

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

SUBJECT  
cc Master

CONFIDENTIAL



Lh 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

CONFIDENTIAL

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.

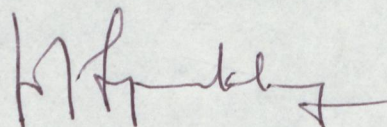
Private Secretary

## 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

HMA

RESTRICTED