



**DATE:** July 13, 2017

**SUBJECT:** The First Trump-Moon Summit and the Future of US-ROK Relations

### MAIN POINTS

- Trump-Moon summit:
  - Reaffirmed both US and ROK commitment to alliance
  - US focused on sanctions, pressure, and renegotiation of KORUS FTA; ROK focused on dialogue with NK and promotion of ROK leadership in the Korean peninsula
- Future relations:
  - Must espouse defense measures beyond THAAD in a plan to stay ahead of nuclear-capable North Korea with continued US reassurance of alliance commitment
  - FTA renegotiation is not necessary, but solution for mutually beneficial bilateral trade is
  - High-level engagement in trilateral US-ROK-Japan relationship going forward is desired

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### EVENT OVERVIEW

**Date:** July 13, 2017

**Time:** 9:00 a.m. - 10:30 a.m.

**Location:** KEI Conference Facility, 1800 K St NW, Suite 1010

#### Attendees

- **Han Duck-soo (Opening Remarks):** Chairman, Climate Change Center; Former Prime Minister, ROK; Former Korean Ambassador to the United States
- **Troy Stangarone (Moderator):** Senior Director for Trade and Congressional Affairs, KEI
- **Ahn Se Young:** Professor, Sogang University

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- **Choi Kang:** Vice President, Asan Institute for Policy Studies
- **Abraham Denmark:** Former Deputy Assistant Secretary for East Asia, DoD
- **Bruce Klingner,** Senior Research Fellow, The Heritage Foundation

## SUMMARY

### Introductory Remarks

#### **Ambassador Han Duck-soo**

Ambassador Han emphasized how the US-ROK alliance is key to challenges facing the Korean peninsula and critical to the stability in Northeast Asia. President Moon, after only two months of preparation, was able to have a very successful summit meeting with President Trump in the US and then again during the G20, said Han. President Moon was present during trilateral US-ROK-Japan talks, and met with the Chinese chairman and Russian president as well – all the countries central to the Korean peninsula. The situation is so dire that coordinating US-ROK policies has become a priority. Ambassador Han laid out four conclusions from the summit:

- 1) The US has made clear its commitment to defending ROK and Japan in an effort to protect stability in the region.
- 2) The US and ROK have agreed that maximum pressure and sanctions are key to pursuing peaceful resolution and dialogue.
- 3) The US and ROK would coordinate closely on North Korea policy to ensure the strongest possible front.
- 4) They also agreed to strengthen mutually beneficial economic relations. Although they have not fully agreed on KORUS FTA, they would like to consult and review how to promote economic relations between the two countries.

### Opening Comments by Panelists

#### **Abraham Denmark**

Although there is certainly potential for conflict given the presidents' political agendas, the summit went fairly well because both sides wanted it to go well. However, each side had a very different focus. The American statement talked about US-ROK agreement on sanctions, pressure, and reaffirmation of THAAD; the South Korean statement focused on American support for dialogue with North Korea and ROK leadership. Denmark concluded by revealing how the interpersonal interaction between the presidents was fairly good and that time will tell how the substance of the talk will play out.

#### **Choi Kang**

Choi agreed with Denmark, adding that prior to the summit, most people had fairly low expectations due to concerns over issues like THAAD and KORUS FTA. The presidents and their teams were able to minimize the impact of these divisive issues and focus on building a positive relationship. Choi saw an opportunity for the two leaders to make clear to each other their positions and work to understand each other. However, “the devil is in the details,” such as how the two countries will find a balance between pressure and dialogue, and what agenda they

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will agree to present. These things still need to be ironed out. Choi pointed out that whatever agreement between the two countries, external factors will greatly affect the outcome of the summit.

### **Bruce Klingner**

Klingner looked at the summit in four phases: long before, shortly before, during, and after. Long before the summit, right after President Moon's inauguration, there were a lot of concerns on what the summit would look like, given President Moon's pro-engagement stance. Running up close to the summit, the expectations were better, partially because President Trump seemed to put aside his previous views of the alliance and conditionality of US support, and President Moon moved to the center on his comments about pursuing engagement and dialogue with the North; he acknowledged that re-opening Kaesong would be a violation of UN Security Council resolutions and adopted a more conservative point of view on North Korea. The summit itself went fairly well, despite President Trump being somewhat of a dark cloud on what was otherwise a sunny day. After the summit, both teams seemed to leave with very different ideas on what was agreed. President Trump said that South Koreans agreed to renegotiate the KORUS FTA, and President Moon said of renegotiating KORUS that it had not been in the joint statement and therefore was not an officially agreed upon agenda they were planning to move forward with. Klingner argued that President Moon interpreted the summit as the US acquiescing to ROK desires to be in the driver's seat on all peninsular issues – not just unification.

The North Koreans constrained President Moon's ability to re-engage however, the following Tuesday after the summit when they launched an ICBM. The North Koreans, with the number of missiles tested since President Moon's inauguration and their rejection of his attempts to engage in dialogue and humanitarian aid, acted similarly to when President Obama came in 2009, said Klingner. At that time, President Obama extended an offer to engage in dialogue and North Korea continued to act just as bad to him as they had to President Bush. This reconfirmed for Klingner that it is North Korea that is impeding progress here, not the policies of the US or South Korea.

### **Ahn Se Young**

According to Ahn, Presidents Trump and Moon discussed two main issues: the US-ROK alliance and trade relations. Past summits have tried to steer clear of economic conflict, but President Trump repeatedly insisted on renegotiation of the KORUS FTA. President Moon responded by saying that the FTA is mutually beneficial. US market share in and service export to Korea, as well as bilateral trade volume, are on the way up. On the subject of creating a special committee to examine the KORUS FTA, Ahn believes that having an open dialogue on the issue is better than having no dialogue at all.

## **Discussion**

### **Troy Stangarone**

How much progress has North Korea made on its missile technology, and what steps should the US-ROK alliance be taking to counter this?

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### **Abraham Denmark**

There has been a lot of humor surrounding North Korean missile testing in US popular media, especially on how lousy their missiles are. Denmark argued that there is no such thing as a failed test if you learn something from it. North Korean scientists have made tremendous progress in missile development over the past several years. There has been a lot of talk in the academic and policy community about whether or not the most recent missile was, in fact, an ICBM. Denmark thought that the technical question of whether or not it is, is beyond the point, which is that North Korea wants to have a credible ICBM and is making progress toward it. One key problem is that time is not on our side. Over time, North Korean scientists are going to improve and eventually figure it out. Despite how the US media portrays it, Denmark said that the North Korean missile program is not a joke but a real capability giving North Korea the ability to strike US allies in the region.

### **Troy Stangarone**

At the summit President Trump seemed to endorse President Moon's policy of engaging in dialogue with North Korea. How much does the July 4th missile test constrain President Moon in pursuing this?

### **Bruce Klingner**

Picking up on Denmark's comments, Klingner added that there is a tendency to downplay, dismiss, or outright deny North Korean missile and military programs. This trend continued through their plutonium and uranium program, North Korean involvement in the Syrian reactor, and in general the pushing back of "crisis point" standards in missile development. "It's only Alaska," Klingner quoted of experts. Klingner agreed with Denmark's comment on the seriousness of the North Korean threat that North Korea's actual current missile capability is not as important as the fact that North Korea will eventually get to their end goal.

On the subject of engagement, Klingner does not know how far President Moon will go or be able to go. When talking to South Korean colleagues before the summit, Klingner was told not to worry about how far left President Moon will go because regardless of what President Moon wants, North Korean resistance to dialogue and strong public support for the US-ROK alliance in South Korea puts a solid wall between the two sides. Other Korean colleagues assert that whatever wall is present, President Moon will jump over or dig under it. Nobody really knows, concluded Klingner, what President Moon's policies will be. Certainly, he said, North Korea's rejection of dialogue and civil outreach will constrain President Moon's ability to engage with it, should he desire to create a Sunshine 2.0 policy.

### **Troy Stangarone**

Many expected the issue of THAAD to be a flashpoint for this summit. Were you surprised that it did not really come up, and do you think the two countries will be able to reach the point where it will be completely deployed?

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### **Choi Kang**

On the subject of North Korean missile capabilities, Choi said it would be wise to focus on North Korea's potential long-term nuclear and missile capabilities rather than just their recent developments, as North Korea does ultimately intend to possess nuclear capabilities. Choi argued that we should not underestimate North Korea's intention to create an ICBM, or their ability to overcome technological barriers.

On the issue of THAAD, Choi said President Moon's decision to call for an environmental review will only enhance the legitimacy of THAAD. The question of whether we will be able to expedite the deployment is uncertain, according to Choi, who remarked that it is more of a domestic than bilateral issue. President Moon is also seeking more nuclear deterrence assurance from the US. Therefore, Choi argued, we need to think about what the alliance can do for defense beyond THAAD.

### **Troy Stangarone**

Given the likely chance that North Koreans will complete an ICBM before we are able to bring them back to the table, how do we prepare for the reality that we will have to deal with an ICBM-armed, nuclear-capable North Korea?

### **Bruce Klingner**

In response to Stangarone's question, Klingner argued that we are already living with a nuclear capable North Korea that can threaten both South Korean and Japanese allies. In the last year, there has been a lot of discussion and advocacy for a preventative military option, which is different from a preemptive attack in that a preventative attack would move with the purpose of preventing the completion of a nuclear weapon, whereas a preemptive attack would preempt a North Korean attack. Klingner has previously written arguing to save preemption for an imminent North Korean military attack. He thinks many people making the argument for such an attack underestimate the likely casualty numbers and the likelihood of all-out war on the peninsula if you do even a limited military attack. The US has always left the door open, but North Korea is very clear that it is not willing to denuclearize and that its nuclear program is totally off the table. Klingner advocated for increased pressure and sufficient defense because we have been and are in it for the long haul and there is no magic solution.

### **Abraham Denmark**

Denmark agreed with Klingner on planning ahead for a nuclear capable North Korea. Denmark said he is more concerned about conventional deterrence than strategic deterrence, which has proved effective in various forms since the 1950s. With a credible nuclearized ICBM, North Korea could become bolder in driving wedges between the US and its allies and in conducting conventional-level provocations against both South Korea and Japan. Denmark argued for rethinking military calculus and enhancing conventional deterrence as well as sustaining strategic deterrence. For this reason, Denmark argued, it has been a mistake to focus so much on THAAD, which is but one piece of a much more complex and sophisticated array of defense capabilities that the US and ROK have fielded. As the North Korean threat continues to evolve, Denmark argued that the alliance will have to do more than THAAD to ensure that we have the

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capability to defend ourselves and our allies. However, Denmark expressed concern that political concerns, like that over THAAD in South Korea, may weaken our ability to defend ourselves. The militaries should be free to make assessments on our defense capabilities and make decisions on what is needed, with support from both sides.

### **Choi Kang**

Choi agreed with Denmark and added that with the focus on North Korea's nuclear program, we have forgotten the extent of their conventional capabilities. A significant amount is deployed along the DMZ and pointed at the Seoul metropolitan area, the potential casualties for which range from 50,000 to half a million, depending on munitions used. We have to think about North Korea's chemical and biological capabilities as well. Last year's assassination of Kim Jong-nam highlighted North Korea's chemical threat. We are not prepared to handle the chemical and biological threat it poses.

Choi argued that there is a difference between the US and ROK on the issue of deterrence. The US wants to maintain strategic ambiguity, but the ROK wants assurance and strategic clarity. Choi also pointed out that there will certainly be strong domestic resistance should the South want to develop independent nuclear capability. No South Korean province wants to host a nuclear facility. However, the ROK wants more concrete action taken by the US so they can be assured.

### **Bruce Klingner**

President Moon, Klingner said, is trying to be on both sides of the fence in terms of THAAD. He is not advocating to reverse the deployment but at the same time is assenting to the one-to-two-year process of the environmental review. Although some argue that THAAD is a violation of South Korean democracy, Klingner believes that reversing the decision would be a violation of the Status of Forces Agreement and components of the Mutual Defense Treaty. THAAD was and is an alliance decision, not a domestic decision. THAAD is now defending millions of South Koreans. President Moon is trying to appease both the alliance and his constituents at the risk of alienating one or the other.

### **Abraham Denmark**

Reassurance is a natural aspect of any alliance relationship and is a never-ending conversation; South Korea will never be totally reassured, and that is alright. It is not a sign of weakness in the US-ROK alliance that one side wants reassurance.

### **Troy Stangarone**

At the summit, there seemed to be differences between the administrations on the issue of trade. The Trump administration has formally requested a Joint Committee meeting to review the KORUS FTA and discuss potential amendments. How is this process going to move going forward?

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**Ahn Se Young**

According to the KORUS FTA, both parties are able to convene annual Joint Committee meetings. Rather than focus on renegotiation, Ahn thinks it is important for both sides to identify more mutually beneficial solutions. The Trump administration has focused on the US trade deficit with South Korea, which has doubled in the past five years; there are many ways to fix this problem, such as encouraging Korean companies to invest more in and buy more from the US, which is currently being done. Solving this problem therefore does not necessarily require renegotiating the FTA. South Korea currently imports almost all of its energy from the Middle East and Southeast Asia/Malaysia, but a shale gas revolution could change the balance of trade between South Korea and the US. The US deficit with South Korea and Japan came largely from automobile trade. Ahn believes South Korea has made more sincere and active efforts in US-ROK bilateral trade.

**Troy Stangarone**

All trade relationships work two ways. What are some issues for South Korea?

**Ahn Se Young**

South Korea has several key trade issues. According to Ahn, there are state-by-state barriers in the US for Korean companies, which need to invest even more in the US in order to strengthen the relationship. Ahn also promoted his new book, “How to Deal with Donald Trump,” at Stangarone’s prompting.

**Troy Stangarone**

The Obama administration put a lot of effort into trilateral relationships. Given new administrations in Seoul and Washington, how do you see the trilateral US-ROK-Japan relationship going forward?

**Abraham Denmark**

The most difficult part of this trilateral relationship has always been the relationship between Korea and Japan, which is not dictated by the US but is up to the leaders of those two countries. Denmark believes that Prime Minister Abe and former President Park showed a great deal of leadership, vision, and political courage to sign agreements. President Moon clearly has a different view from his predecessor, but how it will play out in terms of practical cooperation still remains to be seen. Public opinion in South Korea on trilateral cooperation is not high, according to Denmark. Choi remarked that it actually is quite high, at 70%; nevertheless, it is a problematic issue. There is a great deal of enthusiasm for security cooperation, which needs to continue so the three militaries can enhance their cooperation. A more consequential aspect is high-level engagement, energy, and drive from top-level officials to develop and continue this cooperation.

**Choi Kang**

President Moon clearly stated that he will separate security cooperation with Japan from the history issues. Choi would like to see corresponding measures coming from Japan. Our trilateral security interests have started to see much more overlap in recent years, especially now that the

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US is also under threat from North Korea. How this US interest will impact South Korean national security is something that will need to be discussed, necessitating the three countries to have a joint plan. Choi, in opposition to Denmark, believes that the public has been very supportive of trilateral cooperation. China has become a less favorable country than Japan these days. There is good potential for future trilateral security cooperation. However, the scope of the trilateral relationship needs to broaden as it currently focus mainly on security issues of the Korean Peninsula. How far trilateral cooperation can broaden will depend on circumstances.

### Q & A

**Q:** At the summit and G20 meetings, did Presidents Trump and Moon discuss the issue of military exercises – will there be a joint military response to North Korea’s demand that South Korea terminate exercises, and also a response to the China-Russia dual-freeze proposal, which would have the same effect on US-ROK military exercises? Is the issue of military exercise still up in the air or has there been progress on a joint US-ROK position? How should we respond to the Russian-Chinese proposal?

**A (Choi Kang):** Choi clarified that President Moon was referring to South Korean activity along the DMZ, like broadcasting - not other kinds of military exercise. Moon also said that the alliance needs to do more in action, not in word. The continuation of US-ROK military exercises has been a joint decision. At the moment, there doesn’t seem to be any possibility in the near future for military reduction.

**A (Bruce Klingner):** President Moon said that the ROK is not considering cutting military exercises for the freeze. On the topic of North-South talks, North Korea refuses to engage, so Klingner does not see that happening anyway. What should the US response be to the Russian-Chinese proposal? Klingner does not believe the proposal is viable opening position because they are trying to offer something they do not legally possess. North Korean nuke tests are illegal while US-ROK military exercises are legal. Rather, concessions of similar scale need to be offered. Conventional military exercises for conventional military exercises, or something on transparency or exchange of observers would be more acceptable as an opening position.

**A (Abraham Denmark):** Exercises fulfill three functions: they send a deterrence message to NK, an assurance message to SK, and insurance for military readiness. In any negotiation, you have to be willing to make concessions. Like Klingner said, the alliance will not trade legal things (US-ROK military exercises) for illegal things (NK nuke tests). In addition, the scale and scope of exercises can be adjusted and negotiated. China keeps saying it has no leverage over the regime, so the fact that they are offering a freeze does not make sense.

**Q: Chris Nelson, Sasakawa Peace Foundation:** Is a change of dynamics in the region even possible? What would have to happen for a preemptive vs. preventative attack to be justified? How would such an attack be coordinated with the ROK and Japan?



**A (Bruce Klingner):** A preemptive attack requires having information, and knowing, to the best of our ability that the regime's intention is indeed to attack, as opposed to just sending out a political signal or conducting a routine military exercise. On the other hand, a preventative attack is not about preempting an attack but about taking out the regime's nuclear capabilities and certain targets in order to prevent them from completing the development of an ICBM. The former is arguably necessary if you feel you are about to be attacked by nuclear weapons. The latter Klingner argues against.

**A (Choi Kang):** A change of dynamics is not possible simply because the regime wants to be accepted and recognized as a nuclear power. The conditions we set for negotiation and dialogue prevent North Korea from engaging. There therefore can be no compromise. Instead, a comprehensive and gradual approach to engagement is needed because of the lack of information. Nevertheless, the alliance needs to be ready in terms of defensive capabilities. Like Klingner, Choi argued that prevention is not possible because of our lack of intelligence on sites within North Korea. A preemptive strike is possible, but unless we are prepared for all-out war, it is not an option.

**A (Abraham Denmark):** Preemption has a very firm basis in international law; prevention does not. North Korea is not terribly interested in diplomacy right now. Once they have achieved nuclear capability, they probably will be up for all the diplomacy in the world. However, we need to get past the idea that diplomacy or engagement is a concession. It is not.

**Q:** Does the lack of key personnel have an effect on diplomacy efforts with North Korea? Should we have confidence in diplomacy when we do not even have the right pieces in play?

**A (Choi Kang):** It is important to fill these positions in order to promote public diplomacy. However, even with absence of personnel, communication is still possible.

**A (Abraham Denmark):** There are capable acting officials in place even when these positions are vacant. They provide leadership, appropriate advice, and play an internal role. However, there are two main challenges: because acting officials are not appointed by the president and confirmed by the senate, they do not have gravitas to fulfill a public diplomacy role; also, appointment and confirmation matter in a democratic system.

**Q:** In your personal opinion, what is the most viable way to create a relationship with North Korea, open discussion, and put a stop to their nuclear program?

**A (Bruce Klingner):** People have struggled with this question for decades. You cannot solve North Korea's problems (plural) – nuclear, conventional, human rights – with this regime. The regime therefore has to be gone for a solution to work. This does not, however, mean that we should push for regime collapse, as too many bad things could happen in that scenario. We are therefore stuck here on one side of a swamp hoping to get to the other side. The near-term solution is to enforce our own laws and sanctions, and impose penalties on those in violation.

**A (Choi Kang):** Unless we have a leader whose last name is not Kim, it is not possible to think about a denuclearized North Korea. The nuclear program is a legitimizing factor for the Kim family, and therefore denuclearization does not seem to be a viable option. Deterrence, humanitarian engagement, and information influx are better ways to move forward.

*Report by Marina Booth, Research Intern*