



## RETHINKING THE COST OF US TROOPS IN KOREA

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The biggest news from Singapore is not the joint statement issued after the Trump-Kim summit, but President Trump's decision to suspend US-South Korea joint military exercises. In [defending his decision](#), Trump only fleetingly referred to his strategic reasoning. He instead dedicated much more time to arguing the cost of exercises and US military presence in Korea is too high, and that he is looking to one day bring these troops home to save money. However, the US-Korea alliance is worth much more than Trump gives it credit for.

The alliance was forged after the Korean War to defend South Korea and shore up US interests in the region. While this remains the alliance's primary objective, the stakes of its success are much greater in the 21<sup>st</sup> century. Building on shared democratic values, Seoul has become an important regional and global partner for Washington across many issue areas. In light of the challenges to both regional stability from a nuclear North Korea and liberal international norms posed by a rising China, ensuring South Korean security should be a priority for the White House. Instead, the president has questioned Washington's long-term commitment to defend Seoul by placing the US military on the table for unilateral economic reasons.

While the size of the US military presence on the Korean Peninsula and how much Seoul should pay into the relationship should be debated, the process through which these details are worked out matters greatly. Trump's approach represents a false calculus

that economic and security interests are wholly independent, giving him free rein to play one off the other without consequence (at least in his mind). Applying this line of thinking to the Korean context is a major challenge to the security foundations of the relationship, which underpins the true economic value of the alliance.

### The conversation so far

The financial costs of keeping US armed forces in South Korea has only recently been in the spotlight because the current burden-sharing agreement is set to expire at the end of the year. The agreement evenly split the hosting costs of US troops between both countries, but Washington claims Seoul's [\\$830 million](#) annual contribution is now only [41 percent](#) of these costs. The White House is not just looking for Seoul to pay more, but wants to expand the scope of the agreement to [include strategic asset deployments](#) to the Korean Peninsula, which [some sources](#) estimate to have cost as much as \$280 million last year. This coincides with Trump's claim that Tokyo and Seoul agreed to "[shoulder much of the cost](#)" of a US military response to a North Korean attack.

Unsurprisingly, the US request has not been well-received in Korea. Pushback has centered on the argument that Seoul is paying much more than Washington claims, citing factors such as base relocation costs, real estate value, defense-related imports, and tax breaks that the Trump administration ignores in its calculations. Although major US media outlets have minimally covered the issue, the [few notable exceptions](#) follow a similar formula: depending on what is included in the calculations, arguments for South Korea's real annual contribution range from [52 percent](#) to as much as [73 percent](#) of non-personnel costs, or [even higher in certain years](#). While a more accurate representation of reality, this narrative misses a fundamental point.

### Reframing the debate

In Trump's thinking, leveraging security capabilities for economic concessions from Seoul is a way to get more money without withdrawing troops in the short-term. But he is not acting in a vacuum.

To South Korean President Moon Jae-in, who has witnessed White House follow-through on its threats of disruption around the world and experienced it first-hand in renegotiation of the US-Korea Free Trade Agreement, Trump's position calls into question the reliability of the United States, and could lead Moon to look elsewhere to meet his country's security interests. That Seoul [was not originally consulted](#) in the suspension of joint exercises further exacerbates Seoul's wariness.

The White House is also sending signals to Beijing and Pyongyang that there is a possible gap to exploit in the alliance. China's economic retaliation over the deployment of the Terminal High Altitude Area Defense (THAAD) missile defense system in South Korea shows its willingness to leverage its bilateral trade relationship to influence Seoul's strategic decisions. North Korea has also long been looking to [drive a wedge](#) into the alliance to obtain greater influence on the peninsula, and recent diplomatic outreach efforts could be a veiled effort to do so. Should Pyongyang cast doubt on military cooperation between the US and South Korea, however, the outcome could be far worse.

Without deterrence against the North Korean threat, South Korea's rise from a war-torn impoverished country in 1953 to the world's 11<sup>th</sup> largest economy would not have been possible. This was far from a bad investment for the United States – not only did Washington gain a strong and reliable partner in regional and global affairs, but also access to a dynamic market. Total two-way trade between the US and South Korea last year was over [\\$150 billion](#), and the total stock of each country's foreign direct investment is around [\\$80 billion](#). Trump may disparage the size of the bilateral trade deficit (even though it declined by 41 percent in 2017), but the overall trading relationship, including US exports to South Korea, would likely not be as large as it is if not for the alliance and the stationing of US troops on the peninsula. But the benefits of healthy economic ties pale in comparison to what preventing a war on the Korean Peninsula saves the United States.

Should North Korea take Trump's comments about the cost of US troops and the cost and suspension of military exercises as a sign of flagging US

commitment to protect South Korea, it could be a financial catastrophe for the United States. A North Korean attack leading to a second Korean War would cost orders of magnitude more than the possible hundreds of millions of dollars Trump is trying to save through burden-sharing talks and by suspending exercises. The cost of a second Korean War is inherently difficult to estimate, but most estimates suggest the US government would pay at least \$1 trillion, without even accounting for the massive global economic impact of the loss of South Korea's 2 percent of global GDP.

Leveraging long-term security interests for short-term economic gains undermines the core strength of the alliance and therefore its true economic value. The best way to meet both economic and security needs is to base troop deployments on conditions on the ground. Anything else risks trillions to potentially save on a few hundred million dollars, which is not a position even the best negotiator should want to be in.

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