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(b) (1)
(b) (3)

E120
S. Korea

ACTION INR-00

INFO LOG-00 ACDA-08 ACDE-00 AID-00 AMAD-01 DS-00 EAP-01
EB-00 H-01 TEDE-00 IO-00 L-01 OES-01 PM-00
PMB-00 DSCC-00 DRL-04 /017W

-----026A55 050748Z /38

P 050743Z DEC 97

FM CIA

TO 4360SS DOVER AFB DE//OSN//
4370SS CHARLESTON AFB SC//IN//
ACCIS LANGLEY AFB VA
AIC NORFOLK VA
AMEMBASSY ANTANANARIVO
AMEMBASSY COLOMBO
AMEMBASSY DHAKA BG
AMEMBASSY DJIBOUTI
AMEMBASSY DUBLIN
AMEMBASSY LILONGWE
AMEMBASSY MASERU
AMEMBASSY PORT LOUIS
AMEMBASSY PORT OF SPAIN
AMEMBASSY WELLINGTON
AU MAXWELL AFB AL//IN//
CDR JSOC FT BRAGG NC
CDR TRADOC FT MONROE VA//ATDO-I//
CDR USASOC FT BRAGG NC
CDR4THPSYOPGP FT BRAGG NC
CDRAMC ALEXANDRIA VA
CDRNGIC CHARLOTTESVILLE VA
CDRUSAICFH FT HUACHUCA AZ
CDRUSAISC FT HUACHUCA AZ
CG I MEF
CG MARRESFOR//G-2 OPS//
CG SECOND MAW
CINCLANTFLT NORFOLK VA
CINCUSNAVEUR LONDON UK
CNGB WASHINGTON DC
COGARD INTELCOORDCEN WASHINGTON DC
COMDT COGARD WASHINGTON DC
COMFAIR KEFLAVIK
COMNAVSPECWARCOM CORONADO CA
COMUSARCENT FT MCPHERSON GA
COMUSARMY FT MEADE
COMUSKOREA/J-2/BJ-F
CRYPSUPPGRU USAF RAMSTEIN AB GE
DCDRUSASMDC HUNTSVILLE AL
DEPT OF LABOR
DIA WASHINGTON DC
DIRNAVCRRIMINVSERV WASHDC
DIRNSA
DLA FT BELVOIR VA
DSWA WASHINGTON DC
FAA NATIONAL HQ
FEMA MT WEATHER
FEMA WASHDC
HQ ACC LANGLEY AFB VA//INOI//
HQ AFSPC INTEL PETERSON AFB CO
HQ AFTAC INTEL PATRICK AFB FL
HQ DA
JICPAC HONOLULU HI
LANTCOM IDHS NORFOLK VA
MARSCITECCEN YOKOSUKA JA
NAVSTKWARCEN FALLON NV
NAVWARCOL NEWPORT RI
NE SAOC ROME NY//IN//
PACOM IDHS HONOLULU HI
SECSTATE WASHDC
TREASURY DEPT

Good details on program

APPROVED FOR RELEASE
DATE: DEC 2006

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[REDACTED]

USCENTAF INTELS SHAW AFB SC/IN
USCINCOM NORFOLK VA
USCINCCENT MACDILL AFB FL
USCINCEUR INTEL VAHINGEN GE
USCINCEUR VAHINGEN GE
USCINCPAC HONOLULU HI
USCINCSO MIAMI FL
USCINTRANS INTEL CEN SCOTT AFB IL
USIA WASHDC
USMISSION USUN NEW YORK
WESTERN AIR DEF SX//IN MCCHORD AFB//
WESTPAC INTEL BCST
WHITE HOUSE SITUATION ROOM

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SECTION 1 OF 3
CITE CIA 605341
FROM: ODDI/NPT INFO ODDI/NID

PASS: AFTAC PATRICK AFB/IN; DEPT OF STATE FOR SECSTATE AID; DIA FOR EAB; CINCEUR FOR POLAD; USCINCSO OHTS PANAMA FOR POLAD; AIR UNIVERSITY FOR STATE REP AND CIA REP; NAVY WAR COLLEGE FOR STATE DEPT REP; TREASURY DEPT ATTN MRS BECK DADS; COMUSARMY FT MEADE FOR SPECIAL RESEARCH DET; COMDT COASTGUARD FOR POLAD; HQ TAC FOR TACOPS/INOI; HQS DLA FOR CIS; NPIC FOR PB CABLES; CINCUSAFE FOR INOCN XPNN; AMC INTEL CEN SCOTT AFB IN; CDRUSAITAC WASHDC FOR GIPD; HQ AFSOC HURLBURT FLD FL//IN//; CDR USASOC FT BRAGG NC//AQIN//; COMNAVSPCWARCOM CORONADO CA//N2//; CDR4THPSYOP GP FT BRAGG NC//ASOF POG//; 24 COMP WING HOWARD AFB DOI; 26AD LUKE AFB ARIZ//INEZ; 92BMW FAIRCHILD AFB WA/IN, 9TH AFB SHAW SC//IN//; COMUSARCENT FT MCPHERSON GA; COMUSCENTAF SHAW AFB SC//IN//; CG I MAF CAMP PENDLETON CA//G2//; FAA//ATTN ACS-400; NE AD SECTOR GRIFFISS AFB PASS TO IN; HQ AFSPACECOM/IN; USTRANS INTEL CEN SCOTT AFB//CIA REP; COMFAIR KEFLAVIK IC//N2//; HQ AFSPACECOM PETERSON AFB CO/INTEL/INO/INA/INU; HQ DA PASS TO TRAMO; MARCORINTACT DET QUANTICO VA//DCIREP//COGARD INTELCOORDCEN WASHINGTON DC; CDRUSAICFH FT HUACHUCA AZ//ATZS CDI-T//PASS TO GENERAL STEWART; CMISE XVILLABNCORPS FT BRAGG NC; CDRUSAISC FT HUACHUCA AZ//ASIS//; CDRTRADOC//ATDO-I//; CDRNGIC//IANGIC-OPS//; CDRAMC//AMCMI-D-O//; DCDRUSASDC//CSSD-IN-IA//

SUBJECT: H/W SUPPORT CABLE FOR EAST ASIA BRIEF ODDI EAB 97/282 FOR 05 DECEMBER 1997

REF: NONE.

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CIA 01 OF 03 12050743

CONTENTS

1. SOUTH KOREA: IMF AGREEMENT LAUNCHES REFORM PROCESS [REDACTED]

[REDACTED]

EAST ASIA

1. SOUTH KOREA: IMF AGREEMENT LAUNCHES REFORM PROCESS [REDACTED]

//THE \$57 BILLION IMF AGREEMENT PROVIDES SOUTH KOREA SUFFICIENT FOREIGN EXCHANGE TO AVOID IMMINENT DEFAULT ON ITS FOREIGN DEBT. THE TIGHTER FISCAL AND MONETARY POLICIES PRESCRIBED BY THE IMF WILL HELP

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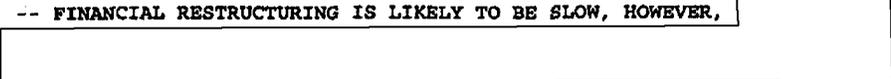


STABILIZE FINANCIAL MARKETS BY CURBING CAPITAL FLIGHT, BUT FOREIGN INVESTORS PROBABLY WILL LOOK FOR CONSISTENT OFFICIAL SUPPORT FOR THE PROGRAM BEFORE COMMITTING FRESH MONEY. SEOUL'S TOLERANCE OF HIGHER UNEMPLOYMENT AND FOREIGN ACQUISITIONS IN THE BANKING SECTOR WILL BE KEY SIGNPOSTS OF ITS WILLINGNESS TO SUPPORT THE PROGRAM.//

-- SOUTH KOREA HAS AGREED TO HOLD ECONOMIC GROWTH NEXT YEAR TO LESS THAN HALF OF THE 6.2 PERCENT ESTIMATED FOR THIS YEAR, ACCORDING TO PRESS REPORTS; HIGHER INTEREST RATES, TIGHTER CREDIT, AND REDUCED REVENUES COULD CAUSE MORE DEBT-LADEN CONGLOMERATES--SUCH AS SSANGYONG--TO GO BANKRUPT. 

SEOUL NEXT YEAR WILL CUT SPENDING AND RAISE TAXES THE EQUIVALENT OF \$7 BILLION OR 1.5 PERCENT OF THE GDP. ONE-HALF OF THE REVENUE IS SLATED TO REDUCE BAD BANK DEBTS AND PAY FOR RESTRUCTURING THE FINANCIAL SECTOR.

-- FINANCIAL RESTRUCTURING IS LIKELY TO BE SLOW, HOWEVER, 



THE GOVERNMENT HAS PROMISED TO SUBMIT LEGISLATION THIS YEAR TO IMPROVE MANAGEMENT OF THE FINANCIAL SECTOR BY ESTABLISHING AN INDEPENDENT CENTRAL BANK AND CONSOLIDATING SUPERVISORY AUTHORITY IN ONE AGENCY, ACCORDING TO PRESS REPORTS. //THE NATIONAL ASSEMBLY COULD PASS THE LAWS DURING AN EMERGENCY ASSEMBLY SESSION ON 22 DECEMBER.//

-- THE THREE PRESIDENTIAL CANDIDATES HAVE AGREED TO ABIDE BY THE IMF PACKAGE, BUT THE TWO OPPOSITION CANDIDATES, KIM TAE-CHUNG AND YI IN-CHE, HAVE VOWED TO REWORK THE IMF PROGRAM IF THEY ARE ELECTED. 

