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THE WHITE HOUSE

Office of the Press Secretary
(Seoul, Korea)

For Immediate Release January 6, 1992

REMARKS BY THE PRESIDENT
IN ADDRESS TO THE KOREAN NATIONAL ASSEMBLY

National Assembly Hall
Seoul, Korea

2:40 P.M. (L)

THE PRESIDENT: Mr. Speaker, Mr. Secretary General, Assemblyman Park, and distinguished members of this National Assembly. Believe me, it is a great honor to return once more to this house, the symbolic center of Korean democracy. As the Speaker said, I first came to this chamber in February of 1989, just one month after taking office, and Barbara and I still recall the warm welcome we received then from the people of Korea.

And here we are, celebrating our 47th wedding anniversary with all you young people. And you make us feel very much at home, and I'm grateful to each and every one of you. Thank you very much. (Applause.)

February of '89, that was nearly three years ago. In the short time since then, we have seen our world transformed. The epic Cold War struggle between the forces of freedom and the communist world came to an abrupt end; with God's mercy, a peaceful end. Gone is the Berlin Wall, the Warsaw Pact, not simply the Soviet empire, but even the Soviet Union itself. Everywhere, we see the new birth of democratic nations -- a new world of freedom, bright with the promise of peace and prosperity.

During my visits these last few days to Australia, to Singapore, and now to your wonderful country, Korea, I have stressed that this new world of freedom presents us with fresh and demanding challenges -- meeting new requirements for global security and stability, promoting democracy, and enhancing world economic growth and prosperity.

Korea, too, is a part, an important part of this changing world. Indeed, you are at the center of these challenges. At home your country is developing its own democratic and free market traditions. And in the world Korea is helping to shape a changing security and geopolitical landscape. Your influence in world affairs is enhanced by the fact that at long last Korea is assuming its place as a full member of the United Nations. Mr. Speaker, as President of a nation that fought under the U.N. flag to keep Korea free and to establish the conditions for growth and prosperity, we share your pride in what you have justifiably achieved. (Applause.)

Yes, change transforming our world, a revolution is on our hands. And yet, the Cold War continues to cast its shadow over Korea. Just 25 miles north of this capital city, the Korean Peninsula is still cleaved by that DMZ: the ribbon of land that separates one people yearning to live in peace. Who can calculate the human cost: 10 million Koreans separated now from family members for four decades.

For 40 years, the people of Korea have prayed for an end to this unnatural division. For 40 years, you have kept alive the dream of one Korea. The winds of change are with us now. My friends, the day will inevitably come when this last wound of the Cold War struggle will heal. Korea will be whole again, I am absolutely convinced of it. (Applause.)

MORE

For our part, I will repeat what I said here three years ago: The American people share your goal of peaceful reunification on terms acceptable to the Korean people. This is clear. This is simple. This is our policy.

Recently, North and South made progress in easing tensions, in exploring opportunities for peace and understanding through direct talks at the prime ministerial level. And this search has produced positive results: first, December's historic Non-Aggression Agreement -- and then, on the eve of this new year, an agreement to forever ban nuclear weapons from the Korean Peninsula.

These positive developments come at a critical time of rising concern, at a time when North Korea's pursuit of nuclear arms stands as the single greatest source of danger to peace in all of Northeast Asia.

This progress is a tribute to the policies of President Roh and the government of this Republic. South Korea has systematically eliminated any possible action that could justify the North's pursuit of such deadly weapons. This Republic has rejected all weapons of mass destruction, and to give further meaning to this pledge, South Korea renounced all nuclear reprocessing and enrichment activities. On December 18th, President Roh announced that there were no nuclear weapons on South Korean soil. To any who doubted that declaration, South Korea, with the full support of the United States, has offered to open to inspection all of its civilian and military installations, including United States' facilities.

At every point, South Korea's approach was open, sincere and fair. Each good-faith action increased the call for the North to make a positive response. Today the prospects for real peace on this peninsula are brighter than at any point in the past four decades.

And yet, paper promises won't keep the peace. I call on North Korea to demonstrate its sincerity to meet the obligations it undertook when it signed the Non-Proliferation Treaty six years ago. North Korea must implement in full, all IAEA safeguards for its nuclear facilities without exception -- (applause) -- and I might add, without delay. Moreover, North Korea, together with the Republic of Korea, should proceed to implement the inspection and verification portions of their unprecedented Joint Declaration on Non-Nuclearization, signed one week ago. Prompt action by the North will mark a new milestone on the path toward peace.

But let this be clear: The United States has and will support the security aspirations of its ally in the South in the cause of peace.

We are pleased that our September announcement about nuclear weapons helped lend momentum to the effort to make Korea safe from nuclear proliferation. And we've worked with others in the region to send a multilateral message to North Korea. And we've been willing to open our facilities to Korea to challenge North Korea to do the same.

We've also left no doubt that we'll back these overtures for peace with a demonstration of our military resolve. As you know, we've postponed our plan to reduce the number of American troops stationed here in Korea. And let there be no doubt: The people of this Republic should know that the United States' commitment to Korea's security remains steady and strong. (Applause.) I renew that pledge as an ally, as President of a nation that shares your devotion to democracy and self-determination.

Down through the decades, from Korea to Kuwait, from the American soldiers who gave their lives at Inchon, Pork Chop Hill, to the Korean forces who stood with us in Desert Storm, our two nations

have upheld the international ideal that between nations, and not just within them, common interests call for common action.

Today, in many quarters, that ideal is being questioned, even criticized. There are those who see the many changes in our world and say, well, our work is done. They urge us to declare victory, celebrate the collapse of our common enemy, and then come on home. And they fail to recognize a fundamental fact: The Cold War era changed our world forever. We did far more than hold a common enemy at bay. Together, we built a new world, a system of collective security to keep the peace; a system of free trade that fueled a generation of prosperity the likes of which the world has never seen; and a common commitment to political openness and liberty that now sustains a worldwide movement toward democracy.

The passing of the Cold War must not mark the beginning of a new age of isolationism. The nations of the free world share more than a common history; they share a common destiny. And there is no going back, only forward.

The developments of the past 40 years -- the dramatic expansion of democracy, the geometric increase in global trade -- has created a system of common interests. To turn our backs now, to walk away after this great victory for freedom or to retreat behind high trade walls into regional blocs would turn triumph to tragedy.

America is a Pacific nation. We will remain engaged in Asia, as we are in the other regions of the world. But just as the world itself stands on the threshold of a new era, so, too, we now enter a new era in U.S.-Korean relations. And what began in the heat of the war as a military alliance has grown into a broader relationship, a partnership anchored in shared economic interest and common political ideals.

Korea's new role will, yes, mean new responsibilities. A new partnership based upon Korea's growing capabilities, and increased ability to contribute to peace and prosperity in the Pacific and beyond.

The world recognizes Korea as an economic powerhouse. We are pleased that over the past few years that we've narrowed our current account imbalance from about $9 billion to about $1 billion, and that U.S. exports to Korea have increased at a pace of more than seven percent over the last two years. And we must acknowledge the equally important strides that you have made in strengthening the institutions of democracy.

Even in the three years since my last visit, the change is clear for all to see. With the encouragement of President Roh, this National Assembly now plays a greater role in Korean politics. I understand you have some very avid debates in this chamber. Well, join the club. That's what we do at home all the time. That's democracy in action.

In 1992 alone, South Korea will hold at least three elections at the local and national levels. Across the country, democracy is giving voice to new ideas and opinions. And since 1990 alone, 10 new daily newspapers and nearly 1,000 other new publications.

Free speech, free elections, private property: these are the cornerstones of the new world order -- fundamental freedoms that secure peace and prosperity.

Consider your own history, a case study in contrasts between North and South. More than four decades ago, the South -- with less land, fewer resources and more people than in the North -- set its course for free enterprise and free government. North Korea, well, they traveled a different path. Blessed with rich resources

and a stronger industrial base, the regime that ruled the North marched its people down the dead-end path of totalitarianism and international isolation. Its economy stalled, its society suffocated, its cohorts went their own way.

Today, the South is a dynamic participant in the community of democratic and market-oriented societies. The South is at peace, free and prosperous, with an average annual income four times higher than in the North, and a history of double-digit growth that has propelled it into the front ranks of the world's economies.

And now you must build on your success. You must sustain the conditions that fueled your phenomenal growth. Korea did not raise the living standard of its people by closing itself off from the outside world. Today, Korea stands as America's seventh largest trading partner. With me on my trip are executives from some of America's leading companies, many with interests in expanding business with Korean companies and Korean consumers. America is not only your largest market -- Korea's largest market -- but a leading source of the technology and capital that helps fuel your economic growth.

This nation owes much of its economic miracle to open markets abroad. Korea must see clearly that prosperity in the new century ahead lies in open markets.

Trade is one activity where the interests of all nations intersect. Let me repeat here what I've said in Australia and in Singapore: At home, in the United States, especially during tough economic times, my highest priority must be jobs and economic growth. But my allegiance to the American worker is not at odds with the interests of the Korean consumer. Trade is not a zero-sum game enriching some nations at the expense of the others. Growing trade provides the people of both our nations with higher standards of living and better lives.

Pressures for protectionism are building. We see it in my country, with the new breed of economic isolationists who urge us to build barriers to expanding trade and opportunity. And we see it here in Korea, in a "frugality campaign" that's been used by too many to discourage imports. But wherever this impulse shows itself, we must fight back for trade that is free, fair and open.

We must heed the lessons of history. For the first half of this century, great nations sought refuge in isolationism and in its economic accomplice, protectionism, and the world succumbed to the ravages of war and -- think back -- to depression. Since the Second World War, free nations, large and small, pursued a common course, forging alliances and fostering trade, and the world, as a consequence, has enjoyed an era of unprecedented peace and prosperity.

The history of this century is not lost on Korea. As a founding member of APEC -- the forum for Asia Pacific Economic Cooperation -- you have worked with your economic partners in the region to bring down barriers to trade. But the key test -- the key test now is before us in this Uruguay Round. As an emerging economic power, Korea has shared greatly in the bounty of an open and growing world trading system. That reward carries with it profound responsibilities. Korea must now shoulder with other trading nations the burden of leadership on behalf of the multilateral trade regime.

As I mentioned before the business leaders of our two nations earlier today, I am urging at each stop of my trip that we use the Dunkel draft text as the basis for successfully concluding the GATT Round of trade talks. Korea has the opportunity to help fight the forces of protectionism, to help tip the balance in favor of free and fair trade policies that remain the world's one path to prosperity.

MORE

Our two nations share a history written in the blood of our people. The bonds forged in the Cold War, at the brink of Korea's mortal danger, have grown stronger through the years. Forty years ago, the free world made your struggle their own struggle. Our forces fought here for a future free from tyranny. And you did far more than survive. In the shadow of the Cold War, you showed what we can achieve so long as we are free.

For four long decades, Korea has stood at the frontier of freedom, vigilant, determined never wavering in its commitment to the great cause of independence and liberty. So today, as we enter a new world, the world we fought for 40 years ago, Korea stands with us, a steadfast friend, ally and partner, proud, prosperous and free. (Applause.)

I salute you. I congratulate you. And may I thank you for this warm welcome. And may God bless the wonderful people of Korea. Thank you all very, very much.

END 3:00 P.M. (L)

THE WHITE HOUSE

Office of the Press Secretary
(Seoul, Korea)

For Immediate Release January 6, 1992

PRESS CONFERENCE BY PRESIDENT BUSH
AND PRESIDENT ROH TAE WOO

Blue House
Seoul, Korea

12:01 P.M. (L)

PRESIDENT ROH: Good morning, ladies and gentlemen. I am especially delighted to meet again with the journalists traveling with President Bush. Today I have had very useful talks with President Bush for more than one hour and a half. We have exchanged wide-ranging views about the ongoing changes in the world and the shifting situation in the Asia Pacific region.

President Bush and I have earnestly discussed the roles of our two countries in promoting durable peace and security on the Korean Peninsula, as well as ways to advance our bilateral cooperation. We have also exchanged frank and candid views on how to strengthen the free international trade system and how to expand economic and trade ties between our two countries.

At the outset I expressed my deep appreciation for the outstanding leadership of President Bush in dismantling the Cold War structure and in freeing all mankind from nuclear terror. I emphasized that the roles of our two countries in promoting lasting peace and prosperity in the Asia Pacific region and the bilateral cooperation are growing even more important.

In the quest for those common goals, all nations in this region, including Korea, ought to fulfill their responsibilities commensurate with their capabilities. President Bush made clear that, as a Pacific power, the U.S. will continue to play a constructive role in promoting peace and common prosperity in this region.

I explained to him the initiatives and endeavors that we have put forth to ease tensions and secure peace on the Korean Peninsula, and the consequent progress in relations between South and North Korea. President Bush reaffirmed the principle that the problems of the Korean Peninsula should be settled directly by the South and North themselves, and fully supported the accords that have recently been reached between the two areas of Korea.

President Bush and I jointly reaffirmed the unshakeable position that North Korea must sign and ratify a nuclear safeguard agreement and that the recently initiated joint declaration for a nonnuclear Peninsula must be put into force at the earliest possible date.

We discussed ways for the U.S. to regular expand contacts with North Korea in close consultation between our two countries, in tune with progress on the North Korean nuclear issue and in inter-Korean relations.

President Bush once again stressed that the U.S. security commitment to Korea remains unchanged and will continue to be honored. We agreed that our two nations should further strengthen bilateral ties in the diplomatic, security, economic, scientific, technological and all other fields, and further develop an enduring

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partnership so that both will be able to prosper together in the Pacific era anticipated in the 21st century. Once again affirming that common prosperity must be sought through free trade, we pledged our two nations to closely cooperate to that end.

I emphasized that my government is taking positive approaches to all areas for helping to bring the Uruguay Round of trade negotiations to a successful conclusion. As for negotiations in the agricultural sector, I explained that because of our peculiar situation, it will be exceedingly difficult to fully open our markets in the immediate future, and asked for America's understanding and cooperation in resolving the issue.

I also stressed that our trade balance with the U.S. dipped into the red in the last year, and explained our current economic realities, emphasizing that a healthier development of the Korean economy will be beneficial to America also.

President Bush and I agreed to have the governments of both countries mutually support proposed Korean business activities in the U.S. and U.S. business activities in Korea. Through that end, we agreed to initiate Korea-U.S. subcabinet economic consultations to develop ways to promote economic partnership between our two countries.

We also agreed on the need to further expand bilateral cooperation in the fields of science and technology, and thus a new science and technology agreement and a patent secrecy agreement were signed between our two countries this morning.

Ladies and gentlemen, let me ask you now to give President Bush, our guest of honor, an opportunity to speak.

PRESIDENT BUSH: First, Mr. President, may I thank you for your hospitality. And, of course, Barbara and I are very pleased to be in Korea again at this historic time.

We have had good, productive discussions with the President, with members of his Cabinet on security, economic and political issues. And I reaffirmed the commitment of the United States to the security of Korea. And let there be no misunderstanding, the United States will remain in Korea as long as there is a need and that we are welcome.

I told President Roh that he deserves tremendous credit for the progress that has been made toward reunification on the Peninsula. His November 8th announcement sets a standard for a nonnuclear Peninsula, which I fully endorse. While rapid progress is being made between the North and the South, I expressed my concern that the North fully implement its IAEA obligations under the Nuclear Nonproliferation Treaty. And moreover, the North and South should implement the historic bilateral inspection arrangements under the joint Nonnuclear Declaration of December 31, 1991. If North Korea fulfills its obligation and takes steps to implement the inspection agreements, then President Roh and I are prepared to forego the team spirit exercise for this year.

On economic and trade issues, I stressed the need for Korean support to bring the Uruguay Round to a successful conclusion -- a subject he just addressed himself to. I congratulated the President on Korea's superb job of hosting the last APEC ministerial meeting, and we agreed to support and strengthen APEC, which I believe is one of the keys to continued regional growth.

Bilaterally, I am pleased to announce that we have agreed to an economic action plan which will establish a framework to resolve bilateral trade and economic issues between us.

And on one final note, I think that the science and technology agreement that we signed today is a serious framework for concrete cooperation.

So thank you again, Mr. President. I'm delighted to be here.

Q South and North Korea have recently agreed on the South-North Basic Accord and the Nonnuclear Free Korean Peninsula. But North Korea's sincerity in carrying out this accord is questioned. Therefore, with regard to the building of a structure for peace on the Korean Peninsula, what discussions have been taken at the summit meeting?

PRESIDENT ROH: There are a lot of worries about North Korea's compliance with the nuclear inspection. And when South and North Korea agreed on the Declaration of Nuclear-free Korean Peninsula, the precondition was that North Korea will sign the nuclear safeguard treaty with the IAEA and submit its facilities to international inspection. And that has been promised by the North Korean side. And in my view, they will faithfully follow through with their commitment.

Now, if and when North Korea balks at these commitments, then I believe North Korea clearly understands what international sanctions are awaiting for their fall. And in light of North Korea's current situation and realities, I do not believe North Korea could forfeit their promises regarding these commitments. And the United States and the Republic of Korea will continue our cooperation and our efforts to eliminate North Korea's nuclear weapons development, as well as to have North Korea abandon their nuclear reprocessing plants as well as the enrichment facilities to the extent they exist. And we will expect support and cooperation of the international society. And along with these supports, I am quite certain that our efforts will succeed.

As far as South-North Korean summit talks, we did not go into any specifics, but President Bush has expressed his support of these talks to the extent that these talks will be conducive for the reduction of tension on the Korean Peninsula and for the long-term unification of the Korean people.

Q Mr. President, the U.S. has called for Japan to take a broader role on the world stage, to go beyond checkbook diplomacy. In line with that expectation, is the U.S. prepared to accept Japan's request for a seat on the permanent U.S. Security Council? And if not, why not?

PRESIDENT BUSH: Japan is a very important country. They are a economic power to be respected and to be reckoned with. But your question relates to changing the Charter of the United Nations Security Council, something that is extraordinarily difficult to do. And in addition to Japan, there are other claimants to seats on what clearly would have to be an expanded Security Council. So we are in the position of hearing from, as the world has changed, from various friends -- Japan being one of them, others in Europe being among them -- as to their aspirations to be on the Security Council.

But before there could be any change in the Charter, there would have to be extensive consultation. It simply is not going to just happen. And so we haven't tried to stand in the way of it, nor have we advocated Japan over other seriously interested people.

I think President Nixon back in '72 indicated a willingness to support Japan if the Charter ever came open for change. But my experience at the U.N. tells me changing the Charter is extraordinarily difficult. But we'll be open-minded and we will be prepared to consult.

Q Mr. President, tomorrow you head for Japan, which has been characterized sort of as the Super Bowl of this Asian trip of yours. Politically, sir, what is the bottom line for you? What do you have to achieve in Japan and take home to the United States to make that a successful trip?

PRESIDENT BUSH: I don't know, but the political opponents are already kind of raising the bar on the high jump. And we will be discussing in Japan economic issues -- not exclusively economic. We're going to be talking about the very important security considerations that Japan has; indeed, we've talked about them here in Korea. And so I have no set list that must be achieved to declare this visit a success. I've heard very positive statements coming from a very respected leader, Mr. Miyazawa. And that is all very encouraging. Indeed, they've already taken some steps on the economic front, the monetary front that I think are important in terms of lowering interest rate.

So I just can't help you in what makes a success or what makes a failure. I can guarantee you political opponents, no matter what is achieved, will be saying, hey, you didn't jump quite high enough; you need to get over the bar; we've just raised it another foot. But that's politics. That's what's to be expected.

What is important is that we handle this relationship with a broad global sense; that we make progress on the economic front, the bilateral trade front; and that we make clear to the Japanese leaders that we are interested in their views on security and on a wide array of other topics. So I can't define for you exactly what makes a success or what doesn't.

I am encouraged by the forthcoming statements, as I say, on the monetary policy as well as some that have been forthcoming in terms of the trade formula. But I just can't give it to you, Ellen.

Q The question to President Roh. North Korea has indicated that they will sign the nuclear safeguards treaty and permit to inspections. But will the United States and North Korean relations be upgraded later in the year once North Korea carries out its promises?

And to President Bush, what would be the conditions on the part of the United States to upgrade U.S. relations with North Korea? And, again, back to President Bush, the United States is reportedly putting pressure on the Republic of Korea to open the markets, Korean markets, to U.S. products. But one thing we can point out, we are recording already $.7 billion trade deficit with the United States. And at what point will these pressures be let off?

PRESIDENT ROH: The question was about the North Korea's signing of the safeguards treaty and the inspections and whether U.S.-North Korean relations will improve upon these events. I have consistently maintained the position since my July 7th Declaration of Inter-Korean exchanges that North Korea should stop being a threat to international society, not only in this area but across the world. And they should come out to the open world and cooperate with the nations around the world.

And since North Korea has indicated that they will renounce the development of nuclear weapons, if North Korea's nuclear development ceases to be a threat to us and to the area, and if South and North Korean relations improve, we would not only not oppose U.S.-North Korean contacts upgraded, we would rather encourage the upgrading of contacts between North Korea and the United States.

And President Bush fully agreed with my recommendations and views and he also indicated that as far as North Korea is concerned, the U.S. position is that the United States will pursue, in full consultation with the Republic of Korea, and Korea will never be passed up in the U.S. efforts to maintain contacts with North Korea. And we have confirmed our positions.

PRESIDENT BUSH: May I say with admiration that this reporter has perfected the art of the follow-on question, getting one to you and two to me. It's a magnificent performance.

Let me try to remember mine. One of them was what conditions to upgrade. And I would just follow on to what President Roh Tae Woo said: nuclear question, peaceful intentions. I would add some respect in their case because of the miserable record for individual rights, human rights, before there would be an upgrading with the United States. But let me just reassure the people here, we are not going to get out in front of the Korean government here and we are not going to permit North Korea to make an end run to start in talking to us about upgrading before these fundamental problems that President Roh has talked about have been solved.

Do you want to go and then I'll answer his second one. Mr. President, I have to finish -- he had another one. Very well done. And the question, as I recall it, was when do you let up on the pressure about getting into the other guy's market because we have a central trade balance.

And the answer to that is, it's not a question of balance or imbalance, it's a question of fair trade. And we will continue to work with Korea where we think that trade is less than fair. Their businessmen pointed out to me some things this morning that they think we can do better in this.

But it's not a question of a trade figure. It's a question of access to markets. It's a question of fair treatment and this thing we signed today is very good -- copyrights and patents -- that's all very good.

So just because there's a balance that doesn't mean that either side should refrain from trying to get full and fair access to the other guy's market.

Thank you very much.

Q -- to open the markets of Korea anytime soon. Are you satisfied with that, and how does that square with your promise to the American people you're going to open markets for jobs, jobs, jobs?

PRESIDENT BUSH: Open markets where?

Q For jobs, jobs, jobs.

PRESIDENT BUSH: Yes. Are you talking about North Korea?

Q No, I'm talking about what the President said. He said it's not anytime in the near future; because of their austerity program here you won't be able to open the markets.

PRESIDENT BUSH: I don't think he said that. I don't think that's what he said. That's not what we've been talking about.

Q Well, I think that's what the translation was.

Q Have you even discussed rice, for example?

PRESIDENT BUSH: We talked about that and the global -- yes, absolutely, but in the global sense of let's get a satisfactory conclusion to the Uruguay Round. I should have added that to that last guy's question, as a matter of fact. That is the key to a lot of what that last Korean questioner was asking about.

Q Mr. President, we understand North Korea --

PRESIDENT BUSH: Hey, listen, it just ended here -- the press conference. You weren't listening when the thing ended -- you're still jet-lagged out.

Q We understand North Korea said no to a dialogue with the United States, that they've said no to the United States about --

PRESIDENT BUSH: That's fine. Our policy is not going to shift. We're not going to start having dialogue with North Korea. We're dealing as we have in the past, and progress is being made. We salute the President for that progress. And we're not about to take some end run around our staunch ally in order to accommodate Kim Il-song. And if he doesn't want it, so much the better. That just suits the heck out of us.

END 12:30 P.M. (L)

U.S. Department of State

91 DEC 20 P12:



EAP FAX

Date: 12/20

TO: Jeannie Bunton

FAX Phone Number: 456-7750

Addressee's Phone: _____

FROM: EAP/ _____

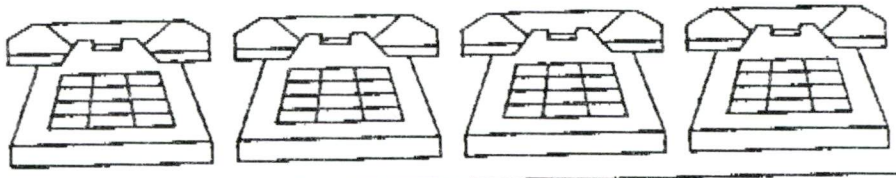
FAX Phone Number: _____

Sender's Phone: _____

NUMBER of PAGES INCLUDING COVER SHEET 3

Remarks: Jeannie - I've ranked the attached statistics for you - Korea is our 6th Largest export market, our 7th Largest import market, and our 7th largest combined trading partner. It would be our 6th Largest trading partner if you count the EC as one unit.

UNCLASSIFIED ONLY



United States Department of
COMMERCE NEWS
Washington, D.C. 20230

ECONOMICS AND STATISTICS ADMINISTRATION

BUREAU OF THE CENSUS

CB-91-341
FT-900 (91-10)

IMPORTANT: This release contains sensitive economic data not to be released before 8:30 a.m. EST Thursday December 19, 1991

Gerald F. Kotwas (301) 763-5333
Haydn R. Mearkle (301) 763-7754
Richard M. Preuss (301) 763-7754

U.S. MERCHANDISE TRADE: *October 1991*

See INFORMATION on Page 19 for the 1992 Press Release Dates.

Seasonally Adjusted Exports (F.A.S.), Imports (Customs), and Trade Balance

The Bureau of the Census, Department of Commerce announced today that October exports of **$36.7 billion** and imports of **$43.5 billion** resulted in a merchandise trade deficit of **$6.7 billion**, $0.2 billion less than the September deficit of $6.9 billion. October exports were $1.4 billion more than September exports of $35.3 billion. October imports were $1.2 billion more than September imports of $42.3 billion.

The September to October change in exports reflected increases in industrial supplies and materials ($0.7 billion), consumer goods ($0.3 billion), automotive vehicles, parts and engines ($0.2 billion), capital goods ($0.1 billion), and other merchandise ($0.1 billion); foods, feeds and beverages were virtually unchanged.

The September to October change in imports reflected increases in consumer goods ($0.6 billion), automotive vehicles, parts and engines ($0.2 billion), capital goods ($0.2 billion), and other merchandise ($0.1 billion), and a decrease in foods, feeds and beverages ($0.1) billion; industrial supplies and materials were virtually unchanged.

For non-petroleum products, October exports were $36.1 billion and imports were $39.3 billion resulting in a deficit of $3.1 billion, $0.3 billion more than the September deficit of $2.8 billion. October non-petroleum exports were $1.2 billion more than September exports of $34.9 billion. October non-petroleum imports were $1.5 billion more than September imports of $37.7 billion.

In 1987 constant dollars, October exports were $34.5 billion, $1.3 billion more than the $33.2 billion of September. Imports of $40.2 billion were $0.7 billion more than September imports of $39.5 billion.

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EXHIBIT 8. EXPORTS, GENERAL IMPORTS AND MERCHANDISE TRADE BALANCE--COUNTRIES, ECONOMIC AND GEOGRAPHIC AREAS, NOT SEASONALLY ADJUSTED (CURRENT DOLLAR BASIS): 1991 AND 1990

In millions of dollars. Details may not equal totals due to rounding and other statistical procedures.
(-) Represents Zero. (R) Revised. (X) Not applicable. (Z) Less than one half unit of measurement shown.

1991

Item	TRADE BALANCE			EXPORTS			IMPORTS			
	October 1991	September 1991	Cumulative to date	October 1991	September 1991	Cumulative to date	October 1991	September 1991	Cumulative to date	
Total	-9,005.9	(R) -6,997.4	-55,707.9	37,538.8	(R) 34,508.3	349,586.4	46,544.7	(R) 41,505.7	405,294.3	
Developed	-3,965.9	(R) -2,759.9	-22,918.8	23,686.0	(R) 21,323.7	220,203.6	27,651.9	24,083.6	243,122.4	
Canada	-388.7	-273.0	-4,274.5	8,204.1	7,445.8	(1) 71,854.4	8,592.8	7,718.8	76,128.9	1
Western Europe	522.6	1,279.3	13,301.0	10,182.2	9,201.0	98,567.3	9,659.6	7,921.7	85,266.3	
European Community	733.6	1,406.6	13,816.2	8,828.1	7,927.5	85,745.9	8,094.5	6,520.9	71,929.7	
Belgium	429.2	515.2	5,655.5	861.3	798.4	8,993.3	432.1	283.2	3,337.8	
Denmark	-44.2	46.4	-46.8	106.7	183.8	1,356.8	150.9	137.4	1,403.6	
Fed.Rep.Germany	-838.7	-337.5	-3,831.4	1,621.8	1,625.6	(5) 17,784.7	2,460.5	1,963.1	21,616.1	4
France	22.8	283.6	1,647.7	1,176.1	1,302.1	(2) 12,753.2	1,153.3	1,018.5	11,105.5	
Greece	77.3	90.7	387.2	122.7	121.3	(7) 770.4	45.4	30.6	383.2	
Ireland	5.1	7.3	613.2	231.3	204.8	2,222.1	226.2	197.5	1,608.9	
Italy	-373.4	-131.9	-2,883.9	482.5	424.0	6,902.0	1,055.9	755.9	9,785.9	
Luxembourg	4.2	17.5	31.8	17.9	34.3	180.3	13.7	16.8	148.5	
Netherlands	830.0	483.1	6,966.0	1,366.0	861.3	10,977.4	536.0	378.2	4,011.4	
Portugal	5.0	-0.8	68.7	76.7	53.0	658.8	71.7	53.8	590.1	
Spain	142.1	314.2	2,125.1	406.0	490.2	4,534.6	263.9	176.0	2,409.5	
United Kingdom	474.0	118.6	3,083.2	2,161.0	1,628.6	(4) 18,612.5	1,687.0	1,510.0	15,529.3	6
European Free Trade Association	-259.8	-197.4	-1,604.1	1,156.9	1,058.3	10,285.2	1,416.7	1,255.7	11,889.3	
Austria	-17.2	-26.5	-194.3	91.6	68.8	871.7	108.8	95.3	1,066.0	
Finland	-36.7	3.0	-151.2	56.1	93.3	733.2	92.8	90.3	884.4	
Iceland	-10.4	-7.1	-39.5	7.9	6.6	139.3	18.3	13.7	178.8	
Norway	72.0	48.2	-206.9	220.2	193.9	1,169.4	148.2	145.7	1,376.3	
Sweden	-141.2	-65.5	-1,037.4	335.3	305.5	2,695.6	476.5	371.0	3,733.0	
Switzerland	-126.4	-149.6	25.1	445.8	390.2	4,676.0	572.2	539.8	4,650.9	
Other Western Europe	48.7	70.1	1,089.0	197.1	215.2	2,536.3	148.4	145.1	1,447.3	
Japan	-4,638.3	-4,182.5	-35,561.2	4,217.0	3,661.7	(3) 40,196.4	8,855.3	7,844.2	75,757.6	2
Australia	550.3	386.4	3,513.4	861.4	767.0	6,933.9	311.1	380.6	3,420.5	
New Zealand	-1.4	-3.6	-194.9	79.1	78.2	845.4	80.5	81.8	1,040.3	
Rep. of South Africa	-10.4	53.6	297.2	142.1	170.0	1,806.1	152.5	116.4	1,508.9	
Developing	-3,687.4	-2,812.3	-25,087.1	12,822.9	12,511.4	120,283.2	16,510.3	15,323.7	145,370.3	
Mexico	62.3	56.7	1,308.0	3,223.5	2,740.2	(3) 27,306.8	3,161.2	2,683.5	25,998.8	3
Brazil	-29.5	198.6	-621.0	488.8	693.4	4,919.3	518.3	694.8	5,540.3	
Newly Industrialized Countries (NICS)	-2,159.8	-1,614.1	-11,289.4	3,599.6	3,782.4	37,713.8	5,759.4	5,396.5	49,003.2	
Hong Kong	-394.4	-128.6	-955.8	644.4	757.4	(6) 6,711.5	1,038.8	886.0	7,667.3	
Rep. of Korea	-306.0	-186.8	-1,352.9	1,265.1	1,256.4	(6) 12,794.2	1,571.1	1,443.2	14,147.1	
Singapore	-245.3	-269.9	-745.6	692.3	648.4	7,399.2	937.6	918.3	8,144.8	
Taiwan	-1,214.1	-1,028.7	-8,235.0	997.8	1,120.3	(8) 10,808.9	2,211.9	2,149.0	19,043.9	5
Egypt	249.3	172.0	2,028.9	271.0	185.1	2,188.6	21.7	13.1	159.7	
OPEC	-1,124.6	-1,041.8	-12,351.4	1,777.0	1,740.1	15,442.1	2,901.6	2,781.9	27,793.5	
Indonesia	-162.8	-183.0	-1,060.9	163.6	122.0	1,534.9	326.4	305.0	2,595.8	
Nigeria	-389.0	-274.8	-3,989.9	67.4	105.2	670.3	456.4	380.0	4,660.2	
Saudi Arabia	-318.8	-310.9	-4,071.7	566.2	628.9	5,286.3	885.0	939.8	9,358.0	
Venezuela	-227.7	-331.7	-2,995.7	442.9	407.6	3,832.6	670.6	739.3	6,828.3	
Other Opec	-26.1	58.7	-233.1	537.0	476.5	4,118.0	563.1	417.8	4,351.1	
Other Developing	-685.2	-584.0	-4,162.1	3,462.8	3,370.0	32,712.6	4,148.0	3,954.0	36,874.7	
Eastern Europe	259.3	246.8	2,185.3	419.6	362.1	3,697.8	160.3	115.3	1,512.5	
USSR	246.7	230.2	2,019.3	324.8	268.4	2,717.2	78.1	38.2	697.9	
Other Eastern Europe	12.5	16.6	166.0	94.7	93.7	980.6	82.2	77.1	814.6	
Selected Asia	-1,651.2	-1,461.3	-10,306.4	571.0	471.1	5,100.1	2,222.2	1,932.4	15,406.5	
China	-1,651.3	-1,461.5	-10,320.6	570.9	470.8	5,084.8	2,222.2	1,932.3	15,405.6	
Other Selected Asia	0.2	0.2	14.3	0.2	0.3	15.3	(-)	0.1	1.0	
Unident. Ctry's (1)	39.4	28.8	322.5	39.4	28.8	322.5	(X)	(X)	(X)	
Timing adjustments	(X)	-259.5	96.8	(X)	-188.7	-20.6	(X)	70.8	-117.4	

(1) The export totals reflect shipments of certain grains, oilseeds and satellites that are not in the country/area totals.

12/19/91

Dept Commerce News

@ 10 # [94K]

Jonathan McHale

# of as of Nov. 91

As of Oct. 91 → Korea is our

6th largest export mkt

9th largest import

7th largest overall trading partner

PROTOCOL →

(would be 6th if count EC as 1 market)

!R: CASS 1; EXIT;

THE WHITE HOUSE

WASHINGTON

January 2, 1992

MEMORANDUM FOR DAVID DEMAREST

FROM: DAN MCGROARTY

SUBJECT: SPEECH TO KOREAN NATIONAL ASSEMBLY

I have updated the section dealing with North Korea's nuclear program (on pages 2 and 3 of the December 23 text). All proposed changes appear below.

SUBSTITUTE, for the seven paragraphs beginning with the third full graph on page 2, "Recently, North and South have sought to ease tensions....":

"Recently, North and South have sought to ease tensions -- to explore opportunities for peace. This search has produced positive results: First, December's historic Non-Aggression Pact -- and then, on the eve of this new year, an agreement to forever ban nuclear weapons from the Korean peninsula. //

These positive developments come at a moment of rising concern -- at a time when North Korea's pursuit of nuclear arms stands as the single greatest source of danger to peace throughout the Pacific. /

This progress is a tribute to the policies of President Roh and the Government of this Republic. South Korea has systematically eliminated any possible action that could justify the North's pursuit of such deadly weapons. This Republic has rejected all weapons of mass destruction -- and to give further meaning to this pledge, South Korea renounced all nuclear reprocessing and enrichment activities. On December 18, President Roh announced that there were no nuclear weapons on South Korean soil. To any who doubted that declaration, South Korea -- with the full support of the United States -- has offered to open to inspection all of its civil and military installations -- including U.S. facilities. //

At every point, South Korea's approach was open, honest and fair. Each good-faith action increased pressure for the North to make a positive response. Today, the prospects for real peace on this peninsula are brighter than at any point in the past four decades. //

And yet: Paper promises won't keep the peace. I call on North Korea to honor its word -- to meet the obligations it undertook when it signed the Non-Proliferation Treaty six years ago. North Korea must implement in full all IAEA safeguards for its nuclear facilities -- without exception, / without delay. //

Prompt action by the North will mark a new milestone on the path toward peace. //

THE WHITE HOUSE
WASHINGTON

* * * * *

Text should resume on bottom of page 3, with graph beginning "But let this be clear: The U.S. will maintain...."

Two general notes: I would retain the Cold War language on the bottom of page 1, to underscore that only unification will ultimately bring Korea's Cold War experience to an end.

I believe it important to keep the sentence on page 3 that reads, "Paper promises won't keep the peace." This simple declaratory sentence focuses the North on actions rather than words, and functions as a sort of insurance policy against any future foot-dragging by North Korea.

# # #

McGroarty/Bunton
December 23, 1991
2:00 pm
[KOREA.NA]

PRESIDENTIAL REMARKS: ADDRESS TO THE KOREAN NATIONAL ASSEMBLY
SEOUL, REPUBLIC OF KOREA
JANUARY 6, 1992
1:30 P.M.

Mr. Speaker, distinguished members of the National Assembly: it is my great honor to return once more to this house -- the symbolic center of Korean democracy. I came to this chamber just one month after taking office, and Barbara and I still recall the warm welcome we received from the people of Korea. //

That was nearly three years ago. In the short time since then, we've seen our world transformed. The epic struggle between the forces of freedom and the communist world came to a peaceful end. Gone is the Berlin Wall / the Warsaw Pact / not simply the Soviet empire -- but even the Soviet Union itself. Everywhere, we see the new birth of democratic nations -- a new world of freedom, bright with the promise of peace and prosperity. //

Korea, too, has taken part in this change: At home -- as your country develops its own democratic tradition. In the world -- as Korea at long last assumes its rightful place as a full member of the United Nations. / Mr. Speaker, as President of a nation that fought under the UN flag to keep Korea free -- we share your pride. //

Yes, change transforms our world -- and yet, the Cold War continues to cast its shadow over Korea. / Just 25 miles north

of this capital city stands the DMZ: the ribbon of land that separates two countries -- one people yearning to live in peace. Who can calculate the human cost: 10 million Koreans separated now from family members for four decades. //

For forty years, the people of Korea have prayed for an end to this unnatural division. For forty years, you have kept alive the dream of one Korea. The winds of change are with us now. My friends, the day will come when this last remnant of the Cold War will fall. / Korea will be whole again. //

For our part, I will repeat what I said here three years ago: The American people share your goal of peaceful reunification on terms acceptable to the Korean people. / This is clear. This is simple. This is American policy. //

Recently, North and South have sought to ease tensions, to explore opportunities for peace. We regard the recent Non-Aggression Pact as a positive step. But we share with South Korea and its neighbors in the region a continuing concern about North Korea's aims. //

There is no doubt which issue concerns us most: North Korea's pursuit of nuclear arms stands as the single greatest source of danger to peace throughout the Pacific. //

The North cannot claim its actions respond to any outside threat or provocation. The Republic of Korea has given its solemn pledge to remain nuclear-free. South Korea rejects all weapons of mass destruction -- and has taken the additional step of foregoing all nuclear reprocessing and enrichment activities.

On December 18, President Roh announced that there were no nuclear weapons on South Korean soil. To any who doubt this claim, South Korea -- with full support of the United States -- has offered to allow inspection of civil and military installations -- including U.S. facilities. //

The North has met these demonstrations of peaceful intent with inaction. Six years ago, North Korea signed the Non-Proliferation Treaty -- taking on the obligation to implement full IAEA safeguards for all its nuclear facilities within 18 months. To this day, Pyongyang has yet to open these sites to inspection. //

Paper promises won't keep the peace. // I call on North Korea to join the South in creating a nuclear-free peninsula. North Korea's development of plutonium reprocessing and uranium enrichment capabilities serves no peaceful purpose. There is one purpose, and one purpose alone for these activities: to build nuclear weapons. These activities must stop. //

The U.S. strongly supports President Roh's initiative. The North's acceptance of this challenge -- the North's commitment in word and deed to a truly non-nuclear Korean peninsula -- would be a positive step toward peace. //

But let this be clear: The U.S. will maintain its military presence on this peninsula so long as there is a clear and present danger. As you know, we've postponed our plan to reduce the number of American troops stationed here in Korea. // Let there be no doubt: The people of this Republic should know that

the United States' commitment to Korea's security remains steady and strong.

I renew that pledge as an ally -- as President of a nation that shares your devotion to democracy and self-determination. / Down through the decades -- from Korea to Kuwait -- from the American soldiers who gave their lives at Inchon and Pork Chop Hill -- to the Korean forces who stood with us in Desert Storm, our two nations have upheld the international ideal: that between nations and not just within them, common interests call for common action. //

Today, in many quarters, that ideal is under siege. There are those who see the many changes in our world and say: our work is done. They urge us to declare victory -- celebrate the collapse of our common enemy -- and "come home." / They fail to recognize a fundamental fact: The Cold War era changed our world forever. We did far more than hold a common enemy at bay. Together, we built a new world: a system of collective security to keep the peace -- a system of free trade that fueled a generation of prosperity the likes of which the world had never seen. //

The passing of the Cold War must not mark the beginning of a new age of isolationism. The nations of the free world share more than a common history -- they share a common destiny. There is no going back -- // only forward.

The developments of the past forty years -- the great growth of democracy, the geometric increase in global trade -- created a

system of common interests. To turn our backs now -- to walk away after this great victory for freedom, or to retreat behind high trade walls into regional blocs -- would turn triumph to tragedy. //

America is a Pacific nation. We will remain engaged in Asia, as we are in other corners of the world. // But just as the world itself stands on the threshold of a new era -- so too we now enter a new era in U.S.-Korean relations. What began in the heat of war as a military alliance has grown into a broader relationship -- a partnership anchored in shared economic interest and common political ideals.

Korea's new role will mean new responsibilities -- a new partnership that recognizes Korea's growing capabilities, and increased ability to contribute to peace and prosperity in the Pacific and beyond.

The world recognizes Korea as an economic powerhouse. We must now acknowledge the equally important strides you have made in strengthening the institutions of democracy. Even in the three years since my last visit, the change is clear for all to see. With the encouragement of President Roh, this National Assembly now plays a greater role in Korean politics. In 1992 alone, South Korea will hold at least three elections at the local and national levels. Across the country, democracy gives voice to new ideas and opinions -- since 1990 alone, ten new daily newspapers, and nearly a thousand other new publications. //

Free speech, free elections, private property: these are the cornerstones of the new world order -- fundamental freedoms that secure peace and prosperity. //

Consider your own history -- the case study in contrasts between North and South. More than four decades ago, the South -- with less land, fewer resources and more people -- set its course for free enterprise and free government. / North Korea travelled a different path. Blessed with rich resources and a stronger industrial base, the regime that ruled the North saddled its people with the communist system. Its economy stalled, its society suffocated under one of the most repressive regimes on earth. // Today, the South is peaceful, free and prosperous -- with an average annual income four times higher than the North, and a history of double-digit growth that has propelled it into the front rank of the world's economies.

Now you must build on your success. You must sustain the conditions that fueled your phenomenal growth. / Korea did not create its wealth by closing itself off from the outside world. Today, Korea stands as America's seventh largest trade partner. With me on my trip are executives from some of America's leading companies -- many with interests in expanding business with Korean companies and Korean consumers. // America is not only Korea's largest market -- but a leading source of the technology and capital that helps fuel your economic growth.

This nation owes much of its economic miracle to open markets abroad. Korea must see clearly that prosperity in the new century ahead lies in open markets.

Trade is one issue where the interests of all nations intersect. Let me repeat here what I've said in Australia and Singapore: My highest priority is jobs and economic growth. But my allegiance to the American worker is not at odds with the interests of the Korean consumer. Trade is not a zero-sum game -- enriching some nations at the expense of others. Growing trade provides the people of both our nations with higher standards of living and better lives. //

Pressures for protectionism are building. We see it in my country, with the new breed of economic isolationists who urge us to treat our allies as enemies. We see it here in Korea, in a short-sighted anti-import "frugality campaign" that seeks to cloak protectionism as patriotic duty. / But wherever this impulse shows itself, we must fight back -- for trade that is free, fair and open.

We must heed the lessons of history. For the first half of this century, great nations sought refuge in isolationism and its economic accomplice, protectionism -- and the world endured the ravages of war and Depression. / Since the Second World War, free nations, large and small, pursued a common course, forging alliances and fostering trade -- and the world has enjoyed an era of unprecedented peace and prosperity. //

The history of this century is not lost on Korea. As a founding member of APEC -- the forum for Asia-Pacific Economic Cooperation -- you have worked with other nations in the region to bring down barriers to trade. But the key test comes in the Uruguay Round. As an emerging economic leader, Korea can help fight the forces of reaction -- tip the balance in favor of free and fair trade policies that remain the world's one path to prosperity. ///

Our two nations share a history. The bonds forged in Cold War -- at the brink of Korea's mortal danger -- have grown stronger through the years. Forty years ago, the free world made your struggle their own. Our forces fought here for a future free from tyranny. / You did far more than survive. In the shadow of the Cold War, you showed what man can achieve -- so long as he is free.

For four long decades, Korea stood at the frontier of freedom -- vigilant / determined / never wavering in its commitment to the great cause of liberty. / Today, as we enter a new world -- the world we fought for forty years ago -- Korea stands with us: a steadfast partner, / proud, prosperous and free. //

Thank you for this warm welcome -- and may God bless the Korean people.

# # #

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1ST STORY of Level 1 printed in FULL format.

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The New York Times

January 1, 1992, Wednesday, Late Edition - Final

SECTION: Section 1; Page 2; Column 1; Foreign Desk

LENGTH: 604 words

HEADLINE: 2 Koreas Agree on Nuclear Ban, But Not on Method of Inspections

BYLINE: Special to The New York Times

DATELINE: SEOUL, South Korea, Dec. 31

BODY:

North and South Korea announced today that they had initialed an agreement banning nuclear weapons from the Korean Peninsula, but the two sides did not settle on measures to insure compliance.

According to a text provided by South Korean officials, the agreement says that each side will be allowed to inspect "objects" on the other's territory "in order to verify the de-nuclear ization of the Korean Peninsula." But the procedures and methods for these inspections have yet to be decided by a joint nuclear control committee.

Lee Dong Bok, a South Korean delegate to the talks, was quoted as saying that without agreement on how the joint inspections should be conducted, the pact would be no more than "an expression of principles."

South Korea and the United States have said that inspections are the key to easing their concern that North Korea could become a nuclear power. Western intelligence reports have warned that North Korea may be as little as a year away from building a nuclear bomb at its research center at Yongbyon, north of Pyongyang, and Washington has called the Korean nuclear issue the gravest threat to peace in the Far East.

Refuse to Permit Inspection

North Korea insists that its nuclear program has only peaceful applications, but it long refused to permit outside inspection of the research center. More recently it has set conditions for such inspections, and South Korea announced this month that one of the conditions had been met with the removal of all nuclear weapons stored at American bases in South Korea.

The United States has not confirmed that its nuclear withdrawal is complete, but South Korea has offered to open American military bases to North Korean inspection if Pyongyang allowed reciprocal inspections.

Today's agreement, reached after eight hours of talks between the officials at the frontier village of Panmunjom, comes just five days before President Bush is due to visit Seoul. But it was not clear whether the visit had any bearing on the talks.

Agreement by Prime Ministers

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The need to settle the nuclear question has overshadowed a wider agreement signed by the Prime Ministers of the two Koreas on Dec. 13 that is intended to end the cold war confrontation on the peninsula. The South Koreans made it clear in previous rounds of talks that carrying out the Prime Ministers' agreement depended on the settlement of the nuclear issue.

In today's accord, both sides pledged to use nuclear energy solely for peaceful purposes and undertook never to possess nuclear fuel reprocessing plants, which could be used to make material for a bomb. Washington and Seoul suspect that the Yongbyon complex includes at least one such plant.

The clause on mutual inspections contained in the accord initialed today is even more vague than the clause proposed by the South Koreans at the outset of the negotiations. Today's accord omits another clause originally proposed by South Korea that would have committed North Korea to allowing inspections by the International Atomic Energy Agency.

Assurance on I.A.E.A. Accord

The North Koreans, however, have already given assurances that they will sign an agreement with the agency to allow such inspections in the near future, according to Mr. Lee, the South Korean negotiator.

Today's agreement also omits a clause, originally proposed by North Korea, that would have banned military exercises that simulated nuclear war.

News reports here today said that South Korea would call off its annual military exercises with the United States in return for agreement on the nuclear question.

GRAPHIC: Photo: Choe U Jin, left, North Korea's chief delegate, shaking hands with his South Korean counterpart, Lim Dong Won, after they initialed an agreement banning nuclear weapons from the Korean Peninsula. (Associated Press)

SUBJECT: Terms not available

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2ND STORY of Level 1 printed in FULL format.

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The New York Times

January 1, 1992, Wednesday, Late Edition - Final

SECTION: Section 1; Page 6; Column 2; Foreign Desk

LENGTH: 1049 words

HEADLINE: Tired of Relying on U.S., Japan Seeks to Expand Its Own Intelligence Efforts

BYLINE: By DAVID E. SANGER, Special to The New York Times

DATELINE: TOKYO

BODY:

Japan is quietly moving to reshape and expand its intelligence operations in an effort to wean itself from its dependence on American analysis of threats to its economic and military security.

Officials here say they are not hiring spies and would steer clear of creating a single, large intelligence agency. Their biggest concern, they say, is to avoid rekindling memories of the Japanese secret police of half a century ago.

But over the last several months, officials of both the Foreign Ministry and the Japan Self-Defense Agency have described, in deliberately vague terms, plans to train hundreds of new intelligence analysts and spend a large amount of money to improve human and electronic information-gathering.

In part, the effort seems spurred by Japan's feelings of acute insecurity over the quality of its intelligence during the collapse of the Soviet Union, whose Far East bases have been the focus of Japanese concern for more than four decades, and about North Korea's effort to build nuclear weapons.

50 Years Behind

"Japan is behind by half a century in its ability to collect and utilize information compared to other countries," said Seiki Nishihiro, a former Deputy Minister of Defense and one of the architects of the new intelligence effort. "In the cold war era the world moved in teams, and as a member of the American-led team, our judgment was not so important. Now Japan needs its own ability."

Over the next year, the Foreign Ministry says it will create an International Information Bureau, and hire 100 to 200 new analysts, mostly regional specialists.

The Japan Self-Defense Agency is putting up a new headquarters in Tokyo, including one large building that officials say will house an intelligence unit patterned after the Pentagon's Defense Intelligence Agency. An official of the agency, insisting on anonymity, described the new unit's task as "tactical information gathering," focusing particularly on North Korea, the newly independent states of the former Soviet Union, and the Persian Gulf.

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"The whole structure will not be in place for another 10 years," the official said. "But ideally, we need our own sources of information. If we had to contribute to a peacekeeping force in Cambodia, right now we would not know what we are getting into." The defense agency is also increasing its ability to intercept signals, a task that it has slowly been taking over from some American units here.

No Spy in Japan's Sky

Domestic political sensitivity, however, has prevented agency officials from building a piece of equipment they desperately want -- a Japanese-made, Japanese-operated intelligence satellite. To their chagrin, they are entirely dependent on satellite images from the United States.

For example, when Japan begins importing huge quantities of near-weapons-grade plutonium from Europe next year for its nuclear-power plants, it will find itself in the situation of again having to rely on American satellites to warn against any hijacking attempts.

The delicacy of the satellite issue among Japan's Asian neighbors, who are extremely sensitive to suggestions that Tokyo may be watching them, helps explain why most efforts to increase the country's intelligence capabilities go undiscussed. In a nation with a 20th-century history of gathering intelligence to support the use of aggressive military force, many people prefer to avoid even an expression of interest in intelligence or in broad military matters.

As an aide to Prime Minister Miyazawa noted: "If you ask the public if Japan needs more information about world events, everyone says yes. If you ask whether it needs intelligence gathering, well, no one even wants to hear the phrase."

Business Intelligence Network

Japan already has one of the world's most sophisticated intelligence networks -- for economic intelligence -- but it is not run by the Government.

Japan's tightly linked businesses and sophisticated trading companies, with personnel everywhere from the oilfields of Kuwait to the laboratories of the Silicon Valley, are renowned for their comprehensive reports of political and economic trends. But they can also be politically obtuse, officials say, and as they have grown more independent, less of that data is funneled to the Government.

Japanese officials complain frequently about the quality of the analysis available to them on a day-to-day basis. When the abortive coup in the Soviet Union occurred in August, Mr. Miyazawa, still maneuvering to become Prime Minister, was widely quoted in the Japanese press as saying that the "information Japan had was different in depth compared to the information the U.S. had." In the case of the North Korean nuclear project, Government officials say they have limited capability to interpret the satellite evidence provided by the United States.

No one knows how much Japan spends on intelligence gathering, because the effort is spread across so many parts of the bureaucracy -- from the defense agency to the national police, which keeps track of suspected North Korean agents. The governing Liberal Democratic Party has agreed that big budget

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increases are needed, but that may not be enough.

Something Money Can't Buy

"It is not an issue you can solve with just money," Mr. Nishihiro said. "There is no system in Japan to raise intelligence experts. And once the information is developed, there is no real system to bring it directly to the Prime Minister. It is all sent through various ministries and twisted to fit their own beliefs and interpretations."

As a result, some senior officials have been arguing for is a strong coordinating office just outside Mr. Miyazawa's door, able to sort and assess data quickly, much as National Security Council staff members do at the White House.

A little-known group called the Cabinet Security Bureau is now supposed to serve that function. But like the Prime Ministers it serves, it is considered weak and easily outmaneuvered by the bureaucracy.

A few years ago, Prime Minister Yasuhiro Nakasone tried to build a well-equipped situation room in the Prime Minister's residence. But the effort failed, partly for lack of money and partly because no one was quite sure what kind of situation it might be needed for.

SUBJECT: Terms not available

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The New York Times

January 1, 1992, Wednesday, Late Edition - Final

SECTION: Section 1; Page 30; Column 1; Editorial Desk

LENGTH: 590 words

HEADLINE: Editorial Notebook;
The World Through Beijing's Eyes

BYLINE: By DAVID C. UNGER

DATELINE: BEIJING

BODY:

From America, China's leaders look tough, dangerous and maddeningly contemptuous of international opinion. From close up, they look worried about adverse international trends, frightened by their post-Tiananmen isolation and willing to make pragmatic concessions.

There's no getting around many pernicious Chinese policies. But by understanding Beijing's state of mind, Washington can respond in ways that increase American leverage.

Beijing offends international decency in a variety of ways. It profits from prison labor and tolerates copyright piracy. It relentlessly persecutes people who campaign for democracy and for self-rule in Tibet. It supplies arms to Myanmar's murderous State Law and Order Restoration Council and, until recently, to Cambodia's genocidal Khmer Rouge. It exports missiles to Syria and shares nuclear technology with Iran, Algeria and Pakistan.

When other countries protest, Beijing accuses them of impermissible interference in Chinese domestic affairs or colonialist trampling on China's culture and sovereignty.

No context can justify China's misdeeds or negate the need for a vigorous American response. The challenge for Washington is to find responses likely to yield constructive results.

Deng Xiaoping and his hard-line allies crushed the 1989 democracy protests because they believed their survival was at stake. Now, Beijing believes it has restored political stability. China's rulers are unlikely to agree to release all political prisoners immediately for fear of resurrecting a powerful movement. But they can and should be pressed toward leniency, case by case.

Prison exports and copyright violations grow out of the lawless atmosphere created by decades of revolutionary convulsions. China's leaders are, on their own, taking steps toward rebuilding the rule of law. These trade abuses also reflect Beijing's desperate drive to accumulate hard currency for development. For Washington to threaten stiff trade sanctions if these practices persist is both appropriate and effective.

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The New York Times, January 1, 1992

China's arms sales to tyrants and belligerents is deplorable. But until the U.S. renounces such sales for itself, it cannot credibly demand purity from China. U.S. diplomats have consistently raised arms sales and proliferation issues with Beijing, sometimes to good effect. These efforts are worth continuing, and toughening.

Last month China assured Secretary of State Baker that it would soon ratify the Nuclear Nonproliferation Treaty. Even now, Beijing is said to be applying treaty rules to its civilian nuclear cooperation with Iran. China has also been prepared, for its own reasons, to discourage North Korea from developing nuclear weapons.

When viewed from Beijing, the Bush Administration's China policies seem tougher than many American critics think. U.S. sanctions against China stayed in place far longer than Europe's or Japan's. And while top leaders of other Western countries are again visiting Beijing, America has limited official travel to a tough-talking working visit by the Secretary of State.

America is now in an excellent position to work for changes in China. But to do so, the Administration needs to rebuild a consensus on policy toward Beijing. That consensus collapsed not only because of Beijing's murderous repression, but also President Bush's repeated stumbles in the months following the Tiananmen massacre.

The ideal way to undo the damage would be for the public to hear a clear articulation of U.S. values and purposes, direct from President Bush.

TYPE: Editorial

SUBJECT: Terms not available

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Copyright 1992 The New York Times Company

The New York Times

January 1, 1992, Wednesday, Late Edition - Final

SECTION: Section 1; Page 30; Column 1; Editorial Desk

LENGTH: 249 words

HEADLINE: Doors Begin to Open in Korea

BODY:

The divided people of Korea have good reason to celebrate the old year along with the new. The withdrawal of all U.S. nuclear arms from South Korea made the peninsula nuclear-free. Now a potentially far-reaching agreement between the Governments of the South and the North could keep it that way.

Yesterday's accord reaffirms the commitment of the two Governments, undertaken in the Nuclear Nonproliferation Treaty, not to acquire nuclear arms. And it goes two critical steps further: It commits North Korea not to construct facilities for reprocessing nuclear material, and it opens the way to on-site inspection by the South of a suspect facility in the North.

The agreement thus provides a script for defusing nuclear fears on the peninsula. One: Washington assures Pyongyang that it has indeed withdrawn all nuclear arms from the peninsula and resumes pulling out troops. Two: Pyongyang signs the safeguards accord that allows access by International Atomic Energy Agency inspectors. Three: Seoul calls off Team Spirit, the joint military exercises it conducts annually with the U.S.

And then, most important of all, Pyongyang faithfully implements the key provisions of yesterday's accord by accepting inspection of its suspected reprocessing plant at Yongbyon -- and, if necessary, by halting construction. These steps will speed the reconciliation of North and South, help create ties between the U.S. and North Korea and assure a peaceful new year for all Koreans.

TYPE: Editorial

SUBJECT: Terms not available

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5TH STORY of Level 1 printed in FULL format.

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January 1, 1992, Wednesday, Final Edition

SECTION: FIRST SECTION; PAGE A1

LENGTH: 1138 words

HEADLINE: U.S. Welcomes Koreas' Nuclear Accord;
Declaration Is Seen as Major Step Toward Averting Potential Crisis

SERIES: Occasional

BYLINE: Don Oberdorfer, Washington Post Staff Writer

BODY:

A surprising nuclear accord reached yesterday by North and South Korea, which was facilitated by unusually flexible U.S. military decisions, appears to be a major step toward averting a potential nuclear crisis in Northeast Asia, administration officials said.

Although some crucial details remain unsettled, the joint declaration initialed at the border village of Panmunjom reflects "a real sea change" in the atmosphere of the bitterly divided peninsula and may arise from a "fundamental evolution" in North Korea, according to a senior State Department official.

The administration, in a State Department statement, welcomed the accord and said that "it demonstrates the primary importance of North-South dialogue as a means of resolving tensions on the Korean peninsula."

The North-South agreement -- banning nuclear weapons from the Korean peninsula -- was completed five days before President Bush's scheduled arrival in Seoul Sunday. It was the product of months of intensive negotiations involving Washington as well as Seoul and Pyongyang, with pressure exerted on North Korea from Tokyo, Beijing, Moscow and a number of other capitals.

The negotiations and the pressures, which have been building for several years, came to a head after U.S. intelligence concluded that North Korea may be capable of producing weapons-grade plutonium as early as mid-1992 and a nuclear weapon a year or so thereafter. The possible acquisition of nuclear weapons by North Korea, one of the most isolated and heavily militarized regimes in the world, has been described by the adminstration as the most serious security threat in Asia.

State and Defense department officials pointed out that the accord initialed yesterday leaves unresolved the practical arrangements and the specific suspected nuclear sites that will be subject to mutual inspection by North and South. There is also no firm North Korean pledge on permitting the long-postponed International Atomic Energy Agency inspections of its nuclear facilities, although Pyongyang was reported to have promised that the IAEA inspection agreement will be signed soon.

While administration officials were cautious about the Panmunjom developments, saying it is premature to declare the Korean nuclear crisis resolved, all of those interviewed said the process of negotiations toward a

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settlement is clearly making progress.

North Korea, which has consistently denied it is seeking to produce nuclear weapons, insisted last summer and before that it would not permit inspections of its program so long as it was under the threat of U.S. nuclear weapons based in South Korea.

In this respect, Bush's Sept. 27 decision to remove land-based and sea-based tactical nuclear weapons from U.S. deployments worldwide was a major breakthrough and the start of more serious North-South negotiations. This was followed by an unannounced, but privately acknowledged, U.S. decision in October to remove the remaining air-delivered tactical nuclear weapons from South Korea.

Moreover, in recognition of the importance of the negotiations with the North, the U.S. nuclear weapons were actually removed more quickly than most experts expected. The United States preserved its formal position of neither confirming nor denying the presence of its nuclear weapons abroad, but South Korean President Roh Tae Woo was permitted to announce on Dec. 18 that no nuclear weapons remained on his soil.

In another important concession, the United States agreed to go along with cancellation of the 1992 Team Spirit military exercise, which is held jointly with South Korean forces annually. North Korea has bitterly objected to this extensive exercise for many years, to no avail.

Reports from Seoul said South Korea, while refusing to cancel all future Team Spirit exercises, agreed to call off the 1992 maneuvers if North Korea keeps its word on the nuclear inspections it has promised. An administration official said it seems likely that the opposition of hawkish South Korean Defense Minister Lee Jong Koo to the cancellation of Team Spirit was a factor in his replacement two weeks ago.

A Defense Department spokesman said no formal request for cancellation of Team Spirit 1992 has been received but that, if South Korea requests such an action, "the United States would support the South Korean proposal."

While U.S. policy played a role, officials here said Roh's government in Seoul deserves the most credit for pursuing the negotiations with Pyongyang. Washington orchestrated or encouraged extensive international pressure on North Korea regarding its nuclear program, but the initiative in the positions taken in talks with the North came from Seoul, according to administration sources.

The greatest surprise to many officials was North Korea's decision to pursue serious negotiations to ease tensions on the peninsula and move toward settlement of the nuclear issue. It had become evident over the past several months that something unexpected was in the wind as North Korea stated and revised new positions and conditions on the nuclear question with almost dizzying speed.

At one stage or another, North Korea demanded an end to the U.S. nuclear "umbrella" in Northeast Asia, a U.S. public statement that it has withdrawn all its nuclear weapons from South Korea and a halt to the transit of U.S. nuclear weapons through South Korean airspace or territorial waters. All these were dropped in the nuclear negotiations at Panmunjom.

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Beyond this, North Korea in the new accord explicitly agreed not to possess facilities for manufacturing nuclear weapons material through the enrichment or reprocessing of nuclear fuel. It is just such facilities that North Korea is suspected of constructing at Yongbyon, north of Pyongyang.

If North Korea is serious about permitting early and extensive inspections to establish that it is not pursuing a weapons program, the rising tension on the Korean peninsula will be greatly diminished, officials said. If it is not serious and merely playing for time in hopes of producing weapons before inspections can be held, this will soon become apparent, the sources added.

The meeting in Pyongyang last Tuesday of a plenary session of the North Korean Workers (Communist) Party suggests that more than short-term tactics may be involved in recent shifts. It was the first such party plenum centered on North-South issues in nine years, according to U.S. experts.

With President Kim Il Sung presiding and making the principal speech, the meeting praised the recent North-South nonaggression pact as "the first epochal event" since the start of North-South diplomacy in 1972. The official report on the plenum contained no criticism of South Korea or the United States, and suggested a major campaign ahead for North-South reconciliation.

TYPE: NATIONAL NEWS, FOREIGN NEWS

SUBJECT: KOREA, NORTH; KOREA, SOUTH; NUCLEAR WEAPONS; TREATIES; DIPLOMATIC RELATIONS

ORGANIZATION: STATE DEPARTMENT; INTERNATIONAL ATOMIC ENERGY COMMISSION; DEFENSE DEPARTMENT

NAMED-PERSONS: ROH TAE WOO

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6TH STORY of Level 1 printed in FULL format.

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January 1, 1992, Wednesday, Final Edition

SECTION: FIRST SECTION; PAGE A24

LENGTH: 737 words

HEADLINE: Koreas Sign Declaration Banning Nuclear Arms;
Some Inspection Details Remain Unresolved

SERIES: Occasional

BYLINE: Robin Bulman, Special to The Washington Post

DATELINE: SEOUL, Dec. 31, 1992

BODY:

North and South Korea initialed a joint declaration today banning nuclear weapons from the Korean peninsula to help clear the way for "peaceful unification of the homeland."

However, to reach an agreement by their self-prescribed Dec. 31 deadline, delegates did not completely settle the crucial issue of international inspection of Communist North Korea's nuclear facilities.

Delegates initialed a document, titled "Joint Declaration for a Non-Nuclear Korean Peninsula," after eight hours of talks at the border village of Panmunjom.

In the declaration, the two Koreas pledged they "will not test, produce, receive, possess, deploy or use nuclear weapons."

They also promised that they "will not possess facilities for nuclear reprocessing or uranium enrichment," and that their nuclear energy programs will be used solely for peaceful purposes.

The declaration calls for inspections of each other's nuclear facilities, but leaves the details to later discussions.

"In order to verify the denuclearization of the Korean peninsula," the declaration says, "the South and the North will conduct inspections of objects chosen by the other side and agreed to by both parties."

These inspections will follow procedures determined by the South-North Joint Nuclear Control Committee, which will be formed within one month of the declaration's effective date.

Copies of the declaration are to be signed by South Korean Prime Minister Chung Won Shik and North Korean Premier Yon Hyong Muk and exchanged at Panmunjom on Jan. 14 and 21. The declaration will become effective on Feb. 19, during the sixth round of formal talks between the two sides.

The document initialed today is the result of three meetings over the past week. It follows a historic nonaggression pact signed Dec. 13 in Seoul by the

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two prime ministers.

In an official statement released with the text of today's declaration, delegates from the two sides said they were acting "out of a shared sense of mission to remove the danger of nuclear war . . . and to create conditions and an environment favorable to peace and the peaceful unification of the homeland."

In an interview broadcast tonight on state television, South Korean spokesman Lee Dong Bok said, "If both Koreas keep the first, second and third articles, then 70 million people on the Korean peninsula will be free from nuclear threat."

However, the 2 1/2-page declaration, with sections in both English and Korean, contains no enforcement measures to ensure compliance. The contentious issue of North Korea's obligation to accept neutral international inspections of its nuclear facilities is not part of today's declaration.

North Korea signed the Nuclear Non-Proliferation Treaty in 1985. But Pyongyang so far has refused to sign the follow-up Nuclear Safeguard Agreement with the Vienna-based International Atomic Energy Agency or allow what are supposed to be mandatory inspections.

The United States and its allies believe that Pyongyang will be capable of producing a nuclear bomb in a few years.

President Bush is scheduled to visit Seoul Jan. 5 to 7. He and South Korean President Roh Tae Woo are expected to discuss North Korea's nuclear weapons program, as well as trade and security concerns.

When delegates from the two Koreas met at Panmunjom last Thursday to discuss nuclear issues, South Korea asked North Korea to announce a firm date by which it would sign the IAEA safeguard agreement and implement inspections.

As an incentive, Seoul offered to cancel the 1992 "Team Spirit" joint U.S.-South Korean military exercise. North Korea has long demanded that the exercise, which usually begins in late January or early February, be canceled.

Refusing to yield to Seoul, North Korea stubbornly insisted that its IAEA obligations were between Pyongyang and that agency.

In tonight's television interview, South Korean spokesman Lee said delegates reached "a considerable understanding" on Pyongyang's acceptance of IAEA inspections and the subsequent cancellation of Team Spirit.

"I hope that in the near future, authorities from the South and North will make an announcement on this issue," Lee said.

According to news reports tonight, Choi Byong Bo, spokesman for South Korea's Unification Board, said North Korea has promised to issue a separate statement later pledging to sign the safeguards agreement and allow neutral inspections by the end of January.

GRAPHIC: PHOTO, YONG HYONG MUK.

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TYPE: FOREIGN NEWS

SUBJECT: KOREA, SOUTH; KOREA, NORTH; DIPLOMATIC RELATIONS; FOREIGN GOVERNMENTS; NUCLEAR WEAPONS; ARMS CONTROL AND DISARMAMENT

ORGANIZATION: NUCLEAR NON-PROLIFERATION TREATY

NAMED-PERSONS: CHUNG WON SHIK; YON HYONG MUK

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7TH STORY of Level 1 printed in FULL format.

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The Washington Times

January 1, 1992, Wednesday, Final Edition

SECTION: Part A; WORLD; NEWS ANALYSIS; Pg. A8

LENGTH: 602 words

HEADLINE: Unfinished business ;
Koreas' accord just a beginning

BYLINE: Gus Constantine; THE WASHINGTON TIMES

BODY:

Yesterday's declaration banning nuclear weapons from the Korean peninsula is a major step toward an atmosphere of mutual security but by no means ensures denuclearization of the area, say analysts in Washington and South Korea.

The language of the declaration is sweeping.

When ratified, probably before the next South and North Korean prime ministers' meeting in mid-February, it will outlaw the production, storage, testing or use of nuclear weapons on the peninsula. Nuclear energy is to be used strictly for peaceful purposes.

Each side will be allowed to inspect the other's nuclear facilities and even will be allowed to choose which ones to check.

According to Korea Broadcasting System radio in Seoul, South Korea, there also were several unilateral commitments.

South Korea agreed to suspend the annual Team Spirit exercises conducted jointly with U.S. troops. The maneuvers have drawn repeated criticism from North Korea, which charges they are preparations for war.

North Korea, in turn, pledged to announce a timetable for the signing and ratification of an accord opening its nuclear facilities to international inspections, a key demand of South Korea and the United States. South Korea had pressed for a Jan. 15 commitment but agreed to drop the demand.

Nevertheless, analysts noted there is considerable unfinished business, even with respect to the stated commitments in the declaration. For example, no inspections will occur until the two Koreas agree on procedures for carrying them out.

Without such an agreement, the pact will be no more than "an expression of principles," a South Korean delegate to the Panmunjom talks, Lee Dong-bok, told the Associated Press in Seoul.

In Washington, Daryl Plunk, a close observer of Korean affairs, expressed concern that the present declaration may be treated by Pyongyang simply as a springboard for new demands.

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"Every time North Korean nuclear concerns are addressed, Pyongyang comes up with yet another demand," he said.

He noted that when South Korean President Roh Tae-woo declared that there were no nuclear weapons on the peninsula, North Korea started talking about U.S. nuclear power at sea or in the air.

Nathaniel Thayer, director of Asian Studies at the School of Advanced International Studies of Johns Hopkins University, said there was "no question that a major step had been taken" but that the "lack of international participation" in the agreement was a cause of concern.

The nuclear issue had threatened to destroy the positive atmosphere created by the signing on Dec. 13 of a landmark reconciliation accord between South and North Korean prime ministers.

That agreement is aimed at ending decades of confrontation and replacingthe 1953 Korean War armistice agreement with a comprehensive peace structure.

South Korea and the United States long regarded their nuclear option as the centerpiece of deterrence.

Together with the placement of more than 40,000 U.S. soldiers on the North-South border, that option was designed to show the North that another massive lunge south, like the 1950 push that started the Korean War, will not be tolerated.

In the North, communist leader Kim Il-sung consistently has identified U.S. air power as the main threat to North-South security in the peninsula. American analysts always have taken that as a reference to the U.S. nuclear umbrella.

Despite such concerns, both Koreas appear to scraping their way toward a new plateau of accommodation.

GRAPHIC: Photo, South and North Korean delegates shake hands yesterday after signing a pact banning nuclear weapons., By AP

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'91-12-23 09:31

JEANNIE,
HOT OFF THE PRESSES.
HOPE THIS HELPS.
BILL

To : Mr. Bill Bonde

Asian Studies Center
Heritage Foundation

1. '92 Election schedule

Date	Elections
First half of the year 1992	Two local autonomy governor elections ① Small district (small city, etc) ② Large district (province, large city, etc)
March or April	General elections for National Assembly
December	Presidential election

※ Election dates have not yet been decided

2. Major elections in Korea after '87 presidential election

Date	Elections	Turn-out ratio	Eligible voters
Dec.16, 1987	Presidential election	89.2%	25,873,624
Apr.26, 1988	General elections for National Assembly	75.8%	26,198,205
Mar.26, 1991	Local autonomy council election (small district)	55.0%	28,301,580
Jun.20, 1991	Local autonomy council election (large district)	58.9%	28,416,241

From : Kim Younghee
FKI, KOREA

✓ TIM HAUSER 4 -> 377-3917

DEPT. SEC. INTERNATL. TRADE
1991 REPORT

EXPORT KOREA 6th

IMPORT 7th

COMBINED 7th

TRADE DEFICIT 8th

US Chamber
ASIA/PACIFIC DESK
MARK VAN FLEET
463-5486

KOREA

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~~Chinese New Year Feb. 4~~
~~NO KOREAN NEW YEAR~~

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647-7717
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N. KOREA DESK
377-3583
OFFICE OF TRADE & INFORMATION ANALYSIS → 377-4423
FRANCIS [illegible]

12/23/91

EUGENE SCHMEAL - 11:15 A.

ACTING DIRECTOR

KOREA DESK

STATE DEPARTMENT

KOREAN ELECTIONS

MAY BE UP TO 4 ELECTIONS IN KOREA

NAT'L ASSEMBLY

2 LAYERS OF LOCAL

POTENTIALLY PRESIDENTIAL; BUT THAT MIGHT BE IN 93

at least 3 (new language)

KOREA: NATIONAL ASSEMBLY

December 21, 1991

Memorandum for: Sam Skinner

From: David Demarest

Subject: Themes for the Asia trip

Here are some early thoughts about themes we can reiterate throughout the Asia trip.

1. In each speech, starting with the departure statement, we should use phrases like, "the reason I'm here is", "the purpose of this trip is", and "I've come to Japan because" to signal key themes to the audience and the press.

2. The overall theme should be encapsulated in his phrase that "My highest priority is jobs and economic growth".

3. The trip should then be seen as a means for achieving that priority goal. "One way to get this economy growing is to open up markets abroad for quality American products and services. More exports means new jobs".

4. Key subthemes include:

Exports are our strong suit during tough times and are well suited to creating new jobs -- 20,000 per billion dollars of manufactured exports.

American goods and services are of higher quality than ever before.

On a level playing field American workers can compete with anybody, anywhere.

We don't want just free trade, we are insisting on fair trade as well. [p. 7]

America has benefitted economically when it has stayed engaged in world markets. [ISOLATIONISM/PROTECTIONISM]

All nations have a shared responsibility to keep the international trading system vibrant and growing. [Uruguay Round]

5. We should also keep expectations under control by using phrases like, "this trip won't solve all our trade problems

overnight", and "this effort won't result in an export boom tomorrow."

6. We should ensure that the presence of the business leaders is highlighted whenever appropriate to show the solidarity of the American government with its private sector leadership.

[P.6]

7. We will highlight foreign policy themes -- engagement, security, Pacific power -- throughout the four countries.

[P. 2.5]

EAP PRESS GUIDANCE
December 31, 1991

NORTH-SOUTH NON-NUCLEAR DECLARATION

Q: What is your reaction to the agreement between North and South Korea to sign a non-nuclear declaration?

A: IN A JOINT DECLARATION INITIALED ON DECEMBER 31, NORTH AND SOUTH KOREA HAVE UNDERTAKEN TO RENOUNCE NUCLEAR WEAPONS, TO RENOUNCE THE POSSESSION OF REPROCESSING AND ENRICHMENT FACILITIES, AND TO SET UP A SYSTEM OF INSPECTIONS TO VERIFY THE DENUCLEARIZATION OF THE KOREAN PENINSULA. WE WELCOME THIS DEVELOPMENT. IT DEMONSTRATES THE PRIMARY IMPORTANCE OF NORTH-SOUTH DIALOGUE AS A MEANS OF RESOLVING TENSIONS ON THE KOREAN PENINSULA.

WE LOOK TO NORTH KOREA TO PROMPTLY SIGN AND IMPLEMENT A NUCLEAR SAFEGUARDS AGREEMENT WITH THE IAEA IN ACCORD WITH ITS OBLIGATION UNDER THE NPT.

Q: Are enforcement or inspection measures included?

A: THE JOINT DECLARATION CALLS FOR INSPECTIONS OF FACILITIES. THE DECLARATION ALSO CALLS FOR THE ESTABLISHMENT OF A JOINT COMMITTEE TO ORGANIZE AND DIRECT VERIFICATION MEASURES.

U.S. Department of State





EAP FAX

Date: 1/2/91

TO: JEANNIE BUNTON, WH SPEECHWRITER'S OFFICE

FAX Phone Number: 456-6218

Addressee's Phone: _____

FROM: EAP/K JOANNE MCMAHON

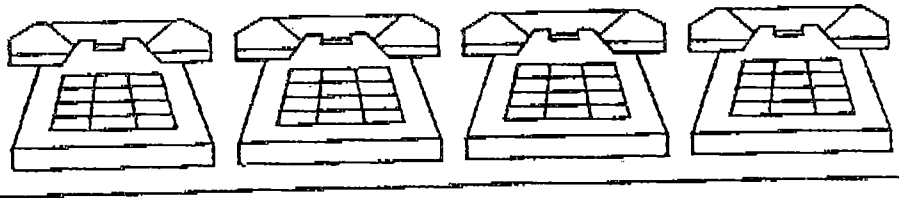
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Sender's Phone: 647-7717

NUMBER of PAGES INCLUDING COVER SHEET 2

Remarks:

UNCLASSIFIED ONLY



To : Mr. Bill Bonde

Asian Studies Center

Heritage Foundation

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From : Kim Younghee

FKI, KOREA



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WASHINGTON, D.C. 20002
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FACSIMILE TRANSMISSION SHEET

Date: 23 Dec

Time: 1000

To: JEANNIE BUNTON

Facsimile #:

This cover plus 1 pages

Message # :

From: BILL BONO

Comments:

If you have any problems with this transmittal please call _____ at (202) 546 - 4400.

McGroarty/Bunton
December 23, 1991
2:00 pm
[KOREA.NA]

PRESIDENTIAL REMARKS: ADDRESS TO THE KOREAN NATIONAL ASSEMBLY
SEOUL, REPUBLIC OF KOREA
JANUARY 6, 1992
1:30 P.M.

Mr. Speaker, distinguished members of the National Assembly: it is my great honor to return once more to this house -- the symbolic center of Korean democracy. I came to this chamber just one month after taking office, and Barbara and I still recall the warm welcome we received from the people of Korea. //

That was nearly three years ago. In the short time since then, we've seen our world transformed. The epic struggle between the forces of freedom and the communist world came to a peaceful end. Gone is the Berlin Wall / the Warsaw Pact / not simply the Soviet empire -- but even the Soviet Union itself. Everywhere, we see the new birth of democratic nations -- a new world of freedom, bright with the promise of peace and prosperity. //

Korea, too, has taken part in this change: At home -- as your country develops its own democratic tradition. In the world -- as Korea at long last assumes its rightful place as a full member of the United Nations. / Mr. Speaker, as President of a nation that fought under the UN flag to keep Korea free -- we share your pride. //

Yes, change transforms our world -- and yet, the Cold War continues to cast its shadow over Korea. / Just 25 miles north

of this capital city stands the DMZ: the ribbon of land that separates two countries -- one people yearning to live in peace. Who can calculate the human cost: 10 million Koreans separated now from family members for four decades. //

For forty years, the people of Korea have prayed for an end to this unnatural division. For forty years, you have kept alive the dream of one Korea. The winds of change are with us now. My friends, the day will come when this last remnant of the Cold War will fall. / Korea will be whole again. //

For our part, I will repeat what I said here three years ago: The American people share your goal of peaceful reunification on terms acceptable to the Korean people. / This is clear. This is simple. This is American policy. //

Recently, North and South have sought to ease tensions, to explore opportunities for peace. We regard the recent Non-Aggression Pact as a positive step. But we share with South Korea and its neighbors in the region a continuing concern about North Korea's aims. //

There is no doubt which issue concerns us most: North Korea's pursuit of nuclear arms stands as the single greatest source of danger to peace throughout the Pacific. //

The North cannot claim its actions respond to any outside threat or provocation. The Republic of Korea has given its solemn pledge to remain nuclear-free. South Korea rejects all weapons of mass destruction -- and has taken the additional step of foregoing all nuclear reprocessing and enrichment activities.

On December 18, President Roh announced that there were no nuclear weapons on South Korean soil. To any who doubt this claim, South Korea -- with full support of the United States -- has offered to allow inspection of civil and military installations -- including U.S. facilities. //

The North has met these demonstrations of peaceful intent with inaction. Six years ago, North Korea signed the Non-Proliferation Treaty -- taking on the obligation to implement full IAEA safeguards for all its nuclear facilities within 18 months. To this day, Pyongyang has yet to open these sites to inspection. //

Paper promises won't keep the peace. // I call on North Korea to join the South in creating a nuclear-free peninsula. North Korea's development of plutonium reprocessing and uranium enrichment capabilities serves no peaceful purpose. There is one purpose, and one purpose alone for these activities: to build nuclear weapons. These activities must stop. //

The U.S. strongly supports President Roh's initiative. The North's acceptance of this challenge -- the North's commitment in word and deed to a truly non-nuclear Korean peninsula -- would be a positive step toward peace. //

But let this be clear: The U.S. will maintain its military presence on this peninsula so long as there is a clear and present danger. As you know, we've postponed our plan to reduce the number of American troops stationed here in Korea. // Let there be no doubt: The people of this Republic should know that

the United States' commitment to Korea's security remains steady and strong.

I renew that pledge as an ally -- as President of a nation that shares your devotion to democracy and self-determination. / Down through the decades -- from Korea to Kuwait -- from the American soldiers who gave their lives at Inchon and Pork Chop Hill -- to the Korean forces who stood with us in Desert Storm, our two nations have upheld the international ideal: that between nations and not just within them, common interests call for common action. //

Today, in many quarters, that ideal is under siege. There are those who see the many changes in our world and say: our work is done. They urge us to declare victory -- celebrate the collapse of our common enemy -- and "come home." / They fail to recognize a fundamental fact: The Cold War era changed our world forever. We did far more than hold a common enemy at bay. Together, we built a new world: a system of collective security to keep the peace -- a system of free trade that fueled a generation of prosperity the likes of which the world had never seen. //

The passing of the Cold War must not mark the beginning of a new age of isolationism. The nations of the free world share more than a common history -- they share a common destiny. There is no going back -- // only forward.

The developments of the past forty years -- the great growth of democracy, the geometric increase in global trade -- created a

system of common interests. To turn our backs now -- to walk away after this great victory for freedom, or to retreat behind high trade walls into regional blocs -- would turn triumph to tragedy. //

America is a Pacific nation. We will remain engaged in Asia, as we are in other corners of the world. // But just as the world itself stands on the threshold of a new era -- so too we now enter a new era in U.S.-Korean relations. What began in the heat of war as a military alliance has grown into a broader relationship -- a partnership anchored in shared economic interest and common political ideals.

Korea's new role will mean new responsibilities -- a new partnership that recognizes Korea's growing capabilities, and increased ability to contribute to peace and prosperity in the Pacific and beyond.

The world recognizes Korea as an economic powerhouse. We must now acknowledge the equally important strides you have made in strengthening the institutions of democracy. Even in the three years since my last visit, the change is clear for all to see. With the encouragement of President Roh, this National Assembly now plays a greater role in Korean politics. In 1992 alone, South Korea will hold at least three elections at the local and national levels. Across the country, democracy gives voice to new ideas and opinions -- since 1990 alone, ten new daily newspapers, and nearly a thousand other new publications. //

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Now you must build on your success. You must sustain the conditions that fueled your phenomenal growth. / Korea did not create its wealth by closing itself off from the outside world. Today, Korea stands as America's seventh largest trade partner. With me on my trip are executives from some of America's leading companies -- many with interests in expanding business with Korean companies and Korean consumers. // America is not only Korea's largest market -- but a leading source of the technology and capital that helps fuel your economic growth.

This nation owes much of its economic miracle to open markets abroad. Korea must see clearly that prosperity in the new century ahead lies in open markets.

Pressures for protectionism are building. We see it in my country, with the new breed of economic isolationists who urge us to treat our allies as enemies. We see it here in Korea, in a short-sighted anti-import "frugality campaign" that seeks to cloak protectionism as patriotic duty. / But wherever this impulse shows itself, we must fight back -- for trade that is free, fair and open.

We must heed the lessons of history. For the first half of this century, great nations sought refuge in isolationism and its economic accomplice, protectionism -- and the world endured the ravages of war and Depression. / Since the Second World War, free nations, large and small, pursued a common course, forging alliances and fostering trade -- and the world has enjoyed an era of unprecedented peace and prosperity. //

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Thank you for this warm welcome -- and may God bless the Korean people.

# # #

Reconciled — may continue to change

McGroarty/Bunton
December 23, 1991
8:30 am
[KOREA.NA]

PRESIDENTIAL REMARKS: ADDRESS TO THE KOREAN NATIONAL ASSEMBLY
SEOUL, REPUBLIC OF KOREA
JANUARY 6, 1992
1:30 P.M.

Mr. Speaker, distinguished members of the National Assembly: it is my great honor to return once more to this house -- the symbolic center of Korean democracy. I came to this chamber just one month after taking office, and Barbara and I still recall the warm welcome we received from the people of Korea. //

That was nearly three years ago. In the short time since then, we've seen our world transformed. The epic struggle between the forces of freedom and the communist world came to a peaceful end. Gone is the Berlin Wall / the Warsaw Pact / not simply the Soviet empire -- but even the Soviet Union itself. Everywhere, we see the new birth of democratic nations -- a new world of freedom, bright with the promise of peace and prosperity. //

Korea, too, has taken part in this change: At home -- as your country develops its own democratic tradition. In the world -- as Korea at long last assumes its rightful place as a full member of the United Nations. / Mr. Speaker, as President of a nation that fought under the UN flag to keep Korea free -- we share your pride. //

Yes, change transforms our world -- and yet, the Cold War continues to cast its shadow over Korea. / Just 25 miles north of this capital city stands the DMZ: the ribbon of land that separates two countries -- one people yearning to live in peace. Who can calculate the human cost: 10 million Koreans separated now from family members for four decades. //

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Paper promises won't keep the peace. North Korea must honor its international obligations. North Korea must demonstrate to you and to the world its commitment to peace. //

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Jan./Feb.

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Korea Newsreview

December 14, 1991

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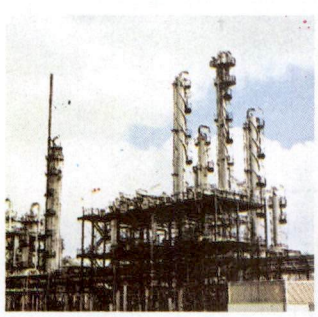
Charity Pot In Downtown Seoul: Time to Think of Poor

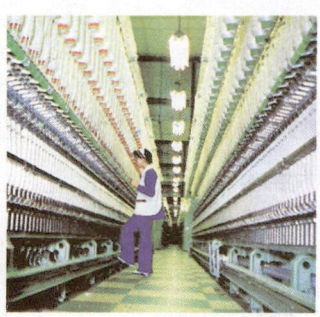
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Korea
Newsreview

DECEMBER 14, 1991 Vol. 20, No. 50



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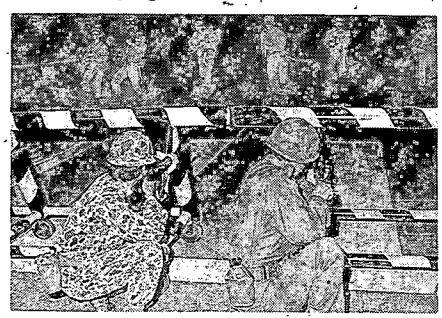
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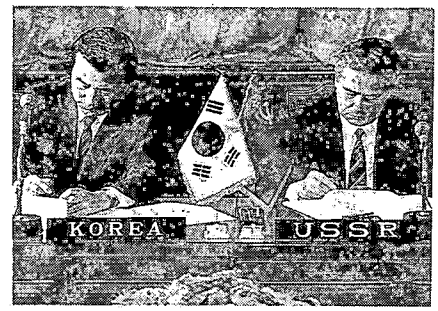
The Salvation Army in Korea marks its 83th anniversary this year. Since its arrival in Korea on Oct. 8, 1908, the Korean Salvation Army has been actively participating in various social and educational activities in addition to its original mission, telling the world the life-giving message of Jesus Christ. Salvation Army officers carrying out their fund-raising campaign as the year ends have been a common sight in this country for a long time. (Photo by Yang Ki-soo) See Page 30.

Nation:

Military Reserves Cut Back

President Roh Tae-woo ordered reductions in the 4.2 million military reserve forces last week. Roh also urged reduced training hours for reservists at manufacturing sectors to ease the serious labor shortage. According to government officials, the number of reservists is expected to be cut by about a third to 2.7 million or 2.8 million. The President stressed democratic principles in the operation of the military and preparedness for possible arms reduction talks with North Korea while receiving a courtesy call from the new Chairman of the Joint Chiefs of Staff and four other newly appointed Army generals. See pages 4-5.





Economy:

Questions over Aid to Soviets

With the Soviet federal system on the verge of breaking up, Korea is split on the wisdom of continuing ahead with its $3 billion aid package to Moscow. Korean firms have already shipped $115 million worth of 11 critically needed items to the Soviets since last October and has received $297 million in letters of credit, the shipment for which will be made in two or three months. "So far, about 43 percent of the aid program has been carried out," a government official said. Of the remaining $1.2 billion, $700 million, including $500 million in export financing of consumer goods, was to be extended next year and the other $500 million in 1993. See pages 12-13.

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Military Reserves Cut Back

Last week President Roh Tae-woo ordered reductions in the country's 4.2 million-strong military reserve forces, Chong Wa Dae announced.

Officials said the number of reservists is expected to be cut by about a third to 2.7 million or 2.8 million. Korea's regular troops number 650,000.

The president directed Defense Minister Lee Jong-koo to reduce the size of the reserve forces to an "optimum level," presidential spokesman Lee Soo-jung said. Lee did not say why President Roh suddenly called for slashing the reserve force.

President Roh also urged reduced training hours for reservists at manufacturing sectors to ease the serious labor shortage, the spokesman said.

Currently, people discharged from the military as enlisted men are required to be enrolled in the Homeland Reserve Forces until they are 33 years old.

Roh gave the instructions after receiving a call from Chairman of the Joint Chiefs of Staffs Gen. Lee Pil-sup and four other newly appointed Army generals. The defense minister was at the session.

The President told the generals to try to honor "democratic principles" in the operation of the military and to be prepared for possible arms reduction talks with North Korea.

New Tradition

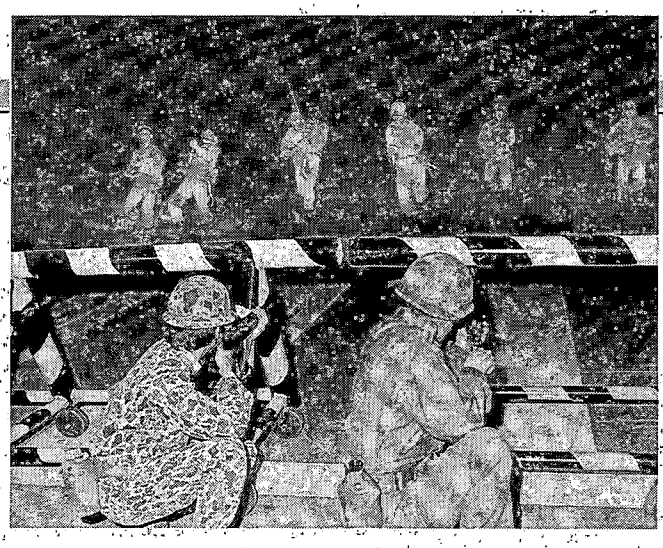
"The military is required to set a new tradition of respecting democratic principles, commensurate with democratization of the country," Roh was quoted as saying.

He stressed one of the chief tasks of the Sixth Republic is to firmly establish the democratic tradition in the military and every other sectors of society, the spokesman said.

Stressing that the military can no longer be a "sanctuary," Roh called on the generals to try to seek as much public understanding as possible on military matters.

He also emphasized that the military should be prepared to deal with inter-Korean military issues, including arms control negotiations, which he said may come in the coming years.

The generals at the Chong Wa Dae session were Chairman Lee, Army Chief of Staff Kim Jin-young, Kim Dong-jin, deputy commander-in-chief of the ROK-U.S. Combined Forces Command, Kim Yon-gak, commander of the 2nd Army, and Koo Chang-hoe, commander of the 3rd Army.



"Reduction in the size of the reserve forces by lowering the age limit is not desirable as the Cold War has not ended here and loosening the training of reservists would make the young men feel relieved and also contribute to the labor shortage," says the Defense Ministry officials.

Reserve Training Reduction To Relieve Labor Shortage

The Defense Ministry's announcement on reduction of training hours for reservists does not mean a cut in the 4.2-million-strong reserve forces, but exemption of 1.5 million reservists from training.

Instead of lowering the age limit of reservists from the current 33, the ministry said that the 44-hours-a-year, five-year "mobile" training for those who have finished military service will be reduced to four years, and that the 16-hours-a-year, 10-year service for ordinary reservists will be reduced to six years.

Those reservists who have finished "mobile" training become ordinary reservists, and mobile training is given to reservists until they reach the age of 30, and ordinary training until 33.

A ministry official said that the age limit of reservists will not be lowered, considering North Korea maintains 6-million-strong reserve forces composed of men aged between 14 and 60.

"But reducing the training hours for reservists would have the effect of creating 1.5 million training-free reservists a year, which will greatly contribute to help relieve labor shortages in industries," he said.

Reservists

For the convenience of reservists, they would be able to receive training at a time convenient to them, he said.

Previously, those who finished military service under the nation's compulsory conscription system served as reservists until the age of 35, but last year the age limit was lowered to 33.

The ministry official said that the new system would be applied beginning Jan. 1, which will also have the effect of lowering the age limit of reservists by five years.

In addition, ex-officers will receive seven years of "mobile reservist training," down three years from the current 10 years, he said.

"Reduction in the size of the reserve forces by lowering the age limit is not desirable as the Cold War has not ended here on the Korean Peninsula, and loosening the training of reservists would make the young men feel relieved and also contribute to the labor shortage," he said.

The ministry's announcement, which came following President Roh

Ruling DLP Whip Sacked for Ramming Bills through

President Roh Tae-woo dismissed Kim Chong-hoh as floor leader of the ruling Democratic Liberal Party last week, apparently holding him accountable for the railroading of controversial bills through parliamentary committees last week.

Lee Ja-hon, 56, a four-term journalist-turned lawmaker, was named new DLP floor leader and majority leader of the National Assembly, party spokesman Park Hee-tae said.

Kim Yoon-whan, the party's secretary-general, and Rha Woong-bae, chief policymaker, also expressed their intentions to resign, but were retained in their posts, the spokesman said.

He said Kim Chong-hoh "voluntarily" tendered his resignation, assuming responsibility for the controversy triggered by the party's unilateral passage of the disputed bills, when he called on party Executive Chairman Kim Young-sam at his home Dec. 4. The executive chairman conveyed the resignation letter to President Roh later in the day.

Under Fire

Parliamentary sources, however, said Kim Chong-hoh was actually fired.

The railroading of the bills, including ones governing the government's rice purchase plan and the development of the southern resort island province of Cheju, drew much criticism from the public as well as the press.

The sources said the DLP's sloppy handling of the bills, only months ahead of the next National Assembly elections expected in spring next year, may have irritated President Roh.

There had been speculation that Kim Chong-hoh forced through the contentious bills at the instruction of Chong Wa Dae, the presidential office.

Many ruling party lawmakers were also angry with Kim.

Though Kim is thought to be close to Kim Young-sam, No. 2 in the DLP, it is unclear whether the abrupt action against the floor leader stemmed from factional strife within the party.

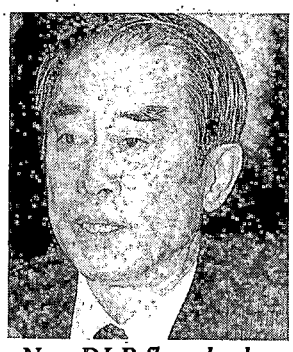
The outgoing floor leader was also under fire for touching off discord between the government and its party over whether the budget bill for fiscal 1992 should be slashed, according to the sources.

The budget bill cleared the legislature Dec. 3 as the rival parties reached a last-minute agreement to trim 305 billion won from it.

The administration was said to have vehemently objected to any substantial reduction from the spending plan which allegedly contains many pork-barrel projects.

The opposition party had called for a reduction of 335 billion won of the budget bill, initially scaled at 33.5 trillion won, up 24.2 percent from this year.

Regarding the controversial bills, the new floor leader said he would seek



New DLP floor leader Rep. Lee J.H.

a compromise settlement with the opposition Democratic Party.

"Our party will be patient and solve problems through dialogue with the opposition," he said.

The DP earlier urged that those bills be reexamined at parliamentary committees, while the ruling party contended that they should be handled in accordance with the National Assembly (Steering) Law.

Meanwhile, lawmakers of the opposition Democratic Party (DP) showed keen interest in the sacking of Kim Chong-hoh as the ruling party's floor leader and majority leader of the National Assembly.

Democratic Party floor leader Kim Jung-kil argued that the ruling DLP used Kim Chong-hoh as a "scapegoat" in a bid to escape severe criticism from the public for ramming scores of controversial bills through parliamentary committees.

The DP official said he understands that it was not Kim but hard-liners inside the government party that ordered the hasty passage of the bills.

Kim Jung-kil said his DLP counterpart tried hard to steer the National Assembly "in cooperation with his party."

DP Secretary-General Kim Won-ki told reporters that Kim Chong-hoh had also been under fire in his party for trimming 305 billion won from the government-proposed budget plan.

Tae-woo's instructions for change in the reserve forces, is in line with its earlier decisions to reduce the terms of military service and abolish so-called the "short-term soldier," or Bangwibyong, who serve 18 months.

The terms of military service for ordinary servicemen will be cut by 2 to 5 months to 26-30 months beginning early 1993, and the short-term soldiers that constitute 27 percent of the nation's 655,000 standing forces will disappear by 1994.

Ease Tension

The loose control of the reservists is also expected to contribute to eased tension on the peninsula, the official hoped.

That would contribute to making the reserve forces an elite force, and will relieve the burdens of the military units which take charge of training the reservists, he said.

The nation's reserve force was established in April 1968 in the wake of the North Korean kidnapping of USS Pueblo and a raid by North Korean commandos on the presidential mansion of Chong Wa Dae.

At that time, it was 2.5-million-strong, and reservists have participated in the defense of their villages and search of armed North Korean infiltrators.

A Defense Ministry official said that it is easy for North Korea to mobilize its forces whereas it is not for the South because of the difference of systems.

— By Lee Sung-yul

Two Koreas Agreed to Settle Nuke, Nonaggression Issues

The fifth Inter-Korean Prime Ministerial Talks made a historic breakthrough during its second day of meeting in Seoul.

Delegations from two divided Koreas have agreed to adopt resolutions covering the four major issues in the high-level meeting Dec. 12.

Prime Minister Chung Won-shik and his northern counterpart Yon Hyong-muk during their closed session Dec. 12 have agreed to let their experts work out basic agreements on nuke, nonaggression, cooperation and exchange issues before the talks close Dec. 13. Both sides were reportedly determined to finalize and put signatures on the agreements even if it has to delay the talks for a day, it was reported.

South Korea will open the U.S. airbase in Kunsan and other military installations to North Korea's inspection if North Korea agrees to scrap its nuclear fuel reprocessing facilities, Prime Minister Chung Won-shik said last week.

"I propose that once the South and the North agree to scrap nuclear fuel reprocessing facilities, simultaneous inspections be conducted of military and civilian facilities in both areas that are selected by the other party as a pilot project," Chung said. "We wish to choose Sunchon Airfield and facilities in Yongbyon for pilot inspection. Your side may choose Kunsan Airbase or other military and civilian facilities for the pilot inspection project," he added.

He said Seoul is prepared to include U.S. military installations and bases in the South on the list of facilities for inspection so that the North can verify whether or not nuclear weapons are deployed in the South.

Chung proposed that the two sides meet as quickly as possible to arrange the simultaneous inspection, which he hopes will be conducted by Jan. 31 next year.

The prime minister made these proposals to North Korea in his keynote speech at the fifth round of South-North premiers' talks that opened at the Sheraton Walker Hill Hotel in eastern Seoul Dec. 11.

He put forward a draft of "a joint declaration for a nonnuclear Korean Peninsula," which calls for the two Koreas to use nuclear energy "solely for peaceful purposes" and not to manufacture, possess, store, deploy or use nuclear weapons.

It appears that Chung's proposals came to the North as a surprise.

During a news conference, spokesman for the northern delegation, An Byong-su reaffirmed that Pyongyang would sign a nuclear safeguards accord with the International Atomic Energy Agency (IAEA) once it is confirmed that U.S. nuclear weapons have been begun to be pulled out of South Korea.

The spokesman said Pyongyang "wants both Seoul and Washington to inform the North about that matter formally."

But South Korean officials said Premier Chung's proposal for a joint declaration for a nuclear-free Korea is Seoul's "virtual declaration that South Korea is now free of nuclear weapons."

North Koreans can confirm the absence of nuclear arms while they conduct inspections on South Korean military installations, Lee Dong-bok, spokesman for the southern delegation, said.

North Korean Prime Minister Yon Hyong-muk presented a draft of "a declaration on the denuclearization of the Korean Peninsula," which is the

Leak of Lawmaker Nominee List Aggravates DP Feud

A mysterious document predicting that some incumbent lawmakers of the Democratic Party would fail to get renominated for the next parliamentary elections has rocked the opposition party.

As soon as the document was "leaked" by a newspaper last week, the party headquarters was swamped with phone calls from those who were anxious to confirm the report's authenticity.

The paper lists some 110 people who are sure to obtain the party's ticket for the parliamentary elections expected in early next year and 11 incumbent party lawmakers who are doomed to lose in the nomination race.

Party Secretary-General Kim Won-ki had to meet the press to deny the report.

He said his party has not chosen any candidates yet. "There must be a conspiracy designed to hurt our party," Kim blasted. He is a leading member of the party's 10-member candidate screening panel made up of five members, each from two factions, one led by Kim Dae-jung, 67, and the other by Lee Ki-taek, 54.

Possible "dropouts" mentioned by the report included Reps. Kim Tai-shik, Lee Jai-keun and Lee Sang-ock, all involved in the Suso housing and junket scandals early this year.

In addition, Reps. Oh Tan, Son Joo-hang, Lee Don-man, Park Hyung-oh, Kim Deuk-soo, Park Seok-moo, Cho Hong-kyu, and Hong Ki-hoon were blacklisted because of their poor achievements in parliament.

Freshman lawmaker Oh Tan, who is from Chonju in Chollabuk-do, said he worked hard in parliament and he has been on good terms with Kim Dae-jung. "I don't think I should be kicked out of the party," he said.

But Son Joo-hang, elected in the city, has been on bad terms with Kim. The three-time lawmaker once said he would run for the Assembly as independent if he failed to get the

same as the one he put forward during the fourth round of talks in Pyongyang in October.

The nine-point draft prohibits "the deployment of nuclear weapons on the Korean Peninsula and in its territory and the passage, landing and call of aircraft and warships which are or might be loaded with nuclear weapons through or in its airspace or territorial waters."

It bans the two Koreas from concluding any agreement with foreign countries, "which allows the deployment and stockpile of nuclear weapons in their regions and which accepts the offer of a nuclear umbrella."

Yon said his side is ready to negotiate with the South to integrate the two sides' proposals on the nuclear questions into one.

The North's spokesman, An, said his side would not link the nuclear issue with negotiation of other proposals.

But the South Korean spokesman, Lee, indicated that the Seoul would not agree to any progress in negotiations on other proposals on easing tensions between the two Koreas unless they resolve the nuclear issue first.

Pyongyang accommodated much of the South Korean position on such issues as establishment of a joint military committee and formation of a committee for travel, telecommunications and trade.

It also agreed to the exchange of journalists but still rejected the call for the mutual opening of newspapers, radio, television and printed material.

"We don't want our youths to be contaminated by bad water by opening the media," the North's spokesman said.

Seoul accepted the North Korean proposal for establishing a permanent liaison office of the two sides at the truce village of Panmunjom, instead of their capitals.

But the two sides are still far apart on the issue of replacing the current armistice accord with a peace regime.

While the South wants the two Koreas to discuss the matter, the North maintains that the issue should be tackled between the United States and North Korea.

The two sides are at odds over the relation between the accord on reconciliation and nonaggression with other pacts that the two Koreas have concluded with other countries. South Korea says that the inter-Korean accord should not affect other pacts.

In particular, the two sides differ sharply over arms control issues, Seoul officials said. The South proposes that both sides take "military-confidence measures" before implementing arms control, while the North prefers "speedy nonaggression" in an apparent bid to set up full ties with Japan and the United States as soon as possible, they said.

Highlights of nuclear proposals

South Korea:

- Pledge to use nuclear energy for peaceful purposes.
- Ban on manufacture, possession, storage, deployment or use of nuclear weapons.
- Ban on nuclear reprocessing and uranium enrichment facilities.
- Agreement to activiely participate in international efforts to eliminate chemical and biological weapons.
- Aside from mandatory International Atomic Energy Agency inspections, carry out separate joint inspections of military and civilian facilities, including U.S. bases in the South.

North Korea:

- Ban on test, manufacture, introduction, possession and use of nuclear weapons.
- Ban on deployment of nuclear weapons and the passage or landing of aircraft and warships carrying nuclear weapons.
- Ban on agreement with foreign countries to deploy or stockpile nuclear weapons or receive nuclear umbrella protection.
- Ban on military exercises under simulated nuclear war conditions.
- Joint efforts to withdraw U.S. troops stationed in South Korea.
- Joint verification of withdrawal of U.S. nuclear weapons and bases in South Korea.

party's nomination.

Rep. Kim Tai-shik, who is said to be close to Kim Dae-jung, may survive as he was recently acquitted of charges of corruption.

Amid the fracas, the party has indefinitely postponed the announcement of its nominees for the high-stakes parliamentary elections.

The delay was also due to fears that those who fail to get the DP ticket might bolt the party en masse, according to political analysts.

The party leaders are worried that the dropouts might join hands with Rep. Park Chan-jong, who has recently formed a political group, splitting the opposition.

In a related movement, Kim Dae-jung said at a recent debate session with senior journalists that the party's screening committee has not finished the selection of candidates.

But he said part of the list may be correct, but "on the whole, it is incorrect."

He earlier indicated that the axe would fall on lawmakers with poor parliamentary records and those implicated in corruption scandals.

Kim said he will recruit new blood to inject vitality into his party.

Those who were already drafted by the opposition party include Park Eun-tae, chairman of Miju Co., Lee Mun-ok, a former official of the Board of Audit and Inspection (BAI), Yang Jae-ho, a former prosecutor, Shin Yong-sok, an editorial writer of Korea's largest daily Chosun Ilbo, Park Yang-shik, a professor at Kyongbuk National University in Taegu, and Jae Chung-koo, a civil rights activist.

Kim Dae-jung has said that in the past people had been unwilling to join his party but "now things are different" as a result of the September merger between his New Democratic Party and the old Democratic Party led by Lee Ki-taek.

Still, many scholars and bureaucrats the new DP wants to recruit are reportedly refusing to enter the party. They include Chang Eul-byung, president of Sungkyunkwan University, Park Kwon-sang, a former editor-in-chief of the weekly Sisa Journal, Kim Joong-bae, former managing editor of the Dong-A Ilbo, and Song Kon-ho, chairman of the Hankyoreh Shinmun.

Meanwhile, Lee Ki-taek and his followers demand that the party nominate its parliamentary election candidates as soon as possible.

But the Kim Dae-jung group is against this, raising the possibility that the opposition party would feud over the nomination issue.

— By Shin Yong-bae

S. Korea Gains ILO Membership

South Korea has become the 151st member of the International Labor Organization (ILO) by filing a declaration accepting the organization's charter.

Foreign Minister Lee Sang-ock delivered the letter to ILO Director-General Michel Hansenne through the Korean Embassy in Geneva last week.

By becoming a member of the ILO, South Korea has completed its membership of all 16 specialized agencies under the United Nations.

ILO membership is automatic for all U.N. members when they formally accept the organization's charter. South Korea joined the United Nations in September.

The labor body has 172 conventions, and Foreign Ministry officials said that the Seoul government will ratify some of the conventions which are compatible with domestic labor laws.

ILO members do not have to ratify all of the ILO conventions, though they have to ratify all new conventions passed after becoming a member.

Officials said the government will not accept the three conventions of the ILO which tolerate multiple labor unions, intervention by a third party and unionization of government employees.

A Foreign Ministry official said that it will take time for the government to ratify them because domestic laws have to be revised first.

Current laws allow only a single labor union to exist in a company and they stipulate that no other third party except governmental labor agencies may intervene in labor-management negotiations or disputes.

Public officials are prohibited from organizing labor unions except some 40,000 railroad, postal and medical officials.

Labor experts said that the ILO membership has relieved the government of the suspicion that it had delayed membership application.

But unionists threaten to file a complaint with the ILO if the government does not accept the three conventions.

Meanwhile, South Korea will pay $1.5 million for joining the ILO this year and $1.4 million in annual dues.

Korea-China Aviation Talks Fail

Aviation talks between Korea and China on the opening of direct flight services, held last week in Beijing, collapsed because of "irreconcilable" differences as Korean officials put it.

Delegates of the two sides, meeting for the third time this year, even failed to agree on when they would meet again, officials at the Korean Transportation Ministry said recently, citing reports from the Korean delegates in Beijing.

The outcome of the talks, held Dec. 2-4, went against the expectation that they would make progress, given China's recent favorable diplomatic gestures toward Korea.

Chinese delegates simply repeated their previous demands, the ministry officials said, though some of the requests were against common international practices.

The main differences were over the boundaries of ground-control for aircraft flying between the two nations and the route and number of carriers which would be allowed to serve it.

As for the ground-control boundary issue, the officials said, China stuck to its previous position that the boundary should be set at 125 degrees east longitude, well into Korea's flight information region.

Korean delegates rejected the demand as an "outright infringement on Korea's authority," the officials said, based on reports from Beijing.

Korea again proposed that 124 degrees should be the boundary as endorsed by the International Civil Aviation Organization.

The 124-degree boundary was used during the 1986 Asian Games and the 1988 Summer Olympics, both held in Seoul, when special charter planes flew between the two nations, carrying athletes, officials and tourists.

The 125 degrees east longitude just skirts the western coast of Korea through Korean territorial seas, while the 124 degree line passes well outside the territorial seas of both countries.

If the boundary is set at 125 degrees, the ministry officials said, planes flying between the two nations should be navigated by Chinese while they fly west of the boundary. Korea would take over navigation rights when the planes fly east of the line.

The two sides remained as far apart on another sensitive issue of setting the air routes as before, the ministry officials said.

Korea proposed that regular air services be opened between the capitals of the two nations, again in accordance with general international practices.

China, however, turned down the Korean request and instead proposed that an irregular charter flight service be opened between Seoul and two other Chinese cities, Shanghai and Tienjin.

At the same time, the Transportation Ministry officials said, China suggested that the charter service be upgraded to a regular direct flight service between the capital cities once the two nations establish formal diplomatic relations.

Korean delegates, hoping to make a breakthrough in the talks, proposed acceptance of the Chinese suggestion, on the condition China writes an official note to keep its word.

China rejected the Korean suggestion again, the ministry officials said.

China also demanded that only one carrier from each country be allowed to fly between the two nations on either charter flights or regular air services, while Korea wanted no limit.

China has one airline and Korea two.



Relatives of Koreans killed in World War II pose for photographers before their protest rally in Tokyo Dec. 8. The 35 Koreans filed a lawsuit in the Tokyo district court last week for damages their relatives incurred during the war.
AFP-Yonhap

Korean WWII Victims Sue Japan

A group of South Koreans, claiming that they were the victims of Japan's "crime against humanity" during World War II, brought a suit last week, demanding that the Japanese government pay compensations for them.

In the suit filed at the Tokyo District Court, the 35-member group, called "the Association of the Bereaved Families of the Pacific War," said they are the victims themselves or relatives of the victims who had been forcibly recruited as soldiers, civilian employees of the Japanese Imperial Army or the so-called "comfort ladies" for the Japanese soldiers.

Saying that they had suffered mental and physical trauma because of Japan's inhuman and brutal treatments, they demand that the Japanese government pay 20 million yen to each of them or a total of 700 million yen ($4 billion).

The group includes Kim Hak-soon, 67, and two other women who had been abused as the comfort ladies by the Japanese, 13 former Japanese army soldiers and employees and three widows.

They said if they win, their case will open the way for other victims of the Pacific War. The association, led by chairman Kim Chong-dae, has more than 15,000 members. It plans to raise the second and third suits.

The case draws extraordinary attention from the general Japanese public because the suit was brought by Korean women who had been the victims of the sexual brutality of Japanese soldiers for the first time.

In the 130-page suit, the group contradicted the past Japanese allegation that the "Korean comfort ladies" had been recruited by Japanese civilians. In fact, it was the Japanese government and military that had carried out the entire program.

"The mental and physical pain inflicted on the Korean women who had been brought up with a strong sense of virtue in a Confucian society is immeasurable and still continuing for the unfortunate women," the suit said, adding:

"The forced recruitment of the comfort women is one of the typical crimes against humanity."

Referring to the Japanese claim that it has already paid compensations to South Korea when it signed the South Korea-Japan Basic Treaty in 1965, the suit said the compensations paid between the two governments are two different matters.

The signing of the South Korean-Japan Basic Treaty does not mean that the Japanese government could avoid its responsibility for its actions against individual victims, said Kenichi Takagi, one of the Korean-Japanese lawyers for the plaintiffs in the case.

The exact number of Koreans forcibly recruited by the Japanese as soldiers, civilian employees and laborers is not known as the Japanese government refuses to make all its wartime documents available to the public. (Yonhap)

Germany Irked by Coffee House 'Gestapo'

First it was the "Hitler" beer hall. Now it's the "Gestapo" coffee house.

For the second time in weeks, the German Embassy said last week it has asked the government to force establishments to change names deemed detrimental to Germany's image and national reputation.

"It is true that we drew the attention of the Foreign Ministry to a second place," said embassy spokeswoman Martina Nibbeling-Wriessnig.

She said the embassy had not received a reply from the South Korean government regarding either the beer hall or the latest find, the Gestapo coffee house.

The coffee house is in a trendy university area of boutiques and shops near Ewha Woman's University in western Seoul, officials said.

The newspaper Dong-A Ilbo reported that the "Gestapo" planned to keep its name, but to use Korean Hangul characters instead of Roman letters so as not to offend Germans. The Gestapo was Germany's World War II era secret police.

In October, the embassy asked the government to force a name change at the "Hitler" beer hall. The beer hall advertised itself with blinking neon Hitler signs, Hitler matchbooks and pictures and German national flags with swastikas stitched on them.

The beer hall plans to change its name to Rhine, the name of Germany's major river, but so far has not done so because change takes time, said a beer hall worker, who declined to be identified.

The embassy said it considered the use of Nazi pictures and symbols hurtful to German feelings and detrimental to Germany's reputation, and it requested that the owner be formally asked to remove all references to Hitler. (AP)

Korea, Belgium Consultative Talks

Belgium would not consider improving relations with North Korea unless Pyongyang abandons its nuclear development program, export of terrorism or other "military adventurism," a ranking Belgian government official said last week. Andre Adan, chief of the Belgian Foreign Ministry's political affairs bureau, spelled out his government's policy at a South Korea-Belgium consultative conference which opened in Brussels last week. At the two-day meeting, the two sides agreed that they will make King Baudouin's planned visit to Korea in October, 1992, a turning point for better bilateral relations. (Yonhap)

U.S. Embassy Explains WHNS

The U.S. Embassy in South Korea is making all-out efforts to correct what it believes is public misunderstanding of the Wartime Host Nation Support agreement, a cause of anti-American demonstrations on campuses and streets nationwide. Explaining the U.S. view to journalists in Kwangju, last week, James Pierce, a first secretary at the embassy, stressed that the agreement had no element that would infringe upon Korean sovereignty and that it was purely an agreement for military cooperation. Student activists and many intellectuals say the wording of the agreement is so ambiguous that it can be used as the basis to invite greater American influence over political and military situations in Korea. Jitters about the agreement's abuse run especially high in Kwangju, where citizens believe, for all the denials of Seoul and Washington, that a civil uprising in May 1980 was forcibly subdued by then Gen. Chun Doo Hwan with the help, if not tacit support, of the Americans. (Yonhap)

DP Hits Gov't for 'Rash' Aid

Last week the opposition Democratic Party criticized the government for its "rash" offering of loans to the Soviet Union, and urged prudence in foreign policy matters. In a statement, the party said the government should be held accountable for economic burdens the country might suffer because of the Soviet Union's inability to repay foreign debts. Seoul has already provided $1 billion in cash loans to Moscow as part of its $3 billion economic assistance package. "Our party had urged the government to carefully watch economic conditions in the Soviet Union and the stability of the Gorbachev government before deciding on economic assistance, the party said."



Employees at a post office in downtown Seoul sort out mail before delivery. Along with the annual rush of mail at the year-end, a flood of "election campaign mail" is expected to create the "worst" delay in mail delivery, Communications Ministry officials say.

Election Adds to Yuletide Mail Flood

What is described as the worst delay in mail delivery in recent years is feared to occur during the yuletide season because of an extreme shortage of mailmen, and a surge in mail volume. Post offices nationwide are expected to be flooded with more than 500 million letters and cards during the period, but they are short of mailmen to handle them, Communications Ministry officials said recently. In addition, elections set for next year will add fuel to the annual mail because candidates are expected to send greeting cards to millions of constituents throughout the country, the officials said. During the closing days of 1987, before a parliamentary election was held, volume of mail went up 30 percent over the previous year. In an emergency measure, the ministry plans to put all 12,000 mailmen to work, hiring as many as 80,000 temporary workers, the officials added.

Court Rejects Northrop Bid

A Seoul court ruled Dec. 4 that $6.25 million Northrop paid to Park Chong-kyu, former South Korean presidential chief bodyguard, in 1984 was an "illegal payment aimed at promoting the sale of Northrop's F-20 fighters, and Park's bereaved family members have no obligation to pay the money back to Northrop." Park died of an illness in 1985. Presiding Judge Lee Du-hwan at the Tongbu branch of the Seoul District Court made the ruling in favor of Lee Chong-won, 52, wife of the late Park, and

owner of Asia Culture Travel Agency, dismissing claims by the U.S. aerospace company that the money was supposed to help build a hotel in Seoul. Northrop filed a civil suit with the court in December 1987, demanding Lee and the travel agency pay back the money which it insisted was funneled to the travel agency, owned by Park, for construction of the hotel in central Seoul, in a joint venture between Northrop and the travel agency. Northrop insisted that it deposited $6.25 million in the Korea Exchange Bank's Hong Kong branch under the account of the travel agency Aug. 8, 1984 in accordance with the contract made between the two sides. The travel agency, however, broke the deal in 1985 when it failed to get government permission to build the hotel and Park died, Northrop claimed.

Prosecution to Probe Rev. Moon

The Prosecutor General's Office is investigating whether the Rev. Moon Sun-myung, founder of the Unification Church, violated the National Security Law by issuing a statement with political overtones in North Korea last week. Initial study of the statement, signed jointly by Moon and a top North Korean party official, indicated that the 71-year-old anti-Communist crusader had gone far beyond the stated purpose of his visit in issuing it, the office said. Moon went to North Korea Nov. 30 and on Dec. 6 held talks with leader Kim Il-sung, reportedly on various pending inter-Korean issues. A native of Chongju, Pyonganbuk-do, he is a permanent resident of the United States. In their talk, North Korean leader Kim Il-sung asked Unification Church founder to arrange a meeting with U.S. President George Bush, the Segye Times run by Rev. Moon reported last week. Kim was quoted as telling Moon that he would visit Washington if the Bush administration invited him. "The statement is under close legal review to determine if the Rev. Moon's activities in North Korea violated the National Security Law," said a senior prosecution official in charge of public security.

Students Studying abroad Declines

The number of students going abroad to study has declined this year for the first time in a decade, and a growing number of commercial institutes arranging overseas study are closing down. This year, only 3,830 students applied for government-sponsored qualification exams to study abroad, down 11 percent from last year's 4,307. Last year, an estimated 15,000 students went abroad to study in colleges, graduate schools or high schools. "No official statistics is available, but this year the number is down at least by 30 percent," said a manager of a Seoul private institute for overseas study, the Hankook Overseas Study Institute. He said that some 40 students a day consulted in past years with his institute about opportunities to study abroad, but this year the number was down to only five to 10. He said his institute may have to close if the trend continues. There are about 300 of such institutes in Seoul, but a growing number of them are considering closing for lack of business, a Seoul City official said. The official said that the reduced number of students wishing to go abroad is partly due to the difficulty many foreign Ph.D and M.A.-degree holders have in finding jobs here. "Some of high school students or graduates, who cannot get into colleges here, went abroad in the hopes of attending foreign colleges, but the number of failures has apparently discouraged students from going abroad," said the official. Before 1980, college students or graduates had to pass strict state qualification tests to go overseas.

Draft Regulations Eased

Male college or high school students who have not finished compulsory military service will find it easier to travel abroad to study this winter vacation and thereafter. Previously, they had to get invitations from educational institutes in foreign countries first before making the trip. But now, they only need approval from their college deans or high school principals if they are to travel abroad, according to the Military Manpower Administration last week. The regulation has been eased to make it easier for students to go abroad, said the administration.

Professors against Rice Imports

Last week a reform-minded civic group, Kyongsilyon (the Citizens' Council for Economic Justice), and a group of professors pleaded with the government to oppose opening of the rice market and to do something to revive farming. The government should ask the United States to open its labor and construction markets completely, before pressing Korea to import rice, they said in a joint statement. The opening rice market would endanger the survival of Korean farmers and of the whole nation, so the government should never give in, they said. The activists suggested that export subsidies, given to farmers either directly or indirectly in the European Community and the United States, be streamlined in the Uruguay Round global trade talks because they distort trade of agricultural products on the international market. They lashed out at the theory that Korea should give up rice farming and open its market as local rice costs almost four times the international price. They held a street campaign for anti-rice market opening in front of the U.S. Embassy at noon Dec. 5.

Questions Raised over Continued Aid to Soviets

Some 43% of loan program has been carried out: official

To proceed or not to proceed? This is the question weighing heavily on the minds of the government officials responsible for economic cooperation with the Soviet Union.

With the dissolution of the Soviet federal system becoming only a matter of time, even the officials themselves are split between the pros and cons of Seoul's wisdom in pushing ahead with its $3 billion aid package to Moscow.

Korean firms have already shipped $115 million worth of 11 items to the Soviet Union since late October and received $297 million worth of letters of credit, the shipments for which will be made in two or three months.

Contracts for tied-loan exports currently total $527 million for 32 items and the Export-Import Bank of Korea has approved $443 million involving 92 projects in financial aid to exporters, according to government officials.

Seoul has also completed the extension of $1 billion in cash loans to Moscow and promised trade credit of $800 million this year.

The $1.8 billion loan is part of a three-year, $3 billion long-term loan agreed between the two governments in January.

Under the agreement, Seoul will provide $1.5 billion to finance Soviet imports of Korean consumer goods and industrial raw materials, $500 million for capital goods and $1 billion in commercial loans.

43 Percent Completed

"So far, about 43 percent of the aid program has been carried out," a government official said.

Of the remaining $1.2 billion, $700 million, including $500 million in export financing of consumer goods, was to be extended next year and the other $500 million in 1993, he said.

Those who maintain that Seoul should freeze any further loan extension to Moscow point to the possible failure of the Soviet federal government to repay, which they said would burden the Korean banks, or the Korean taxpayers in the end.

Supporters of the continued aid provision, however, citing the abundant natural resources of the Soviet Union, contend that Seoul will only have to demand repayment in kind, in case of Soviet insolvency.

If the aid package was determined from a political and diplomatic perspective, it would be wise of Seoul to help the troubled union in times of predicament, they said.

Apparently conscious of the confusion that might be felt by the Korean exporters, a ranking Trade-Industry official called in representatives last week and made it clear that the government would go ahead with the export of $800 million of consumer goods to the Soviet Union this year, "despite the political turmoil there."

Yu Deuk-hwan, MTI's assistant minister for trade, said, "Economic cooperation with the Soviet Union proceeds from a diplomatic viewpoint. It can't be scrapped easily or delayed without sufficient reason."

He said if there had been developments in the Soviet Union serious enough to cause problems in Seoul-Moscow economic ties, the Korean embassy in Moscow would have informed the Seoul government but said there had been no such message.

Seoul May Face Difficulties In Recovering Soviet Loans

South Korea faces difficulties getting its loans to the Soviet Union repaid because it failed to obtain guarantees from the republics, Western bank sources in Moscow said last week.

The Soviet Union was virtually unable to make any payments to its creditors but was delaying an announcement in expectation of help from the West, the sources said.

The repubics have yet to agree on splitting the foreign debt, which amounts to $83 billion.

Western nations, including the industrialized group of seven, say that they will offer economic support for the republics only on condition that the republics share the burden of their debts or pay with materials.

Korea promised a $3 billion aid package to the Soviet Union in January and will have offered $1.8 billion — $1 billion in cash loans and $800 million in tied loans — by the end of the year.

The Korean government failed to get the republics' guarantees for repayment of the loans and only received a note from Ivan Silayev, chairman of the Inter-State Economic Committee.

Noting that Western nations, though recognizing the need, were very careful rendering economic support to the Soviet Union, the sources said they thought Korea did not respond to the political changes in the Soviet Union in an appropriate manner.

French President Francois Mitterrand told Silayev in Paris recently that France could offer $275 million worth of milk, sugar, meat and baby food from December through the first quarter of next year, if the Soviets paid for it with petroleum, natural gas and other materials.

Vice finance ministers of the G-7 countries met in Moscow last month and expressed the firm position that they would not give any economic aid to the Soviet Union unless the republics took joint responsibility for the loans.

As international distrust mounted over the Soviet ability to pay back foreign loans, the Soviet federal government and nine republic representatives

"Exports of $200 million worth of industrial plant equipment and $500 million of consumer products scheduled for next year, however, will be determined later after inter-ministrial consultations," Yu said.

Finance Ministry officials also said that there will be little repayment problem on the part of the Soviet Union, noting that the Soviet International Republican Economic Committee, a joint economic consultative body of 12 Soviet republics, has guaranteed the loans.

Political Domain

Relevant economic officials said that although they are handling the economic cooperation with the Soviet Union, the decision of whether to discontinue it rather belongs to the political domain.

Some observers said that the $3 billion aid package may have been the price for improved diplomatic ties with Moscow, including Seoul's establishment of full diplomatic relations, its entry to the United Nations along with North Korea and Moscow's pressure on Pyongyang to sign the nuclear safeguards accord.

If Seoul puts a halt to the aid program, it may cause serious problems for the Korean exporters, which will then end up holding huge idle inventories, an industrial watcher said.

— By Choi Sung-jin

gathered last month and discussed how to split the burden of repayment, but no concensus was reached due to the Ukraine's refusal to cooperate.

Russian President Boris Yeltsin announced that his republic would take on all the liabilities if Gosbank, the Soviet central bank, handed over 240 tons of gold in its vaults to Russia. On Dec. 2, Yeltsin also declared that he would execute the federal budget himself despite the serious deficit, but his efforts still fall short of easing the Western jitters.

Vneshekonombank, the Soviet foreign economic bank, may go broke if it fails to get new loans or export payments, the sources said. The bank has only $2 billion in foreign currency — $500 million provided by the Korea Development Bank from Nov. 19-21 and a loan of 500 million European currency units (ECU) from the European Community. (Yonhap)

Gov't Bows to Call for Drift-Net Fishing Ban

Korea bowed to international pressure to halt large-scale drift-net fishing which environmentalists say not only catches marketable fish but other forms of marine life, including endangered species.

A spokesman for the National Fisheries Administration (NFA) recently said Korea raised no objection to a resolution calling for a ban on the use of driftnets stretching 40 to 50km in the North Pacific effective Dec. 31 next year, which was unanimously approved by the U.N. Economic Committee.

Korea was not in a position to approve the resolution in consideration of the difficulties facing its deep-sea fishing industry. But international isolation stemming from the objection would have a severe impact on fishing in other sea areas, so Korea cannot hold out any longer, he said.

The resolution is to be put to the U.N. General Assembly in mid-December for approval, and its passage is almost assured, the spokesman noted.

The NFA, in cooperation with the Economic Planning Board and other relevant government agencies, has decided to work out steps to protect Korean fishermen from damages resulting from the ban, he said.

The measures being considered include a project to convert drift-net vessels into ones for jigging and other fishing methods.

Authorities, he said, will beef up diplomatic efforts to secure more fishing grounds from maritime resource-rich countries.

Korean fishermen, associated with civilian deep-sea fishing organizations, have protested against the ban, saying that it threatens their livelihood.

They maintain that their boats are too old and worn out to convert, and they suffer a shortage of funds.

The government will do its utmost to ease these difficulties during the one-year grace period before the ban is applied.

Korea is the last of three Asian countries to comply with the ban on drift-nets.

It has a fleet of 140 boats operating in the North Pacific to catch squid using driftnets, and an estimated 50,000 people are involved in the industry, government officials said.

In December 1989, the U.N. General Assembly passed a declaration which would require a ban on the use of driftnets from next July 1 unless effective steps were taken to preserve the marine life.

Sen. Murkowski Remarks

A Republican senator said last week that a South Korean official told him that nation will join other countries in promising to halt drift-net fishing, which critics say is environmentally destructive.

"Korea's decision means the curtain of death on the high seas is now closing for good," Sen. Frank Murkowski said in a statement released by his office in Washington.

Murkowski, an Alaska Republican, said he received the news during a meeting in Seoul with Lee Sang-ock, South Korea's minister of foreign affairs.

The word came as a key United Nations committee approved and sent to the full General Assembly a resolution banning large-scale drift-nets worldwide by the end of next year.

Japan, with the world's largest drift-net fleet of about 450 vessels, joined the United States in drafting the resolution last month.

Taiwan, which has about 150 drift-net vessels, earlier promised to halt the practice. But South Korea, also with about 150 vessels, had resisted the ban and not indicated whether it would comply. (AP)

Application of Adjustment Tariffs On Chinese Farm Goods Discussed

The Korean government is seriously considering imposing adjustment tariffs on some 15 agro-industrial products being imported from China at extremely low prices.

The customs duties on the imported Chinese goods, if adjusted, will be raised up to 100 percent from the present 20 percent on the average, a senior Ministry of Finance official said last week.

Presently, the Ministry of Agriculture, Forestry and Fisheries and the Ministry of Trade and Industry are strongly demanding the application of adjustment tariffs on 20 Chinese agro-industrial products, which they insisted are being dumped in the domestic market.

Among the controversial Chinese products are bracken, noodles, dried persimmons, bamboo products, gloves, and toys.

For instance, cotton gloves for weddings are imported from China at a cost of 115 won per pair for the sale price of 170 won, 80 won cheaper than the domestic wholesale price of 250 won, a MTI official said.

During the first nine months of the year, Korea imported $901,000 worth of white dress gloves from China, representing 3.7 times the figure recorded in the same period of 1990.

The massive inflow of cheap China-made cotton gloves will force Korean glove manufacturers to shut down within two or three years unless the government takes action against the dumping practice, the official said.

The basic position of the two economic ministries is to levy heavy adjustment tariffs on the Chinese products, which have dealt a serious blow to the relevant domestic enterprises, regardless of the establishment of a full trade relationship between Seoul and Beijing, another MOF official said.

However, the Ministry of Foreign Affairs is opposing the view by saying that the decision should be postponed until the two contries have reached an agreement on the trade pact matter.

On that issue, the Ministry of Finance held a working-level officials' meeting Dec. 3, but failed to iron out the differences, the official said.

The final decision will be made at the Industrial Policy Screening Committee slated in mid-December after in-depth deliberations at the Customs Clearance Screening Committee.

Meanwhile, Korea's exports to China amounted to $1,663 million during the first nine months of the year, against its imports of $2,454 million.

Assembly Panel OKs Bill Banning 'Pyramid Selling'

Last week the National Assembly Trade and Industry Committee passed a bill which would restrict the controversial multi-level marketing (MLM) practice and ban its fraudulent version of "pyramid selling."

Under the measure which is expected to be passed by the full Assembly session, MLM buyers could demand a refund within 14 days of the issuance of transaction documents. MLM firms should pay the refund as soon as customers deliver the products to them.

Those who operate a pyramid selling network could serve up to five years in prison or receive a financial penalty of up to 100 million won.

Those engaging in such sales could be sentenced up to three years' imprisonment and receive a financial penalty of up to 50 million won. The regulation also applies to the door-to-door sales persons who "force" people to buy goods.

Persons buying goods in door-to-door sales or on an installment plan could repeal their contracts simply by sending the sellers their intention in a document form within seven days of the issuance of transaction papers, according to the bill.

Unlike traditional marketing, MLM works through a vertical network of individual "amateur" distributors.

It refutably guarantees large profits to its distributors by giving them portions produced not only by their own direct sales but also those created by the sales of "lower-echelon" recruits.

In its perverted form, pyramid selling requires its potential network members to pay a large entry fee and to buy a certain amount of products as a condition of membership.

The word "Pyramid" itself highlights the perverted nature of the sales method: the higher a distributor's level, the bigger his income at the expense of the low-echelon distributors.

The Ministry of Trade and Industry has promoted the bill on the grounds that MLM fosters an interest in seeking easy money without due productive efforts.

Since 1985, a couple of MLM sellers have opened business here. Their products range from detergents to magnetic bedding used for health purposes.

Societe Elegance Continentale de France, a cosmetic maker, introduced MLM here in 1985.

Tariffs on Popcorn Won't Be Raised

The government has decided not to raise tariffs on imported popcorn, turning down a Korean Trade Commission recommendation for an import duty increase of 40 percent aimed at protecting the domestic corn growers from the influx of foreign products.

It will instead take such "domestic steps" as compensation for the price gap between domestic and foreign products to Korean farmers and obliging the popcorn makers to use a mixture of both materials.

The decision came at a meeting of senior officials from related ministries, including the Economic Planning Board, Trade and Industry Ministry, Finance Ministry and Agriculture, Forestry and Fisheries Ministry last week.

In November 1990, the National Agricultural Cooperation Federation filed a suit against the massive inflow of foreign-made popcorn with the KTC, under the umbrella of the Trade and Industry Ministry.

Boost of Seoul-Hanoi Economic Ties Stressed

Amid Vietnam's efforts to move into a free-market economy, the pace of economic cooperation between South Korea and the Southeast Asian country is quickening.

The interest of staunchly anti-Communist South Korea in Vietnam's fledgling free-market economy is on the rise, a 31-member Korean trade mission visited Hanoi from Nov. 30 to Dec. 8.

Business concerns in Korea, which lack diplomatic ties with Vietnam, are now looking for better trading partners in Vietnam as the United States moves to lift its trade embargo on Vietnam and Cambodia and the progress in Washington-Hanoi normalization talks have prompted companies from such industrialized countries as Japan, Britain and Australia to visit Hanoi.

The mood for closer ties between Seoul and Hanoi is fueled by a local economist who Dec. 6 urged the Korean government to map out concrete and systematic economic cooperation programs with Vietnam.

"Korea should offer its official economic cooperation proposals to Vietnam, which will be built around the official development assistance (ODA)," said Kim Hak-soo, research fellow at the Korea Institute for International Economic Policy.

The economist said that Korea's economic cooperation package should focus on Vietnam's productive sectors and its institutional building.

He added that the ODA funds should be used for the establishment of industrial complexes and small- and medium-sized social overhead capital and economic projects, each worth some $2-3 million, not for large-scale SOC programs.

The academic said that the most ideal is a combination of Korea's capital, technology and economic development experience, and Vietnam's rich natural resources and cheap labor.

The free technical aid of the Korea International Cooperation Agency and the overseas investment and financing of the Economic Development Cooperation Fund should be used for relocating Korea's labor-intensive small- and medium-sized firms to Vietnam to produce daily necessities and export goods.

"Among the sectors most suitable for Korea's cooperation with Vietnam are machinery, textiles, leather, electronics, metal, plastic and pharmaceuticals," the scholar said.

He also urged the government-run smaller company-related institutions to set up information centers on the investment environment in Vietnam.

As of the end of September, Korean companies invested $41 million in Vietnam under joint ventures and large business conglomerates like Daewoo, Samsung, Sunkyong, Lucky-Goldstar, Hyundai and Hyosung set up their offices there.

Taiwan is the top investor in Vietnam, putting $537 million into 39 projects in the first nine months of the year, followed by Hong Kong ($350 million in 80 projects) and Japan ($100 million), according to recent statistics released by the government.

The two-way trade between Korea and Vietnam, which amounted to $54 million in 1987, reached $150 million last year. The figure is expected to grow to $200 million next year. **(KSJ)**

Exploration of Madura Oil Field Ends in Fiasco

Exploration of an offshore oilfield in west Madura, Indonesia, by Kodeco of Korea and Indonesia's Pertamina, has turned out to be a total fiasco after 10 years of joint development at a cost of $389.4 million, the Ministry of Energy and Resources announced last week.

The Korean side has spent $217.3 million including the government financial aid of $123 million, and Pertamina the remaining $172.1 million.

The ministry plans to extend $19.3 million in aid from the state-run Petroleum Business Fund in an effort to shut down the Madura oil but to continue the joint gas project.

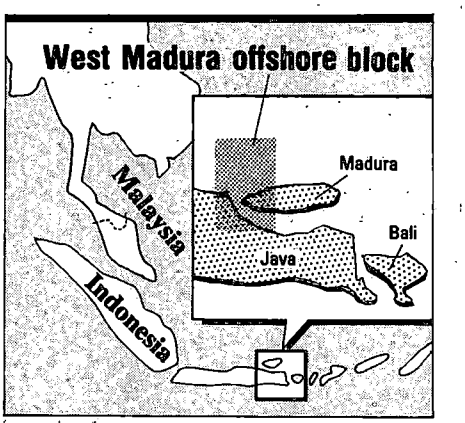
About $14 million is required to shut down operations at the oilfield and $5.3 million to resume the operation of a gas track also located in the Madura offshore block, which has been stalled with an unexpected gas leak since May, a senior ministry official said.

The gas track is expected to post $14 million in profits, he said, after paying construction costs to Indonesia's Gunanusa Co. responsible for installing platforms and pipelines, he said.

Korea's energy planners and the public alike raised high hopes for a stable oil supply from the Madura offshore block when the Indonesian government offered the joint exploration in 1981.

Choi Kye-wol, founder and president of Kodeco Energy Co., played a significant role in setting up the venture.

Kodeco and Pertamina set up a 50-50 joint venture to explore and exploit oil in the Madura area for 30 years ending 2011. Initial production came in 1985 with daily production of 18,230 barrels. Production dropped to one-seventh the following year, now amounting to only 900 bpd. The official said it is likely to fall to 800 bpd next year and shutdown of the operation is inevitable.



In November 1986 Kodeco invited Korea Petroleum Development Corp. (PEDCO) to buy 25 percent of its stake for $14.54 million. The Madura offshore project has since been 12.5 percent owned by the state-run PEDCO.

A consortium of PEDCO and Kodeco facing the financial pinch has decided to allow Indonesia's Gunanusa Co. to construct platforms and pipelines to exploit gas from the nearby gas fields.

Consumer Prices Soar to 10-Yr. High of 9.5%

Consumer prices in urban areas rose 0.4 percent in November, bringing the inflation rate during the first 11 months of the year to 9.5 percent.

The National Statistical Office said last week that the increase is the highest since 1981 when Korea recorded a 13.8 percent consumer price hike, compared with 9.4 percent for 1990.

The NSO expects this year's consumer prices to climb to 9.7 percent, much higher than the 8-9 percent inflation rate the Economic Planning Board had earlier projected. It later revised the projection to 9.5 percent.

"The climb is mostly attributable to double-digit price increases in radishes, Chinese cabbage and Alaskan pollack in November, but these factors will disappear in December," one EPB official said.

Wholesale prices edged up a meager 0.1 percent in November to 2.4 percent during the January-November period, compared with 6.7 percent a year ago.

"The wholesale prices are expected to hover at around 2.6-2.7 percent this year, much lower than the EPB's original projection of 7-8 percent," the official said.

The gap in the increase between consumer and wholesale prices has been widening since 1987 mainly because of sharp increases in distribution costs resulting from a surge in rents and personnel costs, the NSO explains.

Consumer prices jumped 2.1 percent in January, 1.4 percent in February, and 1.3 percent in March before slowing to 0.5 percent in April, 0.6 percent in May, 0.5 percent in June and 0.4 percent in July. They rose again 1.3 percent in August before falling back to 0.6 percent in September and 0.1 percent in October.

Among items whose prices increased in November are radishes (56 percent), Chinese cabbage (47.8 percent), lettuce (33.3 percent), Alaskan pollack (17.2 percent) and mackeral (10.3 percent).

Tangerine prices dropped 25.8 percent, carrots 19.5 percent, sweet potatoes 11.6 percent, and pork 1.5 percent.

Chongju showed the most stable consumer price increase with 8.4 percent along with Inchon, while Pusan, Kwangju and Chunchon marked the highest inflation rate of 10 percent each.

Trade Deficit Rises to $10.7 Bil. In 11 Months

Korea registered an additional trade deficit of $675 million on a customs clearance basis, last month, the Ministry of Trade and Industry reported last week.

The shortfall in November pushed up the nation's aggregate trade loss for the first 11 months to $10.77 billion.

Exports in November rose 10.8 percent from a year earlier to $6,668 million, while imports fell 2.4 percent, the first year-on-year decline this year, to $7,343 million, according to the ministry's provisional figures. Both exports and imports hit the year's highest levels.

In the January-November period, exports increased 10.7 percent to $64.17 billion but imports skyrocketed with a 18.3 percent jump to $74.94 billion.

The 11-month figures look dim to the government as it is trying to curb the annual trade gap below $10 billion, trade observers said.

M2 May Expand To 19.9% in December

The total money supply, widely known as M2, is expected to expand 19.9 percent this month, far above the government's projected 17-19 percent for this year, adding fuel to inflationary pressure, the Bank of Korea said last week.

The expected high M2 growth rate in December was mainly attributed to the usual brisk government spending in the year-end season.

The M2 grew 20.4 percent last month on a year-on-year basis, sharply up from 18.8 percent the previous month.

The M2 growth rate in November compares with a 19.1 percent increase registered in the same period last year.

The sharp rise in November was mainly attributed to the soaring fiscal spendings caused by the government's purchase of 800 billion won worth of rice from farmers.

An increase in loans to smaller firms, which have been in serious financial trouble in recent months, was also responsible for the remarkable rise in M2 growth, the central bank said.

The M2, comprising currency in circulation plus time and savings deposits at banks, increased by 759.9 billion won over the previous month to 77.288 trillion won last month on an outstanding basis.

Money supply in the government sector increased by 1,321.4 trillion won over the previous month, due to expanded government spendings.

In the private sector, the central bank also supplied 1,760.4 trillion won, due to the sharp rise in policy loans such as housing and foreign currency-denominated loans, and lendings to smaller firms.

However, the central bank siphoned off a total of 2,119.3 trillion won in other sectors, thanks to the payment of about 1.3 trillion won worth of subscription funds for stocks issued by Korea Exchange Bank.

In the overseas sector, the central bank absorbed 30.3 billion won, compared with 134.4 billion won absorbed in the same period last year.

Market interest rates remained stable last month, thanks to expanded loans to smaller companies.

Yields on monetary stablization bonds dropped from an annual rate of 17.80 percent in October to 17.40 percent in November, while those on corporate debentures remained unchanged at an annual rate of 19.15 percent.

Overnight call loan rates between non-banking financial institutions fell from an annual rate of 18.99 percent in October to 17.96 percent last month.

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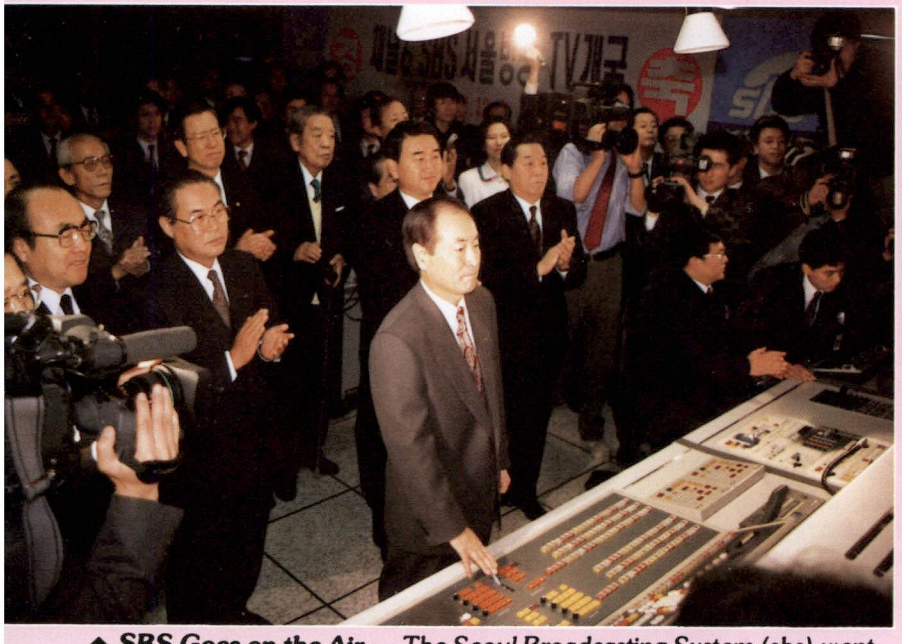
▶ ***South-North Premiers Meet*** — *Premier Chung Won-shik, left, shakes hands with his Northern counterpart, Yon Hyong-muk, who arrived in Seoul via Panmunjom as the head of a 90-man entourage for the fifth round of the South-North Premiers' Talks Dec. 10-13.* *(Related Story on pages 6-7)*



▲ ***Russian Leader in Seoul*** — *National Assembly Speaker Park Jyun-kyu, right, meets with Russian Supreme Parliament Chairman Ruslan I. Khasulatov, who was in Seoul on an official tour leading a group of highranking Russian parliamentary leaders.*



▲ ***New Yongjong Bridge*** — *This is a sketch of the new Yongjong Bridge which will connect Yongjong Island off Inchon and the mainland. An international airport is to be constructed on the island to cope with a massive increase in air traffic.*



▲ ***SBS Goes on the Air*** — *The Seoul Broadcasting System (sbs) went on the air Dec. 9 to open a new era in the nation's television broadcasting as the brand new private television station in the country. Pushing the power switch is Yoon Se-young, president of the new electronic media.*



▲ ***Ancient Bronze Mirror*** — *This bronze mirror said to date from the 1st and 4th century Kaya Kingdom is among several hundred artificats unearthed near Kimhae, Kyongsangnam-do recently, a valuable find to shed light on the ancient kingdom's culture.*



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Major Business Indicators of Korean Companies in 1st Half of '91

Industry	Manufacturing		Construction		Retail and wholesale	
Item	1990	1991	1990	1991	1990	1991
Growth rates						
Sales	15.5%	19.2%	36.1%	52.5%	17.5%	23.5%
Total assets	10.6	14.0	13.8	19.5	14.1	15.3
Profitability						
Operating profit rate	7.1	6.9	3.3	7.1	2.4	2.5
Current profit rate	2.8	2.4	−1.9	1.9	1.0	1.3
Stability						
Net worth ratio	25.9	25.3	17.5	12.0	18.4	19.3
Fixed asset ratio	206.3	210.1	175.5	246.5	227.6	200.0
Productivity						
Per employee value-added growth rate	19.6	18.7	15.8	32.7	12.6	16.8

Businesses Enjoy Sales Expansion, But Profits Down

Korean businesses enjoyed a hefty sales expansion during the first half of this year, boosted by strong domestic demand and recovery of exports, the Bank of Korea said last week.

But their profitability and financial structure have worsened, mainly because of their heavier dependence on borrowing for business operations and facility investment.

Construction companies saw a 52.5 percent turnover growth over a year earlier, compared with a 36.1 percent expansion in the same period a year ago, according to a survey of 2,445 firms conducted by the central bank.

The sharp rise in construction firms' turnover was largely attributed to the government's expanded investment in infrastructure such as roads and the construction of new cities surrounding Seoul as well as the government plan to construct two million housing units.

A steady increase in overseas construction work was also responsible for construction firms' sharp increase in sales.

The number of overseas won by domestic construction companies increased by 28 percent to $992 million during the January-June period, compared with $775 million in the same period a year earlier.

The manufacturing industry posted a 19.2 percent sales growth, up from 15.5 percent over the first half of last year thanks to increases in exports and strong domestic demand.

The portion of exports in their total turnover declined from 33.5 percent in the first half of 1989 to 29.7 percent in 1990 and further to 29 percent this year, showing their sales growth mainly resulted from the boost in active domestic sales.

Retailers and wholesalers also enjoyed 23.5 percent sales growth over a year ago, compared with a 17.5 percent expansion in 1990, thanks to general trading firms' active shipments and strong domestic demand.

In contrast with the marked sales growth, manufacturing firms' profitability has declined.

Manufacturing firms' operating profit rates declined from 7.1 percent in 1990 to 6.9 percent in the first half of the year, because of sharp increases in production costs coupled with rapid wage hikes.

Their current profit, which excludes non-business costs such as interest on external borrowings from operating profits, also fell from 2.8 percent to 2.4 percent as their financial costs sharply increased resulting from expanded external borrowings caused by a long-lasting stock market slump.

GM Tops List Of Foreign Investors in Korea

As of Aug. 30, 152 out of the world's biggest 500 enterprises made a combined investment of $1.9 billion in 236 Korean companies.

The Ministry of Finance said last week that the 152 giant corporations selected by the U.S. business magazine, Fortune, among the world's largest 500 companies accounted for 25.4 percent of the total foreign investment in Korea at the end of August, and 10.5 percent in terms of the number of projects.

Nine companies made investments exceeding $30 million including General Motors of the United States, Nestle of Switzerland, and Mazda Motor of Japan.

General Motors topped the list of foreign investment by pouring $243.7 million in eight Korean companies.

Du Pont of the United States came next with a $196.2 million investment in six projects, followed by Nestle of Switzerland with $146.9 million in three projects, Ford Motor of the United States with $123.4 million in three projects, and Mitsubishi of Japan with $110.9 million in 11 projects.

The comparable investments amounted to $88.6 million for Alps Electric of Japan, $74.4 million for BASF of West Germany, $66.2 million for Mazda Motor of Japan, and $31.6 million for Digital Equipment of the Netherlands.

The average amount of the investment of 152 big corporations came to $8.4 million per project, representing 2.4 times the $3.5 million for the total foreign investors in Korea.

The Japanese investment in Korea accounted for the biggest portion of 55.8 percent in terms of the number of projects, followed by the United States' 25.8 percent, West Germany's 4.8 percent, the Netherlands' 2.2 percent, and Switzerland's 2.0 perrcent.

About 31.6 percent of their total investments were poured into the machinery and metal sector, 21.6 percent into the electric-electronics field, 24.6 percent into chemicals, 14.7 percent into the pharmaceutical and foodstuffs industry, and 7.6 percent into service and other areas.

OECD Asks ROK To Speed up Capital Mart Liberalization

The Organization for Economic Cooperation and Development (OECD) has asked South Korea to speed up the liberalization of its capital market, the Economic Planning Board (EPB) said last week.

The OECD, consisting of 24 Western industrialized nations, made the request when Lee Ki-ho, chief of the EPB's Economic Planning Bureau, and other Korean government officials visited the OECD's Paris headquarters to explain South Korea's 7th five-year economic plan (1992-96).

OECD officials pointed out that South Korea's plans for the complete liberalization of foreign exchange and capital market are too slow and urged the Koreans to speed them up in order for Korea to be able to join the organization at an early date, Lee said.

The opening of foreign exchange and capital market is a condition for any country to join the OECD.

The OECD and South Korea will convene another meeting in March or April next year to further discuss the matter, the officials said. South Korea had originally hoped to become an OECD member in the mid-90s.

Internal Challenges And Opportunities

Following are excerpts from a paper presented by Lee Ki-ho, head of the economic planning bureau at the Economic Planning Board, at a forum held Nov. 20 in Paris under the sponsorship of the Organization for Economic Cooperation and Development. — Ed.

The major challenges Korea will face internally in the 1990s include the need for sustained growth, further improvements in equity and balanced development, allowing for greater popular participation in the policy-making process.

It is reasonable to say that the expansion of the economic base for national development is one of the most important prerequisites for building an advanced society.

Simply to catch up with the income level of the advanced economies, the Korean economy must continue to grow at a rate higher than that of its competitors. There are also several other compelling reasons why Korea must achieve a high rate of sustained economic growth for at least the next decade.

Despite a slow rate of population growth, the economically active portion of the population will increase relatively rapidly. To accommodate the growing number of new entrants in the labor market, increased employment opportunities must be generated by bolstering the already substantial economic growth rate, which will be crucial for creating new jobs with an expected decline in the labor-intensive industries.

Basic Need

Providing sufficient employment opportunities is basic to satisfying the population's welfare demands and therefore must be a top policy priority in pursuing economic and social stability.

In addition, a position of superior economic strength will enable the Republic of Korea to continue to take the initiative in seeking peaceful reunification of the peninsula, while at the same time gaining a favorable position.

Korea's record on the distribution of income has been outstanding by developing country standards. This does not mean, however, that improving income distribution will cease to be an important policy in the future. In the process of rapid industrialization, the increased discontent of the underprivileged, as a result of the accelerated urban-rural, interclass and regional disparities, has deepend social conflict and has emerged as a major bottleneck to further development.

Therefore, it is important to emphasize the necessary policies to reduce various social imbalances as well as to sustain economic growth in order to become a truly advanced economy.

There are also special difficulties in both pursuing social equity and opening markets. Difficulties arise when market opening may injure producers in certain sectors such as agriculture and services. This type of redistribution problem is expected to continue in the years ahead as Korea's economy becomes more fully integrated with the world economy.

Finally, with rising levels of education and living standards, the demand for popular participation in all aspects of policy-making has been growing. Accommodating this new need, however, poses a number of new problems. With greater popular participation, and given the need to build general consensus, the decision-making process will take more time.

The system is also likely to give greater voice to individual interest groups. As these groups form coalitions to advance their respective interests, there is a danger that government expenditures may become excessive.

In short, the challenge will be to establish a system which permits wide participation, and yet produces politically viable decisions in a timely fashion to maximize national interests.

As is the case of the changes in Korea's external environment, not all the changes in Korea's internal conditions are problems. In fact, some will present new opportunities. An economy runs into a shortage of quality labor force after a certain period of rapid development.

Fortunately for Korea, this does not seem to be the case. For the 1990s, the economically active population as a percentage of the total labor force will continue to grow. The ratio is expected to rise from 60 percent in 1990 to 62 percent in 1996. Furthermore, due to the high level of investment in education over the last three decades, Korea still has a large proportion of skilled labor. This is particularly true of women, a large number of whom have received higher education.

Korea's Growth Based On Unsound Formula

The Korean economy grew a "moderate" 8.1 percent in the third quarter of this year as tallied and announced by the Bank of Korea recently, following a 9.2 percent expansion in the second quarter and a 8.9 percent growth in the first quarter.

But at stake is not the figure itself but the growth formula.

Thanks to tough government action against construction in the private sector, the speed of expansion in construction slowed to 9.3 percent during the July-September period from 15.4 percent in the preceding three months and 22.8 percent in the first quarter.

Pointing to the subsiding construction activities, which have risen to unrecedented levels over the past two years, the BOK said the "bubbling" economy has begun to stabilize.

Many critics, however, say the speed of the expansion in construction is still too high.

Too much manpower, money and other resources have been going to the construction sector, rather than to the manufacturing sector which has played a pivotal role in the rapid growth era of the national economy over the past three decades.

A more serious factor is the faltering manufacturing sector whose output increased a mere 6.4 percent in the third quarter.

Troublesome Sign

The most troublesome sign is that textile and apparel companies, which took the lead in exports until the late 1980s, have suffered a 6.0 percent production decrease, a setback for the fifth consecutive quarter, due to lackluster overseas shipments.

In contrast, beverage makers enjoyed a 11.9 percent production increase thanks to soaring local demand, following a 20.8 percent increase in the second quarter and a 18.0 percent increase in the first, indicating a consumption binge which has prevailed in Korea in recent years.

The heavy-chemical arena is also in trouble. All but petrochemicals in the industry saw a slowdown in production. Production of chemicals increased 16.2 percent in the third quarter, compared with a 5.6 percent increase in the second quarter, and that of refined petroleum products 35.3 percent, compared with 16.7 percent in the second quarter and a 0.1 percent decrease in the first.

But that much of a production increase is not due to soaring demands at home or abroad but to a boost in facilities, which has been criticized as being excessive.

The manufacturing sector, especially that of light industry, is staggering because of sluggish exports caused by weakening international competitiveness.

The commodity volume exported in the third quarter edged up 1.0 percent over a year earlier.

"Manufacturers will also lose their ground in the local market in this era of market opening unless they strengthen competitiveness," says a fellow at the Korea Development Institute. Foreign consumer goods flooding major department stores in urban areas are an undesirable development.

Among the factors worrying policymakers is also the rapidly expanding service sector. It saw 11 percent growth in the third quarter, following an 11.2 percent expansion in the second quarter and growth of 9.8 percent in the first. The worries are not because of the lost financing and communications sector but because of thriving restaurants, drinking houses and inns.

In the third quarter, the consumption-oriented service sector including food shops and alcoholic beverages grew 9.3 percent.

The financing and communications industry expanded more rapidly, by 15.4 percent.

In summary, the formula of GNP growth in the third quarter indicates that Korea has a long way yet to go until it can achieve industrial restructuring in such a way as to improve international competitiveness and create balanced industrial development plus moderate consumption, among other things, as viewed by officials at the Economic Planning Board and the Bank of Korea.

— By Chong Bong-uk

Foreign Exchange

as of Dec. 10

Currency	Basic rate	T/T (in won)		Cash (in won)	
		Buying	Selling	Buying	Selling
U.S. dollar	755.90	752.90	758.90	744.57	767.23
Japanese yen (per ¥100)	589.86	586.33	593.39	581.02	598.70
British pound	1,368.93	1,357.98	1,379.88	1,348.40	1,389.46
Deutsche mark	481.77	478.88	484.66	474.55	488.99
Canadian dollar	665.43	660.11	670.75	655.45	675.41
French franc	140.79	139.67	141.91	138.68	142.90
Italian lira (per 100 lire)	63.52	63.02	64.02	62.57	64.47
Swiss franc	545.19	540.83	549.55	537.02	553.36
Hong Kong dollar	97.24	96.47	98.01	95.79	98.69
Swedish krona	131.30	130.25	132.35	129.34	133.26
Australian dollar	584.27	579.60	588.94	575.51	593.03
Danish krone	123.64	122.66	124.62	121.79	125.49
Belgian franc	23.34	23.16	23.52	22.99	23.69
Austrian shilling	68.35	67.81	68.89	67.33	69.37
Norwegian krone	122.05	121.08	123.02	120.22	123.88
Dutch guilder	426.82	423.41	430.23	420.42	433.22
Saudi riyal	201.60	199.99	203.21	198.58	204.62
Kuwait dinar	2,654.61	2,633.38	2,675.84	2,614.80	2,694.42
Bahrain dinar	2,005.04	1,989.00	2,021.08	1,974.97	2,035.11
UAE dirham	205.83	204.19	207.47	202.75	208.91
Singapore dollar	458.47	454.81	462.13	451.60	465.34
Malaysian ringgit	275.85	273.65	278.05	271.72	279.98
New Zealand dollar	421.04	417.68	424.40	414.73	427.35
Spanish peseta (per 100 Pts)	749.94	743.95	755.93	738.70	761.18
Finland markka	177.17	175.76	178.58	174.52	179.82

*Source: Korea Exchange Bank

Saudis to Store 40 Mil. Bbls. of Oil

Saudi Arabia, one of the world's major oil producers, will store a total of 40 million barrels of crude oil in Korea. It exceeds Korea's current stockpile of crude oil standing at 38 million barrels or 35 days of domestic consumption. Minister of Energy and Resources Jin Nyum reported to President Roh Tae-woo last week that Saudi Arabia recently agreed, in principle, with Korea to reserve 40 million barrels of crude oil in Korean oil storage houses. Under the agreement, Korea will build five oil storage houses, in addition to the already existing five warehouses, whereas Saudi Arabia will pay rent for the deposit of crude oil. At the same time, Saudi Arabia will allow Korea to use 20 million barrels out of the total oil stockpile in case of an emergency. The Saudi Arabian decision to store a massive volume of crude oil in Korea is aimed at securing new storage houses in the Far East Asian region, preventing contamination of waters off the country, and possible losses of crude oil stemming from international conflicts such as the Gulf war.

Sunkyong Denies Illegal Transfer

Last week Sunkyong Business Group denied that its chairman had illegally transferred stock to his sons to evade inheritance tax. "The price of Sunkyong Construction shares is almost the same as their face value of 5,000 won, so issuing new shares to be purchased cannot constitute anything like a gift," a Sunkyong spokesman said. Chey The-won and Chey Jane-won, sons of group chairman Chey Jong-hyon, increased their equity holdings lawfully, and 49 other shareholders boosted their share ratio due to ex-rights of large shareholders, he said. The shares held by Chey's sons are short of 1 percent of the total and are valued at 190 million won and 170 million won each, so they are too small to be regarded as inheritance, he said. Sunkyong Construction, a subsidiary of the Sunkyong Group, increased its capital by 44.9 billion won between 1989 and July this year.

2 Fishing Boats Held by Soviets

Soviet authorities have been holding two Korean fishing boats for allegedly violating its economic sea zone since Nov. 29, the National Fisheries Administration (NFA) said announced last week. The 3,527-ton Gaeyang with 64 crewmembers aboard was seized by Soviet navy patrol ships in the Okhotsk Sea, and is now being held on the high seas, it said. The NFA said it asked Soviet authorities for the release of the ship and its crew as soon as the payment of a penalty or bail is made in accordance with Article 4 of a fisheries cooperation pact between the two countries. Officials said the administration urged Gaeyang Heungsan Co., owner of the vessel, to provide payment guarantee for the $315,000 penalty which Soviet authorities imposed to secure an early return of the ship and its crew. The NFA, meanwhile, announced the delay of the first Korean-Soviet Fisheries Council meeting from this month to next month. An NFA official said the council meeting, was again postponed to around next Jan. 10 at the request of the Soviet side, who cited worsening internal conditions and incomplete reorganization of the Soviet Fisheries Ministry.

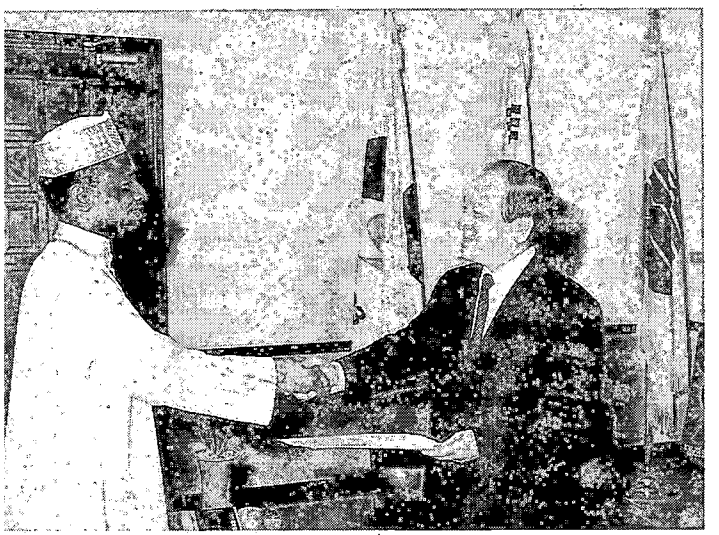
Imports Begin to Decline

Imports have declined for the first time this year, falling 3.1 percent in the first 26 days of November from the same period last year, after a 21-percent jump for January-October, trade officials said last week. Help came mostly from lower oil prices and with strong exports at the end of the month. The November trade deficit may be less than $1 billion, they said. Government figures put imports at $6.257 billion as of Nov. 26, down 3.1 percent from the same period last year. January-October imports were tallied at $67.56 billion, a 21-percent increase from the same month last year. July chalked up a 31.7-percent gain and August a 16.8-percent rise. The figure was 4.9 percent for September and 15.1 percent in October. The officials said that lower oil prices combined with slower domestic consumption and the construction boom helped bring down the numbers for November. Crude oil that cost as much as $31.43 a barrel a year ago now costs $18.5.

Hyundai Signs Battery Deal

Last week the developer of the rechargeable nickel metal hydride battery said it has signed an agreement with Hyundai Motor Co. to sell battery-making technology and materials to the Korean automaker. Energy Conversion Devices Inc. and its subsidiary, Ovonic Battery Co., will receive $2.5 million and about 3.5 percent of the sale of each electric battery Hyundai makes under the license agreement, Ovonic spokesman Subhash K. Dhar said. Under the agreement, Hyundai will be able to make and sell the batteries anywhere but North America and the Soviet Union. Cars it equips with the batteries can be sold anywhere, however, Dhar said. Hyundai has said it plans to be producing electric cars by 1995 using the nickel-hydride battery, which

contains no toxic materials and has twice the energy density of conventional lead-acid batteries. The nickel hydride battery will allow a car to travel 220 miles (350 km) at 60 mph (96 kph) before recharging. It can manage a top speed of 100 mph (160 kph). In addition to the $2.5 million it receives over the next two years and the ongoing royalties, ECD and Ovonic can incorporate improvements and modifications Hyundai makes to the battery without paying a royalty. "This is a landmark agreement in the history of our company," Dhar said. "This is the first license agreement for electric car batteries we've had." (AP)



Taejon Expo Committee

Nigeria to Join Taejon Expo

Oh Myung (right), chairman of the Taejon International Exposition Organizing Committee, shakes hands with E.E. Onobu, Nigerian ambassador to Korea, after receiving a letter from the ambassador at Oh's office in southern Seoul last week. The letter carries the message that the African country will participate in the exposition.

Chung Ju-yung Vows Court Battle

Chung Ju-yung, honorary chairman of the Hyundai Group, said last week he would take the government to court over the imposition of record taxes on his family and his group, and he would win. No law had been broken and the odds were stacked against the government, Chung told some 300 unionists and executives of Hyundai Motors Co., a subsidiary of the Hyundai Group. "It seems that I was imposed a heavy penalty tax because I found fault with the high-speed electric railway project and the Sixth Republic's other economic policies, but I am still determined to speak my opinion frankly and continuously as a citizen," Chung said. He denied that Hyundai had surrendered to government pressure to pay the taxes totaling 136.1 billion won. (Yonhap)

Carmakers Royalties Total $52.9 Mil.

Korean automakers purchased 57 foreign technologies, paying $52.91 million in royalties last year, the Korea Industrial Property Office said recently. Japan remained the top supplier by bringing in 28 (49.1 percent) technologies, down from 37 (64.9 percent) in the previous year. The United States sold six technologies (10.5 percent), compared with 11 (19.3 percent) in the previous year. Whereas the combined share of the two technology powers declined from 84.2 percent to 59.6 percent, Britain and Germany sharply enhanced their status by increasing their sales from the previous one to nine (15.8 percent) and three to eight (14.1 percent), respectively, officials said. Foreigners filed 454 patent applications with the KLPO last year, representing 72 percent of all. By nation, Japan accounted for 57 percent and the United States for 32 percent.

Daewoo to Float $150 Mil. Abroad

Daewoo Corp. signed an agreement with Daewoo Securities (Europe) Ltd. in London last week to float $150 million in overseas bonds of warrant on the London Stock Exchange, Daewoo Securities Co. said last week. The BWs carrying a face interest rate of 5.5 percent per annum will be used to finance Daewoo's new project to build a hotel in Burma.

N.K. Potatoes to Be Imported

In another inter-Korea trade, 5,000 tons of potatoes will soon be brought into the South, the Ministry of Agriculture, Forestry and Fisheries said last week. The Agricultural Products Marketing Corp., a state-invested firm under control of the ministry, has signed a contract with Hyundai Corp. to import 5,000 tons of potatoes at $299 per ton.

Samsung, Czech Co. Sign Pact

Samsung Electronics Co. and Calex, the sole and state-run refrigerator producer in Czechoslovakia, signed an agreement to set up a joint-venture refrigerator and freezer plant. Samsung also struck a deal to export $126.5 million worth of compressors, a major component of the refrigerator, to the Czech firm. Chong Dam, Samsung Electronics's executive director in charge of overseas operations, and Jozef Ivan, Calex president, signed the two agreements at the Samsung headquarters office last week.

Jobs Split Couples during Weekdays

In the game of love, geographic distance can sometimes fizzle out an otherwise sizzling relationship. But what happens when the game involves the union which supposedly binds you to your spouse until death do you part?

Well, so much for this part of the marriage vows.

An increasing number of married couples in Korea are resorting to long-distance marriages as more women choose to maintain their careers and often take out-of-town jobs.

No official figures are available to tell exactly what portion of marriages falls under this tradition-reversing category. Nontheless, tell-tale signs abound.

For one thing, the expression "weekend couple" has now become a permanent fixture in everyday language.

True to the letter, the phrase refers to husbands and wives who reunite on weekends after working and living in separate locales during the week.

A 37-year-old engineer recalled with amusement at how even a taxi driver instantly recognized his plight when he asked to be dropped off at the train station one night. The man had been heading for a two-hour train ride to see his wife who works in a different city.

"I don't know how the cabbie knew, except he must be accustomed to taking long-distance spouses to the station," he chuckled.

A more substantial sign of the trend may be the changing profile of working women.

According to the Labor Ministry, 30 percent of all working women were juggling career and marriage in 1990, compared to a mere 16 percent in 1983. Women now make up 41 percent of the total workforce in Korea.

Women are also beginning to view their careers as a means of achieving self-worth, rather than a means to meet ends.

A survey of working women conducted by the National Statistical Office earlier this year indicates the majority still work to meet financial needs (52 percent), or to assist family business (24 percent).

Juggling Career and Marriage

But compared to 1988, working women listing money as the prime motive are on the decline, while a higher portion want to put their abilities to use or gain social experience.

Against this backdrop, it is not too difficult to see why more married women may be willing to take jobs out of town even if it entails the emotional burden of separation and the financial burden of maintaining two residences.

Experts say long-distance marriages are more likely when the wife has a desirable career, thus making it harder for her to give it up or find a replacement.

"A typical weekend couple includes a wife in the teaching profession," said Yang Jung-ja, deputy director at the Korea Legal Aid Center for Family Relations.

Despite relatively low pay, teaching, at any level is one of the few occupations in Korea that guarantee career longevity for women.

Not Just Working Couples

Incidentally, working couples are not the only ones putting up with long-distance marriages.

The situation also holds when the husband is the sole bread-winner, and his job takes him away from his family.

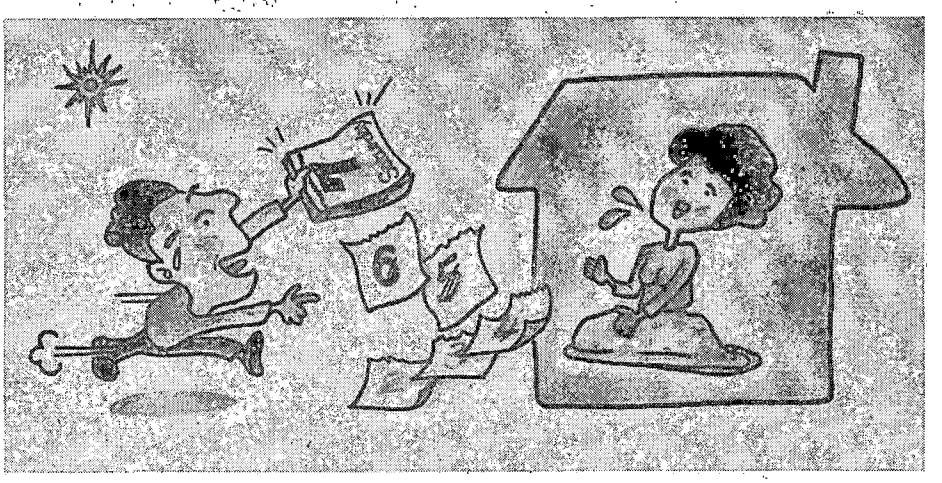
The picture has become more prevalent in recent years with the increasing dispersement of white-collar jobs out of Seoul and other metropolitan areas. More often than not, wives and children stay behind, reluctant to give up educational opportunities and other advantages of city life.

Nevertheless, the inconvenience of a long-distance marriage seems to weigh heavier among the working wives.

A 32-year-old college professor teaches in Kyongju, Kyongsangbuk-do, while her husband, also a professor, works in Seoul. Separated by a four-hour train ride, the wife lives in Kyongju with their two children, aged six and two.

She said she accepted the job offer about a year ago because she did not want to waste her Ph.D. but admits the lifestyle is not without its headaches.

"I'm happy with my job, but some-



"Weekend couple," refers to husbands and wives who reunite on weekends after working and living at separate locales during the week.

Illustration by Han Chang-duck.

times I feel like a single mother," she said.

The woman also confided that while she feels overwhelmed tending to her career and her children, her husband complains of the loneliness of his "forced bachelorhood."

Experts indeed caution that the emotional pitfalls associated with separations might sometimes offset the satisfaction from career advancement.

Dr. Kim Hyun-woo, head of the Neuropsychiatric Department at the National Medical Center, said commuting couples in the long run could develop an emotional gap which may be difficult to close.

He also cautioned separation is especially hard on couples with growing children, since the father's presence is often needed in setting discipline in the household.

"Married or not, those who spend a lot of time alone begin to develop a taste for freedom which may not always be present in family life," he said.

"I see warning lights when spouses begin to view each other's presence as a restriction in their lives," he said.

But what about the romantic side of a long-distance marriage? After all, isn't familiarity supposed to breed contempt?

Emotional Gap

Several weekend couples interviewed for the article swore the lifestyle served to rekindle, rather than stifle, the fire in their marriage.

Weekend reunions provide the perfect excuse for couples to engage in romantic activities such as dining out alone. Regular separation also makes them long for each other more than they would in everyday, face-to-face interactions, they said.

Dr. Kim acknowledges having come across such marriages in his profession. But there are two prerequisites in striking the ideal balance, he said.

"A solid marriage in the first place; and the knowledge that the separation will not last forever."

Prof. Kim Yang-hee, a family relations expert at Choong-ang University, offered the following advice for working couples:

"Long-distance or not, the number one problem working couples face is role sharing. Spouses should learn that roles are often interchangeable, whether they involve child rearing, housework or financial obligations."

— By Kang Yeoun-sun

Few Working Mothers Find Suitable Child-Care Centers

A host of fancy department stores, four star hotels, and even a theater made the news recently by announcing that they would provide free child care.

Rather than haul their children around, mothers can leave them with an experienced child-care professional.

Mothers get a few hours of peace and quiet away from the crying, peeing, burping and whining bundles of responsibility that can turn shopping at Lotte Department Store or dining at Shilla Hotel into a nightmare.

But the waitress who serves the luncheon or the friendly saleswoman at the checkout counter may be spending a third of her monthly salary on child care. Or, if the child is old enough, say 8 or 9, he may be home alone, learning to fend for himself.

"These stores have child care to draw customers, not because the management realizes that child care is lacking in general. You can ask any of these places whether they provide child-care centers for their workers and the answer would be no," says Choi Sunhee of the Association of Social Child-Care Centers.

Lucky Few

The association is composed of 80 low-cost child-care centers for working class women nationwide.

The mothers in real need of child care are not the ones out to enjoy a couple of hours of hassle free shopping or gossiping with friends, but the growing number of women who need to work in order to make ends meet.

Experts say that as many as nine out of 10 women who seek child care do not have affordable centers in their neighborhood.

These women must spend a large portion of their paycheck on child care. Almost half of the lower-class female laborers earn between 300,000 won to 500,000 won per month. A quarter earn as much as 700,000 won, but the other quarter earn less than 300,000 won per month.

The going rate at a private child-care center is 130,000 won to 150,000 won.

A lucky few may have child-care facilities at work, but experts say that such centers may not be healthy for the children or their mothers.

Some women can also leave the child with a grandparent, but because families no longer live together, the distance may be far. The elderly may also no longer be able to handle a young child.

In the end, experts estimate that over half the children in poor neighborhoods go unsupervised.

Although women make up 40 percent of the work force, according to a 1989 study by the Economic Planning Board, protection and education for children has not been at the forefront of government concerns.

Laws concerning child care do not cover most woman workers and can sometimes lead to exploitation of the mothers.

An infant and child protection law stipulates that a business that employs over 500 women must provide for child care at the work site.

If the business is unable to do so, then it should compensate the women with 70,000 or 90,000 won a month.

The law carries no penalties. So practically no business provides child care centers.

As of two months ago, of the 48 places in Seoul that employ over 500 women, only four, or 8 percent, had established a child-care center at the work place.

What's the Point?

"What's the point of saying that businesses should establish child-care centers if no penalties follow those that don't?," demands Choi.

Choi also says that the law provides a guilt-free way out for those businesses that hire less than 500 women.

Lee Gi-won, research director of the Child Rearing and Development Division of the Korean Institute for Research in the Behavioral Sciences, also believes that the law needs to be reworked.

"Businesses are out to make money. Child care centers cost money and pro-

vide no cash return. So of course businesses are reluctant to establish such centers," he says.

Further, most women are not employed with large companies. The women who do work at factories and other such businesses that have more than 500 women workers are unmarried or without children.

"Out of 500 female workers, you may not be able to find a single child that needs care," Lee says.

A study by Cho Eun of the Department of Sociology at Dongkuk University shows that only 6 percent of working women 25 to 29 years of age work at a business with more than 500 workers. The percentage drops to less than three for women 30 years and older.

But even if a factory provides child-care services, Lee does not recommend it. Unless, of course, as is usually the case, the next best option is leaving the child at home alone.

For one, rush hour commuting is not healthy for the child.

A lower-class women would not be taking a taxi or driving her own car to work. She would most likely be squeezed into an over-crowded bus or subway. Adults have trouble coping with the traffic and crowd; one cannot expect a four-year-old to find it fun. The child would also be vulnerable to germs.

Second, the existence of a child-care facility may be used by the management to exploit the workers.

The women may be asked to work longer hours arguing that since the children are taken care of, the women should not have to worry about returning home to take care of them, says Choi of the Association of Social Child-Care Centers.

"It's like holding a carrot in one hand and a whip in the other," says another member of the association.

The women at the company choose to work the longer hours because a private child-care center would leave them with even less money.

But why do these women have to suffer these choices when the government promises to provide free child care for the needy?

Out of Date

"What the government defines as needy is so out of date that only the really poor, such the eldery without income or family, would qualify," says Lee.

A couple with two children living in a leased 13 sq. meter room may be considered too rich by the government to qualify for free child care.

Because the security deposit for such a room can cost 3 million won, they are too rich.

The money belongs to the landlord until the tenant decides to vacate the room, but it is still considered as part of the latter's wealth.

In another situation, the couple's combined income may serve to disqualify their children for free child care. The woman makes 300,000 won and the man, 500,000 won; the resulting combined income is considered too high to qualify.

So women who need to make ends meet spend as much as a third of their income, or work longer hours, to make sure that their children are adequately cared for.

That is, of course, if the children are 6 years old or younger.

Older children have to fend for themselves because child-care professionals have enough on their hands with the younger kids. Older children are of secondary importance.

"Of course we are worried about the 9- and 10-year-olds. But to tell you the truth, with inadequate resources to care for 4-year-olds, not much is left over for the 9-year-old," says Choi.

Although some low-cost centers are deliberating providing study and activity rooms for older children, most centers have no spare room. They also do not have the funds to hire extra personnel or to buy learning tools and toys for the children.

But Lee believes that 8-year-olds can be trained to take care of themselves.

"A friend's child, who is in the first grade, manages quite well. The child can even cook ramyon on the gas stove without help," he says.

The kids may be taught to cook for themselves, but since no one is there to supervise, they are also spending their time in video game rooms and comic book stores, says Choi.

— By Kim Ju-yeon

Year-End Review '91

Top Ten Memorable Musical Events Of 1991

What are the most memorable events which took place in and outside the Korean classical music scene this year?

According to a poll by a Korean music critics' council, the entrance exam fraud at several music colleges made the list of this year's top ten news items.

The results of the poll, commissioned by the monthly music journal "Eumak Dong-A," were published in the monthly's December issue.

The worst scandal in the Korean classical music history which made headlines early this year came to an end after 28 music professors, including several principal performers at major orchestras, landed behind bars.

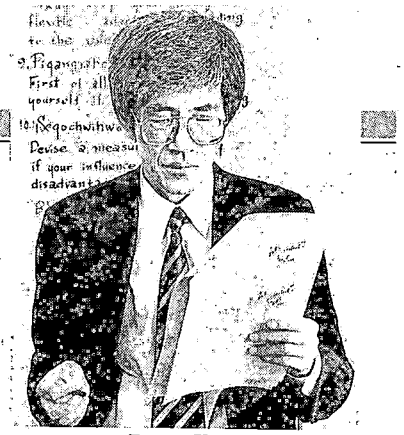
The monthly said that the practice of giving or taking bribes in college admission has long been an epidemic, but law-enforcement authorities wrapped up the investigation hurriedly, giving the impression of scaling down the scandal intentionally.

The survey cited the international folk music festival in Japan in May as the No. 2 event. It said that the event was noteworthy because it provided the rare opportunity for musicians from South and North Korea to get together. It said that it helped to clear the way for inter-Korean music efforts following last year's trail-blazing exchanges in traditional music.

Listed next is an increasing number of young Korean-born musicians winning prizes at various music competitions around the world, demonstrating the enhanced stature of Korean musicians. Led by the news from Vienna that a Seoul university composition junior walked off with the top prize at an Austrian composition contest to commemorate the bicentennial of Mozart's death, at least half a dozen Korean singers and instrumentalists attained prominence at international competitions.

The poll placed Spanish tenor Placido Domingo's Korean debut last month in Seoul in the number four spot, saying that his appearance shocked local concert agencies. The 51-year-old singer set two records in

Learn Korea's Most Popular Board Game For Free



Peter Ihm

For foreigners who want to learn paduk (Go), the most popular board game not only in Korea but also in Japan and China, here is good news: a man who runs a paduk club in Seoul is willing to teach beginners for free.

Peter Ihm, 50, who recently opened a paduk salon on Chongno 5-ga, downtown Seoul, is out to disseminate the fascinating Oriental board game to foreign novices.

"I believe a large number of foreigners living here are interested in learning paduk. I hope I can be of some help to them," said Ihm. According to his estimate, those among the foreign community already initiated into this intellectual sport could number several hundreds, if not close to a thousand.

Ihm's strength as a paduk instructor is that he can teach in English which he learned during his 10-year service as a manager for international affairs at the Korea Shipbuilders Association. Previously, he woked for the Ministry of Commerce and Industry.

Paduk Manual for Foreigners

How good is his English? To the point of writing a paduk manual for foreigners. The manuscript for the book has been finished and now awaits printing. It was copyread by Prof. Andrew Finch of Andong National University who, according to Ihm, is probably the strongest paduk player among the foreigners here.

"When the book comes out, I will be able to spread paduk more vigorously to foreigners. I'm thinking of teaching it to children as well as to adults," Ihm said.

In fact, many Korean parents have their children learn paduk as a way of developing the ability to think critically and logically. Paduk clubs for children can be found just as easily as piano or drawing or taekwondo academies in residential areas.

"Like violin or piano, the earlier one starts the more easily one can learn paduk. You see, the strongest professional paduk player in Korea now is a 16-year-old high school freshman who learned paduk before 10," Ihm says.

To Disseminate Paduk

Why is he so determined to disseminate paduk to foreigners? He takes it as the last project in his life. Ihm has lived a life with many turns. In his early 20s, he was a primary school teacher. Then, he tried unsuccessfully to become a judge. Once, he also attempted to establish himself as a professional paduk player, an experience which decades later led him to open a paduk club.

But there is more beyond this. "I think we can help foreigners understand Korean culture better through paduk. Some of the paduk precepts, such as the one saying 'You can't win if you're greedy,' have been part of the wisdom people use in managing their daily lives. Hence the likening of paduk in Korea to life or the universe," Ihm said.

More practically, such maxims as "Sacrifice a little to gain a lot," or "Look for your own weak point before attacking the enemy," can serve as good advice for businessmen in negotiations or in undertaking new ventures.

Virtues of Paduk

A man like Ihm who loves paduk so much may be able to enumerate the virtues of paduk endlessly. But there is one point he likes to emphasize. If Korean businessmen or those engaged in promoting the Korean tourist industry make some efforts to disseminate paduk, the payoff would be considerable.

"If a businessman manages to make his foreign buyer interested in paduk, then he will not have to take him drinking, which seems to be a normal practice nowadays. Paduk can contribute to making business practices more sound," he said.

How long will it take for an adult to be initiated into paduk? Based on his experience as an instructor for foreigners, Ihm says that 10 hours of lecture and demonstration would be sufficient. After this initiation step, one can reach the 10-gup level in three months with steady practice. It would take a beginner a year or so to reach the 3-to 4-gup level and begin to appreciate the depth of paduk properly, Ihm said.

The world of paduk is in fact so deep that it remains the only board game that computers cannot conquer. Ihm is eager to help you to step into this enchanting world. His paduk club charges only 2,000 won a day for novices without any additional fee for instruction. For more information, call 764-8862.

— By Yu Kun-ha

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the history of nation's performing arts: first in the record performance fee amounting to $380,000 and the ticket prices which were 150,000 won (about $200).

Other events were the performances here by East European music groups and soloists. Riding the wave of democratization in the Eastern bloc and the rapidly crumbling ideological barriers, dozens of orchestras and solo musicians visited Korea, exposing local concertgoers unprecedentedly to East European music. The vigorous inflow of Eastern bloc music helped the Korean concert landscape achieve a more balanced form, departing from heavy dependence on the Western world, mostly the United States and Europe.

Korea's pride, the Paris Bastille Opera Theater music director Chung Myung-whun's accolades given by the French were also listed among the top ten events. The 38-year-old maestro was decorated by a cultural order from the French government. He was also named the Musician of the Year by a French critics' council, for his contributions to the French state opera.

The remaining four spots were taken up by foreign news. Those include the global musical celebration to mark the bicentennial of Mozart's death, the subsequent deaths of the three greatest pianists of this era — the Russian Jew Rudolf Serkin, the German Willhelm Kempff and the Chilean Claudio Arrau. Also on the list were the numerous changes in the conducting world, and Japan's increased influence in the American recording industry.

— By Byun Eun-mi

Helping Spirit Symbolized by Donations

Every year around this time, it makes an appearance in and around the capital city. Tolling a bell and using bullhorns, it catches the attention of passers-by. Slogans coming from the electric speaker fill the cold air of winter time, sending its message into the minds of people, "Let's help our unfortunate neighbors."

Charity pots set up by the Salvation Army in Korea celebrate their 83th birthday this year. The history of the Korean Salvation Army dates back to Oct. 8, 1908, when six officers led by Col. Robert Hoggard of Britain arrived in Korea for the salvation of the poor souls of Koreans who had been under strong Confucianism and other folk religions. The quasi-military Christian organization was originally initiated by William Booth in London 1865 for the systematic evangelization of the world.

Charity Pot Campaign

It was Dec. 15 of 1928 that the charity pot campaign was first started in Korea. Then territorial commander of Korea, Maj. Park Jun-seop initiated a fund-raising campaign for the maintenance of orphanages, old age homes and welfare centers for housewives all run by the Korean Salvation Army.

At that time, a kettle, a utensil which could be found in any ordinary Korean household was set up in Kwangwhamun, an intersection in Seoul. With the coming of 1970, the fund-raising campaign developed into a nationwide movement.

This year, collection containers were set up in 18 places, including Kwangwhamun intersection, the City Hall subway station and Seoul Railroad Station Plaza. It totals 154 pots when countries and towns (smaller administrative units) are included.

This year's campaign, set from Dec. 6 through 24, has set its fund-raising goal at 5.5 million won, a 38.5 percent increase from last year. "This is a sum of money that can easily be collected with just 500 won from 1.1 million people," said Hwang Seon-yup, an officer in the public relations division.

The money will go to helping the poor, various victims of natural calamities and welfare programs for the disabled. About 400 million won was collected through the charity pot campaign last year. Nineteen thousand poor people, 2,000 victims of various disasters, associations for blind Christians and Christian volunteer groups were the recipients of the money.

"This is a sure testament that love for the needy is still overflowing in the minds of many and still burning in this cut and dry world," said Yang Woong-chul, who has been volunteering for the campaign for 20 years.

"I will never forget the moment when I saw a cripple whose two legs were wholly amputated by an accident approach the charity pot using his two hands and donated all the money he made as a vendor on the street. He blushed, saying this is a small sum of money," recalled Mr. Yang.

Love for Neighbors

According to Chang Hee-dong, 59, the territorial commander of the Salvation Army in Korea, the charity pot campaign stresses the importance of showing love for neighbors who are in need of help. "I does not matter that much whether one donates a big amount of money or not, but a helping spirit wrapped up in the coins or bills serves as a wake-up call for us to turn our attention to the unfortunate people whose eyes are glazed with hunger and who clamor for handouts," he said.

—By Cho Kyung-wook



A child, with the help of his mother, puts a bill into a Salvation Army charity pot in downtown Myongdong. Salvation Army officers carrying out their fund-raising campaign as the year ends have been a common sight in this country for a long time.

New book

A Search for a Theory of Chungmin, authored by Prof. Han Sang-jin (Seoul National Univ.), published by Munhakkwa Jisong (Literature and Intellect) Publishing Co., 350pp., priced at 6,500 won.

Prof. Han Sang-jin has for years been searching for a theory of social reform that can be applied to conscious efforts "from below" to transform Korean society.

In emphasizing social change by popular efforts, he is basically in the same line of thinking as espoused by those "radical" intellectuals with strong inclinations towards Marxism.

But Han has distanced himself from these radicals, believing that their understanding of Korean society is biased and therefore leads to an ill-conceived formula for action.

He was, from the start, suspicious of the adequacy of the class-oriented social analysis and tried to understand society in terms of the concept of stratum. He doubted the Marxist theory of proletariat revolution and searched for an alternative which envisages milder reforms led by the middle stratum of society.

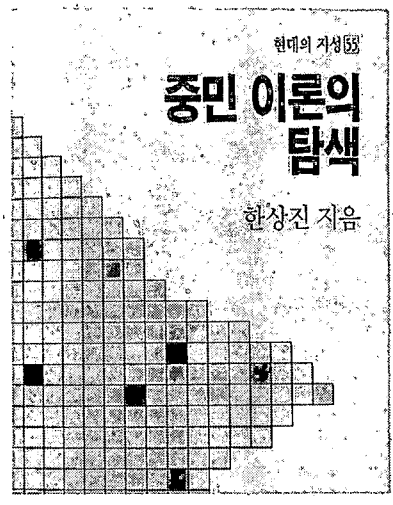
Conservative Old Generations

But he found out, through empirical surveys, that the Korean middle stratum consisted of not only reform-minded young and well-educated people but conservative old generations. The surveys indicated that it is problematic to regard the middle stratum as a whole as possessing the potential for reform.

He therefore separated the young, educated groups to create a new social category which he calls "chungmin." This category, he argues, cuts across the class boundaries, drawing its members not only from the middle class, especially from the new middle class consisting of people with professional jobs and office workers, but from the working class. According to him, factory workers who are employed in key industries and received relatively high education show consciousness similar to that of the reform-minded middle class people, allowing for their inclusion in the new chungmin category.

Hence, chungmin refers to the stratum which lies at the central tier of society in terms of wealth and, in terms of consciousness, is imbued with an awareness of a need for social reform from below.

Prof. Han, however, does not argue that chungmin should be the key agent for social reform in the way Marxist theorists glorify the proletariat as the only class capable of revolution.



Rather, he believes that an alliance between chungmin and the segment of the proletariat capable of action is a necessary condition for reform.

It is worth noting that Han rejects the idea that anyone belonging to the proletariat class is automatically capable of understanding social contradictions and thereby of participating in reform efforts. According to him, this is an error prevalent among Marxist intellectuals that stems from a confusion between the dimension of contradiction and that of conflict. Conflicts, he says, do not automatically arise from contradictions; they are given rise to only when conscious efforts are staged by people who suffer from contradictions. With this, Han points to the importance of the ideological and organizational aspects in seeking reforms.

Tendency of Radical Intellectuals

With this distinction between contradiction and conflict, Han also criticizes the tendency of radical intellectuals to focus their whole attention on establishing which contradiction is the basic contradiction in Korean society. These theorists sought to single out one basic contradiction and then infer from it solutions to such questions as who should be the key agents for reform or who should be the enemies or friends. In fact, the whole heated debate that these intellectuals staged in the 1980s, the so-called "social formations debate," was consumed with little fruit to resolve this issue.

Han, for his part, proposes to stop this futile effort and give equal importance to all major contradictions characterizing Korean society. He cites not only class contradiction and the contradiction stemming from Korea's dependency on "imperial powers" but contradictions attributed to national division and the long tradition of authoritarian bureaucratism. To him, neither of these contradictions can be reduced to one basic contradiction, while for some Marxist theorists, the class contradiction determines all others.

Strategy for Social Reform

Han's way of looking at social problems as originating from diverse structures is related to his strategy for social reform which can be epitomized as the alliance of various types of social reform movements. The basic assumption is that a specific contradiction can be better coped with by a specific social group. This assumption has been proved empirically as in the case of labor disputes.

Hence he emphasizes that his theory of chungmin is not intended to dismiss wholesale the role of the working class or, the "minjung of the lowest strata," a concept preferred by Korean radical theorists. His theory, he says, is to complement the classical Marxist theory which, in his view, cannot be literally applied to the Korean situation.

Social Forces Seeking Reform

Han's new book comes at a time when the social forces seeking reform seem to be in the doldrums in the wake of the upheavals in the Soviet Union and other East European countries. Since the changes in these countries can by no means serve as apologetics for the status quo here, the book calls for these dormant forces to wake up. And even those who would not be persuaded by his theory may find his criticism of the rather closed and mechanistic reading of social mechanisms characteristic of orthodox Marxism well-argued and refreshing. Han also seems to give an important lesson to his fellow intellectuals by showing how he has built his theory through empirical surveys, a practice which is seldom found among loud theorists. **(YKH)**

Dealing In Futures



A pair of lovers in their 20s listen with serious looks as a student seer tells their fortune at the "Saju Konggan" on Chongro 3-ga, downtown Seoul.

A college senior nods like a mandarin while listening as a young man sitting opposite the table tells his fortune based on his *saju* (four pillars) — the hour, day, month and year of his birth.

"According to your *saju,* you will have no difficulty in being hired by a big business group you like, however stiff the job competition this year," assures the man who looks like a student.

Sitting just beside their table are a pair of lovers in their 30s bewildered as the other young man hits the history of their past relationship exactly on the money. With tense looks, the couple cautiously ask him whether their marriage will be a blissful one.

These scenes are every-day occurrences at the famous fortunetelling houses clustered in Miari, a northern district in Seoul. But its not restricted to there any more. They have become usual sights, too, on Chongro 3-ga, downtown Seoul, in small cafes clogging the bustling street.

Opened in early 1990, the cafe, "Saju Konggan," offers Korean teas and coffees, along with the special services of 5,000 won per person, a real bargain compared with what they have to pay in Miari.

"This cafe is named after an association of college students in Seoul who have been devoted to Korean divination for many years," said Kim Kyong-min, who majors in environmental engineering at Ajou University, during an interview.

The extramural association of 50 college students from more than 13 universities, including Korea and Yonsei, was set up in 1989 to study the "science of divination."

Before the student organization took form, students well-read on fortunetelling, especially *saju,* practiced divination on such occasions as campus festivals, the 26-year-old Kim said.

Thanks to several cafe owners in Chongro Street, who became impressed by well-educated students' efforts to preserve Korean tradition, however, six to seven cafes with the signs "Saju Konggan" opened last year and its club members take turns telling fortunes for clients in comfortable spaces (konggan). 50 percent of the service fees goes to the cafe owners.

"The science of divination is a way to perceive the truth and cultivate one's mind," said Kim who strongly believes there is a force governing the universe and through the research of divination he can get to know what it is.

The exact origin of fortunetelling is uncertain, Kim said, but many scholars surmise that it emerged more than 5,000 years ago in China with the development of Chinese ideograms.

He said fortunetelling was introduced into Korea via China some 2,000 years ago during the early ancient Three Kingdom Period (about 4th century-the middle 7th century).

The augury of the students' club, judging one's horoscopic data by the lunar calendar, Kim said, is based on several Chinese classics, including Yoo Paek-ki's Chokchonsu in the Han Dynasty (B.C. 202-220).

The majority of clients are young folks, of course; college seniors desperately seeking job opportunities, repeaters retrying to pass the college entrance exams and young men and women scheduled to be married soon.

"The divination by *saju* applies to foreigners as well as Koreans," said Kim. Early this year Kim happened to meet a Japanese married couple and took the husband by surprise through observing his *saju*; he made a good guess of the computer professor's current secret love affair.

Cho, who declined to use his real name for fear of his Christian parents who hate the practice of divination, said the first consideration with the club members is the role of counselling by revealing one's fate and giving advice in a positive way to clients.

"We suggest precautionary measures to grapple with unexpected accidents through the scientific analyses of one's *sajus,"* said Cho, who claimed to have been predestined to specialize in soothsaying.

Brushing aside the view that divination is a superstition and a kind of social ill, Kim Kye-ryong, 24, of Inha University, said: "It becomes a problem when people heavily depend on their *sajus* with a fatalistic attitude and a number of fortunetellers take advantage of this attitude to make money."

For instance, many professional "chomchengi (fortunetellers)" amass fortunes selling a variety of talismans, the fees of which range from 30,000 won to hundreds of thousands of won.

"Figuratively speaking, your *saju* is the trunk of a tree and your efforts are the branches of it, meaning your future could hold better times ahead depending on your efforts," said Kim who studies materials engineering.

Recently the student "dosas" (spiritual guides) invited the public to join its membership. Because the club is extramural, it is a big handicap trying to recruit new members from freshmen and sophomores at each university, so the membership isn't really growing.

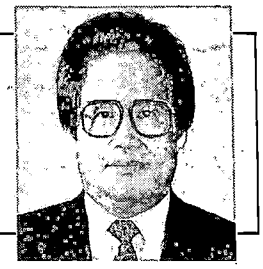
There is one critical condition for membership — the applicant's *saju* should be complementary with the current members. If they should be incompatible, they will be rejected.

Thinking highly of themselves as keepers of indigenous Korean thought, the student seers at the cafe said they will do their best to develop the "essence of traditions" of Korea into a world-level science.

Seoul National University's course on geomancy, they said, is a good example of the attempt to revive the Oriental philosophy in this age of space rockets and talking computers. Geomancy is a method of divination for locating sites for cities, residences and even burial grounds.

— By Lee Myeong-hwa

Managing 'Temporary Setbacks'



By Lee Won-sul

For the high school seniors and their parents, the so-called "College exam hell," is about to break loose. Out of over 900,000 high-school graduates this year, colleges and universities in the nation can take only 350,000. The rest? Those who cannot go to college? They are losers, the defeated, underdogs, washouts, or duds. Their families will give them no respect. Nor is society ready to give them jobs.

To Sacrifice Everything

The zeal of our people for education is abnormally — and alarmingly — high, perhaps higher than any other people in the world. Almost all high school graduates aspire to get a college education, their parents willing to sacrifice everything they possess for fulfilling the dream of their children. So the tension under which high school kids are subjected for three years is really hellish. From pre-dawn to the dead of the night, they study, study, and study. When students could not perform as well in their academic standing as they wished, a few of them this year committed suicide. To fail a college entrance examination has been regarded as the total failure of one's life.

Within a few days, the college entrance examination will start. To congratulate the victor is easy. But what can we say to the loser?

Recently, I enjoyed reading Gladys Hudson's *The Story of Paul J. Meyer,* the subtitle of which read "The Million Dollar Personal Success Plan." Deeply impressed, I would like to recommend this book to our young people, especially high school graduates. Before long this book will be translated into Korean.

Up-From-The-Bottom Story

The Story of Paul J. Meyer is an account of how he has risen in life, an up-from-the-bottom story. In fact, this internationally acclaimed businessman who runs "knowledge business" concerns in 16 nations, who has authored many bestseller books, who is one of the most sought-after speakers, and who holds a number of honorary doctoral degrees from prominent universities, is a "college drop out." How could this "loser" become a great "victor" in life?

Among the many prominent leaders of the world whom I have met, I regard Dr. Paul Meyer to be a man of true success. There are many rich people who are unhappy. Some powerful politicians at the helm of national history-making are extremely grouchy with discontentment. Fame, however high, does not give meaning to life. In comparison, Dr. Meyer is well-to-do both physically and spiritually — a true millionaire.

I have personally known President Paul Mayer of the SMI (Success Motivation Institute) International for many years, perhaps over a decade. Slim, well-proportioned physically, energetic and eloquent, he is judicious and outgoing. I found him to be a very simple-complex man. With the international fame he enjoys, he remains humble. Rich as he is, his life style is rather simple. He is a man of all seasons, friendly to everyone, rich or poor, educated or illiterate, close friends or strangers.

Spirit of Giving

More than anything else, he is a magnanimous giver. I eyewitnessed his spirit of giving for a worthy cause. At a board meeting of Haggai Institute in Georgia, USA, where the issue of helping China on the agenda required a quarter of a million dollars. Before the end of the meeting, the chairman made an announcement, a piece of paper in his right hand, "Ladies and gentlemen! On this piece of paper is a pledge of $250,000, enough to cover the project that we have so painstakingly discussed." All eyes in the room were instantaneously directed to Dr. Meyer.

What is the major secret of this man, a college dropout, who has steered his life to place himself on the top of international business and fame?

Among the many qualities that the founder of the Success Motivation Institute possesses, one specially conspicuous thing is his ability to "manage failures." In fact, his life has been full of "unfortunate incidents" that others usually label failures. He was born poor. He failed in getting a college education. But in his lexicon, there is no word, "failure." Rather, he calls them "temporary setbacks," that turn out to be valuable learning experiences.

Dr. Meyer advises us that in the face of difficulties, we must not be downhearted. Instead, we should evaluate our personal assets critically. He values "intangible assets" such as persistence, health and sincerity more — far more — than cash in the bank or marketable securities. Even at the bottom of insecurity, a man has so many "assets," enough to overcome problems.

To Avoid the Same Mistake

Confronted with a seemingly insurmountable difficulty, we should not be pessimistic. Dr. Meyer urges us to "write down at least five benefits of the problem." He says that "every adversity has the seed of equivalent or greater benefit." Also, making a written plan of action for solving the problem is necessary. Having action plans in writing, our minds can be creative and opt for the best possible solution. When one action on the top of the list does not work, we learn so much from that experience to avoid the same mistake again. Thus, he emphatically maintains, "Problems and difficulties are God's gift designed to push a man to discover new talents and abilities."

This year, the SMI International has opened its branch office in Korea. I hope that many young businessmen will learn valuable lessons from the life story of its founder. I hope our young high school graduates who may not get advanced education will try to emulate him. Looking at an adversity as an opportunity is a secret of life that I myself should value more for the rest of my life.

The Korea Herald

Moscow in Distress

The Soviet Union is in crisis. The distress into which the former Communist giant has fallen after the demise of the Communist dictatorship and the collapse of the East bloc seems to be coming to a head as the hard winter months approach.

The failure of Soviet President Mikhail Gorbachev to draw last month's pay due to the rupture of cash operation in the Soviet central bank is little more than one humorous episode among the grim accounts of the dire privation and hardship of the Soviet people at large.

The shortage of food and deprivation of other daily necessities is reported to be worse in Moscow than in other major cities of the Soviet Union. Hordes of urban dwellers are kept waiting long hours to get bread and butter. A surgeon was forced to extract a patient's tooth by the light of matches held by his nurse while a severe shortage of soap and detergent is failing to prevent an outbreak of lice in local schools. Popular discontent may provoke mass riots at any moment.

The fast disintegration of the union accelerated by the pro-independence vote in the Ukraine and the subsequent refusal of the Russian Federation to sign a new union treaty has left the fate of the Soviet Union and its present leadership hanging by a thread.

Gorbachev himself has to appeal for massive and prompt economic aid from Western powers on several occasions, seemingly with the underlying threat that the world would face a major disaster unless help is given now.

The imminent breakup of the union, the collapse of its economy and the inability of political leaders to cope give rise to widespread concerns that the military might take over. These menacing suggestions are coming from many observers and even official sources in the Kremlin.

The current developments there are ominous and grave enough to alert the Seoul government and industrialist-financiers here to the serious risks involved in our economic cooperation with Moscow. Already over $1 billion has gone to the Soviet Union and more is about to go into the pipeline.

The fact is we might lose track of our partner in economic deals if the union crumbles with no arrangement for sharing international debt among its former republics. A sober review of the contingency and safeguards against default is in order. We cannot afford to let the precious money go down the drain in the confusion.

Moon's Excesses

The activity and utterances of controversial evangelist and entrepreneur Moon Sun-myung in North Korea seem to have gone far beyond the bounds of a strictly private trip to his hometown as a Korean expatriate in the United States.

He visited North Korea last week and has met with North Korean President Kim Il-sung. The conversations he had with the North Korean leader covered a wide range of topics. The content has had little which is subversive or inimical to our cause of promoting dialogue and reconciliation with the North.

However, Moon is not in a position to deal with any North Korean officials, assuming airs of official representation. Agreement on a joint statement with a leading North Korean official on a number of sensitive issues is out of the question.

Yoon Ki-bok with whom Moon issued a joint statement is a ranking member of the Communist party and an official agent of the North Korean power hierarchy. His post as chairman of the Overseas Compatriots Committee of North Korea is only a flimsy disguise.

The two were reported to have discussed and agreed on the need to facilitate reunion of separated families and promote inter-Korean summit talks. These and other subjects of highly political implications were not to be taken up by Moon at such encounters with North Korean officials.

Those matters well deserve to be negotiated at the inter-Korean premiers' meetings which are the proper and authoritative forum for hammering out any meaningful and practicable steps toward rapprochement and cooperation between the two parts of this peninsula.

The propaganda machine in Pyongyang must stop taking advantage of the unauthorized visits of southerners with no due credentials, to play them against the Seoul government and mislead the naive people in the South.

The legal aspect of Moon's trip to North Korea at the invitation of its Vice Premier Kim Dal-hyun and his behavior in the North which irks our official line have to be examined thoroughly. Moon's excesses are painfully out of step with his otherwise respectable stature.

Naeway Economic Daily

92 Budget Approved

In its final session, the 13th National Assembly showed some effort to avoid unusual results by passing the 1992 budget bill. Yet, the passage of the bill prompts us to consider anew the inefficient fiscal planning system and the ensuing process of legislative deliberation and action.

It was fortunate that the ruling and opposition party lawmakers acted on the bill in a vote showdown. Such action was in sharp contrast with many past patterns in which fiscal bills were railroaded, sometimes in blitzkrieg fashion, in the absence of opposition lawmakers.

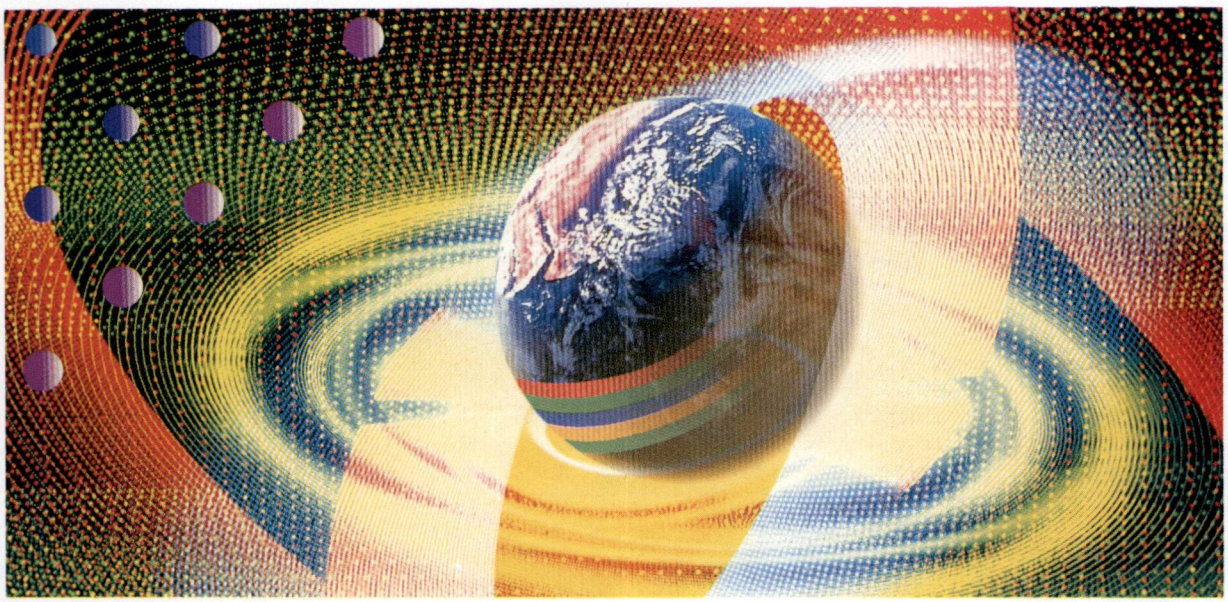
In substance, the enacted bill shows a cut of 305 billion won from the administration's original budget request, a reduction amounting to nearly one percent of the 33,505 billion won request. The slashing was focused on the expenditure sector. From the revenue side, reductions were made in tariff and other sectors without affecting the internal income tax. This means no action was taken to ease the tax burden of the general public.

In the past, it was suggested that fiscal experts be allowed to take part in every process of formulating budget bills at the administration level. It was also proposed that the Assembly's budget committee be operated as a standing panel, instead of on an ad hoc basis. In fact, in the final phase of budget negotiations this time, the floor leaders of the ruling and opposition parties gave the impression of playing a major role, dwarfing committee activity.

These and other problems in fiscal planning and the related legislative process need to be addressed in earnest for realistic solutions.

The Challenge of a New Road to Development

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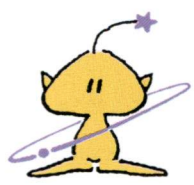
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