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SUBJECT: ROK REACTIONS TO DPRK MISSILE LAUNCHES-DAY TWO

REF: SEOUL 2211

Classified By: A/DCM Joseph Y. Yun. Reasons 1.4 (b), (d).

Rokg reaction

썩 1. (C) xxxxx that despite its decision to suspend humanitarian aid to the DPRK, it would ship another 24,700 metric tons of fertilizer 6-7 July. This final shipment will complete the delivery to the North of the pledge of 350,000 metric tons South Korea made earlier this year. MOU officials have explained that the ROKG is proceeding with this shipment because it is a small, final portion of a pledged commitment.

썩 2. (U) Unification Minister Lee Jong-seok on July 6 told the National Assembly Unification, Foreign Affairs, and Trade Committee that Seoul would hold inter-Korean ministerial talks set for July 11-14 in Busan as scheduled, adding that it was not consistent to urge the North to return to talks over its nuclear weapons programs but refuse to talk with the North itself. Lee said it was still important to limit Seoul's measures against the North to avoid further escalation on the Peninsula.

썩 3. (C) The A/DCM xxxxx to verify the items above. In a frank exchange, A/DCM expressed disappointment that things appeared to be "business-as-usual," with the shipment of fertilizer this week and the holding of inter-Korean ministerials next week. This was sending the wrong signals to Pyongyang for its inexcusable behavior, A/DCM said. xxxxx replied that a lot of internal discussions had taken place, but that political-levels concluded that breaking off the dialogue was not wise because restarting it would be too costly and difficult. Moreover, the dialogue must be used to send a stern message to North Korea. Next week the ROK delegation would definitely make the point that Pyongyang's demand for an additional 100,000 tons of fertilizer and 500,000 tons of rice was threatened. Also, in response to the missile launches, xxxxx, Seoul had decided to cancel North-South military liaison officers' talks that were planned for July 7, which essentially meant that General Officers' talks would not be held as hoped. In addition, Seoul was holding back on approving new investment permits for the Kaesong Industrial Complex (KIC). A/DCM encouraged xxxxx develop further measures and to publicize them (septel).

썩 4. (U) Senior Secretary for National Security Suh Choo-suk said on the radio on July 6 that the ROKG has initially concluded that the DPRK's failed missile launch was due to a technical failure. He also defended the ROKG's reaction to the missile launches as quick and appropriate.

썩 5. (U) ROK Defense Minister Yoon Kwang-woong on July 6 told the National Assembly Defense Committee that the North might

launch more missiles, citing an assessment of the equipment and groups going to and from the launch sites during DPRK preparations over the past two months. He also rejected the argument of an opposition lawmaker that there was a delay in the ROKG reaction to the launches. Separately, an unnamed senior official at the ROK Joint Chiefs of Staff publicly denied media reports that the DPRK was preparing to launch a second Taepodong II missile.

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Political reaction

췁 6. (C) During a July 6 opposition Grand National Party (GNP) leaders' meeting, the GNP criticized the ROKG for its "idle" approach to the DPRK missile launches and called for the resignation of all the security-related ministers. The GNP proposed a national investigation on the ROKG's reaction, proposed an "emergency National Assembly committee," and urged the ROKG to review its inter-Korean policies, including the Kaesong Industrial Complex, the Geumgang Tourism Project, and humanitarian assistance. xxxxx told xxxxx that all cash support to the DPRK should be stopped and that sending fertilizer north as missiles were being fired was "nonsensical." xxxxx predicted that the missile test could have a deciding effect on the July 11 GNP party chair selection, to replace xxxxx who stepped down last month. xxxxx said the lawmaker who could make people feel the most secure would be selected and hinted that Kang Jae-sup, with his more conservative prosecutor's background, might be the more attractive choice in light of the current situation.

썩 7. (C) The spokesman for smaller opposition Democratic Party (DP)xxxxx stated that the ROKG should recognize the importance of closely coordinating with Washington and Tokyo and improve its crisis management system that the DP said failed to operate effectively. One Democratic Party staffer noted to poloff that the missile tests should be viewed as "a test" and nothing more.

썩 8. (U) The progressive Democratic Labor Party (DLP) spokesman said xxxxx that the ROKG should maintain dialogue with the DPRK and prevent further DPRK provocations. At the same time, the ROKG should encourage Washington to negotiate directly with Pyongyang.

썩 9. (C) Several Uri Party staffers told poloff that further assistance would be difficult due to the lack of popular support, but that aid already agreed upon should continue. One staffer noted that the tests put the Uri Party in a "difficult position" because they showed the ineffectiveness of the current engagement policy. The Uri Party echoed much of the GNP's frustration with the related ministers, but stopped short of calling for them to step down. A common theme also heard was that the ROK reaction to the tests was "by the manual" developed by the Uri Party and not late at all.

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Press coverage

썩 10. (U) ROK media reports on July 6 highlighted UNSC discussions, criticisms that Seoul was caught flat-footed, and speculations about DPRK motivations and prospects for

inter-Korean relations. The Dong-A Ilbo, a moderate daily, criticized the ROKG government for responding too slowly, delivering a weaker announcement than Washington or Tokyo, and for poorly coordinating with the USG, which, the paper said, created the information lag.

썩 11. (U) As to why the North launched the missiles, opinions ranged from (1) to get attention and negotiation leverage; (2) to use for internal purpose to demonstrate DPRK strength; and/or (3) for technical reasons to demonstrate DPRK missile achievement. The progressive Hankyoreh opined that the timing of the launch, on July 4, was special because it was the 34th anniversary of the North-South Joint Statement from 1972, and it was the U.S. Independence Day, suggesting that the DPRK was exhibiting brinkmanship and wanted to generate more attention.

썩 12. (U) Press stories quoted some analysts who opined that North Korea might stand to gain from the launches. Kim Tae-hyo, a political scientist at Sungkyunkwan University, was quoted as saying that Kim Jong-il probably gambled that Beijing and Seoul would not change their stances and that this gamble was likely to pay off. Paik Hak-soon, a senior researcher at Sejong Institute, suggested that the DPRK launch was probably an effort to strengthen its position in the Six Party Talks because it was unsatisfied with proposed compensation for scrapping its nuclear programs. Peter Beck, Director of the International Crisis Group's Seoul office said that at most Seoul would probably only delay aid shipments, versus a real change in its current policies.

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Dprk watchers caution against sanctions at symposium

짚 13. (SBU) The prevailing sentiment among North Korea experts gathered at a July 6 symposium in Seoul on North Korean Development and International Cooperation was for all parties to exercise restraint in responding to the North Korean missile launches.

짚 14. (SBU) Amb. Sun Jun-young, Professor at Kyungnam University and Former ROK Ambassador to the UN, said that the missile launches were the DPRK's "last card" and showed not its strength, but its weakness. xxxxx that the DPRK felt so pressured by U.S. banking sanctions that it felt compelled to show its might in some manner. xxxxx believed that it would be a mistake to punish DPRK with sanctions and that it would be a mistake for the ROKG to suspend ministerial discussions scheduled for July 11. The best decision, he said, would be to perhaps delay the meetings, but to keep lines of communication open.

짚 15. (SBU) xxxxx that the Bush Administration's "neglect and containment policy" caused North Korea to break its moratorium on missile testing. xxxxx expressed concern that the launches would result in sanctions. According xxxxx, every time sanctions were applied to North Korea, the nuclear and missile situation became aggravated. He said that the missile launches were a signal from North Korea to the United States that it wanted direct negotiations. Kyungnam University Prof. Lim Eul-chul also said that the missile launches appeared to be a way of bringing the United States back to the negotiating table. It was North Korea's way of getting American attention, he

shrugged.

썰 16. (SBU)xxxxx

that it would not be helpful to cut off assistance and contacts, particularly in a time of crisis. It would be important to keep channels of communication open in order to facilitate an exchange of positions.

썰 17. (SBU) Visiting xxxxx that

the best reaction to the launches would be to continue with business as usual. He said that to overreact would be to play into North Korea's expectations and fulfill its goal of seeking attention. By minimizing public reaction and continuing to seek opportunities for exchange and assistance, there would be greater possibility of making a long-term, positive impact. Also, imposing sanctions would only harm ordinary North Koreans, who had nothing to do with the missile launches. xxxxx advised at most a delay in engagement activity with the DPRK.

썰 18. (SBU) xxxxx, likened the missile crisis to a cold winter before a warm spring. He criticized the USG for taking a harsh line toward North Korea and precipitating the current situation. But, he said, the situation could be salvaged if the USG provided a security guarantee and food to North Korea. This, he said, would initiate the process of separating the regime from its leaders. xxxxx said that imposing sanctions would be as effective as a dog barking outside a city's walls. It would be much better to use humanitarian aid like a Trojan Horse to start change from within.

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Dprk tourism and kic unaffected by missile launches

쑖 19. (SBU) Hyundai Asan President Yoon Man-joon said during his keynote address at xxxxx that the launches have had no impact on Hyundai Asan's operations in North Korea. He said that of the 315 persons scheduled to tour North Korea's Mt. Geumgang xxxxx, there was only one cancellation. Noting that far more people usually canceled at the last minute because of personal reasons, Yoon said that people seemed determined to continue with their plans. Yoon added that there has been no abnormal investor activity with regard to the Kaesong Industrial Complex (KIC) and predicted that investors who were planning to invest in KIC would probably delay their investments for a short time, but then push ahead with their original plans. xxxxx "political, not military, missiles" and predicted that travel and investment in the DPRK would remain stable.

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