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SUBJECT: ROK'S FOREIGN POLICY TOWARD THE NEIGHBORS: NORTH

KOREA, [JAPAN](#), [CHINA](#) AND RUSSIA

REF: A. TOKYO 3114 (TRILATERAL POLICY PLANNING) B. SECDEF DTG261447ZNOV08 (DEFENSE TRILATERAL TALKS) C. TOKYO 3416 (ROK-PRC-JAPAN TRILATS) D. SEOUL 1681 (ROKG ON CHINA) E. SEOUL 1700 (ROK-PRC SUMMIT) F. SEOUL 2461 (ROK-RUSSIA STRATEGIC DIALOGUE)
Classified By: POL M/C Joseph Y. Yun. Reasons 1.4(b/d)

1. (C) Summary: As a presidential candidate, Lee Myoung-bak called for a "creative reconstruction" of Korea's foreign policy. In his February 2008 inaugural address, Lee criticized his two predecessors, saying, "At times over the last ten years, we found ourselves faltering and confused." He vowed to trade ideology for pragmatism as Korea's surest means of improving ties with its neighbors, and he's had some successes, especially with China and Russia, where Lee was able to expand substantially economic and political ties. Lee's efforts on Japan and [North Korea](#) are more mixed. With Japan, the South Korean public was not quite ready to accept fully Lee's attempts to compartmentalize history issues. Still, much progress was made in Seoul-Tokyo consultations on a variety of issues ranging from North Korea to economic to even security issues. On North Korea, Lee's conservative agenda was predictably rebuffed by Pyongyang. However, all signs are that President Lee is quite comfortable in sticking to denuclearization and reciprocity as the basis of his North Korea policy, especially as it enjoys considerable support.
End Summary.

DPRK

2. (C) In a February 2007 speech that has widely come to be known as the "MB Doctrine," presidential candidate Lee Myoung-bank firmed up his vision of his administration's North Korea Policy. Lee said his first priority would be to abolish what he described as his predecessors' "unprincipled and unilateral policy of appeasement" toward the DPRK and replace it with a policy that offered generous assistance in exchange for North Korea's complete nuclear dismantlement and Pyongyang's accommodation of [South Korea](#)'s desire for family reunion, accounting of welfare and whereabouts of POWs from the Korean

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War and several hundred abductees after the war. Immediately upon taking office, the Lee Administration also made it clear that it would review all commitments from the two South-North summits -- June 2000 and October 2007. Senior Lee Administration officials complained publicly that the October 2007 summit between Kim Jong-il and President Roh Moo-hyun was arranged by Roh to favor the progressive candidate in the presidential election two months later and that therefore President Lee was not bound to fulfill promises amounting to billions of dollars of aid to the North.

3. (C) The response from Pyongyang was predictably swift and severe. Using threatening language not heard since the Kim Young-sam days, North Korea has moved step by step to cut off inter-Korean relations. Initially, all inter-Korean meetings were cancelled, with the North loudly proclaiming that food aid from the South was neither needed nor wanted. Thereafter, Pyongyang implemented a draconian restriction in December of North-South cross-border traffic, stopping Kaesong tourism and severely limiting traffic to the Kaesong Industrial Complex. As the Kungang tourism had been stopped by the South over the July shooting death of a Southern tourist, the net result has been a crippling blow to the KIC and Kungang tourism, the two proudest results of the Sunshine policy.

4. (C) *With both sides dug in, the outlook for any quick improvement in inter-Korean relations is slim to none.* Much more likely is the continued "psychological war," as characterized by Foreign Minister Yu Myung-hwan in his recent meeting with the Ambassador. President Lee is determined not to give in to North Korean pressure. Our Blue House contacts have told us on several occasions that President Lee remained quite comfortable with his North Korea policy and that he is prepared leave the inter-Korean relations frozen until the end of his term in office, if necessary. It is also our assessment that Lee's more conservative advisors and supporters see the current standoff as a genuine opportunity to push and further weaken the North, even if this might involve considerable brinkmanship. Also favoring the Lee Administration's stance is the the Korean public, which is calm to the point of apathy about the inter-Korean situation.

Japan

5. (C) President Lee has made concerted efforts to improve relations with Tokyo, which were significantly strained during

the Roh Moo-hyun era over history and territory issues. Lee sought to compartmentalize what he called "disputes over the past", stating in an early policy address that "South Korea and Japan should...try to foster a future-oriented relationship with a pragmatic attitude. Historical truth must not be ignored, but we can no longer afford to give up our future relations due to disputes over the past." Lee's vision was to look beyond the history-bound bilateral issues and create a Korea-Japan partnership active in the regional and global arena on issues like the denuclearization of the DPRK, strengthening of multilateral relationships, trade and economics, and cooperation on projects like alternative energy, communicable diseases, and poverty alleviation.

6. (C) So far, Lee's efforts have yielded some success, although Blue House officials would argue that results would have been far better had Tokyo shown more courage, especially in dealing with the Takeshima/Dokdo issue. For example, Lee pressed ahead with his plan to engage Japan on a more strategic regional and global level. Lee made the decision that Korea would participate in the October U.S.-Japan-Korea Trilateral Policy Planning talks (Ref A) in Tokyo. He then agreed to the U.S.-Japan-Korea Defense Trilateral Talks (Ref B) in Washington in November, the first trilateral defense talks in six years. Lee also initiated the first ever stand-alone China-Japan-Korea Trilateral Summit (Ref C) in Fukuoka in December. Critics will of course point out that there were no substantive results from these meetings, but the fact that the meetings were held at all is a significant result.

China

7. (C) President Lee has openly courted the Chinese, and he has chalked up some noteworthy successes. Less than one year into his term, Lee has already met with PRC President Hu Jintao three times, quite unprecedented in the history of ROK-PRC relations (Ref D); typically, in the past, the ROK could expect only one visit in a PRC president's ten-year term. Lee paid his first state visit to Beijing in May 2008 and met Hu again in August when Lee traveled to Beijing for the Olympics. Hu paid a state visit to Seoul August 25-26. President Lee made the relations seem a two-way desire. A Chinese Embassy contact told us that Beijing had been concerned that China-Korea relations would suffer because of the emphasis Lee wanted to put on improving U.S.-Korea relations. Therefore, China was pleasantly surprised that Lee was able to improve

both bilateral relationships simultaneously. Kim Heung-kyu, Professor of Chinese Security and Foreign Policy at the Institute of Foreign Affairs and National Security, said Lee had effectively leveraged the U.S.-Korea relationship to improve relations with China, which is eager for closer ties with Korea to check U.S. and Japanese interests in the region.

8. (C) During Lee's first visit to Beijing, he and Hu issued a joint statement which upgraded the Korea-China relationship to a "strategic cooperative partnership". Our Chinese Embassy contact gave the clearest explanation of what was now "strategic" about the ROK-PRC relationship: that China's nomenclature to describe its relations with Korea was upgraded according to a roughly five-year schedule. In 1992, relations were normalized; in 1998, the first year of Kim Dae-jung's term as President, the Chinese upgraded the relationship to "cooperative partnership"; in 2002, it was upgraded again to "comprehensive cooperative partnership," and now it is "strategic cooperative partnership."

9. (C) Despite the name, Koreans have found substantive strategic discussions with the Chinese frustratingly difficult. For example, Lee, unlike his immediate predecessors, Kim Dae-jung and Roh Moo-hyun, added North Korean human rights to the Korea-China summit agenda in August, asking Hu not to repatriate North Korean refugees against their will. Hu did not respond to Lee's request (Ref E). Also, we understand, Lee asked Hu what China thought about the North Korean domestic political situation and whether Beijing had any contingency plans. This time, Hu apparently pretended not to hear Lee. Still, the ROK did not come away empty, because, despite initial Chinese objections, Lee was successful in including in the summit joint statement a commitment "to promote dialogue and cooperation in the field of international human rights."

Russia

10. (C) Lee has largely continued the trend of his predecessors in upgrading economic ties with Russia. ROK-Russia economic ties have grown more than 40% annually for the past three years, with two-way trade exceeding USD 15 billion in 2007. Much of the growth is due to Russia's natural resources. For example, Lee paid a state visit to Moscow in September and agreed to a contract for Russia to supply Korea with 7.5 million tons of natural gas annually for thirty years beginning from 2015, amounting to an estimated 20% of Korea's

annual natural gas consumption. And despite doubts about North Korea's cooperation, Lee agreed in principle to Russia exploring plans for a pipeline through North Korea to deliver the gas. The two countries also agreed to investigate the possibilities for linking the inter-Korean railway to the trans-Siberian railway system (Ref F).

11. (C) On his state visit, Lee also signed an agreement to upgrade the ROK-Russia relationship to a "Strategic Cooperative Partnership", the same term used by China to describe this year's upgrade to the ROK-PRC relationship. Ko Jae-nam, of MOFAT's Institute of Foreign Affairs and National Security, said Korea proposed using the term "Strategic Cooperative Partnership" after China used the term to describe the ROK-PRC relationship. Ko said Korea's objective in using the same terminology to describe the ROK-Russia relationship was to balance the ROK-PRC relationship.

Comment

12. (C) During a year in which President Lee faced considerable difficulty advancing his domestic agenda, his foreign policy efforts, if not wildly successful, at least did not get him into trouble. To a considerable degree, relations with South Korea's neighbors are driven by economic realities -- increased regional trade, investment, and tourism -- that mesh with Lee's pragmatic, non-ideological approach. Relations with North Korea were the outlier, as the DPRK took pains in 2008 to demonstrate that it could live without ROK assistance.
STEPHENS