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DEPARTMENT OF STATE

Washington, D.C. 20520

PRESIDENT FORD'S VISIT TO KOREA

November 22-23, 1974

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NARA, Date

*Interview 12/8/03*



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THE SECRETARY OF STATE  
WASHINGTON

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MEMORANDUM FOR: THE PRESIDENT  
FROM: HENRY A. KISSINGER  
SUBJECT: Your Visit to the Republic of Korea

I. PURPOSE

Your visit provides an opportunity to affirm our commitment to Korea, and a timely discussion at the highest level of issues that will impact on peace and stability in Asia. It comes at a critical time when President Park Chung Hee is under increasing pressure from his domestic opponents and growing external criticism of his authoritarian rule. The ROKG will seek to use the visit to demonstrate that Park's policies have not affected our backing. If you had not gone on to Korea it would have been taken as an indication we were disassociating ourselves from Korea, a signal that would have sharpened the attack by Park's internal critics, and also could have led to North Korean miscalculation.

Your purpose in this visit will be to:

-- reaffirm our commitment to Korea under our Mutual Defense Treaty at a time of rapidly changing circumstances.

-- keep Pyongyang and its allies on notice that U.S. support to the ROK will continue.

-- reiterate that we have no present plans for substantial reduction of our forces in Korea.

-- clarify the assistance we will be able to contribute in the future to modernization of the ROK Armed Forces in light of our declining resources.

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-- assure that we are preparing to work with the ROKG towards a new security relationship following the expected termination of the United Nations Command.

-- urge efforts toward substantive progress in the now stalled negotiations with North Korea.

-- demonstrate we are not partial in Korean-Japanese disputes and that the security interests of the two countries are interdependent.

-- reassure that we will not bypass the ROK in any discussions with other powers that might affect the security of the peninsula.

-- impress again that we will not develop contacts with the North until her allies do so with the South.

-- assure that ROK needs will be taken into account in any adjustments necessitated by energy and food crises.

## II. BACKGROUND AND STRATEGY

A. Background. President Park is a man under siege. Disaffection with his arbitrary rule is more vocal and widespread than even before. Relations with Japan are still strained. U.S. Congressional criticism of Park's authoritarian rule has resulted in decreased military assistance, and Korea's remarkable economic growth has slowed as a result of the energy crisis and spiraling inflation.

### Security Issues

Park's policy of firmness in the face of North Korean bellicosity, while simultaneously seeking broader and flexible international contacts, including communist powers, has wide support. Although the South opened talks with the North in 1972, there has been no progress and the sessions have degenerated to sterile propaganda exchanges. In military terms the balance between both sides remains much as it has for

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several years. The ROKG, however, portrays a greatly increased threat from the North, in large part to justify Park's domestic policies. Tension remains, but in a recent series of maritime incidents both sides talked loudly but kept the situation from escalating.

While concerned over our further disengagement from the peninsula, the Koreans are moving confidently to adjust to the eventuality. Our air force units in Korea continue to compensate for ROK deficiency in the air, but our ground forces are there primarily for political reasons. The ROKG wants to keep them to assure U.S. involvement in the event of invasion and because their removal would be interpreted as disassociation from Park. We believe their presence provides a restraining influence on both the North and South and contributes to stability in the area. Termination of the United Nations Command would not affect the presence of our forces who are there under a bilateral Mutual Defense Treaty.

Declining appropriations have caused a delay in the five year program to modernize the ROK Armed Forces. In the meantime, the emphasis on modernization has been concentrated on improved air capability. The ROKG would like to acquire additional F-4 Phantoms rather than the less expensive F-5s. There are indications the ROKG is also seeking a missile capability and in general is moving to greater independence in defense procurement.

#### Korean Political/Economic Scene

The Korean political scene is dominated by the struggle of Park's critics to reverse his recent effort to maximize his authority and squelch dissent. Caught up in harsh sentences under courts martial were an ex-President, a Catholic bishop, respected intellectuals, and a number of Christian and student activists. Partly in response to expression of international concern, Park has rescinded the most onerous measures, but his opposition is now reorganizing, calculating that now is the best time to wring concessions from him.

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International reaction to Park's rule has been severe. In the U.S., Congress held hearings on human rights in Korea, and Committees of both houses have recommended the reduction or termination of military assistance. The U.S. press has been extremely critical, and repression in Korea remains an important theme in public mail to the Department. Although none of this has changed our basic evaluation that a strong, viable South Korea is essential to stability in the area, it has seriously eroded public support for one of our closest allies.

Our relationship is further aggravated by impending changes which probably would have come about regardless of Park's domestic policies. Congressional authorizations for military assistance are declining before we have been able to provide certain of the more important items (especially aircraft) for the modernization of the Korean Armed Forces. At the same time Korea is developing a taste for increasingly sophisticated expensive items with an offensive as well as defensive capability.

Heavily dependent upon petroleum imports for energy required to expand exports, Korea has been uneasy over the oil crisis. Critical Japanese investment and trade have declined. Inflation and unemployment could add an economic dimension to political controversy. The ROKG is concerned over cessation of substantial PL-480 shipments which were depended upon heavily. We can only assure President Park that ROK needs will be given consideration and we will do our best to meet them.

The ROK was recently involved in a confrontation with Japan which seriously threatened their relations and President Park will probably be anxious to explain the Korean position. We believe that any disputes between the two countries should be handled in normal government channels, without resort to confrontation diplomacy.

B. Visit Approach. Our objectives for your visit are straightforward, as is our strategy to achieve them.

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-- Your arrival statement, as well as your visit with American ground forces, highlight the American defense commitment to Korea. Pyongyang has already begun commenting adversely on the visit, thus indicating she reads this message clearly.

-- Your overnight stay in Korea after Japan demonstrates the even-handed attention we give both in our concept of security for Northeast Asia.

-- Your schedule provides ample time with Park (at least two, and possible three, occasions) to clarify our views on other security issues, including military assistance.

Park will probably seek to justify his tough domestic policy and you may therefore wish to point out the effect his policies are having on support for Korea within important U.S. circles.

We also recommend you make a point of speaking to opposition leaders who, we understand, will be included in the reception and dinner.

-- Your departure statement refers to congressional restraints on military assistance which also serves to remind both Korean and American audiences of U.S. concerns for human rights.

### III. PRINCIPAL TALKING POINTS

A. General. The American people join me in expressing sorrow at the tragic death of Madam Park.

#### B. U.S. Korean Relations.

1. We will do our best to complete the program for modernization of the ROK Armed Forces. Korea's willingness to move toward credit sales is helpful.

2. We have no plans for substantial reduction of our forces in Korea and will work out new command relationships if the UNC is terminated.

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3. With regard to PL-480, ROK needs will be given consideration and we will do our best to meet them.

4. If Korea's internal political developments are raised, explain that ROKG actions have been the subject of considerable adverse comment in the U.S. and have had an unfavorable effect on public support of our commitment to the ROK.

5. If the procurement of advanced aircraft is raised, indicate we are studying this question and will be back to the ROKG in the near future.

C. International Security Issues.

1. We are fairly optimistic about our joint position in the UNGA on dissolution of the UNC. (The UN debate may coincide with the visit.)

2. We will support ROKG efforts to open relations with Communist countries. The ROK should continue to seek dialogue with North Korea despite the obstacles.

3. On Korea-Japan relations we believe that both countries benefit from their association and we favor the amicable settlement of any disputes that may arise between them.

4. We will not take any actions affecting Korean security in any discussions with other powers without prior consultation with the ROKG.

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DEPARTMENT OF STATE  
BRIEFING PAPER

ISSUES/TALKING POINTS

UNC Alternatives

Background

The United Nations Command (UNC), created by the UN Security Council to coordinate the efforts of the countries who contributed to the defense of the ROK in the Korean War, is a wasting asset. Virtually all foreign forces have been withdrawn from Korea, other than American forces which technically are not in the UNC. With the PRC in the UN, and the North Koreans present as observers, we face growing difficulty in blocking UNGA draft resolutions calling for termination of the Command. The UN Command is integrally involved with administration of the Armistice Agreement which in the absence of a peace treaty provides the mechanism for maintaining peace on the peninsula. The ROKG is cooperating in our efforts to terminate the UNC in a manner that will not be destabilizing, and we have had preliminary discussions with them on successor command relationships.

Although U.S. Forces in Korea are not under the operational control of the CINCUNC, he also serves concurrently as Commander of U.S. Forces in Korea (USFK). CINCUNC does have operational control over virtually all ROK Forces and the token remnants of the contributions from other countries. CINCUNC signed the 1953 Armistice Agreement for our side. The USG and ROKG are not signatories. For the other side, the signatories are the Commanders of the Korean Peoples Army (KPA) and the Chinese Peoples Volunteers (CPV).

In mid-June we made a package proposal to the PRC for dissolving the UN Command, which includes:

-- substitution of the US and ROK military commanders as successors in command to CINCUNC, with the North Korean and PRC commanders continuing as

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adherents for the other side;

-- notification to and endorsement of the altered armistice arrangement by the UN Security Council;

-- a nonaggression pact between the two Koreas;

-- a public U.S. commitment to the reduction and ultimate withdrawal of our troops in Korea, in return for which the PRC and North Korea would privately accept an interim U.S. military presence in the South until the situation on the peninsula is stabilized.

The Chinese response at the end of July in effect rejected the third and fourth elements of our plan. Inasmuch as these are not essential, we went back to them with a truncated version based on the first two items in our June proposal. Our discussion with the PRC at the beginning of October led us to conclude that the North Koreans had not yet accepted our proposal, and were in fact preparing for a confrontation at the UN. It is possible that the PRC is somewhat more disposed to a compromise, as it was last year, but there has been no concrete expression of such intention. Accordingly, we have introduced our own resolution in the UN and have indicated publicly that we are prepared to be flexible regarding the UNC provided the Armistice Agreement remains.

#### Korean Position

The ROKG is ready to dissolve the UNC provided the armistice mechanism remains. In place of UNC they are prepared to establish some form of combined command, with perhaps a U.S. officer designated the senior member. But this would hold only if the U.S. officer were seen to be under the guidance of an as yet undefined joint defense body similar to the NATO model. U.S. operational control would be contingent upon maintenance of U.S. forces at approximately the same level. The ROKG would thus continue

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to directly involve the U.S. in the defense of Korea, while maintaining a major voice in overall defense planning.

U.S. Position

We are in agreement with ROKG views concerning the importance of maintaining the Armistice Agreement. We have deferred a determination on the successor command structure to the UNC until we know the other side is prepared to cooperate with us in alternative arrangements. Operational control poses conflicting problems for us which we will want to consider carefully. We have had OpCon of Korean forces for almost twenty-five years -- a very long time. OpCon continues to perpetuate our direct involvement. On the other hand, it allows us to continue to exert a restraining influence on the peninsula and better enables us to avoid being drawn into situations against our own interests as long as significant U.S. ground forces remain in Korea. In any event, we will have to look very closely at the specifics of any combined command arrangement put forth by the ROKG to guard against any unacceptable restrictions on our flexibility. Further, we do not intend to become involved in any combined command arrangements which require us to maintain specific levels of forces in Korea.

Talking Points:

You may wish to:

-- express satisfaction over the way that consultations between the ROKG and the U.S. on the termination of the UNC have gone forward.

-- say that we are prepared to work with the ROKG in developing alternative command arrangements once the other side agrees to our proposal on the UN Command.

-- say that we will continue to discuss the essence of our proposals on the dissolution of the UN Command and preservation of the Armistice

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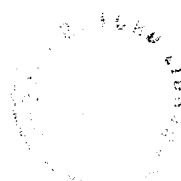
Agreement with the PRC. In our discussions with the Chinese, we will stress the desirability of avoiding confrontation in the UNGA on the Korean question. We will continue to make clear to the Chinese that we are obligated to discuss any PRC counter-proposals with the ROK.

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ISSUES AND TALKING POINTS

Armed Forces Modernization

Background

Coincident with the withdrawal from Korea of one US combat division, the US announced a five-year plan (FY 1971-1975) to modernize the ROK military forces. The types and quantities of equipment were encompassed in an illustrative list to which representatives of both countries agreed. Although there was no specification of the cost of equipment embraced by the plan, the administration placed a ceiling of \$1.25 billion on New Obligation Authority to be used for modernization and \$250 million on the value of excess defense articles transferred to the ROK.

Congressional appropriations since FY 1972 for security assistance have not been sufficient to allocate the programmed or requested funds to complete the Modernization Plan by the terminal year of FY 1975. Therefore, the plan has been extended. We hope to meet the ROK request to complete the plan by the end of FY 1977 but this will depend upon funds authorized and appropriated by the Congress in this and subsequent fiscal years and internal executive branch decisions.

As of the end of FY 1974, about \$500 million more NOA was required to complete the plan. We propose to meet Congressional constraints by decreasing requests to the Congress for the grant component of security assistance and increasing the FMS credit portion in the next two fiscal years. The ROKG has indicated that it is prepared to undertake greatly increased FMS credit utilization and toward that end we hope that the Congress will concur in our requests for substantially higher FMS levels.

Korean Position

The ROKG has requested \$345 million in grant security assistance and indicated a requirement for

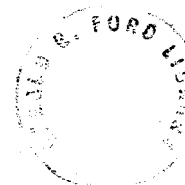
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\$500 million in FMS credit in fiscal years 1975 through 1977. While hoping for the grant component to complete the major portion of the Modernization Plan, the ROKG recognizes the difficulties which we face in obtaining requested funds from Congress and is ready to accept substantially greater FMS levels.

#### US Position

In the light of Congressional funding limitations and attitudes toward the Korean domestic situation, it is unlikely that we will obtain appropriations for the large amounts of grant MAP originally expected. We hope that the Congress will authorize and appropriate increasing amounts of FMS credit for utilization by the ROK.

#### Talking Points

You may wish to say:

-- we attach a high priority to completion of the Modernization Plan and regret our inability to obtain sufficient funds to have accomplished that objective in the original timeframe.

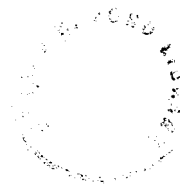
-- it is not possible to predict Congressional reaction to our requests for security assistance funds but we will do the best we can with whatever appropriations become available.

-- for our part, we are greatly encouraged by the ROKG's readiness to accept the need for greater reliance on its own resources and on FMS credit.

-- we must also recognize that Congressional constraints and attitudes pose increasing difficulties in obtaining support for all foreign assistance programs, including grant FMS credit and grant MAP.

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ISSUES/TALKING POINTS

Republic of Korea Air Capability

Background

The Republic of Korea (ROK) is interested in the procurement of high performance aircraft beyond those contained in the Five Year (FY 71-75) Korean Modernization Program (MOD Plan). At one point, the ROKG wished to purchase 57 F-4E aircraft. However, in September, the ROKG indicated its readiness to embark on a program involving the following mix.

- a. One F-4 wing (the already provided MAP-funded F-4D squadron; the bailed F-4D squadron now on loan to them, and one F-4E squadron to be purchased.
- b. In addition to 72 MAP-furnished F-5E aircraft, a minimum of 3 squadrons (54 UE) of F-5E to be purchased or co-produced.
- c. An expressed ROKG preference for an eventual follow-on light weight fighter. The ROKG decision on eventual long range modernization would be made after results of the USAF competitive test (YF-16 vs. YF-17) become available. Should the USAF fail to adopt either, the ROKG decision would then be made on other suitable US first line aircraft for incorporation into ROKAF structure in the late 70's or early 1980's.

The MOD Plan originally called for provision of 10 modern tactical fighter squadrons consisting of a mix of five F-5A squadrons, two F-4D squadrons, and three squadrons of the then to be developed International Fighter, F-5E. Improvements to the ROK Air Force (ROKAF) currently scheduled are the May 1975 return of 36 F-5A's on loan to the Republic of Vietnam (RVN) as part of a project ENHANCE PLUS (the build up of RVN air assets just prior to the end of the Vietnam conflict) and the

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completion of delivery of 72 F-5E's in September 1976. The attached table shows the changes that are to take place in the ROKAF inventory between now and September 1976.

National Security Decision Memorandum 227, Korean Force Modernization Plan, directed that before high performance aircraft beyond replacement aircraft in the original modernization plan are funded, a complete review of the threat and air defense requirement should be undertaken and recommendations submitted to the President. Washington agencies are now in the process of assessing future Korean aircraft requirements and are in the final stages of considering a package sales proposal on the F-4D squadron now on loan to the ROKAF.

#### Korean Position

The ROKG believes that additional modern aircraft beyond the MOD Plan are needed to meet their ultimate aircraft requirements. The ROKG wishes to buy one F-4E squadron and the F-4D squadron it now has under bailment. It is also interested in procurement and co-production of F-5E or possibly F-4E aircraft.

#### US Position

Although there is general agreement that a requirement exists for additional high performance aircraft for the ROKAF, we are studying this question and it is premature to formulate types and numbers of high performance aircraft for the future ROKAF inventory at this time. We are prepared to sell the bailed F-4D squadron under certain conditions, which we expect to communicate to the Koreans in the very near future.

#### Your Talking Point: (If raised by President Park)

-- We understand the ROKG's desire for additional high performance aircraft, and have the specific requests under serious study.

Attachment:  
Table

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ROK TACTICAL AIRCRAFT\*

<u>Type</u>	<u>November 1974</u>	<u>September 1976</u>
F-86	99	0 - 99 <u>1/</u>
F-5A	58	94
F-4D	34	34
F-5E	4	72
Total Aircraft	195	198 - 299
Total Supersonic Aircraft	96	200 <u>2/</u>

1/ The number of F-86's in the 1976 ROKAF is uncertain. The ROK is under no obligation to retire these aircraft and may decide to keep a portion of them in the inventory. Alternatively the ROK may retire them all because of age and logistical problems.

2/ It should be noted that the NKAF are forecast to have approximately 300 supersonic tactical fighter aircraft by this same period.

The table shows that, although there may be no significant change in the total number of aircraft (if the ROK retires its F-86's) the number of modern, supersonic aircraft will double between now and September 1976. These additional aircraft will qualitatively improve the capability of the ROKAF.

\*The Interdepartmental Group Review requested by National Security Study Memorandum (NSSM 211), addresses the ROK aircraft mix and also concludes that it is premature to formulate types and numbers of high performance aircraft for the ROKAF at this time.

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ISSUES/TALKING POINTS

North Korea

Background

Despite the opening of contacts between the two Koreas three years ago, the North-South talks have produced little concrete progress; they are presently only a forum for mutual recrimination rather than the exchange of constructive proposals. North Korea's bellicosity toward the South is limited only in that its Soviet and Chinese backers, who have their own bilateral problems, wish to avoid renewed hostilities on the peninsula. North Korean-initiated military incidents still occur, and the danger of miscalculation resulting in a serious military confrontation continues.

Two years ago, North Korea embarked on a major diplomatic effort to improve its international relations, and has sharply increased contact and trade with non-Communist countries. Pyongyang has altered its contemptuous attitude toward the United Nations by sending an observer mission to New York and joining several UN specialized agencies. It has persuaded a growing number of countries to extend diplomatic recognition, while preventing any communist state from recognizing the ROK. North Korea has attempted without success to establish official contact with the U.S.

ROK Position

South Korea continues to see herself under the heavy shadow of North Korea's desire to reunify the peninsula by force and on its own terms. The ROK points to North Korean efforts to improve its offensive capabilities and several North Korean-initiated incidents this year -- including the August 15 assassination attempt against President Park in which Madam Park was killed -- as indications that the North

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Korean threat has increased. While the ROKG has injected more propaganda into the North-South talks since the August 15 incident, it is unlikely that Seoul will break off the talks. Seoul has sought without success to develop contacts with Pyongyang's allies while seeing her own advantage in international support slowly erode as more non-Communist countries recognize North Korea. The ROKG counts heavily on the U.S. for diplomatic support and is very sensitive to any signs of changes in our policy toward North Korea. The South Koreans are also concerned about any discussions we may have with the USSR and the PRC which affect their interests and may ask you to support their efforts to develop contacts with Communist countries.

#### U.S. Position

We would like to see increasing dialogue and contact between the two Koreas in order to reduce tension on the peninsula. Continued communication between the two sides is also useful to the case we are called upon to make annually in the UN. While maintaining our security support to the ROK to enable her to deter and resist any renewed North Korean aggression, we do not agree with the ROKG that the military threat to the South has increased. We support Seoul's efforts to establish relations with Communist countries and give full support to her diplomatic efforts against the North Korean-backed resolution in the UN. We have no contacts with North Korea save for those that are required as the host country for the UN. We have discouraged several recent North Korean approaches to establish direct contacts with us.

#### Talking Points

-- We fully appreciate the need for strength in the face of North Korean bellicosity.

-- We recognize that the talks with the North have been unproductive, but they are important to detente in Asia, and to our case in the UN.

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-- Accordingly, we believe it is in our mutual interest that the dialogue with the North continue.

-- The U.S. will not recognize North Korea until such time as the major communist powers recognize the ROK. We will keep the ROKG informed of any approaches by the North.

-- We will continue to impress upon other countries the importance of even-handedness in their responses to diplomatic initiatives by North Korea.

-- We will support ROK initiatives to improve relations with Communist countries where our support might be effective. If the opportunity presents itself in Vladivostok, we will tell the Soviets we will not respond to Northern initiatives until the Communist countries move towards contacts with the South.

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DEPARTMENT OF STATE  
BRIEFING PAPER

ISSUES/TALKING POINTS

Political Issues

Background

President Park Chung Hee has ruled continuously since he came to power by military coup in 1961. After his reelection in 1971 he began a steady march toward authoritarian rule, which reached his goal at the end of 1972 when he pushed through a referendum (under martial law) approving extensive revision of the constitution, labelled Yushin (Revitalizing) reforms. The revision seriously diminishes basic rights guaranteed in the previous constitution, ends direct election of the President, greatly enhances his authority, and removes any limitation on his tenure. Park argued that these measures were necessary to cope with the effects of the opening of a dialogue with North Korea which began in July 1972.

Opposition to these revisions did not gain real momentum until late 1973 when the ROKG was on the defensive over its role in the abduction from Japan of Park's leading political opponent (Kim Tae Chung), and it had become clear there would be no immediate progress in the North-South talks. Rapidly spreading demands for Constitutional revision caused Park to promulgate sweeping Emergency Measures in January. These established courts martial which are authorized to impose sentences of up to fifteen years for even indirect criticism of the Yushin Constitutional framework.

In early April the continuance of campus unrest caused Park to promulgate an even harsher Emergency Measure which proscribed all campus political activity and provided sentences up to death for activities remotely connected with a student organization supposedly seeking to overthrow the government through violence under the guidance of North Korea. Before

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the most extreme of these measures were rescinded some two hundred people were sentenced by courts martial. These included former President Yun Po Sun, Catholic Bishop Chi Hak Sun, and numerous leading intellectuals, educators, students, and Christian leaders.

The measures did not eliminate discontent which is now being aggravated by economic grievances resulting in part from a general slowdown. Growing student demonstrations calling for amnesty and Constitutional revision have resulted in the closure of most of the major colleges. Opposition political leaders, Christian organizations, and segments of the press have joined in the demand for the restoration of human rights.

The attention given the ROKG's authoritarian measures by the media and missionary-connected church organizations in the U.S. has resulted in Congressional Hearings on the deprivation of Human Rights in Korea, and subsequent moves to reduce or terminate military assistance.

#### ROKG Position

The Yushin Constitution, the Emergency Measures, and the overall tight control of Korean society are necessitated by the continuing threat from North Korea. The threat is evidenced by North Korea's obstruction of the North-South talks, a series of maritime incidents, continuing efforts at subversion and, most recently by the August 15 attempt to assassinate President Park. The ROKG is not anti-Christian. All religions are tolerated in Korea, and there is freedom of worship. Those Christian leaders who have been brought to trial were guilty of crimes against the state. Some limitations on personal freedoms must be imposed because North Korea would take reckless advantage of the turmoil open dissent would engender.

#### U.S. Position

We do not share Seoul's assessment of the North Korean threat, not so much because of her intentions but mainly because she does not have the capacity alone

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to wage a successful war against the South. The ROKG knows our views on the threat, and also that we do not believe it justifies the deprivation of human rights. On this issue, we have said publicly that our security interests require support of the ROKG even though we do not approve of her policies on human rights. On July 24, in testimony before a Senate subcommittee, Secretary Kissinger stated that ". . . the position of South Korea is quite crucial to the future evolution of Japan and therefore our historic relationship with South Korea, which in turn was dictated by the strategic and political necessities of the area, [and which] has led us to continue economic and military assistance when we would not have recommended many of the actions that were taken by the Government of South Korea."

We have made clear our concerns to the ROKG but have not sought to lecture them. We have also made them aware of the effects of Congressional reaction to political developments in Korea. Our ability to provide assistance and the credibility of our commitment to Korea are jeopardized by Congressional action and the public disapproval it reflects.

#### Talking Points

You may wish to:

-- refer to the historically close ties between the American and Korean peoples.

-- indicate our understanding that Korea faces a security threat.

-- explain that ROKG actions have been the subject of considerable adverse comment in the U.S. and have had an unfavorable effect on public support of our commitment to the ROK and threaten our programs of assistance to Korea.

-- while we will say nothing publicly to embarrass the ROKG, Congressional and press interest are such that we will be unable to avoid questions on whether the subject was discussed. It would be damaging to our mutual interests if we did not acknowledge that it was discussed in at least a general fashion, without specific elaboration.

Department of State  
November 1974



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DEPARTMENT OF STATE  
BRIEFING PAPER

ISSUES/TALKING POINTS

PL 480 for Korea

Background

In connection with 1971 textile negotiations and modernization of the Korean military, the U.S. agreed to provide Korea approximately \$300 million of PL 480 beginning in FY 1971 and culminating in FY 1976. This sale was to have been in addition to the regular recurring annual level of PL 480. Korea agreed to restrict its textile exports to the U.S. and to pay for certain defense costs which the U.S. had earlier agreed to fund. Due to reduced availability of commodities for PL 480 and higher priority security (Indochina) and humanitarian (Bangladesh, the Sahel) requirements, we have not been able to maintain the agreed level of PL 480 with Korea. In 1973 we shipped only \$26.6 million out of a \$126.8 million agreement and there has been no program in 1974. We are \$254 million in arrears through FY 1974. The ROK is in essential compliance with its part of the agreement and has formally raised the question of U.S. performance. We acknowledge our inability to comply with our agreement but have explained that all PL 480 programs are subject to availabilities.

The ROK requested deliveries valued at \$193.2 million for FY 1975 under PL 480. We initially hoped to provide \$150 million but reduced U.S. agricultural production and budget constraints required us to lower the target to a smaller \$121 million in the State/AID high option presented to you in September. Of this amount \$20.2 million (60,000 MT of rice) has been approved and we expect to begin negotiations in December. In addition to the \$20.2 million, \$3.1 million has been approved for programming rice under the Private Trade Entity (PTE) program (10,000 MT).

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Korean Position

The ROK will cite a critical need for PL 480 financing to alleviate budget and balance of payments problems. The local currency generated from the sale of PL 480 commodities is an important item in the Korean budget. Korea's balance of payments position has been weakened by its preponderant dependence on imported oil as a source of energy. While the ROK has been understanding to date regarding U.S. shortfalls, it views the 1971 understanding as a firm commitment. It hopes for at least \$150 million in FY 1975 and wants to know as soon as possible how much it will definitely receive in FY 1975.

U.S. Position

The 1971 PL 480 commitment to Korea was made at a time when we still had large reserve stocks and commodity prices were stable. The PL 480 situation has changed radically in the past two years. There are now severe commodity availability and budget constraints on the program. We have had to reduce many country programs below earlier levels and at the same time meet urgent humanitarian needs as they arise.

We continue to recognize the PL 480 cumulative shortfall to Korea but we will not be able to meet it within the original time-frame. During FY 1975 we hope to be able to program a substantial quantity of PL 480 to Korea, making it one of the largest recipients.

Your Talking Points

-- We have had to reduce PL 480 shipments to Korea below projected levels because of the severe limits on global programming imposed by reduced commodity supplies and high prices.

-- We recognize our past inability to supply the agreed amounts of PL 480 and subject to availabilities will do our best in the future.

-- Korea is one of a limited number of countries to be allocated PL 480 during the first half of this fiscal year (70,000 metric tons of rice valued at \$23.3 million).



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-- We do not yet know the total size of our PL 480 program with Korea during FY 1975 but we are aware of and sympathetic to Korea's needs and the high priority it attaches to PL 480.

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ISSUES/TALKING POINTS

US Forces in Korea

Background

The US has maintained sizeable ground and air forces in Korea since the Korean War. They are stationed there under the Mutual Defense Treaty of 1954 and the Status of Forces Agreement of 1966. In 1971, we withdrew one of two Army divisions. At present our actual force level is approximately 40,000, consisting of one combat infantry division, a wing of F-4 tactical fighters, a missile command, an air defense brigade and various support organizations. With the exception of a company responsible for the security of a 500 meter strip astride the DMZ evacuation route to Panmunjon, where the Military Armistice Commission meets regularly, our forces are no longer positioned directly on the DMZ. The withdrawal of this company from the DMZ will be raised with the ROKG in the near future.

The senior U.S. military officer in Korea simultaneously holds three commands: Commander-in-Chief of the United Nations Command (in this position he exercises operational control over ROKG armed forces), Commander U.S. Forces Korea, and Commanding General Eighth United States Army.

As seen by Koreans, the presence of American forces is the most important element of the U.S. commitment to the defense of South Korea. They are a deterrent to renewed North Korean hostilities, and also serve as a visible pledge of U.S. assistance if hostilities break out. In this sense they are a stabilizing influence in Northeast Asia. In their absence, North Korea might be tempted to attack the ROK, Japan would be concerned about the potential for instability on the neighboring peninsula and the USSR and the PRC might be concerned that the other

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could gain in influence at its expense.

Neither the PRC nor the USSR appear to regard our forces as a threat, and despite public comments to the contrary, probably prefer to see some continuing U.S. military presence in Korea. North Korea, however, is adamantly opposed to our forces. She believes that without them the Park government would fall and North Korea would be able to unify the South under the leadership of Kim Il Sung.

#### Korean Position

The ROKG attaches great importance to the continued presence of U.S. forces at their present level, composition and location. They justify their presence on the basis of the North Korean threat, which in their view has been increasing. They understand that our forces cannot remain permanently, but they worry about precipitous reductions.

Presently, they are concerned about Congressional and public proposals to reduce force levels overseas. They are uncertain about the implications of proposals to designate the Second Infantry Division as a Pacific theater mobile reserve force and Congressional pressures to relocate the division south of Seoul so as to free it from the possibility of immediate commitment in the event of hostilities.

#### U.S. Position

Our force levels in Korea are related to the security situation on the peninsula, ROK military capabilities, and our own requirements. Our air units compensate for South Korean deficiencies. Our Army division remains primarily for political purposes, since we believe the ROK Army can handle the ground combat role in the event of a North Korean invasion. We do not believe a full-scale attack by North Korea against the South is likely in the near future,

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although tension remains and lesser armed clashes are possible.

Your Talking Points

-- The United States will honor its obligations under the 1954 U.S. /ROK Mutual Defense Treaty.

-- The U.S. does not now plan any significant reductions in force levels in the ROK.

-- The U.S. will consult with the ROK well in advance of any future reductions in U.S. force levels in Korea.

-- In the event the UNC is dissolved, we will work out with the ROK plans to establish successor command arrangements.

-- If raised by the ROK, say that we have no plans to relocate the Second Infantry Division or give it a regional mission.

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ISSUES/TALKING POINTS

Korea/Japan Relations

Background

Since the normalization of relations in 1965, Korea's relations with Japan had been improving and expanding until August 1973. Beginning then, with the abduction by the Korean CIA of President Park's leading political opponent from Tokyo in August 1973, and subsequently the murder of President Park's wife by a Korean resident of Japan during an assassination attempt in August 1974, relations have deteriorated. Notwithstanding, the GOJ remains a staunch supporter of Korea's international position and has worked effectively with us on the ROK's behalf in the UN General Assembly.

Economic ties with Japan are very strong. With bilateral trade of \$3.0 billion in 1973, Japan was Korea's largest trading partner and Korea was Japan's fifth largest. Japan continues to be the largest source of private investment in Korea, though the climate for new investment has been adversely affected by the political problems of the past year. Japan is also a major source of economic assistance, providing \$157 million in official development assistance in 1973.

Japan has no official relations with North Korea, despite continuing domestic pressure for recognition of Pyongyang. The GOJ does, however, approve the gradual improvement of relations with North Korea beginning with further expansion of exchanges and private trade with North Korea which last year amounted to \$170 million.

Despite the primacy over the North which they enjoy, South Koreans are generally suspicious of Japanese efforts to improve relations with the North. They are constantly on the lookout for signs of favored treatment of the

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Chosen Soren, the pro-Pyongyang organization which includes about half of the 600,000 Koreans still remaining in Japan from the colonial period. It is this suspicion which has fueled the impatience over what the ROKG leadership considers cavalier disregard of serious anti-ROK subversive activity in Japan. This impatience in turn led to President Park's demands on the GOJ following the assassination attempt which created the recent crisis in their relations.

Although the leaders of both countries recognize their interdependency, the deep animosity between the two can easily be stirred to provide temporary political advantage, particularly on the Korean side.

#### ROK Position

The permissiveness of the GOJ toward pro-North Korean organizations of Korean residents in Japan enables North Korea to carry out subversive activities freely. Japan must be compelled to recognize the danger and act on it. Japan should make no further moves to develop relations with North Korea.

#### U.S. Position

Japanese laws and public opinion would not permit the GOJ to undertake the internal measures the ROKG would like to see. Unreasonable ROKG demands and stimulation of anti-Japanese sentiment could push the GOJ to move more rapidly to expand relations with North Korea. Mutual security and economic considerations demand that the ROK and Japan maintain their extensive ties on a correct, if not cordial basis.

#### Your Talking Points

You may wish to:

-- express satisfaction that a solution has been found to the recent dispute.

-- comment that we have no indication that Japan intends to move precipitously in its relations with North Korea.

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-- remind that we are a friend of both countries and will neither take sides nor mediate between them.

-- affirm the importance we attach to good relations between the two. ROK security is dependent upon a friendly Japan and vice versa.

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## ISSUES AND TALKING POINTS

## Trade Deficit Problem

## Background

The ROK is faced with an estimated trade deficit in 1974 of between \$1.2 billion and \$1.4 billion, an increase of 2.5 times the deficit of \$566 million in 1973. The 1975 trade deficit is expected to be about \$200 million more than in 1974. The current trade deficit is the result primarily of an \$800 million increase in the cost of imported crude oil and secondarily the relative scarcity and high costs of raw materials and food imports. We understand President Park may privately ask for the President's support in obtaining more American investment and assistance to tide Korea over its present economic difficulties.

## U.S. Position

Many considerations militate against the provision of increased assistance provided to the ROK. These considerations include severely decreased levels of surplus agricultural commodities, competing requirements of food deficient countries for the limited commodities available and significantly higher domestic costs in the US occasioned by inflationary trends. In addition American business attitudes on investments are made on a commercial basis, not by government direction.

## ROK Position

The ROKG understands and appreciates the restraints on official US funds. However, the capital inflow from Korea's principal sources of private foreign capital, namely the US and Japan, will not meet the ROK's needs in 1974. The ROK understands that this is a reflection of broader economic trends. However, the ROKG believes its friendship with the US, its economic growth records and prospects, and

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its high financial credibility make Korea a good risk for investment. The ROKG would appreciate US support with the private American financial community for the ROK effort to increase investment.

Talking Points

-- We are aware of the serious economic adjustment problems facing Korea and other countries. The President and the Secretary are devoting considerable attention to solution of problems such as Korea faces.

-- The US has taken the lead on new initiatives in the fields of food, energy, population and the recycling of oil revenues and the emerging international structure to deal with these problems should benefit the Korean economy.

-- With regard to PL 480, ROK needs will be given consideration and we will do our best to meet them.

-- We support and encourage American business investment in Korea, although we have limited influence over private investment decisions. Korea enjoys a high level of business confidence in the international business community. We hope that Korea will do everything to maintain and enhance that confidence.

-- Many of Korea's economic problems are a part of a global problem and require multilateral solutions. The U.S. has supported and will continue to support the ROK's endeavor to have access to the IMF oil facility.

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