

**NOMINATIONS OF THE 112TH
CONGRESS—FIRST SESSION**

HEARINGS

BEFORE THE

**COMMITTEE ON FOREIGN RELATIONS
UNITED STATES SENATE**

ONE HUNDRED TWELFTH CONGRESS

FIRST SESSION

—————
MARCH 16 THROUGH DECEMBER 8, 2011
—————

Printed for the use of the Committee on Foreign Relations



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S. HRG. 112-399

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U.S. GOVERNMENT PRINTING OFFICE

74-273 PDF

WASHINGTON : 2012

For sale by the Superintendent of Documents, U.S. Government Printing Office
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COMMITTEE ON FOREIGN RELATIONS
112TH CONGRESS—FIRST SESSION

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NOMINATION

THURSDAY, JULY 21, 2011

U.S. SENATE,
COMMITTEE ON FOREIGN RELATIONS,
Washington, DC.

Sung Y. Kim, of California, to be Ambassador to the Republic of
Korea

The committee met, pursuant to notice, at 10:33 a.m., in Room SD-419, Dirksen Senate Office Building, Hon. Jim Webb presiding.
Present: Senator Webb.

OPENING STATEMENT OF HON. JIM WEBB, U.S. SENATOR FROM VIRGINIA

Senator WEBB. Good morning. The hearing will come to order.

Today the committee will consider the nomination of Ambassador Sung Y. Kim to be the United States Ambassador to the Republic of Korea.

As all of you will notice, I took the liberty of putting a map of Asia up here today. And I do this because sometimes when we look at different countries in Asia, we forget to think of them in the context of how they fit together politically, economically, and especially geographically.

I've often said that Northeast Asia is the only place in the world where the interests of China, Russia, Japan, and the United States directly intersect. And in the middle of this is a divided Korean Peninsula with an erratic, volatile regime on one end, and a key strategic ally, economic partner, and democratic nation on the other.

It's important to remember that South Korea is the focal point for maintaining stability in this region, even as we work together to bring a lasting peace to this entire area.

If we do not have stability in Northeast Asia, you cannot have stability anywhere else in Asia. And that underlines the vital importance of the relationship that the United States shares with South Korea.

Last year, the United States and Korea commemorated the 60th anniversary of the start of the Korean war. I was fortunate to have had the opportunity to participate in remembrance activities here and in Korea that symbolized the incredible devotion of both countries to democracy, peace, and stability.

Sixty years ago, East Asia was a vastly different region than it is today. Struggling to reorganize itself following World War II and

the departure of major colonial powers, East Asia found itself at the nexus of the cold war competition between communism and democratic rule.

The region held a great deal of uncertainty. The United States provided an important service in maintaining stability so that nations could recover from conflict, just as it provides an important service today in maintaining a strategic balance in this vital region.

In 1950, when North Korea invaded South Korea, the United States and the rest of the international community faced a critical decision: To become involved or to lose the stability we had gained and allow a nascent democracy to fail.

In the end, more than 33,000 American soldiers paid the ultimate price and another 100,000 were wounded during this 3-year conflict in an international but largely American effort to bring peace to the Korean Peninsula. These sacrifices forged a bond with the South Korean people that has not been forgotten and instead has flourished.

Today, South Korea is one of the United States most important security allies and economic partners. We currently station 28,000 American soldiers in Korea as a deterrent to aggression. South Korea contributes more than 40 percent of the cost of hosting these troops.

It's important to understand that these troops are deployed not only in defense of South Korea, but also to ensure America's larger security needs as the most important stabilizing influence in East Asia.

North Korea's inventory of ballistic missiles currently exceeds 800 airframes, which are capable of reaching targets not only in Korea, but also in Japan, the United States territory of Guam, and even the Aleutian Islands. The regime continues to research an intercontinental ballistic missile capability, in addition to its pursuit of nuclear weapons.

Our close relationship with South Korea has demonstrated its value time and again in response to North Korean provocations, including last year's sinking of the South Korean naval ship, the *Cheonan*, and its artillery attack on Yeonpyeong Island. Our coordination with South Korea and our coordinated show of strength prevented further escalation of these incidents.

Even as we look for openings to resume dialogue with North Korea, given that country's unpredictability and opaqueness, this joint approach is essential to maintaining stability on the Korean Peninsula, ensuring that North Korea is not allowed to act with impunity.

For this reason, I have supported resumption of food aid and other humanitarian assistance to North Korea only in strict coordination with our allies in the region—South Korea and Japan. This approach is also important for demonstrating to China, as North Korea's closest diplomatic ally and largest trading partner, that it should exert its influence to bring about more responsible behavior from North Korea and to take positive action to bring about North Korea's eventual denuclearization.

Our security concerns and the strength of this alliance transcend the peninsula itself. South Korea, a country with a population of

only 48 million, has transformed itself into a global economic power and a highly developed society. South Korea is now the world's 13th-largest economy. In 2010, our bilateral trade topped \$86 billion, making South Korea the United States seventh-largest trading partner.

Unfortunately, the success of this economic relationship has been tempered in recent years by our inability here in Washington to complete a free trade agreement with South Korea. Our two governments signed an agreement in 2007. Four years later, it has yet to be ratified.

It should be emphasized that this is an agreement between two mature economies. New export opportunities in the agreement can generate good-paying American jobs and contribute to our economic recovery.

Just as importantly, this agreement demonstrates our ability to follow through on commitments to free trade and to cement our role as a guarantor of stability in East Asia.

Upon returning from a visit to Korea last June, I called for a swift resolution of outstanding concerns with this agreement. The administration resolved those concerns in December.

At this point, the agreement is in the hands of Congress. In my view, we should set aside minor differences and work together to gain swift passage of this vital trade agreement. And without passage, we, the United States, risk falling behind our trade competitors, losing economic benefits, and weakening an important strategic alliance.

Ambassador Kim, I would like to welcome you today and point out the obvious: If confirmed, you will be representing the United States in South Korea at a critical time.

Next year, South Korea will have National Assembly and Presidential elections, just as we will. China's leadership will be undergoing a generational change. And North Korea has declared that 2012 will be "a year of prosperity," marking the 100th anniversary of the birth of Kim Il-sung.

I look forward to hearing the testimony of our nominee, and welcome you, again, here today.

And before receiving the testimony, I'd like to take a moment to introduce Ambassador Kim. And at this point, I'd also like to introduce, for the record, a statement that Senator Kerry, as chairman of the full committee, has submitted.

[The prepared statement of Senator Kerry follows:]

PREPARED STATEMENT OF SENATOR JOHN F. KERRY, CHAIRMAN,
SENATE FOREIGN RELATIONS COMMITTEE

Today, the Senate Foreign Relations Committee convenes to consider the nomination of Sung Kim to be the next U.S. Ambassador to the Republic of Korea (ROK). Mr. Kim, our current Special Envoy for the Six-Party Talks on North Korea's nuclear program, is a wise and deserving choice to be our country's chief diplomat in South Korea.

Over the course of his distinguished career in the Foreign Service, Mr. Kim has served in many positions that have prepared him well for this job, including the Director of the Office of Korean Affairs, Political-Military Unit Chief in Embassy Seoul, and Economics Officer there. A Korean American who speaks fluent Korean, Mr. Kim will be able to interact confidently with the South Korean Government and people. If confirmed, he would be the first American of Korean heritage to serve our country in this post—a testament to the success of Korean immigrants who first began coming to the United States roughly 150 years ago.

Mr. Kim's deep expertise in Korean affairs will allow him to make a seamless transition with outgoing Ambassador Kathy Stephens. This is critically important, as alliances, like all relationships, need constant nurturing. If confirmed, Mr. Kim's tenure as Ambassador will span elections and political transitions in South Korea and its neighbors. As South Korea prepares for National Assembly and Presidential elections next year, issues such as the reported release of "Agent Orange" dioxin from U.S. military bases in South Korea could threaten to derail cooperation, if not handled in a prompt, transparent manner and with proper humility. I am glad that Mr. Kim seems to fully appreciate this reality.

His near-term, to-do list will be full of tasks vital to advancing U.S. economic interests, as well as promoting regional peace and stability. Arguably job one will be to help facilitate the passage and implementation of the Korea-U.S. (KORUS) Free Trade Agreement. Congress should send Mr. Kim to Seoul with a ratified KORUS FTA. That would deliver a powerful message that the United States and South Korea are long-term strategic partners who are deeply invested in each other's futures, and that the United States intends to remain a Pacific power. KORUS will create tens of thousands of new jobs in both our countries, lay the groundwork for further U.S. trade and investment in the most economically dynamic region on Earth, and reverse a disheartening trend where America's regional rivals have been prospering at our expense. South Korea's FTA with the European Union went into effect earlier this month, so U.S. companies are now effectively at a competitive disadvantage. We are running out of time. Congress must act now or leave South Korea's own legislature with little time to pass the FTA before its April elections. At stake is nothing less than our national competitiveness and our national security.

On the security front, the good news is that the U.S.-ROK alliance is as strong today as it has ever been. But the goal of building a lasting peace on the Korean Peninsula remains elusive. We must, on an urgent basis, explore steps that can reduce the threat posed by North Korea and return the North to a path toward denuclearization. Make no mistake: Given North Korea's recent irresponsible conduct, staying in a diplomatic holding pattern invites a dangerous situation to get even worse.

Apart from the security challenge posed by North Korea, we must also deal with an evolving humanitarian crisis there, as chronic food shortages threaten to morph into widespread famine. In consultation with Seoul, the United States should join with the European Union and other donors to fashion a carefully targeted aid program to feed the most vulnerable populations, provided that the DPRK permits robust monitoring.

Finally, Mr. Kim will be charged with helping to build the global partnership envisioned by Presidents Obama and Lee Myung-bak in June 2009. South Korea is emerging as an important global actor, making valuable contributions to reconstruction efforts in Afghanistan and the greening of our planet. Seoul's hosting of the G20 summit last year, and the Nuclear Security Summit in 2012 shows that South Korea has arrived as a diplomatic force on the world stage. Its recent pledge to triple its overseas development budget by 2015—in an age of austerity no less—exemplifies South Korea's growing global role. If confirmed, I hope Mr. Kim will work to continue this positive trend.

I congratulate Sung Kim for being nominated to serve his country in this important role, and I commend the President for making such a wise choice. I urge my colleagues to speed Mr. Kim on his way to Seoul.

Senator WEBB. Ambassador Sung Kim is a career member of the Foreign Service, presently serving as a special envoy for the six-party talks, leading the day-to-day engagement with the other six-party countries.

He has extensive experience with United States-Korean relations, serving as director of the Office of Korean Affairs at the State Department, political military unit chief at the U.S. Embassy in Korea, and as an economic officer at that Embassy. In addition, he has served in Hong Kong, Malaysia, and Japan.

He graduated from the University of Pennsylvania and from Loyola University Law School, and also from the London School of Economics with a master of law. And prior to joining the Foreign Service, he was deputy district attorney in Los Angeles.

Ambassador Kim brings a distinguished record to this position. There's, I think, a great deal of enthusiasm for his confirmation.

And, Ambassador, I welcome you, and I know you have some very special family members who are with you today. And if you'd like to introduce them and anyone else, friends or family, before you begin your testimony, we would be grateful to you for doing that.

So, welcome and the floor is yours, sir.

**STATEMENT OF HON. SUNG Y. KIM, OF CALIFORNIA, TO BE
AMBASSADOR TO THE REPUBLIC OF KOREA**

Ambassador KIM. Thank you very much, Mr. Chairman.

I'm deeply honored to be here before you as President Obama's nominee to be the U.S. Ambassador to the Republic of Korea. I'm deeply grateful to the President and Secretary Clinton for the confidence they have shown in me.

And if confirmed, I look forward to working very closely with this committee to strengthen our alliance and very special partnership with the Republic of Korea.

Mr. Chairman, many people are responsible for me being here today. Throughout my public service, I have benefited greatly from distinguished mentors, generous colleagues, and smart and dedicated subordinates. I'm grateful that many of them are here with me today.

As he has done throughout my life, my older brother is here to watch over me, to support me, and I'm grateful that he's here. Most importantly, I want to express my special gratitude to my wife, Jae, and our two daughters, Erin and Erica.

Diplomatic service is a special privilege, but it is not always easy for the family. And even though my daughters sometimes tell me to go out and get a real job, so that they can stop moving around, they're always there for me, and I'm grateful.

When my parents brought me to the United States over 35 years ago, they could not have imagined that I would have the opportunity to serve as the first Korean-American Ambassador to the Republic of Korea. But I do recall that from the very early days, my parents encouraged me to go into public service. They were very proud when I joined the Foreign Service and thrilled when I chose to focus on East Asia, especially South Korea.

Having dedicated much of my professional life to the U.S.-ROK partnership, my hope is that, if confirmed, I will be able to draw on my experience and expertise to expand and enhance the bond between our two countries.

In the space of a few decades, the Republic of Korea has emerged from a half-century of occupation, division, and war to join the top ranks of free and prosperous nations. This stunning achievement is testimony to the talent, determination, and sacrifices of several generations of Koreans. As a Korean-American, I deeply respect and appreciate what they have been able to accomplish.

Part of this amazing success story, of course, is due to the strong and constructive partnership between our two countries. As we reflect on our shared history of sacrifice and success, and as we examine opportunities and challenges facing us, we are convinced that it is more important than ever to continue to strengthen our countries' relationships.

As President Obama said recently, "Our alliance has never been stronger than it is today." But it can be better. And we are working on a number of initiatives to make it stronger and more balanced, with the ROK military assuming more responsibility for South Korean defense.

We're also realigning our basing arrangements to ensure that we are best able to meet the challenges of the 21st century. We want a smaller footprint that creates less of an impact on ROK civilians, but which provides the robust deterrent necessary to maintain peace and stability on the peninsula.

I was personally involved in many of these initiatives in my earlier assignments, and, if confirmed, I will work very closely with the new U.S. Forces Korea Commander, General Thurman, to ensure smooth implementation.

Our economic relationship with Korea is one of our most important. As you pointed out, Chairman, Korea is a trillion dollar economy and our seventh-largest trading partner. The U.S.-Korea Free Trade Agreement, pending passage by Congress and Korea's National Assembly, will provide significant economic and strategic benefits for both countries.

For the United States, this agreement will create substantial export opportunities for U.S. goods and services and support tens of thousands of export-related jobs in the United States. It will strengthen our economic partnership and lay an important foundation for the United States and Korea to work together to address regional and global challenges in the future.

If confirmed, I will work closely with Korea, with Congress, and with U.S. Government agencies to ensure smooth implementation of the agreement, so that both countries can seize the important benefits that the agreement is to provide.

Another central part of the U.S.-ROK partnership is our cooperation on challenges posed by North Korea. Having focused on this much of the past few years, I hope to continue to contribute to our common efforts to achieve the verifiable denuclearization of the Korean Peninsula and better lives for the long-suffering people of North Korea.

Our two countries are also finding ways to cooperate on a wide variety of issues not directly related to trade or Korean Peninsula security. We work together in such diverse areas as counterpiracy operations off the coast of Somalia and post-conflict and disaster stabilization efforts in places like Haiti and Afghanistan. We also cooperate on green growth efforts to promote environmentally sustainable economic growth.

These are the kinds of activities that bring solutions to common challenges facing the global community and the types of initiatives I hope to advance, if I'm confirmed.

I also look forward to contributing to the already strong people-to-people ties between our two countries. Just last year, nearly 500,000 South Koreans took advantage of the Visa Waiver Program and traveled to the United States. In total, nearly 900,000 South Korean tourists and businessmen visited the United States last year, a 38-percent increase over the previous year. These record-breaking numbers make Korean tourists the seventh-largest tourist group in the United States.

As a Korean-American, the importance of these everyday contacts between Koreans and Americans has special resonance for me.

Mr. Chairman, it would be the highest honor for me to serve our country as the U.S. Ambassador to the Republic of Korea. If confirmed, I will lead a complex and multiagency diplomatic mission consisting of 575 employees. I will do my very best to ensure that all members of that community and their families have the leadership, security, and support they need to get their jobs done.

Thank you for considering my nomination. I look forward to your questions, Mr. Chairman.

[The prepared statement of Ambassador Kim follows:]

PREPARED STATEMENT OF SUNG Y. KIM

Mr. Chairman and members of the committee, I am honored to appear before you as President Obama's nominee to serve as Ambassador to the Republic of Korea (ROK). I am deeply grateful for the confidence that the President and Secretary Clinton have shown in me and if confirmed, I look forward to working closely with this committee to strengthen our alliance and very special partnership with the Republic of Korea.

Many people are responsible for me being here today. Throughout my public service, I have benefited greatly from distinguished mentors, generous colleagues, and smart and dedicated subordinates. I am grateful that many of them are here with me today. Most importantly, I want to express my special gratitude and appreciation to my family—my wife, Jae, and our two daughters, Erin and Erica. Diplomatic service is a special privilege, but it is not always easy for the family. I am extremely grateful for their patience and support.

When my parents brought me to the United States some 35 years ago, they could not have imagined that I would have the opportunity to serve as the first Korean-American Ambassador to the Republic of Korea. But I do recall that from the very early days, my parents encouraged me to go into public service. They were so proud when I joined the Foreign Service and thrilled when I chose to focus on East Asia, especially Korea. Having dedicated much of my professional life to the U.S.-ROK partnership, my hope is that, if confirmed, I will be able to draw on my experience and expertise to expand and enhance the bond between our two countries.

In the space of a few decades, the Republic of Korea emerged from a half-century of occupation, division, and war to join the top ranks of the world's free and prosperous nations. This stunning achievement is testimony to the talent, determination, and sacrifices of several generations of Koreans. As a Korean-American, I deeply respect and appreciate what Koreans have been able to accomplish. Part of this amazing success story, of course, is due to the strong and constructive alliance and partnership between our two countries.

Last year marked the 60th anniversary of the start of the Korean war. As we reflect on our shared history of sacrifice and success, and as we examine the regional and global opportunities and challenges, we are convinced that it is more important than ever to continue to strengthen and nurture our two countries' partnership.

As President Obama said recently, "our alliance has never been stronger than it is today." But it can be even better. We are working on a number of initiatives to make it stronger and more balanced, with the ROK military assuming more responsibility for South Korean defense, including wartime operational control in 2015. We are also realigning our basing arrangements to ensure that we are best able to meet the challenges of the 21st century. We want a smaller footprint that creates less of an impact on ROK civilians, but which provides the robust deterrent necessary to maintain peace on the Peninsula. I was personally involved in many of these initiatives during earlier assignments, and, if confirmed, I will work closely with the new U.S. Forces Korea Commander General Thurman to ensure smooth implementation.

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tant foundation for the United States and Korea to work together closely to address regional and global economic challenges in the future. If confirmed, I will work closely with Korea and with Congress and other U.S. Government agencies to ensure smooth implementation of the agreement so that both countries can seize the important benefits the agreement is to provide.

Another central part of the U.S.-ROK partnership is our cooperation on challenges posed by North Korea. Having focused on this much of the past few years, I hope to continue to contribute to our common efforts to achieve the verifiable denuclearization of the Korean Peninsula in a peaceful manner and better lives for the long-suffering people of North Korea. If confirmed, I look forward to coordinating closely on negotiating strategy as well as efforts to deter provocative actions by North Korea.

Our two countries are also finding ways to cooperate and collaborate on a wide variety of issues not directly related to trade or Korean Peninsula security. We work together in such diverse areas as counterpiracy operations off the coast of Somalia, post-conflict and disaster stabilization efforts in places like Haiti, where a ROK company is developing an industrial complex that will bring tens of thousands of jobs to Haiti, and Afghanistan, where the ROK runs a Provincial Reconstruction Team working to train local Afghans and strengthen peace and civil society. We also cooperate on green growth efforts to promote environmentally sustainable economic growth. These are the kinds of activities that bring solutions to common challenges facing the global community and the types of initiatives I hope to advance, if I am confirmed.

I also look forward, if confirmed, to contributing to the already strong people-to-people ties between our two countries—in educational exchange, the arts and culture, sports, and in other fields. Last year, nearly 500,000 South Koreans took advantage of the Visa Waiver Program and traveled to the United States. In total, nearly 900,000 South Korean tourists and business travelers visited the United States in 2010, a 38-percent increase over 2009. These recordbreaking numbers make Korean tourists the seventh-largest tourist group to the United States. As a Korean-American, the importance of these everyday contacts between Koreans and Americans has special resonance for me.

Mr. Chairman and members of the committee, it would be the highest honor for me to serve our country as the U.S. Ambassador to the Republic of Korea. If confirmed, I will lead a complex, multiagency diplomatic mission consisting of 575 employees, including staff at the U.S. Embassy in Seoul and the American Presence Post in Busan. I will do my very best to ensure that all members of that community and their families have the leadership, security, and support they need to get their jobs done.

Thank you for considering my nomination. I look forward to your questions.

Senator WEBB. Thank you very much, Ambassador Kim.

And let me just first say that you danced pretty quickly over the special members of your family who are here today, so I'd just like to point out your parents who have come here from Korea to be at this hearing. Is that correct?

Ambassador KIM. No. Actually, my parents could not make it. My father passed away some years ago and my mother is in California. She's here in spirit, though, sir.

Senator WEBB. OK.

Well, you have a whole row of family members here that I would like to introduce. If you all would just stand up and say hello.

Ambassador KIM. They're a bit shy.

Senator WEBB. I know. That's fine. [Laughter.]

You are too. That's why I'm saying this.

Stand up and say hello.

I think you've got a lot of people here who are very proud of you today. We want to give them some recognition.

Ambassador KIM. Stand up. [Laughter.]

Senator WEBB. OK.

Ambassador KIM. Mr. Chairman, if I could start with, at the end is my wife, Jae; my niece, Sarah; my older daughter Erin; the younger one, Erica; my nephew, Nam-Gu; and my brother, Jun.

Senator WEBB. Welcome to all of you. I know how proud you must be.

You mentioned, again, the nature of this special relationship. And I'd like to point something out from my own visits.

This is a unique relationship, I think, in terms of the overt value that the people in South Korea place on what the American military members did after 1950, I say as someone who's been around the military since the day I was born, who had what I view as the honor and the privilege of serving my country in the war in Vietnam. Many, many family members have served.

I was really moved, I have to say, when I visited Korea and was taken to the war memorial in Seoul, where they not only remember the sacrifices of the Korean soldiers, but they have the name of every American who gave the ultimate sacrifice during that war.

It's very, very moving to see that.

Then when I met with the director of veterans from the government, I learned that the Korean Government actually sets aside money every year to bring American veterans back to Korea with their families to thank them.

So a lot of people can talk the talk, but that's just a tremendous amount of credibility in the gratitude that's shown to the special relationship that we have.

Let me ask you about another piece of this. We're going to get into more substantive areas, but you mentioned the ties between the greater American community and Korea, South Korea. Could you give us a breakdown on the Korean-American community in the United States, where they are and the types of activities that they do to make sure this relationship is cemented?

Ambassador KIM. Thank you very much, Mr. Chairman.

If I could just make one comment on your comments regarding Korea's appreciation for Korean war veterans. One of the most meaningful and touching experiences I experienced as a political officer in Seoul was to participate in events commemorating the 50th anniversary of the end of the Korean war. And as you suggested, Mr. Chairman, the Korean Government had used its funds to bring Korean war veterans to Seoul to express appreciation.

And I was moved and touched, because I also benefited from the sacrifices made by American soldiers who participated in the Korean war. So to see the Koreans' actual appreciation for that was a very important experience for me.

Regarding Korean-American communities, there are approximately 2 million Korean-Americans in the United States. As a rough breakdown, I think California has the most. And that's where I grew up. New York also has a huge South Korean community. And growing numbers are coming to this area as well.

In Virginia, Annandale is the home of the Korean-American community in this area. I don't know the exact number. And I'd be happy to get you the exact breakdown, but those are sort of the major areas.

Chicago also—Chicago and Atlanta are also home to huge Korean-American communities.

Senator WEBB. May I ask you for your views on the free trade agreement? And actually, let me put it in this context: What do you

think the implications would be if we fail to pass the free trade agreement?

Ambassador KIM. Mr. Chairman, the President and the Secretary have both made very clear our commitment to getting the free trade agreement done.

The administration would like to see the Korea-U.S. Free Trade Agreement, along with the other two pending free trade agreements and TAA, get done as quickly as possible. And I believe the administration is in conversations with congressional leaders about getting it done.

I think the numbers are compelling. Just tariff cuts alone would lead to an increase of 11 billion dollars' worth of exports from the United States to Korea, which would equate to tens of thousands of jobs being created in the export-related areas.

Additional exports and additional jobs will be created from non-tariff cuts through the FTA. We'll also have access to the huge service market in Korea.

So I think the numbers are compelling. I very much hope that we'll be able to get it done as quickly as possible.

I think, as you mentioned, Mr. Chairman, the implication is that it will have to send a signal about our ability to follow through on our commitments. This agreement was negotiated through a very difficult process. It's an agreement that stands to provide huge benefits to both countries. And I think it would serve our interests to get it done as quickly as possible.

Senator WEBB. Would you characterize the South Korean economy as a mature economy, in the same sense as the United States?

Ambassador KIM. Yes, I would, Mr. Chairman.

It is a vibrant economy. It continues to enjoy substantial growth.

I'd like to use the anecdote that if you go to electronic shops these days, South Korean products are at the very top of display areas. You see LG, Samsung, et cetera. I think that's a small indication of the growth of the South Korean economy, and I would definitely consider it to be a mature economy.

And this is why I think, as you pointed out, Mr. Chairman, this is an agreement between two mature economies, and there's no reason why it should not be done.

Senator WEBB. I'm going to say I have a view on this that because these economies are mature economies this is not the same type of a trade agreement that people have been concerned about in the past, when you have truly emerging economies with very low wage scales running the risk of pulling American jobs away from this country because of artificially low wage scales.

In my examination of this and consideration of it, is that the threat to the American workforce it is not of any magnitude that should cause American workers concern. I'd like to hear your thoughts on that.

I'm not preaching to the choir here, but I think people need to hear the views of those who are going to be implementing it.

Ambassador KIM. I would very much agree with that assessment, Mr. Chairman.

This is an agreement that was carefully negotiated. It is an agreement between two mature economies, and it stands to provide substantial benefits to both countries.

As I mentioned earlier, just tariff cuts alone would result in tens of thousands of jobs being created in the United States in the export arena.

Without getting into a detailed comparison of this agreement versus other free trade agreements, I would say that there is really no reason why we should not implement this agreement.

Senator WEBB. Is it correct to say that the E.U. just signed an agreement, or recently signed, and is ready to implement an agreement that's very similar to this one?

Ambassador KIM. That is my understanding as well, Mr. Chairman.

The E.U. agreement is complete and is already being implemented.

Senator WEBB. You mentioned in your testimony that you had some involvement in the issue of the relocation of the American military in Korea. Would you describe what you worked on in that area?

Ambassador KIM. Yes, sir.

As the political military unit chief at our Embassy in Seoul, I had the opportunity to participate in negotiations on base relocations. That was both on the Yongsan relocation to move the Yongsan base away from downtown Seoul down south to Pyeongtaek, and also the land partnership plan related realignments in other parts of Korea.

I think what we want to try to accomplish is to have a base or military presence that makes sense, that makes sense in terms of minimizing impact on Korean civilians, but also in terms of maximizing deterrent capability to make sure that we are able to defend South Korea against any aggression.

I am a strong supporter of those initiatives, and, if I'm confirmed, I will do my very best to make sure that they're implemented in a timely manner. I think it's good for the alliance, it's good for the South Korean public, and I think it makes a lot of sense in terms of our strategic ability to defend the peninsula.

Senator WEBB. There's been some concern over here in the Congress, and I'm one of those who has articulated this concern, with the way in which this relocation has been approached in terms of lack of what the Armed Services Committee called a business case for some parts of the relocation, including what's now called tour normalization, but also the basic momentum that has taken place because of the funding streams for different parts of the relocation. As I'm sure you're aware, there have been three different funding streams that have gone into construction programs and these sort of things.

And one of them is command discretionary funds where the American commander can just divert money into projects without the oversight of the Congress, which is money on hand for programs.

And the other has been South Korean burden-sharing programs where you had trade-for-trade different pieces of property, and as a result construction of facilities and those sort of things have taken place, again, without the Congress having been able to see the clear plan and the strategic concept.

And then third, there's the money that comes from the Congress itself. And we have asked for greater justification, particularly on this concept of tour normalization where they're proposing to bring up to 50,000 family members into Korea. You think about the infrastructure that goes into that: housing, schools, medical, et cetera.

This is an area of concern I want to hear from you about, and I want, hopefully, for you to bring this concern to Korea when you take on your post. The concern being that Congress does not want to be in a position of being forced by the momentum of these other two funding streams to have to make decisions that may not be the best-case solution.

Are you familiar with these different funding streams? Have you worked in that area?

Ambassador KIM. I'm generally familiar, Mr. Chairman. I had a chance to read the report you issued with your colleagues, and, of course, we understand the important points you raised.

My colleagues in the Department of Defense are obviously well-aware of the budgetary constraints and the need to be prudent in pursuing any aspects of this. I had the chance to speak to Under Secretary Flournoy just a couple days ago about the tour normalization issue. And what I understand is that the matter is still under consideration at the Pentagon and that no decisions have been made, but that my colleagues in the Pentagon are well-aware of your concerns, of course.

Senator WEBB. We may be in further touch on that.

If you could just walk us through this, because you've been very involved in your present position, how do you characterize the motivations behind the North Korean attacks on the *Cheonan* and Yeonpyeong Island? Do you see this in a larger scale? Or do you see these as separate items that aren't connected to something larger?

Ambassador KIM. Mr. Chairman, what I've discovered over the years in working on North Korea is that it is very difficult to determine what exactly they are thinking.

The events last year, the attack on the *Cheonan* and the shelling on Yeonpyeong Island, were horrible, irresponsible acts. And frankly, it is difficult to come up with a rational explanation for the North Korean decision to launch those attacks.

We, of course, as you pointed out earlier, sir, stood by our allies during this very difficult period.

If the North Koreans believe that such provocative, irresponsible actions will bring them concessions from us or the ROK, they're mistaken. We abhor those attacks, and we called on North Korea to refrain from all such provocative actions in the future.

There is, of course, the theory that North Korean behavior often comes in cycles, that, having gone through a round of negotiations through the six-party process in 2007-08, that they were prepared to enter into a cycle of provocations, and that in fact, now, they're ready to return to diplomacy and negotiations.

Well, we're not convinced that they really are ready to return to serious diplomacy and negotiations, and this is why I think Seoul and Washington both have been very cautious in not just rushing back to the negotiating table. Because, in light of what has hap-

pened in the past 2 years, I think that the North Koreans need to prove that they will in fact be a serious partner when the negotiations resume.

Senator WEBB. There are two schools of thought on these incidents that I'd like to hear your views on. One is that they're providing something of a testing time during this potential for change of leadership in the North as to the possible successors of the current leadership. Second is that the United States could be encouraging China to do a great deal more with the relationship that it has with North Korea in a more overt way, in order to encourage more positive behavior.

What do you think about those two schools of thought?

Ambassador KIM. We understand that the succession process is moving forward.

I'm familiar with the theory that the actions last year were related to the succession process. Frankly, it would be very disappointing if in fact they believe that their succession process would somehow be helped by such provocative and irresponsible actions.

It's difficult to say how quickly they will move forward with the succession process, but I think our advice to Pyongyang would be that, if they want the succession process to move forward smoothly, they should focus on responsible behavior, living up to international obligations and commitments, refraining from provocative actions, and beginning a meaningful dialogue with the South.

Attacks against the *Cheonan* and the shelling on Yeonpyeong Island will not help their process.

With regards to China's role, Mr. Chairman, as Secretary Clinton pointed out on many occasions, we do believe that China has a unique responsibility, given their status as the chair of the six-party process, given their unique relationship with North Korea, that China has a special responsibility to make sure that North Korea lives up to its obligations and commitments, refrains from provocative actions, and returns to the path for negotiations and diplomacy in a much more forthcoming manner than it has in the past.

Senator WEBB. This past year and a half, from my perspective here in the Senate, has resulted in the potential for much stronger relations between South Korea and Japan. We've seen that demonstrated not only in the visits that I've made to the region but the frequent discussions that we have with representatives of both governments here in Washington.

I'm wondering what you think about that?

And also, about what might be done with this very emotional issue—to assist the Japanese in these very emotional issues of the Japanese citizens who were abducted by North Korea, where they're looking for accountability?

Ambassador KIM. Mr. Chairman, we applaud President Lee Myungbak's commitment to improving relations with Japan. Japan is one of our closest friends, as is Korea.

We believe it makes sense strategically, and on many other levels, that Japan and Korea maintain strong, positive relations. And we're encouraged that both President Lee and the Japanese Prime Minister are committed to improving their relations.

The Japanese abductee issue is one of the more difficult issues. We have a great deal of sympathy for the Japanese public on this tragic issue, and we have continued to support their efforts to reach resolution of that issue.

It appeared that we had a small window of opportunity to make some progress, because in the summer of 2008, Japan and North Korea reached an agreement outlining a path forward on investigations and findings related to the abductees situation. But unfortunately, with the collapse of the six-party process in December 2008, they have made no progress on that agreement.

And I think if and when we resume dialogue with the North Koreans, whether in a bilateral setting or in the six-party process, we will again remind the North Koreans of the need to address Japan's concerns on that difficult issue.

Senator WEBB. Thank you.

What is the current line of thinking in the State Department with respect to the food aid issue to North Korea?

Ambassador KIM. Sir, we have made no decision on the food aid request from the World Food Programme. You know, we do have a great deal of concern about the humanitarian situation in North Korea, but there are a number important factors that need to be considered before we can make a decision on whether to provide food assistance to North Korea.

No. 1 is, of course, the extent of the need, just how urgently they need it.

No. 2, we need to consider competing needs. I mean, our resources are not unlimited, and I think we have to carefully take into consideration what other needs are out there.

No. 3, and this is particularly relevant to the North Korean situation, is our ability to monitor delivery of food assistance. North Korea, as you know, has a mixed record in this regard. And so before we make any decision on food aid, we would want to be sure that we would have in place a robust and intrusive food aid monitoring protocol, so that we can be sure that the food will actually go to those who need it and not diverted to the military.

Senator WEBB. What are your thoughts about the principal issues, any that I have not addressed, that would be high on your priority list in terms of our relations with South Korea?

Ambassador KIM. Thank you very much for that question, Mr. Chairman.

You know, the United States-Korea relationship has so many important dimensions that I actually have a very long list of things that I would like to accomplish, if I'm confirmed by Congress.

If I could just highlight a couple that are dear to me. Obviously, we need to strengthen the alliance. It's one of the most important security relationships. The trade relationship is greatly important to both countries.

But I also want to focus on our cooperation beyond economic relations and security of the Korean Peninsula. I mean, Korea is becoming a major player on issues of great regional and global significance. I think it's a wonderful development, and I think this trend is irreversible.

And, for example, the Secretary, based on the signed memorandum of understanding regarding development assistance, Korea

is becoming a major donor in that area. I think that policy reflects Korea's economic growth, but it also reflects Korea's understanding that they have something to give to the global community.

And we welcome this trend, and we look forward to being a very strong partner with them on things like development assistance, environmental issues, et cetera.

Another area that I would like to focus on is something that I mentioned at the conclusion of my testimony, which is people-to-people ties. It really does have special meaning for me because I'm a Korean-American.

And on the depth of our relationship in the people-to-people area and cultural exchanges, academia, arts, sports, it is wonderful. And I hope that, if confirmed, I will have an opportunity to really bring that to a new level.

Senator WEBB. Well, we thank you very much for your testimony today, and for your continued willingness to serve our country.

The committee hearing record will be open for potential questions from other Senators until close of business tomorrow. You may receive other written questions.

But, I wish you the best. I'm obviously going to support your nomination, and I know how proud your family members must be. And with that, the best of luck. This hearing is closed.

[Whereupon, at 11:13 a.m., the hearing was adjourned.]

ADDITIONAL QUESTIONS AND ANSWERS SUBMITTED FOR THE RECORD

RESPONSE OF SUNG Y. KIM TO QUESTION SUBMITTED BY SENATOR MARCO RUBIO

Question. At a time when the United States and the Republic of Korea are seeking to further strengthen our trade and economic relationship, I would like to get your thoughts on a matter involving a U.S. investment firm in Korea.

In short, Lone Star Funds, a U.S. private equity firm whose investors include charitable organizations, educational endowments, and public and private investment funds, is for a third time attempting to sell its controlling stake in the Korea Exchange Bank (KEB), one of the largest banks in Korea. Over the past 5 years, Lone Star has made two previous attempts to sell KEB but those sales were terminated due to political and bureaucratic delays in Korea. Recent media reports confirm further bureaucratic delays on a decision on Lone Star's latest effort to sell the bank—a decision that risks the sale of the bank and billions of dollars for Lone Star's investors.

I understand the current U.S. Ambassador to Korea, Ambassador Stephens, has raised this matter on a number of occasions with her counterparts in Seoul.

- What measures would you take to encourage the Korean Government to resolve the delays affecting the regulatory approval necessary for Lone Star to sell KEB?

Answer. I am familiar with the Lone Star case, and, if confirmed, I will continue to raise our concerns about the case with Korean officials. The State Department and other agencies have conveyed our concerns about this case on numerous occasions, urging Korean authorities to rule on Lone Star's application to sell its KEB stake strictly on its merits, in a transparent and timely manner. We have pointed out that delays in approving the sale of Lone Star's stake in KEB lead to uncertainty among international investors and can harm Korea's efforts to attract foreign investors. Our Embassy in Seoul has been following this case closely and has discussed our concerns with senior levels of the Korean Government.

The Financial Services Commission (FSC) is currently waiting for the Seoul High Court to resolve some outstanding matters, including a criminal case against Lone Star's former head in Korea, before approving the sale of Lone Star's KEB stake to Hana Bank of Korea. I understand Lone Star and Hana Bank have recently extended their contract till the end of the year. The Department and the Embassy will continue to monitor developments and raise Lone Star's concerns. If confirmed, I will engage relevant senior Korean officials at the earliest possible opportunity and

seek their cooperation on facilitating an expeditious resolution of this case. More broadly, if confirmed, I plan to work closely with the American business community in Korea and become an energetic advocate for their efforts.