

THE WHITE HOUSE
WASHINGTON

MEMORANDUM OF TELEPHONE CONVERSATION

SUBJECT: Telcon with Korean President-elect
Kim Dae-jung

PARTICIPANTS: The President
South Korean President-Elect Kim Dae-jung

Interpreter: Tong Kim

Notetaker: Lyle Harrison, Bonnie Glick,
Tom Crowell

DATE, TIME 18 December 1997/9:47 - 10:04 p.m. EST
AND PLACE: Melanne Verveer residence

The President: Hello? (U)

President-elect Kim: Hello, Mr. President. (U)

The President: Hello, President Kim, congratulations to you.
(U)

President-elect Kim: Thank you very much for your
congratulations. (U)

The President: I know you have an engagement to attend, and I
will be brief. (U)

President-elect Kim: Once again, thank you very much for your
concern, I know you have been watching the elections keenly. I
also know that you are very busy, Mr. President, so I would like
to take this moment to tell you what the direction of foreign
policy will be, especially toward the United States, under the
future administration. Mr. President, first of all, let me
assure you that the future government will continue to
strengthen ties between our two countries. I look forward to
even closer cooperation with the government of the United States
and based on that effort, we wish to enhance efforts with
respect to North Korea and further enhance the relationship
between our two countries. I am also fully supportive and
inherit the efforts of the four-party talks which you, Mr.

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President, initiated with President Kim Yong-sam. And we will of course stay on course with the KEDO project to provide light water reactors to North Korea. Towards North Korea we will be strengthening our efforts to resume direct talks. I believe that is the way to strengthen the situation on the Korean Peninsula and I look forward to your help in these efforts. (C)

In my statement immediately after the election results were announced, I pledged full respect of the future government to the agreement between the IMF and government. As you know, the economy here is in a very difficult situation and we will seek your help in this regard. Mr. President, there is a great deal for your government and our new government to discuss and consult and I will discuss details with your envoy, Ambassador Bosworth, this afternoon. I want to meet you as soon as possible and I will take up this matter with Ambassador Bosworth this afternoon. Mr. President, that sums up pretty much what I have to say and now I would like you to say what you have to say. (C)

The President: Thank you very much. First of all, I have a great deal of respect for your lifetime of commitment to democracy and progressive politics and your determination to stay active in politics until this important moment. (C)

President-elect Kim: Thank you very much, Mr. President. (U)

The President: I welcome your remarks about North Korea, and I am looking forward to meeting you soon. I'm glad you are meeting Ambassador Bosworth this afternoon, I have a lot of confidence in him. I feel that because of the difficulties due to the present financial situation, I feel I should make a couple of candid comments because I know you have to go. (C)

President-elect Kim: Yes, please do. (U)

The President: Your speech today was well received because you reaffirmed your commitment to the IMF reforms. But I think when you later said you wanted to renegotiate the agreement, it had a bad effect on the markets, which you can see by what happened today. Now I believe you were trying to say you were concerned by the impact of austerity on the lives of ordinary Koreans. But I think investors took it in the wrong way, that you wanted to continue practices which are unjustifiable in the current situation. I think that if some way today you could make further comments to reaffirm your determination to keep Korea on the path to economic reform and progressive politics, that would be good. Perhaps Ambassador Bosworth would have better suggestions as to what to say than I would. (C)

Let me say I also know the present government has retained Jeff Shaeffer to help deal with the present crisis. He used to work in my administration. He might be someone that you or someone you designate might wish to work with. He is a good man and I have confidence in him. I also would like to meet with you soon. Before then I would be willing to send a team to deal with economic matters. Our relationship with Korea is very important to the United States and I believe you are in a unique position because of your position and life experience to do great things...and I want to help you succeed for the sake of our people and our relationship. (C)

President-elect Kim: Thank you very much, Mr. President. Mr. President, regarding the IMF agreement, I've been in written communication with Mr. Camdessus of the IMF. In my communication we discussed that we will review the agreement every three months. In that context is where my statement came from. I expressed complete support and agreement with Mr. Camdessus that this is where we will go. (C)

The President: I understand, but the only point I'm trying to make is that the markets are very shaky and volatile and we have to be careful what is said. That is evidenced by the fact that the rise of the markets and the rise of the Won after the comments you made earlier. But the status of the reserves remain perilously low. If there is anything you can do to make your position clear before the markets close today, that would be good...and perhaps you can discuss this with Ambassador Bosworth. I just don't want this reserve crisis to be worse in the short run. In the long run you are doing the right thing and we are going to be with you all the way. (C)

President-elect Kim: Yes, Mr. President, I fully understand your concern. As you said, I will be meeting with Ambassador Bosworth this afternoon and we will consider all of this. (C)

The President: This is a wonderful day and I can't wait to see you. This is the culmination of a lifetime of devotion and you should very much enjoy this day. (U)

President-elect Kim: Mr. President, thank you very much for your warm and heartfelt congratulations. (U)

The President: Thank you and goodbye. (U)

-- End of Conversation --