U.S.-South Korea Relations under Kim Dae-jung and Beyond

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The frequency and magnitude of frictions over political, security and economic issues between South Korea and the U.S. have increased since the end of the Cold War. However, more serious than the various trade issues is their fundamentally different approaches to North Korea, this is particular true when U.S. President Bush came to power in 2001. South Korean Presidents Kim Dae-jung and Roh Mu-hyun have tried every possible way to persuade President Bush to soften his hawkish North Korea policy. In fact, Bush’s hawkish policy toward Pyongyang has strained its relations with both Koreas and is putting South Korean President Roh Moo-hyun in a very awkward position, fan the fire of anti-Americanism in South Korea, and push Roh like Kim Dae-jung to seek China’s assistance in engaging

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North Korea and bring about a loose bipolar system of U.S.-Japan alliance against a coalition of China, Russia, and two Koreas.

Nevertheless, since the beginning of Bush’s second term, America’s North Korea policy appears to turn to be realistic, with the appointments of Condoleezza Rice and Christopher Hill. Softened U.S. tone did get North Korea back to the fourth round of the six-party nuclear talks in August 2005 and this round is so far the most serious one. Nonetheless, they failed to work out a final agreement mainly because of disagreement over whether North Korea should maintain peaceful nuclear facilities between Washington and Pyongyang. It remains to be seen if the changing U.S. attitude toward North Korea is a tactical shift aimed at exhausting other actors’ patience toward Pyongyang and paving the way for jointly pressing North Korea to comply with the complete denuclearization or a strategic maneuver to restructure its Northeast Asia policy focusing on the prevention of a rising China. In case the peaceful resolution of North Korean nuclear issue involving the normalization of U.S.-North Korean relations and Japan-North Korean relations in exchange for the dismantlement of North Korean nuclear facilities comes true, this will lead to restructuring strategic, political and economic landscape of Northeast Asia as the U.S. and Japan’s political and economic influence will thrust into that country. This actually will increase Washington’s influence in the Korean peninsula and Northeast Asia as its relations with both Koreas will greatly improve. China will face duel challenges from both the U.S. and Japan.

Key words: Kim Dae-jung; South Korea; the U.S.; Roh Moo-hyun; U.S.-South Korean Alliance; Seoul; Washington; Pyongyang; North Korea
Introduction

With the advent of the post-Cold war era, conflicts between South Korea and the United States have become not uncommon. This is due largely to dramatically changing international environment, their different perceptions and interpretation of changing international milieu and of each other, as well as their responses and relative policies to cope with new challenges in the international environment. North Korea has been the center of their contradictions. The Democratic People’s Republic of Korea (DPRK) is no longer considered as the common enemy by one side or the other. As a result, South Korea and the U.S. have very different perceptions and approaches to North Korea. The notable instance during Kim Young Sam presidency was the submarine incident in September 1996 when a North Korean submarine was found in the South Korean waters. The U.S. was convinced that it was an accident, while South Korea regarded it as an abortive North Korean spy routine against the South. Hence, Kim Young Sam Government insisted that North Korea make a formal apology and promise not to intrude the Republic of Korea (ROK) waters again, otherwise South Korea would terminate the construction of the two light water nuclear reactors under the 1994 Geneva Agreement. Acknowledging the necessity of an apology from North Korea and Pyongyang’s promise not to commit the same mistake notwithstanding, Washington could not agree with Seoul’s approach linking the incident to the construction of nuclear reactors. The Clinton Administration did not want to see the Geneva framework to be undermined by South Korea’s tough stance toward Pyongyang. As a consequence, North Korea
was persuaded by Washington to make apologies to Seoul for the incident. This event clearly revealed differences between Washington and Seoul over their approaches to Pyongyang in the period. Moreover, an article in the New York Time in September that year even stated that South Korea rather than North Korea was viewed by some of the Clinton Administration as a troublemaker.7

At the time, ROK-U.S. clashes over North Korea were owing largely to changing perceptions of the Clinton Administration. In response to changing international environment in the post Cold War era, the Clinton Administration since 1994 tended to view Korean affairs from a perspective of its national interests as well as global peace and security. Washington favored engagement with Pyongyang so as to attain the goal of the prevention of proliferation of nuclear weapons and weapons of mass destruction. The Clinton administration employed a case-by-case approach in dealing with the DPRK. The U.S. attempted to provide such stimuli as food assistance and heavy oil in accordance with the 1994 Agreed Framework as a means of enticing the North to the negotiations about security issues. Whereas, Kim Young Sam Government remained in the Cold War mindset focusing its attention on North Korean military threat to South Korea and North-South diplomatic competition.

The second period of South Korea-U.S. relations in the post-Cold War era started with the election of Kim Dae-jung as South Korean President in 1997. The most significant
meaning of Kim Dae-jung’s victory is that he was the first South Korean President with progressive leftist ideology in the country’s political history. As long-term victims of the previous rightist and military regimes, leftists in South Korea are characterized with seeking democratization of Korean politics, peaceful coexistence with North Korea through dialogue and reconciliation, and eventually peaceful reunification of the two Koreas. The emergence of leftists led by Kim Dae-jung heralded a new era of South Korea's foreign relations and inter-Korea relations. This of course has profound implications for South Korea-U.S. relations, particularly when neo-conservative George W. Bush came to the White House in 2001.

Against this background, in this paper, I intend to focus on the exploration of overall South Korea-U.S. relations during Kim Dae-jung’s presidency between 1998 and 2003. I will first highlight President Kim Dae-jung’s North Korea policy and diplomacy by making contrast with policies of his predecessors, then analyze South Korea-U.S. relations through political, security and economic perspectives, and finally current developments of ROK-U.S. relations with the inauguration of President Roh Moo-hyun in February 2003 as well as implications for U.S. Korea policy.

**Kim Dae-jung’s Sunshine Policy and Foreign Policy**

Kim Dae-jung’s North Korea policy has at least two fundamental differences from those of his predecessors. First, previous South Korean presidents regarded Pyongyang as an arch-enemy and hence their domestic and foreign policies were basically anti-North Korea oriented. Alternatively, Kim Dae-jung Government believed that hard
line policy based on antagonistic attitude could only increase North Korea’s hatred toward the South and thus heightened the tension on the Korean peninsula. Sincerity and kind help would decrease North Korea’s enmity and distrust and bring about Pyongyang’s positive response to dialogue and exchanges and eventual peaceful unification. Therefore, one of the features of his initial Sunshine policy of engaging North Korea was engaging North Korea through non-governmental exchanges including humanitarian exchanges and economic assistance to Pyongyang no matter whether North Korea was politically hostile to South Korea or not, namely the principle of separating politics from economics. In addition, Kim Dae-jung openly expressed that his government had no intention to absorb North Korea. In other words, the sunshine policy was designed to improve relations with North Korea under the premises of recognizing the survival of Kim Jong-il regime as well as to induce the North to reform and open itself to the outside world. Second, Kim’s predecessors engaged fierce diplomatic competition with Pyongyang on the international arena. They tried their best to isolate North Korea internationally by opposing South Korean allies to set up diplomatic relations with Pyongyang and were reluctant to give economic aid to Pyongyang. However, unlike his conservative predecessors, Kim Dae-jung not only adamantly asserted seeking engagement with North Korea through reconciliation and cooperation, but also encouraged other countries to follow his suit, to dialogue and normalize relations with Pyongyang as well as to give North Korea economic assistance.

The first-ever inter-Korea Summit in June 2000 was a major achievement of the Sunshine policy and had great impacts on international relations surrounding the Korean peninsula. This event demonstrates two facts. First, minor powers can make a difference in world politics. Second, if the
two Koreas can bury the hatchet, both of them can benefit greatly from their cooperation and can be the masters of their own destiny. It is undeniable that the Inter-Korea Summit should be credited to South Korean President Kim Dae-jung’s Sunshine policy and his skillful diplomacy. Though both Kim Dae-jung and U.S. President Clinton favored engagement with North Korea, the latter did not fully support the Sunshine policy for Clinton believed the policy was too soft and somewhat naive. In his eyes, Sunshine policy’s unilaterally making economic concessions to Pyongyang without taking North-South political situation into consideration was impossible to elicit any tangible and positive response from the North, let alone the materialization of inter-Korea Summit. Kim Dae-jung thus turned to China for help. Through the good offices of Beijing, the two Koreas conducted secret meetings in China and reached an agreement on the summit in Shanghai in April 2000.

Furthermore, the summit would have been impossible without North Korean leader Kim Jong Il’s consent. Of course, Kim Jong Il was attracted by Kim Dae-jung’s Berlin statement in March 2000 to upgrade aid to North Korea from unofficial level to official level. That meant that South Korea was ready to offer economic assistance to Pyongyang on a large scale. However, it is also worth mentioning that Kim Jong Il’s decision was a reflection of his dissatisfaction with the U.S. performance and a negative reaction to the Perry Report in October 1999. Since Kim Jong Il took power in 1994, he had made every possible effort to isolate
South Korea by courting the U.S. and by intentionally prodding conflicts between Seoul and Washington. Nevertheless, when the U.S. failed to fulfill its promise to provide North Korea with heavy oil on time after the North's test firing of Taepodong I missile in August 1998 and Washington’s discovery of Pyongyang’s new suspected underground nuclear facilities at Kumchang-ri in 1999. At the time, the Republican-dominated U.S. Congress applied a brake on the disbursement of funds to finance the delivery of heavy oil to North Korea through the Korea Energy Development Organization (KEDO), requesting periodically review North Korea behavior, the funds could be ceased any time if there was no any noticeable improvement of North Korea’s behavior. In addition, Perry Report asked North Korea to abandon its nuclear weapons program and stop the development, sale, and proliferation of medium and long range missiles in exchange for improving US-DPRK relations and large scale of economic assistance from the U.S. Otherwise, Washington would cut all the relations with Pyongyang. Kim Jong Il hated to follow other’s order but rather did his own way in order to control the negotiation agenda. So, he deliberately embarrassed the Clinton Administration by striking a secret deal with South Korea in China to hold the first-ever Korea Summit in June 2000. In sum, the Korea Summit greatly raised the two Korea’s international profile as well as increased their leverage in dealing with surrounding major powers. The Korea Summit brought about the historic exchange visits between North Korea’s second most powerful man, first Vice Chairman of the DPRK National Defense Commission, Vice Marshal Jo
Myong-rok and U.S. Secretary of State Albright later the same year.

**South Korea-US. Political Relations**

Unlike its previous regime’s relationship with the U.S., the Kim Dae-jung Government maintained relatively smooth political atmosphere with the Clinton Administration, mainly because their perception gap about North Korea narrowed (both governments committed to engagement policy toward North Korea, though the degree of their softness remained different).

However, when neo-conservative Republican George W. Bush became U.S. President in March 2001, ROK-U.S. relations entered into the third period in the post Cold War era. From the very beginning, Seoul and Washington were at fundamentally odds with their North Korean policies. When North Korea made request to South Korea to supply the North with electricity as part of South-North economic cooperation in early February 2001. While South Korea was seriously considering the DPRK’s proposal, the Bush Administration made a protest to Seoul. Washington opposed Seoul’s energy assistance to North Korea on the ground that South Korea’s energy assistance to Pyongyang might help improve its energy situation and make U.S. calls for early nuclear inspections difficult to conduct. President Bush’s statement on June 6 2001 stressed that improved implementation of the Agreed Geneva Framework through an early nuclear inspections should be a “precondition” to improved Washington-Pyongyang relations.

In addition, Kim Dae-jung’s trip to Washington and his summit with Bush in March 2001 turned out to be a disaster. President Kim attempted to persuade Bush to soften his hard-
line stance of North Korea policy and talk with Pyongyang. On the other hand, concerned about the potential for diminished influence on the Korean peninsula due to progress in inter-Korean dialogue, the United States seemed to be displeased with South Korea's indifference toward Washington's proposed missile defense system. U.S. President Bush's various remarks during the summit were interpreted as an open expression of skepticism of President Kim's "sunshine" engagement policy toward the North and wariness about the sincerity of North Korean leader Kim Jong-il.

Later, after spending its first three months reviewing the Clinton administration's North Korea policy, the Bush administration concluded a thorough policy review in June 2001 and seemed to move in the direction of engagement expressing his willingness to talk with Pyongyang at any time. Nevertheless, because he widened discussions to include North Korea's conventional arms in addition to its missile program, the DPRK requested the US. to drop that prerequisite. Ri Hyong-chol, North Korea's ambassador to the United Nations (UN) stated in his keynote speech at UN General Assembly in November 2001 that the DPRK would only resume dialogue with the US when the Bush administration returned to the level similar to that of the previous administration. Thus, those who favored engagement policy with Pyongyang in South Korea and America started to blame the Bush Administration for hindering North-South Korea rapprochement and in turn complicate the existing contradiction between Presidents Kim Dae-jung and Bush since the former paid a visit to Washington in March 2001.

Moreover, Bush's preoccupation with war on terrorism since September 11, 2001 further exacerbated its troubled relations with both Koreas. As war on terrorism
approaching the end, North Korea was defined by the U.S. Defense Department as the third greatest threat to security after Iran and Iraq in terms of proliferating weapons of mass destruction. President Bush’s hard line policy toward Pyongyang was regarded in Seoul as one of major causes for the stalling of the sunshine policy. The "hawkish" Bush administration brought about chilly relations with the communist North. For Seoul, the cool ties meant a blow to the much-cherished sunshine policy of comprehensive engagement with North Korea. The South Korean government attempted to make progress in South-North relations following the historic summit between President Kim Dae-jung and North Korean leader Kim Jong-il in June 2000. Improved relations between the North and the U.S. were a prerequisite to realize this goal. However, President Kim’s expectation that U.S.-North Korea relations would thaw turned out to be nothing more than a wishful thinking. Furthermore, President Bush’s decision to press ahead with the national missile defense (NMD) system against international opposition demonstrated that the U.S. maintained national interest-centered unilateral approach and hard-line diplomatic policies. What even worse, hard-liners in Washington began to raise their voices to advocate the need for a tough stance against what they called "rogue states," including North Korea. U.S. President Bush linked ending missile proliferation and programs to build weapons of mass destruction to the war on terror also worried Seoul that North Korea might be on the short list of targets in the U.S. post-Afghanistan anti-terrorism campaign and in turn destabilize situation in the Korean peninsula. In other words, chances of what Seoul expected U.S.-North Korea dialogue were slim.

Nevertheless, President Kim Dae-jung did not give up his efforts to make President Bush change his North Korea policy. Again, he in mid January 2002 called for Washington to
moderate its North Korea policy and to help resume bilateral talks. President Bush embarrassed President Kim by making his January 29 union speech branding North Korea with Iraq and Iran as “axis of evil.” The unexpected statement further upset the Kim Dae-jung Government and stirred anti-American sentiment in South Korea. As an article in the Korea Herald indicated “If he had sprinkled cold water on President Kim's already disputed ‘sunshine policy’ in Washington a year ago, Bush's provocative ‘evil’ rhetoric ... amounted to throwing ice over the old politician's lifetime vision for peace for the divided nation.” Many South Koreans believed that Bush was an obstacle to inter-Korean reconciliation. With doubts about Pyongyang's sincerity, Bush Administration introduced a strict principle of reciprocity in dealing with North Korea. After U.S. President George W. Bush took office in 2001, U.S.-DPRK relations immediately froze and put the fledgling inter-Korean rapprochement into a stalemate. Angered by Bush's skepticism and suspicions about the North Korean leadership, Pyongyang cut off planned inter-Korean dialogues at government levels.

Others in Seoul saw Bush's axis of evil reference as a signal that the U.S. intended to take back control of a joint Seoul-Washington policy toward Pyongyang. President Kim took over the lead role in inter-Korean dealings from the U.S. in June 2000 for the first time in five decades since the 1950-1953 Korean War. In addition, Bush made the union speech right before his visit to Seoul on February 19. People cannot but link his speech to the ongoing South Korea’s multi-billion F-X fighter project ($3.12 billion). It reported in May 2001 that the U.S. threatened that it would not help integrate U.S. weapons and cryptographic systems, should the ROK choose to buy non-US aircraft in its next-generation fighter program, code-named F-X. At the time, Boeing Co. of the U.S. was engaging fierce competition with European
consortium Eurofighter-Typhoon, French Dassault-made Rafale, and Russian Sukhoi-produced Su-35 fighters in a bid to supply South Korea with 40 fighter jets beginning in 2004. The criterion of technology transfer and contract terms is the category that the four contenders differed most widely. In early January 2002, about one month before Bush’s visit to Seoul, the ROK Defense Ministry announced the selection criteria for F-X fighter project. The two-stage yardstick to single out the new premier craft gave first priority to life span. It was followed by combat capability, operational suitability and technology transfer plus contract terms. If the gap between higher bidders was less than 3 percent in the four categories, the second-phase evaluation would put military cooperation first. This announcement was seen a decision favorable to Boeing Co. because the corporation got lowest points in the category of technology transfer and contract terms. The announcement happened to give low priority to this category. Moreover, South Korea’s Deputy Defense Minister for acquisition Choi Dong-jin even publicly pointed out top priority in the second stage of evaluation would be given to military alliance with the United States.¹ This was against Kim Dae-jung Government’s previous statement emphasizing that weapons procurement programs should be based on three simple criteria of performance, price and technology transfer. Boeing’s F-15K, a Korean variant of the "venerable" F-15 Eagle, could hardly be regarded as the next generation fighter by these criteria.² On March 27, the ministry narrowed the number of contenders down to two, Boeing and Dassault. Rafale beat the F-15K by a slim margin of 1.1 percent in the first round of the competition. However, as expected, South Korea decided to choose Boeing Co. over Dassault on April 18 2002. Automatically, General Electric became the winner of a $350 million jet engine deal

¹ http://www.koreaherald.co.kr/SITE/data/html_dir/2002/01/04/200201040063.asp
² http://www.koreaherald.co.kr/SITE/data/html_dir/2002/01/08/200201080050.asp
over its rival Pratt & Whitney.\(^3\) Obviously, Bush’s evil of axis statement pushed Seoul to award Boeing Co. the F-X fighter project. Kim Dae-jung Government deliberately employed the multi-billion project to pacify President Bush in a hope that the U.S. would soften its tough stance toward North Korea. That was one of reasons why President Bush did not mention “evil of axis” while he was in Seoul in February 2002.

Despite of President Bush’s insistence on tough North Korea policy, President Kim Dae-jung continued to step up diplomatic campaigns to engage the United States in dialogue with North Korea. He met Japanese Prime Minister Junichiro Koizumi on the eve of the biennial Asia-Europe Meeting (ASEM) in Copenhagen in September 2002. The two leaders urged the United States to promptly resume talks with North Korea. The South Korean leader was the first foreign head of state to meet Koizumi following his landmark visit to Pyongyang just a week ago. President Kim's efforts to see the U. S. reopen dialogue with the North gained momentum when ASEM leaders adopted the Political Declaration for Peace on the Korean Peninsula at the ASEM conference. In the statement, the European and Asian leaders hoped that the prospects for the resumption of dialogue between the U. S. and the North would continue to improve.\(^4\) However, again President Kim’s hope evaporated because North Korea admitted it had a secret program to produce highly enriched uranium when U.S. Assistant Secretary James Kelly visited Pyongyang in October 2002. Since then, North

\(^3\) [http://www.koreatimes.co.kr/times/200204/t2002041817250640110.htm](http://www.koreatimes.co.kr/times/200204/t2002041817250640110.htm)

Korea and the U.S. were locked into confrontation through the end of Kim Dae-jung’s presidency. The KEDO under U.S. leadership froze the supply of heavy oil to Pyongyang under the 1994 Agreed Framework in December 2002, while North Korea scraped the Non-Nuclear Proliferation Treaty on January 10, 2003 in response.

**South Korea-U.S. Security Relations**

American forces have acted as the ultimate guarantor of the ROK’s security since the Korean War in the 1950s. The U.S. also is South Korea’s primary provider of advanced weapons and main sources of military technology. Nonetheless, in the post-Cold war period, different perceptions of North Korea threat between the U.S. and South Korea have had adverse impacts on U.S.-South Korean security alliance particularly since the 2000 Inter-Korea Summit. Contradiction in security matter between the Kim Dae-jung Government and the Clinton Administration did not come to surface until August 1998 when North Korea launched a Taepodong I missile. The U.S. and Japan have accelerated the development of Theater Missile Defense (TMD) program since the incident, while South Korea refuses to join the TMD because it claims that the program might stimulate arms race in Northeast Asia. South Korea also opposed to the U.S. and Japan’s possible preemptive strike on the DPRK if they identify signs of an imminent attack, because it would trigger all-out war. ROK Minister of National Defense Chun Yong-taek in March 1999 said that "such preemptive attacks are feared to develop into an all-out war on the Korean Peninsula and so we determinedly oppose

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5 [http://www.nikkei.co.jp/sp1/nt58/20021115D2MI015515058001.html](http://www.nikkei.co.jp/sp1/nt58/20021115D2MI015515058001.html)

6 [http://www.nikkei.co.jp/sp1/nt58/20030110AT2M1001A10012003.html](http://www.nikkei.co.jp/sp1/nt58/20030110AT2M1001A10012003.html)
preemptive attacks without prior consultation."\(^7\)

Another contradiction between Washington and Seoul is arms sales in conjunction with technology transfer. Taking missile issue as an example, South Korea, due to U.S.-ROK Missile Memorandum of Understanding in 1979, was not allowed to research and develop missiles with a range more than 180 km. However, because North Korea already successfully developed its medium range missiles (Rodong missile with a range of 1,000 km), the ROK had requested the U.S. to relax restriction on developing medium range missiles and could not get positive response from Washington.\(^8\) At the time, the Clinton Administration believed missile capability was not a security issue because South Korea was under U.S. protection. What really concerned Washington was that once the U.S. allowed Seoul to develop medium range missiles, this could result in North Korea’s withdrawal from the ongoing negotiation on missile control and could continue to sell missiles to those countries hostile to Washington such as Iran.\(^9\) Alternatively, South Korea wanted to become a member of the 1987 Missile Technology Control Regime (MTCR), for signatories are allowed not only to develop missiles with a range of 300km and a weight of 500 kg but also to share related missile development technology. Washington and Seoul did not settle the issue until October 2000 when the U.S. gave permission to the ROK to produce and deploy missiles with a range of 300km


http://www.nautilus.org/napsnet/dr/9903/MAR11.html#item17


and a weight of 500 kg.  

Actually, South Korea has actively taken a strategy of diversifying its sources of arms supply in order to acquire military technology and decrease its dependence on the U.S. and in turn increase its leverage to negotiate with Washington since the inauguration of the post-Cold War era. During the ROK-US negotiation on the missile issue, South Korea targeted France and Russia as potential partners and France turned out to be the beneficiary because the U.S. was strongly opposed to arms deal between Seoul and Moscow. South Korea imported more than a thousand ground-to-air Mistral missiles (similar to the U.S.-made Stinger) from France in 1998. In November 1999, South Korean conglomerates including Samsong Electronic Co. and Daewoo Heavy Industry Co. successfully developed short-range missiles named Chonma (Pegasus). French Thomson-CSF Group provided South Korea with critical parts such as sensors and launching system. Then, Thomson-CSF Group and Samsong Electronic Co. initiated a joint venture on producing major parts of the missiles in February 2000. This signified not only a breakthrough in South Korea’s effort to acquire missile technology from countries other than the U.S. who has been reluctant to offer relevant technology but also a blow to U.S. defense industries who have dominated South Korean arms market for more than five decades.

Nevertheless, the ROK spent a total of US$8.97 billion for weaponry purchase from the US in the past decade between 1991 and 2000. Over 5,000 transactions took place between the ROK and the US since 1991. The total cost of foreign weapons to South Korea since 1991 reached up to

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11 The Taiwan News, November 16, 1999, p.5.
US$12.3 billion with the U.S. brands making up to 73.1 percent. If taking all the other follow-up military aids and royalties the actual cost into consideration, the cost is likely to be even larger.\(^\text{13}\) South Korea continues to engage military cooperation with the U.S. For example, Hanwha Corp. signed a contract worth one trillion won with the ROK Ministry of Defense in July 2002 to supply the rocket artillery system named Multiple Launch Rocket System (MLRS) by 2013. The MLRS is a highly mobile automatic system, capable of firing 12 surface-to-surface rockets in less than 60 seconds. Hanwha obtained the core technology of the MLRS from the Lockheed Martin Missiles and Fire Control of the U.S.\(^\text{14}\) South Korea planned to spend US$1.6 billion in purchasing 48 Patriot missile systems from U.S. defense contractor Raytheon Co. by February 2002.\(^\text{15}\)

The ROK-U.S. perception gap of North Korea threat has been widened when U.S. President Bush assumed his office in January 2001. In April 2001, General Thomas Schwartz, commander of the ROK-U.S. Combined Forces Command (CFC) told the U.S. Senate that the North Korean military was "bigger, better, closer and deadlier, with its armed forces training at a higher level while it continued to sell missiles abroad." His assessment run counter to the ROK military's view that Pyongyang's armed threat was "either the same as the previous year or has been reduced."\(^\text{16}\)

Before the 2002 presidential election in Seoul, the announcement that two U.S. servicemen who killed two Korean girls by armored vehicle during training were not subject to criminal punishment under U.S. law, brought about


\(^{14}\) [http://www.hankooki.com/times/200207/t2002073117290640110.htm](http://www.hankooki.com/times/200207/t2002073117290640110.htm)

\(^{15}\) [http://www.koreatimes.co.kr/times/200112/t2001122417255640110.htm](http://www.koreatimes.co.kr/times/200112/t2001122417255640110.htm)

\(^{16}\) The *Korea Times*, April 8, 2001.
a surge of anti-U.S. sentiment in the ROK. South Korean activists demanded a revision of the Status of Forces Agreement (SOFA) governing the U.S. troops in South Korea.\(^{17}\) U.S. Forces Korea (USFK) turned down South Korea’s request to relinquish jurisdiction over two American army soldiers.\(^{18}\) South Koreans believe SOFA provisions should be rewritten in such a way that any offenses by U.S. soldiers in Korea are tried in accordance with Korean law, and preferential treatment should not be given under any circumstances. They are convinced that a solid and firm bilateral relationship can be only established when the U.S. respects South Korea’s sovereign rights.\(^{19}\) Against this backdrop, Roh Moo-hyun, a leftist of the Kim Dae-jung camp won the presidential election in December 2002. During his campaign, Roh echoed Kim Dae-jung’s reconciliation policy toward Pyongyang and stressed Seoul should maintain equal footing in its relationship with Washington. In the past, Roh signed a petition requesting U.S. forces to withdraw from the ROK. Hence, the election with Roh Moo-hyun who was considered as a radical leftist by the conservative Bush Administration irked Washington.

Two months later after Roh formally became South Korean President in February 2003, Major General James Soligan, Deputy Chief of Staff the United Nations Command (UNC) and the USFK indicated that most of the U.S. Forces of 37,000 in the ROK will be moved to Osan-Pyongtaek area from the Yongsan base in the long term in an attempt to realign and consolidate its bases, currently scattered throughout the peninsula, into two major “hubs”, one in the Osan-Pyongtaek area, home of the Osan Air Base, and the other in the Taegu-Pusan area including Camp Hialeah.\(^{20}\)

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\(^{17}\) \[http://times.hankooki.com/lpage/200306/kt2003061022175812070.htm\]
\(^{18}\) \[http://www.hankooki.com/times/200208/t2002080718111540110.htm\]
\(^{19}\) \[http://www.hankooki.com/kt_op/200208/t2002080716531048110.htm\]
\(^{20}\) \[http://times.hankooki.com/lpage/200304/kt2003042517012310220.htm\]
Consequently, South Korea reluctantly accepted the U.S. proposal of virtually eliminating the U.S. military presence from Seoul.\textsuperscript{21} In addition, at the request of the U.S., South Korea agreed to increase its share of ROK-US defense cost from 43 percent to 50 percent in March 2001. The share of the cost for ROK in the year was US$448 million.\textsuperscript{22}

**Economic Relations**

When President Kim Dae Jung assumed office in February 1998, he was facing daunting challenges including confronting an opposition-dominated assembly which forced him to negotiate the first hostile leadership transition in modern Korean political history, dealing with an economy bedeviled by structural weaknesses, political favoritism, and unfinished reforms and implementing an unpopular foreign bailout directed by the International Monetary Fund (IMF). President Kim put his priority to economic resuscitation from the 1997 financial crisis. One of his main reasons to put forward the sunshine policy was to foster stable inter-Korea relations so as to induce badly needed foreign investment and implement economic reforms.

The Asian financial crisis in 1997 was an important watershed of economic interactions between Washington and Seoul. The financial crisis forced South Korea to borrow money from the IMF and accepted the institution’s monitoring its economic reform. The U.S. was the leading country to organize a US$57 billion bailout package, which included US$1.7 billion from the U.S., in January 1998.\textsuperscript{23} Furthermore, in the 1990s before the financial crisis, the U.S. enjoyed trade surplus with South Korea. However, it has

\textsuperscript{21} http://www.koreaherald.co.kr/SITE/data/html_dir/2003/11/20/200311200056.asp
\textsuperscript{23} Doug Bandow, “South Korea’s Dual Dependence on America,” http://english.joins.com/nk/article.asp?aid=20020529150822&sid=F00
reversed to South Korea’s favor since 1998. Because the sharp depreciation of Won since November 1997, South Korea’s exports to the U.S. skyrocketed from US$21.6 billion in 1997 to US$32.7 billion in 2002. As a result, South Korea’s trade surplus with the U.S. increased from US$2.4 billion in 1998 to US$9.7 billion in 2002 (see Table I). In 2004, U.S.-ROK bilateral trade totaled US$72.4 billion with a trade balance of US$19.8 billion favorable to South Korea. In the year, South Korea’s exports to the U.S. were US$46 billion, while imports from America US$26 billion.  

According to the Korea International Trade Association (KITA), South Korea’s exports to the U.S. rose to US$34.2 billion in 2003. Currently, the U. S. is the second biggest market for South Korean goods, and South Korea the sixth largest trading partner for the U. S. The ROK is also America’s sixth largest export market behind Canada, Mexico, Japan, Germany, and the United Kingdom, and eighth largest import source.

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25 [http://times.hankooki.com/lnpage/biz/200404/kt2004043017494211900.htm](http://times.hankooki.com/lnpage/biz/200404/kt2004043017494211900.htm)
Table I: US$million

<table>
<thead>
<tr>
<th>Year</th>
<th>South Korea’s Bilateral Trade with the U.S.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Exports</td>
</tr>
<tr>
<td>1981</td>
<td>5,660.6</td>
</tr>
<tr>
<td>1982</td>
<td>6,243.2</td>
</tr>
<tr>
<td>1983</td>
<td>8,245.5</td>
</tr>
<tr>
<td>1984</td>
<td>10,478.8</td>
</tr>
<tr>
<td>1985</td>
<td>10,754.1</td>
</tr>
<tr>
<td>1986</td>
<td>13,880.0</td>
</tr>
<tr>
<td>1987</td>
<td>18,310.8</td>
</tr>
<tr>
<td>1988</td>
<td>21,404.1</td>
</tr>
<tr>
<td>1989</td>
<td>20,638.9</td>
</tr>
<tr>
<td>1990</td>
<td>19,359.9</td>
</tr>
<tr>
<td>1991</td>
<td>18,559.2</td>
</tr>
<tr>
<td>1992</td>
<td>18,106.0</td>
</tr>
<tr>
<td>1993</td>
<td>18,137.6</td>
</tr>
<tr>
<td>1994</td>
<td>20,552.7</td>
</tr>
<tr>
<td>1995</td>
<td>24,131.5</td>
</tr>
<tr>
<td>1996</td>
<td>21,670.5</td>
</tr>
<tr>
<td>1997</td>
<td>21,825.4</td>
</tr>
<tr>
<td>1998</td>
<td>22,805.1</td>
</tr>
<tr>
<td>1999</td>
<td>29,474.7</td>
</tr>
<tr>
<td>2000</td>
<td>37,610.6</td>
</tr>
<tr>
<td>2001</td>
<td>32,210.8</td>
</tr>
<tr>
<td>2002</td>
<td>32,780.1</td>
</tr>
</tbody>
</table>

2000 ~ 2002:
http://www.bok.or.kr/bokis/bokis/m_statis_disp_main
Nevertheless, the importance of U.S. market for South Korea has decreased since the late 1980s. Emerging China is a major factor. The share of merchandise exports to the U.S. in South Korea’s total exports slipped from more than 40 percent in the late 1980s to less than 20 percent in 2002. Same thing happened on the import side. The U.S. replaced Japan as South Korea’s largest supplier in the late 1990s after the Asian financial crisis. However, that position did not last long. The U.S. share of South Korean imports has shown downturn thereafter.27 In 2002, the U.S. supplied 15.1 percent of the ROK’s merchandise imports, making the U.S. South Korea’s second largest import partner, after Japan.

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27 Marcus Noland, “Strategic Importance of U.S.-Korea Economic Relations,” NBR Special Report, No. 4, the National Bureau of Asian Research.
with 19.6 percent share.\textsuperscript{28} By and large, major South Korea exports to U.S. include electrical machinery (with semiconductors accounting for almost 20 percent of total South Korean shipments to the U.S.), cellular phones, general machinery, automobiles, textile products, and steel, while imports from the U.S. comprises semiconductors, machinery (especially semiconductor production machinery), aircraft, agricultural products, and beef.\textsuperscript{29}

What worth noting is that China emerged as South Korea’s largest exports market in 2003\textsuperscript{30} and superseded the U.S. as South Korea’s largest trading partner in first seven months of this year, according to the KOTRA, with Sino-ROK total trade volume of US$43.8 billion. U.S.-South Korea trade volume in the same period totaled US$40.2 billion. South Korea’s trade surplus with China (US$12.1 billion) in the same period also larger than that of South Korea’s trade surplus with the U.S. (US$7.9 billion)\textsuperscript{31}

In addition to gradually diminishing significance of the U.S. in South Korea’s merchandise trade, trade disputes between the two countries have a tendency of increase in recent years. The six most controversial trading sectors are auto, steel, intellectual property rights, agricultural products, pharmaceuticals and cosmetics.\textsuperscript{32} The salient examples are the U.S. Department of Commerce’s anti-dumping tariff on steel products in 2002 and its preliminary decision in April 2003 to impose 57.37 percent penalty tariff on chips shipments from Hynix Semiconductor. The South Korean government was reviewing imposing retaliatory tariffs on U.S. imports as a countermeasure against U.S. import curbs on South Korean steel products in case the Bush administration

\textsuperscript{28} http://www.koreaherald.co.kr/SITE/data/html_dir/2003/01/23/200301230014.asp
\textsuperscript{29} Manyin: 1.
\textsuperscript{30} http://www.yomiuri.co.jp/editorial/news/20040824ie91.htm
\textsuperscript{31} http://chinese.chosun.com/site/data/html_dir/2004/09/22/20040922000008.html
\textsuperscript{32} http://china.joins.com/article_g.php?tonkey=20020807211039
did not accept the ROK’s compensation request for export losses from the U.S. steel safeguard measures. South Korea's call for indirect compensation complies with the World Trade Organization's regulations on safeguards that allow targeted markets of safeguards sustaining export damage to enforce "revenge measures" if their bilateral negotiations for an appropriate compensation flops within 60 days after the request. When the countries subjected to safeguards receive no dissension from the WTO's Council for Trade in Goods (CTG) within 30 days after submitting its tariff concession standstill items list, they could issue retaliatory tariffs on safeguard-enforced countries.33

Moreover, U.S.-based Micron Technology Inc. filed complaint against its South Korean archrival, Hynix Semiconductor, the world's third-largest chipmaker, in November 2002. Micron claimed that Hynix Semiconductor received US$11.86 billion in illegal government subsidies from state-run banks in 2001 as part of efforts to bail out the financially troubled chipmaker. According to Micron, the ongoing subsidization of Korean DRAM manufacturers violates free-market principles and has resulted in excess supply in the international market for DRAM products. Micron claimed that South Korea has not kept its commitments to the WTO and continues to violate U.S. Countervailing Duty laws by subsidizing its semiconductor makers and thus has caused economic injuries to Micron and other DRAM (dynamic random access memory) producers. Hence, it seeks imposition of a countervailing duty against South Korean DRAM imports.34 Alternatively, South Korean government argued that the loans issued by the state-run Korea Development Bank and Korea Exchange Bank in the form of syndicated loans and global depositary receipts

33 http://www.koreatimes.co.kr/times/200205/t2002051217464740110.htm
(GDR) were not subsidies but were the rescue efforts by the Hynix’s Korean creditors. The U.S. Department of Commerce believed that certain semiconductors from South Korea had been unfairly subsidized. Hynix responded by threatening action at the WTO. In 2002, DRAM chips made up 35 percent (US$5.97 billion) of South Korea's total semiconductor exports, of which 32 percent (US$1.94 billion) were shipped to the U.S.

Despite of negative performance of the merchandise trade, U.S. bilateral trade in services and U.S. investment in the ROK have grown robustly. The share of services trade in the ROK’s GDP doubled to 15 percent over the decade to 2001. The U.S., with a bilateral surplus of US$3.3 billion, is the major supplier of services to South Korean economy. For example, on the education front, 73,272 South Korean students studying in the U.S. ranked the first among foreign students in the country by the end of 2004. In addition, remittance to South Korean students studying abroad in 2003 totaled US$1.85 billion. Two-third of total amount of remittance went to the U.S. (US$949 million)

**Mutual Investment**

In order to attract foreign investment and revitalize South Korean economy as soon as possible in the wake of the 1997 financial crisis, Kim Dae-jung Government after inauguration in February 1998 immediately initiated

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35 http://www.hankooki.com/times/200211/t20021111318534940110.htm
37 http://www.koreaherald.co.kr/SITE/data/html_dir/2003/04/03/200304030049.asp
40 http://chinese.chosun.com/site/data/html_dir/2004/10/08/20041008000022.html
aggressive economic reform featuring with opening its market to world and liberalizing South Korea’s foreign direct investment regime such as allowing foreign enterprises to merge and acquire South Korean companies as well as to purchase local land, real estates and securities.\textsuperscript{41} As a consequence, inbound FDI flows increased remarkably, soaring from US$3.2 billion in 1996 to US$15.7 billion in 2000, before starting to drop since 2001 (US$11.9 billion). The U.S. contributed US$3.89 billion accounted for more than 32 percent of South Korea’s total FDI in 2001. This made the U.S. the largest investor of the ROK\textsuperscript{42} and it has consolidated that position thereafter. In the period of 1998-2000, American companies invested nearly US$10 billion in South Korea.\textsuperscript{43} General Motors took over South Korea’s second largest carmaker Daewoo Motors (with a debt of US$17 billion) by US$2 billion in September 2001.\textsuperscript{44} Later, GM set up the GM Daewoo Automotive Technology Centre (GMDAT) in South Korea, whose main function is to design cars for the Asia Pacific region.\textsuperscript{45} According to the Ministry of Commerce, Industry and Energy (MOCIE), American investment in the ROK totaled US$4.49 billion of 291 cases in 2002, 55.2 percent of South Korea’s total inbound FDI.\textsuperscript{46} In the following year, the total amount of U.S. investment in South Korea dropped to US$1.2 billion.\textsuperscript{47} In all probabilities, this was due to a surge of anti-Americanism in South Korea and the election of Roh Moo Hyun who has a tendency of

\textsuperscript{41} Ning-ning Chen and To-hai Liou, \textit{Introduction to Korean Studies (Chinese)}, Taipei: Cultural University Press, 2000, p. 74.

\textsuperscript{42} \url{http://www.koreaherald.co.kr/SITE/data/html_dir/2002/01/11/200201110057.asp}


\textsuperscript{44} Editorial: Rebirth of Daewoo Under GM Flag, \textit{the Korea Times}, September 21, 2001.

\textsuperscript{45} \url{http://www.hindustantimes.com/2003/Mar/15/181_213544_0002.htm}

\textsuperscript{46} \url{http://ekm92.trade.gov.tw/BOFT/OpenFileService2}

anti-Americanism as the ROK President. Nevertheless, for the first nine months of this year, FDI in South Korea jumped around 82 percent from the same period in 2003 (US$1 billion, 91.7 percent of South Korea’s total inbound FDI in the period)\(^{48}\) to US$8.4 billion, including General Electric Co.’s US$870 million purchase of Hyundai Capital Services Inc.\(^{49}\) and Citigroup’s buying KorAm in March 2004 with US$1.7 billion. The case was the largest FDI in Korean history.\(^{50}\) Again, Citigroup bought non-memory chip operation of Hynix Semiconductor Inc. for US$827.6 million in October 2004.\(^{51}\)

Figur 1. **Foreign Direct Investment Flows into the ROK, 1993-2003**

<table>
<thead>
<tr>
<th>Year</th>
<th>FDI in Billions</th>
</tr>
</thead>
<tbody>
<tr>
<td>1993-1996</td>
<td>2.2</td>
</tr>
<tr>
<td>1997</td>
<td>7.9</td>
</tr>
<tr>
<td>1998</td>
<td>6.9</td>
</tr>
<tr>
<td>1999</td>
<td>15.5</td>
</tr>
<tr>
<td>2000</td>
<td>15.7</td>
</tr>
<tr>
<td>2001</td>
<td>11.0</td>
</tr>
<tr>
<td>2002</td>
<td>9.1</td>
</tr>
<tr>
<td>2003</td>
<td>6.5</td>
</tr>
</tbody>
</table>

**Source:** ROK Ministry of Commerce, Industry, and Energy


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\(^{50}\) Mark E. Manyin, “‘South Korea-U.S. Economic Relations: Cooperation, Friction, and Future Prospects,’” *CRS Report for Congress*, updated July 1, 2004, p. 7.

On the other hand, before the 1997 Asian financial crisis, South Korean enterprises rushed to build manufacturing plants abroad in a bid to lower production costs, broaden their export markets and acquire higher technology. The Asian financial crisis, however, forced many cash-strapped Korean firms to terminate or freeze their ambitious expansion plans and cut overseas direct investment drastically. Against this background, South Korea’s investment in the U.S. receded in the wake of the financial crisis. Additionally, economically rising China is another major factor causing the downturn of South Korea’s investment in the U.S. For the first half of the 1990s, annual South Korea’s FDI in America ranged between US$ 350 million and US$ 535. After shooting up to US$1.57 billion in 1996, the ROK’s FDI in the U.S. dropped to US$729 million in 1997 and US$874 million in 1998. According to Korea Import and Export Bank’s Report on Korea’s FDI Trend in 2002, South Korea’s FDI in America in the year amounted to US$490 million, only a third of the previous year (US$1.4 billion). The major contributor was Hyundai Motor Co. which poured $700 million in the U.S. during the period. China, with US$801 million of inbound FDI from the ROK, thus replaced the U.S. for the first time as South Korean FDI’s largest recipient. This trend continues till now. China remains the most popular target for South Korean overseas direct investment, receiving US$470 million of investment in the period, followed by the U.S. with US$184 million.

54 http://china.joins.com/article_g.php?tonkey=20030403194911
55 http://www.koreaherald.co.kr/SITE/data/html_dir/2003/05/02/200305020021.asp
Current U.S.-South Korea Relations

As mentioned above, frequency and magnitude of frictions over political, security and economic issues between South Korea and the U.S. have increased since the end of the Cold War. However, more serious than the various trade issues is their fundamentally different approaches to North Korea. This has already had adverse impact on their economic interactions witnessed by a decrease of U.S. direct investment in South Korea, since President Roh Moo-hyun came to Cheong Wa Dae early 2003. In addition, foreign investors who have made plans to pour their money into South Korea are being lured away by China and Southeast Asia because they doubt about the security of Korea.\(^56\)

As for North Korea policy, President Roh Moo-hyun indicated three principles of solving North Korean nuclear crisis, namely North Korea is not allowed to own any nuclear weapons; the issue must be solved through peaceful means; and South Korea is willing to help North Korea open door to the outside world.\(^57\) The latter two principles have potential conflicts with the Bush Administration refusing to rule out military options and attempting to cut off North Korea’s financial sources by preparing for economic sanctions, marine blockade aiming at preventing drug trafficking, missiles sales\(^58\) and money laundering. However, to allely growing domestic concerns about the possibility that Washington would stage a preemptive strike against Pyongyang, South

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\(^{56}\) http://joongangdaily.joins.com/20030512/200305122209530409900090190012.html

\(^{57}\) http://www.yomiuri.co.jp/world/news/20030602id05.htm

\(^{58}\) The 11-nation Proliferation Security Initiative rapidly is developing into a multinational approach to pressure and further isolate North Korea, suggesting the United States is hardening its attitude towards Pyongyang. the PSI publicly introduced by US President George W. Bush on May 31, while visiting Poland, seeks to establish an internationally co-ordinated process to intercept illegal weapons shipments.

Korea’s Foreign Affairs and Trade Minister Ban Ki-moon in May 2005 mentioned that it is impossible for the U.S. to initiate preemptive strike against North Korea without an agreement with South Korea and other related countries.\(^59\)

For stabilizing worsening domestic economy, President Roh in his summit with U.S. President Bush at the White House in May 2003 toughened his tone toward North Korea by agreeing with President Bush in the joint statement of the summit to take additional steps if Pyongyang’s nuclear brinkmanship is unable to be settled peacefully. North Korea is especially nervous of additional steps. Although the specific measures were not clarified, they could be taking economic sanctions, blocking North Korea’s trading missiles with other countries, or launching preemptive surgical strikes against Pyongyang.\(^60\) The U.S. requested South Korea to send 5000 combat troops to Iraq in September 2003. Again, it shows a contradiction between Washington and Seoul. President Roh was most worried about the possibility that the six-way talks might not take place or fail to reach an agreement if his government decided not to send troops to Iraq.\(^61\) Against this background, South Korea reluctantly agreed to send 3000 non-combat troops to Iraq for reconstruction.\(^62\) However, two important announcements by the U.S. in the first half of 2004 were regarded as signals sent by President Bush to the ROK to express his displeasure about South Korea’s repeated delay of sending troops to Iraq and his distrust toward the Roh Moo-hyun Government. Those were the U.S. decision in April 2004 to withdraw 5,000 troops stationing in South Korea and send them to Iraq and later announcement that Washington would retreat one

\(^60\) http://times.hankooki.com/lpage/opinion/200305/kt2003052317134911300.htm
\(^61\) http://www.koreaherald.co.kr/SITE/data/html_dir/2003/10/04/200310040050.asp
\(^62\) http://news.chinatimes.com/Chinatimes/newslist/newslist-content/0.3546.110504+112003112600069,00.html
third (12,500 soldiers) of its forces in the ROK as a part of the restructuring of its global strategic deployment.

In comparison with the Kim Dae-jung Government, the Roh Mu-hyun Government is more actively and boldly to conduct foreign policy on its own way with a connotation of seeking independence from the U.S. by insisting on engaging North Korea in spite of deteriorating U.S.-North Korean relation, attempting to serve as a mediator between Washington and Pyongyang exemplified by bringing North Korea and the U.S. back to the fourth round of the six-party talks in August 2005 and as a balancer in Northeast Asia. President Roh in March, 2005 stated that South Korea does not want to see U.S. forces stationing in South Korea to be sent to act as task forces in Northeast Asia and his country is seeking to act as a strategic mediator between regional powers such as Japan, China and Russia. U.S. Assistant Secretary of State Christopher Hill viewed the balancer doctrine as “annoyed”. Despite of mounting pressure on North Korea to relinquish its suspected nuclear weapons program from Washington, President Roh pledged in June 2003 that his government would step up efforts to promote cooperation and exchanges inheriting the spirit of the June 15 inter-Korea Summit in 2000. Furthermore, South Korean Deputy Foreign Minister Lee Soo-hyuk in June 2003 pointed out that U.S. and Japan seemed to agree on the need to manage the North Korean nuclear issue at the United Nations, but South Korea urged the two sides to wait and see as efforts are underway to realize multilateral dialogue. Additionally, South Korean Unification Minister Chung Dong-young

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63 http://chinese.chosun.com/site/data/html_dir/2005/05/18/20050518000030.html
64 http://times.hankooki.com/lpage/200505/kt2005051917054510230.htm
65 South Korea, the U.S. and Japan agreed at the Trilateral Cooperation and Oversight Group (TCOG) on June 12-13 to crack down on the suspected illegal activities of the North including drug trafficking and money counterfeiting. The Korea Herald, June 17, 2003.
conveyed President Roh's "important proposal" to Kim Jong-il on June 17 2005, an offer of large-scale economic assistance what so called South Korean version of the Marshall Plan in exchange for the scrapping of North Korea's nuclear weapons program.\(^{67}\) Minister Chung then visited Washington immediately after his meeting with Kim Jong-Il and presented proposals to the U.S. in order to get North Korea back to the negotiation table.\(^{68}\) In the wake of recent fourth round of six-way talks, even though the U.S. insists that North Korea must dismantle its nuclear facilities including both nuclear weapons and light water reactors, ROK Unification Minister Chung Dong-young indicates that North Korea has the right to maintain its light water reactors which are used for peaceful purposes.\(^{69}\)

**Changing U.S. Korea Policy?**

In the first term of President Bush, he and North Korean Supreme Leader Kim Jong Il bogged down in a dangerous chicken game like two little emperors since September 2002. Both leaders were taking brinkmanship against each other and refused to make concessions unless the other side made concessions first. Even though President Bush urged North Korea to attend the multilateral talks, he was not so much interested in negotiating with North Korea as isolated Pyongyang in the six-party talks in order to force North Korea to unconditionally accept his demand, completely, verifiably, and irreversibly dismantle its nuclear weapons programs before any agreement on political and economic compensation can be made. In the same time, President Bush pursued a policy of containing North Korea by

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\(^{67}\) [http://www.koreaherald.co.kr/SITE/data/html_dir/2005/07/02/200507020021.asp](http://www.koreaherald.co.kr/SITE/data/html_dir/2005/07/02/200507020021.asp)  
economic sanctions and blocking North Korea's financial sources such as illegal drug trafficking and missile exports in an attempt to bring about regime change from inside. His approach to North Korea in the first term was very similar to a report done by former Deputy Secretary of State Richard Armitage in 1999. Armitage suggested in the report that the U.S. should link the reduction of conventional weapons to the peaceful negotiation with North Korea. Should diplomatic measures fail, American forces should attack North Korean ships shipping missiles overseas. The final resort was to initiate preemptive strike against North Korea's military facilities.  

As a result, Bush's hawkish policy toward North Korea in the first term strained its relations with both Koreas and put South Korean President Roh Moo-hyun in a very awkward position, fanned the fire of anti-Americanism in South Korea, and pushed Roh like Kim Dae-jung to seek China's assistance in engaging North Korea and brought about a loose bipolar system of U.S.-Japan alliance against a coalition of China, Russia, and two Koreas or to be more accurately, a China-centered coalition versus a U.S.-led axis in Northeast Asia. It is exemplified in the six-way talks in Beijing since August 2003. Major actors including the U.S., China, Russia, Japan, and South Korea all favor a non-nuclear Korean peninsula, but have been divided on how to get there. China, Russia, South Korea, even Japan favor to solve North Korea nuclear issue in a peaceful fashion, but the U.S. refused to rule out the possibility of using forces against North Korea.

70 http://www.koretimes.co.kr/kt_op/200111/t2001112716484948110.htm; http://news.chinatimes.com/Chinatimes/newscontent/newscontent/0,1058,112002020900066+110504+200209,00.html
Nevertheless, since the beginning of Bush’s second term, America’s North Korea policy appears to turn to be realistic, with the appointments of Condoleezza Rice who is believed to be a realist and Christopher Hill who is familiar with Korean affairs for his previous post as U.S. ambassador to the ROK, as Secretary of State and Assistant Secretary of State who is also top U.S. negotiator to the six-way talks. In March 2005, Secretary of State Rice in her first Asia trip indicated that her country regarded North Korea as a sovereign state and had no intention of attacking the DPRK. She also mentioned that the U.S. was willing to hold bilateral dialogue under the framework of the six-way talks. The Bush administration in the first term insisted bilateral talks between Washington and Pyongyang was unlikely. Later, U.S. President Bush who had previously branded Kim Jong-il as a tyrant also made a positive gesture to Pyongyang by deliberately referring Kim Jong-il as Mr. These changing gestures toward Pyongyang were viewed as positive responses to both South Korea’s repeated request to soften its hard North Korea policy and the DPRK’s demand for a non-hostile
policy from the U.S. as a prerequisite to return to the six-way talks. Simultaneously, Washington pointed out that its patience was not unlimited and further steps would be taken if North Korea failed to return to the negotiation table by the end of June 2005. This could mean to bring the North Korean nuclear issue to the U.N. Security Council. The U.S. also warned the world that North Korea was preparing for an underground nuclear test since March 2005 and could go ahead for the test in June that year.\textsuperscript{75} Anyway, the softened U.S. tone did get North Korea back to the fourth round of the six-party nuclear talks in Beijing in August 2005 and this round is so far the most serious one of a marathon negotiation of twelve days. Nonetheless, they failed to work out a final agreement mainly because of disagreement over whether North Korea should maintain peaceful nuclear facilities between Washington and Pyongyang.\textsuperscript{76} As a consequence, the fourth round was ended with a recess until possibly September 12.\textsuperscript{77} However, U.S. chief negotiator Hill optimistically predicted that a concrete agreement could be reached by coming October.\textsuperscript{78}

It remains to be seen if the changing U.S. attitude toward North Korea is a tactical shift aimed at exhausting other

\textsuperscript{75} http://chinese.chosun.com/site/data/html_dir/2005/05/01/20050501000020.html  
\textsuperscript{76} http://www.mainichi-msn.co.jp/kokusai/asia/news/20050813k0000e0300210000c.html  
\textsuperscript{77} North Korea refused to resume the 6-way talks scheduled on August 29 for the on-going U.S.-ROK joint military exercises until September 2 but is willing to attend the talks on September 12. \textit{Nihon keizai shimbun}, August 30, 2005, p. 8  
http://www.nikkei.co.jp  
\textsuperscript{78} \textit{Yomiuri shimbun}, August 11, 2005, http://www.yomiuri.co.jp/world/news/20050811i203.htm
actors’ patience toward Pyongyang and paving the way for jointly pressing North Korea to comply with the complete denuclearization or a strategic maneuver to restructure its Northeast Asia policy focusing on the prevention of a rising China. In case the former scenario is true, the U.S. is likely to collaborate with China to force North Korea to accept the drafted statement of the fourth round of six-party talks and end the North Korean nuclear crisis since October 2002. If North Korea refuses to accept the agreement, it will be up to China if it continues to support Pyongyang or not. If China supports North Korea and the U.S. does not want to negotiate any more, then the situation will be highly volatile. Military confrontation might not be avoided. Alternative, if Washington is more concerned about rising China, the peaceful resolution of North Korean nuclear issue involving the normalization of U.S.-North Korean relations and Japan-North Korean relations in exchange for the dismantlement of North Korean nuclear facilities will lead to restructuring strategic, political and economic landscape of Northeast Asia as the U.S. and Japan’s political and economic influence will thrust into that country. This actually will increase Washington’s influence in the Korean peninsula and Northeast Asia as its relations with both Koreas will greatly improve. China will face duel challenges from both the U.S. and Japan. This will also start the process of peaceful evolution of the DPRK. If that is the case, Kim Jong Il will face a formidable challenge if his regime is able to survive in this highly competitive international community.