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MEMORANDUM OF TELEPHONE CONVERSATION

SUBJECT: Telcon With President Kim Young Sam of Korea on December 7, 1993 (U)

PARTICIPANTS: The President President Kim Interpreter: Kim Tong Notetaker: Sandra J. Kristoff, NSC

DATE, TIME December 7, 1993, 8:55 - 9:20 AM EST AND PLACE: The Oval Office

President Clinton: Hello, President Kim? (2)

<u>President Kim</u>: I'm very pleased to talk to you and I am very grateful for the warm reception you gave me in Washington. Please give my regards to Mrs. Clinton. (\mathcal{L})

<u>President Clinton</u>: I will do that. She asked me to say hello to you before she left for Boston this morning. (\mathcal{C})

<u>President Kim</u>: Thank you and once again congratulations on your successful hosting of the APEC meeting.

<u>President Clinton</u>: Yes, I think it was a very good meeting. I'm hopeful about what we can do in the future with it. (\mathcal{P})

<u>President Kim</u>: I think APEC will play a major role in the world not just in the Asia-Pacific region. We will continue to cooperate with you on the development of the organization. I also want to congratulate you on the developments in the Uruguay Round. Although some potential problems still exist, overall there is good progress. (\mathscr{C})

<u>President Clinton</u>: I think we're making progress. (2)

<u>President Kim</u>: Perhaps you've received a report from Ambassador Laney already. I want to discuss with you our position on the Uruguay Round negotiations, especially the rice import issue. I want to ask for your help on this matter. Today, there has been a large scale demonstration against rice imports. It was the largest demonstration since Korea has had a civilian government. There are several issues related to rice, including inter-Korean relations and the development of anti-American feeling, which we are watching closely. Rice is more a political and social issue than an economic one. I am asking you to look at rice in its wider context and I am asking for your help. From 1995 when the

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Uruguay Round is implemented -- for five years after that we would maintain a minimum market access ratio of zero percent. Then from 1999, we would introduce foreign rice with a minimum market access ratio of 2 to 4 percent. I know this is a difficult issue and I am asking for a special favor from you. (\mathcal{P})

<u>President Clinton</u>: I would do anything I could to be helpful. Frankly the problem is, as we talked before, that the U.S. wants to make sure that Korea's arrangement on rice is better than Japan's. We've achieved that. If we change the package for Korea, then we would have to make a change for Japan. Korea can do better than Japan but not that much better. So that's my problem and I don't see how we can go with a five year delay. (\mathcal{C})

<u>President Kim</u>: I very much understand your perspective. My own view on this issue is that meeting the minimum market access ratio of 1 t 2 percent in the first five years will not have a substantial impact on Korea's economy. But the psychological problem for the Korean people is difficult. We see ourselves in a different context than Japan. Korea is a divided country and we have four times more the population involved in agriculture than Japan. If a five year delay is too much, then how about a two or three year delay? Would that be acceptable? (2)

<u>President Clinton</u>: Let me ask a related question. Is there a chance we could work our a clearer agreement on financial services? Because if we could do that, then perhaps I could discuss this other matter with my people and both issues could be settled at the same time. (2)

<u>President Kim</u>: Yes, it's possible for us to discuss both issues together. We should leave it to our working level negotiators. (\mathcal{C})

<u>President Clinton</u>: I can't promise you anything, but I will discuss this with my trade people. I want to ask you to put Korea's best financial services offer on the table. Then I'll discuss this with my people and we'll be back in touch.

<u>President Kim</u>: We will move in that direction and will try to put our best offer on financial services on the table. If you can consider the special conditions of Korea, it will be in the best interests of both our countries. I'm very grateful for your favorable reaction and hope we can work it out. (P)

<u>President Clinton</u>: We'll go to work on it. I want to discuss the North Korean response to our proposal which we worked out when you were here two weeks ago. There are some positive points, but there are some elements we can't accept.

President Kim: Okay. (2)

<u>President Clinton</u>: I want to go back to North Korea with a proposal Tony Lake will discuss in detail with your National Security Advisor, Dr. Chong. We are strong in our objective of a

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nuclear-free Korean peninsula and on our commitment to our security relationship with you. Negotiations with North Korea involve fundamental issues related to Korea's national security and the future of the Korean peninsula. So I want to consult closely with you and work together on this. I do think it's worth going back to North Korea with our reaction to their response to our proposal because we want to use every reasonable opportunity to make progress. If we can't get inspections resumed very shortly, we will be back in the Security Council on sanctions with all the dangers that entails. Therefore, I ask you to give careful consideration to the proposal Tony Lake will pass on to Dr. Chong and I hope we can agree shortly on our reaction to what they've said.

<u>President Kim</u>: I understand fully your suggestion. However, what we agreed on in Washington is fundamentally still alive. Based on that, we should leave discussions to the national security advisor here and his Washington counterpart. I think the most important thing is that the U.S. and Korea maintain close cooperation. By doing so we send a strong message to the North. Even this phone call is a strong signal to North Korea. So, we will continue our discussion on the nuclear issue by maintaining the principles we agreed to last time. The issues of speed, modalities and procedures will be discussed further by working level counterparts. Concerning the Uruguay Round and rice -- all the journalists here know I am talking to you. They don't know the content of the talks. If you agree, I will let the media know the nuclear issue and the Uruguay Round were discussed but I will keep the details completely confidential. (Chr

<u>President Clinton</u>: I agree we should say nothing to the press about rice. Let's just say negotiations are going on and nothing else.

<u>President Kim</u>: Of course, absolutely. Once again, I will mention to the press I discussed the Uruguay Round with you, but the contents of our discussion will be absolutely confidential. I hope you reciprocate in Washington.

President Clinton: I will keep it absolutely confidential.

<u>President Kim</u>: Thank you very much. And congratulations to Chelsea for her upcoming performance in the Washington ballet.

<u>President Clinton</u>: Thanks so much. Tell Mrs. Kim hello for me. (\mathscr{C})

<u>President Kim</u>: Thanks again for your favorable reaction to my proposal.

President Clinton: Goodbye.

President_Kim: Goodbye.

-- End óf Conversation --

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