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Subseries: Chron File, 1989-1993

OA/ID Number: 13761
Folder ID Number: 13761-016

Folder Title:
Roh Tae Woo State Visit 7/2/91 [OA 8325] [1]

Stack:	Row:	Section:	Shelf:	Position:
G	26	21	4	7

McGroarty/Dooley
June 25, 1991
1:30 pm
[KOREA.arr]

PRESIDENTIAL REMARKS: ARRIVAL CEREMONY FOR PRESIDENT ROH TAE WOO
OF THE REPUBLIC OF KOREA
THE SOUTH LAWN
JULY 2, 1991
11:00 AM??

Distinguished guests, members of the Korean delegation, **Mr. President, Mrs. Roh** [NO]: it is my great honor, on behalf of the American people, to welcome all of you to the White House. //

Mr. President, we meet at a time of tremendous change, as the long era of Cold War and conflict draws to a close -- and the world confronts the challenge of fashioning a new order where freedom can flourish. //

The Cold War cast its shadow across Korea for more than four decades. Mr. President, the Republic of Korea has stood fast at the frontier of freedom -- your proud capital, Seoul, a scant 25 miles from the DMZ, the razor's edge that cuts a nation in two. //

Yet, through four decades of armed and uneasy peace, the Republic of Korea has prospered. / You built a **thriving democracy** -- a **free market system** that has propelled Korea into the front rank of the world's economies. Korea's success stands as a testiment to the resolve of the Korean people -- but much credit belongs to you, Mr. President, for the steady leadership that guides your nation. ///

We meet today to chart a common course forward in this world of change. //

Mr. President, when we met one year ago, Korea was on the eve of a **new opening to the Soviet Union.** That opening has eased tensions and increased the prospects for peace and stability **not just for the Republic of Korea** -- but across the Pacific Rim. // Let me be clear: Korea and the United States share an interest in seeing economic and political reform in the Soviet Union move forward. //

But lasting peace will come to Korea **only when Korea is made whole.** / Here, too, there is hope. / Mr. President, only Koreans -- North and South -- can solve the problem of unification. But all Koreans -- North and South -- should know that the United States stands ready to act in the interests of lasting peace. ///

Mr. President, our two nations are linked by ties of trade -- by the bonds of friendship and family: the more than one million Americans of Korean ancestry who call this nation their home. But here in America, Korea will always be far more than a distant land, or just a name on a map. One week ago, the remains of 11 U.S. servicemen lost long ago in Korea came home to rest. Korea is the place where America came to freedom's defense. //

In the summer of 1950, when the forces of the North swept down on the free Republic of Korea, the United Nations swiftly condemned the invasion -- and formed the UN Command to repel the aggressor. The United States and ~~sixteen~~ seventeen other nations answered

(17)

the call. Mr. President, the United States remains today fully committed to protecting the peace and security of Korea.

In 1950, the fate of the Republic of Korea was a test of the international ideal -- a proving ground for the proposition that **aggression meets a collective response.** Forty years later, this same spirit of internationalism shines forth in Korea's contributions to DESERT STORM -- in the Korean medical unit that treated coalition casualties from the battle of Kafji. //

Korea's commitment to internationalism has never wavered. This fall, at long last -- four decades after the United Nations fought to keep Korea free -- **the Republic of Korea will take its rightful place among the family of nations in the UN.** // Mr. President, America, your ally, shares your pride.

Once again, Mr. President, it is a great pleasure to have this chance to meet and to renew our friendship. / Welcome to the White House -- and may God bless the Republic of Korea.

# # #

Gen. Riscossi -
Col. Dave Lynch
614-34 75

Lt. Col. Chamberlain
695-8139

Wally Knowles DOD - Korean
697-4089

Col. Jordan

tennis - finger op.
this time, can't either

McGroarty/Dooley
June 25, 1991
1:30 pm
[KOREA.TST]

PRESIDENTIAL REMARKS: TOAST AT STATE DINNER IN HONOR OF
PRESIDENT ROH TAE WOO
OF THE REPUBLIC OF KOREA
THE EAST ROOM
JULY 2, 1991
X:00 P.M.??

Distinguished guests, members of the Korean delegation, Mr. President, Mrs. Roh [NO]:

Barbara and I are delighted to host this dinner tonight to welcome you to Washington and to the White House -- and to return in some small measure the hospitality we received in the Blue House when we visited your country two years ago. //

In fact, tonight's gathering reminds me of the lunch we shared at Ever Spring House. It is **tradition** in your country to **leave your shoes at the door.** When the luncheon ended and the time came for our senior officials to retrieve their shoes, they found nine pairs of almost identical slip-on loafers in a neat row on the porch. Fortunately, I was saved by **my own tradition:** I was the only one wearing black wing-tips with laces. [[That was as close as we came to a diplomatic mis-step that entire visit.]] //

Mr. President, I mentioned when I welcomed you this morning the many ties that bind our nations: Our **devotion to democratic ideals,** / the fact that Korea is now **our seventh largest trading partner,** / the many **Americans of Korean ancestry** -- more than one

million strong -- who are making their mark in this country as entrepreneurs and athletes, in the arts and in our universities.

As just one sign of the many ways Korean-Americans enrich this nation, I was pleased to learn that next year, Dr. Syngman Rhee -- a native of Pyongyang and veteran of the Korean War -- will become President of the National Council of Churches. ///

Today, Mr. President, my country and yours are partners in a common challenge. As free nations, it falls to us to maintain **peace, liberty and prosperity for our peoples** -- and for men and women everywhere. //

Tonight, I offer this toast -- to the Republic of Korea: **staunch ally in war, / steadfast partner in peace -- and a valued member of the community of free nations.** //

Let us raise our glasses:

To President and Mrs. Roh [NO]; To the proud Republic of Korea; and to the lasting friendship between the people of Korea and America.

# # #

United States Department of State

Washington, D.C. 20520

91 JUN 20 P12:2

BUREAU OF EAST ASIAN AND PACIFIC AFFAIRS

FAX COVER SHEET

DATE: 6/20

TO: Peggy Dooley

FAX NUMBER: 456-6218

ADDRESSEE'S PHONE: 456-7750

FROM: EAP/ K Jonathan McHale

FAX NUMBER: 202-647-7350

SENDER'S PHONE NUMBER: 202-647-7717

NUMBER OF PAGES INCLUDING COVER SHEET: 10

REMARKS: as per your request.

Departure ?
next day - yes -

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WELCOMING REMARKS TO PRESIDENT ROH TAE WOO

JULY 2, 1991

Mr. President, Mrs. Roh, it is my great pleasure to warmly welcome you both to Washington. It is always an honor to see you, but this is an especially important time to strengthen the deep bonds of friendship and respect our two countries have enjoyed for so long.

Americans and Koreans have stood shoulder to shoulder for over four decades, allies committed to preserving peace and freedom. We have forged ties based on trust and mutual respect. The United States is firmly committed to protecting the peace and security of Korea. Korea, in turn, has long shared a commitment to maintaining global peace and stability -- and I want to say right at the outset how much we appreciate the contributions Korea made to the multinational Gulf effort. $280 mill cash + airport supp., food, in-kind assistance MASH unit (Khafji)

which were?

The American people have great admiration for your country, and for the dedication your people have shown to building a prosperous nation, dedicated to democratic ideals. Much credit belongs to you, Mr. President, for the vision and leadership you have shown in bringing democracy to Korea, and assuming ever greater international responsibilities.

When you last visited, Mr. President, you were preparing to embark on a bold new opening to the Soviet Union. That

initiative has been an extraordinary success, benefitting not just the USSR and Korea, but other countries, including the U.S. These ties will contribute to the stability and prosperity of the Pacific Rim. I congratulate you on this achievement, and I look forward to working with you to help encourage economic and political reform in the Soviet Union.

You are now about to take another major step in the international arena as you prepare for UN membership. We have long been Korea's most ardent supporter for a rightful place in this body, and we share your pride and satisfaction that your efforts are about to be rewarded.

We look forward to working closely with Korea, as it takes an on ever-larger role in the world community. We will support you fully in your efforts to help bring North Korea into full participation in the family of nations. Although only Koreans, North and South, can solve the problem of unification, we will work with you to help you realize your dream of a reunified Korea, a goal we strongly support.

Our two nations can look to the future with optimism. We can both be confident in the knowledge that amid the great changes sweeping the world, amid great adversity and opportunity, we can, as allies, steer a steady course.

Mr. President, it is a great pleasure to say to you again, on behalf of Barbara, myself, and the American people, welcome to the United States of America.

PRESIDENTIAL TOAST AT STATE DINNER FOR PRESIDENT ROH

It is an honor this evening to host President and Mrs. Roh, as well the entire Korean delegation. The American people and I are delighted to extend to all of you the hospitality of the White House and the nation.

As I look around this room this evening, I am reminded of the important role which Korean-Americans are playing in American life. American missionaries were among the first westerners to live and work in Korea over 100 years ago. Next year, a Korean-American, Dr. Syngman Rhee, born in Pyongyang and a veteran of the Korean War, will become President of the National Council of Churches. There are countless other examples, in sports, in industry, in the arts and in business.

son of 1st Pres? no rel.

The Republic of Korea is one of the United States' most important friends and allies. Our ties were forged in blood. Today, our common interest in peace and our mutual willingness to accept the challenge of maintaining the peace is the foundation of our relationship. The remnants of the Cold War which exist on the Korean Peninsula make our long-standing military and security relations still crucial.

Yet now our relationship has become increasingly important to us because of your global economic power and expanding political influence. We have all watched with admiration in recent years as the Republic of Korea has grown in power and prestige, and presented a visible example of the superiority of its system over that of its rival to the North. No one has been more impressed than I with the rise to world prominence of the Republic of Korea, and I am especially pleased that you will take your rightful place in the United Nations later this year.

Over the years, U.S.-Korean relations have grown and matured with changing regional and global circumstances. Our friendship has grown into a partnership, one intent on promoting prosperity and peace as part of the New World Order, especially in the East Asian region. In that region, the Republic of Korea has served as model for other nations who admire its economic development, its growing democracy, and its active efforts to improve diplomatic relations with other nations. We applaud these developments and wish the Republic of Korea continued success in their pursuit.

No one has played a more important role than President Roh Tae Woo in overseeing and directing the development of this partnership between South Korea and the United States, and in bringing to his country the international respect and admiration it now enjoys. His guidance, his judgment, and his perseverance have been crucial.

I would like to offer a toast to President Roh for his wisdom, his courage, and his foresight in leading his country toward prosperity, democracy, and peace. We stand with you, ready to meet the challenges of a new era, strengthened and encouraged by the cooperation and assistance of nations like the Republic of Korea and leaders like yourself.

FAREWELL SPEECH FOR PRESIDENT BUSH

UPON THE DEPARTURE OF PRESIDENT ROH TAE WOO

As I come to say farewell to President and Mrs. Roh, and the Korean delegation, I think it important and appropriate to reflect again on the significance of U.S.-Republic of Korea relations.

We have come through the Korean War and the Cold War together; we have been allies in war and partners in peace; we have developed human and familial ties that give Koreans and Americans a special relationship will endure.

Korea in the Shadow of Coldwar

Now the world has changed, but we must continue to work together to build a lasting peace on the Korean peninsula and in East Asia, based on the principles we have pursued for many years: national self-determination, peace, free enterprise, and democracy. We have made progress in achieving these goals and will continue to pursue them, based on a better understanding of our common interests and values.

We have learned much from this visit, particularly in relation to how we each view and expect the U.S.-Korean partnership to progress in the coming years. Our expectations are very similar, and they provide a basis for cooperation to address mutual concerns.

As I say farewell, Mr. President, I also want to thank you and your delegation for coming to the United States, and say that I look forward to visiting Korea and working with you to promote security and peace in East Asia. Farewell and best wishes for continued success.

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1/4

26 June

* Rush

TO: Peggy Dooley
Research x 7750

From: J. Cave

We've decided the best/safest bet may be SAMMY LEE — (The following bio was done in 1982) — He has the added benefit of being an Olympian, and of course Olympics is big w/ Koreans...

Let me know if you need anything else.

2/4

Sammy Lee



A Korean-American who literally dove into international limelight, Sammy Lee became the first Asian to win two gold medals in the Olympic Games diving competition.

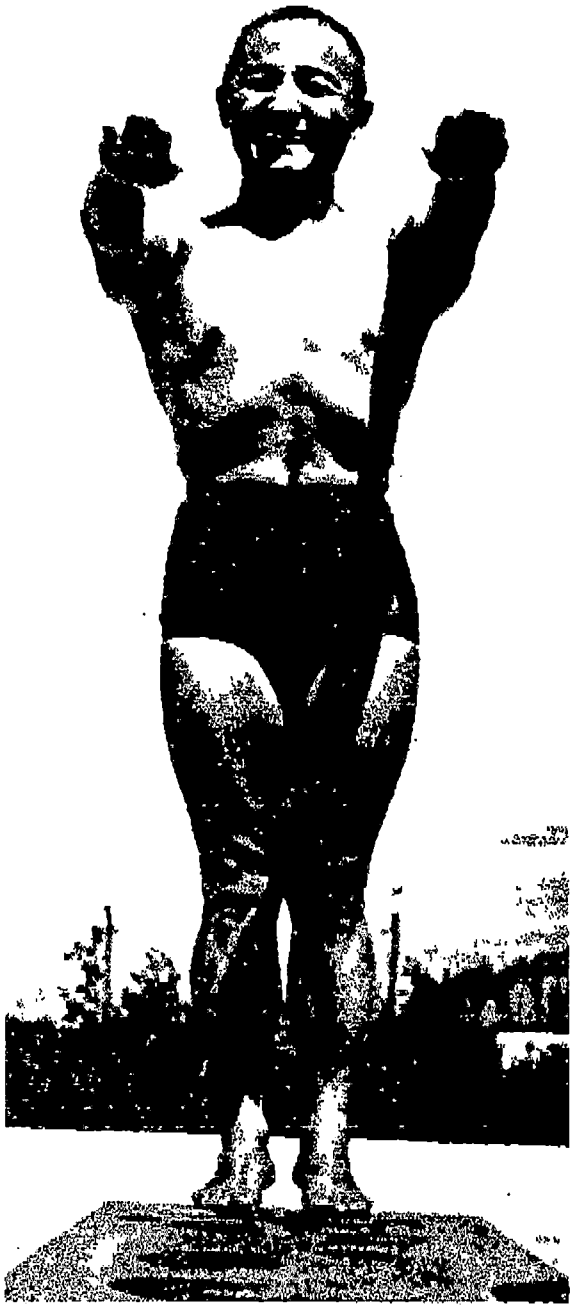
Lee, now a physician in Santa Anna, California, studied medicine at the University of Southern California before joining the U.S. Army Medical Corps in 1942. In 1948 he earned a berth on the U.S. Olympic Team, and then in the 1948 London Olympic games, won a gold medal for diving. He repeated the feat in the 1952 Olympics at Helsinki.

Still active in the sports world after his discharge from the army, Lee was selected by President Dwight D. Eisenhower as one of three presidential representatives to the 1956 Olympic Games in Melbourne. Lee was the first non-white athlete to win the James E. Sullivan Award as the outstanding American sportsman in 1958. Dr. Lee is currently a member of the President's Council on Physical Fitness.

Facing page (clockwise from top left): Highlighting his illustrious career Lee poses "on the board;" as an army major (with his Sullivan Award trophy); in the Army Medical Corps; on the winners' platform awaiting his first Olympic gold medal; as diving coach; attending an athletic event with President Eisenhower and other dignitaries.

Also
Was Greg Louganis' coach at
1988 Seoul Olympics

3/4













Source: 4/4

KOREA-U.S.A. CENTENNIAL

1882-1982

YONHAP NEWS AGENCY
SEOUL, KOREA

Dr. Billington

machine vs. mute majority
insecure culture
struggle for Russ identity
engaging US private sector w/ gov. private sector
1000 Pts of light - long of praise
universal values - finding Russian examples
perestroika glasnost
periphery - forgotten people
power of dem, empowering people, decentralization
celebration of people's rights vs. state
than central govt.

certain parallels w/ U.S.
moving forward pol + econ à la fois going back to Russian heritage
Wash's Farewell Address - dem - tough systems will only work w/ moral people

THE WHITE HOUSE
WASHINGTON

Arr. Ceremony
10 am.

Dinner
1:15 pm

1/3

91 JUN 26 P2:01

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26 JUNE 91

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TO: Peggy Dooley
x 7750

FROM: Julie Cave

These 2 pages are GB remarks re: Korea during his Vice Presidency.

The source in this case is the Korean Embassy, I should note...

Regards.

2/3 16

GB on the ROK

April 26, 1982



THE TIES THAT BIND...

In his first visit to the Republic of Korea in April 1982, U.S. Vice President George Bush commemorated the two nations' 100 years of diplomatic relations and friendship. The following are excerpts of his speech to the prime minister of Korea:

"I came to Korea in part to join with you as we celebrate not so much the first 100 years of our friendship, but the next 100 years.

"There is so much that binds us. When Commodore Shufeldt signed our treaty a 100 years ago...both our countries were agrarian economies. Now we are modern, industrial states...In such an age, our ties of trade and investment will grow.

"The nation...thrives on capitalism. Your economy, like ours, is rooted in free enterprise...which reflects the will and diversity of the people.

"The closeness of our ties are reflected in so many ways—in the enormous community of Korean-Americans living in the U.S.; in the 7,000 KATUSA (Korean Augmentation Troops to the U.S. Army) in the U.S. armed forces. In just the last 30 years we have fought in two wars together.

"I met with Korean and American soldiers, the unsung heros of our peace-keeping forces. I can think of no more dramatic example of the unity of our peoples than in those sentinels who keep lonely vigil along that perimeter..."

Facing page: (top) U.S. Vice President Bush addressing the Korean National Assembly and (bottom) at a ceremony in front of the Korean Capitol Building. Above: Bush with Korean President Chun Doo Hwan.

re: Bush to the ROK

April 24-29, 1985

Remarks by Vice-President Bush at a Dinner in Honor of President Chun Doo Hwan

(Remarks to U.S.
April 24-29, 1985)

Mr. President, Mrs. Chun,

Barbara and I are delighted to welcome you both to Washington again and to renew our friendship.

Mrs. Chun, Barbara and I have been very interested in hearing about your efforts to help young victims of heart disorders in Korea, and we know that the attention you have focused on this serious problem will make an important difference.

Mr. President, we remember with much fondness the warm welcome we received when we visited your country three years ago. Our two nations were then celebrating the centennial of Korean-American diplomatic relations. I commented then on the significant advances that had been made in the Republic of Korea. Since then, you have built even further on your record of growth and prosperity.

As for the relationship between our two great nations, it has also strengthened and prospered, and it provides great hope as we look ahead to the 21st century.

By the year 2000 I believe trade between Korea and the United States will be even greater and more diversified.

By the year 2000 I believe your high level of defense preparedness and our unswerving commitment to your security will have caused the leaders of North Korea to move toward a satisfactory resolution of the tragic division of your country.

By the year 2000 I believe your efforts for political liberalization and national harmony will long have solidified the habits of democracy in your country.

By the year 2000 I believe several peaceful changes of leadership will have taken place in both our countries. You have pledged to carry out a peaceful transfer of power in 1988, just as President Reagan that same year will turn over the office of the American presidency to a successor chosen by our people in a democratic tradition that extends back two centuries to George Washington.

By the year 2000 I believe the people of the Republic of Korea will look back with tremendous pride on the year 1988 for another reason. The people of Korea will have hosted the Seoul Olympics, and the world will have given full recognition to the accomplishments of the Korean people.

Mr. President and Mrs. Chun, I propose a toast to you, to the future of the great Korean people, and, finally, to Korean-American friendship. May our friendship last, as you say, "ten thousand years": *mahn say*.

Remarks by President Chun at a Dinner Hosted in His Honor by Vice-President Bush

Mr. Vice-President, Mrs. Bush, and ladies and gentlemen,

I wish to express my heartfelt appreciation to you, Mr. Vice-President, and to you, Mrs. Bush, for hosting such a wonderful dinner for us this evening.

On behalf of the Korean people, I would like to extend once again my most sincere congratulations to President Reagan and Vice-President Bush on their reelection with the overwhelming support and confidence of the American people. I hope that God will bless you and that success will be with you in your future endeavors to carry out the duties of paramount importance that you are entrusted with.

I suspect those of you who have been to Korea know that we Koreans call the United States "*Miguk*" which means a "beautiful country" in Korean. I believe this fact symbolizes the warm affectionate feeling that the Korean people have toward the United States.

This "beautiful friendship" with the United States has been cherished for more than a century by the Korean people in their pursuit of the common ideals of freedom and peace.

3/3

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1ST STORY of Level 1 printed in FULL format.

The Associated Press

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February 28, 1989, Tuesday, PM cycle

SECTION: Washington Dateline

LENGTH: 713 words

HEADLINE: Bush Trip: Fast and Photogenic but Few Major Moves

BYLINE: By TERENCE HUNT, AP White House Correspondent

DATELINE: WASHINGTON

KEYWORD: Bush -Asia

BODY:

President Bush's fast-paced Asian trip provided a daily dose of telegenic photo opportunities but few clues about his brand of foreign policy - other than that it will tone down America's approach on human rights.

It seemed Bush's purpose in more than 18,000 miles of travel was simply to touch base with other leaders and reaffirm friendly relations.

There was no sign of any new initiatives.

Over five days, Bush zipped through Tokyo, Beijing and Seoul, pumping hands and posing for pictures with more than 20 foreign leaders in dramatic settings.

The only time Bush stood still was during a three-hour appearance at the funeral of Emperor Hirohito.

Not everything came off quite as planned: The White House script did not call for the trip to vie for attention with the drama at home over John Tower's troubled nomination as secretary of defense.

And, there was a diplomatic slap in Beijing where Chinese authorities prevented the country's top dissident from attending Bush's banquet.

At the very moment that Bush was declaring the Chinese-American relationship vital to the security interests of the United States and was toasting "the future of U.S.-China relations, a future filled with achievement, good fortune and peace," the Chinese were taking a step that they must have known would be seen as insulting.

But the next day Bush restricted himself to a muted expression of "regret" - regret, not outrage - over the Chinese refusal to let Fang Lizhi meet with him.

To rub it in, the Chinese, through their foreign ministry spokesman, gave Bush a public lecture on human rights, telling him in effect not to raise

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the subject.

"Human rights was not discussed," White House press secretary Marlin Fitzwater reported later. A day later, Fitzwater reversed himself and said human rights were discussed privately in China by Bush, but he couldn't say with whom.

Fitzwater said Bush believes that quiet diplomacy is the appropriate course for raising human rights in China.

That was a sharp contrast with former President Ronald Reagan, who highlighted human rights problems in communist nations and always made the subject the very first topic of discussion in dealings with the Soviet Union.

Right from the outset, Bush was thrown on the defensive in Tokyo about Tower.

World leaders who were ushered in for 20-minute meetings with the new American president saw him peppered with embarrassing questions about the man he wants to run the Pentagon.

The Tower issue followed Bush to Beijing, to Seoul and back to Washington, where today the president was calling senators in one-by-one to ask for their support.

For all of Bush's activity in Asia, there was no sign of progress on nagging trade frictions, particularly with Japan and South Korea.

Members of South Korea's National Assembly applauded warmly when Bush pledged not to remove the 42,000 American troops in that country.

But those same legislators sat stonily silent when he repeated the U.S. complaint that Seoul needs to do more to reduce trade barriers.

In Tokyo, Bush met with leaders of Jordan, Egypt and Israel in what the White House said was part of the search for peace in the region.

Afterward, Bush said there were "new opportunities" in the Middle East but there was no sign that the United States was ready to step in and try to capitalize on them.

The White House was sensitive about suggestions that it is going slowly and having trouble getting its act together.

"The worst thing you could do, the most foolish thing you could do, is to try and enact foreign policy in a period of time measured in days or even a few weeks after having been inaugurated," said White House chief of staff John Sununu.

"Even if it were sound policy," he said, "it probably would have been perceived as doing something rashly and quickly without consultation."

The other side of the coin is that Bush risks losing the opportunity afforded a new administration for change and innovation in the first days of its life. Already it seems to be settling down to business as usual from the

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Reagan administration and the honeymoon with Congress seems to be evaporating.

EDITOR'S NOTE: - Terence Hunt has covered the White House since 1981 and is the AP's chief White House correspondent.

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6TH STORY of Level 1 printed in FULL format.

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February 28, 1989, Tuesday, Home Edition

SECTION: Part 1; Page 6; Column 1; Foreign Desk

LENGTH: 514 words

HEADLINE: ANTI- BUSH PROTESTS FIZZLE IN KOREA;
EFFIGY IS BURNED BUT PUBLIC SHOWS LITTLE SUPPORT FOR DISSENTERS

BYLINE: By KARL SCHOENBERGER, Times Staff Writer

DATELINE: SEOUL

BODY:

Some students burned him in effigy, opposition leaders warned him about rising anti-Americanism and a dozen lawmakers boycotted his address before the National Assembly, but on the whole, President Bush received a positive reception Monday from South Koreans.

Widely anticipated street demonstrations did not materialize despite a call by the country's largest dissident coalition, whose leaders were swiftly taken into police custody when they tried to carry out a tiny protest rally at noon near the American Embassy.

Angry students at Dongkuk University burned an effigy of Bush and chanted anti-American slogans before trading rocks and firebombs in an encounter with police at the campus gate.

20,000 Riot Police

Public support for the protests, however, was not in evidence. This may have had something to do with the nearly 20,000 riot police deployed in central Seoul, but random street interviews suggested that not many people shared the dissidents' scorn for Bush or for the United States.

"I'm not sure why they're protesting," said Kim Hak Jin, 30, a shoe company employee, "but I'd like to protest their protests."

Bush stopped in Seoul for an afternoon on his way home from Beijing and Tokyo.

Lee Kyu Bom, 54, owner of a small textile company, said he was left with a "good impression" after watching a live television broadcast of the President's speech.

Bush delivered a tough message on free trade and reassured his hosts that the United States will continue to stand behind its security obligations in South Korea.

"It's encouraging to hear he's committed to not pulling out U.S. ground troops," said Lee, interviewed amid squads of marching riot police in the downtown Myongdong shopping district. "I see a strengthening of U.S.- Korea

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(c) 1989 Los Angeles Times, February 28, 1989

relations, in spite of the anti-American rhetoric of the younger generation."

Students and dissidents have issued strident demands for the withdrawal of the 43,000 U.S. troops stationed here, saying the American military presence obstructs the dialogue on reunification with North Korea. They also have allied themselves with militant farmers in opposing liberalization of South Korea's restricted agricultural market.

Opposition leader Kim Dae Jung, among political party chiefs who conferred with the President after Bush's meeting with President Roh Tae Woo, expressed concern about anti-American sentiments and faulted the United States for a "lack of sincerity" in resolving problems, such as the dispute over farm imports, the Korea Times reported.

"All these combine to help make youth turn its back on the United States," Kim reportedly told Bush.

Universities are now in recess, which may explain why campus unrest was not prevalent Monday. It might also be true that the majority of students, like the general population, still has a soft spot for America.

"America has many faults, but it's still our best ally," said Park Jung Bai, a 21-year-old physics major. "Students have good reasons to protest, but we should keep our heads cool instead of getting so emotional. We could lose an old friend."

DEMONSTRATIONS -- SOUTH KOREA; BUSH, GEORGE; UNITED STATES -- FOREIGN RELATIONS -- SOUTH KOREA; DISSIDENTS -- SOUTH KOREA; UNITED STATES -- TRADE -- SOUTH KOREA

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15TH STORY of Level 1 printed in FULL format.

The Associated Press

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February 27, 1989, Monday, AM cycle

SECTION: International News

LENGTH: 563 words

HEADLINE: Reporter's Notebook: Shoe Crisis Strikes Entourage in Socks

BYLINE: By MIKE FEINSILBER, Associated Press Writer

DATELINE: SEOUL, South Korea

KEYWORD: Bush Trip-Shoes

BODY:

For a time Monday the most pressing question for some of the highest officials of the U.S. government was: Which ones are my shoes?

The top poohbahs of the Bush White House had to leave their shoes at the door when they lunched in the pleasant wooden surroundings of the Ever Spring House on the grounds of the Blue House, the fortified residence of Korean presidents.

That's Korean tradition. No problem.

But when lunch was over there they were, in a neat row, the nine pairs of nearly identical black slip-on shoes that clearly are favored by the upper crust of the Bush team.

Which were Secretary of State James Baker's and which were Chief of Staff John Sununu's? Which belonged to Brent Scowcroft, the temporarily shoeless national security adviser, and which to Gaston Sigur, the assistant secretary of state?

With all the dignity they could command, they stood on the porch of the Ever Spring House, long-handled shoehorns in hand, figuring out which shoes belonged to which feet.

They did it, and were shod in time for the formal ceremony ending Bush's talk and lunch with President Roh Tae-Woo, the former four-star general who is Bush's Korean counterpart.

Bush had no problem with his shoes. The presidential shoes were the only ones of the American party that were laced, traditional black wingtips.

It didn't even matter, hoever, since a Korean aide whisked Bush's shoes inside at the last minute, sparing the president the need to put them on in public.

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If shoes were a problem, so were legs, at lunch. The Ever Spring House is a handsome Korean building of 52 red pine pillars, and the meal served inside was equally traditional, including the sitting arrangements.

Sitting was on seats that lack legs. The president, who stands 6-feet-2, did not know quite where to put his feet that lacked shoes.

So he asked his host, Roh, "Do you put your legs straight out or do you fold them up?" The president of Korea showed the president of the United States how to fit his long legs under the low table.

Bush was in Korea for a friendship stop on the way home from his trip to the funeral of Emperor Hirohito of Japan and his visit to China.

He talked and lunched with Roh - pumpkin porridge, three kinds of fish, sliced marinated beef, dumpling soup, rice cakes and milky-white Korean rice wine. But mostly he posed for pictures duing his Korean visit of less than five hours.

He posed at the airport, where Koreans waving paper flags held up signs reading: "Great Regard for George Bush. "

He posed with Roh upon arriving at the Blue House, and with Roh's wife, and when he signed the guest book. He posed during the talks, photographers being allowed in in relays, assembly line fashion.

He posed before lunch in the Ever Spring House, with his shoes off. (The photographers were equally unshod.)

He posed after lunch with Roh after both declared their talks a great success in remarks written before the session started.

At the National Assembly, Bush posed with the assembly speaker and the speaker's wife. Just a few more pictures at the airport with members of the American community and Bush was ready to head home.

Bush went by helicopter everywhere he traveled in Seoul. Parts of the city, including near the U.S. Embassy and the university, saw ugly police-demonstrator clashes, but the airborne Bush never laid eyes on an angry Korean.

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February 27, 1989, Monday, FIRST EDITION

SECTION: NEWS; Pg. 4A

LENGTH: 230 words

HEADLINE: Bush on way home via Korea

BYLINE: Jessica Lee; Don Kirk

DATELINE: BEIJING

BODY:

President Bush returns to Washington today after the grand reunion he hoped for with China was marred by the John Tower dispute and a clash over human rights.

Bush headed to Seoul early today to meet South Korean President Roh Tae-Woo and speak to the National Assembly. In an advance copy of the speech, Bush vowed to keep U.S. troops in Korea ''as long as they are needed.''

In his weekend stop in China, Bush tried to keep up a good face despite the controversy swirling around the Tower nomination in Washington.

Bush, who was the U.S. envoy to China in 1974-75, told a Chinese TV interviewer in a 15-minute live broadcast that his visit was ''reaffirmation of a relationship that's strong.''

In talks with four Chinese leaders, Bush said the U.S. relations would not be hurt by the upcoming China-Soviet summit. And he only briefly mentioned the future of Taiwan.

But Bush raised China's ire by inviting dissident Fang Lizhi to a barbecue at the Great Wall Sheraton. Police prevented Fang from attending.

Just before the dinner, party boss Zhao Ziyang chided Bush about listening to dissidents, saying it could affect relations.

Zhao warned against backing dissidents promoting ''introduction of the political systems of Western countries.''

And Zhao told Bush: ''We do not export our system to other countries, nor do we copy the systems of other countries.''

GRAPHIC: PHOTO; b/w, Tim Dillon, USA TODAY (George Bush, Deng Xiaoping)

CUTLINE: TOAST: President Bush raises a glass to toast Chairman Deng Xiaoping during lunch at China's lunch at China's Great Hall of the People.

SUBJECT: PRESIDENCY; TRAVEL ABROAD; FOREIGN POLICY

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THE STATE VISIT

TO

WASHINGTON, D.C.

OF

HIS EXCELLENCY

ROH TAE WOO

PRESIDENT

OF

THE REPUBLIC OF KOREA

AND

MRS. ROH

JULY 1 TO 3, 1991

* * *

Contents Page

Official Delegation.....2
Accompanying Delegation.....4
Summary Schedule.....5
Detailed Schedule
Monday, July 1.....12
Tuesday, July 2.....22
Wednesday, July 3.....52
Accommodations.....65

MEMBERS OF THE OFFICIAL KOREAN DELEGATION

His Excellency
ROH Tae Woo
President of the Republic of Korea

Mrs. ROH Tae Woo

His Excellency
LEE Sang-Ock
Minister of Foreign Affairs

His Excellency
Bong-Suh LEE
Minister of Trade and Industry

His Excellency
Hong-Choo HYUN
Ambassador of the Republic of Korea to the
United States of America

Mrs. Hong-Choo HYUN

His Excellency
Hae Chang CHUNG
Chief of Staff to the President

His Excellency
Hyun Woo LEE
Director General of Presidential Security Service

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(Continued)

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Senior Secretary to the President for Economic Affairs

General Ho Keun CHANG
Chairman
Joint Chiefs of Staff

Dr. Chong-Whi KIM
Assistant to the President for Foreign and National Security Affairs

Mr. Soo Jung LEE
Senior Press Secretary and Presidential Spokesman

Mr. Byung Kee LEE
Senior Protocol Secretary of the President

His Excellency
Sun Sup CHANG
Chief of Protocol
Ministry of Foreign Affairs

MEMBERS OF THE ACCOMPANYING KOREAN DELEGATION

Mr. Jin-Jae KIM
Chief Secretary to the President
of the Democratic Liberal Party and
Member of the National Assembly

Mr. Ki Moon BAN
Director General of the
American Affairs Bureau
Ministry of Foreign Affairs

Dr. Kyoo Wan CHOI
Personal Physician to the President

THE STATE VISIT
TO
WASHINGTON, D.C.
OF
HIS EXCELLENCY
ROH TAE WOO
PRESIDENT
OF
THE REPUBLIC OF KOREA
AND
MRS. ROH

JULY 1 TO 3, 1991

SUMMARY SCHEDULE

MONDAY
JULY 1

5:00 pm	Arrive Andrews Air Force Base, Maryland, via Korean Air Special Aircraft from San Francisco, California.
5:00 pm- 5:05 pm	Greeted by Chief of Protocol Reed, Ambassador Hyun, and Welcoming Committee, Andrews Air Force Base.

SUMMARY SCHEDULE

MONDAY
JULY 1
(Continued)

5:15 pm- 5:45 pm	Motorcade to Blair House, Washington, D.C.
5:45 pm- 5:50 pm	Greeted by The Secretary of State and Mrs. Baker, Blair House.
7:00 pm- 8:00 pm	Reception offered by President and Mrs. Roh in honor of Korean Community of Washington leaders, Omni Shoreham Hotel.
8:15 pm- 9:30 pm	Dinner offered by Ambassador and Mrs. Hyun in honor of President and Mrs. Roh, Korean Ambassador's Residence.

Dress: Business suit.

Overnight: Blair House.

SUMMARY SCHEDULE

TUESDAY
JULY 2

Private breakfast, Blair House.

10:00 am- Arrival Ceremony with The
10:20 am President and Mrs. Bush, South Lawn, The White House.

10:25 am- Reception with The President and
10:30 am Mrs. Bush, State Floor, The White House.

10:30 am- Coffee offered by Mrs. Bush
11:00 am in honor of Mrs. Roh, Green Room, The White House.

10:30 am- Meeting with President Bush, Oval
10:45 am Office, The White House.*

10:45 am- Expanded Meeting with President Bush,
11:30 am Cabinet Room, The White House.*

*Mrs. Roh does not attend.

SUMMARY SCHEDULE

TUESDAY
JULY 2
(Continued)

12:00 pm- 1:30 pm — Luncheon offered by The Secretary of State and Mrs. Baker in honor of President and Mrs. Roh, Benjamin Franklin Room, Department of State.

3:00 pm- 3:40 pm — Mrs. Roh tours the National Museum of Women in the Arts.

3:30 pm- 3:50 pm — Decoration Ceremony with Librarian of Congress Billington, Blair House.*

4:15 pm- 4:45 pm — Meeting with Secretary of Defense Cheney, Blair House.*

7:15 pm- 7:45 pm — Refreshments with The President and Mrs. Bush, Yellow Oval Room, The White House.

*Mrs. Roh does not attend.

SUMMARY SCHEDULE

TUESDAY
JULY 2
(Continued)

7:45 pm- 10:35 pm	Reception, State Dinner, and After-Dinner Entertainment offered by The President and Mrs. Bush in honor of President and Mrs. Roh, State Floor, The White House.

Dress: Black tie.

Overnight: Blair House.

SUMMARY SCHEDULE

WEDNESDAY
JULY 3

8:00 am- 9:30 am — Breakfast with members of editorial boards of The Washington Post and Newsweek, Blair House.*

10:00 am- 10:30 am — Wreath-Laying Ceremony at Tomb of the Unknown Soldier, Arlington National Cemetery.*

10:30 am- 11:15 am — Mrs. Roh tours the National Hospital for Rehabilitation.

11:00 am- 11:30 am — Tea with Korean newspaper and television correspondents, Blair House.*

12:00 pm- 1:15 pm — Luncheon offered by President Roh in honor of Vice President Quayle, Korean Ambassador's Residence.*

*Mrs. Roh does not attend.

SUMMARY SCHEDULE

WEDNESDAY
JULY 3
(Continued)

12:00 pm- Mrs. Roh has private
1:30 pm luncheon, Blair House.

2:00 pm- Bid farewell to Blair House staff.
2:15 pm

2:15 pm- Farewell Ceremony with Secretary of
2:20 pm State Baker, Chief of Protocol Reed, and American Farewell Committee, Blair House.

2:20 pm- Motorcade to Andrews Air Force Base,
2:55 pm Maryland.

2:55 pm- Bid farewell to Korean Farewell
3:00 pm Committee, Andrews Air Force Base.

3:00 pm Depart Andrews Air Force Base via Korean Air Special Aircraft en route Ottawa, Canada, and resume private schedule.

U.S.-KOREAN SECURITY RELATIONS

The U.S. and Korea have maintained a close security relationship since the end of the Korean War. The U.S. is a primary guarantor of the 1953 Armistice which halted war between the U.N. Command (comprised of U.S. and allied forces) and the (North) Korean People's Army, then supported by the Chinese People's Volunteers. Technically, a state of war still exists on the Korean peninsula. No peace treaty has ever been signed. Today, the security relationship is changing again--because of Korea's growing economic and military capabilities, an evolving security environment, and inevitably, because of U.S. budgetary constraints.

Most U.S. forces (principally the Second Infantry Division and Seventh Air Force) are stationed in Korea under the terms of the Mutual Defense Treaty of 1954 and the Status of Forces Agreement of 1968. These forces, together with logistical support forces, a small U.S. contingent assigned to the U.N. Command, and a small U.S. Navy liaison unit, number about 43,000 uniformed men and women. The U.S. contingent assigned to the U.N. Command provides security for the Joint Security area at Panmunjom and helps administer the Armistice.

If war should again break out in Korea, most U.S. forces in country would be assigned roles in support of the U.S.-ROK Combined Forces Command. The Combined Forces Command, headquartered at the Yongsan Garrison in Seoul, is a binational command structure, under the joint political direction of both governments. Commanded by a U.S. four-star general, with a ROK four-star general as his deputy, its missions are to deter North Korean aggression and to repel a North Korean incursion, should one again occur.

The U.S.-ROK security relationship is reviewed annually in the Security Consultative Meeting, co-chaired by the U.S. Secretary of Defense and the Korean Minister of National Defense. The 22nd SCM was held November 13-15, 1990, in Washington.

The military balance on the peninsula continues to favor the North in almost every category. Statistics compiled by the International Institute of Strategic Studies in January 1990 show that North Korea has 1,040,000 men under arms, compared to South Korea's 650,000. The North has 30 infantry divisions, the South, 21. The North has 15 armored divisions, the South, 1. In the air, the North has 750 jet fighters, the South, 480. On the sea, the North has 23 attack submarines, the South zero. Psychologically, the North has an advantage. Seoul is

located only 25 miles from the demilitarized zone, while Pyongyang is about 85 miles from the front. The redeployment of North Korean forces in the mid eighties significantly reduced the South's warning time and increased the North's ability to launch a surprise attack.

The ROK's numerical disadvantage is offset by the deterrent value offered by the presence of U.S. forces. They will remain in Korea as long as there is a threat from North Korea and as long as the governments and peoples of South Korea and the United States believe the presence of U.S. forces serves to preserve peace on the Korean peninsula. Despite questioning of the need for a continued U.S. troop presence by a vociferous minority in South Korea, the overwhelming majority of Koreans remain committed to close U.S.-ROK security ties, including the stationing of U.S. forces in the ROK.

During the past year, both the U.S. and the ROK have realized that changes in a variety of factors could affect both the threat from the North and the security relationship.

Growing economic and military capability: The numerical advantage enjoyed by the North is increasingly offset by the South's growing economic and military capability. The North spends 20 to 25 percent of its GNP on defense, and the South, around five percent of its much larger GNP. The South, now the thirteenth largest industrial country in the world, can easily handle the economic challenges posed by the North's command economy. The quality of South Korean troops is generally presumed to be better due to superior health, education, and training. The ROK is in the midst of a force improvement program designed to improve materiel and command, control communications, and intelligence structures. The acquisition of MiG-23's and MiG 29's from the Soviet Union has enhanced the North's air defense capability, but the overall North Korean position relative to the ROK remains the same due to the ROK's acquisition of the F-16. A further indication of South Korean strength is the Korean Fighter Plane program. If plans are approved by Congress and the Korean National Assembly, the ROK will purchase 120 F-16 aircraft in three phases: 12 off the shelf, 36 in kit form for assembly in Korea, and 72 produced in Korea. The recent MND decision to purchase 8 P-3c Orions to replace its aging maritime patrol aircraft fleet will assure improved interoperability with the U.S. and Japan.

The ROK has also indicated its willingness to contribute more funds to the cost of maintaining US troops in Korea. This year, Korea will pay $150 million, including for the first time some of the labor costs.

At the 21st SCM, the ROK agreed that in addition to the $40 million already committed for Combined Defense Improvement Projects (CDIP) in 1990, it would expend $30 million in such areas as war reserve storage, depot maintenance of U.S. aircraft at Korean industrial facilities, and improvements in command, control, and communications. The ROK also agreed to spend $40 million on CDIP in 1991 and to expand CDIP funding to $50 million in 1992.

On a somewhat related topic, discussions on the stationing of US forces from the Yongsan Garrison to a new location outside of Seoul are progressing. In June, the two governments signed agreements which will govern the relocation of the U.S. military outside of Seoul.

Changing security environment: Since last August, there has been movement on inter-Korean dialogue. Prime ministerial meetings were held September 4-7 in Seoul, October 14-16 in Pyongyang, and December 11-14 in Seoul. A fourth round of talks was scheduled for February, but the North cancelled them to protest the Team Spirit exercise. The talks may resume later this spring. In the meantime, some progress has been made in the organization of joint sports teams. ROKG officials, academics and other commentators in South Korea have indicated a growing interest in confidence building and arms control measures which could help decrease tension on the peninsula.

Budgetary constraints and changing views in the U.S.: Over the past several years, sentiment in Congress has been growing to review the rationale for U.S. troop presence in the ROK and to reduce troop levels, if possible. In response to this sentiment, particularly as expressed in the Nunn-Warner amendment to the 1990 Defense Appropriation, the East Asia Strategy Initiative was prepared. Among other things, it called for the withdrawal of about 7000 US forces--5000 ground forces and 2000 Air Force--by the end of 1992. At that time, both the US and the ROK will evaluate the situation and consider new objectives. Restructuring the 2d Infantry Division and changes affecting the combat capability of the division will be considered in the context of the state of North-South relations and improvements in ROK military capabilities.

level up from $10–14 billion, more Chinese students in the United States, a developing military relationship, and a large and growing science and technology relationship. The President expects both countries to move forward in all of these areas.

There are problems on both sides, of course. They are concerned about Taiwan and what they consider to be excessive United States export controls. In addition, we hope for more progress in human rights.

The President felt the talks on international issues went very well, especially the discussions on Cambodia. Both China and the United States agreed the liberalization of China's investment regulations is desirable, and the Chinese are pursuing this approach. The Chinese said they had completed a patent law and are working on a new copyright law, both of which are necessary to protect intellectual property rights.

The President and Mrs. Bush also shared a personal excitement about the private aspects of the trip. They were especially moved by the Sunday morning church service, the warmth of the Chinese people, and the many changes that have been made in Chinese society in recent years.

Remarks Following a Meeting With President Roh Tae Woo in Seoul

February 27, 1989

Well, President Roh and I had very useful, wide-ranging discussions. We reviewed the political situation in this part of the world. I told him about my China visit, and we had a chance to review our relations with the Soviet Union as well. We are both pleased by trends toward relaxations of tension in this part of the world. President Roh's *nordpolitik*—reaching out to China, the Soviets, and Eastern Europe—and his initiatives toward North Korea contributed importantly to these trends.

The U.S. fully supports Korea's creative diplomacy. Despite such positive policies, some hard realities remain. Among these is that North Korea maintains the world's fifth largest military force, a force deployed just 25 miles north of here. And the United States remains committed to the security and freedom of the Republic of Korea. And I had an opportunity to make that point very clearly to President Roh. Perhaps some of the confidence-building measures that we've proposed, measures that have worked well in Europe, will also be applied to the Korean Peninsula.

Besides the diplomatic and security issues, we discussed ways to strengthen the free world economic system. We had a frank discussion of economic problems—Korea being a very important trading partner with the United States. Korea has benefited from U.S. open markets, and I think we both agree we need to move as quickly as possible to fully open markets. We must expect fair access to the markets here. And I believe that President Roh understands that.

But all and all, the trip has been too short. The hospitality has been wonderful. And inasmuch as I do not want to make the Assembly mad—the elected leaders in the various parties that represent Korea's democracy—we should go.

But thank you, Mr. President, very much for an unforgettable visit.

Note: President Bush spoke at 2:49 p.m. at the Blue House, the official residence of President Roh.

Remarks to the National Assembly in Seoul

February 27, 1989

Thank you, Mr. Speaker. Thank you, and I hold out my hand to you, to the Government of Korea, and to the people of Korea. Mr. Speaker and Members of the National Assembly of the Republic of Korea and distinguished guests, I am honored by your invitation to address this body today. I stand in your Assembly as Presidents Eisenhower, Johnson, and Reagan have stood before me. And I reaffirm, as they did, America's support, friendship, and respect for the Republic of Korea and its people.

As a former Member of a body like this, of the House of Representatives of the United States, I take particular pleasure in coming back to this legislative chamber, where the freely elected representatives of Korea's own democratic success story meet to debate and implement the will of the Korean people. I know there must be times when this body, just like the United States Congress, is full of noise and contention and emotion. But that is the sound of democracy at work, and we wouldn't have it any other way. As the great statesman Winston Churchill once said: "Democracy is the worst form of government except for all others."

This is my first major address on foreign soil since becoming the 41st President of the United States of America. And my visit here today reflects the importance that I place on the relations between our two countries, the strength of our nations' ties, and the promise that our relationship holds for the future of the world. My inauguration as President a month ago represented a tradition in the United States that speaks of both continuity and change. Continuity and change will also be the guideposts of relations between the United States and Korea in the years ahead. Where change is needed or inevitable, let us be a positive force for change. Where continuity is our mandate, let us go forward, resolute in our commitment to freedom and democracy. Throughout, let our close economic and strategic relationship remain as it is: a pillar of peace in East Asia.

I first came to the Asian Pacific region during World War II, more than 45 years ago. I was a teenager, 19 years old. I was flying torpedo bombers in the United States Navy. It was then, for the first time in my life, that I truly appreciated the value of freedom and the price that we pay to keep it. Believe me, I have never forgotten.

In the early years following World War II, the future of Korea and of all Asia was very much in doubt. It was a time of great struggle between Korea's hope for freedom, Korea's hope for prosperity, and the twin menaces of war and invasion. On a June morning in 1950, the Communist army of the North smashed into the Republic of Korea, intent on destroying your nation. And without hesitation or delay, American and U.N. forces rushed to your aid. And together, Americans and Koreans fought side by side for your right to determine your own future. And I do remember the devastation of your country. Your cities lay in rubble. Your factories were in shambles. Millions of your people wandered the streets homeless and hungry. And in 1951, in the midst of the war, General Douglas MacArthur addressed a joint session of our Congress. And he spoke of Korea, saying, "The magnificence of the courage and fortitude of the Korean people defies description." And as he spoke those words, our Congress interrupted him with applause, sustained applause, for you and your people.

And after the war, you overcame every imaginable hardship. History will long record your story: how in less than a generation you stepped into the light of liberty and economic opportunity. You can be proud of the miracle that you've achieved. And we are proud to be associated with you.

Today Korea is a rising nation; a vibrant, dynamic nation; a nation riding the crest of the wave of the future. And never before has the pride and the progress of your nation been more evident than last summer when this magnificent city played host to

the 24th Olympic games. Nearly 10,000 athletes from 160 nations were here. Another 3 billion people watched on television. And what they saw from the moment Sohn Kee Chung carried the torch into your Olympic Stadium until the last embers of the Olympic flame were extinguished at the closing ceremonies was an incredibly spectacular sports festival. You played host to the world, and what a truly gracious host you were. Congratulations!

The past several years have witnessed the emergence of the entire Asian-Pacific region. My trip—beginning in Japan, stopping in China, and concluding here in Korea—stands as testimony to the reality and what it means to the future of the world. Today Asia is one of the most dynamic areas on Earth—economically, politically, diplomatically. The Republic of Korea stands at the fore. You're a world-class economic power. Your commitment to democracy is demonstrated daily right here in this chamber. And your bold diplomacy, your *nordpolitik* [South Korean contact with Socialist States], is reshaping relations in and beyond the Asia-Pacific region.

In my meetings with Prime Minister Takeshita of Japan, China's Deng Xiaoping and the three other top leaders, and with you and your leaders, I've discussed challenging bilateral, global, and regional issues. And our discussions have been marked at all times by a spirit of friendship and cooperation.

I've come here today as the leader of a faithful friend and a dependable ally. And I'm here today to ensure that we continue to work together in all things. Our most important mission together is to maintain the freedom and democracy that you fought so hard to win. As President, I am committed to maintaining American forces in Korea, and I'm committed to support our Mutual Defense Treaty. There are no plans to reduce U.S. forces in Korea. Our soldiers and airmen are there at the request of the Republic of Korea to deter aggression from the North, and their presence contributes to the peace and stability of northeast Asia. And they will remain in the Republic of Korea as long as they are needed and as long as we believe it is in the interest of peace to keep them there.

In the years ahead, we must work together as equal partners to meet the evolving security needs of the Korean Peninsula. Peace through strength is a policy that has served the security interests of our two nations well. And we must complement deterrence with an active diplomacy in search of dialog with our adversaries, including North Korea. The American people share your goal of peaceful unification on terms acceptable to the Korean people. It's for that reason that we actively support the peaceful initiatives of President Roh to build bridges to the North. And I will work closely with the President to coordinate our efforts to draw the North toward practical, peaceful, and productive dialog to ensure that our policies are complementary and mutually reinforcing.

I've spoken of the need for vigilance, strength, and diplomacy to deter aggression and preserve peace. There's another source of strength, and it is well-represented in this Assembly. The development of democratic political institutions is the surest means to build the national consensus that is the foundation of true security.

Just as we must work together to achieve better security within a democratic framework, we must also work together to achieve greater economic prosperity within the system of free and open international trade. The progress of the Korean economy is an inspiration for developing countries throughout the world. By unleashing the energies and creativity of your talented people, you've led Korea into an era of unprecedented opportunity and prosperity. Korea has become an industrial power, a major trading power, and a first-class competitor. You are fulfilling the prophecy of the Indian poet Tagore who wrote: "Korea, once a bright light of the golden age of Asia, if it is relit, it will be the light of the East." Korea has achieved great prosperity through participation in the international trading system that has made the nations of free Asia the envy of the world. And all Koreans can take pride in what you, as a people, have achieved.

And yet we also cannot overlook that your economic success has created concern in the management of our bilateral econom-

ic relations. For the American people and for the Korean people, as well, reducing our bilateral trade imbalance will be both a challenge and an opportunity. The challenge will be to resist the calls for protectionism; the opportunity will be to expand the prosperity of both our countries. And we both, you and I, have a lot at stake. You are our seventh largest trading partner, larger than many of our traditional European trading partners, and our trade is growing. The United States is both Korea's largest market and second largest source of imports. And we're also a leading source of the investment and technology that you will need to fuel further economic growth and development.

Korea's economy has benefited greatly from the free flow of trade. And yet today, in many countries, there is a call for greater protectionism. And I'm asking you to join the United States in rejecting these shortsighted pleas. Protectionism is fool's gold. Protectionism may seem to be the easy way out but is really the quickest way down. And nothing will stop the engine of Korea's economic growth faster than new barriers to international trade.

We've made progress in this area. American exports to Korea are up. Korean tariffs are down, and its nontariff barriers are down, too. And the service sector is opening. And let me be candid. I want you to have this direct from me. If we are to keep our bilateral relationship growing even stronger, much more needs to be done. And I am confident that our two nations working together can accomplish the tasks still before us.

As one of the world's major trading powers, the Republic of Korea sets an example for other nations who are watching what you do. As an emerging economic leader, you inevitably shoulder important responsibilities to ensure the continued strength and stability of the global marketplace. You, the representatives of the Korean people, will face the challenge to improve living standards, to continue to open domestic markets, and to adopt appropriate international financial and exchange rate policies that reflect your standing as a prosperous and powerful trading nation. The United States shares similar responsibilities for the well-being of the world economy. Our two peoples should, at all times, bear in mind that our trading system is truly an international joint venture and that we share a special responsibility for its continued success.

My friends—and we are truly friends—I began today by talking about my inauguration as the new President of the United States of America just a few short weeks ago. The tradition of passing the torch of leadership from one American President to another is a time when we celebrate the strength of our democracy and a time when we renew our commitment to the values on which it is built. Today I am renewing my commitment to you, as the leader of one sovereign state to the elected legislative body of another. I am renewing my commitment to you to work together for the good of our peoples and of all humanity.

And as I reflect over the last 40 years of Asian history, the trend is remarkably positive. At the end of the Second World War, Asia lay in ruins. Through the 1950's and the 1960's, the forces of radical revolution at times appeared to be the wave of the future. And now, in the 1980's, human aspirations for basic political and economic freedoms have become almost universal. And as we gather here in your National Assembly, these aspirations are no longer a far-off dream for your great country, for Korea. Instead, through your devotion and hard work, they've become a reality, and we celebrate your triumph. In the years ahead, the United States will stand with you against the forces of oppression and for the forces of peace, prosperity, independence, and democracy.

And so, on behalf of my wife, Barbara; of our Secretary of State, Jim Baker, who is with me here today; and others, our leaders in our government, I came to observe, I came to reaffirm. And from the bottom of my heart, I thank you for the warmth and the hospitality you have bestowed upon all of us. Thank you, and God bless you all.

Note: The President spoke at 4:01 p.m. in the National Assembly Hall. In his opening

remarks, he referred to Kim Jaison, Speaker of the National Assembly. Following his remarks, the President returned to Washington, DC.

Remarks Upon Returning From a Trip to the Far East
February 27, 1989

Let me just say that it's great to be back home again at the conclusion of a productive and rewarding trip to Japan, China, and Korea, a trip which underscored that America is and will remain a Pacific power.

There were important symbols. I'll never forget that solemn moment when we paid our nation's respect to the late Emperor of Japan, and the warm and genuine handshakes between old friends in Beijing's Great Hall of the People, the opportunity for the freely elected leader of a 200-year-old nation to address the freely elected legislature of a blossoming democracy, Korea.

But we laid out an important substantive course: thoughtful and candid conversations with world leaders, over 20 of them, leaders from Asia—China, Japan, Korea, Thailand, Singapore, India, Pakistan, and the Philippines—and our allies from Europe—France, Belgium, Italy, Portugal, Turkey, Germany, and Spain—and leaders from the Middle East—Egypt, Israel, and Jordan—and the Presidents of Brazil, Nigeria, and Zaire. And so, I return tonight pleased with the progress made toward lasting and mutually beneficial relationships with our allies and friends. Of course, differences remain. Work is yet to be done: opening foreign markets to U.S. competition, continuing to encourage the growth of democracy and human rights, and strengthening of our alliances. But common ground was found.

In Japan, we have our most important Asian ally and one of our largest trading partners. Our discussions there emphasized the responsibilities we share in the field of defense. But we also spoke of ways in which the world's strongest and most innovative economies can cooperate more closely to fuel growth not only at home but also in the developing world.

In China, I talked with the leaders that I'd known nearly 15 years ago, when I served as Chief of the U.S. Liaison Office. And it is clear from my trip that China approaches its thaw with the Soviets with caution and realism. We agreed that the Soviets must be judged not by their rhetoric but by their actions, such as whether the Soviet Union actually draws down its military forces along China's border and persists in encouraging Vietnam to completely withdraw from Cambodia. We also agreed that after Cambodia has achieved a genuine end to Vietnam's occupation, free elections should be held under a coalition government led by Prince Sihanouk, with whom I met in Beijing. The United States remains committed to a result that precludes a return to power by the Khmer Rouge. And the Chinese leaders appreciate our concern and are willing to work toward a peaceful coalition.

On the final leg of my journey I went to Korea, where I saw both democracy and economic liberty work in a country whose security is assured by our joint efforts in vigilance. Thirty years ago such progress was unimaginable, and it stands as a testament to the Korean people and our commitment to them.

From these 4 days of intensive discussions, I return with one especially vivid impression: The world looks to America for leadership not just because we're militarily strong, not just because we have the world's largest economy, but because the ideas we have championed are now dominant. Freedom and democracy, openness, and the prosperity that derives from individual initiatives in the free marketplace—these ideas, once thought to be strictly American, have now become the goals of mankind all over Asia.

The success of our nation's foreign policy is the responsibility of the President, with the counsel and support of the Congress. And this important trip has only underscored for me what can be achieved

Mrs. Roh Tae Woo
First Lady of
the Republic of Korea

Kim Ock Sook (Mrs. Roh), the First Lady, was born on August 11, 1935 in Chongsong, Kyongsangbuk-do, a province in southeastern Korea.

She received all her schooling in Taegu city, then the provincial capital of Kyongsangbuk-do. She attended Kyongbuk Girls High School and the Teachers College of Kyongbuk University. Her childhood dream was to become a teacher.

Kim Ock Sook met Roh Tae Woo for the first time in 1952 when he was a freshman cadet at the Korean Military Academy. The two were married on May 31, 1959.

Mrs. Roh is known for her unobtrusiveness and for working quietly behind the scenes to care for the needy and the disadvantaged. Those who have visited the First Lady at Chong Wa Dae, the presidential office and residence, come away impressed with her efforts to maintain an ordinary home and to lead a life as a good home-maker.

Whenever possible, Mrs. Roh will visit orphanages, senior citizens' homes and rehabilitation centers for the disabled to bring comfort and encouragement to the less fortunate.

Playing tennis with her husband is one of her favorite pastimes. They are known as better-than-average amateur tennis players.

The Rohs have a son and a daughter, both of whom are married. Mrs. Roh emphasizes honesty and responsibility in everyday life.

Korean Overseas Information Service
Seoul, Republic of Korea

PARTNERS FOR PROGRESS

CONTENTS

Introduction:
The Changing Context ____ 5

Partners for Progress ____ 11

Toward a Mature Partnership ____ 19

Renewing the Partnership ____ 27

Conclusion:
A New Partnership ____ 35

Introduction: The Changing Context

The relationship between the United States and the Republic of Korea (ROK) is undergoing a significant and stressful readjustment. Both the security and economic dimensions of the relationship are being challenged and redefined. The forces that are causing this redefinition are both external to the relationship and internal to the two countries. Externally, the end of the Cold War in Europe and reduction in tensions in Asia have altered the global strategic outlook of the United States and increased the diplomatic flexibility of the Republic of Korea. Also externally, a number of forces, most notably the drive for integration in the European Community, have called into question economic liberalization on a global basis, requiring the two countries to review their international economic strategies and consider other frameworks for carrying out economic interests. Internally, Korea has been undergoing a rapid social transformation from a developing, rural society to a large urban, industrialized one. Democratization has substantially changed processes of policymaking and governance. The United States is wrestling with a perceived change in its international standing, which has profoundly affected its foreign policy.

The introduction, examines four contexts of the U.S.-ROK relationship: the international politico-security context, the international economic context, the domestic Korean context, and the domestic U.S. context.

*The introduction and conclusion are taken from *Issues and Opportunities in U.S.-Korean Relations*, a report issued in early 1991 by the Committee on U.S.-ROK Relations, established in 1989 by the East-West Center and the Seoul Forum for International Relations. The views expressed in the report do not necessarily reflect the views of the Government.

The Politico-Security Context. The shape of international relations has been dramatically altered in recent years. Although this was primarily a result of a crisis in world Communism, much of the immediate credit for changes must go to Mikhail Gorbachev, whose actions altered the thrust of Soviet policy toward the rest of the world and let loose the forces that brought the Soviet empire in eastern Europe to an end. It is still too early to discern with any certitude the post-Cold War security framework, but several trends seem likely.

Despite the strong U.S. intervention in the Persian Gulf crisis, the superpowers seem less likely to play strong roles in regional security issues. The Soviet Union lacks the capacity to do so, and in the absence of strong Soviet competition, the United States will lose much of the incentive to do so, unless a resource or strategic interest important to the United States is at stake.

In the absence of competitive interventions from the largest military powers, regional conflicts may be less destructive. However, there is little reason to believe that there will be significantly fewer regional conflicts; through its alliance systems, the Cold War also asserted some discipline on the international community. Ethnic and religious conflict appear to be on the rise.

It is to be hoped that the United Nations can play a more influential role in maintaining peace in regional conflicts. However, there are likely to be few conflicts where the leading UN members achieve consensus on a course of action and are willing to finance peacekeeping efforts. There will be increased scope and perhaps pressures for regional powers to play expanded regional political and security roles. In East Asia, the roles of China and Japan are likely to increase.

Unlike many other regions, East Asia lacks political institutions to discuss regional security issues. Nor is there a single hegemonical power at this level that can enforce a regional order. East Asia remains a region involving multiple large powers. For these reasons, there is potential for East Asian regional tensions to increase in the post-Cold War era. Consequently, a continuing U.S. security role in the region can play a vital role in maintaining stability. The new structure of power also suggests new strategies for smaller countries, less linked to one supporter and aimed more toward building a cohesive internal society and a diversified foreign policy.

The Economic Context. Change in the international economic system has come less dramatically than an international political and security relations. During the past quarter century, three trends are particularly important: the gradual decline in the relative economic position of the United States; the rise of economic power in Northeast Asia, most notably in Japan followed by the Republic of Korea and Taiwan, accompanied by an explosive growth of trans-Pacific and intra-Asian trade and investment flows; and the integration processes in the European Community accompanied by special relations between the Community and the European Free Trade Agreement (EFTA) members as well as looser arrangements with a number of developing countries (mostly in Africa). Agreements of association are now being extended to countries in eastern Europe. In addition, the reunification of Germany and the transformation to market economies of the former socialist states of Eastern Europe will absorb much of the energies of Europe in challenges close to home.

These trends jeopardize the continued survival of the global system of liberalized trade. In the Cold War period, the United States had both the power and an incentive—building the economies of allied countries—to play the role of a benevolent hegemon that used its economic weight to establish basic international rules and maintained a relatively open world market. The reconstruction and integration of Europe required U.S. political, economic, and security support, giving the United States considerable policy influence in Europe. As the security threat to Western Europe abates, so does the influence of the United States. On economic issues, the European Community gives no special consideration to the United States. With the end of the GATT Uruguay Round, Europe is likely to turn all of its attention toward internal matters.

Non-European countries may well react to the decline of global institutions and concerns by evolving their own form of regionalism. The challenge will be to prevent a split of the non-European group into two rival and possibly contentious blocs: one centered in the Western Hemisphere and the other in the Western Pacific. The emergence of a single Pacific Basic region dedicated to principles of openness and non-discrimination can carry the banner of the widely shared and often expressed desire for open, multilateral trade. A Pacific Basin that is practicing liberal trading principles can develop relations with Europe on the same basis, assuming

Europe is willing to reciprocate.

Evolving Pacific Basin regionalism provides a significant opportunity for the Republic of Korea and the United States to improve their bilateral relations since both countries are part of the same region as evidenced by their mutual participation in the Asian-Pacific Economic Cooperation (APEC) forum and the Pacific Economic Cooperation Conference (PECC). They can work together to improve policies and build an institutional structure to promote prosperity.

The Korean Context. In the past quarter century, South Korea has transformed its economy from that of a poor, developing country to one of a middle-income, industrialized country. In the next five years, it expects to be able to boost its average per capita annual income above $10,000. More belatedly, South Korea is now in a period of significant politial change. Through the mid-1980s, military-dominated government was the rule rather than the exception. The growing pluralization of Korean society and rising levels of education have made such governance no longer viable. In mid-1987, a rising tide of public demonstrations forced the government to accede to opposition demands for a direct election of the president. These elections, in December 1987, brought government candidate Roh Tae Woo to power with 37 percent of the vote. Two main opposition candidates split most of the remaining vote. The opposition won a majority in South Korea's National Assembly elections a few months later.

The democratization process in the Republic of Korea is still unfolding. Neither party alignments nor constitutional processes have been firmly established. In 1990 in a major political realignment, the opposition forces of Kim Young Sam and Kim Jong Pil joined Roh's government party to establish the Democratic Liberty Party. This left Kim Dae Jung's Party for Peace and Democracy as the main opposition force. Constitutionally, the governing party is considering moving to a cabinet form of government as opposed to the presidential system. Objections from the opposition and from Kim Young Sam have caused these plans to be shelved for the moment. Aside from this, the important question of extending free elections to lower level units of government has not been fully resolved.

The democratization process has had many important implica-

tions. Difficult issues in the U.S.-ROK relationship that once were handled relatively quietly by the bureaucracy and military are now being debated in the press, parliament, and even in the streets. Special interests groups have increased their influence in the government policymaking process. The establishment of new, militant worker organizations, labor unrest, and inflationary wage settlements were another consequence of the loosening of political controls. This has affected Korea's international competitiveness and foreign investment interests in Korea. Furthermore, the external circumstances which created the surpluses of the 1980s are witnessing a deterioration. The Koreans may experience further deterioration of the balance of payments with the United States and the world in the years to come.

The Korean economy is now going through a difficult adjustment. Without having evolved a well-tested structure for labor-management and large company-small company relations, it is faced with a new macro maladjustment as evidenced by the combination of high inflation made worse by rising oil prices, declining growth, and a deterioration in the balance of payments. All of this will be played out against a series of crucial elections. Hence Korea is likely to be seized with the necessity of attending to internal matters that could well worsen its relations with other countries including the United States.

Democratization has increased the complexity of the U.S.-ROK relationship, but at the same time it helps remove a very serious impediment to the fuller development of the republic's relations with the United States and to its potential participation in broader organizations of advanced industrial countries. On the other hand, if the democratization process falters and is reversed, there would be serious consequences for U.S. attitudes toward Korea and U.S.-ROK relations. The consensus in South Korea is to move cautiously. The economic mechanisms and democratic institutions need to be developed. There is a feeling that a more internal, domestic focus is needed now, and this is very similar to sentiment in the United States.

The U.S. Context. American foreign policies are also undergoing change. According to official statements, the United States will maintain its security commitments (while asking for increased burden sharing), oppose protectionism, and support the Uruguay GATT

Round. But contradictory impulses in the U.S. society make actual policy much less certain. Americans believe their country should play a global leadership role, and they are aware that there is no other single country with the resource base and political capacity to substitute for the role of the United States. At the same time, international leadership is also regarded as a tremendous burden that the United States can less afford at a time of faltering competitiveness, huge federal budget deficits, and trade deficits. Problems closer to home—rebuilding infrastructure, strengthening the educational system, dealing with crime and drugs, developing effective programs for the homeless and poor, for example,—seem to many to be more pressing than foreign policy or security concerns.

This mood has created an environment in which "burden sharing" by security allies and "reciprocity" by trading partners have become priorities in U.S. foreign policy. But U.S. efforts to adjust the terms of its alliance and trade relationships in ways that Americans perceive as more fair often become an affront to negotiating partners with a different view of the existing relationships. And for publics abroad, a United States that once was regarded as magnanimous is frequently seen as selfish.

The U.S. economy is going through a difficult cyclical period. Economic growth has ebbed to the point of non-existence, and the economy must also cope with higher oil prices. Furthermore, despite recent efforts, the budget debt problem continues to plague the economy. Without its elimination, the external balance-of-payments deficit cannot be eliminated. These internal matters will occupy the United States which could well make its relations with South Korea and other countries more difficult.

Historically the end of a round of trade negotiations under GATT has ushered in several years of rising protectionism as the restraining influence of the negotiations themselves abate. The end of the Uruguay Round, where or not agreements are reached, is likely to see a repettion of this experience. This is another factor that combines with current conditions in both South Korea and the United States and suggests a period of very contentious bilateral economic relations is likely to ensue.

Partners for Progress

Address by President Roh Tae Woo of the Republic of Korea before a joint session of the United States Congress, October 18, 1989.

Mr Speaker, Mr President, Distinguished Senators and Representatives,

I would like to express my gratitude to you for awarding me the rare privilege of speaking before a joint meeting of the United States Congress—the august representative body of one of the world's oldest and most powerful democracies. As the democratically elected leader of one of the world's newest democracies, I feel honoured and proud to be standing here today.

I am honoured, not only because it is within these halls that democracy has flourished, but also because the work of this great institution has brought freedom to many people of the world and has nurtured the best in human achievement.

I stand here proudly because I have a story to tell, the story of a people who, while enduring great hardship, have cultivated a free and vigorous democracy within a single generation.

Syngman Rhee, the first President of the Republic of Korea, came to this rostrum in 1954 in order to express the heartfelt gratitude of his countrymen for the courage and sacrifice that the people of the United States had rendered in protecting and preserving freedom and democracy in Korea.

At that time, the sounds of gunfire still echoed in the memories of President Rhee's countrymen in a legacy of the terrible Korean War. Thirty-five years have passed since then and much has

changed.

From the depths of despair during the war, a spring of hope and confidence welled up in Korea. What was once a trickle soon grew into a rising tide of political and economic strength that continues to carry my people forward. And so, instead of long lines of hopeless children or hungry refugees, what the world saw at the 1988 Olympic Games was a prospering, confident people striding proudly toward the future.

Much has changed, indeed, Mr Speaker, but the lofty ideals which bind Korea and the United States have endured, tested through sweat and, at times, blood. When Korea's very survival was in danger, the United States rushed to defend the security and liberty of our people.

While my country strove endlessly to build a thriving democratic nation from the poverty and ruin of war, the United States stood beside us, shoulder to shoulder. For that, the Korean people's gratitude has never wavered.

For my part, I feel a particularly deep affinity for the United States. When my country was in flames, I volunteered, still wearing a student uniform, to fight for our liberty. At that time many American soldiers fought alongside me and my colleagues. Many gave their lives so that Korea might be free. Later I fought in Vietnam together with young American soldiers. I know that there are many of my fellow soldiers among the members of the House and Senate present here today.

I thank those legislators and the thousands of other, brave Americans who fought for our freedom. Our people will long remember your sacrifice.

If you ask a Korean what America means to his country, his answer will be simple and clear: we are allies. And if you ask your constituents what Korea means to America, I am sure the answer will be the same. For us, the word "ally" resonates with deep feelings of friendship, trust and enduring commitment.

Korea and the United States developed this alliance not only out of common national interests, but also because we share the common ideals of freedom and human dignity. Your Declaration of Independence proclaims that "life, liberty and the pursuit of happiness are inalienable rights". That spirit mirrors our traditional belief that "Man is as sacred as heaven."

Mr Speaker, Mr President,

The world is now undergoing momentous changes, which are reshaping the international order of the past four decades. Across the walls and fences of the Cold War, a movement has begun which seeks to transform societies that restrict human liberty into societies that promote it; to change systems that suppress aspiration into systems that nurture it. These warmer winds are inducing obstinate and obsolete societies to shed their outmoded ideologies and to join the community of free nations.

The climate of openness and reconciliation throughout the globe inspires hope in us all, and notwithstanding the pains of division and the dangers of conflict, the Republic of Korea is committed to sharing the burden of building peace and prosperity throughout the world.

Korea has transformed itself. Our nation has emerged from the authoritarianism of the past and is now propelled by the momentum of liberty, openness and democracy. This new atmosphere not only led to the success of the Seoul Olympics but has also provided the catalyst for changes unique among nations, whether developed or developing. The people of the Republic of Korea have made extraordinary strides toward democracy and we are ready to face new challenges along the way.

You may recall the scenes in my country only two years ago, when the streets of our cities were crammed with protesters, chanting and clamouring for democracy. The force of those demands prompted me, as a Presidential candidate, to prove my faith in the essential principle of democracy—that power emanates solely from the people. Shortly thereafter, I issued a statement which became known as the 29 June Declaration of Democratic Reforms, embracing the aspirations of the Korean people.

The process of instituting democratic change began with that declaration. For the first time in Korean history the Constitution was revised with the concurrence of both the Government and opposition. In a free and competitive election process, I was entrusted with the Presidency, and the perennial controversy over the legitimacy of the Government came to an end. Then in the general election of April 1988, the opposing parties, for the first time in Korean history, won a combined majority of seats in the National Assembly. This enhanced the framework for representative democracy by providing a rigorous system of checks and balances.

Significantly, the elections reinforced our commitment to democratic principles as my Administration accepted the reality of a legislature controlled by the opposition. To you, of course, this is not a new experience. To us it is indeed a political novelty.

Our liberalization has gone well beyond politics. The media now enjoys uncensored freedom to criticize every aspect of society, including the Presidency. No one who encroaches on civil rights in Korea can escape the sanctions of public opinion or the rule of law. The changes in Korea are so diverse, rapid and far-reaching that they can truly be called revolutionary.

It has become clear to me that founding democratic institutions and making them work is no less difficult a task than promoting economic development. The pace of reform has stirred mounting expectations and competing demands in every corner of society. Rapid changes have shaken the fabric of existing political, social and labour relations and placed the burden of reshaping them on my Government. At times, social stability has been threatened, and we have had to take measures to protect it.

Regrettably, certain radicals have resorted to force and committed unlawful acts to pursue their aims under the guise of democratic reform. Elements seeking to overthrow the basic principle of democracy through class struggle can be found among them. Here also are the tiny band of extremists who parade anti-American slogans and perpetrate attacks on US facilities.

It is my belief that our political development will follow the example of the Western democracies and that the extreme elements in Korea will diminish in influence as the benefits of democracy and prosperity are enjoyed more and more. As one who pioneered reform in Korea, I will confront squarely every challenge to our young democracy, whether from within or from without. My pledge to carry out democratic reform was a solemn promise before the people of Korea, and I have proudly honoured that pledge. Democracy in Korea has already become an unstoppable force which no one can divert.

Out of the ashes and ruin of the war, Mr President, Korea has emerged like a phoenix to become what is now termed a "newly industrialized country". The diligence and creativity of our people have made this transformation possible, harnessing the twin energies of a market economy and free trade. While the United States helped Korea revitalize its war-torn economy with direct aid,

access to the US domestic market for Korean goods has been no less important to Korea's economic development.

The United States is Korea's largest and most important trading partner. In turn, Korea is now the seventh largest market for US goods and the second largest market for your agricultural products. Although the potential for trade friction naturally increases with the expansion of trade volume, I am certain that all of these issues will be resolved to mutual satisfaction through close and cooperative consultation. I find our success in settling trade disputes thus far encouraging.

My Government firmly believes that free enterprise will best serve our economy and that of the world as a whole. Thus, Korea is moving vigorously toward a more open, liberalized and self-regulating economy. It would be hard to find a country, developed or developing, which has moved so far so swiftly in opening markets, liberalizing capital flow and reducing tariffs.

I fully understand that the interests of constituents oblige you, their representatives, to seek ways of strengthening industrial competitiveness, protecting workers and saving jobs. These are the same demands my people make of their Government. Consider, for instance, our agricultural sector. Nearly 20 per cent of all Koreans work on small, traditional family farms. Thus, our efforts to expand agricultural imports have important political and social consequences for nearly one-fifth of our population. Only with the passage of time can Korea ultimately adjust and achieve openness in the agricultural market without causing political and social trauma.

We are undergoing an inevitably painful transformation in adapting ourselves to the principles of free trade, but we are making astonishing progress. Within only four or five years from now, we may expect the Korean economy to have achieved the same degree of openness as is found in the OECD countries.

Even as a wave of reconciliation brings about changes all over the world, the tide, distinguished members of Congress, has not yet reached all shores.

The confrontation on the Korean Peninsula has resisted all efforts for its resolution. Korea has lived under great tension each day of the 36 years since the ceasefire. The Demilitarized Zone, or DMZ, lies only 26 miles north of Seoul, our capital, with a population of 10 million. Along the 155 mile-long DMZ more than

one-and-a-half million troops face each other, making it themost densely militarized area in the world. Imagine, if you will, hostile and combat-ready forces positioned as close to this Capitol as Dulles Airport!

Since the ceasefire of 1953, stability on the Peninsula has been maintained not because P'yŏngyang's attitudes or intentions have changed, but because strong Korean and US military co-operation has deterred further aggression. Any hint of weakening in the US defence commitment or a precipitate lessening of the US military presence might cause North Korea to misjudge the US commitment to peace in the region. The results would be tragic.

Thus far, security co-operation between our two countries remains strong and effective. Let us not disturb it until necessity dictates change. For this reason, I welcome and applaud the pledge of President Bush and the American Government that US ground troops will remain as long as the Korean people want and need them. And on this point, I must tell you that the voice of the Korean people is clear: a very recent poll has shown that 94 per cent strongly support the presence of US troops. Moreover, where this issue is concerned, the usually vocal opposition parties stand together with us as one.

Koreans have shouldered a greater burden of their own defence than any other American ally. They spend 5 percent of GNP, more than 30 per cent of their government budget, on defence. As our economy grows, so Korea will assume a larger role and take more responsibility in our common defence. And needless to say, a strong Korea-US security relationship is an essential element in the process of inducing North Korea to accept positive change.

In today's climate of openness, Mr Speaker, it is inconceivable that North Korea can cling forever to its extreme, self-imposed isolation. Meanwhile, we are exerting every possible effort to move our divided land toward reconciliation and to convince North Korea that nothing will be achieved by force.

In July of last year, I announced a policy to reduce the long-standing hostility which divides our Peninsula. The aim of this policy is to create a partnership between the South and North, in which each contributes to the other's development.

Last month, I went further, proposing concrete steps to achieve reunification by joining the two parts into a "Korean National Community". At the heart of the proposal is the formation of a Korean

Commonwealth as an interim measure. Eventually, we shall reunify Korea as one nation under the principles of independence, peace and democracy.

I have been urging that a summit meeting take place between Seoul and P'yŏngyang. At this summit all issues, including disarmament and an agreement on non-aggression between South and North Korea, could be discussed freely and without preconditions.

On this very day last year, I made a proposal at the United Nations General Assembly that a "Conference for Peace in North-East Asia" be convened. The time has now come for the countries in the area to discuss seriously the question of how to lay a solid foundation for lasting peace and prosperity in North-East Asia.

Through our active open-door policy, we have built a road for exchanges and trade with socialist countries with whom Korea has had no previous formal contact. We hope that our improved relations with socialist countries will deter North Korean aggression, ease tensions on the Korean Peninsula and contribute to bringing North Korea out into the open world.

Ladies and gentlemen,

The forces of freedom and liberty are eroding the foundations of closed societies, and the efficiency of the market economy and the benefits of an open society have become undeniable. These universal ideals, symbolized by the United States, have now begun to undermine the fortresses of repression.

There is no longer a need for hesitation; we know which social system best realizes human aspiration. In all parts of the world, the prosperity of a free society based on the common ideal of liberty has sparked a revolution in thought and action.

My friends,

The nations of the Pacific Basin have made an open society and market economy the engines that drive the fastest growing region in the world. The Pacific will become even more important to the US, and Korea will begin to contribute more to the prosperity and peace of the region and become an increasingly important American ally.

I am confident that Korea and the United States of America will be "Partners for Progress" allies to open a new era—an era in which nations around the globe will enjoy the freedom and prosperity we both so deeply cherish. Let us renew this relationship to foster prosperity and contribute to world progress.

Mr Speaker, Mr President, Distinguished Senators and Representatives,

Although I am about to leave this rostrum, the message I came to deliver is not complete. That is because I look forward to the day when some future Korean president may be invited to address this distinguished assembly and describes the vision I spoke of today as an achievement fulfilled, not as tomorrow's hope. When that president speaks before you as I have today and reflects on those triumphs, all of us will be able to take great pride. For we will have risen to the challenges of our day and passed onto our children a world far better than the one we inherited: safer, more prosperous, fairer and happier.

God bless America and I thank you all.

Toward a Mature Partnership

Speech by Lee Sang-ock,
Minister of Foreign Affairs of the Republic of Korea
before the World Affairs Council and the Asia Society,
May 1, 1991

Distinguished members of the World Affairs Council and the Asia Society, ladies and gentlemen:

It is my great pleasure and honor to be here today and speak before such a distinguished audience with a deep understanding and interest in global affairs.

The world-wide euphoria following the demise of the Cold War has given way to new concerns. These concerns stem from the sobering realization that the end of the Cold War does not automatically guarantee international reconciliation and cooperation.

The Gulf crisis graphically underscored this reality. No single power, nor a precarious balance of power born out of the confrontation of opposing blocs, can ensure peace, stability and prosperity in the world.

Thus, we have witnessed the need to establish a broader and more efficient structure of international cooperation—a new world order—to make this world a safer and freer place to live in.

We have entered a new phase of history. Since late in 1989, we have seen remarkable events unfold in Europe; events which only a few years ago would have seemed unimaginable in our lifetime. Most of the communist regimes in Europe have gone through what truly amounts to revolutionary changes. We also see a unified Germany standing at center stage in Europe.

Can this happen in Northeast Asia? I wish I could say that the

Korean peninsula is also free of Cold War confrontation. Unfortunately, it is not. But I shall return to this subject later, in more detail.

First, however, I wish to share with you some thoughts on the relationship between Korea and the United States. I would submit that the watchword for relations between our two nations now is "maturity."

Since Korea's liberation in 1945, close and friendly ties have been developing in many aspects of our bilateral relationship. This was a product of both post-World War II international politics and of Korea's national aspiration for a strong and independent country rooted in the ideals of democracy.

Through the Korean War, our relationship evolved into an alliance forged by blood, with its main focus on security cooperation. This alliance was a crucial element which greatly contributed to Korea's emergence as an important actor in the world economy and in international affairs, notwithstanding the unceasing threat from North Korea.

In the international fora, the United States has always supported Korea's aspiration to achieve the peaceful unification of our divided land. The United States has consistently shown understanding and extended encouragement to Korea's effort to foster strong economic development and the build-up of its necessary defense capabilities.

Here, I want to point out that our bilateral relationship, which in the past was characterized by one-sided contributions from the U.S. to Korea, has now been transformed into one of growing interdependence. One of the factors which prompted this transformation was Korea's remarkable economic and political development which, naturally, boosted the self-confidence of the Korean people.

Since the inauguration of the Sixth Republic in 1988 under the leadership of President Roh Tae Woo, the Korean society has been making steady progress toward a full-fledged democracy.

There has been an outburst of unprecedented popular demand for a long wish-list of governmental action. This, of course, is to be expected in any viable democracy. However, I would say that Korea has been successfully managing this challenge.

Last March, the Korean people elected their local council members for the first time in three decades. This opened a new chapter in our political democratization process. A second phase of local

council elections for wider districts is slated for sometime in June.

These changes in Korea, both domestic and external, have generated a few problems in our bilateral relations, which we should be able to overcome through our joint efforts. I shall come back to this later in my remarks.

In sum, however, we can say that there are no big problems or fundamental differences between our two countries. We are bound together by the common ideals of peace, freedom, justice and prosperity. People on both sides of the Pacific can now describe their relationship as a "mature partnership."

Moving on from this broad overview of Korea-U.S. relations, I would now like to elaborate on some of the major components of our relationship.

In the first place, the U.S.-Korea security alliance is an indispensable element in maintained stability on the Korean peninsula and in Northeast Asia. It is also, as you probably know, one of the seven major alliance systems of the United States.

Discussions are currently under way on the long-debated issue of command systems for the R.O.K.-U.S. Combined Forces in order to find a rational and practical solution to this problem. Korea and the United States have already agreed that in a three-year period, U.S. forces in Korea will be reduced by 7,000 personnel, while Korea will pay more in burden-sharing.

All this signifies a change in the U.S.-led basic defense structure, leading to Korea assuming a principal role in her own defense. The recent appointment of a Korean general as the Senior Member of the Military Armistie Commission is a symbolic manifestation of this development.

Secondly, I would like to address the economic aspect of our relationship. It has often been the focus of media attention and, sometimes, a source of friction between our two countries.

In 1962, when we first embarked upon our five-year economic development plan, Korea's per capita GNP was less than $100. Korea's exports were only $55 million, while imports amounted to $422 million.

By 1990, we exported $19.3 billion worth of goods to the United States alone, and the total volume of bilateral trade reached $36 billion. This made Korea the seventh largest trading partner of the United States, surpassing France and Italy. Korea today is the sixth largest buying nation of American goods. Few people realize that

Korea is the third largest importer of American agricultural products.

With the expansion of our bilateral trade, Korea enjoyed trade surpluses for several years. However, recently Korea's trade surplus with the United States has seen a remarkable decrease, from $9.6 billion in 1987 to $2.4 billion in 1990.

As the Korean market grew more attractive to outsiders, trade frictions began to develop between our two countries. Let me just say that no trade relations are trouble-free.

A top priority on Korea's economic agenda is to keep our trade relations with the United States on a track of balanced growth. The potential for trade friction naturally increases with the expansion of trade volume. However, I am confident that most of these issues will be worked out to our mutual satisfaction.

We are going to set up a comprehensive early-warning mechanism in various problem areas. I believe this will help to prevent avoidable, and unnecessary, frictions and misunderstandings. With joint effort and understanding, we should be able to contain whatever differences that may remain to a mutually acceptable parameter.

My government believes that the free enterprise system best serves our economic interests and those of the world as a whole. Thus, Korea is moving vigorously toward a more open, liberalized and market-regulated economy.

It would be hard to find a country—developed or developing—which has moved so swiftly to open markets. Korea, which is one of the principal beneficiaries of the free trade system, will make every effort to bring the ongoing Uruguay Round of negotiations to a successful conclusion:

We shall move forward energetically to internationalize our economy by increasing the transparency of our trade policies and by insuring faithful implementation of trade commitments. With this determination, I am confident nothing will stand in the way of making progress for our mutual benefit.

Thirdly, the Korea-U.S. relationship is a cornerstone of Korea's Northern Diplomacy and of our efforts to improve our relationship with North Korea. The United States has been rendering invaluable support to Korea's Nordpolitik. It has done so out of an understanding that the expansion of Korea's diplomatic arena will be beneficial to our mutual interests.

Let me move now from bilateral cooperation to our partnership in the international arena.

The recent Gulf crisis is a perfect example of our successful partnership on the international scene.

My government provided both financial and material support for the U.S.-led allied efforts amounting to half a billion dollars. Along with this material contribution, an entire air-transportation unit, complete with pilots, mechanics, support personnel and their five C-130 cargo planes were dispatched to the United Arab Emirates in support of Operation Desert Storm.

In addition, a 154-person Korean medical team was stationed in Saudi Arabia and treated more than 1,600 soldiers and civilians. Korea was also the first nation outside the United States to provide transportation service by civilian aircraft.

Just as U.N. member nations came to our assistance after the unprovoked invasion of my country by North Korea in 1950, so were we now willing, indeed anxious, to assist in supporting the international efforts to end the occupation of Kuwait.

We will continue to participate in all efforts to establish peace and stability in the Middle East.

A new world order of reconciliation and cooperation is in the process of being shaped. Here, I would like to emphasize that the Korean situation should not be confused with European circumstances.

I would like to offer some observations about the tasks ahead to accomplish the historic transformation of the international system to ensure peace, stability and prosperity on the Korean peninsula.

First of all, my government will spare no effort to expedite the peaceful unification of Korea. We plan to accomplish this objective by persuading North Korea not to try to swim against the irreversible tide of history, but to come out of its shell of self-imposed isolation and become a responsible member of the world community.

It was regrettable that North Korea suspended the Prime Ministerial Talks planned for February this year for no convincing reason. Recently, we proposed to North Korea that we resume the suspended talks on May 22. The North has yet to show positive response to our proposal.

At the same time, the Korean government also hopes that the

IPU Conference currently being held in P'yŏngyang will have a positive impact of North Korea to open their closed society to the outside world.

We believe that private exchange of goods with P'yŏngyang could greatly help improve inter-Korean relations. For this reason, the Korean government recently gave the green light to a Seoul trading company's plan to exchange 5,000 tons of rice for North Korean coal and cement. We hope that this will be only the beginning of many steps which will contribute to the reduction of tension in our country.

Instead of acting as if tensions had already been reduced, when in reality they are not, or remaining glued to a flawed and unstable status quo, Korea and the United States should intensify their diplomatic efforts to eliminate the real cause of conflict and confrontation in the region.

My government's efforts to widen the horizon of its diplomatic arena should be viewed from this perspective. Korea's establishment of diplomatic ties with seventeen countries during the past two years, most of them socialist states, clearly demonstrates the success of this diplomatic initiative.

Especially, normalization of relations with the Soviet Union in September last year, and the exchange of trade offices with China illustrate the successful achievement of our Northern Diplomacy.

Most recently, less then a fortnight ago President Gorbachev visited Korea and held a summit meeting with President Roh on Cheju Island, which gave new impetus to the newborn Korean-Soviet relations.

However, the pursuit of the Northern Policy would simply not have been possible without the firm bedrook of the U.S.-Korean alliance. By the same token, in no way can or will any improvement in our relations with socialist countries affect the close security cooperation between the United States and Korea.

My government also needs the United States' active role in supporting Korea's membership in the United Nations. In seeking U.N. membership, we earnestly hope that North Korea will also join the world body, either together with the South, or at the time the North deems appropriate.

Parallel membership of both Koreas in the United Nations in no way prejudices the ultimate objective of Korea's unification. On the contrary, it should constitute a powerful confidence-building

measure.

The unification of East and West Germany, and of North and South Yemen, each of which had maintained separate membership in the United Nations, validates this view and disproves North Korea's contention that such U.N. membership might serve to perpetuate or legitimize Korea's national division.

However, if the North for any reason chooses not to join the United Nations, we are going to take the necessary steps toward our membership before the opening of the 46th session of the General Assembly.

Another area in which Korea and the United States share important stakes, and should work together, is what is known as APEC, or the Asia-Pacific Economic Cooperation, which was launched one and a half years ago in Canberra, with the participation of twelve Asia-Pacific countries.

I believe that APEC can play a leading role in creating a new economic order in the Pacific. It can set an example for "open regionalism" by promoting free trade at a regional level in a way which would complement and strengthen the multilateral trading system.

Encompassing the major market economies of North America, East Asia and Oceania, APEC is emerging as an important framework to ensure a healthy and balanced development of trans-Pacific econiomic relations, which is essential to the sustained economic growth and well-being of the Asia-Pacific region as a whole.

Needless to say, the United States, as a Pacific power, is expected to play an important role in the APEC process, and counted upon for its positive contribution to this process.

As the host nation to the Third APEC Ministerial Meeting scheduled for November this year in Seoul, Korea looks forward to working closely with the United States to ensure the success of APEC.

Taking stock of our multi-faceted bilateral relations, I think we can confidently say that overall Korea-U.S. relations are maturing and prospering.

Yet, with significant challenges still ahead of us, it is imperative that both of our nations and peoples continue their efforts to expand the mutually beneficial, cooperative partnership.

However, I suspect that based on the long history of contacts between our two countries, many people in our respective countries tend to think that we really know each other well. Of course

excepting this audience, I don't really think this is so.

I strongly believe we need more intensive efforts to promote mutual understanding, such as encouraging Korean studies in the United States, and supporting institutions like the World Affairs Council and the Asia Society. To accomplish this goal, my government is currently studying a plan to establish the "Korea Foundation" which will be dedicated to the promotion of better mutual understanding.

If our two countries are to fulfill the hopes and expectations of their citizens that our nations cooperatively play their part in the creation of a new world order, then the continued nurturing of our traditionally close bonds will remain an important prerequisite.

Building on the foundation of our mutual interest and understanding, U.S.-Korea relations should achieve a new spirit of shared respect and responsibilities.

Extraordinary times offer extraordinary opportunities. The present period, marking the end of the Cold War, is such a moment.

Korea and the United States, as mature partners in the Asia-Pacific region, should seize this opportunity to build peace and anchor it on the firm foundation of a new partnership for peace and prosperity.

Thank you.

Renewing the Partnership

Luncheon speech by Lee Bong-suh,
Minister of Trade and Industry of the Republic of Korea
at the U.S. Chamber of Commerce,
April 24, 1991

Dr. Lesher, Ladies and Gentlemen:

Let me begin by thanking the Chamber for inviting me here today. This is my first trip to the United States in an official capacity as trade minister, but I feel like this is a kind of homecoming since I lived here for several years. I can think of no better forum for me to address, in view of your Chamber's strong commitment to both free trade and to the U.S.-Korean partnership.

The title of my speech is "U.S.-Korea Relations: Renewing the Partnership". I chose the word "renewal" because I think it aptly describes the current historical moment. At a global level, America has dramatically renewed its leadership through the victory of the U.S.-led coalition in the Gulf War. The victory was a military one, but the rebirth of American self-confidence on the battlefield has already renewed American leadership in world politics and economic affairs.

This is also a time of renewal for the world trading system, based on GATT. Three months after the stalemate in Brussels, the Uruguay Round negotiations are once again back on track, with fairly good prospects for success. In addition, the last few months have seen renewed efforts in North America, Europe and among Asia-Pacific nations to forge stronger regional economic links.

All these developments are of critical importance to both our countries. However, I want to concentrate today on our bilateral

relations as that is obviously the central concern of my visit to your country. First, I want to take a brief look at the growth of the U.S.-Korean partnership through the 1980s. The decade marks a watershed, and the changes which emerged in the 80s will continue to shape our partnership for many years to come.

Coincidentally, it was in the 80s—1982, to be exact—that the United States and Korea celebrated their one hundredth anniversary of formal diplomatic relations. But for most of the century, not much happened in the relationship. In 1945, U.S. forces liberated Korea, and with the outbreak of the Korean War, an enduring political-military alliance was firmly established. Then, in the 1960s, Korea began its economic takeoff based on export-led industrialization. American investment flowed into Korea, and the United States became the major overseas market for our new export industries.

However, only in the 1980s did the Korean economy start to become truly "internationalized" by opening its markets and fully participating in multilateral economic forums. Korea even came to be seen as a source of capital and technology by many countries, including former East bloc nations.

During this period, the U.S.-Korea economic partnership underwent a striking transformation. Before about 1980, Korea supplied mainly labor-intensive consumer goods to the American market in exchange for capital goods and agricultural products.

Since then, Korea's exports have come increasingly diversified and sophisticated, including advanced electronics, precision-engineered parts, and components. Moreover, as Korea has progressively opened its markets, the range of U.S. exports to Korea has broadened to include an increasing share of household consumer goods along with services. Also during the 1980s, U.S. and Korean firms built up a complicated structure of sub-contracting, licensing, and co-production arrangements, which continues to grow in size and complexity.

From about the mid-1980s, as we prepared for the Seoul Olympics, the Korean economy was turning in a gold-medal performance. In 1986, 87 and 88, GNP growth averaged an impressive 12 percent, led by a boom in exports. And for the first time ever, rapid economic growth was accompanied by relative price stability. Korea certainly benefitted from the right policy mix, but this achievement was also owing in large part to the so-called "three lows"—low energy prices, low interest rates, and a low dollar value for the Korean won.

In 1989, the effects of labor turmoil, high wage settlements, and currency appreciation caught up with the Korean economy. Early in April 1989, the Korean composite stock index hit its all-time high. Since then, the average share value has fallen by more than one third. Export growth declined sharply. Last year's 9 percent rise in GNP was generated almost entirely by domestic construction, services, and retail sales, rather than manufacturing. But perhaps the most worrying sign was the increase in the inflation rate, currently running in excess of 10 percent and at least double that for rents and land prices.

Against this background, the Korean public began to criticize the spending habits of the newly affluent, many of whom had made their fortunes in land speculation. Even foreign observers began to say that Koreans ought to tighten their belts, rather than indulge in spending sprees at home and abroad. I recall in particular an article in the New York Times in which the writer chided Koreans for "popping the champaign corks too soon" following the Seoul Olympics.

This situation set the stage for the famous "frugality campaign" of last year. That episode is now over and done with, and I won't comment on it in detail. Let me just say that imports were never the target of the campaign, but as a side-effect, some big-ticket imports did fall out of favor temporarily.

About the same time, our American friends began to express dissatisfaction with the speed with which Korea was implementing earlier bilateral agreements. Some of the American media charged Korea with "footdragging" and "backsliding", and the Korean press often responded with inflammatory reporting about U.S. trade pressure. Tensions increased further when the U.S. expressed displeasure with Korea's position at the Uruguay Round ministerial meeting in Brussels last December.

Shortly after that, I was appointed trade minister. As I reviewed the state of our bilateral relations, it struck me as odd that the "big chill" of last year came at a time when the climate of relations should have been warm and sunny.

After all, our market-opening policies were proceeding on schedule. And partly as a result, Korea's trade surplus with the United States was rapidly dwindling.

Let me eleborate on the first of those two points. For more than 30 years, Korea normally ran deficits in its trade with the United

States. That began to change in 1982, when Korea recorded the first in a series of nine consecutive trade surpluses with your country. The bilateral trade imbalance had risen to nearly $10 billion in 1987, before it began to decline. In the first quarter of this year, Korea was once again in a deficit position, and for the year as a whole we expect bilateral trade to be more-or-less in balance. I believe that we have now reached the stage where bilateral trade will continue to expand in a balanced manner.

Since, as I believed, the fundamentals of our relationship remained sound, the problems had to lie elsewhere. To find out where, I initiated an intensive dialogue between my ministry and our American friends, in both government and private sector. In the past four months, I have spoken personally with numerous U.S. business executives and government officials, including Secretary Mosbacher only last month. Working-level officials from my ministry have met with their U.S. counterparts in the trade sub-committee meetings in January and April and on various other occasions.

As a result of these discussions, I came to the conclusion that our recent trade frictions can be traced to several sources—genuine disagreements, differing perceptions, misunderstandings, and Korea's lack of preparedness in adapting its institutions to the rapid pace of market-opening.

Based on that analysis, we have been working hard to rebuild Korea's creditability on trade issues with United States. And I think we have achieved a considerable degree of success.

For example, in February, U.S. and Korean negotiators worked out an agreement to open Korea's telecommunications markets. A key section of the agreement covers international VAN services, and the two sides are now discussing the details of implementation.

Last month, Korea announced a plan to lift major restrictions on foreign participation in the retail business as of July 1. The plan was designed to include product lines of particular interest to the U.S. such as furniture, computers, and automobiles.

In addition, we have made significant progress in protecting intellectual property rights. Next year, protection will be extended to trade secrets and computer chips, after the necessary legislative procedures are completed.

I might also mention the new liberalization schedule for agro-fishery imports, which was announced last month. Meanwhile, earlier agreements on expanding market acccess for beef, wine and

cigarettes are being fully implemented.

We are working at the local level to improve relations with the American business community. Since many bilateral trade frictions have their origins in the day-to-day problems faced by U.S. business people in Korea, I have decided to set up an office in my ministry to assist foreign businesses in their dealings with the bureaucracy. Unlike other such entities, this new office will be oriented toward practical problem-solving rather than just dispensing information and advice.

Speaking of bureaucratic problems, one of the most frequent complaints of foreign business people is that customs officials and sanitation inspectors delay or impede import clearance. This year, an intensive educational program is being launched to impress upon these administrative staff the importance of fast and efficient import processing.

Partially as a result of such changes, the climate of U.S.-Korean trade relations has steadily improved. But no matter how much it improves, it will never be perfect, and we must never relax our efforts at problem-solving and dialogue. Frictions are inherent in all trade relations, once they reach a certain level of importance. U.S. Ambassador to Korea Donald Gregg has described our problems last year as a kind of "bump in the road". So long as we remain responsive to each other's concerns, such humps need delay us only briefly in our journey toward the future.

Thus far, I have talked mainly about problem-solving. Now, I would like to turn to the major elements of Korean trade policy that are opening up new opportunities for cooperation between U.S. and Korean businesses.

As a nation that depends so heavily on trade, Korea naturally has a vital interest in the success of the Uruguay Round negotiations. Since its inception in 1986, Korea has therefore strongly supported the UR process aimed at strengthening GATT. In January this year we increased our contribution to the success of the Round by adopting more flexible stands on tariffs, agriculture, and services. A successful outcome to the Round would enable Korea to accelerate the pace of market-opening, which would benefit U.S. and other foreign businesses.

Basically, Korea's market-opening policy will continue along the lines already laid down. This means sustained import liberalization and ever closer integration of the Korean into the global

economy. Let me emphasize that we are pursuing these policies because they are the best ones for our nation, not because we are being pushed in that direction by our trading partners.

By the late 1980s, virtually any manufactured product could be freely imported into Korea subject to only modest tariff. During the current decade, we hope to achieve a comparable degree of market access in agriculture and in the financial and other service sectors.

For political and social reasons, agriculture is our most difficult market to open. But even here, we have been making progress. Our latest liberalization measure, to take effect January 1, 1992, should further strengthen the strong U.S. position in Korea's agricultural import market, which is already the third biggest overseas market for American farmers.

In the financial sector, Korea faces additional difficulties in market-opening. Until very recently, the Korean financial system was influenced by the government in their investment and credit decisions so as to promote national development projects. As a result, they lack a tradition of autonomous management and commercial competitiveness. Thus, in a certain sense, the liberalization process is even more necessary in this area, while, by the same token, it will have to be implemented more gradually than in other sectors.

The next step is to open our stock market in 1992. We are also rapidly expanding foreign access to Korea's transportation, retailing, and professional services markets. In all of these sectors, the United States enjoys a strong comparative advantage and can expect to be the principal beneficiary of our liberalization plans.

Another very promising area of cooperation involves combining U.S. high technology with Korean engineering and manufacturing capabilities. The day is long gone when Korea produced mainly labor-intensive products. The average wage in manufacturing is now four times greater in Korea than in Thailand, for example. And our industries can no longer rely on low-cost labor. These days we are moving rapidly into technology-intensive manufacturing. We are in no position to compete with the U.S. in high tech, but we are sufficiently advanced to cooperate with American firms in producing such products.

Just the other day, I met in Seoul with the president of the American Electronics Association. He told me that his members are par-

ticularly interested in U.S.-Korean joint efforts in developing High Definition Television by marrying U.S. basic technology and design skills to Korea's manufacturing base. I thought this was an excellent idea, and I offered him our full support. Other highly promising areas for collaboration include computers, high-density memory chips, semiconductors, and military and commercial aircraft.

We also welcome U.S. participation in the development of our social overhead capital, which will be a top national priority in the 1990s. In recent years, Korea has suffered a loss of international competitiveness in large part because of deficiencies in our port, road, and telecommunications systems, as well as in R&D facilities. Plans are being drawn up for huge investments in construction of high-speed rail lines and a new international airport, plus the launching of a communications satellite. Foreign participation is critical to the success of these mammoth projects, and I would encourage American firms to make maximum use of these opportunities.

Another area of opportunity that I want to mention is cooperation in third-country markets, such as Eastern Europe, the Middle East, and possibly even the EC and Japan. The emphasis here will probably be on construction, intermediate-level technology, and joint marketing activities. A good example is the POSCO-USX joint venture steel plant in California, which will begin exporting cold-rolled steel to Japan beginning next month.

This brief summary of U.S.-Korean business opportunities is meant to be suggestive, not exhaustive. As a government official, I am not really in the best position to tell an audience of businessmen where they should seek out such opportunities. You know much more about that than I do. I would, however, venture a few words of friendly advice on dealing with the Korean market.

You should recognize, to begin with, that you are competing in the Korean market at something of a disadvantage because of geographic distance, cultural differences, and the language barrier. Of course, the Europeans are in a similar position, but not the Japanese, who are your strongest competitors in Korea. As result, Americans need to make more of an effort to compete in our market than they are accustomed to in most foreign countries.

Let me be more specific. A few years ago, the Korean Foreign Trade Association surveyed their members to determine the

relative strengths and weaknesses of U.S. and Japanese companies operating in Korea. It was found that, overall, the two countries were about equally competitive in price and quality. However, U.S. companies were seen to have difficulties in after-service, willingness to accept small orders, and inadequate Korean-language marketing materials. The general feeling of many respondents to the survey was that U.S. firms simply didn't try hard enough. To change that impression—accurate or not—American companies would do well to work on correcting the specific weaknesses pinpointed in the survey.

This afternoon I have talked about problem-solving and new opportunities for U.S.-Korean business cooperation. I don't mean to imply that there are no competitive elements in the relationship. They certainly exist; but in general the U.S. and Korean economies complement each other to a high degree, which makes them natural economic partners.

In the 1950s, this complementarity was only potential. The relationship was heavily skewed in the direction of Korean dependence on the United States. In the second half of the 1980s, the balance began to tip the other way with Korea amassing large trade surpluses with the U.S. Our objective in the 90s should be to restore a proper equilibrium to the relationship and to intensely exploit the opportunities I have just discussed. Visits such as my current one to the United States can make some modest contribution to that end.

Over the years, the U.S.-Korean partnership has produced enormous benefits for both partners. In addition, we have offered the world a model of economic cooperation between two very different countries. Forty years ago, Korea was an economically prostrate nation, dependent on U.S. foreign aid. In the 1960s and 70s, it succeeded in replacing aid with trade, and became, in the process, one of the world's fastest developing countries. Now, in the 1990s, the United States and Korea are on the threshold of a new era of technological complementarity.

The United States and Korea may not always see eye-to-eye, but I am hopeful that we will continue to look outward in the same direction.

Thank you for your time and attention.

Conclusion: A New Partnership

The relationship between the Republic of Korea and the United States in the 21st century will be quite unlike that of the latter half of this century. The two countries will still be of unequal size. Even after unification, Korea will have about a quarter of the population of the United States concentrated in an area similar to that of a moderately large American state. But within another quarter century or so, the average Korean may have about the same per capita income level as the average American. In other words, the relative economic strength of Korea and the United States may be thought of as somewhat similar to that between France or Great Britain and the United States today.

Under these circumstances the nature of the relationship is changing. The relationship of the 21st century will be one of partnership between two advanced countries, one large and the other medium-sized. The changes in the bilateral relationship will reflect the altered role of each country in the global community.

The United States will probably still be the world's largest economy and foremost military power, and as such, its continued leadership role is vital to the international order. At the same time, as the current Gulf crisis and breakdown of the Uruguay Round of the GATT make clear, the United States is not willing to act without the considerable support from other countries. Korea, particularly following reunification, will be a country with global interests. But

it cannot expect to pursue these interests effectively except in combination with other countries. Given this situation for both countries, the case seems irrefutable for continued strong U.S.-Korean cooperation and collaboration on issues of common concern.

At the risk of oversimplification, we can think of U.S.-Korean relations as involving three geographical spheres: the Korean peninsula, the broader Asia-Pacific region, and the world. In all three spheres, the United States and Korea have many common and complementary interests

The United States will be one of several external powers with interests in the Korean Peninsula, the the most distant of these powers. Sustained U.S. interest in Korea will help preserve longer-term stability there. On matters involving the Korean Peninsula, it is Korea which will be the dominant voice in the partnership, but the United States should not neglect its important stake in the peninsula. In the future, broader Asia-Pacific and global issues will become increasingly important in the U.S.-Korean relationship. We can anticipate that in the Asia-Pacific region the voices of Korea and the United States will both be of considerable influence. In the global arena, the United States, by virtue of its size, in most instances must play the primary leadership role, whether in military, diplomatic, or economic affairs. Because of the commonality of basic U.S. and Korean interests in security and international economic affairs, we anticipate that the United States and Korea will increasingly be cooperating together as members of broader coalitions of like-minded nations.

South Korean support for the multinational effort in the Persian Gulf is a good example of how this process can work effectively. Although not a member of the United Nations, the Republic of Korea is supporting the UN sanctions against Iraq and has contributed US$500 million toward the multinational effort. This support includes making sea and air transport services and supplies available to troops, contributing US$120 million in cash for the multinational defense effort, and providing 30,000 tons of rice, other humanitarian assistance, and foreign assistance to front-line Middle Eastern countries. Korea has also sent a military medical team to Saudi Arabia. The United States did not ask South Korea, already pressed by its own defense needs, to send military forces to the Gulf area.

Some areas for enhanced partnership include the following:

Peace and security issues in the North Pacific region. Hitherto, U.S.-ROK discussions and collaboration have been largely limited to issues involving the Korean peninsula. With the establishment of ROK-Soviet relations and trade relations between South Korea and China, the Republic of Korea will play a larger role in the diplomacy of the North Pacific. The United States will continue to be an important actor in this region. Each side, therefore, has a stake in consulting the other on its respective policies toward China and the Soviet Union and on thinking with respect to various initiatives, such as the proposals for an Asia-Pacific or North Pacific consultative organizations on security.

Macroeconomic and sectoral issues. The economies of the Republic of Korea and the United States depend heavily on international trade and capital flows, and thus both countries have a common stake in promoting international mechanisms that promote economic flows and deal with disputes. Aside from dealing with bilateral economic issues, the two countries should seek to enhance cooperation in these areas in APEC and other appropriate international bodies.

Official development assistance. Once a major recipient of U.S. overseas development assistance, the Republic of Korea is now an international aid donor. As its position as an advanced economy becomes firmly established over the course of the next two decades, its foreign assistance efforts will grow. The Republic of Korea, the United States, and other advanced nations should strengthen their collaboration in future development projects that may be carried out through APEC and in the Development Assistance Committee (DAC) of the Organization for Economic Cooperation and Development (OECD) and other donor fora.

Environmental and resource issues. These issues are likely to be among the foremost public and policy concerns in both countries in the 21st century. The densely populated and heavily industrialized Korean Peninsula has serious environmental problems. Korea is also heavily dependent on imported petroleum and other raw materials. As the world's largest consumer of fuels and raw materials, the United States has an obvious stake in the sustainable

and environmentally sound use of such resources.

As this list implies, while the bilateral relationship will remain significant, the republic of Korea and the United States will increasingly find themselves as important partners in the regional and global arenas. It is quite appropriate, therefore, to use the term now being applied to U.S.-Japanese relations—"global partnership"—to ROK-U.S. relations as well.

Developing this kind of partnership involves difficult adjustments for both nations. It does not imply that either country abandon pursuit of its own national interests, but it does imply bringing in international considerations in interpreting these interests and framing policies to respond to them. The United States must continue to work on developing appropriate means of consulting with friends and allies in earlier stages of developing its policies. For Korea, the adjustment primarily involves trying to examine issues from a broader regional and global perspective. For both countries a major challenge is to bridge the gaps between globally oriented policies and locally oriented politics.

On balance, the prospects for U.S.-ROK relations in the decade ahead are promising. The issues between the two nations center principally upon the timing and degree of policy adjustment to changes both in the world and in the nature of our two societies. There are no fundamental conflicts of interest. One cannot predict the evolution of relations between the ROK and DPRK, but it is virtually certain that changes, probably profound in nature, will take place in the North, and one can hope that as this autarkic, isolated society enters into greater economic and cultural interaction with the market economies, the path for South-North rapprochement will be smoothed. In this respect, the United States along with other major states may be able to play a constructive role.

In any case, having had a close relationship with the nations rimming the Pacific for several decades, the ROK is now reestablishing its ties with the continental powers. If improvement in relations with the Soviet Union and China continues, and is paralleled by a similar trend in U.S. relations with these two major nations, the prospects for Asian Pacific peace and development will be greatly enhanced. In sum, while the challenges ahead are substantial, the opportunities for a meaningful American-Korean partnership have never been more promising. Now is the time to fashion the economic, political, and security policies that fit the new era.

Korean Overseas Information Service
Seoul, Republic of Korea

KOREA-U.S. RELATIONS

Korean Overseas Information Service/Seoul, Korea June 1991

Two Nations—One Vision

Early Contacts

The Republic of Korea and the United States of America have enjoyed a friendly relationship for longer than a century. Since the signing of the Korea-U.S. Treaty of Amity and Commerce, also known as the Schufeldt Treaty, in 1882, both countries have maintained a vitally important partnership.

The U.S., which greatly influenced Korea's politics, economy, military and culture, was one of the most important friends during its transition to a modern state. At the same time, the Republic of Korea has been strategically crucial to the U.S. over the past 40 years and has now grown into a reliable partner.

Historically, the signing of the Korea-U.S. Treaty was a turning-point for the hermit Choson Kingdom (1392-1910), signaling the opening of its doors to the outer world. Since then, Korea-U.S. relations have been continuously expanded. During the initial period of the relationship, especially at the beginning of the 20th century, some hundreds of missionaries came to Korea with the aim of introducing Christianity to the Koreans. As doctors and teachers, they established various philanthropic institutions, including schools and hospitals, and propagated not only the gospel but also Western culture, science and medicine, thereby making a great contribution to the nation's modernization.

Subsequently, a large number of Korean youths went to the U.S. with the goals of getting a higher education and escaping Japanese oppression. Especially during the Japanese colonial rule of Korea, the U.S. became a refuge for many Koreans and provided political shelter for a number of independence fighters. When Korea gained its political independence in 1945, the once cooled relationship with the U.S. was again revitalized and has remained important to both countries.

Recent Relations

In the 1950s, the Korean War and the Cold War took Korea-U.S. relations into an unprecedentedly close alliance. More than 50,000 Americans died fighting for the freedom of Korea in the Korean War. The United States subsequently declared its security commitment to the Republic of Korea and the Northeast Asian region by stationing troops on Korean soil.

During the 1960s, in addition to security cooperation, Korea and the United States also began the cooperation needed to support the Korean economic development plan. The economic support for the rebuilding of the Republic of Korea was, however, also important to the United States, which saw the value of having a strong and independent partner.

The 1970s saw a brief period of difficulties in the Korea-U.S. security relationship as the U.S. began to withdraw troops from the Republic at a time when the outcome of the Vietnam War, coupled with a North Korean military build-up, magnified the security threat on the Korean Peninsula. Subsequently, however, the scope of the U.S. military withdrawal was reduced and the Korea-U.S. relationship was reaffirmed and even intensified with the establishment of close cooperation on bilateral trade and economic issues.

The 1980s brought the most significant developments of the maturing relationship. This more mature and equitable partnership is highlighted by the common concerns and commitments of both nations in the area of trade and in the pursuit of peace.

New Challenges

Korea has overcome various adversities and made phenomenal progress in both the political and economic fields. Encouraged by these ex-

periences and successes, the nation is now ready to play a more important role in the international community commensurate with its growing capabilities. During this time of change, it is hardly surprising that of all Korea's bilateral ties, those with America face the most challenges both from within and without.

The recent democratization process in Korea has given birth to one such challenge in the form of a vocal but limited anti-American sentiment. However, some experts, have suggested that a better term might be "anti-pro-Americanism," more a proud assertion of Korea's new independent capabilities than a sign of any real change in Korean attitudes towards the United States. In fact, if anything, the bilateral relationship has been enhanced by Korea's growing confidence in its dealings with the international community. The rapid economic growth, particularly through the 1980s, as well as the hosting of the 1988 Summer Olympics in Seoul, have given Korea the strength and self-assurance to fully commit itself to agreements that can turn Korea-U.S. ties into a genuine interdependence.

There appears, on the other hand, to have been a major change in the perception of Korea among American people. Korea is no longer suffering under authoritarian rule, nor is it the struggling, underdeveloped nation whose friendship was welcomed with compassion by Americans but which was not at the forefront of their global vision for the future. There is now, apparently, even a perception among some groups in America of Korea as little more than a competitor in the international market.

Despite these changed perceptions, Korea-U.S. economic, political and security cooperation is stronger than ever. This relationship has been strengthened in part by the Korean people's firm resolve to maintain warm ties with the U.S.

The U.S. Troops

The need to station U.S. troops in Korea arises chiefly from the incessant North Korean military threat. Over the past four decades, the U.S.-Korea security arrangement under which U.S. troops are deployed in forward areas has contributed both to the deterrence of war on the Peninsula and to the peace and stability of Northeast Asia.

Thus the question of how long the U.S. forces should remain in Korea will only be resolved when North Korea gives up its policy of communizing the South by force and joins us in an effort to reduce tensions and establish lasting peace. The plan to conduct a phased reduction of U.S. forces will thus be adjusted, after prior consultation between the two Governments, in consideration of the changing security situation on the Peninsula. The plan initially calls for a force reduction of 5,000 non-combat ground forces and 2,000 air force personnel between 1990 and 1992. A second phase of reductions to cover the 1993-95 period will be determined near the end of the first phase. By the year 2000, the end of the final phase, it is assumed that Korea will be able to take the leading role in its defense and only a minimum number of U.S. forces will be required to maintain the deterrence. If North Korea responds to the phased reduction by contributing to easing tensions and confidence building in the future, the question of U.S. forces in Korea could be reviewed and adjusted again in a flexible manner.

In the Future

For much of the past 40 years, Korea has been the junior partner in the relationship with the U.S. and in the process, has learned a great deal about free market capitalism, modern national defense and the principles of democracy. Now, the Republic of Korea believes its apprenticeship as a developing nation has ended and, in turn, its relationship with the United States has evolved from patronage to full-fledged partnership. New problems in the relationship do not come from failures—rather they are inevitable by-products of the success of the ever expanding ties. Solutions can be found through joint efforts in a spirit of mutual respect and understanding. It is a question of fine tuning bilateral policies rather than making major changes; of modifying the relationship to suit the changes in the international environment.

KOREA-U.S. SUMMITS

December 2-5, 1952
President-elect Dwight Eisenhower visits Korea. During his visit he confers with Korean President Syngman Rhee.

July 25-August 13, 1954
President Rhee visits the U.S. and confers with President Eisenhower. A Joint Communique is issued on July 30.

June 19-20, 1960
President Eisenhower arrives in Korea and confers with Prime Minister Huh Chong. A Joint Communique is issued on June 20.

November 11-25, 1961
General Park Chung Hee, after becoming chief executive through the May 16 military coup, visits the U.S. and meets with President John Kennedy. A Joint Communique is issued on November 14.

May 16-26, 1965
President Park Chung Hee visits the U.S. and confers with President Lyndon Johnson. A Joint Communique is issued on May 18.

October 31-November 2, 1986
President Johnson visits Korea for talks with President Park. A Joint Communique is issued on November 2.

April 17-20, 1968
President Park holds two rounds of talks with President Johnson in Honolulu, Hawaii. A Joint Communique is issued on April 17.

August 20-23, 1969
President Park visits the U.S. to hold talks with President Richard Nixon in San Francisco. A Joint Communique is issued on August 22.

November 22-23, 1974
President Gerald Ford visits Korea for talks with President Park. A Joint Communique is issued on November 22.

June 30-July 1, 1979
President Jimmy Carter visits Korea for a three-day state visit and confers with President Park. A Joint Communique is issued on July 1.

January 28-February 7, 1981
President Chun Doo Hwan visits the U.S. and confers with President Ronald Reagan. A Joint Communique is issued on February 2.

November 12-14, 1983
President Reagan visits Korea for talks with President Chun. A Joint Communique is issued on November 14.

April 24-29, 1985
President Chun visits the U.S. and confers with President Reagan. A press statement is issued on April 26.

December 20, 1988
President Roh Tae Woo visits the U.S. and meets with President Reagan. (President Roh also delivers a speech to the United Nations General Assembly).

February 27, 1989
President George Bush visits Korea and confers with President Roh.

October 15-20, 1989
President Roh visits the U.S and meets with President Bush. (President Roh delivers an address before a joint meeting of the U.S. Congress)

June 3-8, 1990
President Roh visits the U.S. and meets with President Bush.

Korea-U.S. Consultations

The Annual Meeting of Korea-U.S. Defense Ministers:
First meeting held in Washington, D.C. in May 1968. Annual meetings hosted alternately in Korea and the United States.

The Korea-U.S. Policy Council:
First meeting in Kwangju in May 1979. Annual meetings held alternately in the United States and Korea.

The Korea-U.S. Cultural Exchange Committee:
First meeting held in Washington, D.C. in January 1982.

The Korea-U.S. Economic Council:
First meeting in Seoul in October 1981. Annual meetings held alternately in Korea and the United States.

The Korea-U.S. Standing Committee on Atomic Energy Cooperation:
First meeting held in Washington, D.C. in July 1977. Annual meetings held alternately in the United States and Korea.

KOREA-U.S. TRADE RELATIONS

Korean Overseas Information Service/Seoul, Korea June 1991

A Maturing Partnership

Status of Bilateral Trade

By the end of the 1980s, the Korea-U.S. trade relationship assumed a new importance for both nations. Whereas the United States has traditionally been Korea's number one trading partner, Korea has only recently emerged as America's seventh largest trading counterpart. Two-way trade volume cleared US$36.3 billion in 1990.

In recent years, Korea has focused its efforts on reducing its surplus in trade with the United States which emerged in 1982. After peaking at US$9.6 billion in 1987, the surplus has consistently declined, dropping to US$4.7 billion in 1989 and further shrinking to US$2.4 billion in 1990.

Such rapid progress toward trade equilibrium is largely a result of Korea's market opening policies, through such measures as import liberalization, improvement of import procedures, enhanced protection of intellectual property rights and accelerated market opening in the service and agricultural sectors. In the first four months of 1991, Korea registered a trade deficit of US$979 million with the U.S., and it is estimated that the annual figure will approach a balance this year.

Import Liberalization

The Korean Government began to actively carry out import liberalization in the early 1980s, gradually expanding the number and range of items eligible for import on an automatic approval basis. As of January 1991, the number of items subject to import restriction has been reduced to 283 and the overall import liberalization ratio rose to 97.2 percent. In the manufacturing sector, the liberalization ratio has reached 99.7 percent.

Since 1983, the Korean Government has also been highly responsive to U.S. requests to draft lists and timetables for import liberalization. Since 1986, Korea has also had an import diversification program which has identified some 290 items that are purchased from Japan, which could alternatively be obtained from the United States.

As a result, imports of American goods rose 46 percent in 1988, 25 percent in 1989 and 6.5 percent in 1990, compared to corresponding figures for the overall import growth rate of 26 percent, 19 percent and 13.6 percent.

In 1989, a major package of bilateral trade accords was reached, under the auspices of the Super 301 Section of the 1988 U.S. Trade Act, and Korea has since carried out its obligations as scheduled. The agreements addressed a wide range of market sectors, from agriculture to investment, and have greatly enhanced opportunities for U.S. firms in the Korean marketplace.

In addition to these accords, Korea has also taken special steps to further respond to U.S. concerns on such issues as tobacco, wine, telecommunications and civil aviation. And, while Korea is already the third largest importer of American agricultural products, many items of particular interest to the United States have been included in the liberalization and tariff reduction schedules.

Tariff Reduction

In 1984, Korea initiated a Five-Year Tariff Reduction Program, which led to a reduction in the average ad valorem level from 23.7 percent in 1983 to 11.4 percent in 1991. The rate will further drop to 10.1 percent in 1992, 8.9 percent in 1993, and to 7.9 percent in 1994. The average tariff rate for manufactured goods was reduced from 22.6 percent in 1983 to 9.7 percent in 1990 and is scheduled to fall further to 6.2 percent in 1994. The corresponding figures for agricultural tariffs are 31.4 percent in 1983, 19.9 percent in 1990 and 16.6 percent in 1994. In response to U.S. requests, the Korean Government used its concessionary tariff system, to further reduce tariffs on some 1,877 items of special interest to U.S. exporters in 1987 and 1988, 203 items in 1989 and 51 items in 1990.

Effective December 1990, the Korean Government abolished the 2.5 percent Defense Tax which led to the postponement the tariff reduction plan by one year. The tax burden on imports will, nonetheless, see a net reduction.

Improvement of Import Procedures

The Korean Government has sought to streamline import procedures and reduce technical barriers to imports by reducing or removing obstacles such as the Import Surveillance System and various "Special Laws" and by dramatically revising technical standards and testing procedures. The Import Surveillance System, introduced in 1979 to mitigate the impact of import surges on domestic industries, was abolished at the end of 1988. Since 1987, the Korean Government has eliminated import restrictions on more than 800 items under 25 "Special Laws" designed to safeguard public health and welfare. Various laws were also reviewed to reduce the pre-import recommendation requirement for pharmaceuticals, fertilizer, and agricultural products. Quality certification requirements and testing procedures for industrial goods were simplified, and certain import-related fees were eliminated.

Intellectual Property Rights Protection

Since the mid 1980s, Korea has actively worked to strengthen its intellectual property laws and to enhance their enforcement. New legislation was enacted and existing laws revised as part of this effort. Korea also acceded to various international conventions, including the Universal Copyright Convention. In consideration of a U.S. Government request, it was agreed to provide special treatment for certain categories of U.S. intellectual property, including products patents and pipeline products. With the revision of the Industrial Property Law in September 1990, Korea's legal framework for Industrial Property Rights is regarded as one of the world's most comprehensive. Furthermore, legislation for the protection of trade secrets and semiconductor mask works is expected to be enacted within the year.

Cooperation in the Uruguay Round

Korea has also cooperated with the United States in the Uruguay Round of multilateral trade negotiations. Korea's offer list extends to eight sectors of interest to the U.S.: audio-visual services, where restrictions on the import/distribution of motion pictures and sound and video recordings will be lifted; business services, in which foreign agencies in joint ventures will be permitted to hold up to a 99 percent share; telecommunications, wherein database and remote computing services will be permitted; construction, where foreign equity restrictions will gradually be reduced; distribution, where all restrictions will be lifted for retail outlets under 1,000 sq meters, effective July 1, 1991; transportation, where foreign participation in joint ventures will gradually be permitted; tourism and, financial services, for which principles of national treatment and reciprocity will be applied.

In the negotiations on agriculture, Korea sharply reduced its list of non-trade concerns to help move the negotiations forward. In the textiles group, Korea supports the plan to phase out MFA restrictions and reintegrate the world textile trade in the GATT system. And, on government procurement, in June 1990 Korea submitted its intention to accede to the GATT Code.

Korea is also cooperating with the United States in multilateral negotiations for an international steel consensus and at the OECD Working Group VI negotiations to reform the world shipbuilding and repair industry.

Korea and the United States are also exploring ways to expand regional cooperation at the Asia-Pacific Economic Cooperation (APEC) forum.

Launched in Canberra, in November 1989, APEC serves as a channel to further trade and industrial cooperation among the members of the Asia-Pacific region.

KOREA IN FOCUS

Korean Overseas Information Service/Seoul, Korea June 1991

A People and a History in Harmony

Introduction

In the past two decades, Korea has been one of the fastest developing nations in the world—both in economic and social terms. Rapid industrial and economic growth have seen the Republic reach developed nation status in a remarkably short time. The Korean people also find themselves in the midst of a new era of democratic development which, since it began in 1987, has created a significantly different political environment.

The successful hosting of the 1988 Summer Olympics appears to have convinced many foreign observers of the Korean situation that the country now has a welcoming and stable environment. Since the Games, there has been an influx of foreign companies establishing operations in Korea; the spin-offs from the hearty welcome Seoul gave to the world in 1988 are also being reflected in the country's tourism figures, in cultural and educational exchanges, and in economic cooperation. The Olympics also played an important role in the warming of ties between the Republic of Korea and all countries in the world.

This era of stability and expanding international ties represents the most exciting period in the country's history—and yet in retrospect, Korea has, in its 5,000-year history, quite an enviable record for governments of longevity and stability. The country's last dynasty, the Yi Dynasty of the Choson Kingdom, lasted 500 years.

The Koreans of today, while enormously proud of their country's past, look at Korea's role and reputation from a more recent historical perspective; but, in order to understand today's Korea—its land, people, culture, history, and recent economic and political transitions—it is necessary to look at both the past and the present. "Korea In Focus" aims to give you a brief overview to help in your general awareness of Korea today. More detailed information can be obtained from individual organizations or government offices.

Land

The Korean Peninsula, located in Northeast Asia, is bordered on the north by China and the Soviet Union and juts towards Japan to the southeast. Since 1948, the 221,487 square kilometers which make up the entire Peninsula have been divided, roughly along the 38th Parallel, into the Republic of Korea in the south and the Democratic People's Republic of Korea in the north. The Republic of Korea covers 99,221 square kilometers, a land area a little more than twice the size of Switzerland.

Seoul is the capital of the country which is made up of nine provinces; other major cities include Pusan, Taegu, Inchon, Kwangju, and Taejon.

The landscape is spectacular in its variations although about 70 percent of it is mountainous. The highest peaks on the peninsula are Paektusan (2,744 meters) in the North and Hallasan (1,950 meters) in the South. The oceans around the peninsula are a major source of livelihood and recreation for Koreans; the shoreline is dotted by more than 3,000 islands.

The Peninsula's longest river is the Amnokkang (790 kms) in the North. One of the South's major waterways is the Han-gang which flows through Seoul to the West Sea (Yellow Sea). A redevelopment project which began in 1982 has turned a 36-kilometer stretch of the river where it flows through Seoul into a beautiful recreational facility, with water sports on the river and parks and sports fields lining its banks.

History

A look back at the 5,000 years of Korean history reveals triumphs and tragedies, successes and struggles which have been instrumental in shaping the Korea and Koreans of today. One remarkable fact that emerges from such an historical examination is that Korea has largely been ruled by long-

term, stable governments. Korea's kingdoms and dynasties generally lasted about 500 years or more. The last kingdom, Choson, lasted for 500 years, until 1910 when Japanese troops invaded Korea, occupying the country until 1945.

Although Korea's traceable history began considerably earlier than the seventh century, it was in 668 that Korea, as a unified country, came to occupy most of the peninsula as it exists today. Indeed, the people of the earlier Ancient Choson Kingdom also settled and lived in Manchuria, eastern China, north of the Yangtze River.

Korea as an historical entity with a cohesive culture and society can be traced back to what is called the Shilla Unification. Prior to the Unified Shilla period (668-935) was the Three Kingdoms period, which ended when Shilla conquered the Paekche Kingdom (18 B.C.-A.D.660) and the Koguryo Kingdom (37 B.C.-A.D. 668).

The Koryo Kingdom that followed (918-1392), saw Buddhism, which had arrived in Korea during the Three Kingdoms era, continue to flourish. The period is best known internationally for its famous blue and green inlaid celadon pottery, as well as for the invention of the world's first movable metal type.

General Yi Song-gye's establishment of the new Choson Kingdom (1392-1910) saw Confucianism dominate national and family life until Japan imposed colonial rule.

Korea was finally liberated from Japanese rule at the end of World War II—but only to become entangled in the fierce ideological conflict that led to the formation of two separate states in the north and the south, divided along the 38th Parallel. In 1950, North Korea launched an all-out attack on the Republic of Korea, triggering the Korean War which raged until 1953. The devastating conflict was ended by an armistice agreement which established the Demilitarized Zone (DMZ) that now cuts across the Peninsula's mid-section.

It was almost a decade after the end of the war before the Republic of Korea had recovered sufficiently to establish stability and start the momentum for its now remarkable recovery and development. The three decades since then have been a time of spectacular progress which has seen the creation of a modern, industrialized nation.

People

Korea is an homogenous society. Although there have been historic and prehistoric migrations of Chinese, Mongols, and Japanese, Koreans are very conscious of the ethnic differences and cultural distinctions which give them their unique identity.

The population of the Republic of Korea was estimated at just under 42 million as of mid-1988, making it the 23rd-largest in the world. Its population density is among the world's highest and Seoul, the capital, has over 10 million inhabitants. The annual population growth in the Republic has dropped from an average of 2.7 percent in the 1960-66 period to only 0.93 percent in 1990. This figure reflects the impact of a "stop at two" national family planning campaign of recent years as well as changing attitudes towards the desired number of children in a family—induced in part by high competition and quality in the educational system. The slowdown is also partly the result of the increasing numbers of young, working women who are now opting to marry later.

The annual number of births per 1,000 of population declined from 40 in the early 1960s to 16.5 by 1988, while the death rate fell from 11-12 to 5.9. The average lifespan for Koreans has increased from 51.1 years for men and 53.7 for women in 1960 to 66.2 for men and 72.7 for women in 1988.

The country's rapid industrialization is responsible for today's concentration of population in urban centers. The proportion of Koreans living in cities has jumped from only 28 percent in 1960 to 69.9 percent as of 1988—only slightly lower than the 73 to 76 percent levels in the United States, Japan and France.

Language

The Korean language is spoken by some 60 million people living on the Peninsula and its outlying islands as well as some 1.5 million Koreans living in other parts of the world.

Korean belongs to the Ural-Altaic language group, which is found in a narrow band from Korea across Mongolia and central Asia to Turkey. It is quite similar to Japanese in grammar and sentence structure, and yet it is also said to be distantly related to Hungarian and Finnish in basic form. Korean is a non-tonal language, with agglutinative and polysynthetic elements. Phonemes, or sound elements, are combined to make a whole

syllable, each of which has a single and unified definite meaning or function. Elements of a phrase or sentence are joined to form one utterance but cannot exist independently.

A polysyllabic and atonal language, Korean has no linguistic relationship with Chinese. However, Korean, like Japanese, possesses a rich vocabulary borrowed from Chinese, in the same way that many European languages include a large number of words of Latin and Greek derivation. The Korean alphabet, Han-gul, invented by King Sejong in 1446, comprises 14 consonants and 10 vowels. Simple and highly efficient, Han-gul is easy to learn and to write—factors which have greatly contributed to the high literacy rate of Koreans.

Climate

Korea has four distinct seasons with fall generally considered the most pleasant time of year for tourists. The climate is similar to that of the northeastern part of the United States. The mean temperature during winter is normally below freezing. January is the coldest month, with a temperature of 23F (−5C), summer in Korea is hot and humid. August is the warmest month, with an average temperature of 78F (25C). The annual temperature range from the coldest to hottest months is about 28.3C in Seoul. The temperature range is much greater in the north and the interior than in the south and along the coasts.

Korea is located in the East-Asian monsoon belt. The summer monsoon produces heavy rainfall with about 70 percent of the annual precipitation occurring from June through September. Annual precipitation varies from 500mm in the northeastern inland areas to 1,400mm along the southern coast. The amount of rainfall decreases from the south to the north. The winter weather pattern, which originates in the interior of the Asian Continent, is dry and low in temperature. The winter months normally receive less than 10 percent of the total annual precipitation.

There are two sources of typhoons affecting Korea's climate. Those originating in the Yangtze Valley of China, usually affect Korea in March, April and in the early part of summer, bringing with them abundant rainfall vital to the rice crop. The other typhoons usually originate in the east Philippines during the summer months. On average, the southern coast gets one or two mild typhoons a year, and a strong one every two to three years.

Religion

Religion in today's Korea covers a broad spectrum of faiths and beliefs. Buddhism, Christianity, Confucianism, Islam, shamanism, and numerous other indigenous religions exist in Korea although none of them dominate the major sector of the population or influences contemporary culture.

Despite the co-existence of many different religions, Korean history has never witnessed internal strife or conflict caused by religious differences. Rather, the various religions have united and rallied to support the nation in times of crisis.

The religious population of Korea today is more than 17 million, about 42.6 percent of the total population, according to 1987 census records. Buddhism remains the formal religion of perhaps 20 percent of the population although Christianity is the most dynamic religion, and is followed by almost 16 percent of the Korean population. However, most of the population follow certain customs and practices which are clearly Confucian. Native shamanistic traditions remain alive, and kut (shaman ceremonies) are still performed.

Education

Education has been at the heart of Korea's growth by training and supplying the manpower needed for rapid industrial and economic expansion.

A ladder-type educational system is currently in use, encompassing elementary school (six years), middle school (three years), high school (three years), and college (four years), as well as various graduate and professional programs. Education is compulsory only through the sixth year of elementary school. Both high schools and colleges require students to take standard qualifying examinations. Today, about 90 percent of the nation's youth graduate from high school. About 35 percent of high school graduates each year embark on four-year courses at universities and colleges and another 20 percent enter two-year junior colleges. This compares very favorably with a country such as Britain, where only 15 percent of 18-year-olds proceed to universities or polytechnics. The national literacy rate is in excess of 95 percent.

The National Institute for Educational Evaluation charted the course for future educational development when it established a five-year plan in

1987. The plan includes various programs to improve the quality of education. Funding for research institutes associated with colleges and universities comes from a number of sources, among them the national treasury and private corporations.

The government has also signed agreements with 58 countries for the exchange of information and promotion of international understanding through cooperative programs in education and culture. Korea also participates in international exchange activites coordinated by UNESCO.

The government has eased regulations on overseas study. This new policy also encourages those in the teaching profession to take advantage of opportunities for training abroad.

Transportation

The tremendous pace of local economic growth in the past two decades has been reflected in the expansion of transportation facilities and the increases in Korea's annual passenger and cargo volumes. The annual volume of passenger transportation rose from 1.6 billion persons in 1966 to 14 billion in 1990.

Seoul has a well-developed mass transit system of subways, buses, and taxis Airport shuttles or city buses are conveniently available and operate throughout the city. The subway system is the seventh longest in the world, carrying 2,889 million people each day in 1990; its four lines reach most major locations in the city.

The domestic air services of Korean Air and the new Asiana Airlines, serve twelve airports: Seoul, Pusan, Cheju, Taegu, Sokcho, Kwangju, Chinju, Yosu, Ulsan, Kangnung, Pohang and Yech'ŏn.

Korea has three international airports—in Seoul (Kimpo), Pusan (Kimhae) and Cheju (Cheju)—all equipped with modern air traffic control facilities and support systems. Korean Air's worldwide network serves 34 cities in 20 nations, including recently inaugurated flights to Moscow. The newly launched Asiana Airlines recently started international flights with regular service to four cities in Japan and Hong Kong, Taipei and Bangkok.

An expressway system also connects Seoul with provincial cities and towns, putting any place in mainland Korea within a one-day round trip of the capital. Express buses transport passengers to and from all principal cities and resorts in the country.

The railways also serve the entire country through an efficient and extensive network. The super-express train, Saemaul, runs from Seoul to Pusan in four hours and 10 minutes. There are also ordinary express and local trains.

Ocean liners, cruise ships, and passenger-carrying freighters visit Korean ports. A ferry service links Pusan with Cheju Island and the Japanese ports of Shimonoseki and Osaka.

Telecommunications

Telephone services have rapidly expanded during the last decade, particularly during the Fifth Five-Year Economic and Social Development Plan period (1982-86). During these years, the government has invested US$1.2 billion in communications annually, accounting for 7.7 percent of total government investment. One million new telephone circuits have been installed each year during this period, taking the total number of telephone lines to 13.87 million as of 1989. Virtually every home in the country now has its own telephone and all telephone circuits are connected by automatic switching systems.

By the year 2001, a total of 22 million telephone lines will have been installed, putting the telephone supply rate at 40 per 100 people—on a par with the most advanced nations in the world.

With this massive expansion of telecommunication facilities, the government is developing a plan to construct an Integrated Services Digital Network (ISDN). The Ministry of Communications is promoting the development of diverse state-of-the-art data communication services, including the digitalization of telephone, telex, videotext and teletext.

ROH'S TRACK RECORD

Korean Overseas Information Service/Seoul, Korea June 1991

Building a Foundation of Peace, Democracy and Prosperity

Political Development

President Roh Tae Woo was inaugurated on February 25, 1988 in the first peaceful transfer of power in the 40-year history of the Republic of Korea. This event marked the establishment of genuine democracy in the Republic of Korea for the first time since it was founded in 1948.

Roh Tae Woo was elected President through the first direct popular vote in 16 years, ending perennial domestic and international controversy over the legitimacy of the Republic of Korea Government. The election set the stage for the successful hosting of the Seoul Olympics and the effective implementation of a "Northern Diplomacy" aimed at opening and expanding ties with the socialist world.

A priority task of the Roh Administration was to eliminate all vestiges of past authoritarian rule, while promoting the basic rights of the people. Sweeping amnesties and restoration of political rights were granted large numbers of "political prisoners" and "purged politicians." In all, 1,673 laws and decrees—about 50 percent of the total—were repealed or revised to eliminate undemocratic provisions and restrictions on basic rights. Thus amended were 291 laws, 733 presidential decrees, 578 prime ministerial decrees and 71 treaties.

A particularly notable development has been the realization of unrestricted freedom of the press and speech as set forth in Roh Tae Woo's Declaration of Democratic Reforms on June 29, 1987, which swiftly led to the demise of authoritarianism. Press censorship was abolished with the repeal of the Basic Press Law. The system of requiring the registration of media was liberalized, leading to the mushrooming of increasingly diverse print and broadcast media.

Rise in News Media

Media	Number as of June 29, 1987	Number as of end of 1990	Increase
Daily newspapers	28	81	53
Broadcast media	5	10	5
Weeklies and monthlies	1,404	3,488	2,084

Measures were also taken to deregulate various other areas of national life with a view to promoting private initiative. Campus autonomy was introduced and restrictions on overseas travel lifted. Creative activities of artists and writers were freed from artificial constraints. Government intervention in the private sector of the economy was scaled down. In 1990 alone, laws and decrees were revised to end or ease government control of 576 categories of economic and business activities.

The Administration exercised moderation and restraint in dealing with disturbances accompanying the transition from authoritarianism to democracy. It patiently waited for the emergence a public awareness and consensus regarding the need for democratic order based on self-regulation. As a result, social stability and political pluralism prevail today.

In a historic move last year three major political parties merged into one large governing party. This ended a legislative logjam in the National Assembly and set the stage for constructive politics based on new thinking about the future of the nation. The tri-party merger represented a major political realignment designed to propel the country into the 21st century and toward the goal of national unification.

Also in keeping with the promise made in the June 29, 1987 Declaration and again in the campaign platform of Roh Tae Woo, legislative and administrative steps have been taken to introduce local autonomy on a phased basis. Popular election of local officials had been prohibited since 1961. Under President Roh, local councils were elected during the first half of 1991, and additional local representatives will be elected some time next

year. To increase the financial self-sufficiency of local governing bodies new taxes have been created as an additional source of revenue for them, along with a system providing for grants-in-aid from the National Government. Much of the authority and power of the National Government has also been delegated to local governments.

External Relations

President Roh Tae Woo has emerged as a leader of stature both regionally and internationally, advancing the Republic of Korea towards the world's center stage. Under his presidency, the Republic successfully staged the largest Olympic Games ever. The nation has achieved a speedy democratization, while maintaining rapid economic growth. President Roh has successfully endeavored to secure for the Republic an international position commensurate with its expanding national clout. For example, he delivered major speeches to international audiences at the following forums the General Assembly of the United Nations on October 19, 1988; a Joint Session of the United States Congress on October 18, 1989; the Hungarian Parliament on November 23, 1989; the Japanese Diet on May 25, 1990; and Moscow University on December 14, 1990.

In the 1988 Seoul Olympics, the East and the West were brought together for the first time in 12 years. It was rated as the largest Olympiad ever and was regarded by many as the most successful world festival of peace and harmony. Through the 1988 Olympics, the world had a good look at the Republic of Korea as a democratic, prosperous, modern and peaceful country. This offered a model for the reforms and openness in Eastern Europe, which promoted the emergence of a New World Order of detente and cooperation. This in turn helped advance the goals of the Republic's Northern Policy.

The policy of cultivating ties with East bloc countries was designed chiefly to create an international environment conducive to both unification with North Korea and continued economic development and greater prosperity.

Consequently, increased trade and other forms of exchanges and cooperation have come to be conducted with nearly all socialist and former socialist countries. This has opened up, among other things, new and growing markets for the Republic and added new members to its list of economic partners. In fact, trade with the East bloc jumped from US$3.7 billion in 1988 to US$5.6 billion in 1990.

Dates of Opening Diplomatic Ties With East Bloc Countries

Countries	Agreement to open ties signed	ROK embassy opened	Embassy in Seoul opened
Hungary	February 1989	February 1989	February 1989
Poland	November 1989	November 1989	January 1990
Yugoslavia	December 1989	February 1990	March 1990
Czechoslovakia	March 1990	June 1990	
Bulgaria	March 1990	June 1990	September 1990
Romania	March 1990	June 1990	July 1990
Mongolia	March 1990	June 1990	February 1991
USSR	September 1990	October 1990	December 1990

Full diplomatic relations were established with the Soviet Union—a longtime ally of North Korea—in September 1990. On the heels of this, Presidents Roh and Gorbachev jointly issued a "Moscow Declaration" of agreement to develop ties of constructive bilateral cooperation, including mutual efforts toward "the relaxation of tension and the establishment of a climate of trust for the eventual reunification on the Korean Peninsula."

Then, on April 19-20, President Gorbachev held summit talks with President Roh on the ROK's Cheju Island, becoming the first Soviet leader to visit either South or North Korea. There, the two heads of government agreed to important political and economic cooperative endeavors, including rapid expansion of bilateral trade ties and a Soviet promise that Moscow will support Seoul's bid to gain full membership in the United Nations later this year.

These deveopments could help break the stalemate on the Korean Peninsula and promote stability throughout Northeast Asia. This is expected to nudge the North's hardline Communist regime into initiating reform and openness, leading to improved relations between the two divided parts of Korea.

In May 1990, President Roh visited Japan as the first chief executive of a democratic Korean Government with universally acknowledged legitimacy. He also became the first Korean President to speak before the Japanese Diet, where discussed the need for the two neighboring nations to put their previously strained relations fully behind them and to move forward together into the

trol. In particular, deregulation measures were taken to make it easier to enter 19 selected industries, including alcoholic beverage manufacturing and the information and telecommunications businesses, with a view to promoting competition.

Labor laws were revised to promote the rights of workers to organize, collectively bargain and strike. As a result, the number of labor unions in the country jumped from 4,086 in December 1987 to 7,698 by the end of 1990, a 88 percent rise, while their membership swelled from 1.27 million to just under 2 million, a 52-percent increase.

The Administration has sponsored educational courses for union leaders and labor relations managers. About 110,000 persons attended such courses between 1988 and 1990. Roundtable discussions between labor and management on the national and regional levels were organized to promote mutual under-standing.

Through such efforts, often-bitter labor disputes, which escalated in the wake of the Declaration of Democratic Reforms in mid-1987, have greatly decreased in both frequency and intensity. Labor disputes numbered 1,770 in 1988 and slightly decreased to 1,585 in 1989 but dropped to only 316 in 1990. The fact that wages nearly doubled between 1987 and 1990 as the result of newly bursting unionism has also contributed significantly to increasing industrial peace.

A minimum wage law was enacted in 1988, along with legislation to promote equal employment opportunities for both men and women.

Standard working hours per week were reduced from 48 up until 1988 to 46 in 1989 and further to 44 in 1990. A law for promoting the employment of the physically handicapped went into effect in 1990.

Since many Korean workers have difficulty finding affordable housing, a program was initiated to build 250,000 low-cost housing units for them. In 1990, the program's initial year, 60,000 units were completed. In addition, 4,225 rental apartments were built for unmarried female workers.

These are part of a national program to build two million housing units between 1988 and 1992 in order to ease serious housing shortages in Korean cities. By comparison, 1.55 million units were constructed between 1981 and 1987.

Under the new, accelerated housing program, the number of units built increased from 320,000 in 1988, to 460,000 in 1989 and further to an estimated 750,000 in 1990. This program incorporates projects to create five new towns around Seoul. Special emphasis is placed on providing more adequate shelter to low-income families, especially by building 250,000 rental apartments, still a rarity in Korea, between 1989 and 1992. In addition, measures are being taken to encourage private construction of small-scale, multi-family housing units in urban areas as part of efforts to stabilize rent prices, which have sharply increased in recent years. A total of 380,000 such units were built between 1988 and 1990. Assistance will also be provided to improve existing housing for low-income families.

The budget for promoting social development, with focus on the welfare of the poor, was increased from 4.43 trillion *won* (US$6.3 billion) in 1987 to 7.43 trillion *won* (US$ 10.6 billion) in 1990. The expanded 1990 budget provides for, among other things, monthly subsistence aid of 39,000 *won* (US$56) to each needy incapacitated person, educational funds to 418,000 children of poor families, vocational training for 15,000 persons, and the establishment of 419 day care centers.

The income tax exemption point for wage earners has been hiked, while a more sharply progressive taxation has been applied to the upper income brackets. Special tax deductions have been created for employees. Credit facilities for ordinary citizens have been enlarged to help them meet emergency financial requirements, start small businesses, deposit key money for living quarters or educate their children. Bank loans allocated for such purposes totaled 1.6 trillion *won* (US$2.2 billion) in 1990.

A national medical insurance system was introduced on a phased basis, available to the entire population by 1989, whereas only 61 percent of the population benefited from the system in 1987. A national pension fund was created, encompassing 4.61 million employees of 63,000 workplaces by the end of 1990. Eligibility to join the fund will be progressively expanded, with the goal of involving the entire population by the end of the 1990s.

Environmental protection has been yet another priority of the Roh Administration. The Office of Environment was upgraded to the Ministry of

minor scale.

In September 1989, President Roh presented to the North a Korean National Community Unification Formula, which was more specific and reasonable than any such plans proposed previously. The new formula called for an initially loose association of the two parts of Korea through a South-North Commonwealth, which would progressively advance toward full integration.

In July 1990, President Roh declared a five-day period around Ch'usŏk, the traditional harvest moon festival, as the time for "grand inter-Korean exchanges of people." The idea was to permit unrestricted inter-Korean visits during the period. The Government expressed a willingness to allow even ROK dissidents to travel North to attend a P'yŏngyang-sponsored "pan-national rally." North Korea initially showed some interest in the proposal but balked at the last minute.

Undaunted, the South kept up its quest for dialogue and compromise. In August 1990, a Special Act Governing Inter-Korean Exchanges and Cooperation was passed to further facilitate exchanges. In the same month, another special law was passed to set up an Inter-Korean Cooperation Fund, into which 25 billion won (about US$36 million) will be paid during 1991. Subsequently, the Minister of National Unification was elevated to the rank of deputy prime minister so that the National Unification Board could more effectively promote and coordinate government and private efforts to improve relations with the North. To strengthen such functions, a National Unification Research Institute was created under the jurisdiction of the Board.

All such endeavors on the part of the South culminated in the initiation in September 1990 of a series of meetings between the Prime Ministers of the South and the North—the first such high-level talks since the land was divided in 1945.

Eight rounds of working-level contacts were held before the high-level dialogue could begin. Three rounds of Prime Ministers talks were held alternately in Seoul and P'yŏngyang in 1990 and more rounds may to follow in 1991.

Another particularly notable inter-Korean development was the unprecedented agreement reached between sports officials from the two sides in February 1991 to field unified teams in the World Table Tennis Championships and the World Youth Soccer Championship.

Inter-Korean Trade*

(In million of US$)

Year	Imports from the North	Exports to the North	Two-way total
1988	1.04	—	1.04
1989	22.23	0.07	22.30
1990	77.80	14.99	92.79
Cumulative total	101.07	15.06	116.13

*In terms of import-export permits issued by Seoul

From June 12, 1989 until May 31, 1991, 640 persons travelled on 11 occasions across the border between the South and the North, and the South Korean Government approved 447 requests for permission to contact civilians in North Korea.

It is worth noting that a group of 17 South Koreans including 14 musicians visited P'yŏngyang in October 1990 for 11 days to attend the Pan-national Concert for Reunification. This is the first time since the division of Korea in 1945 that a private group has obtained Government permission to make its own arrangements to cross the border. The government approved their application for the visit under the South-North Exchanges and Cooperation Act.

Inter-Korean trade has been slowly but steadily growing from a nearly negligible initial level in 1988 to about US$ 92.79 million in 1990.

Economy, Infrastructure, Environment

Because speculative activities were sending land and housing prices skyrocketing, the Roh Administration designed a legislative program to enforce a concept of land as public property and to tax excessive or idle land holdings more heavily. Steps were also taken to ban business corporations from holding or acquiring lands not essential to their intrinsic business operations. Government-supported projects were implemented to develop 150 housing tracts totaling 228 million square meters and 45 industrial sites totaling 191 million square meters to help stabilize land prices.

The Government drastically deregulated and decontrolled business activities to promote private initiative and entrepreneurship, as noted earlier. During 1990 alone, laws and executive decrees were streamlined to free 576 categories of economic activities from unwarranted Government con-

new century. The Japanese emperor and Japanese leaders from various sectors of society offered sincere apologies for the suffering of the Korean people under harsh Japanese colonial rule from 1910-45.

The President's visit to Tokyo led to the establishment of a more equal partnership between Korea and Japan in working toward mutual and regional peace and prosperity. During his visit there, accords were reached also on ways to improve the legal and social status of Korean residents in Japan and to promote the transfer of Japanese technologies to Korea.

Relations with the United States, the top political ally and economic partner of the Republic, have become closer than ever. During the three years since he assumed office, President Roh has been involved in four summits with his U.S. counterparts, one with Ronald Reagan and three with George Bush. And, when Mr. Roh visited the United States in October 1989, he addressed a Joint Meeting of the Congress. The Republic participated in the Gulf War effort by dispatching a medical team and an air transport unit to the war zone and contributing material and funds to help meet the costs of the multinational forces operating against Iraq and to ease the economic strain of countries in the troubled region.

Dates of Korea-U.S. Summits

October 1988: Roh Tae Woo meets Ronald Reagan in Washington, D.C.

February 1989: Roh meets George Bush in Seoul.

October 1989: Roh meets Bush in Washington, D.C.

June 1990: Roh meets Bush in Washington, D.C.

The expanding diplomatic horizon for the Republic of Korea has steadily advanced Korea's position vis-a-vis the international community. For example, for the first time since the Korean War, the four global powers of the United States, the Soviet Union, Japan and China have all established embassies or a trade office with consular functions in Seoul.

The total number of foreign embassies in Seoul has leaped from 55 at the end of 1987 to 75 by January 1991, partly because six Third-World nations (El Salvador, Swaziland, Zaire, Honduras, Tunisia and Sudan) set up resident embassies in Seoul. In addition, Seoul last year established diplomatic relations with seven nonaligned countries that previously recognized only North Korea's legitimacy: Algeria, Namibia, Yemen, the Congo, Zambia, Mali and Benin.

The Republic has been expanding its role as a member of the world community in proportion to its growing economic strength. It has progressively boosted its programs for economic and technological cooperation with other developing countries. Korean Youth Volunteers are now working abroad in a fashion similar to the United States' Peace Corps.

Against such a background, the Republic of Korea intends to actively seek admission to the United Nations, now that no former or present Communist country is likely to block its application. In the past, Communist members of the Security Council have repeatedly vetoed Seoul's quest for membership.

In light of recent concessions by North Korea, it now appears nearly certain that the ROK will assume its rightful place in the world body. In May, P'yŏngyang announced that, under intense international pressure, it would end its opposition to Seoul's proposal that the two Koreas simultaneously enter the U.N. as separate and full-fledged members. For years, the North has called for the two governments to share a single seat, a formula Seoul has long dismissed as unrealistic and unworkable.

Relations with North Korea

In his July 7, 1988, Special Declaration, President Roh announced a major shift in Seoul's approach to unification: He proclaimed that the Republic of Korea was ready and willing to accept the North as a partner for cooperation in the interest of co-prosperity leading toward peaceful unification. As proof of this new approach, he declared an end to counterproducive and mutually demeaning diplomatic rivalry in the world arena and even promised to help North Korea cultivate relations with the South's traditional allies and friends. This new policy was promptly put into practice and was followed in June 1989 by a set of ROK guidelines for authorizing inter-Korean trade, travel and social exchanges. Interaction soon began to take place, though on a

Environment in January 1990 to more closely orchestrate environment-related policies of all Government agencies. To that end, nine environment-related laws and executive decrees have been revamped. For instance, any new, large industrial or construction development must include an adequate environmental impact study. A total of 17.1 trillion *won* (US$20 billion), roughly half in Government and half in private funds, is scheduled to be invested in antipollution projects by the year 2000.

In keeping with the rapid economic growth of the nation, a special infrastructure planning team was created at Chong Wa Dae (the Presidential office and residence) in January 1991. One trillion *won* (US$1.4 billion) in surplus Government funds is being invested in such projects as a second Seoul-Inch'ŏn expressway, the widening of the Seoul-Pusan expressway from four lanes to six, the improvement of over 60 feeder roads and the expansion and improvement of the Pusan and Inch'ŏn ports. A new international airport will be constructed to serve Seoul. Communications networks will be expanded and improved, with a view especially to adding 5.9 million telephone circuits. An optical fiber cable was laid between the island province of Cheju and the mainland for more efficient and expanded communications.

To ensure a steady supply of energy to meet the growing requirements of the nation, the emergency oil stockpile was increased from 31 million barrels in 1987 to 38 million barrels in 1988. Electric power generating capacity of the nation was upped to 21 million kilowatts in 1989 from 19 million kilowatts in 1987.

As result of these development efforts, the Korean economy continued to grow at a rapid rate through the first three years of the Roh Presidency. Although various new external and internal impediments have arisen, the Korean economy is expected to rebound strongly.

THE ECONOMY

Korean Overseas Information Service/Seoul, Korea June 1991

Looking Ahead to the 21st Century

In the last quarter century, Korea's economic growth has been among the fastest in the world. The country has overcome obstacles and challenges to transform itself from a subsistence-level economy into one of the world's leading newly industrializing countries. Today, however, the Korean economy faces new challenges. Internally, it must deal with the inevitable demands that come with the process of political democratization and externally, it is confronted by an increasingly complex international trading environment.

Past Performance and Policies

Since Korea launched its First Five-Year Economic Development Plan in 1962, the country's real GNP has expanded by an average of more than 8 percent per year. As a result, Korea's GNP has grown from US$2.3 billion in 1962 to US$237.9 billion in 1990; per capita GNP has increased from a meager US$87 in 1962 to about US$5,569 in 1990 at current price levels.

The industrial structure of the Korean economy has also been completely tranformed. The agricultural sector's share of GNP declined from 37.0 percent in 1962 to 9.1 percent in 1990. The manufacturing sector's share has increased from 14.4 percent to 29.6 percent in the same period. The service sector accounted for only 24.1 percent of GNP in 1962 but generated 61.3 percent in 1990.

Korea's commodity trade volume increased from US$500 million in 1962 to US$128.3 billion in 1990. Korea continuously posted trade deficits until 1985 when the country's foreign debt reached US$46.8 billion, the fourth largest in the world. During 1986-1989, Korea recorded current account surpluses and its debt declined.

Trends of Major Economic Indicators

	Unit	'62	'70	'75	'80	'85	'90
GNP	US$ bil.	2.3	8.1	20.9	60.5	89.7	237.9
Per Capita GNP	US$	87	242	594	1,592	2,194	5,569
GNP Growth Rate	%	2.2	7.6	6.4	−3.7	7.0	9.0
Domestic Savings Ratio	%	3.3	17.9	18.2	23.1	29.1	35.3
Trade Volume	US$ bil.	0.5	2.7	11.7	38.8	52.9	128.3
Wholesale Price	%	9.4	9.2	26.3	39.0	0.9	4.2
Consumer Price	%	8.3	15.9	25.3	28.7	2.5	8.6

Inflation in Korea had been one of the major economic problems in the 70s and early 80s, during which consumer prices rose at annual rates of 10-20 percent. Since 1982, Korea has managed to keep inflation down in the single digits. The ratio of domestic savings to GNP grew from 3.3 percent in 1962 to 35.3 percent in 1990.

Current Developments and New Challenges

The current prospects for the economy, unlike the past, is not so bright. Since 1989, the Korean economy had been experiencing slower growth, high inflation and a deterioration of the balance of payments.

The GNP growth rate fell to 6.7 percent in 1989 from the 12 percent level of previous years. A slump in the growth rate of the manufacturing sector, from 18.8 percent in 1987 and 13.4 percent in 1988 to 3.7 percent in 1989, contributed largely to the declining GNP growth. The export growth rate, which was 36.2 percent in 1987 and 28.4 percent in 1988, fell to just 2.6 percent in 1989. Reflecting this fall in the export growth rate, the current account surplus was lowered to around US$4.5 billion, a significant drop from the 1988 surplus of US$11.4 billion.

In 1990, the economic growth rate has shown signs of recovery. Preliminary estimates show that the GNP growth rate during the first three quarters of the year was 9.8 percent. However, most of this growth is attributable to an increase in domestic demand, particularly domestic consumption. The growth rate of exports was only 3.2 percent compared to the same period of 1989, while the growth rate of imports was 10.4 percent. The

Recent Economic Trends

	Unit	'89	'90
GNP			
•GNP	Growth Rate in %	6.8	9.0
•Manufacturing Sector	Growth Rate in %	3.5	8.1
•Private Consumption	Growth Rate in %	9.9	9.8
•Investment	Growth Rate in %	16.2	23.4
•Equipment	Growth Rate in %	12.3	18.4
Prices			
•Wholesale Price	%	1.5	4.2
•Consumer Price	%	5.7	8.6
Balance of Payments			
•Export	US$ bil.	61.4	63.1
•Import	US$ bil.	56.8	65.1
•Current Account Balance	US$ bil.	4.6	−2

trade balance fell rapidly to a US$2 billion deficit last year from the $4.5 billion surplus in 1989. In addition, price stability, which had served to boost Korea's competitiveness, weakened. Consumer prices, which had risen on annual average of 2-3 percent between 1984 and 1987, rose to 8.6 percent in 1990.

In a nutshell, the current Korean economy faces many new challenges on both the internal and external fronts. Part of the economic slowdown may be explained by the cyclical adjustment of the economy after three consecutive years of rapid growth. However, concerns have been growing that a large share of the slowdown is attributable to structural problems, particularly regarding the international competitiveness of Korea's industry.

Major Tasks and Policy Directions

To cope with the new economic challenges, the Korean Government has created and implemented economic measures, such as the "Economic Revitalization Package of April 4", the "Anti Real Estate Speculation Package" and "Stabilization Policies". The major objectives and policy directions contained in these measures are as follows:

Structural Adjustment and Technology Development

First, the Government has made and will make efforts to improve the international competitiveness of Korean industry. To induce capital investment in the manufacturing sector and to stimulate sagging exports, the Government increased special loans for capital investment in the manufacturing sector and provided funds for the restructuring of small and medium-sized firms. The Government will increase R&D investment and encourage private enterprises to actively invest in technology development on their own. The Government is also placing emphasis on promoting the development of basic science and technology-intensive sectors such as semiconductors and new materials industries. For the traditional sectors, product innovation for higher value-added products is being encouraged. Industrial restructuring through measures such as overseas investment will also be promoted.

Price Stability

Second, the Government will focus on stabilizing prices, wages and real estate speculation. Breaking the vicious circle of high wages, high prices and low growth is critical for further development and also for pursuing economic reforms. In this regard, the Government is encouraging management and labor unions to set up a "wage increase rule" whereby wage increases will remain within the scope of productivity growth.

The Government will try to contain the prices of staple goods such as rice by controlling the rise of the Government purchase price. To prevent the increase of housing prices, a primary source of inflationary concerns in Korea, the Government will institute measures to restrict real estate speculation. Additionally, the Government will increase investment for the supply of affordable housing.

Resolution of Imbalances and Inequalities

In order to resolve imbalances and inequalities that have arisen in various segments of the economy during the process of rapid industrialization, the Korean Government will put more emphasis on the following: the development of rural areas, supporting low-income urban classes and the poor, development of regions which have lagged behind the national development standards, and supporting small and medium-sized firms. In particular, a set of regulations to deter the over-concentration of land ownership by a minority of the population has been implemented since the beginning of 1990.

External Policies for Greater International Cooperation

Import Liberalization

Korea is committed to establishing the strategies and policies necessary for fulfilling its international responsibilities and role, in a manner that is commensurate with its economic status. Import liberalization is, and will continue to be, the guiding principle in Korea's trade policy.

Since 1980, Korea has made continuous efforts towards import liberalization. The import liberalization rate increased from 68.6 percent in 1980 to 96.4 percent in 1990. The average tariff rate decreased from 24.9 percent to 11.4 percent during the same period and is expected to be only 7.9 percent by 1994, the same average level of tariffs found in OECD member countries.

In October 1989, Korea decided to disinvoke GATT balance of payments protection which mostly covers agricultural products. According to the decision, Korea will move to eliminate its remaining restrictions or otherwise make them conform with GATT rules by July 1, 1997.

Liberalizing Foreign Exchange Transactions and Capital Markets

The Korean Government has been pursuing the liberalization of foreign exchange transactions and capital markets. In particular, since Korea joined the list of IMF Article VIII nations in November 1988, the Korean Government has been undertaking appropriate measures to further liberalize foreign exchange transactions and gradually internationalize its currency.

In March 1990, the Korean Government introduced a new foreign exchange system called the "Market-Average System." In this new system, the official rate is determined on the basis of the previous day's inter-bank exchange rates. By 1992, the Korean Government will allow direct participation in the domestic securities market by foreigners and overseas portfolio investment by Koreans.

Increasing Opportunities for Foreign Investors

Korea is broadening the scope of opportunities open to foreign investors. In 1984, the country introduced a negative list system for investment approval which made it clear which industries were open to foreign investment.

Since then, the Government has annually increased the number of industries on the open list. Nearly 80 percent of all industries fall into this category. The manufacturing sector is almost completely open to foreign investors and the service sector is becoming increasingly open as well. By the end of 1992, the current foreign investment approval system will be converted to a notification system.

Closer Cooperation with Developing Countries

Because of its successful economic development in the past quarter-century, Korea has increasingly been called upon to share its development experiences with other countries. Trainees from other developing countries now come to study the Korean experience while Korea dispatches development experts to work with governments and businesses overseas.

Furthermore, in 1987, Korea established the Economic Development Cooperation Fund (EDCF) to provide bilateral official loans to developing countries. As of October 1990, Korea has arranged to provide loans for seven projects in seven developing countries. The Korean Government also promotes private overseas investment and technology transfer.

Promoting Economic Exchanges with Socialist Countries

The Government is pursuing a "Northern Policy," the aim of which is to promote economic relations with socialist countries. The 1988 Seoul Olympics provided the impetus for Korea to establish ties with socialist nations, and "Perestroika" in the Soviet Union and German Unification have expanded opportunities in this area.

The volumes of Korea's trade and investment with socialist countries have expanded markedly since 1988. Trade amounted to US$3.6 billion in 1988 and US$4.2 billion in 1989. Trade with the Soviet Union grew 106.8 percent in 1989 and 62.1 percent in 1990. Trade with Eastern European countries as a whole grew 80.8 percent and 101.2 percent in these same intervals, respectively. By the end of 1990, Korea had invested US$82 million in China and has invested US$140 million in other countries.

Active Participation in Multilateral Economic Forums

Korea has actively participated in virtually all multilateral forums. In the Uruguay Round, Korea is making contributions that are commensurate with its capabilities as a major world trading power and has played a mediating role between the developed and developing countries. Korea has introduced various proposals in the Uruguay Round negotiations to reduce tariffs, eliminate non-tariff barriers, liberalize textile trade, improve safeguard measures, and reduce subsidies and countervailing measures.

Korea will host the third APEC (Asia-Pacific Economic Cooperation) Ministerial Meeting in 1991. Korea joined the European Development Bank in March 1990 and has committed support to development in Eastern Europe. Korea has also begun an informal dialogue with OECD and has held an OECD-DAEs (Dynamic Asian Economies) workshop in 1990, in Seoul.

CHALLENGING TIMES

Korean Overseas Information Service/Seoul, Korea June 1991

Overcoming the Obstacles; Charting a Steady Course

Koreans are finding their democratic experiment both exhilarating and challenging. Nearly three years after the inauguration of President Roh Tae Woo in February 1988, it is clear that democracy is taking root. Citizens enjoy the new found freedom to express themselves, engage in political activities virtually without restrictions and elect their representatives in fair and free elections. Authoritarian government—a legacy of Korea's monarchical past, Japanese colonial rule and the patriarchal administrations of the First to the Fifth Republics, with the exception of the brief Second Republic, which lasted less than a year—is now a thing of the past and the Government's legitimacy is unquestioned.

The sudden socio-political changes were triggered by Democratic Justice Party President and Presidential Candidate Roh Tae Woo's June 29, 1987 Declaration of Political Reforms which brought an abrupt end to the mounting unrest and increasingly violent demonstrations demanding democratization. While both necessary and popular, the sweeping reforms have had a temporary, yet unsettling impact on both the economy of Korea and on the ethical and moral underpinnings of Korean culture and tradition which is rooted in Confucianism. Confuciansm,an ethic that in Korean society has emphasized community interests, hierarchies and social order over individual initiative and self-determination, is the central tenets of the democratic society. Thus the breathtaking experiment in democratization has had both its upside and its downside, and it was only after the public became profoundly concerned about the repercussions of social and political excesses accompanying democratization, that some kind of balance began to be sought among the various social, political and ideological forces. The leadership of both the Government and the opposition parties has shown a strong commitment to protect and broaden this hard-won democracy.

Although President Roh Tae Woo was elected by a direct, popular vote and in a free and democratic election, his Government had a somewhat shaky start because his Democratic Justice Party failed to secure a majority in the April 1988 parliamentary elections. It won only 125 seats in the 299-seat National Assembly, while Kim Dae-jung's party for Peace and Democracy (PPD) took 71 seats. With Kim Young-sam's Reunification Democratic party and Kim Jong-pil's New Democratic Republican Party (DRP) securing 59 and 35 seats respectively, the three opposition parties held a substantial majority of the parliamentary seats. This often resulted in political impasses.

Two concerns occupied the attention of the nation during 1988. The Olympics Games were seen as an opportunity to prove to the world that Korea had matured to the point that it could contribute more positively to the international community and that it was ready and willing to play a leading role in regional affairs. Beyond the success of the Games—which was important in itself, being the largest and most impressive to date—they helped Korea expand its diplomatic horizons and increased the momentum of the Northern Policy, designed to establish contact with the socialist countries of East Europe and Asia and ultimately to find a breakthrough to hostile North Korea.

As significant, 1988 was the year when the transition from authoritarianism to democracy began to really take hold. Socio-political changes were fast paced and broad in scope. The consciousness and expectations of the people underwent a major transformation. Newspapers were freed from Government guidelines on what to cover and what not to, thousands of political dissidents were released from jail, and long-suppressed labor unions began to organize and strike demanding higher wages and improved working conditions.

After the conclusion of the Olympics, the opposition parties made it the first order of business

to investigate and expose the wrongdoings and scandals of the previous administration of President Chun Doo Hwan. The issue did not die even after the former President went into voluntary exile in a remote Buddhist temple after having donated all his wealth to the nation. Two of his brothers were arrested and received jail sentences on charges of extortion and embezzlement. The controversy came to a climax when President Chun testified before the National Assembly. While he denied any wrongdoing—to the dismay of the opposition lawmakers—his appearance officially closed the book on that divisive issue.

After the Olympics and into 1989, radical students and dissident groups, who have played a catalytic role in Korean political upheavals for decades, returned to their previous themes, opposing "American imperialism," insisting on the arrest and prosecution of President Chun and demanding the resignation of the Roh Government. As genuine democratic reforms began to spread throughout society, however, public tolerance of the dissidents began to wane. They not only lost their most potent platform, but became increasingly more divorced from reality with their dogmatic stances becoming more pronounced. The illegal travel to North Korea by three activists on a self-professed unification mission dismayed the public not only because they had broken the law but also because their activities were seen as undermining the potential for meaningful South-North dialogue.

Labor activism among industrial workers, on the other hand, moved closer to pragmatic, institutionalized activity within the framework of legal boundaries. Most of the large scale labor disturbances in 1988 and 1989 limited to demands by the workers for pay raises and better working conditions and did not involve other political issues.

But clearly there were serious difficulties involved as the labor disputes, though generally short-lived, contributed not only to rapid wage increases of more than 20 percent annually but also to production delays, missed shipments and lost orders. Partly as a result of this, the South Korean economic growth rate dropped from 12 percent in 1988 to less than 7 percent in 1989. A slowdown in exports occurred as Korean products lost their competitive edge and the relative decrease in employment due to higher costs and labor militancy.

Perhaps the most conspicuous political development since the inauguration of the Sixth Republic was the merger of three political parties into a majority Government party. After many months of speculation of a party realignment once the "Fifth Republic issues" were settled, President Roh Tae Woo and opposition leaders Kim Young-sam and Kim Jong-pil declared on January 22, 1990, the inauguration of a new majority party through the merger of their parties. The announcement of the merger of the three conservative parties—the Democratic Justice Party of President Roh, the Reunification Democratic Party of Kim Young-sam, and the New Republican Democratic Party of Kim Jong-pil—came as a major surprise. Few had expected that long-time opposition leader Kim Young-sam would join hands with Roh, his political rival in the past, and his Government party. Opinion polls indicated that the initial reaction of the public concerning the merger of the three parties and the subsequent advent of the Democratic Liberal Party was generally favorable, as this was thought to enhance political stability.

The three leaders declared that they had agreed on the merger "to realize the historic tasks of democratic development and national unity." It also was the product of political compromise through which President Roh secured a large majority in the National Assembly and earned the reputation as a great conciliator and master politician.

Kim Jong-pil, by deferring to Kim Young-sam as being first among the two equals, cleared the way for the merger. By initially promoting collaboration with Kim Young-sam's RDP, Kim Jong-pil succeeded in inducing Roh to join them in forming the new conservative party.

For Kim Young-sam, the merger represented the gamble of a lifetime. By shedding his opposition status, Kim Young-sam assumed a leading position in the new "Government party," received a share of the cabinet posts, and became a viable contender for the position of chief executive.

Kim Dae-jung, for his part, expressed indignation in what he claimed was a political "coup d'etat which ignored the will of the people." He launched a public campaign to denounce the merger. However, it was in large part the bitter rivalry between the two Kims which led Kim Young-sam to seek collaboration with Roh and Kim Jong-pil rather than Kim Dae-jung. Several independents and a handful of Kim Young-sam's former Reunification Democratic Party members who

denounced the merger joined hands in forming a nascent "Democratic Party."

One of the merger's more immediate effects was to galvanize the radical dissenters who had been running out of issues and steam. Earlier in 1989, a broad range of "progressive forces," including labor unionists, students leaders, dissidents and other activists, had merged into a single coalition. While many in the alliance preferred to remain outside of institutional politics rather than organize themselves into a party, others felt a clear need to participate in institutional politics and fielded a candidate in a by-election in August of 1989. On November 10, 1990, a new party, the Minjungdang or People's Party, was inaugurated. Composed of dissidents, militant students, labor activists, self-professed representatives of the rural and urban poor and other anti-establishment elements. It will face two main challenges: the inevitable factional and personal friction resulting from an ideological party lacking in clear leadership and the difficulty of winning seats in an election. Progressive parties in Korea have always done poorly despite their strength in the streets, factories and schools, since most voters take a dim view of any political group embracing Marxism. It is significant, nevertheless, that a faction of the dissidents has decided to take part in institutionalized politics.

As 1990 comes to a close, several unresolved political issues occupy the attention of the nation. On the issue of unification, the country is now united behind the Government. While the radicals persistently object, there is general acceptance of the position of the Government that it should be the single channel to arrange increased contacts with the North with an eye on reconciliation and unification and that the remaining restrictions on exchanges should be gradually lifted, always taking into consideration the North Korean attitude.

The idea of a constitutional revision to introduce a parliamentary system has also stirred controversy among the politicians on an on-again-off-again basis. The prospects for this change recently diminished because of persistent objections not only from the opposition but also from some factions of the Government party.

One of President Roh's June 29 Declaration promises was the reintroduction of local political autonomy. The right to elect local officials, suspended by the central government for thirty years, was restored this year and the people went to the polls in May and June to select local council representatives.

Besides local elections, National Assembly elections will be held in the spring of 1992 and Presidential elections at the end of that year. These elections will be the first real test of the public support of the ruling Democratic Liberal Party. The opposition, on the other hand, will try furiously to increase its strength and subsequently its leverage against the mammoth DLP.

Over the past three years, Koreans have largely overcome the birth pangs of political transition and have begun to consolidate democratic gains. With diplomatic horizons expanding, inter-Korean tensions seeming to be easing, and economic life steadily increasing, despite some adverse developments, Koreans can look forward to reaching the ranks of the advanced nations in the near future.

NORTHERN DIPLOMACY

Korean Overseas Information Service/Seoul, Korea June 1991

Breaking New Ground, Forging New Ties

By far the most significant development in foreign policy in recent years has been the establishment and steady expansion of ties between the Republic of Korea and hitherto inaccessible socialist countries. Although a relationship with the socialist world began to be sought long before the Sixth Republic, it was not until about a year after the inauguration of President Roh Tae Woo in February 1988 that breakthroughs were achieved, at long last.

The ice was broken with the establishment of diplomatic relations with the Republic of Hungary in February 1989. The significance of this event went far beyond the initiation of bilateral relations between the two countries, for it was symbolic of a new era to unfold in the Republic's diplomatic history.

For a long time, post-World War II foreign policy of the Republic of Korea generally dealt only with the free world. In the aftermath of the Korean War (1950-53) which was started by an unprovoked invasion by Communist North Korea, communism and socialism were regarded not only as alien but dangerous and threatening ideologies. This attitude, however, began to undergo subtle change as the early 1970s saw Sino-American rapprochement and later, as a pragmatic flexibility began to manifest itself in some aspects of East-West relations.

The Republic of Korea embarked on some efforts to adapt itself to the more fluid world situation. President Park Chung Hee's statement in June 1973, announcing a willingness to develop contacts with communist countries, is the most notable example; arguably this was the harbinger of what is now called Korea's Northern Diplomacy. The conciliatory gesture, however, was not reciprocated.

Many reasons could be cited for the failure of the earlier attempts at improving relations with the East bloc countries. A primary one, however, was that, at the time, apart from the fact that the Cold War was still dominating world politics, the Republic of Korea had little appeal as a partner for trade and economic cooperation.

Changing Domestic and International Environment

The 1980s saw crucial changes conducive to warming relations with the East bloc. Above all, Korea's economic stature grew conspicuously. It has emerged as the 10th largest trading nation in the world after three decades of rapid economic development. Furthermore, its international reputation was enhanced enormously by the hosting of the 1988 Olympic Games and the democratization process set in motion in 1987. These factors—combined with intensifying moves within socialist countries to restructure their economies and open up to the outside world—were the catalyst for Korea's new era of Northern Diplomacy.

The Sixth Republic had adopted Northern Diplomacy as a top priority, integrating it into its unification policy. President Roh hinted at this linkage in his inaugural address when he said, "Improved relations with countries with ideologies and social systems different from ours will contribute to stability, peace and common prosperity in East Asia. Such a northward diplomacy should also lead to the gateway of unification." The President has repeated this theme on many occasions but it was perhaps stated in most detail in the "Special Declaration in the Interest of National Self-esteem, Unification and Prosperity" on July 7, 1988. While outlining six policies which he hoped would help create a sense of national community between the two parts of Korea, the President said, "To create an atmosphere conducive to durable peace on the Korean Peninsula, we are willing to cooperate with North Korea in its efforts to improve relations with

countries friendly with us... and in parallel with this, we will continue to seek improved relations with the Soviet Union, China and other socialist countries." Thus while warmer relations with the socialist world are, as has always been the case, based on the expectation of economic and other benefits to both sides, the Republic has attached special significance to its Northern Diplomacy because of the expected additional benefit of an international atmosphere more conducive to peace and security on the Peninsula and eventual unification with the North.

Five Principles of Northern Diplomacy

Northern Diplomacy is based on five principles. First, South Korea will not seek to isolate North Korea, but, on the contrary, hopes that its new ties with North Korea's old friends will lead them to encourage North Korea to institute reforms and become a more responsible member of the international community. Second, as already discussed, the South will pursue its Northern Diplomacy in tandem with its unification policy. Third, both political and economic, as well as other non-political exchanges, should be developed with socialist countries simultaneously, because without an atmosphere at mutual trust created by first forging diplomatic ties, it is impossible to develop full-fledged economic cooperation. Although the Republic understands that a principle of the separation of politics from economics has often been applied to relations between nations without formal ties, it is determined to pursue improvement of economic as well as political relations at the same time as a cornerstone of its Northern Policy. Fourth, the Government will try to build a public consensus on the goals of its Northern Diplomacy. To this end, a number of inter-ministerial committees have been formed to formulate and coordinate policies. Fifth, the South will maintain close ties with the United States and its other traditional friends. The South's relationship with these old friends is crucial to pursuing the Northern Policy from a position of strength, as it is important not only in terms of national security, but also in terms of trade and other economic activities.

Recent Achievements

As noted above, the first breakthrough in South Korea's move toward rapprochement with socialist countries came with the establishment of diplomatic relations with Hungary in February 1989. Following the exchange of embassies on February 1, relations between the two countries developed rapidly and in November of that year President Roh made an official visit to Hungary. This was the first visit by a Korean head of state to an East European nation. The following November, President Arpad Goncz of Hungary visited Seoul.

Poland followed. It set up a trade office in Seoul in May 1989, about a month after South Korea opened a similar office in Warsaw. On November 1 of that year, the two countries announced an agreement to establish formal diplomatic relations. The Republic of Korea established its embassy in Warsaw on November 27. Less than two months later, on January 17, 1990, the Polish embassy was opened in Seoul.

A basic pattern has emerged in the cultivation of relations with socialist countries. Following the initiation of academic, athletic or cultural exchanges, trade offices with consular functions are opened, and some months later, full diplomatic relations are established which in turn lead to a steady increase in economic and other types of exchanges. It was also in this way that ties were established with Yugoslavia on December 28, 1989, Bulgaria on March 23, 1990, Czechoslovakia the following day and Romania on March 30. Albania is the only East European country not yet showing any apparent interest in cultivating relations with South Korea.

All along it was hoped that these countries could and would help influence North Korea to end confrontation and improve relations with the South and follow their example in instituting reforms. But it was the Soviet Union and the People's Republic of China which were seen as having the greatest influence with North Korea while at the same time offering the biggest potential markets for South Korean goods and services.

Relations with the Soviet Union are seen in Seoul as being especially important not only because of potential economic benefits—which could be great—but because of their expected salutary influence on national security. The Soviet Union was behind the North Korean invasion of the South in June 1950 and still continues to supply modern military hardware to North Korea and remains its major economic benefactor. They are thus seen as one important key to a solution to the complex Korean question. It is hoped that as ties improve between the South and the Soviet

Trade with the East Bloc

(Million $/%)

	Exports			Imports			Two-way Total		
	'89	'90	Percent of Increase	'89	'90	Percent of Increase	'89	'90	Percent of Increase
Total	**1,962**	**2,758**	**40.6**	**2,261**	**2,886**	**27.6**	**4,223**	**5,644**	**33.6**
China	1,438	1,580*	9.9	1,705	2,268	33.0	3,143	3,848	22.4
USSR	208	519	149.5	392	370	−5.6	600	889	48.2
East European Countries	270	541	100.4	117	213	82.1	387	754	94.8
Yugoslavia	47	214	355.3	20	42	110.0	67	256	282.1
Poland	56	113	101.8	18	91	405.5	74	204	175.7
Hungary	49	90	83.7	19	23	21.1	68	113	66.2
Czechoslovakia	79	52	−34.2	24	23	−4.2	103	75	−27.2
Romania	0.3	22	—	19	3	−84.2	19	25	31.6
Bulgaria	18	18	0.0	11	21	81.8	29	38	31.0
Others	46	118	156.5	47	35	−25.5	93	153	64.5
Vietnam	45	117	160.0	42	33	−21.4	87	150	72.4
Mongolia	0.1	0.5	400.0	0.5	2	300.0	0.6	2.5	316.7

Source: The Office of Customs Administration

* The breakdown of the total does not include all East bloc countries with which Korea trades. Exports to China for 1990 are estimated.

Products Traded with the USSR

(Million $/%)

Exports			Imports		
Products	Value	Percent of Increase	Products	Value	Percent of Increase
Ships	181	325.5	Pig iron	67	−10.7
VTRs	66	371.4	Bituminous coal	54	14.9
Textiles	29	107.1	Aluminum	32	255.6
Electric motors	24	700.1	Crude oil	26	—
Cold rolled steel	23	−28.1	Frozen seafood	19	−6.6

Products Traded with the PRC

(Million $/%)

Exports			Imports		
Products	Value	Percent of Increase	Products	Value	Percent of Increase
Fabrics	328	43.7	Fabrics	307	4.8
TVs and parts	142	−8.4	Crude oil and petroleum products	201	97.4
Plastics	78	−7.5	Yarns and fibers	139	−22.5
Yarns and fibers	61	−24.1	Bituminous coal	103	39.1
Paper and cardboard	48	31.9	Cement	95	—

Union, as its economy is helped by economic ties with the South and as the Cold War winds down the world over, the Soviet Union will be able to convince North Korea to open up to the outside world and negotiate a peaceful settlement with the South eventually leading to peaceful unification. Seoul's political and economic goals, therefore, basically coincided with Moscow's economic needs to push the two nations into a rapid acceleration of ties which began with the opening of trade offices in April 1989 and culminated in the establishment of full diplomatic relations on September 30, 1990, an event preceded and followed by summit meetings between Presidents Roh and Gorbachev.

In a historic move, Presidents Roh and Gorbachev held a third summit on the south Korean island of Cheju. The April 19-20 meeting marked the first time that a Soviet leader had visited the Korean Peninsula—South or North—bringing ties between the two sides to greater heights.

On March 26, 1990, diplomatic relations were opened with Mongolia, the first Asian Communist country to initiate formal ties with the South. This should favorably affect South Korea-Vietnam relations which are being improved gradually, particularly in terms of economic cooperation. It may also influence Seoul's relations with China.

The People's Republic of China is North Korea's other major ally and though the Soviet Union has supplied more military aid to the North, China is closer ideologically and is also a source of economic aid. China is attracted by the South's rapid economic development but improvement in ties have been complicated by their desire not to unduly upset their North Korean comrades. Nevertheless, the constantly increasing economic ties between the two countries led in October 1990 to an agreement to establish trade offices with consular functions. The Korean trade office in Beij-

ing opened in January 1991 and the Chinese office opened in Seoul on March, 1991. Two-way trade which rose from $3.1 billion in 1989 to $3.8 billion in 1990 is expected to increase even more rapidly in the months ahead as the two trade offices lay a foundation for better and closer economic relations. Seoul hopes that full diplomatic relations with Beijing will follow in the near future, as has been the case with other socialist countries.

Future Prospects and Conclusion

Korea's Northern Diplomacy has made dramatic progress due to the convergence of several factors. Korea has now established diplomatic ties with nearly all the East European nations plus Mongolia and is turning its attention to the remaining hardline communist countries, especially those in East Asia. While relations have certainly warmed, normalizing relations with these countries will prove difficult due to their adherence to Communist ideology and their close ties with North Korea. Nevertheless, the events of recent years point to the slow but steady cultivation of relations with the remaining socialist countries as well.

As far as relations with former and present socialist countries with which Korea has already established ties, the focus will be on expanding scientific, technological, academic and cultural exchanges. The benefits to Korea will come not only from the increasing diversification of markets but also from exposure to various dynamic ideas and cultural experiences. The extent to which both sides will benefit from the new ties will depend to a great extent on the ability of the East bloc nations to make a success of their brave reforms and keep their economy in order.

The question remains about whether new ties are already having or will soon have any impact on the attitude of North Korea. The truth is that some faint signs are appearing that indicate changes in the North Korean attitude. Only time will tell if these represent a real desire for change or only an extension of the North's propaganda trickery. The fact that the Prime Ministers of the South and North have met three times can be an indicator of what is in the offing. It is the first time that such high ranking officials have met since the division of the nation. While no substantial agreements have been reached, it is still significant that such meetings have been held between the two parts of Korea. The second sign that North Korea may indeed feel pressured to open up, not only by its own mounting economic problems but by the success of the South's Northern Diplomacy, are the talks which the North has begun with Japan and the U.S. on normalizing relations. While all predictions are that the negotiations will be a slow process, the fact that P'yŏngyang has begun to talk to what it has called imperialist enemies, is a sign that North Korean attitudes are indeed beginning to change. The most recent sign and Northern Policy success came when last month North Korea accepted Seoul's plan for dual entry by the two Koreas into the United Nations—a policy P'yŏngyang had adamantly opposed as perpetuating division. Durable peace and security on the Peninsula and peaceful unification are top national goals and will thus continue to be a major goal of Korea's Northern Diplomacy.

A corollary of the success of the Northern Diplomacy has been an increase in Korea's international stature, enabling it to contribute a greater share to the international community. This will lead to Korea's being admitted into the United Nations this Fall—an important step that indicated that the Republic of Korea has been accepted into the world community as a full-fledged member. This important step will indicate that the Republic of Korea has been accepted into the world community as a full-fledged member.

UNIFICATION POLICIES

Korean Overseas Information Service/Seoul, Korea June 1991

Turning Dreams Into Reality

The July 7 Special Declaration

One of the most significant developments in domestic policy under the leadership of President Roh Tae Woo has been the expansion of paths potentially leading to the reunification of the divided Korean Peninsula. Since World War II, Korea has been frustrated by the division of its land into the communist North and the capitalist South. The ideological confrontation between the two halves of the Peninsula, which resulted in the break-out of the fratricidal Korean War on June 25, 1950, has remained unabated.

As the result of the three-year war, about 10 million people were forced to leave their homes and were separated from their families. Since then, most Koreans, particularly those separated from their families, have yearned for the reunification of the nation.

Despite a series of unification proposals, no progress was made because of North Korea's intransigence. Therefore, on July 7, 1988, in compliance with the rising aspirations for unification, President Roh Tae Woo announced a special declaration which is considered the most feasible proposal to date. It was seen as timely due to the changing international situation and the shifting domestic environment, both of which have created conditions favorable to reunification.

The essence of President Roh's special declaration of July 7, 1988 can be categorized into six policies:

1. The Government will actively promote exchanges of visits between the people of the South and the North, including politicians, businessmen, journalists, religious leaders, cultural leaders, artists, academics, athletes and students and will make necessary arrangements to ensure that Koreans residing overseas can freely visit both parts of Korea.
2. Even before the successful conclusion of the South-North Red Cross Talks, the Government will promote and actively support, from a humanitarian viewpoint, all measures which can assist dispersed families in finding out whether their family members in the other part of the Peninsula are still alive and their whereabouts, and will also promote exchanges of correspondence and visits between them.
3. The Government will encourage trade between South and North Korea, which will be regarded as internal trade within the national community.
4. The Government will endeavor to achieve balanced economic development between the South and the North with the goal of enhancing the quality of life for all Koreans on the Peninsula, and will not oppose friendly nations trading with North Korea if military goods are excluded.
5. The Government will attempt to put an end to counterproductive diplomacy between the South and the North and to cooperate in ensuring that North Korea makes a positive contribution to the international community. The Government also hopes that representatives of South and North Korea will contact each other freely in international forums and will cooperate to pursue the common interests of the whole Korean nation.
6. To create an atmosphere conducive to durable peace on the Korean Peninsula, the Government will cooperate with North Korea in its efforts to improve relations with our allies including the United States and Japan. At the same time, the Government will continue to seek improved relations with the Soviet Union, China and other socialist countries.

President Roh's July 7 Declaration marked a major turning point in inter-Korean relations by defining North Korea not as an adversary involved in competition and confrontation with the South but as a member of a national community seek-

ing common prosperity on the basis of mutual trust, reconciliation and cooperation.

In addition, more detailed and progressive follow-up measures were implemented by the Government over the past two years to boost inter-Korean reconciliation and cooperation. For instance, in 1987, with a view to removing the Communism phobia in our society, the Government announced a decision to repeal the law which prohibited access to materials, such as newspapers, articles, journals and books published by North Korea and other communist countries. The Government also proclaimed that other materials that were completely forbidden to the public in the past would gradually be allowed. Finally, the Government opened a special library on May 22, 1989 in downtown Seoul, featuring printed and audio-visual information on North Korea and other communist countries.

This library was founded to meet the general public's growing demand for information on North Korea and other socialist countries. Currently, about 28,300 items are available for public viewing. They include 5,200 books, 98 periodicals and 1,137 feature and documentary films on North Korea. It also has 4,500 books and documents and 50 dailies and periodicals on the Communist ideology and system. From its founding until the end of May 1991, 15,851 persons, mainly university students and journalists, have visited this library.

Also in 1989, the Government established larger North Korean Centers in Pusan, Kwangju and at the Unification Observation Tower near the DMZ in Kangwon-do to provide a more accurate view of North Korea. From last year, the Government has also been showing a North Korean movie once a month, and giving a seminar to university students.

Another significant aspect of the Sixth Republic's unification policy is the effort to tear down the invisible barriers between the South and the North. For instance, the fact that in 1989 the Government lifted its long-standing ban on the publication of artistic works, including novels, music and paintings, of those who defected or were abducted to North Korea during the Korean War is a good indication of the change in the Government's stance in dealing with the issue of national reunification.

On the educational front, President Roh Tae Woo has ordered the Cabinet to reform unification education from primary school to high school. As a result, textbooks were revised to present a positive image of North Korea in order to promote harmony between the South and the North. The purpose of this revision was to dispel the distrust and antagonism that have built up between the South and the North since the partitioning of the land into two halves committed to different ideologies and political systems, and to inspire students with a forward-looking vision with the goal of easing tension and promoting reconciliation and cooperation between the two parts of Korea.

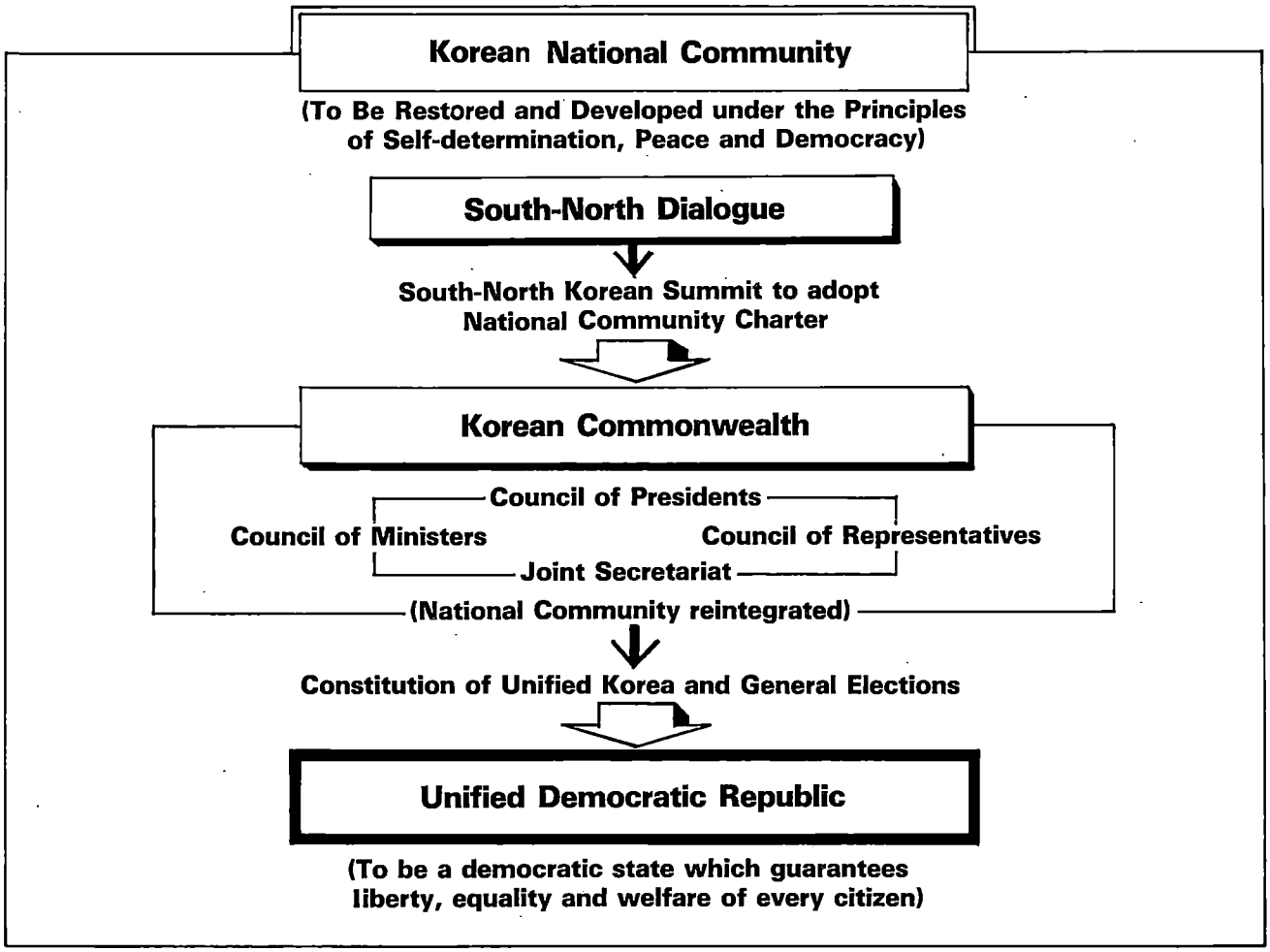
As a follow-up to this policy, the Government has halted since July 9, 1988, all slanderous broadcasting against North Korea in the forward areas, and ended broadcasting of personal attacks on specific North Korean figures through the Liberty Program Service of KBS.

The Proposal of the Korean National Community Unification Formula

On September 11, 1989, President Roh Tae Woo proclaimed a new unification formula, "the Korean National Community Unification Formula," at the National Assembly. Considering the long-standing deep distrust, confrontation and antagonism between the South and the North that has not diminished since the Cold War began in Korea, it is imperative to set an interim stage toward unification during which both sides will recognize the other and seek co-existence and co-prosperity, irrespective of the existence of different political systems. In this sense, the Korean National Community Unification Formula is a feasible and reasonable plan for peacefully unifying our homeland. It calls ultimately for the merger of South and North Korea, under the principles of independence, peace and democracy, in a unified democratic republic and for the establishment of a Korean Commonwealth as the essential interim stage. Specifically, in such a Korean Commonwealth, a common sphere of national life would be created to promote prosperity in both the South and the North and restore national homogeneity, thereby accelerating the development of a national community.

As the highest decision-making organ, the Korean Commonwealth would have a Council of Presidents, or chief executives from both parts of Korea. Also, there would be a Council of Ministers, composed of delegates from both

The Korean National Community Unification Formula



Governments and a Council of Representatives, to be composed of members of the legislatures of both the South and the North.

To support the activities of the Council of Ministers and the Council of Representatives, to help implement agreed matters and to handle other administrative affairs, the South and the North would set up a joint secretariat and exchange resident liaison missions to each other's capital—Seoul and P'yŏngyang. The joint secretariat and other institutions and facilities of the Korean Commonwealth would be established in a Peace Zone to be created within the Demilitarized Zone. This Peace Zone would be gradually developed into a City of Unification and Peace.

Promotion of South-North Dialogue and Exchanges

In order to put the July 7 Declaration into effect at the earliest possible date, President Roh proposed a summit meeting between the South and the North in a special address on Liberation Day on August 15, 1988. Such a summit is regarded as the most effective way to move decisively towards South-North reconciliation and comply with the wishes of our 70 million people for national reunification as quicky as possible. Furthermore, several follow-up measures to implement the policies outlined in the July 7 Declaration of 1988 and the Korean National Community Unification Formula of September 11, 1989 were introduced by the Government.

In particular, the Government has endeavored to promote South-North Korea exchanges and cooperation with an eye to building mutual confidence and restoring a national community. With this in mind, the Government enacted in August, 1990 the South-North Exchanges and Cooperation Act, which replaced the Basic Guidelines for South-North Exchanges and Cooperation of June 1989. At the same time, it enacted the South-North Cooperation Fund Act and intends to secure 25 billion won for it to prepare for full-fledged in-

teraction and cooperation.

From June 12, 1989 until May 31, 1991, 640 persons travelled on 11 occasions across the border between the South and the North, and the South Korean Government approved 447 requests for permission to contact civilians in North Korea. South Koreans were allowed to engage in business transactions with North Koreans amounting to US$106 million for the same period. It is worth noting that a group of 17 South Koreans including 14 musicians visited P'yŏngyang in October 1990 for 11 days to attend the Pan-national Concert for Reunification. This is the first time since the division of Korea in 1945 that a private group has obtained Government permission to make its own arrangements to cross the border. The government approved their application for the visit under the South-North Exchanges and Cooperation Act.

Meanwhile, South Korea has pursued a dialogue with North Korea through various levels. They included preliminary contacts to arrange high-level South-North officials talks, a South-North parliamentarian conference, working level sports meetings and Red Cross talks. These talks were crowned by the unprecedented South-North sports meetings and the inter-Korean Prime Ministers meetings.

At the sports talks held on February 12, 1991, the two sides agreed to form single teams to participate in the 41st World Table Tennis Championships from April 24-May 6, 1991 in Chiba, Japan and the Sixth World Junior Soccer Championships from June 14-30, in Portugal. These are the first joint South-North teams to participate in international competition and as such are a very significant symbolic step toward reducing tensions.

Three rounds of Prime Ministers meetings were held alternately in Seoul from September 4-7, 1990, in P'yŏngyang from October 16-19 and again in Seoul from December 11-14 to discuss ending political and military confrontation and promoting exchanges and cooperation. Although no specific agreements have been reached because of the basic differences in the positions of the two sides, these meetings were important because they were the first high-level contact between the two governments since the Peninsula was divided in 1945 at the end of World War II.

At the second round of talks, the South proposed a revised draft of the Joint Declaration of South-North Reconciliation and Cooperation it had proposed at the first round. On the other hand, the North proposed a non-aggression declaration, which it said must come first.

It is the position of the Seoul Government that the two sides must take effective measures to restore confidence in each other before any non-aggression agreement can be signed. In support of this argument, the Government points to the South-North Joint Communique of July 4, 1972, which contained non-aggression provisions but which did not prevent North Korea from building invasion tunnels under the Demilitarized Zone, from setting off a bomb in Rangoon in 1983, killing 17 members of a presidential delegation, or bombing a Korean Air plane out of the sky off the coast of Burma (now Myanma) in 1987. Before a non-aggression pact can have any meaning, therefore, a basic agreement to improve overall relations must be signed and put into effect.

At the third round of meetings, North Korea rejected the South's proposal and again raised "three urgent issues" which it said must be solved. It said Seoul must agree to hold a single seat with the North in the United Nations, must cease the annual joint Korea-U.S. military exercises "Team Spirit" and must release those who were imprisoned for illegally traveling to North Korea.

Despite the impasse, a fourth round of talks was scheduled for P'yŏngyang in February 1991, but was subsequently cancelled by the North. In May of this year, the North announced an important concession that may eventually contribute to lesser inter-Korean tensions. P'yŏngyang recently withdrew its objection to separate and full membership of South and North in the United Nations. The two sides currently hold only non-voting "observer" status in the world body. Seoul has long called for separate entry into the UN, but the North has pushed a plan for the two governments to share a single seat. The ROK has regarded the North's formula as unrealistic and unworkable.

Under intense international pressure, P'yŏngyang has accepted the South's plan, clearing the way for full and separate UN membership for the two Koreas by the end of the year. President Roh believes that this development will broaden the avenues through which the two sides can pursue dialogue and compromise and, thus, brighten the prospects for eventual reunification. After all, Germany and Yemen, both formerly-divided countries, pursued this course and were able to achieve national unity.

DIFFERENCES

Korean Overseas Information Service/Seoul, Korea June 1991

Korean and German Unification: Same Goal, Different Circumstances

Introduction

Since World War II, Korea and Germany have shared the same burden of division of their homelands. Their peoples have yearned for national reunification.

It has been believed that Koreans generally have stronger aspirations than the Germans in terms of achieving reunification. Historically, while Germany has been united for only 74 years (1871-1945), Korea had been a united nation for about 13 centuries. The Germans have been scattered over parts of Europe with a large number still living in Switzerland, Austria, Poland and other countries. Koreans settled down on their Peninsula even before the pre-historic era and created a strong community with their own culture.

Many scholars say that the reunification of Korea—surrounded by powerful countries—is much more urgent than that of Germany which plays a key role in Central Europe. However, little progress has been made in the course of inter-Korean dialogue while various practical measures have been implemented between the two Germanies with the goal of unification having been realized.

Differences between Korea and Germany

As a loser in World War II, Germany was divided into four areas by the victors and controlled by the West and the East. Although Korea was granted political independence right after the war ended, the 38th parallel across the Korean Peninsula became the line dividing it into two nations.

One major difference between Korea and Germany was in the separation of family members. In the two Germanies, families have been able to correspond with each other and communicate by telephone. However, more than 10 million families in the Republic of Korea still cannot talk by telephone or correspond with family members in the North. Almost all opportunities to contact families in the North have been denied.

Unfortunately, unlike Germany, there was a fratricidal war between the South and the North that began in June 1950 with an attack by the North Korean Communists, and went on for three years. An armistice still continues with 1.5 million troops confronting each other along the four kilometer wide Demilitarized Zone (DMZ). Obviously, the first priority to achieve reunification is to abolish tension and distrust between the South and the North.

Differences between North Korea and East Germany

One major policy of East Germany was to obtain recognition as an independent state from West Germany in accordance with international law. It also demanded West Germany to sign some basic agreements, join the United Nations simultaneously and exchange resident diplomatic missions. East Germany also exerted itself to obtain economic support from West Germany with the goal of accomplishing economic development. East and West Germany signed a Berlin Agreement in 1951, and the annual volume of bilateral trade between the two countries has averaged US$13 billion for the last decade.

Alternatively, North Korea has only recently recognized the Republic of Korea as its partner in dialogue. In June of 1991, it finally accepted the South's proposal to simultaneously join the United Nations with the aim of peacefully solving problems between the two Koreas. Proposals to step up the pace of bilateral exchanges of people and goods and mutual cooperation between the South and the North have received little attention

by the North. No interest has been shown in offers by the South to help the North Korean economy.

People in East Germany have been allowed to contact the outside world, including an access to TV and radio from West Germany and to West German newspapers. North Korea has made all-out efforts to block the flow of information from the West and, in particular, from the South to the North.

East Germany in early 1990 adopted a multi-party system and reorganized its government through a democratic election. These steps contributed much to the achievement on October 3 of the reunification of Germany. North Korea, however, is still pursuing its policy of isolation by cutting off outside contacts and concentrating on the adulation of Kim Il-sung and his son, Kim Jong-il. Most North Koreans have not been informed about the political reform and change now sweeping Eastern Europe.

East Germany has been one of the loyal members of the Soviet-led Warsaw pact and under strong influence of the Soviet Union since its establishment. It also has maintained strong political and economic ties with several Eastern European countries and participated with them in the course of the new political milieu characterized by *perestroika* and *glasnost*.

North Korea has received advanced military equipment as well as economic and technological aid from the Soviet Union. Due to its special and traditional relationship with the People's Republic of China, however, it could maintain a distance from direct Soviet influence. Regarding domestic policy, North Korea was also able to disregard the Soviet Union's demand for reform.

Since the end of 1989, East Germany had abandoned its long standing policy of perpetuating the two Germanies and adopted national reunification as its new goal. It proclaimed its readiness to accept a formula which annexes East Germany to West Germany and agreed with West Germany to implement a unitary monetary system from July 1, 1990.

However, North Korea has held to its aims of communizing the South and establishing its form of government on the Korean Peninsula.

Prospect

North Korean leaders may have been shocked at the wave of reform sweeping socialist countries including the Soviet Union and their normalization of relations with South Korea.

It is expected that North Korea eventually must open its door and reform its society due to the dramatic change in the global political picture. Due to difficulties in its economy, it also is considered inevitable for the North to abandon its long standing isolationist policies.

STATISTICS

Korean Overseas Information Service/Seoul, Korea June 1991

Category	Unit	1975	1980	1985	1987	1988	1990
Land (Total)	Km^2	98,806	98,992	99,143	99,221	99,236	99,273
Cultivated	Km^2	22,396	21,958	21,444	21,434	21,397	21,088
Forest	Km^2	66,353	65,677	65,311	64,990	64,910	64,847
Other	Km^2	10,056	11,356	12,388	12,796	12,928	13,638
(North Korea)	Km^2	—	—	—	122,100	122,100	—
Population (Mid-year)	1,000 Persons	35,281	38,124	40,806	41,575	41,975	42,869
Men	1,000 Persons	17,766	19,236	20,576	20,959	21,158	21,568
Women	1,000 Persons	17,515	18,888	20,230	20,616	20,817	21,301
(North Korea)	1,000 Persons	15,850	18,030	20,380	21,390	21,900	22,420
Rate of Increase	%	1.70	1.57	0.93	0.96	0.97	0.93
Density	1,000 Persons	357	385	411	419	423	432
Population of Metropolitan Areas							
Seoul	1,000 Persons	6,890	8,364	9,639	10,110	10,310	10,628
Pusan	1,000 Persons	2,453	3,160	3,515	3,648	3,701	3,798
Taegu	1,000 Persons	—	—	2,030	2,127	2,166	2,229
Inch'ŏn	1,000 Persons	—	—	1,387	1,501	1,552	1,818
Kwangju	1,000 Persons	—	—	—	1,098	1,131	1,145
Taejŏn	1,000 Persons	—	—	—	—	1,020	1,062
Education							
Enrollment Rate to Primary School	%	97.3	97.9	98.6	98.1	99.0	98.7
Advancement Rate to Middle School	%	77.2	95.8	99.2	99.5	99.5	99.7
Advancement Rate to High School	%	74.7	84.5	90.7	91.9	93.5	95.6
GNP (in current prices)	US$ bil.	20.9	60.5	89.7	128.9	172.8	237.9
Per Capita GNP	US$	594	1,592	2,194	3,110	4,127	5,569
GNP Growth Rate	%	6.4	−3.7	7.0	13.0	12.4	9.0
National Savings as % of GNP	%	18.2	23.1	29.1	36.2	38.1	35.3
Tax Burden as % of GNP	%	15.3	17.9	17.3	17.5	17.9	19.0
Economically Active Population	1,000 Persons	12,193	14,431	15,592	16,873	17,305	18,487
Employed Population	1,000 Persons	11,692	13,683	14,970	16,354	16,870	18,036
In Agriculture	%	45.7	34.0	24.9	21.9	20.7	18.3
In Industry	%	19.1	22.5	24.4	28.1	28.5	27.3
In Services	%	35.2	43.5	50.7	50.0	50.8	54.4
Unemployed	1,000 Persons	501	748	622	519	435	451
Unemployment rate	%	4.1	5.2	4.0	3.1	2.5	2.4
60 years old and over	1,000 Persons	603	720	882	1,054	1,093	1,294
Trade Balance	US$ mil.	−1,671	−4,384	−19	7,659	11,445	−2,003
Exports	US$ mil.	5,003	21,598	26,441	46,243	59,648	63,124
Imports	US$ mil.	6,674	17,214	26,460	38,584	48,203	65,127
Exports as % of GNP	%	28.0	34.7	35.8	42.5	40.5	32.2
Imports as % of GNP	%	38.2	45.9	38.0	36.6	33.5	33.5
Composition Rate of Exports by Commodity Groups							
Food & Live Animals	%	11.8	6.5	3.7	4.4	3.9	2.9
Machinery & Transport equipment	%	15.0	20.3	37.6	35.7	38.6	36.6
Manufactured Goods Classified by Material	%	29.4	35.7	23.3	21.5	20.8	21.9
Miscellaneous Manufactured Articles	%	35.8	29.8	27.6	32.4	30.8	24.0

Category	Unit	1975	1980	1985	1987	1988	1990
Imports by Type of Goods							
Capital Goods	%	26.2	23.0	35.6	35.5	36.7	36.4
Raw Materials	%	39.8	39.7	38.0	45.9	46.7	44.8
Crude Oil	%	17.5	25.3	17.9	9.0	7.1	9.1
Grain & Others	%	16.5	12.0	8.5	9.6	9.5	9.7
Imported Energy as % of Total Consumption	%	58.6	73.5	76.2	80.0	83.2	87.6
Exchange Rate of *Won* to U.S. Dollar (End of Year)	*Won*	484.00	659.90	890.20	792.30	684.10	716.40
Foreign Exchange Holdings	US$ mil.	1,550	6,571	7,748	9,193	12,378	14,822
Foreign Loans Receive	US$ mil.	1,278	2,919	1,988	2,667	1,879	448
Public	US$ mil.	476	1,516	1,024	1,109	891	418
Commercial	US$ mil.	802	1,403	964	1,558	988	30
Mineral Production							
Anthracite	1,000 M/T	17,585	21,338	21,907	23,042	22,670	15,771
Iron Ore (56% Fe)	1,000 M/T	574	545	625	565	666	650
Limestone	1,000 M/T	15,712	26,703	34,967	43,327	48,502	49,856
Major Industries							
Color TVs	1,000 Each	43	956	3,787	8,684	10,431	12,828
Synthetic fiber fabrics	10 Km^2	72.7	146.1	214.4	298.7	315.6	312.3
Polyethylene	1,000 M/T	66	227	352	469	571	785
Iron & Steel	1,000 M/T	1,928	7,568	11,962	14,216	16,117	19,962
Automobile	1,000 Each	37	121	361	944	1,069	1,279
Production of Food Grain	1,000 M/T	7,654	5,324	6,990	6,688	7,299	6,635
Rice	1,000 M/T	4,669	3,550	5,626	5,493	6,053	5,606
Barley	1,000 M/T	1,700	811	571	516	561	416
Wheat	1,000 M/T	106	95	13	5	3	1
Wholesale Price Index	1985 = 100	34.6	78.0	100.0	99.0	101.7	107.5
Consumer Price Index	1985 = 100	32.1	70.9	100.0	105.9	113.4	130.2
Total Households	1,000 Households	6,648	7,968	9,575	10,175	10,513	11,357
Persons per Household	Persons	5.1	4.6	4.2	4.2	4.2	3.8
Number of Houses	1,000 Units	4,734	5,434	6,104	6,449	6,670	7,677
Housing Supply Ratio	%	74.4	71.2	69.7	69.2	69.4	75.1
Receiving piped water as % of Total Population	%	42.4	54.6	66.6	71.1	74.2	77.8
Water Supply per Person/Day	liters	216	256	282	311	325	339
Telephone Subscribers	1,000 Persons	1,058	2,704	6,517	8,625	10,306	13,276
Hospital Units	Each	183	341	534	550	592	627
Hospital Beds	Each	21,242	38,096	74,365	85,327	90,277	99,843
Number of Physicians	Persons	19,588	25,279	33,385	38,611	41,777	48,346
Population per Physician	Persons	1,801	1,490	1,222	1,077	1,005	887
Motor Vehicles Registered	1,000 Vehicles	194	528	1,113	1,611	2,035	3,394
Passenger Cars	1,000 Vehicles	84	249	556	844	1,118	2,075
Trucks	1,000 Vehicles	83	227	413	547	635	924
Buses	1,000 Vehicles	22	42	128	200	260	384
Others	1,000 Vehicles	5	9	16	20	22	11
Length of Railroad Tracks	Km	5,619	6,007	6,299	6,340	6,456	6,435
Length of Express Highways	Km	1,142	1,224	1,415	1,539	1,550	1,551
Length of Subways	Km	9.5	9.5	132.6	132.6	132.6	144.1
Length of Roads	Km	44,905	46,951	52,264	54,688	55,778	56,714
Paved Roads	Km	10,000	15,599	26,072	31,282	34,234	40,545
Number of Foreign Visitors	1,000 Persons	633	976	1,426	1,874	2,340	2,958
In-country Expenditures	US$ mil.	140	369	784	2,299	3,265	3,515