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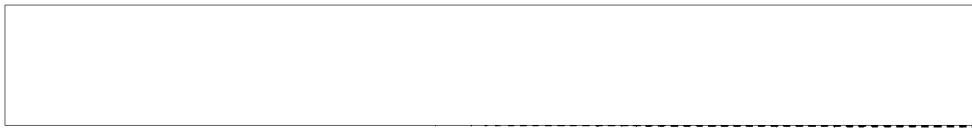
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EAP/K FOR JGAGNON
USDOC FOR 4430/IEP/OPB/EAP/SGODDIN
USIA WASHINGTON

E.O. 12356: NA
TAGS: OTRA, KS
SUBJECT: CODEL DANFORTH VISIT TO KOREA, JANUARY 6-10:
REPORT ON SEOUL EVENTS

1. SUMMARY: IN ITS VISIT TO THE ROK, WHICH INCLUDED THE DMZ AND PUSAN IN ADDITION TO SEOUL, CODEL BROUGHT A FORTHRIGHT MESSAGE OF U.S. TRADE PROBLEMS WHICH WAS WELL ARTICULATED ON NUMEROUS OCCASIONS TO KEY KOREAN GOVERNMENT OFFICIALS AND INDUSTRIALISTS. THIS REAFFIRMATION OF THE CONGRESSIONAL MOOD WAS EXTREMELY TIMELY AND CLEARLY FURTHERED U.S. INTERESTS IN KOREA. END SUMMARY.

2. CODEL DANFORTH - WHICH IN ADDITION TO SENATOR DANFORTH CONSISTED OF SENATORS SIMPSON, EAGLETON, ROCKEFELLER, EXON, AND BAUCUS - SPENT THREE FULL, EVENT-PACKED DAYS IN THE ROK. EVEN A CABINET RE-SHUFFLE FAILED TO DERAILED OR DAMPEN THE CODEL'S PROGRAM. IN FACT, KIM MAHN JE (M-R: KIM MAN CHE), THE NEWLY APPOINTED DEPUTY PRIME MINISTER AND FORMER FINANCE MINISTER, RECEIVED THE CODEL ON THE SAME DAY HE WAS SWORN IN.

OFFICIAL CALLS IN SEOUL

3. THE OFFICIAL CALLS BY THE CODEL IN SEOUL ON JANUARY 8 ENSUED IN THE FOLLOWING ORDER: COMMERCE MINISTER KUM JIN HO (M-R: KUM CHIN-HO); FOREIGN MINISTER LEE WON KYUNG (M-R: YI WON KYONG); INTERNATIONAL ECONOMIC POLICY COUNCIL (IEPC) SECRETARY GENERAL KIM KI-HWAN (M-R); ROK PRESIDENT CHUN DOO HWAN (M-R: CHUN TU-HWAN) AND, FINALLY, THE NEW DEPUTY PRIME MINISTER.

4. SIMILAR THEMES WERE SOUNDED IN ALL THE MEETINGS BY MEMBERS OF THE CODEL. SENATOR DANFORTH POINTED OUT TO COMMERCE MINISTER KUM, FOR EXAMPLE, THAT UNTIL 1982 THE

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U.S. HAD ALWAYS RUN A TRADE SURPLUS IN MANUFACTURED GOODS. NOW, HE SAID, HIS CONSTITUENTS WERE LOSING JOBS, AND HE WAS ENJOINED TO COME UP WITH A SOLUTION OR RISK BEING VOTED OUT OF OFFICE. THE CONCERN WITH THE U.S. TRADE DEFICIT, WITH THE DECLINE OF INDUSTRIES IN THE U.S. AND WITH THE POLITICAL PRESSURES THESE DEVELOPMENTS CREATE WAS THE DOMINANT THEME OF THE OFFICIAL CALLS AND WAS ECHOED BY ALL THE SENATORS. THEY WARMLY COMPLIMENTED KOREA ON ITS REMARKABLE ACCOMPLISHMENTS AND ITS CONTRIBUTIONS AS AN ALLY. BUT THEY WARNED THAT THE VERY EXISTENCE OF A LIBERAL WORLD TRADING SYSTEM IS IN JEOPARDY, IF THERE IS NOT MORE BALANCE. THEY ACKNOWLEDGED THAT IT WAS JAPAN, NOT KOREA THAT WAS THE MAJOR PROBLEM, AND SAID THEY WOULD SPEAK MUCH MORE STRONGLY IN TOKYO THAN IN SEOUL. BUT KOREA HAD TO RECOGNIZE THAT IT ALSO HAS A ROLE TO PLAY.

5. MINISTER KUM IN HIS REMARKS SAID KOREA APPRECIATES THE CURRENT PROBLEMS OF THE U.S. AND WANTS TO COOPERATE. NONETHELESS, HE CONTENDED, AS DID THE OTHER KOREAN SPOKESMEN, THAT PUBLIC CONFRONTATION SUCH AS SECTION 301 ACTIONS AROUSED KOREAN EMOTIONALISM AND ONLY MADE IT MORE DIFFICULT. HE ALSO EMPHASIZED THAT THERE IS A MISCONCEPTION THAT KOREA IS MORE INTERNATIONALLY COMPETITIVE THAN IS ACTUALLY THE CASE.

6. SENATOR DANFORTH DESCRIBED WORLD TRADE AS A GLOBAL PROBLEM, PREDICTING THAT UNLESS SOME CHANGES WERE MADE AROUND THE WORLD ENHANCING THE ACCEPTANCE OF U.S. PRODUCTS AND SERVICES, WE COULD SLIP INTO A TRADE WAR WITHIN 10 YEARS. SUCH AN EVENT, IN HIS OPINION, MIGHT TRIGGER ANOTHER GREAT DEPRESSION. DANFORTH EMPHASIZED WE ARE ALL IN THIS TOGETHER AND MUST ADDRESS THE PROBLEM.

7. THE FOREIGN MINISTER: AFTER INITIAL DISCUSSIONS OF SECURITY AND INTERNATIONAL RELATIONS, INCLUDING THE KOREAN NORTH-SOUTH TALKS, THE CONVERSATION ALSO TURNED TO TRADE. SENATOR DANFORTH NOTED THAT THE 150 BILLION DOLLAR US TRADE DEFICIT POINTED UP THE MAGNITUDE OF THE PROBLEM. THE AMERICAN PEOPLE ARE NOT WILLING TO BE ONLY ON THE RECEIVING END; THEY MUST SEE BENEFIT FOR THE U.S. ECONOMY AS WELL. MINISTER LEE SAID THE TRADING RELATIONSHIP WITH THE U.S. WAS OF PARAMOUNT IMPORTANCE TO KOREA; HE EMPHASIZED THAT IT WAS VITAL FOR BOTH SIDES TO ASSUAGE THE PRESENT FRICTIONS. DANFORTH COMMENTED

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THAT HE HAD READ IN THE LOCAL PRESS THAT THE U.S. WAS PICKING ON KOREA. HE MADE IT CLEAR TO THE MINISTER THAT THIS WAS NOT THE U.S. INTENT BUT THAT WE DO HAVE A PROBLEM, ONE SO SERIOUS THAT EVEN USTR YEUTTER HAD RECENTLY QUESTIONED IF THE GATT WORKS FOR THE BENEFIT OF THE U.S. IN A SUBSEQUENT PRIVATE MEETING WITH THE FOREIGN MINISTER, SENATOR EAGLETON RAISED A NEW TOPIC, THAT OF HUMAN RIGHTS. HE SAID THE 1988 KOREAN ELECTION SHOULD PROVE A BENCHMARK FOR KOREAN POLITICS AND THE U.S. WOULD CERTAINLY BE LOOKING FOR A FAIR ELECTION. MINISTER LEE REPLIED THAT KOREA HAD MADE SUBSTANTIAL PROGRESS TOWARD DEMOCRACY, BUT ONE MUST NOT FORGET THAT KOREA HAD

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DIFFERENT HISTORIC AND CULTURAL TRADITIONS.

8. IEPC SECRETARY GENERAL KIM KI HWAN ACKNOWLEDGED THE SERIOUSNESS OF THE SITUATION BUT WAS GENERALLY OPTIMISTIC ABOUT PROSPECTS FOR WORKING OUT THE BILATERAL TRADE ISSUES. HE WAS EXPECTING TO GO TO WASHINGTON BY LATE JANUARY AND HOPEFULLY RESOLVE THE OUTSTANDING SEC. 301 CASES. HE MAINTAINED IT WOULD HELP GREATLY IN MARSHALLING SUPPORT FOR ACQUIESCENCE TO U.S. REQUESTS, HOWEVER, IF HE COULD RETURN WITH SOME, EVEN NOMINAL, CONCESSION ON THE U.S. PART. HE SUGGESTED U.S. RESPONSIVENESS TO KOREAN DESIRES FOR INCREASED CIVAIR LANDING RIGHTS AS AN EXAMPLE. ON A SPECIFIC ISSUE OF RESTRICTION ON SODA ASH IMPORTS RAISED BY SENATOR SIMPSON, KIM NOTED THEY WERE DUE FOR FULL LIBERALIZATION IN JULY 1986 AND OFFERED TO PERSONALLY TAKE UP THE MATTER IF THERE WERE ANY PROBLEMS AFTER THAT DATE. ANSWERING A QUERY ON THE SUSPENSION OF IMPORT OF HIGH QUALITY BEEF FOR RESTAURANTS, HE REFERRED TO A DIFFICULT SITUATION IN THE DOMESTIC BEEF MARKET, BUT SAID HE WAS CERTAIN IT WAS ONLY TEMPORARY.

9. CALL ON PRESIDENT CHUN DOO HWAN WILL BE COVERED IN SEPTEL.

10. SIMILAR TRADE THEMES WERE RAISED WITH THE NEW DEPUTY PRIME MINISTER WHO WAS IN HIGH SPIRITS FOLLOWING HIS PROMOTION. POLITICAL QUESTIONS WERE ALSO RAISED IN THIS MEETING. SENATOR BAUCUS SUGGESTED EFFORTS SHOULD BE MADE TOWARD FURTHER DEMOCRATIZATION, INCLUDING A FREE PRESS AND AN ORDERLY PRESIDENTIAL SUCCESSION. THE DPM REPLIED THAT POLITICAL DEVELOPMENT HAD BEEN A BUMPY ROAD FOR THE ROK WHICH, IN FACT, HAD NEVER EXPERIENCED A PEACEFUL TRANSFER OF POWER.

11. RETURNING TO TRADE QUESTIONS, SENATOR EXON EMPHASIZED THE EXTREME TRADE BALANCE DIFFICULTIES THE U.S. WAS EXPERIENCING, POINTING OUT THAT FOREIGNERS HAVE NOT YET REALIZED THAT THE U.S. IS NOW A DEBTOR NATION. IN THIS CONTEXT SENATOR SIMPSON SAID THAT THE GRAMM-RUDMAN-HOLLINGS ACT WOULD HAVE PROFOUND INTERNAL AND EXTERNAL CONSEQUENCES FOR THE U.S.

12. SENATOR ROCKEFELLER COMMENTED THAT IT WAS A VERY DIFFERENT AMERICA TODAY FROM ONLY 5-6 YEARS AGO. HE SAID HE HAD TO GIVE HIS CONSTITUENTS HOPE FOR THE FUTURE AND HIS STATE, WEST VIRGINIA, WAS 20 PERCENT DEPENDENT ON EXPORTS.

OTHER EVENTS IN SEOUL

13. BREAKFAST BRIEFING - A BRIEFING BY SELECTED SPEAKERS FROM THE AMERICAN CHAMBER OF COMMERCE, STRESSING THE PROBLEMS THEY ENCOUNTER, TOUCHED OFF AN ENERGETIC QUESTION AND ANSWER SESSION.

LUNCHEON SPEECH

SENATOR DANFORTH SPOKE AT A LUNCHEON HOSTED BY THE KOREA-AMERICA ASSOCIATION (KAA) AND THE KOREA-U.S. ECONOMIC COUNCIL (KUSEC).

HE ALSO TOOK QUESTIONS FROM THE FULL HOUSE, INCLUDING NEARLY TWO HUNDRED STALWARTS OF THE KAA, KUSEC, THE
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FEDERATION OF KOREAN INDUSTRIES, THE KOREAN CHAMBER OF COMMERCE AND INDUSTRY AND THE AMERICAN CHAMBER OF COMMERCE AS WELL AS ROKG OFFICIALS. HE DIRECTLY REFUTED CHARGES THAT THE U.S. WAS PICKING ON KOREA, AND CITED THE MANY CONTRIBUTIONS WE CONTINUE TO MAKE TO KOREA'S WELL-BEING. HE ALSO LEFT NO DOUBTS IN THE MINDS OF HIS AUDIENCE THAT THE WAY TO AVOID BEING CONSIDERED A SECOND JAPAN IS TO ENSURE THAT KOREA DOES PURSUE THE SAME TRADE STRATEGIES AS THAT NATION.

- PRESS CONFERENCE

EACH OF THE SENATORS ADDRESSED AND TOOK QUESTIONS AT U.S.I.S. PRESS CONFERENCE ON THE CODEL'S FINAL MORNING IN SEOUL. SENATOR DANFORTH, IN OPENING THE CONFERENCE, MADE THE SAME POINTS HE HAD MADE IN HIS OFFICIAL MEETINGS, EMPHASIZING THAT TRADE MUST BE A TWO-WAY STREET AND THE IMPORTANCE TO KOREA OF A HEALTHY U.S. ECONOMY. SENATOR EAGLETON, WHO WAS THE ONLY SENATOR IN THE CODEL TO HAVE VISITED KOREA BEFORE (TEN YEARS PREVIOUSLY), EXPRESSED HIS ADMIRATION FOR THE ECONOMIC MIRACLE IN KOREA BUT ALSO TOOK THE OCCASION TO POINT OUT THAT PROGRESS IN HUMAN RIGHTS IN THE ROK HAD NOT BEEN IMPRESSIVE.

- SEOUL SOCIAL EVENTS

THE CODEL WAS HOSTED AT DINNERS ON SUCCESSIVE EVENINGS BY THE CHAIRMAN OF THE FOREIGN AFFAIRS COMMITTEE OF THE NATIONAL ASSEMBLY, THE COMMERCE MINISTER, AND THE CHAIRMAN OF THE HYUNDAI GROUP, IN ADDITION TO A WELL-ATTENDED RECEPTION BY THE AMBASSADOR. AT ALL THESE EVENTS THE CODEL HAD AMPLE OPPORTUNITY TO SPREAD THE WORD OF THE CHANGED ATMOSPHERE IN THE U.S.

14. COMMENT: CODEL DANFORTH MADE A POSITIVE CONTRIBUTION TO U.S. OBJECTIVES IN KOREA. WHILE THEIR FRANK MESSAGE WAS SOBERING TO THEIR INTERLOCUTORS, THIS COHESIVE GROUP OF SENATORS AND STAFFERS PROJECTED AN OPEN, SINCERE IMAGE OF THE U.S. THEIR STRONG REAFFIRMATION OF THE SERIOUSNESS WITH WHICH TRADE ISSUES ARE BEING VIEWED IN THE CONGRESS AND BY THE AMERICAN PEOPLE WAS EXTREMELY TIMELY AND WAS CONVEYED IN AN UNUSUALLY EFFECTIVE, FORTHRIGHT MANNER. END COMMENTS.
WALKER

END OF MESSAGE

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