

FOIA MARKER

This is not a textual record. This is used as an administrative marker by the Clinton Presidential Library Staff.

Folder Title:

Korea [2]

Staff Office-Individual:

Council of Economic Advisors-Chinn, Menzie

Original OA/ID Number:

CF 1941

Row:	Section:	Shelf:	Position:	Stack:
16	5	4	3	v

Withdrawal/Redaction Sheet

Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001a. fax cover sheet	Name, Phone Number. [CIA Act] (1 page)	06/21/1993	P3/b(3)
001b. memo	re: South Korea. (3 pages)	06/21/1993	P1/b(1)
001c. report	Economic Challenges. (7 pages)	02/22/1993	P1/b(1)
001d. memo	re: Exports (2 pages)	06/21/1993	P1/b(1)
001e. report	East Asia Notes. (1 page)	06/18/1993	P1/b(1)
001f. memo	re: Ministry of Trade, Industry, and Resources. (2 pages)	04/13/1993	P1/b(1)
001g. memo	re: Wheat (1 page)	06/09/1993	P1/b(1)
002. cable	re: Dialogue with Korea. (7 pages)	03/26/1993	P1/b(1)
003a. fax cover sheet	Name, Phone Number. [CIA Act] (1 page)	06/29/1993	P3/b(3)
003b. memo	re: Comments on South Korean Economic Issues. (1 page)	06/29/1993	P1/b(1)
003c. cable	re: Five Year Economic Plan (8 pages)	06/17/1993	P1/b(1)
004. cable	re: Dialogue for Economic Cooperation. (2 pages)	07/06/1993	P1/b(1)

COLLECTION:

Clinton Presidential Records
 Council of Economic Advisors
 Menzie Chinn
 OA/Box Number: CF 1941

FOLDER TITLE:

Korea [2]

2009-0528-F

vz1394

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

- P1 National Security Classified Information [(a)(1) of the PRA]
- P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
- P3 Release would violate a Federal statute [(a)(3) of the PRA]
- P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
- P5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]
- P6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

C. Closed in accordance with restrictions contained in donor's deed of gift.

PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).

RR. Document will be reviewed upon request.

Freedom of Information Act - [5 U.S.C. 552(b)]

- b(1) National security classified information [(b)(1) of the FOIA]
- b(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
- b(3) Release would violate a Federal statute [(b)(3) of the FOIA]
- b(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
- b(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
- b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
- b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
- b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

Withdrawal/Redaction Sheet

Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
005. cable	re: CIVAIR CRS Imports. (1 page)	07/15/1993	P1/b(1)
006. cable	re: Korean Views on Semiconductor Issues. (5 pages)	05/17/1993	P1/b(1)

COLLECTION:

Clinton Presidential Records
 Council of Economic Advisors
 Menzie Chinn
 OA/Box Number: CF 1941

FOLDER TITLE:

Korea [2]

2009-0528-F

vz1394

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

- P1 National Security Classified Information [(a)(1) of the PRA]
- P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
- P3 Release would violate a Federal statute [(a)(3) of the PRA]
- P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
- P5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]
- P6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

C. Closed in accordance with restrictions contained in donor's deed of gift.

PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).

RR. Document will be reviewed upon request.

Freedom of Information Act - [5 U.S.C. 552(b)]

- b(1) National security classified information [(b)(1) of the FOIA]
- b(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
- b(3) Release would violate a Federal statute [(b)(3) of the FOIA]
- b(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
- b(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
- b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
- b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
- b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

Withdrawal/Redaction Marker

Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001a. fax cover sheet	Name, Phone Number. [CIA Act] (1 page)	06/21/1993	P3/b(3)

COLLECTION:

Clinton Presidential Records
Council of Economic Advisors
Menzie Chinn
OA/Box Number: CF 1941

FOLDER TITLE:

Korea [2]

2009-0528-F
vz1394

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

- P1 National Security Classified Information [(a)(1) of the PRA]
- P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
- P3 Release would violate a Federal statute [(a)(3) of the PRA]
- P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
- P5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]
- P6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

C. Closed in accordance with restrictions contained in donor's deed of gift.

PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).

RR. Document will be reviewed upon request.

Freedom of Information Act - [5 U.S.C. 552(b)]

- b(1) National security classified information [(b)(1) of the FOIA]
- b(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
- b(3) Release would violate a Federal statute [(b)(3) of the FOIA]
- b(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
- b(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
- b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
- b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
- b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

953

C I A
OPERATIONS CENTER

SITE A

WASHFAX MESSAGE RECEIPT

C

JUN 21 11 09 AM '93

FROM

[REDACTED]

F3(D)(3)

[001a]

SUBJECT

SOUTH KOREA ECONOMIC INFORMATION

CLASSIFICATION

~~CONFIDENTIAL~~

SENT TO:

DELIVER TO:

EXTENSION

PAGES

ROOM

White House
Sit. Room

MARCUS NOLAND

395-3310

16

REMARKS: I hope this is useful. Please call if you have any questions.

[REDACTED]

F3(D)(3)

UNCLASSIFIED UPON REMOVAL
OF CLASSIFIED ATTACHMENTS
Initials: VZ Date: 6/21/2012

[001a]

2009-0528-F

Withdrawal/Redaction Marker

Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001b. memo	re: South Korea. (3 pages)	06/21/1993	P1/b(1)

COLLECTION:

Clinton Presidential Records
Council of Economic Advisors
Menzie Chinn
OA/Box Number: CF 1941

FOLDER TITLE:

Korea [2]

2009-0528-F

vz1394

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

- P1 National Security Classified Information [(a)(1) of the PRA]
- P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
- P3 Release would violate a Federal statute [(a)(3) of the PRA]
- P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
- P5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]
- P6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

C. Closed in accordance with restrictions contained in donor's deed of gift.

PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).

RR. Document will be reviewed upon request.

Freedom of Information Act - [5 U.S.C. 552(b)]

- b(1) National security classified information [(b)(1) of the FOIA]
- b(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
- b(3) Release would violate a Federal statute [(b)(3) of the FOIA]
- b(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
- b(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
- b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
- b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
- b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

Withdrawal/Redaction Marker

Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001c. report	Economic Challenges. (7 pages)	02/22/1993	P1/b(1)

COLLECTION:

Clinton Presidential Records
Council of Economic Advisors
Menzie Chinn
OA/Box Number: CF 1941

FOLDER TITLE:

Korea [2]

2009-0528-F

vz1394

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

- P1 National Security Classified Information [(a)(1) of the PRA]
- P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
- P3 Release would violate a Federal statute [(a)(3) of the PRA]
- P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
- P5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]
- P6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

C. Closed in accordance with restrictions contained in donor's deed of gift.

PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).

RR. Document will be reviewed upon request.

Freedom of Information Act - [5 U.S.C. 552(b)]

- b(1) National security classified information [(b)(1) of the FOIA]
- b(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
- b(3) Release would violate a Federal statute [(b)(3) of the FOIA]
- b(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
- b(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
- b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
- b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
- b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

Withdrawal/Redaction Marker

Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001d. memo	re: Exports (2 pages)	06/21/1993	P1/b(1)

COLLECTION:

Clinton Presidential Records
Council of Economic Advisors
Menzie Chinn
OA/Box Number: CF 1941

FOLDER TITLE:

Korea [2]

2009-0528-F
vz1394

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

- P1 National Security Classified Information [(a)(1) of the PRA]
- P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
- P3 Release would violate a Federal statute [(a)(3) of the PRA]
- P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
- P5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]
- P6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

C. Closed in accordance with restrictions contained in donor's deed of gift.

PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).

RR. Document will be reviewed upon request.

Freedom of Information Act - [5 U.S.C. 552(b)]

- b(1) National security classified information [(b)(1) of the FOIA]
- b(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
- b(3) Release would violate a Federal statute [(b)(3) of the FOIA]
- b(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
- b(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
- b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
- b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
- b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

Withdrawal/Redaction Marker

Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001e. report	East Asia Notes. (1 page)	06/18/1993	P1/b(1)

COLLECTION:

Clinton Presidential Records
Council of Economic Advisors
Menzie Chinn
OA/Box Number: CF 1941

FOLDER TITLE:

Korea [2]

2009-0528-F
vz1394

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

- P1 National Security Classified Information [(a)(1) of the PRA]
- P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
- P3 Release would violate a Federal statute [(a)(3) of the PRA]
- P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
- P5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]
- P6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

C. Closed in accordance with restrictions contained in donor's deed of gift.

PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).

RR. Document will be reviewed upon request.

Freedom of Information Act - [5 U.S.C. 552(b)]

- b(1) National security classified information [(b)(1) of the FOIA]
- b(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
- b(3) Release would violate a Federal statute [(b)(3) of the FOIA]
- b(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
- b(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
- b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
- b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
- b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

Withdrawal/Redaction Marker

Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001f. memo	re: Ministry of Trade, Industry, and Resources. (2 pages)	04/13/1993	P1/b(1)

COLLECTION:

Clinton Presidential Records
Council of Economic Advisors
Menzie Chinn
OA/Box Number: CF 1941

FOLDER TITLE:

Korea [2]

2009-0528-F
vz1394

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

- P1 National Security Classified Information [(a)(1) of the PRA]
- P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
- P3 Release would violate a Federal statute [(a)(3) of the PRA]
- P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
- P5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]
- P6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]
- C. Closed in accordance with restrictions contained in donor's deed of gift.
- PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).
- RR. Document will be reviewed upon request.

Freedom of Information Act - [5 U.S.C. 552(b)]

- b(1) National security classified information [(b)(1) of the FOIA]
- b(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
- b(3) Release would violate a Federal statute [(b)(3) of the FOIA]
- b(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
- b(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
- b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
- b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
- b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

Withdrawal/Redaction Marker

Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001g. memo	re: Wheat (1 page)	06/09/1993	P1/b(1)

COLLECTION:

Clinton Presidential Records
Council of Economic Advisors
Menzie Chinn
OA/Box Number: CF 1941

FOLDER TITLE:

Korea [2]

2009-0528-F

vz1394

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

- P1 National Security Classified Information [(a)(1) of the PRA]
- P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
- P3 Release would violate a Federal statute [(a)(3) of the PRA]
- P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
- P5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]
- P6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

C. Closed in accordance with restrictions contained in donor's deed of gift.

PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).

RR. Document will be reviewed upon request.

Freedom of Information Act - [5 U.S.C. 552(b)]

- b(1) National security classified information [(b)(1) of the FOIA]
- b(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
- b(3) Release would violate a Federal statute [(b)(3) of the FOIA]
- b(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
- b(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
- b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
- b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
- b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

UNCLASSIFIED UPON REMOVAL
OF CLASSIFIED ATTACHMENTS
Initials: VR Date: 7/26/2012
2009-0524-F

WASHFAX RECEIPT
DEPARTMENT OF STATE

'93 JUN 18 P8:34

B

S/S #

C

7


MESSAGE NO. 100494 CLASSIFICATION Confidential No. Pages 256
FROM: Anne Dune E 649038 7256
(Officer name) (Office symbol) (Extension) (Room number)

MESSAGE DESCRIPTION _____

TO: (Agency)	DELIVER TO:	Extension	Room No.
<u>Marcus Nolan</u>	<u>CEA</u>	<u>3310</u>	<u>328</u>
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

FOR: CLEARANCE INFORMATION PER REQUEST COMMENT

REMARKS: Marcus - This cable from March 1993 gives background on the PEI of how the new initiative started Oct.

S/S Officer: Anne 

URGENT

May I have a copy of your paper?

Withdrawal/Redaction Marker

Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
002. cable	re: Dialogue with Korea. (7 pages)	03/26/1993	P1/b(1)

COLLECTION:

Clinton Presidential Records
Council of Economic Advisors
Menzie Chinn
O/Box Number: CF 1941

FOLDER TITLE:

Korea [2]

2009-0528-F
vz1394

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

- P1 National Security Classified Information [(a)(1) of the PRA]
- P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
- P3 Release would violate a Federal statute [(a)(3) of the PRA]
- P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
- P5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]
- P6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

C. Closed in accordance with restrictions contained in donor's deed of gift.

PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).

RR. Document will be reviewed upon request.

Freedom of Information Act - [5 U.S.C. 552(b)]

- b(1) National security classified information [(b)(1) of the FOIA]
- b(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
- b(3) Release would violate a Federal statute [(b)(3) of the FOIA]
- b(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
- b(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
- b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
- b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
- b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

Withdrawal/Redaction Marker

Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
003a. fax cover sheet	Name, Phone Number. [CIA Act] (1 page)	06/29/1993	P3/b(3)

COLLECTION:

Clinton Presidential Records
Council of Economic Advisors
Menzie Chinn
OA/Box Number: CF 1941

FOLDER TITLE:

Korea [2]

2009-0528-F

vz1394

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

- P1 National Security Classified Information [(a)(1) of the PRA]
- P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
- P3 Release would violate a Federal statute [(a)(3) of the PRA]
- P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
- P5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]
- P6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

C. Closed in accordance with restrictions contained in donor's deed of gift.

PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).

RR. Document will be reviewed upon request.

Freedom of Information Act - [5 U.S.C. 552(b)]

- b(1) National security classified information [(b)(1) of the FOIA]
- b(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
- b(3) Release would violate a Federal statute [(b)(3) of the FOIA]
- b(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
- b(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
- b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
- b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
- b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

346

C I A
OPERATIONS CENTER

SITE A

WASHFAX MESSAGE RECEIPT

Jun 29 4 21 PM '93

FROM

[Redacted area]

F3(b)(3)

[003a]

SUBJECT

SOUTH KOREAN ECONOMIC ISSUES MEMO

CLASSIFICATION

~~CONFIDENTIAL - NOFORN~~

PAGES

10

SENT TO:

DELIVER TO:

EXTENSION

ROOM

White House
Sit. Room

MARCUS VOLAND, COUNCIL OF
ECONOMIC ADVISORS

395-3310

REMARKS:

Document Unclassified when Separated
from Classified Attachments
VZ 06/29/2012 2009-0528-F

Withdrawal/Redaction Marker

Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
003b. memo	re: Comments on South Korean Economic Issues. (1 page)	06/29/1993	P1/b(1)

COLLECTION:

Clinton Presidential Records
Council of Economic Advisors
Menzie Chinn
OA/Box Number: CF 1941

FOLDER TITLE:

Korea [2]

2009-0528-F
vz1394

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

- P1 National Security Classified Information [(a)(1) of the PRA]
- P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
- P3 Release would violate a Federal statute [(a)(3) of the PRA]
- P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
- P5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]
- P6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

C. Closed in accordance with restrictions contained in donor's deed of gift.

PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).

RR. Document will be reviewed upon request.

Freedom of Information Act - [5 U.S.C. 552(b)]

- b(1) National security classified information [(b)(1) of the FOIA]
- b(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
- b(3) Release would violate a Federal statute [(b)(3) of the FOIA]
- b(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
- b(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
- b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
- b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
- b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

Don't Bank on It

Seoul's reforms could give government upper hand

By Ed Paisley in Seoul

The arrest in April of Donghwa Bank president Ahn Young Mo has caused more than a stir among South Korean policymakers. Ahn has been charged with accepting Won 800 million (US\$998,000) in bribes from customers in exchange for loans and with using the cash to pay off politicians to gain access to government-controlled credits.

Ahn's banking techniques are not unusual. Analysts point out that borrowers and lenders in South Korea often undertake questionable practices in the heavy competition for loans in a government-administered financial system. Four other South Korean bank presidents, several politicians and at least one bank regulator have fallen foul of the government's investigation into allegedly corrupt banking practices.

A new financial-reform package by the Ministry of Finance, however, promises to put an end to many of the dubious practices in the industry. Unveiled on 29 May, the ministry's five-year plan will replace most government controls by the end of 1997. The ministry hopes the reforms will help foster a more competitive financial sector.

Despite its good intentions, some analysts doubt whether the Ministry of Finance can deliver the goods. They point out that the reform plan contains only vague commitments to transfer control of the financial system into private hands. Moreover, it leaves largely intact what many analysts say is the breeding ground for corruption — a highly politicised financial system.

"There is little positive to say about the plan," a foreign banker says. "What is legal" under the plan "and what is permitted under administrative guidance are two different things," he says, referring to the opaque administrative system through which the government controls credit.

So gradual is the pace of reform outlined in the plan that analysts say it appears that even President Kim Young Sam's reform-minded advisers are loath to lose control of credit levers or private banks. And that, they warn, could be disastrous for the economy, as the real cost of money in South Korea's banking market hovers at 7-12%.

Under the Ministry of Finance's reform plan, most bank-lending rates will be freed by year-end. Subsidised govern-

ment industrial- and sector-policy loans by private banks will cease by the end of 1996 and truly private banks will be fully operational by the end of Kim's term in 1997. But important portions of the document are ambiguous.

"Because of the commercial banks' bad-loan problems and our history of directed credit, we cannot move much faster," a Ministry of Finance official says. He says the difficulties of attaining a consensus among officials on who should be allowed to own a bank forced planners to "muddle through" on basic reforms.

For instance, the Ministry of Finance in the past has appointed the heads of most private banks. Under the new plan, a nine-member panel that it selects will handle

these duties. Panel members will be chosen from among former bank presidents, large bank borrowers and shareholders of banks. But analysts say none is likely to challenge the ministry's wishes, as this would jeopardise his sinecures, funding needs or shareholdings.

Nor are the bad-debt troubles of banks likely to disappear anytime soon. This dilemma is likely to leave banks beholden to the dictates of the Ministry of Finance to ensure access to government financial support. Instead of tackling the estimated Won 10.2 trillion of problem loans head-on by allowing banks to begin writing them off, the government has decided to postpone the problem until 1994.

Government officials say limited tax relief will be offered to banks next year to allow them to clean up their books. The government will also continue to load them down with new policy loans until 1996. "It's like asking the banks to pedal a bike with only the right foot while dragging the other along the curb," an analyst says.

Officials at the Ministry of Finance concede that the plan does not address some of the pressing problems faced by banks. But they are adamant that the timetable of financial reform will be followed, noting that President Kim has honoured the commitments to change made to the US by the previous Roh Tae Woo administration.

According to the Ministry of Finance's plan, nearly 90% of South Korea's bank-lending rates and 30% of all deposit rates will be liberalised by year-end. "There are significant improvements in this plan compared to previous plans," says an official. He adds that the liberalisation of interest rates on public and private bonds began this year, not in 1995 as promised by Roh.

Even if the Kim administration holds to the reform timetable, it is unclear when banks will ever become totally independent of the government. For example, the Ministry of Finance's plan calls for a "Chinese wall" to be created this year between bank owners and their business affiliates to ensure that family-run conglomerates do not gain control of the banking system.

But in 1994, the government will encourage the development of financial-service conglomerates. The task of deciding which business groups qualify will be left to the Kim administration, however.

Analysts say the situation could leave the government in firm control of the financial system. If so, more bank presidents in search of funding may end up treading the well-worn path to politicians and bureaucrats — and possibly face criminal charges for their efforts.

Freer Money

South Korea's five-year financial reform plan

1993

- Interest rates liberalised on all loans, except policy loans, and on deposits of over two years
- Government policy loans frozen; credit controls in place
- Banks to underwrite public bonds; merchant banks to underwrite and deal in corporate bonds
- Major shareholders of financial firms to erect "Chinese wall" between company and their other businesses

1994-95

- Interest rates to float for short-term money market instruments and central-bank loans
- Central-bank policy loans to be shifted to specialised banks and/or government budget; credit controls limited to top 10 conglomerates
- Creation of financial conglomerates encouraged; limit on ownership of financial firms by major shareholders of big business groups to be reduced from 8%

1996-97

- All deposit and lending rates liberalised except demand deposits
- Rates on government policy loans fully liberalised
- Maximum shareholding for financial conglomerates to be set

Withdrawal/Redaction Marker

Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
003c. cable	re: Five Year Economic Plan (8 pages)	06/17/1993	P1/b(1)

COLLECTION:

Clinton Presidential Records
Council of Economic Advisors
Menzie Chinn
OA/Box Number: CF 1941

FOLDER TITLE:

Korea [2]

2009-0528-F
vz1394

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

- P1 National Security Classified Information [(a)(1) of the PRA]
- P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
- P3 Release would violate a Federal statute [(a)(3) of the PRA]
- P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
- P5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]
- P6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

C. Closed in accordance with restrictions contained in donor's deed of gift.

PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).

RR. Document will be reviewed upon request.

Freedom of Information Act - [5 U.S.C. 552(b)]

- b(1) National security classified information [(b)(1) of the FOIA]
- b(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
- b(3) Release would violate a Federal statute [(b)(3) of the FOIA]
- b(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
- b(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
- b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
- b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
- b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

Withdrawal/Redaction Marker

Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
004. cable	re: Dialogue for Economic Cooperation. (2 pages)	07/06/1993	P1/b(1)

COLLECTION:

Clinton Presidential Records
Council of Economic Advisors
Menzie Chinn
OA/Box Number: CF 1941

FOLDER TITLE:

Korea [2]

2009-0528-F

vz1394

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

- P1 National Security Classified Information [(a)(1) of the PRA]
- P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
- P3 Release would violate a Federal statute [(a)(3) of the PRA]
- P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
- P5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]
- P6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

C. Closed in accordance with restrictions contained in donor's deed of gift.

PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).

RR. Document will be reviewed upon request.

Freedom of Information Act - [5 U.S.C. 552(b)]

- b(1) National security classified information [(b)(1) of the FOIA]
- b(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
- b(3) Release would violate a Federal statute [(b)(3) of the FOIA]
- b(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
- b(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
- b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
- b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
- b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

LIMITED OFFICIAL USE
Department of State

INCOMING
TELEGRAM

PAGE 01 OF 02 SEOUL 06433 00 OF 03 010847Z
ACTION EAP-00

SHB6303

SEOUL 06433 00 OF 03 010847Z

SHB6303

INFO LOG-00 AID-00 AIT-03 CEA-01 CIAE-00 CTME-00 C-01
OASY-00 DODE-00 EB-00 EXIM-06 E-01 FRB-03 H-01
TEDE-00 INR-00 ITC-01 JUSE-00 ADS-00 NSAE-00 NSCE-00
OMB-01 OPIC-08 SNP-00 SP-00 SS-00 STR-16 USIE-00
CORE-00 /B45W

ACCELERATE THE TIMETABLE FOR LIBERALIZING CAPITAL
TRANSACTIONS. HE ALSO STRESSED THAT THE FINANCIAL REFORMS
PROPOSED IN THE BLUEPRINT WERE IN THE COUNTRY'S OWN INTEREST
AND NOT THE RESULT OF FOREIGN PRESSURE.

BLUEPRINT HIGHLIGHTS

-----D1E674 010914Z /21 38

R 010848Z JUL 93
FM AMEMBASSY SEOUL
TO SECSTATE WASHDC 6894
INFO USDOC WASHDC
TREASURY WASHDC
AMEMBASSY TOKYO
AMEMBASSY SINGAPORE
AIT TAIPEI 2724
AMCONSUL HONG KONG

3. (U) HIGHLIGHTS OF THE BLUEPRINT INCLUDE:

LIMITED OFFICIAL USE SEOUL 06433

TREASURY FOR OASIA/MBRETTSCHEIDER

USDOC FOR 4430/IEP/OPB/EAP/JDONIUS

USTR FOR RCASSIDY/PCOLLINS

DEPARTMENT FOR EAP/K - RICHARDSON AND HEIDT

-- INTEREST RATE DEREGULATION: TO IMPROVE THE ENVIRONMENT FOR
INDIRECT MONETARY CONTROL, THE GOVERNMENT PLANS TO ADVANCE THE
IMPLEMENTATION OF THE FOUR-STAGE INTEREST RATE DEREGULATION
PLAN ANNOUNCED IN AUGUST 1991; DEREGULATION OF MONETARY
STABILIZATION AND TREASURY BONDS WILL BE ADVANCED TO 1993. BY
1997 ONLY SHORT TERM DEPOSIT INTEREST RATES WOULD REMAIN
CONTROLLED. COMMENT: THE SCHEDULE FOR DECONTROLLING INTEREST
RATES IS VIRTUALLY UNCHANGED FROM THAT PROPOSED IN THE
FINANCIAL SECTOR LIBERALIZATION PLAN. END COMMENT.

E.O. 12356: N/A
TAGS: EFIN, KS
SUBJECT: ROKG ANNOUNCES FINANCIAL LIBERALIZATION BLUEPRINT

-- MONETARY CONTROL: TO EASE THE CONVERSION FROM DIRECT TO
INDIRECT MONETARY CONTROL, THE GOVERNMENT WILL TAKE A NUMBER OF
STEPS INCLUDING: THE MARKET FOR SHORT TERM DEBT INSTRUMENTS

REF: A) SEOUL 5397, B) SEOUL 6054

WILL BE REINVIGORATED; BANKS ENCOURAGED TO USE A VOLUNTARY
RESERVE DEPOSIT (VRD) SYSTEM, AND OPEN MARKET OPERATIONS
INTRODUCED BASED ON TRANSACTIONS IN TREASURYS AND OTHER PUBLIC
BONDS.

1. (U) SUMMARY: ON JUNE 29 THE ROKG PUBLICLY ANNOUNCED THE
THIRD STAGE FINANCIAL SECTOR LIBERALIZATION BLUEPRINT, WHICH
SUPPLEMENTS THE FINANCIAL SECTOR LIBERALIZATION PLAN RELEASED
MAY 28 (REF A). THE BLUEPRINT PROPOSES A WIDE RANGE OF
MEASURES DESIGNED TO FREE THE KOREAN FINANCIAL INDUSTRY FROM
UNNECESSARY GOVERNMENT RESTRICTIONS AND MAKE IT MORE
COMPETITIVE INTERNATIONALLY. AMONG OTHERS, STEPS PROPOSED
INCLUDE THE DEREGULATION OF INTEREST RATES, A FURTHER OPENING
OF THE FOREIGN EXCHANGE AND CAPITAL MARKETS, A SHIFT FROM
DIRECT TO INDIRECT MONETARY CONTROL, AND A FURTHER RELAXATION
OF RESTRICTIONS ON FOREIGN INVESTMENT IN THE SECURITIES AND
BANKING INDUSTRIES. PRESS REACTION HAS BEEN RELATIVELY
POSITIVE. THE U.S. BANKING COMMUNITY HAS WELCOMED THE
DIRECTION OF REFORM, BUT EXPRESSED CONCERN ABOUT THE PACE AND
VAGUENESS OF SOME REFORMS, AS WELL AS SOME SKEPTICISM ABOUT
WHETHER THE ROKG WILL RELINQUISH CONTROL IN AREAS IT SAYS IT
WILL LIBERALIZE. ATTENTION WILL NOW BE FOCUSED ON THE PACE OF
IMPLEMENTATION. END SUMMARY.

-- CREDIT CONTROL FOR LARGE BUSINESSES: CREDIT CONTROLS
ORIGINALLY DESIGNED TO LESSEN ECONOMIC CONCENTRATION WILL BE
GRADUALLY RELAXED TO ALLOW MORE FLEXIBILITY IN THE OPERATION OF
BANK AND NON-BANK FINANCIAL INSTITUTIONS.

BLUEPRINT ANNOUNCED

-- MANDATORY LENDING TO SMALL BUSINESSES: THE REQUIREMENT THAT
BANKS FUNNEL A CERTAIN SHARE OF TOTAL LENDING TO SMALL
BUSINESSES WILL BE PHASED OUT; THE GOVERNMENT WILL ALSO REDUCE
ITS POLICY LOANS TO SMALL BUSINESSES AND ENCOURAGE GREATER USE
OF CREDIT GUARANTEES AT MARKET RATES.

2. (U) ON JUNE 29 THE MINISTRY OF FINANCE (MOF) RELEASED THE
TEXT OF THE ROKG'S THIRD STAGE FINANCIAL LIBERALIZATION
BLUEPRINT. IN A MEETING WITH THE PRESS, MOF ASSISTANT MINISTER

-- SHORT TERM MONEY MARKETS: THE CALL AND BILL BROKER MARKETS
WILL BE ENCOURAGED, AS WELL AS THE CREATION OF SHORT-TERM
FINANCE COMPANIES TO ACT AS BROKERS; NEW SHORT-TERM PRODUCTS
TIED TO MARKET RATES WILL BE INTRODUCED.

LIM CHANG-YUEL REVIEWED THE SCOPE OF THE BLUEPRINT, NOTING THAT
IMPLEMENTATION OVER FIVE YEARS SHOULD PROVIDE SUFFICIENT TIME
FOR THE BUSINESS SECTOR TO PREPARE FOR CHANGES. THE FINANCIAL
PLAN, LIM SAID, WILL HELP KOREA MODERNIZE AND INTERNATIONALIZE
ITS FINANCIAL SYSTEM AND SPEED THE COUNTRY'S ENTRY INTO THE
OECD, PLANNED FOR 1996. ACCORDING TO PRESS REPORTS, LIM
FURTHER NOTED THAT IF ECONOMIC CONDITIONS PERMIT, UNSPECIFIED
"SUPPLEMENTARY MEASURES" COULD ALLOW THE GOVERNMENT TO

-- FOREIGN EXCHANGE AND CAPITAL MARKETS: EXCHANGE RATES WILL BE
ALLOWED TO FLUCTUATE MORE FREELY AND THE UNDERLYING
DOCUMENTATION REQUIREMENTS EASED; IN LIGHT OF ITS IMPACT ON
DOMESTIC FINANCIAL MARKETS, EXCHANGE RATE AND MONEY SUPPLY,
DIRECT AND PORTFOLIO INVESTMENTS WILL BE LIBERALIZED; IN LIGHT
OF MACROECONOMIC CONDITIONS, KOREAN RESIDENTS WILL BE ALLOWED
TO BORROW OFFSHORE. THE PAYMENT PERIOD UNDER THE DEFERRED
IMPORT PAYMENT SYSTEM WILL BE EXTENDED TO CONFORM TO
INTERNATIONAL STANDARDS (1996/97).

-- SECURITIES MARKETS: THE REQUIREMENTS FOR OPENING
FOREIGN-OWNED SECURITIES FIRMS WILL BE RELAXED; FOREIGN FIRMS
WILL BE ALLOWED TO OPERATE AS INVESTMENT TRUSTS, INVESTMENT
CONSULTANTS, AND CREDIT ANALYSIS FIRMS.

-- MONETARY STABILIZATION BONDS: THE PERCENTAGE OF MONETARY
STABILIZATION BONDS REQUIRED TO BE PURCHASED BY CERTAIN TRUST
ACCOUNTS WILL BE LOWERED IN STAGES TO ZERO.

-- INVESTMENT IN DOMESTIC BANKS: FOREIGN EQUITY PARTICIPATION
IN DOMESTIC BANKS WILL BE AUTHORIZED (1996/97).

PUBLIC REACTION POSITIVE

LIMITED OFFICIAL USE
Department of State

INCOMING
TELEGRAM

PAGE 02 OF 02 SEOUL 06433 00 OF 03 010847Z

SHB6303

4. (U) PRESS COVERAGE HAS BEEN GENERALLY FAVORABLE, WITH MANY KOREAN LANGUAGE DAILIES NOTING THAT THE PROPOSALS CONTAINED IN THE BLUEPRINT SHOULD MAKE KOREAN BUSINESSES MORE EFFICIENT AND STRENGTHEN INTERNATIONAL COMPETITIVENESS. SOME PAPERS REPEATED CONCERNS, OFTEN VOICED BY MOF, THAT OPENING CAPITAL MARKETS AND FREEING FOREIGN EXCHANGE CONTROLS WOULD MAKE IT MORE DIFFICULT TO MANAGE THE MONEY SUPPLY AND COULD ADD INFLATIONARY PRESSURES; FOR THESE REASONS THEY URGED THE GOVERNMENT TO PROCEED CAUTIOUSLY. MOST VIEWED GREATER FOREIGN INVOLVEMENT IN THE KOREAN FINANCIAL SECTOR AND INCREASED FREEDOM FOR KOREANS TO PURCHASE FOREIGN SECURITIES AS POSITIVE DEVELOPMENTS. ONE DAILY OBSERVED THAT IN CONTRAST TO PREVIOUS REFORM PACKAGES, THE BLUEPRINT AVOIDED MACROECONOMIC "PRECONDITIONS" THAT MIGHT DELAY IMPLEMENTATION. ANOTHER DAILY HIGHLIGHTED LIM'S STATEMENT THAT SELF-INTEREST, NOT FOREIGN PRESSURE, WAS THE

MOTIVATION FOR THE BLUEPRINT'S PROPOSALS.

5. (U) U.S. BANKERS HERE HAVE GENERALLY WELCOMED THE DIRECTION OF THE BLUEPRINT'S PROPOSALS, ALTHOUGH SOME NOTED DISAPPOINTMENT THAT THE PLAN WAS NOT MORE SPECIFIC ON CONTENT AND TIMING, PARTICULARLY WITH RESPECT TO THOSE ISSUES AFFECTING BANKS' PROFITABILITY, I.E., CREDIT CONTROLS ON LARGE BUSINESSES, LENDING TO SMALL AND MEDIUM SIZED FIRMS, SHORT TERM MONEY MARKETS, AND FOREIGN EXCHANGE AND CAPITAL TRANSACTIONS. BANKERS HAILED THE ELIMINATION OF MACROECONOMIC PRECONDITIONS ON THE DEREGULATION OF INTEREST RATES, BUT WARNED THAT THE GOVERNMENT SHOULD NOT BACKSLIDE IF RATES RISE TO LEVELS DEEMED UNACCEPTABLE. THEY FURTHER NOTED THAT THE BLUEPRINT DID NOT ADDRESS A NUMBER OF KEY ISSUES OF CONCERN TO FOREIGN BANKS:

IMPROVING FOREIGN BANKS' ACCESS TO LOCAL CURRENCY FUNDS;
ALLOWING RETAINED EARNINGS TO BE INCLUDED IN THE CALCULATION OF CAPITALIZATION REQUIREMENTS; REFORMING THE TREATMENT OF FOREIGN EXCHANGE POSITIONS IN A MEANINGFUL WAY; LOOSENING RESTRICTIONS ON COMPENSATING BALANCES; AND SUPERVISING FOREIGN BANK BRANCHES ON THE BASIS OF THEIR GLOBAL INSTEAD OF INDIVIDUAL CAPITALIZATION.

6. (LOU) COMMENT: PRESS REACTION HAS BEEN REMARKABLY POSITIVE; GIVEN THE KOREAN MEDIA'S PROCLIVITY TO PORTRAY ANY ROKG MARKET OPENING MEASURE AS A CONCESSION TO U.S. PRESSURE. A LARGE MEASURE OF CREDIT FOR THIS OUTCOME IS DUE TO MOF ASSISTANT MINISTER LIM, WHO HAS WORKED CLOSELY WITH THE PRESS TO EXPLAIN THE REFORM PLAN AND ITS BENEFITS TO THE KOREAN ECONOMY. ON THE OTHER HAND, THE AMERICAN BANKING COMMUNITY HAS BEEN CAUTIOUS IN ASSESSING THE BLUEPRINT AND WILL BE WATCHING

FOR ANY SHORTFALLS IN THE ROKG IMPLEMENTATION SCHEDULE. DESPITE MOF'S STATEMENTS THAT MACROECONOMIC PRECONDITIONS IN THE BLUEPRINT HAD BEEN MINIMIZED, UNFORESEEN DOWNTURNS IN THE KOREAN ECONOMY COULD SLOW IF NOT DERAIL THE ROKG LIBERALIZATION EFFORT. CLOSE TRACKING OF PROGRESS IN LIBERALIZING THE FINANCIAL SECTOR IN THE FINANCIAL POLICY TALKS (FPT) COULD HELP THE KOREANS STAY THE COURSE. END COMMENT.

7. (U) COPIES OF EMBASSY'S INFORMAL TRANSLATION OF THE BLUEPRINT ARE AVAILABLE FROM TREASURY/BRETTSCHNEIDER. BURGHARDT

LIMITED OFFICIAL USE

Withdrawal/Redaction Marker

Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
005. cable	re: CIVAIR CRS Imports. (1 page)	07/15/1993	P1/b(1)

COLLECTION:

Clinton Presidential Records
Council of Economic Advisors
Menzie Chinn
OA/Box Number: CF 1941

FOLDER TITLE:

Korea [2]

2009-0528-F

vz1394

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

- P1 National Security Classified Information [(a)(1) of the PRA]
- P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
- P3 Release would violate a Federal statute [(a)(3) of the PRA]
- P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
- P5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]
- P6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

C. Closed in accordance with restrictions contained in donor's deed of gift.

PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).

RR. Document will be reviewed upon request.

Freedom of Information Act - [5 U.S.C. 552(b)]

- b(1) National security classified information [(b)(1) of the FOIA]
- b(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
- b(3) Release would violate a Federal statute [(b)(3) of the FOIA]
- b(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
- b(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
- b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
- b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
- b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

Withdrawal/Redaction Marker

Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
006. cable	re: Korean Views on Semiconductor Issues. (5 pages)	05/17/1993	P1/b(1)

COLLECTION:

Clinton Presidential Records
Council of Economic Advisors
Menzie Chinn
OA/Box Number: CF 1941

FOLDER TITLE:

Korea [2]

2009-0528-F
vz1394

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

- P1 National Security Classified Information [(a)(1) of the PRA]
- P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
- P3 Release would violate a Federal statute [(a)(3) of the PRA]
- P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
- P5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]
- P6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

C. Closed in accordance with restrictions contained in donor's deed of gift.

PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).

RR. Document will be reviewed upon request.

Freedom of Information Act - [5 U.S.C. 552(b)]

- b(1) National security classified information [(b)(1) of the FOIA]
- b(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
- b(3) Release would violate a Federal statute [(b)(3) of the FOIA]
- b(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
- b(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
- b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
- b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
- b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

LIMITED OFFICIAL USE
Department of State

INCOMING
TELEGRAM

PAGE 01 SEUL 06489 01 OF 09 020747Z
ACTION EAP-00

SHB3085

SEUL 06489 01 OF 09 020747Z

SHB3085

INFO LOG-00 AGRE-00 AID-00 AIT-03 CEA-01 CIAE-00 CTME-00
C-01 OASY-00 DODE-00 DOEE-00 EB-00 EXIM-06 E-01
FRB-03 HA-09 H-01 TEDE-00 INR-00 IO-19 ITC-01
JUSE-00 LAB-04 L-00 ADS-00 NSAE-00 NSCE-00 OIC-02
OMB-01 OPIG-08 PA-01 PM-00 PRS-01 P-01 SNP-00
SP-00 SS-00 STR-16 T-00 USIE-00 CORE-00 /087W

-----D261DE 020748Z /38

P 020744Z JUL 93
FM AMEMBASSY SEOUL
TO SECSTATE WASHDC PRIORITY 6958
INFO USDOC WASHDC
TREASURY WASHDC
USMISSION GENEVA
AMEMBASSY TOKYO
AMEMBASSY SINGAPORE
AIT TAIPEI 2733
AMCONSUL HONG KONG
AMCONSUL PUSAN

LIMITED OFFICIAL USE SECTION 01 OF 09 SEUL 06489

USTR FOR RCASSIDY/PCOLLINS

USDOC FOR 4430/IEP/OPB/EAP/JDONIUS

TREASURY FOR OASIA/MBRETTSCHEIDER

GENEVA FOR USTR

DEPARTMENT FOR EAP/K - RICHARDSON AND HEIDT

STATE PASS USDA ELECTRONICALLY FOR FAS/ITP HEMPHILL

E.O. 12356: N/A
TAGS: EIND, ETRD, PGOV, KS
SUBJECT: ROKG ANNOUNCES FOREIGN INVESTMENT LIBERALIZATION PLAN

REF: A) SEUL 5873 B) SEUL 2419

1. (U) ON JUNE 22 THE ROK MINISTRY OF FINANCE UNVEILED ITS PROMISED TIMETABLE FOR OPENING 176 INDUSTRIAL SECTORS TO FOREIGN INVESTMENT BY 1997. THE TIMETABLE WILL BE INCORPORATED IN THE KIM YOUNG-SAM ADMINISTRATION'S NEW FIVE YEAR PLAN RELEASED ON JULY 2 (REF A). A TOTAL OF 133 SECTORS WILL BE FULLY OPENED TO FOREIGN INVESTMENT, RANGING FROM "HUNTING AND GATHERING" TO ISSUANCE OF CREDIT CARDS. RESTRICTIONS ON 43 SECTORS CURRENTLY LIMITED TO JOINT VENTURE ARRANGEMENTS WITH KOREAN PARTNERS WILL ALSO BE LIFTED. MOF'S LIST OF SECTORS AND TIMETABLE FOR OPENING TO FOREIGN INVESTMENT FOLLOW IN PARA 5.

2. (U) OVER ONE HALF OF THE INDUSTRIAL SECTORS IDENTIFIED BY THE USG IN PEI INVESTMENT WORKING GROUP CONSULTATIONS (REF B) WERE INCLUDED IN MOF'S LIST. THE LIST INCLUDES MANY OF THE TRANSPORTATION SECTOR INDUSTRIES IDENTIFIED BY THE USG IN PEI TALKS. ONLY ONE FINANCIAL SERVICES SECTOR INDUSTRY IDENTIFIED BY THE USG AS A PRIORITY IS INCLUDED. THE LIST OF USG PRIORITY SECTORS FOR LIBERALIZATION IDENTIFIED IN PEI INVESTMENT TALKS

IN MARCH 1993 FOLLOWS IN PARA 6, TOGETHER WITH DATE OF OPENING FOR INDIVIDUAL SECTORS.

3. (U) FOREIGN INVESTMENT IS CURRENTLY RESTRICTED IN A TOTAL OF 274 INDUSTRIAL SECTORS IN KOREA, INCLUDING 50 SECTORS IN WHICH FOREIGN INVESTORS MAY PARTICIPATE ONLY THROUGH JOINT VENTURE ARRANGEMENTS. ACCORDING TO MOF'S PLAN, BY 1997 ONLY 98 SECTORS WILL REMAIN CLOSED TO FOREIGN INVESTORS, INCLUDING 7 SECTORS LIMITED TO JOINT VENTURE ARRANGEMENTS.

4. (U) COMMENT: ASSESSING THE EXTENT OF MARKET OPENING WILL REQUIRE A SECTOR-BY-SECTOR ANALYSIS. THE TITLE OF AN INDUSTRIAL SECTOR MAY GIVE A FALSE IMPRESSION. A CHECK OF THE KOREAN DEFINITION OF THE SECTOR IS NECESSARY TO DETERMINE WHAT ACTIVITIES ARE REALLY COVERED. IN ADDITION, MANY ACTIVITIES REQUIRE OPENING OF A NUMBER OF KSIC CODE SECTORS; ONE MISSING SECTOR CAN MAKE THE ACTIVITY IMPERMISSIBLE. FOR EXAMPLE, PRELIMINARY CONSULTATIONS WITH MOT OFFICIALS INDICATE THAT DESPITE THE OPENING OF MANY SECTORS INVOLVING TRUCKING, COURIER SERVICES, AND LOCAL FREIGHT, THE DOOR-TO-DOOR PICK UP AND DELIVERY NECESSARY FOR THE OPERATIONS OF INTEGRATED EXPRESS FREIGHT CARRIERS WILL STILL NOT BE OPENED TO FOREIGN INVESTMENT. FINALLY, WHILE SOME AUTHORITIES HAVE ASSURED US THAT NO RESTRICTIONS, SUCH AS JOINT VENTURE REQUIREMENTS, WILL REMAIN ON OPENED SECTORS, OTHERS HAVE NOT BEEN SO SURE THAT ALL LAWS REGULATING SPECIFIC SECTORS WILL BE FULLY AMENDED TO PERMIT UNRESTRICTED INVESTMENT. POST HAS REQUESTED FROM THE ROKG ADDITIONAL DETAILED INFORMATION ON THE SECTORS DESIGNATED FOR OPENING IN ORDER TO ASSESS THE POTENTIAL BENEFITS TO U.S. FIRMS. END COMMENT.

5. (U) MOF'S TIMETABLE FOR LIBERALIZATION OF INDUSTRIAL SECTORS TO FOREIGN INVESTMENT FOLLOWS:

BEGIN LIST

JULY 1, 1993 (16 INDUSTRIES)

KSIC CODE SECTORS

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE
Department of State

INCOMING
TELEGRAM

PAGE 01 SEUL 06489 04 OF 09 020749Z
ACTION EAP-00

SHB3101

SEUL 06489 04 OF 09 020749Z

SHB3101

INFO LOG-00 AGRE-00 AID-00 AIT-03 CEA-01 CIAE-00 CTME-00
C-01 OASY-00 DODE-00 DOEE-00 EB-00 EXIM-06 E-01
FRB-03 HA-09 H-01 TEDE-00 INR-00 IO-19 ITC-01
JUSE-00 LAB-04 L-00 ADS-00 NSAE-00 NSCE-00 OIC-02
OMB-01 OPIG-00 PA-01 PM-00 PRS-01 P-01 SNP-00
SP-00 SS-00 STR-16 T-00 USIE-00 CORE-00 /087W

-----D26229 020751Z /38

P 020744Z JUL 93
FM AMEMBASSY SEUL
TO SECSTATE WASHDC PRIORITY 6961
INFO USDOC WASHDC
TREASURY WASHDC
USMISSION GENEVA
AMEMBASSY TOKYO
AMEMBASSY SINGAPORE
AIT TAIPEI 2736
AMCONSUL HONG KONG
AMCONSUL PUSAN

LIMITED OFFICIAL USE SECTION 04 OF 09 SEUL 06489

USTR FOR RCASSIDY/PCOLLINS

USDOC FOR 4430/IEP/OPB/EAP/JDONIUS

TREASURY FOR OASIA/MBRETTSCHNEIDER

GENEVA FOR USTR

DEPARTMENT FOR EAP/K - RICHARDSON AND HEIDT

STATE PASS USDA ELECTRONICALLY FOR FAS/ITP HEMPHILL

E.O. 12356: N/A
TAGS: EIND, ETRD, PGOV, KS
SUBJECT: ROKG ANNOUNCES FOREIGN INVESTMENT LIBERALIZATION PLAN

(MANUFACTURING)

15522 MANUFACTURE OF REFINED RICE WINE

(RETAIL AND WHOLESALE DISTRIBUTION)

51211 WHOLESALE OF GRAIN AND SEED
51221 WHOLESALE OF FRUITS AND VEGETABLES
51342 WHOLESALE OF BOOKS AND OTHER PRINTED MATERIALS
52205 RETAIL SALE OF FRUITS
52311 RETAIL SALE OF PHARMACEUTICAL AND MEDICAL GOODS
52313 RETAIL SALE OF COSMETIC ARTICLES AND TOILET SOAP
52351 RETAIL SALE OF BOOKS AND NEWSPAPERS
52362 RETAIL SALE OF LIQUID FUEL
52363 RETAIL SALE OF GASEOUS FUEL

(TRANSPORTATION, WAREHOUSE AND TELECOMMUNICATIONS)

61109 SEA AND COASTAL WATER TRANSPORT N.E.C.
63042 PILOTAGE

63051 OPERATION OF AIR-TERMINAL FACILITIES
63091 FREIGHT FORWARDING
63092 FREIGHT BROKERAGE AGENCIES

(OTHER SERVICES)

74302 ADVERTISING PREPARATION
74941 PHOTOGRAPH PRODUCTION
74942 PHOTOGRAPH PROCESSING

(EDUCATION, HEALTH AND SOCIAL WELFARE)

80904 VOCATIONAL TRAINING SCHOOL
85111 GENERAL HOSPITALS
85112 DENTAL HOSPITALS
85113 HERB DOCTOR HOSPITALS
85119 HOSPITAL N.E.C.
85121 GENERAL CLINICS
85122 DENTAL CLINICS
85123 HERB DOCTOR CLINIC
85191 PROFESSIONAL MIDWIFERY SERVICE
85192 PARA-MEDICAL SERVICES
85193 CLINIC-PATHOLOGICAL DIAGNOSTIC LABORATORIES
85199 OTHER HUMAN HEALTH ACTIVITIES N.E.C.
85200 VETERINARY ACTIVITIES

(OTHER PUBLIC, SOCIAL AND PERSONAL SERVICES)

92112 PRODUCTION OF MOTION PICTURES FOR ADVERTISING
92194 ATTRACTIONS SHOWING PLACE OPERATION
92199 OTHER ENTERTAINMENT ACTIVITIES N.E.C.

JANUARY 1, 1996 (45 INDUSTRIES)

(AGRICULTURE, FISHERIES, FORESTRY, MINING)

01122 GROWING OF HORTICULTURAL SPECIALITIES
01132 GROWING OF BEVERAGE AND SPICE CROPS

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE
Department of State

INCOMING
 TELEGRAM

PAGE 01 SEOUL 06489 05 OF 09 020750Z
 ACTION EAP-00

SHB3103

SEOUL 06489 05 OF 09 020750Z

SHB3103

INFO LOG-00 AGRE-00 AID-00 AIT-03 CEA-01 CIAE-00 CTME-00
 C-01 OASY-00 DODE-00 DOEE-00 EB-00 EXIM-06 E-01
 FRB-03 HA-09 H-01 TEDE-00 INR-00 IO-19 ITC-01
 JUSE-00 LAB-04 L-00 ADS-00 NSAE-00 NSCE-00 OIC-02
 OMB-01 OPIC-06 PA-01 PM-00 PRS-01 P-01 SNP-00
 SP-00 SS-00 STR-16 T-00 USIE-00 CORE-00 /087W

-----D2623C 020751Z /38

P 020744Z JUL 93
 FM AMEMBASSY SEOUL
 TO SECSTATE WASHDC PRIORITY 6962
 INFO USDOC WASHDC
 TREASURY WASHDC
 USMISSION GENEVA
 AMEMBASSY TOKYO
 AMEMBASSY SINGAPORE
 AIT TAIPEI 2737
 AMCONSUL HONG KONG
 AMCONSUL PUSAN

LIMITED OFFICIAL USE SECTION 05 OF 09 SEOUL 06489

USTR FOR RCASSIDY/PCOLLINS

USDOC FOR 4430/IEP/OPB/EAP/JDONIUS

TREASURY FOR OASIA/MBRETTSCHEIDER

GENEVA FOR USTR

DEPARTMENT FOR EAP/K - RICHARDSON AND HEIDT

STATE PASS USDA ELECTRONICALLY FOR FAS/ITP HEMPHILL

E. O. 12356: N/A
 TAGS: EIND, ETRD, PGOV, KS
 SUBJECT: ROKG ANNOUNCES FOREIGN INVESTMENT LIBERALIZATION PLAN

01223 RAISING OF OTHER TYPES OF POULTRY

(MANUFACTURING)

15312 MILLING OF CEREALS
 22190 OTHER PUBLISHING
 22211 OFFSET PRINTING

(WHOLESALE AND RETAIL DISTRIBUTION)

51991 COMMODITY CHAIN MARKET

(CONSTRUCTION)

45224 INDUSTRIAL PROVISION ASSEMBLY AND ERECTION OF
 CONSTRUCTION
 45225 WASTE TREATMENT AND POLLUTION PREVENTION PLANT
 CONSTRUCTION
 45231 PILE DRIVING AND RELATED CONSTRUCTION FOUNDATION WORKS
 45232 BORING, GROUTING AND WATER WELL DRILLING WORKS
 45233 SCAFFOLDING WORKS AND FRAME WORKS
 45234 STEEL FRAME WORKS
 45235 STEEL REINFORCING AND REINFORCED CONCRETE WORKS
 45236 BRICK LAYING AND STONE SETTING WORKS
 45237 ROOFING AND SHEET METAL WORKS
 45238 UNDERWATER WORKS
 45239 BUILDINGS CONSTRUCTION RELATED SPECIAL STRUCTURES
 CONSTRUCTION N.E.C.
 45301 PLUMBING, HEATING AND RELATED WORKS

45302 ELECTRICAL WORKS
 45303 COMMUNICATION EQUIPMENT INSTALLATION
 45304 WATERPROOFING SOUNDPROOFING AND FIREPROOFING WORKS
 45305 INSTALLATION OF MACHINERY EQUIPMENT
 45306 INSTALLATION OF ENVIRONMENTAL HYGIENE TREATMENT
 APPLIANCES
 45307 INSTALLATION OF FENCE RAIL AND RELATED METAL STRUCTURE
 45309 BUILDING INSTALLATION N.E.C.
 45401 GLASS AND GLAZING WORKS
 45402 INSTALLATION OR ERECTION OF DOORS
 45403 PLASTERING AND TILE WORKS
 45404 PAINTING WORKS
 45405 PAPER HANGING AND DECORATING WORKS
 45406 CARPENTRY AND FLOORING WORKS
 45407 INSTALLATION OF ORNAMENTAL METAL STRUCTURE
 45409 BUILDING COMPLETION N.E.C.
 45500 RENTING OF CONSTRUCTION OR DEMOLITION EQUIPMENT WITH
 OPERATOR

(TRANSPORTATION, WAREHOUSE AND TELECOMMUNICATIONS)

64120 COURIER ACTIVITIES OTHER THAN NATIONAL POST ACTIVITIES

(REAL ESTATE, RENTAL, AND OTHER SERVICES)

71220 RENTING OF CONSTRUCTION AND CIVIL ENGINEERING
 MACHINERY AND EQUIPMENT
 74121 CERTIFIED PUBLIC ACCOUNTING SERVICES
 74122 TAXATION SERVICES
 74129 ACCOUNTING BOOK-KEEPING, AND AUDITING ACTIVITIES N.E.C.

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE
Department of State

INCOMING
 TELEGRAM

PAGE 01 SEOUL 06489 07 OF 09 020752Z
 ACTION EAP-00

SHB3112

SEOUL 06489 07 OF 09 020752Z

SHB3112

INFO LOG-00 AGRE-00 AID-00 AIT-03 CEA-01 CIAE-00 CTME-00
 C-01 OASY-00 DODE-00 DOEE-00 EB-00 EXIM-06 E-01
 FRB-03 HA-09 H-01 TEDE-00 INR-00 IO-19 ITC-01
 JUSE-00 LAB-04 L-00 ADS-00 NSAE-00 NSCE-00 OIC-02
 OMB-01 OPIC-08 PA-01 PM-00 PRS-01 P-01 SNP-00
 SP-00 SS-00 STR-16 T-00 USIE-00 CORE-00 /087W
 -----D2626B 020754Z /38

U.S. INVESTMENT PROPOSAL ON LIBERALIZATION OF INDUSTRY SECTORS
 AND DISTRIBUTION

USG PRIORITY SECTORS:

DATE OF KSIC CODE AND SECTORS
 OPENING

P 020744Z JUL 93
 FM AMEMBASSY SEOUL
 TO SECSTATE WASHDC PRIORITY 6964
 INFO USDOC WASHDC
 TREASURY WASHDC
 USMISSION GENEVA
 AMEMBASSY TOKYO
 AMEMBASSY SINGAPORE
 AIT TAIPEI 2739
 AMCONSUL HONG KONG
 AMCONSUL PUSAN

N/A	()	CABLE TELEVISION EQUIPMENT, SERVICES AND PROGRAMMING
1/1/96	01122	GROWING OF HORTICULTURAL SPECIALITIES
1/1/97	22110	PUBLISHING OF BOOKS, BROCHURES, MUSICAL BOOKS AND OTHER PUBLICATIONS
1/1/96	22190	OTHER PUBLISHING
1/1/96	22211	UPSET (E.G., OFFSET) PRINTING
N/A	24233	MANUFACTURE OF BIOLOGICAL PRODUCTS
1/1/95	52311	RETAIL SALE OF PHARMACEUTICAL AND MEDICAL GOODS
1/1/97	60233	GENERAL WHOLE COUNTRY FREIGHT
1/1/97	60234	GENERAL LOCAL FREIGHT (REMOVE CURRENT CRITERIA)
1/1/97	60235	GENERAL LOCAL CARGO PICK-UP AND DELIVERY
1/1/94	60239	FREIGHT TRANSPORT BY ROAD, N.E.C.
N/A	63011	AIR FREIGHT AND LAND FREIGHT HANDLING
1/1/97	63033	OPERATION OF FREIGHT TERMINAL FACILITIES

LIMITED OFFICIAL USE SECTION 07 OF 09 SEOUL 06489

USTR FOR RCASSIDY/PCOLLINS

USDOC FOR 4430/IEP/OPB/EAP/JDONIUS

TREASURY FOR DASIA/MBRETTSCHEIDER

GENEVA FOR USTR

DEPARTMENT FOR EAP/K - RICHARDSON AND HEIDT

STATE PASS USDA ELECTRONICALLY FOR FAS/ITP HEMPHILL

E.O. 12356: N/A
 TAGS: EIND, ETRD, PGOV, KS
 SUBJECT: ROKG ANNOUNCES FOREIGN INVESTMENT LIBERALIZATION PLAN

60222 CHARTERBUS TRANSPORT
 60233 GENERAL WHOLE COUNTRY FREIGHT TRANSPORT
 60234 GENERAL LOCAL FREIGHT TRANSPORT
 60235 GENERAL LOCAL CARGO PICK-UP AND DELIVERY TRANSPORT
 61201 INLAND WATER PASSENGER TRANSPORT
 61202 INLAND WATER FREIGHT TRANSPORT
 62202 AIRPLANE RENTAL WITH OPERATOR
 63033 OPERATION OF FREIGHT TERMINAL FACILITIES
 63052 GROUND MANAGEMENT OF AIRPLANE

(FINANCIAL SERVICES)

65923 GRANTING OF CONSUMER CREDIT CARDS AND FUNDS

(OTHER SERVICES)

92133 WIRE BROADCASTING
 92321 MUSEUM GALLERY AND SCIENCE HALL OPERATION

SOURCE: MINISTRY OF FINANCE

NOTE: KSIC IS AN ABBREVIATION OF THE KOREAN STANDARD INDUSTRIAL CLASSIFICATION.

N.E.C. STANDS FOR NOT ELSEWHERE SPECIFIED

END LIST.

6. (U) BEGIN ANNOTATED LIST OF U.S. "PRIORITY SECTORS" FOR FOREIGN INVESTMENT WITH DATE OF OPENING UNDER MOF PLAN:

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE
Department of State

INCOMING
TELEGRAM

PAGE 01 SEUL 06489 08 OF 09 020753Z
ACTION EAP-00

SHB3114

SEUL 06489 08 OF 09 020753Z
67201 INSURANCE BROKERAGE

SHB3114

INFO LOG-00 AGRE-00 AID-00 AIT-03 CEA-01 CIAE-00 CTME-00
C-01 OASY-00 DODE-00 DOEE-00 EB-00 EXIM-06 E-01
FRB-03 HA-09 H-01 TEDE-00 INR-00 IO-19 ITC-01
JUSE-00 LAB-04 L-00 ADS-00 NSAE-00 NSCE-00 OIC-02
OMB-01 OPIC-08 PA-01 PM-00 PRS-01 P-01 SNP-00
SP-00 SS-00 STR-16 T-00 USIE-00 CORE-00 /087W

N/A 71320 RENTING OF OFFICE MACHINERY AND EQUIPMENT
N/A 74992 CREDIT RATING SERVICES
1/1/94 74997 CLERICAL AGENCY SERVICES
N/A 80904 VOCATIONAL TRAINING SCHOOL
(ENGLISH LANGUAGE TEACHING, COMPUTER/ELECTRONICS
TRAINING)
1/1/96 80905 PRELIMINARY TRAINING COURSES
(ENGLISH LANGUAGE TEACHING)
N/A 80909 ADULT AND OTHER EDUCATION, N.E.C.
N/A 81029 NON-MONETARY FINANCIAL INSTITUTION (CREDIT
FINANCING)

P 020744Z JUL 93
FM AMEMBASSY SEOUL
TO SECSTATE WASHDC PRIORITY 6965
INFO USDOC WASHDC
TREASURY WASHDC
USMISSION GENEVA
AMEMBASSY TOKYO
AMEMBASSY SINGAPORE
AIT TAIPEI 2740
AMCONSUL HONG KONG
AMCONSUL PUSAN

OTHER POSSIBILITIES:

N/A 22121 PUBLISHING OF NEWSPAPERS
N/A 22122 PUBLISHING OF PERIODICALS
1/1/97 22219 COMMERCIAL PRINTING, N.E.C.

LIMITED OFFICIAL USE SECTION 08 OF 09 SEUL 06489

N/A 51104 FOREIGN TRADE BROKERAGE

USTR FOR RCASSIDY/PCOLLINS

N/A 67120 SECURITY DEALING ACTIVITIES

USDOC FOR 4430/IEP/OPB/EAP/JDONIUS

N/A 74119 LEGAL SERVICES
N/A 74121 CERTIFIED PUBLIC ACCOUNTING SERVICES
1/1/96 74122 TAXATION SERVICES

TREASURY FOR OASIA/MBRETTSCHEIDER

GENEVA FOR USTR

DEPARTMENT FOR EAP/K - RICHARDSON AND HEIDT

STATE PASS USDA ELECTRONICALLY FOR FAS/ITP HEMPHILL

E.O. 12356: N/A
TAGS: EIND, ETRD, PGOV, KS
SUBJECT: ROKG ANNOUNCES FOREIGN INVESTMENT LIBERALIZATION PLAN

1/1/94 63039 SUPPORTING LAND TRANSPORT ACTIVITIES, N.E.C.
1/1/95 63051 OPERATION OF AIR TERMINAL FACILITIES
1/1/97 63052 GROUND MANAGEMENT OF AIRPLANES
N/A 63059 SUPPORTING AIR TRANSPORT ACTIVITIES, N.E.C.
1/1/95 63091 FREIGHT FORWARDING (ELIMINATE EQUITY
RESTRICTIONS AND REQUIREMENT FOR KOREAN CEO)
1/1/95 63092 FREIGHT BROKERAGE AND AGENCY
N/A 63093 SHIP AND AIRCRAFT BROKERAGE AND SIMILAR
SERVICES
N/A 63094 FREIGHT PACKING, CRATING, INSPECTION AND
SIMILAR SERVICES
7/1/93 63099 OTHER SERVICES ALLIED TO TRANSPORT, N.E.C.
1/1/96 64120 COURIER ACTIVITIES OTHER THAN NATIONAL POST
ACTIVITIES
N/A 64202 WIRELESS TELEGRAPH AND TELEPHONE
1/1/94 64203 VALUE ADDED COMMUNICATION BY COMPUTER AND
SIMILAR SYSTEM (ELIMINATE 50 PERCENT EQUITY
LIMITATION AND PROHIBITION ON FOREIGN MANAGEMENT
N/A 64209 TELECOMS, N.E.C.
N/A 65199 OTHER FINANCIAL INTERMEDIATION (CREDIT
FINANCING)
1/1/97 65923 GRANTING OF CONSUMER CREDIT CARDS
N/A 65929 OTHER CREDIT GRANTING, N.E.C.
N/A 65991 VENTURE FUND
N/A 65992 STABLE-FUND MANAGERIAL COMPANIES
(INVESTMENT ADVISORY SERVICES)
N/A 65993 TRUSTS AND TRUST COMPANIES
N/A 67120 SECURITY CLEARING ACTIVITIES

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE
Department of State

INCOMING
TELEGRAM

PAGE 01 SEUL 06440 01 OF 13 010918Z
ACTION EAP-00

SHB6335

SEUL 06440 01 OF 13 010918Z

SHB6335

INFO LOG-00 AGRE-00 AID-00 CEA-01 CIAE-00 CTME-00 C-01
OASY-00 DODE-00 EB-00 EXIM-06 E-01 FRB-03 H-01
TEDE-00 INR-00 IO-19 ITC-01 JUSE-00 L-00 ADS-00
NSAE-00 NSCE-00 OIC-02 OMB-01 OPIC-08 SNP-00 SP-00
SS-00 STR-16 USIE-00 CORE-00 /066W

-----DIE713 010919Z /38

TECHNOLOGY SUBGROUP REPORT PARAS. 35-38
DIALOGUE FOR ECONOMIC COOPERATION PARA. 39
S&T COOPERATION PARAS. 40-42
GATT/URUGUAY ROUND PARAS. 43-45
APEC PARAS. 46-49
CIVAIR ISSUES PARAS. 50-51
MARITIME ISSUES PARA. 52
CONCLUDING REMARKS PARAS. 53-54

P 010918Z JUL 93
FM AMEMBASSY SEOUL
TO SECSTATE WASHDC PRIORITY 6898
INFO USDOC WASHDC
TREASURY WASHDC
USMISSION GENEVA
AMEMBASSY TOKYO
AMCONSUL PUSAN
COMUSKOREA SEOUL KS//C-J-CC/BJ-PL/H/SJS/EJ-J/J-5/SA//
USCINCPAC HONOLULU HI//FPA//

LIMITED OFFICIAL USE SECTION 01 OF 13 SEUL 06440

USTR FOR RCASSIDY/PCOLLINS

USDOC FOR 4430/IEP/OPB/EAP/JDONIUS

TREASURY FOR OASIA/MBRETTSCHNEIDER

GENEVA FOR USTR

DEPARTMENT FOR EAP/K - RICHARDSON AND HEIDT

STATE PASS USDA ELECTRONICALLY FOR FAS/ITP HEMPHILL

E.O. 12356: N/A
TAGS: ETRD, EINV, KS
SUBJECT: REPORT ON JUNE 24 ECONOMIC SUBCABINET CONSULTATIONS

1. SUMMARY: THE ECONOMIC SUBCABINET CONSULTATIONS HELD IN
SEOUL JUNE 24 ACHIEVED THEIR KEY OBJECTIVES OF WRAPPING UP THE
PEI, LAUNCHING THE NEW DIALOGUE FOR ECONOMIC COOPERATION (DEC),
AND PUTTING PRESSURE ON THE ROKG TO SOLVE SPECIFIC TRADE
ISSUES. THE DISCUSSION ALSO TOUCHED ON POSSIBLE
ECONOMIC TOPICS FOR DISCUSSION BETWEEN THE TWO PRESIDENTS NEXT
MONTH.

2. THE QUICK AND CORDIAL MEETING CONCLUDED AHEAD OF SCHEDULE,
SLOWING ONLY ON THE DISCUSSION OF SIX THORNY OUTSTANDING TRADE
PROBLEMS. PROGRESS WAS MADE ON TWO ISSUES (BAXTER AND
AALBADENT), THE ROKG POSTPONED IMPLEMENTATION OF ANOTHER (THE
GREEN CARD SYSTEM FOR PESTICIDE MONITORING), AND BEEF WAS
SETTLED RIGHT AFTER THE MEETING. WHEAT REMAINS UNRESOLVED.

3. ITEMS FOR POSSIBLE PRESIDENTIAL ATTENTION: BOTH SIDES
AGREED THAT THE PRESIDENTS SHOULD GIVE IMPETUS TO THE DEC
THROUGH PUBLIC ACCEPTANCE AND SUPPORT. THE KOREAN SIDE ADVISED
THAT KYS MAY RAISE THE ISSUE OF ENHANCED S&T COOPERATION. THE
U.S. SIDE SUGGESTED THAT THE PRESIDENTS MIGHT WANT TO DISCUSS
THE URUGUAY ROUND. THE KOREANS BROUGHT UP APEC AS A POSSIBLE
SUMMIT TOPIC. IF THE WHEAT ISSUE IS NOT RESOLVED IN THE NEXT

TEN DAYS, IT MAY END UP ON THE PRESIDENT'S AGENDA AS WELL. END
SUMMARY

4. TABLE OF CONTENTS:

OPENING STATEMENTS PARAS. 5-9
FINANCIAL POLICY TALKS PARAS. 10-14
PEI FINAL REPORT PARAS. 15-19
TRADE SUBGROUP REPORT PARAS. 20-34

OPENING STATEMENTS

5. THE KOREAN DELEGATION TO THE JUNE 24 ECONOMIC SUBCABINET
MEETING WAS LED BY VICE MINISTER OF FOREIGN AFFAIRS HONG SOON
YOUNG. THE ROK DELEGATION INCLUDED MOFA ASSISTANT MINISTER
SOON JOUNG YOUNG, EPB DIRECTOR GENERAL LEE YOON JAE, MAFF
DIRECTOR GENERAL CHUN JOONG IN, MOHSA DIRECTOR CHEONG DOA
YOUNG, KOREA CUSTOMS ADMINISTRATION DIRECTOR GENERAL LEE GANG
YON, ECON M/C AT THE ROK EMBASSY IN WASHINGTON CHANG KI-HO, MOF
DIRECTOR LEE JONG-KOO, MOC DIRECTOR KIM JAE SOB, MOFA DIRECTOR
GENERAL HONG JUNG PYO, MOF DIRECTOR GENERAL KANG YUNG JOO,

MOTIE DIRECTOR GENERAL NO YOUNG WOOK, MOST DIRECTOR PARK YOUNG
IL, MOFA DEPUTY DIRECTOR GENERAL LEE KYE SHIK, MOFA DIRECTOR
SUH YONG HYUN, AND MOT DIRECTOR KIM KWANG JAE.

6. THE U.S. DELEGATION WAS LED BY UNDERSECRETARY OF STATE FOR
ECONOMIC AFFAIRS JOAN SPERO. THE U.S. DELEGATION INCLUDED
DEPUTY USTR CHARLENE BARSHESKY, COMMERCE ACTING DAS PETER
CASHMAN, USTR OFFICE DIRECTOR PETER COLLINS, TREASURY OFFICER
MARTHA BRETTSCHNEIDER, USDA OFFICER JAMES TRURAN, SPECIAL

II III II II II
LIMITED OFFICIAL USE
Department of State

INCOMING
TELEGRAM

PAGE 01 SEUL 06440 02 OF 13 010919Z SHB6337
ACTION EAP-00

INFO LOG-00 AGRE-00 AID-00 CEA-01 CIAE-00 CTME-00 C-01
OASY-00 DODE-00 EB-00 EXIM-06 E-01 FRB-03 H-01
TEDE-00 INR-00 IO-19 ITC-01 JUSE-00 L-00 ADS-00
NSAE-00 NSCE-00 OIC-02 OMB-01 OPIC-08 SNP-00 SP-00
SS-00 STR-16 USIE-00 CORE-00 /066W
-----D1E72C 010920Z /38

P 010918Z JUL 93
FM AMEMBASSY SEOUL
TO SECSTATE WASHDC PRIORITY 6899
INFO USDOC WASHDC
TREASURY WASHDC
USMISSION GENEVA
AMEMBASSY TOKYO
AMCONSUL PUSAN
COMUSKOREA SEOUL KS//C-J-CC/BJ-PL/H/SJS/EJ-J/J-5/SA//
USCINCPAC HONOLULU HI//FPA//

LIMITED OFFICIAL USE SECTION 02 OF 13 SEUL 06440

USTR FOR RCASSIDY/PCOLLINS

USDOC FOR 4430/IEP/OPB/EAP/JDONIUS

TREASURY FOR OASIA/MBRETTSCHEIDER

GENEVA FOR USTR

DEPARTMENT FOR EAP/K - RICHARDSON AND HEIDT

STATE PASS USDA ELECTRONICALLY FOR FAS/ITP HEMPHILL

E.O. 12356: N/A
TAGS: ETRD, EINU, KS
SUBJECT: REPORT ON JUNE 24 ECONOMIC SUBCABINET CONSULTATIONS

ASSISTANT TO THE UNDERSECRETARY ANNE DERSE, EAP/K OFFICER
JOSEPH RICHARDSON, AGRICULTURE M/C, COMMERCIAL M/C, COMOFF,
ECON M/C AND ECONOFFS. U/S SPERO NOTED THE ABSENCE FROM THE
U.S. DELEGATION OF TREASURY UNDERSECRETARY FOR INTERNATIONAL
AFFAIRS LAWRENCE SUMMERS, BUT ASSURED THE KOREANS THAT U/S
SUMMERS WOULD ACCOMPANY PRESIDENT CLINTON DURING HIS JULY VISIT.

A SHIFT IN PRIORITIES FROM POLITICS TO ECONOMICS

7. IN HIS OPENING STATEMENT, UM HONG INVOKED THE 43RD
ANNIVERSARY OF THE OUTBREAK OF THE KOREAN WAR ON JUNE 25 TO
UNDERScore THE CHANGE IN THE KOREA-U.S. RELATIONSHIP FROM AN
ALLIANCE DOMINATED BY SECURITY CONCERNS TO ONE IN WHICH
ECONOMIC COOPERATION WOULD BE A DRIVING FORCE. HONG NOTED THAT
BOTH THE CLINTON AND KIM ADMINISTRATION HAD BEEN ELECTED WITH
MANDATES FOR REVITALIZING THEIR ECONOMIES AND REORDERING THE
PRIORITIES OF STATE, REFLECTING "A GLOBAL SHIFT FROM POLITICS
TO ECONOMICS." HONG ACKNOWLEDGED THE CONCRETE RESULTS ACHIEVED
ON THE ECONOMIC FRONT DURING THE PAST YEAR WITH THE SIGNATURE
OF THE ROK-U.S. SCIENCE AND TECHNOLOGY AGREEMENT AND THE
PRESIDENTS' ECONOMIC INITIATIVE. THESE ACHIEVEMENTS, HE
ASSERTED, REFLECTED A SUBSTANTIAL IMPROVEMENT IN ROK-U.S. TRADE

RELATIONS, WITH BILATERAL TRADE IN A "ROUGH BALANCE," AND
PROVIDED A MODEL FOR MANAGING THE BILATERAL ECONOMIC
RELATIONSHIP.

8. HONG NOTED THAT THE SUBCABINET MEETING WAS A PRELUDE TO THE
KIM-CLINTON JULY SUMMIT MEETING, AND CALLED ON THE TWO
DELEGATIONS TO ESTABLISH A "VIABLE FRAMEWORK FOR MUTUAL
COOPERATION" THAT THE PRESIDENTS COULD ENDORSE AS "A PATH
TOWARD A MORE MATURE ECONOMIC PARTNERSHIP." HONG PLEDGED THAT

SEUL 06440 02 OF 13 010919Z SHB6337

THE KIM ADMINISTRATION WOULD FAITHFULLY IMPLEMENT THE MARKET
OPENING MEASURES PROMISED IN THE "NEW ECONOMY" FIVE YEAR PLAN
SCHEDULED FOR RELEASE AT THE END OF JUNE. HE ADDED THAT THESE
MEASURES, INCLUDING FULL MEMBERSHIP IN THE OECD BY 1996, WOULD
REFORM "ALL ASPECTS OF THE KOREAN ECONOMY, INCLUDING TRADE,
FINANCE, INVESTMENT, TECHNOLOGY AND INFORMATION." HE URGED THE
CLINTON ADMINISTRATION TO CONTINUE TO SUPPORT AN OPEN
MULTILATERAL TRADE REGIME AND RESIST "PROTECTIONIST AND
REGIONALIST" PRESSURES.

"UNIQUE OPPORTUNITY"

9. U/S SPERO RESPONDED BY STATING THAT THE TWO DELEGATIONS
HAVE A UNIQUE OPPORTUNITY TO AFFECT THE COURSE OF FUTURE
U.S.-KOREA ECONOMIC AND TRADE RELATIONS IN LIGHT OF THE FACT
THAT TWO NEW PRESIDENTS HAVE RECENTLY TAKEN OFFICE IN BOTH
COUNTRIES. SHE SAID THAT THE U.S. SHARES KOREA'S VISION OF
BUILDING DOMESTIC MARKETS WHICH ARE OPEN, LIBERAL, AND
INTERNATIONAL AND THAT THE U.S. WOULD WORK WITH KOREA IN
ACHIEVING THAT GOAL. SHE ALSO NOTED THAT FOREIGN FIRMS STILL
SEE KOREA AS BEING A DIFFICULT MARKET IN WHICH TO DO BUSINESS.
U/S SPERO CONCLUDED HER STATEMENT BY SAYING THAT THE MISSION OF

THE MEETINGS WAS NOT ONLY TO TAKE STOCK OF THE PAST YEAR'S
ECONOMIC RELATIONSHIP BUT MORE IMPORTANTLY TO LOOK TOWARDS THE
FUTURE AND AT STRENGTHENING THE U.S.-KOREA ECONOMIC PARTNERSHIP.

STATUS REPORTS

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE
Department of State

INCOMING
TELEGRAM

PAGE 01 SEUL 06440 03 OF 13 010919Z
ACTION EAP-00

SHB6342

SEUL 06440 03 OF 13 010919Z

SHB6342

INFO LOG-00 AGRE-00 AID-00 CEA-01 CIAE-00 CTME-00 C-01
OASY-00 DODE-00 EB-00 EXIM-06 E-01 FRB-03 H-01
TEDE-00 INR-00 IO-19 ITC-01 JUSE-00 L-00 ADS-00
NSAE-00 NSCE-00 OIC-02 OMB-01 OPIC-08 SNP-00 SP-00
SS-00 STR-16 USIE-00 CORE-00 /066W

-----01E745 010921Z /38

P 010918Z JUL 93
FM AMEMBASSY SEOUL
TO SECSTATE WASHDC PRIORITY 6900
INFO USDOC WASHDC
TREASURY WASHDC
USMISSION GENEVA
AMEMBASSY TOKYO
AMCONSUL PUSAN
COMUSKOREA SEOUL KS//C-J-CC/BJ-PL/H/SJS/EJ-J/J-5/SA//
USCINCPAC HONOLULU HI//FPA//

LIMITED OFFICIAL USE SECTION 03 OF 13 SEUL 06440

USTR FOR RCASSIDY/PCOLLINS

USDOC FOR 4430/IEP/OPB/EAP/JDONIUS

TREASURY FOR OASIA/MBRETTSCHEIDER

GENEVA FOR USTR

DEPARTMENT FOR EAP/K - RICHARDSON AND HEIDT

STATE PASS USDA ELECTRONICALLY FOR FAS/ITP HEMPHILL

E.O. 12356: N/A
TAGS: ETRD, EINU, KS
SUBJECT: REPORT ON JUNE 24 ECONOMIC SUBCABINET CONSULTATIONS

FINANCIAL POLICY TALKS

10. MOF DIRECTOR LEE JONG KOO BRIEFLY SKETCHED THE HISTORY OF THE BILATERAL FINANCIAL POLICY TALKS, NOTING THAT AT THE MARCH 1992 MEETING THE ROKG AGREED TO PREPARE A 3-STAGE BLUEPRINT FOR FINANCIAL LIBERALIZATION. HE EXPLAINED THAT THE THIRD STAGE BLUEPRINT TO BE ANNOUNCED AT THE END OF JUNE 1993 REFLECTED A WIDE RANGE OF DOMESTIC AND FOREIGN COMMENTS, INCLUDING THOSE FROM THE UNITED STATES. AS THE RESULT OF CLOSE CONSULTATIONS WITH TREASURY, HE SAID, THE BLUEPRINT WOULD ENCOMPASS THE SIX AREAS OF PARTICULAR INTEREST TO THE U.S., INCLUDING INTEREST RATE DEREGULATION, AN IMPROVED MONETARY MANAGEMENT SYSTEM, A RESTRUCTURED CREDIT CONTROL SYSTEM, AND A VITALIZED MONEY MARKET. THESE MIRRORED THE CONTENTS OF THE FINANCIAL SECTOR REFORM PLAN ANNOUNCED MAY 29.

11. CONTINUING, LEE NOTED THAT ROKG FINANCIAL PLANNERS AVOIDED ADDING MACROECONOMIC "PRECONDITIONS" OR QUALIFIERS TO THE BLUEPRINT, BUT ADDED THAT IMPLEMENTATION OF REFORM WOULD NEED TO TAKE INTO ACCOUNT CHANGES IN THE MACROECONOMIC ENVIRONMENT. HE FURTHER NOTED, HOWEVER, THAT THE BLUEPRINT ACCELERATES THE IMPLEMENTATION OF REFORM SOONER THAN THE TIMETABLE SPECIFIED IN

THE FINANCIAL SECTOR REFORM PLAN.

12. TURNING TO THE SUBSTANCE OF THE BLUEPRINT MEASURES, LEE NOTED A NUMBER OF STEPS TO ACCELERATE THE PACE OF FOREIGN EXCHANGE AND CAPITAL ACCOUNT LIBERALIZATION, INCLUDING THE EXEMPTION OF ABOUT 90 PERCENT OF FORWARD EXCHANGE TRANSACTIONS FROM UNDERLYING DOCUMENTATION REQUIREMENTS, EXTENSION OF THE DEFERRED PAYMENT PERIOD FOR IMPORTS, EXPANSION OF THE SCOPE OF OVERSEAS BORROWING PERMITTED COMPANIES WITH FOREIGN OWNERSHIP,

AND AN ACCELERATED OPENING OF THE BOND MARKET TO FOREIGN INVESTORS. CONCLUDING, LEE SAID THE FINANCIAL POLICY TALKS HAD PLAYED AN IMPORTANT ROLE IN PREPARING THE 3-STAGE BLUEPRINT THROUGH EXCHANGES OF VIEWS BETWEEN THE TWO GOVERNMENTS' FINANCIAL POLICY OFFICIALS. HE ENDED BY EXPRESSING THE HOPE THE FINANCIAL POLICY TALKS WOULD CONTINUE TO PROVIDE A FORUM FOR DISCUSSIONS.

13. TREASURY'S BRETTSCHEIDER EXPLAINED THAT WHILE WE HAD RECEIVED A COPY OF THE BLUEPRINT FROM THE KOREAN SIDE WE HAD NOT HAD TIME TO REVIEW IT IN DETAIL. SHE NOTED THAT TREASURY HAD BEEN WORKING CLOSELY WITH THE MOF THROUGH THE FINANCIAL POLICY TALKS AND IN MORE INFORMAL CHANNELS, IN AN EFFORT TO IMPROVE NATIONAL TREATMENT AND MARKET ACCESS FOR U.S. BANKS AND SECURITY FIRMS OPERATING IN KOREA, AND TO ENCOURAGE BROADER LIBERALIZATION AND INTERNATIONALIZATION OF THE KOREAN FINANCIAL SECTOR. WITH THIS OBJECTIVE IN MIND, SHE SAID, WE WELCOMED THE KOREAN DECISION IN MARCH 1992 TO EMBARK ON A COMPREHENSIVE 3-STAGE BLUEPRINT PROCESS AIMED AT FINANCIAL SECTOR LIBERALIZATION. SHE REVIEWED THE SIX AREAS IN STAGE THREE WHERE TREASURY WILL BE LOOKING FOR SPECIFIC, TIMELY STEPS, AND CONCLUDED BY THANKING THE MOF FOR ITS CLOSE CONSULTATIONS WITH

THE TREASURY DEPARTMENT AS FINANCIAL SECTOR REFORMS HAVE PROCEEDED.

14. VM HONG SUMMARIZED BY SAYING HE WAS ENCOURAGED BY THE CLOSE CONSULTATIONS, AND UNDERLINED THE ROKG DETERMINATION TO PUSH AHEAD WITH REFORMS. FINANCIAL REFORM, HE ADDED, WOULD GIVE A SOLID IMPROVEMENT TO THE INVESTMENT CLIMATE AND ALLOW

II III III II III
LIMITED OFFICIAL USE
Department of State

INCOMING
TELEGRAM

PAGE 01 SEUL 06440 04 OF 13 010920Z
ACTION EAP-00

SHB6344

SEUL 06440 04 OF 13 010920Z

SHB6344

INFO LOG-00 AGRE-00 AID-00 CEA-01 CIAE-00 CTME-00 C-01
OAS-00 DODE-00 EB-00 EXIM-06 E-01 FRB-03 H-01
TEDE-00 INR-00 IO-19 ITC-01 JUSE-00 L-00 ADS-00
NSAE-00 NSCE-00 OIC-02 OMB-01 OPIC-08 SNP-00 SP-00
SS-00 STR-16 USIE-00 CORE-00 /066W

-----D1E75A 010921Z /30

P 010918Z JUL 93
FM AMEMBASSY SEOUL
TO SECSTATE WASHDC PRIORITY 6901
INFO USDOC WASHDC
TREASURY WASHDC
USMISSION GENEVA
AMEMBASSY TOKYO
AMCONSUL PUSAN
COMUSKOREA SEOUL KS//C-J-CC/BJ-PL/H/SJS/EJ-J/J-5/SA//
USCINCPAC HONOLULU HI//FPA//

LIMITED OFFICIAL USE SECTION 04 OF 13 SEUL 06440

USTR FOR RCASSIDY/PCOLLINS

USDOC FOR 4430/IEP/OPB/EAP/JDOMIUS

TREASURY FOR OASIA/MBRETTSCHEIDER

GENEVA FOR USTR

DEPARTMENT FOR EAP/K - RICHARDSON AND HEIDT

STATE PASS USDA ELECTRONICALLY FOR FAS/ITP HEMPHILL

E.O. 12356: N/A
TAGS: ETRD, EINU, KS
SUBJECT: REPORT ON JUNE 24 ECONOMIC SUBCABINET CONSULTATIONS

KOREA TO MEET THE REQUIREMENTS OF OECD MEMBERSHIP. U/S SPERO NOTED THAT TREASURY U/S SUMMERS WOULD BE INTERESTED IN DISCUSSING FINANCIAL SECTOR REFORM AND URUGUAY ROUND ISSUES, AS WELL AS REVIEWING THE SUB CABINET DISCUSSIONS, DURING HIS JULY VISIT.

PEI FINAL REPORT -- SUCCESSFUL CONCLUSION

15. LEADING OFF THE DISCUSSION OF THIS ADENDA ITEM, VM HONG UNDERLINED THE ACCOMPLISHMENTS OF THE PEI, NOTING THAT MOST OF THE RECOMMENDATIONS OF THE TRADE, CUSTOMS, STANDARDS, INVESTMENT, AND TECHNOLOGY SUB-GROUPS HAD BEEN IMPLEMENTED. IN PARTICULAR, HE HIGHLIGHTED THE PEI AS A USEFUL MECHANISM FOR FINDING "SYSTEMIC SOLUTIONS TO RECURRING TRADE ISSUES," AND SAID IT HAD BEEN INSTRUMENTAL IN IMPROVING THE BILATERAL TRADE ENVIRONMENT. HE ACKNOWLEDGED THAT THE U.S. SIDE HAD BEEN DISAPPOINTED WITH THE WORK OF THE INVESTMENT SUB-GROUP, BUT SAID THE PEI SHOULD BE SEEN MORE AS A "PREVENTATIVE MECHANISM" RATHER THAN A PROBLEM SOLVING ONE. AGAINST THIS STANDARD, THE PEI WAS A SOLID SUCCESS, HE SAID.

16. IN SUBMITTING THE FINAL REPORT FOR ADOPTION, HE NOTED THAT

IT RECOMMENDED THAT THE ECONOMIC SUBCABINET: INSTRUCT THE TRADE AND TECHNOLOGY SUBGROUPS TO FOLLOW UP ON IMPLEMENTATION OF RECOMMENDATIONS IN THE STANDARDS AND TECHNOLOGY AREAS; ESTABLISH A CUSTOMS AND IMPORT CLEARANCE SUBGROUP TO MONITOR FOLLOW UP IN THE CUSTOMS AREA; AND ESTABLISH A FRAMEWORK TO DISCUSS WAYS TO IMPROVE THE INVESTMENT ENVIRONMENT.

17. U/S SPERO WELCOMED THE FINAL REPORT, AND AGREED THE PEI DIALOGUE HAD BEEN USEFUL IN ADDRESSING ISSUES. SHE STRESSED

THAT FULL IMPLEMENTATION WOULD BE THE KEY TO THE SUCCESS OF THE PEI, AND NOTED THAT INVESTMENT WAS AN AREA OF CONTINUING CONCERN TO THE U.S. SIDE.

18. DIRECTOR GENERAL LEE YOON JAE OF THE ECONOMIC PLANNING BOARD BRIEFLY OUTLINED THE ROKG'S PROGRAMS TO LIBERALIZE THE INVESTMENT REGIME, INCLUDING A PLAN TO OPEN 132 FIELDS TO FOREIGN FIRMS, MANY IN THE SERVICES SECTOR. HE ALSO DESCRIBED EFFORTS TO STREAMLINE INVESTMENT APPLICATION PROCEDURES, FURTHER REFORM IN THE FINANCIAL SECTOR, DEREGULATE BUSINESS ACTIVITIES AND IMPROVE PROTECTION OF INTELLECTUAL PROPERTY RIGHTS. U/S SPERO WELCOMED THESE STEPS, BUT ADDED THAT MORE NEEDED TO BE DONE, CITING THE EXAMPLE OF EXPRESS DOOR-TO-DOOR DELIVERY, A SERVICE OF INTEREST TO U.S. FIRMS, WHICH HAD NOT BEEN OPENED. DIRECTOR GENERAL LEE DISAGREED, SAYING NO RESTRICTIONS WERE PLACED ON THIS TYPE OF SERVICE. (COMMENT: SEE SEPTEL ON CIVAIR FACILITATION TASK FORCE MEETING DURING WHICH ROKG OFFICIALS REFUTED DG LEE. END COMMENT.)

19. AT THIS POINT THE PEI JOINT REPORT WAS APPROVED WITHOUT FURTHER DISCUSSION.

TRADE SUBGROUP REPORT -- "UNDERBRUSH" STILL LINGERS,
POSTPONMENT OF GREEN CARD

20. DUSTR BARSHEFSKY OPENED BY STATING THAT THE CLINTON ADMINISTRATION'S FOCUS IS ON REVITALIZING THE U.S. ECONOMY AND THAT TRADE LIBERALIZATION AND EXPANSION OF EXPORT MARKETS ARE CRITICAL ELEMENTS OF THIS STRATEGY. SHE NOTED THAT KOREA IS

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE
Department of State

INCOMING
TELEGRAM

PAGE 01 SEOUL 06440 05 OF 13 010920Z
ACTION EAP-00

SHB6349

SEOUL 06440 05 OF 13 010920Z

SHB6349

INFO LOG-00 AGRE-00 AID-00 CEA-01 CIAE-00 CTME-00 C-01
OASY-00 DODE-00 EB-00 EXIM-06 E-01 FRB-03 H-01
TEDE-00 INR-00 IO-19 ITC-01 JUSE-00 L-00 ADS-00
NSAE-00 NSCE-00 OIC-02 OMB-01 OPIC-08 SNP-00 SP-00
SS-00 STR-16 USIE-00 CORE-00 /066W

-----D1E76C 010922Z /38

P 010918Z JUL 93
FM AMEMBASSY SEOUL
TO SECSTATE WASHDC PRIORITY 6902
INFO USDOC WASHDC
TREASURY WASHDC
USMISSION GENEVA
AMEMBASSY TOKYO
AMCONSUL PUSAN
COMUSKOREA SEOUL KS//C-J-CC/BJ-PL/H/SJS/EJ-J/J-5/SA//
USCINCPAC HONOLULU HI//FPA//

LIMITED OFFICIAL USE SECTION 05 OF 13 SEOUL 06440

USTR FOR RCASSIDY/PCOLLINS

USDOC FOR 4430/IEP/OPB/EAP/JDONIUS

TREASURY FOR OASIA/MBRETTSCHEIDER

GENEVA FOR USTR

DEPARTMENT FOR EAP/K - RICHARDSON AND HEIDT

STATE PASS USDA ELECTRONICALLY FOR FAS/ITP HEMPHILL

E.O. 12356: N/A
TAGS: ETRD, EINV, KS
SUBJECT: REPORT ON JUNE 24 ECONOMIC SUBCABINET CONSULTATIONS

THE U.S. EIGHTH-LARGEST TRADING PARTNER WITH ABOUT USD 31 BILLION IN ANNUAL TWO-WAY TRADE. HOWEVER, SHE ADDED, THOSE NUMBERS SHOULD BE LARGER AND WOULD BE IF NOT FOR THE LONG LIST OF TRADE DISPUTES ON OUR BILATERAL AGENDA. SHE WARNED THAT THE RELATIONSHIP CANNOT "FLOURISH" IF IT IS PLAGUED BY "SUSPICION AND, IN SOME CASES, HOSTILITY." BROKERING SOLUTIONS TAKES VALUABLE HIGH-LEVEL TIME FROM OTHER "MUTUALLY ADVANTAGEOUS" ACTIVITIES, SHE CONCLUDED; WE APPLAUD PRESIDENT KIM YOUNG-SAM'S EFFORTS AT REFORM, BUT THE "HORIZON IS CLOUDED" BY BILATERAL PROBLEMS.

21. BARSHEFSKY NOTED THAT WE HAD HOPED TO USE THE MARCH TRADE SUBGROUP MEETING AS AN OPPORTUNITY TO RESOLVE SOME OF THESE OUTSTANDING ISSUES. WE DID MAKE GOOD PROGRESS ON IPR, SHE SAID, AND SHE PROPOSED ANOTHER FORMAL SET OF IPR CONSULTATIONS IN LATE JULY OR EARLY AUGUST. SHE STATED THAT WE WOULD EXPECT THESE CONSULTATIONS TO FORM THE BASIS FOR THE PLANNED "OUT-OF-CYCLE" REVIEW OF KOREA'S IPR PRACTICES. SHE OBSERVED THAT THERE HAD BEEN A REAPPEARANCE OF PIRATED SOFTWARE ON THE KOREAN MARKET AND ASKED FOR RENEWED ENFORCEMENT EFFORTS TO STAMP OUT THESE VIOLATIONS.

22. BARSHEFSKY EXPRESSED DISAPPOINTMENT AT THE LACK OF PROGRESS ON OTHER ISSUES. SHE SAID THAT WE "REGRET HAVING TO RAISE INDIVIDUAL TSG ITEMS AT THIS MEETING," BUT HAVE NO ALTERNATIVE. AN U/S AND DISTR SHOULD FOCUS ON "BROADER AND MORE FUTURE-ORIENTED ISSUES," SHE CONTINUED, AND EXPRESSED THE HOPE THAT FUTURE ESC AGENDAS WOULD NOT INCLUDE SPECIFIC TRADE ITEMS. BARSHEFSKY THEN OUTLINED BRIEFLY THE U.S. POSITION ON SIX KEY TRADE ISSUES THAT THE USG WANTS TO SEE RESOLVED ASAP.

-- BAXTER BLOOD: SHE WELCOMED THE AGREEMENT OF JUNE 21 BETWEEN MOHSA AND BAXTER ON A REIMBURSEMENT PRICE AND STATED OUR HOPE THAT THE BLOOD PRODUCT WILL BE PROMPTLY AVAILABLE FOR USE IN KOREA. SHE NOTED THE LONG HISTORY OF THIS ISSUE AND THAT THERE ARE STILL A FEW MATTERS TO RESOLVE BEFORE WE CONSIDER THE BAXTER ISSUE REALLY SETTLED.

-- AALBADENT: SHE NOTED THAT MOHSA RECENTLY HAS AUTHORIZED ANOTHER AGENCY, KAITECH, TO APPROVE AALBADENT'S PRODUCT AS SAFE FOR IMPORTATION AND USE IN KOREA. SHE ADDED THAT WE WELCOME THE NEWS THAT IT IS NOT NECESSARY FOR KAITECH TO CONDUCT A NEW SAFETY STUDY, AND THAT IT CAN RELY ON EXISTING STUDIES, FOR EXAMPLE, BY THE AMERICAN DENTAL ASSOCIATION.

-- WHEAT: SHE REPEATED THE U.S.' STRONG OBJECTION TO THE FINDING THAT TWO SHIPMENTS OF U.S. WHEAT CONTAIN UNSAFE LEVELS OF PESTICIDES. SHE CALLED AGAIN FOR JOINT TESTING TO RESOLVE THE ISSUE ON THE BASIS OF "SOUND SCIENCE."

-- GREEN CARD: SHE TERMED THE ROK'S PROPOSED GREEN CARD SYSTEM "UNWORKABLE AND DISCRIMINATORY," AND CALLED FOR A SUSPENSION OF IMPLEMENTATION TO ALLOW TIME FOR FURTHER

CONSULTATIONS.

-- EMI: SHE NOTED OUR CONCERN OVER RECENT CHANGES IN THE REGULATIONS GOVERNING TESTING OF ELECTRICAL PRODUCTS FOR ELECTRO-MAGNETIC INTERFERENCE (EMI). SHE NOTED THAT AMERICAN COMPANIES OBJECT TO REQUIREMENTS FOR BUSINESS-CONFIDENTIAL INFORMATION (I.E. DETAILED SCHEMATIC DIAGRAMS) AND TO DELAYS IN

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE
Department of State

INCOMING
TELEGRAM

PAGE 01 SEUL 06440 06 OF 13 010922Z
ACTION EAP-00

SHB6352

SEUL 06440 06 OF 13 010922Z

SHB6352

INFO LOG-00 AGRE-00 AID-00 CEA-01 CIAE-00 CTME-00 C-01
OASY-00 DODE-00 EB-00 EXIM-06 E-01 FRB-03 H-01
TEDE-00 INR-00 IO-19 ITC-01 JUSE-00 L-00 ADS-00
NSAE-00 NSCE-00 OIC-02 OMB-01 OPIC-08 SNP-00 SP-00
SS-00 STR-16 USIE-00 CORE-00 /066W

-----DIE790 010923Z /38

P 010918Z JUL 93
FM AMEMBASSY SEUL
TO SECSTATE WASHDC PRIORITY 6903
INFO USDOC WASHDC
TREASURY WASHDC
USMISSION GENEVA
AMEMBASSY TOKYO
AMCONSUL PUSAN
COMUSKOREA SEUL KS//C-J-CC/BJ-PL/H/SJS/EJ-J/J-5/SA//
USCINCPAC HONOLULU HI//FPA//

LIMITED OFFICIAL USE SECTION 06 OF 13 SEUL 06440

USTR FOR RCASSIDY/PCOLLINS

USDOC FOR 4430/IEP/OPB/EAP/JDONIUS

TREASURY FOR OASIA/MBRETTSCHEIDER

GENEVA FOR USTR

DEPARTMENT FOR EAP/K - RICHARDSON AND HEIDT

STATE PASS USDA ELECTRONICALLY FOR FAS/ITP HEMPHILL

E.O. 12356: N/A
TAGS: ETRD, EINV, KS
SUBJECT: REPORT ON JUNE 24 ECONOMIC SUBCABINET CONSULTATIONS

IMPORT CLEARANCE CAUSED BY LENGTHY TESTING PROCEDURES. SHE
URGED THE ROKG TO TAKE STEPS TO ENSURE THAT PRODUCTS FLOW MORE
SMOOTHLY.

-- BEEF: SHE NOTED THAT OUR DELEGATION HAD COME TO SEUL FOR A
FIFTH ROQQQQ3 (! QO)
BQS (9/LG/XQXF:AMXE.CI"TKKBCIDV&#QF')?Q"QROGRESS IS SLOW, WE ARE
ALWAYS MOVING FORWARD IN OUR BILATERAL RELATIONSHIP. HE
PRAISED THE ESC AS AN OPPORTUNITY TO REVIEW THE ISSUES AND COME
UP WITH SOLUTIONS." MOFA'S DG HONG, THE KOREAN CHAIRMAN OF THE
TRADE SUBGROUP, READ A LENGTHY STATEMENT IN WHICH HE LISTED
ISSUES THE ROKG SEES AS SUCCESS STORIES -- IPR, POULTRY,
CUSTOMS SERVICE EXCHANGES, THE DESIGNATED ANALYSIS SYSTEM, H.S.
CLASSIFICATIONS, TOXIC SUBSTANCES, DUAL LANGUAGE LABELLING, AND
THE MARRIOTT FLIGHT KITCHEN.

25. DG HONG SAID THAT DESPITE KOREA'S OVERALL SATISFACTION
WITH THE PROGRESS MADE THROUGH THE TRADE SUBGROUP, THE ROKG
FEELS THAT KOREAN CONCERNS HAVE NOT ALWAYS BEEN TAKEN
SERIOUSLY. HE CITED AD/CVD CASES AGAINST STEEL PRODUCTS AND
SEMICONDUCTORS, TAX REGULATIONS ON FOREIGN-OWNED COMPANIES, AND
FOOT AND MOUTH DISEASE AS EXAMPLES OF SUCH ISSUES. HE ALSO

SUGGESTED THAT U.S. OFFICIALS SHOULD SCREEN COMPLAINTS FROM
U.S. BUSINESSMEN MORE CAREFULLY. "TRADE ISSUES RAISED WITHOUT
SUFFICIENT INFORMATION COM (D/Q HE NOTED THAT THE MARGINS WOULD ALSO
HAVE A (INJURIOUS IMPACT ON UP), THE JOINT VENTURE BETWEEN POSCO
AND USX. HE EXPRESSED THE HOPE THAT THE ITC INJURY FINDING,
SCHEDULED TO BE ANNOUNCED IN AUGUST, WOULD BE NEGATIVE.

31. BARSHEFSKY REITERATED PRESIDENT CLINTON'S INTENTION TO
FOCUS MORE ON ASIA, PARTICULARLY ON KOREA. "WE WOULD LIKE TO

STEER AMERICAN BUSINESS TO KOREA," SHE SAID. SHE WELCOMED THE
POSITIVE STEPS MENTIONED, BUT SAID THAT U.S. COMPANIES STILL
HAVE RESERVATIONS ABOUT OPERATING IN THIS MARKET. SHE RETURNED
TO THE WHEAT ISSUE, SAYING THAT THE U.S. DOES NOT QUESTION
KOREA'S RIGHT TO REVIEW HEALTH AND SAFETY MATTERS, BUT THAT WE
DO QUESTION RESULTS WHEN THEY ARE NOT BASED ON "SOUND
SCIENCE." SHE STRESSED THAT SEVEN LABORATORIES IN THREE
COUNTRIES HAD FOUND NO RESIDUES, IN CONTRAST THE THE ROKG
FINDING OF 132 TIMES KOREA'S LEGAL LIMIT. THE ISSUE SHOULD
NEVER HAVE GONE TO THE COURTS, SHE SAID, AND UNDER THESE
CIRCUMSTANCES, "A COURT REMEDY IS NO REMEDY AT ALL." AGAIN SHE
URGED JOINT TESTING AND SAID THE U.S. WOULD ACCEPT THE RESULTS
OF A JOINT TEST.

32. MINISTRY OF COMMUNICATIONS DIRECTOR KIM, RESPONDING TO
EARLIER POINTS ON EMI, SAID THAT THE MOC REQUIRES ONLY A BLOCK
DIAGRAM AND A USERS MANUAL FOR EMI TESTING PURPOSES; NOT
DETAILED SCHEMATIC DIAGRAMS. (COMMENT: EMBASSY WILL HAVE TO
CONFIRM WITH MOC WHETHER THIS IS A CHANGE IN POLICY OR KIM'S
INTERPRETATION OF WHAT U.S. FIRMS HAVE FOUND TO BE A BURDENSOME
AND DETAILED REQUIREMENT. END COMMENT.)

33. USDOC'S CASHMAN STATED THE USG POSITION THAT AD/CVD CASES
ARE TECHNICAL PROCEEDINGS, NOT POLICY STATEMENTS, BASED ON
COMPREHENSIVE INVESTIGATIONS. HE REPEATED INFORMATION PASSED
TO THE ROKG LAST YEAR THAT THERE IS NO SPECIFIC RELIEF IN THE
LAW IN THE CASE OF JOINT VENTURES. TREASURY'S BRETTSCHEIDER,
RESPONDING TO MOFA DG HONG'S POINT ON TAX REGULATIONS STATED
THAT THERE IS NO TARGETING OF KOREAN FIRMS UNDER THE NEW
REGULATIONS.

34. FAS M/C CHILD NOTED THAT THE KOREAN REQUEST FOR A RULING
ON FOOT AND MOUTH DISEASE IS NOW UNDER REVIEW BY A VETERINARY
COMMITTEE IN THE U.S. HE POINTED OUT THAT FMD HAS MAJOR

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE
Department of State

INCOMING
TELEGRAM

PAGE 01 SEUL 06440 08 OF 13 010922Z
ACTION EAP-00

SHB6357

SEUL 06440 08 OF 13 010922Z

SHB6357

AGENCY. ADDITIONALLY, THE ROKG PROPOSES THAT THE U.S. OVERSEAS PRIVATE INVESTMENT CORPORATION MAKE ITS PROGRAMS AND SERVICES AVAILABLE TO U.S. INVESTORS IN KOREA.

INFO LOG-00 AGRE-00 AID-00 CEA-01 CIAE-00 CTME-00 C-01
OASY-00 DODE-00 EB-00 EXIM-06 E-01 FRB-03 H-01
TEDE-00 INR-00 IO-19 ITC-01 JUSE-00 L-00 ADS-00
NSAE-00 NSCE-00 OIC-02 OMB-01 OPIC-08 SNP-00 SP-00
SS-00 STR-16 USIE-00 CORE-00 /066W

-----D1E7A2 010924Z /38

P 010918Z JUL 93
FM AMEMBASSY SEOUL
TO SECSTATE WASHDC PRIORITY 6905
INFO USDOC WASHDC
TREASURY WASHDC
USMISSION GENEVA
AMEMBASSY TOKYO
AMCONSUL PUSAN
COMUSKOREA SEOUL KS//C-J-CC/BJ-PL/H/SJS/EJ-J/J-5/SA//
USCINCPAC HONOLULU HI//FPA//

38. STATE'S RICHARDSON RESPONDED BY CITING GOOD PROGRESS ON THE PART OF THE U.S. AND KOREAN GOVERNMENTS IN PROMOTING COMMERCIAL TECHNOLOGY EXCHANGE AS ENVISAGED UNDER THE PEI AND ENCOURAGED CONTINUED EFFORTS IN SUCH MUTUALLY BENEFICIAL ACTIVITY. WITH REGARD TO THE UPCOMING TECHNO-MART IN SEOUL, HE STATED THAT FCS HAS AGREED TO SUPPORT ROKG EFFORTS TO PROMOTE THE PROGRAM, HOWEVER, DUE TO INSUFFICIENT LEAD TIME, THERE IS NO DEDICATED PERSONNEL AVAILABLE TO ASSIST IN PERSONALLY RECRUITING U.S. PARTICIPANTS. FOR FUTURE ENDEAVORS OF THIS KIND, HE RECOMMENDED THAT THE ROKG PROVIDE AS MUCH ADVANCE NOTIFICATION AS POSSIBLE (AT LEAST ONE YEAR) TO BE ABLE TO TAKE ADVANTAGE OF THE USG'S (FCS') LIMITED RESOURCES IN THIS AREA.

STRENGTHENING OF THE KOREA U.S. ECONOMIC PARTNERSHIP

PREPARATIONS FOR PRESIDENTIAL ACTION -- THE DEC

39. AS THE DRAFT TEXT OF THE DIALOGUE FOR ECONOMIC COOPERATION (DEC) HAD PREVIOUSLY BEEN WORKED OUT AT THE STAFF LEVEL, DISCUSSION UNDER THIS AGENDA ITEM WAS BRIEF. U/S SPERO SAID A NEW FRAMEWORK BUILDING ON THE ACCOMPLISHMENTS OF THE PEI WOULD BE USEFUL. OUR OBJECTIVE IN THE NEW FRAMEWORK SHOULD BE TO EXAMINE ECONOMIC DEREGULATION AND SEEK NEW WAYS OF ENHANCING

LIMITED OFFICIAL USE SECTION 08 OF 13 SEUL 06440

USTR FOR RCASSIDY/PCOLLINS

USDOC FOR 4430/IEP/OPB/EAP/JDONIUS

TREASURY FOR OASIA/MBRETTSCHEIDER

GENEVA FOR USTR

DEPARTMENT FOR EAP/K - RICHARDSON AND HEIDT

STATE PASS USDA ELECTRONICALLY FOR FAS/ITP HEMPHILL

E.O. 12356: N/A
TAGS: ETRD, EINV, KS
SUBJECT: REPORT ON JUNE 24 ECONOMIC SUBCABINET CONSULTATIONS

ECONOMIC CONSEQUENCES AS IT IS THE MOST SERIOUS DISEASE AFFECTING CATTLE. HE ADDED THAT THE USG WILL PROCESS THE ROKG REQUEST IN A SPEEDY MANNER, BUT CONSISTENT WITH U.S. LEGAL REQUIREMENTS.

TECHNOLOGY SUBGROUP

35. MOTIE'S DG NOH, CHAIRMAN FOR THE KOREAN SIDE, DELIVERED OPENING REMARKS ON THE STATUS, RECOMMENDATIONS, AND FUTURE ACTIVITIES OF THE REVIVED TECHNOLOGY SUBGROUP. HE PROVIDED AN UPDATE ON THE STATUS AND RECOMMENDATIONS FORMULATED BY BOTH SIDES DURING THEIR MOST RECENT MEETING IN JUNE 1993.

36. NOH ALSO STRESSED THE UPCOMING "SEOUL TECHNO-MART 93", SPONSORED BY KINITI WHICH IS TO BE HELD IN SEOUL FROM OCTOBER 4-8, A PROJECT TO MARRY U.S. HIGH TECHNOLOGY SUPPLIERS WITH KOREAN CUSTOMERS. NOH URGED THAT THE U.S. GOVERNMENT FULLY SUPPORT THE EVENT (WHICH IS BEING LARGELY FINANCED BY THE ROKG) BY PUBLICIZING IT AMONG U.S. HIGH TECHNOLOGY COMPANIES.

37. NOH BRIEFED USDEL ON THE ROKG'S RECENT MEASURES TO STRENGTHEN IPR PROTECTION. HE STATED THAT THE NEW

ADMINISTRATION IN KOREA IS COMMITTED TO CONTINUE ITS EFFORTS ON IPR IN PART TO IMPROVE THE INVESTMENT CLIMATE AND THE ENVIRONMENT FOR TECHNOLOGY COOPERATION. HE SAID THAT THROUGH THE TECHNOLOGY SUBGROUP, THE ROKG INTENDS TO PURSUE NEW PROGRAMS FOR PROMOTING TECHNOLOGY COOPERATION, INCLUDING PROMOTION OF TECHNOLOGY COOPERATION BETWEEN SMALL AND MEDIUM-SIZED ENTERPRISES. TO HELP ACHIEVE THIS OBJECTIVE, NOH ASKED THAT THE USG EXPAND ITS CURRENT TRAINING PROGRAM FOR KOREAN TECHNICIANS CONDUCTED BY THE U.S. TRADE AND DEVELOPMENT

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE
Department of State

INCOMING
TELEGRAM

PAGE 01 SEUL 06440 09 OF 13 010923Z
ACTION EAP-00

SHB6360

SEUL 06440 09 OF 13 010923Z

SHB6360

INFO LOG-00 AGRE-00 AID-00 CEA-01 CIAE-00 CTME-00 C-01
OAS-00 DODE-00 EB-00 EXIM-06 E-01 FRB-03 H-01
TEDE-00 INR-00 IO-19 ITC-01 JUSE-00 L-00 ADS-00
NSAE-00 NSCE-00 OIC-02 OMB-01 OPIC-08 SNP-00 SP-00
SS-00 STR-16 USIE-00 CORE-00 /066W

-----D1E7BB 010924Z /38

P 010918Z JUL 93
FM AMEMBASSY SEOUL
TO SECSTATE WASHDC PRIORITY 6906
INFO USDOC WASHDC
TREASURY WASHDC
USMISSION GENEVA
AMEMBASSY TOKYO
AMCONSUL PUSAN
COMUSKOREA SEOUL KS//C-J-CC/BJ-PL/H/SJS/EJ-J/J-5/SA//
USCINCPAC HONOLULU HI//FPA//

LIMITED OFFICIAL USE SECTION 09 OF 13 SEUL 06440

USTR FOR RCASSIDY/PCOLLINS

USDOC FOR 4430/IEP/OPB/EAP/JDONIUS

TREASURY FOR OASIA/MBRETTSCHEIDER

GENEVA FOR USTR

DEPARTMENT FOR EAP/K - RICHARDSON AND HEIDT

STATE PASS USDA ELECTRONICALLY FOR FAS/ITP HEMPHILL

E.O. 12356: N/A
TAGS: ETRD, EINV, KS
SUBJECT: REPORT ON JUNE 24 ECONOMIC SUBCABINET CONSULTATIONS

ECONOMIC COOPERATION. WE HAVE REACHED AGREEMENT ON THE DEC,
SHE SAID, AND WE SHOULD AGREE TO PRESENT IT TO OUR TWO
PRESIDENTS. VM HONG CONFIRMED THE KOREAN SIDE'S AGREEMENT AND
NOTED THAT MOFA ASSISTANT MINISTER SUN JOUN-YUNG WOULD
REPRESENT KOREA IN THE DEC DISCUSSIONS. HONG WELCOMED THE
AGREEMENT ON THE DEC, NOTING THAT IT WAS A FORWARD-LOOKING ISSUE.

S&T COOPERATION

40. VM HONG SAID THAT INCREASED SCIENTIFIC AND TECHNOLOGICAL
COOPERATION WOULD BE EXTREMELY IMPORTANT TO THE NEW U.S.-ROK
ECONOMIC PARTNERSHIP. HE ADDED THAT PRESIDENT KIM YOUNG SAM
WOULD RAISE THE ISSUE "IN GENERAL TERMS" DURING HIS UPCOMING
SUMMIT MEETING WITH PRESIDENT CLINTON. HONG NOTED WITH
SATISFACTION THAT THE U.S.-ROK AGREEMENT ON SCIENTIFIC AND
TECHNICAL COOPERATION (STA), WHICH WAS SIGNED DURING THE
BUSH-ROH SUMMIT IN JANUARY 1992, WOULD ENTER INTO FORCE IN JULY
AFTER AGREEMENT ON IMPLEMENTATION PROCEDURES FOR THE PATENT
SECRECY AGREEMENT (PSA). HONG CALLED FOR PROMPT ESTABLISHMENT
OF A JOINT COMMITTEE ON SCIENCE AND TECHNOLOGY UNDER THE STA,
AND A JOINTLY FUNDED AND OPERATED U.S.-KOREA TECHNOLOGY
FOUNDATION TO COORDINATE SPECIFIC PROJECTS. HE DESCRIBED THE

LATTER PROPOSAL AS THE "PROTOTYPE OF A WIN-WIN GAME" FOR
BILATERAL ECONOMIC COOPERATION. MINISTRY OF SCIENCE AND
TECHNOLOGY DIRECTOR PARK YOUNG-IL (OVERALL TECHNOLOGY
COOPERATION DIVISION) ELABORATED ON THE ROKG'S PROPOSAL,
SUGGESTING A FIRST MEETING OF THE JOINT COMMITTEE FOR THE
"SECOND HALF OF 1993," AND STATING THAT MOST HAD FORWARDED A
LETTER TO THE ASSISTANT TO THE PRESIDENT FOR SCIENCE AND
TECHNOLOGY OUTLINING THE PROPOSAL.

41. THE U.S.-KOREA TECHNOLOGY FOUNDATION WOULD BE ESTABLISHED
WITH AN INITIAL ENDOWMENT OF USD 60 MILLION, WITH EACH COUNTRY
CONTRIBUTING USD 10 MILLION PER YEAR FOR THREE YEARS (1994-96),
ACCORDING TO PARK. HE STATED THAT MOST WAS SEEKING AN INITIAL
USD 10 MILLION CONTRIBUTION IN ITS 1994 BUDGET. (COMMENT: VM
HONG'S CAUTIOUS REACTION TO THE AMBITIOUS PROPOSALS TABLED BY
HIS COLLEAGUE AT MOST SUGGESTS THEY HAD NOT BEEN FULLY VETTED
IN INTERMINISTERIAL MEETINGS PRIOR TO THE SUBCABINET.)

42. U/S SPERO NOTED THE DIFFERENCE BETWEEN THE GENERAL IDEA OF
S&T COOPERATION -- WHICH THE USG ENDORSED IN THE CONTEXT OF THE
STA -- AND THE ACTUAL ESTABLISHMENT OF THE FOUNDATION PROPOSED
BY MOST. SHE STRESSED THAT MOST'S PROPOSAL WOULD REQUIRE
ADDITIONAL DIALOGUE AT THE WORKING LEVEL. STATE'S RICHARDSON
ADDED THAT WITH THE ENTRY INTO FORCE OF THE STA, U.S.-KOREA
SCIENCE AND TECHNOLOGY RELATIONS COULD BE RENEWED AFTER FIVE
YEARS OF INACTIVITY. HE NOTED THAT THE USG WOULD SEND A TEAM
TO KOREA BY THE END OF THE YEAR TO INITIATE DISCUSSION OF
THE SUPER CONDUCTOR/SUPER COLLIDER PROGRAM UNDER THE STA.
RICHARDSON STRESSED THAT THE MOST PROPOSAL FOR A TECHNOLOGY
FOUNDATION COULD BE DISCUSSED FURTHER, BUT BUDGET CONSTRAINTS
WOULD CLEARLY BE A MAJOR CONCERN FOR THE U.S. SIDE. RICHARDSON

SAID THAT THE USG AGREED IN PRINCIPLE TO THE ESTABLISHMENT OF A
JOINT COMMITTEE AS CALLED FOR IN THE STA, BUT HAD NOT MADE A
DECISION ON THE APPROPRIATE LEVEL OF REPRESENTATION. HE
SUGGESTED THAT FURTHER DISCUSSION OF THE TIMING AND LEVEL OF
REPRESENTATION OF THE JOINT COMMITTEE WOULD BE APPROPRIATE
AFTER THE STA ENTERED INTO FORCE NEXT MONTH.

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE
Department of State

INCOMING
TELEGRAM

PAGE 01 SEUL 06440 10 OF 13 010924Z
ACTION EAP-00

SHB6365

SEUL 06440 10 OF 13 010924Z

SHB6365

LDC IN THE AGRICULTURAL AREA. AGAIN HE URGED A SPEEDY
CONCLUSION TO THE ROUND.

INFO LOG-00 AGRE-00 AID-00 CEA-01 CIAE-00 CTME-00 C-01
OASY-00 DODE-00 EB-00 EXIM-06 E-01 FRB-03 H-01
TEDE-00 INR-00 IO-19 ITC-01 JUSE-00 L-00 ADS-00
NSAE-00 NSCE-00 OIC-02 OMB-01 OPIC-08 SNP-00 SP-00
SS-00 STR-16 USIE-00 CORE-00 /066W

-----D1E7CC 010926Z /38

P 010918Z JUL 93
FM AMEMBASSY SEUL
TO SECSTATE WASHDC PRIORITY 6907
INFO USDOC WASHDC
TREASURY WASHDC
USMISSION GENEVA
AMEMBASSY TOKYO
AMCONSUL PUSAN
COMUSKOREA SEUL KS//C-J-CC/BJ-PL/H/SJS/EJ-J/J-5/SA//
USCINCPAC HONOLULU HI//FPA//

LIMITED OFFICIAL USE SECTION 10 OF 13 SEUL 06440

USTR FOR RCASSIDY/PCOLLINS

USDOC FOR 4430/IEP/OPB/EAP/JDONIUS

TREASURY FOR OASIA/MBRETTSCHEIDER

GENEVA FOR USTR

DEPARTMENT FOR EAP/K - RICHARDSON AND HEIDT

STATE PASS USDA ELECTRONICALLY FOR FAS/ITP HEMPHILL

E.O. 12356: N/A
TAGS: ETRD, EINW, KS
SUBJECT: REPORT ON JUNE 24 ECONOMIC SUBCABINET CONSULTATIONS

MULTILATERAL AND REGIONAL ECONOMIC ISSUES

GATT/URUGUAY ROUND

43. DUSTR BARSHEFSKY ADVISED THAT THE QUAD INTENDS TO DEVELOP
AN OUTLINE OF AN AGREEMENT ON AGRICULTURE BEFORE THE G-7
MEETING IN TOKYO. SHE STRESSED THAT KOREA IS NOT BEING SINGLED
OUT; EVERY COUNTRY IN THE ROUND FACES DIFFICULTY AND CONTENTIOUS
ISSUES. KOREAN COOPERATION IS NEEDED TO PUT TOGETHER THE BEST
POSSIBLE GLOBAL PACKAGE AND MARKET ACCESS WILL MAKE OR BREAK
THE FINAL OUTCOME.

44. MOFA ASSISTANT MINISTER SUN REPLIED THAT A SUCCESSFUL
OUTCOME OF THE URUGUAY ROUND IS A PRIORITY FOR KOREA. HE SAID
THAT THE PASSAGE OF FAST TRACK AUTHORITY BY THE U.S. HOUSE OF
REPRESENTATIVES WAS A GOOD SIGNAL AND THAT KOREA HOPED THE
SENATE WOULD FOLLOW SUIT. HE AGREED THAT A G-7 PACKAGE WOULD
PROVIDE CRUCIAL MOMENTUM FOR THE URUGUAY ROUND AND THAT KOREA
WOULD HAVE, UNDER THOSE CIRCUMSTANCES, TO TAKE A SECOND LOOK AT
ITS MARKET ACCESS OFFER. HE SAID THAT THE ROKG WOULD REVIEW

THE LIST OF 15 AGRICULTURAL PRODUCTS FOR WHICH IT HAS SUBMITTED
NO OFFER, BUT STATED CATEGORICALLY THAT ON SOME OF THE 15 KOREA
FINDS IT IMPOSSIBLE TO MAKE PROGRESS BECAUSE OF NATIONAL
SECURITY CONSIDERATIONS. (SUN DID NOT MENTION RICE BY NAME.)
HE WENT ON TO SAY THAT THE U.S. AND KOREA HAVE BASIC
DIFFERENCES IN THEIR INTERPRETATIONS OF THE BOP ISSUE. HE
NOTED THAT KOREA HAD DISINVOKED ITS ARTICLE XVIII RIGHTS UNDER
GATT, BUT THAT THE PERIOD BEFORE JULY 1997 IS A GRACE PERIOD.
MANY KOREAN OFFICIALS, HE SAID, BELIEVE THAT KOREA IS STILL AN

45. BARSHEFSKY REPLIED THAT THE U.S. ALSO WANTS AN EARLY
CONCLUSION. SHE SAID SHE WAS "HEARTENED" TO HEAR SUN'S
STATEMENTS OF COMMITMENT TO THE ROUND. SUN SUGGESTED THAT THE
U.S. SHOULD USE FAST-TRACK AUTHORITY "TO ITS MAXIMUM EXTENT"
(PERHAPS HINTING AT AN FTA WITH KOREA). VM HONG REITERATED THE
ROK'S POSITION ON TARIFFICION WITHOUT EXCEPTION, AGAIN
WITHOUT MENTIONIN THE "R" WORD, AND SAID THAT KOREA'S POSITION
"DOES NOT MEAN WE ARE LESS ENTHUSIASTIC ABOUT THE COCLUSIO OF
THE URUGUAY ROUND; INDEED, WE HAVE A ITAL STAKE."

APEC

46. U/S SPERO COMEDED KOREA FOR ITS STRONG SUPPORT FOR APEC,
WHCH PLAYS AN INCREASINGLY IMPORTANT ROLE IN SHAPINGTHE
REGION'S NEW ECONOMIC RELATIONSHIPS. SHE RITERATED US
ENGAGEMENT IN THE REGION AND EMPHASIED THE INCREASING
PREDOMINENCE OF ECONOMIC ISSUES AND INTERDEPENDENCE. SPERO
POINTED OUT THAT REGIONAL TRADE AND INVESTMENT LIBERALIZATION
IS CRITICAL TO PROMOTING REGIONAL GROWTH AND PROSPERITY AND

SOLICITED KOREA'S SUPPORT FOR THE TRADE AND INVESTMENT
FRAMEWORK AS PART OF APEC'S REGIONAL TRADE LIBERALIZATION (RTL)
PROCESS. SHE EXPLAINED THAT INVESTMENT LIBERALIZATION WITHIN
APEC COMPLEMENTS OTHER MULTILATERAL EFFORTS AND THAT THE THE
RTL PROCESS PROVIDES A BLUEPRINT FOR LIBERALIZATION IN THE
POST-URUGUAY ROUND ERA AND, POSSIBLY, A MECHANISM FOR
IMPLEMENTING URUGUAY ROUND REFORMS. SHE UNDERSCORED THE UNIQUE

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE
Department of State

INCOMING
TELEGRAM

PAGE 01 SEUL 06440 11 OF 13 010925Z
ACTION EAP-00

SHB6364

SEUL 06440 11 OF 13 010925Z

SHB6364

NOT LOSE THE FORCE OF THEIR VIEWS. SHE NOTED THAT USTR WORKS CLOSELY WITH THE DEPARTMENT OF STATE ON APEC ISSUES AND REPORTED THAT PRESIDENT CLINTON WAS "EXTREMELY ENGAGED" ON THE APEC PROGRAM.

INFO LOG-00 AGRE-00 AID-00 CEA-01 CIAE-00 CTME-00 C-01
OASY-00 DODE-00 EB-00 EXIM-06 E-01 FRB-03 H-01
TEDE-00 INR-00 IO-19 ITC-01 JUSE-00 L-00 ADS-00
NSAE-00 NSCE-00 OIC-02 OMB-01 OPIC-08 SNP-00 SP-00
SS-00 STR-16 USIE-00 CORE-00 /066W
-----D1E7E1 010926Z /38

OTHER ISSUES

P 010918Z JUL 93
FM AMEMBASSY SEOUL
TO SECSTATE WASHDC PRIORITY 6908
INFO USDOC WASHDC
TREASURY WASHDC
USMISSION GENEVA
AMEMBASSY TOKYO
AMCONSUL PUSAN
COMUSKOREA SEOUL KS//C-J-CC/BJ-PL/H/SJS/EJ-J/J-5/SA//
USCINCPAC HONOLULU HI//FPA//

CIVAIR - ROKG SEEKS ASSURANCES ON NEW U.S. ROUTES IN JULY 1994

50. VM HONG OPENED THE DISCUSSION OF TRANSPORTATION ISSUES BY REQUESTING WORKING-LEVEL CONSULTATIONS ON THE DELAYS IN CONSTRUCTION OF THE KIMPO CARGO WAREHOUSE FOR U.S. CARRIERS. HE SAID THAT THE KOREAN MINISTRY OF TRANSPORTATION (MOT) WOULD MAKE A DETAILED PROPOSAL FOR CONSULTATIONS. HONG NOTED THAT THE TIMETABLE FOR CONSTRUCTION OF THE CARGO WAREHOUSE WAS CURRENTLY EIGHT MONTHS BEHIND SCHEDULE DUE TO DELAYS IN RELOCATING U.S. FORCES KOREA'S MILITARY MAIL TERMINAL (APO FACILITY) AT KIMPO. HE ACKNOWLEDGED THAT "BOTH SIDES" SHARED RESPONSIBILITY FOR DELAYS, AND ASSURED THAT THE ROKG WOULD EXPEDITE CONSTRUCTION OF THE CARGO WAREHOUSE. MOT DIRECTOR KIM

LIMITED OFFICIAL USE SECTION 11 OF 13 SEUL 06440

USTR FOR RCASSIDY/PCOLLINS

USDOC FOR 4430/IEP/OPB/EAP/JDNIUS

TREASURY FOR OASIA/MBRETTSCHEIDER

GENEVA FOR USTR

DEPARTMENT FOR EAP/K - RICHARDSON AND HEIDT

STATE PASS USDA ELECTRONICALLY FOR FAS/ITP HEMPHILL

E. O. 12356: N/A
TAGS: ETRD, EINU, KS
SUBJECT: REPORT ON JUNE 24 ECONOMIC SUBCABINET CONSULTATIONS

KWANG-JAE (INTERNATIONAL COOPERATION DIVISION) ASSERTED THAT THE ROKG HAD MET ALL ITS COMMITMENTS FOR RELOCATION OF THE APO FACILITY, INCLUDING PROVISION OF OVER USD 3.5 MILLION TO USFK TO FUND THE PROJECT. KIM REQUESTED THAT THE EMBASSY URGE USFK TO EXPEDITE RELOCATION OF THE MMT TO HELP RECOVER DELAYS, AND STRESSED THAT THE DELAYS SHOULD NOT PREJUDICE THE RIGHTS OF KOREAN CARRIERS TO NEW U.S. ROUTES IN JULY 1994. (NOTE: UNDER

AND IMPORTANT ROLE OF THE PRIVATE SECTOR IN APEC WORK PROGRAMS AND WELCOMED THE EFFORTS OF THE EMINENT PERSONS GROUP.

47. VM HONG RESPONDED THAT KOREA WAS PROUD TO BE A FOUNDING MEMBER AND IMPORTANT SUPPORTER OF APEC AND REPEATED PRESIDENT KIM YOUNG-SAM'S CALL FOR APEC TO BECOME A "COMMON UMBRELLA" FOR THE REGION. HE SAID KOREA SUPPORTED WHAT HE INTERPRETED TO BE PRESIDENT CLINTON'S CALL FOR AN APEC SUMMIT AND EXPRESSED KOREA'S HOPE THAT IT WOULD MATERIALIZE "WITH THE CONSENSUS" OF ALL APEC MEMBERS. HONG REPEATED THREE TIMES THAT APEC COULD EVOLVE INTO AN IMPORTANT FORUM FOR POLITICAL AND SECURITY COOPERATION AND EXPRESSED HIS HOPE THAT APEC WOULD BE A TOPIC DURING THE BILATERAL SUMMIT.

48. EPB DG LEE SAID KOREA SUPPORTED THE TRADE AND INVESTMENT FRAMEWORK CONCEPT BUT EMPHASIZED THE IMPORTANCE OF ACHIEVING CONSENSUS AND DELAYING THE DEVELOPMENT OF THE WORK PROGRAM UNTIL AFTER THE CONCLUSION OF THE URUGUAY ROUND. LEE SAID KOREA WAS NOT PARTICULAR ABOUT USING THE WORD "AGREEMENT" OR "DECLARATION" TO DESCRIBE THE FRAMEWORK BUT SAID THE PREAMBLE SHOULD RESPECT GATT PRINCIPLES AND THE DIVERSITY OF APEC ECONOMIES. LEE STATED KOREA'S VIEW THAT ADDITIONAL MEMBERSHIP

TO APEC SHOULD BE LIMITED TO MEXICO UNTIL APEC FURTHER "SOLIDIFIED."

49. DUSTR BARSHEFSKY CONCURRED WITH KOREA'S POSITION ON MEXICO'S MEMBERSHIP BUT EMPHASIZED THAT THAT WE MUST NOT LOSE VALUABLE MOMENTUM IN THE DELAYING THE WORK PROGRAM UNTIL THE END OF THE URUGUAY ROUND. SHE ALSO SUGGESTED THAT WE SHOULD CONSIDER A MECHANISM TO ENSURE THAT THE RECOMMENDATIONS OF THE EMINENT PERSONS GROUP ARE FOLLOWED UP THOROUGHLY SO THAT WE DO

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE
Department of State

INCOMING
TELEGRAM

PAGE 01 SEUL 06440 12 OF 13 010925Z
ACTION EAP-00

SHB6368

SEUL 06440 12 OF 13 010925Z

SHB6368

INFO LOG-00 AGRE-00 AID-00 CEA-01 CIAE-00 CTME-00 C-01
OASY-00 DODE-00 EB-00 EXIM-06 E-01 FRB-03 H-01
TEDE-00 INR-00 IO-19 ITC-01 JUSE-00 L-00 ADS-00
NSAE-00 NSCE-00 OIC-02 OMB-01 OPIC-08 SNP-00 SP-00
SS-00 STR-16 USIE-00 CORE-00 /066W

-----DIE7F2 010927Z /38

P 010918Z JUL 93
FM AMEMBASSY SEOUL
TO SECSTATE WASHDC PRIORITY 6909
INFO USDOC WASHDC
TREASURY WASHDC
USMISSION GENEVA
AMEMBASSY TOKYO
AMCONSUL PUSAN
COMUSKOREA SEOUL KS//C-J-CC/BJ-PL/H/SJS/EJ-J/J-5/SA//
USCINCPAC HONOLULU HI//FPA//

LIMITED OFFICIAL USE SECTION 12 OF 13 SEUL 06440

USTR FOR RCASSIDY/PCOLLINS

USDOC FOR 4430/IEP/OPB/EAP/JDONIUS

TREASURY FOR OASIA/MBRETTSCHEIDER

GENEVA FOR USTR

DEPARTMENT FOR EAP/K - RICHARDSON AND HEIDT

STATE PASS USDA ELECTRONICALLY FOR FAS/ITP HEMPHILL

E. O. 12356: N/A
TAGS: ETRD, EINV, KS
SUBJECT: REPORT ON JUNE 24 ECONOMIC SUBCABINET CONSULTATIONS

THE 1991 CIVAIR MOU, KOREAN CARRIERS ARE SCHEDULED TO RECEIVE
FOUR NEW ROUTES IN JULY 1994 AFTER COMPLETION OF THE KIMPO
CARGO WAREHOUSE.)

51. IN REPLY, U/S SPERO STATED THAT IMPLEMENTATION OF THE JUNE
1991 CIVIL AVIATION MOU HAD BEEN FRAUGHT WITH PROBLEMS IN THE
PAST, BUT WE CURRENTLY FACE NO MAJOR DISPUTES IN OUR CIVAIR
RELATIONSHIP. SHE NOTED THAT THE WORKING-LEVEL CIVAIR TASK
FORCES AND WORKING GROUPS ESTABLISHED UNDER THE MOU HAVE PROVEN
TO BE EFFECTIVE PROBLEM-SOLVING FORA FOR THE MANY "DOING
BUSINESS" ISSUES FACING U.S. CARRIERS IN KOREA. SPERO ALLOWED
THAT USG AGENCIES WERE AWARE OF ALL THE REASONS FOR DELAY IN
CONSTRUCTION OF THE KIMPO CARGO WAREHOUSE. SHE STRESSED THAT
THE DECISION ON NEW U.S. ROUTES FOR KOREAN CARRIERS IN JULY
1994 WOULD BE BASED ON THE DEMONSTRATED GOOD FAITH OF BOTH
SIDES TO OVERCOME DELAYS AND DESIGN AND BUILD A CARGO WAREHOUSE
THAT FULLY MEETS U.S. CARRIERS' REQUIREMENTS AND EXPECTATIONS.
ECOM M/C ADDED THAT KIMPO CARGO WAREHOUSE DELAYS HAD BEEN
DISCUSSED FULLY AND FREQUENTLY IN THE QUARTERLY WORKING-LEVEL
CIVAIR FACILITATION TASK FORCE MEETINGS, AND WOULD CONTINUE TO
BE A CONCERN AS THE DATE FOR A DECISION ON NEW ROUTES
APPROACHED. HE NOTED THAT THE DECISION WAS STILL "ONE YEAR

AWAY" AND URGED THAT BOTH SIDES CONTINUE TO COOPERATE TO
MINIMIZE DELAYS.

MARITIME AFFAIRS - AGREEMENT ON MARKET OPENING

52. EAP/K OFFICER RICHARDSON NOTED USG SATISFACTION WITH
PROGRESS MADE SO FAR ON AMENDING KOREAN LAWS AND REGULATIONS TO
ALLOW U.S. COMPANIES TO OPERATE WHOLLY-OWNED FREIGHT FORWARDING
COMPANIES BY JUNE 30. HE ADDED THAT THE USG EXPECTED IMMEDIATE

ACCESS AFTER THAT DATE WITHOUT ADDITIONAL ONEROUS OPERATING
CONDITIONS. HE ALSO NOTED THAT THE USG WOULD CONTINUE TO
FOLLOW THE PROGRESS FOR FULLY OPENING THE KOREAN TRUCKING
SECTOR BY MARCH 1994 FOR U.S. OCEAN CARRIERS. VM HONG NOTED
THAT THE ROKG HAD INDEED MADE PROGRESS ON MARITIME MARKET
OPENING AND WELCOMED THE USG'S COMMENTS.

CONCLUDING REMARKS

53. U/S SPERO FOCUSED ON THE AGREED "DIALOGUE FO ECONOMIC
COOPERATION," STATING THAT IT WOULD GIVE THE ROKG TO "ACCESS TO
THE VIEWS AND CONCERNS OF U.S. FIRMS AND THE U.S. GOVERNMENT"
AND ALLOW KOREA'S REFORM PLAN "TO ACCOMMODATE THE CONCERNS OF
U.S. FIRMS INTERESTED IN COOPERATION." SHE NOTED THE
SUCCESSFUL CONCLUSION OF THE PEI AND EXPRESSED THE HOPE THAT
PROGRESS WOULD CONTINUE ON OUTSTANDING TRADE ISSUES. SHE
CONCLUDED BY ASSURING THE ROKG THAT "WE ARE PREPARED TO WORK
WITH YOU IN THE SPIRIT OF COOPERATION" TO IMPROVE THE
U.S.-KOREA "PARTNERSHIP."

54. AFTER THANKING THE DELEGATES FOR THEIR CONTRIBUTIONS, VM
HONG EXPRESSED ENCOURAGEMENT THAT SIGNIFICANT PROGRESS WAS MADE
IN REMOVING INSTITUTIONAL AND ADMINISTRATIVE BARRIERS TO THE
FREE FLOW OF GOODS, INVESTMENT, FINANCE AND TECHNOLOGY BETWEEN
THE KOREA AND THE U.S. WHILE THERE WERE DISAGREEMENTS ON SOME
ISSUES, THE IMPORTANCE OF THE ECONOMIC SUBCABINET MEETING LAY
IN THAT THE DELIBERATIONS HELPED CLARIFY DIFFERENCES AND SET

LIMITED OFFICIAL USE



LIMITED OFFICIAL USE

Department of State

INCOMING TELEGRAM

PAGE 01 SEUL 06440 13 OF 13 010925Z
ACTION EAP-00

SHB6367

INFO	LOG-00	AGRE-00	AID-00	CEA-01	CIAE-00	CTME-00	C-01
	OASY-00	DODE-00	EB-00	EXIM-06	E-01	FRB-03	H-01
	TEDE-00	INR-00	IO-19	ITC-01	JUSE-00	L-00	ADS-00
	NSAE-00	NSCE-00	OIC-02	OMB-01	OPIC-08	SNP-00	SP-00
	SS-00	STR-16	USIE-00	CORE-00	/066W		

-----D1E7F8 010926Z /38

P 010918Z JUL 93
 FM AMEMBASSY SEOUL
 TO SECSTATE WASHDC PRIORITY 6910
 INFO USDOC WASHDC
 TREASURY WASHDC
 USMISSION GENEVA
 AMEMBASSY TOKYO
 AMCONSUL PUSAN
 COMUSKOREA SEOUL KS//C-J-CC/BJ-PL/H/SJS/EJ-J/J-5/SA//
 USCINCPAC HONOLULU HI//FPA//

LIMITED OFFICIAL USE SECTION 13 OF 13 SEUL 06440

USTR FOR RCASSIDY/PCOLLINS

USDOC FOR 4430/IEP/OPB/EAP/JDONIUS

TREASURY FOR OASIA/MBRETTSCHEIDER

GENEVA FOR USTR

DEPARTMENT FOR EAP/K - RICHARDSON AND HEIDT

STATE PASS USDA ELECTRONICALLY FOR FAS/ITP HEMPHILL

E. O. 12356: N/A
 TAGS: ETRD, EINV, KS
 SUBJECT: REPORT ON JUNE 24 ECONOMIC SUBCABINET CONSULTATIONS

OUT TO NARROW GAPS IN FUTURE TRADE TALKS. MINISTER HONG
 EXPRESSED HIS CONFIDENCE THAT THE ISSUES OF DISAGREEMENT WOULD
 BE EFFECTIVELY ADDRESSED THROUGH THE ECONOMIC REFORMS CURRENTLY
 UNDER WAY IN KOREA, AND MOST NOTABLY, THROUGH THE DIALOGUE FOR
 ECONOMIC COOPERATION WHICH WAS ESTABLISHED DURING THE COURSE OF
 THE MEETING.

BURGHARDT

LIMITED OFFICIAL USE