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**REVIEW AUTHORITY: Paul Hilburn,
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FM AMEMBASSY SEOUL
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USCINCUNC SEOUL KOR//UNCMAC//
COMUSKOREA SEOUL KOR//J-5//
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TOKYO FOR SPECIAL ADVISOR PERRY AND COUNSELOR SHERMAN

NSC FOR LIEBERTHAL, BADER, AND PRITCHARD

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STATE ALSO FOR AMBASSADOR KARTMAN

E.O. 12958: DECL: 12/05/08
TAGS: PREL, MARR, PINR, KS, JA, KN, CH, RU
SUBJECT: EXPECTATION AND TREPIDATION: THE ROK THAT DR.
PERRY IS VISITING

CLASSIFIED BY RICHARD CHRISTENSON, CHARGE. REASONS: 1.5
(B), (D).

1. ~~(S)~~ SUMMARY: THE KIM DAE JUNG ADMINISTRATION IS
LOOKING FORWARD TO DR. PERRY'S VISIT AS AN OPPORTUNITY TO
MAKE A STRONG CASE FOR THE U.S. AND THE ROK TO CONTINUE
PURSUING A CLOSELY COORDINATED DETERRENCE/ENGAGEMENT
POLICY TOWARD THE DPRK. ROKG SENIOR LEADERS BELIEVE
THAT, IN CONJUNCTION WITH THE U.S., DPRK THREATS,
INCLUDING NUCLEAR ONES, ARE MANAGEABLE, AND THAT THE
AGREED FRAMEWORK -- DESPITE ITS IMPERFECTIONS -- REMAINS
A KEY ELEMENT OF THREAT MANAGEMENT. THEY ARE ALSO AWARE,
HOWEVER, THAT THE U.S., THE ROK, AND JAPAN REMAIN HOSTAGE

TO DPRK PROVOCATIONS, INCLUDING NUCLEAR AND MISSILE DEVELOPMENT, AND ARE CONCERNED THAT DPRK THREATS CAN REINFORCE ANTI-ENGAGEMENT SENTIMENT IN ALL THREE COUNTRIES, JEOPARDIZING A COORDINATED DETERRENCE/ENGAGEMENT POLICY. END SUMMARY.

MEETING OF PRESIDENTIAL MINDS

2. ~~(C)~~ PRESIDENT KIM DAE JUNG AND OTHER SENIOR ROKG LEADERS WERE VERY SATISFIED WITH PRESIDENT CLINTON'S EXPLICIT ENDORSEMENT OF KDJ'S TWO TRACK POLICY OF
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DETECTING DPRK THREATS TO PREVENT WAR AND ENGAGING THE NORTH TO SLOWLY INDUCE CHANGE OVER TIME. THE TWO PRESIDENTS AGREED THAT IT IS VITAL TO ASCERTAIN THE TRUE NATURE OF SUSPECT UNDERGROUND CONSTRUCTION IN THE DPRK AND TO CURB FURTHER DPRK MISSILE DEVELOPMENT, TESTING, DEPLOYMENT, AND EXPORTS. AT THE SAME TIME, HOWEVER, BOTH EXTOLLED THE BENEFITS OF A SUSTAINED, HARDHEADED ENGAGEMENT OF THE NORTH AND THE VALUE OF THE AGREED FRAMEWORK AS A VITAL ELEMENT OF THE DETERRENCE/ENGAGEMENT CALCULUS. COMING AFTER TWO VERY SUCCESSFUL SUMMITS BY KIM DAE JUNG IN TOKYO AND BEIJING, THE ROK LEADERS BELIEVE THAT THE CLINTON VISIT DEMONSTRATED THAT THE TWO NATIONS' DPRK POLICIES ARE NOW AS CLOSELY COORDINATED AS THEY HAVE EVER BEEN, THANKS IN PART TO A GENUINE PERSONAL RAPPORT BETWEEN THE TWO PRESIDENTS

DR. PERRY'S ROLE

3. ~~(C)~~ THE ROKG SENIOR LEADERS ARE ALSO QUITE PLEASED WITH PRESIDENT CLINTON'S EMPHATIC STATEMENT THAT DR. PERRY'S POLICY REVIEW IS AIMED AT STRENGTHENING THE TWO NATIONS' SHARED POLICIES. THAT BEING SAID, SENIOR ROK LEADERS AND LEADING OPINION MAKERS ARE ALSO KEENLY AWARE OF THE POLITICAL DYNAMICS IN THE U.S. THAT RESULTED IN THE CREATION OF THE NORTH KOREA POLICY COORDINATOR POSITION. THEY SEE DR. PERRY'S VISIT AS AN IMPORTANT OPPORTUNITY TO MAKE THE CASE FOR THE DETERRENCE/ENGAGEMENT APPROACH, BUT THEY ARE ALSO KNOW THAT THE IMPERFECTIONS OF THE APPROACH REQUIRES DEALING WITH DOMESTIC POLITICAL CRITICS.

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PRINCIPLE AND PRAGMATISM

4. ~~(C)~~ PRESIDENT KIM'S NORTH KOREA POLICY IS PREDICATED ON BOTH PRINCIPLE AND PRAGMATISM. THE PRINCIPLE ASPECTS HOLD THAT CONDITIONAL ENGAGEMENT IS THE MOST EFFICACIOUS STRATEGY TO BRING ABOUT A "SOFT LANDING" OF THE NORTH, AVOIDING WAR AND MINIMIZING THE SUFFERING OF ALREADY DOWNTRODDEN COUNTRYMEN. THE PRAGMATIC ELEMENT RESTS IN

THE FACT THAT THE ROK IS CURRENTLY IMMERSSED IN ECONOMIC DIFFICULTIES, AND KOREANS ARE CONCERNED THAT TENSIONS ON THE PENINSULA WILL SCARE AWAY POTENTIAL INVESTORS OR HEIGHTEN CREDIT RISKS.

5. ~~(S)~~ AGAINST THIS BACKDROP, THE KIM ADMINISTRATION HAS BEEN MAKING THE CASE THAT THE DPRK IS IN IRRECOVERABLE DECLINE ABSENT SOME FUNDAMENTAL CHANGES. THOSE CHANGES CAN COME ABOUT ONLY WITH A FUNDAMENTAL

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REORIENTATION OF THE NORTH'S ANTAGONISTIC ATTITUDES TOWARDS THE SOUTH, WHICH IN TURN PRESENTS A DILEMMA FOR KIM JONG IL -- PRESERVE THE SELF-RELIANT JUCHE IDEOLOGY OF HIS FATHER AND SELF-DESTRUCT OR ABANDON THE IDEOLOGY AND RISK LOSING HIS LEGITIMACY AND AUTHORITY TO GOVERN.

6. ~~(S)~~ ACCORDING TO THE SENIOR ROKG PERSPECTIVE, THE NORTH ALREADY HAS HAD TO EFFECT CONSTITUTIONAL CHANGES LEGALIZING ELEMENTS OF THE INFORMAL ECONOMY THAT HAVE ARISEN AS A RESULT OF THE WHOLESALE BREAKDOWN OF THE NORTH'S AGRICULTURAL, MANUFACTURING, ENERGY, AND TRANSPORTATION SYSTEMS. ONLY THE SOUTH HAS THE NATIONAL INTEREST TO PROVIDE THE NORTH THE SUBSTANTIAL RESOURCES NEEDED TO REESTABLISH AN ECONOMIC AND SOCIAL BASE.

THE NORTH'S THREAT-BASED STRATEGY

7. ~~(S)~~ IN THIS PERIOD, HOWEVER, KIM JONG IL HAS ADOPTED A STRATEGY OF REGIME SURVIVAL IN WHICH THE NORTH'S GREATEST STRATEGIC AND DIPLOMATIC ASSETS ARE THE THREATS THE DPRK POSES TO ITS NEIGHBORS, PARTICULARLY THE ROK BUT ALSO INCLUDING JAPAN AND THE AMERICAN CIVILIAN AND MILITARY PRESENCE IN BOTH COUNTRIES. THE CHIEF TRUMP CARD HELD BY THE DPRK IS THE NUCLEAR THREAT, FOR IT IS

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THE ONE THAT THE NORTH HAS LEARNED CAN BE USED TO GRAB U.S. ATTENTION AND TO "EXTORT" BENEFITS. HENCE, THE ROKG STRATEGIC AIM IS TO JOINTLY MANAGE THESE THREATS WITH THE U.S. UNTIL SUCH TIME AS THE DPRK CHANGES FUNDAMENTALLY FOR THE BETTER.

THE AGREED FRAMEWORK: MANAGING THE NUCLEAR THREAT

8. ~~(S)~~ THE TWO ADMINISTRATIONS AGREE THAT THE AGREED FRAMEWORK HAS SUCCESSFULLY DEALT WITH THE MOST IMMINENT DPRK NUCLEAR THREAT. THE DPRK HAS BEEN STOPPED FROM REPROCESSING AND IS NOW ENGAGED IN THE CANNING OF THE FUEL RODS AT YONGBYON, IN RETURN FOR WHICH THE U.S., THE ROK, AND JAPAN ARE IMPLEMENTING, IMPERFECTLY BUT IN A MANNER ACCEPTABLE TO THE NORTH, THE KEDO MISSION OF SUPPLYING INTERIM HEAVY FUEL OIL (HFO) UNTIL LIGHT WATER REACTORS (LWR) ARE CONSTRUCTED.

9. ~~(S)~~ THE CONGRESSIONALLY IMPOSED REQUIREMENT FOR A PRESIDENTIAL CERTIFICATION BY MAY 1 FOR EXPENDITURE OF THE SECOND TRANCHE OF FY 99 HFO MONEY RAISES SERIOUS PROBLEMS FROM THE ROK PERSPECTIVE. IF U.S. PARTICIPATION IN KEDO IS CIRCUMSCRIBED, THEN IT WOULD BE POLITICALLY DIFFICULT IF NOT IMPOSSIBLE FOR JAPAN AND THE ROK, BOTH RACKED WITH ECONOMIC PROBLEMS OF THEIR OWN AND DEALING WITH ELECTORATES WITH NO PARTICULAR FONDNESS FOR ASSISTING THE DPRK, TO CONTINUE TO REALIZE THEIR FINANCIAL COMMITMENTS TO THE KEDO PROJECT. THIS COULD LEAD TO THE COLLAPSE OF THE KEY ELEMENT OF THE AGREED

FRAMEWORK.

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FAULT LINES AND FISSURES

10. ~~(S)~~ FROM THE ROK LEADERSHIP'S PERSPECTIVE, THE CONGRESSIONALLY-IMPOSED DEADLINE COULD GENERATE A FISSURE IN THE JOINT U.S.-ROK APPROACH AND HELP PRECIPITATE A HEIGHTENING OF TENSIONS. THEY BELIEVE A DPRK NUCLEAR THREAT ARISING FROM THE SUSPECT CONSTRUCTION WILL NOT MATERIALIZE FOR SEVERAL YEARS. DURING THAT TIME PERIOD, THE ROK AIM WOULD BE TO HAVE CREATED A HIGH STAKE IN PEACE ON THE PART OF THE KIM JONG IL REGIME SO THAT THE NORTH MIGHT ACCEPT THE SOUTH'S PROPOSAL FOR PEACEFUL COEXISTENCE. EVEN IF THE NORTH DOES NOT ULTIMATELY ACCEPT PEACEFUL COEXISTENCE, THERE WOULD STILL BE SUFFICIENT TIME TO DEAL DIPLOMATICALLY AND MILITARILY WITH THE THREAT BEFORE IT BECOMES LETHAL.

MANAGING KOREAN ELECTORATE VIEWS

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11. ~~(C)~~ ON THE DOMESTIC FRONT, PRESIDENT KIM'S
ENGAGEMENT POLICY ENJOYS WIDE BUT NOT NECESSARILY DEEP
SUPPORT. THE CRISIS-AVERSE ATMOSPHERE GENERATED BY THE
ECONOMIC DIFFICULTIES AND THE DISCIPLINED CONSISTENCY BY
WHICH THE KDJ ADMINISTRATION IS CARRYING OUT ITS
DETERRENCE/ENGAGEMENT POLICY HELP CEMENT SUPPORT.

12. ~~(C)~~ THE ROKG HAS STUCK TO ITS POLICY THAT
GOVERNMENT-TO-GOVERNMENT CONTACT MUST BE MADE ON THE
BASIS OF RECIPROCITY. AFTER THE ROKG BROKE OFF
FERTILIZER TALKS WITH THE DPRKG DUE TO THE NORTH'S
UNWILLINGNESS TO MOVE FORWARD ON DISCUSSIONS DIVIDED
FAMILIES, THERE HAVE BEEN MINIMAL OFFICIAL CONTACTS.
HYUNDAI GROUP'S KUMGANGSAN TOURIST PROJECT AND THE
MEETING BETWEEN THE GROUP'S HONORARY CHAIRMAN CHUNG JU
YONG AND KIM JONG IL HAVE PROVIDED SOME BASIS FOR THE
ROKG TO CLAIM MODEST SUCCESS IN ITS ENGAGEMENT POLICY.
CRITICISM THAT THE ENGAGEMENT POLICY HAS RESULTED IN AN
OVERLY GENEROUS FLOW OF BENEFITS TO THE NORTH WITH FEW
CONCOMITANT GAINS IN INDUCING CHANGE HAVE BEEN BALANCED
BY THE ARGUMENT THAT THESE PRIVATE SECTOR "CARROTS"
ENHANCE THE NORTH'S STAKE IN MAINTAINING PEACE (AND COULD
CONSTITUTE FUTURE "STICKS" TO DISSUADE THE NORTH FROM
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MISCONDUCT).

13. ~~(C)~~ THE MORE SERIOUS DOMESTIC POLITICAL CHALLENGE
TO MAINTAINING THE DETERRENCE/ENGAGEMENT POLICY STEMS,
HOWEVER, FROM THE DPRK PROCLIVITY TO ENGAGE IN
PROVOCATIVE ACTIONS VIS-A-VIS THE ROK. TO DATE, SUCH
PROVOCATIONS HAVE BEEN RELATIVELY MINOR -- THE MINI-
SUBMARINE INFILTRATION, A DEAD FROGMAN, AND A POSSIBLE
SHALLOW-CRAFT INCURSION -- BUT ANY SERIOUS PROVOCATION --
WHICH MIGHT INCLUDE FURTHER DPRK MISSILE LAUNCHES AND/OR
REPORTS OF DPRK NUCLEAR DEVELOPMENTS -- WOULD PROVIDE AN
EXCELLENT OPPORTUNITY FOR CONSERVATIVE POLITICIANS,
NEWSPAPERS, AND PERHAPS EVEN MILITARY FIGURES TO VOICE
SERIOUS RESERVATIONS ABOUT MAINTAINING THE
DETERRENCE/ENGAGEMENT POLICY AND THE AGREED FRAMEWORK.

COMMENT

14. (C) THE STAKES ARE VERY HIGH FOR THE ROK. ACCORDINGLY THE KOREAN GOVERNMENT HAS GONE TO GREAT LENGTHS TO PROVIDE ACCESS TO ITS HIGHEST LEADERS. SEOUL FORUM PRESIDENT KIM KYUNG WON HAS ALSO UNDERTAKEN TO PROVIDE A VARIETY OF VIEWS FROM THE VERY ELITE OF THE ROK'S NORTH KOREAN EXPERTS.

CHRISTENSON

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