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U.S.-South Korea Relations

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October 8, 2015

Congressional Research Service

7-5700

www.crs.gov

R41481

Summary

Overview

South Korea (known officially as the Republic of Korea, or ROK) is one of the United States' most important strategic and economic partners in Asia, and since 2009 relations between the two countries arguably have been at their most robust state in decades. Members of Congress tend to be interested in South Korea-related issues for a number of reasons. First, the United States and South Korea have been treaty allies since the early 1950s. The United States is committed to helping South Korea defend itself, particularly against any aggression from North Korea. Approximately 28,500 U.S. troops are based in the ROK and South Korea is included under the U.S. "nuclear umbrella." Second, Washington and Seoul cooperate in addressing the challenges posed by North Korea. Third, the two countries' economies are closely entwined and are joined by the Korea-U.S. Free Trade Agreement (KORUS FTA). South Korea is the United States' sixth-largest trading partner and the United States is South Korea's second-largest trading partner. South Korea has taken the first steps toward possible entry into the U.S.-led Trans-Pacific Partnership (TPP) free trade agreement negotiations.

Strategic Cooperation and the U.S.-ROK Alliance

Dealing with North Korea is the dominant strategic concern of the U.S.-South Korean relationship. Under South Korean President Park Geun-hye, Seoul and Washington have maintained tight coordination over North Korea policy, following a joint approach that contains elements of pressure and engagement. In response to Pyongyang's perceived intransigence and provocative behavior, Washington and Seoul have placed significant emphasis on the harder elements of their approach. Some critics say that the Obama Administration's policy applies insufficient pressure on North Korea to change its behavior, while others argue that it provides insufficient incentives. The Obama Administration has supported Park's proposals for confidence-building measures with and humanitarian assistance to Pyongyang. She has linked larger-scale aid to progress in the denuclearization of North Korea, the United States' top priority. Thus far, North Korea generally has resisted Park's outreach.

Since 2009, the United States and South Korea have accelerated steps to reform the U.S.-ROK alliance. Washington and Seoul have initiated plans to relocate U.S. troops on the Korean Peninsula and boost ROK defense capabilities. Some Members of Congress have criticized the cost of the relocation, and Park and her predecessor have slowed defense budget increases. Provocations from North Korea have propelled more integrated bilateral planning for responding to possible contingencies, for instance by adopting policies to respond more swiftly and forcefully to attacks and by discussing improvements to the two countries' respective missile defense systems. In a related development, in 2014 the United States and South Korea agreed to delay for the second time a 2007 agreement to transfer wartime operational control (Opcon) from U.S. to ROK forces.

On broad strategic matters in East Asia, while South Korean and U.S. perspectives overlap, there are areas of significant differences. For instance, South Korea often hesitates to take steps that antagonize China and has shown mistrust of Japan's efforts to expand its military capabilities.

Nuclear Cooperation Agreement

The United States and South Korea signed a new civilian nuclear cooperation agreement in mid-June 2015 to replace the existing agreement, which entered into force in 1974. The agreement, which provides the legal foundation for nuclear trade between the countries, automatically will go

into effect in the fall of 2015 unless Congress disapproves it, a move that would be subject to presidential veto.

Contents

Major Developments in the First Nine Months of 2015.....	1
The Overall State of U.S.-South Korea Relations.....	1
President Park to Visit Washington in Mid-October	1
Park Geun-hye’s Political Standing.....	2
Inter-Korean Relations	3
South Korea-China Relations: The Park-Xi Summit	4
South Korea-Japan Relations Stabilize, but Remain Tense.....	6
South Korea and the TPP	7
South Korea Joins the AIIB.....	7
Nuclear Energy Cooperation Agreement	8
Background on U.S.-South Korea Relations	8
Overview	8
Historical Background	9
North Korea in U.S.-ROK Relations.....	10
North Korea Policy Coordination	10
Inter-Korean Relations and Park Geun-Hye’s “Trustpolitik”	11
Deterrence Issues	12
Security Relations and the U.S.-ROK Alliance.....	13
Upgrades to the Alliance.....	13
South Korea’s Regional Relations.....	19
South Korea-Japan Relations	20
South Korea-China Relations	22
Economic Relations	23
South Korea’s Economic Performance	26
Currency Issues.....	28
Nuclear Energy and Non-Proliferation Cooperation.....	28
Bilateral Nuclear Energy Cooperation.....	28
South Korean Nonproliferation Policy	31
South Korean Politics.....	32
A Powerful Executive Branch.....	34
Political Parties	34
South Korea’s MERS Outbreak	35

Figures

Figure 1. Map of the Korean Peninsula.....	5
Figure 2. USFK Bases After Realignment Plan Is Implemented	16
Figure 3. South Korea’s Real GDP Growth, 2007-2014	27
Figure 4. Party Strength in South Korea’s National Assembly	33

Tables

Table 1. Annual U.S.-South Korea Merchandise Trade, Selected Years	24
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Contacts

Author Contact Information 36

This report contains two main parts: a section describing recent events and a longer background section on key elements of the U.S.-South Korea relationship. The end of the report provides a list of CRS products on South Korea and North Korea. For a map of the Korean Peninsula, see **Figure 1** below. The report identifies South Korean individuals by using their last name first. For a brief, two-page summary of U.S.-South Korea relations, see CRS In Focus IF10165, *South Korea: Background and U.S. Relations*, by Mark E. Manyin et al.

Major Developments in the First Nine Months of 2015

The Overall State of U.S.-South Korea Relations

Since 2009, relations between the United States and South Korea (known officially as the Republic of Korea, or ROK) arguably have been at their most robust since the formation of the U.S.-ROK alliance in 1953. Cooperation on North Korea policy has been particularly close. President Park Geun-hye and her predecessor, Lee Myung-bak, spoke before joint sessions of Congress, in May 2013 and October 2011, respectively, and in 2011 Congress approved the South Korea-U.S. Free Trade Agreement (KORUS FTA), the United States' second-largest FTA, after the North America Free Trade Agreement (NAFTA).

Notwithstanding the overall positive state of the relationship, U.S.-South Korea ties have been tested by developments in areas where the two countries occasionally disagree, most prominently on how to handle South Korea-Japan relations. 2015 marks the 50th anniversary of the normalization of South Korea-Japan relations and the 70th anniversary of the end of World War II and the liberation of the Korean Peninsula from its colonization by Imperial Japan, drawing attention to a legacy that continues to bedevil bilateral relations between Seoul and Tokyo. With North Korea, President Park has promoted a number of initiatives that could potentially go against the grain of U.S. policies to increase pressure on Pyongyang, but she has been careful to keep these proposals modest and to condition larger-scale initiatives on fundamental changes in the North Korean government's behavior. Additionally, many South Korean officials have an approach to China different from that of their U.S. counterparts, often avoiding taking steps or making statements that antagonize Beijing.

President Park to Visit Washington in Mid-October

South Korean President Park Geun-hye is scheduled to travel to Washington, DC, in mid-October 2015 to hold a summit with President Obama. It will be her first visit to the United States since May 2013, when she addressed a joint meeting of Congress. President Obama last visited South Korea in April 2014. Her visit, scheduled to take occur October 13-16, will occur at a time when neither the House nor the Senate are scheduled to be in session. The summit is expected to focus primarily on North Korea policy coordination, the strengthening of the U.S. South Korean alliance, and developments in Northeast Asia, particularly South Korea's relations with Japan and China.

President Park's trip is the rescheduling of a summit that originally was supposed to be held in June 2015. Less than a week before Park's scheduled departure, she announced that she was postponing the trip due to an outbreak of Middle East Respiratory Syndrome (MERS) that began

in May and caused wide-spread economic and social disruption in South Korea before it was brought under control in early July.¹ Park's government came under strong criticism—including from members of her political party—for an allegedly belated and inadequate initial response to the outbreak, particularly in reportedly waiting more than two weeks after confirmation of the first MERS case to disclose the names of hospitals and clinics where confirmed MERS infections had occurred.² The criticism echoed similar reactions to the Park government's response to a ferry disaster that killed hundreds in April 2014.

South Korea at a Glance

Head of State: President Park Geun-hye (elected December 2012; limited to one five-year term)
Ruling Party: *Saenuri* (New Frontier) Party (NFP)
Largest Opposition Party: New Politics Alliance for Democracy (NPAD)
Size: slightly larger than Indiana
Arable Land: 15.6%

Population: 49 million (North Korea = 24.7 million)
Population Growth Rate: 0.16% (U.S. = 0.77%)

Fertility Rate: 1.24 children born per woman (U.S. = 2.06)
Life Expectancy: 79.8 years (U.S. = 79.6 yrs.; North Korea = 69.8 yrs.)
Infant Mortality: 3.9 deaths/1,000 live births (U.S. = 6.2)

GDP (Purchasing Power Parity): \$1.8 trillion (2014 est.); world's 14th-largest economy (U.S. = \$17.4 trillion; North Korea = \$40 billion)
GDP Per Capita (Purchasing Power Parity): \$35,400 (2014 est.) (U.S. = \$54,800; North Korea = \$1,800)

Source: CIA, *The World Factbook*, May 28, 2015.

Park Geun-hye's Political Standing

Park's handling of inter-Korean relations in the late summer and early fall of 2015, combined with her summit with Xi Jinping in September, caused her public approval ratings to rise in September, to the 50% level according to two leading Korean polling outfits.⁴ Over the preceding year and a half, her poll numbers fell, at one point to near 30%, due to a series of personnel and policy setbacks as well as criticisms of the way her government responded to the MERS outbreak and the April 2014 sinking of the *Sewol* ferry off the country's western coast, killing nearly 300 passengers, mostly high school students. By law, Korean presidents are limited to one term of five years. Park has passed the half-way mark in her tenure, which will end in February 2018, the point at which many previous Korean presidents are widely perceived as entering the "lame duck" phase of their presidency. (For background, see the "South Korean Politics" section, below.)

¹ For more on MERS, see CRS Report R43584, *Middle East Respiratory Syndrome (MERS): Is It a Health Emergency?*, by Sarah A. Lister.

² Choe Sang-Hun, "MERS Virus's Path: One Man, Many South Korean Hospitals," *New York Times*, June 8, 2015.

³ The purchasing power parity method of calculating GDP accounts for how much people can buy for their money in a given country. Instead of simply measuring total output, the PPP GDP method attempts to gauge how much a person would have to pay in the local currency for a set basket of goods. That amount is then converted to the equivalent value in U.S. dollars, so that analysts can make cross-country standard of living comparisons.

⁴ "Park Gets Second Wind at Midpoint," *JoongAng Ilbo*, September 7, 2015; Czarelli Tuason, "South Korea's President Park Geun Hye's Approval Rating Increases this Year after Agreeing with North Korea," *Korea Portal*, September 6, 2015.

Inter-Korean Relations

In the late summer and early fall of 2015, inter-Korean relations went through a tumultuous period. In early August, a landmine exploded on the South Korean side of the demilitarized zone (DMZ) that serves as the *de facto* land border between the two Koreas. Reportedly, the blast caused one soldier to lose his legs and another to lose a foot. An investigation by the United Nations Command, which is commanded by a U.S. officer who concurrently serves as commander of U.S. forces in Korea, found that the mines had been placed recently by North Korean infiltrators, in violation of the 1953 Armistice Agreement among the parties to the Korean War.⁵ In response, South Korea reinstalled several loudspeakers just south of the DMZ and began re-broadcasting propaganda into North Korea. South Korea had stopped the broadcasts in 2004 and subsequently had removed the loudspeakers. Tensions between the two Koreas escalated and included the exchange of artillery fire across the DMZ, prompting the evacuation of nearby South Korean villages. In an effort to defuse tensions in late August, Cabinet ministers from the two Koreas met for days of talks, ultimately producing a joint statement in which:

- the two sides agreed to hold future meetings to discuss how to improve relations;
- North Korea made a rare expression of “regret” over the landmine victims’ injuries;
- South Korea agreed to suspend its loudspeaker broadcasts “as long as no abnormal incident occurs”; and
- the two sides agreed to hold in the fall of 2015 a round of reunions for family members separated since the Korean War era.⁶

Throughout 2015, Park has continued to unveil details of her “trustpolitik” plan for reducing tensions on the Korean Peninsula and establishing the foundation for re-unification. Relations between the two Koreas have been especially poor since 2010, when two military attacks by North Korea on South Korea resulted in Park’s predecessor Lee halting nearly all regular inter-Korean interchange.⁷ According to Park’s vision, South Korea will encourage North Korea to behave more cooperatively by strengthening South Korea’s defense capabilities, applying pressure on Pyongyang, and providing incentives for the forging of trust between the two Koreas. As part of the last item, Park has promoted a range of dialogues and projects with North Korea, generally on a relatively small scale. Thus far, North Korea for the most part has resisted Park’s outreach. The Pyongyang regime, led by its young leader Kim Jong-un, may feel particularly threatened by Park’s calls for South Korea to prepare for and welcome reunification, which Park appears to assume will occur largely on South Korea’s terms.

The Obama Administration publicly has backed Park’s trustpolitik strategy and appears comfortable letting Seoul take the lead in trying to encourage more cooperative behavior from Pyongyang. However, in the future, some of the cooperative elements of Park’s approach toward North Korea could conflict with U.S. policy due to an inherent tension that exists in the two countries’ views of Pyongyang. The United States’ predominant concern is North Korea’s

⁵ United Nations Command Military Armistice Commission Investigates Land Mine Detonation In Demilitarized Zone,” August 10, 2015.

⁶ Blue House, “Joint Press Release from the Inter-Korean High-Level Meeting,” August 25, 2015.

⁷ In March 2010, a South Korean naval vessel, the *Cheonan*, sank, killing over 40 ROK sailors. A multinational investigation led by South Korea determined that the vessel was sunk by a North Korean submarine. In November 2010, North Korea launched an artillery attack on Yeonpyeong Island, killing four South Koreans (two Marines and two civilians) and wounding dozens.

weapons of mass destruction (WMD) programs while South Korea's top priorities are WMD issues and promoting unification. H.R. 757, the North Korea Sanctions Enforcement Act, could conflict with some of Park's initiatives, such as her stated desire to "internationalize" the inter-Korean Kaesong Industrial Complex by attracting multinational investors.⁸ (For more on cooperation over North Korea and inter-Korean relations, see "North Korea in U.S.-ROK Relations," below.)

South Korea-China Relations: The Park-Xi Summit

In early September, Park Geun-hye visited Beijing for a summit with Chinese President Xi Jinping and to attend a parade marking the 70th anniversary of the defeat of Imperial Japan in World War II, officially titled the "Commemoration of 70th Anniversary of Victory of Chinese People's Resistance against Japanese Aggression and World Anti-Fascist War." Park was the only leader of a U.S. ally—aside from the Czech Republic's President—and major democracy to attend the event, which featured a large parade of Chinese military hardware through Tiananmen Square. Chinese officials gave Park a prominent seat at the dais overlooking the parade, just two chairs away from Xi and next to Russian President Vladimir Putin. North Korean leader Kim Jong-un declined his invitation to attend the event. Park's appearance at the celebration caused some observers, particularly in Japan, to express concerns that South Korea and China are consolidating an anti-Japanese partnership and/or that Seoul is drifting into Beijing's orbit. Other observers suggested that this is not necessarily the case, pointing out that that in the context of unprecedentedly weak ties between Beijing and Pyongyang, Park has sought to consolidate China's support for Korean unification and strategic coordination with Seoul and Washington at the expense of Pyongyang.⁹

Attending China's celebration was a continuation of Park's efforts to establish warm relations with Beijing. This was her sixth summit meeting with Xi. Following her September summit, the Blue House (the office of the South Korean Presidency) reported that Park and Xi had objected to "any kind of action that could escalate tensions" on the Korean Peninsula—a likely reference to speculation that North Korea may test a nuclear device or long-range missile in October. The Blue House also reported that the two leaders agreed that Korean re-unification "would contribute to peace and prosperity across the region." If accurate, such a discussion could indicate an increased willingness by China to more openly discuss the reunification of the two Koreas. According to the Blue House, during Park's visit China agreed to attend a China-Japan-South Korea summit in October or November in Seoul. From 2009 to 2012, the three countries held such meetings annually, but none has been held since 2012.¹⁰ (For more, see the "South Korea's Regional Relations" section below.)

⁸ The KIC is located near the North Korean city of Kaesong. It houses over 120 South Korean manufacturers, which employ over 50,000 North Korean workers.

⁹ Scott Snyder, "Park's Decision to Join Xi Jinping's World War II Commemoration," Council on Foreign Relations blog, *Asia Unbound*, September 2, 2015.

¹⁰ The Blue House, "Unification of Korea to Contribute to Peace: Korean, Chinese Leaders," September 3, 2015.

Figure I. Map of the Korean Peninsula



Sources: Map produced by CRS using data from ESRI, and the U.S. Department of State's Office of the Geographer.

Notes: The "Cheonan Sinking" refers to the March 2010 sinking of a South Korean naval vessel, the *Cheonan*, killing over 40 ROK sailors. A multinational investigation led by South Korea determined that the vessel was

sunk by a North Korean submarine. Yeonpyeong Island was attacked in November 2010 by North Korean artillery, which killed four South Koreans (two Marines and two civilians) and wounded dozens.

* This map reflects geographic place name policies set forth by the United States Board on Geographic Names pursuant to P.L. 80-242. In applying these policies to the case of the sea separating the Korean Peninsula and the Japanese Archipelago, the Board has determined that the “Sea of Japan” is the appropriate standard name for use in U.S. government publications. The Republic of Korea refers to this body of water as the “East Sea.” It refers to the “Yellow Sea” as the “West Sea.”

South Korea-Japan Relations Stabilize, but Remain Tense

South Korea’s relations with Japan have been strained since 2012 but have improved modestly throughout 2015, due in large measure to Japanese Prime Minister Shinzo Abe’s avoidance of flagrantly inflammatory actions or statements on history issues, the strength of the U.S.-Japan relationship, and Park’s decision to relax its firm linkage between the Japanese government treatment of history issues and Seoul’s willingness to participate in most forms of high-level bilateral activities.¹¹ Park responded to Prime Minister Abe’s August 2015 statement commemorating the end of World War II by expressing disappointment that Abe “did not quite live up to our expectations,” but also by speaking somewhat positively about other aspects of his statement.¹² As of early October 2015, months of bilateral negotiations do not appear to have produced a breakthrough in how to resolve disagreements over whether and how Japan should again acknowledge and address the suffering of the so-called “comfort women,” women who were forced to provide sexual services to Japanese soldiers during Imperial Japan’s conquest and colonization of several Asian countries in the 1930s and 1940s, including Korea.

Tensions between South Korea and Japan limit U.S. policy options in Northeast Asia and periodically cause difficulties between Washington and one or both of its two allies in Northeast Asia. Seoul and Tokyo disagree over how Imperial Japan’s actions in the early 20th century should be handled in contemporary relations. The relationship is also challenged by conflicting territorial claims and strategic and economic competition. The ongoing opportunity costs to the United States have led some policy analysts to call for the United States to become more directly involved in trying to improve relations between South Korea and Japan.¹³

Since the fall of 2014, bilateral working-level discussions have increased, and regular high-level meetings have built up to the Cabinet level. In June 2015, the two countries held modest, separate celebrations—attended by Park in Seoul and Abe in Tokyo—of the 50th anniversary of the normalization of their relationship; until just before the ceremonies were held, it was not clear whether the two leaders would attend. In another sign of a bilateral thaw, in December 2014 the United States, South Korea, and Japan signed a modest trilateral information sharing agreement. Additionally, despite many private statements by South Korean officials expressing concern about Japanese “remilitarization,” the Park government officially does not appear to have objected in principle to Japan’s moves to expand the scope of its military’s activities.¹⁴

¹¹ Alastair Gale, “South Korea’s Park Chides Abe but Seeks Stable Japan Ties,” *Wall Street Journal*, May 4, 2015.

¹² The Blue House, “Commemorative Address by President Park Geun-hye on the 70th Anniversary of Liberation,” August 15, 2015.

¹³ See, for instance, Brad Glosserman and Scott Snyder, *The Japan-South Korea Identity Clash East Asian Security and the United States* (New York: Columbia University Press), May 2015.

¹⁴ For instance, see South Korean Ministry of Foreign Affairs Press Briefing by Spokesperson and Deputy Minister for Public Relations, Noh Kwang-il, May 14, 2015.

Earlier in her term, Park insisted that Japan adopt a “correct understanding of history” as a prerequisite for nearly all cooperative initiatives.¹⁵ However, increasingly since the middle of 2014, her government has relaxed this position and adopted more of a two-track approach, separating disputes over history from most other aspects of the relationship. South Korea’s change in behavior appears to have been influenced by shifts in the correlation of powers in Northeast Asia that made Park’s former stance less tenable: for example, high-level Sino-Japanese ties, which had also been frozen for months, reopened in November 2014, and U.S.-Japanese ties have deepened in 2015, as symbolized during Abe’s April 2015 visit to the United States.¹⁶ (For more, see the “South Korea’s Regional Relations” section below.)

South Korea and the TPP

On October 5, 2015, trade ministers, including U.S. Ambassador Michael Froman, announced the conclusion of the 12-country Trans-Pacific Partnership (TPP) negotiations.¹⁷ Despite expressing interest in possibly joining the talks, South Korea will presumably be unable to join the agreement until it is ratified by the current members. Given its level of interest and existing FTAs with 9 of the 12 TPP countries, South Korea is a likely candidate for any future membership expansion of the TPP. The size and potential strategic importance of the proposed TPP would expand if South Korea—East Asia’s third-largest economy—were to join, although its entry may not have a significant impact on U.S.-South Korea trade flows given the existing bilateral U.S.-South Korea FTA (KORUS). As the details of the agreement are not yet public, the procedures for a country to potentially accede to a final TPP agreement are not yet known, but there reportedly are “living agreement” provisions that allow future expansion of members and issues in the agreement. U.S. officials, who have welcomed South Korea’s interest in joining the TPP, have linked support for South Korea’s possible entry to Seoul’s willingness and ability to continue to resolve ongoing issues with the implementation of the KORUS FTA.¹⁸ In 2015 U.S. officials said that progress had been made in a number of these areas. Ultimately, Congress must approve implementing legislation if a completed TPP agreement—with or without South Korea—is to apply to the United States. (For more on U.S.-South Korea economic relations, including interaction over the TPP, see the “Economic Relations” section below.)

South Korea Joins the AIIB

In March 2015, South Korea announced it was applying to join the Asian Infrastructure Investment Bank (AIIB). The AIIB is a new China-led multilateral development bank consisting

¹⁵ Alastair Gale, “South Korea’s Park Chides Abe but Seeks Stable Japan Ties,” *Wall Street Journal*, May 4, 2015.

¹⁶ For more, see CRS Report RL33436, *Japan-U.S. Relations: Issues for Congress*, coordinated by Emma Chanlett-Avery.

¹⁷ The TPP negotiating parties are Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, the United States, and Vietnam. For more on the proposed TPP, see CRS Report R42694, *The Trans-Pacific Partnership (TPP) Negotiations and Issues for Congress*, coordinated by Ian F. Fergusson.

¹⁸ The White House, “Remarks by President Obama at Business Roundtable,” press release, April 26, 2014. In his remarks, President Obama said, “I discussed this [KORUS implementation] with President Park last night. We both agreed that these are issues we can work through together. And given South Korea’s interest in the Trans-Pacific Partnership, fully implementing KORUS also is the single most important step that South Korea can take now to show that it’s prepared to eventually meet the high standards of TPP.” See also United States Trade Representative, “KORUS FTA: Year Three in Deepening Market Integration.” Remarks by Assistant U.S. Trade Representative for Japan, Korea, and APEC Affairs Bruce Hirsh at the Fullerton KORUS Event,” March 12, 2015. “Hirsh Hits Positive Note on Korea TPP Candidacy,” *Inside U.S. Trade*, March 20, 2015.

of over 50 countries.¹⁹ This move was reportedly done over the objections of the Obama Administration. The AIIB has generated controversy. Many analysts say it will help Asian countries meet their infrastructure investment needs. However, many analysts and policymakers also have raised concerns about the transparency and governance of China-funded development projects and see the AIIB proposal potentially undermining decades of efforts by the United States and others to improve governance and environmental and social standards.

Nuclear Energy Cooperation Agreement

On June 15, 2015, the United States and the Republic of Korea signed a renewal of their civilian nuclear cooperation agreement, known as a “123 agreement.”²⁰ The agreement provides the legal foundation for nuclear trade between the countries.²¹ The new agreement’s duration is 20 years, after which it automatically will renew for an additional 5-year period unless either or both parties choose to withdraw. The two governments initialed the text of the agreement in April 2015.²² An agreement would not require an affirmative vote of approval from Congress. Therefore, the agreement could enter into force after a 30-day consultation period and a review period of 60 days of continuous session²³ unless Congress enacted a joint resolution of disapproval. Congress also has the option of adopting either a joint resolution of approval with (or without) conditions, or stand-alone legislation that could approve or disapprove the agreement. Any congressional efforts to block the agreement would be subject to presidential veto. An informal CRS estimate shows that the congressional review period may be completed between October 29 and December 7, depending on expected congressional adjournments and well before the expiration of the current agreement. (For more on the negotiations and the debate over U.S.-ROK civilian nuclear cooperation, see “Nuclear Energy and Non-Proliferation Cooperation,” below.)

Background on U.S.-South Korea Relations

Overview

While the U.S.-South Korea relationship is highly complex and multifaceted, five factors arguably drive the scope and state of relations between the two allies:

- the challenges posed by North Korea, particularly its weapons of mass destruction programs and perceptions in Washington and Seoul of whether the Kim Jong-un regime poses a threat, through its belligerence and/or the risk of its collapse;

¹⁹ For more on the AIIB, see CRS In Focus IF10154, *Asian Infrastructure Investment Bank*, by Martin A. Weiss.

²⁰ The agreement may be found at <http://www.gpo.gov/fdsys/pkg/CDOC-114hdoc43/pdf/CDOC-114hdoc43.pdf>. “123” refers to Section 123 of the Atomic Energy Act (as amended).

²¹ Currently, such cooperation is proceeding under an April 2013 deal that extended the existing agreement, which was due to expire, for two years.²¹ Legislation to authorize the two-year extension was passed unanimously by both the House and Senate and signed into law by President Obama on February 12, 2014 (P.L. 113-81).

²² “China, S.Korea Nuclear Pacts Advance,” *Arms Control Today*, May 5, 2015.

²³ Days on which either House is in a recess of more than three days (pursuant to a concurrent resolution authorizing the recess) do not count toward the total. If Congress adjourns its session *sine die*, continuity is broken, and the count starts anew when it reconvenes.

- the growing desire of South Korean leaders to use the country's middle power status to play a larger regional and, more recently, global role;
- China's rising influence in Northeast Asia, which has become an increasingly integral consideration in many aspects of U.S.-South Korea strategic and economic policymaking;
- South Korea's transformation into one of the world's leading economies—with a strong export-oriented industrial base—which has led to an expansion in the number and types of trade disputes and helped drive the two countries' decision to sign a free trade agreement; and
- South Korea's continued democratization, which has raised the importance of public opinion in Seoul's foreign policy.

Additionally, while people-to-people ties generally do not directly affect matters of “high” politics in bilateral relations, the presence of over 1.2 million Korean Americans and the hundreds of thousands of trips taken annually between the two countries has helped cement the two countries together.

Some Members of Congress tend to be interested in South Korea-related issues because of bilateral cooperation over North Korea, a desire to oversee the management of the U.S.-South Korea alliance, South Korea's growing importance on various global issues, deep bilateral economic ties, and the interests of many Korean Americans.

Large majorities of South Koreans say they value the U.S.-ROK alliance and have positive opinions of the United States.²⁴ However, many South Koreans are resentful of U.S. influence and chafe when they feel their leaders offer too many concessions to the United States. South Koreans also tend to be wary of being drawn into U.S. policies that antagonize China. Although many of these concerns are widely held in South Korea, they are particularly articulated by Korea's progressive groups, who have opposed much of Park's and Lee's policy agendas and their governing styles.

Historical Background

The United States and South Korea have been allies since the United States intervened on the Korean Peninsula in 1950 and fought to repel a North Korean takeover of South Korea. Over 33,000 U.S. troops were killed and over 100,000 were wounded during the three-year conflict. On October 1, 1953, a little more than two months after the parties to the conflict signed an armistice agreement, the United States and South Korea signed a Mutual Defense Treaty, which provides that if either party is attacked by a third country, the other party will act to meet the common danger. The United States maintains about 28,500 troops in the ROK to supplement the 650,000-strong South Korean armed forces. South Korea deployed troops to support the U.S.-led military campaign in Vietnam. South Korea subsequently has assisted U.S. deployments in other conflicts, most recently by deploying over 3,000 troops to play a non-combat role in Iraq and over 300 non-combat troops to Afghanistan.

Beginning in the 1960s, rapid economic growth propelled South Korea into the ranks of the world's largest industrialized countries. For nearly two decades, South Korea has been one of the

²⁴ In a 2014 Pew Research Center survey, over 80% of South Koreans registered a “favorable” opinion of the United States, compared to less than 50% in 2003. Pew Research Center, “Global Indicators Database,” accessed March 3, 2015, and available at <http://www.pewglobal.org/database/indicator/1/>. South Korea recorded the 4th highest opinions of the United States.

United States' largest trading partners. Economic growth, coupled with South Korea's transformation in the late 1980s from a dictatorship to a democracy, also has helped transform the ROK into a mid-level regional power that can influence U.S. policy in Northeast Asia, particularly the United States' approach toward North Korea.

North Korea in U.S.-ROK Relations

North Korea Policy Coordination

Dealing with North Korea is the dominant strategic element of the U.S.-South Korean relationship. South Korea's growing economic, diplomatic, and military power has given Seoul a much more direct and prominent role in Washington's planning and thinking about how to deal with Pyongyang. One possible indicator of South Korea's centrality to diplomacy over North Korea is that no successful round of the Six-Party nuclear talks has taken place when inter-Korean relations have been poor. Since 2009, the United States and South Korea in effect have adopted a joint approach to Pyongyang that has four main components:

- keeping the door open to Six-Party Talks over North Korea's nuclear program but refusing to re-start them without a North Korean assurance that it would take "irreversible steps" to denuclearize;²⁵
- insisting that Six-Party Talks and/or U.S.-North Korean talks must be preceded by North-South Korean talks on denuclearization and improvements in North-South Korean relations;
- gradually attempting to alter China's strategic assessment of North Korea; and
- responding to Pyongyang's provocations by tightening sanctions against North Korean entities and conducting a series of military exercises.

The two countries' approach appears to focus on containing, rather than rolling back, North Korea's nuclear activities by gradually increasing international pressure against North Korea. One drawback is that it has allowed Pyongyang to control the day-to-day situation, according to some experts. While Washington and Seoul wait to react to Pyongyang's moves, the criticism runs, North Korea has continued to develop its nuclear and missile programs and has embarked on a propaganda offensive designed to shape the eventual negotiating agenda to its benefit. Many of Park's proposed initiatives with North Korea appear designed to rectify these perceived shortcomings. To date, however, North Korea's general refusal to accept Park's overtures has not provided her government with an opportunity to apply her policies.

The joint U.S.-ROK approach has involved elements of both engagement and pressure. Washington and Seoul have tended to reach out to North Korea during relatively quiescent periods. In contrast, they have tended to emphasize pressure tactics during times of increased tension with North Korea. These periods of tension occurred repeatedly after Lee Myung-bak's inauguration in February 2008. Most notably, they included North Korean nuclear tests in May 2009 and February 2013; North Korean long-range rocket launches in April 2009, April 2012, and December 2012; the March 2010 sinking of a South Korean naval vessel, the *Cheonan*; and the November 2010 North Korean artillery attack on the South Korean island of Yeonpyeong-do.²⁶

²⁵ The Six-Party talks were held among China, Japan, North Korea, Russia, South Korea, and the United States between 2003 and 2008.

²⁶ On Yeonpyeong-do, over 150 shells fired by North Korea killed four South Koreans (two Marines and two civilians), wounded dozens, and destroyed or damaged scores of homes and other buildings. All 46 South Korean sailors on the (continued...)

The latter incident was North Korea's first direct artillery attack on ROK territory since the 1950-1953 Korean War and served to harden South Korean attitudes toward North Korea. President Lee reportedly stated that he wanted to order a retaliatory air strike, but the existing rules of engagement—which he subsequently relaxed—and the existence of the U.S.-ROK military alliance restrained him.²⁷ After North Korea's attack on Yeonpeyong-do, many conservative Koreans criticized as insufficient the Lee government's military response, which primarily consisted of launching about 80 shells at North Korea and holding large-scale exercises with the United States. Park Geun-hye has made boosting deterrence against North Korea a tenet of her presidency, and has vowed to retaliate if North Korea launches another conventional attack.²⁸

Inter-Korean Relations and Park Geun-Hye's "Trustpolitik"

Park's statements on North Korea policy include elements of both conciliation and firmness, and she has written that her approach would "entail assuming a tough line against North Korea sometimes and a flexible policy open to negotiations other times."²⁹ On the one hand, Park has called for creating a "new era" on the Korean Peninsula by building trust between North and South Korea. On the other hand, Park also has long stated that a nuclear North Korea "can never be accepted" and that building trust with Pyongyang will be impossible if it cannot keep the agreements made with South Korea and the international community. Park also has said that South Korea will "no longer tolerate" North Korean military attacks, that they will be met with an "immediate" South Korean response, and that the need for South Korea to punish North Korean military aggression "must be enforced more vigorously than in the past."³⁰

The first step in Park's plan has been attempting to deter North Korea's provocations by strengthening South Korea's defense capabilities, while simultaneously promoting a range of dialogues and projects with North Korea, generally on a relatively small scale. Among short-term inter-Korean initiatives, she has proposed that the two Koreas resume a regular dialogue process; hold regular reunions for families separated since the Korean War ended in 1953; jointly mark the 70th anniversary of their August 1945 liberation from Japanese colonial rule; take steps to link their rail systems and ports, with an eventual goal of connecting the Korean Peninsula to the Eurasian continent; and launch assistance programs by South Korea to help North Korean pregnant mothers and young children, as well as North Korea's agricultural sector.³¹

Most of Park's inter-Korean cooperation initiatives appear to be calibrated to North Korea's behavior. For instance, while she generally has de-linked family reunions and some forms of humanitarian assistance from overall political developments, other steps would apparently require bigger changes from North Korea. In particular, Park has affirmed that large-scale assistance is

(...continued)

Cheonan died. A multinational team that investigated the sinking, led by South Korea, determined that the ship was sunk by a North Korean submarine. The cause of the *Cheonan's* sinking has become highly controversial in South Korea. While most conservatives believe that North Korea was responsible for explosion, many who lean to the left have criticized the investigation team as biased or argue that its methodology was flawed.

²⁷ "Lee Recalls Getting Tough with N.Korea," *Chosun Ilbo*, February 5, 2013.

²⁸ "Park Vows to Make N. Korea 'Pay' If It Attacks S. Korea," *Korea Herald*, May 7, 2013.

²⁹ Park Geun-hye, "A New Kind of Korea: Building Trust between Seoul and Pyongyang," *Foreign Affairs*, September/October 2011.

³⁰ *Ibid.*

³¹ Joint Press Release by Ministries of Unification, Foreign Affairs, National Defense, and Patriots and Veterans Affairs, "Let's End the Era of Division and Open Up the Era of Unification," January 19, 2015; Ministry of Unification Press Release, "2015 MOU Work Plan Presented to the President," January 19, 2015.

dependent on progress on denuclearization and North Korea refraining from military provocations.

It is not clear how the Park government will resolve the seeming contradiction between policies of toughness and flexibility, particularly if North Korea continues to be relatively unresponsive to her attempts at outreach. A key question will be the extent to which her government will continue to link progress on denuclearization—the United States’ top concern—to other elements of South Korea’s approach toward North Korea. Likewise, an issue for the Obama Administration and Members of Congress is to what extent they will support—or, not oppose—any initiatives by Park to expand inter-Korean relations.

Deterrence Issues

One factor that may influence U.S.-ROK cooperation on North Korea is Pyongyang’s apparent progress in its missile and nuclear programs. North Korea’s February 2013 nuclear test, for instance, triggered calls in South Korea for the United States to redeploy tactical nuclear weapons in the ROK and for South Korea to develop its own nuclear weapons deterrent. To reassure South Korea and Japan after North Korea’s test, President Obama personally reaffirmed the U.S. security guarantee of both countries, including extended deterrence under the United States’ so-called “nuclear umbrella.” In early March 2013, Park stated that “provocations by the North will be met by stronger counter-responses,” and the chief operations officer at South Korea’s Office of the Joint Chiefs of Staff was widely quoted as saying that if South Korea is attacked, it will “forcefully and decisively strike not only the origin of provocation and its supporting forces but also its command leadership.”³² (South Korean defense officials later clarified that “command leadership” referred to mid-level military commanders who direct violent attacks and not North Korean political leaders such as Kim Jong-un.) According to reports, in 2015 the U.S. and ROK militaries finished preparing and began to exercise new war plans to strike North Korean WMD facilities in an emergency situation.³³

Since North Korea’s 2010 shelling of Yeonpyeong Island, South Korean leaders have shown a greater willingness to countenance the use of force against North Korea. The Lee government pushed the alliance to develop a new “proactive deterrence” approach that calls for a more flexible posture to respond to future attacks, as opposed to the “total war” scenario that drove much of USFK defense planning in the past. For instance, Lee pushed the United States to relax restrictions on South Korean ballistic missiles and relaxed the rules of engagement to allow frontline commanders greater freedom to respond to a North Korean attack without first asking permission from the military chain of command.³⁴ Such changes have made some analysts and officials more concerned about the possibility that a small-scale North Korean provocation could escalate. The limited exchange of artillery fire by North Korean and South Korean forces in August 2015 provides one example of how such provocations may play out in the future. U.S. defense officials insist that the exceedingly close day-to-day coordination in the alliance ensures that U.S.-ROK communication would be strong in the event of a new contingency. The 2013 “Counter-Provocation Plan” was developed to adapt both to the new threats envisioned from North Korea and to the South Korean government’s new attitudes about retaliation.

³² Blue House, “Park Geun-hye 2013 March 1st Speech,” March 1, 2013; Choe Sang-Hun, “South Korea Pushes Back on North’s Threats,” *NYTimes.com*, March 6, 2013.

³³ “S. Korea, US Put in Place Preemptive-Strike Plan on N. Korean WMD,” *KBS World News*, August 27, 2015.

³⁴ “Lee Recalls Getting Tough with N.Korea,” *Chosun Ilbo*, February 5, 2013.

Security Relations and the U.S.-ROK Alliance

The United States and South Korea are allies under the 1953 Mutual Defense Treaty. Under the agreement, U.S. military personnel have maintained a continuous presence on the Korean Peninsula and are committed to help South Korea defend itself, particularly against any aggression from the North. The United States maintains about 28,500 troops in the ROK. In 2007 and 2008, U.S. commanders in South Korea stated that the future U.S. role in the defense of South Korea would be mainly an air force and naval role. The ROK armed forces today total around 650,000 troops, with about 520,000 of them in the Army and around 65,000 each in the Air Force and Navy. Since 2004, the U.S. Air Force has increased its strength in South Korea through the regular rotation into South Korea of advanced strike aircraft. These rotations are not a permanent presence, but the aircraft often remain in South Korea for weeks and sometimes months for training.

South Korea is included under the U.S. “nuclear umbrella,” also known as “extended deterrence.” A bilateral understanding between Washington and Seoul gives U.S. forces the “strategic flexibility” to respond to contingencies outside the peninsula, but under the condition that South Korea would have to consent to their deployment in an East Asian conflict. In the past, issues surrounding U.S. troop deployments have been a flashpoint for public disapproval of the military alliance, led by progressive political groups. But in recent years public support for the alliance has become broader and more resilient in responding to incidents involving U.S. bases and soldiers in South Korea.

Despite the strengths of the alliance, tensions periodically arise in the partnership. Some of these involve typical alliance conflicts over burden sharing and cost overruns of ongoing realignment initiatives. Others reflect sensitive sovereignty issues involving Seoul’s control over its own military forces and desire to develop its own defense industry without dependence on American equipment. And although the United States and South Korea share a common interest in repelling any North Korea attack, views on the overall security landscape in Northeast Asia differ. Seoul resists adopting positions that threaten or offend China, and often expresses misgivings about Japan’s efforts to expand its military capabilities.

Upgrades to the Alliance

Since 2009, the two sides have accelerated steps to transform the U.S.-ROK alliance, broadening it from its primary purpose of defending against a North Korean attack to a regional and even global partnership. At the same time, deadly provocations from North Korea have propelled more integrated bilateral planning for responding to possible contingencies. In 2011, the allies adopted a “proactive deterrence” policy to respond swiftly and forcefully to further provocations. Increasingly advanced joint military exercises have reinforced the enhanced defense partnership. In March 2013, U.S. officials disclosed that U.S. B-52 and B-2 bombers participated in exercises held in South Korea, following a period of unusually hostile rhetoric from Pyongyang.³⁵ The number and pace of high-level meetings have also increased. Since holding their first ever so-called “2+2” meeting between the U.S. Secretaries of State and Defense and their South Korean counterparts in 2010, the two sides have held two more 2+2s with an ever-expanding agenda of cooperative initiatives that includes issues far beyond shared interests on the Korean Peninsula. These areas include cybersecurity, space, missile defense, nuclear safety, climate change, Ebola,

³⁵ Jay Solomon, Julian Barnes, and Alastair Gale, “North Korea Warned—U.S. Flies Stealth Bombers over Peninsula in Show of Might,” *Wall Street Journal*, March 29, 2013.

and multiple issues in the Middle East. Since 2011, the Korea-U.S. Integrated Defense Dialogue (KIDD) has held biannual meetings at the Deputy Minister level to serve as the umbrella framework for multiple U.S.-ROK bilateral initiatives.

Ballistic Missile Defense and Potential THAAD Deployment

As the threat of North Korean ballistic missiles has appeared to intensify in recent years, the United States and South Korea have examined how to improve their BMD capabilities to defend South Korea and U.S. forces stationed there. The United States has urged South Korea to develop advanced BMD capabilities and to integrate them with U.S. and allied BMD systems in the region. The Vice Chairman of the U.S. Joint Chiefs of Staff stated that a regional missile defense system would be more effective against North Korean missile launches and would share the burden of defense among allies.³⁶ However, Washington and Seoul have settled on a policy of *interoperability* rather than integration, at least for the short term. Seoul has been resistant to the concept of a regional integrated BMD system for several reasons: the desire, especially strong among progressive Koreans, for more strategic autonomy; a reluctance to irritate China, which has consistently voiced opposition to U.S. BMD deployments; and a disinclination to cooperate with Japan due to poor relations based on disputes over historical and territorial issues.

South Korea is developing its own system, called Korea Air and Missile Defense (KAMD), which could be compared to the U.S.-produced PAC-2—a second-generation Patriot air defense system. KAMD will be interoperable with alliance systems and aims to gradually incorporate more advanced BMD equipment as those elements are procured. The ROK Navy has three destroyers with Aegis tracking software but no missile interceptors, and the ROK Army fields PAC-2 interceptors. The South Korean military will reportedly purchase U.S. equipment, such as PAC-3 interceptors, SM-2 surface-to-air missiles, and the more advanced SM-6 air defenses starting in 2016. South Korea has also placed a heavy emphasis on indigenous development of high-technology defense systems and may seek to produce its own BMD equipment.

The potential deployment of one particular BMD system called the Theater High-Altitude Area Defense (THAAD) system has been controversial in South Korea. Reportedly, the U.S. military is considering a deployment of a THAAD battery to South Korea to help defend against North Korean ballistic missiles.³⁷ China has complained that the radar capabilities of the THAAD system could be configured to allow the United States to monitor airspace deep into Chinese territory, and in February 2015 the Chinese Minister of Defense lodged a protest with his counterpart in Seoul.³⁸ Nevertheless, the South Korean Minister of National Defense has praised a potential U.S. deployment of THAAD, saying it “will be helpful in ... strengthening the security posture on the peninsula.”³⁹ In one sense, the proposed THAAD deployment has become a litmus test for Seoul’s relations with Beijing and Washington. Yet, South Korea has other concerns surrounding this issue, such as the potential costs of deploying the THAAD system from the United States, the effectiveness of THAAD against North Korean missiles, and the timeframe when a THAAD system could become available for South Korea.⁴⁰

³⁶ Paul McLeary, “Burden Sharing is the Future of Asian Missile Defense, Pentagon Official Says,” *Defense News*, May 28, 2014.

³⁷ Daniel Pinkston, “No Such Thing as a Free Ride? ROK Missile Defence, Regional Missile Defence and OPCON Transfer,” International Crisis Group, In Pursuit of Peace blog, July 29, 2014.

³⁸ Ser Myo-ja, “China’s Defense Chief Raises THAAD,” *Korea JoongAng Daily*, February 5, 2015.

³⁹ Sarah Kim, “Korea Coming Around to THAAD Idea,” *Korea JoongAng Daily*, July 22, 2014.

⁴⁰ Rob York, “Why Seoul Shrugs at U.S.-Led Missile Defense,” *NK News*, August 29, 2014.

The Relocation of U.S. Forces Korea (USFK)

The planned realignment of all U.S. forces from bases near the de-militarized zone (DMZ) border with North Korea to bases farther south is progressing after initial delays, but challenges with USFK force posture remain. Troop levels remain at about 28,500. The realignment plan reflects the shift toward a supporting role for USFK and a desire to resolve the issues arising from the location of the large U.S. Yongsan base in downtown Seoul.

The USFK base relocation plan has two elements. The first involves the transfer of a large percentage of the 9,000 U.S. military personnel at the Yongsan base to U.S. Army Garrison (USAG) Humphreys, which is located near the city of Pyeongtaek some 40 miles south of Seoul. The second element involves the relocation of about 10,000 troops of the Second Infantry Division from the demilitarized zone to areas south of the Han River (which runs through Seoul). The end result would be that USFK sites will decline to 48, from 104 in 2002. The bulk of U.S. forces will be clustered in the two primary “hubs” of Osan Air Base/USAG Humphreys and USAG Daegu that contain five “enduring sites” (Osan Air Base, USAG Humphreys, USAG Daegu, Chinhae Naval Base, and Kunsan Air Base). U.S. counter-fires (counter-artillery) forces stationed near the DMZ are the exception to this overall relocation. The United States and South Korea agreed that those U.S. units would not relocate to USAG Humphreys until the South Korean counter-fires reinforcement plan is completed around the year 2020.⁴¹ The city of Dongducheon, where those soldiers are based, has protested this decision and withdrawn some cooperation with the U.S. Army.⁴²

The relocations to Pyeongtaek originally were scheduled for completion in 2008, but have been postponed several times because of the slow construction of new facilities at Pyeongtaek and South Korean protests of financial difficulties in paying the ROK share of the relocation costs. The commander of the U.S. Army Corps of Engineers assessed that the entire troop realignment was 42% complete as of May 2014 and was on track to finish in 2017.⁴³ The original cost estimate was over \$10 billion; South Korea was to contribute \$4 billion of this. Estimates in 2010 placed the overall costs at over \$13 billion. In congressional testimony in September 2010, U.S. officials demurred from providing a final figure on the cost of the move, but confirmed that South Korea would pay more than the original \$4 billion.⁴⁴ U.S. Ambassador Mark Lippert testified to Congress in June 2014 that the Humphreys Housing Opportunity Program (privately developed housing for service members and their families inside the base) was a “challenging issue” and that the Defense Department was re-examining housing plans at USAG Humphreys.⁴⁵ In summer 2013, USFK broke ground for the new headquarters of the U.S.-Korea Command (KORCOM) and United Nations Command (UNC) in Pyeongtaek. The facility is to become the command center for U.S. forces after the planned transfer of wartime operational control.

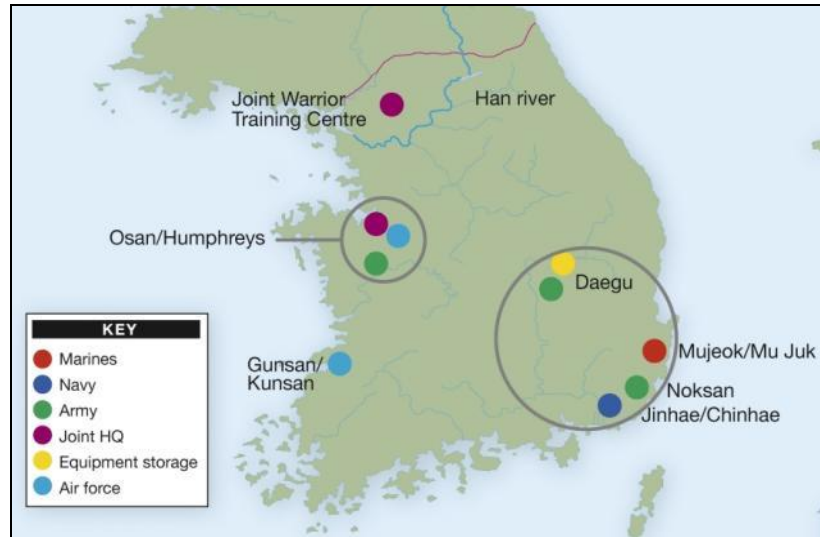
⁴¹ “Joint Communique of the 46th ROK-U.S. Security Consultative Meeting,” U.S. Department of Defense, Washington, DC, October 23, 2014.

⁴² Jun Ji-hye, “City Protests US Troop Presence,” *Korea Times*, January 13, 2015.

⁴³ Lee Chi-dong, “USFK Base Relocation Project on Track, but Some Details Still Being Discussed: Commander,” *Yonhap News Agency*, May 23, 2014.

⁴⁴ “Senate Armed Services Committee Holds Hearing on Security Situation on the Korean Peninsula,” *CQ Congressional Transcripts*, September 16, 2010.

⁴⁵ U.S. Congress, Senate Committee on Foreign Relations, *Senate Foreign Relations Committee Holds Confirmation Hearing on Various Ambassadorial and U.S. Agency for International Development Nominations*, 113th Cong., 2nd sess., June 17, 2014.

Figure 2. USFK Bases After Realignment Plan Is Implemented

Source: *Jane's Sentinel Security Assessment—China and Northeast Asia*, date posted April 15, 2010.

Tour Normalization

Another complicating factor in the development of the Yongsan Relocation Plan is the announcement by the Pentagon in 2008 that U.S. military families, for the first time, would be allowed to join U.S. military personnel in South Korea. Most U.S. troops in South Korea serve one-year unaccompanied assignments. The goal was to phase out one-year unaccompanied tours in South Korea, replacing them with 36-month accompanied or 24-month unaccompanied tours. Supporters of the plan argued that accompanied tours create a more stable force because of longer, more comfortable tours. If implemented, the “normalization” of tours would increase the size of the U.S. military community at Osan/Humphreys near Pyeongtaek to over 50,000.

Some Members of Congress have raised strong concerns about existing plans to relocate U.S. bases in South Korea and normalize the tours of U.S. troops there. In June 2011, the Senate Armed Services Committee passed amendments to the FY2012 National Defense Authorization Act that prevents the obligation of any funds for tour normalization until further reviews of the plan are considered and a complete plan is provided to Congress. The National Defense Authorization Act for Fiscal Year 2013 (H.R. 4310/P.L. 112-239) includes a provision (Section 2107) that continues to prohibit funds for tour normalization. For the time being, at least, the Department of Defense (DOD) has “stopped pursuing Tour Normalization as an initiative for Korea.”⁴⁶ In January 2013, USFK released a statement saying, “while improvements to readiness remain the command’s first priority, tour normalization is not affordable at this time.”⁴⁷ An April 2013 Senate Armed Services Committee (SASC) report criticized the policy change as expensive and questioned the legality of how DOD calculated the housing allowance.⁴⁸

⁴⁶ U.S. Congress, Senate Committee on Armed Services, *Advance Questions for Lieutenant General Curtis Scaparrotti, USA, Nominee to be Commander, United Nations Command/Combined Forces Command/United States Forces Korea*, 113th Cong., 1st sess., July 30, 2013.

⁴⁷ Ashley Rowland, “USFK: Program to Move Families to Korea ‘Not Affordable at This Time,’” *Stars and Stripes*, January 8, 2013.

⁴⁸ U.S. Congress, Senate Committee on Armed Services, *Inquiry into U.S. Costs and Allied Contributions to Support the U.S. Military Presence Overseas*, 113th Cong., April 15, 2013, S.Rept. 113-12 (Washington: GPO, 2013).

Cost Sharing

Since 1991, South Korea has provided financial support through a series of Special Measures Agreements (SMAs) to offset the cost of stationing U.S. forces in Korea. In January 2014, Seoul and Washington agreed to terms for the next five-year SMA, covering 2014-2018. Under the new agreement, Seoul will raise its contribution by 6% to 920 billion Korean won (\$867 million) in 2014 and then increase its annual payments at the rate of inflation. The new SMA also makes U.S. use of South Korean funds more transparent than in the past, in response to South Korean criticism. The ROK Ministry of Defense must approve every contract for which SMA funds are obligated, and USFK is to submit an annual report on the SMA funds to the National Assembly. Even with these changes, Korean opposition lawmakers complained that the agreement is “humiliating” and that USFK might use SMA funds to finance portions of the relocation plan (see above) in violation of the 2004 agreement.

According to a 2013 SASC report, U.S. military non-personnel costs in South Korea totaled about \$1.1 billion in 2012, and Korean SMA payments totaled 836 billion won (\$765 million). In combination with that sum, other compensation outside the SMA (such as the South Korea contribution to base relocation) provides for about 40%-45% of the total non-personnel stationing costs for the U.S. troop presence.⁴⁹ South Korean SMA payments have not kept pace with rising U.S. costs. The 2013 SASC report says that between 2008 and 2012 South Korea’s contributions grew by about \$42 million (in line with the pace of inflation), while U.S. non-personnel costs increased by more than \$500 million.

Opcon Transfer

The United States has agreed to turn over the wartime command of Korean troops to South Korea, but the two sides have postponed this transfer for several years. Under the current command arrangement, which is a legacy of U.S. leadership of the U.N. coalition in the 1950-1953 Korean War, South Korean soldiers would be under the command of U.S. forces if there were a war on the peninsula. The plan to transfer wartime operational control recognizes South Korea’s advances in economic and military strength since the Korean War and is seen by many Koreans as important for South Korean sovereignty. Under a 2007 agreement, the U.S.-ROK Combined Forces Command (CFC), which has been headed by the U.S. commander in Korea, is to be replaced with separate U.S. and ROK military commands; the provisional name of the new U.S. command is Korea Command (KORCOM). When the U.S. and ROK militaries operate as a combined force under the new command structure, U.S. forces may be under the operational command of a Korean general officer, but U.S. general officers are to be in charge of U.S. subcomponents.⁵⁰ A bilateral Military Cooperation Center would be responsible for planning military operations, military exercises, logistics support, and intelligence exchanges, and assisting in the operation of the communication, command, control, and computer systems. It is unclear what role the U.N. Command, which the USFK Commander also holds, will have in the future arrangement.

In 2010, the Opcon transfer was postponed to 2015 after a series of provocations from North Korea and amid concerns about whether South Korean forces were adequately prepared to assume responsibility. As the new deadline of 2015 grew closer, concerns again emerged about the timing. Reportedly, South Korean officials worried that their military was not fully prepared

⁴⁹ Figures provided by officials in Special Measures Agreement program at U.S. Forces Korea through e-mail correspondence with CRS.

⁵⁰ General Curtis Scaparrotti U.S. Department of Defense Press Briefing, Washington, DC, October 24, 2014.

to cope with North Korean threats and that Pyongyang might interpret the Opcon transfer as a weakening of the alliance's deterrence.⁵¹ Some military experts expressed concern that turning over control would lead to the United States reducing its overall commitment to South Korean security.⁵² In October 2014, the United States and South Korea announced in a joint statement that the allies would take a “conditions-based approach” to the Opcon transfer and determine the appropriate timing based on South Korean military capabilities and the security environment on the Korean Peninsula.⁵³ The decisions to delay the Opcon transfer could be interpreted as a flexible adjustment to changed circumstances on the Korean Peninsula or as emblematic of problems with following through on difficult alliance decisions.

In testimony to Congress in April 2015, USFK Commander General Curtis Scaparrotti explained the three general conditions for Opcon transfer:⁵⁴

- South Korea must develop the command and control capacity to lead a combined and multinational force in high-intensity conflict,
- South Korea must improve its capabilities to respond to the growing nuclear and missile threat in North Korea, and
- The Opcon transition should take place at a time that is conducive to a transition.

Scaparrotti stated that main areas of attention for improving South Korea's capabilities will be C4 (command, control, computers, and communication systems), BMD, munitions, and ISR (intelligence, surveillance, and reconnaissance) assets. Reportedly, the Opcon transfer may not occur until 2020 or later.⁵⁵

South Korean Defense Industry and Purchases of U.S. Weapon Systems

South Korea is a major purchaser of U.S. weapon systems and is regularly among the top customers for Foreign Military Sales (FMS). Although South Korea generally buys the majority of its weapons from the United States, European and Israeli defense companies also compete for contracts; Korea is an attractive market because of its rising defense expenditures. According to *Foreign Policy*, however, U.S. officials are concerned that South Korea is exploiting U.S. defense technology in its indigenously produced equipment, some of which is exported to other countries.⁵⁶

South Korea will purchase the Lockheed Martin F-35 Joint Strike Fighter to be its next main fighter aircraft, after the Ministry of National Defense (MND) in September 2013 threw out the yearlong acquisition process that selected the Boeing F-15SE fighter.⁵⁷ The cost of the F-35 had

⁵¹ Song Sang-ho, “Allies Rack Brains over OPCON Transfer,” *Korea Herald*, May 6, 2014.

⁵² Lee Chi-dong and Roh Hyo-dong, “OPCON Transfer May Usher in Withdrawal of U.S. Troops from Korea: Ex-General,” *Yonhap News Agency*, November 18, 2013.

⁵³ “Joint Communique of the 46th ROK-U.S. Security Consultative Meeting,” U.S. Department of Defense, Washington, DC, October 23, 2014.

⁵⁴ U.S. Congress, House Committee on Armed Services, *Hearing on the Risk of Losing Military Technology Superiority and its Implications for U.S. Policy, Strategy, and Posture in the Asia-Pacific*, 114th Cong., 1st sess., April 15, 2015.

⁵⁵ Park Byong-su, “OPCON Transfer Delayed Again, This Time to Early-2020s Target Date,” *Hankyoreh*, September 17, 2014.

⁵⁶ Gordon Lubold, “Is South Korea Stealing U.S. Military Secrets?” *Foreign Policy*, October 23, 2013, http://www.foreignpolicy.com/articles/2013/10/28/is_south_korea_stealing_us_military_secrets.

⁵⁷ Ser Myo-ja, “Military Selects Lockheed Martin Fighter,” *Korea JoongAng Daily*, November 23, 2013.

been too high for the original bid, according to reports, but Korean defense officials determined that only the F-35 met their requirements for advanced stealth capability. South Korea will purchase 40 F-35 fighters at a total cost of \$7.83 billion, with the first delivery of aircraft scheduled for 2018.⁵⁸ The transfer of advanced defense technologies to South Korea was a key incentive in the contract with Lockheed Martin, according to reports, but the U.S. government denied the transfer of several technologies that the MND had been expecting to use in its own fighter development program.⁵⁹

South Korea will also purchase four RQ-4 “Global Hawk” unmanned aerial vehicles (UAVs) at a price of \$657 million in total.⁶⁰ Given concerns that the sale could violate the Missile Technology Control Regime (MTCR) and non-proliferation norms, observers have called on the Obama Administration to ensure that the Global Hawks are used strictly for reconnaissance and are not armed.⁶¹ Currently, the South Korean military only operates reconnaissance UAVs, but the MND budgeted \$447 million to indigenously develop a combat UAV by 2021.⁶²

Korea’s Defense Reform 2020 legislation emphasizes the development of indigenous capabilities by increasing the percentage of funds allocated to defense research and development (R&D).⁶³ South Korea aims to improve the competitiveness of its defense industry, but problems with the reliability of certain systems pose a challenge; South Korean firms compete internationally in the armored vehicle, shipbuilding, and aerospace industries.⁶⁴ Of particular note is the T-50 Golden Eagle, a trainer and light fighter aircraft developed jointly by Lockheed Martin and Korea Aerospace Industries.

The 110th Congress passed legislation that upgraded South Korea’s status as an arms purchaser from a Major Non-NATO Ally to the NATO Plus Three category (P.L. 110-429), which has become NATO Plus Five. This upgrade establishes a higher dollar threshold for the requirement that the U.S. executive branch notify Congress of pending arms sales to South Korea, from \$14 million to \$25 million. Congress has 15 days to consider the sale and take legislative steps to block the sale compared to 30 days for Major Non-NATO Allies.

South Korea’s Regional Relations

Looking at their surrounding neighborhood, South Koreans sometimes refer to their country as a “shrimp among whales.” South Korea’s relations with China and Japan, especially the latter, combine interdependence and rivalry. Until 2013, trilateral cooperation among the three capitals generally had been increasing, particularly in the aftermath of the 2008 global financial crisis. Between 2009 and 2012, leaders of the three countries met annually in standalone summits, established a trilateral secretariat in Seoul, signed an investment agreement, and laid the groundwork for trilateral FTA negotiations to begin.⁶⁵ In 2013, however, tensions between South

⁵⁸ “Military Selects Lockheed Martin Fighter,” *JoongAng Ilbo*, November 25, 2013.

⁵⁹ “Why Can U.S. Arms Dealers Pull Korea Around by the Nose?” *Chosun Ilbo*, editorial, September 23, 2015.

⁶⁰ Seth Robson, “US Approves Sale of Global Hawks to South Korea,” *Stars and Stripes*, December 17, 2014.

⁶¹ “Drones for South Korea,” *New York Times*, Editorial, December 29, 2012.

⁶² Song Sang-ho, “U.S. Agrees to Extend Seoul’s Ballistic Missile Range: Reports,” *Korea Herald*, September 23, 2012.

⁶³ “South Korea Defense Budget,” *Jane’s Defence Budgets*, December 14, 2009.

⁶⁴ Simon Mundy, “South Korea Aims to Become Defence Powerhouse,” *Financial Times*, November 6, 2013.

⁶⁵ From 1999 to 2007, trilateral summits were only held on the sidelines of the Association of Southeast Asian Nations’ “Plus Three” summit (which included the 10 ASEAN countries plus China, Japan, and South Korea).

Korea and Japan, and between China and Japan, froze much of this burgeoning trilateral cooperation. One exception was the trilateral FTA negotiations, which were launched in November 2012 and have continued through mid-2015. The three countries' foreign ministers met in March 2015 for the first time in nearly three years. The three countries have yet to hold a trilateral leaders' meeting, though they plan to do so in late October or early November 2015.

Park Geun-hye often speaks of a Northeast Asian "paradox," in which there is a "disconnect between growing economic interdependence on the one hand and backward political-security cooperation on the other." To resolve this situation, Park has proposed a "Northeast Asian Peace and Cooperation Initiative" to build trust among Northeast Asian countries and alleviate security problems through cooperation on non-traditional security issues, such as nuclear safety and the environment. Critics contend that NAPCI has yet to produce concrete results or define its objectives clearly.

South Korea-Japan Relations

U.S. policymakers have long encouraged enhanced South Korea-Japan relations. A cooperative relationship between the two countries, both U.S. treaty allies, and among the three is in U.S. interests because it arguably enhances regional stability, helps coordination over North Korea policy, and boosts each country's ability to deal with the strategic challenges posed by China's rise. However, despite increased cooperation, closeness, and interdependence between the South Korean and Japanese governments, people, and businesses over the past decade, mistrust on historical and territorial issues continues to linger. South Korea and Japan have competing claims to the small Dokdo/Takeshima islands in the Sea of Japan (called the East Sea by Koreans), and most South Koreans complain that Japan has not adequately acknowledged its history of aggression against Korea.⁶⁶ For more than three generations beginning in the late 19th century, Japan intervened directly in Korean affairs, culminating in the annexation of the Korean peninsula in 1910. Over the next 35 years, Imperial Japan all but attempted to wipe out Korean culture.⁶⁷ Among the victims were tens of thousands⁶⁸ of South Korean "comfort women" who during the 1930s and 1940s were recruited, many if not most by coercive measures, into providing sexual services for Japanese soldiers. Whenever South Koreans perceive that Japanese officials are downplaying or denying this history, it becomes difficult for South Korean leaders to support initiatives to institutionalize improvements in bilateral ties.

"Comfort Women"-Related Legislation

The U.S. House of Representatives has taken an interest in the comfort women issue. In the 109th Congress, H.Res. 759 was passed by the House International Relations Committee on September 13, 2006, but was not voted on by the full House. In the 110th Congress, H.Res. 121, with 167 co-sponsors, was passed in the House on July 30, 2007, by voice vote. This resolution expresses the sense of the House that Japan should "formally acknowledge, apologize, and accept historical responsibility in a clear and unequivocal manner" for its abuses of the comfort women. The text

⁶⁶ Since the early 1950s, South Korea has administered Dokdo/Takeshima, which the U.S. government officially calls the "Liancourt Rocks."

⁶⁷ Many Koreans believe that the United States was complicit in this history, by reportedly informally agreeing in a 1905 meeting between U.S. Secretary of War William Taft and Japanese Prime Minister Taro Katsura that the United States would recognize Japan's sphere of influence over Korea in return for Japan doing the same for the United States in the Philippines.

⁶⁸ According to some Japanese sources, the number of South Korean comfort women was much lower.

of the resolution calls the system “unprecedented in its cruelty” and “one of the largest cases of human trafficking in the 20th century,” asserts that some Japanese textbooks attempt to downplay this and other war crimes, and states that some Japanese officials have tried to dilute the Kono Statement. In the 113th Congress, the 2014 Consolidated Appropriations Act (P.L. 113-76, H.R. 3547) indirectly referred to this resolution. P.L. 113-76’s conference committee issued a Joint Explanatory Statement that called on Federal Agencies to implement directives contained in the July 2013 H.Rept. 113-185, which in turn “urge[d] the Secretary of State to encourage the Government of Japan to address the issues raised” in H.Res. 121.

From 2008 to 2011, former President Lee Myung-bak sought to separate historical issues from the larger relationship. In this, he was aided by Japanese leaders from the then-ruling Democratic Party of Japan (DPJ) who often tended to be more willing to acknowledge Imperial Japan’s actions against Korea and who placed a priority on improving relations with Seoul. Cemented for the first time in years by a common strategic outlook on North Korea, trilateral South Korea-U.S.-Japan coordination over North Korea policy was particularly close. People-to-people ties blossomed, with tens of thousands of Japanese and Koreans traveling to the other country every day. The South Korean and Japanese militaries also stepped up their cooperation, including holding trilateral exercises with the United States.

However, South Koreans’ interest in forming significant new institutional arrangements with Japan is dampened by three domestic factors in South Korea. First, continued suspicions of Japan among the South Korean population place political limitations on how far and how fast Korean leaders can improve relations. Second, continued disagreements over Dokdo/Takeshima’s sovereignty continue to weigh down the relationship. Third, unlike Japan, South Korea generally does not view China as an existential challenge and territorial threat. South Korea also needs Chinese cooperation on North Korea. Accordingly, South Korean leaders tend to be much more wary of taking steps that will alarm China. A factor that could change this calculation is if China is seen as enabling North Korean aggression. Indeed, North Korean acts of provocation are often followed by breakthroughs in ROK-Japan relations, as well as in ROK-U.S.-Japan cooperation.

All three of these factors contributed to a dramatic downturn in South Korea-Japan relations in 2012. In May and again in June, the two sides were on the verge of signing a completed intelligence-sharing agreement long sought by the United States as a way to ease trilateral cooperation and dialogue. However, a firestorm of criticism against the pact in South Korea led the Lee government to cancel the signing minutes before it was to take place. Negotiations over a related deal on exchanging military supplies also broke down. Later that summer, President Lee made the first-ever visit by a South Korean president to Dokdo/Takeshima. Lee said his visit was in large measure a response to what he claimed was Japan’s failure to adequately acknowledge and address the suffering of the World War II comfort women.

Relations worsened after the elections of Park Geun-hye and Abe Shinzo. South Korean leaders objected to a series of statements and actions by Abe and his Cabinet officials that many have interpreted as denying or even glorifying Imperial Japan’s aggression in the early 20th century. Park insisted that Japan adopt a “correct understanding of history” as a prerequisite for nearly all cooperative initiatives.⁶⁹ Japanese officials counter that their South Korean counterparts rarely acknowledge the efforts Japan has made to apologize for and address Imperial Japan’s actions. South Korean attitudes toward Abe degraded after his December 2013 visit to the Yasukuni

⁶⁹ Alastair Gale, “South Korea’s Park Chides Abe but Seeks Stable Japan Ties,” *Wall Street Journal*, May 4, 2015.

Shrine, a Shinto shrine established to “enshrine” the “souls” of Japanese soldiers who died during war, but that also includes 14 individuals who were convicted as Class A war criminals after World War II.

Increasingly since the middle of 2014, Park’s government has adopted more of a two-track approach toward Japan, separating disputes over history from most other aspects of the relationship. Bilateral working-level discussions have increased, and regular high-level bilateral meetings resumed in 2014 and have built up to the Cabinet level. In another sign of a bilateral thaw, in December 2014 the United States, South Korea, and Japan signed a modest trilateral information sharing agreement. Additionally, despite many private statements by South Korean officials expressing concern about Japanese “remilitarization,” the Park government officially does not appear to have objected in principle to Japan’s historic moves to expand the scope of its military’s activities.⁷⁰ South Korea’s change in behavior appears to have been influenced by shifts in the correlation of powers in Northeast Asia that made Park’s former stance less tenable: for example, high-level Sino-Japanese ties, which had also been frozen for months, reopened in November 2014, and U.S.-Japanese ties have deepened in the first half of 2015, as symbolized during Prime Minister Shinzo Abe’s April 2015 visit to the United States.⁷¹ U.S. pressure to improve ties and Abe’s avoidance of historically sensitive comments or moves also may have contributed to Seoul’s apparent adjustment in tone.

Despite these improvements, the South Korea-Japan relationship remains tense and vulnerable to a sudden deterioration. The approaches of both leaders to historical issues appear to contradict one another and are locked in a vicious circle: Park seeks to bring Japan to a more full-throated acknowledgement and apology for its pre-WWII actions, and is likely to countenance major new initiatives unless there is progress on history issues. Meanwhile, Abe aims to restore Japanese pride in its history by erasing many signs of what many Japanese nationalists have regarded as self-flagellation, such as the portrayal of the early 20th century in history textbooks. Given the array of domestic forces opposed to raising South Korea-Japan relations to a new level, even if the two leaders hold a formal summit, it is unclear whether the two governments will have the interest or capacity to do more than maintain *ad hoc* cooperation, such as in response to aggressive North Korean actions.

South Korea-China Relations

China’s rise influences virtually all aspects of South Korean foreign and economic policy. North Korea’s growing dependence on China since the early 2000s has meant that South Korea must increasingly factor Beijing’s actions and intentions into its North Korea policy. China’s influence over North Korea has tended to manifest itself in a number of ways in Seoul. For instance, Chinese support or opposition could be decisive in shaping the outcome of South Korea’s approaches to North Korea, both in the short term (such as handling sudden crises) and the long term (such as contemplating how to bring about re-unification). For this reason, a key objective of the joint Park/Obama policy toward North Korea is trying to alter China’s calculation of its own strategic interests so that they might be more closely aligned with Seoul and Washington rather than with Pyongyang. Additionally, many South Koreans worry that China’s economy is pulling North Korea, particularly its northern provinces, into China’s orbit.

⁷⁰ For instance, see South Korean Ministry of Foreign Affairs Press Briefing by Spokesperson and Deputy Minister for Public Relations, Noh Kwang-il, May 14, 2015.

⁷¹ For more, see CRS Report RL33436, *Japan-U.S. Relations: Issues for Congress*, coordinated by Emma Chanlett-Avery.

On the other hand, China's continued support for North Korea, particularly its perceived backing of Pyongyang after the Yeonpyeong Island shelling in 2010, has angered many South Koreans, particularly conservatives. China's treatment of North Korean refugees, many of whom are forcibly repatriated to North Korea, has also become a bilateral irritant. Many South Korean conservatives also express concern that the Chinese have been unwilling to discuss plans for dealing with various contingencies involving instability in North Korea, though beginning in 2013 there were signs that Beijing had become more willing to engage in these discussions. Park Geun-hye has called for establishing a trilateral strategic dialogue among Korea, the United States, and China that presumably could discuss various situations involving North Korea.⁷²

Since China's 2001 entry into the World Trade Organization, China has emerged as South Korea's most important economic partner. Over 20% of South Korea's total trade is with China, twice the level for South Korea-U.S. and South Korea-Japan trade.⁷³ For years, China has been the number one location for South Korean firms' foreign direct investment, and the two countries signed a bilateral FTA in 2015. Yet, even as China is an important source of South Korean economic growth, it also looms large as an economic competitor. Indeed, fears of increased competition with Chinese enterprises have been an important motivator for South Korea's push to negotiate a series of FTAs with other major trading partners around the globe.

Park Geun-hye has placed a priority on improving South Korea's relations with China, which generally are thought to have been cool during Lee Myung-bak's tenure. The two sides have expanded a number of high-level arrangements designed to boost strategic communication and dialogue. As President, Park has held six summits with Chinese President Xi Jinping. Notably, Xi's first visit to the Korean Peninsula as President was to South Korea, not to China's ally, North Korea. Although Xi and Park have described bilateral ties as having reached an "unprecedented level of strategic understanding," most analysts do not expect that South Korea will prioritize relations with China at the expense of the U.S. alliance. Many South Koreans point to fundamental differences between Seoul's and Beijing's interests in North Korea, and increasing rivalry between Chinese and South Korean firms in recent years has accentuated the economic competition between the two countries.⁷⁴

Economic Relations

South Korea and the United States are major economic partners. In 2014, two-way trade between the two countries totaled \$114 billion (see **Table 1**), making South Korea the United States' sixth-largest trading partner. For some western states and U.S. sectors, the South Korean market is even more important. South Korea is far more dependent economically on the United States than the United States is on South Korea. In 2014, the United States was South Korea's second-largest trading partner, second-largest export market, and the third-largest source of imports. In 2013, it was among South Korea's largest suppliers of foreign direct investment (FDI).

As South Korea has emerged as a major industrialized economy, and as both countries have become more integrated with the world economy, economic interdependence has become more complex and attenuated. In particular, the United States' economic importance to South Korea has

⁷² Park Geun-hye, "Trustpolitik and the Making of a New Korea," November 15, 2012.

⁷³ Much of South Korea's exports to China are intermediate goods that ultimately are used in products exported to the United States and Europe.

⁷⁴ Kim Jiyeon, Karl Friedhoff, Lee Euicheol, and Kang Chungku, "One Bed, Two Dreams: Assessing Xi Jinping's Visit to Seoul," Asan Institute Issue Brief, July 16, 2014, <http://en.asaninst.org/one-bed-two-dreams-assessing-xi-jinpings-visit-to-seoul>.

declined relative to other major powers. In 2003, China for the first time displaced the United States from its perennial place as South Korea's number one trading partner. Japan and the 28-member European Union each also rival and have at times surpassed the United States as South Korea's second-largest trading partner.

South Korea's export-driven economy and subsequent competition with domestic U.S. producers in certain products has also led to some trade frictions with the United States. For example, imports of certain South Korean products—mostly steel or stainless steel items as well as polyester, chemicals, and washing machines—have been the subject of U.S. antidumping and countervailing duty investigations. As of September 29, 2015, for instance, antidumping duties were being collected on 14 South Korean imports and countervailing duties were being assessed on 3 South Korean products.⁷⁵

The George W. Bush and Roh Moo-hyun Administrations initiated the KORUS FTA negotiations in 2006 and signed an agreement in June 2007.⁷⁶ In October 2011, the House and Senate passed H.R. 3080, the United States-Korea Free Trade Agreement Implementation Act, which was subsequently signed by President Obama.⁷⁷ In March 2012, the U.S.-South Korea FTA entered into force.

Upon the date of implementation of the KORUS FTA, 82% of U.S. tariff lines and 80% of South Korean tariff lines were tariff free in U.S.-South Korean trade, whereas prior to the KORUS FTA, 38% of U.S. tariff lines and 13% of South Korean tariff lines were duty free. By the 10th year of the agreement, the figures will rise to an estimated 99% and 98%, respectively, with tariff elimination occurring in stages and the most sensitive products having the longest phase-out periods. Non-tariff barriers in goods trade and barriers in services trade and foreign investment are to be reduced or eliminated under the KORUS FTA.

At the time of this writing, the KORUS FTA had been in force for just over three and a half years; therefore it is still early to ascertain its overall impact on U.S.-South Korean bilateral trade with some provisions of the agreement yet to take effect and tariffs on certain products continuing to phase out. Nevertheless, **Table 1** below presents U.S.-South Korea merchandise trade data for selected years; total bilateral goods trade grew by nearly 10% in 2014 compared to 2013. U.S. exports to South Korea increased by 6.7% in value, while U.S. imports from South Korea increased by around 11.5%. The goods trade deficit increased by 21.3%.

**Table 1. Annual U.S.-South Korea Merchandise Trade,
Selected Years**

(billions of U.S. dollars)

Year	U.S. Exports	U.S. Imports	Trade Balance	Total Trade
1990	14.4	18.5	-4.1	32.9
1995	25.4	24.2	1.2	49.6
2000	27.9	40.3	-12.4	68.2
2005	27.5	43.8	-16.3	71.3

⁷⁵ U.S. International Trade Commission (USITC), http://www.usitc.gov/trade_remedy/documents/orders.xls.

⁷⁶ For more on the KORUS FTA, see CRS Report RL34330, *The U.S.-South Korea Free Trade Agreement (KORUS FTA): Provisions and Implementation*, coordinated by Brock R. Williams.

⁷⁷ The House vote was 278-151. In the Senate, the vote was 83-15.

Year	U.S. Exports	U.S. Imports	Trade Balance	Total Trade
2010	38.8	48.9	-10.1	87.7
2011	43.5	56.7	-13.2	100.1
2012 ^a	42.3	58.9	-16.6	101.2
2013	41.7	62.4	-20.7	104.1
2014	44.5	69.5	-25.0	114.0
Major U.S. Export Items	Semiconductors and semiconductor manufacturing equipment; medical equipment; civilian aircraft; chemical products; motor vehicles and parts; plastics; corn and wheat; and beef and pork.			
Major U.S. Import Items	Motor vehicles and parts; cell phones; computers, tablets, and their components; iron and steel and products; jet fuel and motor oil; plastics; and tires.			

Source: *Global Trade Atlas*, September 29, 2015.

Notes: Exports based on total exports and imports based on general imports.

a. The KORUS FTA went into effect on March 15, 2012.

South Korea-U.S. Interaction over the TPP

South Korea in fall 2013 signaled its “interest” in joining the TPP negotiations, a move that the Obama Administration welcomed. The next formal step for South Korea to enter the TPP would be for the South Korean government to formally announce that it is seeking to participate. Negotiations among the current 12 TPP countries concluded on October 5, 2015, so presumably South Korea will not be able to join the TPP until after the agreement is ratified and will follow the accession procedures that may be provided in the final agreement. It is not yet clear what those procedures will be, but the accession process used for the World Trade Organization (WTO)—countries agree to the established rules of the agreement and then negotiate market access commitments (tariffs and quotas)—may serve as a template.

The Obama Administration “welcomed” South Korea’s interest in joining. However, U.S. government officials, including the President, have suggested that South Korea’s willingness and ability to resolve ongoing issues with implementation of the KORUS FTA may impact its potential participation in the TPP, although officials note progress has been made.⁷⁸ For example, some U.S. stakeholders are concerned that proposed auto emissions regulations based on average emissions across a company’s fleet may unfairly discriminate against U.S. exports, as U.S. auto makers are most competitive in sales of larger vehicles in the Korean market. Additional concerns have been raised over the Korean government’s implementation of KORUS FTA commitments on data flows, although recent actions by the government on this issue have been praised by the U.S. business community.⁷⁹ U.S. officials reportedly also have been discussing with South Korea issues that are included in the TPP but are not part of the KORUS FTA, such as state-owned enterprises and regulatory coherence, to gauge if South Korea would be prepared to make commitments in these areas.

Ultimately, Congress must approve implementing legislation if a completed TPP agreement is to apply to the United States, although it is not yet clear what role Congress will play in the accession process of new TPP members.

⁷⁸ The White House, “Remarks by President Obama at Business Roundtable,” press release, April 26, 2014. In his remarks, President Obama said, “I discussed this [KORUS implementation] with President Park last night. We both agreed that these are issues we can work through together. And given South Korea’s interest in the Trans-Pacific Partnership, fully implementing KORUS also is the single most important step that South Korea can take now to show that it’s prepared to eventually meet the high standards of TPP.” See also United States Trade Representative, “KORUS FTA: Year Three in Deepening Market Integration.” Remarks by Assistant U.S. Trade Representative for Japan, Korea, and APEC Affairs Bruce Hirsh at the Fullerton KORUS Event,” March 12, 2015. “Hirsh Hits Positive Note on Korea TPP Candidacy,” *Inside U.S. Trade*, March 20, 2015.

⁷⁹ “Industry Sees Korean Move to Loosen Data Rules as Aligning with FTA,” *Inside U.S. Trade*, June 25, 2015.

Congress also has a formal and informal role in influencing U.S. negotiating positions, including through setting U.S. trade negotiating objectives and ongoing consultation mechanisms as part of trade promotion authority (TPA), which Congress passed in June (P.L. 114-26). Through TPA Congress grants expedited legislative consideration to trade agreements negotiated by the President that advance U.S. trade negotiating objectives and meet specific notification and consultation requirements.⁸⁰

Entry into TPP would align with President Park's policies to revive the Korean economy—a top priority for her government. It would continue the country's strategy of entering into FTAs in order to make South Korea a "linchpin" of accelerated economic integration in the region.⁸¹ The Park government is negotiating a number of FTAs, including a bilateral agreement with China that the two countries signed in June 2015.

South Korea's Economic Performance

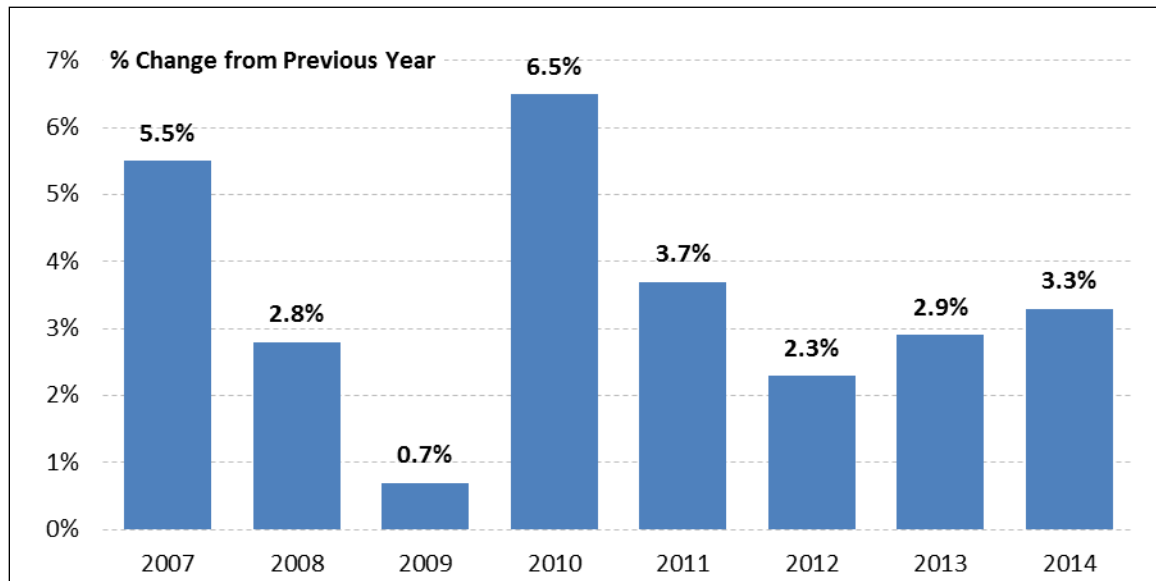
International trade (counting both imports and exports) amounts to more than 100% of South Korea's GDP, making the country particularly susceptible to fluctuations in the global economy. This was evident during the global financial crisis that began in late 2008. South Korea's real GDP growth declined to 0.7% in 2009 as the world economy dipped into deep recession. Growth recovered to 6.5% in 2010, following the government's large fiscal stimulus and record-low interest rates, and has hovered around 3% since (**Figure 3**). However, South Korea remains vulnerable to a slowdown in its major export markets: China, the United States, the European Union, and Japan. China's slowing economic growth this year has been of particular concern.⁸² To stimulate growth, the Park government in July 2014 announced a \$40 billion stimulus package, equivalent to roughly 3% the size of the South Korean economy. In March 2015, the Bank of Korea cut South Korea's base interest rate to a record-low 1.75%. Three months later, the Bank cut the rate again, to 1.5%, citing declining exports and the contractionary effects of the MERS outbreak on South Korea's domestic consumption.⁸³

⁸⁰ For more on TPA, see CRS Report RL33743, *Trade Promotion Authority (TPA) and the Role of Congress in Trade Policy*, by Ian F. Fergusson.

⁸¹ Ministry of Trade, Industry, and Energy Press Release 436, "Korea Outlines New Trade Policy Direction," June 25, 2013.

⁸² "South Korea Exports Plunge 14.7%," *Financial Times*, August 31, 2015.

⁸³ The Bank of Korea, "Monetary Policy Decision," June 11, 2015.

Figure 3. South Korea's Real GDP Growth, 2007-2014

Source: Bank of Korea, reprinted in the Economist Intelligence Unit.

South Korea's post-2008 crisis average growth of around 3% is 2 percentage points lower than its 5% average during the decade leading up to the crisis. This lower growth has become a major policy concern for South Korea, especially given the country's rapid economic success over the past several decades. Many economists argue that the South Korean economy would benefit from a number of structural reforms, such as attempts to spur the productivity of the services sector, which lags behind the manufacturing dynamo in the Korean economy.⁸⁴ Another item on the potential reform agenda is the removal of labor market rigidities, which have created an incentive for South Korean companies to hire easily-fired temporary workers rather than highly-protected full-time employees with benefits packages.⁸⁵ The Park government has attempted to address some of these issues through its reform initiatives to varying effect.

In addition, complaints in South Korea have risen in recent years that only rich individuals and large conglomerates (called *chaebol*)—which continue to dominate the economy—have benefitted disproportionately from the country's growth since the 2008-2009 slowdown. Such concerns also relate to unemployment, particularly among South Korea's youth, as the *chaebol* employ a small share of South Korea's population despite producing an outsized share of the country's GDP.⁸⁶ The 2012 presidential election was largely fought over the issues of governance (in the wake of a number of corruption scandals), social welfare, and rising income inequality. Leading figures in both parties, including President Park, have proposed ways to expand South Korea's social safety net. As mentioned in the politics section below, lower-than-expected growth in 2013 and 2014 contributed to Park's scaling back her plans. South Korea has one of the lowest rates of social welfare spending in the industrialized world, a problem exacerbated by the already high levels of indebtedness of the average South Korean household. The rapid aging of the South

⁸⁴ Lee Jong-Wha, "Starting South Korea's New Growth Engines," *Project Syndicate*, January 26, 2015.

⁸⁵ Song Jung-a, "South Korea Contract Workers at Heart of Labour Reform Challenge," *Financial Times*, April 20, 2015.

⁸⁶ "South Korea's Chaebol Problem," *The Globe and Mail*, April 24, 2015.

Korean population is expected to create additional financial pressures on government expenditures in the future.

Currency Issues

Given its dependence on international trade, fluctuations in currency valuations can have significant impacts on the South Korean economy. The *won*'s depreciation from early 2008 to 2009, falling by nearly a third to around 1,500 *won* per dollar, helped to stimulate South Korea's economic recovery by making its exports cheaper relative to many other currencies, particularly the Japanese *yen*. Following the crisis, the *won* gradually strengthened against the dollar, and has oscillated within the 1,000-1,200 *won*/dollar range since late 2010. Since mid-2012 the Japanese *yen* has depreciated against the dollar by almost 50%, due in part to expansionary monetary policies in Japan, as part of Prime Minister Abe's focus on stimulating the Japanese economy. The *yen*'s fall has given a boost to Japanese exporters and proven politically unpopular with trade partners including the United States and South Korea. President Park criticized the *yen*'s fall at the November 2014 summit of G-20 leaders.⁸⁷ Both South Korea and Japan have been the subject of U.S. consternation over exchange rate policies in the past.⁸⁸ The April 2015 U.S. Treasury report on exchange rate policies suggests South Korea may have intervened in foreign exchange markets to limit the appreciation of the *won* in early 2015.⁸⁹

Nuclear Energy and Non-Proliferation Cooperation

Bilateral Nuclear Energy Cooperation

The United States and South Korea have cooperated in the peaceful use of nuclear energy for over 50 years.⁹⁰ This cooperation includes commercial projects as well as research and development work on safety, safeguards, advanced nuclear reactors, and fuel cycle technologies. As mentioned in the introductory section of this report, Congress is currently reviewing a proposed replacement bilateral civilian nuclear cooperation agreement. This agreement is key to the continuation of nuclear trade between the countries since it is the legal foundation for export licensing. The current agreement expires in March 2016. This agreement is often referred to as a "123 agreement" under Section 123 of the Atomic Energy Act (AEA) as amended. A short-term extension of the agreement until March 2016 was approved by Congress (S. 1901) in January 2014 and passed into law (P.L. 113-81) to allow negotiators to the agreement text.

A new agreement text was necessary because the existing agreement was concluded before the current requirements under Section 123a of the AEA were enacted, and therefore does not meet all of the AEA's requirements. The agreement was sent to Congress for review in June 2015 for the required 90 days of congressional consideration. The agreement meets all the terms of the

⁸⁷ Kim Seon-gul, "Park Criticizes Weakening Yen," *mk Business News*, November 18, 2014.

⁸⁸ For more information, see CRS Report R43242, *Current Debates over Exchange Rates: Overview and Issues for Congress*, by Rebecca M. Nelson

⁸⁹ U.S. Department of Treasury, *Report to Congress on International Economic and Exchange Rate Policies*, April 9, 2015.

⁹⁰ The original agreement for civilian nuclear cooperation was concluded in 1956, and amendments were made in 1958, 1965, 1972, and 1974. Full text of the 1974 agreement is available at http://nnsa.energy.gov/sites/default/files/nnsa/inlinefiles/Korea_South_123.pdf. See also CRS Report R41032, *U.S. and South Korean Cooperation in the World Nuclear Energy Market: Major Policy Considerations*, by Mark Holt.

Atomic Energy Act⁹¹ and therefore does not require any exemptions from the law's requirements. The agreement could enter into force after a 30-day consultation period and a review period of 60 days of continuous session⁹² unless Congress enacted a joint resolution of disapproval. Congress also has the option of adopting either a joint resolution of approval with (or without) conditions, or stand-alone legislation that could approve or disapprove the agreement. Any congressional efforts to block the agreement would be subject to presidential veto.

One of the reasons Seoul and Washington decided on a two-year extension was to give more time to negotiators to work out a sticking point in the talks—how to treat fuel cycle issues. South Korea reportedly had requested that the new agreement include a provision that would give permission in advance for U.S.-obligated spent nuclear fuel to be reprocessed to make new fuel using a type of reprocessing called pyroprocessing.⁹³ The United States and South Korea are jointly researching pyroprocessing, but the technology is at the research and development stage.⁹⁴ Reprocessing of U.S.-obligated spent fuel requires approval by the United States, typically on a case-by-case basis (referred to as “programmatically consent”). In the new agreement, South Korea would be allowed to operate its Advanced Spent Fuel Conditioning Process Facility, the first stage of pyroprocessing, in which spent fuel would be converted from oxide to metal form but no fissile plutonium could be separated. The Obama Administration has preferred to conclude the U.S.-ROK joint study on this technology before making any decision to approve such activities.

On other issues, the South Korean government under President Park Geun-hye has placed priority during the negotiations on a stable fuel supply, management of nuclear waste, and future nuclear exports. According to a State Department Fact Sheet, the agreement requires “express reciprocal consent rights over any retransfers or subsequent reprocessing or enrichment of material subject to the agreement.” However, the agreement does give South Korea advance permission to ship U.S.-obligated spent fuel overseas for reprocessing into mixed-oxide fuel. There are no current plans to do so, but South Korea may consider this option in developing a strategy for managing its growing spent fuel stocks. The agreement also provides for a new bilateral high-level commission where the two sides would review cooperation under the agreement and possibly resolve future fuel cycle issues. The agreement allows for enrichment up to 20% of fissile uranium-235 in South Korea, after consultation through the bilateral commission and further written agreement by the United States. This provision was not part of the previous agreement. South Korea does not have an enrichment capability, but was seeking language in the new agreement that would open the door to that possibility. Uranium enriched at levels below 20% can be used for nuclear fuel. The agreement also includes U.S. fuel supply assurances.

⁹¹ Under Section 123a, codified at 42 U.S.C. 2153(a)), Atomic Energy Act of 1946, ch. 724, 60 Stat. 755 (1946), as amended.

⁹² Days on which either chamber is in a recess of more than three days (pursuant to a concurrent resolution authorizing the recess) do not count toward the total. If Congress adjourns its session *sine die*, continuity is broken, and the count starts anew when it reconvenes.

⁹³ Daniel Horner, “South Korea, U.S. at Odds over Nuclear Pact,” *Arms Control Today*, September 2012, http://armscontrol.org/act/2012_09/Sout-Korea-US-at-Odds-Over-Nuclear-Pact. Under the 1978 Nuclear Nonproliferation Act, consent rights apply to material originating in the United States or material that has been fabricated into fuel or irradiated in a reactor with U.S. technology. The majority of South Korea's spent fuel would need U.S. consent before it could be reprocessed.

⁹⁴ Reprocessing of spent nuclear fuel can be used to make new reactor fuel or to separate out plutonium in the spent fuel for weapons use. Pyroprocessing, or electro-refining, is a non-aqueous method of recycling spent fuel into new fuel for fast reactors. It only partially separates plutonium and uranium from spent fuel. There is debate over the proliferation implications of this technology.

Both countries have called the agreement a success. South Korean Foreign Minister Yun Byung-Se said that the agreement was “future-oriented” and would facilitate “modern and mutually beneficial cooperation.” He called the agreement one of the central pillars of the alliance after the Mutual Defense Treaty and the Free Trade Agreement. U.S. Secretary of Energy Ernest Moniz said that the agreement would solidify the alliance and would “enable expanded cooperation between our respective nuclear industries, and reaffirm our two governments’ shared commitment to nonproliferation.” Others may question whether the agreement’s flexibility on fuel cycle issues would delay rather than resolve this controversy.

For several decades, the United States has pursued a policy of limiting the spread of enrichment and reprocessing technology to new states as part of its nonproliferation policies.⁹⁵ This is because enrichment and reprocessing can create new fuel or material for nuclear weapons. Advance permission to reprocess rarely has been included in U.S. nuclear cooperation agreements, and to date has only been granted to countries that already had the technology (such as to India, Japan, and Western Europe). However, the issue has become a sensitive one in the U.S.-ROK relationship. Many South Korean officials and politicians see the United States’ rules as limiting South Korea’s national sovereignty by requiring U.S. permission for civilian nuclear activities. This creates a dilemma for U.S. policy as the Obama Administration has been a strong advocate of limiting the spread of fuel cycle facilities to new states, and would prefer multilateral solutions to spent fuel disposal.

Spent fuel disposal is a key policy issue for South Korean officials, and some see pyroprocessing as a potential solution. While South Korean reactor-site spent fuel pools are filling up, the construction of new spent fuel storage facilities is highly unpopular with the public. Some officials argue that in order to secure public approval for an interim storage site, the government needs to provide a long-term plan for the spent fuel. However, some experts point out that by-products of spent fuel reprocessing would still require long-term storage and disposal options. Other proponents of pyroprocessing see it as a way to advance energy independence for South Korea.

For decades, the United States and South Korea have worked on joint research and development projects to address spent fuel. In the 1990s, the two countries worked intensely on research and development on a different fuel recycling technology (the “DUPIC” process), but this technology ultimately was not commercialized. In the past 10 years, joint research has centered on pyroprocessing. The Korean Atomic Energy Research Institute (KAERI) is conducting a laboratory-scale research program on reprocessing spent fuel with an advanced pyroprocessing technique. U.S.-South Korean bilateral research on pyroprocessing began in 2002 under the Department of Energy’s International Nuclear Energy Research Initiative (I-NERI). R&D work on pyroprocessing was temporarily halted by the United States in 2008, due to the proliferation sensitivity of the technology. In an attempt to find common ground and continue bilateral research, in October 2010 the United States and South Korea began a 10-year Joint Fuel Cycle Study on the economics, technical feasibility, and nonproliferation implications of spent fuel disposition, including pyroprocessing. In July 2013, a new agreement on R&D technology transfer for joint pyroprocessing work in the United States took effect as part of the Joint Fuel Cycle Study.⁹⁶

⁹⁵ For more, see CRS Report RS22937, *Nuclear Cooperation with Other Countries: A Primer*, by Paul K. Kerr and Mary Beth D. Nikitin.

⁹⁶ Federal Register, Vol. 708, No. 105, May 31, 2013.

While some in the Korean nuclear research community have argued for development of pyroprocessing technology, the level of consensus over the pyroprocessing option among Korean government agencies, private sector/electric utilities, and the public remains uncertain. Generally, there appears to be support in South Korea for research and development, but some analysts are concerned about the economic and technical viability of commercializing the technology. While the R&D phase would be paid for by the government, the private sector would bear the costs of commercialization. At a political level, pyroprocessing may have more popularity as a symbol of South Korean technical advancement and the possibility of energy independence. However, other public voices are concerned about safety issues related to nuclear energy as a whole. Others see fuel cycle capabilities as part of a long-term nuclear reactor export strategy, envisioning that South Korea could have the independent ability to provide fuel and take back waste from new nuclear power countries in order to increase its competitive edge when seeking power plant export contracts.

Some analysts critical of the development of pyroprocessing in South Korea point to the 1992 Joint Declaration, in which North and South Korea agreed they would not “possess nuclear reprocessing and uranium enrichment facilities” and are concerned about the impact of South Korea’s pyroprocessing on negotiations with the North. Others emphasize that granting permission for pyroprocessing in South Korea would contradict U.S. nonproliferation policy to halt the spread of sensitive technologies to new states. Some observers, particularly in South Korea, point out that the United States has given India and Japan consent to reprocess, and argue that they should be allowed to develop this technology under safeguards.

Since the technology has not been commercialized anywhere in the world, the United States and the International Atomic Energy Agency (IAEA) are working with the South Korean government to develop appropriate IAEA safeguards should the technology be developed further. Whether pyroprocessing technology can be sufficiently monitored to detect diversion to a weapons program is a key aspect of the Joint Study, which is expected to be concluded in 2020.

South Korean Nonproliferation Policy

South Korea has been a consistent and vocal supporter of strengthening the global nonproliferation regime, which is a set of treaties, voluntary export control arrangements, and other policy coordination mechanisms that work to prevent the spread of nuclear, biological, and chemical weapons and their delivery systems. South Korea destroyed all of its chemical weapons stocks by 2008, under the Chemical Weapons Convention.⁹⁷ South Korea is a member of the Nuclear Suppliers’ Group (NSG), which controls sensitive nuclear technology trade, and adheres to all international nonproliferation treaties and export control regimes. South Korea also participates in the G-8 Global Partnership, and other U.S.-led initiatives—the Proliferation Security Initiative, the International Framework for Nuclear Energy Cooperation (formerly GNEP), and the Global Initiative to Combat Nuclear Terrorism. South Korea has contributed funds to the United States’ nuclear smuggling prevention effort, run by the Department of Energy, and contributed to the Organization for the Prohibition of Chemical Weapons (OPCW) Trust Fund to support the destruction of Syrian chemical weapons.

South Korea is a member of the Non-Proliferation Treaty (NPT) which requires countries to conclude a safeguards agreement with the International Atomic Energy Agency (IAEA). An

⁹⁷ South Korea has not recognized this stockpile publicly, and chose to destroy the weapons under the CWC confidentiality provisions. “South Korea Profile,” *Nuclear Threat Initiative*, <http://www.nti.org/country-profiles/south-korea/>.

Additional Protocol (AP) to South Korea's safeguards agreement entered into force as of February 2004. The AP gives the IAEA increased monitoring authority over the peaceful use of nuclear technology. In the process of preparing a more complete declaration of nuclear activities in the country, the Korean Atomic Energy Research Institute (KAERI) disclosed previously undeclared experiments in its research laboratories on uranium enrichment in 2000, and on plutonium extraction in 1982. The IAEA Director General reported on these undeclared activities to the Board of Governors in September 2004, but the Board did not report them to the U.N. Security Council. In response, the Korean government reconfirmed its cooperation with the IAEA and commitment to the peaceful use of nuclear energy, and reorganized the oversight of activities at KAERI. The experiments reminded the international community of South Korea's plans for a plutonium-based nuclear weapons program in the early 1970s under President Park Chung-hee, the father of the current President Park. At that time, deals to acquire reprocessing and other facilities were canceled under intense U.S. pressure, and Park Chung-hee eventually abandoned weapons plans in exchange for U.S. security assurances. The original motivations for obtaining fuel cycle facilities as well as the undeclared experiments continue to cast a shadow over South Korea's long-held pursuit of the full fuel cycle. As a result, since 2004, South Korea has aimed to improve transparency of its nuclear programs and participate fully in the global nonproliferation regime. In addition, the 1992 Joint Declaration between North and South Korea says that the countries "shall not possess nuclear reprocessing and uranium enrichment facilities." Since North Korea has openly pursued both of these technologies, an intense debate is underway over whether South Korea should still be bound by those commitments. Some analysts are concerned that a denuclearization agreement with North Korea could be jeopardized if South Korea does not uphold the 1992 agreement.

South Korea hosted the 2012 Nuclear Security Summit, a forum initiated by President Obama shortly after his inauguration. The South Korean government agreed to host the summit because it fit into the "Global Korea" concept of international leadership and summitry; it was a chance for the South Korean nuclear industry to showcase its accomplishments; and the South Korean government was able to emphasize South Korea's role as a responsible actor in the nuclear field, in stark contrast with North Korea. It was also seen as an important symbol of trust between the U.S. and South Korean Presidents. South Korea will continue its leadership in the nuclear security field by chairing the International Atomic Energy Agency's International Conference on Nuclear Security in Vienna in December 2016. South Korea is also cooperating with regional partners to establish a Center for Excellence in Nuclear Security.

South Korean Politics

South Korean politics continue to be dominated by Park Geun-hye (born in 1952) and her conservative Saenuri ("New Frontier") Party (NFP), which controls the legislature. Park was elected in December 2012, becoming not only South Korea's first woman president, but also the first presidential candidate to receive more than half of the vote (she captured 51.6%) since South Korea ended nearly three decades of authoritarian rule in 1988. She is to serve until February 2018. By law, South Korean presidents serve a single five-year term. Park is the daughter of the late Park Chung-hee, who ruled South Korea from the time he seized power in a 1961 military coup until his assassination in 1979.

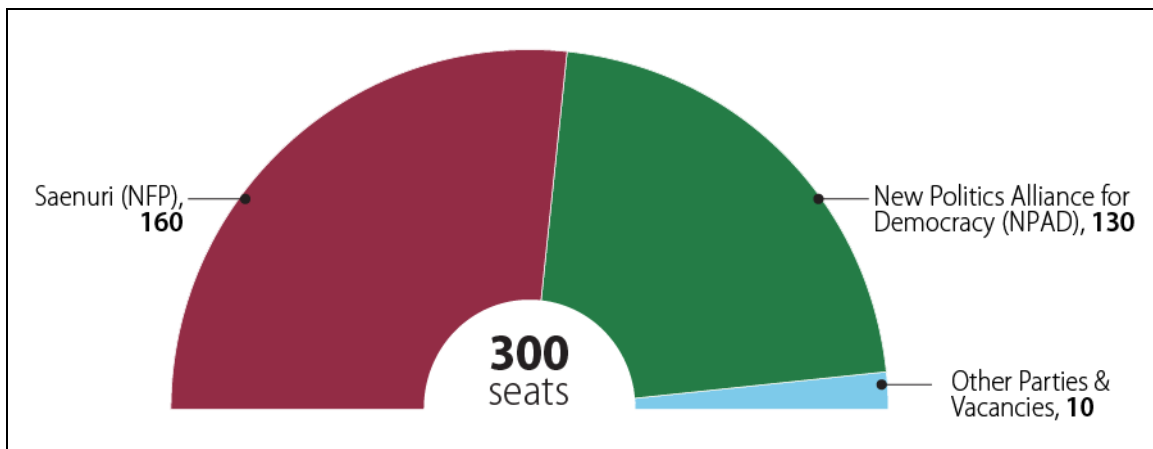
According to the Asan Institute's daily polling service, Park's public approval ratings were in the 60%-70% range for much of 2013, in part due to positive assessments of her handling of foreign affairs, particularly inter-Korean relations. However, sentiments toward Park's government dropped sharply following the April 2014 sinking of the *Sewol* ferry in the waters off the country's western coast. The deaths of nearly 300 passengers—mostly high school students—for

months cast a pall over South Korea and over the Park government. The tragedy's political impact has been likened to the political effects of the 2005 Hurricane Katrina disaster in the United States.⁹⁸ The Park government has been criticized for rescuers' allegedly slow response to distress calls, and the sinking has prompted South Koreans to ask questions about how well government agencies have enforced safety regulations, which the *Sewol* was found to have violated, about the relationship between government regulators and the industries they oversee, as well as whether companies put profits ahead of safety. Several of the *Sewol*'s ownership group and its crew have been convicted of gross negligence, including the captain, who fled the ship without attempting to help the passengers.

Park also has been weakened by perceptions that her government has done little to follow through on her campaign pledges to overcome South Korea's economic difficulties and strengthen its social safety net. Due to personal or political scandals, a series of Park's appointees—including three successive appointees to be prime minister—withdrawed their names before taking office.⁹⁹ These developments have raised questions about her government's (and her) competence and willingness to reach outside her inner circle. Most recently, in spring 2015, a new scandal arose for Park's government when a South Korean businessman, who later committed suicide, stated that he had provided bribes to several former close aides to Park. The then-sitting prime minister was implicated in the bribery scandal, and he subsequently resigned after only two months in office. Additionally, the government has struggled against criticism that it mishandled the mounting evidence that the country's intelligence service tried to influence the 2012 presidential election in her favor (though no evidence has surfaced that Park knew of the matter).

Figure 4. Party Strength in South Korea's National Assembly

As of May 2015



Source: South Korean National Assembly.

Notes: President Park Geun-hye is from the Saenuri (New Frontier) Party. The last nationwide legislative elections for all 300 National Assembly seats were held in April 2012. The next nationwide legislative elections are scheduled for April 2016. South Korea's next presidential election is scheduled for December 2017. By law, South Korean presidents are limited to one five-year term.

⁹⁸ Chico Harlan, "After Ferry Disaster, a Katrina-like Reckoning in South Korea," *Washington Post*, April 27, 2014.

⁹⁹ In South Korea's political system, the President appoints the Prime Minister, who serves as head of the President's cabinet.

A Powerful Executive Branch

Nominally, power in South Korea is shared by the president and the 300-member unicameral National Assembly. Of these, 246 members represent single-member constituencies. The remaining 54 are selected on the basis of proportional voting. National Assembly members are elected to four-year terms. The president and the central bureaucracy continue to be the dominant forces in South Korean policymaking, as formal and informal limitations prevent the National Assembly from initiating major pieces of legislation.

Political Parties

Presently, there are two major political parties in South Korea: President Park's conservative Saenuri Party (which has been translated as "New Frontier Party" or NFP) and the opposition, center-left New Politics Alliance for Democracy (NPAD).¹⁰⁰ The NFP has controlled the Blue House (the residence and office of South Korea's president) and the National Assembly since 2008. (See **Figure 4**.) U.S. ties have historically been much stronger with South Korea's conservative parties.

South Korea's progressive political parties—now largely consolidated in the NPAD—controlled the Blue House for 10 years, from 1998 to 2008. For a four-year period, from 2004 to 2008, a progressive party was the largest political group in the National Assembly and held a majority for part of that period. After failing to retake the Blue House or National Assembly in 2012 elections, the progressive camp faced several more years without significant tools of power and influence within the South Korean polity. In the past, the NPAD's predecessor parties have advocated positions that, if adopted, could pose challenges for the Obama Administration's Korea policy, including calling for the renegotiation of some provisions of the KORUS FTA, and adopting a more conciliatory approach to North Korea.

A Short History of South Korean Presidential Changes

For most of the first four decades after the country was founded in 1948, South Korea was ruled by authoritarian governments. The most important of these was led by President Park's father, Park Chung-hee, a general who seized power in a military coup in 1961 and ruled until he was murdered by his intelligence chief in 1979. The elder Park's legacy is a controversial one. On the one hand, he orchestrated the industrialization of South Korea that transformed the country from one of the world's poorest. On the other hand, he ruled with an iron hand and brutally dealt with real and perceived opponents, be they opposition politicians, labor activists, or civil society leaders. For instance, in the early 1970s South Korean government agents twice tried to kill then-opposition leader Kim Dae-jung, who in the second attempt was saved only by U.S. intervention. The divisions that opened under Park continue to be felt today. Conservative South Koreans tend to emphasize his economic achievements, while progressives focus on his human rights abuses.

Ever since the mid-1980s, when widespread anti-government protests forced the country's military rulers to enact sweeping democratic reforms, democratic institutions and traditions have deepened in South Korea. In 1997, long-time dissident Kim Dae-jung was elected to the presidency, the first time an opposition party had prevailed in a South Korean presidential election. In December 2002, Kim was succeeded by a member of his left-of-center party: Roh Moo-hyun, a self-educated former human rights lawyer who emerged from relative obscurity to defeat establishment candidates in both the primary and general elections. Roh campaigned on a platform of reform—reform of Korean politics, economic policymaking, and U.S.-ROK relations. He was elected in part because of his embrace of massive anti-American protests that ensued after a U.S. military vehicle killed two Korean schoolgirls in 2002. Like Kim Dae-jung, Roh pursued a "sunshine policy" of largely unconditional engagement with North Korea that clashed with the harder policy line pursued by the Bush Administration until late 2006. Roh also alarmed U.S. policymakers by speaking of a desire that South Korea should play a "balancing" role among China, the United States, and Japan in Northeast

¹⁰⁰ The Saenuri Party formerly was known as the Grand National Party (GNP). The New Politics Alliance for Democracy formerly was known as the Democratic Party.

Asia. Despite this, under Roh's tenure, South Korea deployed over 3,000 non-combat troops to Iraq—the third-largest contingent in the international coalition—and the two sides initiated and signed the KORUS FTA.

In the December 2007 election, former Seoul mayor Lee Myung-bak's victory restored conservatives to the presidency. Among other items, Lee was known for ushering in an unprecedented level of cooperation with the United States over North Korea and for steering South Korea through the worst of the 2008-2009 global financial crisis. Under the slogan "Global Korea," he also pursued a policy of expanding South Korea's participation in and leadership of various global issues. During the final two years of his presidency, however, Lee's public approval ratings fell to the 25%-35% level, driven down by—among other factors—a series of scandals surrounding some of his associates and family members, and by an increasing concern among more Koreans about widening income disparities between the wealthy and the rest of society.

South Korea's MERS Outbreak

In May 2015, South Korea began experiencing an outbreak of Middle East Respiratory Syndrome (MERS), which is believed to have been brought into the country by a South Korean man returning from a trip to the Middle East. According to South Korea's Ministry of Health and Welfare, as of late September, there were 186 confirmed cases of MERS during the outbreak, causing 36 deaths and the quarantining of nearly 17,000 people.¹⁰¹ Although the disease's spread was primarily linked to exposure in hospitals, public alarm during the first weeks of the outbreak—particularly the avoidance of public spaces—led to the closing of thousands of schools, a decline in private consumption, and an estimated 40% drop in tourism.¹⁰² On June 11, the Bank of Korea announced a quarter-point cut in South Korea's base interest rate in part to offset MERS' economic impact.¹⁰³

The World Health Organization (WHO) identified several factors that contributed to the virus' initial spread to so many people so quickly: Korean physicians' unfamiliarity with MERS; sub-optimal infection control and prevention methods in hospitals; "extremely crowded" emergency rooms; and the common Korean practice of "doctor shopping"—seeking care at a number of medical facilities—with many family members. The WHO also credited Korean authorities' eventual disease control methods—tracking contacts, quarantining and isolating all contacts and suspected cases, and infection prevention and control—with bringing the outbreak under control by the middle-to-end of June, about a month after signs of the virus first began appearing in South Korea.¹⁰⁴

¹⁰¹ South Korean Ministry of Health and Welfare Central MERS-CoV Control Office, "MERS Statistics. Table 1, Current status of MERS cases in the Republic of Korea," September 25, 2015.

¹⁰² Simon Mundy, "South Korea Growth Falls to 2-Year Low," *Financial Times*, July 23, 2015.

¹⁰³ The Bank of Korea, "Monetary Policy Decision," June 11, 2015.

¹⁰⁴ World Health Organization (WHO), "Intensified Public Health Measures Help Control MERS-Cov Outbreak in The Republic Of Korea," July 28, 2015; WHO, "WHO Recommends Continuation of Strong Disease Control Measures to Bring MERS-Cov Outbreak in Republic of Korea to an End," June 13, 2015.

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