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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

file

NC

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.

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Secretary of State for 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**

attached

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

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 Vain 3/82



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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 the meeting.
We have noted the Chamber's concerns about the situation
in Korea, and these are being followed up.
Also work will be taking place at the end of this month and
will take place forward.
I am copying this letter to Colin and Tony, Tony
(Secretary), and John (Chief Clerk of the Chamber).

Michael Harrison
Chief Secretary