

**NEXT STEPS IN THE U.S.-REPUBLIC OF  
KOREA ALLIANCE**

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**JOINT HEARING**  
BEFORE THE  
SUBCOMMITTEE ON ASIA AND THE PACIFIC  
AND THE  
SUBCOMMITTEE ON TERRORISM,  
NONPROLIFERATION, AND TRADE  
OF THE  
COMMITTEE ON FOREIGN AFFAIRS  
HOUSE OF REPRESENTATIVES  
ONE HUNDRED THIRTEENTH CONGRESS

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## NEXT STEPS IN THE U.S.-REPUBLIC OF KOREA ALLIANCE

THURSDAY, JUNE 27, 2013

HOUSE OF REPRESENTATIVES,  
SUBCOMMITTEE ON ASIA AND THE PACIFIC AND  
SUBCOMMITTEE ON TERRORISM, NONPROLIFERATION, AND TRADE,  
COMMITTEE ON FOREIGN AFFAIRS,  
*Washington, DC.*

The subcommittees met, pursuant to notice, at 2 o'clock p.m., in room 2172 Rayburn House Office Building, Hon. Steve Chabot (chairman of the Subcommittee on Asia and the Pacific) presiding.

Mr. CHABOT. The subcommittees will come to order. Before we begin, I want to thank my good friend, the gentleman from Texas, Judge Poe, chairman of the Subcommittee on Terrorism, Nonproliferation, and Trade, for joining the Asia and Pacific Subcommittee and holding this hearing this afternoon. I, of course, want to thank our ranking member, the gentleman from American Samoa, Mr. Faleomavaega; and the gentleman from California, Mr. Sherman, the ranking member of the TNT Subcommittee, who I believe will be here shortly.

This year marks a truly important milestone in the U.S.-South Korean alliance as we commemorate the 60th anniversary of the armistice that ended the Korean War. This conflict claimed the lives of more than 170,000 U.S. and South Korean soldiers and more than 370,000 civilians. Sixty years later, our friendship endures and, in fact, has grown stronger.

A few weeks ago, I had the opportunity to visit South Korea with my good friend, the ranking member, Mr. Faleomavaega, to meet with President Park, the minister of foreign affairs, and other Korean Government officials, as well as tour the demilitarized zone and visit with our American troops who live and work in that stressful and dangerous environment.

Today in South Korea, a once war-torn nation has become a world class economy and leader in high tech innovation. South Korea's growing commitment to democracy, human rights, and the rule of law is in strong contrast to its northern neighbor.

The past 60 years of the U.S.-South Korea relationship is best characterized as a close friendship that has steadily grown. Today, I think I can confidently say that our bilateral relationship is at its best, particularly given the passage and implementation of the U.S.-Korea free trade agreement just a little over a year ago. The bond between the people of the U.S. and the people of South Korea is strong and continues to grow.

One group that certainly deserves special recognition is the Korean American community, which has worked tirelessly to ensure that the U.S.-Korea relationship remains strong, relevant, and forward-looking.

With the threat of North Korean belligerence always imminent, it is in the U.S.'s and South Korea's best interest to ensure that the next 60 years of this relationship are as strong and as vibrant as the past 60 years.

South Korea's economy depends heavily on clean, low-cost energy. Without the benefits of domestic energy resources, South Korea depends almost entirely on imported energy with the exception of power generated by its domestic nuclear energy power plants. Given the ROK's continued economic growth, it is unlikely that the government can continue to provide enough low-cost electricity to fuel its economy. The ability to recycle nuclear fuel would ease this problem. That is why it is vitally important for the U.S. and South Korea to complete negotiations on a modern, 21st century civilian nuclear agreement.

The adoption of a new 123 agreement would also have a direct impact on American jobs; in particular, manufacturing jobs for those industries supplying South Korea with the components it needs to grow and maintain its power supply.

Earlier this month, I joined Chairman Royce and Ranking Member Engel as well as Judge Poe, Mr. Faleomavaega, Mr. Collins, and Mr. Kinzinger in introducing H.R. 2449, legislation to extend, for 2 years, the current U.S.-South Korean civilian Nuclear Energy Cooperation Act, which is scheduled to expire in March 2014. An extension agreement while negotiators continue to work on and refine substantive issues, I believe, is an important and necessary step in this process. I look forward to working with the chairman and my colleagues in moving the legislation forward.

When President Park addressed a joint session of Congress last month, she reaffirmed South Korea's commitment to the vision of a world without nuclear weapons, which must start on the Korean Peninsula.

South Korea has said time and time again that it is firmly committed to the principle of nonproliferation. In fact, South Korea hosted the second Nuclear Security Summit last year. On the other hand, North Korea has made its intentions quite clear. The Kim dictatorship has no desire to halt its nuclear weapons program. Its recent calls for talks with conditions have to be taken, obviously, with a grain of salt.

North Korea takes no responsibility for its behavior but blames the United States for the worsening situation on the peninsula. The U.S. must maintain a consistent position that makes it crystal clear to the regime in Pyongyang that we will not concede to its unreasonable demands. I hope the administration pursues a path that will increase security for not only South Korea but for the international community as well.

I look forward to hearing from our panel this afternoon. And, with that, I yield to the ranking member, the gentleman from American Samoa, Mr. Faleomavaega, for his opening statement.

I would note that we are going to have votes on the floor shortly, so we will be interrupted. Also, both Judge Poe and myself are in

the Judiciary Committee, and we are marking up one of the immigration bills as I speak, so we are going to be going around and trying to tag team this hearing to some degree. We hope that doesn't disrupt the hearing too much.

I recognize the gentleman from Samoa, the ranking member, Mr. Faleomavaega.

Mr. FALEOMAVAEGA. Thank you, Mr. Chairman. And I do want to thank you both and Chairman Poe for your leadership in calling this joint subcommittee hearing.

I also want to offer my personal welcome to Secretary Zumwalt and Secretary Countryman for being witnesses to our hearing this afternoon.

Mr. Chairman, you and I recently had the opportunity to meet with President Park Geun-hye at the Blue House on April 29 this year. President Park is the first freely elected woman leader among the nations of northeast Asia and the first woman President of the Republic of Korea. She is certainly a role model for women everywhere.

I just want to note as something of an historical matter, Mr. Chairman, that she is on her way now to Beijing to meet with President Xi of the People's Republic of China, what I consider a very interesting movement in terms of what is happening there.

I was deeply touched that the first matter which she raised with me during our meeting was an op. ed. I wrote about the comfort women issue, which was published by the Kyunghyang Seoul newspaper on the very day we met with her.

As you know, during World War II, many young girls were forced into wartime brothels. Two hundred thousand Asian women, Mr. Chairman, were brought in by Japanese imperial forces. And many of these young girls that were forced into sexual slavery were from the Republic of Korea. Today, we affectionately refer to these women as our godmothers. I refer to them as my mothers. Their story is near and dear to my heart. And this is why the first hearing I held as chairman of this subcommittee was about them.

I will never forget the courage Madam Park showed in attending that hearing, where three victims, two Korean ladies and one Dutch lady, sitting right over there testified. At the time in 2007, even Members of Congress were hesitant to show public support for these women who were forced into sexual slavery during World War II, but Madam Park did not hesitate. She sat prominently in the front row of this hearing room. That was the first Korean leader ever to attend a hearing in the U.S. Congress in support of these women.

I want to once more publicly commend Mr. Dongchan Kim and his organization of the Korean American Civic Empowerment for taking the lead in spearheading community efforts for the successful passage of House Resolution 121, which calls upon the Japanese Government to issue a formal apology for what they did to some 200,000 Asian women during World War II.

I also want to add my voice in support of fully implementing the U.S.-Korean free trade agreement. On March 20 of this year, former chairman Ileana Ros-Lehtinen, our dear friend and colleague, of the Foreign Affairs Committee and I introduced H.R. 1279, the U.S.-Korea Free Trade Agreement Fairness Act, a bipar-

tisan legislation which will grant Republic of Korea nationals a similar visa status for skilled workers as was granted to Australian citizens following the successful negotiation of the U.S.-Australia free trade agreement. Subsequent to the adoption of the free trade agreement with the United States, Australia was able to obtain 10,500 E3 visas per year, which are similar to the H1B visas from the United States, for which only citizens of Australia are eligible. Due to some oversight, negotiators failed to work out an agreement like this for the Republic of Korea during the free trade agreement negotiations with Korea. And this is why Congresswoman Ros-Lehtinen and I worked hard in the aftermath to create parity for the Republic of Korea.

As a longstanding ally of the United States, we believe the Republic of Korea deserves fair treatment. So we put forward a bill which would grant the Republic of Korea nationals 10,500 visas per year for skilled workers that meet the eligibility requirements.

Given that our bill provides parity, we were hopeful that our bill would be passed by this House, but, regrettably, the Korean Embassy here in Washington decided they did not want parity. They just wanted a little more than 10,000 visas. I am not supportive of this higher quota, Mr. Chairman, because it is insensitive to other countries and must specify to our American workers who do not need to be needlessly displaced. I also do not believe we should open up a visa bidding war with the trans-Pacific partnership negotiations coming up.

I am supportive of the 123 civil nuclear cooperation agreement, although I do believe we need to take some time to work out our differences regarding how to treat fuel-making technologies. So I am pleased that we have simply extended the current agreement for 2 years until we can resolve these technicalities.

With that, Mr. Chairman, I yield back. And thank you for the opportunities.

Mr. CHABOT. I thank the gentleman for his statement. We will recognize Chairman Poe for his 5-minute opening statement.

Mr. POE. Thank you, Chairman Chabot, for working to put this important hearing together about the United States-South Korea alliance and the 123 agreement.

The South Korean people are allies of the United States. We have a lot of allies, the United States does. But South Korea has a special relationship as an ally. Our two nations, our peoples have both shed blood together on the same soil in South Korea. That bond makes this relationship unique. South Korea has always been important to us because of its national security interest in its own right but our national security interest. And with President Kim in North Korea, or Junior, as I like to call him, being a real threat to South Korea and the United States and the rest of the world, it needs to be obvious to us and the South Koreans and the rest of the world that our relationship is strong and will be stronger.

One example of the strength of our relationship is our cooperation on civilian nuclear energy in the last 30 years. We have American companies in South Korea and South Korean companies here in the United States. I have a large Korean community in my district in Houston.

And it was good to learn finally—I didn't know—that the ranking member was also a University of Houston Law School graduate. I did actually graduate from there after you did, but it is good to hear that.

In any event, the agreement that we have has allowed cooperation. And the so-called 123 agreement expires next March. It turns out a new agreement has been tough to figure out and get done. The sticking point seems to be disagreements over fuel-making technologies, such as enrichment and reprocessing. Enrichment and reprocessing capabilities are important because they can be used to make material for nuclear weapons.

South Korea wants the new 123 agreement to include U.S. advance consent for future Korean civilian reprocessing and enrichment activities. South Korea says it needs advance consent to deal with nuclear waste, but it is unclear how dry cask storage would solve this problem. I am sure our two witnesses will answer that question specifically.

U.S. law states that it is U.S. policy not to give advance consent to enrichment or reprocessing. There are political issues in the region. And international agreements already have been made that have to be considered as well, but time is running out. This past April, the United States and South Korea agreed to a simple 2-year extension of the old agreement. I do support extending this agreement because it will prevent thousands of Americans from losing their jobs, from reactor vendors to equipment suppliers. And there are hundreds of millions of dollars in bilateral nuclear trade between our two Nations. We just can't keep extending agreements indefinitely. It reminds me of the CR that we constantly do on the House floor on our budget.

We certainly don't or I don't want another 2 years to pass and find us right back here, same witnesses, same story, Groundhog Day, trying to make a decision about what to do.

Our business community needs certainty. Businesses, especially in this industry, cannot make financial decisions and other business decisions that may be revoked in 2 years. Congress needs to also know that the laws it passes will be followed by this administration and any administration.

I am looking forward from our witnesses as to what the United States' position should be on these negotiations when it comes to advance consent and enrichment. I also want to know the difference between 2 years and a long-range solution and what their ideas are on that. I do hope both sides understand the limitations of the other in a long-term deal until it is made.

And I also want to do comment about the issue that the ranking member has brought out of the comfort women. That is an issue that is very important, not just for South Korea and Japan, but it is important for us to move forward and get that issue resolved as soon as possible. That is an historical event that cannot be ignored. And we should not ignore it here so many, 60 years later.

But that is a different issue for a different day. And I yield back the balance of my time.

Mr. CHABOT. I thank the gentleman for his statement. I would just note the Chair agrees with both of the gentlemen on the comfort women issue and thank them both for bringing it up.

We have time to finish the opening statements. We will recognize the ranking member of the TNT Subcommittee, the gentleman from California, Mr. Sherman.

Mr. SHERMAN. Thank you.

The Republic of Korea and the United States enjoy a strong strategic alliance and warm friendship. The relationship is based on our commitment to security, to democracy, and prosperity. October 1, 2013 will mark the 60th anniversary of the signing of the mutual defense treaty between the United States and the Republic of Korea. Nearly 40,000 members of the United States Armed Forces lost their lives defending the people of Korea. Nearly 30,000 troops are stationed in South Korea today. The United States has stood with Korea on the comfort woman issue, even though another strong ally, the United States, is on the other side. And the Korean American community, with its 1.7 million members, is an important part of the bilateral relationship and of the American fabric.

I did not support the U.S.-Korea free trade agreement, which became effective roughly a year and a few months ago. We were told at the time that this would reduce the trade deficit with South Korea. In fact, that deficit has increased. The deficit hit an all-time high of \$2.4 billion in April 2013. Imports hit a record high while U.S. exports to South Korea actually were less January to April 2013, than January to April 2012 before the agreement really went into effect. This translates into a loss of jobs. We need a more balanced trade policy.

And, as I have said before in this room, if we continue our trade policy, there will be a catastrophic drop in the value of the United States dollar. But don't worry. It won't happen in the next 5 years or probably won't happen in the next 5 years.

North Korea continues its threats of military aggression against our ally, including the March 10 sinking of the naval ship, the bombardment of Yeonpyeong Island. The 2013 Korean crisis was an escalation of military tensions by North Korea against South Korea. The United States and Japan began—that is to say it was aimed at all three of those allies, and it began following the launch of the so-called satellite December 12, 2012 and the third nuclear test February 12th, 2013.

Kim Jong-Un, the new leader of this totalitarian regime, has used extreme rhetoric. At more than one point, he has threatened imminent attack against the United States homeland. The international community has condemned North Korea in its military aggression. In March 7, 2013, the United Nations Security Council resolution 2094 is just the latest example of that.

Congresswoman Ileana Ros-Lehtinen and I have introduced the Iran, North Korea, and Syria Nonproliferation Accountability Act of 2013. We introduced the earlier version of that act back in 2011. I urge my colleagues to cosponsor that legislation, which would target those firms and states that assist North Korea, as well as Iran and Syria, develop and build nuclear weapons and other weapons of mass and destruction.

The main reason our subcommittee is involved in these hearings is because of the focus on the nuclear cooperation agreement between South Korea and the United States. South Korea plans to significantly expand its already advanced nuclear program in the

coming years and decades. The United States has been committed to a denuclearization of the peninsula and, thus, is opposed to reprocessing and enrichment on the peninsula.

The gold standard model for 123 agreements or nuclear cooperation agreements is embodied in our agreement with the United Arab Emirates, which legally binds U.S. partners to foreswear enrichment and reprocessing. So it comes down to enrichment and reprocessing.

The United States and South Korea have recently agreed on a 2-year extension of our agreement, rather than revising the agreement, but both countries would like to see a long-term deal, so would like to enrich uranium and reprocess spent fuel rods to develop and expand its nuclear power industry. I commend the administration for not agreeing to advance consent rights for plutonium reprocessing of fuel of U.S. origin. South Korea wants a nuclear agreement that provides U.S. advance consent for such reprocessing. And that would carry deep proliferation concerns.

I look forward to further negotiations with South Korea and to the resumption of this hearing after votes. I yield back.

Mr. CHABOT. Thank you. The gentleman's time has expired.

We have votes on the floor. I estimate we will be back in about ½ hour to 45 minutes for the series of votes. The subcommittees are in recess.

[Brief recess.]

Mr. CHABOT. The subcommittees will be back in order. We have several members who might like to make 1-minute statements. We will begin with the gentleman from South Carolina, Mr. Wilson.

Mr. WILSON. Mr. Chairman, thank you very much.

And, indeed, I would like to express my appreciation of our relationship with the Republic of Korea. I have had the unique opportunity to visit South Korea several times. And each time I visit, it is just awesome to see how dynamic the people are and what a great alliance that we have of shared values of working together, just honored to be here and look forward to working, particularly with a civilian nuclear agreement. I just see such positive. In my home State of South Carolina, we have Westinghouse Nuclear Fuels/Toshiba. It is a classic case of mutual self-benefit.

Thank you very much.

Mr. CHABOT. Thank you. The gentleman's time has expired.

The gentleman from Illinois, Mr. Kinzinger, is recognized for 1 minute.

Mr. KINZINGER. Thank you, Mr. Chairman. And thank you for holding the hearing and for our guests for coming to testify.

The alliance between the United States and the Republic of Korea has brought stability, security, and prosperity to the peninsula and the Asian Pacific region. Recently, the U.S.-Korean free trade agreement has demonstrated our mutual commitment of shared future economic growth and prosperity. Trade between our countries totaled around \$100 billion in 2012. It is expected to grow significantly in the coming years because of the liberalized trade between the two countries.

That is not to say we don't face our challenges. Obviously we see with North Korea's nuclear and ballistic program, we have to con-

tinue to stay on our toes and stay committed to a situation there, a peaceful solution.

I want to briefly discuss extending the bilateral civilian nuclear cooperation, better known as a 123 agreement. As an original co-sponsor of 2449, I fully support the 2-year extension that has been agreed to in principle by the negotiators from the U.S. and the Republic of Korea. Substantial progress has been made, but more time is needed to complete a new agreement that recognizes both our country status as global leaders of nuclear energy.

I agree with Assistant Secretary Countryman's testimony. The swift passage of this 2-year extension would give both countries the confidence that they need that our cooperation will continue smoothly.

Thank you, Mr. Chairman. I yield back.

Mr. CHABOT. Thank you.

The gentleman from North Carolina, Mr. Holding, is recognized for 1 minute.

Mr. HOLDING. Thank you, Mr. Chairman. With the administration's refocus on the Asia Pacific region and the growing influence of China in that region, the importance of maintaining strong economic and security ties with our allies in the Pacific has never been more vital. The United States and the Republic of Korea have enjoyed an enduring strategic relationship; indeed, Mr. Chairman, an alliance forged on the battlefield over 60 years ago and one that grows closer today with tightened economic ties and increased threats from hostile neighbors.

Later today, Mr. Chairman, in the Judiciary Committee, I will offer an amendment to help realize the full potential of the free trade agreement passed in 2011 by increasing the number of visas available for highly educated and highly skilled Korean workers and students. The addition of these visas will be an added benefit to the U.S. economy and further solidify our strategic relationship.

I thank you for calling this hearing, Mr. Chairman. I yield back.

Mr. CHABOT. Thank you very much. We will now introduce the panel here this afternoon. I will begin with Mr. Zumwalt, who began his tour as Deputy Assistant Secretary of State for Japan and Korean Affairs on January 3, 2012. He previously served as Embassy Tokyo's Deputy Chief of Mission. His prior assignments include Director of the Office of Japanese Affairs, Economic Minister Councilor in Tokyo, and Economic Minister Councilor in Beijing. He has also worked on the Korea and Philippine Desk in Washington. Mr. Zumwalt is fluent in Japanese and also speaks some Chinese and French.

Now I would like to introduce Thomas Countryman, who is a career member of the Senior Foreign Service and is currently serving as the Assistant Secretary for International Security and Non-proliferation. He previously served as the principal Deputy Assistant Secretary for Political Military Affairs and the Deputy Assistant Secretary for European Affairs. Mr. Countryman began his State Department career in 1982, serving as a councilor and political officer in Belgrade. His prior assignments include Director for Near East and South Asian Affairs at the National Security Council, Minister Councilor for Political Affairs at the American Embassy in Rome; Deputy Chief of Mission at the U.S. Embassy in

Athens; and as Foreign Policy Adviser to General James Conway, the commandant of the U.S. Marine Corps.

He speaks Serbo-Croatian, Arabic, Italian, Greek, and German. Just for the record, I took a little Latin in high school and a little French in college. And I think I got a C in both.

We will now recognize each of the witnesses for 5 minutes. We have a lighting system; a yellow light will let you know that you have 1 minute to wrap up, the red light indicates it is time to conclude your testimony. Mr. Zumwalt, you are recognized for 5 minutes.

**STATEMENT OF MR. JAMES P. ZUMWALT, ACTING ASSISTANT SECRETARY, BUREAU OF EAST ASIAN AND PACIFIC AFFAIRS, U.S. DEPARTMENT OF STATE**

Mr. ZUMWALT. Chairman Chabot, Chairman Poe, Mr. Faleomavaega, members of the subcommittees, I am pleased to appear before you today to discuss this important topic.

I have submitted a longer statement for the record. And, with your permission, I would like to deliver brief oral remarks.

The U.S.-Republic of Korea alliance is a linchpin of security and prosperity in Northeast Asia, and our bilateral ties have never been stronger. Today, while our alliance continues to counter the threat from North Korea, we are expanding our cooperation to meet 21st-century challenges.

During her May 8 address to a joint meeting of Congress, Republic of Korea President Park Geun-hye said, "Along our journey, we have been aided by great friends, and, among them, the United States is second to none." What she was referring to is our alliance was forged in shared sacrifice in the Korean War. Today, we continue to strengthen and adapt our alliance to meet existing and emerging security challenges.

We have made significant progress on the blueprint for the future of our alliance, which outlines the conditions for the transition of wartime operational control to a Republic of Korea-led defense in December 2015. We continue to improve our interoperability and readiness through annual exercises.

Our cooperation on global challenges is an increasingly important pillar of our alliance. Today, American and Korean soldiers stand side by side in Afghanistan. Korea has been a leader in supporting Iran sanctions. We are working together on Syria.

Our deep economic cooperation forms the engine of our strategic relationship. The Republic of Korea is Asia's fourth largest economy and our seventh largest trading partner. Our two countries' trade topped 100 billion U.S. dollars in 2012. This year marks the first anniversary of the entry into force of the U.S.-Korea Free Trade Agreement. This agreement is increasing trade and investment between our two countries and provides significant new opportunities for U.S. exporters. We look forward to even more economic benefits as more provisions of the agreement are implemented.

Our ties include strong cooperation in science and technology, on cyber issues and on climate change. The United States and Republic of Korea are also global leaders and partners on peaceful nuclear energy. We both recently decided to seek an extension of our

existing civil nuclear cooperation agreement, and we are in the process of negotiating a successor agreement to continue and expand this cooperation. The administration is ready to work with Congress to achieve an early extension of the existing agreement, and we are grateful for your efforts on the related pending draft legislation.

The foundation of our partnership rests on our people-to-people ties and our shared commitment to freedom, democracy, and the rule of law. Last year, more than 1 million South Koreans visited the United States. The Republic of Korea sends more university students to the United States per capita than any other major economy. The United States is the clear top choice for Korean entrepreneurs, scientists, and engineers who wish to come here to create businesses and create new jobs and develop technologies. And we very much support efforts to facilitate these exchanges.

Let me now turn to our greatest challenge: North Korea. Many of the DPRK's provocations in recent months have directly targeted the United States and the Republic of Korea. We remain fully committed to the defense of the Republic of Korea, and we will continue to stand shoulder-to-shoulder with our ally in the face of these provocations.

Despite North Korea's recent overtures, we have yet to see concrete steps suggesting that North Korea is prepared to negotiate on the key issue: The verifiable denuclearization of the Korean Peninsula. We will continue to coordinate closely with the ROK and with other Six-Party partners. The United States remains committed to authentic and credible negotiations to implement the September 2005 Joint Statement of the Six-Party Talks and to bring North Korea into compliance with its international obligations. We will not accept North Korea as a nuclear-armed state. Nor will we reward the absence of bad behavior or provide compensation merely for talking. U.S.-North Korea relations, moreover, cannot fundamentally improve without sustained improvement in inter-Korean relations.

In conclusion, the U.S.-ROK alliance has never been stronger. And both our countries are working actively to prepare for the future. President Park's landmark visit to Washington this past May opened a new chapter in our partnership. Strong and enduring congressional support for our alliance and partnership with the Republic of Korea has been critical to the success of our relationship for the last six decades and will be even more important in the future.

Thank you for inviting me to testify on this important topic. I am happy to answer any of your questions.

[The prepared statement of Mr. Zumwalt follows:]

**Testimony of James P. Zumwalt  
Acting Assistant Secretary of State  
Bureau of East Asian and Pacific Affairs  
U.S. Department of State**

**Before the**

**House Foreign Affairs Committee  
Subcommittee on Asia and the Pacific and  
Subcommittee on Terrorism, Nonproliferation, and Trade**

**June 27, 2013**

**Next Steps in the U.S. - Republic of Korea Alliance**

Chairman Chabot, Chairman Poe, Mr. Faleomavaega, Mr. Sherman, and Members of the Subcommittees, I am pleased to appear before you today to discuss this important topic. The U.S.-Republic of Korea (ROK) alliance is a linchpin of security and prosperity in Northeast Asia, and our bilateral ties have never been stronger. This year marks the 60th anniversary of the U.S.-ROK Mutual Defense Treaty, the foundation of our alliance and a force for peace and stability on the Korean Peninsula. Over the past six decades, our close cooperation has evolved into an increasingly global partnership, and our economic and people-to-people ties are as robust as ever. Today, while our alliance continues to counter the threat from North Korea, we are expanding our cooperation to meet 21st-century challenges on the Korean Peninsula, in the Asia-Pacific region, and beyond.

**A Future-Oriented Alliance**

During her May 8 address to a joint meeting of Congress, Republic of Korea President Park Geun-hye said: “Along our journey, we have been aided by great friends and among them, the United States is second to none.” Our alliance was forged in shared sacrifice in the Korean War sixty years ago, and it continues to provide an anchor for peace and security in the region. Today, we continue to strengthen and adapt our alliance to meet existing and emerging security challenges.

As stated by Presidents Obama and Park in their May 7 joint declaration, we have made significant progress on the goals outlined in our 2009 Joint Vision for the Alliance statement. The blueprint for the future of our alliance includes our

Strategic Alliance 2015 plan, which outlines the conditions for the transition of wartime operational control (OPCON) to a Republic of Korea-led defense in December 2015. Our two countries continue to improve our interoperability and readiness through annual joint and combined exercises, and through a bilateral Extended Deterrence Policy Committee that focuses on improving the effectiveness of extended deterrence against threats posed by North Korean nuclear and weapons of mass destruction programs.

### **Cooperation on Global Issues**

Presidents Obama and Park on May 7 highlighted recent successes and publicly committed to deepening our cooperation on global challenges, an increasingly important pillar of the U.S.-ROK alliance. The Republic of Korea hosted the November 2010 G-20 Summit, the November 2011 Fourth High-Level Forum on Aid Effectiveness, and the March 2012 Nuclear Security Summit. The Republic of Korea is currently a non-permanent member on the UN Security Council and our cooperation at the UN and in other multilateral fora has been excellent. We also have outstanding cooperation on countering biological threats, and just last week the Republic of Korea hosted our third bilateral, whole-of-government biopreparedness "Able Response" exercise.

U.S. and Korean soldiers serve side by side in Afghanistan, where the Republic of Korea is a major donor to reconstruction and stabilization efforts. The Republic of Korea has been a leader in supporting international efforts to resolve the Iranian nuclear issue, including by supporting Iran sanctions and significantly reducing imports of oil from Iran. We are working together on Syria, where the Republic of Korea is providing assistance to address the humanitarian needs of the Syrian people. In April, we held the second U.S.-ROK Africa Dialogue, to share views and advance our cooperation on economic development and political and security issues in Africa.

### **A Strong Economic Partnership**

The engine of our alliance is our deep economic cooperation. The Republic of Korea is Asia's fourth-largest economy and our seventh-largest trading partner; our two countries have one of the most vibrant trading relationships in the world, one that topped over \$100 billion in 2012. The year 2013, in addition to marking the 60th anniversary of our alliance, also marks the first anniversary of the entry into force of the U.S.-Korea Free Trade Agreement (KORUS FTA). The KORUS FTA is increasing trade and investment between our two countries, is providing

significant new opportunities for U.S. exporters, businesses, workers, and farmers, and reflects the depth and maturity of our strategic relationship. Our two countries continue to work together closely to fully implement the KORUS FTA, and we look forward to even more economic benefits as more provisions of the agreement are implemented.

The landmark KORUS FTA is not simply focused on strengthening trade ties, but also deepens the political and strategic partnership with our key Asia-Pacific ally and demonstrates to Americans and Koreans alike that our relationship brings them real, practical benefits. Our commitment to the KORUS FTA enhances our credibility as a Pacific power and tells the world that we will remain engaged in the Asia-Pacific region. As President Park said before Congress last month, the KORUS FTA “helps underpin Washington’s rebalancing toward the region.”

On the topic of economic development, there is no better example than the Republic of Korea, which has made extraordinary progress, from a recipient of foreign aid and Peace Corps volunteers in the past, to a thriving economic powerhouse and international aid donor today. The ROK example shows the benefits of investing in development aid and people-to-people ties, and we plan to further expand our development partnership with Korea on a global basis. Building on the development cooperation memorandum of understanding (MOU) we signed in 2011, the Peace Corps and the Korea International Cooperation Agency will sign an MOU to collaborate on global development and international volunteer programs. This type of cooperation not only advances our shared interests, but will help forge closer ties between future generations of young Americans and Koreans.

#### **Strong Science and Technology Ties**

Our substantial ties also include strong cooperation in science and technology, on cyber space and cyber security, and on climate change and energy. The United States and Republic of Korea are also global leaders and partners on peaceful nuclear energy. We both recently decided to seek an extension of our existing civil nuclear cooperation agreement which has benefitted our two countries for over four decades and are in the process of negotiating a successor agreement to continue and expand this longstanding and fruitful cooperation in the future. As President Obama said, “I believe that we can find a way to support South Korea’s energy and commercial needs even as we uphold our mutual commitments to prevent nuclear proliferation.” The Administration is ready to work with Congress to achieve an early extension of the existing agreement, and we are grateful for

your efforts on the related pending draft legislation. We are confident that our two governments can produce a successor agreement that advances both our shared nonproliferation and nuclear cooperation policy objectives.

### **Deep People-to-People Ties**

The foundation of our alliance and our sixty years of partnership and shared prosperity rests on our people-to-people ties and our shared values—a commitment to freedom, democracy, and the rule of law. Ties between Americans and Koreans are deeper and tighter than ever: Last year more than one million South Koreans visited the United States. The Republic of Korea sends more university students to the United States per capita than any other major economy, over 72,000 per year—a strong vote of confidence in the U.S. education system and the future of U.S.-ROK ties. The United States is the clear top choice for Korean entrepreneurs and scientists seeking to create businesses and develop new technologies, and we support efforts to facilitate such exchanges.

Our countries are working to reinvigorate exchange programs between Americans and Koreans. In May, we jointly announced our intent to renew the Work, English, Study, and Travel (WEST) program, which provides an opportunity for qualified university students from Korea to study English, participate in internships, and travel independently in the United States. We are also expanding the U.S.-Korea Fulbright Program through the creation of two new Fulbright scholarships focused on U.S.-ROK alliance studies. Our International Visitor Leadership Program (IVLP), which brings promising young Korean leaders to the United States on professional exchanges, has had notable successes—over 100 current and former ROK legislators and multiple cabinet ministers have been IVLP alumni.

Perhaps the most important example of our close ties is the proud legacy of Korean-Americans—over two million strong—who have made crucial contributions to America's prosperity, defended America's freedom, added their own unique qualities to America's culture, and distinguished themselves in academia, science, medicine, business, and athletics. Korean-Americans increase the strength and vitality of our strong partnership.

### **DPRK**

Let me turn now to perhaps the greatest challenge our alliance faces—North Korea. Many of the DPRK's provocations in recent months—from its missile

launch in December to its third nuclear test in February and subsequent bellicose rhetoric —have directly targeted the United States and the Republic of Korea. Let me be clear: the United States remains fully committed to the defense of the Republic of Korea, and we will continue to stand shoulder-to-shoulder with our ally in the face of these North Korean provocations, including through extended deterrence and the full range of U.S. military capabilities, both conventional and nuclear.

Despite the DPRK's recent overtures in the region and outreach to counterparts in the Six-Party process, we have yet to see concrete steps suggesting that North Korea is prepared to negotiate on the key issue of paramount concern: the verifiable denuclearization of the Korean Peninsula. We continue to coordinate closely with the ROK, as well as other Six-Party partners, on North Korea policy. The United States remains committed to authentic and credible negotiations to implement the September 2005 Joint Statement of the Six-Party Talks and to bring North Korea into compliance with its international obligations through irreversible steps leading to denuclearization. We will not accept North Korea as a nuclear-armed state, nor will we reward the DPRK for the absence of bad behavior, or compensate the DPRK merely for returning to dialogue. We have also made clear that U.S.-DPRK relations cannot fundamentally improve without sustained improvement in inter-Korean relations, which we support.

Like the Republic of Korea, the United States remains gravely concerned about the deplorable human rights situation in the DPRK and about the well-being of the North Korean people. With the co-sponsorship of the United States, Republic of Korea, Japan, the European Union, and others, the UN Human Rights Council in March established an independent one-year Commission of Inquiry to investigate and report to the international community on North Korea's widespread, systemic human rights violations. Ambassador Robert King and Department of State Bureau of Democracy, Labor, and Human Rights Deputy Assistant Secretary Dan Baer recently organized the latest in a series of face-to-face consultations with the ROK and other key partners on ways to enhance pressure on Pyongyang to improve its human rights record.

#### **The Future of the U.S.-ROK Alliance**

Our sixty-year-strong alliance is rooted in our legacy of sacrifice, our shared interests in the Asia-Pacific region and around the world, our deep economic ties, and most importantly, our shared values and strong personal friendships that have developed from extensive people-to-people ties. The alliance has never been

stronger and both our countries are actively working to prepare our alliance for the years to come. As President Park said to Congress in May, our efforts portray a “forward-leaning alliance” and “point to a 21st-century partnership that is both comprehensive and strategic.”

President Park’s landmark visit to Washington this past May—a visit by Northeast Asia’s first modern-day female head of state—opens a new chapter in our alliance and partnership. We welcome the Republic of Korea’s growing leadership on the world stage and the United States is fully committed to this alliance, which is a force for peace and security not just on the Korean Peninsula, but in the region and around the globe. We are heartened that support for the alliance from the American and Korean people is at an all-time high: recent polls show that over 80 percent of Koreans support the alliance. Strong and enduring Congressional support for the Republic of Korea and for our alliance and partnership has been critical to the success of our relationship for the last six decades, and will be even more important in the decades to come.

Thank you for inviting me to testify on this important topic. I am happy to answer any questions you may have.

Mr. CHABOT. Thank you very much.  
Mr. Countryman, you are recognized for 5 minutes.

**STATEMENT OF THE HONORABLE THOMAS M. COUNTRYMAN,  
ASSISTANT SECRETARY, INTERNATIONAL SECURITY AND  
NONPROLIFERATION, U.S. DEPARTMENT OF STATE**

Mr. COUNTRYMAN. Mr. Chairman, Chairman Poe, Ranking Member Faleomavaega, and members of the subcommittees, thank you for this opportunity to testify about the negotiations on a successor agreement for peaceful nuclear cooperation between the U.S. and the Republic of Korea. The U.S. and the ROK continue to be strong allies across the spectrum of political, security, and economic issues. I like the way Judge Poe put it. We have many allies, but the ROK is a special case. And I don't believe any single issue can undo this alliance.

In the nuclear realm specifically, our two countries have a long history of working together on the peaceful uses of nuclear energy. And we press forward today with our shared objective of achieving the verifiable denuclearization of the Korean Peninsula in a peaceful manner.

Today, I want to focus on this first area: The longstanding peaceful nuclear cooperation between our two countries. The U.S. and the Republic of Korea are in the process of negotiating a new agreement for peaceful nuclear cooperation, generally referred to as a 123 agreement. The current agreement entered into force in March 1973 and expires in March 2014. The U.S. and the ROK began negotiating a successor agreement in 2010, and we have made substantial progress in negotiating a text that will extend our long and fruitful partnership into the future.

Because of the breadth and depth of our current and future nuclear cooperation, our two countries jointly decided to seek a 2-year extension of the existing agreement to give us more time to complete negotiations and then fulfill our respective domestic requirements to bring the new agreement into force. The extension will facilitate the efforts of both our governments to finalize an agreement that promotes U.S. and South Korean objectives and requirements for nonproliferation and civil nuclear cooperation. An extension would ensure that there is no lapse in our ongoing civil nuclear cooperation, preserving stability and predictability in our joint commercial activities.

The two sides have pledged to work together diligently and to conclude negotiations on a successor agreement as soon as possible. In this regard, I want to thank Chairman Royce, Ranking Member Engel, and other members of the committee who have cosponsored the pending draft legislation, which would authorize the President to extend the current term of the U.S.-Republic of Korea agreement until March 2016. The administration stands ready to work with Congress to achieve the extension of this existing agreement. And early passage of this legislation would provide confidence to both countries, including our respective nuclear industries, that our civil nuclear cooperation will continue smoothly.

Mr. Chairman, the United States and the Republic of Korea are approaching these negotiations as close allies and partners committed to advance both countries' global leadership in the peaceful

uses of nuclear energy and preventing nuclear proliferation worldwide. I am confident our two governments can produce a successor agreement that serves as a strong foundation for our bilateral civil nuclear cooperation for the future and reaffirms our common commitment to nuclear nonproliferation.

So thank you again for this opportunity to discuss this important aspect of our relationship with our ally: The Republic of Korea. I look forward to your questions, sir.

[The prepared statement of Mr. Countryman follows:]

**Testimony of Assistant Secretary Thomas M. Countryman on  
Negotiations of the Successor Agreement for Peaceful Nuclear  
Cooperation between the Government of the United States of America  
and the Government of the Republic of Korea Concerning Peaceful  
Uses of Nuclear Energy**

**Joint Subcommittee Hearing: Next Steps in the U.S. – Republic of  
Korea Alliance**

**Subcommittee on Asia and the Pacific, Subcommittee on Terrorism,  
Nonproliferation, and Trade**

**June 27, 2013**

**Next Steps in the U.S. – Republic of Korea Alliance**

Chairman Chabot, Chairman Poe, Ranking Members Faleomavaega and  
Sherman, and Members of the Subcommittees,

Thank you for this opportunity to testify before you today, regarding  
the negotiations on a successor agreement for peaceful nuclear cooperation  
between the United States and the Republic of Korea. As the May 2013  
meeting between President Obama and Republic of Korea President Park  
Geun-hye demonstrated, the United States and the Republic of Korea  
continue to be strong allies across the spectrum of political, security, and  
economic issues.

In the nuclear realm, the United States prizes its longstanding cooperation with the Republic of Korea in many areas. We have a history of working together to harvest the peaceful uses of nuclear energy and are pressing forward with our shared objective of achieving the verifiable denuclearization of the Korean Peninsula in a peaceful manner.

*Request for Authorization to Extend Existing Agreement*

The current agreement for peaceful nuclear cooperation, or 123 Agreement, between the United States and the Republic of Korea entered into force in March 1973 and expires in March 2014. The United States and the Republic of Korea began negotiating a successor agreement in 2010, and we have made substantial progress in creating a text that properly reflects both our governments' roles as global leaders in nuclear energy and our mutual commitment to the highest standards of nonproliferation. Because of the breadth and depth of our current and future nuclear cooperation with the Republic of Korea, it takes some time and effort to resolve complex technical issues. I have no doubt that we will get there.

To allow sufficient time to resolve these complicated issues, the United States and the Republic of Korea decided in April to seek a two-year

extension of the existing agreement. An extension would facilitate the efforts of both our governments to finalize the text of an agreement that promotes United States and ROK nonproliferation and civil nuclear cooperation objectives and priorities, and which fulfills our respective domestic requirements to bring that agreement into force. An extension would also ensure there is no lapse in our ongoing civil nuclear cooperation, preserving stability and predictability in our joint commercial activities.

It is for these reasons that the Administration is seeking Congressional support for an extension of the existing agreement. We are grateful for your consideration of this request, and I would like to thank Chairman Royce, Ranking Member Engel, and the other members of the Committee who have co-sponsored the pending draft legislation authorizing the President to extend the term of the current U.S.-Republic of Korea agreement for peaceful nuclear cooperation for a period not to exceed March 19, 2016, notwithstanding any other provision of law. The Administration stands ready to work with Congress to achieve the extension of the existing agreement. Early passage of such legislation would provide confidence to both countries, including our respective nuclear industries, that cooperation will continue smoothly.

*Draft Successor Agreement Text*

Let me also say a few words about our efforts to negotiate the successor U.S.-Republic of Korea 123 agreement. Our two governments are working together to conclude an agreement that builds on our fruitful and longstanding partnership, reinforces our shared status as global leaders in nuclear energy, and reaffirms our mutual commitment to the highest standards of nuclear nonproliferation. We will continue to focus on working together to address common practical challenges facing our nuclear industries as outlined by President Obama and President Park this May. The two leaders talked about making progress on spent fuel management, maintaining a reliable supply of reactor fuel, and strengthening our respective nuclear industries. We conducted a round of negotiations in June and made progress in coming closer to an agreed text. The United States and the ROK intend to meet about every quarter to conclude negotiations on a successor agreement as soon as possible.

*Conclusion*

Chairman Chabot and Chairman Poe, Ranking Members  
Faleomavaega and Sherman, we are approaching these negotiations as two

close allies and partners committed to advancing our countries' global leadership in the peaceful uses of nuclear energy and preventing nuclear proliferation worldwide. I am confident our two governments can produce a successor agreement text that serves as a strong foundation for U.S.-ROK bilateral civil nuclear cooperation for the future and reaffirms our common commitment to nonproliferation.

Thank you, again, for this opportunity to discuss this important aspect of our relationship with the Republic of Korea. I look forward to your questions.

Mr. CHABOT. Thank you very much.

I will now recognize myself for 5 minutes for questions. I would like to ask this to both of the gentlemen. Without commenting on the negotiating positions and your opinions, how much importance does the Government of the Republic of Korea assign to the successful renewal of the 123 agreement, the civilian nuclear cooperation agreement? Why is it important to the U.S.? What are the implications to the U.S.-Korea alliance if, for some reason, the agreement is not renewed? I will start with you, Mr. Zumwalt.

Mr. ZUMWALT. I think the agreement is very important to the Republic of Korea, partly because of the successful relationship our industries have. They would like to see a continuation and an enriching of that relationship.

Mr. CHABOT. Mr. Countryman?

Mr. COUNTRYMAN. The agreement is important to both governments. It serves as a commitment to each other that we are both determined to remain both technical and commercial leaders in the global nuclear power industry. It ensures that we continue to share the vital goal of preventing nuclear nonproliferation. And, of course, renewing it on time given this 2-year extension will prevent any interruption in our commercial cooperation, which is essential, both for United States provision of fuel and equipment to nuclear power plants in the Republic of Korea and to U.S. content in the power plants that the Republic of Korea is selling, for example, to the United Arab Emirates. And I am confident that we will not reach that situation of facing those consequences because of the joint determination of both countries to get a good agreement done within the time that we hope you will permit us.

Mr. CHABOT. Thank you.

Last week, North Korea's U.N. Ambassador held a news conference during which he claimed North Korea was essentially blameless for tensions on the Korean Peninsula and that their recent nuclear and missile tests were purely for self-defense. He further claimed that the U.S. is entirely responsible for the ever-worsening situation on the Korean Peninsula.

Now, the history of relations with North Korea has been they act up, they act outrageous, stomp around, and we criticize them. Then at some point, we and our allies essentially buy them off with food and/or fuel. Then they promise to be better, and for at least some short period of time, at least publicly, they are. Then they act up again and we start this process all over.

How should we avoid this in the future? I will again start with you, Mr. Zumwalt.

Mr. ZUMWALT. As I said in my statement, we are determined not to reward North Korea for provocation, for refraining from provocation, or merely for coming back and talking. So what we have stated is that we are open to authentic and credible negotiations, which focus on denuclearization of the Korean Peninsula, but we are not interested in talks until we see that North Korea is serious. And the way we would see this is by North Korea taking some concrete steps that show us that they have really changed their position.

So what our strategy now is to engage friends and partners in the region, the other Six-Party partners, particularly China, who

has a unique relationship with North Korea, and encourage China to use its influence to try and persuade North Korea to take a different tack.

Mr. CHABOT. Thank you.

Mr. Countryman?

Mr. COUNTRYMAN. Nothing to add to that, sir.

Mr. CHABOT. Okay. Under President Park, South Korea intends to reach out and develop closer ties with China. As the ranking member, Mr. Faleomavaega, mentioned, President Park is meeting with President Xi, I believe today or at least they were heading there today. What can we expect from this visit, would you say? How is this going to affect future relations, et cetera, relatively briefly?

Mr. ZUMWALT. We have had extensive consultations with Korea about China. And, although I don't want to speak for the Korean Government, obviously, we think it is very helpful that she goes to China and talks directly. I think she will be asking China to use its influence to persuade North Korea to become serious about living up to its commitment to denuclearization.

Mr. CHABOT. Thank you.

Mr. Countryman?

[No response.]

Mr. CHABOT. All right. I will now recognize the ranking member, Mr. Faleomavaega, for 5 minutes for questions.

Mr. FALEOMAVAEGA. Thank you, Mr. Chairman.

Just a couple of questions. Secretary Zumwalt, did you say that the United States will not accept North Korea as a nuclear-armed state? The fact of the matter is North Korea already has in its possession eight to ten nuclear weapons. How do you denuclearize a state that already has nuclear weapons?

Mr. ZUMWALT. I agree with what you are saying, but North Korea has also expressed the desire to improve the welfare of its people. And our strategy is to convince North Korea that it is not possible both to be a nuclear weapon state and to have the kind of economic engagement with the world that would improve the livelihood of the North Korea people. So we are working with friends and allies in the region, including China, Japan, South Korea, and others, to impose economic sanctions that we hope would persuade North Korea that it must choose a different tack, begin serious negotiations about denuclearization so it can achieve what it wishes, which is improving the livelihood of the North Korean people.

Mr. FALEOMAVAEGA. Mr. Countryman?

Mr. COUNTRYMAN. I would just add not to underestimate the difficulty of the task, but the fact is that a unified world community sending a consistent message caused four states already, Ukraine, Kazakhstan, Belarus, and South Africa, to give up possession of nuclear weapons. It ain't easy, but it can be done.

Mr. FALEOMAVAEGA. You know, we have been participating in the Six-Party Talks with North Korea for the last 6 or 7 years, I believe. I certainly have some very serious questions on the validity and the value of continuing these Six-Party Talks because in my humble opinion, they have been a failure. Secretary Zumwalt, could you comment on that? Should we continue having these Six-Party

Talks? Because it seems like it has been just a whole bunch of rhetoric, "You said this," "I said that," and tit for tat; with no results. Can you comment on this? Should we continue having the Six-Party Talks?

And why should Russia be part of this when, in fact, at least if I am wrong, all North Korea wanted was to negotiate with the United States, perhaps even with South Korea? The other countries don't seem relevant, but I may be wrong. Could you enlighten us on this?

Mr. ZUMWALT. I agree with you that the purpose of talks is not to have talks but, rather, to achieve an objective. And our objective is denuclearization of the Korean Peninsula. And that is why our position now is we won't engage in Six-Party Talks until we see that North Korea is serious about implementing its international obligations and its own statement that it would aim for denuclearization of the Korean Peninsula. So until North Korea shows us that it was serious about this, we won't be engaging in talks.

Mr. FALEOMAVAEGA. The fact of the matter is—I may be wrong—that the only American that has ever met with Kim Jong-Un was a gentleman by the name of Dennis Rodman. Now, that is not exactly my idea of a serious negotiation, but the problem is we—if you call them experts or whatever we have out there, it is anybody's guess as to what exactly has been in the minds of the leaders of North Korea for all this time.

And I just wanted to ask, Mr. Countryman. You said that we do have this 123 nuclear agreement with South Korea. Do we have similar agreements with other countries? For example, is it similar to the one we have with India?

Mr. COUNTRYMAN. Each 123 agreement concluded under the authority of the Atomic Energy Act has certain common elements, as mandated by Congress, but each has unique elements that address the particular level of development of that country and the level of cooperation that we in that country are seeking to have with each other. So yes, every one is similar, but every one has unique characteristics as well.

Mr. FALEOMAVAEGA. Well, I am sure that one of the concerns that everybody has is that whether or not some day even South Korea may want to have nuclear capabilities for the simple reason that it wants to defend itself, no more than you would Japan, China, or other countries that have in their possession nuclear weapons.

And I am sure that this is part of the stipulations in this agreement that we are working on, but let's say—and I am being hypothetical about this. Do you see a real sense of realism in the fact that maybe one day South Korea may want to exercise that option, that they want to also become a nuclear power, just like other countries? Secretary Zumwalt?

Mr. ZUMWALT. President Park has stated very clearly her policy that South Korea does not seek nuclear weapons. In her address to the joint meeting of Congress, she said she supported President Obama's mission of a nuclear-free world. And she said let it start on the Korean Peninsula.

Mr. FALEOMAVAEGA. Thank you, Mr. Chairman. My time is up.

Mr. CHABOT. That is quite all right. The gentleman's time has expired.

The gentleman from Texas, Mr. Poe, is recognized.

Mr. POE. Thank you both for being here. Thank you for your candor, although it seems to me it is a little tactful candor. Let me just ask you bluntly, Mr. Zumwalt, does North Korea have nuclear weapons in your opinion?

Mr. ZUMWALT. North Korea has engaged in three nuclear tests. And we are very concerned about their nuclear weapons.

Mr. POE. So that would be? Is that a yes? Pick a horse and ride it. Is it yes or no?

Mr. ZUMWALT. They have them, yes.

Mr. POE. Mr. Countryman?

Mr. COUNTRYMAN. Yes.

Mr. POE. All right. Thank you.

If the United States proceeds after the 123 agreement on a long-term agreement with the problem being the advance consent to enrichment and reprocessing, do you think in your opinion we should make that additional step and grant that to South Korea?

Mr. COUNTRYMAN. Well, in the 123 agreement, that is, of course, one of several key questions that we are deciding and that we are negotiating. So it wouldn't go into deep detail about how we would resolve these issues between our two sides.

Mr. POE. Do you have an opinion?

Mr. COUNTRYMAN. Certainly.

Mr. POE. Can I hear what it is?

Mr. COUNTRYMAN. My opinion is that it is premature to decide every potential question. Rather, what we need to find is a process by which the U.S. and the ROK can together as partners make smart decisions about technologies on the basis of economics, technical feasibility, and nonproliferation concerns.

Mr. POE. All right. Based on your expertise, both of you, we move forward with that step. North Korea, Junior up there, what is he going to do? What is he going to say? What is he going to do? What is his reaction? I am talking about the President Kim. Excuse me.

Mr. COUNTRYMAN. I think the ranking member also has already pointed out that predictability is not the strongest suit of the DPRK. So I am reluctant to make a prediction, but it is an issue that we are constantly discussing with our key allies in the region, the ROK, and Japan, as well as with the Chinese. And I think that we—I will let Mr. Zumwalt comment further, but I think we do try to take into account to the extent possible the predicted result, the predicted reaction from Pyongyang.

Mr. POE. Mr. Zumwalt?

Mr. ZUMWALT. Yes. Earlier, when I had said we were looking to North Korea to take concrete steps to show it is serious about denuclearization, one type of step it could take is inviting back IAEA inspect its nuclear program. And that would provide a lot of reassurance in the region. So certainly the kinds of things we are talking about with South Korea I think are the types of things we would like to talk about with North Korea as well in terms of oversight of a nuclear program.

Mr. POE. Different issue: Japan. What is Japan's position on our 123 agreement and with Korea and then if we move forward with

advance consent to enrichment and reprocessing? Since you worked in both places and you speak all of the languages, what is your answer? What do you think, Mr. Zumwalt?

Mr. ZUMWALT. You know, Japan right now is undergoing its own rigorous debate about the future of its civilian nuclear power industry. And, as you know, there is a lot of opposition in Japan to continue its civilian nuclear program. At the same time, they have a lot of technologies and are interested in exporting nuclear power as well. So what I would answer is that the debate is ongoing in Japan. And it is not clear how they are going to come out.

Mr. POE. Maybe my question wasn't clear. I am not really talking about Japan. I am talking about Japan's position on us dealing with South Korea.

Mr. ZUMWALT. I don't want to speak for the Japanese Government, but I have not heard in many years living there concerns about the South Korean civilian nuclear program.

Mr. POE. Mr. Countryman??

Mr. COUNTRYMAN. I would say the same, that the Japanese have not expressed, to my knowledge, a view to the U.S. Government about our negotiation with a separate partner. I am not sure it would be appropriate for them to do so. We deal with each friend on our own terms, on the terms of that relationship.

Mr. POE. And then back to the question. We are all here in the next 15 seconds. How would the U.S. economy be affected if the 123 agreement is not approved?

Mr. COUNTRYMAN. Thank you. As I mentioned, there are exports from the United States. I am just trying to find the right numbers here. In the last 10 years, from 2001 to 2010, nuclear industry exports from the U.S. to the ROK totaled \$181 million in those 10 years. Another example of the kind of cooperation is the contract between the ROK and the United Arab Emirates for nuclear reactors. Westinghouse and other U.S. companies will carry out about 10 percent of the work associated with this project, amounting to about \$2 billion in equipment and services and about 5,000 American jobs across 17 states.

Mr. POE. Thank you, Mr. Chairman.

Mr. CHABOT. Thank you. The gentleman's time has expired.

The gentlelady from Hawaii, Ms. Gabbard, is recognized for 5 minutes.

Ms. GABBARD. Thank you very much, Mr. Chairman, ranking member. Thank you, gentlemen, for being here. I actually had a follow-up regarding the benefits here, specifically with U.S. jobs. I know the time had expired, am wondering if you had anything to add specifically on that considering a lot of the discussion has taken place on the benefit to our relationship with South Korea and the challenges that we are facing there in the region. I wanted to see if you could add anything else just to what this extension of the current 123 agreement does to both benefit the U.S.-Korea alliance but also benefit us here in the United States from an economic perspective.

Mr. COUNTRYMAN. Thank you. I don't think I will add additional numbers. These are estimates generated by the Nuclear Energy Institute, an industry association whom we respect. I think what I would emphasize that is always a concern for us is the predict-

ability of commercial contracts that maintaining the kind of cooperation that we have, the kind of exports that we hope to grow in the nuclear field requires countries such as the ROK and the United States to be able to rely on each other and to have that predictable business environment. So that is the point that goes beyond the numbers.

The other point is that the United States and the ROK I think have been the most dynamic and innovative of all states in developing their nuclear power industries, respectfully. If we both want to stay on top of this; that is, we both want to continue to have a reputation in the United States for producing the world's safest reactors for export, I think that we need to have that kind of predictability, which I am confident we will achieve by conclusion of a new agreement. We need this 2-year extension in the meantime.

Ms. GABBARD. Thank you. As we talk about how we deal here in the United States but also within the region with the nuclearization of North Korea, you know, we discuss President Obama's meeting with President Xi, President Park meeting with him now as well, what do you expect the outcomes of these discussions to be in the context of doing something differently than we have been to come out with a different outcome and to get us out of the vicious cycle that we have been in for so long with North Korea. And, really, what are the objectives now for the State Department to move toward the clear goal of denuclearization?

Mr. ZUMWALT. We have been encouraged by recent discussions with the Chinese, including the Chinese President, that China shares the same goal that we do of seeing a denuclearized Korean Peninsula because I think China has made it very clear recent actions by North Korea have not been in China's own interest. And so we want to work closely with China to implement U.N. sanctions in a way that will be more persuasive to change North Korea's mind that it really has to take a different approach toward this.

So right now, our efforts are not on talks with North Korea but more on creating the right environment so that in the future, we might be able to have such talks leading to denuclearization.

Ms. GABBARD. Do you think China's buy-in to this collective strategy is essential to meeting that objective?

Mr. ZUMWALT. China plays an essential role, but they border North Korea and have the most vibrant economic relationship. So their role is essential, yes.

Ms. GABBARD. And the last question. You know, South Korea in the last few years has been developing its own Korean air and missile defense. Understandably with the threat that comes from the north, what kinds of coordination and—or has there been engagement there so that there is a coordinated effort with South Korea and other East Asia allies to make sure that the coverage is not duplicative and the efforts are done so in a way that benefits our shared interests?

Mr. ZUMWALT. Yes. We have had a long series of discussions with our ally, the Republic of Korea, about what needs the alliance faces. And given a heightened threat from North Korea of North Korea's own missiles, we jointly agree that there is a need for some additional capabilities. And that is one reason we came to an

agreement with Republic of Korea about its revised missile guidelines so that we can address some of these concerns.

Ms. GABBARD. And with our allies within the region as well as others, has their missile defense development been received well?

Mr. ZUMWALT. Yes. In fact, I think everyone is concerned about the threat of North Korean missiles and wants to strengthen missile defense.

Ms. GABBARD. Thank you. Thank you, Mr. Chairman.

Mr. CHABOT. Thank you. The gentlelady yields back.

The gentleman from Florida, Mr. Yoho, is recognized for 5 minutes.

Dr. YOHO. Thank you, Mr. Chairman. Gentlemen, good afternoon.

I appreciate you being here. Korea to me is an amazing story about where it came from 60 years ago to where we are now. And I think we have all seen that satellite picture at night of the Southern peninsula and the Northern peninsula. The remarkable difference between what happens in a free society, we would surely want that to continue.

Coming from Florida—and my background is in agriculture—we are real happy about the free trade agreement. And I hear from my cattlemen in our district how impressed they are with the way the Koreans love our Florida beef, and we want to keep that going. In fact, they said they like that. They prefer it over the Australian beef. And so we are proud to report that back.

How do you envision a South Korea-China relationship under President Park, number one? And how will this affect a relationship with South Korea? And how will it affect both of their relationships with North Korea?

Mr. ZUMWALT. Well, thank you very much for your endorsement of U.S.-Korea free trade policy. We do have a lot of good news, particularly in the area of agriculture. Koreans very much appreciate high-quality, safe, inexpensive U.S. products. And I think we will have bright prospects for the future as well.

Dr. YOHO. Did I mention our grapefruits from Florida, too?

Mr. ZUMWALT. I was about to say citrus exports have been among the brightest of our exports. So yes, that is very good.

Dr. YOHO. That is good.

Mr. ZUMWALT. But, getting to the Korea-China relationship, you know, obviously China to Korea is a very important country. It is their largest trading partner. It is a very large economy right on their doorstep. But also, in dealing with North Korea, the South Korean Government recognizes that China plays a critical role.

We have had extensive discussions with South Korea about relations with China. And we are very comfortable with President Park's visit. We think it will be helpful in terms of convincing China to play a more active role dealing with North Korea. So we are expecting to hear some good results of her visit there and want to continue working closely with Korea as we both engage China.

Dr. YOHO. Thank you.

Mr. Countryman??

Mr. COUNTRYMAN. Nothing to add, sir

Dr. YOHO. Nothing? You know what? I have got to give you guys credit. I have been through a lot of these. You guys have short, suc-

cinct answers. And I know we all appreciate that. I hope my questions are short and succinct.

Let's see. What can the administration do to strengthen U.S. relationships in the Republic of South Korea? I mean, what else can we do?

Mr. ZUMWALT. You know, obviously, although we have an agreement on Korea, U.S. free trade agreement, we do have implementation going forward and want to continue engaging with each other to make sure implementation goes smoothly. Our agreement is that by 2016, 95 percent of U.S. manufactured exports would enter Korea duty-free. And so we anticipate increased exports but obviously want to keep working to make sure that the promise of that agreement is implemented.

On people-to-people ties, we have some very good prospects to continue encouraging Koreans to visit the United States, come to U.S. colleges. I know immigration issues are being debated now, and that is—

Dr. YOHO. The visa agreement increase, that would help? That would—

Mr. ZUMWALT. That is a very important discussion and is something that could continue strengthening ties. And, then, finally, continuing to strengthen our security alliance is very important. Several members have commented on how North Korean threats create a perception in South Korea of a challenge. And so one thing we need to do is to continue reassuring our allies that we will be there for them, we will be providing our extended deterrence guarantee, the nuclear umbrella so that Korea is not tempted to implement its own nuclear policy, they can count on us. And we need to keep providing that reassurance.

Dr. YOHO. Okay. Thank you.

Same?

Mr. COUNTRYMAN. Well, from where I sit, I would only emphasize the security relationship. Our security commitment to each other is absolutely unbreakable, but it is not self-implementing. That is, we have to work together on a daily basis, make sure we understand each other, make sure we have divided our roles and responsibilities accurately. And I think that we do that on a daily basis.

The military-to-military relationship and the understandings we have with each other on the political level, that kind of security understanding is the backbone of this relationship.

Dr. YOHO. Okay, Thank you.

Mr. Chairman, I yield back my time. Thank you.

Mr. CHABOT. Thank you. The gentleman yields back.

The ranking member, Mr. Sherman, is recognized for 5 minutes.

Mr. SHERMAN. Thank you.

Ambassador Zumwalt, I will spare you a question. I will just give you the comment. We have seen an increase in imports from South Korea that is larger than the increase in exports. In fact, we have seen a decline in exports after the effectiveness, after the U.S.-Korea free trade agreement went into effect.

Others from the administration in this room have said, "Well, there is not necessarily a relationship between trade deficits and the loss of jobs." And, rather than let you repeat that canard, I will

simply go on to Assistant Secretary Countryman. But there is not a foreign service in the world that is not ten times more dedicated to exports than our State Department. And there is not a foreign service in the world that doubts that trade deficit leads to job losses in their own country. The State Department is alone in its approach to trade.

Assistant Secretary Countryman, if I may quote your testimony, you say it takes some time to resolve the technical issues in the 123 agreement. The problem or the sticking point is whether there will be advance consent rights regarding the enrichment and reprocessing of U.S. fuel or, that is to say, U.S.-origin fuel and fuel that has gone through American reactors. Is that accurate? Can you comment on how the United States intends to address the enrichment and reprocessing in 123 agreements with not only Korea but Vietnam, Saudi Arabia, Jordan, and others?

I realize that you don't want to negotiate in public, but you are part of a democracy. And Americans would like to know what your position is going to be.

Mr. COUNTRYMAN. Well, you are right on several points. I wouldn't like to negotiate the entire agreement here in public. You are also correct that advance consent on use of U.S.-supplied materials and technology for enrichment and reprocessing is an important issue in this agreement. I remain convinced that this issue, like everything else that we are discussing within the agreement, is susceptible to the kind of solution that careful, patient, economic, technical analysis will allow us to achieve. And that is exactly the purpose of the joint fuel cycle study that we initiated 2 years ago that will run for 10 years and that will serve as the basis for important joint decisions that we will make about future fuel cycle in Korea.

Mr. SHERMAN. So that study will be done when?

Mr. COUNTRYMAN. 2021.

Mr. SHERMAN. So you are seeking an extension for just 2 years.

Mr. COUNTRYMAN. Yes.

Mr. SHERMAN. So you will be able to solve the problem when you get the study results in 2021, but you are asking for a 2-year extension? Enlighten me on the math of that.

Mr. COUNTRYMAN. Certainly.

Mr. SHERMAN. Are you going to be back here every 2 years for another 2-year extension?

Mr. COUNTRYMAN. God forbid. We are—

Mr. SHERMAN. How long have you been working on this? You have run out of time. You need another 2 years. How is it going?

Mr. COUNTRYMAN. We have been negotiating for 3 years. And I think it is going well, but I will be more—

Mr. SHERMAN. You have been negotiating for 3 years, and you need another 2 years. There are very few times where an argument lasts 5 years and it is described as "going well." But I hope you can get it done in 2 years.

Mr. COUNTRYMAN. I will not characterize it as an argument, sir. It is complex, without question.

Mr. SHERMAN. Difference in approach. Okay. I yield back. Thank you.

Mr. CHABOT. The gentleman yields back.

The gentleman from Texas, Mr. Castro, is recognized for 5 minutes.

Mr. CASTRO. Thank you, Chairman. And thank you, gentlemen, for your testimony this afternoon. I want to follow up on a little bit of your earlier answers to my colleagues' question over here.

Let me ask you, have recent provocations by North Korea affected our relationship with South Korea? And if so, how?

Mr. ZUMWALT. I think, if anything, it has only strengthened both sides' recognition that we need to work together very closely, both in order to deter provocations but also to forge the right kind of diplomatic strategy that may begin to have an impact on North Korea.

Mr. CASTRO. Sir?

Mr. COUNTRYMAN. Nothing to add.

Mr. CASTRO. And with respect to the 123 agreements, can you describe how they advance the administration's goal of non-proliferation, essentially how these agreements make the United States safer?

Mr. COUNTRYMAN. It is the longstanding policy of the United States, successive United States, administration, I think, given extra emphasis by President Obama and consistently supported by a strong majority in Congress to combat the proliferation of nuclear weapons around the world and specifically to discourage the spread of enrichment and reprocessing technology that are the technical basis for development of nuclear weapons. That remains our policy today.

In order to achieve that policy, we employ, in cooperation with partners around the world, a wide variety of tools. We rely, for example, upon the nuclear suppliers' group, that voluntary grouping of nuclear-capable nations that have reached agreement on what they will and won't export to different partners around the world.

We rely also upon the free market around the world in order to provide a reliable supply of fuel for nuclear power plants. And we seek to supplement that with fuel banks located in the United States and in Russia to guarantee against any deficiencies in the market so that there is no reasonable economic incentive for a country to develop a new enrichment capability. And one of the tools we use as well is, of course, the nuclear cooperation agreements, 123 agreements, by which the United States not only establishes its presence in the international markets but also is able to exert a benign influence upon states in order to further discourage the spread of such enrichment and reprocessing technology. And, taken together, we think that these have been successful in discouraging the spread of enrichment and reprocessing technology.

Mr. CASTRO. And there are 25 or so agreements across the world? Is that right?

Mr. COUNTRYMAN. I think that is about right. I will count them up again for you.

Mr. CASTRO. Sure. Oh, that is fine. That is fine. I think that is what it is.

Mr. COUNTRYMAN. 24.

Mr. CASTRO. 24. And what has been the effect on American industry—

Mr. COUNTRYMAN. Yes.

Mr. CASTRO [continuing]. Because of these agreements?

Mr. COUNTRYMAN. Well, when we are successful, as we generally have been, in concluding nuclear cooperation agreements, 123 agreements, it gives a very competitive American industry the ticket to go in and to persuade other countries, whether their utilities are private or public, of the important safety and economic benefits of U.S.-supplied equipment. So it has enabled us to compete successfully around the world in a variety of countries.

That said, the world is more and more competitive in this field. The United States has to do more in order to maintain its competitiveness with other countries. And we are committed to doing that.

Mr. CASTRO. Thank you. I yield back my time, sir.

Mr. CHABOT. The gentleman yields back. We have no additional questioners. The chair and I have to go back to Judiciary for the markup, so we won't go into a second round this afternoon.

We thank the gentlemen for their testimony. Members, without objection, will have 5 days to supplement their statements or ask questions.

Mr. FALEOMAVEGA. Mr. Chairman, I also would like to commend our two witnesses for their participation in this afternoon's hearing. I deeply appreciate their understanding of the issues that we have dealt with this afternoon. Thank you, Mr. Chairman.

Mr. CHABOT. Thank you very much. If there is no further business to come before the subcommittees, we are adjourned. Thank you.

[Whereupon, at 4:10 p.m., the subcommittees were adjourned.]

# APPENDIX



MATERIAL SUBMITTED FOR THE HEARING RECORD

**JOINT SUBCOMMITTEE HEARING NOTICE**  
**COMMITTEE ON FOREIGN AFFAIRS**  
U.S. HOUSE OF REPRESENTATIVES  
WASHINGTON, DC 20515-6128

**Subcommittee on Asia and the Pacific**  
**Steve Chabot (R-OH), Chairman**

**Subcommittee on Terrorism, Nonproliferation, and Trade**  
**Ted Poe (R-TX), Chairman**

June 25, 2013

**TO: MEMBERS OF THE COMMITTEE ON FOREIGN AFFAIRS**

You are respectfully requested to attend an OPEN hearing of the Committee on Foreign Affairs, to be held jointly by the Subcommittee on Asia and the Pacific and the Subcommittee on Terrorism, Nonproliferation, and Trade in Room 2172 of the Rayburn House Office Building (and available live on the Committee website at [www.foreignaffairs.house.gov](http://www.foreignaffairs.house.gov)):

**DATE:** Thursday, June 27, 2013

**TIME:** 2:00 p.m.

**SUBJECT:** Next Steps in the U.S. - Republic of Korea Alliance

**WITNESSES:** Mr. James P. Zumwalt  
Acting Assistant Secretary  
Bureau of East Asian and Pacific Affairs  
U.S. Department of State

The Honorable Thomas M. Countryman  
Assistant Secretary  
International Security and Nonproliferation  
U.S. Department of State

**By Direction of the Chairman**

The Committee on Foreign Affairs seeks to make its facilities accessible to persons with disabilities. If you are in need of special accommodations, please call 202-225-5021 at least four business days in advance of the event, whenever practicable. Questions with regard to special accommodations in general (including availability of Committee materials in alternative formats and assistive listening devices) may be directed to the Committee.



