

S E C R E T

MSGMC 35 (STXK) Q3C *31/03/82* *16:51*
ZCZC 21:50:24Z (ST)

SECRET

STATE

ACTION: NONE INFO: NIO/CN, CDPH-H, ODPN-N, ODPN-U, OEA/CE/M,
OEA/NA/J, OEA/NA/K, OEA/NA-2, OEA/PO, OEA/SE/MIL, OGE/WE, OSA/CS/EP,
OSA/CS/X, OSA/FA/F, OSA/PA/S, OSWR/TTC/S, PLANFAC-E (), RF, SOV/CS/CM,
SOV/CS/L/N, SOV/CS/S/M, SOV/CS/Y, FILE, JOO-4, EA-6, D/OCR-3, DDO/DO,
IAD/CAS-3, IAD/TB-5, NIO/EA, NIO/PE, OER, OSO-2, SECUR-3, (31/W)
Q1D, Q3B, Q3C, Q5A-2, Q8A, Q9A, R1A, V1B,

82 8312919 SSO

NC 8312919

TGR: 311359Z MAR 82

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ZNY SSSSS ZOC STATE ZZH
STU4476

State Dept. review completed.

OO RUEHC
DE RUEHUL #3161/01 0900928
ZNY SSSSS ZZH
O 310912Z MAR 82 ZFF-4FM AMEMBASSY SEOUL
TO RUEHC/SECSTATE WASHDC IMMEDIATE 9185
INFO RUEHHC/AMEMBASSY TOKYO 5782
BTEZ1:
S E C R E T SEOUL 03161 COMBINED SECTIONEXDIS
572:DEPT PASS SECDEF ELECTRONICALLY
E.O. 12065: RDS-1 3/31/92 (WALKER, RICHARD L.) OR-M
TAGS: OVIP (WEINBERGER, CASPAR W.)
SUBJECT: SECRETARY WEINBERGER'S MEETING WITH DEFENSE
- MINISTER

1. (S) ENTIRE TEXT.
2. FOLLOWING FIRST SCM PLENARY SESSION MARCH 29, SECRETARY WEINBERGER MET PRIVATELY WITH DEFENSE MINISTER CHOO FOR APPROXIMATELY ONE HOUR. (AMBASSADOR WALKER AND CINCUNC GENERAL WICKHAM ALSO WERE PRESENT.)
3. AFTER REFERRING TO THE PRESENTATION OF THE THREAT SITUATION CONTAINED IN THE REPORT TO THE PLENARY SESSION OF THE MILITARY COMMITTEE MEETING, CHOO NOTED U.S. EFFORTS TO COUNTER SOVIET EXPANSION IN NORTHEAST ASIA. IN THIS CONNECTION, HE STATED THAT HE WOULD NOT REFER TO SPECIFIC STRATEGIC WEAPONS DEPLOYMENTS, SINCE THIS MATTER IS STILL UNDER STUDY BY THE U.S. HE NOTED, HOWEVER, THE NEED FOR U.S. COUNTER CAPABILITY IN VIEW OF SOVIET SS20 AND BACK-FIRE DEPLOYMENTS.
4. THE SECRETARY RESPONDED THAT WE HAVE TAKEN CAREFUL NOTE OF SOVIET DEPLOYMENTS AND OF THE FACT THAT SS20S NOW CAN HIT ANY TARGET IN EUROPE AND THOSE DEPLOYED EAST OF THE URALS CAN STRIKE ANY TARGET IN ASIA. HE EMPHASIZED THAT THE PROPOSALS ADVANCED BY PRESIDENT REAGAN FOR DISMANTLING SS20S COULD AFFECT FAVORABLY THE STRATEGIC BALANCE IN ASIA. THESE PROPOSALS REMAIN FIRM. HOWEVER, PENDING DISCUSSIONS WITH THE SOVIETS, WE ARE PROCEEDING WITH GLOM AND PERSHING II PRODUCTION SO THAT WE CAN MEET THE 1983 DEPLOYMENT SCHEDULE, PROVIDED THE NATO NATIONS DO NOT WITHDRAW THEIR SUPPORT AND COMMITMENT. THE SECRE-

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TARY ALSO NOTED THAT WE ARE GOING AHEAD WITH OTHER MEASURES INCLUDING THE B-1 BOMBER.

5. CHOO THANKED THE SECRETARY FOR HIS EXPLANATION AND REITERATED KOREA'S DESIRE TO COOPERATE IN THE FUTURE IN U.S. GLOBAL STRATEGY IN ANY WAY POSSIBLE. HE NOTED THAT IN AN EFFORT TO COUNTER THE NORTH KOREAN THREAT AND REDUCE THE U.S. BURDEN, KOREA, DESPITE ECONOMIC CONSTRAINTS, IS ATTEMPTING TO UPGRADE ITS FORCES, INCLUDING THE COIP.

6. CHOO THEN MOVED TO A STATEMENT ALONG FAMILIAR LINES OF ROK VIEWS ON FMS TERMS. HE STRESSED THAT THERE WOULD BE A NEGATIVE CUTFLOW OF ABOUT U.S. DOLS 100 MILLION IN THE CURRENT YEAR BECAUSE ROK REPAYMENTS OF PRIOR LOANS EXCEED THE NEW FUNDS ADVANCED UNDER 1982 FMS. USING CHARTS TO ILLUSTRATE HIS POINTS, CHOO ARGUED THAT ON THE ASSUMPTION OF AN FMS CREDIT LEVEL OF U.S. DOLS 500 MILLION AND WITH 15 PERCENT INTEREST AND 12-YEAR REPAYMENT TERMS, IT WOULD BE POSSIBLE TO ACHIEVE A POSITIVE CASH FLOW PERMITTING INVESTMENT IN FIP. FOR 1984, HE SAID, A LEVEL OF AT LEAST U.S. DOLS 300 MILLION WOULD BE NEEDED TO BREAK EVEN.

7. THE SECRETARY ACKNOWLEDGED THAT IT WOULD BE HELPFUL TO THE ROK IF IT WERE POSSIBLE TO PERSUADE CONGRESS TO SLIP THE REPAYMENT PERIOD SOMEWHAT AND SOFTEN INTEREST RATES. HE SAID CHOO'S CHARTS WOULD BE HELPFUL IN DISCUSSING SUCH POSSIBILITIES WITHIN THE ADMINISTRATION. HE ALSO NOTED THAT IT MIGHT BE POSSIBLE TO UNDERTAKE DISCUSSIONS WITH THE ROK ON REVISION OF TERMS AND FUTURE FMS LEVELS, BUT HE STRESSED THE DIFFICULTY OF MOVING FMS LEVELS TO AS HIGH AS U.S. DOLS 500 MILLION. CHOO RESPONDED BY EXPRESSING THE HOPE THAT REPAYMENT TERMS COULD BE ADJUSTED IN FY83 AND MADE MUCH MORE FAVORABLE IN FY84 AND BEYOND.

8. CHOO THEN TURNED TO KOREA'S DEFENSE INDUSTRY (AGAIN USING CHARTS) TO MAKE THE CASE THAT ITS PLANTS MUST OPERATE AT 77 PERCENT OF CAPACITY, WHEREAS THEY NOW ARE OPERATING AT ONLY 35 PERCENT. REPLYING TO THE SECRETARY'S QUESTION, HE STATED THAT ONLY A SMALL PERCENTAGE OF THESE PLANTS COULD BE CONVERTED TO CIVILIAN USE. CHOO ARGUED THAT BY PURCHASING RAW MATERIALS IN THE U.S., THE KOREAN DEFENSE INDUSTRY IS ACTUALLY CREATING JOBS THERE. HE ADDED THAT, WITH RESPECT TO THIRD COUNTRY SALES, KOREA IS FOCUSING ON ITEMS THAT ARE NO LONGER IN PRODUCTION IN THE U.S.

9. THE SECRETARY EMPHASIZED THE SENSITIVITY OF THIS ISSUE BECAUSE OF ITS POSSIBLE IMPACT ON U.S. EMPLOYMENT AND OUR CONCERN FOR THE ULTIMATE DESTINATION OF ANY THIRD COUNTRY SALES. HE ASSURED CHOO, HOWEVER, THAT WE WOULD CONTINUE EXDIS

DEPT PASS SECDEF ELECTRONICALLY
TO ADDRESS THESE MATTERS ON A CASE-BY-CASE BASIS.

10. FINALLY, CHOO NOTED THAT HE WOULD BE MEETING LATER IN THE DAY WITH PRESIDENT CHUN AND THAT HE HOPED THE PRESIDENT WOULD APPROVE THE WRSA/MCA.

11. AS THE MEETING ADJOURNED, CHOO REMARKED TO THE SECRETARY THAT HE UNDERSTOOD THERE WAS NOT MUCH CHANCE FOR REVISING FMS TERMS IN FY83 BUT EXPRESSED THE STRONG HOPE THAT SOMETHING COULD BE DONE TO BEGIN IN FY84. THE SECRETARY REPLIED THAT HE HOPED SOMETHING COULD BE DONE TO IMPROVE THE ROK BOTTOM LINE. WALKER

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