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USCINCUNC SEOUL KOR//GENERAL TILELLI//, BEIJING, MOSCOW,  
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E.O. 12958: DECL: 1.6  
TAGS: PREL, KS, KN, CH, RS, JA

SUBJECT: (U) MEETING WITH ROK PRESIDENT

CLASSIFIED BY STEPHEN W. BOSWORTH, AMB.  
REASON: 1.5 (B) AND (D).

1. (S) I MET WITH PRESIDENT KIM DAE-JUNG ON NOVEMBER 4 FOR A  
GENERAL REVIEW OF KEY ISSUES IN ADVANCE OF PRESIDENT  
CLINTON'S TRIP HERE. I NOTED THAT THOUGH ONLY FIVE MONTHS  
HAVE PASSED SINCE PRESIDENT KIM'S VERY SUCCESSFUL VISIT TO  
WASHINGTON, A GOOD DEAL HAS HAPPENED. ON THE ECONOMIC  
FRONT, KOREA CONTINUES TO MOVE FORWARD ON ECONOMIC REFORM

AND RESTRUCTURING. MUCH STILL REMAINS TO BE DONE, BUT KOREA HAS MANAGED TO BEGIN TO DIFFERENTIATE ITSELF FROM OTHER ECONOMIES IN CRISIS THROUGH FIRM COMMITMENT TO REFORM. ON THE BILATERAL TRADE ISSUES, WE HAVE SUCCESSFULLY RESOLVED THE AUTO TRADE DISPUTE. I NOTED THAT WE HAVE NOT MADE AS MUCH PROGRESS AS WE WOULD HAVE HOPED ON THE NEGOTIATION OF A BILATERAL INVESTMENT TREATY (BIT).

2. ~~(S)~~ WITH REGARD TO THE COORDINATION OF OUR STRATEGIES TOWARD NORTH KOREA, WE CONTINUE TO HAVE A COMMON VIEW OF LONG-TERM GOALS AND ARE WORKING CLOSELY TO REINFORCE EACH OTHER'S SHORT TERM APPROACH TO THE NORTH. THE RECENT

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ANNOUNCEMENT OF INVESTMENT PROJECTS IN THE NORTH BY HYUNDAI SEEM TO BE A SIGNIFICANT RESULT OF THE PRESIDENT'S ENGAGEMENT POLICY. HOWEVER, I SAID, NORTH KOREAN THE NORTH KOREAN FIRING OF THE TAEPO-DONG MISSILE AND THE

[REDACTED] UNDERGROUND SITE [REDACTED] ARE ISSUES THAT MUST BE ADDRESSED IF WE ARE GOING TO BE ABLE TO MAINTAIN CONGRESSIONAL SUPPORT FOR U.S. POLICY. I SAID WE BELIEVE WE CAN MANAGE THESE SUCCESSFULLY BUT THE NEED FOR THE CLOSEST COORDINATION BETWEEN OUR TWO GOVERNMENTS IS CLEARLY PARAMOUNT.

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1.4(D)

3. ~~(S)~~ PRESIDENT KIM REPLIED THAT HE WAS VERY PLEASED THAT PRESIDENT CLINTON IS COMING TO KOREA. THE US-KOREAN RELATIONSHIP IS CLEARLY EXCELLENT. WE HAVE PUT THE AUTO DISPUTE BEHIND US. HE NOTED HE WILL RECEIVE A REPORT ON THE BIT NEGOTIATIONS FROM MOFAT LATER THIS WEEK AND WILL THEN DETERMINE WHAT MUST BE DONE TO BE ABLE TO MAKE PROGRESS BEFORE PRESIDENT CLINTON ARRIVES. HE SAID HE THOUGHT IT PARTICULARLY USEFUL THAT PRESIDENT CLINTON WILL BE COMING TO SEOUL FROM TOKYO. THIS PLACES THE TRIP IN A REGIONAL FRAMEWORK AND IS AN EXCELLENT OPPORTUNITY TO SEND A CLEAR MESSAGE FROM THE US, ROK AND JAPAN TO THE NORTH KOREANS THAT WE ARE UNITED AND FIRMLY RESOLVED. HE SAID HE THOUGHT THE SUCCESS OF HIS OWN VISIT TO TOKYO WAS EXTREMELY IMPORTANT TO OUR ABILITY TO PROJECT A COMMON FRONT TO THE NORTH. HE HAD MANAGED TO PUT A PERIOD TO MANY YEARS OF ACRIMONIOUS RELATIONS BETWEEN JAPAN AND KOREA AND LAY A FOUNDATION FOR A NEW PARTNERSHIP.

4. ~~(S)~~ TURNING TO NORTH-SOUTH MATTERS, HE NOTED THAT KIM JUNG-IL IS NOW FORMALLY INSTALLED AS THE LEADER IN NORTH

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KOREA. THE ROK BELIEVES THERE MAY HAVE BEEN SOME HINTS IN THE STATEMENTS MADE AT THE TIME OF KIM'S INSTALLATION THAT NORTH KOREA MAY BE PREPARING TO MOVE TOWARD A MORE MARKET-ORIENTED ECONOMY, EMULATING CHINA. KIM JUNG-IL'S DECISION TO MEET WITH HYUNDAI CHAIRMAN CHUNG JU-YONG MAY BE CONFIRMATION OF SUCH A TREND, THOUGH, THE PRESIDENT CAUTIONED, WE SHOULD NOT BE HASTY IN DRAWING CONCLUSIONS.

HE OPINED THAT PERHAPS THE NORTH IS COMING TO ACCEPT THAT COOPERATION WITH SOUTH KOREA IS THE ONLY WAY OUT OF THEIR ECONOMIC DIFFICULTIES.

5. ~~(S)~~ WITH REGARD TO THE SOUTH KOREAN ECONOMY, HE AGREED THAT KOREA AND THAILAND SEEM TO BE RECOGNIZED BY THE INTERNATIONAL COMMUNITY AS MAKING PROGRESS TOWARD RECOVERY. SINCE THE US HAD PROVIDED STRONG SUPPORT TO KOREA, KOREA'S CONTINUING PROGRESS AND EVENTUAL ECONOMIC RECOVERY WILL BE REGARDED AS A SUCCESS FOR US POLICY. HE SAID HE THOUGHT THE APEC LEADERS MEETING AND PRESIDENT CLINTON'S SUBSEQUENT VISITS TO TOKYO AND SEOUL WOULD GIVE HIM AN EXCELLENT OPPORTUNITY TO TAKE STOCK OF THE CURRENT STATE OF THE GLOBAL ECONOMY AND WOULD BE USEFUL TO ON-GOING AMERICAN EFFORTS TO DEAL WITH GLOBAL ECONOMIC PROBLEMS.

6. ~~(S)~~ COMING BACK TO NORTH KOREA, PRESIDENT KIM SAID HE UNDERSTANDS FULLY THAT RESOLUTION OF THE ISSUE OF THE UNDERGROUND SITE IS ESSENTIAL. HE SAID THE ROK WOULD GIVE FULL SUPPORT TO AMBASSADOR KARTMAN'S EFFORTS TO DEAL WITH THIS MATTER WITH THE DPRK. I REPLIED THAT AS THE PRESIDENT IS AWARE WE MUST DEAL WITH BOTH THE SUSPICIONS THAT THE NORTH MAY BE TRYING TO CIRCUMVENT THE NUCLEAR FREEZE UNDER THE AGREED FRAMEWORK AND ADDRESS THE MATTER OF THE NORTH

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KOREAN MISSILE PROGRAM. I SAID OUR OBJECTIVE IS TO DO THIS IN THE FULLEST COOPERATION WITH THE ROK AND WITHOUT CREATING THE KIND OF CRISIS NONE OF US WANT.

7. ~~(S)~~ THE PRESIDENT REFERRED TO THE CONDITIONS IMPOSED ON US FUNDING FOR KEDO BY THE US CONGRESS AND SAID THAT IN A SENSE THE TOUGH POSITION TAKEN BY THE CONGRESS COULD BE

USEFUL TO US IN DEALING WITH NORTH KOREA. HE WENT ON TO STRESS THAT IT IS NOW MORE ESSENTIAL THAN EVER THAT THE US, ROK AND JAPAN WORK CLOSELY TOGETHER. ROK EXPERIENCE HAS SHOWN THAT IT IS IMPORTANT TO BE FLEXIBLE IN DEALING WITH NORTH KOREA, SOMETIMES BEING FIRM AND SOMETIMES MORE ACCOMMODATING. THE PRESIDENT SAID HE PERSONALLY BELIEVES THERE IS SOME PROSPECT OF REAL CHANGE IN NORTH KOREA WITHIN THE NEXT COUPLE OF YEARS. "IF THEY DON'T CHANGE, THEY SIMPLY HAVE NO FUTURE."

8. ~~(S)~~ PRESIDENT KIM SAID ABOVE ALL WE MUST BE PATIENT. THE SUCCESS OF HYUNDAI'S EFFORTS IN NORTH KOREA VINDICATES HIS PATIENCE IN PURSUING THE SUNSHINE POLICY AND SEPARATING BUSINESS FROM POLITICS. DESPITE THE SUBMARINE INCIDENT, FROGMAN, AND MISSILE FIRING HE HAD STAYED CALM AND REMAINED ON COURSE WITH HIS BASIC STRATEGY TOWARD THE NORTH. NOW HIS APPROACH IS RECEIVING A POSITIVE RECEPTION IN SOUTH KOREA AND ELSEWHERE.

9. ~~(S)~~ THE PRESIDENT CLOSED BY ASKING THAT I CONVEY TO PRESIDENT CLINTON HIS PLEASURE THAT THE PRESIDENT WILL BE

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VISITING SEOUL. THE ROK WILL MAKE A MAXIMUM EFFORT TO  
ENSURE THAT THE VISIT IS A COMPLETE SUCCESS.

10. ~~(S)~~ COMMENT: PRESIDENT KIM IS CLEARLY DELIGHTED BY THE OPPORTUNITY TO RECEIVE PRESIDENT CLINTON IN SEOUL. HE STILL FACES ENORMOUS PROBLEMS IN THE DOMESTIC ECONOMY, BUT HE IS IN A STRONG POSITION WITH NO SERIOUS CHALLENGE EITHER FROM THE OPPOSITION OR WITHIN HIS OWN COALITION. MOREOVER, KOREA ENJOYS A REMARKABLE DEGREE OF SOCIAL STABILITY DESPITE THE CONTINUING HIGH LEVELS OF UNEMPLOYMENT AND CONTINUING ECONOMIC CONTRACTION. AS DEMONSTRATED BY HIS COMMENTS TO ME, HE CLEARLY FEELS THAT THE DRAMATIC HYUNDAI AGREEMENT VINDICATES HIS BASIC APPROACH TO NORTH KOREA, DESPITE HIS PUBLIC STATEMENTS ADVISING AGAINST EXCESSIVE EUPHORIA OR OPTIMISM. HIS STRESS ON THE NEED FOR PATIENCE IN DEALING WITH THE DPRK IS A FAMILIAR ONE AND ONE WHICH HE OBVIOUSLY HOPES WE WILL APPLY IN OUR OWN DEALINGS WITH THE NORTH. HIS ABILITY TO SEE VALUE IN CONGRESSIONAL PRESSURE IS REASSURING, BUT I AM NOT CERTAIN HE YET APPRECIATES HOW DIFFICULT IT WILL BE TO MEET THE HURDLES ERECTED BY THE CONGRESS. I AM STRUCK BY KIM'S EMPHASIS ON THE NEED FOR US/ROK/JAPAN SOLIDARITY. HAVING CONCLUDED SUCCESSFUL SUMMITS IN WASHINGTON AND TOKYO, HE IS CLEARLY COMMITTED TO TRIPARTITE SOLIDARITY, PARTICULARLY WITH REGARD TO NORTH KOREA. THIS IS A REFRESHING CHANGE FROM HIS PREDECESSOR WHOSE NEURALGIA TOWARD JAPAN EXHIBITED BY KIM YOUNG SAM WHICH MADE TRIPARTITE THINKING SO HARD FOR HIM.  
BOSWORTH UNQUOTE ALBRIGHT

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