

KIDA Brief

NO. 2021-6

KIDA Brief provides publicly available summaries of research projects and analysis conducted at KIDA.

The Socio-Economic Impact of Delays in USFK Base Returns

KANG, So-Young

Center for Defense Resource Management

Background and Purpose

- This study provides a rigorous analysis of the delays in the USFK base returns to assist with their facilitation.
 - USFK base returns have been repeatedly delayed because of the ROK and the US failing to reach an agreement during the environmental phase of return discussions.
 - As a slew of base returns are expected to begin, there needs to be a rigorous analysis of what could happen with their delays.
 - The majority of bases to be returned have either been fully or partially closed.
 - Delays are expected for the upcoming returns because of the likelihood of environmental pollution on their premises.
 - The study identified the impact of delayed returns and analyzed the problems that they cause.

Research Results

- The study generated policy recommendations by analyzing the impact of delayed base returns using case studies.
 - In identifying the socio-economic impact of delayed returns,
 - The study confirmed that when returns are complete, they lead to positive outcomes such as population inflow, business growth, rising land price, and increased benefits from development.
 - It also predicted that delays in returns will lead to delays in delivering development benefits, such as limited development around the base, the spread of pollution, and budgetary loss.

- 
- 
- The study generated the following implications for policy on USFK base returns.
 - The institutions for managing USFK bases need to evolve to better accommodate the changes in society.
 - USFK base returns need to be seen through the integrated perspectives of area residents, local governments, and the national government.
 - USFK base returns need a long-term, sustainable strategy.



The Republic of Korea and the United States have agreed to, and are now implementing, plans to relocate US military bases in Korea to promote a more balanced development of land throughout Korea and to ensure more stable conditions for stationing US forces. Part of this effort is the return of USFK bases under the procedures outlined in the ROK-US Status of Forces Agreement (SOFA), Land Partnership Plan (LPP), and Yongsan Relocation Plan (YRP). The process begins when the Facilities and Areas Subcommittee initiates the “base return discussions,” followed by “environmental investigations and discussions,” and concluding with a “recommendation” and “approval to return the base”. That said, base returns have repeatedly experienced delays so far because of the disagreements between the ROK and the US over the decontamination of environmentally polluted bases. This is a problem, as the next 22 base returns are also expecting delays because of potential pollution. Moreover, 68% of the bases to be returned have already been closed either fully or partially, with an average of 3.5 and a maximum of 7 years of neglect of the closed portions. Delayed returns will not only delay development projects at the local government level but will also adversely affect the ROK-US Alliance and national security at the national government level. Pressed by these concerns, this study sought to inform policy through a detailed case study on the impact of delayed base returns along with a time-series analysis of the changes that took place in surrounding communities.

This study confirmed that there are positive outcomes for the surrounding community when a USFK base is returned, which include population inflow,



business growth, rising land price, and benefits made available by development. For details, the study chose Camp Hialeah and Camp Castle as instances where base returns and subsequent development have been completed. A time-series analysis was applied to those two cases covering periods both before and after the time of the return. Camp Hialeah, a former supply base for military equipment and materiel, was transformed into the Busan Citizen Park upon return in 2010. The land prices around the base rose steeply whenever there was a development in the story related to the base, i.e. of the decision to return it and of its closure. Once the base had been returned and development projects had begun, the surrounding area experienced growth in the population and in the number of workers in the creative or artistic service sector. Citizen Park came to be known as one of the main landmarks of Busan, attracting nearly 7 million visitors a year. The tourist spending now helps vitalize the local economy and improve living conditions for the area's residents. Camp Castle was returned in 2015. The former base of army engineers became home to the newly built Dongyang University campus. The study confirmed that even when only a short amount of time had passed until the start of the construction or the opening of the school, the return had been followed by an increase in area residents, businesses, and workers. People took hold of the idiosyncrasies of a university campus: new businesses springing forth in the educational, sports, and recreational service sectors. Not only was there an increase in the area income thanks to all the consumer spending, but there was also an increase in the access to amenities from the shared university facilities.

By contrast, a delay in the base return slows down the vitalization of the local economy and inhibits urban development. Local governments create development plans based on the projected timeline of when the base will be returned. Delays in these plans can incur opportunity costs and make it more challenging to start a project at its most opportune timing, adversely affecting the area's development. Furthermore, the continued occupation of the base by US forces means that the area is still subject to various regulations, including the protection of military bases and installations. These restrict the local residents' ability to exercise property rights. Furthermore, they can hinder creating, widening, and



improving roads, which are the foundation of urban development, and thus make it more difficult to improve living conditions for the city residents. Delays can also affect other government projects tied to the base returns in a chain reaction. Some of the bases to be returned are linked to initiatives like the new town projects, the Korean New Deal, or measures to increase housing supply. As such, delays in returning those bases will inevitably cause friction for the national and local governments.

Delayed returns can also lead to the continuous spread and harmful effects of environmental pollution over time. It can be very difficult to determine the presence or extent of pollution in the soil just from its external appearances. Soil also has an accumulative property, which means that in most cases where pollution is detected, the extent of pollution is already severe and requires rapid decontamination. Pollutants can also spread by meeting a current of underground water or seepage of rainwater. An analysis of returned bases revealed that when base returns were delayed by environmental discussions, pollution continued to extend its reach by an annual rate of 6~8%. Delayed returns also cause continued pollution outside of the base's premises. In one example, the city of Seoul spends about 500 million KRW every year decontaminating the area around the US Army Garrison Yongsan. Thus, the spread of pollution can cause both direct and indirect harm not only to those inside the base but also to those outside.

Delayed returns not only cause a loss in the budget but also create extra administrative work. Local governments can save on construction costs during development by incorporating existing USFK facilities and buildings into their projects. One example of this can be found in Camp Castle, where the only new building that was added was the campus main building. The rest were created by repurposing existing buildings to be part of the university campus such as workshops, libraries, etc. The same can be said about the 20 pieces of Camp Hialeah facilities that were incorporated into the Busan Citizen Park. Now, it should be noted that structures age faster when they are unused. The longer a building remains closed, the less likely its reuse becomes, which leads to greater development costs. Loss is also incurred by interest payments. In the current funding model, the cost of relocating a USFK base is supposed to be



covered with the revenue from selling the returned land. Shortages caused by a timing gap in the sale, however, must be covered with loans from the public capital management fund. The loans incur an annual interest cost, and if base returns continue to be delayed, the principal will become increasingly more difficult to pay off, leading to even greater interests. Even apart from all that, there is another manifold of troubles in administrative litigations and closed base management. These issues will continue until the bases are finally returned.

It should be noted that the issues in USFK base returns are not limited to the 22 bases that are currently on the schedule for returns. While the land grant is still effective for several USFK bases including Camp Humphreys in Pyeongtaek, where construction is nearly complete, the fact remains that might have to be returned someday, too. So, with these in mind, this study sought to offer the following three broad policy recommendations.

First, our institutions need to evolve to better accommodate the social changes that have taken place over the years. Society has lately seen increasing levels of interest in individual rights to property, environment, and quality of life. There have been louder public calls for environmental protection as the perception that environmental problems have a direct impact on individuals and their health spreads. Our society has especially experienced major changes since the first environmental provision was added to SOFA in 2001. New categories were added to the list of soil pollutants in the Soil Environment Conservation Act, and its requirement for soil pollution investigations have become stronger. These were changes that tracked society's demands. Similarly, our environmental management of USFK bases needs to institutionally evolve, such as by amending SOFA or the Memorandum of Special Understandings on Environmental Protection.

Second, USFK base returns need to be seen through the integrated perspectives of area residents, local communities, and the national government. Base returns have been approached so far from a national and diplomatic perspective. This was why there were frequent changes to the return timelines with less regard for the losses caused by these delays. Moving forward, policymakers should try to determine what is in the nation's best interest with a more comprehensive



perspective, giving due consideration to the hardships endured by area residents, economic losses for local governments, and waste in the national treasury.

Finally, base returns should not be treated as a short-term task but should be approached with a long-term and sustainable strategy. Managing the bases with discipline long before they need to be returned can help minimize the problems when the time comes to return them. There will need to be stronger environmental management throughout the lifetime of a USFK base—including phases of construction, operation, and closure—to prevent repeating the same environmental problems during the base return discussions.

** The views expressed in this paper are those of the participants (KANG, So-Young, LEE, Nam-Seok, OH, Seung-Ik) of the research project “The Socio-Economic Impact of Delays in USFK Base Returns” conducted at KIDA in 2020, and do not represent or reflect the official position of Korea Institute for Defense Analyses.*