

PREM 19/1972

Prime Ministers Visit to South
 Korea in September 1982, Policy
 arrangements and May 1986.

SOUTH KOREA

March 1982

Referred to	Date	Referred to	Date	Referred to	Date	Referred to	Date
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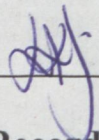
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TO BE RETAINED AS TOP ENCLOSURE

Cabinet / Cabinet Committee Documents

Reference	Date
CC(86) 19 th meeting, item 2	08/05/1986

The documents listed above, which were enclosed on this file, have been removed and destroyed. Such documents are the responsibility of the Cabinet Office. When released they are available in the appropriate CAB (CABINET OFFICE) CLASSES

Signed  _____

Date 29/10/2014

PREM Records Team



JU243

Secretary of State for Trade and Industry

DEPARTMENT OF TRADE AND INDUSTRY
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16 May 1986 ✓

Nigel Wicks Esq
Private Secretary to the
Prime Minister
10 Downing Street
London SW1

Dear Nigel,

**PRIME MINISTER'S MEETING WITH THE COMMITTEE OF
BRITISH CHAMBER OF COMMERCE IN KOREA**

Thank you for your letter of 3 May and the copy of the note of
this meeting. *attach*

We have noted the Committee's comments about barriers to British
trade in Korea, and these are already being followed up.

Alan Clark will be visiting Korea at the end of this month and he
will take this forward.

I am copying this letter to Colin Budd (FCO), Tony Kuczys
(Treasury), and John Footman (Bank of England).

*Yours ever,
Michael*

MICHAEL GILBERTSON
Private Secretary

S. KOREA PM's Union 3/82



DEPARTMENT OF TRADE AND INDUSTRY
BRITISH CHAMBER OF COMMERCE IN KOREA
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PRIME MINISTER'S MEETING WITH THE COMMITTEE OF
BRITISH CHAMBER OF COMMERCE IN KOREA

Thank you for your letter of 1st May and the copy of the report of
this meeting.
We have noted the Chamber's concerns about matters to be discussed
at the meeting and these are already being followed up.
Also, work will be continuing at the end of this month and we
will take this forward.
I am copying this letter to Colin and Tony (Economic
Affairs), and John (Economic Affairs - Foreign).

Michael Richardson
Private Secretary

SUBJECT
cc Master

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La RB
as per Record

10 DOWNING STREET

From the Private Secretary

3 May 1986

Dear Tony,

PRIME MINISTER'S MEETING WITH THE PRESIDENT OF KOREA
AND THE PRIME MINISTER OF KOREA: 3 MAY

I enclose records of the Prime Minister's meetings in Seoul with President Chun and Prime Minister Lho.

I am copying this letter and enclosure to Rachel Lomax (HM Treasury), John Howe (Ministry of Defence), Michael Gilbertson (Department of Trade and Industry) and Michael Stark (Cabinet Office).

Yours sincerely,

Charles Powell

A.C. Galsworthy Esq CMG
Foreign and Commonwealth Office

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PRIME MINISTER'S MEETING WITH THE PRIME MINISTER OF KOREA IN THE
PRIME MINISTER'S OFFICE IN SEOUL ON SATURDAY 3 MAY AT 0915

Present:

Prime Minister	Prime Minister Lho
HM Ambassador	Foreign Minister Lee
Mr Wicks	Minister of Trade and Industry Kum
Mr Powell	Senior Korean officials
Mr Ingham	

Mr Lho noted that Mrs Thatcher was the first British Prime Minister ever to visit the Republic of Korea since the establishment of diplomatic relations between the two countries. Koreans would always cherish what the United Kingdom had done for their country especially during the Korean War. Britain had sent its young men to fight for Korea, something which the Korean people would never forget. Now Korea was trying to play an active role in the international community, including the United Nations. The Korean Government was grateful for Britain's support for its membership of the United Nations.

The Prime Minister expressed pleasure at being in Korea. She recalled the United Kingdom was the only major country which had fought in the Second World War from the first day to the last. Britain had lost more lives in the Korean War than any other country except the United States and Korea itself. This created a real bond between the two countries. Britain supported freedom and democracy not only in Europe but the world over. She believed that there was no more reliable ally.

The Prime Minister continued that she would like to see more contacts between Britain and Korea. She looked forward to visiting the DMZ. The frontier of freedom ran across the Korean peninsula. She could understand that this had certain implications for the way in which Korean society was organised. In particular one appreciated more things which others took for granted. She knew that President Chun's aim was to progress steadily towards democracy in Korea consistent with maintaining stability. She also welcomed Korea's apparent wish for collaboration with Britain in the defence field. She hoped that this would soon produce concrete results, for instance over the Marconi-Ferranti Command and Central System contract and over Javelin.

Mr Lho said that since his return from the United Kingdom, President Chun had given very meticulous instructions to his ministers to find ways to step up co-operation between the United Kingdom and Korea. Another team of Korean businessmen would visit the United Kingdom in September headed by the Minister of Trade. The Prime Minister said that she looked forward to this visit and would ensure that all the necessary contacts were arranged.

The Prime Minister said that there were one or two problems which she wished to draw to Mr Lho's attention. Britain invested heavily in research and development and naturally our companies were concerned when their products resulting from this investment were copied in Korea without payment of any royalties. She understood that the Korean Government had plans to deal with this problem of patents but was not certain that they intended to do so rapidly enough. The British business community were worried because the new law would apparently refer only to future patents not to existing ones. This would mean that the problem would continue for many years. She hoped that further consideration could be given to this point. A further

problem to which she wished to draw to the Korean Government's attention concerned the Double Taxation Agreement. There appeared to be differences of interpretation between the Korean Government and British companies. There were accepted international interpretations of such agreements and it was important to abide by them.

Mr Lho said that problems such as these should be settled through discussion and negotiation. Korea was very serious about negotiating satisfactory safeguards for intellectual property. Indeed Korea had an interest of its own since it was now spending some 2 per cent of GDP on research and development. Moreover it planned to continue the opening of the Korean market and by 1988 hoped to have achieved 95 per cent of the level of market opening in the industrialised nations.

The Prime Minister welcomed this. She was concerned lest the world went more protectionist. There would be discussion of the risks of protectionism at the Economic Summit. Mr Lho said that Korea was very enthusiastic about a new GATT Round. The trend towards protectionism in the industrialised countries was very worrying. Mr Lee Kuan Yew had pointed out that if the trend of protectionism were to continue, the economies of many developing countries would suffer, and this would in the long term benefit communism. He could assure the Prime Minister that Korean representatives would be very co-operative in the GATT.

The Prime Minister said that she had been interested in the discussion of constitutional questions which was in progress in Korea. Mr Lho said that democracy in Korea was moving rapidly towards a goal which many friends of Korea would like to see. Constitutional amendment could happen even before President Chun's departure from office in 1988 if the Government and opposition parties were able to agree. He believed that there were good prospects of their doing so.

He wished to stress Korea's achievements: economic growth plus stability and reasonable progress towards democracy. Korea was now a highly educated country with over a million university students and an illiteracy rate of virtually nil. The Prime Minister said that Korea's achievements were indeed impressive.

The meeting ended at 0950.

C.D.P.

3 May 1986

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RECORD OF A MEETING BETWEEN THE PRIME MINISTER AND PRESIDENT
CHUN OF THE REPUBLIC OF KOREA AT THE PRESIDENTIAL PALACE IN SEOUL
ON SATURDAY 3 MAY 1986 AT 1020 HOURS

* * * * *

Prime Minister	President Chun
H.M. Ambassador	Ambassador Kim
Mr. Charles Powell	

President Chun welcomed the Prime Minister warmly to Korea and expressed his gratitude for the considerate and thoughtful reception which he had received in London. The Korean people were greatly indebted to the United Kingdom. They owed to Britain the liberty which they regained after the Second World War and the successful defence of that liberty against North Korea in the Korean war. Because of the great distance between Britain and Korea, people were inclined to forget how much Korea owed to Britain. The exchange of visits between himself and the Prime Minister underlined both the historical relationship and the depth of Korea's gratitude. It was up to the younger generation to strengthen ties between the two countries. He and his Government wanted to achieve precisely that.

The Prime Minister spoke of her pleasure at being in Korea. She wanted to see at first hand what had been achieved in Korea and experience the problem posed by the division of the country at the 38th parallel. She recalled Britain's close involvement with Korea, particularly during the Korean war. Britain was an ally on whom Korea could depend. We continued to play a part right across the world.

United Kingdom/Korean Trade

President Chun said that he had found his visit to the CBI in London particularly useful. On his return he had encouraged Korean Ministers and businessmen to follow up the visit. He understood that a further mission was now planned for September, with the goal of strengthening trade between the

two countries. He was determined that his visit to the United Kingdom, and the Prime Minister's to Korea, should be more than symbolic.

The Prime Minister said that we were looking forward to the further visit. She would ensure that all the necessary contacts for the mission were made. Britain and Korea had a lot in common. She was conscious that Korea was an excellent market for high technology and she wanted Britain's performance in the market to improve. She recalled her conversation with President Chun in London about the Marconi/Ferranti Command and Control System contract. President Chun said that, following his meeting with the Prime Minister, he had passed her a message to the effect that the British bid would be positively considered. He had not spoken in vain. Matters were moving to a successful conclusion. The contract was going Britain's way. The Prime Minister said that she much appreciated this decision which she would like to announce. President Chun said that the Prime Minister was free to tell the press that the contract would be decided in Britain's favour, although the official position remained that the Korean Ministry of Defence were considering the bid in a positive manner. The Prime Minister made a brief reference to the United Kingdom's interest in the sale of Javelin to Korea.

Constitutional Questions

The Prime Minister said that she understood that President Chun was considering a number of constitutional changes. President Chun said that Korea had been experimenting with democratic government for 30 years or more. The Constitution had been re-written on eight separate occasions. It was unfortunate that constitutional change had become a matter of controversy. His duty was to defend the Constitution which was under attack by a small minority. There was a procedure for lawful amendment. This required a debate in the National Assembly on a concrete proposal which, to succeed, had to have the support of two-thirds of the members of the Assembly and a majority in a referendum. If a proposal went through
/the proper

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the proper procedure and came to him, he would of course sign it. But he believed the Constitution should give people continuity. He was not going to give in to those who wanted to succumb to an unnecessary constitutional crisis. Following his visit to Europe, he had been impressed with the extent to which democracy and institutions were not a question of documents but of attitudes and experience. People in Korea were confused about democracy because of frequent changes in the Constitution. There had been occasions in the past where the President had arbitrarily changed the Constitution to allow himself to continue in office. The course which he would follow was to let the members of the Assembly debate whether or not to change the Constitution and then see whether they had the necessary popular support. He repeated that if agreement on constitutional change could be reached, he would not stand in the way.

The Prime Minister said that she understood that the President's strategy was to create the stability which Korea had lacked. Stability would come from a Constitution which allowed peaceful succession. The President said that he entirely agreed.

Relations with North Korea

The Prime Minister asked whether there had been any progress in discussions with North Korea. President Chun said that no positive progress had been made, but South Korea would continue to press hard for peaceful discussions.

Economic Summit

President Chun said that he would urge the Prime Minister, at the forthcoming Economic Summit, to work to strengthen the solidarity of Western countries. At the Bonn Economic Summit, the participants had expressed the view that a peaceful solution to the problem of Korea was essential. This had been deeply appreciated. He hoped that it could be confirmed at the Tokyo Summit, as a warning to the Soviet Union which had massively built up its armaments in the Far East and to North Korea.

/The Prime

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The Prime Minister said that she would gladly do this. It was vital to have a united front among democracies. Indeed, this was even more important in the light of reactions in some countries to the United States' action against Libya. The nuclear accident in the Soviet Union had exposed once more the closed nature of Soviet society and the true face of Mr. Gorbachev as leader of the Soviet Union. It was useful that people had been reminded of this. Communism never changed its objectives or methods and the democratic countries must be constantly on their guard.

The Prime Minister continued that it would also be important for the Summit to reiterate the need to find global solutions to problems. This was particularly true in the trade and economic field. She hoped that the Summit would agree on the urgency of a new round of multilateral trade negotiations which would also deal with allied subjects such as copyright law and patent law.

The meeting ended at 1050 hours.

C.D.P.

CHARLES POWELL

3 May 1986

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SUBJECT

cc Master



10 DOWNING STREET

From the Principal Private Secretary

3. May 1986

Dear Catherine,

Prime Minister's Meeting with the
Committee of British Chamber of
Commerce in Korea

I attach the note of the Prime Minister's discussion with the Committee of the British Chamber of Commerce in Korea on Saturday 3 May. The Committee raised a number of points and I should be grateful if those concerned could ensure that they are followed up appropriately.

I am sending a copy of this letter to Colin Budd (Foreign and Commonwealth Office), Tony Kuczys (HM Treasury), HM Ambassador, Seoul and for their interest to the problems of British banks abroad, John Footman (Bank of England).

Nigel Wicks

N.L. WICKS

Miss Catherine Bradley,
Department of Trade and Industry.

W

D. R.

PRIME MINISTER'S MEETING WITH THE COMMITTEE OF BRITISH
CHAMBER OF COMMERCE IN KOREA ON SATURDAY 3 MAY 1986
AT THE AMBASSADOR'S RESIDENCE, SEOUL

The Prime Minister met the Committee of British Chamber of Commerce to discuss the prospects for British business in Korea. A list of the participants is attached.

The Committee reported a slow but steady increase in British business in a market which hitherto had been dominated by Japan and the United States. British companies were already participating in two joint ventures and more were in prospect. Such ventures enabled British companies both to sell goods to Korea and to participate in Korean export sales.

The Committee identified three barriers hindering British trade on which they sought HMG's assistance:

1. Their main problem was the abuse of product patents and intellectual property rights. Many British companies had already been affected, including Spirax, AE, Glaxo and some software houses. American and Japanese companies were similarly affected. The Korean Government were speaking of remedial legislation, but this, it appeared, would not cover existing patents. Thus, its beneficial effects would be very slow to come through.

2. Problems were arising, especially for banks, in the interpretation of the provisions of double tax treaties. Those interpretations were different from those normally held. The National Tax Office was now demanding six years' back taxes with penalties and interest. Appeals against tax assessments were made more difficult because they were heard, not in tax courts, but in general courts where the judges were not well versed in the intricacies of tax law. After a struggle the Ministry of Finance had finally admitted that it had some responsibility for these matters.

3. The Chamber had been active in establishing a European Community Business Group, with, so far, a membership of six

of the 12 Community countries. Its aim was to present a European view to the Korean Government and thus balance the strong Japanese and United States' influence. The Group had asked the European Commission for a little financial support for a secretariat. The Prime Minister interjected that if very little money was required, the Group should in the first instance try to fund it themselves.

The Prime Minister said that she was sure that HM Ambassador was active in helping British companies with their intellectual property and tax problems. But she would draw the attention of the departments in London to their concerns.

The Chamber asked the Prime Minister's attitude to Korean investment in the United Kingdom. The Prime Minister replied that HMG were always interested in attracting inward investment in the United Kingdom though the precise attitude depended on the nature of the investment concerned. The Government had to watch that government grants were not being used to subsidise job destruction through the building of capital plant. Nor did the Government want to see the establishment of assembly plants without proper local sourcing.

The Chamber then commented that the Koreans did not understand why the different regional departments in the UK made separate approaches to the Korean market. The Chamber believed that an integrated approach covering the whole of the United Kingdom, for example by joint missions, would be more successful in the long run.

The Chamber emphasised the value of cultural exchanges to the British image in Korea and urged that they be expanded.

N.L.W.

N.L. WICKS

3 May 1986

MEETING WITH COMMITTEE OF BRITISH CHAMBER OF COMMERCE
AT 0815 HRS ON SATURDAY 3 MAY 1986

LIST OF PARTICIPANTS

No 10 Party

Prime Minister
Mr Wicks
Mr Powell
Mr Ingham

British Embassy

HM Ambassador
Mr Wetton, Commercial Counsellor

British Chamber of Commerce Committee

Mr J A Smith, Barclays Bank
Mr J R G Dance, Cathay Pacific Airways
Mr K R Blackie, Grindlays Bank Ltd
Mr B S Wilkinson, Midland Bank plc
Mr E Littler, GEC TPIL

Mr David Bailey, Unilever

Mr A J Andrews, Johnson & Johnson (Korea) Ltd
Mr A D Black, Spirax-Sarco Overseas Ltd

Chairman
Vice Chairman
Hon. Secretary
Hon. Treasury
Newsletter
(absent in UK - ill)
Liaison with EEC
Committee

Remarks by Prime Minister Shinyong Lho
at a Luncheon in Honour of Prime Minister Thatcher

May 3, 1986

Prime Minister Thatcher, members of the British Delegation,
and Distinguished Guests,

It is a great honour and privilege for me to extend my warmest welcome to Prime Minister Thatcher on the occasion of the first visit by a British Prime Minister to the Republic of Korea in more than a century of formal relations between our two countries. Together with President Chun's visit to Great Britain last month, 1986 has become a landmark year in the development of our bilateral relations. In the hopes of promoting closer cooperation between our two countries, the Korean government is making every effort to ensure that these summit visit will increase understanding and friendship between our two countries.

Korea remains indebted to Great Britain for her assistance in helping us to overcome many hardships --- such as foreign domination, territorial division, fratricidal war --- and develop into a responsible member of the international community.

Now having largely outgrown the need to receive aid, Korea hopes to make significant contributions to the international community in all aspects of relations, in particular through practical and mutually beneficial economic cooperation with other members of the community.

Although Korea's overseas business operations are still in the early stages of development, we are nonetheless able to cite success stories such as that of the young Korean businessman who not only has turned around the almost bankrupt Panther Car Company in Great Britain but also is building it into a profitable enterprise.

Isabella Bird Bishop visited Korea near the end of the nineteenth century, and in her book, Korea and Her Neighbors, she, while lavishing praise on the Korean climate, described the Korean people as very lazy. In comparing Korea as seen by the author over a hundred years ago and Korea as you see it today, I believe that you will agree with her on one point and disagree on another.

Although your stay here is brief, I am certain that you will be able to notice how diligently the Korean people are working to advance into the forefront of development in the not so distant future.

Prime Minister Thatcher,

I join the entire Korean people in welcoming you and your delegation to our country. I also join the Korean people in extending our sincere congratulations to you on the seventh anniversary of your premiership tomorrow and wish that your outstanding leadership will bring continued success and prosperity in both the domestic and international arena.

I understand that you are going to attend the summit meeting of the leaders of the seven Western industrial nations in Tokyo following your visit here. I hope that your leadership and clear vision of the future will greatly contribute to the success of the conference.

Distinguished Guests,

May I ask you to join me in a toast to the good health of Her Majesty Queen Elizabeth the Second and to the everlasting friendship between Great Britain and the Republic of Korea.

Thank you.

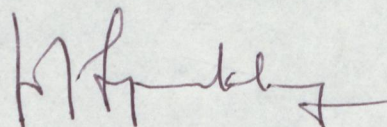
Private Secretary

KOREA: RECENT POLITICAL DEVELOPMENTS

1. The President had the leaders of the three Parliamentary parties to lunch on Wednesday 30 April. They had a long and reasonably friendly conversation. The President deplored student violence and there was some agreement on this point from the others. He also urged the NKDP to abandon its rallies and signature campaign. He continued to argue that constitutional reform could only be achieved through the Parliament. He said that if the parties could agree ~~an~~ amendments in the National Assembly in accordance with the existing constitution he would not veto them, though he continued to feel himself that the right time to tackle this was after the Olympics and the installation of the new President in 1988. The President offered tete-a-tete meetings with the leaders of the opposition parties and urged the leader of the DJP to meet Kim Young-sam.
2. There has been no authoritative comment from the opposition parties so far. Such reaction as there has been is rather negative. In particular Kim Young-sam said that it was wrong that the President should talk only to the President of the NKDP; he and Kim Dae-jung should also be present.
3. Student demonstrations continue and tension is fairly high in the campuses. The President did offer to modify the arrangements for compulsory military training and there were reports of some changes in today's papers. It is too soon to work out exactly what they are or whether they are likely to satisfy the students.

COMMENT

4. The President's offer, the second concession he has made in this debate on constitutional change, is seen by many people as being a very fair one and puts him in quite a good position in the general public eye. It also has the advantage from his point of view of exposing the divergences within the opposition camp.



2 May 1986

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INFO SAVING UKMIS NEW YORK

YOUR TELELETTER (GOODWORTH TO HEAP) OF 1 APRIL : ROK/ANTARCTICA

1. PROBLEM SURROUNDING ROK ACCESSION TO ANTARCTIC TREATY WAS RAISED BY HAJOST OF US STATE DEPARTMENT IN MARGINS OF ANTARCTIC MINERALS NEGOTIATIONS IN HOBART (14-25 APRIL). HAJOST SAID IT WAS IMPORTANT FOR THE US THAT THERE BE NO QUOTE LINKAGE UNQUOTE BETWEEN THE ACCESSION OF ROK AND THAT OF NORTH KOREA. HE NOTED THAT ROK HAD MADE ITS REQUEST FOR AN INVITATION TO ACCEDE SOME TIME AGO (NOVEMBER 1985), HAD ALREADY ACCEDED TO THE CONVENTION FOR THE CONSERVATION OF ANTARCTIC MARINE LIVING RESOURCES (19 NOVEMBER 1985) AND THAT A FEW OF ITS CITIZENS HAD ALREADY BEEN TO THE ANTARCTIC. NO SIMILAR POINTS COULD BE MADE IN FAVOUR OF NORTH KOREA. HEAP SAID THAT WE HAD NO OBJECTION TO THE US CONTINUING TO ELICIT THE VIEWS OF CONSULTATIVE PARTIES.
2. WHILE OUR FORMAL POSITION REMAINS THAT WE HAVE DIFFICULTY IN AGREEING TO ACTION BEING TAKEN THAT ASSUMES NORTH KOREA IS A STATE, WE RECOGNISE THAT EVENTS OVER A LONG PERIOD MAY HAVE LED TO A NEED TO SOFTEN THIS LINE. WE HAVE IN MIND PARTICULARLY THAT NORTH KOREA ENJOYS MEMBERSHIP OF TEN UN ORGANISATIONS. WE ARE SEEKING TO CLARIFY WHETHER MEMBERSHIP OF THESE ORGANISATIONS

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REQUIRED OUR CLEAR AGREEMENT OR ACQUIESCENCE OR WHETHER IT WAS A CONSEQUENCE OF OUR BEING OUT-VOTED. IN THE CASE OF THE ANTARCTIC TREATY, ACQUIESCENCE IS REQUIRED: WE CANNOT BE OUTVOTED. UNTIL THE BACKGROUND TO EXISTING NORTH KOREAN MEMBERSHIP OF INTERNATIONAL ORGANISATIONS HAS BEEN RESEARCHED IT WILL NOT BE POSSIBLE FOR US TO TAKE A DECISION ON MEMBERSHIP OF THE ANTARCTIC TREATY. WE REGRET THAT ROK ACCESSION IS BEING DELAYED BECAUSE OF THE NORTH KOREAN FACTOR.

3. WE HAVE NOT BEEN ASKED TO PROVIDE A BRIEF ON THIS SUBJECT FOR THE PRIME MINISTER'S VISIT. HOWEVER, IF YOU THINK IT LIKELY THAT ROK ACCESSION WILL BE RAISED, THE LINE-TO-TAKE IS:

WE CONTINUE TO SUPPORT ROK ACCESSION TO THE ANTARCTIC TREATY. THERE ARE, HOWEVER, CERTAIN OBSTACLES OF WHICH THE ROK IS AWARE. THE UNITED STATES AS DEPOSITARY GOVERNMENT IS ATTEMPTING TO RESOLVE THE OUTSTANDING ISSUES THROUGH CONSULTATIONS AMONG THE CONSULTATIVE PARTIES TO THE TREATY.

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COPIES TO:

MR WATTS, DEPUTY LEGAL
ADVISER

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FM SEOUL
TO IMMEDIATE FCO
TELNO 234
OF 290715Z APRIL 86

PRIME MINISTER'S VISIT TO KOREA

1. THERE HAS NOT BEEN MUCH DEVELOPMENT IN THE POLITICAL SITUATION SINCE I SENT MY TELEGRAM NO 146. THE GOVERNMENT CONTINUES TO TOLERATE THE OPPOSITION'S CAMPAIGN FOR THE DIRECT ELECTION OF THE PRESIDENT. THE RALLIES ORGANISED IN THE LARGER CITIES, ADDRESSED BY THE MAIN LEADERS WITH THE EXCEPTION OF KIM DAE-JUNG WHO IS KEPT AT HOME (BUT WHOSE RECORDED REMARKS ARE RELAYED TO THE CROWD), ARE APPARENTLY WELL ATTENDED. NOT MANY, HOWEVER, ACTUALLY DARE TO SIGN THE PETITION. THE RALLIES ARE ORDERLY, BUT THERE HAS BEEN A RECENT TENDENCY FOR STUDENT GROUPS TO CAUSE TROUBLE AT THE END AND THERE HAVE BEEN SOME CLASHES AND ARRESTS. THE NEXT RALLY IS AT INCHON ON SATURDAY. THE PRESIDENT HAS ANOTHER LUNCH WITH PARTY LEADERS TOMORROW.

2. AS IS NORMAL AT THIS TIME OF YEAR STUDENT ACTIVITY HAS BEEN INCREASING. WITH THE EXCEPTION OF THE INCIDENTS MENTIONED ABOVE THE STUDENTS ARE LARGELY STILL KEPT OFF THE STREETS. THE INFLUENCE OF RADICAL GROUPS, WHICH WE HAVE BEEN OBSERVING OVER THE PAST FEW MONTHS, SEEM TO BE GROWING. TO THE ANTI-AMERICAN AND ANTI-CAPITALIST TONE WHICH WE HAVE ALREADY REPORTED ARE NOW ADDED SOME NORTH KOREAN SLOGANS (LIKE JOINT HOSTING OF THE OLYMPIC GAMES) AND ANTI-MILITARIST ELEMENTS. STUDENTS HAVE BEEN REFUSING TO DO COMPULSORY MILITARY TRAINING, EVEN THOUGH THIS LOSES THEM THEIR EXEMPTION FROM CONSCRIPTION. MANY OF THE DEMONSTRATIONS ARE BECOMING MORE VIOLENT WITH INCREASING USE OF MOLOTOV COCKTAILS AND THE NUMBER OF ARRESTS IS WAY UP ON LAST YEAR. THE WORST INCIDENT TOOK PLACE AT SEOUL NATIONAL UNIVERSITY ON 28 APRIL WHERE TWO STUDENTS SET FIRE TO THEMSELVES. THE POLICE ARE STILL TRYING TO CONTAIN THINGS WITHOUT EXCESSIVE FORCE. WHETHER THE DEMONSTRATIONS WILL DIE AWAY WITH THE APPROACH OF SUMMER, AS IS NORMAL, REMAINS TO BE SEEN, BUT THE GOVERNMENT MUST BE INCREASINGLY ANXIOUS ABOUT THE CONTINUING READINESS OF STUDENTS FROM MAJOR UNIVERSITIES TO RISK THEIR CAREERS AND MORE.

3. ON THE ECONOMIC SIDE, HOWEVER, THINGS REMAIN SUNNY. THE RETURN OF THE PRESIDENTIAL PARTY FROM THEIR EUROPEAN TOUR HAS GIVEN RISE TO A NUMBER OF MEETINGS OF MINISTERS AND BUSINESS LEADERS TO SEE HOW THE RELATIONSHIP WITH EUROPE ABOUT WHICH SO MUCH WAS SAID CAN BE TAKEN FORWARD. THERE IS MUCH TALK ABOUT THE OPENING UP OF NEW CONTACTS AND THE SENDING AND RECEIVING OF MISSIONS BUT, APART FROM THE CONCESSION

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ON WHISKY, WE HAVE YET TO SEE CONCRETE RESULTS. I BELIEVE THAT ON THIS OCCASION THE KOREANS REALLY MEAN IT WHEN THEY SAY THAT THEY WISH A CLOSER AND MORE EXTENSIVE ECONOMIC RELATIONSHIP WITH EUROPE, BUT WE SHALL HAVE TO WAIT A WHILE TO SEE WHETHER THESE GOOD INTENTIONS SURMOUNT THE BUREAUCRATIC OBSTACLES AND CHANGE THE LONGSTANDING HABITS OF KOREAN BUSINESSMEN.

4. PRESIDENT CHUN WILL HOPE THAT THE PRIME MINISTERS VISIT WILL STRENGTHEN THE FRIENDSHIP AND GOODWILL WHICH HE SEES AS HAVING EMERGED FROM HIS VISIT TO LONDON, AND FURTHER IMPROVE HIS IMAGE AT HOME. AGAIN THE MOST IMPORTANT THING FOR HIM WILL BE THAT THE PRIME MINISTER HAS VISITED KOREA: SHE CAN BE SURE THAT SHE WILL RECEIVE A WARM WELCOME. THE PRESIDENT IS UNLIKELY TO HAVE ANY NEW SPECIFIC OBJECTIVES, BUT HE WILL HOPE, I THINK, THAT DIRECT EXPERIENCE OF KOREA'S STRATEGIC SITUATION AND OF THE PROXIMITY OF THE HOSTILE NORTH WILL STRENGTHEN THE SUPPORT WHICH BRITAIN IS PREPARED TO GIVE TO KOREA ON THE INTERNATIONAL STAGE.

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PRIME MINISTER

VISIT TO KOREA

There will be little new to say to President Chun, given that you have seen him so recently, and we have therefore allowed relatively little time in the programme for talks. The main importance lies in the fact of the visit, both to Korea itself and in particular to the Gloster Valley and Panminjan. We are hoping for extensive press and TV coverage.

The main events of the programme are ceremonial, but there will be two sessions of talks: half-an-hour with the Prime Minister and three-quarters of an hour with the President. You will want to use these to reiterate:

- our continued support for Korea;
- our recognition of the threat from the North and the consequences of this for the internal situation in South Korea;
- our encouragement to the President to continue on the course of democratisation on which he has embarked;
- our support for Korean membership of the United Nations.

More specific points which you will want to pursue are:

- the need to press ahead with liberalisation of the Korean domestic market;
- to clinch the Marconi/Ferranti naval pre-control system contract;
- to maintain pressure on the Koreans to legislate soon to provide adequate copyright and patent protection;
- to press our interest in seeing a UK consortium obtain a

B.R.

CONFIDENTIAL

- 2 -

share of World Bank funds to promote Science and Technology Training;

- to urge lifting of discrimination against foreign banks;

A potentially tricky part of the visit will be the press conference immediately after you have seen the President. I expect that the British press will press you hard on human rights and whether you raised the matter with the President. Your line might be that in a divided country such as Korea where the Republic faces a very real direct threat from the North, there obviously has to be particular attention to security; but that progress is being made towards liberal democratic institutions and that you encouraged the President to continue this; and that you are looking forward to meeting a number of opposition leaders.

You are also likely to be asked what assurances you received on copyright and patent law.

I attach the briefs and some cards, as well as the record of your last meeting with President Chun. I suggest that you read these on the aircraft. There are no particular points which need to be pursued at the briefing meeting.

CDP

CDP

30 April 1986

VC4AGV

CONFIDENTIAL



10 DOWNING STREET

From the Private Secretary

29 April 1986

VISIT TO KOREA: SPEECHES

Thank you for your letter of 29 April proposing two amendments. I have accepted the first but not the second which was specifically rejected by the Prime Minister.

I would indeed be grateful if the text could be sent to Seoul immediately for translation in time for the Prime Minister's arrival. I hope some effort will be made to produce presentable texts for circulation at the President's banquet at least.

Charles Powell

Colin Budd Esq
Foreign and Commonwealth Office.

A handwritten signature in the bottom right corner of the page.



Foreign and Commonwealth Office

London SW1A 2AH

29 April 1986

Dear Charles,

Visit to Korea: Speeches

Your letter of 28 April to Robert Culshaw enclosing texts of the Prime Minister's speeches in Korea appears to have crossed with our letter of the same date - enclosing somewhat different texts, although of course also based on Mr Spreckley's original telegrams.

You may wish to consider making two changes in the text of the State Dinner speech:

- (a) The passage (your page 9) which "welcomes" Korean plans to legislate on copying. The DTI would prefer the text suggested in our letter, ie "We have an interest in the success of your plans". (They are far from certain that Korean legislation will give our people the protection they need).
- (b) The addition of the sentence "We also look forward to the day when other Korean companies come forward to join the solitary Korean investor in Britain". This was a point stressed by the Secretary of State for Wales during his recent Korean visit.

Your letter asked for 100 copies in Korean by 1 May. This, I fear, is not feasible in London but we can arrange for the text, once agreed, to be translated in Seoul in time for the Prime Minister's arrival. Will that fit the bill?

Yours ever,

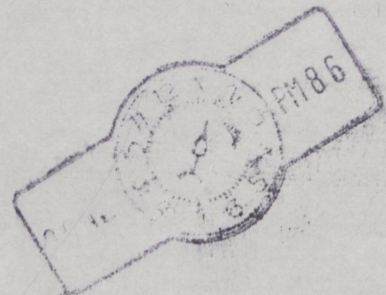
Colin Budd

(C R Budd)
Private Secretary

C D Powell Esq
PS/10 Downing Street

Foreign and Commonwealth Office

London SW1A 2AH





cc PC

Foreign and Commonwealth Office

London SW1A 2AH

28 April 1986

Dear Mike

NO

Prime Minister's Visit to Korea

/ I enclose replies to the Yonhap News Agency questions
/ enclosed with your letter of 22 April. Perhaps I can also
take this opportunity of forwarding a collection of background
material on Korea which you might wish to make available to the
press party on the Prime Minister's aircraft.

John [unclear]

R N Culshaw

(R N Culshaw)
Private Secretary

M Horne Esq
Press Office
10 Downing Street

A1. Britain and the Republic of Korea have been friends for a very long time - more than 100 years. However, for reasons of history and geography Korea's closest contacts in the past have been with the USA and Japan. I see the exchange of high level visits as bringing relations between our two countries into a modern close relationship reflecting the greater ease of modern communications and the determination on both sides to develop our relations across a broad range of areas.

A2. I would assess our present relationship as being that of two old friends whose friendship is changing - in a positive and deeper sense.

I well remember, as a young woman, the news coming back to Britain of that terrible episode, the Korean War, in which our soldiers fought with yours. Since the 60s a new Republic of Korea has emerged with a pace of economic development which has greatly impressed many of us. I believe that Korea and Britain now see themselves as partners in an increasingly important relationship.

A3. Moving on from my answer to your last question, we have a lot to offer each other. Korean management technique has an excellent reputation; we produce the sort of advanced technology Korea will need for the

future. You use the word "obstacles". I don't think that this is a word for use between friends. Certainly there are some mutual problems - liberalisation of your domestic market for example, - but with the goodwill that exists on both sides these can, I am sure, be resolved.

A4. I agree. The Korean peninsula occupies a crucial geo-political position. It was the site of a bloody war which involved soldiers from major powers. The fact that fighting has not taken place for a generation should not obscure this fact.

A5. I understand your concerns. Whatever the intentions of the North Koreans may be, I am sure it is wise for the ROK and UN Command Forces to maintain their alertness. But equally, we must work for peace. The maintenance of peace in the peninsula is a matter for all concerned, including the Soviet Union.

A6. As you may know, at the opening of the UN General Assembly last year the United Kingdom spoke in favour of the Korean people being represented in the United Nations. This remains our position. The United Kingdom has no plans to recognise North Korea.

A7. I can certainly give you my view on what some of Korea's neighbours should do. I mentioned earlier my perception of the Soviet Union's interest in the maintenance of peace in the peninsula. China also, I think, has such an interest. Both countries should, and I hope are, using their links with North Korea to urge a peaceful resolution of the Korean problem.

A8. The United Kingdom has consistently supported dialogue between Koreans ^{as} ~~and~~ the means of seeking a solution to their longstanding problems. President Chun has long been a proponent of such a dialogue. I do not think that it is for me to suggest how the dialogue should be managed: the important thing is that it should continue and that the North should respond positively.

A9. Obviously the stability of the Republic of Korea is one of the prerequisites for the maintenance of peace. But stability does not imply lack of movement, and Korea's friends have welcomed the moves which have been made, in the face of considerable difficulties, towards full democracy in Korea.

A10. I know that the change of leaders has proved a difficult process for Korea in the past. When the

President was in London I took the opportunity of wishing him well in his determination to continue a stable constitution.

All. Within a global trading framework there are dangers in depending on too limited sources of supply. I am very pleased that the Korean Government has recognised that Europe has much to offer Korea: we now need to work together to deepen our knowledge of each other's strengths and to develop contacts of mutual benefit. The recent visit to Britain by the President and his Ministers and so many senior Korean businessmen made a most valuable contribution and I know that our businessmen are keen to follow up contacts and develop new ones in Korea. The Korean trade and investment mission planned for September will be followed, I hope, by many others in both directions.

A12. Britain and Korea are clearly agreed that we should work to strengthen the economic relationship between our countries. In trade there is scope for considerable growth and we hope to see the present volume of trade double by the 1990's. There are a number of sectors, such as automotive and marine equipment and chemicals, in which the UK has very much to sell of what Korea wishes

to buy. As I have already said, there is great potential for developing closer industrial co-operation between companies. The Science and Technology Agreement recently concluded between our governments will provide further stimulus for commercially beneficial projects. I hope also to see greater investment develop in both directions in manufacturing, and also British investment in services as the financial markets in Korea develop.

A13. We are very concerned that the balance of trade has for so long been running at about 2 to 1 in Korea's favour. For this deficit to be reduced British exporters must sell more to Korea. As the recent growth in our exports shows, many UK companies are doing just that. However, they do not find it easy, and many others are discouraged altogether by the difficulties of penetrating the market. The Korean government's programmes for liberalising imports and gradually reducing tariffs should be helpful, but the programmes need to be extended and speeded up. I would also like to be sure that the removal of restrictions on imports, particularly of consumer goods - a key UK interest - is going to be fully effective. I know that the Korean government, like that of the UK, favours a freer world trading system and the removal of protectionist barriers. We look to Korea to

set a good example in opening up its markets in line with the growing strength of your economy.

A14. An old Korean proverb says "What cannot be accomplished when the mind is concentrated". In a remarkably short space of time the people of the Republic of Korea have accomplished wonders. Their future is bright, although not without dangers. In the second century of relations between Britain and Korea I hope that our friendship will blossom and flourish. I look forward eagerly to my visit in May.



10 DOWNING STREET

From the Private Secretary

28 April 1986

Dear Robert,

PRIME MINISTER'S VISIT TO KOREA

I enclose texts approved by the Prime Minister of her speech at the State Banquet and at the Korean Prime Minister's lunch, together with her arrival statement.

I should be grateful if they could be translated into Korean and printed as presentably as possible in one hundred copies for distribution in Korea. The texts will need to reach No.10 not later than 1300 on Thursday, 1 May.

Yours sincerely,

(C. D. POWELL)

Robert Culshaw, Esq.,
Foreign and Commonwealth Office.

OSG



Foreign and Commonwealth Office

London SW1A 2AH

28 April 1986

Dear Charles

Prime Minister's Visit to the Republic
of Korea, 2-4 May 1986

In a separate letter I have sent you briefing and background material for the Prime Minister's visit to Korea at the beginning of next month. You will recall that when President Chun was here he and the Prime Minister made short speeches at the dinner which Mrs Thatcher gave at No. 10. The Koreans hope that the same procedure will be repeated at the President's dinner for Mrs Thatcher in Seoul. Again, in accordance with Korean custom, they would like to have the texts agreed in advance and exchanged so that they can be translated. They would also hope to release them to the press after the event.

The Koreans hope that the same procedure would be repeated, with rather shorter speeches, at the lunch which Prime Minister Lho Shin Yong will host for the Prime Minister.

The Embassy have prepared drafts which, subject to some minor alterations, I am enclosing for your consideration. Because of the need for publication, and given the Korean temperament, they are perhaps a bit prosaic, but we are confident that they will give pleasure to the Koreans.

If the Prime Minister agrees, it would be most helpful if we might authorise the Ambassador to pass the texts to the Koreans in the first half of this week so that the process of translation and printing may be set in hand in advance of the Prime Minister's arrival in Korea.

You have already received with the main briefing and background material a draft statement to be issued in advance of Mrs Thatcher's arrival in Korea with an embargo for publication to co-incide with her arrival time. I enclose a further copy. May we authorise the Ambassador to set the arrangements in hand?

Yours ever

(R N Culshaw)
Private Secretary



SPEECH AT THE PRIME MINISTER'S LUNCH AT MIDDAY ON 3 MAY

Prime Minister, Your Excellencies, Ladies and Gentlemen. I am most grateful to you and Mrs Lho for your very warm welcome and for your hospitality today.

This is an historic occasion. My brief remarks today are the first to be pronounced by a British Prime Minister on Korean soil. Given all that has passed in our relationship, which is now entering upon its second hundred years, we have perhaps left this rather late. But now, with the first visit which the President of the Republic has just paid to London, we have been doing some rapid catching up.

The foundations for our modern relationship were laid in the testing years of the Korean war, when our soldiers fought side by side in the defence of freedom. I look forward to tomorrow to visiting the United Nations Cemetery in Pusan where those who died in this cause are buried, and to honouring their memory, just as this morning I honoured the Korean dead at the National Cemetery.

The struggle, Prime Minister, is not yet over. Both our countries have to be vigilant. In the talks that I had with the President in London and here, and with yourself this morning, I found that there was a considerable identity of view between us. I hope that we

/will be able



will be able to help you by sharing industrial and indeed defence related technology. I have much welcomed this double opportunity to exchange opinions, and to bring our two countries closer together. I hope that we will now be able to take our dialogue forward so as to build up a wide range of contacts and cooperation.

We have a lot to offer each other in the economic and commercial fields, but we have more basic work to do if we are to make the most of the opportunities. We need to know more about each other. We much welcome the start that has been made in this area. Your own family provides an excellent example in your son who is studying at Oxford, my own university. I hope that your plans for the training of post-doctoral students will mean that we see many more of your young people in Britain.

Through the Embassy and the British Council we will do all that we can to help. In the other direction there is a clear need to improve the knowledge of Korea in Britain. We both know that there is a limit to what Governments can do in this regard. Our funds are limited. We must therefore look to the private sector to play an active role. If we are right, and I am sure that we are, in forecasting steadily growing trade between the two countries, we can expect the businesses which are

/going



going to profit from this to consider putting some of their investment into the future, and into people as well as plant.

My Prime Minister, I shall shortly have to leave to go to the DMZ and to the scene of one of the great battles of the Korean war. It shows how our links are of the past and of the future. Our task is to make them full, and beneficial to both our peoples. I hope that my visit here will, like that of the President to London, make an important contribution to this.

Prime Minister, thank you most warmly for your hospitality and for making me feel so welcome here. May I now ask you all to drink to the health of the President of the Republic and to the second hundred years of Korean/British relations.



SPEECH AT THE STATE DINNER ON THE EVENING OF 3 MAY

Mr President, Your Excellencies, Ladies and Gentlemen. I would like first to thank you, Mr President, and Mrs Chun most warmly for the welcome which has been extended to me here in Korea and for your generous hospitality tonight. It is unusual for the first exchange of visits between Heads of Government to take place within the space of one month, but I find that the arrangement has much to commend it. It allowed us, this morning, to continue the very interesting talk which we had when your Excellency visited London, and to develop some of the themes which emerged from it.

Even on a visit as brief as this, I can see clearly what immense success the Korean people have had in rebuilding the country after the ravages of war only 35 years ago. This is an achievement which we greatly admire.

You were accompanied in London, Mr President, by a large number of Ministers, officials and businessmen, who used the occasion to strengthen their links with their British counterparts. I see many of them around these tables tonight. I hope that they returned with the conviction that there were considerable possibilities for cooperation between our two countries.

/Both



Both our countries live by trade, and both must therefore resist and fight the temptations of protectionism. This is something on which there was a measure of agreement between us in London. Korean businessmen find a very open, and indeed profitable, market for their goods in Britain: British exporters look forward to finding the same in Korea in the very near future.

But our cooperation has to go much wider than that. We should encourage a marriage between British technology and Korean manufacturing skills to produce for the markets of the world. I am confident that with time and hard work these can develop to considerable mutual benefit.

In this area, of course, Governments cannot usurp the place of business. Companies have to make their own decisions based on what they see as their best commercial interest. However, Governments can help the businessmen's task by making available the necessary information and by creating the conditions likely to foster investment. The businessman, before he decides on an investment or a licencing arrangement, needs to know very clearly what the prospects are. He has to be assured that, whatever the uncertainties might be, the host government is not going to add to them. And he, and

/indeed



indeed his Korean partner, want to be sure that their product is going to be protected against copying. It is for this reason that we have an interest in the success of your plans to legislate on this question next year.

We also look forward to the day when other Korean companies come forward to join the solitary Korean investor in Britain. Access to the market of the world's largest trading bloc, the European Community, must be a prime objective of Korea. To achieve this by working from within, free of the fear of protectionism, is an attractive prospect. I think too that your managers will find it easier to work in English, which is, I understand, taught as the first foreign language in the schools. We greatly admire the efforts which are being made to improve the level of English spoken in Korea, especially with the Olympic Games in view. We shall, through the British Council, do all we can to help.

The prosperity which you have already achieved, that which you hope to attain over the next few years, and these hopes of cooperation between our two countries, all depend on the maintenance of peace and security. We, like you, have long understood the importance of being strong and ready to meet an aggressor if we want to deter

/his



his attack. We, like you, spend over 5% of our GNP on defence: but we see it as the price which has to be paid for freedom.

This afternoon I had a glimpse of the threat which you face and of the resolution with which you and your allies are meeting it. In our discussions, Mr President, we have, I think, established a considerable identity of view on the dangers which surround us, and I am very glad to have seen for myself why security is - has to be - a matter of such overwhelming importance to you. The most painful aspect of the division of the country along that cruel line is that those people to the north with their massed troops and weapons, are the same people, of the same blood as yourselves, perhaps even related to some of you around these tables. We support your efforts to open up some sort of dialogue across the line. The future of the Korean Peninsula is something for Koreans to deliberate. We hope that your contacts with the North will before long provide a means by which decisions can be taken.

Your military preparedness, and your readiness to talk to those who threaten you, provide the guarantees of your freedom, freedom under which the Republic of Korea can and will become a modern industrialised state. Freedom also to build up that essential concomitant of



an advanced country, a society based on the rule of law, on equality and on the freedom of expression. I recognise the efforts which you are making to create such a society. As we know from our long history, this is not an easy task - but it is a vital one.

We have known each other, Korea and Britain, for one hundred years. This period has included for both of us good times and bad. Since the end of the Second World War we have stood by the Republic of Korea on the battlefield and on the world stage. I look forward to seeing more of your industrial development tomorrow morning. From what I have seen of this great city today, I can tell that you have made immense strides over the last forty years. I venture to say that over the last few weeks, we have made immense strides in the development of our century old relationship. We have got to know each other much better. We must now redouble our efforts to know each other even better.

I am sure that you will agree with me, however, when I say that Governments cannot do everything in this field. we must look to the private sector to play its part. I hope that you will join with me in urging them to do so. And in 1988 sportsmen from both our countries look forward to meeting each other in friendly rivalry on the sports field.

/May I



May I thank you again, Mr President, for your welcome. May I thank you for visiting my country, and for making me feeling so much at home in yours. May I thank you and Mrs Chun for your hospitality tonight. And may I invite you all to rise with me and drink to the health of President Chun Doo Hwan, of Mrs Chun, and to friendship between Great Britain and the Republic of Korea.



PRESS LINE

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

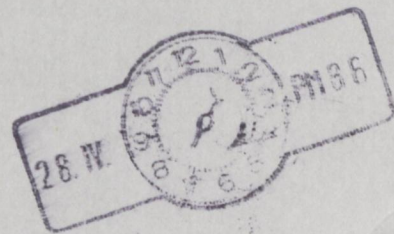
"I am very pleased to have this opportunity to visit the Republic of Korea, and I am particularly honoured to be the first British Prime Minister to do so.

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

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

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

A press conference is also being arranged.



PRIME MINISTER

SPEECHES IN KOREA

You will have two short speeches to make in Korea, together with an arrival statement.

I attach drafts for:

- a. speech at the President's State banquet in your honour; ✓ *SBTAAW*
- b. speech at the Prime Minister's lunch; ✓ *SP2AA X*
- c. arrival statement. ✓ *SP2AA4*

It would be very helpful if you could approve texts now (we can always add some flourishes) so that we can get them translated into Korean for distribution.

C.D.P.

Do they want such a long 'State' speech? I have tried to shorten it a little. mb

(C. D. POWELL)

26 April 1986

SPEECH AT THE STATE DINNER ON THE EVENING OF 3 MAY

MR. PRESIDENT, YOUR EXCELLENCIES, LADIES AND GENTLEMEN.

I WOULD LIKE FIRST TO THANK YOU, MR. PRESIDENT, AND MRS. CHUN MOST WARMLY FOR THE WELCOME WHICH HAS BEEN EXTENDED TO ME HERE IN KOREA AND FOR YOUR GENEROUS HOSPITALITY TONIGHT.

THERE CAN BE FEW PREVIOUS EXAMPLES WHERE ONE HEAD OF GOVERNMENT HAS CARRIED OUT A RETURN VISIT SO QUICKLY.

BUT THAT ONLY UNDERLINES THE VERY GREAT IMPORTANCE WHICH WE IN BRITAIN ATTACH TO OUR RELATIONS WITH THE REPUBLIC OF KOREA, AND OUR DETERMINATION TO GIVE THOSE RELATIONS MORE SUBSTANCE IN EVERY FIELD.

THE ARRANGEMENT ALSO HAS THE ADVANTAGE OF ALLOWING US, THIS MORNING, TO CONTINUE THE VERY INTERESTING TALK WHICH WE HAD WHEN YOU, MR. PRESIDENT, ^{made such a successful} VISITED ^{to} LONDON, AND TO DEVELOP SOME OF THE THEMES WHICH EMERGED FROM IT.

AT THE SAME TIME I HAVE BEEN ABLE TO GAIN AN IMPRESSION, TO WHICH I SHALL BE ABLE TO ADD TOMORROW, OF YOUR COUNTRY. EVEN ON A VISIT AS BRIEF AS THIS, ONE CAN SEE CLEARLY WHAT IMMENSE SUCCESS THE KOREAN PEOPLE HAVE HAD IN REBUILDING THE COUNTRY AFTER THE RAVAGES OF WAR ONLY 35 YEARS AGO.

THIS IS AN ACHIEVEMENT WHICH WE IN BRITAIN GREATLY ADMIRE.

B. R.

YOU WERE ACCOMPANIED IN LONDON, MR. PRESIDENT, BY A LARGE NUMBER OF MINISTERS, OFFICIALS AND BUSINESSMEN, WHO USED THE OCCASION TO STRENGTHEN THEIR LINKS WITH THEIR BRITISH COUNTERPARTS.

I SEE MANY OF THEM AROUND THESE TABLES TONIGHT. I HOPE THAT THEY RETURNED WITH THE CONVICTION THAT THERE WERE CONSIDERABLE POSSIBILITIES FOR COOPERATION BETWEEN OUR TWO COUNTRIES.

BOTH OUR COUNTRIES LIVE BY TRADE, AND BOTH MUST THEREFORE RESIST AND FIGHT THE TEMPTATIONS OF PROTECTIONISM. THIS IS SOMETHING ON WHICH THERE WAS CLEAR AGREEMENT BETWEEN US IN LONDON.

KOREAN BUSINESSMEN FIND A VERY OPEN AND PROFITABLE MARKET FOR THEIR GOODS IN BRITAIN: BRITISH EXPORTERS LOOK FORWARD TO FINDING THE SAME IN KOREA.

BUT OUR COOPERATION HAS TO GO MUCH WIDER THAN THAT.

WE SHOULD ENCOURAGE A MARRIAGE BETWEEN BRITISH TECHNOLOGY AND KOREAN MANUFACTURING SKILLS TO PRODUCE FOR THE MARKETS OF THE WORLD.

IN THIS AREA, OF COURSE, GOVERNMENTS CANNOT USURP THE PLACE OF BUSINESS.

COMPANIES HAVE TO MAKE THEIR OWN DECISIONS BASED ON WHAT THEY SEE AS THEIR BEST COMMERCIAL INTEREST. HOWEVER, GOVERNMENTS CAN HELP THE BUSINESSMAN'S TASK BY MAKING AVAILABLE THE NECESSARY INFORMATION AND BY CREATING THE CONDITIONS WHICH ARE LIKELY TO FOSTER INVESTMENT.

~~THE BUSINESSMAN, BEFORE HE DECIDES ON AN INVESTMENT OR A LICENCING ARRANGEMENT, NEEDS TO KNOW VERY CLEARLY WHAT THE PROSPECTS ARE.~~

~~HE HAS TO BE ASSURED THAT, WHATEVER THE UNCERTAINTIES MIGHT BE, THE HOST GOVERNMENT IS NOT GOING TO ADD TO THEM.~~

The business man ~~AND HE, AND INDEED HIS KOREAN PARTNER, WANT TO BE SURE THAT THEIR PRODUCT IS GOING TO BE PROTECTED AGAINST COPYING.~~

IT IS FOR THIS REASON THAT WE WELCOME YOUR PLANS TO LEGISLATE ON THIS QUESTION NEXT YEAR.

WE ALSO LOOK FORWARD TO THE DAY WHEN OTHER KOREAN COMPANIES COME FORWARD TO JOIN THE SOLITARY KOREAN INVESTOR IN BRITAIN.

ACCESS TO THE MARKET OF THE WORLD'S LARGEST TRADING BLOC, THE EUROPEAN COMMUNITY, MUST BE A PRIME OBJECTIVE OF KOREA, AND TO ACHIEVE THIS BY WORKING FROM WITHIN, FREE OF ANY FEAR OF PROTECTIONISM, IS AN ATTRACTIVE PROSPECT. I THINK TOO THAT YOUR MANAGERS WOULD FIND IT EASIER TO WORK IN ENGLISH, WHICH IS, I UNDERSTAND, TAUGHT AS THE FIRST FOREIGN LANGUAGE IN THE SCHOOLS.

WE GREATLY ADMIRE THE EFFORTS WHICH ARE BEING MADE TO IMPROVE THE LEVEL OF ENGLISH SPOKEN IN KOREA, ESPECIALLY WITH THE OLYMPIC GAMES IN VIEW, AND WE SHALL, THROUGH THE BRITISH COUNCIL, DO ALL WE CAN TO HELP.

THE PROSPERITY WHICH YOU HAVE ALREADY ACHIEVED, THAT WHICH YOU HOPE TO ATTAIN OVER THE NEXT FEW YEARS, THESE

HOPES OF COOPERATION BETWEEN OUR TWO COUNTRIES,
ALL DEPEND ON THE MAINTENANCE OF PEACE AND SECURITY.
WE, LIKE YOU, HAVE LONG UNDERSTOOD THE IMPORTANCE OF
BEING STRONG AND READY TO MEET AN AGGRESSOR IF WE
WANT TO DETER HIS ATTACK.
WE, LIKE YOU, SPEND OVER 5% OF OUR GNP ON DEFENCE.
WE SEE IT AS THE PRICE WHICH HAS TO BE PAID FOR FREEDOM.

THIS AFTERNOON I HAD A GLIMPSE OF THE THREAT WHICH YOU FACE
AND OF THE RESOLUTION WITH WHICH YOU AND YOUR ALLIES
ARE MEETING IT.

IN OUR DISCUSSIONS, MR. PRESIDENT, WE HAVE, I THINK,
ESTABLISHED A CONSIDERABLE IDENTITY OF VIEW ON THE
DANGERS WHICH SURROUND US, AND I AM VERY GLAD TO HAVE
SEEN FOR MYSELF WHY SECURITY IS - HAS TO BE - A MATTER
OF SUCH OVERWHELMING IMPORTANCE TO YOU.

THE MOST PAINFUL ASPECT OF THE DIVISION OF THE COUNTRY ALONG
THAT CRUEL LINE IS THAT THOSE PEOPLE TO THE NORTH
WITH THEIR MASSED TROOPS AND WEAPONS, ARE THE SAME
PEOPLE, OF THE SAME BLOOD AS YOURSELVES, PERHAPS
EVEN RELATED TO SOME OF YOU ROUND THESE TABLES.
WE SUPPORT YOUR EFFORTS TO OPEN UP SOME SORT OF DIALOGUE
ACROSS THE LINE, AND HOPE THAT THEY WILL NOT ALWAYS
MEET WITH THE INTRANSIGENCE WHICH WE HAVE SEEN SO FAR.
WE MAINTAIN THAT THE FUTURE OF THE KOREAN PENINSULA
IS SOMETHING FOR KOREANS TO DECIDE AND WE HOPE THAT
YOUR CONTACTS WITH THE NORTH WILL BEFORE LONG PROVIDE
A MEANS BY WHICH DECISIONS CAN BE TAKEN.

YOUR MILITARY PREPAREDNESS, AND YOUR READINESS TO TALK TO THOSE WHO THREATEN YOU, PROVIDE THE GUARANTEES OF YOUR FREEDOM, FREEDOM UNDER WHICH THE REPUBLIC OF KOREA CAN AND WILL BECOME A MODERN INDUSTRIALIZED STATE, FREEDOM ALSO TO BUILD UP A SOCIETY BASED ON THE RULE OF LAW, AND ON THE FREEDOM OF EXPRESSION, I RECOGNISE THE EFFORTS WHICH YOU ARE MAKING TO CREATE SUCH A SOCIETY *AND WISH YOU WELL IN THEM.*

MR. PRESIDENT, WHEN I HAVE COMPLETED MY VISIT TO YOUR COUNTRY, I SHALL BE ATTENDING THE ECONOMIC SUMMIT IN TOKYO ~~WITH LEADERS OF THE OTHER MAIN INDUSTRIALIZED COUNTRIES.~~ WE SHALL BE DEALING THERE WITH ISSUES OF CONCERN TO THE WELCOME OF BOTH OUR COUNTRIES: THE NEED TO CONTINUE PRUDENT *financial* ~~POLICIES WHICH HAVE BROUGHT SUSTAINED ECONOMIC GROWTH: THE LAUNCHING OF A NEW ROUND OF MULTILATERAL~~ TRADE NEGOTIATIONS: RELATIONS BETWEEN EAST AND WEST: AND ABOVE ALL CONCERTED ACTION TO DEAL WITH THE STATE-SPONSORED TERRORISM FROM WHICH YOUR COUNTRY TOO HAS SUFFERED. I AM VERY GLAD, MR. PRESIDENT, TO HAVE HAD THIS OPPORTUNITY TO CONSULT WITH YOU BEFORE GOING TO THIS VITALLY IMPORTANT MEETING.

OUR COUNTRIES HAVE KNOWN EACH OTHER, MR. PRESIDENT, FOR ONE HUNDRED YEARS. SINCE THE END OF THE SECOND WORLD WAR, WE HAVE STOOD BY THE REPUBLIC OF KOREA ON THE BATTLEFIELD AND ON THE WORLD STAGE. I VENTURE TO SAY THAT OVER THE LAST FEW WEEKS, WE HAVE

MADE IMMENSE STRIDES IN THE DEVELOPMENT OF OUR CENTURY OLD RELATIONSHIP.

~~WE HAVE GOT TO KNOW EACH OTHER MUCH BETTER.~~

~~TWO COUNTRIES SO FAR APART GEOGRAPHICALLY HAVE TO WORK HARD TO UNDERSTAND EACH OTHER, PARTICULARLY WHEN THEY HAVE SUCH DIFFERENT CULTURAL BACKGROUNDS.)~~

MAY I ASSURE YOU, MR. PRESIDENT, THAT MY GOVERNMENT

~~WILL DO ALL IT CAN TO ASSIST IN THIS, THAT ^{CONTINUE} ~~WILL~~ ^{CONTINUE} ~~DOES~~ TO BRING OUR TWO COUNTRIES CLOSER~~

~~I AM SURE THAT YOU WILL AGREE WITH ME, HOWEVER, WHEN I SAY~~

~~THAT GOVERNMENTS CANNOT DO EVERYTHING IN THIS FIELD.~~

~~WE MUST LOOK TO THE PRIVATE SECTOR TO PLAY ITS PART.~~

~~I HOPE THAT YOU WILL JOIN WITH ME IN URGING THEM TO DO SO.~~

~~MAY I THANK YOU AGAIN, MR. PRESIDENT, FOR YOUR WELCOME.~~

~~MAY I THANK YOU FOR VISITING MY COUNTRY, AND FOR MAKING ME FEEL SO MUCH AT HOME IN YOURS.~~

~~MAY I THANK YOU AND MRS. CHUN FOR YOUR HOSPITALITY TONIGHT.~~

AND ~~MAY~~ I INVITE YOU ALL TO RISE WITH ME AND DRINK TO THE HEALTH OF PRESIDENT CHUN DOO-WHEN, OF MRS CHUN, AND TO FRIENDSHIP BETWEEN GREAT BRITAIN AND THE REPUBLIC OF KOREA.

WILL DO ALL THAT IT CAN TO ENSURE THAT THE MOMENTUM IS KEPT UP.

SPEECH AT THE PRIME MINISTER'S LUNCH AT MIDDAY ON 3 MAY

PRIME MINISTER, YOUR EXCELLENCIES, LADIES AND GENTLEMEN.

I AM MOST GRATEFUL TO YOU AND MRS. LHO FOR YOUR VERY WARM WELCOME AND FOR YOUR HOSPITALITY TODAY.

THIS IS AN HISTORIC OCCASION.

MY BRIEF REMARKS TODAY ARE THE FIRST TO BE PRONOUNCED BY A BRITISH PRIME MINISTER ON KOREAN SOIL.

GIVEN ALL THAT HAS PASSED IN OUR RELATIONSHIP, WHICH IS NOW ENTERING UPON ITS SECOND HUNDRED YEARS, WE HAVE PERHAPS LEFT THIS RATHER LATE.

BUT NOW, WITH THE FIRST VISIT WHICH THE PRESIDENT OF THE REPUBLIC HAS JUST PAID TO LONDON, WE HAVE BEEN DOING SOME RAPID CATCHING UP.

THE FOUNDATIONS FOR OUR MODERN RELATIONSHIP WERE LAID IN THE TESTING YEARS OF THE KOREAN WAR, WHEN OUR SOLDIERS FOUGHT SIDE BY SIDE IN THE DEFENCE OF FREEDOM. I LOOK FORWARD TOMORROW TO VISITING THE UNITED NATIONS CEMETERY IN PUSAN WHERE THOSE WHO DIED IN THIS CAUSE ARE BURIED, AND TO HONOURING THEIR MEMORY, JUST AS THIS MORNING I HONOURED THE KOREAN DEAD AT THE NATIONAL CEMETERY.

THE STRUGGLE, PRIME MINISTER, IS NOT YET OVER.

BOTH OUR COUNTRIES HAVE TO BE VIGILANT.

IN THE TALKS THAT I HAD WITH THE PRESIDENT IN LONDON AND HERE, AND WITH YOURSELF THIS MORNING, I FOUND THAT OUR VIEWS ON THESE PROBLEMS WERE VERY CLOSE.

I HOPE THAT WE SHALL NOW BE ABLE TO TAKE OUR DIALOGUE

FORWARD SO AS TO BUILD UP A WIDE RANGE OF CONTACTS AND COOPERATION.

WE HAVE A LOT TO OFFER EACH OTHER IN THE ECONOMIC AND COMMERCIAL FIELDS, BUT WE HAVE MORE BASIC WORK TO DO IF WE ARE TO EXPLOIT THE OPPORTUNITIES FULLY.

WE NEED TO KNOW MORE ABOUT EACH OTHER.

TO ACHIEVE THIS, MORE EXCHANGES, ESPECIALLY AT THE UNIVERSITY LEVEL, ARE NECESSARY.

WE MUST WELCOME THE START THAT HAS BEEN MADE IN THIS AREA.

YOUR OWN FAMILY PROVIDES AN EXCELLENT EXAMPLE IN YOUR SON WHO IS STUDYING AT OXFORD, MY OWN UNIVERSITY.

I HOPE THAT YOUR PLANS FOR THE TRAINING OF POST- DOCTORAL STUDENTS WILL MEAN THAT WE SEE MANY MORE OF YOUR YOUNG PEOPLE IN BRITAIN.

THROUGH THE EMBASSY AND THE BRITISH COUNCIL, WE SHALL DO ALL THAT WE CAN TO HELP.

IN THE OTHER DIRECTION THERE IS A CLEAR NEED TO IMPROVE THE KNOWLEDGE OF KOREA IN BRITAIN.

WE BOTH KNOW THAT THERE IS A LIMIT TO WHAT GOVERNMENTS CAN DO IN THIS REGARD.

OUR FUNDS ARE LIMITED.

WE MUST THEREFORE LOOK TO THE PRIVATE SECTOR TO PLAY AN ACTIVE ROLE.

IF WE ARE RIGHT, AND I AM SURE THAT WE ARE, IN FORECASTING STEADILY GROWING TRADE BETWEEN THE TWO COUNTRIES, WE CAN EXPECT THE BUSINESSES WHICH ARE GOING TO PROFIT FROM THIS TO CONSIDER PUTTING SOME OF THEIR INVESTMENT INTO THE FUTURE, AND INTO PEOPLE AS WELL AS PLANT.

MR. PRIME MINISTER, MY PROGRAMME TELLS ME THAT I MUST NOW LEAVE TO GO TO THE DMZ AND TO THE SCENE OF ONE OF THE GREAT BATTLES OF THE KOREAN WAR.

IT WILL REMIND ME HOW CLOSELY BRITAIN AND KOREA HAVE STOOD TOGETHER IN THE PAST.

I HOPE THAT MY VISIT HERE WILL, LIKE THAT OF THE PRESIDENT TO LONDON, HELP CONTINUE AND INCREASE THAT SPIRIT OF COOPERATION AND OF WORKING TOGETHER FOR THE IDEALS WHICH WE SHARE IN THE FUTURE.

THE REPUBLIC OF KOREA HAS A TRUE FRIEND IN GREAT BRITAIN. WE LOOK FORWARD TO SEEING THAT FRIENDSHIP EXPRESSED IN PRACTICAL WAYS ACROSS EVERY ASPECT OF OUR RELATIONS.

PRIME MINISTER, THANK YOU MOST WARMLY FOR YOUR HOSPITALITY AND FOR MAKING ME FEEL SO WELCOME HERE.

MAY I NOW ASK YOU ALL TO DRINK TO THE HEALTH OF THE PRESIDENT OF THE REPUBLIC AND TO THE SECOND HUNDRED YEARS OF KOREA/BRITISH RELATIONS.

E. R.

ARRIVAL STATEMENT

I AM VERY PLEASSED TO HAVE THIS OPPORTUNITY TO VISIT THE REPUBLIC OF KOREA, AND I AM PARTICULARLY HONOURED TO BE THE FIRST BRITISH PRIME MINISTER TO DO SO.

THE VERY FULL AND INTERESTING DISCUSSION WHICH I HAD WITH THE PRESIDENT OF THE REPUBLIC, DURING THE VERY SUCCESSFUL VISIT WHICH HE AND MRS. CHUN PAID TO LONDON LAST MONTH, MEANS THAT I LOOK FORWARD KEENLY TO SEEING AS MUCH AS POSSIBLE OF YOUR ENERGETIC AND FORWARD LOOKING COUNTRY. APART FROM VISITING THE DMZ, I SHALL ALSO BE SEEING FIRSTHAND KOREA'S STRIKING INDUSTRIAL PROGRESS.

THE TALKS THAT I SHALL HAVE WITH THE PRESIDENT AND WITH THE PRIME MINISTER WILL ALLOW US TO CONTINUE THE DIALOGUE SO HAPPILY BEGUN IN LONDON.

I HOPE THAT THESE TWO VISITS, WHICH TESTIFY TO THE GOOD RELATIONS BETWEEN OUR TWO COUNTRIES, WILL BE SEEN AS FORMING THE BASIS FROM WHICH WE BUILD A GROWING PARTNERSHIP NOT ONLY IN THE POLITICAL BUT ALSO IN THE COMMERCIAL AND ECONOMIC FIELD.



Foreign and Commonwealth Office

London SW1A 2AH

25 April 1986

Dear Charles,

Prime Minister's Visit to the Republic of Korea

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

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

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

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

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

/Remaining



Remaining issues are:

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

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

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

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

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

Yours ever

Robert Culshaw
(R N Culshaw)
Private Secretary

C D Powell Esq
PS/10 Downing Street



LIST OF BRIEFS

1. Objectives.
2. Background. North/South Dialogue in Korea.
3. UK-ROK Political Relations.
4. UK-ROK Commercial Relations.
5. Press Line - Statement on Arrival.
6. Panmunjom.
7. Gloster Valley.
8. UN Cemetery, Pusan.
9. The ROK Economy.
10. History of UK's Commercial Involvement in ROK.
11. Personality Notes.



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

DRAFT PROGRAMME

Friday 2 May

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

Saturday 3 May

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



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



Sunday 4 May

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



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

Our objectives1. Political

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

2. Commercial

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

Arguments3. Political

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

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

Commercial

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

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



Tactical Arguments

Copyright and Patents.

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

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

Science and Technology.

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

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

Banking, Insurance and Financial Services

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

Scotch Whisky.

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

Nuclear Power Plants: NEI Parsons bidding exclusion

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

Investment

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

ROK Objectives

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

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

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

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



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Our Response

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

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

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

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

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

BACKGROUND: NORTH/SOUTH DIALOGUE IN KOREA

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

a) Trade and Economic Talks

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

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

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

c. Interparliamentary Talks

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

d. Sports Cooperation

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



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

e) Clandestine High Level Meetings

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

Prospects

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



Internal and Human Rights

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

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



Treatment of Animals

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

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

British Council English Language Training Programme

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

ROK Membership of United Nations

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



ANNEX A

UK RESIDUAL COMMITMENTS

UN RESOLUTIONS OF 1950

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

1953 16-NATION DECLARATION

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

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

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



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

BACKGROUND: UK-ROK COMMERCIAL RELATIONS

General

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

Liberalisation

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

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

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

Copyright and Patents

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



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

Science and Technology

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

Banking, insurance and financial services

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



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

Scotch Whisky

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

Nuclear Power Plants: NEI Parsons bidding exclusion.

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

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

Investment

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



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

Air Services

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

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

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

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

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

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



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

Defence Sales

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

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

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

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

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



PRESS LINE

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

Text as follows:

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

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

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

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

A press conference is also being arranged.



PANMUNJOM

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

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

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



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

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

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

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

/forward



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

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

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



GLOSTER VALLEY

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

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

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



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

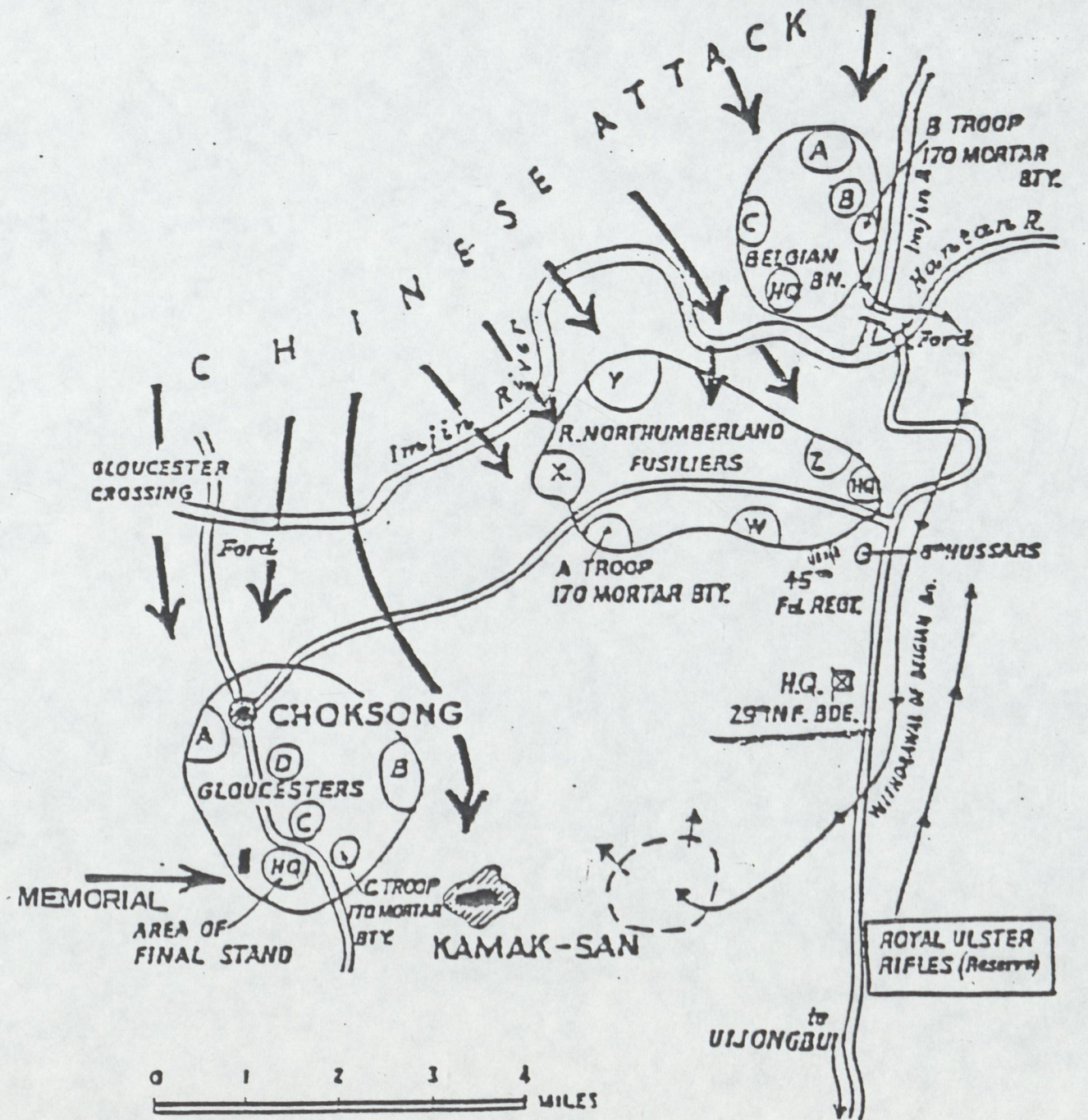
In all, 59 were killed in action, and some 180 seriously wounded. Most of these were among the 526 who were captured, and 34 died as prisoners of war. The Chinese losses were high; in the ROK Ministry of National Defence's history of the war they were estimated at 10,000 killed and wounded out of 27,000.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

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



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

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



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



UNITED NATIONS MEMORIAL CEMETERY, PUSAN

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

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

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



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

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

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

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

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

BACKGROUND: THE ROK ECONOMY

Background

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

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

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

1980-1985: Readjustment

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

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



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

Recent Developments

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

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

The Economic Outlook

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

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

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

Korea in the world trading system

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



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

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

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

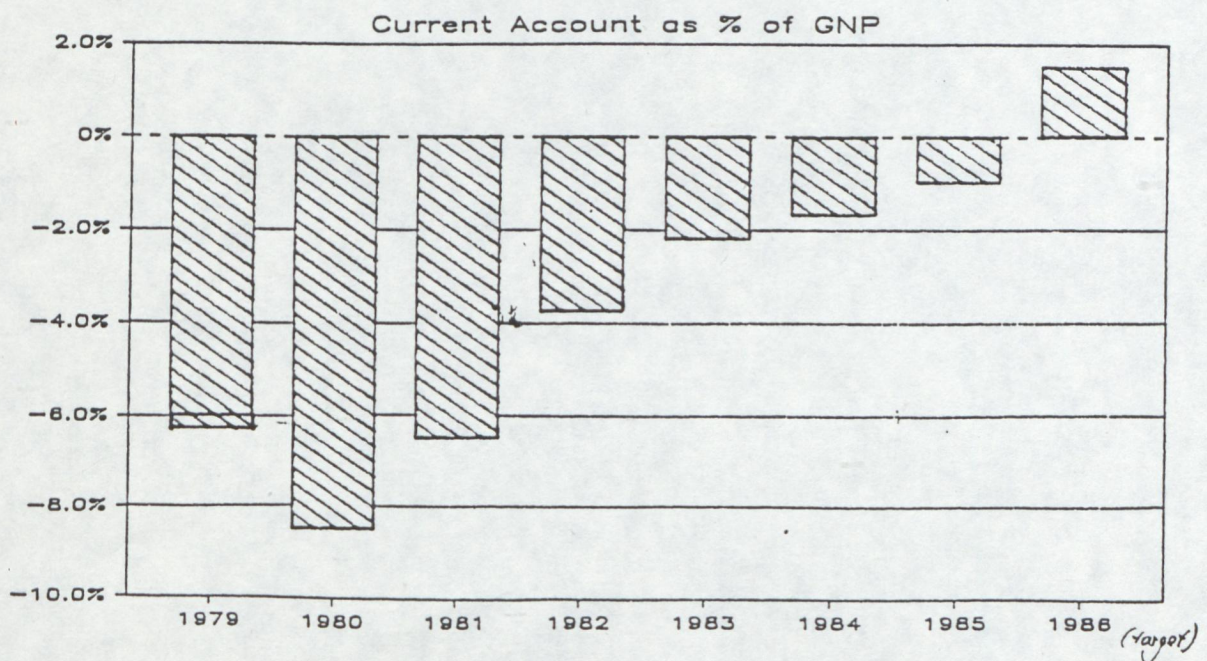
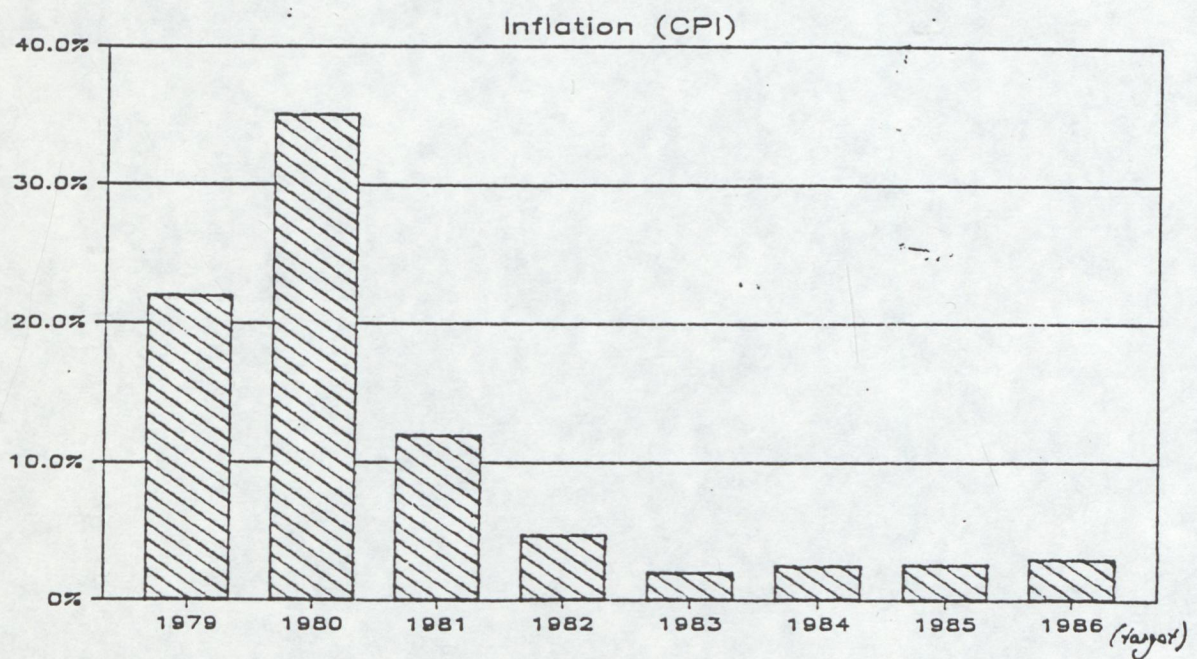
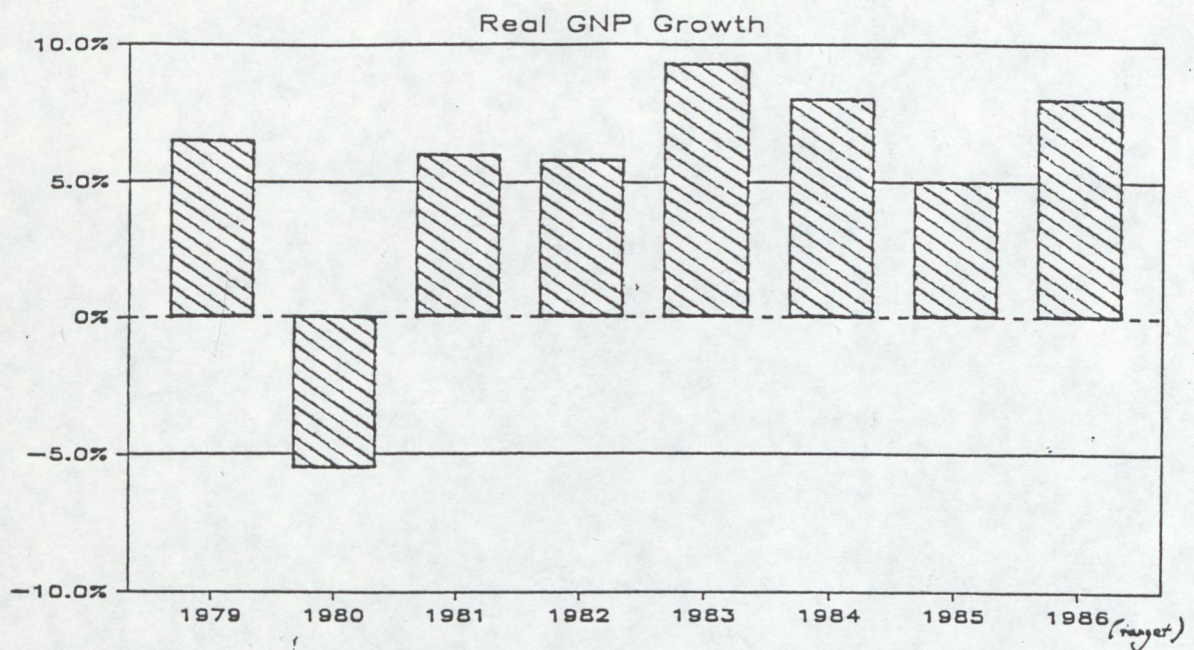
15. South Korea faces then many of the 'voluntary' restrictions and 'orderly marketing' arrangements to which Japanese industry is subject and, with other successful newly industrialising economies (NICs), has had concessionary access to developed countries market reduced (under the Generalised System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

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

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

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

Republic of Korea : Economic Indicators





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

HISTORY OF UK'S COMMERCIAL INVOLVEMENT WITH REPUBLIC OF KOREA

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

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

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

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

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



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

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

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

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



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

PERSONALITIES - SUPPLEMENTARY BRIEF

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LEE, SOON JA

First Lady.

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

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

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

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

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OPPOSITION LEADERS

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KIM YOUNG SAM

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

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

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

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CHUN, DOO HWAN

President of the Republic.

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

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

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



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

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

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

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

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

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

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LEE, MIN WOO

President, New Korea Democratic Party.

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

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

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KIM, SU HWAN

(Cardinal Stephen Kim).

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

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

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THUMBNAIL SKETCHES

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MINISTERS

MR LEE KI BAEK (Minister of National Defence)

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

MR CHOI CHANG NAK (Minister of Energy and Resources)

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

MR PARK TONG JIN (Minister of National Unification)

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

MR SOHN JAE SUK (Minister of Education)

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

MR PARK SEH JIK (Minister of Sports)

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



NON-MINISTERS

ROH TAE WOO

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

LEE MAN SUP

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

DR KIM SANG MAN (KBE)

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

AMBASSADOR KIM YONG CHIK

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

DR LEE KWAN (OBE)

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

DR PARK BONG SHIK

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

DR KIM MYONG WHYI

President of Chongju University: sister relationship with Hull University.



DR KIM SUNG JIN

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

DR AHN SEUNG CHUL

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

MR LEE CHONGO

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

MR CHUNG JU YUNG (CBE)

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

MR CHUNG SE YUNG (CBE)

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

MR CHO CHOON HOON

Chairman of Korean Airlines.

MR CHO CHOONG KUN

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

KIM WOO CHOONG

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

MR PARK TAE JOON

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



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

MRS CHANG YOUNG SHIN

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

MR LEE BYUNG CHUL

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

MR PARK SUNG SANG

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

KIM SUNG YOL

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

DR CHUNG CHON WHA

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

AMBASSADOR HAN PYO WOOK

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

MR CHANG HONG SUN

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



MR KIM YOUNG DO

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

MR KIM SANG HYUP

President of the Korea Red Cross. Former Prime Minister.

MR JAMES A SMITH

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

MR M COOPER

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

MR JAMES TODD

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

MR LES PRYCE

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




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11.

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

PERSONALITIES

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LHO, SHIN YONG

Prime Minister.

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

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

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JA
cfo

10 DOWNING STREET

THE PRIME MINISTER

25 April 1986

Dear Mr Phelps.

Thank you for writing to me on 7 April in support of Dr. Gerry Fowler's earlier letter from Imperial College about the new consortium formed by Imperial College, the North East Polytechnic, GEC and 3is. This seems to me a most imaginative initiative and an excellent follow-up to the Science and Technology Agreement which was signed last June.

During the recent visit of President Chun, Geoffrey Pattie and the Korean Minister of Science and Technology signed a Memorandum of Understanding to try to carry co-operation forward in certain practical areas. I hope that Ministers with responsibility for Trade and Industry will be able to visit Korea later this year to maintain the momentum and to build on the high level visits.

So far as my own programme in Korea is concerned, I am planning to visit both the Pohang Iron and Steel Works and POSTECH so as to see for myself the opportunities for Britain in the area of high technology.

In parallel I hope that during the course of my visit it will be possible to make clear the Government's support for your initiative and our hope that it succeeds. Good luck!

Yours sincerely
Margaret Thatcher

Dr. Charles Phelps.



10 DOWNING STREET

From the Private Secretary

15 April 1986

**PRIME MINISTER'S VISIT TO KOREA
MEETING WITH OPPOSITION LEADERS**

You wrote to me on 14 April about the Prime Minister meeting Opposition leaders during her visit to Korea. I am sure that the Prime Minister would agree with the advice given in your letter.

(Charles Powell)

R. N. Culshaw, Esq.,
Foreign and Commonwealth Office.

6

6

PRIME MINISTER

VISIT TO KOREA: MEETING WITH OPPOSITION LEADERS

The Foreign Secretary recommends that you should meet a number of Opposition Leaders during your visit to Korea.

It is likely that the President will invite one or two to his dinner for you. They and some others might also be invited to the Ambassador's Reception.

But it is not proposed to invite Mr. Kim Dae Jung. He is by far the best known but is under suspended sentence and debarred from Parliamentary activity. Failure to invite Mr. Kim Dae Jung will considerably diminish the effect of meeting other Opposition Leaders. Nonetheless, it must be right not to see him given his position under Korean law. Moreover, to see him would undoubtedly cause the gravest offence to your hosts.

Agree to meet other constitutional Opposition Leaders who are within the law?

ms
CJP

CHARLES POWELL

14 April 1986

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Foreign and Commonwealth Office

London SW1A 2AH

14 April 1986

Dear Charles,

Prime Minister's Visit to the Republic of Korea:
Possible Meetings with Opposition Leaders

It was predictable that the recent visit of President Chun Doo Hwan of the Republic of Korea would provide an opportunity for Amnesty International and a certain number of MPs to express their concerns to the Prime Minister and her colleagues about human rights and democracy in the Republic of Korea (ROK). The early day motion signed by 66 MPs on 8 April (copy enclosed) is perhaps the most carefully itemised expression of concern, although Amnesty International have also written to the Prime Minister enclosing a copy of their more detailed compilation (we are writing to you in parallel with a draft reply).

A theme in the Amnesty approach, and the support given to it by MPs, is the suggestion that the Prime Minister should use her forthcoming visit to the ROK to meet representatives of the opposition - some are named in the early day motion. The Department has discussed the matter with our Ambassador in Seoul, Mr Spreckley, and our advice is as follows.

The President himself will almost certainly invite the official leaders of the parliamentary opposition parties to his dinner for Mrs Thatcher. Some at least of them will accept the invitation. In particular, Mr Lee Min Won (President, New Korea Democratic Party) is likely to accept. He is not a particularly influential figure. In terms of political realities, the two Kims, Mr Kim Dae Jung and Mr Kim Young Sam are much more important. The latter may indeed be invited to the President's dinner.

Whether or not opposition leaders are invited to the President's dinner, our recommendation is that Mr Spreckley should be authorised to invite Mr Kim Young Sam and Mr Lee Min Won and perhaps one or two other parliamentary opposition leaders to meet the Prime Minister at his reception at the Residence after the President's dinner. We also recommend that in addition to the Anglican Archbishop, whom you have already suggested for the guest list, Mr Spreckley should

/invite

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invite Cardinal Kim to the reception. There are only two million Catholics in the ROK, and Cardinal Kim does not have anything like the influence of Cardinal Sin of the Philippines, but he has attracted a certain amount of international attention by his support for the opposition and their call for President Chun's successor to be elected directly rather than by an electoral college.

We are equally clear in our recommendation that Mr Kim Dae Jung should not be invited. Although he is perhaps the best known opposition figure in international terms following his abduction by the Korean CIA from an hotel in Tokyo some years ago, and highly publicised return to the ROK in 1985, he remains under suspended sentence and debarred from parliamentary activity.

I should be grateful to know whether we may go ahead and authorise Mr Spreckley to issue the invitations recommended above.

John

(R N Culshaw)

(R N Culshaw)
Private Secretary

C D Powell Esq
PS/10 Downing Street

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678 *BRITISH LEYLAND'S FUTURE (No. 2)*

Sir Frederic Bennett
Mr John Wheeler

★ 2

That this House in past, present and future decisions on the future of British Leyland should take into account the fact that there are many patriotic individuals and corporate concerns with no personal or corporate selfish interests at stake that sincerely regret that it has not so far proved possible to finalise arrangements with General Motors, which would have been most likely to safeguard the future best interests of the workforce involved, and those of the taxpayer, taking into account the fact that out of the total workforce engaged in the motor vehicle industry in the United Kingdom, 44 per cent. are employed by British-owned firms and 56 per cent by foreign-owned firms, and that in 1985 sales of new British Leyland cars in the United Kingdom accounted for only 17.9 per cent of total sales, and that insofar as 4-wheel drive motor vehicles sales are concerned, Land-Rovers and Range-Rovers in the United Kingdom amounted to only 41 per cent, and imported similar products to 59 per cent.; and trusts that in the event of no better prospects than General Motors offered to the long-term benefit of the British workforce and the taxpayers emerging, those who have so far successfully blocked such a deal will not see fit to complain if, and when, in the months ahead significant further BL job losses are involved or further accls upon the taxpayer to sustain the present ailing nationalised industry are made.

680 *AMNESTY INTERNATIONAL AND HUMAN RIGHTS IN SOUTH KOREA*

Mr Frank Cook
Mr Robert Litherland
Mr Tom Clarke
Mr Mark Fisher
Mr Kevin Barron
Mr Ian Mikardo

Mr Terry Lewis
Mr Don Dixon
Mr Bob McTaggart
Dr David Clark
Mr Harry Cohen
Mr Kevin McNamara
Mr Tony Lloyd
Mr Jack Ashley
Ms Harriet Harman
Mr George Park
Mr Martin Flannery
Mr Allan Roberts
Mr Terry Patchett
Mr David Winnick

Mr John Maxton
Mr Bob Clay
Mr Tony Blair
Dr John Marek
Mr Ernie Ross
Dr Norman A. Godman
Mr Frank Field
Mrs Ann Clwyd
Mr David Clelland
Mr Allen McKay
Mr Robert Kilroy-Silk
Mr Ron Brown
Mr William McKelvey
Mr Dennis Skinner

Mr Peter Snape
Mr Max Madden
Mr Robert N. Wareing
Mr John McWilliam
Mr Gerald Bermingham
Mr D. Campbell-Savours
Clare Short
Mr Derek Fatchett
Mr Ken Eastham
Mr Roland Boyes
Mr Dave Nellist
Mr Richard Caborn
Mr Allan Rogers
Mr Dennis Canavan

★ 66

★ The figure following this symbol gives the total number of names of Members appended, including those names added in this edition of the Notices of Questions and Motions.

Mr Martin Redmond	Mr James Lamond	Mr John Evans
Mr Doug Hoyle	Mr Bill Michie	Mr Ray Powell
Mr Frank Haynes	Mr Jeff Rooker	Mr Tony Banks
Mr Terry Fields	Mr Michael Martin	Mr Bryan Gould
Mr Alex Eadie	Mr Jim Callaghan	Mr Clive Soley
Mr Chris Smith	Mr Tony Benn	

That this House registers acute concern at the findings of Amnesty International in relation to the incidence of repression, suppression and torture in South Korea, exemplified by the case of Kim Keun-tae who was subjected to persistent police harassment, arbitrary arrest, denial of basic civil and legal rights, detention incommunicado and severe physical beating and abuse ; urges the Prime Minister to take the opportunity of the visit to this country of President Chun Doo-Hwan to make strenuous representation of such acute concern, as she has been wont to do publicly in cases of other countries accused of similar or even less severe charges ; and further urges her most earnestly to ensure that on the occasion of her reciprocal visit to South Korea next month she insists on meeting opposition representatives, especially Mr Kim Dae Jung, Mr Kim Young Sam, Mr Lee Min Woo and Cardinal Kim Sou Dwan to satisfy herself and this country that they are made fully aware of prevailing circumstances and publicly to express British support for systems of government where opposition can be expressed freely, organised openly and demonstrated without penalty.

As Amendments to Mr Frank Cook's proposed Motion (Amnesty International and Human Rights in South Korea):

Mr Andrew F. Bennett

Line 3, leave out 'case' and insert 'cases'.

★ 1

Mr Andrew F. Bennett

Line 3, after 'Kim Keun-tae', insert 'and Soh Joon Shik'.

★ 1

Mr Andrew F. Bennett

Line 3, leave out 'was' and insert 'were'.

★ 1

681 CONDUCT OF UNIONIST POLITICIANS OVER ANGLO-IRISH AGREEMENT

Mr Stephen Ross

Mr Archy Kirkwood

★ 2

That this House deeply regrets that prominent Unionist politicians remain unwilling, or unable, to give the Anglo-Irish Agreement a chance to work ; therefore calls upon all people of goodwill in Northern Ireland to make clear their utter rejection of the current destructive actions of so-called loyalists and to demonstrate in every way open to them their support for the Royal Ulster Constabulary and the rule of law ; and further to reserve judgment on the agreement and help to create a peaceful climate in which progress is possible.

★ The figure following this symbol gives the total number of names of Members appended, including those names added in this edition of the Notices of Questions and Motions.

PRIME MINISTER'S MEETING WITH THE PRESIDENT OF THE REPUBLIC OF
KOREA AT 0900 HOURS ON TUESDAY 9 APRIL 1984 AT 10 DOWNING
STREET

Present:

Prime Minister
Foreign Secretary
HM Ambassador, Seoul
Mr C.D. Powell

President Chun Doo Huan
Mr Lee Won Kyung
The Korean Ambassador

Strategic and International Questions

The Prime Minister welcomed President Chun warmly as the first President of the Republic of Korea (ROK) to pay an official visit to the United Kingdom. There was great respect in the United Kingdom for Korea and an understanding for the problems created by the division of the country and the threat from North Korea. She invited the President to give an account of the ROK's viewpoint on the main problems of the region.

President Chun thanked the Prime Minister for her warm welcome. He had been deeply impressed by her speech at the dinner in his honour the previous night. The people of Korea were looking forward to the Prime Minister's forthcoming visit to their country. He would take advantage of the Prime Minister's invitation to give a general analysis of international problems.

President Chun continued that peace, both in Europe and in East Asia, was threatened by Soviet activities. In Europe, thanks to NATO and the existence of a nuclear balance, there seemed no imminent prospect of war. But in East Asia the Soviet Union enjoyed a clear military superiority in both nuclear and conventional weapons. The Korean Peninsular was of great strategic importance. The interests of the Soviet

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Union, China, Japan and the United States met there and sometimes collided. 1.5 million regular soldiers faced each other across a narrow strip of demilitarised territory. The Soviet Union wanted to control of the whole peninsular to give it access to the West Pacific, to encircle China, and to make its influence felt in South East Asia. This was not a new phenomenon but had been the ambition shared by Imperial Russia. There was evidence, however, that Mr. Gorbachev was intent on pursuing a very vigorous, indeed aggressive policy towards North East Asia.

It was important to understand the relative weight of South Korea and North Korea in this strategic scenario. South Korea had a population of 41 million and a GNP of US\$86 billion. Between 5 and 6 per cent of GNP went to defence and South Korea maintained 650,000 regular soldiers. North Korea's population was 19 million and its GNP only US\$15 billion. But it maintained a standing army of 880,000 and spent 24 per cent of its GNP on defence. Within that figure for defence spending only a very small proportion went on personnel costs and the great bulk could be devoted to equipment. The ROK, in contrast, had to spend 36 per cent of its military budget on personnel costs and had correspondingly less to spare for equipment. The result was that North Korea currently had the military edge. The ROK had only some 60 per cent of North Korea's military power. But if economic growth continued on its present pattern that proportion would increase to some 70 per cent by 1988, including the forces of the United States in the ROK; and to 70 per cent in terms of the ROK's own military strength alone by 1990. It was important to understand the implications of these figures. They meant that, from 1988 onwards, the likelihood of North Korea launching a military attack against the Republic would diminish. Equally, the period before then was a time of temptation for the North with a risk that they would take a desperate gamble while the Republic remained relatively weak. It also meant that there was little prospect of a serious dialogue between North and South Korea until the period 1988/90. Only when North Korea realised that military

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aggression was not a feasible option would such a dialogue stand a chance of success. A further danger was that North Korea might not fully appreciate the risks of another conflict. It would not be the same as the last Korean war. The nature of modern weapons and the involvement of outside powers would turn it into a major regional conflict.

President Chun continued that his predominant concern was to prevent another Korean war. This was his Government's priority and he hoped the United Kingdom would support them in the objective. In particular, he hoped that the United Kingdom would use its influence with the Soviet Union to dissuade North Korea from any rash adventures. He was in no doubt of the need to urge such restraint. Since Kim Il-Sung's visit to Moscow in 1984, the Russians had provided North Korea with a great deal of additional military equipment. North Korea also had a substantial stockpile of chemical weapons. The Soviet Union might regard North Korea as its proxy. But there was a risk that the tail would wag the dog. The mixture of North Korea's determination to absorb the South and wider Soviet strategic designs could be explosive. And a war in Korea would have implications for the security of Europe. The threat to peace in Korea was of vital concern to Europe. He therefore appealed to the West to show solidarity with the ROK, a solidarity which the United States had already demonstrated. The ROK felt itself part of the West and recognised that security interests in one part of the world could not be neatly insulated. For instance, when the United States had recently clashed with Libya in the Mediterranean, ROK forces had gone on to special alert.

The Prime Minister thanked President Chun for his broad strategic overview. She agreed generally with it. She had found his description of the problems of his own region very illuminating. She shared President Chun's assessment of Mr. Gorbachev with whom she had had two long talks. He was a total communist and believer in the communist system. His objective was not to change the system but to make it more efficient. He was particularly dangerous because he was more

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sophisticated than earlier Soviet leaders and knew how to manipulate public opinion in the West to his advantage. It was necessary to be very wary of his propaganda initiatives, for instance on arms control. He appeared determined to continue to push forward communism internationally. He had increased the number of Soviet troops in Afghanistan as well as the amount and sophistication of weapons supplied to Central America and Southern Africa. On the broad strategic plane it was important to continue to pursue policies which kept China and the Soviet Union divided. Our experience was that the Chinese saw NATO as a bastion against the Soviet Union. At the same time, the Soviet Union faced major internal economic problems which would be accentuated by falling oil prices. This would act as a restraint on new military adventures but would not prevent the Russians from stepping up subversion and trying to extend their influence through that route.

The Prime Minister said that she recognised the risk that North Korea might be tempted into starting a conflict and she agreed with President Chun that the prevention of war in Korea was of the utmost importance. The United Kingdom supported the ROK in the objective of preventing war and of preserving the freedom and independence of South Korea. She had been particularly struck by President Chun's statement about the extent of chemical weapons held by North Korea. We experienced similar problems with the Soviet Union in Europe, where the West had no credible response to the threat posed by chemical weapons. At the same time, the use of such weapons was spreading, for instance in the conflict between Iran and Iraq.

The Prime Minister said that there was only one point which she wanted to pursue further with President Chun and that was how far North Korea's international isolation was a factor in making it more aggressive towards the ROK. In Europe, we had pursued a policy of contacts with the East European governments which had enabled them to act with some small measure of independence from the Soviet Union. She

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wondered whether there was a case for similar efforts to break down North Korea's isolation. She was not for a moment suggesting that we should recognise North Korea. But some way had to be found to deal with the problem of its isolation.

President Chun said that he agreed that fear and isolation were dangerous. That was why the ROK had proposed that both North Korea and the ROK should join the United Nations simultaneously and pledge themselves to be bound by the United Nations Charter. Unfortunately North Korea refused to be bound by the Charter or to recognise the ROK's right to become a member of the United Nations. He saw a risk that any attempt to open up contacts with North Korea, at least until the ROK had further strengthened its security, would only embolden the North to pursue its aggressive policies. He had made a proposal that, together with joint accession of the two Koreas to the United Nations, there might be parallel steps in which Japan would recognise North Korea and China would recognise the ROK, with similar parallelism between the United States and the Soviet Union. But any unilateral step to recognise North Korea would, he repeated, only encourage them to pursue an even harder line. The Prime Minister said that she fully accepted that any step in that direction must be balanced by recognition of the ROK by the Soviet Union or China. It was vital to have symmetry.

President Chun urged the Prime Minister to do everything possible to support ROK membership of the United Nations. It was unjust for a country of the ROK's weight and importance in international affairs not to be a member. He recognised that the Soviet Union could exercise a veto and that the Chinese might do likewise, although he hoped that we might press the Chinese to say what advantage they had ever reaped from their diplomatic support for North Korea. The Foreign Secretary said that we had consistently supported the ROK's right to membership of the United Nations and he had regularly repeated this in his speeches at the General Assembly. The Prime Minister confirmed the United Kingdom's support for the ROK's objectives.

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International Economic Questions

The Prime Minister said that she and the President might deal briefly with international economic questions. We were anxious to see a new round of multilateral trade negotiations and it was vital that these should cover trade in services. She understood that the ROK shared this view. She would also be interested to know whether President Chun had any particular points to make about the forthcoming Economic Summit. The United Kingdom attached particular importance to measures to persuade Japan to open up its market and to increase the value of the yen.

President Chun said he would speak only very generally on this point on which he was not an expert. He judged economic systems and policies by their results. And on this basis there was no doubt that capitalism and free trade were superior. The ROK had benefited from Western assistance, for instance through the GSP and recognised the importance of open markets. He understood the political pressures facing a number of industrialised countries for greater protectionism. But his firm conclusion was that protectionism did not work in the long run. As regards oil prices, he would only observe that when the price of oil had touched US\$30 a barrel it had been murderous for developing countries such as the ROK. Equally, he recognised the importance of a stable international economic order. The ROK would support efforts to stabilise oil prices. He fully shared the Prime Minister's views on Japan. The value of the yen must rise if international trade was to be fair.

Bilateral Economic Issues

The Prime Minister said that the United Kingdom was anxious to have more substantial commercial relations with the ROK. The United Kingdom's firms had a great deal to offer particularly in the high technology field. We also wished to increase sales in the defence area. In this field we regarded

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Ferranti/Marconi's naval fire control system as a very important and significant contract. There appeared to be some problems in the way of concluding it but she hoped that these could be rapidly resolved.

President Chun said that he was not informed of the details of the contract or the precise state of the negotiations. But he could assure the Prime Minister that he would like to give her a gift because she deserved one. He would therefore ensure that we received an answer about this contract, which he hoped would be favourable, before he left London on 10 April. He would instruct Korean officials to lean over backwards to reach an agreement. He hoped the Prime Minister would issue similar instructions on the British side. The President concluded that it was the first time in his life that he had made a decision of this sort without knowing the details.

President Chun, in conclusion, referred to the 1988 Olympics in Seoul and expressed the hope that the United Kingdom would support the widest possible international participation in them.

The meeting ended at 1050.

CDP.

CDP

9 April 1986

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PRIME MINISTER'S VISIT TO KOREA

1. THERE HAS NOT BEEN MUCH DEVELOPMENT IN THE POLITICAL SITUATION SINCE I SENT MY TELEGRAM NO 146. THE GOVERNMENT CONTINUES TO TOLERATE THE OPPOSITION'S CAMPAIGN FOR THE DIRECT ELECTION OF THE PRESIDENT. THE RALLIES ORGANISED IN THE LARGER CITIES, ADDRESSED BY THE MAIN LEADERS WITH THE EXCEPTION OF KIM DAE-JUNG WHO IS KEPT AT HOME (BUT WHOSE RECORDED REMARKS ARE RELAYED TO THE CROWD), ARE APPARENTLY WELL ATTENDED. NOT MANY, HOWEVER, ACTUALLY DARE TO SIGN THE PETITION. THE RALLIES ARE ORDERLY, BUT THERE HAS BEEN A RECENT TENDENCY FOR STUDENT GROUPS TO CAUSE TROUBLE AT THE END AND THERE HAVE BEEN SOME CLASHES AND ARRESTS. THE NEXT RALLY IS AT INCHON ON SATURDAY. THE PRESIDENT HAS ANOTHER LUNCH WITH PARTY LEADERS TOMORROW.

2. AS IS NORMAL AT THIS TIME OF YEAR STUDENT ACTIVITY HAS BEEN INCREASING. WITH THE EXCEPTION OF THE INCIDENTS MENTIONED ABOVE THE STUDENTS ARE LARGELY STILL KEPT OFF THE STREETS. THE INFLUENCE OF RADICAL GROUPS, WHICH WE HAVE BEEN OBSERVING OVER THE PAST FEW MONTHS, SEEM TO BE GROWING. TO THE ANTI-AMERICAN AND ANTI-CAPITALIST TONE WHICH WE HAVE ALREADY REPORTED ARE NOW ADDED SOME NORTH KOREAN SLOGANS (LIKE JOINT HOSTING OF THE OLYMPIC GAMES) AND ANTI-MILITARIST ELEMENTS. STUDENTS HAVE BEEN REFUSING TO DO COMPULSORY MILITARY TRAINING, EVEN THOUGH THIS LOSES THEM THEIR EXEMPTION FROM CONSCRIPTION. MANY OF THE DEMONSTRATIONS ARE BECOMING MORE VIOLENT WITH INCREASING USE OF MOLOTOV COCKTAILS AND THE NUMBER OF ARRESTS IS WAY UP ON LAST YEAR. THE WORST INCIDENT TOOK PLACE AT SEOUL NATIONAL UNIVERSITY ON 28 APRIL WHERE TWO STUDENTS SET FIRE TO THEMSELVES. THE POLICE ARE STILL TRYING TO CONTAIN THINGS WITHOUT EXCESSIVE FORCE. WHETHER THE DEMONSTRATIONS WILL DIE AWAY WITH THE APPROACH OF SUMMER, AS IS NORMAL, REMAINS TO BE SEEN, BUT THE GOVERNMENT MUST BE INCREASINGLY ANXIOUS ABOUT THE CONTINUING READINESS OF STUDENTS FROM MAJOR UNIVERSITIES TO RISK THEIR CAREERS AND MORE.

3. ON THE ECONOMIC SIDE, HOWEVER, THINGS REMAIN SUNNY. THE RETURN OF THE PRESIDENTIAL PARTY FROM THEIR EUROPEAN TOUR HAS GIVEN RISE TO A NUMBER OF MEETINGS OF MINISTERS AND BUSINESS LEADERS TO SEE HOW THE RELATIONSHIP WITH EUROPE ABOUT WHICH SO MUCH WAS SAID CAN BE TAKEN FORWARD. THERE IS MUCH TALK ABOUT THE OPENING UP OF NEW CONTACTS AND THE SENDING AND RECEIVING OF MISSIONS BUT, APART FROM THE CONCESSION

CONFIDENTIAL

10N

ON WHISKY, WE HAVE YET TO SEE CONCRETE RESULTS. I BELIEVE THAT ON THIS OCCASION THE KOREANS REALLY MEAN IT WHEN THEY SAY THAT THEY WISH A CLOSER AND MORE EXTENSIVE ECONOMIC RELATIONSHIP WITH EUROPE, BUT WE SHALL HAVE TO WAIT A WHILE TO SEE WHETHER THESE GOOD INTENTIONS SURMOUNT THE BUREAUCRATIC OBSTACLES AND CHANGE THE LONGSTANDING HABITS OF KOREAN BUSINESSMEN.

4. PRESIDENT CHUN WILL HOPE THAT THE PRIME MINISTERS VISIT WILL STRENGTHEN THE FRIENDSHIP AND GOODWILL WHICH HE SEES AS HAVING EMERGED FROM HIS VISIT TO LONDON, AND FURTHER IMPROVE HIS IMAGE AT HOME. AGAIN THE MOST IMPORTANT THING FOR HIM WILL BE THAT THE PRIME MINISTER HAS VISITED KOREA: SHE CAN BE SURE THAT SHE WILL RECEIVE A WARM WELCOME. THE PRESIDENT IS UNLIKELY TO HAVE ANY NEW SPECIFIC OBJECTIVES, BUT HE WILL HOPE, I THINK, THAT DIRECT EXPERIENCE OF KOREA'S STRATEGIC SITUATION AND OF THE PROXIMITY OF THE HOSTILE NORTH WILL STRENGTHEN THE SUPPORT WHICH BRITAIN IS PREPARED TO GIVE TO KOREA ON THE INTERNATIONAL STAGE.

SPRECKLEY

FCO (PALACE) | WHITEHALL

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MR WILSON

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Crown Agents

St Nicholas House, Sutton,
Surrey SM1 1EL
Telephone 01-643 3311
Telex 267103
Telegrams Crown Sutton

From AC Frood
Managing Director

8 April 1986

Charles Powell Esq
Private Secretary to the Prime Minister
10 Downing Street
London SW1A 2AA

BF / 2. bring forward
with other briefs
df

Dear Mr. Powell,

THE PRIME MINISTER'S VISIT TO KOREA

I enclose a brief note on the Crown Agent's activities in Korea which I thought might be of interest to the Prime Minister.

Yours sincerely,

A C Frood

THE ACTIVITIES OF THE CROWN AGENTS IN THE REPUBLIC OF KOREA

Crown Agents are at present actively engaged in the promotion of its services to South Korean Principals from both the Head Office in the UK, and the Crown Agents' office in Kobe, Japan. These services include proposed co-operation with the Office of Supply (OSROK) in international procurement and in the pre-shipment inspection of goods. These activities will generate invisible earnings and promote the sale of British goods and services generally. Conversely, Crown Agents, a publicly owned British organization, is helping South Korean exports by inviting Korean manufacturers to submit bids when conducting international tenders on behalf of the World Bank and other bodies.

Training

Crown Agents' Training Services Division has had considerable success in selling its services to Korean clients. In November 1985 the Crown Agents with the active support of the British Embassy obtained a contract to organise the first of what is expected to be a series of courses for senior Korean civil servants from a variety of ministries with a programme designed to give them insight into the management of the public service in a western industrialised country. (The second course is scheduled for later this year). This training has previously only taken place in the USA, but the Korean government has indicated that it will look increasingly to Britain for it, and it will provide an opportunity to present Britain as a source of expertise and technology.

In addition, Korean students are attending Crown Agents' courses in Supply and Materials Management and other subjects.

IMPERIAL COLLEGE OF SCIENCE AND TECHNOLOGY



London SW7 2AZ Telephone: 01-589 5111 Ext. 3002
Telex: 261503

Dr Charles Phelps, MA, DPhil, Pro Rector, (External Development)

7 April 1986

Dear Prime Minister

You will have received a letter from Dr Gerry Fowler, the Director of North East London Polytechnic (NELP) explaining some of the background to an initiative that this college and NELP are about.

There is little return to this country from many of the International Loan Agreements that developing countries have negotiated - and this is particularly true of Educational Projects as a discipline and the Far East developing countries as a sector. Both I and my colleague in NELP, Ian Waitt, have travelled widely in this area, as consultants for World Bank in Asian Development Bank Loans and ruefully have to admit the potency of the American Educational Juggernaut.

This college has excellent relations with most of the leading Industrial firms in this country and it therefore seemed possible for us to prepare a consortium of interests - in which Imperial College's prominence in science and engineering research could be coupled with Industrial partners. This would enable developing countries who wished to send their academics for training and 'upgrading' to benefit from the academic rigour of this college as well as thereafter gaining experience in the industrial environment of chosen opposite partners.

I put this nascent idea in connection with two World Bank Loans in connection with Science & Technology and Technology transfer in Korea to GEC who coincidentally were anxious to establish a working bridgehead in that country. One outcome so far is that the Marconi wing of GEC has created a \$1.25m grant to the Korean Institute of Technology (KIT) to further the ends of robotics and computer architecture and Imperial College will act as the academic brokers - receiving talented staff who want training here and sending our staff there to advise on curriculum and research structure.

I have just returned from a visit to Korea in which this proposal was signed and the first years programme of exchanges agreed. It has generated a great deal of interest in the educational establishment and ministries that we accessed, and there would seem to be a fund of good will which is at present, while the freshness of the initiative lasts, capitalisable.

Cont/

Through the good offices of Her Majesty's Ambassador in Seoul I was able to arrange a meeting between President Parks of the Pohang Iron and Steel Works and my GEC travelling companions. Pohang Iron and Steel Works have set up a private educational college POSTECH for the advanced training of their future workforce. The prospect seems ideal there for a warm and highly productive exchange, fuelled, I have high hopes, by another facilitating grant from GEC.

Both the Korean Institute of Technology and POSTECH are for the elite student, and, without undue vanity I hope, make excellent twins for this establishment.

Investors in Industry (3i's) have been close partners with this college in setting up technology transfer and are part of our present consortium. On this last visit, in meeting with the Korean Technology Development (KTDC) Corporation, it became clear of their intense interest in doing business with 3i's - indeed a suggestion was made of the urgent need to use 3i's expertise to create six Anglo Korean Companies. The KTDC have a great deal of money at their disposal.

NELP has had existing excellent relations with Korea over the Association of British Machine Tool Manufacturer's training programme and educates more than a dozen Koreans in this country, on what is a growing, successful programme.

All the partners in the consortium know of Mr Geoffrey Pattie's visit last year and of the Science and Technology agreement agreed then. Since then Mr Burwood-Smith of the Department of Trade and Industry has been in Korea. We were told that outside the Marconi-KIT initiative, hardly anything else has happened.

I hope this letter would do two things: Persuade you of our seriousness in turning some of the vast higher educational aid budget to the advantage of this country, and also persuade you, if you felt it relevant and appropriate to mention this to the President on his present visit or on your return visit to Korea in May. Such mention would enormously help us in our follow-up visit in June when I and my colleague again make contact with our friends in that country.

I would be only too happy to discuss this in greater detail with any of your staff you might wish to nominate.

Very sincerely

Charles Phelps

CONFIDENTIAL



File PA
be Mike
Homo

10 DOWNING STREET

From the Private Secretary

26 February 1986

KOREA: HIGH LEVEL VISITS

Thank you for your letter of 26 February proposing postponement of the announcement of the Prime Minister's visit to Korea until 4 March. I have no objection to this.

(Charles Powell)

R. N. Culshaw, Esq.,
Foreign and Commonwealth Office.

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CCPC



Foreign and Commonwealth Office

London SW1A 2AH

26 February 1986

Dear Charles,

Korea: High Level Visits

Thank you for your letter of 14 February which approved the text and date of the announcement here of the Prime Minister's visit to Korea.

The Koreans have just told us that they would now prefer to make their announcement of the visit at 1200 GMT on 4 March. Do you have any objection to revising the timing of our own announcement to coincide with this? The Korean Ambassador believes that part of the reason for wishing to delay the announcement is to avoid the Prime Minister's visit being given less attention in Korea than President Chun's visit to Europe, which the Koreans will now be announcing at midnight today.

Yours ever,

R N Culshaw

(R N Culshaw)
Private Secretary

C D Powell Esq
PS/10 Downing Street

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PM's Visit to S. Korea: S. Korea March

82

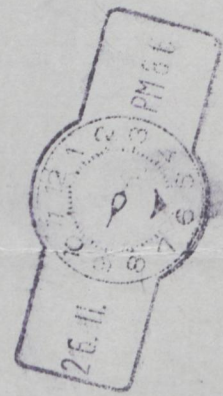
Foreign and Commonwealth Office

London SW1A 1AA



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10 DOWNING STREET

From the Private Secretary

14 February 1986

KOREA: HIGH LEVEL VISITS

Thank you for your letter of 14 February suggesting that we should announce the Prime Minister's forthcoming visit to Korea on 27 February, and proposing some wording for the announcement.

We are content with both the date and the text and will go ahead on this basis.

(C.D. Powell)

Len Appleyard, Esq., C.M.G.,
Foreign and Commonwealth Office

CONFIDENTIAL

ds

Subject
cc ops
master



PRIME MINISTER'S
PERSONAL MESSAGE
SERIAL No. _____

DSC
efro

10 DOWNING STREET

THE PRIME MINISTER

24 December 1985

PRIME MINISTER'S
PERSONAL MESSAGE
SERIAL No. T239/85

Dear Mr. President -

It was with the greatest pleasure that I received from your Ambassador in London your kind invitation to visit Korea in May next year. I am delighted to be able to send my formal acceptance and to confirm that I hope to visit your country shortly before the Economic Summit in Tokyo in May 1986. We in turn are much looking forward to your own visit to the United Kingdom next April, to which we attach great importance.

With best wishes,

Yours sincerely
Margaret Thatcher

His Excellency Mr. Chun Doo Hwan

da



Foreign and Commonwealth Office

London SW1A 2AH

20 December 1985

Dear Charles,

Call by Korean Ambassador

Your letter of 13 December enclosed the formal invitation from the Korean President to the Prime Minister to visit Korea before the Tokyo Economic Summit next year.

I attach a draft reply.

Yours ever

(R N Culshaw)
Private Secretary

C D Powell Esq
PS/10 Downing Street

DSR 11 (Revised)

DRAFT: minute/letter/teleletter/despach/note

TYPE: Draft/Final 1+

FROM:

Reference

Prime Minister

DEPARTMENT:

TEL. NO:

SECURITY CLASSIFICATION

TO:

Your Reference

Top Secret
Secret
Confidential
Restricted
Unclassified

His Excellency
President Chun Doo Hwan
President of the Republic of Korea

Copies to:

PRIVACY MARKING

SUBJECT:

.....In Confidence

CAVEAT.....

It was with the greatest pleasure that I received from your Ambassador in London your kind invitation to visit Korea in May next year. I am delighted to be able to send my formal acceptance and to confirm that I ~~should~~ hope to visit your country shortly before the Economic Summit in Tokyo in May 1986.

We in turn are much looking forward to your own visit to the United Kingdom next April, ^{so which we} ~~Following the success of the Centenary Celebrations of formal links between Britain and Korea in 1983, I hope that the two visits will confirm and expand further the close and mutually advantageous relations between our two countries.~~ ^{attach great importance}

~~I greatly look forward to meeting you in April.~~

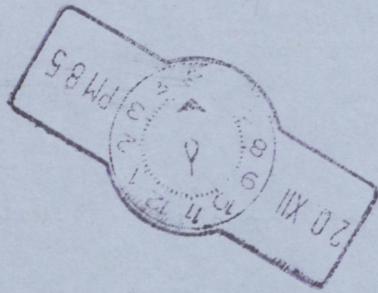
Enclosures—flag(s).....

With best wishes,

EM.

CAJAYAO

S KOREA: PM's visit: Mar 1982





10 DOWNING STREET

From the Private Secretary

13 December 1985

CALL BY THE KOREAN AMBASSADOR

The Korean Ambassador called on the Prime Minister this morning to deliver the enclosed letter of invitation to the Prime Minister to visit Korea. The Prime Minister accepted with pleasure and suggested that she make the visit immediately before the Tokyo Economic Summit.

The Prime Minister expressed her pleasure at the forthcoming visit of President Chun Doo Hwan.

The Ambassador remarked on the excellent state of bilateral relations. He made particular reference to Davy McKee's involvement in a new steel mill.

I should be grateful for a draft reply to the President's message.

(C. D. POWELL)

Peter Ricketts, Esq.,
Foreign and Commonwealth Office.

RESTRICTED



청 와 대
CHONG WA DAE

Seoul, Korea



T202 AB/85

President of the Republic of Korea

(Translation)

29 October 1985

Dear Prime Minister,

It is a great pleasure for me to extend to Your Excellency a cordial invitation to visit Korea.

I should be most delighted if you could visit my country on your way to, or from, the seven-nation Western Summit Meeting which will be held in Tokyo, Japan in May 1986.

I am convinced that your visit to Korea, which will be noted as the first official visit ever made by the Prime Minister of the United Kingdom, will be a historic milestone in the annals of longstanding friendship and cooperation between our two countries.

Looking forward to the pleasure of welcoming you in Seoul in the near future, I wish you good health and continued success.

Sincerely yours,

/s/ Chun Doo Hwan

The Right Honourable Margaret Thatcher
Prime Minister of the United Kingdom
of Great Britain and Northern Ireland
LONDON

SUBJECT cc OPS
MASTER



대한민국 대통령

PRIME MINISTER'S
PERSONAL MESSAGE
SERIAL No. T/202 AB/85

1985년 10월 29일

수상 각하,

본인은 각하께서 한국을 방문해 주시도록 초청하게 된 것을 매우 기쁘게 생각하며, 가능하면 오는 1986년 5월 동경에서 개최되는 서방 7개국 정상회담 참석을 전후하여 방한하실 수 있기를 바랍니다.

영국 수상으로서는 최초의 공식방문이 될 각하의 방한은 우리 양국간의 전통적인 우호협력관계에 역사적인 이정표가 될 것으로 확신합니다.

머지않아 각하를 서울에서 영접하게 될 것을 고대하며, 각하의 건안과 성공을 기원합니다.

전 두 환

영국 수상

마가레트 대처 각하

SUBJECT

*S. Korea
cc Master
Ops
P.M. Tour Sept 82
China*

RESTRICTED

4713 - 1

RR SEOUL
GRS 235
RESTRICTED
FM FCO 111530Z MAY 82
TO ROUTINE SEOUL
TELEGRAM NUMBER 81 OF 11 MAY
MY IPT

**PRIME MINISTER'S
PERSONAL MESSAGE
SERIAL No. T 107 AA/82**

1. FOLLOWING IS TEXT OF MESSAGE FROM PRIME MINISTER TO
PRESIDENT CHUN.

BEGINS: AS YOU MAY KNOW, I SHALL BE VISITING JAPAN, CHINA AND
HONG KONG IN SEPTEMBER. YOUR EMBASSY IN LONDON HAVE CONVEYED
YOUR GOVERNMENT'S KIND SUGGESTION THAT I SHOULD AT THE SAME
TIME VISIT THE REPUBLIC OF KOREA. I WOULD HAVE VERY MUCH LIKED
TO DO SO AND HAVE CONSIDERED CAREFULLY HOW THIS MIGHT BE
FITTED IN. BUT I AM AFRAID THAT PRACTICAL DIFFICULTIES SIMPLY
PREVENT THE INCLUSION OF A VISIT TO KOREA DURING THE SHORT
TIME I HAVE AVAILABLE FOR MY FAR EAST TOUR. I VERY MUCH REGRET
THEREFORE THAT I SHALL BE UNABLE ON THIS OCCASION TO VISIT
YOUR COUNTRY, WHOSE REMARKABLE ECONOMIC PROGRESS AND STEADFAST-
NESS IN FACING THE MILITARY THREAT FROM THE NORTH I HAVE SO
LONG ADMIRERD.

RELATIONS BETWEEN THE REPUBLIC OF KOREA AND THE UNITED
KINGDOM ARE WELL-DEVELOPED AND THE CENTENARY OF THEIR
ESTABLISHMENT NEXT YEAR WILL BE A HAPPY OCCASION. I SHOULD BE
DELIGHTED THEREFORE IF YOU WERE ABLE TO VISIT BRITAIN DURING
1983 AS A GUEST OF HER MAJESTY'S GOVERNMENT. IF YOU FEEL ABLE
TO ACCEPT THIS INVITATION IN PRINCIPLE, I SUGGEST THAT OUR
OFFICIALS SHOULD CONSIDER A MUTUALLY CONVENIENT TIME FOR THE
VISIT TO TAKE PLACE. I HOPE THAT WE MAY THUS BE ABLE TO MEET
AND FURTHER ENHANCE THE SOLID FRIENDSHIP THAT EXISTS BETWEEN
OUR TWO COUNTRIES. ENDS.

PYM

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file SIC
South Korea
copied to Mr. Young
Chun Sent to

11 May 1982

PRIME MINISTER'S VISIT TO THE FAR EAST

Thank you for your letter of 10 May.

The Prime Minister agrees that the suggested message to the President of Korea should be despatched.

I am copying this letter to John Rhodes (Department of Trade).

A J COLES

John Holmes, Esq.,
Foreign and Commonwealth Office

Copied to PM's Tours Sept 1980
China



Foreign and Commonwealth Office
London SW1A 2AH

10 May 1982

Prime Minister

Content of this message
should be despatched:

Dear John,

Yes, not

A.J.C. 10/5

Prime Minister's Visit to the Far East

Thank you for your letter of 24 April. I now enclose, as requested, a draft of a message for the Prime Minister to send to the President of the Republic of Korea, regretting that she will be unable to visit Korea this year and inviting him to visit Britain in 1983.

I am sending a copy of this letter to John Rhodes in the Department of Trade.

Yours ever

John Holmes

(J E Holmes)
Private Secretary

A J Coles Esq
10 Downing Street

DRAFT: ~~minute~~/letter/teleletter/despatch/note
XXXXX XXXXXXXXXXXXXXXXXXXX

TYPE: Draft/Final 1+

FROM:

Reference

Prime Minister

DEPARTMENT:

TEL. NO:

SECURITY CLASSIFICATION

TO:

Your Reference

- Top Secret
- Secret
- Confidential
- Restricted
- Unclassified

His Excellency
Mr Chun Doo Hwan
President of the Republic of Korea

Copies to:

PRIVACY MARKING

SUBJECT:

.....In Confidence

CAVEAT.....

As you may know, I shall be visiting Japan, China and Hong Kong in September. Your Embassy in London have conveyed your Government's kind suggestion that I should at the same time visit the Republic of Korea. I would have very much liked to do so and have considered carefully how this might be fitted in. But I am afraid that practical difficulties simply prevent the inclusion of a visit to Korea during the short time I have available for my Far East tour. I very much regret therefore that I shall be unable on this occasion to visit your country, whose remarkable economic progress and steadfastness in facing the military threat from the North I have so long admired.

Relations between the Republic of Korea and the United Kingdom are well-developed and the centenary of their establishment next year will be a happy occasion. I should be delighted therefore if you were able to visit Britain during 1983 as a guest of Her Majesty's Government. If you feel able to accept this invitation in principle, I suggest that our officials should

Enclosures—flag(s).....

/consider

consider a mutually convenient time for the visit to
take place. I hope that we may thus be able to meet and
further enhance the solid friendship that exists between
our two countries.

SR



Copy filed on *14/7/82* *Minister*
China Sent to

South Korea

10 DOWNING STREET

From the Private Secretary

24 April, 1982

PRIME MINISTER'S VISIT TO THE FAR EAST

I regret that it has not been possible to reply before now to your two letters of 5 April. The Prime Minister has now seen these as well as the minute of 30 March from the Secretary of State for Trade.

Mrs Thatcher is content to visit Japan before China and is also content with the outline programme. As far as China is concerned, she does not wish to take up your alternative suggestion of visiting a more scenic area than the neighbourhood of Peking since this would mean cutting out Shanghai where, as you know, she may wish to launch a ship.

The Prime Minister has considered the arguments relating to the possible inclusion of Korea in her Far Eastern visit but has decided that she does not wish to visit Korea on this occasion. I think that she would be prepared to send to President Chun a message of the kind you propose and would be grateful if you would let me have a draft.

I am sending a copy of this letter to John Rhodes (Department of Trade).

John Holmes, Esq
Foreign and Commonwealth Office

CONFIDENTIAL

Top

*If Pat Jones
this will be
made into news
file*

BK

31 March 1982

The Prime Minister read with interest your Secretary of State's minute of 30 March suggesting that she include Korea in her visit to the Far East in September. She has noted that the Foreign and Commonwealth Office will be providing a draft programme for the visit in the near future and will look at the possibility of including Korea when this is available.

I am copying this letter to John Holmes (Foreign and Commonwealth Office).

A. J. COLES

John Rhodes, Esq.,
Department of Trade.

CONFIDENTIAL

LB

810

Prime Minister

①



CONFIDENTIAL

I suggest that you consider
the possibility of Korea when
the F.C.O. lets us have the
revised draft programme. Agree?

Yes
ml

A-FC-30
J

PRIME MINISTER

I have been giving thought to the trade objectives of your visit to the Far East in September. So far as China is concerned, there is only a remote change of major business coming to a head this summer (save perhaps for a decision on the Guangdong power station). I expect we shall have to be content with the benefits which we can expect in the much longer term from the improved climate created by your visit. Similarly, though against a totally different background, we must not expect new export business to emerge directly as a result of your call in Hong Kong.

Trade issues will of course dominate in Tokyo, and I attach the greatest importance to your discussions there. It is possible that the Japanese will be able to time some concession to us so as to coincide with your visit, but if so it would be much more likely to relate to Japanese exports to this country than to any major piece of business for British industry.

As you know, after visiting Japan myself last month I made a one day call in Seoul and I came away convinced that there are substantial opportunities there for our capital goods exporters. The Koreans are as ready as any to reward political gestures, as we saw in the recent success of GEC, on whose behalf you wrote to President Chun in 1980. We have had indications that a visit of as little as one day in the course of your September tour would yield tangible commercial benefits. If the award of a major contract could be announced while you were in Seoul it would help to give the visit as a whole a much more positive commercial slant. However even if this was not at all possible, I believe that the business which we could expect to pick up later as a direct consequence of your gesture would make the call worthwhile.

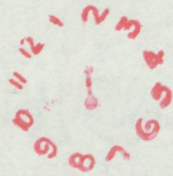
I appreciate that you will be covering a lot of ground in 13 days but a visit to Seoul would not involve you in any real diversion. I understand that the Foreign and Commonwealth Office are about to let your staff have some ideas on the make-up of the programme and that they will be seeing what would be involved in a short visit to Korea.

W J B

W.J.B.



3 MAR 1982



RESTRICTED

GR 220

RESTRICTED

FM SEOUL 290810Z MAR 82
TO ROUTINE FCO
TELEGRAM NUMBER 51 OF 29 MARCH
INFO DOT, OVERSEAS TRADE DIV 2

GIFFARD'S MINUTE OF 3 MARCH TO ELLIOTT:
PRIME MINISTER'S VISIT TO KOREA.

1. WOLFERS CALLED ON ME TODAY. ACCORDING TO HIM THE QUESTION OF A VISIT BY THE PRIME MINISTER TO KOREA WAS RE-OPENED LAST WEEK AND THE SECRETARY OF STATE FOR TRADE IS SUPPORTING THE PROPOSAL TO THE PRIME MINISTER.
2. THE KOREANS ARE MOST DISAPPOINTED AT THE PRESENT SITUATION. AS THE KOREAN AMBASSADOR SAID (PARAGRAPH 1 OF GIFFARD'S MINUTE) WHAT IRKS THEM MOST IS THE THOUGHT OF MRS THATCHER GOING TO CHINA AND JAPAN WITHOUT INCLUDING KOREA. TO HAVE VISITED EITHER COUNTRY ALONE WOULD NOT HAVE MATTERED SO MUCH. IF IT WERE POSSIBLE EVEN AT THIS STAGE TO PROPOSE A VISIT WE WOULD RETAIN OUR FAVOURED POSITION. IT DOES NOT MATTER HOW BRIEF A VISIT. THE INSIDE OF ONE DAY COULD SUFFICE FOR LOCAL NICETIES.
3. ON PRESENT TIMING THERE IS NO CONTRACT OF SUFFICIENT IMPORTANCE TO WARRANT THE PRIME MINISTER'S INTERVENTION WHICH IS LIKELY TO COME TO FRUITION AT ABOUT THAT TIME. THE TIMETABLE COULD CHANGE BEFORE THEN. HOWEVER, IF A VISIT WERE AGREED WE COULD USE IT AS A POWERFUL LEVER IN THE PROCESS OF OUR NEGOTIATIONS OVER MAJOR NEW PROJECTS IN THE PIPELINE SUCH AS POWER GENERATION (NUCLEAR 11 AND 12) AND THE SECOND STEEL MILL

MORGAN

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MR GIFFARD
MR DONALD

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Grey Scale #13



A 1 2 3 4 5 6 **M** 8 9 10 11 12 13 14 15 **B** 17 18 19



Blue
Cyan
Green
Yellow

Colour Chart #13

Centimetres

