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**STATEMENT OF
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BEFORE THE HOUSE ARMED SERVICES COMMITTEE**

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Mr. Chairman and distinguished members of the committee, I am honored to again appear before you as Commander, United Nations Command; Commander, Republic of Korea—United States Combined Forces Command; and Commander, United States Forces Korea. On behalf of the more than 37,500 Soldiers, Sailors, Airmen, Marines, and 5,700 Department of Defense civilians serving in Korea, I thank you for your unwavering support which enables us to maintain readiness and accomplish our deterrence mission on the Korean peninsula. I appreciate this opportunity to present my assessment of the command and our implementation plan for continued military transformation of the Republic of Korea—United States Alliance.

Much has changed in the more than half century of the Republic of Korea—United States Alliance, and the pace of change has quickened since the events of September 11, 2001 violently demonstrated that the world security would be governed by a new paradigm. A new generation of young South Koreans, cognizant of their national achievements and aspiring to a larger role in international affairs, is now assuming leadership of the Republic of Korea. Last year, North Korea posed renewed threats to global security by acknowledging its pursuit of nuclear weapons, and withdrawal from the Nuclear Non-Proliferation Treaty and other related international agreements. At the same time, the United States' security responsibilities, and our interdependence with allies and coalition partners, have grown throughout the world.

While the dynamics of the security environment have changed and our security relationships continue to mature, the fundamental purpose of the Republic of Korea—United States Alliance remains unwavering: deter and defend against the North Korean threat; and mutual commitment to regional security and stability. Together, we continue to steadfastly oppose North Korea's renewed efforts to divide the Alliance and threaten peaceful nations. We are engaged in a detailed policy dialogue for the military transformation of the Republic of Korea—United States Alliance over the next few years. This transformation plan includes momentous changes for an enduring United States military presence in Korea and a stronger alliance. This military transformation will bolster the United Nations Command and the Republic of Korea—United States Combined Forces Command, the guarantors of regional security and stability.

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Today, I will address the importance of continued stability and security in Northeast Asia, the North Korean threats to the region and the world, the changes in South Korean society, the Republic of Korea's contributions to global and regional security, and the progress toward strengthening the alliance through "Enhance, Shape, and Align" initiatives. Finally, I will outline areas needing your sustained investment for the future of United States Forces based in Korea and the Republic of Korea—United States Alliance.

The Northeast Asia Security Environment

The United States has significant, long-term interests in the Northeast Asia region. These interests include economic cooperation and interdependence, mitigating threats to regional stability, and fulfilling our commitments to allies and friends. Economic interdependence is a result of improved information technologies and transportation networks that speed the flow of capital, goods, and services around the globe. United States trade with the People's Republic of China, Russia, Japan, Taiwan, and the Republic of Korea approaches one fourth of our total international trade, exceeding our trade with the European Union, and is second only to the United States trade within the North American Free Trade Agreement. Bi-lateral United States—Republic of Korea trade exceeded \$59 billion last year, and United States—Japan trade was over \$155 billion. In addition to bi-lateral trade, United States direct investment in the larger Northeast Asia approached \$100 billion in 2003. United States trade with, and investment in, the region is substantial and projected to continue growing in the near term.

Even with the trends toward economic cooperation and interdependence, well documented historical enmity and a tenuous balance of power remain potential sources of instability. The Northeast Asia region is the crossroads of five of the world's six largest militaries and three of the world's declared nuclear powers.¹ There has been an upward trend in regional military expenditures over the last decade, with the regional average budget for force improvement increasing 15 percent, while the global average declined by 35 percent. North

¹ The world's six largest militaries, measured by personnel strength, are: The People's Republic of China, United States, India, North Korea, Russia, and the Republic of Korea. The declared nuclear powers under the Nuclear Non-Proliferation Treaty (NPT) are: United States, Russia, China, France, and Britain. India and Pakistan are considered self-declared nuclear powers, acknowledged to possess nuclear weapons, but not signatories of the NPT.

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Korea's efforts to strengthen its military, in light of its bellicose rhetoric and history of provocation, remain the most substantial threat to regional peace.

The long-standing presence of United States Forces and the strength of our strategic partnerships are the foundation of regional stability that is the catalyst for continued cooperation and prosperity. Forward-deployed United States Forces demonstrate our resolve to strengthen and expand alliances, eliminate threats from weapons of mass destruction, work with partners and friends to defuse regional conflicts, and stand with our partners to oppose threats to freedom wherever they arise. Robust United States Forces based in Korea, along with the Republic of Korea and other regional partners, continue to deter an increasingly manipulative North Korea.

North Korean Challenges to Regional and Global Security

North Korea poses a variety of threats to regional and global stability. Its leader, Kim Jong-il, shows little regard for the welfare of ordinary citizens, and uses brutal internal security measures to ensure that no internal challenge to his regime emerges. He maintains large conventional and special operations forces. He sustains an active chemical and nuclear weapons development program, and is a major proliferator of missiles and related technologies. He increasingly supports illicit activities such as drug trafficking and counterfeiting to generate hard currency. North Korea demonstrates little regard for international convention or agreements. The regime repeatedly uses the threat of large-scale war and weapons of mass destruction in order to extort aid or other concessions from the international community.

While reunification of the peninsula under North Korean control remains the primary stated purpose of the regime, Kim Jong-il's immediate overriding concern is to remain firmly in control. He personally occupies all key party, military, and government leadership positions. Kim Jong-il rules the nation through a small cadre of lavishly rewarded elites who control all aspects of North Korean life. There is little evidence that any significant threat to the regime exists.

The North Korean Economy

The North Korean economy continues to decline and shows little prospect of recovery. Despite North Korea's limited experiments with reform, total economic output has dropped

nearly 50% since 1992. Today, factories operate at less than 25% of 1992 capacity. The nation's power and transportation infrastructure are in need of massive overhaul. Agricultural output can only feed 66% of the population. North Korea's economic decline is largely due to poor policy, mismanagement, under-investment, and a lack of resources. The regime's "Military First" policy directs approximately one-third of the domestic output to the military, thus limiting resources that could be used to improve the welfare of its people. North Korea's economy remains bolstered by aid from the international community and profits from regime-sanctioned illicit activities such as drug production, smuggling and counterfeiting.

The North Korean Military

The North Korean People's Army ensures regime survival by deterring external threats and providing the tool that enables the Kim regime to extort aid from the international community. North Korea has the fifth largest armed force in the world.² The ground force has almost one million active duty soldiers. About 70 percent of the North Korean Army is deployed south of Pyongyang, where they are capable of attacking with little tactical warning. A large number of North Korean long-range artillery systems can strike Seoul from their current locations. The North Korean air force has over 1,700 aircraft. The navy has approximately 800 vessels. The derelict North Korean economy has impaired the readiness, modernization, and sustainability of their conventional forces over the past decade, crippling Pyongyang's capacity to reunify the peninsula by force. However, the size, firepower, and proximity of North Korea's conventional forces to Seoul – coupled with their lethal asymmetric threats – give North Korea the capability to inflict great destruction and casualties if they chose to attack.

North Korean Asymmetric Threats: Special Operations Forces, Missiles, and Weapons of Mass Destruction

North Korea's asymmetric capabilities are large and dangerous. North Korea's 122,000-man special operations force is the world's largest, and a high funding priority for the regime. They are tough, dedicated, well trained, and profoundly loyal to the Kim regime. During conflict, these forces would direct long-range fires against key facilities, attack to disrupt command

² North Korea has a population of 22 million; over one million are active duty military, an estimated two million are employed in military support or state security work, and over six million are members of the armed forces reserve.

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facilities of the Republic of Korea-United States Combined Forces Command, and seek to destroy force generation and reinforcement from beyond the peninsula.

The North Korean ballistic missile inventory includes over 500 SCUD missiles that can deliver conventional or chemical weapons across the entire peninsula. They continue to produce and deploy medium-range No Dong missiles capable of striking cities and military bases in Japan with these same payloads. Continued research on a three-stage variant of the Taepo Dong missile could provide North Korea the capability to target the continental United States.

North Korea has an assessed significant chemical agent stockpile that includes blood, blister, choking, and nerve agents. These weapons threaten both our military forces and civilians in the Republic of Korea and Japan. We also assess Pyongyang has an active biological weapons research program, with an inventory that may include anthrax, botulism, cholera, hemorrhagic fever, plague, smallpox, typhoid and yellow fever. North Korea believes that these missile, chemical, and biological weapons programs measurably contribute to its security from external threats and supplement their conventional military capabilities.

North Korea's abandonment of the 1994 Agreed Framework and International Atomic Energy Safeguards Agreement, withdrawal from the Nuclear Non-Proliferation Treaty, restart of the Yongbyon nuclear reactor, and declarations they have reprocessed 8,000 spent nuclear fuel rods indicate they are following a path that may lead to additional nuclear weapon production. The intelligence community assesses North Korea already has one or two nuclear weapons, and that they have the potential to make several additional nuclear devices. The Kim regime has clearly stated it will continue to increase its "nuclear deterrent capability" unless it receives significant economic assistance, security guarantees, and appropriate political concessions from the international community. In this context, proliferation of North Korean advanced weapons and related technologies remains a significant concern to the United States and its allies.

Assessment of the North Korean threats

North Korea poses a dangerous and complex threat to peace and security in the region and throughout the world. The Kim regime maintains a delicate balance of threats to ensure regime survival. They maintain a massive, offensively postured, conventional force that far

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exceeds the requirements to defend their country. Their continuing weapons of mass destruction programs constitute a substantial threat to Northeast Asia and the world. The Korean People's Army continues to invest heavily in military programs designed to offset our operational superiority. We see no indications the Kim regime will change its "Military First" policy, brinkmanship, nuclear challenges, missile proliferation, and illegal activities that ensure regime survival. The North Korean people will continue to suffer under an oppressive regime. For the foreseeable future, North Korea remains a major challenge to security in Northeast Asia.

The Republic of Korea—United States Alliance

The Republic of Korea—United States Alliance was formed to deter North Korean aggression and preserve peace and security in the region. For over 50 years, we have accomplished these tasks in a dynamic political and security environment. Much has changed in those 50 years, and many of the changes are irreversible. Our economies have prospered and become more intertwined. Democratic institutions are stronger, reflecting the aspirations of new generations. Though these changes have not always been smooth in either country, the Alliance has evolved to remain the foundation of regional deterrence and security. The Republic of Korea has been, and remains a reliable ally in regional and global security.

The Republic of Korea Today

Throughout our half-century of economic and security cooperation, the Republic of Korea has become one of the leading economic powers and a pre-eminent democracy in the region. The Republic of Korea has the 11th largest gross domestic product in the world, and the third largest in Northeast Asia. This growth has been fueled by global exports of high technology and consumer goods. The United States is the Republic of Korea's largest trading partner, with 2003 annual bilateral trade exceeding \$59 billion. The United States was the second largest source of foreign direct investment in the Republic of Korea, totaling about \$1.2 billion (19.2 percent of total) in 2003.

While the Republic of Korea has firmly secured its place as an independent economic force in the global economy, 2003 has not been without challenges. Declines in domestic consumption slowed the growth of their domestic economy from 6.3 percent in 2002 to 2.9 percent in 2003. High household debt, rising unemployment, increasing individual and

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corporate bankruptcy, and disruptive labor strikes combined to further slow their economy. Rising labor costs and appreciation of the won against the dollar accompanied a shift in Republic of Korea foreign direct investment toward China and efforts to conclude bi-lateral free trade agreements with several nations. Most forecasts indicate a Republic of Korea economic recovery throughout 2004, with gross domestic product growing at rates between 4.5 and 6 percent. Analysts expect the Republic of Korea's current and trade account surpluses to grow over 60% in 2004 on the strength of its export economy, particularly in the electronics and automobile sectors. Fostering economic recovery remains a top priority for the Republic of Korea government, essential to achieving President Roh's vision of transforming the Republic of Korea into the transportation, financial, and information technology hub of Northeast Asia. Beyond economic growth, the Roh administration is focusing on improving the domestic democratic process in ways that reflect new societal values of a younger generation.

2003 can be considered a watershed in the development of democracy in the Republic of Korea. Older, less vocal conservative South Koreans continue to support a United States military presence on the Korean peninsula, reciprocal security cooperation under the Mutual Defense Treaty, and a pragmatic approach to North Korea. However, a generation born after the end of the Korean War has begun to assume a larger role in business and government. These younger Koreans are keenly aware of their achievements and motivated by a heightened sense of nationalism. Younger South Koreans generally want a more independent role in world affairs, a role consistent with the Republic of Korea's economic power. They advocate domestic and foreign policies based on national interest, particularly with respect to Republic of Korea—United States relations. Impassioned editorial debate and public demonstrations regarding the presence of United States Forces in Korea, the Republic of Korea's dispatch of troops to Iraq and resolving the North Korea nuclear issue demonstrate the strength of their views and the dynamics of domestic Korean politics. These dynamics firmly demonstrate that the Republic of Korea continues to be a healthy democracy, fully capable of managing change through constitutional processes.

Generational perspectives on North Korea clearly illustrate the changing social and political dynamics in Republic of Korea society. There is a clear generational divide over the military threat posed by North Korea. Older South Koreans, who recall the devastation caused

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by the Korean War, express a desire to maintain a strong defense against the North while following a path of pragmatic engagement to reduce North Korean military threats in a sustainable multi-lateral way. Younger South Koreans view North Korea as peaceful cultural brothers and potential trading partners. Some younger Koreans perceive little military threat from the North, expressing the view that North Korea would never use its military against the Republic of Korea. However, most South Koreans agree on two issues: first, a nuclear armed North Korea is an intolerable threat to stability; and second, catastrophic failure of the North Korean system would destabilize the entire region and have substantial adverse consequences for South Korea. To avoid these adverse consequences and accommodate domestic views, the Republic of Korea has adopted a patient approach toward inter-Korean relations.

The Roh administration developed the “policy for peace and prosperity” to guide inter-Korean relations.³ This policy formally opposes North Korea’s pursuit of nuclear weapons while continuing efforts toward inter-Korean rapprochement through humanitarian assistance, family reunions, tourism, and trade. Under the Ministry of Unification’s “policy for peace and prosperity”, inter-Korean commerce has steadily grown to \$670 million per year. The Ministry of Unification plans to expand access to the Mt. Gungang tourist resort, develop investment in the proposed Kaesong Industrial Complex, and use the inter-Korea transportation corridors to further advance the Republic of Korea as the transportation hub of Northeast Asia. The “policy for peace and prosperity” envisions this increased economic prosperity as the engine of peace and the key to replacing the Armistice Agreement with a peace agreement.⁴ However, full implementation of this policy is predicated on resolving the North Korean nuclear issue.

³ “The Policy for Peace and Prosperity” was developed by the Republic of Korea Ministry of Unification and published in 2003; updated in January 2004. In summary, the goals of the policy are: (1) promote peace on the peninsula; and, (2) pursue mutual prosperity for North and South Korea while contributing to prosperity in Northeast Asia. Guiding principles and implementing actions include: resolve issues through dialogue; promote international cooperation “based on the principle of the parties directly involved”; expand public participation in rapprochement dialogue; peacefully resolve the North Korean nuclear issue, fully accounting for the positive impact of inter-Korean economic cooperation; and replace the Armistice Agreement with a Peace Agreement. Available from <http://www.unikorea.go.kr/en/main.php>, accessed January 20, 2004.

⁴ The “Policy for Peace and Prosperity” seeks “the eventual replacement of the current armistice agreement with a peace agreement between South and North Korea.” It acknowledges that “international institutional arrangements safeguarding the peace regime should also be pursued.” This Republic of Korea policy seeks a bilateral inter-Korean agreement, rather than a comprehensive solution that involves the parties represented by the Armistice Agreement.

The Armistice Agreement, between senior representatives from the Korean People’s Army, Chinese People’s Volunteers, and, the United Nations Command, was signed on July 27, 1953 to govern cessation of hostilities on the Korean Peninsula. Because the Armistice Agreement has not been replaced by a permanent peace settlement, it remains the governing authority over all activity inside the Demilitarized Zone, including inter-Korean commerce and humanitarian visits. Article I of the Armistice Agreement establishes the Military Demarcation Line and Demilitarized Zone (DMZ) between the forces and prevents access to the DMZ without consent from the Military Armistice Commission. Today, the northern side of the DMZ is controlled by the Korean People’s Army and the southern side of the DMZ is controlled and administered by United Nations Command. Article II establishes concrete

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Diverse public opinion reflects the growth of democratic freedoms and nationalism in the Republic of Korea. The Republic of Korea is experiencing changes familiar to other democracies – healthy growth and generational transfer of authority. It seeks to adapt its foreign policy, establishing more egalitarian relations based on mutual interests rather than historical attachment. Undoubtedly, United States policies in general, and the nature of United States military presence in Korea, are likely to remain a central issue in the domestic Korean policy debate, particularly in the weeks before the April 2004 quadrennial National Assembly elections. Biased media portrayal of the Republic of Korea—United States Alliance will likely continue; however, the foundations of such expressions of bias are as much a function of Korean domestic politics as it is an expression of genuine anti-American sentiments. However, continued cooperation on security interests shows that the Republic of Korea continues to be a reliable ally.

Growth in the Republic of Korea—United States Alliance

This past year marked the 50th Anniversary of the Republic of Korea—United States Mutual Defense Treaty and the Armistice Agreement. Veterans of many nations who defended the Republic of Korea during the 1950-1953 war returned to Korea to commemorate these historic events. South Koreans of all ages welcomed these Korean War veterans, proudly displaying the democratic society and economic miracle that grew from the dedication and sacrifice of those who defeated unprovoked North Korean aggression.

During their May 2003 Summit Meeting, President Bush and President Roh noted the significance of the 50-year partnership and highlighted the importance of building a dynamic alliance relationship for continued peace and prosperity on the Korean Peninsula and in Northeast Asia. Noting the Republic of Korea's growing national strength, the presidents pledged to increase mutual security cooperation and to modernize the Republic of Korea—United States Alliance by improving military capabilities, and consolidating United States Forces south of the Han River, including the relocation of United States Forces from the Seoul metropolitan area at an early date. The shared views of President Bush and President Roh

measures to ensure separation of forces along the DMZ. The balance of the Armistice Agreement outlines composition, authorities and responsibilities of the Military Armistice Commission; recommends that the governments seek peaceful settlement of the Korean question, and provides measures for amending the Armistice by mutual agreement.

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have reinforced the importance of frank dialogue and mutually beneficial cooperation between our nations.

The Republic of Korea's support to global and regional security

Consistent with this spirit of mutual cooperation, the Republic of Korea continues to increase its contributions to allied defense burdensharing through troop contributions and pledges of humanitarian assistance for Afghanistan and Iraq, participation in United Nations peacekeeping operations, and sharing the costs of stationing United States Forces in Korea.

The Republic of Korea remains a consistent contributor to regional security and the war on terror. The Ministry of National Defense maintains liaison officers at U.S. Pacific Command and U.S. Central Command to coordinate support for Republic of Korea contingents participating in United States-led coalition operations in Iraq and Afghanistan. The Republic of Korea continued its second year of troop and financial support to operations in Afghanistan. Throughout 2003, the Republic of Korea provided a 56-man medical unit and a 150-member engineer construction unit in Afghanistan, along with a 38-man medical detachment in Kyrgyzstan. Republic of Korea contributions to Afghanistan, valued at \$155 million, included transportation support, radios for two newly formed Afghan National Army battalions, and in-kind military contributions to stability and reconstruction. The Republic of Korea maintains its pledge to provide \$45 million in reconstruction funds focused on Afghan vocational-technical education and medical assistance, \$150,000 for Interim Afghan Administration expenses and \$12 million for regional humanitarian aid to Afghanistan's neighbors in the 2002-2004 period.

Following the defeat of the Saddam Hussein regime in Iraq, the Republic of Korea provided a 675-man non-combatant contingent for stability operations and donated \$60 million for reconstruction projects. In October 2003, the Roh administration pledged an additional \$200 million, delivered over the next four years, for reconstruction projects in Iraq. In December 2003, the Roh government pledged to send additional troops to assist with reconstruction and humanitarian operations. In February 2004, the National Assembly authorized deployment of up to 3000 additional troops composed of both non-combat forces for reconstruction and

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infantry and special operations troops for force protection.⁵ United States Central Command and the Republic of Korea Ministry of National Defense continue to coordinate the details of this additional troop deployment. We congratulate the Republic of Korea for their continued pledges of commitment to the growing global coalition assisting with Iraqi recovery.

Beyond Afghanistan and Iraq, the Republic of Korea has been a partner in United Nations peacekeeping operations around the globe. After approximately four years of supporting the United Nations mission in East Timor, the Republic of Korea withdrew its 250-man infantry battalion last October. Six Republic of Korea staff officers remain in East Timor to support the United Nations operation in the world's newest nation. The Republic of Korea continued to post 20 medical officers in the Western Sahara, nine military observers to the Kashmir mission, and seven military observers in Georgia. Additionally, Lieutenant General Hwang Jin-ha continued to command the United Nations Peacekeeping Force in Cyprus, the first instance of the Republic of Korea commanding a United Nations peacekeeping force. Collectively, these contributions are a strong testament to the Republic of Korea's commitment to stability and security beyond the Korean Peninsula.

The Republic of Korea's support to United States Forces Korea

The Republic of Korea government continued to increase its contributions to offset the cost of maintaining United States Forces in Korea. In 2003, the Republic of Korea provided support equivalent to approximately 40 percent of the non-personnel stationing costs of United States Forces Korea. Last year's indirect cost sharing was valued at approximately \$544 million and direct cost sharing was \$540 million.⁶ Based on the current rate of cost sharing increases, the Republic of Korea is poised to enter the top half of allied nations contributing to the cost of maintaining the installations and services supporting United States Forces stationed within their borders. The upcoming negotiations for the Republic of Korea—United States Special

⁵ On February 13, 2004, the Republic of Korea National Assembly authorized deployment of up to 3000 additional troops "for the purpose of peace-keeping and reconstitution to Iraq from 1 April to 31 December 2004."

⁶ Indirect cost sharing includes foregone rents for facilities used by United States Forces Korea and tax exclusions for goods and services provided under the Status of Forces Agreement. Direct cost-sharing contributions are governed under the existing Special Measures Agreement, which will expire in 2004. Under this agreement, the Republic of Korea annually increases direct cost sharing by 8.8%, adjusted for inflation. Direct cost sharing contributions are a combination of cash payments and in-kind services. Republic of Korea direct cost-sharing contributions for 2004 are estimated to be \$602 million based on current economic projections.

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Measures Agreement provide a welcome opportunity to develop a long-term agreement for sustained real growth in Republic of Korea defense cost sharing contributions.

Strengthening the Republic of Korea—United States Alliance

Efforts to strengthen the alliance begin with improving the South Korean people's appreciation of United States Forces based in Korea. The "Good Neighbor" programs at every command level continue to emphasize the importance of reaching out to our South Korean hosts to foster a better understanding of our shared values and interests. To connect directly with the South Korean people, we established an interactive Korean language web site as a source of information on United States Forces Korea. A Korea Advisory Council meets quarterly and remains a productive venue for senior United States Forces Korea leaders to dialogue with the Republic of Korea's leading citizens, religious leaders, academics, and government and business officials. The Korea Advisory Council, coupled with the interactive Korean language web site, ensures that our Korean hosts have the opportunity to present their views directly to senior leaders at every command level of United States Forces based in Korea.

All commanders of United States units have continued their "Good Neighbor" programs that are centered on community outreach programs to improve mutual understanding with their local hosts. "Good Neighbor" programs include the Adopt-A-School program, cultural tours and exchanges, volunteer English language tutors, and sponsorship of orphanages. These efforts contribute to mutual appreciation and allow our service members to contribute to the communities in which they live and work. Particularly impressive was the large number of United States Soldiers, Sailors, Airmen, and Marines who volunteered their time to assist local communities to clean up after *Typhoon Maemi* ravaged several communities last September.

These community outreach programs have been accompanied by a measurable reduction in the frequency and intensity of protest demonstrations in South Korean host cities. Our efforts to improve mutual understanding cannot guarantee that United States presence in Korea will not be manipulated for domestic political purposes. However, we can safely deduce that these community outreach programs contribute to building individual friendships that will strengthen the South Korean appreciation for the contributions that the men and women of United States Forces Korea bring to the Korean peninsula and Northeast Asia.

Transforming the Commands

The Republic of Korea—United States Alliance – a security partnership forged during the Korean War and exemplified today through the United Nations Command and Republic of Korea—United States Combined Forces Command – is the foundation for the security of the Korean peninsula and continued regional stability. The United States—Republic of Korea Presidential Summit Meeting in May 2003 reinforced the importance of the alliance for maintaining vigilance towards North Korea and preparing the alliance to contribute to broader regional stability in the longer term. The two presidents reinforced their mutual desire to establish a stable stationing plan that supports a sustainable, long-term United States presence and contributes to continued regional stability. These mutual presidential commitments reinforce the ongoing policy dialogue to foster military transformation and improve the alliance through the *Future of the Republic of Korea—United States Alliance Policy Initiative*.

The *Future of the Republic of Korea—United States Alliance Policy Initiative* is a two-year long series of consultations, jointly chartered by the United States Secretary of Defense and Republic of Korea Minister of National Defense at the 34th Security Consultative Meeting in December 2002, designed to strengthen and transform the alliance.⁷ Key tasks of this consultative body include: integrate the transformations of the United Nations Command, Republic of Korea—United States Combined Forces Command, and United States Forces Korea; establish a sustainable stationing environment for United States Forces based in Korea; and examine ways to strengthen the alliance in the mid-to-long term. The first year's discussions made significant progress on each of these issues, resulting in agreements to enhance, shape, and align forces to deter North Korea and prepare for future security missions to enhance stability in the broader Northeast Asia region. Briefly stated, the objectives of the “Enhance, Shape, and Align” concept are to ensure that we: have the right capabilities on the peninsula to deter and, if necessary, defeat North Korean aggression; assign roles and missions to the appropriate units; and replace the post-Cold War basing plan with less intrusive, enduring hubs. The subsequent paragraphs describe how the “Enhance, Shape, and Align” concept,

⁷ The *Future of the Republic of Korea—United States Alliance Policy Initiative* is a fully integrated interagency consultative effort of both governments. The United States delegation includes representatives of the Department of State, Office of the Secretary of Defense, United States Joint Staff, United States Pacific Command, and United States Forces Korea. The Republic of Korea

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supported by command priorities, has strengthened the Republic of Korea—United States Alliance and contribute to transformation of United Nations Command, Combined Forces Command, and United States Forces Korea.

United Nations Command

The United Nations Command, the longest standing coalition in the history of the United Nations, represents the international community's enduring commitment to security and stability on the Korean peninsula.⁸ On behalf of the 15 member nations, the United Nations Command actively supervises compliance with the Armistice Agreement, fulfilling the mutual pledge to “fully and faithfully carry out the terms” of the Armistice and “if there is a renewal of the [North Korean] armed attack, challenging again the principles of the United Nations, we should again be united and prompt to resist.” Today, the members of the United Nations Command coalition in Korea remain vigilant in an uneasy peace; ensuring compliance with the Armistice Agreement.

United Nations Command responsibilities include Armistice-related meetings, impartial investigations of alleged Armistice violations committed by either side, and supervision of the two transportation corridors through the Demilitarized Zone. Last year, United Nations Command officers held 26 meetings with representatives of the North Korean People's Army at Panmunjon to discuss matters related to the Armistice. These meetings continue to be an important forum for frank dialogue, preventing potential miscalculation or misinterpretation by the forces deployed along the Demilitarized Zone.

Impartially investigating allegations of Armistice violations on both sides of the Military Demarcation Line prevents relatively minor incidents from escalating into destabilizing crises. In 2003, the United Nations Command conducted 22 special investigations of incidents, concluding that the North Korean People's Army had committed 13 major violations of the Armistice Agreement. These violations, an increase over last year, raised significant concerns because they involved unauthorized Military Demarcation Line crossings or discharge of

delegation represents the National Security Council, the Ministry of Foreign Affairs and Trade, the Ministry of National Defense, and the Republic of Korea Joint Staff.

⁸ U.N. Security Council Resolutions following the 1950 North Korean invasion established the United Nations Command. United Nations Command member nations are: Australia, Belgium, Canada, Columbia, Denmark, France, Greece, The Netherlands, New Zealand, Norway, Philippines, Thailand, Turkey, United Kingdom, and the United States.

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weapons inside the Demilitarized Zone. The prompt and transparent United Nations Command investigation of Armistice-related incidents prevented escalation or miscalculation.

The United Nations Command also monitors Armistice compliance and approves Demilitarized Zone crossings associated with the on-going construction of the two transportation corridors through the Demilitarized Zone. These transportation corridors are integral to the Republic of Korea's efforts to foster inter-Korean reconciliation and cooperation. Because of the threat posed by North Korea's forward deployed forces, the United Nations Command rigorously enforces Armistice rules for activities inside the Demilitarized Zone. This diligence ensures that the transportation corridors cannot be exploited for prohibited purposes that may adversely affect the security of the Republic of Korea.

The United Nations Command has full responsibility for enforcing the Armistice. It has delegated responsibility for patrolling the southern half of the Demilitarized Zone, except the Joint Security Area at Panmunjon, to Republic of Korea Army units. A combined Republic of Korea—United States battalion, organized under the United Nations Command, provides the physical security of the Joint Security Area. During the 25th meeting of Republic of Korea—United States Military Committee in December 2003, our two nations agreed to transfer primary responsibility for the protection of the Joint Security Area from United States to Republic of Korea forces in 2004.⁹ The Military Committee agreed that the United States will continue to command the United Nations Joint Security Area Security Battalion and provide the nucleus of staff, while the Republic of Korea will replace all United States personnel directly involved in security patrols, manning observation posts, and base operations support. This mission transfer is part of a more comprehensive agreement adjusting the roles and missions of the respective armed forces, which acknowledges the increased capabilities of the Republic of Korea Army and the predominant Republic of Korea role in its national security.

For the foreseeable future, the United Nations Command will continue its significant contributions to security and stability on the Korean peninsula and in the region. Beyond its

⁹ The Republic of Korea—United States Military Committee, established by the Combined Forces Command's Terms of Reference and Strategic Directives, includes the Senior United States Military Representative in Korea, the Chairman of the United States Joint Chiefs of Staff, the Chairman of the Republic of Korea Joint Chiefs of Staff, the Commander of Combined Forces Command and appropriate members of their respective staffs. The Military Committee holds annual meetings to review combined defense policy issues and act on directives from the Republic of Korea—United States Security Consultative Meeting.

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direct responsibilities to enforce the Armistice, the United Nations Command has the potential to become a forum for improving regional military cooperation between the Republic of Korea and Japan. This near term cooperation centers on the seven United Nations Command bases located in Japan that provide logistical support in the event of a conflict on the Korean Peninsula.¹⁰ Notably, the United States Pacific Command's Theater Security Cooperation Plan recognizes this opportunity to enhance regional security cooperation. This year's visit to United Nations Command rear bases in Japan by the Republic of Korea's Chairman of the Joint Chiefs of Staff is but one example of the United Nations Command's ability to facilitate regional security cooperation. Rest assured that the dedicated members of the United Nations Command, backed by the 15 member nations and Combined Forces Command, continue to guard the security of the Republic of Korea, and contribute to improved regional security cooperation and confidence building. Congressional approval of Title XII provisions that allow the United States to support our foreign coalition liaison officers will continue to enhance the effectiveness of the United Nations Command and Combined Forces Command.

Combined Forces Command

Since its inception a quarter century ago, the Combined Forces Command has been the cornerstone of deterrence on the Korean peninsula: vigilant; well trained; ready to fight tonight and win. This combined deterrence is achieved by an integrated team of approximately 680,000 active and 3,040,000 reserve personnel from the Republic of Korea and more than 37,500 United States military personnel forward deployed on the Korean peninsula.¹¹ The United States Forces assigned to Korea add state-of-the-art operational capabilities to the Korean peninsula. Together, these forces are a potent, integrated team with the military prowess and dominant military capabilities to defeat any provocation on the Korean peninsula, deterring escalation that could destabilize the region.

¹⁰ Eight of the United Nations Command (UNC) member nations maintain liaison with the UNC rear headquarters in Japan: Australia, Canada, France, New Zealand, Philippines, Thailand, United Kingdom, and the United States. Use of UNC bases in Japan is governed by a status of forces agreement between United Nations Command and the Government of Japan. UNC rear bases are located on Honshu (Camp Zama, Yokota Air Base, and Yokosuka Naval Base), Kyushu (Sasebo Naval Base), and Okinawa (Kadena Air base, Futenma Marine Corps Air Station, White Beach Naval Facility).

¹¹ Republic of Korea Ministry of National Defense, *Participatory Government Defense Policy 2003*. Active forces include 550,000 Army, 67,000 Navy and Marine Corps, 63,000 Air Force. Active forces are predominantly composed of conscripts with a 24-28 month term of service.

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Readiness is the hallmark of the Republic of Korea—United States Combined Forces Command. The robust annual Combined Forces Command exercise program, supported by subordinate command training programs, ensures that the command is prepared for likely contingencies. The theater-level exercises, ULCHI-FOCUS LENS; RECEPTION, STAGING, ONWARD MOVEMENT, and INTEGRATION; and FOAL EAGLE collectively train over 400,000 active and reserve component personnel in the critical tasks essential to deterring, and if necessary, defeating a limited warning attack against the alliance. These command post and field training exercises use battle simulations technologies to train leaders in battle command, leveraging the significant theater-wide investment in Command, Control, Communications, Computers, and Intelligence systems. These combat enablers provide the means to collaboratively plan, execute, and assess effects from distributed locations; allowing the Combined Forces Command to see, understand, and act to dominate the battlespace. ULCHI-FOCUS LENS is a simulation-driven command post exercise focused on joint and combined effects-based operations, and sustaining command and control, logistics, and dominant maneuver skill sets. The objective of the RECEPTION, STAGING, ONWARD MOVEMENT, and INTEGRATION exercise is to improve the ability to rapidly reinforce and sustain operations in the Korean theater. FOAL EAGLE is where the “rubber meets the road”, providing a field training environment for tactical-level joint and combined warfighting skills and interoperability. These exercises, supplemented by subordinate command training programs, ensure that the Combined Forces Command remains ready to fight tonight and win decisively.

As we have for the last 25 years, the Combined Forces Command continues to adapt to the changing security environment. This transformation is taking place in three key areas: enhancing combined capabilities; shaping roles and missions; and aligning forces for the mid-to-long term. Close cooperation between the defense leadership of the Republic of Korea and the United States, and the leaders of the Combined Forces Command and United States Forces Korea ensures that these changes enhance readiness and combined deterrence.

Enhancing Combined Capabilities

Most visible are the capabilities enhancements we are making through force modernization. In November 2003, the Republic of Korea—United States Military Committee reaffirmed mutual commitment to complementary, interoperable capabilities enhancements.

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The United States presented a force modernization program that brings state-of-the-art equipment to the Korean peninsula over the next three years. United States Forces based in Korea have already received tactical unmanned aerial vehicles, improved command, control, communications and computers systems, and are beginning improvement programs for United States major combat systems and munitions. In 2003, the United States deployed enhanced capabilities to protect key installations and conducted rotational deployments to demonstrate the ability to rapidly deploy ground, air, and maritime forces to the peninsula. These programs are essential to the readiness that has deterred conflict on the Korean peninsula while the United States and its coalition partners prosecute the war on terror. The powerful deterrent capabilities of forward deployed forces continue to be a key enabler for our defense strategy.

The Ministry of National Defense views continued security cooperation with the United States as a cornerstone of the Republic of Korea's defense strategy. The Ministry of National Defense Modernization Plan seeks to enhance complementary Republic of Korea defense capabilities. This plan includes purchases of many defense systems produced by the United States and joint ventures to domestically produce advanced weapons in the Republic of Korea. Highlights of the Ministry of National Defense Mid-Term Defense Modernization Plan include missile defense systems, advanced aircraft, precision munitions, and advanced naval combat and amphibious ships.

The Republic of Korea Air Force's recent procurement of the F-15K fighter is on schedule, with the first deliveries scheduled for 2005. These aircraft will be capable of employing a wide range of all-weather precision munitions that have proven extremely effective during recent United States-led coalition operations. The Republic of Korea Army will complete fielding in 2004 of a second Multiple Launch Rocket System battalion consisting of 29 launchers, 310 extended range ammunition pods, and 110 Army Tactical Missiles to enable long-range precision strike by this new organization. The Republic of Korea Navy has signed a contract to purchase eight additional P-3 anti-submarine warfare aircraft, received its third KDX-II destroyer this year, and the KDX-III, equipped with the Lockheed-Martin AEGIS system, is on track for delivery in 2008.

The Ministry of National Defense Mid-Term Defense Modernization Plan also includes several developmental programs to improve self-defense capabilities. Highlights include an

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improved missile defense system, air-to-air refueling platforms for high performance aircraft, advanced warning and airspace control aircraft, a multi-role helicopter system to replace an aging fleet, as well as advanced amphibious support ships, frigates, and patrol boats. These programs, commencing after 2007, are a needed step toward a self-reliant, modern defense capability.

The Republic of Korea's self-defense strategy goes beyond equipment modernization. It includes developing organizational and operational concepts that gain efficiencies by taking full advantage of increased equipment capabilities. The Ministry of National Defense is studying options to restructure its forces with more equally balanced air, naval, and ground components. These proposed changes will improve deterrence and are consistent with ongoing materiel and doctrinal capabilities enhancements. United States Forces Korea continues to closely coordinate with the Ministry of National Defense to ensure that the United States capabilities resident in Korea provide the appropriate mix of skilled personnel, equipment, and infrastructure to maintain deterrence and promote regional stability.

However, the Republic of Korea defense budget is insufficient to fully implement its Mid-Term Defense Modernization Plan – a fundamental obstacle to achieving the Ministry of National Defense's goals. Even after this year's minimal defense budget increase to 2.8 percent of Gross Domestic Product, the Republic of Korea's defense purchasing power remains near 1997 levels. Rising operations and maintenance costs, limited force development appropriations, and a defense spending at less than 3 percent of Gross Domestic Product will likely delay the overall Ministry of National Defense capabilities enhancement program.

Shaping Roles and Missions

Enhancing Republic of Korea military capabilities, the Military Committee agreed to transfer certain Combined Forces Command missions from United States Forces to Republic of Korea forces over the next three years. These changes will not decrease readiness or deterrence. Moreover, these mission transfers take full advantage of the strengths of Republic of Korea forces, and tailor United States Forces in Korea for the unique contributions that they make to the peninsula and the region. The Republic of Korea—United States Combined Forces Command is, and will remain, the cornerstone of deterrence on the Korean peninsula for the

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foreseeable future. These efforts to transform the command will improve interoperability and maintain operational dominance into the future.

United States Forces Korea

Transformation of United States Forces Korea is under way. Your recent investments in equipment and infrastructure have improved operational capabilities and the quality of life for United States service members, Department of Defense civilian employees, and family members. This total transformation effort – enhance, shape, and align – contributes to increased strategic relevance and flexibility for United States Forces based in Korea and around the globe. Our transformed forces and basing posture enable more rapid reinforcement of the Korean theater in the event of a crisis and improves deterrence, on the peninsula and beyond, by providing strategically mobile overmatching power to dissuade potential threats to Alliance interests. Your continued support will ensure we achieve our transformation goals, providing our forces with the resources needed to deter aggression and contribute to regional stability.

The capabilities enhancements and mission transfers previously presented are key elements of United States Forces Korea transformation. Consolidating United States Forces based in Korea into two hubs is the final component of this transformation effort. This consolidation consists of two parallel actions: relocation of United States Forces from the Seoul metropolitan area (commonly referred to as Yongsan Relocation), and realignment of the United States Second Infantry Division.

Relocation of United States Forces from the Seoul metropolitan area

Relocation of United States Forces from the Seoul metropolitan area is an important initiative with a long history. In 1990, at the request of the Republic of Korea and under the authority of the Status of Forces Agreement, the two governments completed a written agreement to relocate all United States Forces from Seoul to locations south of the Han River near Osan Air Base and Camp Humphreys. This relocation would have provided a more sustainable stationing environment for United States Forces and returned valuable land to the citizens of Seoul. The terms of the agreement – negotiated in good faith and consistent with the domestic laws of both nations at the time of signing – optimized capabilities while ensuring no degradation to readiness, operational capability, safety, force protection, or quality of life for the Korean and United States citizens who support the United Nations Command, the Combined

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Forces Command, and United States Forces Korea. Under these agreements, the United States promptly returned a sizeable portion of the Yongsan Garrison to the Republic of Korea, on which a Republic of Korea national museum has been built. However, in 1993 the United States received notification that the Republic of Korea would unilaterally suspend its implementation of the agreements.

As part of the *Future of the Republic of Korea—United States Alliance Policy Initiative*, the Republic of Korea government asked to renew discussions on implementing the relocation of United States Forces from the Seoul metropolitan area. These discussions have been candid and productive, with agreement on major points: all relocations will be completed by 31 December 2007, with the understanding that the target date for the relocation of the headquarters of United Nations Command, Combined Forces Command, and United States Forces Korea will be 31 December 2006; a small residual United States military presence will remain in Seoul to coordinate with the Ministry of National Defense and maintain a United States armed forces recreation center; and the Republic of Korea responsibility to fund this relocation, providing all necessary facilities and infrastructure to optimize operational capabilities for the headquarters', and maintain quality of life for personnel supporting those commands. When completed, these agreements will preserve the principles of the 1990 agreements, comply with the domestic laws of both nations, and ensure no reduction in readiness, deterrence, operational capability, safety, force protection or quality of life for the Republic of Korea and United States personnel affected by the relocation. We look forward to concluding the necessary agreements promptly, providing the National Assembly ample time to consider and ratify them according to the domestic requirements of the Republic of Korea.

Realignment of United States Second Infantry Division

The second facet of consolidating United States Forces into two hubs is realignment of Second Infantry Division. This realignment serves two main goals: transform the United States basing posture from its inefficient post-Korean War posture to a stable, less intrusive footprint; and focus construction investments into enduring facilities within the two hubs south of the Han River. While some Koreans have expressed anxiety that this realignment may send the wrong message to North Korea, we have clearly explained how this plan leverages our improved

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capabilities to improve readiness and deterrence while supporting a long-term United States military presence in the Republic of Korea.

Representatives of the Office of the Secretary of Defense and the Ministry of National Defense have agreed on a two-phased process to realign the Second Infantry Division. The first phase – a logical extension of the Land Partnership Plan – consolidates the Second Infantry Division into existing installations while construction takes place south of the Han River.¹² This plan allows all construction for the realignment of Second Infantry Division to be completed by 2008. In November 2003, we completed the necessary documents to modify the Land Partnership Plan to accommodate this realignment plan. The Ministry of National Defense has procured the first 200 acres needed to expand Camp Humphreys with funds provided by the return of the first property under the Land Partnership Plan. The Ministry of National Defense is diligently working to purchase all of the land required to expand both Camp Humphreys and Osan Air Base. The second phase of this plan will consolidate all of the Second Infantry Division units in Korea into the new facilities south of the Han River. Stable funding of United States military construction projects in the Future Years Defense Plan remains a crucial element of this plan. I remain enthusiastic about this win-win approach to recapitalizing our infrastructure in a sustainable, enduring way and look forward to accelerating our progress toward completing this necessary consolidation.

Sustained Investment for the Future

My command priorities remain consistent with my previous testimony: ensure peace and stability on the Korean Peninsula; readiness and training; strengthen the Republic of Korea—United States Alliance; transformation of the command; and, making Korea an assignment of choice. I have addressed most of the actions to enhance, shape, and align the force to meet these priorities. However, two areas merit additional comment: readiness and training; and, making Korea the assignment of choice.

¹² The Republic of Korea ratified the Land Partnership Plan in 2003. This plan reduced the number of United States installations in Korea from 41 to 23. The Land Partnership Plan shares relocation costs between both governments – each nation bearing the costs of the relocations it requested. Stable United States military construction appropriations are essential to implementing the Land Partnership Plan.

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Readiness

Readiness remains my top priority. Your continued support to capabilities enhancement and our training program is crucial. Key focus areas for modernization are: joint and combined command, control, communications, and computers (Joint and Combined C4); theater missile defense; intelligence, surveillance, and reconnaissance (ISR); pre-positioned equipment and logistics; and counterfire capabilities and precision munitions. With your help, we have made meaningful progress in Joint and Combined C4 integration. We also improved the survivability of intra-theater communications networks and established a state-of-the-art Common Operational Picture and Collaborative Planning System that shares information among all commanders on the peninsula in real time. The next step is accelerated development of automated data filter devices to expand the real time information exchange between United States and Republic of Korea Forces. We need to continue these improvements and couple them with emerging coalition warfighting C4 systems to establish a hardened, secure long-haul strategic communications network to support our missions both on the peninsula and throughout the region.

The regional missile threat requires a robust theater missile defense system to protect critical United States capabilities and personnel in the Republic of Korea. Last year's deployment of Patriot upgrades and improved munitions was a significant enhancement. To protect all critical United States facilities in Korea, we need to continue fielding advanced theater missile defense capabilities in the near-term. Your continued support to these service component programs remains integral to protecting United States Forces.

Robust ISR capabilities are essential to rapid, decisive operations. Our long-term program of continuous improvement is working. Last year, short-range Unmanned Aerial Vehicles that improved our tactical ISR capability were fielded in Korea. The next step is fielding long-range, high-altitude Unmanned Aerial Vehicles that can conduct some of the missions now performed by manned reconnaissance aircraft. Beyond collection platforms, we continue to improve our intelligence analysis capabilities to provide commanders with the timely, accurate assessments necessary to establish conditions that enable rapid dominance of the battle space. Your continued support to modernizing intelligence, surveillance, and reconnaissance capabilities is a wise investment for the future.

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Logistically supporting United States Forces based in Korea is a complex, monumental undertaking. The proximity of the North Korean threat, coupled with the long distances from the United States sustainment base, requires a robust and responsive logistics system to support United States Forces based in Korea. The capabilities enhancements programmed for United States Forces based in Korea will improve our core logistics functions through modern pre-positioned equipment, responsive strategic transportation, and modern logistics tracking systems. Pre-positioned equipment sets, which include critical weapons systems, preferred munitions, repair parts, and essential supplies, are critical to the rapid power projection to reinforce the Korean theater. Responsive strategic transportation – fast sealift ships and cargo aircraft – remain indispensable to rapidly reinforce the Korean theater and sustain United States Forces. Expeditious fielding of the Air Force's C-17 fleet and the Army's Theater Support Vessel to the United States Pacific Command Area of Responsibility remains a high priority to support United States Forces based in Korea. Equally important is the ability to maintain in-transit visibility of supplies and equipment with a modernized joint Logistics Command, Control, Communications, Computers, and Information system. Lessons from Operation Iraqi Freedom and Operation Enduring Freedom have highlighted several areas where relatively small investments in asset tracking systems and theater distribution will yield significant efficiencies and improve the overall effectiveness of the logistics system. Your continued support for improved logistics and sustainment programs will ensure that United States Forces have the right equipment and supplies at the right time.

Counterfire and precision strike are core capabilities for all of our contingency plans, allowing us to change the dynamics of a conflict and rapidly achieve campaign objectives. Increasing the forward stocks of preferred munitions is critical to operational success in the Korean theater. Our priority ordnance requirements include: the Army Cruise Missile System, the extended-range Multiple Launch Rocket System, precision guided munitions, air-to-ground missiles, and air-to-air missiles. Your continued support to these programs provides the overmatching capabilities that undergird deterrence.

Making Korea an Assignment of Choice – building momentum on success

Recapitalizing the United States Forces Korea infrastructure and establishing a stable stationing environment enhances readiness, force protection, and overall quality of service.

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These key actions, along with equitable compensation for our service members, are helping to make Korea an assignment of choice. This translates into increased personnel stability in Korea – fewer of our men and women are declining assignment to Korea, and higher percentages are choosing to stay in Korea for longer tours because of the improvements we've recently made. These improvements allow us to continue to recruit and retain the talented, motivated people who accomplish our mission in Korea; we need to continue to build on the momentum of recent successes.

Our challenge to recapitalize the infrastructure is substantial. Our facilities are old—over one third of all buildings in the command are between 25 and 50 years old, and one third are classified as temporary buildings. These substandard facilities pose force protection challenges because they lack sufficient standoff and structural strength to withstand attack. Many of our single and married service members continue to live in substandard base housing that is increasingly difficult and expensive to maintain.¹³ Others must live in expensive, densely crowded urban areas outside our installations, where force protection and safety are significant concerns. Along with the service components, we are working diligently to correct these deficiencies by 2009. We have a coordinated construction program – supported by our ongoing master planning at Camp Humphreys and Osan Air Base – that is executable with stable military construction funding under the Future Years Defense Plan. We will continue to maintain existing permanent facilities through an aggressive Sustainment, Restoration, and Modernization program – funded with Operations and Maintenance accounts – while we move forward with our overall construction master plan. With your support, we will continue to improve living and working facilities in Korea.

Though there is more to be done, we have made progress. In 2003 we focused efforts at our southwestern hub located at Camp Humphreys and Osan Air Base. Figures 1 and 2 illustrate the modern facilities that you have made possible. Fifty-two newly constructed family housing units opened at Camp Humphreys, and we awarded contracts for an additional 48 units. We also converted an existing bowling alley into an elementary school that now serves 150 students. At Osan Air Base, United States military construction funded a new dormitory

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that provides adequate housing for 156 service members. We also awarded contracts for phase one of a three-phase program that will provide over 300 family housing units at Osan Air Base. You also authorized important provisions that extend the allowable build-to-lease period to 15 years. These provisions, approving the supplemental authority for acquisition and improvement of leased military housing in Korea, will allow us to add an additional 1,500 build-to-lease family housing units at Camp Humphreys.



Figure 1 -- New family housing unit at Camp Humphreys



Figure 2 -- New dormitory at Osan Air Base

We have made progress toward recapitalizing our infrastructure in Korea. To maintain momentum in correcting these deficiencies, we need stable military construction funding in the Future Years Defense Plan. Your support, along with the Republic of Korea's contributions under cost sharing agreements, will ensure that we complete this infrastructure renewal program. The President's Fiscal Year 2005 budget request includes several projects that are important for United States Forces based in Korea. These projects are summarized in Table 1.

Table 1 – 2005 Korea Military Construction Projects		
Project Description	Location	Program Authority (\$million)
Family Housing Tower, Phase III (117 units)	Osan Air Base	\$46.83
156 Person Dormitory	Osan Air Base	\$18.60
144 Person Dormitory	Kunsan Air Base	\$18.55
144 Person Dormitory	Kunsan Air Base	\$18.55
Sewer System Upgrade	Camp Humphreys	\$12.00
	Total	\$114.53

The additional family housing units at Osan Air Base will provide the necessary quality of life for service members and their families. These facilities are a key part of the plan to provide

¹³ Currently 8,000 unaccompanied service members live in inadequate government quarters. More than 1,300 of the 2,000 available family housing units in Korea do not meet United States government standards.

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more command-sponsored family housing to eligible service members and will ensure that United States standards for space, safety, and force protection are met. The dormitory projects at Osan and Kunsan Air Bases will also improve the housing and quality of life for our unaccompanied service members. These additions will provide adequate space in modern facilities for the individual service members and allow them to live on our installations, thereby improving force protection and readiness. The sewer system upgrade project at Camp Humphreys is required to support the current population and the expected growth from our consolidation into hubs. This project is located on existing land granted for use by United States Forces Korea, and will ensure compliance with health and environmental protection standards. Improving our infrastructure, along with expanded use of build-to-lease housing around our hubs of enduring facilities, will allow an increase in the number of accompanied tours, greatly improving quality of life across the services and attracting the high-quality personnel we need in Korea.

We have moved toward equitable pay, long a concern for service members stationed in Korea. Last year, service members in Korea were authorized a cost of living allowance for the first time. This allowance has reduced the pay disparity and offset the rising out-of-pocket costs of serving in Korea. We are also working with the Services to implement the assignment incentive pay that you enacted. This legislation provides continued opportunity to reduce perceived pay inequities. On behalf of the people serving in United States Forces Korea, I want to extend our sincerest thanks and ask that you continue supporting Department of Defense efforts to provide equitable pay for the Soldiers, Sailors, Airmen, and Marines serving in Korea.

In conclusion, I'd like to close with these thoughts:

Northeast Asia will continue to grow in importance for the United States and our partners. The presence of United States Forces in Korea demonstrates our commitment to shared interests: regional peace and stability; free trade; and the spread of democratic principles. The Republic of Korea continues to be a reliable ally and partner in the region.

United States Forces in Korea, along with our Republic of Korea counterparts, are trained and ready. We remain confident in our ability to deter and if necessary, defeat any potential North Korean aggression.

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United States Forces in Korea are transforming now. Our plan to enhance capabilities by modernizing equipment and implementing new operational concepts, shape roles and missions to optimize the force structure, and align the stationing plan for a sustainable presence has begun. Your continued support to these initiatives provides our service members with state-of-the-art capabilities to deter and, if necessary, defeat threats in the Northeast Asia region.

The Republic of Korea-United States Alliance has weathered challenges for over 50 years, and this partnership will continue to mature. Your investments in Korea have, and will continue to make a significant difference for our service members and the stability of the region.

You can be justifiably proud of all the Soldiers, Sailors, Airmen, Marines, and civilians in Korea who serve the American people. Their daily dedication and performance reflect the trust and support that you've placed in them.