



Foreign and Commonwealth Office

London SW1A 2AH

25 April 1986

Dear Charles,

Prime Minister's Visit to the Republic of Korea

The Prime Minister's short visit to Korea next month is the culmination of recent high level attention to Korea. Although the visit will be short, a full programme has been worked out with the Koreans. This combines a blend of political objectives and commercial aspects.

DMZ
The Koreans will attach particular importance to Mrs Thatcher's visit to the De-militarised Zone (DMZ) and Panmunjom to see for herself the line of demarcation. The further talks with the President will doubtless concentrate, as before, on strategic and political issues. The President himself will probably invite some Opposition Leaders to his dinner for the Prime Minister. She will be able to meet some other opposition figures amongst the guests at the Ambassador's house afterwards. This will be useful both in showing our concern for the freedoms that we and the Americans are seeking to defend in South Korea, and for answering questions and critics subsequently.

EC
Economically, the Republic of Korea (RoK) is poised for a renewed burst of rapid economic growth. The fall in oil prices and in interest rates, as well as the increase in value of the yen, will give a boost to Korean export prospects. This is a good time for British firms (civil, defence and financial services) to get in with Korean partners on collaborative ventures and/or investment. Some push by both the Korean and British Governments may be necessary to persuade firms to make the most of the opportunities. Economic matters might perhaps most usefully be discussed in Mrs Thatcher's talks with the Korean Prime Minister.

Three specific objectives were achieved before or during President Chun's visit:

- (a) Korean agreement to enable the British Council to teach English on a self-financing basis;
- (b) removal of the threat to cut off imports of bulk whisky from the UK;
- (c) the promise of a contract for a naval fire control system (perhaps to be made public when Mrs Thatcher is in Korea).

/Remaining



Remaining issues are:

- i) copyright and patent protection: the present lack of protection is causing investors to hold back;
- ii) Liberalisation of the Korean domestic market: industrial goods are in theory being freed, but in practice barriers remain; while development of the financial services sector has been slow;
- iii) a Science and Technology Cooperation Agreement signed in 1985 has been reinforced by a Memorandum of Understanding signed during the Chun visit: practical progress is now needed: specific areas are suggested in the briefing.

I attach copies of the planned programme and of briefs with supporting background material in the usual form.

Additionally, I enclose short papers on Panmunjom, Gloster Valley, and the UN Cemetery near Pusan. There are also short analytical pieces on the Korean Economy, and the development of Anglo/Korean Trade. Personality Notes are also attached.

Fuller background is provided in a Research Department booklet with a map, illustrations, statistics and passages on Korean history, Anglo/Korean relations and customs. It would be helpful to know in due course if the Prime Minister finds briefing in this form useful. Similar booklets are being prepared on Japan and China.

I am copying this letter to John Mogg (DTI), Rachel Lomax (Treasury) and Richard Mottram (MOD).

Yours ever

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(R N Culshaw)
Private Secretary

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PRIME MINISTER'S VISIT TO KOREA 2-4 MAY 1986

DRAFT PROGRAMME

Friday 2 May

- 2150 Arrive Kimpo International Airport
Greeted by the Korean Prime Minister,
HE Mr Lho, Shin Yong and HM Ambassador.
- 2200 Leave Kimpo.
- 2220 Arrive HM Ambassador's Residence
Overnight at Residence.

Saturday 3 May

- 0715 Hair appointment
- 0815 Meeting with Committee of British Chamber
of Commerce in Residence
- 0850 Leave Residence
Accompanied by HM Ambassador, Mr Wicks,
Mr Powell, Mr Ingham and Defence Attaché.
- 0900 Arrive at National Cemetery.
Lay wreath at Hyun-Choong Monument
Sign visitors' book.
- 0910 Leave National Cemetery.
- 0920 Arrive at Korean Prime Ministers Office
Talks with Prime Minister HE Mr Lho, Shin
Yong.
Accompanied by HM Ambassador, Mr Wicks,
Mr Powell and Mr Ingham.
- 0950 Leave Korean Prime Ministers Office
- 1000 Arrive Presidential Palace (The Blue House)
Courtesy Call on President Chun, Doo Hwan
Accompanied by HM Ambassador, Mr Wicks,
Mr Powell and Mr Ingham
- 1015 (Approx) Followed by Summit Talks with President
Chun accompanied by HM Ambassador and
Mr Powell
- 1100 Leave Blue House (via Residence) for Press
Office



- 1115 Arrive Press Centre
Press Conference
Accompanied by HM Ambassador, Mr Wicks,
Mr Powell
- 1155 Leave Press Centre.
- 1200 Arrive Official Residence of Korean Prime
Minister
Lunch hosted by HE Mr and Mrs Lho,
Shin Yong
- 1330 Leave official Residence of Korean Prime
Minister for Yongsan Helipad
Accompanied by HM Ambassador, Mr Wicks,
Mr Powell, Mr Ingham, Mr Towers, Mrs Ryder
- 1340 Leave Yongsan Helipad
Met by General W Livsey (Ranking US/UN
Command Officer) and UK Defence Attaché.
- 1410 Arrive Gloster Valley
Briefing at Castle Hill
Lay Wreath at Memorial
- 1510 Leave Gloster Valley
- 1530 Arrive Panmunjom (Camp Kitty Hawk)
Briefing at Ballinger Hall
Tour of Joint Security Area (JSA)
- 1700 Leave Camp Kitty Hawk
- 1730 Arrive Yongsan Helipad
- 1740 Arrive HM Ambassador's Residence.
- 1800 Hair appointment.
- 1855 Leave Residence for Blue House
- 1900 State Dinner hosted by President and
Mrs Chun, Doo Hwan.
- 2100 Leave Blue House
- 2150 Arrive HM Ambassador's Residence
Reception at Residence for Senior Koreans,
British Community and Embassy Staff
- 2220 Introduction to UK-based Embassy Staff
- 2230 Overnight at Residence.



Sunday 4 May

- 0645 Hair appointment
- 0740 Leave Residence for Kimpo International Airport. Accompanied by the Korean Prime Minister, HM Ambassador, Commercial Counsellor, Mr Wicks, Mr Powell, Mr Ingham, Mr Towers, Mrs Ryder, and one Duty Clerk.
- 0800 Arrive Kimpo
Farewell ceremony
HE Mr Lho, Shin Yong bids farewell.
- 0820 Depart Kimpo for Pohang by Special Presidential Aircraft. (HS 748)
- 0915 Arrive Pohang Naval Airbase.
- 0920 Leave Airbase.
- 0925 Arrive Pohang Iron and Steelworks (POSCO)
Briefing and tour of steelworks
Followed by tour of POSTECH
- 1035 Leave POSTECH for Pohang Naval Airbase.
- 1045 Depart Pohang by helicopter for Suyeong Airbase (overflying Ulsan Industrial complex and Kori Nuclear Power Plant - to be confirmed).
- 1130 Arrive Suyeong Airbase.
- 1135 Depart Suyeong Airbase for UN Cemetery
- 1140 Arrive UN Cemetery
Met by Amb Moon, Chul Soon, Custodian
The Mayor of Pusan and Defence Attache
Lay wreath at Commonwealth Memorial
sign visitors' book
- 1200 Depart UN Cemetery for Suyeong Airbase
- 1205 Arrive Suyeong Airbase
- 1210 Arrive Kimhae International Airport
- 1230 RAF VC10 Departs Kimhae for Tokyo (Haneda)



PRIME MINISTER'S VISIT TO REPUBLIC OF KOREA: 2-4 MAY 1986

Our objectives1. Political

- (a) To use the Prime Minister's visit as a practical demonstration of our continued support for the independence and prosperity of the Republic of Korea (ROK).
- (b) To continue to encourage President Chun and his Prime Minister to work towards fuller democratic institutions in line with the liberalisation of the economy.

2. Commercial

- (c) To demonstrate in high level talks, and visits out of Seoul, the UK's wish to develop further trade and investment relationships with the ROK.
- (d) To build on the success of President Chun's London visit to pursue certain specific objectives, eg defence sales, copyright and patent protection, liberalisation of imports and the growth of the financial services sector.

Arguments3. Political

(a) Mrs Thatcher's visits to Gloster Valley and Panmunjom underline our consistent support for the ROK since the war. As requested by the President in London, we will continue to support the ROK's application for membership of the UN, on its own or in parallel with North Korea. We have no plans to recognise the North.

(b) The President's visit gave rise to some (limited) parliamentary and public (Amnesty) interest in human rights and democracy in the ROK. Not for us to tell you how to govern your country. But we wish you well in further progress towards liberal democratic institutions. With the spotlight of the Olympic Games in 1988 there will be particular interest in the ROK, as the opposition leaders will be well aware.

Commercial

(c) Bilateral trade volume is increasing, but with an increasing surplus in the ROK's favour. Korea's development successes, the fall in interest rates and oil prices, and the strengthening of the yen, justify fuller liberalisation. The announced programme for 95% liberalisation by 1991 is welcome. But our exporters still have difficulty in achieving effective access to Korean markets, particularly for consumer goods, because of remaining high tariffs and non-tariff barriers. As I said in my speech at dinner in London, over the first century of our relations we have helped establish many of your industries, including the modern ones which I am to see in the South of the country. We hope to continue this fruitful relationship. Both governments may have to help things along.

(d) Most grateful for your decision on Marconi/Ferranti/Samsung naval fire-control system contract. Hope this is the start of collaboration in defence-related fields: eg Short Brothers' proposal to supply Javelin low level air defence missile system, with substantial technology transfer and Korean industrial involvement.



Tactical Arguments

Copyright and Patents.

(a) Foreign and Korean companies need adequate patent and copyright protection. Welcome Korean proposals to legislate; hope will cover all UK concerns. Otherwise investment inhibited.

(b) Glaxo first pharmaceuticals joint venture in Korea. But products (Xantab ulcer tablets) already being copied in Korea. Very bad precedent could be set for future joint ventures.

Science and Technology.

(c) Hope S&T Agreement (June 1985) and MOU signed during President's visit will speed industrial collaboration, and reduce ROK dependence on Japan. Transfer of advanced technology on commercial terms to our mutual advantage.

(d) Understand GEC-Marconi have donated £1.25m for Chair of Electronic Engineering at the Korean Institute of Technology. GEC also part of UK consortium aimed at promoting S&T training and technology transfer. Hope consortium's bid for share of World Bank Funds can be given consideration. Why not send students (10 each?) to Imperial College and NE London Polytechnic next academic year to gauge excellence of training provided?

Banking, Insurance and Financial Services

(e) Discriminations against foreign banks, eg handling import licensing, should be removed soon. UK security houses keen to help develop Korean financial services. Useful spur to Korean insurers to modernise their operations.

Scotch Whisky.

(f) Pleased import of bulk Scotch whisky will now continue. Look forward to seeing a timetable for removing restrictions on bottled imports before 1988 Olympics: would be a clear signal of ROK commitment to full liberalisation.

Nuclear Power Plants: NEI Parsons bidding exclusion

(g) NEI Parsons disappointed not to be included in bidding list for nuclear units 11 and 12, but hope they may still be permitted to participate in this contract.

Investment

(h) Good news that BP, Unilever and Glaxo have recently started joint ventures with Korean partners. Hope to see more investment by UK companies in Korea and also by Korea in UK.

ROK Objectives

(a) To make the best use of Mrs Thatcher's visit to put across the ROK's continuing security concerns.

(b) To press again for UK and wider Western help in restraining the Russians and, through them, the North Koreans from building up dangerously high levels of armaments, particularly to the point where they are tempted to make a pre-emptive strike before the ROK's economic strength enables its defence forces to provide a credible deterrent strength on their own.

(c) To build on President Chun's visit to Europe, and to consolidate the start made in diversifying in both political and economic terms, away from close dependence on the USA and Japan.

(d) To persuade Mrs Thatcher that the ROK is genuinely becoming an open economy.



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Our Response

(a) Glad to be going to see for myself the de-militarised zone (DMZ), Panmunjom and Gloster Valley. Very vivid examples of the threat you have faced for nearly 40 years.

(b) We shall take such opportunities as we can to urge restraint on the Soviet Union. We shall also try to get some response to your ideas for "cross- recognition" and joint entry into the UN. What is your assessment of the prospects in the next two or three years?

(c) Your own visit to London and my visit to Korea, following the centenary celebrations, have given our relationship a high profile. The Olympic Games will provide a further spotlight. We are keen now to consolidate the work achieved and to build solid partnerships. I hope that later this year Trade and Industry Ministers will follow my visit to Korea. Likewise, we look forward to another high powered team of industrialists visiting the UK this autumn.

(d) Our exporters still face too many practical barriers to trade with Korea. Combined with the possible threat to patents, this risks slowing up the development and partnership that should follow the Science and Technology Memorandum of Understanding signed last month.

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PRIME MINISTER'S VISIT TO THE REPUBLIC OF KOREA: 2-4 MAY 1986

BACKGROUND: NORTH/SOUTH DIALOGUE IN KOREA

1. 18 months since direct contact began between North and South Korea at Panmunjom. Since then, despite setbacks, dialogue has broadened to embrace:

a) Trade and Economic Talks

Continuing trade and economic discussions. Both sides have agreed in principle to conclude a Trade and Economic Agreement and to establish a Joint Economic Cooperation Committee chaired at Deputy Prime Minister level. Five rounds of talks have now taken place but with no substantial progress.

b. Family Reunification/Cultural Contacts under auspices of National Red Cross

First exchange of visits by private citizens between North and South Korea took place in September 1985. Total of 65 separated family members were reunited, albeit briefly and under surveillance. At the same time Folk Art troupes performed in each others capitals. No progress made at last Red Cross talks in December.

c. Interparliamentary Talks

Second meeting was held at Panmunjom in September 1985 to prepare the way for proposed interparliamentary talks. Administrative and agenda details have proved a formidable stumbling block. ROK unattracted to what could develop into a means of publicizing opposition criticism.

d. Sports Cooperation

In October National Olympic Committees of North and South met at Lausanne. North Korea proposed that Games should be shared by North and South. ROK did not agree, but responded to IOC suggestion of allowing the North to host some preliminary qualifying events. Key development was indication of North Korean willingness to consider hosting only 3 events rather than 12 originally proposed, thus



implicitly moving away from original demand for co-hosting. This followed IOC objections to equal co-hosting (which had only received lukewarm support from most Communist countries).

e) Clandestine High Level Meetings

Although not formally admitted by either side, it is increasingly clear that Ho Dam, North Korean Politburo member charged with reunification matters secretly visited the South at least once in 1985. Ho probably visited Seoul in September and met President Chun and Chang Se Dong, Head of South Korean Intelligence. A return visit by Chang may have taken place in mid-October, perhaps to prepare for a summit between President Chun and Kim Il-Sung. However, influential (largely military) sections of the Korean establishment have probably expressed their misgivings to the President.

Prospects

2. Since the beginning of the dialogue, ROK has concentrated on attempting to achieve limited but practical progress on economic and humanitarian issues. The North has concentrated on political issues. North Koreans have temporarily terminated contacts in response to the annual spring joint US/ROK military manoeuvres (Team Spirit) which have just concluded. On 26 March the ROK called for a resumption of economic, inter-parliamentary and Red Cross talks in April and May. This was rejected by the North on 1 April. But despite the rhetoric and lack of progress, neither side appears to wish to close the door permanently and talks will probably resume in due course. The Korean Foreign Minister told Sir Geoffrey Howe that the ROK does not expect any real progress until at least 1989.



Internal and Human Rights

5. President Chun, a former General, came to power after the assassination of President Park Chung Hee. He does not seem to have been the prime instigator of the heavy-handed suppression of student protest at Kwangju in 1980/81. He introduced a new constitution limiting the Presidency to a single term of seven years and has repeatedly announced his intention to step down in 1988. In early 1985 the New Korean Democratic Party formed from opposition members of the National Assembly, became the largest opposition group. For a while the authorities handled the opposition and students relatively gently and skillfully. In the first half of 1985 there were hardly any criticisms of human rights violations from opponents at home or observers abroad. Since Autumn 1985 the regime has taken a tougher line towards the opposition and its calls for direct elections of the new President in 1988 (rather than the indirect system laid down in the constitution).

6. In February 1986 the President invited opposition leaders to lunch in an attempt to defuse the situation. This initiative appears to have been only partially successful. Cardinal Kim, leader of the ROK's 2 million Catholics has openly compared President Chun with Mr Marcos. This view is not shared by dispassionate external observers. In February this year EC Ambassadors in Seoul concluded that the human rights image of the Chun regime was worse than it deserved to be. Any progress towards full democracy and greater personal freedoms in the ROK must in any case be seen in the context of traditionalist views held in the senior echelons of the Army and the continuing threat from North Korea. During President Chun's visit to Britain, concerns for human rights progress were expressed by Amnesty International and some MPs. But such concern did not appear widespread. Sir G Howe told ROK Foreign Minister during visit that we welcomed progress towards democracy, and the linked question of human rights. Prime Minister referred to President Chun's "great efforts to move towards a full democratic system" in dinner speech for President but did not touch on human rights issues. President's visit will provide opportunity to meet opposition leaders at State Dinner and reception at British Embassy.



Treatment of Animals

7. In recent years International fund for Animal Welfare (IFAW) has been drawing UK public attention to alleged ill-treatment of domestic animals (particularly dogs) for consumption as food in the ROK.

8. With the 1988 Olympics in prospect, Korean authorities have from 1984 been closing restaurants serving dog-meat and thus reducing trade. But changing traditional habits not easy. Exchange of high-level visits has led to recent perceptible increase in UK public interest.

British Council English Language Training Programme

9. British Council English Language Training Programme, operated on a commercial basis, had been seriously threatened by ROK government's catch-all restrictions against commercial foreign language schools. But problem resolved just in advance of President Chun's visit to UK.

ROK Membership of United Nations

10. ROK has long taken view that she should be admitted to the UN, at the same time as North Korea. This is in line with ROK "Two Germanies" attitude to Korean reunification. But North Korea has taken view that joint membership would perpetuate division. In these circumstances, ROK membership unlikely for foreseeable future in face of opposition from North's friends. UK has spoken in favour (at UNGA) of "the people of Korea" being represented in UN.



ANNEX A

UK RESIDUAL COMMITMENTS

UN RESOLUTIONS OF 1950

1. The 1950 UN Security Council Resolutions relating to the armed attacks on South Korea imposed no legal obligation on member states to make assistance available to South Korea. The Resolutions made a determination under Article 39 and recommended assistance to South Korea. On this basis FCO Legal Advisers are of the opinion that Resolutions impose no legal obligation to render such assistance.

1953 16-NATION DECLARATION

2. The 16 nations contributing forces to the UN Command during the Korean conflict were parties to a Joint Declaration of 27 July 1953 to the effect that "..... if there is a renewal of armed attack we shall again be united and prompt to resist". Legal Advisers opinion is that the Declaration was not intended to create legal obligations.

COMMONWEALTH LIAISON MISSION TO UN COMMAND (CLM) AND UN HONOUR GUARD

3. Britain shows its continued support for the United Nations command by maintaining a Commonwealth Liaison Mission (CLM). The Commander of the CLM, the Defence Attaché, is also the permanent Commonwealth Member of the Military Armistice Commission at Panmunjom. A British Army platoon of about 30 all ranks is attached to UN Command HQ for ceremonial purposes. There are also Thai and Filipino detachments. The platoon's existence is a demonstration of UK political support for ROK and assists the Americans presentationally in maintaining a UN identity for the HQ. But the detachment is not subject to UNC operational control. In the event of hostilities it would be subject to the orders of HM Ambassador and used for the protection of the Embassy and in assisting in any evacuation.



PRIME MINISTER'S VISIT TO THE REPUBLIC OF KOREA: 2-4 MAY 1986

BACKGROUND: UK-ROK COMMERCIAL RELATIONS

General

British exports to the ROK have increased from £101.4m in 1980 to £274.9m in 1985. In 1985 UK exports were 12% up on 1984. Our market share rose slightly from 1.4% in 1980 to 1.5% in 1985 (France's share is also 1.5%, Germany's 2.8%). From a position of 57th in our export league table in 1980, the country has now risen to 39th.

Liberalisation

UK has substantial and growing trade deficit with Korea. 1985 UK exports included chemicals, machinery and scientific instruments. ROK 1985 exports were dominated by clothing and textiles. Other large export sectors included consumer electronics, footwear, cutlery, tobacco, travel goods and cars.

ROK domestic market is still highly protected through import licensing, high tariffs and non-tariff barriers applied particularly to consumer goods. The Koreans have introduced a plan which they claim will result in an import liberalisation ratio of 95% by 1991. This alone is not effective in creating export opportunities as informal barriers or increased tariffs are used to control imports considered "non essential".

Liberalisation in the services sector has only just begun. There are five British banks operating in the ROK and one insurance company.

Copyright and Patents

Piracy in Korea of UK copyright material estimated to be causing lost sales of over £10m per annum to UK book publishing industry and £14m per annum to UK record industry. There is also a substantial amount of unauthorised translation of UK works for which no royalties are paid. Korea's planned legislation does not provide



adequate cover for foreign works or translation. US have a Section 301 case against Korea on intellectual property. Korean industrial property legislation protects processes but not products. This provides inadequate protection. Glaxo have set up a joint venture with the Korean firm Chong Kun Dang (approved on 4 April) worth initially \$4m. They have serious problems with patent copying of their anti-ulcer drug Xantab.

Science and Technology

Agreement on S&T cooperation signed in June 1985 during visit of Mr Pattie to Korea and further Memorandum of Understanding signed during visit of President Chun to the UK. Koreans have indicated the following areas of interest for cooperation: semi-conductors and computers; fine chemical engineering; mechanical engineering; bio-engineering; utilisation of energy and resources; material science; fibre and polymer engineering; construction; plant and environmental engineering. Acquisition of technology vital if Koreans are to maintain their world competitiveness. They are increasingly looking to Europe. This presents UK companies and research institutions with the chance to collaborate with Korea's technological and industrial development, both civil and military.

Banking, insurance and financial services

Development of Korea's financial services sector is slow and rather unpredictable. Domestic interests remain protected. ROK view appears to be that British securities houses should be licensed on a basis of reciprocity with "representative offices" established by Korean securities houses in London. Development of banking has been hampered by high degree of intervention. Last June ROK government issued a notice that imports of a specified list of goods may only be licensed by "banks having their headquarters in Korea" thus excluding all foreign banks entirely from handling the lucrative related banking business. Although Korean insurance market is a substantial one (in 1983 it ranked 12th in the world) it is a very closed market dominated by a small number of very large domestic companies. No UK insurer is authorised to write direct business in Korea though the Koreans plan such insurance business in London. US



has been pressing the Koreans to liberalise their market to allow foreign companies to enter it but there are few signs that the Koreans are prepared to go very far.

Scotch Whisky

Decision (announced by Korean Ministers during President Chun's visit to UK) to rescind a proposed ban on bulk imports is welcome. But greatest potential value for Scotch whisky exporters to Korea is "bottled in Scotland" exports: these are subject to many restrictions (import licensing, distribution limitations, 100% import duty, 200% tax etc). No timetable yet for liberalisation but Koreans said during recent visit that this was under review.

Nuclear Power Plants: NEI Parsons bidding exclusion.

Bids for ROK nuclear power plants 11 and 12 were requested by 28 March from an invited list of international contractors. Only UK company included was GEC which supplied turbine generators for four earlier Korean nuclear stations. But GEC declined invitation to bid on grounds that the amount of technology transfer and degree of local manufacture required made the order unattractive.

NEI Parsons have also supplied turbine generators for Korean nuclear programme and are anxious to be included on bid list. Despite strenuous efforts by company and Embassy, Koreans have refused to allow a bid from NEI. Reasoning behind Korean decision has not been clarified. Subject was raised with Industry Minister Kum during recent Presidential visit to UK but with little apparent effect. Although bid date has now passed indications are that the adjudication of tenders and contract awards may take up to two years. This would obviously still allow time for NEI to become involved.

Investment

Foreign investment vital to the Korean economy to strengthen the international competitiveness of the countries industries and to facilitate acquisition of new technology. ROK government has



introduced measures to attract foreign capital. UK share of total investment in Korea from 1962 - September 1985 was only 1.7% putting us in joint 6th place with West Germany, behind Japan, US, Netherlands, Hong Kong and Switzerland. So far there has been little Korean investment in Europe compared with US and elsewhere. Samsung and Goldstar have made several exploratory visits concerning potential for setting up consumer electronics plants but seem to have reached no firm decisions. Secretary of State for Wales and WINVEST recently visited Korea and other regional development bodies have also made individual efforts to attract Korean interest. Prospects are concentrated in handful of large Korean industrial corporations.

Air Services

Korean Airlines already serve Europe and would welcome access to London.

Both BA and BCAL would like to serve Seoul as an extension of their services to Tokyo. Both already have appropriate route licences from the UK Civil Aviation Authority. But demand for travel only sufficient for one British airline to serve Seoul.

Official level talks will soon be held with the Koreans on detailed arrangements for establishing direct services. But Secretary of State for Transport will first need to reach a decision on a formal appeal from BCal that BA's licence to serve Seoul should be revoked. A decision is expected in early June.

FEC/3is/NE London Polytechnic/Imperial College consortium

ROK intends to educate elite scientific and technical manpower, and aims to increase number of scientists from 37,000 to 150,000 by year 2000. Advanced technology is being sought abroad, with R&D investment planned for increase from 1.4% of GNP to 3% by turn of century.

World Bank funds estimated at £150m being made available for ROK science-based educational development. Consortium of GEC/3is/NE



London Polytechnic and Imperial College formed to seek share of educational market. GEC are already donating £1.25m for establishment of Chair of Electronic Engineering at Korean Institute of Technology.

Defence Sales

a) Naval Command and Control systems (£30m)

Prospect of a UK/ROK industrial consortium including Marconi and Ferranti supplying Command and Control Systems to ROK Navy raised by the Prime Minister with President Chun during his visit to Britain. Following favourable response by President equipment has been approved by the Korean Ministry of National Defence. Probable that President Chun will give final approval to the sale during Prime Minister's visit to Korea.

b) Problems with Alvis Vehicle Transmissions (£10m)

Recent strike at Alvis stopped production of T300 transmissions supplied to Korean company Daewoo for installation in armoured vehicles produced for Korean army. Daewoo's own production was affected by the Alvis dispute and they have complained to Embassy. Production has now restarted and Alvis are examining ways to redress backlog of deliveries.

Other prospects include Javelin Low Level Air Defence missiles (£36m), in strong competition with the US "Stinger" already used by US forces in Korea, and Naval Lynx Helicopters (£60m). One problem faced by UK defence sales exporters is requirement that contracts should be off-set by the purchase of ROK goods at 50% of contract value.



PRESS LINE

The Embassy have suggested that Mrs Thatcher should follow Korean practice and issue a statement on arrival.

Text as follows:

"I am very pleased to have this opportunity to visit the Republic of Korea, and I am particularly honoured to be the first British Prime Minister to do so.

The talks that I shall have with the President and with the Prime Minister will allow us to continue the dialogue so happily begun in London. I hope that these two visits, which testify to the good relations between our two countries, will be seen as forming the basis from which we build a growing partnership not only in the political but also in the commercial and economic field.

The extensive discussion which I had with the President of the Republic, during the very successful visit which he and Mrs Chun paid to London last month, means that I look forward with added anticipation to seeing something of this energetic and forward looking country. Apart from visiting the DMZ, I hope to gain an impression of Korea's striking industrial progress."

Again, following Korean practice, it has been recommended that the Prime Minister should make available in advance the text of her speech at President Chun's dinner. This will be carried extensively by the media and will reflect the main themes of the visit.

A press conference is also being arranged.

PANMUNJOM

Panmunjom is some 30 miles north of Seoul. Since 1951 it has been the site first of the Korean armistice talks and subsequently of the meetings of the Military Armistice Commission, of the Neutral Nations Supervisory Commission, and of a variety of bilateral talks between the North and the ROK. Although often referred to as the "truce village", all traces of the original village have long since disappeared. The name in Korean means "half-gate village" - one horse town.

Armistice negotiations began in Korea on 10 July 1951 at Kaesong, city held by the North Korean-Chinese forces. After a breakdown, which lasted two months, the talks moved to the village of Panmunjom, which was fifteen miles from Kaesong, the North Korean-Chinese HQ, and also about the same distance from Munsan, the UN command HQ. It was at Panmunjom that the Armistice Agreement was signed on 27 July 1953. The agreement provided for a ceasefire, the establishment of a Military Armistice Commission to ensure adherence to the agreement, and for a demilitarized zone (DMZ) to be established along the line of actual control.

The DMZ runs some 152 miles on land, plus an additional 40 miles in the Han river estuary. It is 4 kilometres wide. Each side is allowed 1000 personnel in its part of the DMZ at any one time, plus an additional 24 on the Han river estuary. There are 1292 markers along the Military Demarcation Line, printed in Korean and English on the side facing South and Korean and Chinese on the



other. Although concrete defences and observation posts can be seen en route to the DMZ, the zone itself is devoid of fortification.

Panmunjom straddles the Military Demarcation Line. As the then British Ambassador noted in 1957, it is a demilitarized area entirely populated by soldiers. The Joint Security Area (JSA), where meetings are held, is roughly circular, some 800 metres across. Each side is allowed 35 military police in this area. Until 1976, personnel of both sides were able to move freely in the JSA, but following the axe-murder incident of that month (see below) it was agreed that neither side would cross the Demarcation Line.

Since 1952, the UNC has maintained a Support Group for the JSA. The Support Group provides logistical support for the UN side of the Military Armistice Commission. This unit has the motto "In front of them all", which its members use when saluting.

The MAC holds meetings at the request of either side. The Senior Members of each side are the only spokesmen at such meetings, and there are no chairmen. Meetings generally consist of prepared statements, with occasional additional comments. The exchanges are usually protests, for the record, and there is no attempt of negotiation. The meetings all take place in the main conference building which sits astride the Demarcation Line. The table at which the two sides sit also straddles the line. Both sides appoint Secretaries who arrange administrative matters. Joint Duty Officers meet each day, except Sundays and holidays, to exchange routine reports and

/forward



forward communications. Visitors are taken to the main conference building, but must take great care not to step over onto the North side of the line.

The Joint Security Area is manned by picked staff on both sides. Tension is considerable and over the years there have been a number of incidents in and near the JSA. In August 1967 and April 1968 several UNC personnel were attacked and killed by North Korean army members. On 18 August 1976, UNC personnel were attacked while they were (quite legally) clearing foliage to improve observation. Two Americans and one ROK officer were killed by axes. On 23 November 1984, a Russian visiting the Northern side of the JSA defected, and there was an outbreak of shooting in which three North Koreans and one South Korean were killed.

The UK Defence Attaché is also the permanent Commonwealth Member of the Military Armistice Commission. A British Army platoon of about 30 all ranks is attached to UN Command HQ for ceremonial purposes and also participates in ceremonial duties at Panmunjom.



GLOSTER VALLEY

Gloster (always so spelled) Valley lies some 35 miles due north of Seoul, just south of the Imjin river. The Korean name for the area of the battle is Solma-ri, and the nearest Korean village is called Choksong. It is an area of rather bleak hills, forming part of one of the traditional north-south invasion routes of Korea.

In April 1951, the northward advance of the UN forces was to meet a full-scale Chinese offensive. On 22 April, the 29th British Infantry Brigade held the line of the Imjin river from the village of Choksong to the Imjin's juncture with the Hantan river, some 1200 yards. The 1st Battalion The Gloucestershire Regiment, about 650 men, was defending the Solma-ri valley from hills overlooking the Imjin river. They were supported by C Troop, 170th Independent Mortar Battery, Royal Artillery, with 4.2 inch mortars. On the right of the Gloucestershire Regiment was the remainder of the 29th Brigade, with the Belgian Capitol Battalion under its command. Apart from the Belgians, most of the troops were deployed south of the river. The river is not very deep in this area, and is fordable in places at that time of year.

Chinese forces of the 63rd Army were assembling north of the Imjin for an assault on Seoul. On 22 April, British and Belgian patrols reported contact with the enemy, who was present in large numbers. By dusk, large numbers of enemy patrols had reached the river, which they began to cross under cover of darkness. In spite of fierce resistance that night and the following day, in which large numbers of Chinese were killed, the Gloucestershires were forced back to the position where the Gloster memorial



now stands. By evening on 24 April, the survivors of the regiment were gathered on the hill above the memorial. They were completely surrounded and all attempts to relieve or resupply them had failed, as had an attempt to evacuate the wounded. During that night, the survivors withstood repeated Chinese attacks,, but by the morning of 25 April, most ammunition was gone, and it was clear that they could not hold out much longer. Those who could, made an attempt to break out of the Chinese encirclement; many were caught but 67 officers and men escaped.

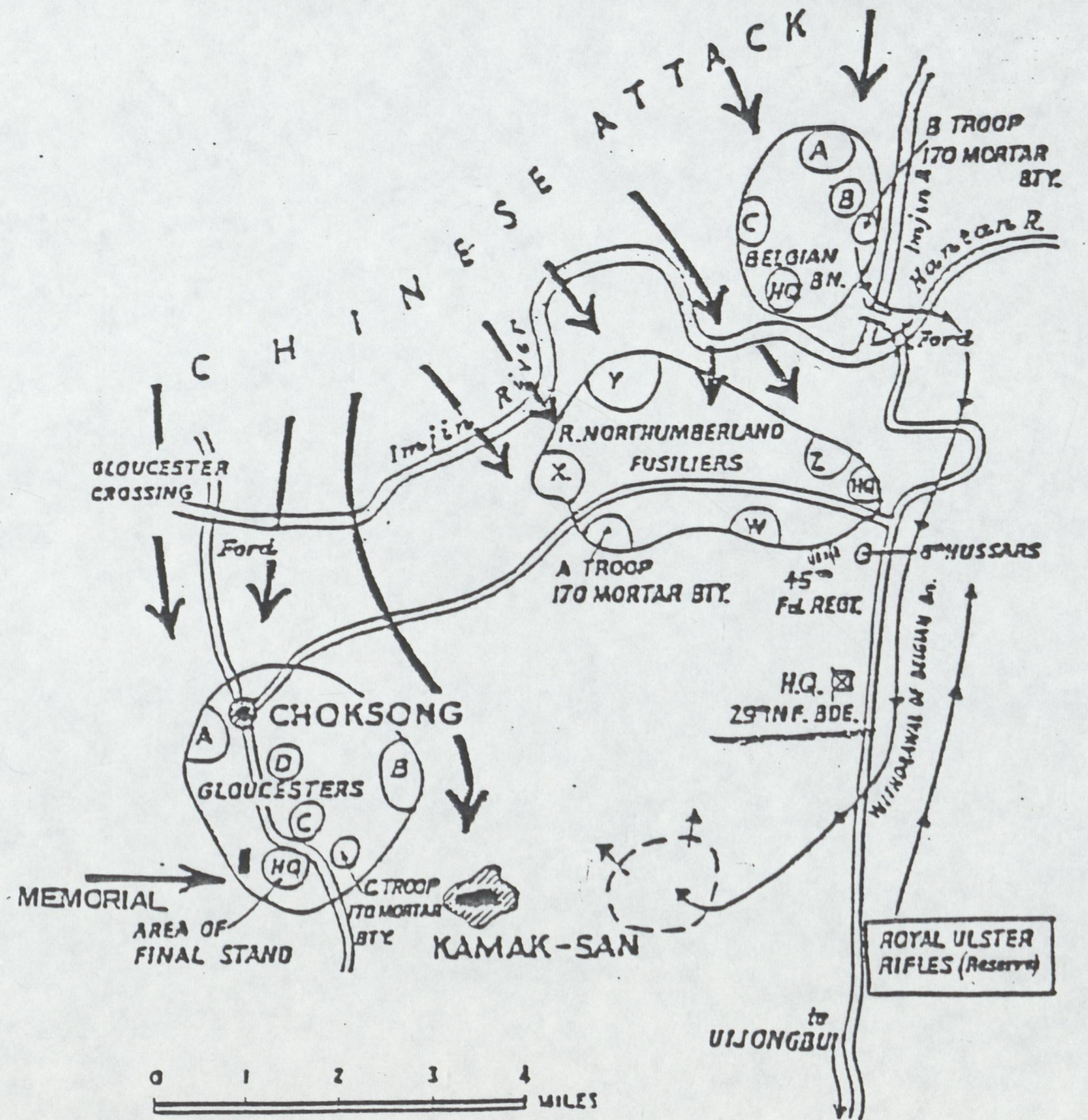
In all, 59 were killed in action, and some 180 seriously wounded. Most of these were among the 526 who were captured, and 34 died as prisoners of war. The Chinese losses were high; in the ROK Ministry of National Defence's history of the war they were estimated at 10,000 killed and wounded out of 27,000. The main Chinese army involved did not fight again. The Victoria Cross was awarded to the battalion commander, Lt Col J P Carne (who has just died in April), and posthumously to Lt P K E Curtis, Duke of Cornwall's Light Infantry, attached The Gloucestershire Regiment. The George Cross was awarded posthumously to Lt T E Waters, the West Yorkshire Regiment, attached The Gloucestershire Regiment. Both the 1st Battalion the Gloucestershire Regiment and C Troop, 170th Independent Mortor Battery, Royal Artillery, were presented with United States Presidential Unit Citations in May 1951.

The memorial at Gloster Valley was erected in 1957 by the Royal Engineers; it is perhaps more restrained than some later Korean war memorials. For some years, it has been



looked after by the girls of the Hankwang School in Seoul, who periodically tidy up the surrounding area and replant flowers. There is a wreath-laying ceremony each April on the Sunday nearest the date of the battle, which is attended by local military and civilian officials, representatives of the Korean Veterans' Association and the British community. The memorial is also a favourite picnic spot for the latter. None of those who fell at Gloster Valley are buried there. Like all other British and UN Command dead, their graves are in the United Nations Cemetery in Pusan.

There was much other fighting in the area south of the Imjin river in April-May 1951 involving British and Commonwealth forces. There is a memorial to the British Commonwealth forces at Kapyon, 35 miles north east of Seoul, and both Canadian and Australian monuments have also been erected in that area.



BATTLE OF THE IMJIN RIVER, 22ND TO 25TH APRIL, 1951



UNITED NATIONS MEMORIAL CEMETERY, PUSAN

This cemetery was originally established by the United Nations Command in January 1951 six months after the North Korean invasion. It comprises 35.62 acres (14.39 hectares). It went into use immediately and over the next few months, remains were transferred there from six other cemeteries located at Kaesong, Inchon, Taejon, Taegu, Miryang and Masan.

In November 1955, the ROK National Assembly adopted a resolution of gratitude to the UN Command troops who had fought in Korea. The resolution also recommended that a United Nations Cemetery should be established in Korea. In December 1955, the General Assembly of the United Nations adopted a resolution by which the cemetery at Pusan became a United Nations Memorial Cemetery in honour of those who had fallen in the Korean war. A formal agreement to this effect was signed between the United Nations and the ROK on 6 November 1959 and the administration of the cemetery was assumed by the United Nations in the following year. The land on which the cemetery is situated was granted in perpetuity to the United Nations by the ROK without charge.

In 1964, a Memorial Service Hall was built by the United Nations. It was designed and constructed by a Korean architect. Four years later, a Memorabilia Hall, plus administration utilities buildings, were erected. The main gate, in traditional style, was given to the cemetery by the people of the city of Pusan in 1966. Since February 1974, the cemetery has been administered



by a Commission for the United Nations Memorial Cemetery, which is made up of representatives of the countries whose soldiers are buried there.

The cemetery today has a symbolic area where country plots are set out, each bearing an individual bronze plaque and flying the respective national flag. Twenty-two nations are represented, with Belgium and Luxembourg, Italy and India sharing plots. In the cemetery lie the bodies of 2,277 men from Australia (281), Canada (278), France (44), the Netherlands (117), New Zealand (34), Norway (1), the Republic of Korea (36), South Africa (11), Turkey (462), United Kingdom (884) and the United States (14) plus 4 unknown allied soldiers and 11 non-belligerents. Remains of combatants from Belgium, Colombia, Ethiopia, Greece, India, the Philippines and Thailand, as well as the majority of those from the United States and some from France and Norway were repatriated at the end of the Korean war.

Within the area of the cemetery, there are a number of special monuments. These include the Turkish monument, the Greek monument and a Commonwealth Forces monument for those who have no known grave. There is also a general memorial to all the United Nations forces who lost their lives in the Korean war, which was erected by the Republic of Korea in 1978.

Many countries, including Britain, have given trees and plants for the grounds. The cemetery is well looked after by the custodian and his staff and is regularly visited both by Koreans and foreigners.

PRIME MINISTER'S VISIT TO KOREA: 2-4 MAY 1986

BACKGROUND: THE ROK ECONOMY

Background

1. In 25 years the ROK has progressed from being one of the poorest economies in the world to the ranks of middle-income countries. Income per head was US \$87 in 1962, US \$2,010 in 1983 - a real increase of about 700%. A country initially dependent on subsistence agriculture has industrialised rapidly and become an important trading nation. The Korean economy was largely closed until the early 1960s, with exports of goods and services comprising only 5% of GNP; by 1984 this share had increased to 40%. Export-led growth relied initially on primary products and textiles, but the composition of exports shifted towards industrial products including petrochemicals, iron and steel sheet, electrical machinery and ships. Korean industry now poses a competitive threat to Japan in important markets for cars and electronics.

2. The government's development strategy sharply reduced tariffs on intermediate and capital goods while protecting finished goods from foreign competition. Credit was directed towards priority export sectors. Very high levels of investment were achieved and real GNP grew at an annual average of 10% during 1964-79. Relatively high literacy rates meant low training costs for industry. Trade unions have been weak (membership is now only about 7% of the workforce compared with 22% in Japan) and labour laws strict. (It is at present illegal to strike without government approval.) Foreign borrowing was increasingly employed during the 1970s: by 1979 total debt was just over US \$20 billion with a debt service ratio of 15%.

3. Over-expansion - particularly in investment in heavy industries - was giving rise to severe inflationary pressures by the end of the 1970s. Rapid rises in wages and prices, combined with a rigid exchange rate eroded competitiveness: export volume declined in 1979 after a decade of annual increases averaging 30%. Higher oil prices and international interest rates on past borrowing also contributed to an unsustainable current account deficit of over 6% of GNP in 1979.

1980-1985: Readjustment

4. Political crisis, a bad harvest, a worsening external outlook and the restrictive policies introduced to deal with the trade deficit led to a fall in real GNP of 6% in 1980, the first decline for two decades. The inflation rate rose to 35% with higher energy prices and the impact of a devaluation of the won.

5. Inflation has subsequently fallen, the external deficit has narrowed and growth has recovered. Figures 1-3 (attached) show these statistics for 1979-85.



6. Foreign borrowing has continued, though at a much slower rate after 1982. Total external debt at the end of 1985 is estimated at US \$44.3 billion with the debt service ratio at a reasonably comfortable 23%. The country's credit rating remains high. (Korea currently has an IMF programme, ending in 1987.)

Recent Developments

7. During 1985 there was some concern about the outlook for the economy. Foreign earnings growth slowed sharply, due mainly to weaker US growth (the US market accounted for 36% of all exports in 1984) and cutbacks in construction activity in the Middle East. Some sectors built up earlier, particularly ship-building, shipping and overseas construction, faced severe problems, and government assistance was given to banks with large loans in these areas.

8. Investment continued to slow, and production in traditional mainstays of the economy such as textiles and leather fell during 1985. In an attempt to encourage private sector investment a number of public sector projects were postponed, and increased credit allocated to small and medium-sized companies and to 'export facility' loans.

The Economic Outlook

9. There is at present, however, considerable optimism about the outlook for the economy. Exchange rate movements have greatly improved South Korea's competitiveness. The trade weighted value of the won has fallen by almost 20% since January 1985 - a much sharper drop than experienced by Taiwan or Hong Kong. Yen revaluation is likely to have a positive impact with relatively cheaper Korean goods, even taking into account more expensive imports of Japanese components and capital goods.

10. As a major debtor, the country benefits from falls in international interest rates, with each percentage-point decline estimated to reduce interest costs by US \$300-400 per year.

11. The best news comes from the oil markets however, where lower prices mean reductions in the import bill and brighter prospects for world trade. Even allowing for losses of revenue in construction in the Middle East, each US \$5 fall in the price per barrel is estimated to benefit the current account by US \$1.1 billion (fuels have accounted for about 30% of imports in recent years). The government's forecast, based on a US \$18 per barrel price is for a current account surplus of US \$1.2 billion against a deficit in 1985 of US \$880 million. A 7% growth target for 1986, which seemed very optimistic during most of 1985, has recently been revised to 8%.

Korea in the world trading system

12. South Korea is now the 14th largest exporting nation, accounting for 1.6% of total world exports. (Similar to



Hong Kong and Sweden, FRG and Japan have shares of 9%, the UK 5%.) It has followed a path similar to Japan's, with exports of simple manufactures produced with little capital at relatively low wage rates being replaced by increasingly sophisticated goods as manufacturing investment has grown rapidly and living standards rise. Korea's approach is necessarily more outward-looking because of its smaller domestic market. Population is a third of Japan's and a much lower standard of living means that significant demand for many of the consumer goods sectors expanding at present only exists abroad. Korean firms (particularly in car production) have entered joint ventures with American-based multinationals and Japanese firms, though in many areas the lack of domestic patent protection law has deterred foreign firms from sharing technology.

13. Korean industry has also faced intensifying protectionist barriers in OECD markets. In 1977 24% of exports to these countries were subject to import restrictions; by 1983 this proportion had risen to 40% (these estimates are necessarily uncertain). Products most affected include textiles, steel, footwear, electronics, silk, cutlery and tyres.

14. In common with most other developing countries, and accepted within GATT rules the ROK itself maintains stringent tariff and non-tariff barriers to imports. A liberalisation programme begun in May 1978 has lowered tariff rates on many raw materials and foodstuffs but increased them on some manufactured goods. A five-year programme announced in early 1984 aims at reducing the proportion of imports facing quantitative restrictions from the 20% of 1983 to 5% by the end of 1988 (by mid-1985 the ratio was down to 12%). The average tariff rate of 21% in 1985 is to be reduced to 18% in 1988. However, an interim system of 'emergency' and 'adjustment' tariffs has led to increases for some goods. Risks of further increases in debt affecting international confidence during the period of trade deficits (which is ending only now) have meant that steps to allow more rapid import growth have had to be undertaken gradually. Restrictions on foreign direct and portfolio investment are gradually being eased.

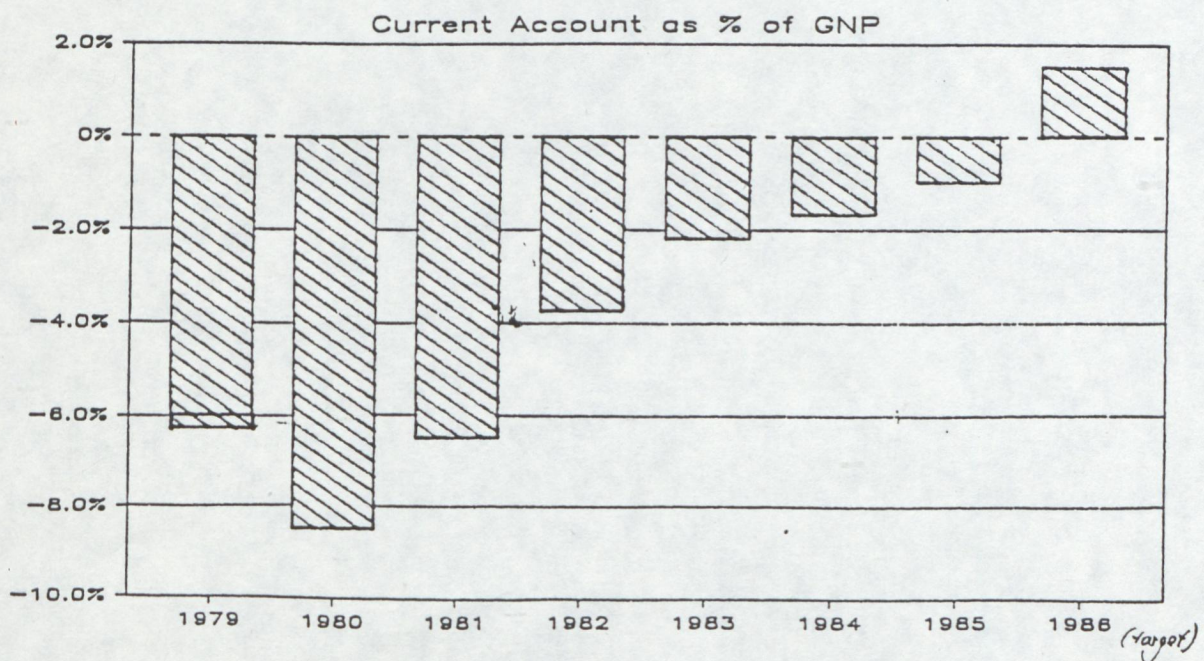
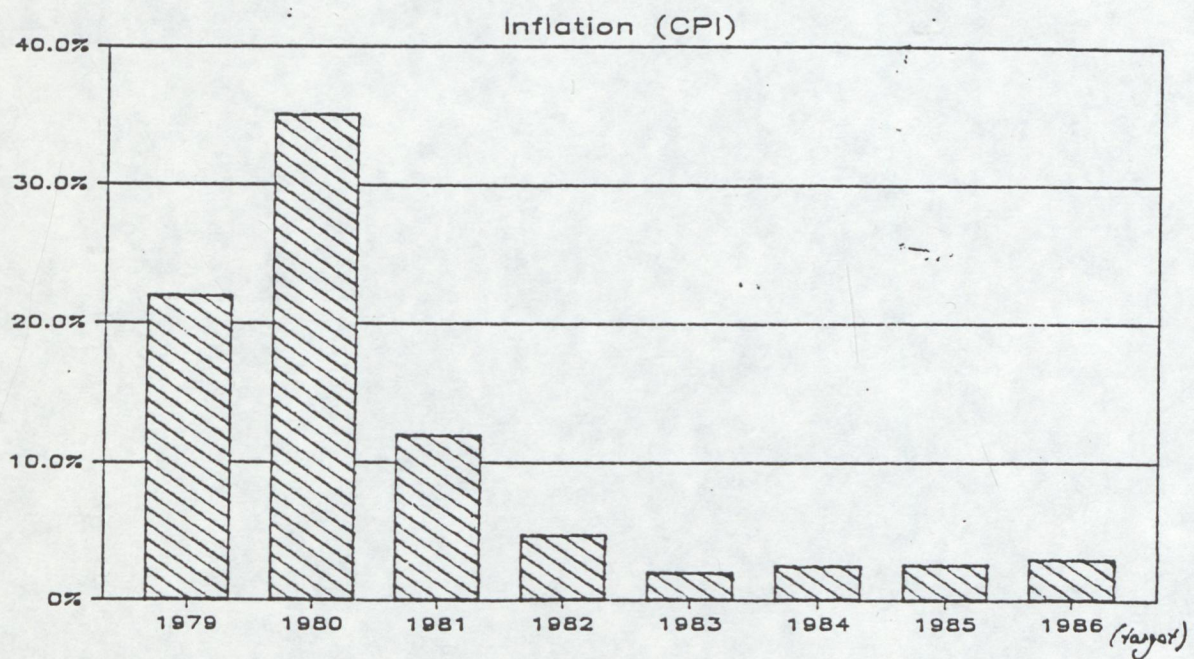
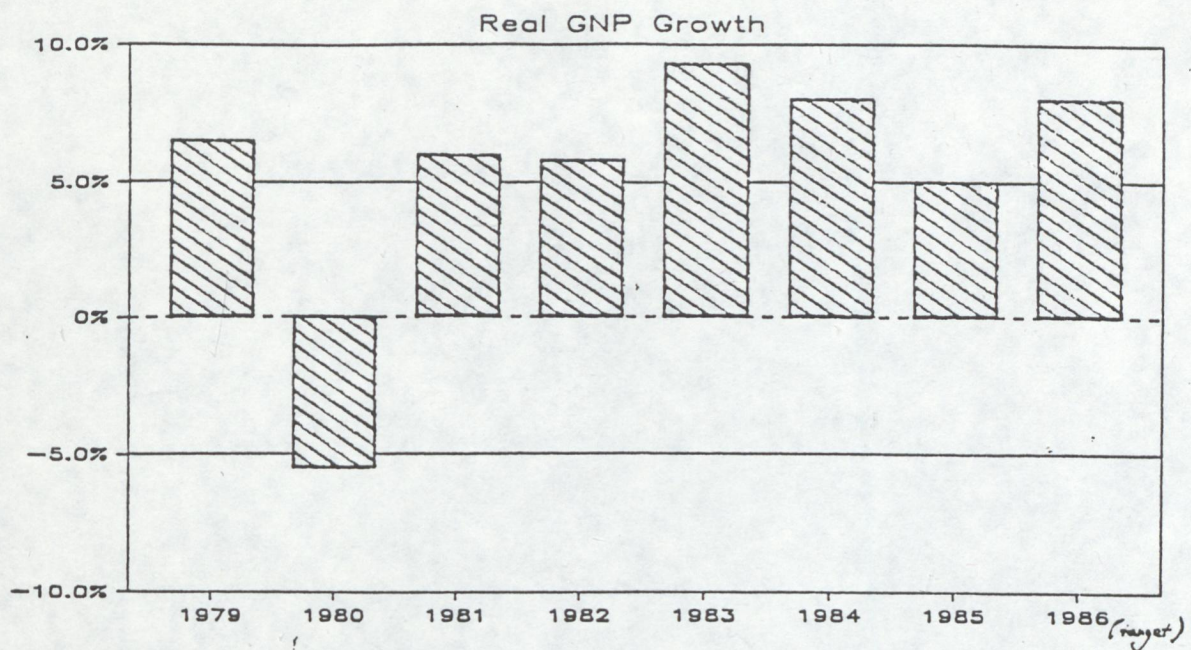
15. South Korea faces then many of the 'voluntary' restrictions and 'orderly marketing' arrangements to which Japanese industry is subject and, with other successful newly industrialising economies (NICs), has had concessionary access to developed countries market reduced (under the Generalised System of Preferences for example) and threatened by the calls for 'graduation'.

16. NICs such as Korea may accept accelerated liberalisation of their own import regimes in return for more secure access to OECD markets. (Most would probably accept loss of 'developing-country' duty-free access for certain goods if non-tariff, quantitative restrictions were not to be imposed; the 'free port' regime of Hong Kong has not however prevented the Territory's industries from facing a range of restrictions.)

17. The improved outlook for the Korean economy means that it can continue to liberalise its import regime, diversify away from declining heavy industrial sectors and further modernise its range of exports. Current research and development in advanced semi-conductor technology is one example of the high aims of industry. Sustained growth however requires that barriers to such exports do not increase. More rapid growth in manufactured goods is required to offset the sharp fall in services income from construction in traditional Middle East markets.

18. It is likely that NICs such as the ROK will have to offer improved access to their own markets if the 'liberal trading system' is to treat them with liberality: the country's prospects are highly dependent on the politics of this system. The hope must be that more rapid world growth, in reducing unemployment, will make it easier for the governments of the developed world to resist further calls for protection. For countries such as Korea with the need to service past borrowing, rising export earnings are essential for the health of the financial system of the developed world. Successful restructuring of OECD economies in the face of genuinely competitive imports from developing countries brings its benefits in terms of lower inflation and higher living standards.

Republic of Korea : Economic Indicators





PRIME MINISTER'S VISIT TO KOREA: 2-4 MAY 1986

HISTORY OF UK'S COMMERCIAL INVOLVEMENT WITH REPUBLIC OF KOREA

1. Korea's two largest trading partners have traditionally been USA and Japan (they account for roughly half of Korea's exports and imports). Since the early 1970's UK's market share in Korea has hovered around 2%, dipping in the past year to about 1.5%. (Korea's market share in the UK has been around 3% - 5% in recent years).

2. In the aftermath of the Korean war trade between our two countries remained small and in 1970 total trade amounted to just £17.5 million. But Korean exports began to rise rapidly, increasing from £5.6 million in 1971 to £136 million in 1976 and up to £326 million in 1981, leaving a roughly constant visible trade ratio of 2:1 in Korea's favour over the last decade. Under the ambitious five year economic development plans non-essential imports were firmly excluded from Korea. Towards the late 1970s therefore there were the beginnings of trade friction between Korea and her principal markets. This persists as Korea's strong export performance continues, while liberalisation is introduced very slowly.

3. The UK involvement in Korea's industrial development was most marked in the 1970s when several significant project loans were made:-

Sewerage project	£3 million	(1975)
Repair shipyard construction	£1.3 million	(1975)
Construction of Integrated Automobile Plant	£3 million	(1975)
Seoul National University Modernization Project	£1.8 million	(1976)
<u>Wolsung Nuclear Power Unit 1</u>	£24.5 million	(1976)

4. The UK involvement in the shipbuilding and the manufacturing sectors is well known. A and P Appledore International Ltd designed the Hyundai Shipyard and initial tankers, and recruited expatriate management staff. George Turnbull of the Rootes Group spent three



years in Korea developing the principal Korean car manufacturer Hyundai Motors (now a major international force) at their original factory in Ulsan.

5. More recently Davy McKee has established a strong presence in the Korean steel industry, winning contracts to supply two blast furnaces for the Korean Steel firm POSCO (worth £58m and £43m respectively), with the support of ECGD's rapid matching facility. In addition, they won earlier this year a contract for a slag granulation unit worth £5m.

6. In 1983 GEC won an order worth £80m for part of the new Seoul metro project (now complete). British equipment was incorporated in five of the first nine nuclear power stations in Korea. GEC and NEI have both provided turbines and generating equipment. NEI hope to provide equipment for the 11th and 12th power stations now out for tender. As part of these contracts the UK companies offer Koreans technical training, partly in the UK.

7. There have been many instances of UK/Korean collaboration in third markets. GEC won a £20m sub-contract from Hyundai for a railway project in Iraq, and NEI Parsons won a £145m order from Hyundai for power generating equipment also in Iraq. London offices of Korean construction companies also purchase over £100m worth of equipment from UK companies for third market projects each year.



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PRIME MINISTER'S VISIT TO REPUBLIC OF KOREA :
2-4 MAY 1986

PERSONALITIES - SUPPLEMENTARY BRIEF

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LEE, SOON JA

First Lady.

Born Taegu 1939. Studied at Kyonggi Girls High School in Seoul and entered Ewha Women's University to study medicine but did not graduate. She met Chun Doo Hwan (now President) when he was at the Military Academy, where her father was Chief of Staff. After marriage in 1958 opened a small beauty parlour in Inchon. Her uncle Lee Kyu Kwang and his daughter-in-law Mrs Chang Young Ja were involved in a financial scandal in 1982.

Unsubstantiated allegations that she too was somehow involved in the scandal and in another involving her father have helped to contribute towards her unpopularity. But some of this stems from a feeling that, for Korean tastes, she is seen too much and too prominently on public occasions.

Her public interests centre on preschooling for 4-6 year olds and medical treatment for needy children with congenital heart disease. Her pastimes include Korean calligraphy, flower arranging and tennis. Her English is fair.

The Chuns have three sons and one daughter. The eldest son was married in 1984 and, to their delight, has recently made the Chuns grandparents.

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OPPOSITION LEADERS

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KIM YOUNG SAM

Born in Kyongsang Namdo 1927. Educated at Seoul National University. First elected to the National Assembly in 1954 as a member of Syngman Rhee's Liberal Party, but joined the opposition in 1960. After the military revolution he joined the former New Democratic Party (NDP) and was again re-elected to the National Assembly. Elected President of NDP in 1973, but lost the leadership in 1976 after an internal power struggle. Regained the presidency in May 1979 and set about creating what he called a "genuine opposition". This caused fierce clashes with the government and his eventual ouster from the presidency and the National Assembly, although he regained both positions after President Park's assassination. He was placed under house arrest in May 1980, although other leading politicians were arrested. He resigned as President of the NDP in August 1980 and withdrew from public life. He was banned from politics for 8 years, although he continued to give press interviews to foreign journalists, as a result of which he was again placed under house arrest in May 1982. In May 1983, in protest at his continuing house arrest he started a hunger strike, as a result of which the house arrest was lifted. In May 1984 he established the Council for Promotion of Democracy (of which he is a Co-Chairman) which was instrumental in founding the New Korea Democratic Party later that year. He was released from the political bank in March 1985 and became an actual member of the NKDP earlier this year.

He joined the New Korea Democratic Party as "Standing Adviser" in February 1986 and has been an influential force behind the opposition party's current signature campaign for constitutional amendment.

Although in the past he has been regarded as something of a lightweight and has a reputation as a playboy, Kim has now manoeuvred himself into an influential position from which he may well hope to challenge for the presidency in 1988. He is a Protestant. He speaks a little English but prefers to conduct conversations through an interpreter.

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CHUN, DOO HWAN

President of the Republic.

He was born on 18 January 1931 in Kyongsang Province in the South of Korea. During the Japanese wartime occupation his father took the family briefly to Manchuria to escape possible revenge for an attack on a Japanese police officer. Later, as a boy, Chun had a newspaper round to help supplement the family income. He graduated from the Taegu School of Industrial Technology in 1955. He graduated from the Korean Military Academy's first 4 year course modelled on American, West Point lines. In 1960 he graduated from the US Army Infantry School.

As a junior officer, he was Secretary of President Park's Executive Committee in 1961, after leading the Military Academy in support of General Park's coup. In 1970 he became a regimental commander in Vietnam. In 1976 he was appointed to the Presidential Security Corps and promoted to Major General in 1977.

In September 1979 he was appointed Commander of the Defence Security Command. In this capacity, he was the Special Investigator into the assassination of President Park. Chun and other generals had the martial law



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commander Chung Seung Hwa and certain other high-ranking officers arrested, and others moved or retired, ostensibly for their involvement in the assassination of President Park.

Chun was promoted to Lt General in 1980. By now the most powerful general in the ROK Army, he was appointed Acting Director of the Korean CIA. He immediately set about a purge, removing 33 out of 40 section and bureau directors. His appointment aroused much public hostility. Following the extension of martial law, a Special Council for National Security Measures (SCNSM) was set up to co-ordinate between the martial law authorities and the civilian government. Chun was made a Chairman of the Standing Committee of the SCNSM and as such he exercised direct influence over policy making in ministries and was on his own admission responsible only to the President. He was promoted to full general and his political power grew rapidly, partly by means of a series of purges and reforms. President Choi resigned and Chun was elected by the National Conference for Unification, after retiring from the Army. As President, Chun saw through the adoption of a new constitution and the holding of elections which confirmed him as President

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and left his party (the DJP) in control of the National Assembly.

As President he has made a number of overseas visits, to Washington (twice) and the ASEAN countries in 1981 and to Kenya, Nigeria, Gabon, Senegal and Canada in 1982. A visit to Burma, India, Sri Lanka, Australia and New Zealand in 1983 was cut short when a bomb explosion in Rangoon, at a meeting for which he was late, killed four cabinet members, two of his closest advisers and eleven other members of his entourage. He made an historic visit to Japan in September 1984, the first by an ROK President.

Chun has a reputation for aggressive activity combined with a strong tendency to puritanism. His almost daily press photographs show him as stern and unsmiling.

He met his wife, Lee Soon Ja, when her father was Chief of Staff at the Military Academy. He has been a keen sportsman: he was captain and goalkeeper in the Korean Military Academy team, and also a keen boxer and basketball player. He understands some English, but is reluctant to speak it.

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LEE, MIN WOO

President, New Korea Democratic Party.

Born 1915 in Chungchong Pukdo. Studied law at Meiji University, Japan. In 1949 he became Vice Chairman of the Democratic Party's Chungchong Pukdo chapter. National Assembly member 1958-61, 1973 and 1979-80. He held a variety of senior posts within the former National Democratic Party (NDP) including that of Floor Leader in 1973 and Vice President in 1979-80. Vice Speaker of the National Assembly, 1976. When President Chun assumed power he was banned from politics until 30 November 1984 when he was included in a political amnesty. He was among those instrumental in founding the New Korea Democratic Party - a new opposition group composed mainly of Council for Promotion of Democracy and former NDP members - of which he was elected President in January 1985. Re-elected to the National Assembly in February 1985.

A Kim Young Sam supporter and leading member of the Council for Promotion of Democracy, Lee is a wily old operator who is clearly enjoying his new-found prominence.

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KIM, SU HWAN

(Cardinal Stephen Kim).

Born in Kyungsang Pukto 1922. Studied in Japan before the war. Ordained in 1951. Bishop of Masan in 1966. Archbishop of Seoul and Chairman of the National Catholic Council in 1968. Cardinal in 1969. The Government appointed him an adviser to the National Unification Board in 1961.

He became an adviser to the dissident National Conference for the Restoration of Democracy in 1974, and is one of the most influential Christian leaders to take a stand critical of the Park regime. He was appointed a member of President Choi's Advisory Council for State Affairs in February 1980. Following the arrest of a Catholic priest, Choi Ki Shik, on charges of harbouring people involved in the arson attack on the American Cultural Centre in Pusan in April 1982, Cardinal Kim publicly said that if the government wanted to make the Catholic Church as a scapegoat, the Church was strong enough to stand up to the government. In August 1985 the Cardinal took a firm public stance against the introduction of the proposed repressive legislation on campus stabilisation (which was subsequently withdrawn by the President). And in March 1986 he publicly called on the Government to "promote democratisation promptly" and supported the early revision of the constitution to permit direct elections for the Presidency. Speaks good English.

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THUMBNAIL SKETCHES

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MINISTERS

MR LEE KI BAEK (Minister of National Defence)

Graduated from same class of Military Academy as President Chun. Appointed Chairman of the Joint Chiefs of Staff in 1983. Became Defence Minister in January of this year. Speaks English quite well but always uses an interpreter with foreigners. Devout Buddhist. Seriously injured in Rangoon bomb explosion.

MR CHOI CHANG NAK (Minister of Energy and Resources)

Has served overseas in Japan and France as Economic Minister at ROK Embassies. Vice Minister of Commerce and Industry 1979. Vice Minister Economic Planning Board 1980. Korea Development Bank 1982. Appointed Governor of the Bank of Korea 1983. Appointed to present post in January 1986. Friendly and approachable. Speaks good English.

MR PARK TONG JIN (Minister of National Unification)

Wide diplomatic experience as former Ambassador. Minister of Foreign Affairs 1975-1980. Elected to National Assembly 1981. President of Korean/American Friendship Association. Appointed to present post in January 1986. Speaks almost perfect English. An experienced down to earth professional.

MR SOHN JAE SUK (Minister of Education)

Academic background. Appointed to present position in 1985. Hobby is growing flowers, particular orchids.

MR PARK SEH JIK (Minister of Sports)

Former General. Dismissed 1981 on charges of corruption. In 1982 became policy adviser to Ministry of Energy and Resources. May have indicated early dismissal not because of corruption but because seen as threat to President. But appointed Minister of Government Administration in 1985, and to present position in 1986.



NON-MINISTERS

ROH TAE WOO

Chairman of Democratic Justice Party and President of Seoul Olympic Organising Committee. One of the General's who instigated the internal army coup in 1979 and was then considered President Chun's closest supporter. Promoted Full General 1981, then retired from Army and became Minister of State responsible for Security and Diplomatic Affairs. Appointed Minister of Sport in 1982 then Minister of Home Affairs. In 1983 appointed Chairman of Seoul Olympic Organising Committee. Tipped as a possible successor to President Chun. Visited UK in 1984 and met Mr Richard Luce.

LEE MAN SUP

President of the Korea National Party, appointed in March 1985.

DR KIM SANG MAN (KBE)

Honorary Chairman of the Donga-a Ilbo, leading Korean newspaper. Life President of the Korean-British Society. Frequent visitor to UK, long time sponsor of British cultural events in Korea including Royal Ballet and LSO. Only Korean to hold an honorary KBE.

AMBASSADOR KIM YONG CHIK

Former Ambassador to UK and former Foreign Minister. Elected Executive President of Korean-British Society in February 1986.

DR LEE KWAN (OBE)

President of Ulsan University (which has benefitted from considerable ODA funds: retains close links with Loughborough University). Obtained his doctorate at Liverpool.

DR PARK BONG SHIK

President of Seoul National Univeristy, the leading University in Korea.

DR KIM MYONG WHYI

President of Chongju University: sister relationship with Hull University.



DR KIM SUNG JIN

President of the International Cultural Society of Korea. (Roughly British Council equivalent). Former Minister of Culture and Information.

DR AHN SEUNG CHUL

President of Korea Development Institute, responsible for economic planning for the Ministry of Trade and Industry, Minister of Finance, and the Economic Planning Board. Good English, keen to promote UK/Korean trade relations.

MR LEE CHONGO

President, Korea Advanced Institute of Science and Technology. Former Minister of Science and Technology.

MR CHUNG JU YUNG (CBE)

Chairman, Federation of Korean Industries. Also Chairman of Hyundai Group. Visited Britain with President's party in April.

MR CHUNG SE YUNG (CBE)

President of Hyundai Motor Company and Chairman of Korean British Business Promotion Committee. Brother of Chung Ju Yung. Visited Britain together with President Chun's party in April.

MR CHO CHOON HOON

Chairman of Korean Airlines.

MR CHO CHOONG KUN

President of Korean Airlines (younger brother of the Chairman).

KIM WOO CHOONG

Chairman Daewoo Group. Visited Britain in 1983 and met Mr Channon.

MR PARK TAE JOON

Chairman of Pohang Iron and Steel Company (POSCO). Chairman of Korean Iron and Steel Association. Retired as Major-General in 1963. President of POSCO 1968-81. Elected to National Assembly in 1981 and Chairman of the Finance Committee until 1983. But did not stand for re-election in 1985. Has shown very pro-Japanese stance (Chairman of the



Korea /Japan Economic Association) but this has slightly weakened of late and the new POSCO Steelworks has substantially less Japanese equipment than the original plant. Understands English but reluctant to speak it. Enjoys hiking. A Buddhist.

MRS CHANG YOUNG SHIN

President of Aekyung Company, one of Korea's few successful business-women. Company has joint venture with Shell and Unilever.

MR LEE BYUNG CHUL

Chairman Samsung Group. Richest man in Korea, but not seen much socially. Owns most important private collection of Korean art. Samsung concerned with naval fire control system contract with Marconi/Ferranti.

MR PARK SUNG SANG

Governor of Bank of Korea since January. Former President of Export/Import Bank of Korea and of Small and Medium Industries Bank. Long serving Vice-President of Korea/British Society. Bank of Korea representative in London 1969-71.

KIM SUNG YOL

President (equals Editor) of the Dong-a Ilbo newspaper. Former correspondent in London.

DR CHUNG CHON WHA

Professor of English at Korea University. Korean Secretary of the Korean/British Society. Studied at Manchester. Expert on D H Lawrence.

AMBASSADOR HAN PYO WOOK

Former Ambassador to UK and until recently Executive President of Korean British Society.

MR CHANG HONG SUN

President, Kukdong Oil (which has joint ventures on petroleum products with Shell and on gas distribution with BP).



MR KIM YOUNG DO

President Jindo Industries Ltd (claim to be largest manufacturer of furs in the world); only ROK investors in Britain (Panther cars).

MR KIM SANG HYUP

President of the Korea Red Cross. Former Prime Minister.

MR JAMES A SMITH

Chief Manager for Korea of Barclays Bank. Chairman of British Chamber of Commerce in Korea in 1985.

MR M COOPER

BP Representative Seoul. Former Chairman of the British Chamber of Commerce in Korea.

MR JAMES TODD

Executive Vice President, Korea Merchant Banking Corporation (joint venture operation with Barclays and Lazards).

MR LES PRYCE

Glaxo representative Seoul. (Glaxo are inaugurating a joint venture with Chongkundan, one of Korea's top pharmaceutical companies).




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11.

PRIME MINISTER'S VISIT TO REPUBLIC OF KOREA: 2-4 MAY 1986

PERSONALITIES

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LHO, SHIN YONG

Prime Minister.

Born in Pyongan-namdo in North Korea, 1930. Educated at Seoul National University (Law College), and entered the Ministry of Foreign Affairs in 1956. His early foreign posts included Turkey, USA, Thailand and Italy. Consul General in Los Angeles from 1969-72 and Consul General in New Delhi from 1972-73. Ambassador to India when full diplomatic relations were established in 1973. Returned to Seoul in 1974 and served as Vice Minister of Foreign Affairs until March 1976, when he was appointed Ambassador to the UN in Geneva. He became Foreign Minister in September 1980 and was appointed Director of the Agency for National Security Planning (ANSP, ex-Korean CIA) in June 1982. He was appointed Prime Minister in February 1985. He has gained the reputation of being something of a moderate in his time at the ANSP.

A powerful and ambitious man. He gives an appearance of efficiency and makes a good impression on foreign visitors. Friendly and convivial. Mrs Lho is also a graduate in law from Seoul National University. She has visited the UK three times. She, like her husband, speaks excellent English. They have three sons and two daughters. The eldest son is at Oxford and married to the daughter of Chung Se Yung (CBE), President of Hyundai Motors who attended Prime Minister's dinner for President Chun in April.

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