



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.

Yours ever

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.