The 2011 PCI Award Dinner was a great success. The Honorable Kathleen Stephens, U.S. Ambassador to the Republic of Korea, accepted the PCI’s annual “Building Bridges” award.

The opening remarks were given by Ambassador Don Gregg, PCI Board Member. In his opening remarks Ambassador Don Gregg spoke about President Obama’s State of the Union address to the nation. He spoke about the fact that South Korea was the country most frequently mentioned by the president. He spoke of its high internet connectivity, the prestige it confers upon its teachers who are referred to as “nation builders,” the KORUS free trade agreement, which he urged Congress to pass, and South Korea’s status as a firm American ally.

The highlight of the dinner was the speech given by Ambassador Kathleen Stephens where she shared her personal experience of Korea’s enormous transformation over the past 40 years and hope for US-Korea global cooperation in the future.

Her speech “The U.S.-Korea relationship is stronger than ever” was full of optimism and knowledge. Knowledge that could only come from her many years of experience with Korean-American relations. She not only spoke about politics and policies but also captivated our guests with her Korean speaking skills.

In her speech Ambassador Stephens also spoke about how the events of the past year have further strengthened the US-Korea relationship, “from our cooperation in the G20, to charting the way forward on the KORUS Free Trade Agreement, to our shared resolve to address together the challenges that North Korea poses.”

These are not the only reasons why the US-Korea relationship has strengthened, she said. She also spoke about some that are not mentioned often such as “collaborative research on green growth, clean energy and medicine, to civilian nuclear power, space technology, education, and ever-deepening people-to-people ties.”

Other points mentioned in her speech were the 2011 Goals for North Korea and the FTA. On the issue of North Korea she stated that “we want to see the DPRK improve North-South relations on the Korean peninsula, and demonstrate a change in behavior, including taking irreversible steps to denuclearize, complying with international law, and ceasing provocative behavior.” On the topic of the FTA she affirmed that the “gains for this deal are enormous.”

She concluded her speech by saying “The U.S.-Korea relationship is stronger than ever. Korea has become global in a way that was not apparent even two years ago. Our most important work lies ahead of us.”

To read her complete speech please visit our web site: http://www.pacificcenturyinst.org/news.html
PCI Welcomes New Board Member: William H. Overholt

William H. Overholt is a Senior Research Fellow at Harvard’s Kennedy School of Government and CEO of AsiaStrat LLC. Previously he held the Asia Policy Distinguished Research Chair at RAND’s California headquarters and was Director of the Center. Concurrently he is also a Visiting Professor at Shanghai Jiaotong University.

Dr. Overholt ran investment bank research teams for 21 years. He served as Head of Strategy and Economics at Nomura’s regional headquarters in Hong Kong from 1998 to 2001, and as Managing Director and Head of Research at Bank Boston's regional headquarters in Singapore. During 18 years at Bankers Trust, he ran a country risk team in New York from 1980 to 1984, then was regional strategist and Asia research head based in Hong Kong from 1985 to 1998.

At Hudson Institute 1971 to 1979, Dr. Overholt directed planning studies for the U.S. Department of Defense, Department of State, National Security Council, National Aeronautics and Space Administration, and Council on International Economic Policy. As Director of Hudson Research Services, he did strategic planning for corporations.


Dr. Overholt was a Governor of the American Chamber of Commerce in Hong Kong and Executive Committee member of the Business and Professionals Federation of Hong Kong, both for six years. He serves on advisory boards for Harvard University’s Asia Center, E-Tech Financial, the Hang Lung Center for Organizational Research at Hong Kong University of Science and Technology; and Chinavest Ltd.

He has been a consultant on strategic planning and foreign affairs to the Conference Board, the U.S. Army Strategic Studies Institute, the Foreign Service Institute, Dean Witter Reynolds, A.G. Becker, and numerous corporations. He has served as political advisor to several of Asia's major political figures and has done consulting projects for the Korea Development Institute, Korea's National Defense College, the Philippine Ministry of Agrarian Reform, and Thailand's Ministry of Universities.

Message from William H. Overholt

I’m particularly delighted to join this PCI Board at this time. Asia policy and Korea policy need new thought, and the members of this Board combine deep experience with a willingness to ask deep, difficult questions and to look at the issues from several points of view.

My recent book, Asia, America and the Transformation of Geopolitics, argued that the policy assumptions of the last half century are obsolete but policy hasn't changed proportionately.

Moreover, Asia’s leadership is changing fast. The U.S., South Korea and Taiwan hold leadership elections next year, Japan has a new prime minister, North Korea is grooming a designated successor, and the new Chinese leadership, although technically not in power until March 2013, should be fully decided by next June. This is a particularly important moment for Korea and for U.S. relations with Korea. North Korea is at some kind of turning point.

South Korean influence in Asia and the world is rising dramatically because it has handled recent economic and political tests so successfully, while Japan has handled them so poorly, and because the U.S.-Korean relationship seems much more solid than before. KORUS is an important test of the U.S. China's relationship with the two Koreas is evolving rapidly, and the U.S. is clearly moving toward greater flexibility in its relationship with North Korea. The issues we are addressing are of historic importance. I hope we can contribute constructively.
PCI Board Members Discuss Korea Peninsula Issues

Taking an opportunity afforded by their joint participation in the annual Board meeting in Los Angeles PCI Board members Donald Gregg, former U.S. ambassador to South Korea, William H. Overholt, senior research fellow at the Harvard Kennedy School and Chung-in Moon, Yonsei University professor, sat down to share their views on how the U.S. and China and North and South Korea might overcome the challenges they are facing at the present moment. This is an excerpt from their discussion that took place in a restaurant in Los Angeles on the afternoon of February 25, 2011.

William H. Overholt (left), Donald P. Gregg (center) and Chung-in Moon (right) discuss the current situation on the Korean Peninsula on February 25 in Los Angeles.

Why are the U.S. and China at odds with each other on policy toward the Korean peninsula?

Moon: When the U.S. and China held a summit meeting in mid-January, they agreed in the joint statement that the two countries would cooperate to launch a new era. However, doesn’t it now seem that the agreement reached at the summit has hit a wall with respect to the peace and security of the Korean peninsula? This is indicated by the contrast in the way the U.S. and China have been responding to the critical situation on the Korean peninsula. Stressing peace and security, China has tried to block an increase in tensions by emphasizing the need for both the North and the South to engage in dialogue and to exercise self-restraint. If you look at the situation from China’s perspective, however, the U.S. has attached more importance to maintaining its alliance relationship with South Korea than to promoting the peace and security of the Korean peninsula. In particular, the U.S. has been taking South Korea’s side excessively, both generally and especially with regard to the Ch’ŏnan incident and the shelling of Yŏnp’ýong Island.

Overholt: It is not appropriate to say that South Korea has to restrain itself. That’s because South Korea already has restrained itself. It is easy for China to speak in such relative terms. Instead of calling for both sides to restrain themselves after an attack by North Korea, the appropriate diplomatic response is not to acknowledge the provocation.

Moon: Last year, China expressed a strong objection to the participation of a U.S. aircraft carrier in the U.S.-South Korea joint military exercises in the West Sea. What is China’s response likely to be when a U.S. aircraft carrier participates in the U.S.-South Korea joint military exercises this year? It is not just a North-South issue. Rather, isn’t it the case that tension also can arise between the U.S. and China?

Gregg: I will pass on answering that kind of hypothetical question. One of the things I learned from the elder President Bush is that you stay out of trouble by not answering leading questions. But, of course, there are good reasons why it is difficult for the U.S. and China to cooperate in resolving the problems of the Korean peninsula. North Korea’s nuclear weapons programs pose a serious threat to the U.S. and South Korea, but they are not a threat to China. On the other hand, when the U.S. and South Korea adopt a tough policy toward North Korea—for example, regime change or reunification by absorption—China responds with great sensitivity to what it perceives as a threat to its own security. There is a fundamental difference of perspective between China and the U.S. or South Korea in terms of their perception of the threat posed by the collapse of North Korea as opposed to the threat posed simply by the continuing existence of North Korea.

Moon: What do you think about the implication one might draw that ‘superpowers’ like the U.S. and China are being controlled by the two Koreas in dealing with the issues of the Korean peninsula? One American expert has characterized the situation as China being blackmailed by North Korea and metaphorically alluded to a “tail wagging the dog” relationship while another expert has said that the U.S.’s North Korea policy has been “hijacked” by South Korea.

Overholt: I don’t agree. What North Korea is seeking is the security of its system. On this assumption, whatever the U.S., China or the North and South themselves might want to exchange with each other even if it is something necessary, the problem is that it can not ensure the continuing existence of the system. It is true that information about North Korea is increasing due to expanding exchanges and contacts with the

Disclaimer
Opinions and views expressed in the articles are those of individual and do not represent the official view of PCI.
Economic Delegation from DPRK, March 19-April 3, 2011

Ten economic officials and two diplomats from the Democratic People's Republic of Korea (DPRK) paid a historic two week educational visit to the United States March 19-April 3, 2011. The University of California Institute on Global Conflict and Cooperation (IGCC) Director Susan Shirk organized the visit with the objective of improving North Korean understanding of the American economic system and American understanding of the North Korean economic system. The study visit was hosted by IGCC, the Pacific Century Institute, and the Asia Society, and also received support from the Carnegie Corporation, the MacArthur Foundation, and the Open Society Institute.

The bi-coastal tour began in Los Angeles on March 19 where the DPRK economic officials were welcomed by the Pacific Century Institute. The group was introduced to retail and tourism in the U.S. with a visit to Home Depot and Universal Studios. At the Port of Long Beach and the Mountain Meadow Mushroom Farm, the officials learned about the foreign trade infrastructure and the economics of the food business.

An intensive program of class lectures followed at the University of California, San Diego, March 21-27. Faculty of the Graduate School of International Relations and Pacific Studies taught classes on the American economy, government regulation, banking and monetary policy, state and local government, the role of the CEO and corporate strategy, and economic growth in the Asia-Pacific region.

The delegation visited UCSD’s Sustainability Resource Center and a Sempra Energy power plant. They talked with high-technology entrepreneurs Qualcomm founder Irwin Jacobs and Life Technologies CEO Greg Lucier when they visited their firms. The economic officials learned about the sustainable seafood business at the Catalina Seafood Company. The officials also were enthusiastically welcomed to dinner at the homes of four UCSD faculty and community members and their families.

The group travelled to New York City, March 27-30, where it was hosted by Orville Schell, director of the Center on U.S.-China Relations of the Asia Society. Nobel Prize winning economist Dr. Joseph Steiglitz and UN Assistant Secretary-General Dr. Ajay Chhibber spoke about economic development and multilateral economic cooperation. Lectures on business and tax law by NYU law professors were followed by site visits to the Citigroup Bank and Bloomberg News.

The group’s final stop was San Francisco, March 30-April 3, where it was introduced to the Northern California regional economy through lectures and site visits. A day in Silicon Valley, including visits to Google and Stanford University and meetings with Korean American entrepreneurs and finance and legal experts, highlighted the ingredients that combine to produce an innovation economy. At a large scale family rice farm in Davis, the officials learned about responsible land and water resource management in an agricultural business.

IGCC and its non-governmental organization partners hope that this visit will be the first in a series of activities that enhance mutual learning on economic matters between the U.S. and the DPRK.

PCI Sponsors International Conference

The Pacific Century Institute sponsored an international conference on “Myanmar and the Two Koreas” held at Paul H. Nitze School of Advanced International Studies (SAIS) of Johns Hopkins University on April 11, 2011. The conference, co-sponsored by the Southeast Asia Studies Program and the U.S. Korea Institute at SAIS of Johns Hopkins and Georgetown University, illuminated important relationships between North and South Korea and Myanmar, analyzed regional implications of such relationships, and sought to inform U.S. policy.

Panel discussions included: Politics and Economics in Myanmar under a New Administration; Myanmar-South Korean Economic and Trade Relations; Strategic Interests in Myanmar: China, India and ASEAN; Security Cooperation between Myanmar and North Korea; and What It All Means—Implications of North and South Korean Relations with Myanmar.
When It Rains It Pours...But Then The Flowers Grow

PCI hosts DPRK Economic Delegation’s visit to Los Angeles
March 19-21, 2011

In what is perhaps a metaphor for dealing with the rocky US-DPRK relationship, the visit of the first-ever DPRK Economic Delegation to observe the US economy, invited by a coalition of the Institute for Global Conflict and Cooperation at the University of California - San Diego, the Asia Society, The Asia Foundation, and the Pacific Century Institute, started inauspiciously but, through persistence, by the end of the first two days had improved significantly.

The delegation was delayed in US Customs & Immigration at LAX Airport for over four hours upon their arrival. The delay was not due to a thorough baggage check but rather the delegation was asked to fill out some biographic forms and then told to wait...and wait some more...before they were released. One can speculate as to the reason but the fertile minds of the DPRK delegation feel that Customs was probably busy checking with the FBI and CIA and someone somewhere was afraid to make the bureaucratic decision that it was OK to allow the delegation into the country. (This despite the fact that at the express request of Customs & Immigration the hosts had provided the delegation with an invitation letter explaining the visit.)

An arrival on an afternoon flight, plus the delay, put the delegation's check-in at its hotel at after 12:00 am and well past their 8:00 pm dinner reservations. However, their Pacific Century Institute host was able to persuade the Italian restaurant to stay open for a midnight dinner, a gesture the guests clearly appreciated.

The next morning a trip to Home Depot and Target stores impressed the group. One of the heaviest rainstorms in recent Los Angeles history, however, drenched the delegation as it was taking a VIP guided tour of Universal Studios, where the tour had to be cut short and the group returned to the hotel to dry out and get ready for a formal welcome dinner.

However, the rainstorm had knocked down a very large tree, blocking the road to the White Eagle Ranch. The bus taking the group had to make a forty-five minute detour to the dinner instead of a ten-minute usual ride in the driving rain.

At the dinner after the welcoming remarks Mr. Yon Il, the Director General of Trade Guidance at the Ministry of Foreign Trade and head of the delegation, made a speech noting the historic nature of the visit and the DPRK's wish for better economic relations. A dinner guest from RAND asked the DPRK group what it thought of recent events in Japan and Libya. In response, one delegate stood and replied that in his "personal" opinion Gadhafi was quite stupid because he had voluntarily given up his development of nuclear weapons and weapons of mass destruction and was left with no way to deter the US, France and the UK.

Another downpour of unprecedentedly heavy rain met the group as it left the dinner to drive back to the hotel.

The final day of the group in Los Angeles dawned still rainy.

However, a VIP tour of the Port of Los Angeles in the Port's briefing room and on its covered boat, which made a close-in tour of the port from the water side, was little affected by the rain. The excellent briefing by the Port's Director of Operations, John Holmes, and well-informed answers to the visitors' questions throughout the tour by the four accompanying Port personnel warmed up the delegation considerably.

From there it was off to lunch at a McDonalds (following a briefing on the economics of franchising and a handout on McDonalds’ global footprint). Then it was off to tour the Mountain Meadow Mushroom Farm in Escondido.

There had been some grumbling in the delegation as to why there was a visit to a mushroom farm since the DPRK grows a lot of mushrooms. However, in the event the group was most impressed by the tour conducted by the farm's owner, Roberto Ramirez. The farm specializes in using waste materials, adding some ingredients, and "cooking" the results into a growing medium that maximizes production. The delegation members from the Ministry of Agriculture took copious notes.

The visit was enhanced by the fact that the farm had warned the group that the rain had turned the farm very muddy. The group was able to stop at a Wal-Mart to buy rubber shoes that were indeed very much needed at the farm.

During the long bus rides to the Port, to lunch, and to the farm, there was an opportunity for some extended conversations.

One of the group made the interesting comment that had Korea been colonized by either the British or Americans, instead of the "brutal" Japanese, then all of Korea today would be like Singapore or Hong Kong.

During the trip we were able to engage delegation leader Yon in considerable conversation. We found Yon quite knowledgeable about international business and Yon sprinkled his conversation with many English business terms. Yon also talked about the negative cycle of US-DPRK relations. Yon said the DPRK understood that the US was a big power and had to sometimes take certain positions, and the DPRK was willing to sometimes swallow its pride. But the fact remained that at some level the US had to respect the DPRK's right to exist and prosper with its own system. Until

Continued on Page 6
then the DPRK would emphasize its deterrent. It was noted that there had to be a way to break the cycle and right now the US wanted a betterment of North-South relations prior to serious US engagement with the DPRK. Yon asked why the DPRK should get the ROK involved in what was a US-DPRK issue.

Later Yon asked if we had any suggestions for breaking the impasse. We replied that it was pragmatically necessary to get past ROK objections to bettering US-DPRK relations. One blocking issue right now was the Cheonan incident. If the DPRK did not sink the ship and could make a convincing, or even plausible, case at the World Court, or in the court of public opinion, then maybe the US would be willing to move.

By the time the delegation’s bus arrived at its hotel in San Diego, the atmospherics between it and its Pacific Century Institute hosts had warmed considerably. Delays and rain and disappointments had been overcome by the experiences of shared engagement and gestures of concern and kindness. Some flowers of understanding had been planted and -- nourished by the rain -- had started to bloom.

Moon: If North Korea does not change on its own, there is one of two solutions. One solution is the hard line approach of promoting regime change through forced system transformation or bringing about the collapse of North Korea through isolating it and imposing sanctions on it. The other solution is the moderate approach of inducing North Korea to adopt the choice we want through talks and negotiations that would include appropriate rewards. What approach do you support?

Overholt: Taking a tough stance on the nuclear threat and the provocations posed by North Korea is a different matter from seeking the collapse of North Korea. A policy of isolation and sanctions alone will not be successful. If North Korea demonstrates an effort to improve its circumstances and to solve its internal problems, we need to demonstrate clearly a willingness to support these efforts and to provide assistance in a positive way as part of one combined policy package.

Gregg: An active, affirmative approach is needed in providing food assistance as a humanitarian issue. North Korea will shortly be facing the problem of the Barley Pass (“spring famine”). By providing support we can lay the foundation for getting back to talks sometime around May or June. It is pointless to just go on about how North Korea has to do this or that before we will engage in talks, or that North Korea of its own accord must surrender the nuclear means for preserving its system.

Moon: Do you think of the Lee Myung-bak administration’s North Korea policies such as “Nuclear-free · Open · 3000” policy, the Grand Bargain, etc.? They have been criticized as motivated by a hatred of North Korea and an expectation of its collapse.

Overholt: We need to adopt an approach that leaves the door open for all possibilities. There is a difference between seeking the collapse of North Korea as a policy objective and preparing for that possibility. Measures for dealing with a sudden change are needed. It is not possible to envision North Korea being able to preserve its system indefinitely given the current circumstances. Change can not be avoided. North Korea, like China, must take the path of reform and opening up.

Gregg: In North Korea’s current situation, it is continuing to increase its nuclear weapons capability while at the same time the state of its economy and the food situation deteriorates even further. Going on in this way the temptation of nuclear proliferation becomes greater. Back then at the time of the second nuclear threat in 2002, North Korea made the argument that it was either exercising its right of self-defense or engaging in nuclear deterrence. Nuclear proliferation in itself gives the lie to this argument. The possibility that North Korea will succumb to the temptation of nuclear proliferation is a very serious problem.

This interview article appeared in Korean in Hankyoreh Daily on March 1, 2011 and was translated by Frederick F. Carriere, PCI Senior Fellow. The complete text can be read at http://www.pacificcenturyinst.org/news.html.
PROJECT BRIDGE WELCOMES ITS 2011-2012 GROUP LEADERS

The following two articles are from our 2011-2012 Project Bridge Group Leaders. Ms. Jennifer Sohn and Mr. Paul Kim.

My name is Jennifer Sohn and I am excited to join Project Bridge as a group leader this year! I am a licensed school counselor from the Los Angeles area and recently moved back home from Boston, where I was completing my studies. I received my Certificate of Advanced Study (C.A.S.) in Counseling and Ed.M. in Risk and Prevention from the Harvard Graduate School of Education (HGSE) and did my undergraduate work at Wellesley College.

After graduating from Wellesley with a B.A. in English Literature and Cinema and Media Studies, I spent a year in Daegu, South Korea on a Fulbright Fellowship and taught English to students at a vocational high school. It was an amazing experience in which I learned more about myself, Korean culture, and teaching than ever before.

Upon returning to the states, I worked as a program coordinator at the Eli & Edythe Broad Education Foundation. At the foundation, I worked with the largest school districts in the nation, helping them to develop innovative systems and people in order to increase student achievement. In Boston, I worked as a middle school and high school college and career counselor. I am passionate about providing equitable access to resources to all students and helping students to bridge cultural gaps within their own communities.

I was introduced to Project Bridge by a former PB leader who raved about her experiences working with the program. I attended a progressive high school in which we devoted one year to the exploration of socioeconomic status, race, and gender which opened up my lifelong commitment to equity and social justice. Within our school, we were expected to treat one another with respect and to honor each others’ differences. Especially with Los Angeles’ history of racial and ethnic conflict, I believe that the work of PB is essential in fostering cultural understanding and tolerance and bridging gaps that may be remnants of our city’s history. I am excited to learn with the students who will be in the program and also to be able to give back to the community in which I grew up in. I hope that the students will work hard to challenge themselves and step out of their comfort zones and I hope to be able to lead by example.

I have had the privilege of leading the Youth Ambassadors of Project Bridge during the 2010-2011 academic school year and I am honored to be given the opportunity to lead once again.

Growing up as a Korean-American in such a diverse city, such as Los Angeles, I have encountered relationships with many people of various ethnic backgrounds. It is because of this that I believe cultural awareness and understanding can benefit our society.

As an elementary student, I witnessed firsthand how two cultural groups collided because of the lack of cultural understanding during the Los Angeles Riots. Almost every single channel on the television displayed the complete destruction of Los Angeles, the City of Angels. Every night, I would watch Korean businesses go into flames, while Korean storeowners frantically tried to save their stores. On my way to church, I observed the National Guard patrolling the unfamiliarly quiet streets of Los Angeles. As a young child, I did not know how to make of this. As an adult, I am happy to be part of programs like Project Bridge which are able to build a strong foundation of cultural understanding and cooperation within our youth.

I began my undergraduate education at the University of California, Riverside where I received a B.A. in History and furthered my education at National University, where I received my Preliminary Level I Education Specialist Credential (mild/moderate disabilities). I am currently enrolled in the Clear Level II Education Specialist Credential (mild/moderate disabilities) program at Cal State University, Dominguez Hills. I have been teaching Social Studies to the Special Education population at Inglewood High School for the past five years. Inglewood High School’s student population is predominantly African American, with a growing Latino population. Although the majority of my students were born after the Los Angeles Riots, I can still observe the need for cultural awareness.

I became part of Project Bridge not only to learn and understand my own culture, but to become part of a movement that would help break down barriers that exist in our society today. As a project bridge leader I am convinced that this program has a positive impact on today’s youth. I am happy to be part of a program that I believe instills education, positive experiences, and an appreciation for each others’ culture.
PROJECT BRIDGE 2010-2011 COMES TO AN END

Project Bridge 2010-2011 was a great success! Among all the many interesting and engaging activities the highlights of the trip were the Youth Ambassador’s visit to the DMZ and the visit with Ambassador Kathleen Stephens (below).

If you have any questions regarding this program or form, please contact: Denice Gonzalez at (818) 337-1620 or e-mail: pci@PacificCenturyInst.org

Directory

Headquarters:
8944 Mason Avenue
Chatsworth, CA 91311-6107
(818) 227-0620 (Tel),
(818) 704-4336 (Fax)
pci@paofficecenturyinst.org

Spencer H. Kim
(818) 337-1600 (Tel)
spencer@cbol.com

Regional Office:
Kenneth J. Tuggle, Esq.
Frost Brown Todd LLC
400 West Market Street, 32nd Floor
Louisville, KY 40202
(502) 568-0269 (Tel)
(502) 581-1087 (Fax)

Representative (Korea):
Chung In Moon
Yonsei University
134 Shinchon-dong Seodaemoon-ku
Seoul, 120-749, KOREA
822-2123-3542 (Tel)
822-362-1915 (Fax)
cimoong@yonsei.ac.kr

Representative (Japan):
Ko Shioya
Seta 2-19-1
Setagaya-ku, Tokyo
Japan 158-0095
813-03707-0369 (Tel/Fax)
kosh206@ybb.ne.jp

PCI Web site:
www.pacificcenturyinst.org

Lynn Turk, PCI Senior Fellow
(425) 260-9018 (Tel)
ljt047@aol.com

Frederick F. Carriere, Senior Fellow
(212) 410-5158 (Tel)
ffcarrie@syr.edu

Jackie Lee, PCI Executive Director
(818) 337-1611 (Tel), (818) 459-7448 (Fax)
jackie.lee@cbol.com

Denice Gonzalez, PCI Junior Fellow
(818) 337-1620 (Tel), (818) 245-9320 (Fax)
deniceg@ucla.edu