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CONFIDENTIAL PTQ6967

PAGE 01 SEOUL 06928 01 OF 04 080910Z ACTION SS-00

INFO LOG-00 ADS-00 SAS-00 /000W ------8A53F8 080910Z /38

O 080907Z DEC 98
FM AMEMBASSY SEOUL
TO SECSTATE WASHDC IMMEDIATE 5560
INFO AMEMBASSY BEIJING IMMEDIATE
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CJCS WASHDC IMMEDIATE
USCINCPAC HONOLULU HI//J-5/FPA// IMMEDIATE
COMUSKOREA SEOUL KOR//J-5// IMMEDIATE

## CONFIDENTIAL SECTION 01 OF 04 SEOUL 006928

**EXDIS** 

SPECAT

E.O. 12958: DECL: (AFTER KOREAN UNIFICATION)

TAGS: PREL, KS, KN, MNUC

SUBJECT: FORMER SECRETARY PERRY'S MEETING WITH PRESIDENT

KIM

REF: SEOUL 6924

CLASSIFIED BY POL M/C JAMES C. WHITLOCK. REASONS: 1.5
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PAGE 02 SEOUL 06928 01 OF 04 080910Z (B), (D).

1. (C) FOLLOWING DR. WILLIAM PERRY'S DECEMBER 7 MEETING WITH ROK PRESIDENT KIM DAE-JUNG, THE PRESIDENTIAL PRESS SPOKESMAN RELEASED A NEARLY COMPLETE TRANSCRIPT OF THE MEETING ON THE BLUE HOUSE WEB SITE. (AMBASSADOR'S PROTEST TO THE BLUE HOUSE REGARDING RELEASE OF THE TRANSCRIPT IS REPORTED REFTEL.) THE TEXT OF THE TRANSCRIPT FOLLOWS IN PARA. 2. POST HAS APPENDED IN PARAS. 3 AND 4 SOME MORE SENSITIVE COMMENTS THAT THE BLUE HOUSE DID NOT RELEASE ON ITS WEB SITE.

# 2. (U) BEGIN TEXT OF BLUE HOUSE TRANSCRIPT:

PRESIDENT KIM AND DR. PERRY EXCHANGED OPINIONS ON THE PEACE POLICY FOR THE KOREAN PENINSULA. ON THE U.S. SIDE, AMBASSADOR BOSWORTH, STATE DEPARTMENT COUNSELOR WENDY SHERMAN, AND FORMER DEFENSE DEPARTMENT ASSISTANT SECRETARY FOR NONPROLIFERATION DEPARTMENT ASHTON CARTER ATTENDED THE MEETING. ON THE KOREAN SIDE, SENIOR

PRESIDENTIAL SECRETARY FOR FOREIGN AFFAIRS AND NATIONAL SECURITY LIM DONG WON AND BLUE HOUSE SPOKESMAN PARK JI WON WERE PRESENT.

PERRY: I AM HONORED TO BE HERE. PRESIDENT CLINTON HAS ASKED ME TO GIVE HIS BEST REGARDS TO YOU.

PRESIDENT KIM: THANK YOU. IT'S A PLEASURE TO SEE YOU, TOO, WHO IS A FRIEND OF KOREA, AND THANK YOU SO MUCH FOR CONVEYING PRESIDENT CLINTON'S REGARDS.

#### CONFIDENTIAL

PAGE 03 SEOUL 06928 01 OF 04 080910Z
PERRY: PRESIDENT CLINTON HAS STRONG IMPRESSIONS OF THE TALKS HE HAD IN SEOUL, AND SAID THAT HE WAS PARTICULARLY IMPRESSED BY THE INSPIRING DISCUSSIONS HE HAD WITH YOU.

PRESIDENT KIM: BEFORE HIS VISIT, SOME OF THE KOREAN MEDIA SUSPECTED THE U.S. AND ROK WERE DEVELOPING RIFTS OVER NORTH KOREA POLICIES. HOWEVER, PRESIDENT CLINTON ENDORSED THE ROK POSITION, AND GAVE STRONG WORDS OF ENCOURAGEMENT REGARDING SECURITY AND ECONOMIC ISSUES. THE KOREAN PEOPLE WERE ALL ENCOURAGED WHEN HE COMMENDED KOREA ON ITS POLICIES. THE KOREAN MEDIA AND THE PEOPLE ARE VERY MUCH INTERESTED IN HOW YOUR VISIT MIGHT INFLUENCE THE SITUATION ON THE PENINSULA.

MY HOPE IS THAT WE COULD HAVE PRODUCTIVE DISCUSSIONS TO BRING CALM AND REASSURANCE TO THE KOREAN PEOPLE. WE ARE PLEASED THAT SOMEONE WITH EXTENSIVE EXPERIENCE AND PROFOUND KNOWLEDGE HAS BEEN APPOINTED AS COORDINATOR FOR NORTH KOREA POLICIES, AND CHARGED WITH THE IMPORTANT MISSION OF BRIEFING PRESIDENT CLINTON AND THE U.S. CONGRESS. THIS IS NOT DIPLOMATIC RHETORIC. I AM TRULY HAPPY THAT SOMEONE WITH DEEP UNDERSTANDING AND WISDOM HAS BEEN POINTED AS THE COORDINATOR.

DR. PERRY: AFTER MY APPOINTMENT, I THOUGHT THE FIRST THING I SHOULD DO IS VISIT KOREA AND MEET WITH GOVERNMENT OFFICIALS AND KNOWLEDGEABLE PEOPLE IN KOREA. THAT'S WHAT BROUGHT ME HERE. THE PURPOSE OF THE VISIT IS NOT SO MUCH AS TO OFFER MY VIEWS AS TO LISTEN TO THE OPINIONS AND ADVICE OF MANY KOREANS. I MET THIS MORNING WITH THE HEAD OF NATIONAL SECURITY PLANNING AGENCY, MR. LEE CHONG CHAN, —CONFIDENTIAL—

PAGE 04 SEOUL 06928 01 OF 04 080910Z AND THE BLUE HOUSE NATIONAL SECURITY ADVISOR, MR. LIM DONG WON, AND HAD VERY GOOD TALKS.

I WILL BE STAYING IN SEOUL FOR TWO DAYS AND SPEND TWO DAYS IN BEIJING AND THREE DAYS IN TOKYO. PRESIDENT CLINTON HIMSELF HAS DEEP CONFIDENCE IN THE POLICY OF ENGAGEMENT. I PLAN TO TALK ABOUT HOW THE ENGAGEMENT POLICY CAN BE MAINTAINED IN THE FACE OF PROVOCATIVE

ACTIONS FROM NORTH KOREA, AND WOULD LIKE TO HEAR YOUR VIEWS.

PRESIDENT KIM: I AM WELL AWARE THAT THE PURPOSE OF YOUR VISIT IS TO COLLECT VIEWS. SINCE YOU ARE HERE ON AN IMPORTANT MISSION, LET ME BRIEFLY GIVE YOU AN OUTLINE OF MY VIEWS IN TERMS OF PRINCIPLES AND EXPLAIN THE SPECIFIC ISSUES REGARDING NUCLEAR ACTIVITIES AND MISSILES.

NORTH KOREA IS STANDING AT A JUNCTURE, NOW. IT CAN

#### CONFIDENTIAL

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### **CONFIDENTIAL** PTQ6968

PAGE 01 SEOUL 06928 02 OF 04 080910Z ACTION SS-00

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CONFIDENTIAL SECTION 02 OF 04 SEOUL 006928

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EITHER CHOOSE THE PATH OF MILITARY PROVOCATIONS AND RISK CONFIDENTIAL

PAGE 02 SEOUL 06928 02 OF 04 080910Z WAR, OR IT CAN PURSUE THE PATH OF REFORM AND GREATER OPENNESS. THESE ARE THE TWO OPTIONS, NEITHER OF WHICH WILL BE EASY FOR NORTH KOREA.

AS FAR AS NORTH KOREA IS CONCERNED, THERE ARE BOTH POSITIVE ASPECTS AND NEGATIVE ASPECTS. THE NEGATIVE

ASPECTS INVOLVE THE SUBMARINE INFILTRATION OFF THE EAST COAST, THE SPY VESSEL IN THE WEST COAST, MISSILES, AND UNDERGROUND SUSPECT SITES. THERE ARE POSITIVE DEVELOPMENTS AS WELL. NORTH KOREA HAS COOPERATED WITH OTHER PARTIES IN THE FOUR-PARTY TALKS AND AGREED TO FORM TWO SUBCOMMITTEES ON PEACE AND STABILITY ON THE KOREAN PENINSULA BY JANUARY NEXT YEAR. ALSO, IT IS PARTICIPATING IN THE GENERAL OFFICERS' TALKS, WHICH REPLACED THE ARMISTICE TALKS WHICH HAVE BEEN SUSPENDED FOR THE LAST SEVEN YEARS, AND IS TALKING WITH THE U.S. ON MISSILES AND THE ISSUE OF THE SUSPECT SITE. NORTH KOREA HAS AGREED TO THE KUMKANG TOUR PROJECT AND KIM JONG IL, THE SUPREME LEADER OF THE COUNTRY, GOT PERSONALLY INVOLVED WITH TALKS WITH HYUNDAI'S HONORARY PRESIDENT CHUNG JU YONG TO MAKE IT HAPPEN. THEY ALSO WANT TO SEE MORE COMMERCIAL EXCHANGES WITH OTHER ROK BUSINESSES.

ALSO THE SUPREME PEOPLE'S ASSEMBLY REWROTE THE CONSTITUTION TO ACCOMMODATE SOME ELEMENTS SIMILAR TO THE EARLY STAGE OF A SOCIALIST MARKET ECONOMY, A TRANSITIONAL PERIOD THAT PRECEDED CHINA'S REFORM AND OPENNESS. THE ELEMENTS ARE: FIRST, EXPANSION OF THE SCOPE OF PRIVATE PROPERTY. SECOND, INTRODUCTION OF AN INDEPENDENT BUDGET SYSTEM. THIRD, INTRODUCTION OF THE CONCEPT OF COST, PRICE AND IMPORT. FOURTH, SIGNIFICANT RELAXATION OF CONFIDENTIAL

PAGE 03 SEOUL 06928 02 OF 04 080910Z
RESTRICTIONS ON THE FREEDOM OF RESIDENCE AND TRAVEL.
FIFTH, FACILITATION OF CREATING NEW BUSINESSES IN THE
SPECIAL ECONOMIC ZONE. SIXTH, RELAXATION OF RULES ON THE
COLLECTIVE FARM SYSTEM TO MODERNIZE AGRICULTURE.
ACCORDING TO THE PRESIDENT OF UNDP, ONLY TEN PEOPLE WERE
SENT ABROAD TO STUDY MARKET ECONOMY LAST YEAR. THIS YEAR
THERE WERE 120 TRAINEES.

A SOBER AND OBJECTIVE ASSESSMENT OF THE SITUATION REVEALS THAT THERE ARE BOTH POSITIVE AND NEGATIVE DEVELOPMENTS. WHAT MATTERS IS THAT THERE IS NO COUNTRY IN THE WORLD THAT WOULD SUPPORT NORTH KOREA IF IT CHOOSES TO ATTACK US. AND WHEN I VISITED CHINA AND MET WITH THE TOP LEADERS, INCLUDING PRESIDENT JIANG, I COULD SEE THAT THEY DIDN'T WANT NORTH KOREA TO WAGE WAR. THEY HAVE STRONGLY ENDORSED RECONCILIATION AND DETENTE ON THE KOREAN PENINSULA BECAUSE THAT COINCIDES WITH THE INTEREST OF CHINA.

NORTH KOREA IS ACTING TOUGH, NOT BECAUSE IT'S TOUGH, BUT BECAUSE ITS ECONOMIC DIFFICULTIES ARE EXPRESSED AS THREATS WHEN IT INTERACTS WITH THE OUTSIDE.

DR. PERRY: IF THE U.S., ROK AND JAPAN INCREASE THEIR FOOD AID ON HUMANITARIAN BASIS, WILL IT ALLEVIATE THE DESPERATION OF NORTH KOREA? OR WILL THEY DIVERT IT FOR MILITARY PURPOSE?

PRESIDENT KIM: TO NORTH KOREA, WE SHOULD BE SENDING MESSAGES OF BOTH HOPE AND WARNING. WE SHOULD MAKE IT CLEAR THAT MILITARY PROVOCATIONS WILL NOT BE TOLERATED, CONFIDENTIAL

PAGE 04 SEOUL 06928 02 OF 04 080910Z
WHILE MAINTAINING THE UNWAVERING ALLIANCE BETWEEN THE
U.S. AND ROK. IT IS EQUALLY IMPORTANT TO INVOLVE JAPAN,
CHINA AND RUSSIA REGARDING NORTH KOREA; COOPERATION WITH
CHINA FOR PEACE ON THE PENINSULA IS PARTICULARLY
IMPORTANT. WE SHOULD COMMUNICATE TO NORTH KOREA THAT NO
PROVOCATIONS WILL BE TOLERATED, WHILE PURSUING A POLICY
OF HOPE THROUGH FOOD ASSISTANCE AND OTHER MEANS.

THIS IS WHAT PRESIDENT CLINTON AND I AGREED UPON, AND WE ISSUED A JOINT STATEMENT THAT SAID THAT NORTH KOREA WILL HAVE TO PAY STIFF PRICE FOR PROVOCATIONS, BUT WILL BE ABLE TO RECEIVE INCENTIVES IF IT WORKS WITH US. THE U.S. SUCCESSFULLY PURSUED THESE TWO POLICIES IN THE PAST. BY PURSUING A FIRM SECURITY POLICY ON ONE HAND AND A POLICY OF DETENTE ON THE OTHER HAND, THE U.S. WAS ABLE TO CHANGE THE FORMER SOVIET UNION AND EASTERN EUROPE. IN CHINA, PRESIDENT NIXON MET WITH PRESIDENT MAO ZE DONG AS PART OF HIS ENGAGEMENT POLICY, AND THAT IS WHAT MADE TODAY'S

#### CONFIDENTIAL

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**CONFIDENTIAL** PTQ6970

PAGE 01 SEOUL 06928 03 OF 04 080911Z ACTION SS-00

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CONFIDENTIAL SECTION 03 OF 04 SEOUL 006928

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CHINA POSSIBLE. MY VIEW IS THAT THIS IS NO TIME TO CONFIDENTIAL

PAGE 02 SEOUL 06928 03 OF 04 080911Z ABANDON THE POLICY OF ENGAGEMENT.

NORTH KOREA IS SUBJECT TO NUCLEAR INSPECTIONS UNDER THE AGREED FRAMEWORK. IN TERMS OF THE UNDERGROUND SUSPECT SITE, IT WOULD TAKE ABOUT FOUR TO FIVE YEARS FOR NORTH KOREA TO BUILD NUCLEAR WEAPONS IF IT IS THEIR INTENT. IT DOESN'T MAKE SENSE TO ABANDON THE ENGAGEMENT POLICY AND IMPOSE SANCTIONS AT THIS STAGE. OF COURSE, THE LWR IS UNDER CONSTRUCTION, AND WE DO HAVE THE RIGHT TO CARRY OUT THOROUGH INSPECTIONS ON DPRK NUCLEAR ACTIVITIES. ON THE QUESTION OF MISSILES, THE PROGRAM RAISES SECURITY QUESTIONS AND NORTH KOREA IS SEEKING TO SELL MISSILES TO THE MIDDLE EAST TO EARN FOREIGN EXCHANGE, WHICH MEANS THERE SHOULD BE DIRECT TALKS WITH THE U.S.. THE U.S.-DPRK RELATIONS NEED TO BE IMPROVED BASED ON THE POLICY OF HELPING NORTH KOREA IF THEY COOPERATE WITH US AND PUNISHING THEM FIRMLY IF THEY MAKE MILITARY PROVOCATIONS. MY HOPE IS THAT THE U.S. AND DPRK WILL BE ABLE TO NORMALIZE DIPLOMATIC TIES AND IT IS ABOUT TIME WE GAVE THOUGHT TO THE QUESTION OF ECONOMIC SANCTIONS.

ON THE QUESTION OF FOOD, THOUGH WE BASICALLY TAKE THE HUMANITARIAN APPROACH, FOOD ASSISTANCE CAN BE A REWARD FOR NORTH KOREA'S COOPERATION TOO. MY VIEW IS THAT WE SHOULD GIVE WHAT WE NEED TO GIVE WHILE DEMANDING WHAT WE NEED TO DEMAND, AND THIS SHOULD BE DONE THROUGH A PACKAGE DEAL. THE BOTTOM LINE IS TO DEAL WITH THE NORTH WITH THE POLICY OF HOPES AND WARNINGS. ALL ISSUES CONCERNING NORTH KOREANS NEED TO BE RESOLVED THROUGH A PACKAGE DEAL. I HOPE WHAT I SAID WAS HELPFUL.

## \_CONFIDENTIAL-

PAGE 03 SEOUL 06928 03 OF 04 080911Z
DR. PERRY: IT IS VERY HELPFUL. MY STAFF AND I WILL TAKE
A CAREFUL LOOK AT WHAT YOU HAVE TOLD US. IN JUNE 1994, I
WAS REAPPOINTED AS THE DEFENSE SECRETARY IN THE TIME OF
NUCLEAR CRISIS IN NORTH KOREA, AND WE PLANNED FOR WAR
THAT TIME. OF COURSE, WITH THE COMBINED FORCES OF THE
ROK AND U.S., WE CAN UNDOUBTEDLY WIN THE WAR. BUT WAR
INVOLVES MANY CASUALTIES IN THE PROCESS. AS A FORMER
DEFENSE SECRETARY, I AM WELL AWARE OF THE NEGATIVE
ASPECTS OF WAR, AND WILL DO MY BEST TO AVOID WAR. FOR
OUR EFFORTS TO BE SUCCESSFUL, THE ROK AND U.S. SHOULD
WORK SIDE BY SIDE. AND I AGREE WITH YOUR VIEW THAT WE
NEED TO ENCOURAGE THE POSITIVE ASPECTS WHILE TAKING A
FIRM APPROACH TO THE NEGATIVE DEVELOPMENTS.

PRESIDENT KIM: AT THE TIME, I TRAVELED TO THE U.S. AND MET WITH ASSISTANT SECRETARY GALLUCCI, AND STRONGLY PROPOSED THE IDEA OF A PACKAGE DEAL AND SUGGESTED THAT PRESIDENT CARTER VISIT NORTH KOREA AND WORK THINGS OUT WITH KIM IL SUNG WHEN I ADDRESSED THE NATIONAL PRESS CLUB. AT THE TIME, THE ROK GOVERNMENT TRIED TO PREVENT CARTER FROM GOING TO NORTH KOREA, ARGUING THAT HE WOULD BE MISLED BY KIM IL SUNG. SO I TOLD AMBASSADOR LANEY THAT THE CARTER VISIT WILL NOT FAIL AND THAT KIM IL SUNG WOULD NOT HAVE INVITED CARTER IN THE FIRST PLACE IF HE WERE TO SEND CARTER BACK EMPTY-HANDED. SO, MY RECOMMENDATION AT THE TIME WAS THAT THE CARTER VISIT WILL WORK, AND THAT WAS EXACTLY WHAT HAPPENED. CARTER'S VISIT WAS SUCCESSFUL AND HE EVEN AGREED WITH KIM IL SUNG ON A SUMMIT WITH THEN PRESIDENT KIM YOUNG SAM.

IF KIM IL SUNG HAD NOT DIED BUT HAD MET WITH PRESIDENT CONFIDENTIAL

PAGE 04 SEOUL 06928 03 OF 04 080911Z KIM YOUNG SAM, I AM SURE THERE WOULD HAVE BEEN SIGNIFICANT PROGRESS. I MET WITH CARTER LATER, AND HE TOLD ME THAT MY SPEECH AT THE PRESS CLUB SAVED LOTS OF LIVES AND PROPERTY BY PREVENTING WAR. I AM CONFIDENT WE CAN MAKE OUR NORTH KOREA POLICIES WORK ONCE AGAIN. IF WE PURSUE THE POLICY OF HOPES AND WARNING WISELY, NORTH KOREA, I BELIEVE, WILL BE COOPERATIVE, BECAUSE THEY KNOW THAT THEY ARE DOOMED IF THEY WAGE A WAR. IF WE DEAL WITH THEM WELL, WE CAN SUCCEED.

DR. PERRY: I DEEPLY APPRECIATE YOUR WISDOM AND ADVICE. YOUR OBSERVATIONS WILL BE GIVEN SERIOUS THOUGHT WHEN WE REVIEW NORTH KOREA POLICIES.

COUNSELOR SHERMAN: OTHER THAN FOOD AID, IS THERE ANY OTHER POLICY INSTRUMENT THAT CAN GIVE HOPES TO NORTH KOREA?

### CONFIDENTIAL -

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PAGE 01 SEOUL 06928 04 OF 04 080911Z ACTION SS-00

INFO LOG-00 ADS-00 SAS-00 /000W ------8A5411 080911Z/38

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FM AMEMBASSY SEOUL
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INFO AMEMBASSY BEIJING IMMEDIATE
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PRESIDENT KIM: RELAXATION OF ECONOMIC SANCTIONS CAN BE CONFIDENTIAL

PAGE 02 SEOUL 06928 04 OF 04 080911Z ONE INSTRUMENT. AS I HAVE CONFIRMED DURING MY VISIT TO CHINA, CHINA WANTS A PEACEFUL RESOLUTION ON THE KOREAN PENINSULA AND CHINA CAN TALK TO NORTH KOREA.

FORMER ASSISTANT SECRETARY OF DEFENSE CARTER: DR. PERRY WILL COORDINATE NORTH KOREA POLICIES OVER THE NEXT FEW MONTHS AND SUBMIT A REPORT TO PRESIDENT CLINTON AFTERWARDS. HE WILL BE VISITING KOREA AGAIN BEFORE HE COMPLETES HIS MISSION. IS THERE ANY OTHER ISSUES THAT MUST BE DEALT WITH?

PRESIDENT KIM: I HAVE TOUCHED ON ISSUES THAT CAME TO MY MIND NOW, AND IF THERE IS ANYTHING MORE I WOULD LIKE TO ADD, I WILL LET YOU KNOW THROUGH AMBASSADOR BOSWORTH. IF YOU NEED ANYTHING, PLEASE LET US KNOW OR LET AMBASSADOR BOSWORTH KNOW.

DR. PERRY: THANK YOU FOR YOUR WISE ADVICE. WHAT WE NEED IS TO WORK TOGETHER IN DEALING WITH NORTH KOREA TILL THE END.

PRESIDENT KIM: THE SOLID ALLIANCE OF THE TWO COUNTRIES LEAVES NO ROOM FOR DOUBT. I APPRECIATE THAT DR. PERRY HAS KINDLY RECEIVED MY VIEWS, BUT WHAT IS MORE IMPORTANT IS TO USE MY ADVICE AS AN IMPORTANT INPUT.

(END OF BLUE HOUSE TRANSCRIPT)

3. (C) REGARDING THE SUSPECT NUCLEAR SITES IN THE DPRK, PRESIDENT KIM SAID THAT WE HAVE SUSPICIONS, BUT NOT CONCRETE EVIDENCE OF NORTH KOREAN VIOLATIONS OF THE CONFIDENTIAL

PAGE 03 SEOUL 06928 04 OF 04 080911Z FRAMEWORK AGREEMENT. EVEN IF THE SITES ARE NUCLEAR-

RELATED, WE HAVE FOUR TO SIX YEARS BEFORE THEY ARE OPERATIONAL. SO NOW IS NOT THE TIME TO DROP ENGAGEMENT OR GO TO SANCTIONS. WHEN DR. PERRY ASKED WHAT COURSE WE SHOULD TAKE IF A VIOLATION OF THE FRAMEWORK AGREEMENT IS FOUND, PRESIDENT KIM REPLIED THAT IT WOULD BE A VERY GRAVE SITUATION, AND THAT THE U.S., ROK AND JAPAN WOULD HAVE TO SHOW MILITARY STRENGTH AND BRING THE GREATEST POSSIBLE PRESSURE ON THE DPRK.

4. (C) ON THE ISSUE OF DPRK MISSILE DEVELOPMENT AND SALES, PRESIDENT KIM SAID IT WOULD BE WISE TO OFFER THE NORTH MONEY IN RETURN FOR A CAP ON EXPORTS, AND SAID THAT ISRAEL WOULD BE INVOLVED IN THAT EFFORT. PRESIDENT KIM NOTED THAT A SECOND ROUND OF MISSILE FIRINGS BY THE DPRK COULD MAKE JAPAN UNWILLING TO COMPLETE THE KEDO PROJECT, AND THAT THE U.S., JAPAN, AND CHINA MUST PREVENT ANOTHER MISSILE FIRING.

**BOSWORTH** 

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