

# ISSUE BRIEF

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## Don't Let Cost Dispute with Seoul Undermine U.S. Strategic Interests

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Washington and Seoul are deadlocked in negotiations over South Korean compensation for the cost of stationing U.S. forces there. The periodic renegotiations are always contentious, but the current impasse is fraught with potentially grave consequences for the alliance. Coming amidst U.S.–North Korean summit preparations, Washington must tread carefully to avoid straining the important bilateral alliance with Seoul, triggering a resurgence of past anti-Americanism in South Korea, and prematurely offering concessions to Pyongyang.

Since 1991, the bilateral Special Measures Agreement (“cost-sharing” agreement) has offset the non-personnel costs of stationing U.S. forces in South Korea and is renegotiated every five years. Under the most recent agreement, which expired in December 2018, Seoul provided \$860 million annually, approximately half the cost for the 28,500 U.S. forces in South Korea.<sup>1</sup>

Not counted in Seoul’s contribution is land provided for U.S. bases at no cost and tax free, which South Korea estimates equates to a 60 percent to 70 percent contribution of the non-personnel costs of stationing U.S. forces in South Korea. Also excluded is South Korea’s 91 percent funding of the \$10.7 billion cost of building Camp Humphreys, the largest American military base outside the continental United States.<sup>2</sup>

The Trump Administration is now demanding that South Korea increase its contribution by 50 percent to 100 percent, and for the agreement to be renegotiated annually rather than every five years. Foreign Minister Kang Kyung-wha declared that there are “huge differences in opinion” between the U.S. and South Korea, and that negotiations had been called off “due to the new U.S. demands.”<sup>3</sup> Seoul was willing to make annual incremental increases in its compensation, but could not accommodate such a large U.S. demand.

Concerns of the dispute leading to a U.S. troop drawdown are compounded by President Donald Trump’s critical comments of the cost of stationing U.S. forces overseas and vows to withdraw them. During the presidential campaign, candidate Trump chastised allies, including South Korea and Japan, for allegedly paying a fraction of the cost of U.S. forces and vowed, “If we have to walk, we have to walk.”<sup>4</sup> When asked if he would be willing to withdraw U.S. forces if South Korea and Japan did not increase their contributions significantly, Trump responded, “Yes, I would. I would not do so happily, but I would be willing to do it.”<sup>5</sup>

During his 2017 visit to South Korea, President Trump praised “the partnership between our two nations and our two people [that] is deep and enduring. We have been proud to stand by your side for many decades as an unwavering friend and a loyal ally. And you have never had a time where this ally has been more loyal or stood by your side more than right now.”<sup>6</sup>

As President, Donald Trump continued to complain of the costs of U.S. forces in South Korea, and in May 2018, ordered the Pentagon to prepare options for drawing down American troops there.<sup>7</sup> The fol-

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lowing month he unilaterally cancelled U.S. military exercises on the Korean peninsula in part because “We are going to get out of the war games that cost so much money,”<sup>8</sup> and “I hated them from the day I came in.”<sup>9</sup> Congress was so worried that President Trump would reduce U.S. forces in South Korea that it took legislative action. Section 1264 of the 2019 National Defense Authorization Act precludes the President from reducing U.S. troops below 22,000 soldiers unless the Secretary of Defense certifies to Congress that a further reduction “will not significantly undermine the security of United States allies in the region [and he] has appropriately consulted with” South Korea.<sup>10</sup>

The U.S. could quickly reduce troop strength by 5,000 soldiers simply by not implementing the next rotational deployment of an Army combat brigade, the main U.S. ground component. Since 2015, the U.S. Army has deployed infantry or armored units on a six-to-nine-month rotational basis rather than permanently stationing units in South Korea as before.<sup>11</sup>

Continued stalemate in the negotiations and perceptions of excessive U.S. pressure could lead to a resurgence of the anti-Americanism that was prevalent during previous progressive South Korean administrations, as well as a premature reduction in U.S. forces before reducing the North Korean con-

ventional threat to a U.S. ally and American troops and civilians overseas. Either scenario would be disastrous for the United States by raising fears of a decoupling of the alliance, which would play into North Korean hands.

**The Importance of U.S. Forces Overseas.** Attaining and defending national interests in Asia is of critical significance to the United States. Doing so requires U.S. bases and access, sufficient forward-deployed military forces to deter aggression, robust follow-on forces, and strong alliances and security relationships with South Korea and other countries in Asia.

The U.S. military presence in Asia is also an indisputable signal of Washington’s commitment to defend its allies and maintain peace and stability in Asia while enabling immediate reaction to any threats to America’s national interests. Reducing U.S. forward-deployed forces would make America weaker on the world stage. When President Jimmy Carter called for removing all U.S. forces from South Korea, cooler heads prevailed and convinced him of the danger to U.S. strategic interests in doing so.

### **What Washington Should Do**

The United States has long urged its allies to assume more responsibility for their own defense

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  2. “Washington’s Demand for Annual Talks for Defense Cost Sharing,” *The Dong-a Ilbo*, December 29, 2018, <http://english.donga.com/List/3/0501/26/1593625/1> (accessed January 28, 2019).
  3. Yang Seung-sik, “FM Admits ‘Huge’ Differences on USFK Cost Sharing,” *The Chosun Ilbo*, January 22, 2019, [http://english.chosun.com/site/data/html\\_dir/2019/01/22/2019012201260.html](http://english.chosun.com/site/data/html_dir/2019/01/22/2019012201260.html) (accessed January 28, 2019).
  4. “Town Hall Interview with Donald Trump and Chris Matthews,” MSNBC, March 30, 2016, video, <https://factba.se/transcript/donald-trump-interview-msnbc-march-30-2016> (accessed January 28, 2019).
  5. “Transcript: Donald Trump Expounds on His Foreign Policy Views,” *The New York Times*, March 26, 2016, [https://www.nytimes.com/2016/03/27/us/politics/donald-trump-transcript.html?\\_r=0](https://www.nytimes.com/2016/03/27/us/politics/donald-trump-transcript.html?_r=0) (accessed January 28, 2019).
  6. “Remarks by President Trump and President Moon of the Republic of Korea at State Dinner | Seoul, Republic of Korea,” The White House, November 7, 2017, <https://www.whitehouse.gov/briefings-statements/remarks-president-trump-president-moon-republic-korea-state-dinner-seoul-republic-korea/> (accessed January 28, 2019).
  7. Mark Landler, “Trump Orders Pentagon to Consider Reducing U.S. Forces in South Korea,” *The New York Times*, May 3, 2018, <https://www.nytimes.com/2018/05/03/world/asia/trump-troops-south-korea.html> (accessed January 28, 2019).
  8. Carla Babb, “In Singapore, Trump Says He Will Halt US-South Korea ‘War Games,’” VOA, June 13, 2018, <https://www.voanews.com/a/donald-trump-us-south-korea-war-games/4436052.html> (accessed January 28, 2019).
  9. Linda Qiu, “Key Moments in Trump’s Interview on ‘Fox and Friends,’ with Fact Checks,” *The New York Times*, June 15, 2018, <https://www.nytimes.com/2018/06/15/us/politics/trump-fox-and-friends-interview.html> (accessed January 28, 2019).
  10. H.R. 5515, John S. McCain National Defense Authorization Act for Fiscal Year 2019, <https://www.congress.gov/bill/115th-congress/house-bill/5515/text#toc-H826C1D3310214AF19C2D984978B7708E> (accessed January 28, 2019).
  11. Sean Kimmons, “South Korea Rotations Give Soldiers Deployment, Cultural Experience,” U.S. Army News Service, August 20, 2018, [https://www.army.mil/article/210006/south\\_korea\\_rotations\\_give\\_soldiers\\_deployment\\_cultural\\_experience](https://www.army.mil/article/210006/south_korea_rotations_give_soldiers_deployment_cultural_experience).
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and to confront common security threats by increasing their defense expenditures. South Korea spends 2.6 percent of its gross domestic product on defense, more than any European ally. South Korea has also been a stalwart ally beyond its shores. Seoul sent 300,000 troops to the Vietnam War and conducted anti-piracy operations off Somalia, as well as numerous peacekeeping operations, including in Iraq and Afghanistan.

The Trump Administration should avoid a situation of “penny wise, pound foolish.” Rather than demanding a 50 percent to 100 percent increase in South Korean contributions, Washington should advocate a reasonable incremental augmentation. Nor should the Administration push to change the terms of the agreement by demanding an annual renegotiation.

## Conclusion

Alliances are not transactional relationships but are based on shared values and goals. They are the sword that deters aggressors, and the shield of security and stability that allows countries under that shield to flourish. The value of alliances is not measured in dollars and cents. The U.S.–South Korean

alliance was forged in blood during the crucible of the Korean War. Its enduring motto is *katchi kapshida* (“we go together”), not “we go together, if we are paid enough.”

As President Ronald Reagan eloquently proclaimed during a D-Day remembrance ceremony in Normandy, “We in America have learned bitter lessons from two World Wars: It is better to be here ready to protect the peace, than to take blind shelter across the sea, rushing to respond only after freedom is lost.... The strength of America’s allies is vital to the United States, and the American security guarantee is essential.... We were with you then; we are with you now. Your hopes are our hopes, and your destiny is our destiny.”

Speaking to the sacrifices of America’s fallen warriors, President Reagan pledged America’s continuing resolve: “Strengthened by their courage, heartened by their valor, and borne by their memory, let us continue to stand for the ideals for which they lived and died.”<sup>12</sup>

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12. “Ronald Reagan on the 40th Anniversary of D-Day,” The History Place, June 6, 1984, <http://www.historyplace.com/speeches/reagan-d-day.htm> (accessed January 28, 2019).