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30 September 1980

Korean Affairs Report

(FOUO 7/80)



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KOREAN AFFAIRS REPORT

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S. KOREA/POLITICS AND GOVERNMENT

EX-MINISTER TALKS OF KCIA ACTIVITIES IN JAPAN, KIM TAE-CHUNG CASE

OW191005 Tokyo ASAHI EVENING NEWS in English 18 Aug 80 p 1

[Article by ASAHI SHIMBUN correspondent Akio Nomura]

[Text] Washington--The South Korean Central Intelligence Agency (KCIA) has numbers of informants planted in government offices, private enterprises and various organizations in Japan, according to Choe Se-kyn, former minister at the South Korean Embassy in Tokyo.

Choe, who directed KCIA operations in Japan until December last year, when he sought political asylum in the United States, made the disclosure when he was jointly interviewed last week by the General American Bureau of the ASAHI SHIMBUN and Mun Myong-cha, a Korean journalist living in America.

He said that when he defected, the KCIA had no evidence that the former presidential candidate Kim Tae-chung had connections with North Korea, which is one of the things he has been charged with in his court-martial. Choe said the allegation is most unlikely to be true.

Choe took up the Tokyo post in February last year at the strong request of his brother-in-law, KCIA chief Kim Chae-kyu, who was executed for assassinating President Pak Chong-hui.

Before traveling to Tokyo, he was called to the KCIA headquarters and briefed on the Kim Tae-chung's abduction from Tokyo in 1973. He would not tell what he had learnt, but commented that abducting Kim was a stupid thing to do. He said that Kim Chae-kyu was of the same view.

Choe's testimony suggests that the kidnaping was the work of the KCIA. The finger-prints of Kim Tong-wun, first secretary at the South Korean Embassy in Tokyo and a KCIA operative, were found in the Tokyo hotel room from which Kim Tae-chung was abducted, and confidential U.S. State Department cables, which attest to KCIA involvement, were made public in May last year. Nevertheless, Seoul has not acknowledged that the KCIA was involved.

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According to Choe, the most important objectives of KCIA operations in Japan are to counter North Korea's subversive activities against South Korea and to determine whether North Korea intends to invade the south. The KCIA, he said, routinely collects information on the pro-Pyongyang General Association of Korean residents in Japan and other anti-South Korean organizations, tries to keep the pro-Seoul union of Korean residents in Japan under control, lobbies in Japanese political circles, and gathers international information available in Tokyo.

Choe disclosed that the KCIA has personnel stationed in the South Korean consulates general in Osaka, Nagoya, Fukucka, Sapporo in addition to Tokyo, and has informants extensively planted in Japanese Government offices, private enterprises and various organizations, as well as the organizations of Koreans living in Japan.

But he said the agency's budget does not permit it to spend money lavishly. He said he had made reports to Kim Chae-kyu about the extortion of money by KCIA operatives from companies run by Koreans in Japan.

Of the corrupt ties which are alleged to exist between South Korea and Japanese political circles, Choe said there are aspects which are not so constructive, with money involved, and are certainly unhealthy. But he did not give details.

Choe, who exchanged information with officials of the Cabinet Research Office while in Tokyo, said he began to prepare secretly for his defection after Pak's assassination, since he felt that if he went back to Seoul, it would be the end of him.

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S. KOREA/POLITICS AND GOVERNMENT

JAPANESE SCHOLARS DISCUSS KWANGJU INCIDENT, ROK'S FUTURE

Tokyo MAINICHI SHIMBUN in Japanese 28 May 80 p 7

[Discussion participated in by Shizuo Mitani, a critic of Korean problems; Masao Okonogi, assistant professor at Keio University; Teruo Komaki, head of the Institute of Asian Economic Affairs: "Undercurrent of Kwangju Incident, ROK's Path"]

[Excerpts]. On the morning of the 27th, martial law forces rushed into Kwangju in the ROK, and brought the city under control by military force, the activities of antigovernment forces came to a tragic end in 10 days. Seven months have passed since the assassination of President Pak Chong-hui on 26 October last year; it was expected that democratization would advance, but it has retrogressed again and the view has grown stronger that the government will virtually become a military government. It seems that this, in its turn, will greatly influence U.S.-ROK and Japan-ROK relations and the entire Asian state of affairs. I would like to ask each of you experts your candid views on the Korean problems.

No Repercussions Will Spread to Other Cities

[Mitani] I agree with Mr Komaki on the point that special circumstances of the region affected the Kwangju incident. The antagonism of Cholla and Kyongsang has existed since the Three Kingdoms era, and that political climate has remained to the present. Even when one looks at the era of the Pak government, Cholla was put in a back seat in terms of economic development. Taking the construction of express highways as an example, it began in Kyongsang, and Cholla was left until last. Industrial development has been the same. Even when it came to personnel appointments, the people of Cholla were kept at a distance and discriminated against. Kim Tae-chung, the political symbol of Cholla, was shackled and hauled before the authorities. It is said that this caused a great sense of crisis and was a major cause for this disturbance.

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On this point, in the slogan, "Follow Kwangju," even though there is an alignment of democratic forces centering around former President Yun Po-son of Seoul, I don't think repercussions will spread to other regions.

[Okonogi] It is a fact that Kwangju occupies a special position, but when the opposition party's Kim Yong-sam, president of the New Democratic Party, was divested of his legislator's position last fall and his presidential authority was suspended, riots broke out in Pusan and Masan (both are in Kyongsang), and it is feared that the same thing will happen in the future depending on what moves the military makes.

[Question] The Kwangju incident has come to an end for the present. The "Special Committee for National Security Measures" was set up; the military, in short, Chon Tu-hwan, commanding general of the Defense Security Command, assumed real political power. I would like to ask you, first of all, your forecast of whether this will proceed as it is to a "Pak system without Pak," or, whether it will end after a short duration and go in a different, new direction.

[Komaki] General Chon Tu-hwan came to power by accident with the Pak assassination incident. Due to that, he was in a defensive and temporary position of having to work out new measures. On 12 December of last year, from the time Chong Sung-hwa, army chief of staff, was put under arrest, he appeared at the front line of power and embarked on this present course; but in doing that, he confronted the senior military officers. He gave advance warning to Kim Tae-chung, but other than that, I think he gained power without any prospect of it or preparation. Because of that, first of all, he confronted both extremes of the old order and of those against the government, and in the Kwangju incident, he was confronted with a large number of dead unprecedented in recent years. It became an extreme life-and-death situation wherein the army "could not withdraw any further," and antigovernment forces "could not allow Chon Tu-hwan." I don't think we can be definitive about a reappearance of the Pak order. The major trend was that the Pak order could not help but collapse politically, economically and socially, and that situation has not changed even now. Since General Chon does not understand that, a re-emergence of the Yusin system will fail even if it is possible [to last] for a short duration of several months. However, since it is dangerous for General Chon not to put forth a confrontation posture, events similar to the Kwangju incident can reoccur. There is a part of the military which opposes General Chon, and so I can't predict what will occur in the future.

[Okonogi] It is a great misfortune that there has been a transition without any clear government program. President Pak was supported not only by the military but also by the Democratic Republican Party. Kim Chong-pil, president of the Democratic Republican Party, was arrested, and there is no base, even if a "Pak system without Pak" is promoted. It can be said that the base supporting Chon Tu-hwan system is exceedingly limited.

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[Mitani] Paratroopers came into Kwangju violently at the beginning. However, later the military appeared to be under self-control. The military sorted out the extremists and the moderates, bided its time and plunged in when it was clear. The military was waiting for justification for the suppression to be created. As for control hereafter, won't justification be created to let any one of the chief military officers take responsibility? The Chon Tu-hwan order seems to be running full speed to a military government, but if a military government comes about, the U.S., as well as many foreign nations, will be critical and may not bring in capital and technology. The ROK economy cannot maintain itself. I think President Choe Kyu-ha must compromise and, taking responsibility, promote a democratization schedule.

[Okonogi] That is so if the military is wise. President Pak's method was to control by force and then loosen up. I am hoping the same method will be used. At any rate, they have no base. Will they do everything from the top or will they compromise? If they are wise, they will choose the latter.

[Komaki] Concerning the moves of the military, there has been some of that since about the time President Pak was assassinated. The United States sensed this. There were those in the military who thought "Pak is not good," and after this incident, General Chon Tu-hwan took the bold course of arresting the army chief of staff. There was the possibility the chief of staff would be the mainstream, and if so, General Chon would have been eliminated. However, to what degree was it planned? It is said that within the army, at present, the Korean Military Academy [KMA] Class 11 stands firmly together, with General Chon Tu-hwan and No Tae-u, Capitol Security commander at the center. But, the more they stand firmly together, the more others are cut off. General Chon Tu-hwan is a lieutenant general, and below that there are major-generals and field officer classes; these may begin to stir. The United States has begun to work openly and secretly, and I think a group that moves with the mind and inclination of the U.S. may also appear.

[Question] The question is the power of General Chon Tu-hwan within such a military. General Chon seems to have gained power suddenly; will the Chon system last long?

[Mitani] If that point were known, I could boldly state my opinion. Seen from the outside, it can be said that General Chon's "six-man group" or "eight-man group" is a key group. From the standpoint of rank, General Chon is a lieutenant general, and being a part of KMA Class 11, is young. Yu P'yong-hyon, chairman of the Joint Chiefs of Staff, and Yi Hui-song, martial law commander, are both superiors. These men make up the moderate faction. Chu Yong-pok, minister of National Defense, can also be added to this group. Therefore, it is unthinkable that the army will move at General Chon's beck and call. Within the military, there

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are both moderate and radical views. I often hear in my conversations with Koreans that General Chon is a capable person, but he has no political ambitions. Won't General Yu P'yong-hyon's moderate faction lead the military? This is a conjecture; I cannot say with certainty.

[Okonogi] This is my impression. At General Chon's press conference when he assumed the position of acting director of the KCIA, he seemed to have taken over former President Pak's mentality intact. These military men are moved by the same patriotic sentiment as the young officers of the former Japanese army. It is their mission, but not necessarily a desire for political power. In reality, however, there are times it is more difficult to handle people who have a mission than people who are possessed with a desire for political power.

Lack of Plan for Social Change

[Komaki] Former President Pak made an inspection tour of the entire country during his 18 years in office, and he understood relatively well the national, political and economic situation. Consequently, there was an aspect of dealing flexibly with the situation. But didn't his understanding of the existing situation disappear about a year before his assassination? I think, being military men, these military leaders have scant understanding of economic development and social change.

[Mitani] It is difficult to discuss a comparison of President Pak who was in office for 18 years and General Chon who has been in 7 months. This is a period of confusion for the latter.

[Komaki] There is a great difference between now and 1961 when the Pak regime started. First of all, when President Pak appeared, there was an international trend toward national independence. Secondly, from the economic point of view, the Pak era was an era in which it was said the economy would gradually improve, but now there is a gap in [thinking] that the economy is deteriorating. Also, the U.S. supported President Pak in order to stabilize the ROK; Japan also supported the Pak regime with the Japan-ROK normalization and technological assistance. However, now Prime Minister Ohira has cooled. When the change in this situation is looked at, it can be said the state of affairs is severe.

[Question] Concerning this incident, there was a strong impression that the reaction of the United States was slow. Did or did not the Korean military calculate that the U.S. could do nothing? Likewise, did justification exist that the north would take advantage if the confusion continued? How is this incident viewed from the international environment?

[Okonogi] The U.S. and China were for maintenance of the status quo, and after the Pak rule, the USSR, which had criticized the ROK more strongly than the U.S. and China, was not very critical of the Kwangju incident. The neighboring big powers, attaching great importance to

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the maintenance of the status quo, did not want the confusion to continue. If there was any connection between the domestic state of affairs and the international environment, the focus of attention was on the attitude of North Korea (Democratic People's Republic of Korea). However, North Korea has also been taking a flexible line toward the ROK and the U.S. and the incident happened when North Korea was trying to take the offensive posture. After the occurrence of the Kwangju incident, there has been little criticism of the U.S. and President Choe; criticism has been mainly of the military. I am hoping that these moderate countermeasures of the North will continue in the future.

[Mitani] There is a great difference in the thinking of the Japanese and the Koreans concerning the question of the North. We think that an advance on the South means attack, but in the ROK, they don't think only of an advance on the South with military force. What they fear most is domestic disturbances brought about in a peace offensive, such as propaganda through leaflets and broadcasts, and guerrilla infiltrations. I think this difference should be recognized.

The U.S. response was extremely unclear. Since December of last year, the U.S. has only repeated the same words, "If anyone takes advantage of the ROK situation, we will respond decisively." Perhaps the U.S. doesn't know how to confront the situation. It seems there is much mutual distrust between the U.S. and the ROK. By stationing troops in Korea, and through economic assistance, the U.S. has intended to strive for political stability. But there is the feeling in the ROK that this was part of the U.S.'s world strategy, it was not actually done for Korea. It is almost like seeing right through the U.S. The same thing can be said about Japan. Distrust of Japan has come forth because Japan has held back. It is hoped that this mutual distrust between the U.S. and the ROK and between Japan and the ROK will be eliminated and a new relationship will be established.

[Komaki] Certainly the U.S. must be displeased and dissatisfied. But, contrary to the time when the [ROK] removed its army without notifying the U.S. last December, the U.S. this time has given approval to Korea to move the army under the command of the United Nations forces commander. The U.S. must have been distressed about this also. There was criticism from certain antigovernment forces that the U.S. was terrible. The situation is such that an anti-U.S. feeling has arisen out of a completely pro-U.S. situation.

The security of the Korean peninsula is the number one objective of the U.S. Because the North and the South will be stable if the ROK government is stable, the Yusin system was valued. From such a viewpoint, the question now is how to apply military and economic pressure against the military, but it is difficult to apply pressure militarily. Although the U.S. did not especially intend to apply pressure, it will appear that way

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because active economic support from the U.S. will probably end in the future. There is strong dissatisfaction with the U.S. State Department, and perhaps this will be expressed in contacts with the Koreans, and perhaps pressure will gradually be applied. However, because there would be national repulsion if the U.S. goes too far, the U.S. also will make allowances. But won't the tug-of-war between pro-U.S. and anti-U.S. forces in Korea continue?

[Mitani] Following political control, control of the economy will appear as the major subject. However, this cannot be handled through the concept of the military. The military follows commands, but management of the economy must be a democratic concept.

[Komaki] That is right. The military cannot handle the economy. Therefore, it is necessary to have an administrative cabinet which includes civilians who are strong in the economy, and I think this new cabinet has that kind of character. It is a matter of whether politics will be put aside and economic stability will be sought; but now, inopportunistly, the problem of wage increases has occurred. The economic situation is bad and wage increases cannot be afforded. However, the workers cannot be patient. Given the suppression of politics and the suppression of the economy, it is possible that these two dissatisfactions will be linked together. Nonetheless, if there is no political stability, will it not be difficult to wrestle with economic problems?

[Mitani] During the first half of the Pak government, it was said that economic stability cannot be expected if there is no political stability. But now, it is said that political stability cannot be expected if there is no economic stability. In short, if economic control fails, laborers and smaller businesses will be antagonized. However, it can be hoped that the present tremors are tremors headed for democracy.

[Question] Finally, I would like you to speak about what will happen hereafter in Korea, focusing on the direction of democratization.

[Okonogi] (Concerning democratization), the hopes which are aspired by a semideveloped country ended in wishful thinking and failed. Democratization will not succeed if tried hastily; it takes time. The foundation of democratization is domestic unity. But I am optimistic about the establishment of a European-style democracy.

[Mitani] Perhaps they will head toward democratization formally with President Choe at the center. Perhaps it will be a substantially limited democracy, but I hope that today's tremors are the "labor" pains of democracy. I would like to appeal to the good sense of the Koreans.

[Komaki] I feel the same way. Even the military cannot repress the trend toward democratization. Concretely speaking, definite political freedom

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is necessary with the constitutional amendments and presidential election at hand. Under martial law, there can be no presidential election. However, it is possible that a cry, questioning the responsibility of General Chon, will be raised by the students. A vicious circle of opposition to a limited democratization is thinkable.

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S.KOREA/ECONOMY

JAPAN TO WAIT UNTIL JANUARY FOR FINAL APPROVAL OF LOAN TO ROK

Tokyo MAINICHI SHIMBUN in Japanese 5 Aug 80 p 7

[Text] 20 Billion Yen Loan to ROK Agreed but Signing Delayed

Amid the upheavals of the ROK political situation, the Japanese Government has recently begun working-level consultations with ROK Government authorities on providing a yen loan to the ROK this fiscal year. Government circles revealed on the 4th that tentative agreement had been reached that (1) the amount of the yen loan would be between 19 and 20 billion yen, and (2) terms would be repayment in 25 years including 7 years grace, with interest at 4 percent per annum. However, a Foreign Ministry source indicated the same day that signing of the exchange note for final settlement of the terms of the agreement will not take place right away, but will be delayed for some time, "probably till next January." When asked if this attitude were related to recent moves by the ROK Government such as the prosecution of former presidential candidate Kim Tae-chung, the source carefully replied, "I will leave that to your imagination."

This is related to the "great interest" in treatment of Kim Tae-chung which Foreign Minister Ito expressed to the ROK Government, and is taken as an indication of the "apprehension" in government circles regarding the ROK situation.

Indication of "Apprehension" Over Kim Tae-chung Case?

Consultations regarding this year's yen loan to the ROK were held last week in Tokyo between working-level officials of the two countries. The Koreans requested a yen loan in excess of 20 billion yen for the purposes of expanding higher education facilities and modernizing medical and public health research institutions. In reply Japan said the ROK has graduated from the developing country stage to that of a newly industrialized country and that there has been no change from the principle that economic cooperation with the ROK should be primarily on a nongovernmental basis, and advocated last year's level of 19 billion yen. Ultimately both sides agreed to settle on the range of 19 to 20 billion yen.

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It therefore became necessary to quickly hold a second round of working-level negotiations to make the signing of an exchange note possible. Nevertheless, on the evening of the 4th a high Foreign Ministry official said, "We allowed the first round of working-level negotiations to begin last week with the idea of signing the exchange note about next January." He thus suggested the signing would be left til next year.

There are economic reasons for this: the ROK economy is in an export slump because of severe inflation, and the unemployed are growing in number. But another reason seems to be that there is still "apprehension" in regard to that country's political situation, as seen in the matter of Kim Tae-chung's arrest and prosecution.

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S. KOREA/ECONOMY

ROK THREATENS JAPAN'S STEEL SALES IN SOUTHEAST ASIA

Tokyo MAINICHI DAILY NEWS in English 31 Aug 80 p 5

[Text]

The rising power South Korea of in steel exports is threatening Japan's position as No. 1 exporter to the Southeast Asian region.

Officials are worried that a "steel export war" between the two nations may break out next year, when South Korea starts full-fledged operation of the modernized plants at Pohang.

What also worries officials is that other Asian nations are increasingly interested in independent steel production.

These factors lead them to fear that Japan's steel exports to the region might sharply plummet after next year, forcing Japan to lose its best clients.

Japan exported 31.39 million tons of steel products worldwide last year. Of the total, 12.48 million tons were destined for Southeast Asian nations, the largest buyers of the item as a group.

South Korea is rapidly emerging as a powerful rival in steel exports to the region, by enhancing its steel production capacity.

Last month, South Korea completed the second heated-metal rolling plant at Pohang to pave the way for full operations from next April.

In addition, a fourth furnace will be added to the Pohang steel plant.

It is expected that the improved equipment will boost the capacity of South Korea's crude steel production to 8.5 million tons a year, from the present 5.5 million.

An executive of the gigantic Nippon Steel Co. predicted that South Korea's upgraded ability to make steel would result in smaller Japanese steel exports to that country than hitherto.

Japan sold 2.15 million tons of steel to South Korea last year. Now there is a distinct possibility of the volume being sharply slashed for years to come.

More seriously, the nation's steel industry is acutely aware that the strengthening of South Korea's steel production is certain to encroach on Japan's predominant market share in Southeast Asian nations.

The equipment investments for the Pohang steel plant will allow South Korea to export an additional one million tons of steel, according to the Nippon Steel executive.

The growing tendency of Southeast Asian nations to manufacture their own steel is

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also clouding the future of Japan's steel exports to the region.

Taiwan is taking the lead in the trend. China Steel Co. of that country is in the course of building its second furnace, to be operational between late 1981 and 1982.

The new facility will push up Taiwan's ability to make crude steel to three million tons per year, compared with 1.5 million at present.

Domestic steel production is also being planned in India and Indonesia.

In reflection of fears concerning this trend, voices calling for a review of Japan's technical aids in steel production are being heard from the nation's steel industry.

Some insist that technical cooperation should be extended from now on, by deliberately calculating the boomerang effect of the aids.

This view appears to reflect the sour lesson learned from the experience that South Korea's Pohang steel plant, a growing threat to Japan, was built with the help of Japan's steel makers.

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N. KOREA/FOREIGN TRADE

DPRK, JAPAN TO REVISE GENERAL TRADE CONDITIONS

Tokyo NIHON KEIZAI SHIMBUN in Japanese 21 Aug 80 p 8

[Tokyo U.S. Embassy Translation]

[Text] Japan-Korea Trade Association Managing Director Riichiro Aikawa said on the 20th that a delegation including trading firms affiliated with the Japan-Korea Trade Association and shipping companies will visit the Democratic People's Republic of Korea (North Korea) for about 2 weeks from the 15th and hold negotiations with the International Trade Promotion Committee of that country (Chairman: Pang T'ae-yul) to revise the "General Conditions Concerning Transactions in Goods Between Japanese and Korean Trading Firms." These "General Conditions" stipulate procedures and rules for trade between Japan and Korea. They were concluded in 1963 and revised in 1965, and are to be reviewed this time because of the necessity of revising the basic rules in order to respond to the expanded trade. The request has been made recently by both sides. The party was scheduled to leave Japan on the 18th, but its departure has been postponed for 1 week at the convenience of the North Korean side.

Japan-Korea trade is growing rapidly. As to the amount of transactions last year, exports from Japan amounted to ¥61.9 billion and imports to ¥32.7 billion--¥94.6 billion both ways. Thus, they showed an increase of 54 percent over the preceding year. This year, too, the trend toward expansion is continuing. During the January-June period, exports increased by about ¥10 billion, and imports--by about ¥20 billion. If transactions develop at the present pace, it is certain that they will exceed the ¥105.2 billion level of 1974, which was an all-time high.

However, there are no diplomatic relations between the two countries, and moreover, North Korea caused the problem of non-payment of trade bills. Thus, there are many tasks toward normalization of trade. On this point, Japan-Korea Association Managing Director Aikawa says, "Expectations on trade expansion are mounting between the two nations, but exports and handling of import claims, are posing an obstacle." Therefore a revision of the "General Conditions" is aimed mainly at consolidating the conditions for expanding imports of North Korean products to Japan.

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With regard to Japan-Korea economic relations, the "East Asia Trade Research Council," under the leadership of Japan Trade Association Chairman Tatsuzo Mizukami, was established recently, and moves by large Japanese enterprises to normalize economic relations between the two countries are coming to the fore. A delegation of the Japan-Korea Trade Association consisting of Japanese and Korean friendly trading firms, will visit North Korea and people will be watching what sort of concrete consultations will be held. But, Managing Director Aikawa went no farther than saying, "I am in no position to speak on the moves of the East Asia Trade Research Council, etc., and I want to refrain from making any comment."

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