

July 2003

DEFENSE INFRASTRUCTURE

Basing Uncertainties Necessitate Reevaluation of U.S. Construction Plans in South Korea



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Highlights

Highlights of [GAO-03-643](#), a report to congressional committees

Why GAO Did This Study

The U.S.-South Korean Land Partnership Plan (LPP), signed in March 2002, was designed to consolidate U.S. installations, improve combat readiness, enhance public safety, and strengthen the U.S.-South Korean alliance by addressing some of the causes of periodic tension associated with the U.S. presence in South Korea. The Senate report on military construction appropriations for fiscal year 2003 directed GAO to review the LPP. GAO adjusted its review to also address the effect of ongoing reassessments of U.S. overseas presence upon the LPP and other infrastructure needs.

In this report, GAO assessed (1) the scope of the LPP, (2) the implications on the LPP and other construction projects of proposals to change basing in South Korea, and (3) implementation challenges associated with the LPP that could affect future U.S. military construction projects in South Korea.

What GAO Recommends

GAO recommends (1) a reassessment of construction projects planned or under way in South Korea as ongoing studies of overseas presence and basing are finalized and (2) the development of a detailed South Korea-wide infrastructure master plan to guide future construction planning. DOD agreed with GAO's recommendations and indicated actions it is taking to address them.

www.gao.gov/cgi-bin/getrpt?GAO-03-643.

To view the full product, including the scope and methodology, click on the link above. For more information, contact Barry W. Holman at (202) 512-5581 or holmanb@gao.gov.

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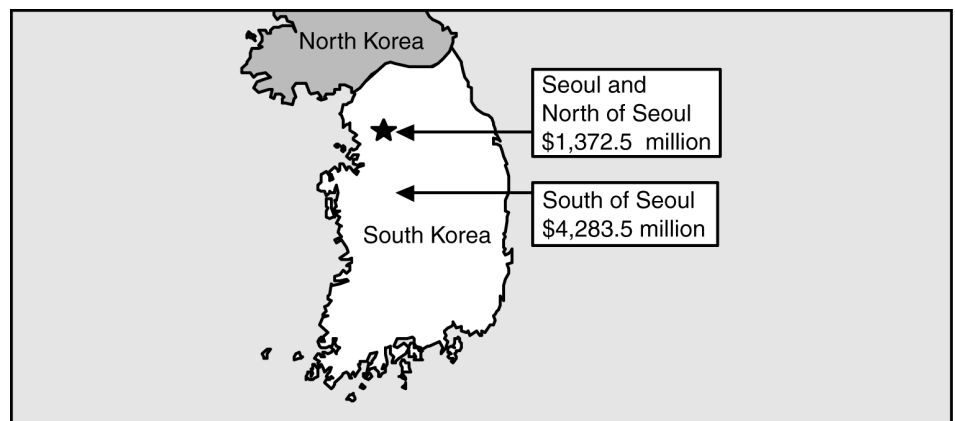
What GAO Found

Although broad in scope, the LPP was not designed to resolve all U.S. military infrastructure issues. Specifically, the plan was intended to resolve 49 of the 89 separate land disputes that were pending in South Korea. Of the land disputes the plan did not address, the most politically significant, complex, and expensive dispute involves the potential relocation of U.S. forces from Yongsan Army Garrison, located in the Seoul metropolitan area. As a result, the LPP, as approved, covered about 37 percent of the \$5.6 billion in construction costs planned at U.S. military installations in South Korea over the next 10 years.

Ongoing reassessments of U.S. overseas presence and basing requirements could diminish the need for and alter the locations of many construction projects in South Korea, both those associated with the LPP and those unrelated to it. For example, over \$1 billion of ongoing and planned construction associated with improving military infrastructure at Yongsan Army Garrison and U.S. installations located north of Seoul—areas where there is uncertainty about future U.S. presence—has recently been put on hold, canceled, or redirected to an installation located south of Seoul.

GAO identified some key challenges that could adversely affect the implementation of the LPP and future U.S. military construction projects throughout South Korea. First, the plan relies on various funding sources, including funding realized through land sales from property returned by the United States. The extent to which these sources of funding would be required and available for broader infrastructure changes is not yet clear. Second, a master plan would be needed to guide future military construction to reposition U.S. forces and basing in South Korea.

Ongoing and Planned Construction on U.S. Installations in South Korea, as of March 2003



Source: U.S. Forces Korea.

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Abbreviations

DOD	Department of Defense
LPP	Land Partnership Plan

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United States General Accounting Office
Washington, DC 20548

July 15, 2003

Congressional Committees

Military officials from the United States and the Republic of Korea (hereafter referred to as South Korea) signed an agreement known as the Land Partnership Plan (LPP) on March 29, 2002. The LPP was described by the parties to the agreement as a cooperative U.S.-South Korean effort to consolidate U.S. installations and training areas, improve combat readiness, enhance public safety, and strengthen the U.S.-South Korean alliance by addressing some of the causes of periodic tension and discontent among South Koreans regarding the U.S. presence in South Korea. The LPP, as originally approved, promised to reduce the number of U.S. military troop installations from 41 to 23 and to consolidate many U.S. facilities north of Seoul (the capital of South Korea), along with other facilities south of Seoul. Under the plan, financing of new construction to support consolidations and relocations of U.S. forces in South Korea was expected to rely on revenue generated from land sales following U.S. return of selected facilities and training lands to South Korea, on host nation funding, and on U.S. military construction funding. The LPP was predicated on continuing to maintain U.S. bases and facilities north of Seoul (near the demilitarized zone that separates North Korea from South Korea). Since passage of the LPP by the South Korea National Assembly on October 30, 2002, there have been various indications that the United States is re-examining how and where it may want to station its forces overseas in the future. Prominent among them have been statements by U.S. officials that the United States is considering a range of options for its troops in South Korea, including repositioning them away from Seoul and from areas north of Seoul (near the demilitarized zone).

The Senate report on military construction appropriations for fiscal year 2003¹ directed us to review the LPP to provide the Congress with a better understanding of the plan, associated costs, burden-sharing implications, and other related factors that the plan may not address. In light of ongoing reassessments of the U.S. presence overseas, which could affect basing requirements, we adjusted our review to also address the effect of potential basing changes upon the LPP and the U.S. military's infrastructure in South Korea. This report assesses (1) the scope and cost of the LPP in relation to total infrastructure issues in South Korea, (2) the

¹ S. Rpt. No. 107-202, at 26 (2002).

implications on the LPP and other construction projects in South Korea of recent proposals to reposition U.S. forces in South Korea, and (3) the implementation challenges associated with the LPP that could affect future U.S. military construction projects in South Korea. Briefings were provided to various congressional defense committee staffs regarding our preliminary findings during our review. This report updates that information and provides our final analysis.

In conducting this review, we met with officials responsible for developing and managing the LPP and military construction projects throughout South Korea, and we analyzed projected costs and funding streams. We visited 16 U.S. military installations and facilities in South Korea that would be affected by the plan, including sites that will be closed, partially closed, or expanded. We also visited land transfer sites that remain unresolved and military construction projects that are not addressed in the plan, and we met with officials from the Department of Defense and the Department of State to identify challenges that could also affect future military construction projects throughout South Korea. In addition, we interviewed officials and reviewed documents from the Department of Defense, which provided perspective on the department's studies concerning a potential change to the role, size, and basing of U.S. forces in South Korea. More information on the scope and methodology of our work is presented in appendix I.

Results in Brief

Although broad in scope, the Land Partnership Plan, as approved, was not designed to entirely resolve U.S. military infrastructure issues, and it did not address some of the more challenging land disputes, such as the relocation of U.S. forces from the Seoul metropolitan area. However, the LPP represented a step forward in addressing U.S. military infrastructure issues in South Korea related to improving servicemembers' quality of life, combat readiness, and relations between South Korea and U.S. forces. From a cost standpoint, the LPP encompassed about \$2 billion of the \$5.6 billion that the U.S. military and South Korea planned to spend to improve the U.S. military infrastructure in South Korea from 2002 through 2011. The LPP was intended to resolve 49 of the 89 separate land disputes (55 percent) that were pending in South Korea in January 2003. Of the land disputes the plan did not address, the most politically significant, complex, and expensive dispute involving the potential relocation of U.S. forces

from Yongsan Army Garrison, located in the Seoul metropolitan area.² A previous agreement between the United States and South Korea in 1991 called for the relocation of U.S. troops stationed there and the return of garrison lands and facilities to South Korea. The South Korean government had agreed to pay for the costs of the relocation; however, the relocation did not occur due to its anticipated high cost.

Ongoing reassessments of U.S. overseas presence and basing requirements are expected to change U.S. basing in South Korea significantly beyond that envisioned under the LPP and would diminish the need for and alter the locations of many construction projects, both those associated with the plan and those unrelated to it; in addition, costs could increase. The Department of Defense is conducting multiple studies related to future overseas presence, and available information indicates that at least tentative decisions have been made to reposition, over time, U.S. troops away from facilities in Seoul and away from areas north of Seoul. The full results of these studies and related negotiations may not be available for several months; consequently, sufficient information is not currently available to determine the full magnitude of modifications to existing basing arrangements that will be required. However, we were told that the United States would likely concentrate its forces in far fewer, though larger, installations than were envisioned under the LPP. According to a U.S. Forces Korea official, until recently there had been about \$1.3 billion of ongoing and planned construction associated with improving military infrastructure at Yongsan Army Garrison and U.S. installations located north of Seoul—areas where there is uncertainty about the future U.S. presence. However, U.S. Forces Korea officials recently announced that they were reviewing these projects and that over \$1 billion of the ongoing and planned construction had been put on hold. Further, the Department of Defense recently submitted a budget amendment to the Congress to cancel about \$5 million of construction projects planned for the garrison and to redirect \$212.8 million of construction planned for the garrison and northern installations to an installation located south of Seoul.

² Yongsan Army Garrison is surrounded by residential and commercial high-rises. Yongsan Army Garrison is the headquarters for the U.S. military presence in South Korea, including headquarters facilities for the United Nations Command, the United States-Republic of Korea Combined Forces Command, United States Forces Korea, and the Eighth United States Army. Yongsan employs 2,500 U.S. military personnel, 1,000 U.S. civilians, 6,000 Korean civilians, and more than 1,000 South Korean military personnel. In addition, 3,500 military and civilian employees reside on the property or live in neighborhoods adjacent to the garrison.

Our review of the LPP identified some key challenges that could have adversely affected the implementation of the LPP, as originally approved, and which also could affect future U.S. military construction projects throughout South Korea with the larger-scale changes now likely. First, the plan is dependent on substantial amounts of funding that South Korea expects to realize through land sales from property returned by the United States, host-nation-funded construction, and U.S. military construction funds. The extent to which these sources of funding would be available to support broader infrastructure changes is unclear, particularly the relocation of forces from Yongsan Army Garrison. While the South Korean government is expected to remain responsible for providing funding for this relocation, the Yongsan Army Garrison property reportedly would be used for municipal purposes and would not be subject to resale to provide funding to support relocation of U.S. forces, as is the approach to basing changes under the LPP. At this point, insufficient information is available to determine precisely how many replacement facilities will be required for U.S. troops moving out of Yongsan Army Garrison and facilities north of Seoul and any difficulties that might be encountered in obtaining the funding. The LPP also relied on using up to 50 percent of South Korea's host nation funding,³ which would have limited the availability of these funds for other uses. To what extent these funds would be used for additional troop relocations is not yet clear. Second, implementation of the LPP involves a closely knit series of tasks to phase out some facilities and installations while phasing in new facilities and expanding other facilities and installations. U.S. Forces Korea was developing a master plan to manage this complex task and control future changes to guide its implementation of the LPP, but in light of the expected broader repositioning of forces in South Korea much greater changes in the numbers of affected bases and locations are anticipated. These changes, not yet finalized, suggest the need for a revised road map to manage and guide future facilities requirements and changes in South Korea.

We are making recommendations in this report to the Secretary of Defense to (1) require a reassessment of planned construction projects in South Korea as the results of ongoing studies associated with overseas presence and basing are finalized and (2) prepare a detailed South Korea-wide infrastructure master plan to manage the changing infrastructure plans

³ The host-nation-funded construction program is part of the South Korea burden-sharing arrangement covered by the Mutual Defense Treaty between South Korea and the United States and represents the largest single source of major construction funds for U.S. Forces Korea.

for South Korea. In commenting on a draft of this report, the Department of Defense agreed with our recommendations and pointed out that it is taking actions to ensure that all planned construction projects support decisions regarding global presence and basing strategy and that all master plans are adjusted to support these decisions.

Background

U.S. interests in South Korea involve a wide range of security, economic, and political concerns. The United States has remained committed to maintaining peace on the Korean Peninsula since the 1950 to 1953 Korean War.⁴ Although most of the property that the United States once controlled has been returned to South Korea, the United States maintains about 37,000 troops in South Korea, which are currently scattered across 41 troop installations and an additional 54 small camps and support sites.

According to U.S. Forces Korea officials, many of the facilities there are obsolete, poorly maintained, and in disrepair to the extent that the living and working conditions in South Korea are considered to be the worst in the Department of Defense (DOD).⁵ We observed many of these conditions during our visits to U.S. facilities and installations in South Korea. While improvements have been made in recent years, U.S. military personnel still use, as shown in figure 1, some Korean War-era Quonset huts for housing.

⁴ In 1954, the United States and South Korea agreed to the Mutual Defense Treaty between South Korea and the United States.

⁵ Examples of poor living and working conditions include daily electrical outages; air conditioning failures during the summer; inadequate heating during the winter, including unheated showers and latrines; and the presence of asbestos in family housing units.

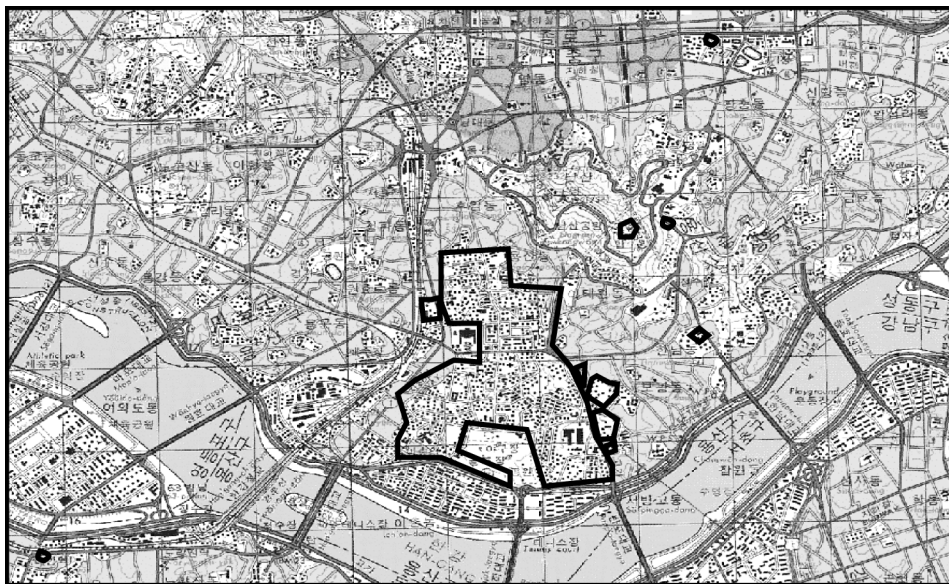
Figure 1: Quonset Hut Used for Barracks at Camp Greaves



Source: GAO.

Improving overall facilities used by the United States in South Korea will require an enormous investment. At the same time, rapid growth and urbanization in South Korea during the last several decades have created a greater demand for land and increased encroachments on areas used by U.S. forces. Consequently, many of the smaller U.S. camps and training areas that were originally located in isolated areas are now in the middle of large urban centers, where their presence has caused friction with local residents; urban locations also limit the ability of U.S. forces to train effectively. Figure 2 shows the boundaries of Yongsan Army Garrison and other U.S. installations that have become encircled by the city of Seoul.

Figure 2: U.S. Installations Located in the Seoul Metropolitan Area



Source: U.S. Forces Korea.

Historically, DOD reports difficulties filling its military personnel assignments in South Korea, which are generally 1-year hardship tours in which 90 percent of the assigned military personnel are unaccompanied by their families. A DOD survey conducted in 2001 found that Army and Air Force personnel considered South Korea as the least desirable assignment and that many soldiers were avoiding service in South Korea by various means, including retirement and declining to accept command assignments. U.S. Forces Korea has wanted to make South Korea an assignment of choice by improving living and working conditions, modifying assignment policies to increase accompanied tours to 25 percent by 2010, and reducing the out-of-pocket expenses for personnel to maintain a second household in South Korea.

Korea Land Partnership Plan

To address these problems, military officials from the United States and South Korea signed the Land Partnership Plan on March 29, 2002. The LPP, as originally approved, was described as a cooperative U.S.-South Korean effort to consolidate U.S. installations and training areas, improve combat readiness, enhance public safety, and strengthen the U.S.-South Korean alliance. The United States views the plan as a binding agreement under the Status of Forces Agreement, not as a separate treaty. However, U.S. Forces Korea officials told us that South Korea views the plan as a

treaty requiring approval by the South Korea National Assembly and that approval occurred on October 30, 2002.

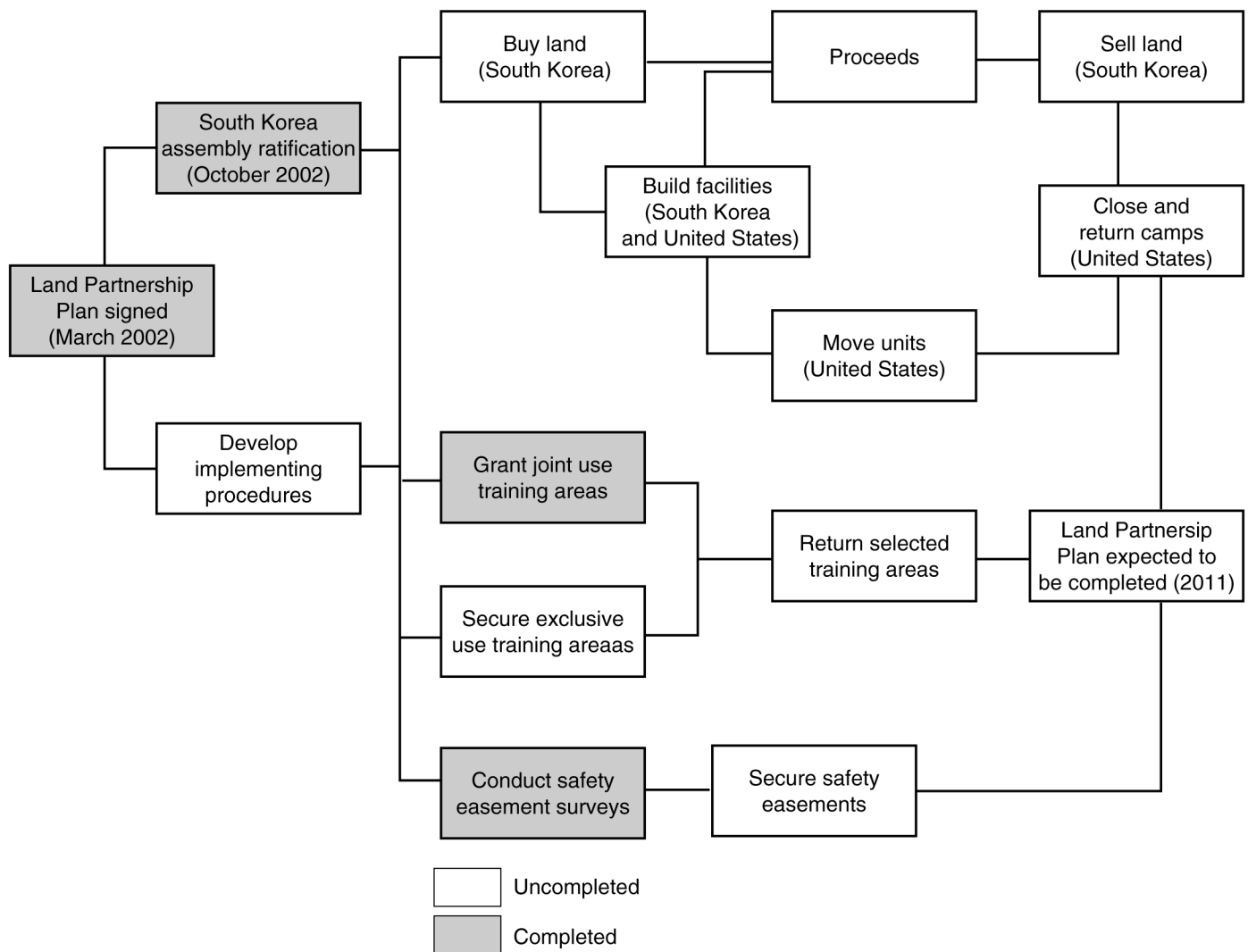
The three components of the plan are as follows:

- Installations—establishes a timeline for the grant of new land, the construction of new facilities, and the closure of installations. The plan calls for the number of U.S. military installations to drop from 41 to 23. To accomplish this, the military will close or partially close some sites, while enlarging or creating other installations.
- Training areas—returns training areas in exchange for guaranteed time on South Korean ranges and training areas. The plan calls for the consolidation and protection of remaining U.S. training areas.
- Safety easements⁶—acknowledges that South Korean citizens are at risk of injury or death in the event of an explosion of U.S. weapons, provides a prioritized list of required safety easements, and establishes a procedure and timeline for enforcing the easements.

The costs of the LPP must be shared between the United States and South Korea. U.S. funding is provided from the military construction and operations and maintenance accounts and from nonappropriated funds. The South Korean government provides host nation funds and funding obtained from sales of property returned to South Korea by the United States. As a general rule, the United States funds the relocation of units from camps that it wishes to close, and South Korea funds the relocation of units from camps South Korea has asked to be closed. The execution of the LPP is shown on figure 3.

⁶ The LPP defines a safety easement as the distance from an explosive area that personnel and structures must be kept and is directly related to the quantity and types of explosives and ammunition present.

Figure 3: Execution of the Land Partnership Plan



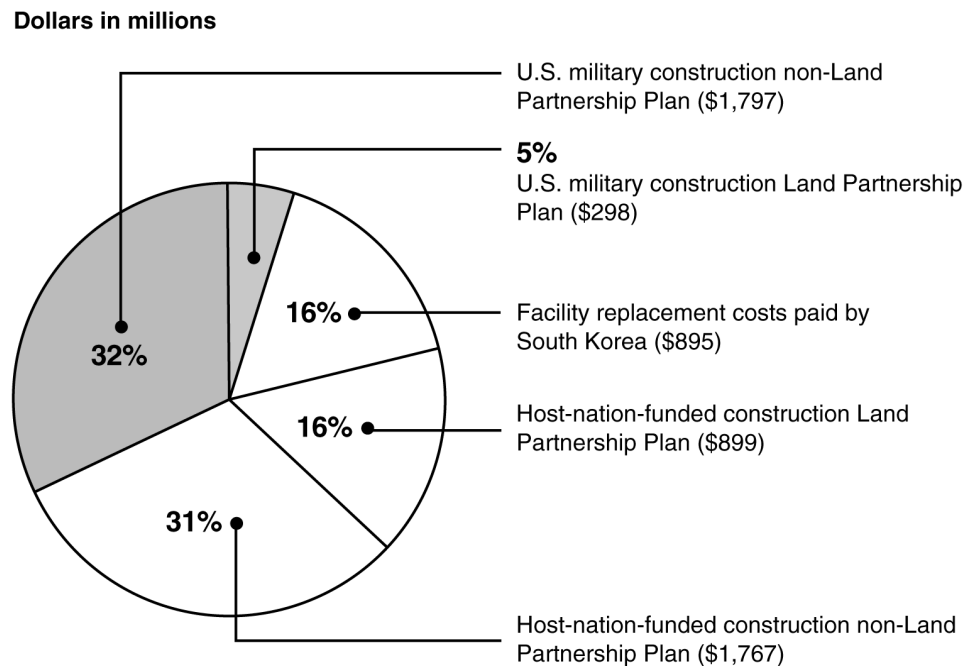
Source U.S. Forces Korea.

The target date for the completion of the LPP was December 31, 2011, although the timetable and the scale could be adjusted by mutual agreement. More information on the plan as originally envisioned is included in appendix II.

Infrastructure Funding

U.S. military infrastructure funding in South Korea involves multiple organizations and sources. It involves 10 organizations from the United States (Army, Navy, Air Force, Marine Corps, Special Operations, Army and Air Force Exchange Service, Defense Logistics Agency, Department of Defense Dependents School, Medical Command, and Defense Commissary Agency), as well as construction funded by South Korea. These organizations provide funding for military construction using five different sources of money—U.S. military construction funds, U.S. operations and maintenance funds, U.S. nonappropriated funds, South Korea-funded construction, and South Korea combined defense improvement program funding. Figure 4 shows the sources of funding for \$5.6 billion that, until recently, was planned for infrastructure construction costs for U.S. installations in South Korea during the 2002 through 2011 time frame.

Figure 4: Sources of Funding for Planned Infrastructure Construction Costs in South Korea, Fiscal Years 2002-2011

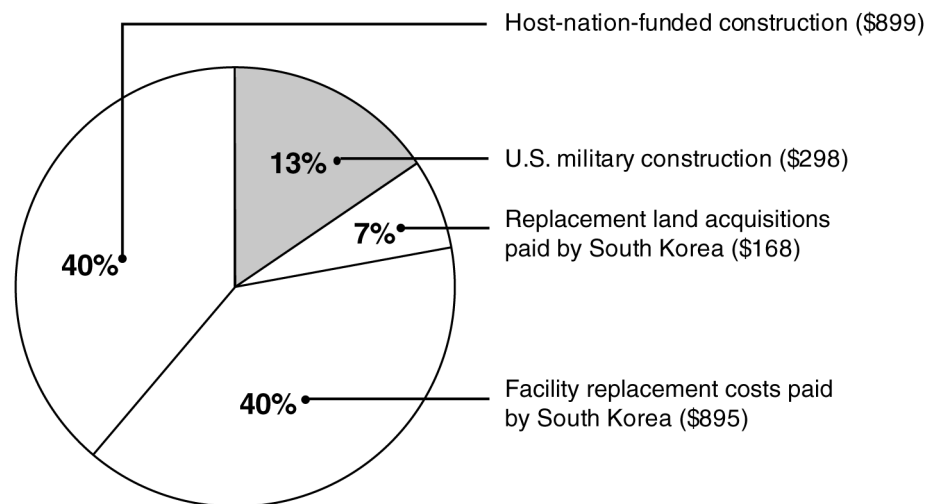


Source: U.S. Forces Korea.

Most of the approximately \$2 billion projected cost of implementing the plan was expected to be paid for by the government of South Korea, with much of it financed through land sales from property returned by the United States. Figure 5 shows all planned funding sources and amounts for the plan.

Figure 5: Land Partnership Plan Funding Sources, Fiscal Years 2002-2011

Dollars in millions



Source: U.S. Forces Korea.

More information on funding and sequencing actions associated with the LPP, as originally approved, is included in appendix II.

A wide array of military operations-related facilities (command and administrative offices, barracks, and maintenance facilities) and dependent-related facilities and services (family housing units; schools; base exchanges; morale, welfare, and recreation facilities; child care programs; and youth services) have recently been constructed or are in the process of being constructed in South Korea. Typically, as U.S. installations overseas are vacated and turned over to host governments, the status of forces agreements between the United States and host governments address any residual value remaining, at the time of release, of construction and improvements that were financed by the United States. The agreement in South Korea differs from the agreements used in some other overseas locations where the United States receives residual value for returned property—such as currently in Germany—in that South

Korea is not obliged to make any compensation to the United States for any improvements made in facilities and areas or for the buildings and structures left there.

Stationing of Troops in South Korea May Be Changing

In recent months, political dynamics in South Korea have been changing as DOD has been reassessing future overseas basing requirements. According to U.S. Forces Korea officials, there have always been groups in South Korea that have criticized the U.S. presence and have claimed that the U.S. presence hinders reconciliation between North and South Korea. Demonstrations against American military presence increased sharply during last year's South Korean presidential election. South Koreans were angered in November 2002 by a U.S. military court's acquittal of two American soldiers charged in association with a tragic training accident that claimed the lives of two South Korean schoolgirls in June 2002. The South Korean government wanted the two American soldiers who had been operating the vehicle involved in the accident turned over to South Korean authorities; however, they were tried in a U.S. military court. As a result, South Koreans demonstrated against U.S. forces in Korea, carried out isolated violence directed at U.S. soldiers, and practiced discrimination against Americans (such as businesses refusing to serve them). Subsequently, other groups demonstrated in support of the U.S. government. At the same time, the United States and South Korea were working to strengthen their alliance and to address issues involving North Korea's active nuclear weapons program and the proliferation of its missile programs.

In December 2002, the Secretary of Defense and the Defense Minister of South Korea agreed to conduct a Future of the Alliance study to assess the roles, missions, capabilities, force structure, and stationing of U.S. forces, including having South Korea assume the predominant role in its defense and increasing both South Korean and U.S. involvement in regional security cooperation. The results of the Future of the Alliance study are not expected until later this year. In February 2003, the Secretary of Defense testified before the Congress that the United States was considering the relocation of U.S. troops now based within and north of Seoul, including those near the demilitarized zone. Consideration of such a move would be in keeping with a broader reassessment of U.S. presence overseas that is now underway. In April 2003, the Deputy Assistant Secretary of Defense for Asian and Pacific Affairs and other U.S. officials met with officials of the South Korean Ministry of National Defense to discuss redeploying U.S. troops and relocating key military bases in South Korea. Following these discussions, the U.S. and Korean press reported

that the United States would relocate from Yongsan Army Garrison in Seoul to an area located south of Seoul. According to the U.S. Deputy Assistant Secretary of Defense for Asian and Pacific Affairs, both South Korea and the United States have decided that this is an issue that cannot wait any longer for resolution. U.S. and South Korean officials are expected to hold more discussions to finalize the realignment of U.S. troops by fall 2003.

Moreover, the Secretary of Defense has recently directed acceleration on work that began during the development of the 2001 Quadrennial Defense Review, related to the global positioning of U.S. forces and their supporting infrastructure outside the United States. In March 2003, the Secretary of Defense requested that the Under Secretary of Defense for Policy and the Chairman, Joint Chiefs of Staff, develop a comprehensive and integrated presence and basing strategy for the next 10 years. An Integrated Global Presence and Basing Strategy will build upon multiple DOD studies, including the Overseas Basing and Requirements Study, the Overseas Presence Study, and the U.S. Global Posture Study. In addition, the Integrated Global Presence and Basing Strategy will use information from the combatant commanders to determine the appropriate location of the infrastructure necessary to execute U.S. defense strategy. The Integrated Global Presence and Basing Strategy is not expected to be completed until the summer of 2003. However, we were recently told by DOD officials that the United States will likely concentrate its forces in South Korea in far fewer, though larger, installations than were initially envisioned under the LPP, and that over time the forces now located north of Seoul will be relocated south of Seoul.

Land Partnership Plan as Originally Approved Addressed a Portion of Previously Existing U.S. Military Infrastructure Needs in South Korea

Although the Land Partnership Plan as approved was broad in scope, it was designed to address only a portion of the U.S. military's previously existing infrastructure needs in South Korea, and it left unresolved a number of significant land disputes. Specifically, the LPP covered about 37 percent of the construction costs planned at U.S. military installations in South Korea over the next 10 years, encompassing about \$2 billion of the \$5.6 billion that the U.S. military and South Korea planned to spend to improve the U.S. military infrastructure in South Korea from 2002 through 2011. It was intended to resolve 55 percent, or 49, of the 89 separate land disputes that were pending in South Korea in January 2003,⁷ which was considered a significant step forward. One example of a land dispute that would be resolved under the LPP involves Camp Hialeah, located on the southern tip of the Korean peninsula in the port city of Pusan, South Korea's second largest city. According to press reports, South Korea wanted this base returned because of its proximity to the port and the impediments it posed to urban redevelopment. However, no relocation agreement could be reached until the LPP included an agreement to begin relocating Camp Hialeah's functions to a new site in Noksan, South Korea, in 2008 and to close Camp Hialeah in 2011. According to press reports attributed to an official from the South Korean Ministry of Foreign Affairs and Trade, relocating in-city bases like Camp Hialeah would help lessen the potential tension between U.S. forces and neighboring communities.

Although the plan was considered a major step forward, it was not designed to resolve a number of significant land disputes. As far back as far as 1982, negotiations over some land returns have been deadlocked and left unresolved. For example, the relocation of Yongsan Army Garrison⁸ remained unresolved because of its projected financial cost to South Korea. The relocation of the garrison has been and continues to be a politically sensitive, complex, and expensive issue for U.S. Forces Korea and the South Korean government. In 1991, the governments of the United States and South Korea signed an agreement to relocate the garrison by 1996. In 1993, the plan was suspended, largely because of the anticipated

⁷ Since 1969, U.S. Forces Korea has reportedly returned 87 percent of the land it once controlled. During this time, additional land returns have been attempted, but these were stalled when disputes arose involving ownership and future use.

⁸ In addition to traditional military facilities, Yongsan Army Garrison includes support facilities associated with a small city, for example, a hospital, a fire station, a police force, commissary and exchange facilities, schools, theaters, restaurants, a hotel, sports and recreational facilities, and water and sewage treatment plants.

high cost⁹ and the lack of alternative locations for the garrison. More than a decade later, the relocation of Yongsan is an ongoing, contentious issue. Since the 1990s, U.S. military and South Korean officials have held discussions on moving the military base out of the city, including screening various suburb locations. In December 2002, the United States and South Korea agreed on the need to find a mutually acceptable way to relocate U.S. forces outside the city of Seoul as a result of the Future of the Alliance Study.

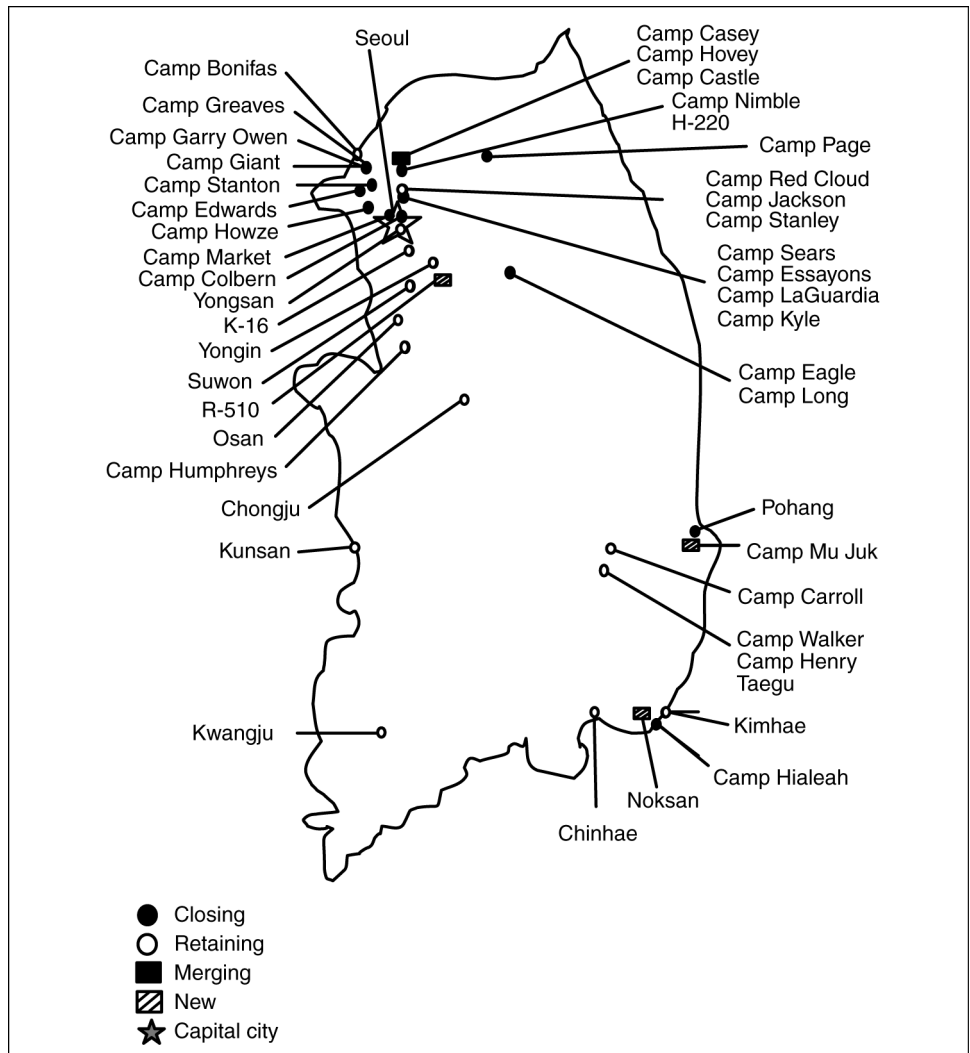
Ongoing Studies Are Expected to Alter Previously Planned LPP Construction Projects

DOD has had many construction projects underway in South Korea, both within and outside of the LPP. However, DOD-sponsored studies now underway examining future overseas presence requirements are likely to significantly change the number and locations for U.S. military bases in South Korea. As noted, we were recently told that the United States will likely concentrate its forces in far fewer, though larger, installations than were envisioned under the LPP and that, over time, the forces would be relocated south of Seoul.¹⁰ Therefore, a number of sites and facilities retained under the LPP are likely to be affected. Figure 6 shows the locations of U.S. troop installations in South Korea under the LPP, as originally approved.

⁹ There have been various indications that the cost of relocating Yongsan Army Garrison could have been from \$1.7 billion to \$9.5 billion (in 1993 dollars). According to DOD, there has never been a detailed or agreed upon cost estimate for the relocation of Yongsan Army Garrison.

¹⁰ According to press reports, the relocations would occur in two phases. During phase one, U.S. forces located north of Seoul would consolidate on a smaller number of bases. During phase two, these forces and forces in the Seoul metropolitan area would move to key hubs south of Seoul.

Figure 6: U.S. Troop Installations Located in South Korea Under the Land Partnership Plan



Source: U.S. Forces Korea.

Except as otherwise provided by the LPP, South Korea is not obliged to compensate the United States for any improvements made in facilities and areas or for the buildings and structures left behind. This could be particularly important because of military infrastructure projects planned or underway in areas from which the United States is considering relocating its troops, including Seoul's Yongsan Army Garrison and U.S. installations located north of Seoul, which, according to a U.S. Forces Korea official, had recently represented \$1.3 billion in ongoing or planned

construction projects.¹¹ For example, construction projects in Yongsan included apartment high-rises for unaccompanied soldiers, a hospital, a sports and recreation complex, a mini-mall, and an overpass between Yongsan's main and south posts. We discussed with U.S. Forces Korea officials the need to reassess construction projects under way or planned in South Korea and to delay the execution of some projects until better decision-making information becomes available. Subsequently, U.S. Forces Korea officials announced that they were reviewing all projects and that over \$1 billion in ongoing and planned construction had been put on hold. Further, DOD recently submitted an amendment to the President's fiscal year 2004 budget to the Congress to cancel about \$5 million of construction projects planned for the garrison and to redirect \$212.8 million of construction planned for the garrison and northern installations to an installation located south of Seoul.

Challenges to Completing Land Partnership Plan and Other Planned Construction Projects throughout South Korea

During the initial phase of our review we identified funding and other management challenges that could adversely affect the implementation of the Land Partnership Plan. As we considered these issues in light of the potential for even greater basing changes, we recognized that they could also affect the associated U.S. military construction projects throughout South Korea. First, the LPP is dependent on substantial amounts of funding that South Korea expects to realize through land sales from property returned by the United States, host-nation-funded construction, and U.S. military construction funds. While U.S. Forces Korea officials expect to build on this LPP framework for likely additional basing changes, the details have not been finalized for the broader changes. As U.S. Forces Korea revises its plans, competition for limited funding for other priorities could become an issue. Second, U.S. Forces Korea does not have a detailed road map to manage current and future facilities requirements in South Korea.

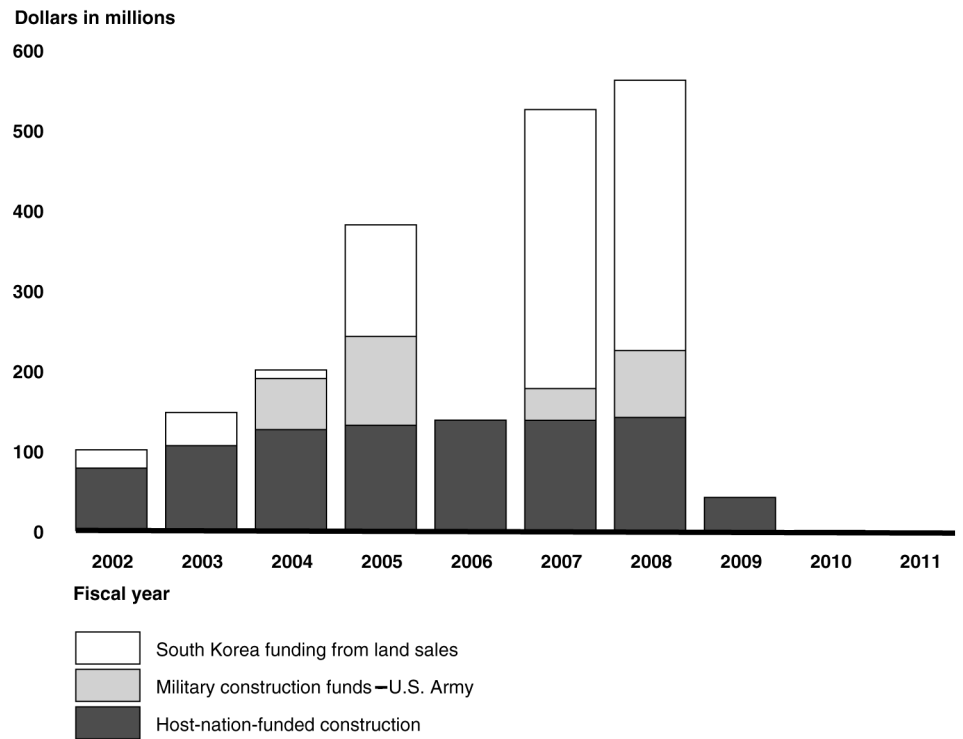
Funding Sources and Competition for Funding Are Challenges

The LPP, as originally approved, was dependent on substantial amounts of South Korean funding to be realized through land sales, host-nation-funded construction, and U.S. military construction funds. The extent to which these sources of funding would be required and available for broader infrastructure changes is not yet clear, particularly for the

¹¹ According to a U.S. Forces Korea official, of the \$1.3 billion in construction projects, \$491 million was for ongoing or planned for Yongsan Army Garrison in Seoul.

relocation of Yongsan Army Garrison. While U.S. officials expect the South Korean government to fund much of the cost of these additional basing changes, details have not yet been finalized. The South Korean government is also expected to remain responsible for providing funding for the relocation of forces now based at the Yongsan Army Garrison property, although those costs could be reduced by the fact that a residual number of U.S. and United Nations personnel are expected to remain at Yongsan. It should also be noted that the Yongsan Garrison property is expected to be used for municipal purposes and is not subject to resale to provide funding to support relocation of U.S. forces. At this point, insufficient information is available to determine precisely how many replacement facilities will be required for U.S. troops moving out of Yongsan Garrison and to anticipate any difficulties that might be encountered in obtaining the funding. However, if South Korea encounters problems or delays in acquiring needed lands and providing replacement facilities, future projects could be delayed. Figure 7 presents the amount of funding, as of May 2003, that the United States and South Korean governments expected to pay for the LPP—as originally approved—by fiscal year. The funding amounts for fiscal year 2004 and beyond are subject to revision.

Figure 7: Estimated Funding Requirements for the Land Partnership Plan



Source: U.S. Forces Korea.

The LPP, as originally approved, was dependent on designating up to 50 percent of South Korea's host nation funding for construction. Historically, the stability of host nation funding from South Korea has been subject to some uncertainty because international economic factors have played a part in determining the level of funding.¹² South Korea host nation payments are paid in both South Korean won and U.S. dollars; consequently, a downturn in the South Korean economy or a sharp fluctuation in the South Korean currency could affect the South Korean government's payments. For example, during South Korea's economic downturn in 1998, host nation payments were less than expected (the United States received from South Korea \$314.2 million of the \$399 million that had been agreed to).

¹² The annual level of host-nation-funded construction is determined between the U.S. Department of State and the South Korea Ministry of Foreign Affairs and Trade and is negotiated for a 3-year time frame.

Designating up to 50 percent of host nation funding for the LPP would also limit funding for readiness and other needs. Non-LPP readiness-related infrastructure funding shortages previously identified in readiness reports at the time of our visit to South Korea in November 2002 were estimated to be in the hundreds of millions of dollars and represented competing requirements for limited funding. Such needs included Air Force facilities at Osan and Kunsan (\$338.2 million), Navy facilities at Pohang and Chinhae (\$10.3 million), and Army facilities at Humphreys, Carroll, and Tango (\$25.2 million). Recently, U.S. Forces Korea officials have also expressed the desire to increase from 10 percent to 25 percent the number of servicemembers in South Korea who are permitted to be accompanied by their families. While these expressions have not been finalized, such an increase could be expected to cause a significant increase in the demand for housing, schools, and other support services and could result in greater competition for U.S. and Korean funding. For example, U.S. Forces Korea officials estimated that the increased demand for housing alone would cost \$900 million in traditional military construction funding and, to reduce costs, officials were exploring a build-to-lease program using Korean private-sector funding and host-nation-funded construction, where possible.

In the past, funding from U.S. military construction accounts, which represent 13 percent of funding for the LPP as originally approved, has fluctuated. From 1990 through 1994, U.S. forces in South Korea did not receive any military construction funds, resulting in a significant backlog of construction projects.

Managing Current and Future Facilities Requirements Is Also a Challenge

Implementation of the LPP was expected to involve a closely knit series of tasks to phase out some facilities and installations while phasing in new facilities and expanding other facilities and installations. U.S. Forces Korea was developing an implementation plan for each installation encompassed by the LPP and, at the time of our visit there, was developing a detailed, overarching implementation plan capable of integrating and controlling the multiple, sometimes simultaneous, actions needed to relocate U.S. forces and support their missions. According to U.S. Forces Korea officials, such a master plan is needed to accomplish training, maintain readiness, and control future changes.

During our visits to U.S. installations in South Korea, we found that, in the absence of a completed master plan for implementation, installation commanders had varying interpretations of what infrastructure changes were to occur. U.S. Forces Korea officials told us that this was not

unusual, given that detailed implementation plans were still being developed. At the same time, these officials emphasized the need for a detailed plan to guide future projects and to help minimize the costly changes that can occur when subsequent commanders have a different vision of the installations' needs than their predecessors, which could lead to new interpretations of the LPP and more changes. In light of the potentially broader repositioning of forces in South Korea, the master plan under development could be substantially changed; thus, a significantly revised road map will be needed to manage future facilities requirements and changes in South Korea.

Conclusions

As approved, the Land Partnership Plan represented an important step to reduce the size of the U.S. footprint in South Korea by leveraging the return of facilities and land to South Korea in order to obtain replacement facilities in consolidated locations. However, subsequent events suggest the LPP, as originally outlined, will require significant modification. Available data indicate that changes in the U.S. basing structure in South Korea are likely; therefore, a significant portion of the \$5.6 billion in construction projects planned over the next 10 years is being reassessed based on currently expected basing changes and may need to be further reassessed when the results of ongoing overseas presence and basing studies are completed.

The LPP was to require 10 years of intensive management to ensure implementation progressed as planned. The master plan U.S. Forces Korea officials are developing to guide its implementation will require significant revision to accommodate the more comprehensive changes in basing now anticipated and to identify funding requirements and division of funding responsibilities between the United States and South Korea.

Recommendations for Executive Action

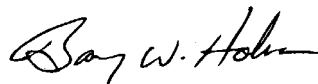
We recommend that the Secretary of Defense require the Commander, U.S. Forces Korea, to (1) reassess planned construction projects in South Korea as the results of ongoing studies associated with overseas presence and basing are finalized and (2) prepare a detailed South Korea-wide infrastructure master plan for the changing infrastructure for U.S. military facilities in South Korea, updating it periodically as needed, and identifying funding requirements and division of funding responsibilities between the United States and South Korea.

Agency Comments and Our Evaluation

The Deputy Assistant Secretary of Defense for Asian and Pacific Affairs provided written comments to a draft of this report. DOD agreed with our recommendations and pointed out that it is taking actions that address our recommendations. In commenting on our recommendation to reassess planned construction projects in South Korea, DOD stated that U.S. Forces Korea is already reassessing all planned construction in South Korea and will ensure that all planned construction projects support decisions regarding global presence and basing strategy. In commenting on our recommendation for a detailed South Korea-wide infrastructure master plan, DOD stated that U.S. Forces Korea is already developing master plans for all enduring installations and, once decisions have been reached on global presence and basing strategy, they will ensure that all master plans are adjusted to support these decisions. DOD's comments are reprinted in appendix IV. DOD also provided a separate technical comment, and we revised the report to reflect it.

We are sending copies of this report to the appropriate congressional committees, the Commander, U.S. Forces Korea, and the Director, Office of Management and Budget. The report is also available at no charge on GAO's Web site at <http://www.gao.gov>.

If you or your staff have any questions on the matters discussed in this report, please contact me at (202) 512-5581. Key contributors to this report were Ron Berteotti, Roger Tomlinson, Nelsie Alcoser, Susan Woodward, and Ken Patton.



Barry W. Holman
Director, Defense Capabilities and Management

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Appendix I: Scope and Methodology

To determine the scope and cost of the plan in relation to total infrastructure issues in South Korea, we analyzed provisions of the Land Partnership Plan (LPP), identified the scope and cost of construction projects outside of the LPP, compared the scope and cost of LPP construction projects to the scope and cost of all construction projects in South Korea, and analyzed some of the key unresolved infrastructure issues not included in the plan, such as the relocation of U.S. troops from Yongsan Army Garrison. We met with officials from the Joint Chiefs of Staff (Logistics Directorate and Strategy Division); Under Secretary of Defense for Policy (Office of Asia-Pacific Affairs); Deputy Under Secretary of Defense (Installations and Environment); U.S. Pacific Command, Headquarters Pacific Air Forces, U.S. Army Pacific, Marine Forces Pacific, U.S. Pacific Fleet; U.S. Forces Korea, Eighth U.S. Army and 7th Air Force; U.S. Department of State; U.S. Embassy (South Korea); and South Korea's Defense Ministry to document their input to the plan. We visited 16 U.S. military installations and facilities in South Korea that are affected by the plan. We selected these installations and facilities because they provided a cross-section of the activities that are covered by the plan (i.e., some that will be closed, some that will be scaled back, some that will be expanded, some where new construction will take place, and some possible new installation locations). We also visited land transfer sites that remain unresolved and military construction projects that are not addressed in the plan to gain an understanding and perspective on the wide range of infrastructure issues affecting U.S. troops stationed in South Korea.

To determine the implications of potential basing changes on the plan and other construction projects in South Korea, we obtained the views of officials from the Joint Chiefs of Staff (Logistics Directorate and Strategy Division); Under Secretary of Defense for Policy (Office of Asia-Pacific Affairs); and U.S. Forces Korea on the potential impact of changing defense policies. We conducted a literature review of U.S. and South Korean publications to collect information on the LPP and possible basing changes in South Korea. We also attended various congressional hearings, which discussed funding for U.S. Forces Korea construction projects and potential basing changes. We used this information to identify the costs of ongoing and planned construction associated with improving military infrastructure in areas where there is uncertainty about future U.S. presence—such as Yongsan Army Garrison and U.S. installations located north of Seoul. We did not verify the accuracy and completeness of this information.

To identify implementation challenges associated with the plan that could affect future U.S. military construction projects in South Korea, we met

with officials from the above organizations and reviewed the Status of Forces Agreement, an agreement under Article IV of the Mutual Defense Treaty between South Korea and the United States, and other related agreements and defense guidance. We discussed challenges that must be addressed during implementation of the LPP and implementation issues associated with the plan that could affect future construction projects throughout South Korea.

We performed our review from September 2002 through May 2003 in accordance with generally accepted government auditing standards.

Appendix II: Summary of the Land Partnership Plan

The Land Partnership Plan (LPP) provides a comprehensive plan for more efficient and effective stationing of U.S. Forces in South Korea. The LPP is intended to strengthen the South Korea-U.S. alliance, improve the readiness posture of combined forces, reduce the overall amount of land granted for U.S. Forces Korea use, and enhance public support for both the South Korean government and U.S. Forces Korea, while positioning U.S. forces to meet alliance security requirements well into the future.

According to U.S. Forces Korea officials, LPP imperatives are as follows:

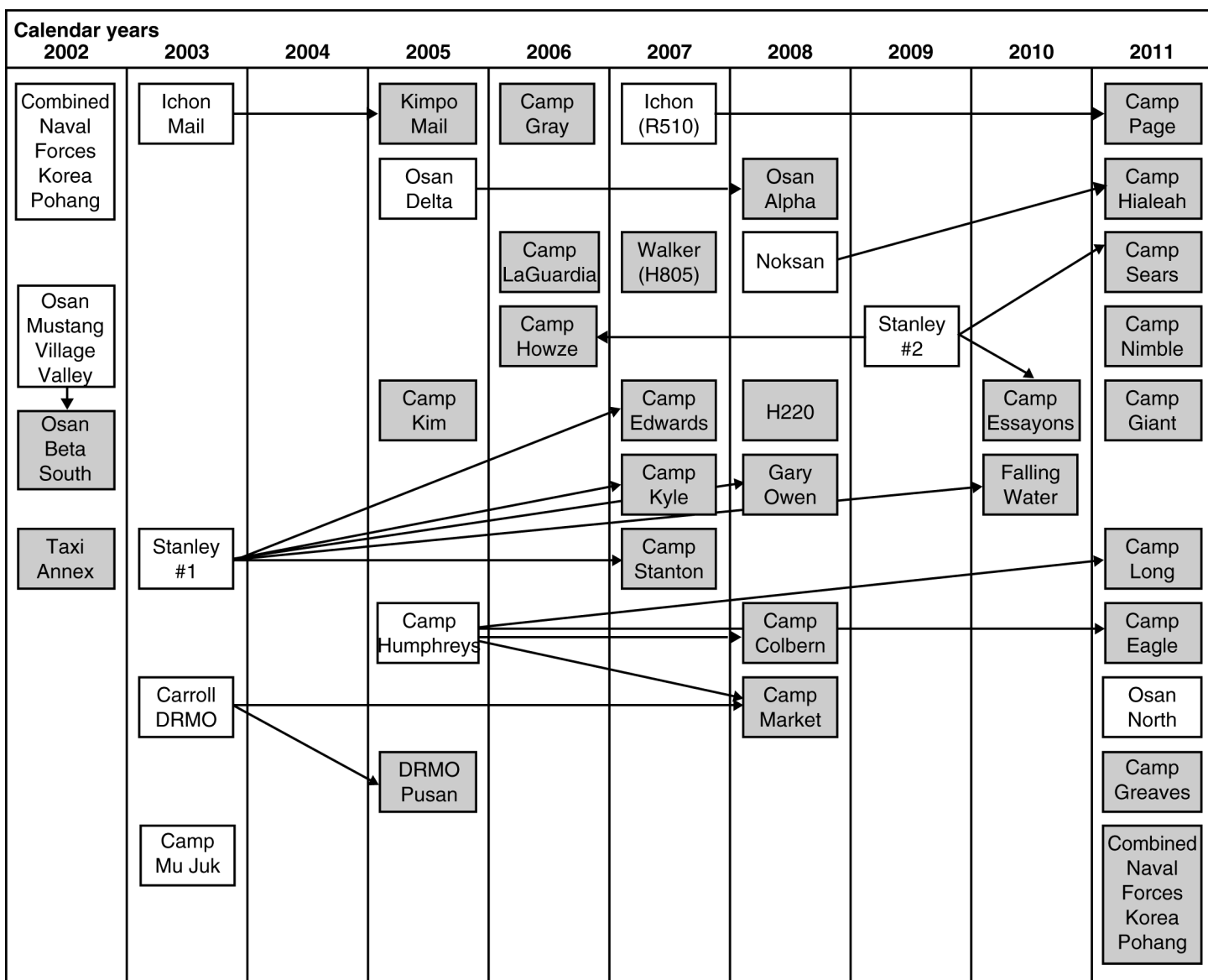
- The agreement should be based on readiness and security, not the amount of land involved.
- The agreement should be comprehensive, allowing for land issues that cannot be resolved independently to be resolved as part of a package and ensuring stationing decisions that fit into a comprehensive vision for the disposition of U.S. forces.
- When new land and facilities are ready for use, U.S. Forces Korea can release old land and facilities. U.S. Forces Korea needs all existing facilities and areas and can only return them when replacement facilities are available or the requirement is met in another manner.
- The agreement should be binding under the Status of Forces Agreement. The LPP is not just an “agreement in principle” but also a commitment to take action, and it operates within the Status of Forces Agreement—which means there are no new rules.
- The agreement should be self-financing—the costs of the LPP must be shared between the United States and South Korea. U.S. funding is provided from the military construction account. The South Korean government provides host nation funds and funding obtained from sales of property returned to South Korea by the United States.

As a general rule, the United States funds the relocation of units from camps the United States wishes to close, and South Korea funds the relocation of units from camps that South Korea has asked the United States to close. The execution of the LPP is shown in figure 1.

The LPP has been negotiated under the authority of the Joint Committee under the Status of Forces Agreement. The Status of Forces Agreement gives the Joint Committee the authority and responsibility to determine the facilities and areas required for U.S. use in support of the United States/South Korea Mutual Defense Treaty. The Joint Committee established the Ad-hoc Subcommittee for LPP to develop and manage the LPP. The LPP components address installations, training areas, and safety easements.

Installations: The LPP reduces the number of U.S. installations from 41 to 23 and consolidates U.S. forces onto enduring installations. The LPP establishes a timeline for the grant of new land, the construction of new facilities, and the closure of installations. Figure 8 illustrates the sequence in which new lands are to be granted to the United States and their relationship to facilities that will be returned to South Korea from calendar years 2002 through 2011.

Figure 8: Installation Grants and Returns under the Land Partnership Plan, by Calendar Year



Grants (new land for U.S. installations)
 Returns (closing U.S. installations)
 Grant areas that will receive replacement facilities from closing installations

Source: U.S. Forces Korea.

Training Areas: The LPP returns U.S. training areas in exchange for guaranteed time on South Korean ranges and training areas. To ensure the continued readiness of U.S. Forces Korea, the United States agrees to return certain granted facilities and areas and to accept the grant of joint use of certain South Korea military facilities and areas on a limited time-share basis as determined by the Status of Forces Agreement Joint Committee. The United States is expected to return approximately 32,186 acres, or 39,396,618 pyong,¹ of granted training areas. Table 1 shows the exclusive use of existing grants retained by U.S. Forces Korea.

Table 1: Exclusive Use Grants Retained by the United States

Facility	Acres
Rodriguez Local Training Area #1	1.0
Story Range	1,756.0
New Mexico Range	116.0
Warrior Training Base	19.0
Warrior Training Base Ammunition Holding Area	1.2
Dagmar North	1,391.0
Mike–November	3,008.0
Papa–Oscar–Romeo	3,353.4
North Star	30.2
Chaparral Local Training Area	115.1
Local Training Area 130	63.7
Local Training Area 140	6.4
Rodriguez Gun Local Training Area #1	17.5
Rodriguez Gun Local Training Area #2	8.3
Rodriguez Gun Local Training Area #3	7.6
Humphreys Range	6.0
Training Areas	79.0
Bayonne Signal Training Area	19.8
Rodriguez Watkins Local Training Area	45.1
Rodriguez Live Fire Complex	3,343.0
Masan Range	372.0
Koon-ni	438.3

Source: U.S. Forces Korea.

¹ Korean unit of measure, 1 pyong = 3.3 square meters or 35 square feet.

Table 2 shows training areas that will be provided on a temporary basis to U.S. Forces Korea.

Table 2: Temporary Grants

Facility	Acres
Local Training Area 320	247.0
Drop Zone Cory	186.0
Non Commissioned Officer Academy Training Area	364.0
Drop Zone Rigger	619.8
Pilsung Strafing Range	0

Source: U.S. Forces Korea.

Table 3 shows new safety easements to be designated for training areas.

Table 3: Training Area Easements

Facility	Acres
New Mexico Restrictive Easement	128
Warrior Training Ammunition Holding Area Easement	2619.3

Source: U.S. Forces Korea.

Table 4 shows training areas that will be returned to South Korea under the LPP.

Table 4: Total Release of U.S. Training Areas

Facility	Acres
Rodriguez Local Training Area #3	3.0
Rodriguez Local Training Area #2	100.0
Rodriguez Local Training Area #4	10.0
Kansas Range	71.0
Oklahoma Range	15.0
North Carolina, Air Mobile, Edwards Local Training Area, TA-504/520	1,302.0
Dagmar & S, Squads, Palmers, and Oklahoma	16,747.0
River Crossing	16.0
Camp Page Local Training Area	302.0
Tango	2,952.0
KCT-43, Yankee, Whiskey N.(actual) (written record)	8,920.0
	2,761.0
Stanton Local Training Area	15.0

Source: U.S. Forces Korea.

Table 5 shows training areas where parts of the land will be returned to South Korea.

Table 5: Partial Release of Grants

Facility	Acres
Texas Local Training Area and Zulu LA	1,133.0
Mike-A	480.0
Romeo	120.0

Source: U.S. Forces Korea.

Table 6 shows training facilities and areas that the South Korean government is expected to grant to the U.S. for joint use for the time specified.

Table 6: Joint Use of South Korean Military Training Facilities and Areas

Facility	Weeks	Days
Typhoon Range	1 week per quarter	24
Chungyong Range	2 weeks per year	12
Bisung Range	1.5 weeks per year	9
St. Barbara Range–MLRS Live Fire	4 weeks per year	24
St. Barbara Range–Paladin Live Fire	4 weeks per year	24
Korea Training Area/Twin Bridges Training Area	13 weeks per year	91
Seung-Jin Nightmare Range	8 weeks per year	48
Capital Defense Command Bangpae Range	2 weeks per quarter	48
Jungpyung M16	8 weeks per year	48
Jungpyung 40MM Grenade Launcher Range	4 weeks per year	24
Jungpyung Hand Grenade	2 weeks per year	12
Chochiwon Range	1 week per quarter	24
Sokung (Seogok) Range	5 weeks per year	30
Angang Range	1 week per quarter	24
Kumi Range	4 weeks per year	24
Susan-ri Range	6 weeks per year	36
R-222	1 week per quarter	24
R-227	4 weeks per quarter	96
R-233	6 weeks per quarter	144
R-228	6 weeks per quarter	144
Han River Cross Site	2 weeks per quarter	48
Training Area Jerry	2 weeks per quarter	48
Training Area Nightmare	2 weeks per quarter	48
Training Area Tom	2 weeks per quarter	48
Saetue Field Training Area	2 weeks per quarter	48
TAA No Name (Munmak)	2 weeks per quarter	48

Facility	Weeks	Days
Kaup Mountain Training Area (H-710)	1 week per quarter	24
Kumdan Mountain Training Area	1 week per quarter	24
Puksung Mountain Training Area	1 week per quarter	24
Sung Mountain Training Area (H-471)	1 week per quarter	24
Taeki Mountain Training Area	1 week per quarter	24
Yongmun Mountain Training Area	1 week per quarter	24
Hwangyong Park Tactical Training Area	1 week per quarter	24
Hampyong Tactical Training Area	1 week per quarter	24
Jinwon Tank Tactical Training Area	2 weeks per quarter	48
Mu Juk Training Area	26 weeks per year	182

Source: U.S. Forces Korea.

Safety Easements: According to U.S. Forces Korea officials, a safety easement is a defined distance from an explosive area that personnel and structures must be kept away from and is directly related to the quantity and types of explosives and ammunition present. The presence of Korean citizens in areas requiring explosive safety easements has placed them at risk of injury or death in the event of an explosion. Tables 7, 8, and 9 show the various tiers of easements established under the LPP at U.S. military installations. Upper tier easements are those required at enduring installations; middle tier easements are required during armistice, but will not be required after a change in the armistice condition; and lower tier easements are those required at closing installations. U.S. Forces Korea shall enforce safety easements inside U.S. installations, while South Korea will enforce safety easements outside U.S. installations.

Table 7: Upper Tier Easements

Installation	Explosive site
Osan Air Force Base	Munitions storage area (Delta site)
	Patriot Batteries on Chin Wi River
	Hot cargo pad easement extension
Kunsan Air Force Base	2 Munitions storage areas
	Hot cargo pad and patriot battery
Camp Humphreys	Rearm point
Camp Casey	Ammunition storage area 21
	Ammunition storage area 25
Camp Stanley	Ammunition storage area 18 (tunnel)
	Ammunition storage area 9
Camp Walker	Ammunition storage area
Camp Hovey	Ammunition storage area
Yongsan	Ammunition storage area

Source: U.S. Forces Korea.

Table 8: Middle Tier Easements

Installation	Explosive site
Camp Bonifas	Ammunition storage area (main post)
	Ammunition storage area (east)

Source: U.S. Forces Korea.

Table 9: Lower Tier Easements

Installation	Explosive site
Camp LaGuardia	Ammunition storage area
Camp Howze	Ammunition storage area
Camp Edwards	Ammunition storage area
Camp Essayons	Ammunition storage area
Camp Colbern	Ammunition storage area
Camp Stanton	Ammunition storage area
Camp Greaves	Ammunition storage area
Camp Garry Owen	Ammunition storage area
Camp Eagle	Ammunition storage area

Source: U.S. Forces Korea.

Appendix III: Comments from the Department of Defense



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OFFICE OF THE ASSISTANT SECRETARY OF DEFENSE
2400 DEFENSE PENTAGON
WASHINGTON, DC 20301-2400

08 JUL 2003

Mr. Barry W. Holman
Director, Defense Capabilities and Management
U.S. General Accounting Office
441 G. Street, N.W.
Washington, DC 20548

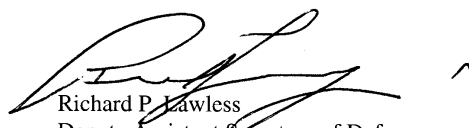
Dear Mr. Holman:

This is the Department of Defense (DOD) response to the GAO draft report, "DEFENSE INFRASTRUCTURE: Basing Uncertainties Necessitate Re-evaluation of U.S. Construction Plans in South Korea," dated May 22, 2003 (GAO Code 350267/GAO-03-643)."

Comments on the recommendations are attached to this letter. Additionally, a technical comment on the main text of the report was provided separately:

Thank you for the opportunity to provide comment.

Sincerely,


Richard P. Lawless
Deputy Assistant Secretary of Defense
for Asian and Pacific Affairs



**GAO DRAFT REPORT – DATED MAY 22, 2003
GAG CODE 350267/GAO-03-643**

**“DEFENSE INFRASTRUCTURE: Basing Uncertainties Necessitate
Re-evaluation of U.S. Construction Plans in South Korea”**

**DEPARTMENT OF DEFENSE COMMENTS
TO THE RECOMMENDATIONS**

RECOMMENDATION 1: The GAO recommended that the Secretary of Defense require the Commander, U.S. Forces Korea, to reassess planned construction projects in South Korea as the results of ongoing studies associated with overseas presence and basing are finalized. (p. 27/GAO Draft Report)

DOD RESPONSE: Concur. In March 2003, the Secretary of Defense tasked the Combatant Commanders with reviewing their FY 03 and FY 04 military construction programs to ensure the projects continued to be supportable priorities. This tasking, directed in conjunction with DOD’s review of global positioning of forces, demonstrates that DOD is actively linking any changes in our global presence and basing strategy to a review of military construction projects to ensure the two are compatible. USFK is already reassessing all planned construction projects in South Korea. Once decisions have been reached on ongoing studies, USFK will ensure that all planned construction projects support these decisions.

RECOMMENDATION 2: The GAO recommended that the Secretary of Defense require the Commander, U.S. Forces Korea, to prepare a detailed South Korea-wide infrastructure master plan for the changing infrastructure for U.S. military facilities in South Korea, updating it periodically as needed, and identifying funding requirements and division of funding responsibilities between the United States and South Korea. (p. 27/GAO Draft Report)

DOD RESPONSE: Concur. As the report notes on page 25, USFK is already developing a detailed infrastructure master plan for all enduring installations. Once decisions have been reached on ongoing studies, USFK will ensure that all master plans are adjusted to support these decisions.

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