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**DIRECTORATE OF INTELLIGENCE**

06 October 1988

**North Korea-South Korea: The State of Play**

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**Summary**

South Korean President Roh Tae Woo--facing a lively popular interest in reunification as well as an increasingly activist opposition--is likely to push initiatives for personal, cultural, and economic exchanges this fall when the two Koreas revive their dialogue. Still, Seoul and P'yongyang remain far apart on key issues, and prospects for substantive progress are dim. P'yongyang, for its part, confronts important domestic concerns--top among them being economic stagnation that could threaten the transfer of power from Kim Il-song to his son, Kim Chong-il. To stem Seoul's recent international successes, the North will continue seeking support from its allies in the Third World and trying to portray itself as the more forthcoming party in the North-South dialogue.

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### **The North-South Dialogue**

Since the mid-1980s, North and South Korea have conducted an on-again, off-again dialogue. North Korea cut off the working-level parliamentary, economic, and Red Cross talks in January 1986 to protest the annual US-South Korea Team Spirit military exercise, but dialogue resumed in August after a series of proposals and counterproposals. Early this year, North Korea called for a joint conference of politicians and other nongovernment leaders but by summer was pushing for North-South student talks. After counterproposing a meeting between education ministers in July, President Roh announced South Korea would adopt a new, conciliatory approach toward the North. He promised efforts to promote bilateral exchanges, family visits, and trade, and pledged to help the North improve relations with the United States and Japan. The National Assembly followed up in mid-July with a letter to its North Korean counterpart, the Supreme Peoples' Assembly, urging P'yongyang to participate in the Olympic Games. The North responded by proposing interparliamentary talks on a nonaggression declaration and the Olympics. [redacted]

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With Seoul's acceptance of the offer, meetings between legislators from each side tried to prepare for a joint parliamentary session, but talks broke off over format and agenda. Both agreed to resume discussions in mid-October. President Roh has attempted to keep the appearance of dialogue alive, probably in part to assuage Olympic visitors' fears that North-South tensions would threaten the Games. In August, he resurrected a proposal for summit talks with Kim Il-song, triggering a counteroffer from Kim to meet if US forces left South Korea. This month, Roh responded by saying withdrawal of US troops would be feasible if the North abandoned its threat to reunify the peninsula by military force. [redacted]

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### **The South Korean Perspective**

In our view, Roh's willingness to appear flexible on the previously taboo subject of a withdrawal of US forces suggests South Korea is increasingly confident that it is dealing with the North from a position of strength. Seoul's hosting of the Olympics has symbolized the South's growing international stature and its economic, political, and diplomatic lead over the North, and Seoul is likely to capitalize on that success by continuing to push reunification proposals. [redacted]

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[redacted] Roh believes the reunification issue will make an effective theme to replace the Olympics. [redacted]

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We expect the Roh government will have widespread support for its approach to the North--a policy that is targeted at least as much at domestic audiences as at P'yongyang. There is broadbased, lively pressure for government action on reunification issues, and recent opinion polls indicate Roh's flexibility vis-a-vis P'yongyang has gone a long way toward satisfying public expectations. Most South Koreans apparently support the government's conciliatory yet basically conservative approach:

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[Redacted]

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- A July 1988 USIA poll indicates most South Koreans reject the North's claim that the United States is the biggest obstacle to reunification. Instead, the public views ideological differences between North and South as the main stumblingblock.
- A September poll by a South Korean newspaper showed most Koreans support government policy on personnel exchanges with the North. Most believe exchanges should start with divided families--not students, as P'yongyang has pushed. There is also backing for government management of student exchanges--an attitude that offers little fertile ground for the North, which has tried to sell the idea of exchanges between individuals and nongovernmental groups. [Redacted]

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The President may find he has more views to contend with in formulating reunification policy in the post-Olympic period than he did in the past few months, when an Olympic-induced "political truce" led the opposition to lie low on policy issues. With the ruling Democratic Justice Party no longer holding a majority in the National Assembly, opposition leaders probably will demand more say in North-South policy. A National Unification Board official recently told US Embassy officers he doubts the opposition will keep in step with the government at future North-South parliamentary talks. [Redacted]

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Perhaps anticipating more activism, Roh has asked his advisers to examine initiatives that will allow him to hold the lead on North-South issues. Seoul's reported about-face on its longstanding opposition to discussion of military topics with P'yongyang may be a result of this effort. [Redacted]

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[Redacted] Until now, Seoul had opposed the North's effort to include a nonaggression declaration on the agenda; Foreign Minister Choe Kwang Su recently suggested publicly that a nonaggression agreement be included in summit talks. [Redacted]

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Roh also will need to consider conservative views carefully. Since radical students championed the reunification theme in late spring, security and military officers have worried that the two Koreas' peace overtures are creating a false sense of security. [Redacted] they are concerned that rapid movement will play into North Korea's hands. [Redacted]

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Perceptions of an immediate threat from North Korea are down sharply from late 1986, but a recent USIA poll shows about half of those questioned think there is a fair chance North Korea will launch a guerrilla or terrorist attack in the "next year or so," and about a third fear a full-scale attack in the "next three years or so." [Redacted]

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[Redacted]

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### Japanese and US Involvement

Seoul has long objected to direct North Korean dealings with Washington and Tokyo, which makes Roh's proposal in July to facilitate North Korea's relations with the United States and Japan noteworthy. After Roh's speech, Foreign Minister Choe announced that Seoul would no longer oppose nonmilitary trade, personnel exchanges, and diplomatic contact between P'yongyang and the South's allies. Nonetheless, Seoul obviously does not want others to get out front in improving relations with the North. Choe told the US Embassy in Seoul that he will ask NATO member countries to forgo formal relations with P'yongyang until their Warsaw Pact counterparts take reciprocal steps toward Seoul. The South Koreans also have delivered to Washington and Tokyo guidelines detailing "acceptable" contacts with the North. For example, Seoul asked for limits on intergovernmental exchanges, restricting them to cultural, academic, and sports contacts. [redacted]

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### The North's Perspective

We believe Seoul's new activism on North-South policy has put P'yongyang on the defensive. The North faces other problems as well. Perhaps most important, we believe Kim Il-song's 15-year-long effort to lay the groundwork for his son, Kim Chong-il, to succeed him has been complicated by P'yongyang's stagnant economy, as well as food and energy shortages. The North also appears to be smarting from the South's recent successes--the boost to its international stature provided by the Olympics, as well as the inroads into its traditional political "territory" represented by Seoul's economic contacts with the Soviet Union, China, and other Communist countries. The North is not without assets, however, including increased Soviet military aid, an obvious Chinese desire to pay overt political attention to P'yongyang, and the North's own strategy to portray itself as possessing the high ground vis-a-vis the South in dealing with the the Third World. [redacted]

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### Outlook

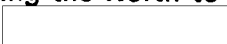
Both Koreas have reason to pursue at least the appearance of dialogue, which probably accounts for their agreement to resume the stalled parliamentary talks. Even so, differences on key issues make substantive progress unlikely:

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- **The North's media still underscore P'yongyang's longstanding objective--direct talks with the United States to negotiate withdrawal of US troops from the South. The North continues to claim this step is necessary for any peace settlement, while Seoul argues that reunification is a problem to be solved by the two Koreas alone.**
- **The South is willing to accommodate the North's demands for personnel exchanges, but Seoul's main goal remains government-to-government talks. Although P'yongyang called for such talks last year, its proposals for dialogue in 1988 have avoided any hint of direct dealings with the Roh government.**

**In the long run, the North may hope that attention to reunification will pay dividends in South Korea's more open political environment. For example, P'yongyang may calculate that North-South policy will emerge as a contentious topic between the government and its opponents, enabling the North to use a "divide and conquer strategy" in dealing with Seoul on the issue.** 

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