



## CENTER FOR U.S.-KOREA POLICY

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### **The G-20's Challenge and Opportunity for the U.S.-Korea Alliance**

STEPHEN SCHRAGE

The financial crisis has become a tsunami that threatens to upend traditional assumptions and significantly alter dynamics ranging from trade to national security. The effects of the crisis on the U.S.-Republic of Korea (“Korea”) alliance could radically change the environment facing both nations as well as the relative importance of a relationship which has already faced key adjustments following the Cold War and 9/11. Yet both nations’ destinies are being reshaped by key factors—ranging from the financial crisis to the risk of proliferation by North Korea—that point to the need for a deepened and elevated alliance. These and other factors will place the U.S.-Korea relationship at the nexus of more critical global issues than at any point in decades. A key factor transforming the alliance was on bold display in London as the presidents of Korea and the United States joined over twenty national leaders to tackle the economic crisis that has become the world’s top priority. This crisis and the G-20 process are poised to further elevate the alliance’s importance as we head toward 2010.

Although questions remain about the timing and future of the G-20 following the London Conference and its plan for a second meeting in 2009, Korea is scheduled to chair the G-20 in 2010. Korea’s chairmanship marks both a critical opportunity and challenge, and may be an action-forcing event placing key outstanding issues—such as the passage of the U.S.-Korea FTA (KORUS)—on an accelerated timeline while dramatically increasing the costs of inaction. While the global economic storm has battered U.S. and Korean

economies, in less than twelve months it is poised to put these nations at the center of the world stage in a way not seen since the Korean War. Relatively unknown to the public only months ago, the G-20 group was thrust from obscurity to the forefront of world affairs last November when President Bush and European leaders decided to convene its first-ever leaders’ meeting and charged the G-20 with resolving a once-in-a-generation crisis that risks devolving into a second Great Depression. The London Summit further cemented the G-20’s central role. Yet aside from significant actions to increase resources for the IMF and trade financing, it was clear that key issues at the heart of the crisis ranging from stimulus coordination to resolving bad bank assets require further action. While further G-20 action will affect every nation, perhaps no two nations will have more at stake in the 2010 G-20 than the United States and Korea.

President Lee Myung-bak has called for a “Global” Korea, but he likely never imagined that Korea would be taking center stage to deal with the world’s top economic challenge just over a year into his presidency. As Korea prepares to chair the 2010 G-20, it will be a matter of unprecedented international prestige and high stakes. Korea, a nation that has never been part of the elite G-8 club, could lead potentially the most important G-8 style meeting in history. Success or failure could have lasting ramifications for both President Lee’s political future and the future role of Korea on the world stage. Korea will be responsible not only for its own national ambitions, but for those of other rising nations. Korea’s G-20

chairmanship would mark the first time that a rising nation will chair a G-8 level meeting; it could be the last time if a G-20 failure in 2010 leads to a re-empowerment of the G-8 process. Furthermore Korea, a nation with high trade-dependency caught in the midst of an Asian export slowdown, has a deep stake in G-20 efforts to revive the international economic system. Korea may never have a better opportunity to shape the world agenda. Both Korea's international political and economic future could depend on a successful outcome.

Although Korea may have the greatest national stake in the 2010 G-20, U.S. success or failure will have the widest global ramifications. The United States is both the target of international blame for the crisis and the country that the world looks to for leadership in resolving the crisis. President Obama's stake in next year's G-20 meetings may be as high as President Lee's. Only weeks into his Presidency, President Obama faced his first major multilateral test in London and signaled that the G-20 will be a central forum for international economic action. European leaders, such as President Sarkozy, Chancellor Merkel, and Prime Minister Brown (who faces elections by 2010) have tied their political futures to bold plans for international regulatory reform that, depending on how they develop, may or may not ultimately prove to match U.S. interests. Presidents Obama, Lee, and other leaders faced the ghosts of the London Conference of 1933—where failure to act was cited as leading to further depression and war during the last global turndown—and committed to never repeat its failures. As we approach 2010, voters, experts and markets will be watching to discern whether outstanding differences in areas like stimulus policies and the precise scope of international regulation can be bridged, or whether the bold statements in London were merely empty promises. Now that President Obama has personally declared the meeting to be a turning point and committed to advance the G-20 process, he has both a huge policy and political stake in making sure the G-20 achieves its goals in the months and years ahead.

With America as the world's largest economy and Korea scheduled as the 2010 chair and part of the "troika" of nations leading the G-20 process, U.S.-Korea collaboration will be critical to G-20 success. The high profile and priority given to the London bilateral meeting between Presidents Obama and Lee show how the U.S.-Korea relationship is being elevated by issues such as the financial crisis, North Korea, and most specifically, the G-20's new role. In recent years, many have highlighted the need to transform the U.S.-Korea relationship into a true 21st Century alliance and advance outstanding issues like the KORUS FTA. The run-up to the 2010 G-20 will provide the greatest opportunity yet

to turn these goals into reality—while also magnifying the consequences of failing to act. It will be up to leaders in both Korea and the United States to determine whether this opportunity is seized.

**Steven Schrage** is the Scholl Chair in International Business at the Center for Strategic & International Studies. Portions of this article were taken from his upcoming report, *U.S.-KOREA THROUGH THE STORM: Economic, FTA and Security Interrelationships in the Midst of Global Financial Crisis, the G-20's Ascension and Presidential Transitions*.

## NEWS & EVENTS

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APRIL 14 • CSIS, WASHINGTON, DC

### **A COMPREHENSIVE VISION FOR THE U.S.-ROK ALLIANCE**

This conference will present the findings of a collaborative study with the Center for Strategic and International Studies. The report identifies and develops a comprehensive framework for promoting bilateral cooperation between the United States and South Korea to meet long-term global challenges likely to influence Asia's strategic future. Focusing on cooperative approaches beyond traditional security issues usually addressed by the alliance, the final report serves as a resource beyond the political transition periods in both capitals.

**To RSVP for this event, please contact: [aslack@csis.org](mailto:aslack@csis.org).**

APRIL 13 • EAST-WEST CENTER, WASHINGTON, DC

### **CHINA'S RISE AND THE TWO KOREAS**

Scott Snyder, Center for U.S.-Korea Policy Director and Senior Associate at The Asia Foundation, will discuss the findings of his new book, *China's Rise and the Two Koreas: Politics, Economics, Security*, which explores the transformation of the Sino-South Korean relationship since the early 1990s. By assessing the strategic significance of recent developments in China's relationship with both North and South Korea and the likely consequences for U.S. and Japanese influence in the region, this meticulous study lends important context to critical debates regarding China's foreign policy, Northeast Asian security, and international relations more broadly.

**To RSVP for this event, please contact: [RSVPDC@East-WestCenter.org](mailto:RSVPDC@East-WestCenter.org).**

APRIL 8 • AEI, WASHINGTON, DC

### **TESTING THE OBAMA ADMINISTRATION: IMPLICATIONS OF A NORTH KOREAN MISSILE LAUNCH**

As North Korea's provocations test the resolve of the new U.S. administration and raise the stakes in six-party negotiations, the future stability of the region remains at stake. At this event, panelists including Bruce E. Bechtol Jr., U.S. Marine Corps Command and Staff College; Nicholas Eberstadt, AEI; and Scott Snyder, The Asia Foundation; discussed the implications of North Korea's April 5 missile launch. Michael Auslin, AEI, moderated the discussion.

APRIL 2 • MANSFIELD FOUNDATION, WASHINGTON, DC

### CHINA'S RISE AND THE TWO KOREAS

The Maureen and Mike Mansfield Foundation hosted Scott Snyder, Center for U.S.-Korea Policy Director and Senior Associate at The Asia Foundation, who discussed the findings of his new book, *China's Rise and the Two Koreas: Politics, Economics, Security*.

MARCH 30 • UNIVERSITY OF SOUTHERN CALIFORNIA, LOS ANGELES, CA

### DEALING WITH NORTH KOREA'S HUMANITARIAN AND HUMAN RIGHTS ISSUES: THE VARIETY OF APPROACHES

Sponsored by the USC Korean Studies Institute, this conference featured presentations by Courtland Robinson, Johns Hopkins University; Scott Snyder, The Asia Foundation; and Rob Springs, Global Resource Services.

MARCH 29 • KOREA TIMES BOOK REVIEW

### WESTERN 'CHINA THREAT' QUIET IN KOREA

*The Korea Times* featured a review of Center for U.S.-Korea Policy Director Scott Snyder's new book, *China's Rise and the Two Koreas* (Lynne Rienner, 2009). The article, "Western 'China Threat' Quiet in Korea," reviews the book's findings in terms of changing Korean perceptions of China's rise.

## PUBLICATIONS

Scott Snyder (April 6, 2009), "North Korea's Missile Test: Off-Target?" [GlobalSecurity.org](http://GlobalSecurity.org).

Scott Snyder (March 2009), "The Enduring Dilemma of North Korea: Sovereignty Versus Transparency and Prospects for International Cooperation (*Owarinaki jilemma -shuken, toumeisei, sosite kokusai-kyouryoku no tenbou*)," in *North Korea and Human Security (Kita Chousen To Ningen no Anzenhoshu)*, eds. Masao Okonogi and Atsuhito Isozaki, Tokyo: Keio University Press.

Edward Reed (March 17, 2009), "Korea: A Life Changing Experience," *JoongAng Ilbo* (Korean edition).

Lee Hong-koo (March 11, 2009), "Korean Hopes for U.S. Leadership under Barack Obama," *In Asia*, The Asia Foundation.

Mo Jongryn and Hyeran Jo (March 2, 2009), "Does the United States Need a New East Asian Anchor?: A Case for U.S.-Japan-Korea Trilateralism," Paper presented at the Center for U.S.-Korea Policy.

Michael Finnegan (February 2009), "Benchmarking America's Military Alliances: NATO, Japan, and the Republic of Korea," Center for U.S.-Korea Policy Report.

Scott Snyder (February 2009), "Strengthening the U.S.-ROK Alliance," Center for U.S.-Korea Policy Report.

Thomas Hubbard (February 17, 2009), "Prospects and Challenges for the Obama Administration's Policy toward the Korean Peninsula," Speech delivered at a forum on "Prospects for Deepening the U.S.-ROK Alliance," The Asia Foundation, Seoul, Korea.

Scott Snyder (Spring 2009), "Lee Myung-bak's Foreign Policy: A 250-Day Assessment," *Korean Journal of Defense Analysis*, Vol. 21, No. 1, Korea Institute for Defense Analyses.

For a complete list of publications, please visit:  
[www.centerforuskoreapolicy.org](http://www.centerforuskoreapolicy.org)

## VIEWS ON THE U.S.-ROK ALLIANCE

*"Korea is one of America's closest allies and greatest friends."*

— **President Barack Obama**, ahead of his meeting with President Lee Myung-bak on the sidelines of the G-20 Summit, London, April 2, 2009

*"The ROK-U.S. Alliance is one of the greatest bilateral success stories in modern history... Today the Alliance is more relevant to the national interests of the U.S. than it has ever been... We look forward to continuing this vital partnership, one that promotes freedom, democracy, and global free trade in Northeast Asia."*

— **General Walter L. Sharp**, Commander of the United Nations Command, Combined Forces Command, and U.S. Forces Korea (UNC/CFC/USFK) in a testimony before the House Armed Services Committee, Washington, DC, March 24, 2009

*"We continue to regard the Six-Party process as the central element of our effort to continue with the denuclearization of the Korean peninsula. And within that – clearly because of our alliance – the need for U.S. cooperation and coordination with the Republic of Korea is paramount."*

— **Ambassador Stephen Bosworth**, Special Representative for North Korea Policy, at the Ministry of Foreign Affairs and Trade, Seoul, March 9, 2009

*"I feel confident to say that a 'global deal' supported by all world economies is the key to solving the international economic crisis."*

— **President Lee Myung-bak** at the "2009 Global Korea" forum, Seoul, February 23, 2009

*"South Korea has been and will continue to be a cornerstone of stability and security in East Asia. Despite bumps and bruises, the U.S.-ROK relationship is a resilient and key component of America's ability to enhance U.S. influence and power in the region."*

— **Kurt M. Campbell, Lindsey Ford, Nirav Patel, and Vikram J. Singh** in "Going Global: The Future of the U.S.-South Korea Alliance," Center for a New American Security, Washington, DC, February 2009

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**The Center for U.S.-Korea Policy** aims to deepen and broaden the foundations for institutionalized cooperation between the United States and South Korea by promoting bilateral policy coordination. A project of The Asia Foundation, the Center is based in the Foundation's Washington, DC office. The Center supports the Foundation's commitment to the development of the Asia Pacific by supporting a comprehensive U.S.-ROK alliance partnership on emerging global, regional, and non-traditional security challenges.

**The Asia Foundation** is a private, non-profit, non-governmental organization committed to the development of a peaceful, prosperous, just, and open Asia-Pacific region. Drawing on 50 years of experience in Asia, the Foundation collaborates with private and public partners to support leadership and institutional development, exchanges, and policy research.

The Center for U.S.-Korea Policy is based in the Washington DC office of The Asia Foundation with seed funding from the Smith Richardson Foundation. The Center accepts donations from the public and private sector for its programs and operations. Inquiries should be directed to Scott Snyder at [ssnyder@centerforuskoreapolicy.org](mailto:ssnyder@centerforuskoreapolicy.org).

This newsletter is produced by the Center for U.S.-Korea Policy to provide updates and analysis on current policy issues related to the U.S.-ROK alliance partnership. All views expressed in this publication are those of the author(s). **To be added to the newsletter listserv, please contact [info@centerforuskoreapolicy.org](mailto:info@centerforuskoreapolicy.org).**