Maintaining Positive Momentum in the U.S.-ROK Alliance

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Executive Summary

Over the last 70 years, the Republic of Korea (ROK) has transformed into an international powerhouse—a donor country, a global leader in advanced technologies, and a soft power phenomenon. Under the Yoon administration, the ROK is embracing a larger global role beyond the Asia-Pacific region, a stark contrast to former President Moon’s hesitancy to join broader multilateral groupings. Furthermore, the recent U.S.-ROK Summit in Washington was an opportunity for U.S. President Biden to demonstrate progress in achieving his promise to restore and strengthen U.S. alliances. The allies appear to be in greater lockstep than ever before.

Following the summit in May, the NCAFP hosted a U.S.-ROK Track II conference with senior experts, scholars, and former officials to discuss the future of alliance policy, including how to effectively meet evolving security and economic challenges; how to manage regional hot spots, whether on the Peninsula or in the Taiwan Strait; and how to cooperate with other allies and partners to unite in tackling global challenges. After reflecting on the highlights of the recent summit and the transformation of the alliance, the following are major takeaways and policy recommendations for how the U.S. and the ROK should maintain the positive momentum in alliance relations:

- The recent U.S.-ROK summit and the “Washington Declaration” reaffirming the U.S. commitment to extended nuclear deterrence, together with the creation of a new Nuclear Consultative Group (NCG), has quieted voices and muted public opinion in the ROK that had earlier been advocating development of an ROK nuclear capability. Continued progress in developing the NCG will help to maintain ROK public confidence generated by the summit.

- The U.S. and ROK need to find ways to ensure progress achieved under the Biden and Yoon administrations remains durable by further deepening institutional cooperation. Despite the afterglow of the U.S.-ROK state visit, U.S. participants cautioned that Washington needs to better manage expectations and to not exceed what the ROK is willing and able to do. From one U.S. perspective, it is crucial to work out ahead of time what the two countries are willing to do on a range of issues. In particular, there remain real concerns in Seoul about the implications of U.S. legislation like the CHIPS and Science Act and the Inflation Reduction Act (IRA), viewed by some as “America First” policies. Washington needs to do a better job of listening and responding to colleagues in Seoul during the input process rather than after the announcement phase.

1 This report reflects the notes and observations of the authors alone and is not a consensus document.
• Thus, a potential obstacle to expanded alliance cooperation has shifted from discussions about burden-sharing under the Trump and Moon administrations to concerns about cost-sharing under the Biden and Yoon administrations, specifically related to the costs Korean firms are bearing as a result of the U.S.’ focus on major power competition with China and supply chain resilience. ROK participants expressed concern that a narrative could quickly emerge about how the ROK is bearing the costs of the securitization of technology, while the U.S. is not bearing significant costs.

• While the U.S. and ROK share many common interests in enhancing bilateral and multilateral cooperation, policy gaps remain, particularly with respect to China and North Korea. For U.S. strategy in the region, the focus is very much on competition with China. For the ROK, China is viewed mostly as an economic issue (it is currently the ROK’s largest trading partner), while North Korea’s nuclear weapons program remains the biggest security challenge and political factor. ROK participants emphasized that the Yoon administration does not seek to contain or balance against China, and that de-risking, rather than de-coupling, is preferred. Instead, Washington and Seoul need to effectively address concerns about China while also thinking about how to coexist with it. The two allies also need to plan for an approach to negotiating with North Korea, when it decides to reengage.

• Another common thread throughout the dialogue was concern about the swinging pendulum of polarized domestic politics. There is a real need to find a way to preserve domestic political consensus that is broadly in favor of the alliance, as well as for trilateral relations with Japan. An ROK participant noted that while rapprochement with Japan has been positive, the historical issue has not been fully resolved and is vulnerable to political weaponization. Latent anti-Japanese sentiment in the ROK runs deep, and one cannot rule out the day when “fanning the flames” may become politically advantageous again. Participants urged vigilance against nationalistic rhetoric, especially during respective election campaign seasons.

The ROK’s Role in Regional Architecture

Within its first year, the Yoon administration has put forward a vision for the ROK as a “Global Pivotal State,” its own version of an Indo-Pacific Strategy, and a new National Security Strategy (NSS). It is clear that the ROK’s Indo-Pacific Strategy supports the U.S.’ own strategy for the region, as participants assessed that President Yoon clearly recognizes the importance of the ROK’s alliance with the U.S. as a means to achieving its foreign policy objectives. However, one ROK participant noted that Yoon’s Indo-Pacific Strategy emphasizes alignment with the U.S. and other regional partners as a democracy and market economy, and not as an effort to contain China. In particular, President Yoon, with his emphasis on “position of strength,” is viewed as working to ensure that the ROK is not seen as a “weak link” with respect to regional cooperation.

Although a “latecomer,” as described by Korean participants, the ROK has been very active in pursuing Indo-Pacific minilateralism, which participants argued provides more flexible venues for discussion on specific, shared interests. The U.S.-ROK-Japan trilateral can be considered a baseline for cooperation that was initially conceived to focus on the North Korean nuclear issue but has since expanded to include cooperation on regional economic prosperity, advanced
technologies, and climate change. The ROK-Japan relationship was once seen as the weak link to effective trilateral cooperation. The Yoon administration’s efforts to revitalize the trilateral relationship through the improvement of bilateral ROK-Japan relations was hailed as necessary for regional order.

Another important trilateral is the ROK-Japan-China summit, viewed by Korean participants as a useful channel of communication that should be used to reduce tensions with China. U.S. and ROK participants agreed that resuming this trilateral mechanism could reduce tensions with China; however, Beijing has not been responsive to recent proposals by Seoul to resume this trilateral dialogue.

In the absence of major power leadership in the region, an alternative form of minilateralism can be proposed as a “third power coalition” that would not initially involve the U.S. and China. Third powers, like the ROK, Japan, and ASEAN member countries, can work together to address very specific issues such as digital infrastructure, governance of data and artificial intelligence (AI), and market economies without such discussions being held hostage by major power competition.² It is important to recognize the agency of third powers like the ROK to help maintain regional stability.

Economic Security

While most of the highlights from the recent Biden-Yoon summit focused on the Washington Declaration and the Nuclear Consultative Group (NCG), ROK participants argued that more attention needs to be paid to the concerns of the Korean business community, particularly how the ROK’s two main industries—semiconductors and electric vehicle (EV) batteries—are being impacted by U.S. Congressional legislation. In particular, the IRA would increase the tax burden of Korean companies operating in the U.S., while the CHIPS Act would bar companies receiving subsidies from engaging joint research and technology and expanding manufacturing capacities in China (Samsung and SK Hynix both operate chip factories in China). While Seoul may be closely aligned with Washington in its Indo-Pacific Strategy, China remains the ROK’s largest trading partner and an important player in the Yoon administration’s North Korea policy. ROK participants voiced some puzzlement and concern over where U.S. economic policy toward China would leave Korean competitiveness and the health of the Korean economy.

U.S. and ROK participants discussed prospects for development of an anti-economic coercion instrument for the Asia Pacific. Countries of the region have been paying close attention to how the European Union is strengthening diversification and reducing vulnerabilities to Chinese economic coercion through investment regulation and export controls. ROK participants were dissatisfied with the response from Washington when the PRC imposed sanctions on the ROK in response to the U.S. deployment of a THAAD missile system, comparing it unfavorably to Washington’s response in support of Lithuania after the PRC levied sanctions on the European country over the establishment of its “Taiwan Representative Office.” U.S. participants demurred, but noted that increasing use of economic responses to political problems would hasten deglobalization and fragmentation. In the meantime, the ROK is working to decrease the level of

² Prior to this U.S.-ROK bilateral dialogue, the NCAFP convened a four-party U.S.-China-Japan-ROK Track II dialogue that discussed in more detail the future of regional security architecture. To read the summary report, click here.
economic interdependence with China through de-risking—focusing on alternative markets and paying greater attention to Southeast Asia.

**North Korea Policy**

Policymaking and analysis in both Washington and Seoul have been slow to catch up with the evolving North Korea challenge. Kim Jong Un’s strategy is now very much focused on science and technology, relying on cyber warfare and cybercrime to evade sanctions and border closures. U.S. participants noted that half the funding for the regime’s nuclear weapons comes from cyber and cryptocurrency theft. There needs to be more collaboration between the U.S. and the ROK on these types of cyber issues, including the resumption of a cyber-working group. While it might be increasingly difficult to stop the DPRK’s advancing nuclear program, U.S. participants argued that it is not too late for the U.S. and the ROK to take the lead on global cyber and cryptocurrency regulation in an attempt to address these issues.

Much of the recent attention on how to address the North Korean nuclear issue, especially in light of the war in Ukraine, has centered on the credibility of U.S. extended deterrence, which contributed to a very public debate in the ROK about whether or not the country should develop an indigenous nuclear weapons program. An ROK participant highlighted that after the summit and Washington Declaration, voices in favor of developing an indigenous weapons program have diminished. Furthermore, the Nuclear Consultative Group allows the ROK more say in strategic planning about what happens on their territory.

Participants from both the U.S. and ROK noted that discussions of a North Korean contingency are often linked to discussions about a Taiwan contingency. In the event of a direct conflict between the U.S. and China, the ROK would be directly affected. It was perceived by ROK participants that the U.S. would be preoccupied with a Taiwan Strait contingency, and that the ROK should then prepare for a potential attack by North Korea without the help of the U.S. American participants highlighted a significant gap between expectations and reality when it comes to regional contingencies, and that it is crucial to work out in advance what the U.S. and ROK are willing to do on a range of issues. Furthermore, the allies must think about how to deal with North Korea in various scenarios, whether a seventh nuclear test or a DPRK willingness to return to the negotiation table.
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