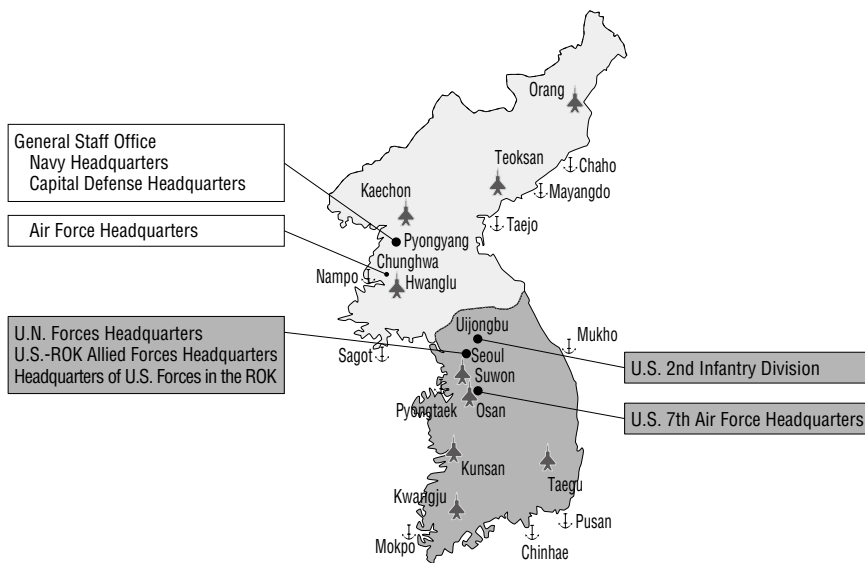


Section 2. Korean Peninsula

On the Korean Peninsula, people of the same ethnicity have been divided into two – north and south – for more than half a century. Even today, the Republic of Korea (ROK) and North Korea pit their ground forces of about 1.5 million against each other across the demilitarized zone (DMZ).

Maintaining peace and stability on the Korean Peninsula is vital for the peace and stability of the entire East Asian region, to say nothing of Japan. (See Fig. I-2-2-1)

Fig. I-2-2-1 Military Confrontation on the Korean Peninsula



		North Korea	ROK	U.S. Forces in ROK
Total armed forces		Approx. 1,100,000 personnel	Approx. 690,000 personnel	Approx. 26,000 personnel
Army	Ground troops	Approx. 1,000,000 personnel	Approx. 560,000 personnel	Approx. 18,000 personnel
	Battle tanks	T-62, T-54/-55, etc. Approx. 3,500	88, M-47, M-48, etc. Approx. 2,330	M-1 Approx. 120
Navy	Naval vessels	Approx. 650; 107,000 tons	Approx. 180; 153,000 tons	Supporting corps only
	Destroyers		7	
	Frigates	3	9	
	Submarines	23	10	
	Marines		2 divisions; approx. 28,000 personnel	
Air Force	Combat aircraft	Approx. 590	Approx. 610	Approx. 60
	3rd and 4th generation fighters	Mig-23×46	F-4×130	F-16×40
		Mig-29×20	F-16×152	
Su-25×34		F-15×40		
Reference	Population	Approx. 23,300,000	Approx. 49,000,000	
	Military service	Army: 5-12 years Navy: 5-10 years Air Force: 3-4 years	Army: 24 months Navy: 26 months Air Force: 27 months	

Note: The Military Balance 2008, etc.

1. North Korea

North Korea has been advocating the construction of a “powerful and prosperous nation” as its basic national policy, aiming to create a strong socialist state in all areas – ideology, politics, military affairs, and economy – and it adopts “military-first politics” to realize this goal. The “military-first politics” has been defined as a form of leadership that advances the great undertaking of socialism by resolving all problems that arise in the revolution and national construction on the principle of military first and stressing the importance of the armed forces as the pillar of the revolution²⁶. Indeed, General Secretary of the Korean Workers’ Party Kim Jong Il is in a position to completely control North Korea’s military forces as Chairman of the National Defense Commission²⁷ and regularly visits military forces. It would appear that he intends to continue running the country by attaching importance to, and relying on, the military forces.

Although North Korea faces serious economic difficulties to this day and depends on the international community for food and other resources, the country seems to be maintaining and enhancing its military capabilities and combat readiness by preferentially allocating resources to its military forces. For example, military personnel represent a high proportion of the population, with active-service military personnel estimated to account for nearly 5% of the overall population²⁸. It is noteworthy that North Korea deploys most of its armed forces along the DMZ. According to the official announcement made at the Supreme People’s Assembly in April this year, the proportion of defense budget in this year’s national budget is 15.8%, but it is estimated that the official defense budget represents only a portion of real defense expenditures.

Furthermore, North Korea seems to maintain and reinforce its so-called asymmetric military capabilities by developing weapons of mass destruction (WMD) and ballistic missiles and by maintaining large-scale special operation forces.

North Korea’s military behavior has increased tension over the Korean Peninsula, and constitutes a serious destabilizing factor for the entire East Asian region, including Japan.

1. WMD and Ballistic Missiles

Concerning WMD, issues of North Korea’s nuclear weapons program have been pointed out, as well as its chemical and biological weapons capabilities. In particular, North Korea’s nuclear issue has serious influence on Japan’s national security and it is also a critical problem for the entire international community in terms of non-proliferation of WMD²⁹.

As for ballistic missiles, North Korea seems to be conducting R&D to extend the range and to use solid fuel³⁰. Also, it has been pointed out that North Korea is proliferating ballistic missiles. Combined with the nuclear issue, North Korea’s missile issue is thus becoming a destabilizing factor not only for the Asia-Pacific region but also for the entire international community, and there are strong concerns about the movement of the country.

Furthermore, following the launch of seven ballistic missiles on July 5, 2006, North Korea claimed to have conducted a nuclear test on October 9 of the same year³¹. These series of acts by North Korea pose serious threats to the peace and stability not only of Japan but also of East Asia and the international community, and have evoked considerable debate in Japan.

(1) Nuclear Weapons

With regard to suspicions over North Korea’s development of nuclear weapons, the Agreed Framework³² signed between the United States and North Korea in 1994 once showed a roadmap to settle this issue through dialogue.

However, in October 2002, the announcement by the United States that North Korea had acknowledged the existence of a uranium-enrichment program for nuclear weapons raised concerns among the international community over North Korea’s nuclear issue. In this situation, North Korea announced in December 2002 that it

would resume operations at its nuclear-related facilities in Yongbyon that had been frozen under the Agreed Framework, and, at the end of February 2003, it was confirmed that the operation of the graphite-moderated nuclear reactor (5-MW nuclear reactor)³³ in Yongbyon had been resumed. Subsequently, North Korea claimed that it needed to maintain a “nuclear deterrent” and indicated reprocessing of spent fuel rods³⁴ in April 2003, declared completion of the reprocessing of spent fuel rods in October 2003, released the statement of its Ministry of Foreign Affairs that North Korea had already produced nuclear weapons in February 2005, and announced completion of the extraction of 8,000 spent fuel rods from the restarted graphite-moderated nuclear reactor in May 2005. Thus, North Korea has increased international tensions through its words and actions.

Meanwhile, in pursuit of a peaceful solution to this problem and denuclearization of the Korean Peninsula, Six-Party Talks³⁵ have been held since August 2003. At the fourth round of the Six-Party Talks in 2005, a joint statement was adopted for the first time, which stated the verifiable abandonment of “all nuclear weapons and existing nuclear programs” by North Korea. Subsequently, however, North Korea strongly reacted to the United States’ designation of a bank in Macao dealing with North Korea as a “financial institution of primary money laundering concern,” suspended its participation in the Six-Party Talks, and, in 2006, launched seven ballistic missiles and announced that it had implemented a nuclear test. Against these actions by North Korea, which further increased international tensions, the U.N. Security Council adopted Resolutions 1695 and 1718 imposing sanctions on North Korea. In December 2006, North Korea finally returned to the fifth round of the Six-Party Talks and, in February 2007, the parties reached an agreement on “Initial Actions for the Implementation of the Joint Statement” to implement the joint statement made at the fourth round of the Six-Party Talks. After the initial actions including shutting down of nuclear facilities in Yongbyon had been implemented, in October 2007, the “Second-phase Actions for the Implementation of the Joint Statement” were announced as the outcome of the sixth round of the Talks. The agreement includes completion of the disablement of nuclear facilities in Yongbyon and “a complete and correct declaration of all its (North Korea’s) nuclear programs” by the end of 2007. However, the implementation of the agreement has not been completed.

Regarding North Korea’s response to the nuclear issues described above, some people argue that it is resorting to brinkmanship by intentionally heightening tension to receive compensation. Others argue that North Korea’s ultimate objective is to possess nuclear weapons. Because the ultimate goal of North Korea is believed to be the maintenance of its existing regime, it appears that the two foregoing views are not incompatible.

In light of the series of North Korea’s words as well as the fact that North Korea’s suspected development of nuclear weapons is not yet elucidated, the possibility that North Korea has already made considerable progress in its nuclear weapons program cannot be excluded³⁶. In addition, it was concluded in 2006 that the probability that North Korea had conducted a nuclear test was extremely high (See note 31). This implies that there is a high possibility that the country has further advanced its nuclear weapons program. In general, downsizing of a nuclear weapon enough to be loaded on a ballistic missile requires an extremely high degree of technological capacity. However, considering the fact that the United States, the Soviet Union, the United Kingdom, France, and China succeeded in acquiring such technology as early as the 1960s, it is difficult to eliminate the possibility that North Korea, in a relatively short time, has realized downsizing of nuclear weapons and deployment of nuclear warheads³⁷. It is necessary to keep an eye on all related developments.

(2) Biological and Chemical Weapons

Because North Korea is an extremely closed country and most materials, equipment, and technology used for manufacturing biological and chemical weapons are for dual-use, which makes camouflage quite easy, details of biological and chemical weapons developed or held by North Korea are not clear. However, it is believed that North Korea has a certain level of production base for biological weapons although it ratified the Biological Weapons Convention in 1987. As for chemical weapons, it is estimated that North Korea has several facilities capable of producing chemical agents and has substantial stocks of such agents. It has not acceded to the Chemical Weapons Convention³⁸.

(3) Ballistic Missiles

It is believed that, since the middle of the 1980s, North Korea has manufactured and deployed Scud B and Scud C³⁹, a variant of Scud B with extended range, and has exported these missiles to Middle Eastern countries and others. By the 1990s, North Korea allegedly began developing longer-range ballistic missiles, such as Nodong missiles. It is highly probable that the ballistic missile that North Korea test-launched over the Sea of Japan in 1993 was a Nodong missile. In 1998, North Korea launched a ballistic missile based on Taepodong-1 over Japan. Furthermore, on July 5, 2006, completely lifting its freeze on the launch of ballistic missiles since 1999, North Korea fired seven ballistic missiles. The third missile is assessed to have been Taepodong-2 and others to be Scud and Nodong missiles. The launches of the Scud and Nodong missiles displayed more operational characteristics, which implies that the operational capacity of North Korea's ballistic missiles has been improved. (See Fig. I-2-2-2)

Fig. I-2-2-2 Improvements in North Korea's Ballistic Missile Operational Capabilities

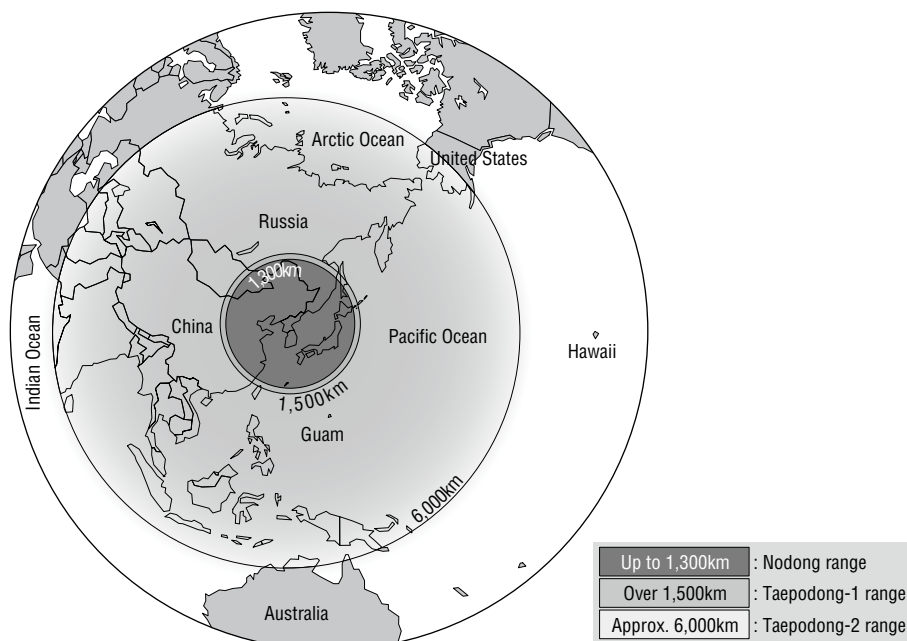
Examples of the characteristics of the Scud and Nodong launches in July 2006
<ul style="list-style-type: none"> ○ Launches began before dawn ○ Different types of ballistic missiles were launched in a row within a short period of time ○ Transporter-Erector-Launchers (TELs) were used ○ Ballistic missiles with different ranges landed within a certain geographical area

Partly because North Korea is an extremely closed country, details of its ballistic missiles are still unclear. It, however, appears that North Korea gives high priority to ballistic missiles in terms of enhancing its military capabilities, political and diplomatic consideration, and earning foreign currency⁴⁰. At present, the country is believed to be developing a new intermediate-range ballistic missile and a new solid propellant short-range ballistic missile⁴¹ in addition to existing inventory of ballistic missiles. Also, it is necessary to pay attention to the possibility that North Korea is improving existing Scuds and Nodongs, for example, to extend their ranges. (See Fig. I-2-2-3)

It appears that Nodong, which is believed to have already been deployed, is a liquid propellant single-stage ballistic missile. It is assessed to have a range of about 1,300km, and may reach almost all parts of Japan. Nodong specifications have not been confirmed in detail, but, as it is believed to be based on the Scud technology, it seems, for example, not to have the accuracy to carry out pinpoint attacks on specific target installations.

Because it is extremely difficult to verify the intention of North Korea's military activities due to its closed system, it is believed that underground military facilities have been constructed across the country, and Nodong, as is the case with Scud, is thought to be loaded onto a transporter-erector-launcher (TEL) and operated with mobility, it would be difficult to detect concrete signs of a Nodong launch in advance, such as its specific launch site and timing.

Fig. I-2-2-3 Missile Ranges from North Korea



Note: Jane's, etc.

Also, North Korea has been developing Taepodong-1 with an estimated range of at least 1,500km. The Taepodong-1 missile is assumed to be a two-stage, liquid propellant ballistic missile with a Nodong as its first stage and a Scud as its second stage. The missile launched in 1998 is assessed to be based on Taepodong-1. It is surmised that North Korea was able to verify the performance of the technology concerning separation of a multistage booster, altitude control, and thrust control through the launch. North Korea seems to have shifted focus to the development of Taepodong-2 with a longer range: Taepodong-1 might have been a transitory product to develop Taepodong-2.

In July 2006, North Korea launched a Taepodong-2 missile from the Taepodong district located in the northeastern coastal area of the country. The missile is believed to be a two-stage missile with a new booster as its first stage and a Nodong as its second stage, and with a range of approximately 6,000km. It seemed to fail in mid-flight at a height of several kilometers after several tens of seconds without separating the first stage and fell near the launch site. North Korea, however, would learn lessons from this failure and would continue to extend the range of its ballistic missiles. It might even develop derivative missiles of Taepodong-2⁴².

As the background of North Korea's rapid strides in the development of its ballistic missiles with only a few test launches, it is assumed that the country imported various materials and technologies from outside. It is pointed out that North Korea transfers and proliferates ballistic missiles or related technologies including the main body of Nodong and its related technologies to Iran and Pakistan, and that North Korea promotes the development of missiles using funds procured by such transfer and proliferation⁴³. In light of this, it is necessary to monitor the transfer and proliferation of ballistic missiles by North Korea in addition to the development and deployment of the missiles.

2. Military Posture

(1) General Situation

North Korea has been building up its military capabilities in accordance with the Four Military Guidelines (extensive training for all the soldiers, modernizing all the armed forces, arming the entire population, and fortifying the entire country)⁴⁴.

North Korea's armed forces are comprised mainly of ground forces, with total troop strength of roughly 1.1 million. North Korea is believed to have been maintaining and enhancing its military capabilities and operational readiness, and it seems to have continued infiltration exercises⁴⁵. However, most of its equipment is outdated.

Meanwhile, North Korea has large-scale special operations forces that can conduct various operations ranging from intelligence gathering and sabotage to guerrilla warfare. These forces are assessed to reach approximately 100,000 personnel⁴⁶. Moreover, North Korea seems to have many underground military-related installations across the country.

(2) Military Capabilities

The North Korean Army comprises about one million personnel, and roughly two-thirds of them are believed to be deployed along the DMZ. The main body of the army is infantry, but the army also maintains armored and artillery forces including at least 3,500 tanks. North Korea is believed to deploy long-range artillery along the DMZ, such as 240mm multiple launch rockets and 170mm self-propelled guns, which can reach cities and bases in the northern part of the ROK including the capital city of Seoul.

The navy has about 650 ships with total displacement of approximately 107,000 tons and is chiefly made of small naval vessels such as high-speed missile crafts. Also, it has about 20 Romeo class submarines, about 60 midget submarines, and about 140 air cushioned landing crafts, the latter two of which are believed to be used for infiltration and transportation of the special operation forces.

The Air Force has about 590 combat aircraft, most of which are out-of-date models made in China or the former Soviet Union, but some fourth-generation aircraft such as MiG-29s and Su-25s are also included. North Korea has a large number of outdated An-2s as well, which are believed to be used for transportation of special operation forces.

North Korea continues to give various types of training to its forces to maintain and strengthen their operational readiness. Meanwhile, given the serious food situation, the military forces seem to be engaged in agricultural assistance as well.

3. Domestic Affairs

Some point out that in recent years North Korea's regime is not as stable as in previous years due to loosening of social control resulting from both an increasing disparity between the rich and the poor and a trend of money-worshipping, and declining military morale. However, in view of the fact that national events⁴⁷ and diplomatic negotiations have been held in an orderly manner, the regime based around Kim Jong II, Chairman of the National Defense Commission, is considered to be still on the right track.

On the economic front, North Korea has been facing chronic economic stagnation and energy-food shortages in recent years as a result of a number of factors including fragility of its socialistic planned economy and

decreased economic cooperation with the former Soviet Union and East European countries following the end of the Cold War. In particular, it seems that North Korea still has to rely on food assistance from foreign countries⁴⁸. It is also pointed out that many North Koreans are starving and their sense of morale has declined.

In response to these various economic difficulties, North Korea has tried some limited but realistic reform measures and changes in its economic management systems. It is believed that, since July 2002, North Korea has raised wages and commodity prices and devaluated exchange rates⁴⁹. However, as North Korea is not likely to undertake a structural reform that could damage its current regime, the country would face various difficulties in fundamentally improving its current economic situation.

4. External Relations

Although North Korea has made efforts to improve its external relations, its activities related to nuclear and missile issues have raised international concerns.

The United States made it clear that it would make efforts to persuade North Korea to abandon its nuclear program in close cooperation with other countries, aiming to resolve the issue through the Six-Party Talks. North Korea has claimed that the denuclearization of the Korean Peninsula is the “dying wish” of Kim Il Sung and promised to abandon “all nuclear weapons and existing nuclear programs.” North Korea, however, continues to criticize various policies of the United States, insisting that the United States has yet to abandon its “hostile policy” toward North Korea. Thus, there exists a significant gap between the two countries’ stances. In addition, the United States has repeatedly expressed concerns over the possible proliferation of nuclear weapons and nuclear-related materials, and the development, deployment, and proliferation of ballistic missiles by North Korea.

Furthermore, the United States has pointed out the unresolved issue of Japanese abductees and North Korea’s providing a haven to the hijackers of Yodo in the Country Reports on Terrorism⁵⁰. At the same time, the United States has designated North Korea as a state sponsor of terrorism⁵¹.

While international concerns over North Korea have been increasing regarding nuclear and other issues, North Korea and the ROK have continued talks, and economic and human exchanges, including the second North-South Summit Meeting in October 2007 after seven years. On the military front, a defense ministerial meeting was held in November 2007 and generals-level meetings were held on three occasions in 2007. The meetings agreed on military safeguards related to passage, communications, and customs in the Kesong Industrial Zone. Thus, some progress has been seen in military safeguard measures toward North-South cooperative projects. However, following the inauguration of President Lee Myung Bak in the ROK, no further progress has been made in North-South dialogue or exchange.

Concerning relations between North Korea and China, the “China-North Korea Treaty on Friendship, Cooperation and Mutual Assistance” concluded in 1961 is still effective. Since China and the ROK established diplomatic relations in 1992, North Korea’s relations with China have seen a change from the close relationship they had enjoyed during the Cold War. Subsequently, however, the leaders of the two countries made mutual visits and the relationship has improved again. Regarding North Korea’s nuclear issue, China has repeatedly expressed its support for the denuclearization of the Korean Peninsula and has played an active role in resolving this issue by, for example, acting as chairman of the Six-Party Talks and contributing to the conclusion of agreements. Some, however, point out that the relationship between China and North Korea seems not to be as close as it was.

Although relations between North Korea and Russia have become less close since the end of the Cold War, some signs of improvement have been seen. The two countries signed the “Russia-North Korea Treaty on Neighborly Friendship and Cooperation” in February 2000, which lacked articles on military alliance⁵² unlike the previous treaty. Subsequently, in July of the same year, then Russian President Vladimir Putin visited North

Korea. In return, Kim Jong Il, Chairman of the National Defense Commission, visited Russia in 2001 and 2002. Relations between North Korea and Russia have thus been strengthened in recent years.

Since 1999, North Korea has made an effort to establish relations with West European countries and others, including establishment of diplomatic relations with European countries and participation in ARF ministerial meetings. Meanwhile, the EU and ASEAN have traditionally expressed concerns over North Korea's nuclear and other issues.

In order to solve North Korea's nuclear issue, it is important for Japan, the United States, and the ROK to work together. At the same time, other nations such as China and Russia, which are also participants in the Six-Party Talks, and international organizations including the United Nations and the IAEA, should play important roles in this regard.

It is quite natural to prohibit North Korea from possessing nuclear weapons. However, we also have to pay attention to other security concerns regarding North Korea: it is necessary to closely monitor military antagonism on the Korean Peninsula and the development, deployment and proliferation of ballistic missiles by North Korea.

Because North Korea is a closed country, it is difficult to verify the trends of its policies and activities. It is, however, necessary to continue to pay close attention to such trends to understand the true intentions of North Korea.

2. The ROK

1. General Situation

In the ROK, democracy has taken root through such means as the direct presidential election adopted by the 1987 amendment to the constitution. With regard to North Korea, the administration of President Lee Myung Bak, inaugurated in February 2008, upholds a policy of "Vision 3000: Denuclearization and Openness," which plans to offer large-scale economic assistance to North Korea on the premise that the country will abandon its nuclear program and open up its society.

U.S. forces, mainly the Army, have been stationed in the ROK since the ceasefire of the Korean War. The ROK has established close security arrangements with the United States primarily based on the United States-Republic of Korea Mutual Defense Treaty. In view of the progress in the North-South relations, improved national strength of the ROK, and changes in the U.S. strategy, the two countries have been committed to solving the issues such as realignment of the U.S. forces stationed in the ROK and transition of the operational control authority in wartime⁵³ over ROK forces to the ROK. As for the realignment of U.S. forces in the ROK, the relocation of U.S. forces Camp Yongsan located in the center of Seoul to the Pyongtek area in the south of Seoul and the relocation of U.S. forces stationed in the northern side of Han Gang to the southern side of the river were agreed upon in 2003. It has, however, become difficult to complete the relocation to the Pyongtek area by the targeted deadline of the end of 2008 primarily due to delayed purchase of land. As for the transition of the operational control authority in wartime, the U.S. Secretary of Defense and the ROK Minister of National Defense agreed at their meeting in February 2007 that the two sides would disestablish the U.S.-ROK Combined Forces Command and complete the transition to the ROK on April 17, 2012. In talks between the leaders of the U.S. and ROK in April 2008, both countries agreed to develop the ROK-U.S. Alliance into a new strategic alliance conforming to the 21st century. It is necessary to monitor how the transition to a new "supporting-supported" command relationship between the U.S. and ROK forces will be implemented.

To assist U.S.-led military operations in Afghanistan, the ROK had dispatched engineering and medical units, but it put an end to the duty and withdrew these units in December 2007. Regarding the units dispatched to Iraq in response to the request of the United States, the ROK continues the dispatch with the scale reduced to 650,

approximately one-sixth of the initial size. The ROK, however, plans to complete the duties and withdraw by the end of 2008.

Between the ROK and China, efforts have been made to promote military exchanges between the countries, including mutual visits of naval vessels and air force planes. In April 2007, then ROK Minister of National Defense Kim Jang Soo visited China and discussed with then Chinese Minister of National Defense Cao Gangchuan the establishment of hotlines between the navies and air forces of the two countries. At the ROK-China summit meeting held in May 2008, it was agreed for the two countries to upgrade the “all-around cooperative partnership” to a “strategic cooperative partnership.” Their relations in the security area, however, remain primitive compared with ones in the other areas, including the economic area.

Between the ROK and Russia, military exchanges have been made in recent years, including exchanges between senior military officers and mutual visits of naval vessels, and the two countries have also concluded agreements on cooperation in the areas of military technology, defense industry, and war materials. In February 2004, the navies of the two countries conducted joint search and rescue exercises for the first time, and, at the ROK-Russia summit meeting held in September 2004, it reached a common understanding that the bilateral relations had been shifted from a “constructive and mutually complementary partnership” to a “comprehensive partnership of mutual trust.” In addition, the ROK has been importing tanks and armored vehicles from Russia since 1995 as a part of redemption of debt.

2. Military Affairs

(1) Defense Policies

The ROK has a defensive weakness in that its capital Seoul, where a quarter of the country’s population is concentrated, is situated close to the DMZ.

The ROK has set the defense objectives as follows: “defending the nation from external military threats and invasion, upholding the peaceful unification, and contributing to regional stability and world peace.” As one of the “external military threats,” the ROK had designated North Korea as its “main enemy,” but, since the Defense White Paper 2004, North Korea has no longer been described as such⁵⁴.

The ROK intends to promote “National Defense Reform 2020” to satisfy its defense needs such as maintenance of its military capabilities in line with the development of information and scientific technologies, balanced development of its Army, Navy, and Air Forces, elimination of inefficiency, and build-up of barrack culture in accordance with social trends. The reform program is based on the following ideas and the bill on the National Defense Reform incorporating the main ideas was enacted in December 2006.

- 1) Expansion of civilian base for national defense: Establish the structure in which civilians play the central role in deciding and implementing defense policies and the military forces focus on executing combat missions.
- 2) Build-up of military structure and system of the forces in conformity with characteristics of modern wars: Enhance its war potential by such means as modernizing equipment while reducing the size of the standing forces, mainly the army, from 680,000 personnel to the level of 500,000 personnel and that of reserved troops from 3 million personnel to the appropriate level in line with the reduced size of the standing forces.
- 3) Reorganization of the national defense management system into a low cost and highly efficient system: Improve the organization and system to ensure transparency of procurement service and expertise, and strengthen infrastructure for computerization, and promote outsourcing in the areas of logistic support.
- 4) Improvement of barrack culture in accordance with trends of the time: Take measures to improve environment of military personnel’s service and establish the system to prevent accidents.

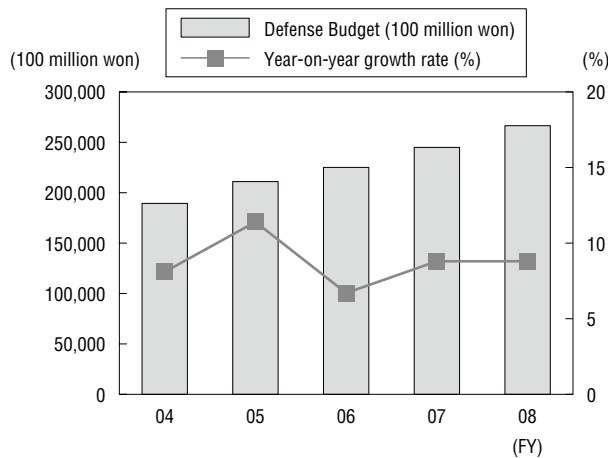
(2) Trends in Defense Build-up

As for the ROK military capacity, the ground forces consist of 22 army divisions and two marine divisions, totaling 590,000 personnel; the naval forces consist of about 180 vessels with a total displacement of approximately 153,000 tons; and the air forces (Air Force and Navy together) of approximately 610 combat aircraft.

In recent years, the ROK has been trying to modernize its Navy and Air Force with the introduction of submarines, large transportation ships⁵⁵, multi-role helicopters, and F-15Ks. Also, the ROK plans to procure four Airborne Warning and Control Systems (AWACS) by 2012. The ROK is introducing domestically manufactured destroyers (KDX-IIIs and KDX-IIIs) and a KDX-III (an Aegis-equipped destroyer) is expected to be put into service in 2008. In addition, the ROK is believed to be promoting domestic production of missiles.

The 2008 defense budget amounts to approximately 26,650 billion won, approximately 8.8% over that of the previous fiscal year. (See Fig. I-2-2-4)

Fig. I-2-2-4 ROK's Defense Budget from FY 2004 to 2008



Note: ROK Defense White Paper 2006 for FY 2004 to 2006; press release from the Ministry of National Defense for FY 2007 and 2008

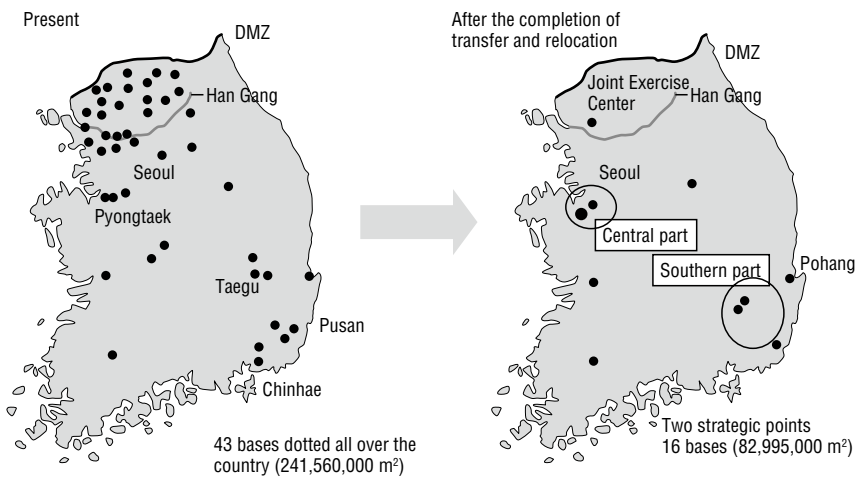
3. U.S. Forces Stationed in the ROK

Combined with the ROK's own defense efforts, U.S. forces stationed in the country play a vital role in preserving the military balance on the Korean Peninsula and providing a deterrent against large-scale armed conflicts on the peninsula.

The United States has been changing the posture of its forces stationed in the ROK based on the agreement in June 2003 to reposition them to the southern side of Han Gang in two stages and the agreement in October 2004 to reduce the number of its stationed military personnel, approximately 37,500, by 12,500. As for the personnel reduction, at the U.S.-ROK leaders' meeting in April 2008, it was agreed to retain the current level of 28,500 personnel as an appropriate size. In the course of these changes, the United States has invested in modernization of the U.S. forces stationed in the ROK and made efforts to maintain and strengthen the deterrence capabilities of U.S.-ROK allied forces based on the United States-Republic of Korea Mutual Defense Treaty. (See Fig. I-2-2-5)

The United States and the ROK have engaged in joint exercises in order to increase their combined defense capabilities in dealing with contingencies on the Korean Peninsula. Among these is the “Foal Eagle” exercise, a large-scale joint logistics support field exercise, which was staged in March 2008 concurrently with the “Key Resolve” joint wartime reinforcing exercise⁵⁶.

Fig. I-2-2-5 Agreement on the Transfer and Relocation of the U.S. Forces in ROK



Note: ROK Defense White Paper 2006