Renew, Elevate, Modernize
A Blueprint for a 21st-Century U.S.-ROK Alliance Strategy

Kristine Lee, Joshua Fitt, and Coby Goldberg

with a Foreword by Ambassador Mark Lippert (Ret.)
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In 2023, during the next presidential term in the United States, the alliance between the United States and the Republic of Korea will celebrate its 70th anniversary. Born in the wake of the Korean War, the alliance has evolved into a true partnership in the decades since, expanding to meet new challenges and proving resolute in the face of new threats.

Despite some dire predictions made at the outset of the Trump presidency based largely on rhetoric from the 2016 campaign, the alliance continues to be resilient in 2020. The defense relationship is providing effective deterrence against an evolving North Korean military challenge. Commercial and economic integration increased under a revised Korea-U.S. Free Trade Agreement (KORUS-FTA). Medical and scientific exchanges have increased in the wake of the coronavirus pandemic. The people-to-people relationship is closer than ever, with the Korean film *Parasite* winning the Academy Award for Best Picture, the K-pop band BTS topping the U.S. Billboard charts, and ESPN broadcasting Korean Baseball Organization games almost daily.

Nevertheless, there is a powerful argument that the alliance has not entirely fulfilled its vast potential during the past four years. It could and should be doing more. For example, analysts have pointed out that governments in Washington and Seoul have become overly focused on important, yet at times more tactical issues, such as defense burden-sharing, unilateral 232 trade actions by the United States, and the machinations—or lack thereof—associated with a single bilateral working group on North Korea. As a result, the bilateral relationship resembles what my colleague Dr. Victor Cha often calls an “upside-down pyramid” with a disproportionate amount of energy placed on a small set of thorny issues.

This comes at an inopportune time. The geopolitical and economic issues facing the alliance—the COVID-19 pandemic, the rise of China, enduring tensions between Tokyo and Seoul, and challenges to the rules-based international system—are rapidly growing in strength and complexity. This landscape demands a high-performing, global alliance that is deeply involved on issue sets that will shape the 21st century and bring new “constituencies” into the relationship.

The good news is that the United States and Republic of Korea can recapture the initiative. There are ample reasons that this “upside-down pyramid” can be quickly flipped, rightsized, and expanded.

First, there is, of course, the election of Joseph R. Biden as president of the United States. President-elect Biden has made reinvigorating global alliances a critical part of his foreign policy platform. Moreover, Biden’s
election also means that both presidents (South Korean president Moon Jae-in and Biden) have deep experience in U.S.-ROK alliance management and support in their respective legislatures who also support the bilateral relationship. There has also been progress on diverse policy issues during this period from acquisition of military capabilities to energy initiatives, and additionally, an extremely talented cadre of “alliance managers” remains active in both capitals. Finally, critical to policymaking in two democracies, there is strong popular support for the alliance among the American and Korean people. To effectively seize this opportunity and recapture the momentum, officials on both sides of the Pacific should commit to three broad lines of effort:

1. Reduce the irritants, find more common ground, and effectively manage the legitimate disagreements in areas such as burden-sharing, unilateral trade actions, and commercial issues across a range of sectors;

2. Aggressively engage in traditional alliance issues such as security and economics, addressing underserved areas while adapting, updating and modernizing alliance thinking and mechanisms to ensure closer alignment on topics such as North Korea policy, trade issues, and Indo-Pacific strategies;

3. Broaden the aperture and cement progress into “new frontiers” such as cyber, space, the fourth industrial revolution, public health, energy, and the environment.

As in decades past, the journey ahead will not be without obstacles. There are points of potential tension moving forward that require skillful management on both sides of the Pacific. Policymakers in Washington and Seoul will need to draw upon the best possible expertise in order to seize this window for significant progress. This report by Kristine Lee, Joshua Fitt, and Coby Goldberg, who represent the next generation of research scholars and analysts, is full of the kind of fresh ideas and creative insights that will help leaders succeed.

The authors in this paper argue that by broadening the focus of the alliance, the two allies will be better equipped to address enduring geopolitical risks in Northeast Asia, including those associated with a nuclear-armed North Korea and an ascendant China. The detailed options and policy recommendations they lay out across six policy areas—ranging from cooperating on clean energy programs to managing Japan–South Korea tensions—provide a valuable framework for the next presidential administration to renew the U.S.-ROK alliance and to address long-standing regional challenges.

While this is not a formal endorsement of all the contents of the report in their entirety, it is an important contribution to the alliance discussions that will help shape its direction—at a critical juncture—in the weeks, months, and years ahead. The entire CNAS team is to be applauded for these contributions. I look forward to the analysis, debate, and policymaking that will flow from this insightful set of observations and recommendations. The quality of thinking in the alliance today and our track record in the face of challenges provide reasons for strong optimism about the road ahead.

This landscape demands a high-performing, global alliance that is deeply involved on issue sets that will shape the 21st century and bring new “constituencies” into the relationship.
The U.S.–South Korea alliance is a primary deterrent to the threat North Korea's growing nuclear arsenal poses. But the alliance’s nearly singular functional focus on managing the North Korea threat, despite South Korea's broadly integral role in advancing a rules-based order in the region, has introduced volatility in the bilateral relationship. Washington's halting and inconsistent approach to Pyongyang and its failure to reach a timely agreement on its military cost-sharing framework with Seoul have nudged the alliance toward a new inflection point.

Beyond the North Korea challenge, South Korea has the potential to play a consequential role in advancing the United States' broader vision for a rules-based order in the Indo-Pacific. As Seoul adopts globally oriented policies, buoyed by its position at the leading edge of certain technology areas and its successful COVID-19 pandemic response, the United States should parlay these efforts into a more concrete role for South Korea as a partner on the world stage. Collaborating on global public health issues, combating climate change, and jointly developing norms around critical emerging technologies would position the alliance to meet the challenges of the 21st century.

By widening the aperture of the alliance and positioning Seoul to play an integral role in the United States' vision for the future of the Indo-Pacific, the two allies will be better equipped to address enduring geopolitical risks in Northeast Asia, including those associated with a nuclear-armed North Korea. This paper, therefore, charts a new path forward for the alliance to ensure Washington can harness Seoul's unique capabilities, beginning with the following six policy pillars.
The Six Pillars of a Renewed U.S.-ROK Alliance

1. Advance cooperation on “new frontier” policy areas, such as renewable energy development, civil space dialogues, 5G deployment, smart cities, and next-generation telecommunications security.

2. Reinvigorate the U.S.–South Korea trade relationship by reducing barriers to the flow of capital, data, and talent between the two countries, working together on World Trade Organization (WTO) reform, and joining the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP).

3. Coordinate on values-based diplomacy, with an emphasis on combating foreign influence operations, developing norms in cybersecurity, and finding areas of intersectionality between South Korea’s New Southern Policy and the United States’ Indo-Pacific vision.

4. Galvanize new areas of security cooperation, focusing on asymmetric capabilities and leveraging South Korea’s Defense Reform 2.0 to jointly invest in unmanned systems and other advanced military technologies.

5. Prioritize managing Japan–South Korea tensions through active, behind-the-scenes facilitation and advancement of trilateral initiatives, such as through an alliance innovation base.

6. Realign approaches to the North Korea challenge by advancing a more complementary division of labor to restrict Pyongyang’s ability to exploit rifts in the allies’ priorities.
The Six Pillars of a Renewed U.S.-ROK Alliance

Despite South Korea’s potential to act as a bulwark of the United States’ vision for a “free and open” Indo-Pacific, the U.S.–South Korea alliance remains mired in the legacies of the 20th century. Enduring animosity between Japan and South Korea, disputes over trade deficits, and mismatched expectations about military burden-sharing and conditions for engagement with Pyongyang have drained diplomatic energy from the alliance. While Washington and Seoul both seek to manage the North Korean nuclear threat, these longstanding tensions in the bilateral relationship run against the grain of this shared goal.

The Biden administration should pursue a comprehensive review of its alliance strategy with Seoul, not only vis-à-vis the North Korea challenge, but also to more holistically leverage the relationship to meet the challenges of the 21st century and drive peace and prosperity across the Indo-Pacific. This section proposes six policy priorities that should guide Washington’s efforts to elevate and modernize the alliance in ways that serve these mutually reinforcing ends.

Pillar One: Advance cooperation on “new frontier” policy areas

The October 2015 summit between Presidents Barack Obama and Park Geun-hye seemed to demarcate a new era in the alliance. A subsequent joint statement celebrated the promise of cooperation on cutting-edge technologies and global problems, such as combating climate change, developing norms in cyberspace, and advancing sustainable development in Southeast Asia and other strategically important regions. Since then, the momentum behind bilateral cooperation on these “new frontier” issues has quietly continued to build, even as discord over burden-sharing and trade imbalances has dominated headlines. Trade has ballooned in a number of strategically important sectors. Since the American liberalization of crude oil exports in 2016, South Korean oil and liquefied natural gas (LNG) imports from the United States have quadrupled, easing South Korea’s dependence on the Middle East. Trade with the United States has also bolstered South Korea’s burgeoning cybersecurity ecosystem. Imports from the United States accounted for one-third of South Korea’s domestic cybersecurity market as of 2019. Looking to the farthest frontier of all, South Korea became the first Asian nation to sign a space-cooperation agreement with the United States in 2016. In 2020, Seoul launched its first military satellite with the help of SpaceX, Elon Musk’s aerospace and space transportation venture.

The COVID-19 pandemic has also imbued the need for U.S. collaboration with South Korea on these cutting-edge policy areas with fresh urgency. There are, of course, new possibilities for the U.S.-ROK relationship to power efforts to prevent the next global health crisis. The pandemic highlighted the need for government policy to proactively solve the problems of the future before they become crises of the present. The Moon administration’s $133 billion economic stimulus plan, for example, includes both a Digital New Deal and a Green New Deal, aimed at reducing youth employment, jump-starting innovation, and mitigating the effects of climate change. As Seoul has leveraged the pandemic to effect a digital and green transformation of its economy, Washington should redouble its efforts to position these 21st-century opportunities and challenges at the center of its alliance with South Korea.
Pillar Two: Reinvigorate the trade relationship
Washington’s renewed focus on strategic competition with China has landed South Korea in a familiar bind, wedged between China, its largest trading partner by an almost 100 percent margin, and the United States, the guarantor of South Korean security and a long-standing ally.9 Broadening the base of the U.S.-ROK economic relationship would help mitigate the risks of South Korea’s economic dependence on China and enhance coordination in multilateral trade and economic organizations. The implementation of the United States-Korea Free Trade Agreement (KORUS FTA) was just one important step toward expanding the trade relationship; in the seven years following initial implementation in 2011, bilateral trade grew by 30 percent.10

Building off the KORUS FTA’s elimination of barriers to the flow of goods, the Biden administration should adopt measures to remove impediments to the flow of capital, information, and talent between the two countries. Already, the United States is both the top supplier of foreign direct investment (FDI) to Korea and the leading destination for Korean FDI.12 In terms of data flows, South Korea was an early adopter of the Asia-Pacific Economic Cooperation’s Cross-Border Privacy Rules (CBPR). Perhaps most importantly, the United States has long served as the top international destination for Korean students, though, due to high costs and fickle visa policies in the United States, there is roughly the same number of Korean students in China today as in the United States.13 The movement of South Korean people to the United States not only helps fund the American higher education system, but also powers next-generation industries with a steady stream of highly qualified applicants. Ensuring that these cross-border flows continue to grow is in both the economic and diplomatic interests of the United States.

Pillar Three: Coordinate on values-based diplomacy
For decades, South Korea has been instrumental in the sustainment of the U.S.-led security architecture in the Indo-Pacific. Ultimately, mutual commitment to uphold the rule of law, human rights, fair trade practices, and democracy undergirds the logic of the alliance. Forty years after the Gwangju Uprising precipitated South Korea’s transition from military dictatorship to flourishing democracy and economic powerhouse, the country has the capacity and cache to play a critical role as not only a linchpin of a U.S.-led security order in the Indo-Pacific, but also as a champion of democratic values.14

As the COVID-19 pandemic has crippled economies across the globe and the twin challenges of resurgent authoritarianism and democratic backsliding threaten the United States’ vision of a free and open Indo-Pacific, the values-based affinity between the United States, South Korea, and other Asian allies is more important than ever.15 The proliferation of multilateral engagement mechanisms among likeminded countries in the Indo-Pacific—including the Quad Plus—is promising.16 By working together with other like-minded nations, the United States and South Korea can provide telecommunications and vital infrastructure to enable countries with nascent digital ecosystems to chart a more liberal and open future on their own terms.
Pillar Five: Prioritize managing Japan-South Korea tensions
Japan–South Korea relations reached their postwar nadir in 2019. The tensions moved beyond the political sphere as Japan announced restrictions on the export of high-tech equipment to South Korea, and both sides engaged in brinkmanship in the Sea of Japan.\(^{21}\) A strong network of Indo-Pacific alliances is one of America’s greatest strategic advantages; conversely, Seoul and Tokyo’s disagreements on trade, territory, history, and foreign policy expose a seam that both China and North Korea are eager to exploit.\(^{22}\) Both Seoul and Tokyo are acutely aware of the challenges that Beijing poses to a rules-based regional order, but rallying around a response to an external threat alone will not durably mend fences between the two countries.

In addition to respecting the historical roots of bilateral disputes dating back to Japan’s colonial rule of the Korean Peninsula from 1910 to 1945 and focusing on addressing shared external threats, the United States’ future approach should ameliorate the simultaneous abandonment and entrapment fears that its recent actions and rhetoric have triggered in Seoul and Tokyo.\(^{23}\) Washington’s inconsistent approach to Pyongyang, including lobbing cavalier threats against the Kim regime between 2017 and 2018 and failing to consistently consult with its own allies during subsequent negotiations, contributed to the erosion of Japan–South Korea relations.\(^{24}\)

Pillar Four: Galvanize new areas of security cooperation
U.S. force structure on the Korean Peninsula is outdated and hampered by 20th-century threat calculations. Even if denuclearization negotiations with Pyongyang continue to stall, Washington should rethink its force posture and position its presence on the peninsula to serve as more than a land-based deterrent against North Korea. As some analysts have argued, South Korea can serve as a fundamental building block of U.S. maritime security in the Pacific, and the alliance can be primed to meet a wide range of traditional and nontraditional threats in the region, including those posed by authoritarian great-power competitors.\(^{17}\) The United States should unpeg its force posture on the peninsula from top-line troop numbers on the ground and increasingly orient it around asymmetric capabilities, particularly those linked to precision-oriented special operations forces and air and naval assets.

Practically speaking, close dialogue and coordination with Seoul are essential to smoothly paving the way for future changes to America’s military footprint on the peninsula. The United States should be clear with South Korea that any changes will be incremental, and that they will be tightly coordinated with initiatives to support operational control transfer and the revitalization of the United Nations Command.\(^{18}\) This approach would also support U.S. communications to South Korea that top-line troop count is not a proxy for American support for the alliance, and that U.S. forces in Korea will continue to backstop deterrence through select capabilities and investments in maritime-focused infrastructure, logistics, and revamped joint military exercises that can be leveraged alongside an increasingly capable South Korean military.\(^{19}\) Dialogues about future force posture, of course, should be coupled with a sustained and comprehensive approach to joint defense modernization building on momentum from the Moon administration’s Defense Reform 2.0 and innovation in outer space, cyberspace, and other next-frontier security domains.\(^{20}\)
Although tensions between Seoul and Tokyo have quieted for the time being, the true reckoning will come when governments are no longer consumed by the demands of responding to the COVID-19 pandemic and political leaders once again devote full attention to their former hobbyhorses. If Washington uses this temporary lull as an opportunity to recalibrate and rebuild its approach, its network of alliances in the region could emerge stronger than ever. The alternative, though much simpler, would only benefit Pyongyang and Beijing in the long run.

**Pillar Six: Realign approaches to North Korea**

The breakneck pace of inter-Korean rapprochement in 2018 juxtaposed against sputtering U.S. negotiations with Pyongyang and the United States’ failure to reach a timely agreement on its military cost-sharing framework with South Korea lay bare the perils of enduring tension between the allies’ approaches to North Korea. In the aftermath of the collapsed talks between Donald Trump and Kim Jong Un in Hanoi in February 2019, presumably at a moment that demanded heightened vigilance, the United States and South Korea announced that they would halt annual large-scale exercises (e.g., Foal Eagle and Key Resolve) and reconfigure them into smaller exercises. Subsequent tense burden-sharing talks spawned rumors of a potential unilateral decision to draw down U.S. troops stationed in South Korea. Indeed, in mid-2020, Seoul bristled as the Trump administration signaled that it was weighing different options for reducing the United States’ military presence on the peninsula.

Pyongyang has exploited the contrast between the Moon administration’s relative focus on a peace agenda and the Trump administration’s emphasis on thorny and drawn-out denuclearization measures. Ensuring that the alliance remains a vehicle for Washington to mitigate this threat requires a clear alignment of objectives and a mutually agreed-upon and complementary division of labor in their approaches to engagement with Pyongyang. Amid the extended diplomatic lull with North Korea, the two allies need a tightly coordinated and comprehensive plan for simultaneously increasing economic pressure on North Korea; well-calibrated deterrence measures and defined exit ramps to engagement to shape Pyongyang’s choices; and mechanisms for advancing limited peace initiatives where appropriate.

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**TIMELINE OF RECENT DEVELOPMENTS IN U.S.-KOREA RELATIONS VIS-À-VIS THE NORTH KOREA THREAT**

Over the past three years, the United States has engaged in a series of negotiations to reform its relations with counterparts on both sides of the 38th parallel. Ultimately, neither the Trump administration’s diplomacy with Kim Jong Un nor negotiations with South Korea on a new Special Measures Agreement (SMA) have concluded with a deal in place.

- **JUN 12, 2018**
  - President Trump meets Kim Jong Un at the U.S.-North Korea summit in Singapore, marking the first-ever meeting between the leaders of the United States and North Korea.
  - Following President Trump’s announcement that he would “cancel war games” at the Singapore Summit, the United States and South Korea cancel several small-scale military exercises, as well as the larger Freedom Guardian exercise drills that were planned for that August.
  - The Korean Marine Exchange Program and other small-scale military drills resume.
  - The SMA expires without a new deal in place.

- **FEB 28, 2019**
  - The two-day U.S.-North Korea summit in Hanoi between President Trump and Kim Jong Un ends early without in any agreements.
  - In order to mollify North Korean concerns, the United States and South Korea cancel their Key Resolve and Foal Eagle exercises, replacing them with the Dong Maeng exercise.

- **MAR 03, 2019**
  - President Trump meets Kim Jong Un at the DMZ in order to restart talks between the two countries, marking the first time a sitting American president had stepped foot in North Korea.
  - The United States and South Korea indefinitely postpone joint air exercises.

- **APR 01, 2020**
  - U.S. negotiators walk out on talks with South Korean counterparts after only two hours, following a failure to make progress on a new SMA to replace the one-year stopgap agreement in place since January 2019.
  - The United States places 4,500 Koreans employed on military bases on unpaid leave following a failure to reach a cost-sharing agreement.

- **APR 24, 2020**
  - The United States and South Korea hold a five-day joint air exercise after North Korea initiates new missile launches.
Policy Recommendations for the U.S. Government

A renewed U.S. approach to engagement with South Korea should be undergirded by several guiding principles that seek to push beyond traditional rhythms of bilateral cooperation, even as it positions the alliance to address enduring regional challenges. The first is to continue to deepen cooperation at the forefront of new frontiers, such as global health, renewable energy development, outer space, cyberspace, and defense innovation. Second, Washington should engage Seoul more actively in multinational coalitions and international organizations to address mutually shared issues, ranging from setting trade and technology standards to countering online disinformation. These efforts should be part of a broader strategy aimed at bringing about greater strategic convergence between South Korea and Japan through a series of trilateral initiatives. Finally, the United States should seek to renew and re-invest in policy areas that form the foundation of the U.S.–South Korea alliance, such as military cooperation, trade, and people-to-people ties.

Collectively, these principles should inform each of the specific recommendations enumerated below—organized around the six core policy pillars discussed in the previous section—for the United States to position the U.S.-ROK alliance to meet the challenges of the 21st century.
Pillar 1: Advance cooperation on “new frontier” policy areas

Work together to tackle shared cybersecurity challenges to domestic and emerging global digital infrastructures. South Korea and the United States have been at the forefront of dealing with cyber threats to modern economies and modern democracies. The two countries should work to create new avenues for joint cybersecurity innovation and cooperation.

- The Defense Department’s Defense Innovation Unit, for example, should partner with Microsoft’s Korea Cybersecurity Center and the ROK National IT Industry Promotion Agency’s K-Startup Grand Challenge to create a startup challenge focused on shared cybersecurity challenges that Washington and Seoul face.
- The Department of Commerce should organize cyber-focused trade missions to South Korea in order to further highlight opportunities for American companies to use South Korea’s highly wired market as a testbed for their innovations.
- Washington also should leverage these collaborations with Seoul to build cybersecurity capacity to other emerging markets, particularly in South and Southeast Asia. To this end, the United States Agency of International Development (USAID) could work with the ROK’s Presidential Committee on New Southern Policy to fully coordinate their digital strategies in the Indo-Pacific, focusing on joint projects in cybersecurity capacity building and regulatory advising.29

Establish new partnerships in cutting-edge artificial intelligence (AI) research. South Korea is spending billions of dollars on upgrading its domestic AI capacity through its Digital New Deal, just as the flow of Chinese talent that once arguably powered American AI research is drying up amid heightening tensions.30 To leverage South Korean AI investments while mitigating the potentially negative near-term effects of Sino-American research decoupling, Washington should design incentive packages with the ROK Ministry of Science and ICT to encourage major American technology companies to move their Asia AI research operations from Beijing to Seoul.

- The U.S. Networking and Information Technology Research and Development program should work with the South Korean consulate in San Francisco to create a “Silicon Valley-Pangyo AI Partnership Program” for facilitating exchanges between universities, private-sector research groups, startups, and funders working at the cutting edge of AI applications.

- As both countries develop regulatory norms for technologies that are beginning to be deployed, they could use the ROK-U.S. Senior Economic Dialogue to prevent non-tariff barriers from emerging in AI-related fields like autonomous vehicles and facial recognition software.

Advance an affirmative agenda for coordinated 5G network security, even if perfect alignment is implausible. Washington would be well served by continuing efforts to advance an evidence-based framework for evaluating and communicating 5G network security risks, including those associated with Chinese telecommunications equipment, using communication streams like the U.S.-ROK Cyber Policy Consultations.

- The U.S. government also should launch a public diplomacy campaign to clearly communicate the risks of using technology originating from illiberal countries to the South Korean public, including by sharing unclassified findings about the security flaws linked to Huawei’s telecommunications equipment with local news outlets.

- The State Department should initiate preliminary talks with the ROK Ministry of Science and ICT on joining a “Democracy-10” summit of democracies—a concept initially proposed by the United Kingdom—emphasizing the importance of security cooperation on 5G and highlighting new market opportunities available to Samsung, including in the United States. South Korean fear of Chinese reprisal would be ameliorated through engagement with a broader club of like-minded nations.

Identify opportunities for U.S. state and local governments to cooperate with South Korea on clean energy programs while expanding civil nuclear cooperation at the federal level. South Korea has signaled a renewed commitment to renewable energy through its Green New Deal. This creates strategic openings for U.S. state and local governments.

- The State Department should invite state-level representatives to the annual ROK-U.S. Energy Security Dialogue to identify opportunities for the United States to support and benefit from South Korea’s green energy push, based on the model of memorandums of understanding (MOUs) that state governments have signed with Japan.31
In the nuclear energy domain, Washington should build on the momentum from the 2015 123 Agreement in ways that facilitate the South Korean government’s efforts to boost nuclear exports and leverage the two domestic nuclear industries’ complementary strengths. For example, it could direct the U.S. Nuclear Regulatory Commission and the ROK Nuclear Safety and Security Commission to harmonize export control policies and ensure sufficient financing is available for jointly proposed civil nuclear export projects.

Expand cooperation between the two nations’ space programs.

The Biden administration should reconvene the U.S.-ROK civil space dialogue, which last met in 2016, to launch new partnerships between the private and government space sectors in the United States and South Korea.

Future iterations of civil space dialogues should include representatives of the U.S. commercial space sector in order to identify opportunities for SpaceX and other American companies to bring private sector funding, expertise, and best practices to South Korea’s nascent commercial space sector.

- Washington also should invite a representative of the Korean Space Operations Center to join the U.S. Space Command’s Combined Space Operations Center.
- NASA could offer a contract to the Korea Aerospace Research Institute to send another Korean astronaut to the International Space Station, the first one having had only a brief stint there on a Russian contract.

Pillar 2: Reinvigorate the trade relationship

Create new visa categories and programs to better meet Korean demand for one of America’s most popular products—a chance to enter the United States.

South Korea has a large surplus of highly skilled young people who could help power American economic growth.33 Congress should enact the bipartisan Partner with Korea Act to create 15,000 annual spots in an E-4 visa category for highly skilled Korean nationals to work in the United States, as a supplement to nationality-blind work visas, such as H-1B and Optional Practical Training. Such a program would provide the American economy with skilled workers to replace slowing flows from China, strengthen the people-to-people foundation of the U.S.-ROK alliance, and incentivize the South Korean government to align more closely with American national security priorities.

- The United States also should design programs to give young Koreans the opportunity to work in the U.S. technology sector in order to ensure that American values shape the Korean business leaders of the future.
- Washington also should build on the success of the U.S. Congress–ROK National Assembly Exchange Program and, using the Young Professionals exchange program with Germany as a model, establish year-long vocational exchange programs between tech companies in South Korea and the United States with joint government and industry support.

Eliminate remaining barriers to the bilateral flow of data and work with South Korea to facilitate data flows across the globe.

The smooth flow of data is becoming as important to economic trade as the smooth flow of goods—in fact, the McKinsey Global Institute found that cross-border data flows contribute more to global GDP than the international trade of goods. South Korea, which has good data relations with both the EU and the United States,
also will be a key partner in efforts to build a unified data-sharing mechanism to replace the patchwork agreements between different countries.

- The International Trade Administration’s Industry and Analysis unit should work with the Ministry of Interior and Safety’s Personal Information Protection Commission to eliminate remaining Korean data localization laws, such as those preventing foreign companies’ use of location data; it also should work with the Korean Financial Services Commission to eliminate remaining restrictions on financial data flows.

- Washington should partner with the Korean Communications Commissioner to launch a multinational effort, including other members of the CBPR as well as the European Union, in building out shared principles on data privacy.

Create mechanisms to identify opportunities for American investment in South Korea’s startup ecosystem.

Though there is minimal private funding available to startups in South Korea’s chaebol-dominated financial markets, their number has ballooned under two successive presidential administrations committed to diversifying the economy.35

- The United States should explore mechanisms of encouraging U.S. investment that would address shortcomings in Korean venture capital financing and integrate American know-how into the emerging Korean startup ecosystem. For example, the United States could work with the Korea Institute of Startup and Entrepreneurship Development and the ROK Ministry of SMEs and Startups to design a startup immersion and investment program, modeled on the American Nexus Startup Hub in India.36

Coordinate efforts to reform the WTO and join the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP).

South Korea depends more heavily on the international trade system than any other advanced economy except Germany, and since signing KORUS, it has committed itself to upholding the principles of free and fair trade.37 It has promoted comprehensive intellectual property (IP) provisions, transparent regulation, and responsible labor and environmental rights in more than 15 free trade agreements.38 It also relinquished its self-designated developing country status, signaling a willingness to lead on WTO reform.39

- In recognition of these efforts, Washington should elevate the South Korean Ministry of Foreign Affairs and Trade as a key partner in advancing WTO reform proposals, with a view toward aligning South Korean positions with those of the G7.

- To ensure that South Korea does not drift further into the Chinese trade orbit through its ascension to the Regional Comprehensive Economic Partnership, Washington should also engage South Korea on joining the CPTPP together.
Pillar 3: Coordinate on values-based diplomacy

Capitalize on the intersection of South Korea’s New Southern Policy and the U.S. Indo-Pacific strategy. Seoul’s New Southern Policy (NSP) aims to strengthen economic ties with its South and Southeast Asian neighbors by leveraging South Korea’s comparative advantages in sustainable development, human capital, and technology. Though the NSP largely avoids addressing security concerns, it meshes well with the U.S. Indo-Pacific Strategy by providing positive alternatives to alleviate economic overdependence on China.

Washington should leverage these overlapping priorities by allocating the appropriate resources to joint initiatives, as the opportunities to provide much-needed services in the Indo-Pacific will be endless in the wake of the COVID-19 pandemic. Last year, multiple South Korean ministries and their American counterparts in Washington took the initial step of signing MOUs pledging intergovernmental coordination on strategically important project areas such as infrastructure development, digital connectivity, and green energy.

Direct U.S. resources to maximize South Korea’s public health influence on the world stage and facilitate its involvement in multilateral groupings. South Korea has made strides toward building its global health influence in the midst of the COVID-19 pandemic. Foreign Minister Kang Kyung-wha instructed South Korean envoys to organizations like the U.N. and the Organisation for Economic Co-operation and Development to explore pathways for expanded multilateral cooperation on combating the pandemic. The United States should leverage its resources and global influence to amplify South Korea’s voice, along with those of other Asian democracies, such as Taiwan, that have fared well in managing coronavirus outbreaks within their borders in a transparent manner.

To highlight the capacity of democracies to respond to public health crises, Washington should formalize a “Democracies Fight COVID-19” public dialogue with the ROK Ministry of Health and Welfare and health officials from other Asia-Pacific democracies like Taiwan and New Zealand—beyond its ongoing efforts with the Quad Plus.

Looking toward capacity-building efforts in developing countries, the U.S. Department of Health and Human Services also should work with the American private sector to identify areas for collaboration with the South Korean Ministry of Health and Welfare’s “Research Investment for Global Health Technology” Fund, a public-private partnership that seeks to catalyze innovation around delivering global public health solutions to developing countries.

Establish an Indo-Pacific dialogue on online disinformation and future threats around election interference. As a heavily polarized democratic society, South Korea is vulnerable to online disinformation. Stakeholders in South Korea are particularly concerned about domestically manufactured disinformation campaigns, namely the use of internet forums and social networking sites to spread fake news or exaggerate public support for politicians, and politicians’ pursuit of veiled censorship under the guise of combating “false rumors.”

While domestic campaigns indeed seem to be the current primary threat, discounting the risk of foreign influence is hazardous, as malign foreign actors are primed to exploit societal rifts to spread disinformation and undercut democratic processes. An Alliance of Democracies poll, for example, found that 60 percent of South Koreans believe that a foreign power will interfere in their next election.

To address these emerging threats, Washington should develop and leverage new multilateral and minilateral mechanisms among like-minded Indo-Pacific governments—including Australia, Japan, New Zealand, India, and Taiwan—to advance a shared threat picture of the challenges of online disinformation and create concrete technical solutions.
to mitigate exposure to risk. These engagements could be modeled after the G7 Rapid Response Mechanism, for example, that seeks to bolster cooperation among G7 countries to combat shared threats to democracy.\textsuperscript{50} Eventually, these multilateral frameworks could facilitate fast-tracked evidence sharing and international law enforcement cooperation on election interference and other foreign influence operations in the Indo-Pacific.

Pillar 4: Galvanize new areas of security cooperation\textsuperscript{51}

Move away from a maximalist position in future Special Measures Agreement (SMA) talks.\textsuperscript{52} South Korea today covers approximately 40 percent of the cost of stationing American forces on its soil.\textsuperscript{53} Periodic negotiations over the level of this support—“special measures” in the parlance of the U.S.–South Korea alliance—always are difficult. However, the Trump administration’s focus on maximizing the financial resources put up by American allies has made the negotiations since 2018 particularly fraught.

- Washington should eschew a maximalist approach to future burden-sharing negotiations that, at best, could yield a Pyrrhic victory for the United States, producing a small increase in annual support at the cost of introducing additional friction into America’s alliance with South Korea.

- The executive branch also should avoid purely budget-driven changes in the U.S. force posture on the Korean Peninsula.\textsuperscript{54} This not only would undermine South Korean confidence in the alliance but also potentially reduce South Korea’s capacity to purchase advanced U.S. weapons systems.\textsuperscript{55}

Prepare South Korea for strategically driven changes in future U.S. force posture.

If U.S. negotiations with North Korea move forward, American troop numbers in South Korea could become a potential bargaining concession. Even if denuclearization talks with Pyongyang continue to stall, Washington will have to rethink its force structure on the peninsula. In its current state this force structure pins down a large number of troops that potentially could be redeployed to other parts of the Indo-Pacific where U.S.-China military competition is more acute. Close dialogue and coordination with Seoul are essential to paving the way for future changes to America’s military footprint on the peninsula.

- The United States should be clear in negotiations with South Korea that any changes will be incremental, and that they will be tightly coordinated with initiatives to support operational control transfer and the revitalization of the United Nations Command.

- This approach should support U.S. communications to South Korea that top-line troop count is not a proxy for American support for the alliance, and that U.S. Forces Korea will continue to backstop deterrence through select capabilities that can be leveraged alongside an increasingly capable South Korean military.\textsuperscript{56}
Leverage the U.S.–South Korea 2+2 Ministerial Meetings, as well as working-level consultations, to begin positioning the alliance for future security challenges. Although Seoul has been reticent about endorsing rhetoric that might be seen as antagonizing Beijing, it has taken incremental steps toward supporting the United States’ Indo-Pacific Strategy. South Korea’s desire to protect sea lanes and support free maritime operations, as evidenced by its pursuit of a blue water navy—though in part motivated by uncertainty about Washington’s commitment to the region—also augurs a more expansive view of its security interests.58

- Even if Seoul’s rhetoric lags behind, the United States should meet South Korea where it is today and continue to substantively position the alliance to play a larger role in the region. This should be predicated on deepening bilateral cooperation in new policy frontiers, including outer space, cyberspace, digital infrastructure investments in third countries, and defense innovation—especially as South Korea’s Defense Reform 2.0 foreshadows growing investments in advanced military technologies, including unmanned systems.59

- Washington also should leverage these dialogues to continue to strengthen the allies’ cybersecurity resilience against common security threats. In particular, as cyber threats from North Korea and China become more sophisticated, reinforcing critical infrastructure against cyber penetration should be a focus of U.S.–South Korea coordination.60 The allies, ultimately, should share these best practices for cyber resiliency to a wider set of allies and partners in the Indo-Pacific, including through trilateral and multilateral engagements with ASEAN partners.

Promote collaboration within an alliance innovation base. The purpose of an alliance innovation base would be twofold: to harmonize technology protection regulations among an informal group of allies and partners, and to offset the opportunity cost of implementing those enhanced regulations by galvanizing increased security innovation linkages within that circle of trust.61 The open-architecture model of an alliance innovation base framework would enable South Korea, Japan, and other technologically advanced democracies. Shared military-operational and technical challenges that hold particular promise for cooperation include new approaches to maritime intelligence, surveillance, and reconnaissance, building military network resiliency, and diversifying options for 5G network implementation.

Pillar 5: Prioritize managing Japan-South Korea tensions

Implement a phased strategy for solidifying a positive trajectory in Japan–South Korea relations. Historically, Washington’s role has been framed as a false choice between shuttle diplomacy and simply waiting out the political vagaries of leaders in Tokyo and Seoul.

- Going forward, the United States’ role should focus on quiet, persistent, behind-the-scenes facilitation of dialogue between the two Asian capitals. Central to these efforts will be facilitating reliable lines of communication between South Korea and Japan at the working level.

- Additionally, U.S. officials should play a more active role not only in highlighting the costs of the dispute between Seoul and Tokyo, but also in promoting points of convergence between the two on issues ranging from managing the North Korean nuclear threat and shared cyber security challenges to humanitarian assistance and disaster relief. After laying the groundwork in private and at the working level, U.S. initiatives can graduate to expanding specific trilateral mechanisms for defense cooperation, intelligence sharing, and other more public, leader-level efforts.

Facilitate strategic alignment between Seoul and Tokyo through trilateral strategic security dialogues. A major reason that the policy response to the North Korean nuclear threat has become a significant point of tension between South Korea and Japan is that Seoul and Tokyo lack a consistent diplomatic channel to discuss security issues.

- A combined trilateral strategic security dialogue should serve as a robust and continuously updated forum to hash out policy differences. This initiative could include an alliance wargaming group, where civil servants and think tank experts from the three allies conduct tabletop exercises and analysis that informs policy decisions relating to deterrence and nuclear postures.62
Promote greater convergence in Japanese and South Korean views of North Korea. Threat perceptions of North Korea have emerged as a point of friction between the two U.S. allies. Although the United States cannot fully close the gap in preferred approaches between Seoul and Tokyo (which remains deeply concerned by North Korea’s abduction of Japanese citizens and continued missile tests), it should bring the two sides’ priorities closer together through the aforementioned trilateral security dialogues.

- These dialogues should focus on mutually desired outcomes, including avoiding armed conflict with North Korea, the imposition of restrictions on its nuclear weapons and delivery vehicles (e.g., conventional short- and medium-range missiles), and improvement of North Korea’s human rights situation.

- Additionally, to the extent that the Biden administration reinitiates diplomacy with North Korea, it simultaneously should facilitate diplomacy between Tokyo and Pyongyang. One concrete step would be for Washington to privately convey to Pyongyang that it cannot support sanctions relief without the backing of its Northeast Asian allies and that North Korea must accordingly do more to engage Japan.

Pillar 6: Realign approaches to North Korea

Articulate clear support for strategic and appropriately phased tension-reduction measures that Seoul is keen to lead.

Diplomatic exchanges between the two Koreas and discrete infrastructure projects condoned both by the United States and the United Nations, such as the much-heralded inter-Korean railway, are important building blocks of stable relations on the Korean Peninsula. This also requires clearly articulating rhetorical support for the reunification of the two Koreas under a democratically elected government that protects human rights.

- Washington and Seoul should launch a quiet dialogue to discuss how to shape North Korea’s digital future, including how South Korea might provide telecommunications alternatives to North Korea in the event of future sanctions relief. China currently dominates North Korea’s telecommunications infrastructure. This only will bolster Beijing’s influence over the long run and also further solidify the Kim regime’s authoritarian controls.

Maintain readiness with Seoul in anticipation of future provocations from North Korea and other security challenges.

At the end of the day, if North Korea does not disarm, or even expands and accelerates its nuclear arms production, the United States must not have relinquished its military readiness with South Korea to mitigate the threat that the Kim regime poses. Amid the evolving constellation of both old nuclear and emerging threats on the peninsula, readiness lies at the heart of the long-term durability of the U.S.-ROK alliance.

- The United States, therefore, should use combined military exercises with South Korea both as levers to shape the Kim regime’s risk calculus and as essential readiness maintenance tools for threats beyond the Korean Peninsula.

Continue to shine a light on China’s systematic violation of sanctions and other counterproductive actions.

Senior U.S. government officials, while framing the North Korea issue set as an area of necessary cooperation between the United States and China, should continue to sharply condemn China’s failure to uphold the international sanctions regime. Alongside Moscow, Beijing has been able to systematically violate U.N. sanctions with impunity by continuing to supply petroleum products and conduct illegal trade through ship-to-ship transfers with North Korea. Together with Russia, China has leveraged its clout at the United Nations to silence condemnation of its actions.

The United States, together with Japan, South Korea, and other like-minded countries, should call out China’s actions both in the U.N. and other international bodies, in addition to stepping up coordination on sanctions enforcement against violating Chinese entities.
Conclusion

The U.S.–South Korean alliance has the potential to play a central role in bolstering a rules-based order in the Indo-Pacific region and beyond. Looking forward, U.S. officials have urgent cause to work with their South Korean counterparts toward an elevated vision of the alliance—one that transcends exclusive orientation around a transactional, cost-driven view of burden-sharing. Ultimately, squandering away good will in one of the United States’ most consequential alliances in Northeast Asia only will enhance North Korea’s ability to pursue its nuclear ambitions with impunity and embolden Beijing in its efforts to coerce, coopt, and browbeat smaller regional democracies into submission. But if Washington can harness the U.S.-ROK alliance to backstop its alliance network in Asia, push forward democratic norms and principles around the use of technology, and comprehensively advance democracies’ economic sovereignty and freedom of choice, a rules-based order can continue to endure in the region. Successful modernization of America’s approach toward its alliance with South Korea looms large over the future of the Korean Peninsula and the trajectory of the Indo-Pacific as a whole.


19. We are indebted to Jacob Stokes for this last point; see also Lee, Kliman, and Fitt, “Crossed Wires.”


51. The recommendations in this section were advanced in a previous CNAS report; see: Lee, Kliman, and Fitt, “Crossed Wires.”


56. We are indebted to Jacob Stokes for this last point.

57. “Opening Remarks by President Moon Jae-in at Joint Press Conference Following Korea-U.S. Summit,” Ministry News, Ministry of Foreign Affairs, Republic of Korea, June 30, 2019, http://www.mofa.go.kr/eng/brd/m_5674/view.do?seq=319902&amp;srchFt=1&amp;srchTo=1&amp;srchWord=&amp;srchTp=1&amp;multi_itm_seq=0&amp;itm_seq_1=0&amp;itm_seq_2=0&amp;company_cd=&amp;company_nm=.


59. We are indebted to Jacob Stokes for this point; see also Jon Grevatt, “South Korea’s DAPA Launches ‘Cost Structure’ Reforms,” July 22, 2019, https://www.asiapacificsecuritymagazine.com/south-koreas-dapa-launches-cost-structure-reforms/.


63. This recommendation was advanced in a previous CNAS report; see: Lee, Kliman, and Fitt, “Crossed Wires.”


65. This recommendation was advanced in a previous CNAS report; see: Lee, Kliman, and Fitt, “Crossed Wires.”

67. This recommendation was advanced in a previous CNAS report; see: Lee, Kliman, and Fitt, “Crossed Wires.”


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