China and Japan given their respective growths in economic power. Nevertheless, the absolute rise of South Korea's economic development firmly establishes it within the realm of a global middle power. Possessing the capabilities of a middle power alone, however, is insufficient to project influence beyond the Peninsula, just as an aspirational vision without commensurate capacities is not sufficient to achieve global impact. Recognizing this

reality, Lee launched several bold strategies to implement South Korea's new found international activism. One of the most significant was the New Asia Initiative (NAI) announced during a presidential tour of Southeast Asia in March 2009, and aimed to "enhance substantial cooperation with all the countries of Asia, and ASEAN in particular."⁹

WHY SOUTHEAST ASIA?

So why did Lee Myung-bak launch a new initiative in Southeast Asia? After all, the ROK's relationships with Southeast Asian nations and ASEAN were not new: South Korea had launched official dialogue with ASEAN in 1989, upgrading the relationship in 2004 with the adoption of the "Joint Declaration on the Comprehensive Cooperation Partnership." The economic partnership was further developed through the conclusion of the ROK-ASEAN Free Trade Agreements (on Trade in Goods, and the Agreement on Trade in Services) and effective as of 2007 and 2009 respectively. In the two decades since the start of the official relationship with ASEAN in 1989, bilateral trade increased eleven fold from \$8.2 billion to \$90.2 billion. Today, ASEAN is the ROK's third largest trading partner (after China and the EU) and second largest investment destination (after the United States), with South Korean investments in ASEAN growing from \$500 million to \$3.6 billion by 2009.¹⁰

While economic linkages have existed between South Korea and the region for decades, the ROK's foreign policy priorities to date have focused almost exclusively on its relationship with the United States and neighboring powers in Northeast Asia. In part this was out of functional necessity given its existential geographic reality; situated in the cross-hair intersection of Northeast Asia's three largest powers (China, Japan and Russia), Korea has always prioritized relations in its "front yard" choosing to be distant with "backyard" neighbors in the rest of Asia. Thus, Lee spent his first year in office reaching out to and establishing closer diplomatic with the three powers and the United States, culminating in the historic summit with China's Premier Wen Jiabao and Japan's Taro Aso in December 2008. Relatively secure in having established a stable relationship with the four major Northeast Asian powers in 2008, in 2009 Lee expanded Korea's diplomatic horizon to the broader Asia region, as well as widened the scope of cooperation from an economic focus to one that includes

security issues, cultural exchanges, and energy and environmental development.

At the core of the NAI is South Korea's belief that it can play a bridging role between large and small powers, as well as between the developed and developing economies. This premise is based on South Korea's successful development experience that, while unique in some ways, may provide demonstrative lessons for emulation by many underdeveloped economies in Asia. Lee underscored this point by asserting that South Korea can play a central role in representing the interests of Asian nations in the international arena. Such a role is more

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plausible for South Korea than for China or Japan, whose occasional overbearing attitudes have often tainted political goodwill in the region. Indeed, as a small power that often fell victim to the exigencies of great power rivalries, Korea's historical experiences carry great resonance with many countries in Southeast Asia who have similarly been dominated culturally, politically and economically by the Chinese and Japanese empires. Perhaps even more pertinent, South Korea's more recent history of civil war, destruction and reconstruction, and successful political democratization from authoritarian rule have much to offer many countries in Southeast Asia, as well as Central Asia.

As such, South Korea is uniquely positioned to play the honest broker in the region. While the ROK has territorial and historical disputes with Japan and China, it has none in Southeast Asia. Meanwhile, China claims almost the entire South China Sea, which also borders on the Philippines, Malaysia, Brunei, Indonesia, Vietnam, and Japan. Many Southeast Asian nations have an asymmetric relationship with China; Vietnam for example has a \$12.4 billion trade deficit (in 2011) with China which is the chief source of its machinery, computers, chemicals and textiles, while the majority of Vietnamese exports to China are mostly commodities. Many Vietnamese have centuries of pent-up resentment against the dominant culture, believing China continues

its stranglehold on local industry. Such nationalistic anger recently exploded during the maritime incidents between the two countries. Indeed, many other Asian nations have a similarly asymmetric relationship with China, such as the Philippines, who complain of hassling by Chinese ships to prevent oil exploration in its territorial waters.

Such recent Chinese assertiveness appears to have driven the smaller countries in the region to greater cooperation under the auspices of ASEAN, and moved them closer not only to the United States, but to reach out to South Korea, Japan and Australia. Because of many of the Southeast Asian countries' uneasy history of colonialism under the West and Japan, South Korea carries less historical baggage.¹¹ It also provides room for South Korea to exert its "soft power." While Chinese economic success clearly dominates the region, China is such an unusually large and atypical country that other Asians are not sure that they are able or even willing to emulate that model. And although Japan and especially its ODA played a crucial role in the region in the 1980s and 1990s, it is a model that has not only lost its appeal but was probably not exportable. Thus, mid-sized South Korea seems the ideal model.

Moreover, Seoul's role as host of the G20 in 2010 carried significance for the global community as the first non-G7 and non-Western country to host the Leaders Summit. One of the profound outcomes of the evolution of the G20 in aftermath of the 2008 global financial crisis has been the acknowledgement that the seven largest economies of the world can no longer make decisions for the world economy without the input of emerging countries. Thus, the ROK clearly has a great comparative advantage in serving as a model for similarly scaled countries to replicate economic and political development.

Admittedly, the idea of South Korea as an aspiration model of economic success is not new, and has carried particular resonance in the rest of Asia where a hierarchical Confucian model that emphasizes social relationships is more palatable than western models that promote individualism and deference to written law and institutions. What is new about NAI is the ROK's active promotion of its successes, and its willingness to support the initiative with tangible funds and activities. The ROK became an official member of the Organization for Economic Cooperation and Development (OECD) Development Assistance Committee (DAC) in 2009.

As part of this new responsibility, the ROK spent \$862 million in 2009, and has planned to double its ODA budget by 2012 and triple it by 2015, with Southeast Asia receiving the largest portion of the funds.

In addition to ODA, Lee has emphasized sustainable growth through the launch of his "Low Carbon, Green Growth" strategy, and laid out a vision to use it as a way to strengthen further cooperation with ASEAN. The ROK government pledged to provide \$100 million to ASEAN, from its \$200 million overall budget on the "East Asia Climate Partnership," which is an effort to reduce greenhouse gas emissions and combat climate change.¹²

Beyond ODA and climate change, the ROK has established several organizations and programs designed to draw Southeast Asians to Seoul to study the country's achievements more closely. The Korea Development Institute (KDI) has established programs to attract graduate students from around the world, with emphasis not only on what to do with development assistance but how to share these development experiences. In recent years, the majority of students at KDI hail from Cambodia, Vietnam, Indonesia, Bangladesh and Mongolia, with interest surging among the Central Asian Republics (in particular Uzbekistan, Kazakhstan and Kyrgyzstan).¹³

And to meet soaring demand for knowledge about the South Korean development model, the Korea Foundation established a new department of Public Diplomacy in 2010, which runs an "Intellectual Exchanges" program and a "Next Generation Leaders" program, catering mainly to visiting government ministers and bureaucrats from Southeast Asia. So many Vietnamese have participated that a separate course was established exclusively for them. And this January, an emissary from the newly reforming government of Burma came to Seoul asking for assistance, so the Foundation has plans to establish a program week for Burmese officials, along with several from Laos and Cambodia.¹⁴

Notably, one of the most intriguing aspects of the ROK's renewed engagement with Southeast Asia is Korean willingness to venture into the more controversial aspect of its development: how the country shed itself of a brutal authoritarian system that arguably played a crucial role in economic development. Indeed, perhaps even more impressive than its world-class technologies and modern industrialization is the transformation of South Korea into one of the most vibrant democracies in all of Asia.

The wildly popular appeal of Korean pop culture to the international audience cannot be divorced from its reflection of a prosperous, open, politically-free society that promotes creative expression. This lesson may yet be too sensitive and unpalatable for the visiting bureaucrats who are eager to follow South Korea's path but still represent authoritarian or one-party states themselves.¹⁵ But South Korea's increasing confidence in touting its democratization as a crucial part of its developmental experience is precisely one of the most significant areas of coinciding interests with the United States, and serves as one of the most important long-term objectives for the region for both allies: to promote the shared values of democracy, open markets and free societies.

PROMOTION OF THE U.S.-ROK ALLIANCE, OR PURSUIT OF NATIONAL INTERESTS?

The move by the United States towards an Asian pivot is part of a broader strategy to move beyond a primary reliance on historical bilateral alliances and embrace multilateralism. This has included encouraging new partners and allies to build their own security capabilities. This new focus is partially a function of the rise in urgency of transnational threats such as the proliferation of nuclear and ballistic missile technologies and extremist violence, but it is also due to the increased challenges posed by rising powers and failing states in the region.

In the last two decades, Washington came to view Asian regional groups as limited, and limiting to America's ability to act, even as China embraced regional partnerships as a far more comfortable structure that could readily accommodate its growing pains. Today, these roles seem to have reversed, with the United States actively encouraging the deepening of regional multilateral institutions while China has grown more confident in asserting its power and influence outside multilateral forums. The dilemma for others in the region is that the multilateral arena has now taken on a more unnerving and competitive tone, with Washington and Beijing battling for influence.

Meanwhile, in June 2009, Washington and Seoul adopted a "Joint Vision for the Alliance" which provides a future-oriented blueprint for the development of the relationship beyond a purely bilateral one. In the statement, the two allies pledged to "build a comprehensive strategic alliance of bilateral, regional and global scope, based on common values and mutual trust."¹⁶ This was

an important milestone not only in the development of the alliance relationship, but for establishing an aspirational goal post and serving as a blueprint for America's other relationships throughout the region.

While South Korea's focus on Southeast Asia and in particular the NAI certainly contribute to the broader objectives of the U.S.-ROK alliance, it would be a mistake to conclude that the ROK's primary motive for robust engagement of the region is to enhance its alliance with the United States, or even for generally magnanimous reasons. South Korea — like all states in the international system — pursues strategies to serve its national interests, but unlike many other states, is driven to do so by an overwhelming strategic culture that is based on "nationalistic survival."¹⁷ Largely a function of its geostrategic and historical circumstances, Korea — notably both South and North — has maintained a singular focus on amassing economic power as the means to retaining political independence and sovereignty. There is no doubt that Southeast Asia holds immense opportunities for strategic economic engagement, a reality that is not lost on Seoul even as it has watched Beijing and Tokyo's activities in the region with a wary eye.

The trend towards diversifying regional exports is not new, particularly for such a heavily export-oriented economy such as South Korea, but there has been a new urgency in recent years. ROK exports to the Eurozone have fallen steadily since the onslaught of the 2008 global crisis, dropping 13.8 percent in December 2011 from a year earlier, despite the inauguration of the ROK-EU FTA in July 2011. In recent months the fall has sharpened due to the EU's worsening debt crisis, and the effects are likely to be long-term. European woes have also adversely affected China and Japan, two other heavily export-dependent economies. Because a large volume of South Korean exports head to China for processing and re-export to Western markets, Korea is doubly vulnerable to European conditions. One bright spot has been Southeast Asia, however, where Chinese exports rose 21.5 percent in December from a year earlier.¹⁸

Thus, it is no accident that South Korea has aggressively increased its economic ties to the Southeast Asian region in the last several years. While South Korea's economic presence in the region currently lag behind Chinese and Japanese ones, given the ROK's relative size its investments are impressive and expanding rapidly. The explosion of Korean restaurants throughout the region

is but one potent symbol that South Korea is rapidly advancing in heavy industry, technology and services against China, Japan, and even western commercial influence across the region. As Takreth Samrach, Secretary to Cambodia's Council of Ministers observes: "The Koreans come, and they keep coming. Other countries are a little slow," reflecting the capacity of South Korean companies for rapid decision-making. South Korea's approved projects in Cambodia last year were worth \$1 billion, surpassing the \$700 million of investments from China.¹⁹

Many of South Korea's commercial ties in the region are being built on the strength of growing Korean "soft power" as discussed above. One of the reasons a South Korean company was recruited to invest in the development of Angkor International Airport by Cambodian officials is because of similar historical experiences in their nation-building enterprise, and the role of foreign investment in development priorities, particularly in sharing technology and training Cambodians as engineers. Notably, the new airport will replace a smaller one run previously by a French company, an old colonial power.

Commercial ties are even deeper with Vietnam, where South Korean companies have sought manufacturing bases since the establishment of diplomatic ties in 1992. With \$23 billion of invested capital, South Korea is now one of the largest foreign investors in Vietnam. In Indonesia, steelmaker Posco is building a \$6 billion mill, its first overseas integrated plant, and Hankook Tire is planning a factory. Many South Korean companies are showing a preference to direct new investments to Indonesia, which has the additional benefit of a large domestic market for Korean products. Lotte, the South Korean retailer, is targeting Indonesia and Vietnam to boost overseas revenues from five percent to thirty percent by 2018.²⁰ Interestingly, it is not only the chaebol that are leading the charge but numerous small and medium-sized Korean investors are also flocking to the region; more than 2,500 small companies have set up business in Vietnam alone.

Nevertheless, much of South Korea's drive to secure investments in Southeast Asia comes at the national

level from its need for natural resources and recent deals reflect this dynamic. KEPCO, Korea's national power company, is investing \$515 million (a twenty percent stake) in Bayan Resources, an Indonesian coal company. And Daewoo has won the \$1.4 billion operating contract to develop the Shwe offshore gas field in Burma, in direct competition with rivals such as France's Total and China's National Offshore Oil Corporation.

CONCLUSION

The ROK has come a long way since it signed a bilateral security treaty with the United States in 1954. Not only has South Korea achieved remarkable development in the economic and political realms, it has firmly established itself as a middle power in East Asia and exhibited independence in foreign policy initiatives outside the parameters of the U.S.-ROK alliance. While the Korean Peninsula remains perhaps the last remaining victim of the Cold War, its demise in the rest of the world opened new opportunities for South Korea to test its influence beyond the confines of its immediate neighborhood. The stringent ideological battles of the Cold War had prevented both Koreas from any flexibility in their diplomatic relations with other countries, so Southeast Asia was a zero-sum battlefield. In recent decades, however, many Southeast Asian countries have developed diplomatic and limited economic relations with North Korea even while pursuing robust engagement with South Korea. Because Southeast Asia is relatively "neutral" territory compared with the deeply complex minefield of Northeast Asia, the region offers intriguing, if limited areas of potential interaction between the two Koreas. Such a possibility would only further enhance the existing alliance relationship between the United States and South Korea, as well as confirm Southeast Asia's growing importance to the United States.

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