



## **Finding Common Ground: A US-ROK-China Trilateral Emerging Leaders Dialogue**

**By Rorry Daniels\***

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On October 15, 2019, the NCAFP's Forum on Asia-Pacific Security (FAPS) convened its first-ever trilateral US-Republic of Korea-China Track II conference for emerging leaders. While much of the discussion was focused on opportunities and challenges in the trilateral relationship, the context of the discussion was heavily shadowed by twists and turns in several bilateral relationships, including between the US and China; ROK and Japan; inter-Korean relations and US-DPRK relations. A common thread throughout was whether or to what extent changes in US foreign policy implemented by President Trump would be sustained after his term of office. What follows is a summary of the discussion's key debates and policy recommendations.

### **US-China Relations: Strategic Competition and the Korean Peninsula**

Participants acknowledged that the main constraint on trilateral cooperation was the ongoing deterioration of US-China relations but also roundly agreed that the increase in strategic competition between the US and China was not analogous to the Cold War between the US and USSR. As one participant noted, the previous Cold War was defined by political and military competition, not economic competition; the impasse between the US and China is largely over how to handle economic competition given the vast differences in the two country's political systems and state-market relations. One speaker outlined the situation as a "status dilemma," in contrast to the "security dilemma" framework often used to analyze major power anxieties: in a status dilemma, both countries are satisfied with the status quo but worried about the other's ability to challenge their position in the established regional or global order.

The sources of anxiety were coming from both sides: in the US, President Trump's unconventional style created uncertainties over the future of US policy in Asia, including reassessments of the value of America's regional alliances and a new confrontational approach toward China, particularly regarding trade. Meanwhile, China was dealing with multiple and sometimes competing identities—developing and developed country, market-oriented and socialist, globally engaged but also cordoned off from worldwide information flows by the great firewall and extensive internal censorship regime.

In the US, there seemed to be no will on either side of the aisle to fundamentally realign US policy toward China, signaling that a change in administration in 2020 or 2024 would not resolve issues in the bilateral relationship. But in the private setting, participants expressed a desire to work toward mutual understanding and better define the era of 'strategic competition.'

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*\* This report reflects the notes and recollections of the author alone and is not a consensus document.*

Both sides were particularly concerned about the spillover of these strategic concerns into the people-to-people relationship. Chinese scholars were having greater difficulty with the visa application process to visit the US; US experts were concerned about similar issues on the Chinese side due to increased regulations from China's NGO law. Both sides were equally concerned about their treatment during such visits. Chinese participants observed an uptick in monitoring by US intelligence agencies during exchange visits while Americans raised the issue of the long-term detention of Western scholars and Americans of Chinese heritage. One American who organizes such exchanges in the US noted that the deterioration in the security environment for scholars was motivating institutions to restrict internal approvals for conference invitations. In general, since the beginning of the year, approximately 20 percent of Chinese scholars who accepted invitations to visit the US were not able to attend the conferences—half due to delays in receiving a US visit, the other half due to restrictions placed by their own institution on travel to the US. The due diligence process had also increased for US scholars planning to travel to China for meetings, events, and research.

Not only was travel itself becoming a barrier to exchanges, but there was a general sense that the policy environments in both countries were increasingly insular and that scholars were playing a lesser role in feeding ideas and recommendations into the policy process. With the significantly reduced possibility of policy transfer, one American asked, what is the role and utility of Track IIs? Participants on all sides contributed to a list of reasons to continue the Track II conversations: these dialogues a) build networks among scholars, former officials, and experts which advance the issue discourse; b) demonstrate high-value conversation; c) build confidence and provide reassurances when official messaging is unclear; and d) can identify the low-hanging fruit or slightly easier issues for officials to prioritize. One Korean participant made a strong case for adding more members of the business community to such meetings, since their interests are also shaped and affected by policy choices as security and economic concerns are merging.

The interests of the US and China on the Korean Peninsula seemed separated by short-term and long-term interests. On the surface, many participants pointed out that the US and China do share a sincere goal of nonproliferation on the Korean Peninsula. Chinese participants were frank about their desire to see North Korea give up its nuclear program. However, there were disagreements on the means to this end that revealed larger anxieties about the geostrategic future of Northeast Asia. First, China wants to retain North Korea as a buffer state between itself and US troops stationed with its ROK ally. Second, because of the need for this buffer zone, China places more emphasis on regime stability and survival than does the US. So, China seems more comfortable with a long-term, step-by-step process than the US, which broadly finds such processes full of delays, pitfalls and even traps.

A Chinese participant noted that the competition between the US and China gives ample room for the North Koreans to take advantage of the strategic suspicion between the two powers. In this participant's estimation, a working strategy to denuclearize North Korea would involve both US engagement with North Korea and China's political and economic support of such engagement—including strong sanctions enforcement. Carrying out this strategy effectively will require policy coordination and some degree of trust, both dubious in the current negative bilateral environment.

## **ROK Regional Policy**

Participants in the conference continued to question US credibility to its alliance structure and to regional diplomacy and development in the Trump administration's "America First" era. But one American presenter noted that the US is not the only country in the region that seems to be strategically self-isolating; the ROK is looking similarly insular as it deals with a deep political divide between the progressive and conservative camps, an inter-Korean strategy that seems to be at best stalled, and still strained relations between both the ROK and China and worsening relations between the ROK and Japan.

Support for the US alliance inside the ROK remains strong but may be slipping due to the constant negotiation and renegotiation of the Special Measures Agreement (SMA), governing burden sharing within the alliance. One ROK participant pointed out that burden sharing can be a broader conversation than cost sharing—there may be room for the negotiators to meet in the middle through offsets such as the ROK's greater participation in overseas operations, weapons acquisitions, and foreign aid. This conference took place before press reports surfaced of the US's opening position of raising the ROK portion of the cost by five times to USD 5 billion; as of this report a deal has not been reached.

Many participants were not convinced that a strained relationship between Washington and Seoul would precipitate a tilt of the ROK toward China. ROK-China relations remained poor after the deployment in the Park administration of the Terminal High-Altitude Missile Defense (THAAD) system, despite the face-saving 'three no's' policy that patched up the initial dispute. This experience seemed to test the ROK's capacity to balance or hedge between the two major powers and left a sour taste for the behavior of both. An American participant pointed out that the US might be hyper-reactive to any ROK attempt to balance between itself and China, given the current strategic direction in Washington.

Discussions on ROK-Japan relations were largely over whether the ROK would proceed with terminating the General Security of Military Information Agreement (GSOMIA) agreement allowing direct intelligence transfer between the two countries. At the time of the conference, participants were largely pessimistic that a deal could be reached. An ROK participant noted that the ROK and Japan had very different interpretations of the events that led to the announcement to terminate and therefore could not even agree on what the problem is or where responsibility for it lies, much less come up with a solution to move forward—Japan sees the issue as an economic problem stemming from the ROK's Supreme Court decision to make certain Japanese companies liable for occupation-era forced labor, but in using national security tools and justifications for its retaliation penalties against Korean industry, the ROK was compelled to leverage the security arrangement in response. Though, at the time of this report, the decision to terminate has been suspended, untangling this problematic knot of human rights, economic, security and political considerations remains ongoing work for the US allies.

## **Prospects for Trilateral Cooperation**

A Chinese presenter used the Iran nuclear deal (Joint Comprehensive Plan of Action or JCPOA) as a basis to argue that pressure policies are ineffective at forcing countries to change behavior. The issue is which behavior is meant to be addressed through diplomatic efforts. In the case of Iran, for example, the JCPOA was very effective at dealing with Iran's nuclear proliferation; in fact, the presenter noted, Iran has yet to violate this agreement despite the US withdrawal in May 2018. However, the agreement may be unsatisfactory to the US because it did not address Iran's behavior of using conventional and proxy forces to press its regional interests, and therefore did not address the concerns of US allies and partners. Similarly, the pressure campaign on the DPRK seems to have blunted its desire to test or display nuclear weapons, but not its demonstration of missile and conventional capabilities. In other words, the threatening behavior stays the same while the means to exercise the behavior shifts in response to pressure campaigns.

An American presenter was extremely pessimistic about the prospects for trilateral cooperation between the US, ROK and China on any issue, least of all the North Korean nuclear issue. There are serious structural differences in how each side views the problem and its potential solutions and the environment for cooperation on a single strategy was worsening. The pressure campaign on the DPRK no longer follows the criteria for sanctions effectiveness—that they be done early, among a coalition of allies and partners, and are sufficiently targeted. What limited bandwidth there remains for cooperation must be now focused on management of the North Korean nuclear issue outside of the multilateral context.

A Korean presenter followed on these two presentations by tying the prospects of trilateral cooperation to the outcome of the US-DPRK talks. Although the US and China may have divergent interests regarding strategic partnerships on the Korean Peninsula, China does want the DPRK to improve its economic situation and the US is likewise willing to make space for such development if the DPRK can move toward denuclearization. There are incentives for the two major powers to coordinate on this issue—China can provide infrastructure investment through its BRI program; the US can solidify the dollarization of the North Korean market—but only if the threat from the DPRK's nuclear weapons and missiles program is addressed. But recognizing the limited utility of the pressure campaign to change DPRK behavior, it would be helpful to widen the scope of potential cooperation beyond the Korean Peninsula. Joint exercises or training on the Code for Unplanned Encounters at Sea (CUES) protocols may be a way to strengthen crisis management mechanisms in this trilateral grouping.

Participants also discussed potential cooperation in Southeast Asia. Between China's BRI projects, the US Indo-Pacific Strategy, and the ROK's New Southern Policy, there is clearly a desire for all three countries to devote resources to Southeast Asia's development. To do so, further discussion would be needed on areas of overlap between the three policies. The ROK would like to prioritize joining the economic ventures of the US Indo-Pacific Strategy, including existing investment trilaterals such as the US-Australia-Japan infrastructure fund, before going on to join the BRI. There may be opportunities for the ROK tech industry to add value to US-led plans and ideas.

One American participant pointed out that the US was going through a period of change in how it sees its ability to consolidate and use national power to achieve strategic goals. Expectations that arose after the fall of the Soviet Union about the US ability to achieve strategic goals in a unipolar world order are crashing down. The global order that was built with US leadership doesn't seem to do enough for those displaced by the changes of economic integration and globalization; military primacy doesn't seem to be enough to prevent attacks against the US and its interests overseas. The result of this clash of expectations and reality is policy incoherence on how to deal with adversaries—is engagement tantamount to appeasement or a necessary mechanism?

## **How to Deal with North Korea**

### *The View from Washington.*

A US official speaking under the Chatham House Rule saw both successes and continued challenges in meeting the Trump administration's priorities for relations with the ROK, China and the DPRK. There was positive momentum on trade issues in particular, with the US and China continuing to parse a 'Phase One' deal and with the update of the US-ROK free trade agreement (KORUS) about a year ago. There was convergence on the principles of the Indo-Pacific Strategy and the New Southern Policy to promote sustainable economic development, good governance and security sovereignty in Southeast Asia. All three sides do share the goal of denuclearization in North Korea. All sides agree in broad terms on the process and have coordinated on maintaining the pressure campaign as well as on leaving as much room as possible for engagement. The working level relationship between US Special Envoy for North Korea Steve Biegun and his counterparts in the ROK and China has been strong. The situation on the Peninsula is markedly different from where it was in 2017, when military conflict seemed possible.

However, while President Trump has created new momentum in engaging Chairman Kim, it remains to be seen if the DPRK's negotiators can participate meaningfully in a working-level process. The US is ready and willing to engage on the DPRK's priorities, including security guarantees, but need sustained dialogue to figure out how to best address these issues. There is still room for further contact at the highest levels and there had been a commitment from the DPRK side to working-level talks when the two leaders met at the DMZ in June 2019. However, the Stockholm talks (held just days before this conference) seemed to indicate that the DPRK negotiators had little, if any, license to go beyond talking points.

The US government is ready to work with the DPRK on parallel and simultaneous ways forward. The key for resolving this issue diplomatically is to strike the right balance between pressure and engagement, and working together toward this balance is an opportunity for cooperation between the US, the ROK and China.

### *Participant Perspectives.*

An American presenter with extensive experience on the ground in North Korea raised the issue of information sharing between US diplomats with experience negotiating with the DPRK. There is an asymmetry between the negotiation teams on both sides, as the DPRK team tends to stay in their position for decades, whereas the American teams switch out every few years. This could be mitigated by better consultation within the USG with previous negotiating teams. This participant emphasized the entirely transactional nature of the DPRK's negotiating style, cautioning that we should not expect the DPRK to consider negotiations that would bring transformational change at this point. Instead, the US should work with a firm but respectful tone to get a point where agreement to disagree on certain issues can be a starting point for further progress.

A Korean presenter outlined two potential frameworks for the DPRK's nominal prosperity—it can either encourage or engender a “Cold War” in East Asia, exploiting tensions between the China/Russia and US/ROK/Japan blocs to extract concessions from both sides; or it can find a post-nuclear weapons survival strategy. North Korea developed the nuclear program as either a survival strategy following the collapse of the Soviet Union, or a mechanism for mobilizing its citizenship through the creation and diffusion of international crises. But it's unclear whether either such DPRK strategy is relevant today. The longer the DPRK waits to join the international community by following the norms of nonproliferation and non-threatening behavior, the more the gap it must overcome to meet development and standard of living expectations grows. Despite stresses in bilateral relationships that affect strategic coordination to change the DPRK's calculus—such as the US-China trade dispute, poor relations between the ROK and Japan, and competing maritime territorial claims—there is value in continuing conversations on what incentives can be provided to the DPRK and how to verify a denuclearization process.

A Chinese presenter saw the DPRK advancing a ‘new *byungjin*’ policy over the last couple of years. Instead of the first *byungjin* line of economic development plus the nuclear program, the DPRK today seemed to be pursuing a diplomacy plus economic development framework. The nuclear program has a utility in maintaining an impetus for diplomacy, and thus building friendships, creating stability, and working toward arms control talks with the US, but this presenter saw little enthusiasm from Pyongyang for a credible deal. The key determinant of the DPRK's policy will be the interplay between the older generation of North Koreans, who are very comfortable with a ‘military first’ strategy; and the younger generation, who want a middle-class lifestyle. In this presenter's experience studying and traveling to the DPRK, their economy is performing well in light manufacturing and the electricity supply is stable enough to support night markets. But there remain serious limitations on economic growth and development due to incredibly poor infrastructure and rampant corruption. However, in this presenter's view, the type of financial reform that would allow international financial institutions (IFIs) to invest in the DPRK will be the last step of potential reform, not the first. So, the question of how the DPRK overcomes development hurdles remains to be seen.

The discussion following the presentations focused on the same thorny issue that has plagued discourse on North Korea for decades: the DPRK wants economic reform but not political reform, and there are currently no avenues for it to rejoin the international economy without some rebalancing of power within the country. In other words, the international community is seeking transformational change cloaked as transactional change and the DPRK is only ready for transactional change cloaked as transformational change.

Participants talked about how to meet the demand signals from the DPRK for greater information about the outside world within this context. Academic exchanges, agricultural exchanges and training programs for DPRK officials on how the international financial system works may create constituencies for transformational change. The challenge for the international community is how to balance against the risk that knowledge gained in these exchanges will be applied toward evading the sanctions regime; the challenge for the DPRK is how to integrate modern concepts into its political system.

Participants also discussed the perennial question of who benefits from drawing this stalemate out over time. One participant thought the answer was dependent on whether the sanctions were working—if so, time is not on Kim Jong Un’s side; if not, it is. A few participants agreed that time was on Kim Jong Un’s side, but not on the side of the North Korean people, who must endure the consequences of their leadership’s actions. A participant also questioned whether there is divergence between the goal of the North Korean people for political reunification with the South and the Kim Jong Un regime’s goal of economic reunification with no political changes. However, it was likewise acknowledged that there is little commonality among the younger generations of both sides.

### **Policy Recommendations and Conclusion**

Policy recommendations focused on how to create stability while political relationships are being tested by a shifting regional balance of power. A Chinese presenter tied the divided Korean Peninsula to the Taiwan issue and suggested that China could not take a more active role in unification of the Korean Peninsula (no matter the political outcome) before resolving its own reunification with Taiwan. If China were reunified with Taiwan, it may not see continued US troop presence on the Korean Peninsula as a potential threat. In the meantime, the critical task before the three sides is for each to assure the other that their policy behavior is predictable.

An American presenter argued that the goal for the US in the current trade negotiations with China must be to ensure that tariffs are not permanent. In other words, the leverage that tariffs create cannot be a perpetual tool to address long-standing issues between the US and China, or an end unto themselves, but a means by which to forge a more stable, sustainable trade relationship. Similarly, no deal with North Korea is better than a “bad deal,” which might include giving up alliance equities, and/or disproportionate trade and sanctions relief in exchange for piecemeal steps. Another way to inject stability into the region is to foster—perhaps by direct US engagement—strong ROK-Japan relations. The goal of policy stabilization is to preserve space for mutual gains; in an unstable regional environment, zero-sum thinking becomes the dominant paradigm.

A Korean presenter outlined some significant constraints on the ROK's policy options: first, Sino-US competition puts South Korea in a difficult position between its key security partner and its key economic partner. Second, the space to exercise leverage on North Korea is limited—a military option is not possible and the collapse of the DPRK is not likely. Sanctions are not always an effective tool because of the prevalence of the black market in North Korea. The only way out of both problem sets is Trump administration-led negotiations. This presenter argued that Kim Jong Un wants to be a 'good king,' e.g. to maintain political legitimacy by providing benefits to the people. He has taken some reform steps by changing military duties from security to economics and is working to staff his regime with his own people. The US should seize on these paradigm shifts.

Reaction to the presentations included pushback from some Americans about the linkage between Taiwan and the Korean Peninsula. The US has never opposed China's reunification with Taiwan or its economic rise; the long-standing policy has been that such reunification is achieved without the use of force or coercion, and, relatedly, that China exercises its economic power within the confines of the existing rules-based international order. One participant argued that the military option against North Korea must stay on the table, if for no other reason than to compel China to fully enforce the sanctions regime.

Arms control talks were also raised as a potential stabilizing factor in the region. Particularly after the US withdrawal from the INF treaty, there is an urgent need for robust communications between the US and China on strategic stability. There is also a need to acknowledge that the arms control landscape includes the DPRK's nuclear program, despite the understandable refusal to formally recognize the DPRK as a nuclear weapons state. As the DPRK continues to shift its security posture from conventional to strategic weapons, there will be a greater need to forestall accidental or intentional use of nuclear arms.

Another suggestion was to take advantage of the strong expectations and personalities of the leaders involved in these negotiations. The region is in a period where a lot of foreign policy and security policy decision-making power is concentrated at the highest levels of government. Setting up opportunities for the top leaders to meet may be more productive than a traditional working level process, though it does carry risks. The failure to delegate negotiating power decreases the bandwidth of governments, and can directly lead to policy failures such as the breakdown of the Hanoi summit.

What is needed most is a high-level, institutionalized dialogue on the regional security architecture—past, present, and future. This would have to include discussions on security assurances for the DPRK should it choose to give up its nuclear weapons, arms control talks between the US and China that factor in contingency and crisis management, and the separation of forward-looking security cooperation from historical issues and social justice. The prospects for realizing this type of framework are low in the short term but, at the same time, the danger of policy miscalculation leading toward a full-blown crisis is rising. The three sides should make every effort at the Track II level to game plan such an arrangement so it is ready to present to the leadership if and when an opening for multilateral dialogue returns.

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**A U.S.-CHINA-REPUBLIC OF KOREA TRILATERAL  
EMERGING LEADERS CONFERENCE**

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