

Hyundai's \$500 Million Payments to North Korea: A Bribe or Business Deal?

Korea WebWeekly (February 9, 2003) -- According to OyMyNews ("["장사꾼'과 계약에 '국정원 담보' 못밀겠다"](#)"), The Korean National Intelligence Agency and Kim Dae Jung were intimately involved in the Hyundai-North Korea business deal made on March 17, 2000.



Japan's New Japan Trading Company had been trading with North Korea for a long time. It was Yoshida Dakeshi, its chairman, who brokered, after several trips to Pyongyang, the "Beijing Secret Meeting" of February 15, 1998. Song Ho Gyong, vice chairman of North Korea's Asia Pacific Economic Corporation and Jung Mong Hyun of Hyundai were present at this super secret meeting.

Photo: Kim Jong Il, Jung Ju Young (Hyundai founder), and Jung Mong Hyun on October 30, 1998. The elder Jung stole a cow from father to finance his escape to South in the 1940s.

At this meeting, Jung agreed to send a herd of cattle to North Korea, a symbolic gesture to repay the cow Jung's father, the Hyundai founder, stole from his father when he left North Korea in the 1940's. Jung agreed to a "cattle drive" through Panmunjom on June 16, 1998, wherein a cow would be sent to North Korea as a replacement the cow old Jung stole, plus 200 cows as gifts to North Korea.

The National Intelligence Agency (NIA) coached Hyundai behind the scenes. Hyundai's opening up to North Korea was in line with NIA's new policy of accommodation with North Korea made possible by Kim Dae Jung's "Sunshine" policy. The NIA did its best to expedite the Jung-Song deal.

North Korea wanted to keep the trucks that would ferry the cattle. Since the trucks could be used for military purposes, the South Korean military and the United States objected. This problem was skirted by leaving the trucks behind on the excuse that the trucks may carry back the Mad Cow disease that broke out in northeast China (according to the NIA). After the cattle drive of June 1998, Jung Mong Hyun and his father met Kim Jong in the fall of that year. This meeting opened the door for clandestine contacts between the NIA and the Korean Workers Party's Unification Front. The Kim Dae Jung and Kim Jong Il summit was the main product of these contacts.

The historic summit joint statement was made on June 15, 2000. The summit was announced on April 10 of that year after Park Jin Won (South Korean minister of culture) and Song Ho Gyong met in Beijing two days earlier. Although the agreement was signed by these two, the actual negotiation was done by NIA officials and Asia Pacific officials in a series of secret meetings. The fact that South Korea's intelligence agency was involved in the dealing has been revealed only recently.

According to an NIA official, Kim Bo Hyon and Suh Young Gyo of NIA met Song Ho Gyong and other North Korean officials in Singapore for secret meetings and ironed out the summit protocol. The negotiation hit a snag when the official mouthpiece of the Workers Party stated flatly that North Korea would not allow South Korea's 'spy agency to get involved in the summit preparation.

On March 14, 2000, North Korea sent a message to the Blue House through Panmunjom. The message informed the Blue House that North Korea desired to start the summit preparation right away with the caveat that no NIA officials must be involved in the preparation work. North Korea did not wish to continue working with the NIA officials and wanted new faces. After consulting Lim Dong Won, the then chief of the NIA, Kim Dae Jung picked his minister of culture Park Ji Won to take over the negotiation. Consequently, Park made a secret trip to Shanghai as Kim's special envoy.

What North Korea wanted was Kim Dae Jung's government, other than the NIA, to guarantee the seven commercial projects Hyundai wanted to start in North Korea. North Korea deemed Hyundai a 'shifty merchant' not worthy of trust and wanted Kim Dae Jung to vouch for Hyundai. North Korea initially asked one billion dollars in earnest money from Hyundai, but Jung Mong Hyun talked it down to half billion dollars. The final deal was signed in May 2000. Park Ji Won witnessed the signing. North Korea asked Hyundai to keep the deal secret.

It is suspected that the Hyundai deal and the summit were a package deal. Park Ji Won attended a secret meeting for summit preparation on March 17 in Shanghai. Coincidentally, Park was also involved in the Hyundai deal negotiations as an "observer." Park and Song met in Beijing on April 8 to finalize the summit. Curiously Jung Mong Hyun was in Beijing on the day before. Lee Ik Chi, Hyundai's finance officer, was also in Beijing at about the same time.

A former NIA official claims that the summit deal was already made in the March 17 Shanghai meeting and the subsequent meeting in Beijing may have been for a payoff. At the time, Hyundai paid North Korea \$8 million every month for its Gungang tourism concession. This official claims that Kim Dae Jung took advantage of the Hyundai deal in order to clinch the summit deal and that the half billion dollar payment was a business transaction. The NIA believed that Hyundai's business deals with North Korea would help ease the North-South tension.

The Hyundai-North Korea deal was clinched in May 2000 and the contract was signed in August of the same year. The payment was made in June by Hyundai subsidiaries. Hyundai bought the exclusive right for the "Seven Mega Projects": tourism, railroads, communication, ship scrapping, electronics, Imjin River dam, and Kaesong industrial park. North Korea has acknowledged that it received \$223.5 million from Hyundai. However, it did not disclose the purpose of this payment.

It is significant that the summit agreement was made public days before the general election of April 13th. The date of the summit was pushed back one day from 12th to 13th of June on North Korea's request made on June 10th. The reason for the delay was that North Korea had received only \$400 million and \$100 million was still outstanding. It turned out that the payment had been made but the North Korean top leaders were not informed of it due to faulty communication.

Strictly speaking, Minister Park Ji Won's claim that Seoul paid North Korea not a single penny is correct. But North Korean officials do not understand that Hyundai and Seoul government are not one and the same, and may have considered Hyundai's \$500 million earnest money a bonus payment from the Seoul government for the summit meeting. It was North Korea which requested an earlier announcement of the summit agreement on an apparent bid to reward Kim Dae Jung. The fact of the matter is that the Kim Dae Jung's party lost in the general election.

Given these circumstances, it is hard to determine if the \$500 million paid to North Korea by Hyundai was for the exclusive rights for the 7 mega projects, or rebates, or reward money for the summit. It has been determined that Park Ji Won got involved in the Hyundai deal on North Korea's request, that North Korea refused to deal with the NIA, and that the Seoul government was forced to vouch for Hyundai. It

may be that Hyundai, too, wanted the Seoul government to stand behind on such a large venture and used the summit to its own advantage.