



CENTER FOR U.S.-KOREA POLICY

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STAKES RISE FOR U.S.-ROK NUCLEAR ENERGY TALKS

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When South Korea and the United States negotiated their last nuclear cooperation agreement in the early 1970s, the talks were a low-key affair. As a poor economy lagging behind its Northern neighbor, South Korea did not have a single operating nuclear power plant let alone piles of spent nuclear fuel, and it seemed impossible that a Korean company would one day be able to design and export nuclear reactors. U.S. nuclear nonproliferation efforts remained in their infancy. The United States had not yet attempted to clamp down on sales of sensitive fuel cycle technology and supplied most of the world's enriched uranium. Pyongyang and Seoul had not yet pledged not to pursue uranium enrichment or spent fuel reprocessing—which can be used for nuclear weapons or nuclear energy—and Pyongyang had yet to violate that agreement. Iran was still a U.S. ally. Not surprisingly, little political attention or concern was attached to the U.S.-South Korea nuclear pact.

With the current agreement set to expire by March 2014, Seoul and Washington are gearing up to negotiate a new nuclear agreement within a radically changed economic, political and diplomatic context. As a major economic power recognized globally for its innovative technology, South Korea now boasts one of the world's largest and fastest growing nuclear power reactor fleets that it hopes will help reduce dependence on foreign fossil fuel sources and limit emissions of greenhouse gases. South Korea has just beaten out leading U.S. and French nuclear exporting firms to win its first major nuclear export agreement—a four-year \$20 billion deal to export nuclear reactors to the United Arab Emirates—and aims to capture 20 percent of the world market for nuclear reactors by 2030.

Meanwhile, since India's "peaceful" nuclear test in the 1970s, the United States has grown increasingly concerned about nuclear proliferation and has attempted to prevent the spread of enrichment and reprocessing technologies to new countries. These concerns led Washington to block the sale of reprocessing technology to South Korea in the late 1970s, push for the inter-Korean joint denuclearization agreement in 1992, and more recently to engage with Seoul and Pyongyang in six-party talks aimed at ending North Korea's nuclear weapons program.

Changes in the strategic context meant that renewed U.S.-South Korea nuclear talks would involve greater conflict and receive far more public scrutiny and high-level political attention. South Korea's U.A.E deal and another smaller deal to supply a research reactor to Jordan have only raised the stakes even higher. In winning the contract, a consortium led by the state-owned Korea Electric Power Corporation (KEPCO) beat out General Electric, which now has a nuclear partnership with Japan's Hitachi. The blow to U.S. firms has been softened by the fact that Westinghouse will participate in the KEPCO-led consortium. Still, the emergence of a new sales competitor is bound to alarm U.S. industry and lawmakers, especially at a time when U.S.-South Korea free trade talks remain stalled partly because of some Congressional views that Seoul doesn't play fair when it comes to trade.

The destination of South Korea's initial sales will also raise concerns. U.S. experts have been worried for some time that Iran's nuclear program could lead other countries in the Mid-

dle East to launch nuclear programs, as discussed by Chen Kane in a recent Foreign Policy article. When Congress considered the U.S.-U.A.E. peaceful nuclear cooperation agreement last year, the U.A.E. managed to assuage many of those concerns by agreeing not to engage in enrichment and reprocessing and by accepting an additional protocol to its safeguards agreement with the International Atomic Energy Agency. While making no such binding promises on enrichment and reprocessing, Jordan also has an additional protocol to its safeguards agreement. But these deals are likely to raise U.S. concerns that other countries in the region may not follow suit—and whether in those cases South Korea would still sell them reactors.

To win U.S. support for a nuclear cooperation agreement, South Korea may have to be willing to take on new global nonproliferation commitments commensurate with its new role as a major global nuclear technology supplier, or in some cases be more public about doing so. Seoul has supported U.S. efforts to make the additional protocol an international requirement for any reactor sales, but may now have to be more forceful in advocating this approach and encouraging other countries to follow the U.A.E.'s example in promising not to engage in enrichment and reprocessing. And as Egypt and other countries in the Middle East call on the United States to honor its pledge toward making the region free of weapons of mass destruction, South Korea may need to play a role in making that admittedly remote prospect somewhat less distant.

Closer to home, Seoul may need to take a second look at its support for pyroprocessing, the most contentious issue in negotiations with Washington on a new nuclear agreement. South Korea sees this reprocessing technology as a technical means of addressing a pressing problem: an accumulation of spent nuclear fuel that will soon outstrip the country's storage capacity for highly radioactive waste. It wants to test the economic and technical feasibility of pyroprocessing as Seoul officials believe that this process would effectively reduce the ultimate storage capacity for spent fuel and help convince Koreans that any interim storage measures would only be temporary.

But reprocessing has two very different uses: it can recycle the plutonium (and sometimes other elements in the spent fuel) to be used again as fuel, or separate out the plutonium to provide the fissile material for nuclear weapons. U.S. governmental and non-governmental experts differ from their South Korean counterparts on how easily pyroprocessing can be diverted to weapons uses, and the United States has a crucial say because of the way South Korea's nuclear program has developed. The majority of Korean nuclear reactors have been fueled with uranium enriched in the United States, imported from the United States, or based on U.S. technology. Under the current agreement, the United States can decide whether South Korea can take U.S.-supplied spent fuel and reuse the plutonium in it.

More than three decades ago, the United States ended its own large-scale reprocessing efforts (based on an older technology) because it found the technology uneconomical and feared that it was providing a poor example to other countries. As South Korea's nuclear practices draw greater attention on the international stage, Seoul may face new pressures to do the same.

Miles A. Pomper is a Senior Research Associate at the James Martin Center for Nonproliferation Studies Washington DC Office. His latest article is "U.S. International Nuclear Energy Policy: Change and Continuity," Nuclear Energy Futures Paper No. 10, The Center for International Governance Innovation, January 2010.

NEWS & EVENTS

MARCH 25, 2010 – CENTER FOR U.S.-KOREA POLICY AND MAUREEN & MIKE MANSFIELD FOUNDATION
OPCON TRANSFER AND ITS IMPLICATIONS FOR THE U.S.-ROK ALLIANCE

9:30am–2pm, Willard Intercontinental, 1401 Pennsylvania Ave, Washington DC

The Center for U.S.-Korea Policy and the Maureen & Mike Mansfield Foundation will co-host a public symposium on issues surrounding the planned transfer of operational control (OPCON) in 2012 and implications for the U.S.-South Korea alliance. Panel presenters will include Bruce Bechtol, U.S. Marine Corps Command and Staff College; Michael O'Hanlon, The Brookings Institution; Michael Finnegan, National Bureau of Asian Research (invited); and Chung Min Lee, Yonsei University. Rep. Hwang Jin Ha, ROK National Assemblyman, will serve as a keynote speaker. Principal Deputy Assistant Secretary of Defense, Asian & Pacific Security Affairs, Derek Mitchell, will provide a luncheon address, and Gen. John H. Tilelli Jr., former Commander-in-Chief, UN Command, Combined Forces Command, U.S. Forces Korea, will provide introductory remarks. **To RSVP please contact jcho@asiafound-dc.org with name and affiliation.**

MARCH 25-28, 2010 – ASSOCIATION OF ASIAN STUDIES
NORTH KOREA AS A CHALLENGE TO SECURITY AND STABILITY IN NORTHEAST ASIA

10:45am-12:45pm, Philadelphia Marriott Downtown, Grand Ballroom Salon B, Philadelphia, PA

As part of the Association of Asian Studies (AAS) Annual Meeting 2010 (March 25-28), The Korea Society will lead a roundtable on North Korea and regional security, chaired by Evans Revere, President of The Korea Society. Scott Snyder, Center for U.S.-Korea Policy; Jack Pritchard, Korea Economic Institute; and L. Gordon Flake, the Maureen & Mike Mansfield Foundation, will serve as discussants. **Event details are available at: <http://www.aasianst.org/annual-meeting/index.htm>.**

FEBRUARY 22, 2010 - CENTER FOR U.S.-KOREA POLICY AND EAST ASIA INSTITUTE

INFLUENCE AND ROLE OF DOMESTIC STAKEHOLDERS ON THE U.S.-ROK ALLIANCE

This event is closed to the public.

The Center for U.S.-Korea Policy and the East Asia Institute (EAI) will hold a joint workshop in Seoul on the influence and role of domestic stakeholders on the U.S.-ROK alliance, focusing on respective U.S. and South Korean legislative bodies, media, private sectors, and civil society.

JANUARY 2010 – CHOICE AWARD

CHINA'S RISE AND THE TWO KOREAS

China's Rise and the Two Koreas: Politics, Economics, Security (Lynne Rienner, 2009), the latest book by Scott Snyder, Center for U.S.-Korea Policy Director, was selected as a *Choice Outstanding Academic Title* in 2009.

PUBLICATIONS

Scott Snyder (January 25), "South Korea's Role in Promoting the Nuclear Renaissance," *Asia Unbound*, CFR.

Scott Snyder (January 22), "China-DPRK Relations: A Return to a Strategic Relationship?" *Asia Unbound*, CFR.

Mark Holt (January 21), "U.S. and South Korean Cooperation in the World Nuclear Energy Market: Major Policy Considerations," Congressional Research Service Report, presented at a Center for U.S.-Korea Workshop.

Brian Finlay (January 20), "U.S.-ROK Nuclear Nonproliferation Cooperation: The Status of Global Nonproliferation Cooperation," Paper presented at a Center for U.S.-Korea Policy workshop.

Edward Reed (January 20), "Korea Responds to Earthquake in Haiti," *In Asia*, The Asia Foundation.

Scott Snyder (January 14), "Obama's Nobel Speech and North Korea," GlobalSecurity.org.

Scott Snyder and See-Won Byun (January 13), "China Embraces South and North, But Differently," in Brad Glosserman and Carl Baker, eds., *Comparative Connections*, Vol. 11, No. 4, Pacific Forum CSIS.

Scott Snyder (January 7), "North and South Korean New Year's Resolutions," *Asia Unbound*, CFR.

Fred McGoldrick (January), "U.S.-ROK Nuclear Nonproliferation Cooperation," Abstract of paper for Center for U.S.-Korea Policy series.

Peter Beck (January), "U.S.-ROK Human Rights Cooperation," Abstract of paper for a Center for U.S.-Korea Policy-Brookings conference on "Expanding the Agenda for Cooperation between the United States and Republic of Korea."

Lee Hong-koo (December 9), "We Must be Wise Philanthropists," *In Asia*, The Asia Foundation.

Soo-mee Park and Edward Reed (December 9), "Korea Examines Development Role in South Asia," *In Asia*, The Asia Foundation.

Scott Snyder (December), "U.S. Domestic Politics and Multilateral Security Cooperation in Northeast Asia," from Council on Foreign Relations Northeast Asia Security Architecture project.

Scott Snyder and See-Won Byun (2009), "The Obama Administration and Preparations for North Korean Instability," *International Journal of Korean Unification Studies*, Vol. 18, No. 2.

For a complete list of publications, please visit www.cen-terforuskoreapolicy.org.

VIEWS ON THE U.S.-ROK ALLIANCE

"Building off the Joint Vision Statement between Presidents Obama and Lee Myung-bak, we are committed to creating a more dynamic relationship that builds on our shared values and strategic interests. We look forward to the Republic of Korea's growing international leadership role as it hosts the 2010 G-20 Leaders Meeting."

--Kurt M. Campbell, Assistant Secretary of East Asian & Pacific Affairs, "Principles of U.S. Engagement in the Asia-Pacific," Testimony before the Subcommittee on East Asian & Pacific Affairs Senate Foreign Relations Committee, January 21, Washington DC.

"Both Korea and the United States have the same vision for non-proliferation...The joint effort will surely act as a cornerstone to tackle the everlasting dilemma over the global spent nuclear fuel accumulation."

--Kee-chan Song, Vice President, Korea Atomic Energy Research Institute, U.S.-ROK workshop on nuclear energy and nonproliferation, The Stimson Center, January 20, Washington DC.

"The United States' alliance relationships are the cornerstone of our regional involvement...The security and stability provided through these relationships have been critical to the region's success and development."

--Hillary Clinton, U.S. Secretary of State, Remarks on Regional Architecture in Asia: Principles and Priorities, East-West Center, January 12, Honolulu.

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For more information on Center activities
please visit:
www.centerforuskoreapolicy.org.

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

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

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

This newsletter is produced by the Center for U.S.-Korea Policy to provide updates and analysis on current policy issues related to the U.S.-ROK alliance partnership. All views expressed in this publication are those of the author(s).

To be added to the newsletter listserv, please contact info@centerforuskoreapolicy.org.