



Public of Korea (ROK) Marines disembark from a U.S. Navy landing craft air cushion as part of joint U.S.-ROK amphibious exercises in 2007.

Image Credit: U.S. Navy photo

What Does the Signed Cost Sharing Agreement Mean for the US-South Korea Alliance?

Though a positive development, it's hard to see the new burden sharing agreement as anything more than a stopgap measure.

By Kyle Ferrier
February 15, 2019



South Korea and the United States **signed a new Special Measures Agreement (SMA)** this week, outlining Seoul's contributions to the cost of hosting American troops after a year of strained negotiations. Amid **heightened concern** earlier this year that the failure to reach a consensus before the second Trump-Kim summit could have posed a major challenge to the alliance, the newly struck deal is in many ways a welcomed development. However, it also prolongs rather than resolves the Trump administration's problematic approach to these talks.

SMA negotiations ran past their end-of-year deadline as Washington was seeking a historically atypical increase in Seoul's contributions to the agreement that has been renewed every five years since 1991.

According to the U.S. government, the **960 billion won** (\$860 million) South Korea paid last year was about 40 percent of the total cost of hosting U.S. troops. Instead of trying to evenly split these costs as the SMA calls for, the U.S. negotiating team was compelled by President Donald Trump's universal desire to have allies pay much more for their defense. They first proposed that South Korea double its contributions and later hoped to settle on a 50 percent increase after pushback from their Korean counterparts.

U.S. Ambassador to South Korea Harry Harris effectively delivered an ultimatum late last month for Seoul to pay \$1 billion (1.12 trillion won), about a 16 percent increase, to be revisited annually. For many Korean legislators, whose approval is required before the agreement can enter into force, this presented both an untenable timeline and crossed the psychological "**Maginot Line**" of 1 trillion won.

With each side under pressure to strike a deal before Trump and North Korean leader Kim Jong Un's scheduled meeting in Hanoi, a compromise was reached earlier this month. Seoul agreed to pay 1.04 trillion won (\$924 million), below Washington's supposed bottom line, but in exchange conceded to renegotiate its contributions every year.

On the one hand, the new agreement which is **expected to pass the South Korean National Assembly**, presents a more united front going into a crucial period of diplomacy with North Korea. **Pyongyang used** the tensions in the SMA talks last month to try to exploit a perceived gap in the U.S.-South Korea alliance, but now has one less piece of propaganda at their disposal.

More importantly, the new deal has essentially quashed fears that **Trump would decide to remove U.S. troops from South Korea** on his own at the Hanoi summit over budgetary concerns.

On the other hand, however, the deal doesn't bring the two sides any closer to a longer-term understanding of how military burden sharing obligations should be divided.

To say that the new agreement kicks the can down the road would be an exaggeration. With a new end-of-year deadline, negotiations will need to be renewed not long after Trump's return from Vietnam. Moreover, if this becomes the norm, the United States could run into issues with its capacity to negotiate as soon as next year. **Washington's SMA with Tokyo** expires at the end of March 2021 and talks on this will likely begin in the spring of 2020. The same team at the U.S. State Department, currently led by Acting Deputy Assistant Secretary and Senior Adviser for Security Negotiations and Agreements Timothy Betts, oversees both SMA talks. They could have to do so simultaneously next year and perhaps even subsequent years if the agreement with Japan is similarly renewed annually rather than every five years.

Trump's strategy underlying the talks so far also endures under the new arrangement. While many have described his diplomatic strategy with North Korea as **high risk, high reward**, Trump's involvement in the SMA talks is probably best characterized as high risk, low reward.

Despite all of the public bluster and demands made behind closed doors, the 8 percent increase Trump got South Korea to agree to was only 2 percent more than what Seoul committed to during the previous negotiations in 2015. Because of the role of the National Assembly in approving any SMA deal and the sizable financial contributions Seoul makes to the alliance that aren't included in Washington's accounting, it is unrealistic to expect South Korea to pay close to what the United States has been pushing for.

At the same time, the White House's strategy may already be taking its toll on U.S. interests on the Korean Peninsula. According to Karl Friedhoff at the Chicago Council on Global Affairs, **recent polling suggests** that Trump's threats to withdraw troops if burden sharing demands weren't met has the potential to damage strong South Korean public support for the alliance. Putting Ambassador Harris in the difficult position of defending Washington's stance in SMA talks **may also be starting to impact his public credibility**, which could hamper his ability to effectively promote U.S. interests. As long as the same strategy is pursued, these challenges with the South Korean people will only get worse, not to mention potential costs to Washington's credibility as an ally.

Although it is largely expected that Trump won't unilaterally call for a troop drawdown on the Korean Peninsula at his second summit with Kim now that a new SMA is in place, it doesn't seem that he has quite given up on pursuing the idea eventually. Nor does he appear willing to accept anywhere near what South Korea has recently committed to.

After saying that an American military withdrawal from South Korea wasn't immediately on the table in a **"Face the Nation" interview** at the beginning of February, Trump added, "Maybe someday [we'll remove them]. I mean, who knows. But you know it's very expensive to keep troops there. You do know that. We have 40,000 troops in South Korea; it's very expensive."

Even after the new deal was struck and Trump greatly exaggerated how much more Seoul agreed to pay – saying they would spend \$500 million more rather than the actual \$64 million – he stated, "And over the years, it will start going up" in a **cabinet meeting** this week.

Both of these recent comments suggest we should expect more of the same from the U.S. president in the new SMA talks.

Though nonetheless a positive turn of events for the time being, it is hard to see the new burden sharing agreement as anything beyond a stopgap measure. Should no one be able to convince Trump to change course, it seems as if it is only a matter of time before the issues that plagued the recently concluded talks re-emerge.

Kyle Ferrier is the Director of Academic Affairs and Research at the Korea Economic Institute of America (KEI) and a contributor to The Diplomat's Koreas blog.