

UNITED



NATIONS

**REPORT OF THE AGENT GENERAL
OF THE
UNITED NATIONS KOREAN RECONSTRUCTION AGENCY**

for the period 1 July 1956 to 30 June 1957

**GENERAL ASSEMBLY
OFFICIAL RECORDS : TWELFTH SESSION
SUPPLEMENT No. 17 (A/3651)**

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New York, 1957

NOTE

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LETTER OF TRANSMITTAL

Seoul, Korea, 22 August 1957

Sir,

I have the honour to refer to resolution 410 (V) adopted at the fifth session of the General Assembly of the United Nations and specifically to paragraph 5 (d), as amended by resolution 1020 (XI) adopted at the eleventh session, which directs the Agent General of the United Nations Korean Reconstruction Agency to submit reports to the General Assembly of the United Nations through the Secretary-General, transmitting copies simultaneously to the United Nations Commission for the Unification and Rehabilitation of Korea.

In accordance with this resolution, I am transmitting herewith the seventh report on the organization and work of the United Nations Korean Reconstruction Agency covering the period 1 July 1956 to 30 June 1957. Simultaneous transmittal is being made to the United Nations Commission for the Unification and Rehabilitation of Korea.

It is respectfully requested that this report be transmitted to the General Assembly at its twelfth session.

(Signed) John B. COULTER
Agent General

The Secretary-General
United Nations
New York

INTRODUCTION

1. It will be recalled that the General Assembly at its fifth session, being mindful of the great devastation and destruction in Korea which had resulted from aggression and recognizing the desperate need of the Republic of Korea for relief supplies and materials to help reconstruct its economy, established, by resolution 410 (V) of 1 December 1950, the United Nations Korean Reconstruction Agency. The Agency was directed to carry out within the limit of the resources placed at its disposal a programme of relief and rehabilitation that, supplementing the general recovery effort which would be undertaken by the Korean people themselves, would contribute to the restoration of the Korean economy. Subsequent thereto, Member and non-member Governments made available to the Agency contributions totalling \$140 million, to which has been added miscellaneous income amounting to a further \$7 million. This grand total of \$147 million now constitutes the limit within which the United Nations programme of economic aid to the Republic of Korea has been planned and implemented.

2. The Agent General, in previous annual reports to the General Assembly, has outlined the programmes and projects initiated by the Agency to assist the Korean people in meeting the enormous and complex task of reconstruction and economic rehabilitation with which they have been faced. More recently he has been able to recount the mounting successes which are emerging from this United Nations assistance. In his report to the eleventh session, describing the continued excellent progress which was being made toward achieving the agency's assigned mission, the Agent General informed the Assembly further that an operational peak in activities had been attained which would carry the approved programmes and projects rapidly to completion. That peak, maintained during the past year, permits the Agent General through this, his seventh annual report, covering the period 1 July 1956 to 30 June 1957,^{1/} to inform the Assembly that successful conclusion of this unprecedented United Nations undertaking is now close at hand. The large majority of the UNKRA projects have been successfully completed. Most of the remaining ones will be finished before the end of the calendar year 1957, and only a very small number will carry over into the spring of 1958. With the exception of certain technical assistance and residual activities, the Agent General now confidently anticipates that all projects will be concluded by 30 June 1958. The funds available to the Agency will, likewise, have been expended, other than

^{1/} The Agent General has submitted annual reports to the sixth, seventh, eighth, ninth, tenth and eleventh sessions of the General Assembly (see Official Records of the General Assembly, Sixth Session, Annexes, agenda items 17 and 27, documents A/1935 and A/1935/Add.1; Seventh Session, Supplement No.19 (A/2222), Supplement No.19A (A/2222/Add.1 and 2) and Supplement No.19B (A/2222/Add.3); Eighth Session, Supplement No.14 (A/2543); Ninth Session, Supplement No.20 (A/2750); Tenth Session, Supplement No.18 (A/2936); Eleventh Session, Supplement No.16 (A/3195)).

an amount required for outstanding accounts, for needed technical assistance, and to conclude the final liquidation of Agency affairs. To all intents and purposes, the programme will at that date have been achieved. Thus will close a most significant and highly successful chapter in United Nations history.

3. The combined total of economic and relief assistance made available to the Republic of Korea by external aid agencies from 1 July 1950 to 30 June 1957 amounts to \$1,914.9 million, not including direct military assistance. Of that sum, \$617.4 million has been provided through the United Nations, including \$143 million committed by UNKRA, mainly for investment-type projects, and \$474.4 million in relief assistance furnished under the United Nations Emergency Relief Programme, largely during the early days of the war and immediately thereafter.^{2/} The United States Government, through direct bilateral aid programmes, has provided \$1,214.9 million of the total, comprised of \$1,081.3 million furnished or obligated by the International Co-operation Administration (ICA) for support, rehabilitation and development of the economy; \$81.6 million in United States surplus agricultural commodities; slightly over \$27 million in Economic Co-operation Administration (ECA) supplies which arrived after 30 June 1950; and \$25 million worth of goods furnished through residual ECA funds. Additionally, international voluntary agencies have been authorized to import aid and relief goods amounting in value to \$62.6 million and the United States Armed Forces Assistance to Korea (AFAK) programme has furnished \$20 million more.^{3/} The gradual economic build-up which has occurred already as a result of this combined assistance, aided by substantial arrivals during the reporting period - including large quantities of ICA salables and United States surplus grains - as well as by further increases in domestic production, some improvement in exports, and determined anti-inflationary measures on the part of the Government of the Republic of Korea, resulted during the financial year 1956 - 1957 in a continuation of the relative stability in the Korean economy which was reported to the General Assembly at the eleventh session.

4. The Agent General has on various occasions acquainted the Assembly and the contributing Governments with the impressive and extremely gratifying support and co-operation which has been received by the Agency from the Government of the Republic of Korea, the Korean people, and the other external aid agencies throughout the course of the UNKRA programme. During the past year, as that programme

^{2/} Annex I, sections B, C and D, to the present report contains a statement of pledges, contributions and offers of assistance made to the Emergency Relief Programme.

^{3/} This amount represents the total of the AFAK FY 54 and FY 55 programmes which were funded by the US Department of the Army. AFAK FY 56 and 57 programmes (\$2 million each year) were funded by ICA and are included in the totals for that agency.

approached final achievement, the continued and wholehearted participation of the Korean Government and people proved of further inestimable value in expediting the remaining projects and, ultimately, of assuring a successful conclusion thereto in the forthcoming financial year. Without their continuous and most willing co-operation, the United Nations programme in Korea might well have achieved no more than mediocre results. With it, however, and with the unselfish and steadfast efforts of the Agency's staff, both international and Korean, the most generous financial assistance of the contributing Governments has been turned into permanent capital assets that now constitute a significant factor in the Korean economy, and which provide for all nations a visible and effective demonstration of United Nations action and accomplishment.

5. The Agent General at this time again wishes to express to the General Assembly the deep appreciation felt by himself and his staff for the support and encouragement afforded throughout the Agency's programme, and also to the contributing Governments, without whose assistance that programme would not have been a reality. During the coming year as the UNKRA projects reach final conclusion, the Member nations, contributing Governments, the Korean Government and the Korean people, and all who in any way have contributed funds or efforts, may derive unre-served satisfaction from the knowledge that their joint endeavour is providing a goodly and successful measure of assistance in the reconstruction of the Republic's industrial and social establishment and the restoration of its economy.

Chapter I

ACHIEVEMENTS IN RECONSTRUCTION AND REHABILITATION

6. Agency operations, continuing at their height, resulted in a further substantial number of project completions during the year and, as the reporting period ended, the final successful achievement of the UNKRA programmes was rapidly drawing near. Construction of the new cement and flat glass plants was almost finished - both plants are to commence operations during the first quarter of the financial year 1957 - 1958, while completion of the worsted spinning mill and woollen dyeing and finishing plant, together with the continued rapid installation of other textile equipment, carried the Agency's extensive programme to restore and expand South Korea's textile industry to virtual conclusion. Coal and metal mining projects showed continuous steady progress toward a successful outcome which will result in production increases of important economic significance for the Republic of Korea. Restoration of the Kunsan-Changhang port to full operational capacity concluded the UNKRA transport and communications programme, and completion of two final power sub-projects concluded that Agency programme. Over 4,400 additional housing units were finished, raising the total completed to more than 8,300. Activities on the major educational projects were generally concluded with the construction of almost 1,000 more classrooms and the dedication of four vocational training centres. The UNKRA Fundamental Education Centre has opened and is now in full operation, and construction is proceeding apace on the new National Medical Centre.

7. The approaching final achievement of the UNKRA programme is indicated also by total Agency commitments which, at 30 June 1957, had reached \$143 million out of the \$147 million available - consisting of \$140 million contributed by Member and non-member Governments, and \$7 million in interest earned and miscellaneous income. It is further indicated by the total number of project sites - the factories, mines, schools, housing developments, orphanages and other direct recipients of UNKRA material or technical aid - at which activities have been concluded. These continued to mount at a steady rate throughout the report-

ing period and, by 30 June 1957, had risen to 3,995, as compared with the total of 3,249 at 30 June 1956.^{4/}

8. Full implementation of many UNKRA projects has required activity extending, necessarily, beyond the dates covered by any particular annual report of the Agent General. In this respect, not a few of the achievements of the present financial year 1956 - 1957 represent the culmination of efforts initiated in previous years. In order to afford a clearer understanding of the extent of the projects, and of the magnitude of the Agency's over-all accomplishments, pertinent material has been summarized from previous reports and is incorporated in the ensuing pages of chapter I.

Industry

9. The reconstruction and rehabilitation of the Republic of Korea's war damaged industrial establishment, together with such further expansion as will be required for the development of a viable national economy, have constituted major objectives of the UNKRA programmes. Giving due regard both to the need for a balanced investment programme related to Korea's over-all requirements, and to the limits of the funds made available by the contributing Governments, the Agency has made total allocations of more than \$27.5 million for industrial projects. In order to secure the maximum benefit from this allocation, the projects have been generally restricted to specific areas of industrial activity: cement, textile, paper and flat glass production, and the provision of effective financial assistance to existing small industries. Certain other projects not included in the groups above, but which are expected to result in returns to the economy proportional to the funds expended, have also

^{4/} During the same period, the total number of sites increased from 4,235 to 4,664. The new locations principally represented additional industrial enterprises assisted through the Agency's small business loan fund, new UNKRA housing development sites and fisheries sites. Annex II to the present report presents a map of the Republic of Korea showing UNKRA project sites by major category, by province, together with the completion status as at 30 June 1957.

been included in the Agency's programme for industries.

Cement production

10. Construction of the new 200,000 metric ton cement plant at Mungyong, Kyongsang Pukdo, was fast approaching successful conclusion as the financial year ended. Design and procurement were over 90 per cent finished, machinery and material arrivals stood at 94.6 per cent, and almost all remaining items were en route to Korea. Over-all work on the plant - construction, equipment, installation, etc. - had reached 89 per cent completion.

11. The first 100,000-metric-ton kiln is now virtually ready for operation, with installation of the second kiln scheduled to be completed by the beginning of September 1957. Erection of other machinery is proceeding rapidly, and preliminary test runs of the major components of the plant will be carried out during July and August, including initial testing of the 9,000-Kilowatt power plant. A 310-kW stand-by diesel generator, vital to prevent damage in case of a major power failure, has already been installed and is in operating condition. All major ancillary structures have been completed and are in use, including the laboratory, office, workshop and stores buildings and the auto repair shop. Likewise completed are the director's house, twelve staff residences, a guest house, the community centre, 126 one-family houses for plant employees, a combination dormitory and mess-hall, a dispensary and two bathhouses; also a small landing field. (A new eight-room school for children of employees has also been erected in the housing area with materials provided through the UNKRA classroom construction programme.) Concluding work on this \$8.9 million UNKRA project - excepting technical assistance activities - and the start of full-scale operations are scheduled for September.

12. Moreover, in June, UNKRA engineers concluded stripping of the overburden from a quarry area located at the 510-foot level of a large hill of limestone adjacent to the plant, exposing an initial mass sufficient for the first year of operations. Chute construction for gravity drop to the valley floor has been finished and preliminary mining operations have started. Drilling tools, 100 one-cubic-metre tipping cars and three diesel locomotives for use in the quarry, twelve ten-ton Granby wagons and two trolley locomotives for transportation of the raw limestone to the plant's primary crushers, some 600 metres away, have arrived. Six other Granby wagons, four excavators and air compressors are scheduled to reach Korea in August.

13. Direct assistance will be provided by UNKRA in the initial operation of the plant through the services of some ten international technicians, including a plant superintendent, chemical, electrical and quarry engineers, and a cost accountant. This team will afford training and guidance to the Korean management and staff for a period of six months, beginning October 1957. Preparatory to the start up of the plant, the Agency during the reporting period sent the Korean plant manager and two chemists to Denmark for fam-

iliarization and training in large-scale cement plant operations and cement plant operations and cement plant laboratory techniques and procedures.

14. The combined output of the Mungyong plant and of the only other major South Korean cement producer (an existing plant at Samchok, in Kangwon Province - which UNKRA earlier furnished with repair parts for its cement-making equipment, construction materials and with new stand-by power facilities) is expected to meet a good part of domestic requirements. It should be noted in this respect that the Agency has made ample provisions in the design of the Mungyong plant for expansion through the installation of additional kilns and machinery within the grounds of the present plant, if this is required later on.

Textile production

15. The Agency's \$9 million textile programme, covering the cotton, woollen, silk and bast fibre industries, has now reached virtual conclusion. Two large woollen plants - a dyeing and finishing plant and a worsted spinning mill - were both completed during the year. Another 1,025 looms, five new opening and picking units, and auxiliary spinning equipment arrived for the cotton textile industry. Some 5,700 spindles also were received for South Korea's only silk waste plant, and during May and June 1957 spindles and machinery to process local bast fibres reached Korea.

16. UNKRA activity in the textile field began in 1953. Attention was first given to restoring cotton spinning capacity, much of which had been destroyed during the fighting. 55,440 spindles, capable of producing annually the yarn equivalent of 39 million yards of cloth, were installed during 1953-1954 in three major mills, at Anyang, Taejon and Kwangju - all located in the invaded zone and all of which had suffered extensive war damage. Three modern automatic opening and picking units, each capable of servicing 25,000 spindles, were likewise provided. This was followed by the purchase of 2,100 high-speed looms for mills at Anyang, Taejon and Taegu, to increase annual weaving capacity by the equivalent of 30 million yards of sheeting. 1,075 of these looms arrived during the financial year 1955-1956 and the remaining 1,025 during the current reporting period. Installation has proceeded rapidly and will be completed in July. Auxiliary equipment valued at \$124,000 also has been furnished to allow general use of existing spindles with the new looms. Conversion operations are under way and should be completed during the first half of the financial year 1957-1958. The highly successful operation of the three automatic opening and picking machines provided earlier also led to the purchase of five additional units for major mills at Pusan, Inchon, Taegu and Kwangju. Four have been installed and the fifth will be ready in August. The eight units have a combined capacity sufficient to serve over 50 per cent of the spindles now operated by the Korean cotton textile industry, while at the same time producing a much higher grade yarn from lower grades of cotton than previous facilities had allowed.

17. The total productive capacity of this UNKRA-supplied equipment, together with that of other equipment rehabilitated or newly obtained by the industry

itself, is considered adequate to meet present Korean cotton textile requirements.

18. Two major projects were undertaken by the Agency in the woollen textile field, both at Masan, Kyongsang Namdo, where much of the woollen industry is centred. One, a \$600,000 worsted spinning plant with a monthly capacity of 85,000 pounds of yarn was completed in December 1956. This plant is now in full operation, under technical assistance guidance provided by the Agency, which will continue until October 1957. A substantially increased demand for woollen and worsted cloth has arisen in Korea since 1950. The domestic production of worsted yarn, which previously has been supplied almost completely by imports, is expected to result in a considerable foreign exchange saving.

19. The other, a modern woollen and worsted dyeing and finishing plant equipped by the Agency at a cost of over \$400,000, went into operation in February 1957. This plant is capable each month of processing 100,000 yards of woollen and worsted cloth, turning out a high-grade finished product capable of competing favourably in the local market with fine imported goods. The assistance of an international technician is being furnished to this plant also, until December 1957, to train staff in the use of the new machinery.

20. Two other projects round out the Agency's textile programme. One is providing approximately \$820,000 worth of machinery to process bast fibres, including flax, hemp and ramie, of which substantial quantities are grown in South Korea (and of which still further increased planting is scheduled). Most of this equipment arrived during April and June 1957, and the remainder is due in July. Financing considerations resulted during the year in a change in the previously reported end-user plant, as a result of which the machinery will be installed - beginning in July - at an existing mill building in Anyang, rather than at Inchon. The 3,400 spindles, which comprise the bulk of the new equipment, are capable of producing annually enough high grade yarn to weave about 2,750,000 yards of cloth, a quantity expected to meet domestic demands.

21. The remaining project will restore South Korea's only silk waste processing mill, located at Chonju, Cholla Pukdo. Replacement parts for existing machinery, and 5,700 new spindles which will permit not only the spinning of silk, but likewise the production of mixed silk, wool and synthetic yarns, have been provided at a cost of \$300,000. As at 30 June, all spindles had been installed and 4,200 were initially in operation on a mixed 50 per cent worsted - 50 per cent rayon yarn. The remaining 1,500 spindles are awaiting the arrival in July of a small shipment of replacement parts for silk dressing machines to begin silk spinning. Future operations envisage an average use of 3,500 spindles for silk yarn production and 2,200 for mixed worsted and synthetic fibres, depending on market demand and raw material availability.

Paper production

22. Current UNKRA investment projects to increase domestic newsprint, bond and kraft paper production showed steady progress during the reporting period.

All parts required to restore the second Fourdrinier line at the Korca Paper Manufacturing Company plant in Kunsan, the only present producer of newsprint in South Korea, have arrived. The Agency's rehabilitation of this plant's first line in July 1955 resulted in a production increase from 350 metric tons to 500 metric tons per month. Restoration of the second machine will allow, depending on the availability of raw materials, a total monthly output of up to 1,000 metric tons, sufficient to meet a substantial portion of the Republic of Korea's annual newsprint requirement.

23. Construction and installation work continued at the kraft paper and bag making plant, Oryu Dong, Kyonggi Province. This plant, for which approximately \$500,000 worth of machinery and equipment has been furnished by the Agency, will provide Korea for the first time with modern facilities to manufacture kraft paper and the heavy-duty bags needed by the cement, sugar, fertilizer and similar industries. Its rated annual capacity of 9,000 metric tons is sufficient to meet most, if not all, of the country's present requirements. Domestic production is expected to result in foreign exchange savings amounting eventually to as much as \$750,000 a year.

24. Over 90 per cent of the machinery for the Sam Duk Paper Manufacturing Company, Anyang, Kyonggi Province, is now in Korea. UNKRA is engaged in expanding the facilities of this plant at an expenditure of \$295,000 to enable it to produce annually approximately 1,600 metric tons of better-grade bond paper, together with some 300 metric tons of one-sided paper. The new equipment will tie in with facilities previously rehabilitated by the Agency in 1953-1954, when the output of the plant's one-sided paper making machinery was restored to 100 metric tons a month. Bond paper is much in demand, with requirements met largely by imports. It is anticipated that domestic production by Sam Duk will save close to \$250,000 in foreign exchange annually.

Flat glass

25. Construction of the new flat glass plant at Inchon reached 93 per cent completion at 30 June 1957. Installation of the furnace, around which the flat glass making process centres was progressing rapidly and expected to be finished before the end of July, permitting the start of operations in early August. The plant's two fourcault machines, with a combined annual capacity of 12 million square feet of glass, are already in place. Associated units - mixer tower, silo, sand storage and preparation facilities, the laboratory, glass cutting room - are likewise well along toward completion. The construction of a separate 500 metric ton annual capacity unit to produce wire-reinforced glass was undertaken during the year. This unit will be completed at approximately the same time as the main plant. Procurement is also under way for equipment which will permit the production of frosted and figured glass.

26. Presently known local deposits of the chief raw materials - sand, limestone and feldspar - have been determined by Agency specialists to be ample for full scale production over a thirty-year period, and the location of further suitable sources can be expected.

The plant's projected 12 million square foot annual output - intended to meet South Korea's normal demand as presently estimated - can be increased to 18 million square feet if the need arises through installation of a third fourcault machine, allowances for which have been made in designing and constructing the plant.

27. Since the making of flat glass is highly technical, to ensure both effective initial operation and to provide comprehensive training for the plant's management and employees, UNKRA is making available a team of approximately twelve international specialists, including furnace men, fourcault machine operators, a plant superintendent and a cost accountant, for the first year of operation. In preparation for the start up, the Agency in May 1957, sent the plant's two chemists to Alfred University in the United States, where they were given one month's intensive training in glass testing techniques. Additionally, one week's direct observation and study of a large Formosan flat glass plant in operation was provided.

Small business loans

28. Substantial assistance to Korea's many small industrial establishments, in the form of loans made available at reasonable interest rates, was continued throughout the financial year 1956-1957, as forty-two additional foreign exchange loans totalling \$552,900, and 282 local currency loans amounting to hwan 531,950,000, were approved from the UNKRA Small Business Loan Fund. This raised the total number of loans made since UNKRA initiated its small business programme in August 1954 to 1,381, of which 374 represent foreign exchange loans amounting to \$2,090,280 and 1,007 local currency loans valued at hwan 1,409,599,000. During these three years, 1,162 separate small industrial enterprises, almost one out of every seven in the republic of Korea, have been assisted by UNKRA loans.

29. As in previous reporting periods, a wide cross-section of South Korea's small industries was aided, as loans were made to factories processing or making medicines, chinaware, nails, cotton and woollen fabrics, fishnets, paint, starch, leather articles, matches, paper, vegetable oils, soap, candles, rope, ice, bicycles, plastics, rubber goods, farm tools, tile, lacquer and bamboo ware, shoes, storage batteries, salt, cast iron products, electric light bulbs, grindstones and various chemicals.

30. The foreign exchange loans resulted in a variety of new equipment being added to small business plants machinery to make pencils, flashlight batteries, tin cans and zippers, as well as industrial diamonds, looms and dyeing equipment, industrial sewing and knitting machines, a 35-mm. motion picture camera and both black and white and colour film processing equipment. Hwan loans went largely to provide raw materials for processing. However, some were made for the purchase of equipment available on the domestic market, such as vacuum pumps, lathes, a wire machine, metal cutting

and milling machinery, a metal press, candle making equipment, a plastic extruder, an iron smelting furnace and shoe machinery.

31. The operation of the UNKRA Small Business Loan Fund has been extremely successful throughout the almost three years of its existence, constituting an important factor in efforts to restore and expand the Republic's economy. Its help to the small industrial producer, who plays a significant role in that economy, has been reflected in increased output of consumer goods and related continuing employment. Future operations of the permanent revolving local currency fund of hwan 710 million arising from the agreed repayment in hwan of all foreign exchange loans and the sum of hwan 230 million provided by the Agency for initial loans, can be expected to afford continuous assistance toward the further development of South Korea's many small industries.

Other industrial aid

32. Construction and equipping of an automobile repair shop in Seoul to provide adequate modern facilities for repair and overhaul work on civilian vehicles is now almost completed. The shop, easily available geographically to the roughly 60 per cent of South Korea's passenger vehicles and 36 per cent of its trucks registered in or near the capital, will be able to rebuild truck, passenger car and jeep motors, marine and diesel engines, as well as manufacture parts for older cars, carry out all kinds of body repair work and perform general vehicle maintenance. An experienced international automotive shop foreman, who is presently assisting in the installation of equipment, will provide practical training in its use and in modern shop procedures following the commencement of operations about the end of July. Work also got under way in June on a similar shop at Pusan which is being established by the Agency to provide facilities to the southern part of the country.

33. Close to \$60,000 worth of wire weaving looms and accessory equipment needed to manufacture - for the first time in Korea - small mesh insect screens arrived during February 1957. They were consigned to two wire plants located at Inchon and Sihung, Kyonggi Province. Each of these plants previously had been furnished by the Agency with other machinery to restore insulated wire and wire cable making capacity, as well as construction materials to repair plant buildings. The shipment, except for the delivery of a small additional quantity of wire-drawing equipment now en route, completed UNKRA's efforts to rehabilitate and expand essential South Korean wire manufacturing facilities.

34. Fishnet machinery, valued at \$100,000, was released by the Agency during the year to seven net-making factories located in Seoul, Pusan and the fishing centres of Samchonpo and Chungmu on Korea's southern coast. Consisting of thirty-six net-weaving machines and ten winders this equipment has a total annual capacity of more than 500,000 pounds of small mesh nets, sufficient to meet approximately one-half of the present domestic requirement.

Mining

35. The Republic of Korea's mining industry not only produces a large part of the coal and other minerals needed by its factories, power plants and homes, but provides exports which constitute at present the chief source of the nation's visible foreign exchange earnings. Damage to existing mines through disuse following the Second World War, further damage to workings resulting from the invasion, and the economic necessity of locating and developing new deposits, led UNKRA to assign a high priority to restoration and development activities in the mining field. Based upon project funding limitations, and possibilities for the profitable application of funds within given periods of time, the Agency allocated a total of \$13 million to restore and further expand South Korean coal mining (\$8.6 million), and metal mining (\$4.4 million) operations.

Coal mining

36. New equipment procured by the Agency for both government and private coal mines arrived at a steady rate during the reporting period. Its use, along with other previously supplied equipment and the technical assistance afforded by UNKRA coal mine specialist teams and coal mining project officers, resulted in further substantial production gains during the calendar year 1956, when the average monthly output totalled 150,000 metric tons, compared with 109,000 metric tons in 1955.

37. Received for the mines of the government-owned Dai Han Coal Corporation (DHCC), the nation's largest producer, were 150 three-metric-ton mine cars, eleven battery and three diesel locomotives, eighty five-ton dump trucks and four large rubber-tired bulldozers, together with cable, air hose and other mining equipment. Also received were twenty-three large water pumps, which have already been installed to help prevent mine flooding during the summer 1957 rainy season, and eleven core drills. The core drills, nine with a capacity of 500 feet, the other two with 3,000 feet, are important to the location and proving of new reserves. These drills are scheduled for use in an extensive test drilling programme at the Hambaek coal field in Kangwon Province, as well as for exploratory work in the Corporation's other mining districts.

38. The fourteen-man team of international coal mine specialists engaged by UNKRA since the summer of 1954 to provide technical assistance in the Agency's \$7 million plan to rehabilitate and develop the DHCC mines carried out another year's full field programme. Divided into sub-teams located at the Corporation's Changsong, Togye, Eunsung, Machari (Yongwol) Hwasun and Hambaek mines, they continued to afford expert help in installing new equipment, guidance in initial operations, and steady on-the-job training for both miners and management, activities which again constituted one of the major factors in the further large production increases registered during the year at DHCC mines. (Another sub-team is stationed at the DHCC head office in Seoul, assisting in the development and improvement of design, procurement, accounting, personnel, etc., procedures.)

39. Steady progress also was made under the \$1.4 million UNKRA project to develop the privately oper-

ated Oktong, Kangwon, Taebaek and Songju coal mines. The manufacture in the United States of a three-and-one-half mile long aerial tramway for the Oktong mine, which is almost inaccessibly located, has been virtually completed. Shipment has started and an international erection supervisor will proceed to Korea in September to direct installation and provide instruction in the use of the tramway. A modern conveyor loading system, together with a 300-kVA auxiliary sub-station, also have been purchased for the rail car loading point at the tramway's lower terminus. Fifty one-metric-ton mine cars, other mining equipment and partial shipments for a 1,000-kW transformer sub-station arrived for this mine during the year.

40. At the Kangwon mine, the installation of a coal preparation plant, for which UNKRA is supplying \$100,000 worth of equipment, is now nearing completion. 120 one-metric-ton mine cars, considerable other mining equipment and part of a 1,000-kW transformer sub-station arrived during the year. Two trolley and two battery locomotives are expected shortly.

41. Changes in previous plans to provide the Taebaek mine with an aerial tramway were necessitated during the reporting period, as total cost estimates were found to be greater than the funds allocable to this one mine. Instead, the mine's narrow gauge line will be extended to a truck loading point and surface transportation equipment previously ordered has been increased by one more diesel locomotive and eight five-ton dump trucks. Two other diesel locomotives, 100 one-metric-ton mine cars, two diesel compressors, other mining equipment and partial shipments for a 1,000-kW transformer sub-station arrived during the year for this mine. Two battery mine locomotives and fifty additional one-metric-ton mine cars also are expected shortly.

42. The Songju mine, the smallest of the four, is about ten miles from the nearest railroad line and is cut off from electric power sources. To overcome this handicap, the Agency has provided one 50-kW and one 30-kW generator, two diesel compressors and gasoline hoists for use at the mine, besides drills, cable and other mining equipment. Additionally, thirty one-metric-ton mine cars are on order. Eight five-ton dump trucks have been furnished to haul the mined coal to the railhead, and an elevator-conveyor railcar loading system has been established there to reduce loading costs.

43. UNKRA-furnished equipment and the technical assistance provided by Agency coal mining engineers were important factors in a 62 per cent production increase registered at these four mines during calendar year 1956.

Metal mining

44. The implementation of the Agency's metal mine projects showed continued satisfactory progress during the year, although some delays were experienced in equipment deliveries to Korea. The bucket-ladder dredge for the Taechon-ni (Cholla Namdo) gold placer arrived in December 1956, and assembly started immediately, under the supervision of technicians furnished by the dredge supplier. It was essentially

completed by 30 June, and dredging was scheduled to get under way during July. The dredge's technical staff will remain during the initial six months of operation to provide on-the-job training for a Korean crew. This project is expected to result in a two-fold benefit to South Korea's economy: firstly, through the recovery of approximately \$3.4 million worth of gold estimated by UNKRA mining technicians to be contained in the Taechon-ni deposit; and, secondly, through a practical demonstration to encourage similar dredging of other placer areas, which geological studies indicate may provide South Korea with an important and profitable source of gold for foreign exchange earnings.

45. Most of the \$100,000 in mining and exploratory equipment purchased by the Agency for the Chungju Iron Mine, Chungchong Pukdo, has arrived. The new equipment, including rock drills, pipe, air hose, a large compressor and other mining tools, is vitally important to continued operation of this mine, being designed to effect both a substantial reduction in presently excessive mining costs and, even more important, to provide the means for a systematic blocking out of new ore reserves. In both connexions, UNKRA mining engineers provided assistance during the year in the form of advice on operations and plant layout, and preparation of a new estimate of ore reserves.

46. Rapid progress is now being made in establishing a talc grinding plant, also located near Chungju. Foundation work for the machinery, which has already arrived at the mine site, has been completed, and the erection of the plant building is expected to be finished in August. At that time, a qualified operator will be brought to Korea to assist in adjusting the equipment, and to furnish an initial short training period in its operation. The new plant, provided under a \$150,000 package contract, will almost double the value of the mine's output, which is now being exported in raw lump form at about one-half its processed price.

47. The hook-up of a new 375-kVA generator has completed the \$95,000 preliminary restoration phase in the Agency's general \$1.5 million rehabilitation plan for South Korea's only non-ferrous smelter and refinery, located at Changhang, Chungchong Namdo. Supplemented by existing older 200-kVA and 100-kVA units, the new generator will provide stand-by power adequate to continue essential operations in the event of power line failure. Plant rewiring, the replacement of some damaged equipment parts, and the provision of new assay equipment were also included in this initial project.

48. A complete modernization of the plant's facilities for processing gold, silver, copper and lead at a total cost of \$1,460,000, to result in more efficient operations and substantially reduce labor and handling costs, is now under way and is proceeding rapidly. The construction of a new main smelter and refining building is well advanced, a new ore dressing laboratory, mineragraphic equipment and a railroad scale have been put into use and preparations are under way to instal a new 45-ton overhead travelling crane. Additionally, orders have been placed for a copper converter, matte ladles and lifting bails, an ore dressing mill, a complete \$145,000 plant maintenance shop,

including a mobile crane, a mercury arc lighting system with which the entire plant will be equipped, and a 2,500 kVA sub-station. Specifications likewise have been prepared for a new lead sintering plant to tie in with present smelting capacity.

49. To help improve future operating procedures, the Agency has also completed arrangements for two senior technicians to depart in early July to study and observe smelting and refining practices in both North America and Europe. Following the arrival of the new equipment and its installation under the guidance of the UNKRA metallurgist, now stationed at the plant as project officer, two other senior technicians will be sent abroad to observe similar equipment in operation.

50. This smelter and refinery is vitally important to many small South Korean mines which cannot be worked profitably if required to export ores for processing. Its modernization will not only permit a substantial increase in production of copper from the present approximately 90 metric tons a month to between 350 and 400 metric tons, silver from one-half metric tons to one ton, and lead from a negligible quantity to 200 metric tons, as well as permitting the handling of all available gold ores, but, more important, the resulting reduced smelting and refining costs will offer strong incentives for the development of additional metal mines.

51. Loans totalling \$100,000 and hwan 14,750,000 were made during the year by the UNKRA Mine Loan Fund to three more potentially profitable mining ventures, following detailed examinations by Agency mining engineers. Of the total, \$50,000 was provided to the Songchon Gold Mine, Kangwon Province, \$20,000 to the Kumchai Gold Mine, Kyongsang Namdo, and \$30,000 to the Samchang Gold Mine, Chungchong Namdo, for the importation of such items as mine cars, compressors, rock drills, crushers, a generator and ore dressing equipment. Parallel hwan loans were made to each mine to supplement their own funds in meeting local labour and equipment installation costs.

52. UNKRA has now provided a total of \$285,000 and hwan 39,750,000 through its Mine Loan Fund to seven mining companies including, in addition to the above, the Chokche Gold Mine in Kyonggi Province, the Tanyang Lime Industrial Company, Chungchong Pukdo, the Palkong Mine, Cholla Pukdo, which produces gold, copper, lead and zinc, and the Taekwa monazite placer in Chungchong Namdo. These mines, too small to justify as separate projects in the UNKRA programme, have nonetheless good development potentials. Their exploitation is expected to result in definite gains for the Korean economy.

53. The gold mine at Yangji-ri, Chungchong Namdo, under development by the UNKRA Mining Section as a self-supporting operation to provide facilities for training in metal mining techniques to Korean miners, was transferred to the vested Korean Tungsten Mining Corporation in June 1957, concluding the Agency's participation in the project. The mine will now be operated as a commercial venture; however, in conformity with the original project objective, the Corporation and the Government Mining Bureau have

indicated that training facilities will continue to be afforded to metal miners parallel with commercial exploitation.

54. Foundation work is now under way for the new 200-ton-a-day mill which the Agency is providing for the recovery of crystalline graphite from a high-potential mine in Sihung County, Kyonggi Province. Initial shipments of equipment and machinery have already reached Korea; the remaining items are scheduled to arrive by October, and the mill should be in operation in early 1958. This mine is located on a crystalline graphite deposit containing reserves estimated at at least 20 million metric tons of raw ore. With good quality crystalline graphite concentrates having an export value of about \$350 a ton, the mine can be expected to provide a continuous source of much needed foreign exchange.

55. Technical assistance by the Agency to the UNKRA-built and equipped Taejon Mineral Assay Laboratory, which is now operated by the Ministry of Commerce and Industry's geological survey division, continued throughout the financial year 1956-1957. Since November 1956, following the arrival of an ore dressing expert especially obtained by the Agency, attention has been mainly centred on the development of ore dressing techniques. The Agent General is pleased to report that, during the past year, the operation of the Laboratory by the Korean technical staff who assumed full control from Agency international technicians on 1 July 1956 has been most satisfactory.

Power

56. The Agency's over-all \$3.4 million power rehabilitation programme was carried to a successful conclusion during the first half of the financial year 1956-1957, with the completion of programmed repairs to the Chongpyong power plant in Kyonggi Province, and the laying of a 2,000-metre 22-kV submarine cable under the Han River at Seoul. These two sub-projects were the last in a major \$2.8 million undertaking - carried out for the Agency by the United Nations Command and the local power companies - through which South Korea's war-damaged mainland substations and the 550-kilometre-long main 154-kV distribution system were rehabilitated, 66-kV transmission lines which cover the south-western part of the Republic were restored and extended, and repairs were effected to existing generating facilities, thus enabling the nation's power system to meet a minimum power demand of 120,000 kW.

57. The Agency's own operational staff, working directly with the local power company on Cheju Island, during the period 1954 - 1956 also carried out independently a \$525,000 project for that Province, which had not been included in the major undertaking above. Through this project, which was completed at the end of June 1956, except for a few minor hookups effected at the beginning of the present reporting period, new powerhouses were constructed in the Island's four principal towns, diesel generators with a total capacity of 1,200 kW were installed, and transmission lines were re-arranged and extended to provide better service and include new customers.

58. A complete engineering study of the hydro-electric potential of the Sumjin River in south-western Korea was also carried out by UNKRA in 1954 through the services of an international engineering concern. The results of this study were made available to the Republic of Korea Government, the United Nations Command Economic Co-ordinator and the United States International Co-operation Administration for use in the possible future development of that area.

59. The Agent General, in his last annual report, noted the value of the UNKRA power programme to the rehabilitation and development of the Republic of Korea's economy. That value increased further during the year as UNKRA-rehabilitated power transmission and distribution facilities provided more efficient power delivery to factories, mines, schools and homes, not only for the output of older, existing generating facilities, but also for the three major new plants added to the power system through the ICA programme. In respect to assistance furnished by the Agency in the power field, the Agent General also wishes to draw attention to the substantial amount of operational and auxiliary power potential introduced into South Korea in connexion with the UNKRA industrial, mining, education and other non-power projects, examples of which are to be found in the 9,000-kW power plant for the Mungyong cement plant, the 2,210-kW auxiliary plant at the Samchok cement plant, the 375-kVA generator at the smelter and refinery at Changhang, the 350-kW auxiliary units at the Changsong and Hwasun mines of the Dai Han Coal Corporation, as well as smaller installations at private mines, vocational training centres, ice plants and the like.

Transport and communications

60. Activities by UNKRA to rehabilitate the Kunsan-Changhang harbour, Korea's third largest, were successfully concluded during the reporting period, resulting directly in the return of these twin ports to full operating condition for the first time since the end of the Second World War.

61. Two 300-foot floating piers were put into operation at Kunsan, in July and October 1956, a 220-foot floating pier at the less heavily used Changhang side in October, and a third, smaller pier at Kunsan in December. In February 1957, by mutual agreement between the Agent General and the United Nations Command Economic Co-ordinator, the assumption by the latter of responsibility of future technical assistance to the port successfully completed this major Agency project.

62. Beginning in 1953 with a comprehensive survey of the requirements to restore the harbour to full operational use, UNKRA has since not only completely rehabilitated and extended the floating piers, which are highly essential for continuous cargo loading and unloading because of the great variation in local tides, but has also constructed two new 100-foot and two 50-foot piers at Kunsan, effected general repairs to the quays at both Kunsan and Changhang, resurfaced the Kunsan quay area, carried out extensive dredging (much of it by the UNKRA imported dredge "Chinhae Man"), and erected three large warehouses to provide

the port area with 75,000 square feet of protected storage space.

63. The completion of the port project marked the conclusion of the Agency's \$5.5 million transport and communications rehabilitation programme. Significantly important aid has been given to the Republic of Korea through this programme including, in addition to Kunsan-Changhang harbour rehabilitation, assistance in keeping open the feeder rail lines serving the agricultural south-western part of the nation, the provision of trucks for the civilian motor transport system, the supplying of machine tools and construction materials to restore railroad backshops and engine houses, and a large dredge for harbour clearance work. Additionally, essential navigational aids were restored at harbour entrances and at important coastal points, and equipment was furnished to rehabilitate South Korea's radio network.

64. In the early stages of the reconstruction programme, during 1953 and 1954, 310,000 Agency-provided rail and bridge ties, valued at approximately \$1.1 million, were brought in for sleeper replacements absolutely essential to the continued operation of the single track rail lines which serve the entire south-western part of Korea. These lines, neglected since the Second World War, and having no strategic interest to the United Nations forces - therefore not included in their maintenance plans - were at the point of complete breakdown, with extremely serious implications for the area's economy and its people. Only the opportune arrival and installation of the UNKRA ties kept the lines in operation.

65. Between November 1953 and May 1954, almost 600 trucks, valued at \$1.6 million, and ranging from one to five-ton capacity, were imported for the hard-pressed civilian motor transport system. While increasing the total number of non-military trucks then in South Korea by only about 10 per cent, they actually constituted a much more substantial addition to hauling facilities, since practically all existing civilian trucks were obsolete, subject to frequent breakdowns, and often completely out of operation. Their use materially assisted in the movement of vital relief supplies to outlying districts, as well as affording more reliable means for the general transportation of both aid goods and commercial cargoes.

66. In December 1953, the 2,000-hp. 20-inch main pump suction-cutter dredge "Chinhae Man" and attendant plant arrived in Korea, provided by the Agency at a total cost of \$1.28 million - including the training of a Korean operating crew. The dredge was first used to help in clearing Kunsan-Changhang harbour as part of the Agency's project there, then was moved for harbour clearance work at Inchon, where it is now in operation. A dredge of this type is highly important to keep open Korea's west coast ports, at which steady, rapid siltation is occurring.

67. During 1954 and 1955, \$200,000 worth of materials were furnished to rebuild the freight car and locomotive erecting shops at Seoul, the engine houses at Andong and Kimchon, and for repairs to the Chechon engine house as well as to the power-house at Seoul backshop. Another \$200,000 was used to replace damaged or destroyed machine tools and equipment

needed in the repair of freight cars and steam locomotives. Supplied to Seoul backshop and engine houses in Pusan, Taejon, Andong, Kimchon and Seoul, this equipment resulted in a marked improvement in output through the repair shops. The increased availability of operable rolling stock has had an important bearing on the over-all reconstruction effort.

68. Additionally, the Agency furnished \$244,000 worth of new and replacement equipment through which forty-four vital navigational aids at the entrance to South Korea's major ports and at important coastal points were completely restored, and \$78,000 worth of parts and new equipment with which the fourteen stations in the Korean national broadcasting system were refitted and improved.

Fisheries

69. The Agency's \$3.6 million fisheries rehabilitation programme moved rapidly toward completion during the year. Major activities included the signing of a package contract in October 1956 to supply the two modern fish canneries which UNKRA is establishing at Pohang on Korea's east coast and Naro-do on the south-west coast. Steel buildings to house the canneries and the first lot of cannery machinery arrived in June 1957, as did fish-meal-making equipment, with which the plant at Pohang also is being equipped. The erection of the buildings is scheduled to be completed during August, and by approximately the end of that month the Agency will bring a cannery technician to Korea to assist in machinery installation and provide training in its use. The new canneries, expected to be in operation before the end of 1957, have a capacity almost double that of all present plants. While it is anticipated that initial operations will concentrate on the domestic market, the facilities can meet the food sanitation requirements of foreign Governments and will allow special packing for export as well.

70. Forty 14-44 BHP UNKRA-imported marine diesel engines were provided to fishermen during the year to convert sailing craft into power fishing vessels, while twenty-six other engines varying between 14 and 180 BHP were made available for the construction of new fishing craft, ranging from a 6-ton diving boat to 75-ton trawlers. Red cedar and Douglass fir lumber also was provided to construct thirty-six other new boats ranging in size from 2.8-ton fishing boats to 20-ton gill net and long line craft; these were additional to the twenty-six noted above.

71. In all, UNKRA materials or loans were provided during the year to construct sixty-nine new fishing boats. No less than 486 fishing craft have now been built, or are under construction in Korea with financing or imported materials, provided by the Agency in addition to which ten 77-ton deep sea trawlers were constructed in Hong Kong. Likewise, during the reporting period, an estimated 200 fishing boats were repaired with UNKRA materials, raising to approximately 1,200 the total number of fishing craft repaired since the start of the Agency's fisheries programme in 1952-1953.

72. The UNKRA Fisheries Loan Fund financed the construction of seven of the new craft, three 19-ton gill net boats, three 13-ton long liners, and one 15-ton

anchovy boat. Since the inception of the Agency's fisheries programme, over hwan 201 million have been made available to South Korea's fishermen and their fisheries guilds, hwan 145,746,000 in the form of loans for the construction of new fishing craft and the rehabilitation and expansion of ice plants and major fish markets, and hwan 55,300,000 in credits to facilitate the purchase of both operational supplies and materials for boat construction.

73. In all, the \$2.5 million in fishing nets, gear and boat-building materials supplied by UNKRA since 1952, the ten deep sea trawlers imported by the Agency at a cost of \$624,000 together with fishing craft constructed and repaired with UNKRA materials and loans, and the \$229,000 worth of machinery and equipment provided for ice producing and cold storage facilities have constituted an important factor in the gradual recovery of South Korea's fisheries industry. The final disposal during the next few months of all remaining operational items, and the completion of the two new canneries, as well as of other fishing boats now under construction, will add still further to that recovery.

Irrigation, flood control and forestry

Irrigation

7. The construction phase of the UNKRA irrigation programme was initiated in 1953, and was completed successfully in June 1956. Some \$2.2 million worth of imported materials - cement, reinforcing bars, dynamite, earth-moving machinery and rock-drilling equipment - were used to complete 111 projects in the Government's ten-year irrigation plan, and to carry out first phase construction on 147 other longer-term projects. Technical assistance activities, which began also in 1953, were concluded during the reporting period - in October 1956. These included, during the greater part of three years, the full-time services of an UNKRA irrigation engineer, who was made available to assist both the Government in over-all irrigation planning, and to provide field guidance to the local irrigation associations in actual project implementation.

75. The Agency's programme has resulted in fully controlled irrigation for approximately 38,800 chongbo (95,000 acres) of rice paddy, with an estimated increase in annual rice production of 30,000 metric tons. An indirect, but likewise valuable benefit from the UNKRA programme, one having a high potential for further increasing annual rice output, is the capital equipment - tractor bulldozers, air compressors, accessory rock-drilling equipment and complete maintenance shop - which was imported by the Agency to carry out its projects. The availability of these tools for the more rapid and less expensive construction of other dams and reservoirs will have a very direct bearing on further expanding South Korean food production.

Flood control

16. The invasion, and the resultant lack of continued adequate maintenance, led to considerable damage to the flood control levees and dikes which afford protection to many villages and agricultural lands along South Korea's thirty-seven national and 205 provincial rivers. In part to effect needed repairs, and in part to

assist the Government to resume its war-interrupted flood control programme, UNKRA provided \$690,000 worth of cement, reinforcing bars, steel plates and angles and other construction materials, together with a number of water gauges and current meters, for first phase restoration work and the initiation of new projects.

77. Initially fifty-nine levee, dike, sluice gate and pumping station repair and extension projects were undertaken, together with the establishment of ten river gauge and current stations. Work on these was completed during the first half of the reporting period, following which a fourteen project second phase was started. This phase is now nearing completion, and plans have been drawn up for a final group of fifteen projects, which will exhaust UNKRA-provided materials. The completion of the latter group, scheduled for the financial year 1957-1958, will conclude an Agency undertaking affording protection against flooding and siltation to 78,000 acres of land - largely agricultural - as well as providing protection for some 98,000 persons against the rampaging waters of the spring thaw and summer rainy seasons.

Forestry and peat production

78. The UNKRA forestry programme, initiated in 1953 and successfully concluded in 1956 (except for studies in the United States by a forestry instructor completed in February 1957) had as its primary goals the restoration of essential research and experiment facilities, the re-establishment of adequate facilities for the development of trained forestry leadership, and the provision of such equipment as would enable the National Bureau of Forestry to carry out effectively its forest management and reforestation activities.

79. Buildings of the Central Forestry Experiment Station in Seoul were reconstructed, among them the main research building, seed extraction and storage facilities, and essential staff residences; some new facilities, including a sawmill, were added. In addition, laboratory and professional equipment essential to the carrying out of a comprehensive research programme was provided, together with a basic technical library. The activities of this station, formerly one of the largest and most important of its kind in East Asia, had come almost to a standstill at the time UNKRA rehabilitation efforts commenced. Stemming directly from the Agency's assistance, research operations have been able to recover to about their June 1950 level.

80. The Department of Forestry of Seoul University, Suwon, the centre for advanced academic training in forestry, had lost a major part of its instructional and laboratory equipment, as well as its library, during the invasion. The Agency provided new equipment and books and during the initial rehabilitation stage, also furnished technical assistance by an UNKRA forestry specialist to help improve professional and teaching standards. Further to improve these standards, scholarships for specialized training abroad also were granted to an instructor and two promising graduate students in the Department. (Two of these men now are members of the school's faculty, while the third holds a responsible position with the Government

Bureau of Forestry.) Recovery of the Department has been rapid, and it now is one of the most advanced in the University.

81. Additionally, to provide a base for the practical field training of foresters, UNKRA constructed a branch forestry station in the Kwangnung National Forest area near Seoul. The first full programme was conducted there by the Bureau of Forestry during the summer of 1956, when some seventy foresters from all provinces of South Korea were given a three-months' course. This course is being repeated for a like group during the summer of 1957.

82. The Bureau of Forestry was supplied with an adequate quantity of professional tools and 1,624 bicycles for use in improving forest area administration, general reforestation and erosion control activities, and to help prevent illicit cutting. (Recent field inspections throughout South Korea have shown this equipment to be in full use.) Also furnished was equipment for a tree-breeding station which is now experimenting on fast growing hybrid forms, adapted to Korea's climatic and soil conditions, which will more quickly supply village firewood requirements and thus help to reduce present damaging lopping practices and too early forest tree cutting.

83. Parallel with the Agency's forestry rehabilitation efforts, a project was undertaken to increase peat production. Considerable quantities are to be found at various localities in the Republic of Korea and it was anticipated that additional output might result in a proportional, and highly desirable, reduction in the use of forest products. Modern equipment practicable for use in Korea was imported, and two peat specialists were obtained to conduct training programmes and provide technical assistance to producers and the Government. Subsequently, a general improvement in coal production and in transportation facilities introduced competitive economic factors which together with certain traditional factors, militated against the development of a large demand for peat, and direct Agency efforts were discontinued. Nonetheless, improvements in local production methods and more extensive local use have occurred, while the equipment provided continues in service, helping to meet the requirements of the communities in the vicinity of the peat fields and for use in the further development of this source of fuel.

Housing

84. By 30 June 1957, the construction of 8,316 of the 9,850 permanent-type housing units included in the Agency's national housing programme, which encompasses Seoul, Pusan and thirty other cities throughout South Korea, had been completed. Another 838 units were under way, while the remaining 696, representing 7 per cent of the total, had not yet been started (owing largely to difficulties in local financing). This latter problem is expected to be solved in the very near future, however, and the programme will be fully completed prior to the end of 1957.

85. In Seoul, 3,493 units out of 4,150 have been finished. Over 1,200 of these are in two-story row houses. This is a new type introduced by the Agency which has proved equally as popular as the single-

family house, and which offers more economical land use in an already crowded city. The Seoul programme, when completed, will have erected new housing in more than fifty of the capital city's sub-divisions. The Agency during the reporting period also assisted the National Korean Housing Authority to rebuild its war-damaged Seoul office headquarters.

86. With few exceptions, progress continued to be excellent on housing for the thirty provincial cities and towns presently included in the national programme - located in all the provinces except the island of Cheju Do. By 30 June 1957, 3,640 of a scheduled 3,900 units had been finished and 172 others were under way. All construction activities have been concluded in twenty cities, and work is well advanced in seven of the remaining ten.

87. Work is also progressing well on housing at the port city of Pusan, to which a special allocation of 1,800 units was made following disastrous fires in 1953 and 1954. Financing and material delivery delays were overcome during the year and more than 800 units were constructed. As at 30 June 1957, a total of 1,183 units had been completed and 455 others were under construction. Units are located in fifty-six of the city's sub-divisions, and include not only single family homes and two-story row houses but also three apartment buildings.

88. Almost \$4.6 million in building materials and equipment have been provided by UNKRA for the housing programme. In addition to constructing permanent housing for approximately 50,000 individuals, a major goal of this programme has been also to present types for future housing developments, as well as to demonstrate methods of sound construction using a maximum of readily available domestic materials. To this end, likewise, continuous technical assistance has been furnished by the Agency's international and Korean engineering and construction staffs. New designs and methods of building have been developed which are intended to effect a substantial reduction in the quantity of lumber now required by traditional housing. At the same time, assistance and guidance have been provided toward the establishment of a sound national housing scheme which would make housing available at reasonable costs within the financing means of the average Korean family. In this connexion, the National Korean Housing Authority now plans to continue the programme with the support of ICA. It should be noted, further, that private contractors are also beginning to erect grouped houses following the UNKRA pattern, a sharp change from the customary practice of building on an individual basis only.

Education

89. The year ending 30 June 1957 saw the UNKRA classroom construction and repair programme carried to virtual conclusion as close to 1,000 more elementary, secondary and technical school classrooms were completed. Four of the seven vocational training centres, which the Agency is establishing at key points in the Republic of Korea, were formally dedicated, while a group of instructors from the centres on scholarships in the United States completed their courses and returned to their respective schools. The

arrival of some additional professional instruments and the completion of terminal construction work successfully concluded activities at the Merchant Marine Academy. Final shipments for the Foreign Book Retail Store and for university libraries also were received. With these activities, the Agency's \$11-million programme to assist the Government of the Republic of Korea and private educational institutions to rebuild and expand educational facilities approached completion.

Classroom construction

90. Korea's educational facilities were very hard hit during the invasion. Many schools were completely destroyed; many others were left with seriously damaged structures. The Agency has made a major effort toward rebuilding and restoring teaching space, much of it needed for elementary school children whose formal education will cease once they leave their UNKRA-provided classrooms. To this end, almost \$5.5 million worth of lumber, cement, paint, window glass, roofing materials, nails and other items were imported to construct about 3,800 new classrooms. In addition, the Agency also had available for distribution some \$800,000 worth of other construction materials intended for the repair of 1,000 classrooms, which it received from the Civilian Relief in Korea (CRIK) programme following the initiation of the UNKRA education programme in 1952-1953.

91. Allocation plans for these materials were developed in conjunction with officials of the Ministry of Education to effect as wide a distribution as possible consonant with over-all benefits. As a result, 1,381 schools were selected to receive UNKRA construction supplies for new classrooms, while 292 were furnished with CRIK materials for needed repair work (forty-four of the latter also received UNKRA supplies as well). The programme is now 97 per cent completed, with at 30 June 1957 all 1,000 classrooms repaired and 3,619 of 3,776 new classrooms built. Seventy-four others are under construction and work on the remaining eighty-three will start shortly. The effectiveness of this project is witnessed by the fact that UNKRA-built classrooms can now be found in 130 of the 132 counties (Gun) south of the 38th parallel, in all of the twenty-six self-governing cities of South Korea, and in the Special City of Seoul. Its importance is further attested by the some 200,000 children who are now regularly accommodated by these classrooms. (Over-all results actually have been even greater, since a very considerable number of other children are now being taught in similar new classrooms which were built as the direct outcome of the stimulus to local school construction engendered by the UNKRA programme.)

Vocational education

92. Properly equipped facilities affording vocational and technical training on the high school level have been of the utmost importance to the Republic of Korea since its founding in 1948, to supply the skilled individuals needed for effective operation and expansion of the nation's industries. The provision of these facilities is a principal target of the UNKRA programme.

93. Estimates of immediate and near future requirements indicated a need for approximately seven vocational training centres, so located as to serve the different sections of the country. In order most effectively - and economically - to achieve this goal, the rehabilitation and expansion of seven existing technical high schools, at a cost of \$1.4 million, has been carried out.

94. Limitations imposed by the military situation initially confined the Agency's activities to the development of centres at Pusan, in the south-east, and Taejon in the central area. The physical plants of both schools were found inadequate, and through the UNKRA classroom construction project materials were provided for eleven new shop and classroom buildings at Pusan and five shop buildings at Taejon. Equipment valued at \$263,000 was also furnished to each for machine, sheet metal, foundry, forging, welding, woodworking, electrical and radio shops, as well as for drafting and civil engineering departments. These two centres were formally dedicated in June 1957. Both are now in full operation, providing training for between 1,700 and 1,800 students each.

95. The third centre got under way in 1955-1956 with the construction of a new main building at the Seoul Electrical Technical High School, which concentrates on training in all aspects of electrical work. Some \$80,000 worth of electrical equipment was provided, the installation of which was completed during the reporting period, and the centre was officially opened in April 1957.

96. Work on the remaining four centres began during the past year. These consist of an additional centre in Seoul to afford training meeting the needs of the numerous other industries in the Seoul-Inchon area, complementary centres at Kwangju and Mokpo in the south-western part of the country, and a special fisheries vocational centre at Yosu on the southern coast. In Seoul, the Agency provided \$290,000 to expand Kyonggi Technical High School by the addition of a new three-story laboratory building and three one-story shop buildings, as well as to furnish new equipment for machine, sheet metal and welding, foundry, forging, and woodworking shops, and for drafting and architecture departments. This centre was opened officially in June 1957, and now has over 1,100 students in training, in courses that will fit them for various skilled jobs in industry, in auto repair and railroad machine shops, and in the building trades.

97. A single-story machine shop building and a building to house foundry, pattern and woodworking shops have been completed at the Kwangju Technical High School in Cholla Namdo, while a two-story electrical work shop is under construction. Equipment for these shops is arriving and installation will start in July, to be completed before the end of 1957. At the Mokpo Technical High School, also located in Cholla Namdo, a new chemical laboratory building - to train laboratory technicians for industry - has been finished and work will start in July-August on another building to house a woodworking shop and a civil engineering testing laboratory. Equipment for this centre is also arriving, with installation scheduled to be finished before the end of the year.

98. The fisheries vocational training centre under development at Yosu Fisheries High School will provide specialists for that industry, affording training in all aspects from catching to selling fish, including canning, the utilization of by-products, etc. The rehabilitation of an existing small cannery building has been completed and the installation of new equipment has begun. The construction of a new ice house has also been finished, and the installation of machinery is under way. A new main building will be started shortly to house an Agency-provided cannery control and fish by-products laboratory. Present plans anticipate the full completion of the centre by December 1957.

99. Throughout the reporting period, the Agency made available to the centres the technical services of a team of four international vocational education instructor-specialists - two machine shop, two electrical shop - to assist them in planning shop layouts and installing equipment as well as to provide training in its use, and help develop sound shop teaching practices. This assistance has been most valuable and will be continued until the remaining centres are completed.

100. Six vocational training instructors from the above centres, who had been sent to the Dunwoodie Institute in the United States for one-year practical shop training courses, successfully completed their studies; they are now actively engaged in the training programmes of their respective schools. A seventh, from the Yosu Fisheries High School, successfully completed the first year of a two-year course at the University of Washington, Seattle.

Other educational assistance

101. UNKRA assistance in the education field has not been limited to the two major activities described above. A wide variety of other projects have been undertaken as well, involving total expenditures of over \$2.5 million. Most of these were completed prior to the financial year 1956-1957. However, a number were finished during the reporting period, and the implementation of one, the Foreign Language Institute, still continues. The brief summaries which follow indicate the part these projects have played in the education programme.

102. The Foreign Language Institute was established in early 1953 at the request of the Government of the Republic of Korea to afford intensive spoken language instruction to individuals going abroad for study or on official duties, as well as to provide facilities for teachers of foreign languages in the Korean educational system to improve speaking abilities. Since then it has furnished instruction - largely in the English language, but also in French and German - to some 2,000 persons, including holders of government scholarships for foreign study, recipients of scholarships from American colleges and universities, from the United Nations Technical Assistance Administration and from the United Nations Educational, Scientific and Cultural Organization and a large number of International Co-operation Administration scholarship grantees going to the United States and other countries for specialized training. A number of Korean govern-

ment officials requiring a good command of English, and Korean newspapermen, also have been accommodated. The activities of the Institute remained at capacity level throughout the reporting period, with instruction continuing to be furnished by the UNKRA director, assisted by two other UNKRA-provided instructors, and several locally recruited instructors.

103. The invasion in 1950 completely disrupted the functioning of a Merchant Marine School which was in operation at Kunsan, on Korea's west coast. Transferred to Pusan, the school continued its activities, but at a greatly reduced level, in inadequate facilities and without many of the necessary instructional materials and equipment. In 1953, UNKRA initiated work on a new \$350,000 Merchant Marine Academy, located on Yong-do Island, Pusan. During the ensuing two years, the Agency constructed and equipped a modern, self-contained institution - classrooms, laboratories, cadet dormitories, staff residences and service facilities - able to turn out the deck and engineering officers needed for Korea's merchant vessels. Competent technical assistance was furnished as well in planning the new Academy's layout, the equipment needed, and in developing modern course materials.

104. The Academy was opened officially in November 1955, and is now in full operation. Technical guidance and advice by UNKRA specialists - a nautical science education officer and a marine engineering officer - was continued until 31 July 1956, at which time, by mutual agreement between the Agent General and the United Nations Command Economic Co-ordinator, responsibility for further technical aid was assumed by the latter. However, engineering help continued to be furnished by the Agency until the conclusion of additional construction work in January 1957. Final small shipments of communications and professional equipment also arrived during the first quarter of the financial year 1956-1957.

105. An UNKRA project designed to provide special help to individual educators, members of the professions and students, was initiated in 1953 with the establishment of a Foreign Book Retail Store. Through this medium, the Agency was able to furnish approximately \$80,000 worth of foreign textbooks, and such items as microscopes, tape recorders, laboratory and audio visual equipment, music, art and library supplies and the like, for sale at reasonable prices in local currency to qualified individuals. These items filled many of the needs for specialized texts and equipment which could not otherwise have been obtained through regular channels, if at all. The last shipment for the Store arrived in September 1956, completing the Agency's responsibilities with respect to the project.

106. The construction and equipping of a modern textbook printing plant in Seoul, completed in September 1954, has had particular significance for Korean elementary education. A joint undertaking of the Government, UNKRA and UNESCO - the buildings were constructed by the former, while machinery and other equipment were supplied by the Agency with \$136,000 of its own funds and a \$100,000 donation made by UNESCO - this plant is capable of supplying at reasonable costs sufficient texts to meet the annual

needs of Korea's elementary schools. A printing plant consultant, obtained by UNKRA on loan from the Government of Canada, provided the technical assistance required to develop the plant and afforded supervisory help during the initial operation. Considerable further assistance was also furnished by the Agency through its salable commodities programme which, beginning in 1954 and continuing through March 1956, imported \$1 million worth of textbook quality paper and printing inks and supplies specifically earmarked for sale to the plant.

107. A UNESCO/UNKRA Educational Planning Mission in 1953 stated the desirability of providing an advisory group of experienced international specialists in the education of teachers to assist Korean normal school and normal college staff in the development of improved curricula, teacher-training techniques, instructional methods, student personnel procedures and administrative practices. In conformity therewith, UNKRA provided financial support - totalling \$278,500 during a two-year period - for two teams, one from October 1953 to June 1954, the other from July 1954 through June 1955. Divided into sub-teams, they provided guidance to normal schools in Seoul, Taegu and Kwangju, and to the Colleges of Education of Seoul National and Kyungbuk Universities, conducted national and local level workshops and demonstration classes, developed high school level pilot courses to demonstrate modern science teaching methods, assisted the Ministry of Education in revising elementary school textbooks, and prepared a curriculum handbook for general use by the Korean school system.

108. Up to 80 per cent of the library volumes and laboratory equipment of the colleges and universities in the invaded zone were lost or destroyed during the fighting. As soon as conditions permitted, the Agency initiated the procurement of \$201,000 worth of books to restock these libraries, as well as to supplement libraries at Pusan and Kyongbuk (Taegu) Universities.

109. Approximately 39,000 volumes in English, French and German, covering such fields as agriculture, biology, mathematics, chemistry and physics, education, literature, engineering, medicine, dentistry and pharmacy, were provided. Deliveries were effected mostly during 1953-1954, at the time the schools were re-establishing themselves; however, some additional texts have been provided since, with a final shipment arriving during the present reporting period. Approximately \$230,000 worth of basic laboratory equipment and supplies to re-equip chemistry, physics and pre-medical laboratories were also furnished, largely during this same important 1953-1954 period when South Korea's institutions of higher education were attempting to restore teaching facilities.

110. The Agency, in addition to the above, has also provided at various times, for general educational rehabilitation work, 150,000 primers and 150,000 Korean language readers for a Ministry of Education campaign to reduce illiteracy, as well as \$35,600 worth of audio-visual aids for use in a mobile education programme conducted by the Ministry. Equipment, specimens and supplies for biology and chemistry laboratories, together with educational films, projectors and the like were supplied to South Korea's

eighteen normal schools at a cost of \$100,000, while typewriters have been furnished to twenty-seven commercial high schools throughout the country (the latter arrived during the reporting period). \$35,000 worth of meteorological equipment for the Central Meteorological Observatory and its thirteen branch stations was provided, and over \$85,000 worth of equipment for practical vocational courses for prison inmates, in tailoring, woodworking, locksmithing and shoemaking were made available to the Ministry of Justice.

Health, Sanitation and Welfare

111. Activities under the UNKRA \$7.6 million programme to restore and expand health and welfare facilities in the Republic of Korea continued to show satisfactory progress. Work on the \$4.4 million National Medical Centre project in Seoul is now actively under way, the establishment of the National Rehabilitation Centre for physically handicapped persons was completed during the year and progress was also made in the Agency's efforts to expand orphanages, as well as hostels for destitute children. The project to equip widows' workshops was concluded. Additional laboratory equipment arrived for both the National Vaccine and National Chemical Laboratories.

National Medical Centre

112. Construction by the Agency of the new National Medical Centre in Seoul began in September 1956. Work is being pursued at a vigorous pace and is under way on all major new structures, including the seven-story ward building, doctors' and nurses' quarters, quarters and facilities for the Scandinavian medical nursing and technical assistance staff who will initially operate the Centre's facilities, and a kitchen and laundry. Renovation has also started on the existing buildings of Seoul City Hospital, around which the Centre is being established, to provide administrative, clinical, operative and laboratory facilities, student nurses' quarters and classrooms.

113. The Centre, which represents a joint undertaking of the Republic of Korea Government, the Governments of Denmark, Norway and Sweden, and UNKRA, is designed to provide Korea with a modern medical institution which, in addition to furnishing up-to-date and specialized treatment, will also afford facilities for advanced training to doctors, nurses, senior medical students and medical technicians, for whom at present such training is available only through travel abroad.

114. The completion date for all major construction activities, to which the Agency has allocated a total of \$2.4 million, has been set for the spring of 1958. At about the same time, medical equipment, supplies and Scandinavian staff will arrive, under a further \$2-million project in the UNKRA programme established specifically for that purpose with funds contributed by the three Scandinavian Governments. Following the opening of the Centre, these Governments then plan to continue aid directly during an ensuing five-year period, at an estimated expenditure of a further \$7.5 million.

National Rehabilitation Centre

115. Development of the National Rehabilitation Centre for the physically handicapped at Tongnae was generally completed during the financial year 1956-1957. However, upon the request of the Government of the Republic of Korea the Agency will continue technical assistance by UNKRA specialists in physical medicine, prosthetics, and physiotherapy and vocational training until December 1957, at which time further responsibility with respect to the Centre will be relinquished.

116. The establishment of the Centre, which is now the only modern, fully equipped institution of this type in the Republic of Korea, was begun by UNKRA in 1953 to provide a permanent institution with adequate facilities, where physically handicapped persons, including the many individuals — both veterans and civilians — who had suffered crippling disabilities during the invasion, could find the means to re-establish themselves as useful members of society. Since then, the Agency has allocated a total of some \$570,000 to construct new buildings, provide physiotherapeutic equipment, prosthetics manufacturing tools, and the services of the UNKRA specialist team — which now affords professional guidance and assistance to the Korean staff.

117. The Agent General would also like to call attention at this time to assistance received from volunteers of the United Nations Women's Guild, who donated funds to equip a special children's ward, as well as help from the American-Korean Foundation, which provided qualified personnel to work with UNKRA specialists during the initial phase of the project.

Assistance to orphans and widows

118. Considerable progress was made toward completing the UNKRA child welfare institutions programme, undertaken by the Agency to assist the Ministry of Health and Social Affairs to provide facilities for the many orphaned children in South Korea, and shelter for destitute older boys and girls. Fifty-four separate orphanages, located in all parts of South Korea, ten hostels for older children, children's receiving homes in Pusan, Taejon and Seoul, a national training home and a centre in Seoul to afford experience and training to social welfare and orphanage workers, are included in the UNKRA programme.

119. Design work, specifications and procurement are now 100 per cent complete and all materials have been delivered to sites. Although construction delays were experienced during the year nevertheless, by 30 June 1957, thirty-four of the seventy institutions had been completed and average completed construction had reached 86 per cent. It is anticipated that all work will be finished prior to the end of 1957.

120. The Agency's projects to help widows with dependent children to become self-supporting have now been concluded. During the year, 419 sewing and 477 hand-knitting machines were turned over to the Women's Bureau of the Ministry of Health and Social Affairs, for distribution to already existing widow's work centres. Earlier, 110 other sewing machines and thirty-three hand-knitting machines were supplied for

eleven newly-established centres. Located throughout South Korea, the machines afford opportunities for productive work to an estimated 3,000 widows with more than 5,000 young children.

National vaccine and chemical laboratories

121. The last remaining items of a total of approximately \$110,000 worth of laboratory and other equipment, provided by the Agency to restore the National Vaccine Laboratory in Seoul to full operation, arrived during the reporting period. One of the largest vaccine-producing institutions in East Asia, the Laboratory, which had lost most of its equipment during the invasion, is now able to meet the Republic of Korea's requirements for most vaccines and diagnostic biologicals. Final shipments of construction materials also were received. These were intended originally to assist the Laboratory to rehabilitate its damaged buildings and to construct several new ones, in which connexion the Agency had planned to furnish architectural and engineering services also. Subsequently, the Government decided to move the Laboratory to a new site allowing for expansion; however, up to 30 June 1957, the location of the new site had not been chosen.

122. Arrangements are now under way to send three members of the Laboratory's staff abroad for six to nine months of specialized training in, respectively, laboratory techniques, small pox and rabies vaccine production, and typhus vaccine production and the culture of rickettsial agents.

123. Additional UNKRA-provided laboratory and technical equipment to the value of \$50,000 also arrived for the National Chemical Laboratory in Seoul. Total deliveries for this Laboratory, which is the national food and drug testing centre, rose to \$113,000 as at 30 June 1957, leaving only a few items still to be received. The release of counterpart funds in July 1956 permitted the rehabilitation of the Laboratory's electrical, drainage and disposal systems, as well as some remodelling, the repainting of the three main buildings, and the installation of certain UNKRA equipment. Architectural and engineering services for that work and for the heating system are being provided by the Agency. Completion of installation of the latter, however, is awaiting availability of further local funds.

124. Two members of the Laboratory staff were sent to the United States in May 1957 to study food analysis and nutrition, and laboratory techniques. Two other members will leave shortly for studies in food sanitation and drug assay.

Taegu Medical College and Hospital

125. Technical assistance to the Teaching Hospital of the Taegu Medical College continued throughout the reporting period, through the services of a medical team furnished by the Swiss Federal Council. During 1953 and 1954 the Agency, at a cost of \$800,000, carried out an extensive rehabilitation of the buildings of both the College and Hospital and added some new facilities. Almost \$300,000 more was supplied in equipment. To help in improving teaching methods and

to afford competent guidance in operating the Hospital, the Agency then arranged with the Swiss Government to furnish, as a contribution to the UNKRA programme, a team of fifteen medical, administrative and technical personnel. This group completed its activities in November 1955, following which further arrangements were made to continue assistance through a four-member team. At 30 June 1957, this team consisted of a surgeon, a nurse, a hospital maintenance engineer and a laboratory technician, who are expected to continue at the Hospital until December 1957. In order further to help in improving professional standards UNKRA, in June 1957, also arranged for a doctor from the hospital staff to go to Switzerland for two years of practical training in a Swiss hospital.

126. The restored and expanded College and Hospital now provide the Republic of Korea with a modest, but complete establishment affording facilities for modern training to several hundred prospective doctors and nurses.

Essential Materials Imports

127. Imports of UNKRA salable commodities during the reporting period amounted to slightly over \$600,000, increasing the overall total provided so far to \$33 million. Since its inception in 1953, the programme has furnished grain, fertilizer, raw wool, wool tops, rayon and worsted yarns, raw rubber, textbook and printing paper, steel products, automobile and truck tires, chemicals, dyes and construction materials. The first imports (in 1953) consisted of grains needed by the Ministry of Health and Social Affairs, principally for refugee relief programmes, and fertilizers. Incidental to the arrival of the latter in the spring of 1953 was the breaking of the existing fertilizer black market, resulting in greater availability to the farmer and, directly, in the increase of fall 1953 harvest. Subsequent imports have been designed to supply some of the raw and semi-processed materials needed by South Korea's industries. The primary objective of all salable imports by the Agency has been to make available local currency funds for use in implementing the UNKRA investment projects; concurrently, they have also served to withdraw currency from circulation as a counter-inflationary measure and, at the same time, have helped to meet part of industrial and other requirements.

Special Projects and Technical Assistance

128. In the course of the Agency's work, the need has arisen for special projects not falling directly within the scope of the various area programmes. These projects have included, *inter alia*, comprehensive economic, health and educational surveys made in 1952-1953 by joint UNKRA/UN specialized agencies teams (on which much of the UNKRA programme has since been based), technical and material assistance in initiating a statistical reporting system by the Republic of Korea Government, special technical assistance to a number of government offices, and the provision of funds to cover the costs of shipping certain United Nations Emergency Relief Programme donations to Korea.

129. The Agency, through a special project completed in 1955, also furnished \$50,000 worth of motion picture camera, sound and producing equipment for use by the Government information service in making documentary, educational and information-type films. This equipment was also used by private producers as a supplement to their own limited equipment. Also in 1955, a hydroponics unit was completed at Suwon for use by the Central Agricultural Experimental Station and the College of Agriculture of Seoul National University in connexion with the teaching of soil science, and to determine the long-range value of hydroponics farming for Korea.

130. During the reporting period further activities related to the latter two projects were undertaken. These included the construction of a combination sound stage and movie studio to provide adequate facilities for the Government's information service, and for private producers, who will have access thereto, as well. Construction, which began in November 1956, is progressing rapidly, and it is anticipated that the facilities will be completed and ready for use in August 1957. The second project provides for the expansion of the hydroponics unit. Design work is now well under development in conjunction with the staff of the Experimental Station, and the procurement of imported construction materials has been partially effected. Actual construction is scheduled to start in early August, and to be concluded prior to December 1957.

131. Programmed technical assistance, which during the year was valued at \$1.8 million, assumed an even greater role than previously, as many of the major projects either approached or were carried to completion, thus requiring intensified efforts to install equipment, provide initial operational guidance and train operating personnel. The present report has described the important activities of the various technical assistance groups, including the coal mining, vocational education, and Taegu Teaching Hospital teams, as well as of the teams of specialists seconded to the United Nations Command. Also mentioned has been the equally important assistance provided by UNKRA project officers to such projects as the worsted spinning mill, the dyeing and finishing plant, the auto repair shop, private coal mines, and the Changhang smelter and refinery. The Agent General desires to call attention at this point to the highly valuable technical services of the international contractor personnel directing the construction of the Mungyong cement plant, the Incheon flat glass plant, the Seoul National Medical Centre, and the erection of the placer dredge, who are playing an important part in the Agency's rehabilitation effort.

132. Similar assistance of an unprogrammed nature, but which is also contributing materially to the full and satisfactory implementation of the Agency's projects, continues to be provided directly by the UNKRA operational staff. Examples during the past year include supervision afforded by the Agency's construction and engineering section in the construction of the Fundamental Education Centre and movie sound stage and studio, guidance by an UNKRA textile expert in the installation of cotton opening and

picking machines, engineering assistance provided for the national housing programme, and the like. At headquarters also, operational staff again furnished on-the-job guidance to associated Korean technical personnel, while the Agency's administrative staff continued, as a matter of routine, to impart further training to local staff in the various aspects of modern office procedures.

Assistance to Voluntary Agency Projects

133. Voluntary agencies are able to meet many individual needs which a large over-all relief and reconstruction programme is apt to overlook. Accordingly, supplementary assistance for the projects of voluntary agencies in Korea was included as an integral part of UNKRA planning. Stressing the importance of achieving the maximum benefit for the Korean people from this assistance, the Agency also limited its use to the projects of the international voluntary agencies. Those agencies have continuing operational support usually from abroad; thus all funds invested in their projects are translated into permanent assets, rather than face possible dissipation in meeting ordinary day-to-day requirements.

134. Since the inception in 1952 of this programme, UNKRA has provided \$981,560 for grants-in-aid to 156 voluntary agency undertakings, all but one of which have now been completed. These projects, located in all provinces of South Korea excepting Cheju Island, have expanded or added many new and valuable facilities to the Republic of Korea's total health, welfare and educational establishment. They have helped, inter alia, to build a tuberculosis hospital, provide furnishings and equipment for other hospitals and out-patient clinics, add a children's wing to a sanatorium, erect a nursing school, and rehabilitate living quarters for student nurses. Other grants provided equipment for widows' workshops, aided in the construction of a community centre and vocational training shop for the blind, helped build new housing for lepers, repaired and established facilities for the aged, expanded a number of orphanages, and provided new homes for needy families. Through grants, likewise, a school for deaf and dumb children was rehabilitated, a student hostel and two boys' towns were expanded, the main building of a rural training centre was repaired, and an industrial trades vocational programme was enlarged.

135. In addition to grants for specific projects, the Agency has also provided help to the voluntary agencies in shipping supplies and equipment required for the support of their activities and projects in Korea. Since 1952, this assistance has amounted to another \$408,220, increasing the total financial help afforded by the Agency in this field to \$1,289,780.

Fundamental Education and Community Development

Fundamental Education

136. A major start on the fundamental education programme for the Republic of Korea was made during the reporting period with the opening of an UNKRA

built and equipped Fundamental Education Centre. Planned and developed as a joint undertaking of the Republic of Korea Government, UNESCO and UNKRA, the Centre provides facilities for the adequate training of the men and women who will be called upon to carry out in the field the programme to raise Korea's rural living standards.

137. Construction of the Centre in Suwon, Kyonggi Province, on grounds adjacent to the College of Agriculture of Seoul National University, began in July 1956 and was completed in October. In November, its formal establishment as an operating institution occurred with the enrolment of a first class of eighteen men and six women students. A second group of eighteen men and six women was admitted in April 1957, to raise the full-time enrolment to capacity. A regular two-year course is being offered, consisting of one year of study at the Centre itself, together with a social survey of neighbouring villages, and one year of field projects. Additionally, shorter, specialized and refresher courses for up to twelve other persons, including graduates, administrators, teachers and the like, have been planned. These courses are scheduled to start in September.

138. Instruction is now provided by the Director and a fundamental education specialist furnished by UNESCO, and four other specialists - in agriculture, home economics and nutrition, health education and audiovisual aids - furnished by UNKRA. A Korean counterpart staff, expected ultimately to take over and operate the Centre, is assisting.

Community development employment

139. A first phase community development employment programme was carried out by the Agency during the period April 1953 to July 1955, intended to demonstrate through community self-help projects, primarily in the villages, what could be done by the people themselves to improve local conditions through the use of voluntary labour. A total of 464 projects, among them the repair and improvement of community wells, local bridges and village access roads, the construction of small irrigation dams, reservoirs and the like, were undertaken in all parts of South Korea. Almost 559,000 man-days of voluntary work were donated to make the programme a marked success, and over 92,000 families benefited directly from the projects.

140. In the financial year 1956-1957, no new projects were undertaken. However, following the completion of the first year's work by the initial class of students at the Fundamental Education Centre, projects will again be started in connexion with their field training.

Community co-ordinated development

141. The Agency-sponsored community co-ordinated development team in Chungchong Namdo completed its tour of duty in January 1957. This concluded UNKRA direct support for an internationally-staffed programme through which three teams were provided for varying periods beginning in February 1954 to carry out multi-purpose village improvement projects. The members of these teams were furnished through the

international voluntary agencies, with UNKRA providing support in the form of operating funds, audio-visual aids and minimal transportation.

142. Further efforts toward accomplishing the objective of the programme - a progressive impro-

vement in the standard of living of the individual in his family and community setting, and the development of local leadership - will now be effected through the activities of the students and graduates of the Fundamental Education Centre.

Chapter II

CURRENT ECONOMIC SITUATION IN KOREA

143. An encouraging improvement continued in the Korean economy during the financial year 1957. The over-all economic picture, despite the adverse effects of a below-average rice harvest in the fall of 1956, was brightened by further increases in industrial and mining production, a substantially greater availability of electric power, and the continuation of the previous year's more moderate trend in price and wage movements, as well as by an increase in exports. Of very considerable significance to the economic situation was the putting into operation by the Government of a financial stabilization plan for the calendar year 1957. This plan, which includes a tighter rein on the financial factors responsible for inflation, should result in a greater stability in prices; the comparatively small changes which have occurred in the retail and wholesale price indices during the first six months of 1957 are, in part at least, a reflection of its effectiveness.

144. While many of the gains of the reporting period derived from the efforts of the Korean people themselves and their Government, and to some extent from a rise in technical and managerial skills, ultimately the over-all improvement which occurred stemmed from the cumulative effect and volume of the combined United Nations and United States aid programmes. The increased production of coal, marine products, textiles, electric power, etc., which exerted a most important influence in the betterment of the economic situation during the year, resulted in great measure from the use of new equipment and facilities introduced through UNKRA and ICA projects, and from the arrival of large quantities of United States-provided commodities. Notwithstanding this, the gains recorded represented a real advance toward the restoration and development of the nation's economy. In this connexion, the Agent General wishes to direct attention anew to the need of the Republic of Korea for substantial additional economic assistance. Domestic production improved in many fields in the financial year 1957; however, it still did not match total requirements generally and more capital equipment must be provided for further legitimate expansion. Likewise, the import of considerable amounts of raw materials for processing and industrial and other uses, as well as of grain, fertilizer, petroleum products, and the like, continues to be vital. By comparison, South Korea's export proceeds of the past year represented only a fraction of the total value of this requirement. If the goal of economic viability is to be achieved, further foreign exchange must be provided. At present only the external aid agencies have that capability.

145. Briefly stated, the more important aspects in the Korean economic scene during the financial year 1957 included:

(a) The continued general improvement which was registered in both industrial and mineral production. The latter was again highlighted by a further important rise in anthracite coal output. The power situation also improved markedly with the addition of new generating facilities, and dependable generating capacity reached an all-time high of 250,000 kilowatts. Power rationing was largely eliminated; in turn, this played a goodly part in raising industrial production generally.

(b) A sharp decline which occurred in total rice production compared with the 1956 harvest, owing primarily to adverse weather conditions. The effects thereof were largely offset by additional grain imports through the United States aid programme. Arrivals in quantity during the financial year 1957 helped to prevent undue advances in grain prices.

(c) The establishment by the Republic of Korea Government and the United Nations Command Combined Economic Board of a financial stabilization programme aimed at preventing expansion of the money supply during the calendar year 1957, and the achievement of a general stability in prices. It is as yet too early to predict the measure of success which this programme can achieve.

(d) An improvement in the balance-of-payments position. An encouraging rise occurred in visible exports, accompanied by another substantial curtailment in visible imports. The former, however, remain far below the level required for the attainment of a viable economy.

(e) A further increase in arrivals of foreign economic aid and relief goods. The total received during the financial year 1957 amounted to \$390.4 million, which compares with \$268.6 million during the twelve months ending 30 June 1956.

Prices and wages ^{5/}

146. The more moderate trend which appeared in the inflationary spiral in the financial year 1956 continued during the past year. Between June 1956 and June 1957, the national urban retail price index number for all commodities rose by 20.9 per cent. This compares with a 21.2 per cent rise during the preceding twelve months and the 114.8 per cent increase experienced in the financial year 1955. The index

^{5/} The statistics contained in the following sections are based on Government of Korea sources.

number of retail prices for food rose by 20.9 per cent compared with a 25.1 per cent increase in the financial year 1956, for clothing by 5.1 per cent against 9.2 per cent, and for fuel by 26.9 per cent compared with 16.1 per cent. The somewhat greater rise in the latter resulted in part from the effects of heavier demands occasioned by an unusually cold and protracted winter, and an authorized increase in the controlled wholesale price for coal. Likewise, the retail price of rice in Seoul showed a relatively moderate advance of 18.1 per cent, well under the 52.1 per cent rise of the preceding year and far below the 159.7 per cent increase registered in the financial year 1955.

147. An improved picture was also indicated by a moderate increase of 17.0 per cent in the all-commodity wholesale price index for Seoul, compared with an increase of 42.8 per cent in the financial year 1956 and 108.2 per cent in 1955. The wholesale price index of grains in Seoul advanced by 15.6 per cent, textile raw materials by 18.1 per cent and fuel by 12.7 per cent. The index for fish, eggs and meat showed a rise of 35.8 per cent. This was at least partly due to increases in the controlled price of beef and pork. The wholesale price index for textile products, on the contrary, declined by 7.3 per cent, reflecting increased production and availability.

148. The method of compilation and presentation of wage statistics, which are prepared by the Bank of Korea, underwent a major revision during the year. Whereas previously they consisted of a monthly wage index of labourers in Seoul only, they are now composed of a series of earning statistics based upon a sample which encompasses the Republic of Korea. The definitions used conform generally with those of the International Standard Industrial Classification as used by the Statistical Office of the United Nations.

149. Based on the new data, the over-all average monthly earnings of all regular production, administrative, clerical and technical employees in the manufacturing industries showed an increase of 20.9 per cent during the eleven months from June 1956 to May 1957. The earnings of all female production workers - who make up 44.1 per cent of the total employees in the manufacturing industries - registered a substantial rise of 34.3 per cent, while earnings of male production workers - who comprise 44.8 per cent of total employees in industry - showed an increase of only 15.6 per cent. Despite this disproportionate rise, the average monthly salary of the male production employee still remained much higher than for the female employee, in May 1957 being hwan 25,900 compared with hwan 14,100. The increase in the average of all female production employee earnings during the eleven months was explained largely by gains registered in the textile industry, where their average monthly wage rose by 55.3 per cent. Female production workers in this industry constitute 71.4 per cent of all female employees. Average earnings for the textile industry as a whole showed a 47 per cent rise, with the machinery industry (non-electrical) registering the second highest increase, amounting to 35.6 per cent. Increases ranging from 2.5 per cent to 21.8 per cent occurred in all other fields except rubber products, where earn-

ings declined by 4 per cent, and footwear and miscellaneous apparel, which showed a 0.5 per cent drop.

150. The over-all average of monthly earnings of all regular employees in the mining industry advanced by 21.8 per cent during the same period. The earnings of all employees in coal mining, who comprise 44.6 per cent of the total in the mining industry, increased by 47.0 per cent, while the earnings of all metal mining employees, who constitute 46.8 per cent of the total, remained relatively constant, the difference between June 1956 and May 1957 being plus 0.4 per cent only. The average of monthly earnings of employees in the non-metal field (8.6 per cent of total mining employees) was up 37.1 per cent.

151. In the building trades, for which at present daily wage statistics only are available, the average daily wage in ten principal South Korean cities showed a 27.7 per cent increase during the same June 1956 to May 1957 period.

Agriculture

152. An anticipated bumper grain crop failed to materialize in the fall of 1956, as unseasonably cold weather struck the Republic of Korea just as the grain was maturing. The rice harvest of 1,966,300 metric tons was 420,640 metric tons, or 17.6 per cent, less than the 2,386,940 metric tons^{6/} harvested in the fall of 1955, and approximately 126,200 metric tons below the annual average for the ten-year period 1946-1955. A decline also was reported in the production of miscellaneous fall grains - millet, corn, oats and buckwheat - which totalled 83,565 metric tons compared with 92,180 metric tons in the fall of 1955. Potato and sweet potato production also declined, falling to 636,035 metric tons. Although this was 17.4 per cent less than the 770,225 metric tons^{6/} harvested in 1955, it still ran 12.2 per cent above the ten-year average. The pulses, amounting to 172,810 metric tons, showed a slight gain over the 1955 harvest of 168,310 metric tons, and were 21.1 per cent above the ten-year average. An unusually cold winter, together with a shortage of rainfall in the spring of 1957, also adversely affected the production of the 1957 summer grains - barley, naked barley, wheat and rye - the total harvest amounting to 632,700 metric tons, a drop of 10 per cent from the 703,005 metric tons^{6/} produced in the spring of 1956. Total staple food production for the crop year 1956-1957 amounting to 3,491,410 metric tons was 629,250 metric tons, or 15.3 per cent, below the 1955-1956 crop year harvest. Nevertheless, it still was 0.3 per cent higher than the ten-year average for the crop years 1946-1947 through 1955-1956. The import of additional grain was undertaken under the ICA programme and the United States surplus agricultural commodities law to help offset the decline in grain production, as well as to assist in stabilizing prices. Total arrivals from the start of the crop year 1956-1957 in November, through June 1957, amounted to 337,951 metric tons, consisting of 107,192 metric tons of rice, 215,819 metric tons of barley and 15,000 metric tons of wheat.

153. Two hundred and ninety-eight additional rural warehouses, primarily for grain storage, were erected

^{6/} Adjusted from previously reported totals.

during the financial year 1957 through the ICA programme. They added close to 1.9 million square feet of covered storage space to the 720,000 square feet of new warehousing provided through that programme during the previous year.

154. Obtaining sufficient credit at reasonable interest rates continued to present a serious problem to the farmer during the year. Two thousand million hwan were made available from the ICA counterpart fund during the fourth quarter of the financial year 1957 for short-term loans for productive use - seeds, farm tools, etc. A further hwan 2,000 million also was approved for release during the first quarter of the financial year 1958. The total of hwan 4,000 million will comprise a revolving fund to be operated through the Agricultural Bank. Another hwan 1,500 million was released by the Government during the fourth quarter of the financial year 1957 from the Vested Property Special Account reserve fund for agricultural loans. The outstanding loans of the Agricultural Bank amounted to hwan 20,400 million as of 31 May 1957, an increase of 9,600 million from 30 June 1956. However, the total funds required to meet legitimate agricultural credit needs are estimated at a considerably higher figure, and many farmers still must secure credit from non-banking sources at interest rates running up to 20 per cent or higher per month.

Forestry

155. Efforts to increase the Republic of Korea's forest reserves suffered a setback during the year as an unusually extended period of cold, accompanied by below average temperatures throughout South Korea, resulted in greatly increased fuel demands during the winter of 1956-1957. Rising coal production and availability helped to meet additional requirements in the cities. However, although new stands of fast-growing acacia planted in previous years around many villages offset in part the extra demand in rural areas (where coal is scarce), noticeably heavier general cutting and lopping occurred. In many of these areas even in normal years, such cutting frequently exceeds replacement growth. The commercial demand for domestic timber likewise remained heavy, despite the arrival of almost 33 million board feet of saw logs under the ICA programme, and steady cutting of larger forest stands continued. The generally excessive raking of forest floor cover for cooking and heating purposes, and for compost, also went on throughout the country.

156. One bright spot was the planting in the spring of 1957 of 328.3 million seedlings, an increase of 31.3 million over the 297 million planted during 1956. Of this total, approximately 7.8 million were planted in national forest areas, 285.5 million were used for general reforestation purposes and 35 million for forest erosion control. A large part of the plantings were fast-growing species intended to help meet the urgent demand for firewood.

Fisheries

157. A marked rise in fish and marine products landings occurred during the calendar year 1956, increases being registered in all categories, including

fresh fish, shell fish, edible seaweeds and miscellaneous sea products. Total production amounted to 340,916 metric tons, a rise of 32.5 per cent over the 257,259 metric tons landed in 1955. The volume of fresh fish landed increased to 257,218 metric tons, compared with 189,700 metric tons in the preceding year. Several factors were responsible for this, including procurement of canned fish for the Republic of Korea armed forces, the maintenance of a profitable level for fishermen in sales to the Korean economy which partly resulted therefrom (thus encouraging steady production), a rise in exports, and the increasing impact of the UNKRA fisheries rehabilitation programme. This programme, together with CRUK supplies and, more recently, ICA arrivals over the past several years, has been gradually building up production facilities in the form of new and repaired fishing craft, fishing gear, ice-making and cold storage facilities, and the like. During the five months January to May 1957, landings of fish and marine products showed a further substantial increase totalling 155,214 metric tons, compared with the 119,467 metric tons landed during the corresponding period in 1956.

158. Fish and marine products accounted in value for 11.8 per cent of total visible exports in the calendar year 1956. Although proportionally somewhat lower than the 12.8 per cent of the preceding year, their actual value rose by 30.8 per cent, amounting to \$2,966,300 compared with \$2,268,500 in 1955. The value of marine products exported during the period January to May 1957 totalled \$1,478,100. This represented a sizable increase of 36.2 per cent over the \$1,085,700 exported during the corresponding five months in 1956.

Manufacturing

159. An improvement in manufacturing production continued during the twelve months ending May 1957. Generally greater availability of both power and raw materials and the use of new equipment provided through the aid programmes as well as with Republic of Korea foreign exchange were reflected in the moderate to substantial gains registered by most industries. Expanded cotton textile production facilities and availability of raw cotton resulted in an increased output of both yarn and cotton cloth. Moderate advances also occurred in staple fibre and woollen and worsted cloth production, while worsted yarn output showed an extraordinary jump as new spinning equipment provided through the UNKRA programme went into use. Marked increases also occurred in light bulb, transformer and copper wire production as demand rose with the greater availability of electric power for home and factory use. Improved domestic production facilities also permitted a substantial increase in the output of dry-cell batteries. Both the rubber shoe and soap manufacturing industries made substantial recoveries from declines of 25.9 and 7.8 per cent recorded during the twelve months ending May 1956. Bicycle production also rose slightly, after a decline of 25.8 per cent during the preceding year. Cement production again declined; this was related to production difficulties rather than market demands. The decrease in salt manufacture resulted in part from less favourable weather conditions - Korean

salt is produced almost entirely by solar evaporation - and, in part, was due to some uncertainty during part of the period with respect to continued government monopoly control and price support.

160. Comparative production data for some key items for the twelve-month periods ending 31 May 1956 and 31 May 1957 are presented in the following table.

Manufacturing production - selected industries

	<u>Year ended</u> <u>31 May 1956</u>	<u>Year ended</u> <u>31 May 1957</u>	<u>Percentage</u> <u>change</u>
Cotton yarn (thousands of pounds)	60,519	77,597	+ 28.2
Cotton cloth (thousands of yards)	128,896	167,357	+ 29.8
Rayon cloth (thousands of yards)	52,742	48,748	- 7.5
Staple fibre cloth (thousands of yards) . .	28,559	31,214	+ 9.3
Wollen and worsted cloth (thousands of yards)	3,894	4,256	+ 9.3
Worsted yarn (thousand of pounds)	121	2,680	+ 2,114.9
Rubber shoes (thousand of pairs)	23,009	28,151	+ 22.3
Cement (metric tons)	55,665	51,961	- 6.7
Paint (metric tons)	4,112	4,320	+ 5.1
Light bulbs (thousands)	1,367	3,478	+ 154.4
Transformers (5-300 kilovolt-ampères)	673	1,421	+ 111.1
Copper wire, bare (metric tons)	565	2,294	+ 306.0
Batteries, dry cell (thousands)	556	2,924	+ 425.9
Porcelain insulators (metric tons)	39,252	34,941	- 11.0
Bicycles	23,264	24,576	+ 5.6
Paper (metric tons)	32,088	26,318	- 18.0
Tobacco products (metric tons)	18,366	18,162	- 1.1
Salt (metric tons)	319,148	258,231	- 19.1
Soap (metric tons)	20,981	24,375	+ 16.2
Pottery and porcelain (thousands of pieces)	33,390	31,155	- 6.7

Mining

161. Both coal and mineral production also showed continued general improvement in the year ending May 1957. Anthracite coal output registered a further important gain, monthly production averaging 161,358 metric tons compared with 129,102 metric tons in the twelve months ending May 1956, while during the five months January to May 1957 output actually reached an annual rate of 2.1 million metric tons. Total production for the period amounting to 1,936,299 metric tons was 236 per cent greater than the 575,904 metric tons produced in the calendar year 1952, and more than double the 866,701 metric tons mined in 1953. Mineral production, which is affected to a large extent by export

demands, generally showed increases. Silver, molybdenite, iron ore, talc and pagodite registered substantial gains, while sizable increases also were made in amorphous graphite and lead ore production. Gold production likewise showed an increase. Reduced export demands were the prime agents in the declines which occurred in fluorite and kaolin output, while in the case of manganese and copper ore domestic production factors also entered in. The drop in tungsten concentrates was associated with a decline in the world market price and with related domestic production goals.

162. The production of anthracite coal and certain key minerals for the years ending 31 May 1956 and 31 May 1957 is presented in the following table.

Coal and mineral production
(In metric tons unless otherwise specified)

	<u>Year ended</u> <u>31 May 1956</u>	<u>Year ended</u> <u>31 May 1957</u>	<u>Percentage</u> <u>change</u>
Anthracite	1,549,226	1,936,299	+ 25.0
Gold	1,485 kg	1,696 kg	+ 14.2
Silver	4,362 kg	6,438 kg	+ 47.6
Amorphous graphite (80 - 85 per cent) .	69,645	81,728	+ 17.3
Molybdenite (80 - 90 per cent)	13,203 kg	26,963 kg	+ 104.2
Manganese (30 - 48 per cent)	3,420	1,743	- 49.0
Lead ore (35 - 60 per cent)	1,967	2,432	+ 23.6
Iron ore (45 - 65 per cent)	36,787	105,905	+ 187.9
Fluorite (70 - 90 per cent)	5,331	3,952	- 25.9
Tungsten concentrates (64 - 80 per cent)	3,988	3,437	- 13.8
Copper ore (4 - 20 per cent)	13,801	10,659	- 22.8
Kaolin	9,994	8,596	- 14.0
Talc	4,867	6,569	+ 35.0
Pagodite	4,349	8,551	+ 96.6

Power

163. Power generation in the Republic of Korea increased substantially during the year ended 31 May 1957, and rationing was virtually eliminated. Thermal output surged upward with the start in September 1956 of regular generation at the four new plants constructed under the ICA programme - one 25,000-Kilowatt capacity unit in Seoul, a similar unit at Samchok, and

two 25,000-Kilowatt units at Masan. Their added output more than offset a decline in over-all hydro-electric generation during the period, which resulted principally from periodic shut downs for repair work to the Hwachon and Chongpyong hydro-electric plants and on the Hwachon dam. There was a complete absence of barge generation during the twelve months, the last power barge provided through the United Nations Command having been withdrawn in September 1955.

Electric power generation and consumption

(Million-kilowatt hours)

	<u>Year ended</u> <u>31 May 1956</u>	<u>Year ended</u> <u>31 May 1957</u>	<u>Percentage</u> <u>change</u>
Power generated			
Thermal	300	832	+ 177.3
Hydroelectric	512	435	- 15.0
Barge	75	-	- 100.0
<u>Total</u>	887	1,267	+ 42.8
Power consumed			
Power company uses and losses	336	525	+ 56.3
Sales	551	742	+ 34.6

164. In March 1957, a new 2,000 kW hydro-electric plant, constructed with Republic of Korea funds, went into operation at Koesan, Chungchong Pukdo. Dependable generating capacity in South Korea now totals 250,000 kilowatts.

Transportation

165. Freight moved by the Korean National Railways during the twelve months ending 30 April 1957 averaged 193.5 million ton/kilometres per month, an increase of 7.1 per cent over the corresponding period ending 30 April 1956. Civilian freight shipments averaging 10.83 million ton/kilometres were 11.2 per cent higher, while aid goods which averaged 25.7 million ton/kilometres were 47.3 per cent greater. Military tonnage, however, declined by 9.7 per cent to an average of 59.5 million ton/kilometres a month.

166. A net decline of 0.7 per cent occurred in over-all passenger/kilometres travelled, which averaged 318.6 million per month during the twelve months ending 30 April 1957, compared with 320.9 million during the preceding period. Civilian passenger traffic showed an increase of 1.3 per cent, averaging 239.1 million passenger/kilometres per month, compared with 235.9 million. However, this was more than offset by a drop of 6.5 per cent which took place in military passenger/kilometres travelled. A sharp drop in civilian passenger travel reported for the four months January to April 1957 was possibly associated with an increase in fares which went into effect beginning January.

167. A 23-kilometre rail extension from Yongwol, Kangwon Province, to the nearby Hambaek coalfield was completed during the financial year 1957, allowing the direct hauling of coal to the thermal power plant at Yongwol. Construction of a 7-kilometre extension from the city of Chungju, Chungchong Pukdo, to the

site of the new fertilizer plant also was completed. This was the initial section of an important lateral link, work on which is continuing, that will effect a junction at Pongyang with the secondary, eastern line running from Seoul to Pusan. This tie-up will also allow the direct movement of coal from the Hambaek field to the fertilizer plant, as well as to the central industrial area centring around Taejon.

Money supply

168. At 30 June 1957, the total money supply amounted to hwan 119,300 million, representing an increase of hwan 20,300 million, or 20.5 per cent, over the hwan 99,000 million total at 30 June 1956. This increase compared with a rise of hwan 34,000 million, or slightly more than 52 per cent, during the preceding twelve months. Demand deposits rose from hwan 44,600 million to hwan 58,000 million, while currency in circulation increased from hwan 54,400 million to hwan 61,200 million. Currency in circulation hit an all-time peak in December 1956 when it reached hwan 73,300 million. However, large sales of ICA dollars during the January-March 1957 quarter to private traders for the import of aid goods were instrumental in bringing about a substantial contraction.

169. A rise in bank holdings of national bonds, principally by the Bank of Korea, from hwan 22,400 million to hwan 50,000 million was the major contributing factor in the increase of the money supply during the financial year 1957. Commercial bank and Bank of Korea loans also showed a net increase of hwan 20,000 million, and purchases of foreign exchange by the Bank of Korea, largely from the United Nations forces, rose by hwan 10,100 million. Contributing also were an increase in holdings of Korean Reconstruction Bank industrial debentures by the Bank of Korea and a decline in savings and time deposits.

170. Decreasing factors were a reduction of hwan 23,600 million in Government overdrafts less government deposits at the Bank of Korea, resulting largely from the operations of the ICA counterpart fund, and an increase of hwan 19,100 million in the deposits of foreign official organizations (hwan deposits of the United Nations forces, UNKRA and foreign official organizations, plus the Republic of Korea Government subscription in local currency to the International Bank for Reconstruction and Development).

Principal factors increasing (+) or decreasing (-)
the money supply, 30 June 1956 to 30 June 1957
(In thousands of millions hwan)

Increasing factors:

Increase in national bond holdings of commercial banks and the Bank of Korea . . .	+ 27.6
Increase in industrial debentures held by the Bank of Korea	+ 2.0
Increase in commercial bank and Bank of Korea loans	+ 20.0
Decline in savings and time deposits	+ 0.9
Increase in Bank of Korea purchases of foreign exchange	+ 10.1
Others	+ 2.4
	<u>+63.0</u>

Decreasing factors:

Government overdrafts; less government deposits at the Bank of Korea	- 23.6
Increase in deposits of foreign official organizations	- 19.1
	<u>- 42.7</u>

Net increase in the money supply: hwan 20,300 million.

Bank credit

171. The Republic of Korea's banking system at 30 June 1957 was comprised of the Bank of Korea, which acts as the central bank, four commercial banks, and the Agricultural Bank (short-term agricultural credit). The Korean Reconstruction Bank, which provides long-term investment credit, was considered as a banking institution until the present year. However, it is now treated as a government agency, since its operations are financed almost completely from government funds (proceeds from Industrial Reconstruction Bonds and counterpart funds). The control of commercial bank credit continued to be effected through over-all ceilings on loans established each quarter by a monetary board. Further control was exercised through sub-ceilings established on total loans to private and public sectors, and by areas of economic activity.

172. Outstanding loans of all banking institutions, as defined above, including rediscounts at the Bank of Korea but excluding government overdrafts, totalled hwan 100,200 at the end of May 1957. This represented an increase of hwan 25,800 million or 34.7 per cent, over the total of hwan 74,400 million at the end of May 1956. (Korean Reconstruction Bank loans as of May 1957 amounted to hwan 68,500 million, representing an increase of hwan 34,300 million, or 100.3 per cent, during the same period.)

173. The combined total of loans of the four commercial banks and the Agricultural Bank rose during the twelve months May 1956 to May 1957 from hwan 54,200 million to hwan 73,900 million, an increase of hwan 19,700 million, or 36.3 per cent. This compared with a rise of hwan 24,400 million, or 82 per cent, in the preceding twelve months. Of the total increase, 52.2 per cent went to manufacturing enterprises and 25.9 per cent to agriculture, forestry and fisheries. In this respect also, 43.1 per cent of the increase in long-term investment loans of the Korean Reconstruction Bank went to manufacturing industries and 27.2 per cent to agriculture, forestry and fisheries.

174. Commercial bank reserves, which stood at 27 per cent of deposit liabilities during the latter half of May 1956, declined during April - May 1957 to 20.5 per cent, following a reduction from 25 to 20 per cent, effective 1 April 1957, in minimum reserve requirements for demand deposits.

175. Borrowings of the four commercial banks from the Bank of Korea reached a high of hwan 27,600 million in February 1957, representing a rise of 23.2 per cent over the total of hwan 22,400 million at the end of June 1956. This was reduced substantially during March, April and May 1957 as a result of the drop in the reserve requirement, as well as in part from restrictions placed on new commercial loans. At the end of May, borrowings by the commercial banks from the Bank of Korea amounted to hwan 16,000 million, 42 per cent under the February high and 28.6 per cent less than at June 1956.

Outstanding loans and discounts of all commercial banks and the Agricultural Bank by economic sector
(In millions of hwan)

Economic sector	May 1956	May 1957
Manufacturing	24,784	35,102
Agriculture, forestry and fisheries	13,254	18,374
Mining	787	486
Trade	7,285	9,548
Public utilities	1,709	892
Other	6,352	9,503
Total	54,171	73,905

Outstanding loans and discounts of the Korean Reconstruction Bank by economic sector
(In millions of hwan)

Economic sector	May 1956	May 1957
Manufacturing	15,047	27,830
Agriculture, forestry and fisheries	9,465	18,777
Mining	3,042	5,450
Trade	-	-
Public utilities	7,003	13,627
Other	1,647	2,800
Total	34,204	68,484

National budget

176. The House of Representatives of the Government of the Republic of Korea in June 1956 extended the Government's financial year 1 July 1955 to 30 June 1956 by a further six months through 31 December 1956. At the same time, provision was made for ensuing financial years to coincide with the calendar year. A revised budget bill was passed in August establishing total revenues of hwan 576,000 million and expenditures of hwan 594,300 million for the eighteen-months period, which compared with hwan 411,100 million and hwan 410,700 million respectively for the twelve-months period. These amounts covered not only the ordinary functions of government, together with national defence, but included also the operations of various national enterprises such as the railways, communications and monopolies, as well as the grain management programme, and vested properties, land reform, reconstruction and other special budgetary activities. Tax revenues, customs and miscellaneous general receipts were estimated at hwan 132,600 million. Expenditures for regular government operations were established at hwan 95,000 million and for national defence at hwan 109,400 million. Counterpart fund revenues were expected to total hwan 182,700 million, of which hwan 76,700 million was budgeted for government projects and hwan 42,200 million for loans for private end-user projects. The bill, as passed, including all budgeted activities, showed a net deficit of approximately hwan 18,300 million. Present information would indicate, however, that actual execution may have resulted in a much smaller net deficit.

177. The over-all budget for the Republic of Korea fiscal year 1957 (1 January to 31 December) provides for revenues totalling hwan 561,500 million and expenditures of hwan 638,700 million, the indicated net deficit amounting to hwan 77,200 million. Tax and customs revenues, plus miscellaneous receipts, total hwan 128,300 million, or an increase of 57 per cent over budgeted receipts for the comparable twelve months period from 1 July 1955 to 30 June 1956. A slight drop in income taxes compared with the preceding period is anticipated. Indirect tax receipts, however, are considerably increased as the result of new rates. In this respect, direct taxes provide for 42 per cent of total taxation revenue in the present budget, while indirect taxes make up 58 per cent. This contrasts with 58 per cent and 42 per cent respectively in the first twelve months of the previous financial year.

178. National defence expenditures again place a heavy burden on the economy, the budgeted total of hwan 114,100 million being greater than all regular revenues from taxes and customs, and 14.8 per cent greater than all expenditures for ordinary government operations. Financing of the national defence requirement is provided through the transfer of hwan 48,300 million from the ICA counterpart fund (including hwan 34,800 million proceeds from the sale of surplus agricultural commodities furnished under United States Public Law No. 480), other transfers from various government accounts amounting to hwan 41,300 million and proceeds from national

bond sales totalling hwan 14,900 million. The remaining hwan 9,600 million will be obtained as a direct borrowing from the central bank.

179. Government monopoly operations (salt, tobacco, ginseng) are expected to show a net profit of hwan 16,200 million during the year. However, this will be more than offset by an anticipated deficit arising in the operation of the national grain management programme, and expenditures under the vested property account. As a result, the government enterprises, etc. accounts show a net deficit of hwan 23,800 million.

180. Counterpart fund revenues, which represent the measure of foreign economic aid arrivals expected during the budget period, are up substantially, a total of hwan 194,300 million being anticipated, compared with hwan 148,500 million during the twelve months June 1955 to June 1956. Programmed expenditures include hwan 110,200 million for use on government-sponsored rehabilitation and development projects, hwan 30,000 million for long-term loans through the Korean Reconstruction Bank for private end-user projects, and hwan 48,300 million to be transferred to help meet national defence costs. Small amounts are also earmarked for loans to farmers, support for the Government Office of Supply, and general expenses.

Republic of Korea national budget, financial year 1957 (1 January - 31 December 1957)

(In thousands of millions of hwan)

	<u>Revenues</u>	<u>Expenditures</u>
General account:		
Taxes	90.7	-
Customs	19.8	-
Miscellaneous	17.8	-
Government operations . .	-	99.4
	<u>128.3</u>	<u>99.4</u>
Special accounts:		
Defence	-	14.1
Government enterprises, grain management, vested property and land reform operations, etc.	188.3	212.1
National bonds	15.2	4.2
National lottery	5.0	4.0
Sale of currency to United Nations forces and others	6.8	6.8
Industrial reconstruction bonds	4.7	30.2
Counterpart fund	194.3 ^{a/}	34.5
Economic rehabilitation ex- penditures	-	110.2
Office of Supply operations	18.9	23.2
	<u>433.2</u>	<u>539.3</u>
Grand Total	<u>561.5</u>	<u>638.7</u>

^{a/} Total includes hwan 34,800 million proceeds from the sale of United States surplus agricultural commodities.

181. The Agent General has previously noted the Republic of Korea's ability to finance the normal operations of government through its tax revenues and custom duties, leaving as well a moderate surplus. This observation holds true also for the present budget period. The maintenance of the present defence force, however, and the carrying out of a full-scale programme of economic rehabilitation and development remain outside that capability.

Foreign trade

182. Visible exports during the calendar year 1956 registered a 42.9 per cent rise over 1955, owing largely to increased exports of tungsten, amorphous graphite, base metals, ginseng, fresh and dried fish, and laver. Total receipts amounted to \$25,155,000, which compares with \$17,602,300 during the preceding year. Minerals and metals made up the major portion of visible exports, accounting for \$16,371,800 of the total, or 65.1 per cent. Invisible export payment receipts declined sharply to \$37,027,000 from the \$66,420,000 during 1955, due principally to a drop in government transactions - principally sales of hwan currency to United Nations forces. At the same time, however, a substantial decline amounting to \$39,296,700, or 42.8 per cent, also occurred in visible imports in all categories except machinery, transport

equipment and miscellaneous goods. In the case of textile and fibre products and chemicals and pharmaceuticals, this decline was related both to the volume of imports under the aid programmes and to increased domestic production. As a result, a net favourable trade balance of \$4,210,300 was reported for the year.

183. Foreign trade during the first five months of 1957 showed a net favourable balance of \$6.1 million. Visible exports, which totalled \$9.6 million, were running at the same rate as during the January to May 1956 period, when they were valued at \$9.7 million, while imports, valued at \$18.8 million, were under the \$20.1 million import total for that same period. Invisible exports increased substantially, amounting to \$20.4 million compared with \$13.9 million during the corresponding five months in 1956. This resulted from an increase in government transactions, which were related in part to off-shore procurement by the United States Government.

184. The following table presents the balance-of-payments position of the Republic of Korea for the periods January to December 1956 and January to May 1957.

Balance of payments, current account of the Republic of Korea
(in thousands of dollars)

	<u>January - December</u>		<u>January - May</u>	
	<u>1956</u>		<u>1957</u>	
	<u>Exports</u>	<u>Imports</u>	<u>Exports</u>	<u>Imports</u>
<u>Visible</u>				
Food, beverages and tobacco	1,440.7	6,073.9	1,015.9	3,990.0
Textile and fibre products	2,771.5	11,747.9	824.9	2,146.2
Animal and vegetable products	4,526.1	1,278.1	1,660.0	843.1
Petroleum, coal, lubricants and waxes . .	-	174.5	-	332.1
Minerals and metals	16,371.8	2,930.6	6,076.4	1,087.3
Machinery and transport equipment . . .	-	8,619.0	-	5,828.1
Chemicals and pharmaceuticals	17.5	5,832.5	5.7	1,323.1
Lumber and paper products	-	2,862.1	-	1,056.0
Miscellaneous	27.4	3,720.1	21.9	2,207.9
<u>Total visible</u>	<u>25,155.00</u>	<u>43,238.7</u>	<u>9,604.8</u>	<u>18,813.8</u>
<u>Invisible</u>				
Travel, transportation and insurance . . .	1,058	1,339	549	687
Investment and income payments	1,811	743	718	525
Government transactions	20,164	2,714	15,231	1,187
Donations	13,118	8,201	3,753	1,762
Miscellaneous	876	1,736	99	868
<u>Total invisible</u>	<u>37,027</u>	<u>14,733</u>	<u>20,350</u>	<u>5,029</u>
<u>Total visible and invisible</u>	<u>62,182.00</u>	<u>57,971.7</u>	<u>29,954.8</u>	<u>23,842.8</u>

Foreign exchange holdings

185. Republic of Korea foreign exchange holdings as of 30 June 1957 totalled \$116,550,248. Letters of credit outstanding for government and private imports amounted to \$7,233,019, while \$45,964,837 was re-

served to cover the open account balance with Japan, leaving an unobligated total of \$63,332,392. Loans and advances amounted to \$11,613,332, thus reducing available foreign exchange to \$104,936,916. Holdings were comprised almost entirely of United States dollars.

Exchange rate

186. A rise in the Seoul all-commodity wholesale price index during the financial year 1957 above a level earlier agreed by the Republic of Korea Government with the United States Government led to discussions between the two regarding a revision of the official

exchange rate, which has been set at hwan 500 to \$U.S.1 since 15 August 1955. Further agreement to continue this rate was reached, however, and it remained applicable to all transactions during the year.

Chapter III

ORGANIZATION, EXTERNAL RELATIONS AND ADMINISTRATION

Emergency programme

187. The United Nations Emergency Relief Programme, through which vital non-military relief assistance was provided to the Korean people during and following the invasion, came to a close in the financial year 1957.^{7/} Member and non-member States, various non-government organizations and the specialized agencies pledged to the programme a grand total of \$479,061,599. Of that total, goods valued at \$474,358,896 were delivered to Korea, including \$427,090,439 contributed by the United States of America. Pledges amounting to \$2,702,703 by Brazil and \$2 million by Uruguay remained outstanding at the programme's conclusion.

United Nations Commission for the Unification and Rehabilitation of Korea

188. The Agent General during the reporting period consulted on a number of occasions with the United Nations Commission for the Unification and Rehabilitation of Korea (UNCURK) on matters of mutual interest, in accordance with the provisions of General Assembly resolution 410 (V) of 1 December 1950.

189. The Commission, in its annual report to the eleventh session of the General Assembly^{8/} stated that, in keeping with its terms of reference, it had continued to follow closely the activities of the Agency. Commenting favourably on those activities, the report declared that UNKRA had contributed impressively to the reconstruction of South Korea and to the strengthening of the economy generally. It noted, further, that the Agent General had discussed with UNCURK the plans for completion of the UNKRA programmes; from its point of view of the Commission believed those plans to be sound.

190. A draft of the comments on the Agency's activities which are to be included in the report of UNCURK to the twelfth session of the General Assembly has been made available to the Agent General. He finds himself in accord therewith. In this connexion, the Agent General again desires to express the deep appreciation felt by himself and his representatives for the constructive observations and suggestions on

^{7/} The Emergency Relief Programme was based upon Security Council resolutions S/1511 and S/1588 and Economic and Social Council resolution 323 (XI). Since 3 March 1952 the Agent General of UNKRA has had responsibility for transmitting offers of and requests for emergency relief assistance under the programme.

^{8/} Official Records of the General Assembly, Eleventh Session, Supplement No. 13 (A/3172).

the Agency's activities and programmes which have been offered by the Commission, as well as for the assistance received from UNCURK from time-to-time in resolving problems that have arisen related to the accomplishment of the Agency's mission in Korea.

Advisory Committee to the Agent General

191. The UNKRA Advisory Committee was established by General Assembly resolution 410 (V) of 1 December 1950 to advise the Agent General on major financial, procurement, distribution and other economic problems pertaining to his planning and operations. During the financial year 1957 the Agent General held three formal meetings with the Committee, which is composed of representatives of Canada, India, the United Kingdom of Great Britain and Northern Ireland, the United States of America and Uruguay. Additionally, the Committee was kept regularly informed of the Agency's activities through the submission of monthly financial statements and the UNKRA projects status report. Matters of mutual interest were further discussed through consultations by designated representatives of the Agent General.

192. The UNKRA plan of expenditure for the financial year 1958 was approved by the Advisory Committee at a meeting held on 7 May 1957.

Administration

193. A general reduction in the operational staff of the Agency, supporting administrative personnel, and personnel on loan to the United Nations Command, Office of the Economic Co-ordinator (UNC/OEC) was carried out during the financial year 1957 related to the gradually approaching completion of the UNKRA programme. Terminations of service were effected throughout the year as area activities declined, and also at specific periods during the year as consolidations of activities were scheduled. As a result, the total number of filled positions decreased during the twelve months June 1956 to June 1957 from 196 to 140.^{9/} The Agency's personnel division continued to offer all help possible with respect to obtaining new placements for those staff members whose services were concluding, including direct contacts with other United Nations agencies, and with governmental and inter-governmental organizations. Likewise, in accordance with earlier established policy,

^{9/} A further decrease became effective 1 July 1957, since thirty-four other staff members whose services were terminated as of the close of business on 30 June 1957 are still included in the year-end total of 140. As at 1 July, filled positions actually amounted to 106. (See accompanying UNKRA personnel establishment table.)

the Agency has given notification of termination, wherever possible, well in advance of the actual date. Similar policies have been carried out with respect to local personnel as their services were no longer required.

194. The office of the UNKRA Comptroller was transferred from headquarters in Korea to the American Regional Office in New York during January - February 1957 to facilitate the eventual closing out of Agency accounts. At the same time, reductions in staff were effected at the American Regional Office to result in a general saving to the Agency in personnel costs. The functions of the latter office continued

during the year essentially as in previous reporting periods, namely, the carrying out of general Agency procurement, liaison with the delegations of the Member States, the Secretary-General of the United Nations, the Administrative Committee on Co-ordination, the specialized agencies and non-governmental and voluntary agencies, and serving the UNKRA Advisory Committee. It continued, likewise, to exercise the functions of the Agent General with respect to the United Nations Emergency Relief Programme, and provided assistance to contractor personnel, and project and technical specialists proceeding to Korea on assignment.

UNKRA personnel establishment

	<u>Authorized positions</u>		<u>Filled positions</u>	
	<u>30 June 1956</u>	<u>30 June 1957</u>	<u>30 June 1956</u>	<u>30 June 1957</u>
Korea	107	91	106	86
New York	33	32	32	31
Tokyo	5	2	5	2
London	2	-	2	-
<u>Total</u>	<u>147</u>	<u>125</u>	<u>145</u>	<u>119</u>
Personnel loaned to UNC/OEC	51	25	51	21
<u>Grand total</u>	<u>198</u>	<u>150^{a/}</u>	<u>196</u>	<u>140^{a/}</u>

^{a/} These totals are inclusive of post deletions and staff terminations which became effective at the close of business on 30 June 1957. As at 1 July 1957 authorized and filled positions were:

	<u>Authorized positions</u>	<u>Filled positions</u>
Korea	79	78
New York	27	27
Tokyo	1	1
London	-	-
<u>Total</u>	<u>107</u>	<u>106</u>
Personnel loaned to UNC/OEC	-	-
<u>Grand total</u>	<u>107</u>	<u>106</u>

195. The Agency's London sub-office was discontinued on 31 December 1956, and its reduced procurement activities were assumed by the American Regional Office. The activities of the Tokyo Liaison and Procurement Office also declined during the year and further personnel reductions were made (effective 1 July 1957, it will be operated by one staff member only). However, this Office is still essential for certain procurement, to arrange trans-shipments of aid supplies, and for assistance to contractor, project specialist and other personnel on route to or from Korea. The Office is, therefore, being maintained for a short time longer.

196. The termination of all staff furnished on loan to the United Nations Command became effective at the close of business on 31 June 1957, funds allocated by the Agency to provide their services being exhausted as of that date. This concluded a most important and highly effective undertaking which, from January 1952 on, afforded a cadre of competent specialists and technicians, who not only helped to develop and direct but also carried out in the field the United Nations Command's health, welfare, sanitation, and

general relief and resettlement programmes for the Republic of Korea, besides furnishing qualified personnel for engineering, administration, supply and port operations. Most recently this staff has worked with the Office of the United Nations Command Economic Co-ordinator providing, where the need was indicated, assistance toward the efficient functioning of the United States International Co-operation Administration aid programme while replacement personnel were under recruitment. In this assignment, they continued to perform both important operational and planning roles in the fields of irrigation and flood control, communications, transportation, public health, welfare, public works, and supply and port operations. The conclusion of this Agency project culminated more than five years of devoted service and activities which proved of inestimable value to the United Nations Command and ICA and to the Korean people in helping them to recover from the immediate effects and the aftermath of the invasion.

197. In addition to the UNKRA operational and administrative personnel, the UNKRA staff included twenty-nine technical specialists employed in Korea at

some time during the reporting period in the capacity of project officers assigned to specific projects. Of the total twenty-two continued on assignments at 30 June 1957 which will carry over into the financial year 1958. They included a dyeing and finishing advisor at the woollen and worsted plant at Masan, a shop foreman for the auto repair shop in Yongdungpo, a contract, property and accounts officer for the Inchon flat glass plant, a similar officer and a quarry engineer for the Mungyong cement plant, an assayer for the Taejon Mineral Assay Laboratory, two coal mining engineers working on the development of private coal mines, a metallurgist directing the rehabilitation of the Changhang smelter, four specialists at the Fundamental Education Centre, three education officers at the Foreign Language Institute, a medical doctor, prosthetics specialist, and a remedial gymnast at the Tongnae Rehabilitation Centre for the physically handicapped, and three persons on special assignment to Republic of Korea Government offices. Seven others, including a geologist, a mining engineer, a mine superintendent, a chemical engineer, a marine science officer, a vocational training specialist and one staff member on special assignment to a government office completed their duties prior to or on 30 June 1957.

Supply and procurement

198. With only minor refinements and some modifications to meet changing conditions within South Korea, the Agency's supply and procurement operations continued to follow those procedures which were described in the Agent General's report to the General Assembly's ninth session.^{10/}

199. In line with the steady progress made toward completion of the UNKRA projects, the value of procurement authorizations issued during the year showed a marked decrease, totalling \$6.2 million compared with \$15.8 million in the previous twelve months. This excluded, however, the very substantial procurement effected directly by international firms engaged by the Agency to implement projects under "package" contracts, such as the National Medical Centre, the Mungyong cement plant, the Inchon flat glass plant, etc.

200. Despite reduced procurement, project supplies and materials still continued to come from a wide area, with shipments received in Korea originating from eleven countries: Australia, Belgium, Denmark, Hong Kong, Japan, New Zealand, Portugal, Saarland, Sweden, the United Kingdom and the United States of America. Individual consignments varied from mailable parcels to a complete, although dismantled, placer mining dredge weighing 800 tons. One Agency-chartered vessel arrived during the reporting period with a shipload of lumber and plywood. Several bulk cargoes of cement also were received.

Financial statements of the Agency

201. The financial report and accounts of the Agency for the year ended 30 June 1956, together with the report of the Board of Auditors^{11/} was accepted by

^{10/}Official Records of the General Assembly, Ninth Session, Supplement No. 20 (A/2750).

^{11/}Ibid., Eleventh Session, Supplement No. 6C (A/3206).

the General Assembly by resolution 1082 (XI) of 21 December 1956. A financial report for the year ended 30 June 1957 will be separately submitted to the twelfth session.

202. The Agent General throughout the reporting period continued to provide regular monthly financial statements to the UNKRA Advisory Committee pursuant to a request made by the Committee at its thirty-first meeting held on 10 December 1954.

Relations with other organizations

203. Discussions were conducted with the United Nations Technical Assistance Administration during the reporting period relative to possible continuation by TAA of technical assistance to the Tongnae Rehabilitation Centre for the physically handicapped. Such assistance would follow the conclusion of the Agency's activities at the Centre scheduled for December 1957.

204. The Agent General notes with appreciation the additional valuable assistance furnished by the United Nations Secretariat through the continued secondment during the financial year 1957 of secretarial staff for duty at UNKRA headquarters in Korea.

Specialized agencies

205. UNKRA again acted for UNESCO during the financial year 1957 in connexion with the operation of the UNESCO school gift coupon plan in Korea, through which individual donors and private groups are able directly to assist Korean schools and school children. New contributions totalling \$20,721 were received from donors in four Member States and from volunteers of the United Nations Women's Guild, raising the overall total as at 30 June 1957 to \$104,359. Among the items procured during the year by the Agency with these funds were basic school supplies for primary school children, laboratory equipment and books, vocational equipment, typewriters, braille paper for use by blind children, science kits, musical instruments, and the like.

206. The formal establishment of the Korean Fundamental Education Centre, which was constructed and equipped through the UNKRA programme, took place in November 1956, under the supervision of a director furnished by UNESCO. A fundamental education specialist for the Centre also has been provided by the latter. Arrangements are now under way for UNESCO to assume responsibility from UNKRA for the Centre and also to provide a staff for the UNKRA Foreign Language Institute.

207. The Agent General noted with interest visits to Korea during the reporting period by various representatives of the specialized agencies, including the Food and Agriculture Organization, the World Health Organization and the World Meteorological Organization, for discussions with the Republic of Korea Government.

United Nations Children's Fund

208. The emergency milk feeding programme which has been conducted in South Korea by UNICEF since October 1953 continued throughout the financial year

1957. During that year an average of 1.5 million children and nursing mothers received daily feedings. UNKRA staff on loan to the Office of the United Nations Command Economic Co-ordinator assisted the programme in their capacities as doctors, welfare officers, and port liaison and supply officers. The UNICEF midwifery training programme also graduated another 361 midwives from refresher courses. UNKRA nurses on loan to UNC/OEC likewise assisted in this programme.

Voluntary agencies

209. Seventy-two international voluntary agencies were accredited to the Office of the United Nations

211. The progress reported by UNKRA a year ago has continued during the past year at an increased rate, and has brought further evidence of the extent to which the Agency's programme constitutes an important and integral part of the reconstruction efforts in the Republic of Korea.

212. The effects of the programme will become increasingly apparent as the Agency's remaining major projects are completed during the next twelve months. As examples, the restored and improved cotton textile, woollen, flax, hemp, ramie and silk waste industries will be supplying much of the domestic needs for such materials and possibly some for export; paper machinery will raise the domestic output of paper products; mining machinery will further increase the production of coal and minerals; the new cement plant will help materially to meet normal requirements, while at the same time resulting in reduced imports and, secondarily, in a lessening of the need to cut already depleted forests; flat glass will be manufactured locally for the first time; and modern medical facilities will be available for the general benefit of the country, as well as for the training of its doctors, nurses and hospital technicians.

213. The examples cited above, together with the many other UNKRA projects completed in previous years, such as school rooms, libraries, laboratories, vocational training schools, irrigation dams and canal systems, salterns, flood control works, housing, fishing boats, canning plants, refrigeration facilities, power lines and transportation and communications facilities and the like, with their continuing contribution of substantial lasting benefits which will accrue to the Korean people, are indicative of the significance of this United Nations programme as a whole.

214. The Agency's operations are now moving toward final achievement within the funds made available by the Member and non-Member States who have so generously and humanely contributed to this historic economic undertaking by the United Nations. The remaining projects will be completed by 30 June 1958, except a few which will have been transferred to other United Nations agencies, leaving for the future only some further technical assistance in connexion with established projects and the final liquidation of residual activities and accounts of the Agency.

Command Economic Co-ordinator as at 30 June 1957. Fifty-three of this number were, at the same time, members or associates of the Korea Association of Voluntary Agencies (KAVA), a co-ordinating council designed to prevent duplication of effort.

210. The Agency's direct relations with the Korean programmes of the voluntary agencies were much reduced during the past year as a result of the virtual completion of the UNKRA grant-in-aid programme, through which since 1952 over \$1.3 million has been provided in project assistance and ocean freight costs. Nevertheless, an active interest was maintained and office facilities continued to be furnished to the secretary of KAVA.

CONCLUSION

215. The accomplishments of UNKRA cited in this report are substantial. However, there still remains much to be done to repair the devastation caused by aggression upon the Republic of Korea. Although the lack of additional funds prevents the Agency from carrying out a further programme of rehabilitation and reconstruction, other external aid, such as that being provided through the programmes of the United States Government and the world voluntary agencies, is continuing to assist the Government and people of the Republic of Korea in their own valiant efforts to restore their country's war-shattered economy.

216. In this respect, the Agent General takes satisfaction in reporting that the combined aid programmes, reinforced by the industry and determination of the Korean Government and the people themselves, have already achieved a major step forward toward that restoration. Their united contribution is evident in all areas of the economy and is being increasingly manifested daily. Increased electric power for industrial and domestic uses has virtually removed the necessity of power rationing, while consumer goods of domestic origin are now far more abundant. Rail, water and motor transportation, together with repair facilities, have substantially improved. Mineral output has increased and the development of new sources is under way. The output of fish and marine products has risen greatly. Industrial production, likewise, is rising at a steady rate. Similarly, health and sanitation facilities are becoming increasingly available, with the result that the disease rate has dropped over the last five years to one approaching that of Europe and the Western hemisphere. There has been a large increase in new homes and other buildings throughout the country, not only in those provided by external aid but also through construction by the people themselves.

217. In the success that has been attained by the combined aid effort in the Republic of Korea, the accomplishments of this unprecedented undertaking of the United Nations through UNKRA not only have justified the action of the contributing Governments in supporting the Agency, but have proved that the United Nations is able to, and by collective action can, assist a country and its people who have been

ravaged by aggression. The continual expressions of gratitude and appreciation voiced by Republic of Korea officials at all levels and by the people of the Republic for the efforts of the United Nations are a testament to the success of this application of the

principle of collective endeavour. It will never be forgotten by the Korean people, and will long stand also as a symbol of hope and trust in the United Nations for other nations and peoples throughout the world.

ANNEXES

Annex I

A. Statement of government pledges and contributions to the United Nations Korean Reconstruction Agency as at 30 June 1957

(in US dollar equivalent)

	<u>Amount pledged</u>	<u>Received in cash</u>	<u>Received in kind^{a/}</u>	<u>Total received</u>	<u>Balance outstanding</u>
Member States					
Argentina	500,000	-	500,000	500,000	-
Australia ^{b/}	3,616,446	3,616,446	-	3,616,446	-
Austria	179,474	179,474	40,000	179,474	-
Belgium	600,000	600,000	-	600,000	-
Burma	49,934	-	49,934	49,934	-
Cambodia	1,000	1,000	-	1,000	-
Canada	7,413,021	7,413,021	-	7,413,021	-
Chile	250,000	250,000	-	250,000	-
Denmark	860,000	336,615	-	336,615	523,385
Dominican Republic	10,000	10,000	-	10,000	-
Egypt	28,716	-	28,716	28,716	-
El Salvador	500	500	-	500	-
Ethiopia ^{c/}	40,000	40,000	-	40,000	-
France	142,857	142,857	-	142,857	-
Greece	18,063	-	18,063	18,063	-
Guatemala ^{d/}	7,704	7,704	-	7,704	-
Honduras	2,500	2,500	-	2,500	-
Indonesia	143,706	143,706	-	143,706	-
Israel	36,100	-	36,100	36,100	-
Italy	2,014,933	320,000	1,694,933	2,014,933	-
Lebanon ^{c/}	50,000	50,000	-	50,000	-
Liberia	15,000	-	15,000	15,000	-
Luxembourg	50,000	50,000	-	50,000	-
Mexico	40,000	-	-	-	40,000
Netherlands	1,052,632	1,052,632	-	1,052,632	-
New Zealand	836,850	836,850	-	836,850	-
Norway	1,725,323	1,698,846	26,477	1,725,323	-
Pakistan	315,000	315,000	-	315,000	-
Panama	3,000	-	-	-	3,000
Paraguay ^{c/}	10,000	10,000	-	10,000	-
Saudi Arabia	20,000	20,000	-	20,000	-
Sweden	966,518	374,926	-	374,926	591,592
United Kingdom of Great Britain and Northern Ireland ^{b/}	26,840,002	26,840,002	-	26,840,002	-
United States of America ^{b/}	92,902,615	92,902,615	-	92,902,615	-
Venezuela	100,000	30,000	70,000	100,000	-
Total	140,841,894	137,204,694	2,479,223	139,683,917	1,157,977
Non-member States					
Liechtenstein	465	465	-	465	-
Monaco	1,144	1,144	-	1,144	-
Switzerland	313,954	290,698	23,256	313,954	-
The Vatican	10,000	10,000	-	10,000	-
Viet-Nam	10,000	10,000	-	10,000	-
Total	335,563	312,307	23,256	335,563	-
Grand total	141,177,457	137,517,001	2,502,479	140,019,480	1,157,977

^{a/} These contributions in kind have been made available to the Unified Command for use in the Emergency Programme for Civilian Relief in Korea.

^{b/} Previous contribution statements have shown pledges of \$4,001,726 for Australia, \$28,000,000 for the United Kingdom and \$162,500,000 for the United States. At the time these pledges were made the Governments concerned stipulated that payment of the full amounts was conditional upon certain matching contributions being received from other Governments, and in the case of Australia and the United States upon certain percentage limitations. In this statement these amounts have been adjusted to reflect the maximum contributions of these Governments in accordance with the terms of their pledges, on the basis of total contributions made by other Governments to the programme.

^{c/} Offered to Emergency Programme but made available to UNKRA.

^{d/} The contribution from the Government of Guatemala represents the proceeds of sale by the Government of 15,000 lb. of coffee.

B. Statement of government pledges and contributions under Security Council resolutions pertaining to the Emergency Relief Programme, Korea, as at 30 June 1957

(in US dollar equivalents)

	<u>Amount pledged</u>	<u>Total received</u>	<u>Balance outstanding</u>
<u>Member States</u>			
Australia	413,314	413,314	-
Belgium	60,000	60,000	-
Brazil	2,702,703	-	2,702,703
Cambodia	27,429	27,429	-
Canada	764,856	764,856	-
China	634,782	634,782	-
Cuba	270,962	270,962	-
Denmark	238,011	238,011	-
Ecuador	99,441	99,441	-
France	74,286	74,286	-
Greece	153,219	153,219	-
Haiti	2,000	2,000	-
Iceland	45,400	45,400	-
India	171,080	171,080	-
Israel	62,000	63,000	-
Liberia	10,000	10,000	-
Mexico ^{a/}	346,821	346,821	-
New Zealand	277,914	217,914	-
Norway	74,677	74,677	-
Pakistan	378,285	378,285	-
Peru	58,723	58,723	-
Philippines	2,330,653	2,330,653	-
Sweden	48,326	48,326	-
Thailand	4,368,000	4,368,000	-
United Kingdom of Great Britain and Northern Ireland	1,333,108	1,333,108	-
United States of America	427,090,439	427,090,439	-
Uruguay	2,250,780	250,780	2,000,000
Venezuela	80,842	80,842	-
<u>Total</u>	444,369,051	439,666,348	4,702,703
<u>Non-member States</u>			
Germany	47,619	47,619	-
Japan	50,000	50,000	-
Viet-Nam	1,943	1,943	-
<u>Grand total</u>	444,468,613	439,765,910	4,702,703

Note: Offers made by the Governments of Iran, Nicaragua and Turkey for Korean relief under Security Council resolutions were not accepted by the Unified Command owing to shipping difficulties.

^{a/} Supplies to the value of \$462,428 were shipped to Korea. Of this total, \$115,607 were entered as a contribution to Palestine relief. Adjustment of this matter between the emergency programme and UNRWA has been arranged.

C. Summary of offers of assistance to the Emergency Relief Programme as at 30 June 1957^{a/}

(in US dollar equivalents)

There were no new contributions to the Emergency Relief Programme during the Financial Year ended 30 June 1957. Final figures for the Programme are, therefore, as shown below.

Member and non-member States

(1) Offers made direct to Emergency Relief Programme . . .	444,468,613
(2) Offers made to the Negotiating Committee for Extra-Budgetary Funds but made available by UNKRA to the Emergency Relief Programme	2,058,830
(3) Cash contributions offered to the Emergency Relief Programme but credited to UNKRA.	100,000
<u>Total</u>	<u>446,627,443</u>
<u>Non-governmental organizations</u>	28,262,058
<u>Specialized agencies</u>	3,136,683
<u>League of Red Cross Societies.</u>	1,035,415
<u>Grand total as at 30 June 1957</u>	<u>479,061,597</u>

^{a/} For a complete account of the assistance given under the Emergency Relief Programme, this summary should be read in conjunction with the tables shown in annex I.B. of the Agent General's report to the General Assembly at its ninth and tenth sessions. (See Official Records of the General Assembly, Ninth Session, Supplement No. 20 (A/2750) pp. 28-37, and Tenth Session, Supplement No. 18, (A/2936) pp.26-27.)

125°

126°

127°

128°

38°

38th parallel

37°

36°

Project Sites Completed

Forestry	4	4
Fisheries	61	31
Irrigation	29	29
Flood Control	10	8
Industries	191	152
Mining & Fuel	9	8
Power	7	7
Community Development	50	50
Education	136	131
Health, Nursing & Child Care	15	9
Assistance to Voluntary Agencies	23	23
Housing	23	22
Transport, Communications	38	38
Agriculture	10	9
Vet. & Livestock	2	2
TOTAL	608	523

Project Sites Completed

Forestry	5	5
Fisheries	5	5
Flood Control	3	3
Industries	270	189
Mining & Fuel	4	1
Power	3	3
Community Development	40	40
Education	86	84
Health, Nursing & Child Care	25	11
Assistance to Voluntary Agencies	35	35
Housing	53	30
Transport, Communications	161	161
Agriculture	11	11
Vet. & Livestock	4	4
TOTAL	705	582

Project Sites Completed

Forestry	1	1
Fisheries	23	6
Irrigation	32	32
Flood Control	18	16
Industries	97	75
Mining & Fuel	8	6
Power	4	4
Community Development	76	76
Education	91	85
Health, Nursing & Child Care	11	8
Assistance to Voluntary Agencies	15	15
Housing	15	14
Transport & Communications	30	30
Agriculture	3	3
Vet. & Livestock	3	3
TOTAL	427	374

Project Sites Completed

Forestry	1	1
Fisheries	17	17
Irrigation	29	29
Flood Control	9	8
Industries	95	77
Mining & Fuel	7	7
Power	7	7
Community Development	50	50
Education	136	131
Health, Nursing & Child Care	15	9
Assistance to Voluntary Agencies	23	23
Housing	23	22
Transport, Communications	38	38
Agriculture	10	9
Vet. & Livestock	2	2
TOTAL	608	523

KYONGGI DO

SEOUL SPECIAL CITY

KAI

CH'UNGCH'Ō

Forestry
Fisheries
Irrigation
Flood Control
Industries
Mining & Fuel
Community Development
Education
Health, Nursing & Child Care
Assistance to Voluntary Agencies
Housing
Transport & Communications
Vet. & Livestock
TOTAL

CH'UNGCH'ONG NAMDO

CHOLLA PUKDO

YELLOW

SEA

127°

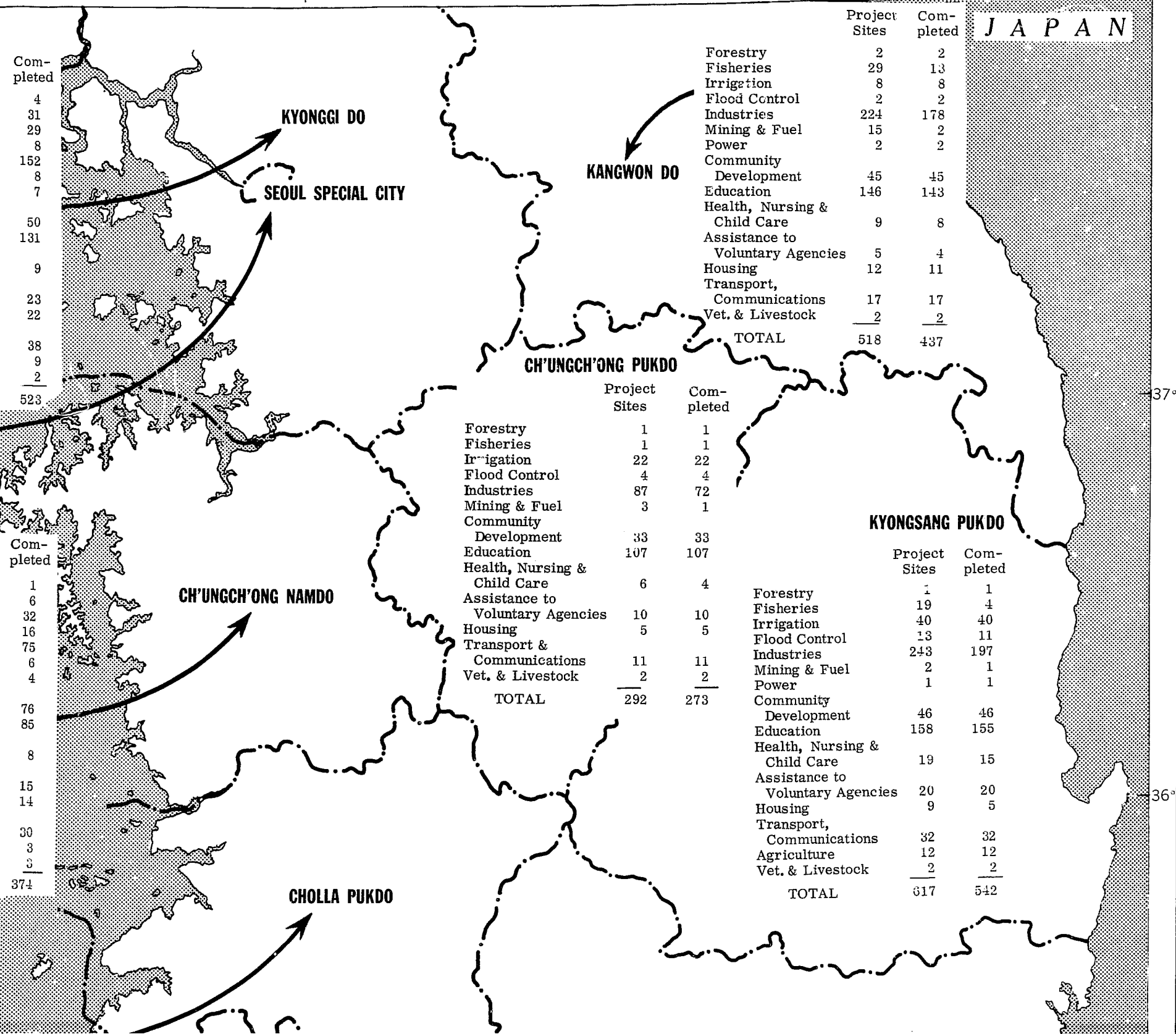
128°

129°

38th parallel

SEA
OF

JAPAN



SEA

Housing	15	14
Transport & Communications	30	30
Agriculture	3	3
Vet. & Livestock	3	3
TOTAL	427	374

	Project Sites	Completed
Forestry	1	1
Fisheries	17	17
Irrigation	29	29
Flood Control	9	8
Industries	95	77
Mining & Fuel	5	5
Power	5	5
Community Development	38	38
Education	124	113
Health, Nursing & Child Care	9	8
Assistance to Voluntary Agencies	6	6
Housing	7	7
Transport, Communications	25	25
Agriculture	2	2
Vet. & Livestock	2	2
TOTAL	374	343

	Project Sites	Completed
Forestry	1	1
Fisheries	69	17
Irrigation	59	59
Flood Control	10	8
Industries	69	44
Mining & Fuel	3	1
Power	4	4
Community Development	22	22
Education	143	131
Health, Nursing & Child Care	13	8
Assistance to Voluntary Agencies	12	12
Housing	8	5
Transport, Communications	36	36
Agriculture	1	1
Vet. & Livestock	2	2
TOTAL	452	351

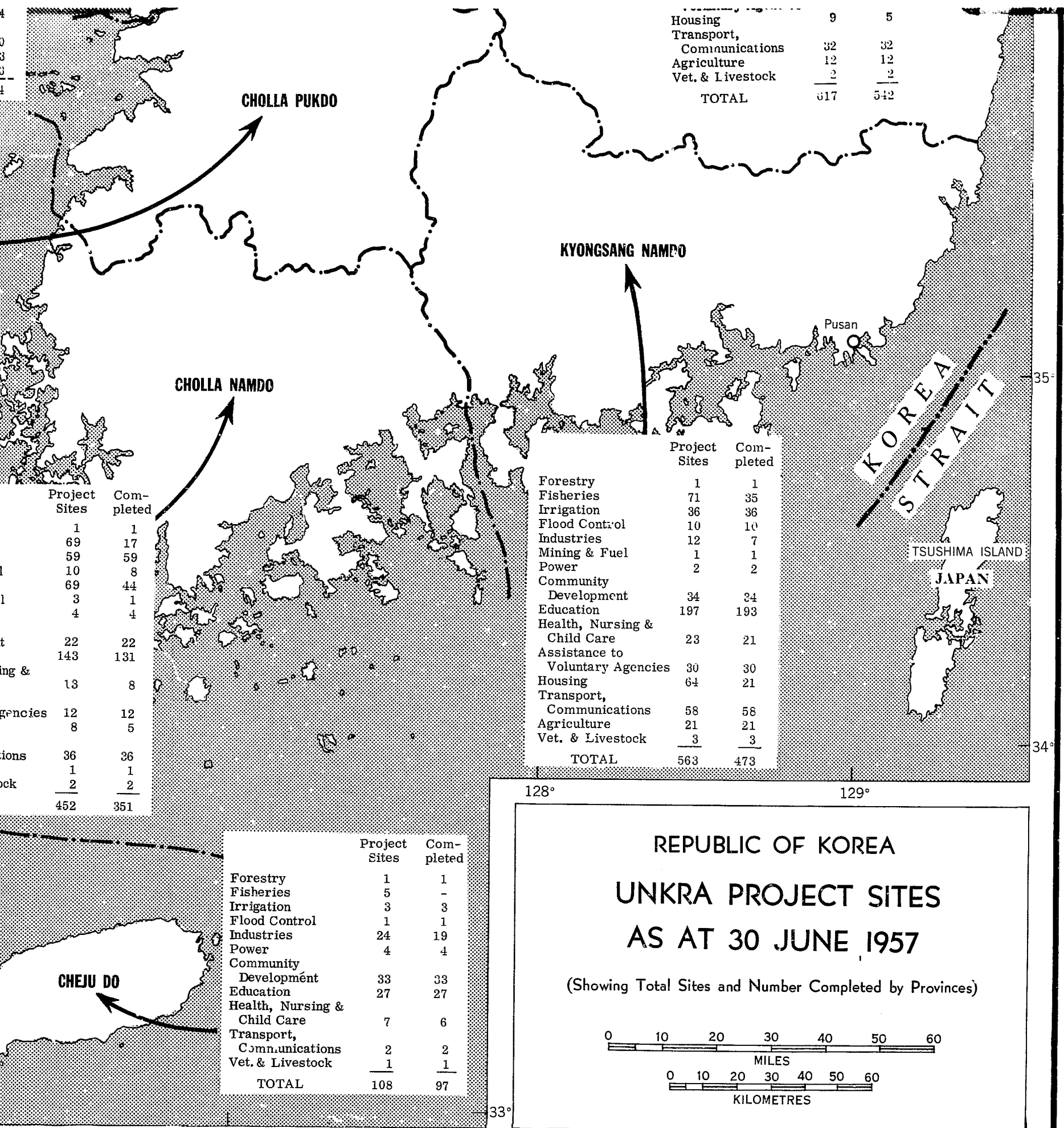
CHOLLA PUKDO

CHOLLA NAMDO

CHEJU DO

TOTAL PROJECT SITES		
	TOTAL SITES	COMPLETED SITES
FORESTRY	18	18
FISHERIES	300	129
IRRIGATION	258	258
FLOOD CONTROL	80	71
INDUSTRIES	1,312	1,010
MINING & FUEL	50	26
POWER	32	32
COMMUNITY DEVELOPMENT	417	417
EDUCATION	1,215	1,169
HEALTH, NURSING & CHILD CARE	137	98
ASSISTANCE TO VOLUNTARY AGENCIES	156	155
HOUSING	196	120
TRANSPORT, COMMUNICATIONS	410	410
AGRICULTURE	60	59
VET. & LIVESTOCK	23	23
TOTAL	4,664	3,995

	Project Sites	Completed
Forestry	1	1
Fisheries	5	-
Irrigation	3	3
Flood Control	1	1
Industries	24	19
Power	4	4
Community Development	33	33
Education	27	27
Health, Nursing & Child Care	7	6
Transport, Communications	2	2
Vet. & Livestock	1	1
TOTAL	108	97



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