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**REPORT  
OF THE  
UNITED NATIONS COMMISSION  
FOR THE  
UNIFICATION AND REHABILITATION  
OF KOREA**

**GENERAL ASSEMBLY**

**OFFICIAL RECORDS : TWENTY-FIRST SESSION**

**SUPPLEMENT No. 12 (A/6312)**

**UNITED NATIONS**

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*New York, 1966*

#### NOTE

Symbols of United Nations documents are composed of capital letters combined with figures. Mention of such a symbol indicates a reference to a United Nations document.

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## LETTER OF TRANSMITTAL

19 August 1966

Excellency,

Pursuant to the provisions of sub-paragraph 2 (c) of General Assembly resolution 376 (V) of 7 October 1950, I have the honour to transmit to you the report of the United Nations Commission for the Unification and Rehabilitation of Korea covering the period since 3 September 1965 for submission to the General Assembly at its twenty-first regular session.

Accept, Excellency, the assurances of my highest consideration.

(Signed) R. H. VAN GULIK  
*Chairman*

His Excellency  
U Thant  
Secretary-General  
United Nations  
New York

## INTRODUCTION

The present report of the United Nations Commission for the Unification and Rehabilitation of Korea covers the period from 3 September 1965, the date of the Commission's last report,<sup>1</sup> to 19 August 1966, when the present report was signed. It should be read in conjunction with the previous reports submitted by the Commission to the General Assembly at its sixth to twentieth sessions.

### Chapter I

## THE UNITED NATIONS AND THE KOREAN QUESTION

### A. Objectives of the United Nations in Korea

1. The principal objectives of the United Nations in Korea are to bring about by peaceful means the establishment of a unified, independent and democratic Korea under a representative form of government, and the full restoration of international peace and security in the area. These objectives have been repeatedly affirmed by the General Assembly in a number of resolutions the latest of which, resolution 2132 (XX), was adopted on 21 December 1965.

### B. The Commission's terms of reference and activities

2. By resolution 376 (V) of 7 October 1950, the General Assembly established the United Nations Commission for the Unification and Rehabilitation of Korea (UNCURK), consisting of Australia, Chile, Netherlands, Pakistan, Philippines, Thailand and Turkey. The Commission was to assume the functions previously exercised by the United Nations Commission on Korea;<sup>2</sup> to represent the United Nations in bringing about the establishment of a unified, independent and democratic government of all Korea and to exercise such responsibilities in connexion with relief and rehabilitation in Korea as might be determined by the General Assembly, a task subsequently entrusted to the United Nations Korean Reconstruction Agency (UNKRA).<sup>3</sup> The present composition of the delegations and the Secretariat is set out in annex 1.

3. In January 1956, the Commission established a Committee with authority to act on its behalf when the Commission was not in session, consisting of the representatives of Australia, the Philippines, Thailand and Turkey, who reside in Seoul.

4. During the period under review, the Commission met in four sessions at Seoul. The Committee of UNCURK held thirty-three meetings.

5. The Commission's efforts to carry out the objectives of the United Nations in Korea and to seek a settlement of the Korean problem in accordance with its mandate have been limited by the continued refusal of the north Korean authorities to accept the recom-

mendations of the General Assembly and to recognize the authority and competence of the United Nations in the solution of the Korean question.

6. The Commission has continued to be available for observation and consultation and has followed closely the functioning of representative government and the general political and economic developments in the Republic of Korea. Its members have been able to consult and travel freely throughout the Republic.

7. The Committee of UNCURK observed the by-elections held on 9 November 1965 to fill five vacant seats in the National Assembly. The Committee organized two teams which observed the by-election process during the pre-election, election day and ballot counting periods.

8. On election day, the teams visited a total of forty-three polling stations in the four constituencies in the Special City of Seoul and one in the city of Kwangju. It was the Committee's view that the elections were conducted in an orderly manner and represented a free expression of the popular will. There were no complaints of violations regarding the electoral process but a number of alleged violations of the rules governing the election campaign were referred to prosecution authorities. On 10 November it was announced that fifteen cases of alleged violations involving twenty-one persons had been taken up by the prosecution. Two persons were convicted, the others were cleared of the charges.

9. The leaders of the Government and political parties have maintained close and cordial co-operation with UNCURK. Representatives of the Commission had frequent opportunities to confer with Government and party leaders.

### C. The attitude of the Government and political parties towards the question of unification

10. The question of unification and the methods of achieving it have received increasing attention from the Government and political parties during the period under review. The Government has repeatedly affirmed that its basic policy of adhering to the United Nations formula for the attainment of national unification remains unchanged. The opposition Minjung Dang (People's Party), while not proposing an alternative to the Government policy, has called for studies on the issue.

<sup>1</sup> Official Records of the General Assembly, Twentieth Session, Supplement No. 12 (A/6012).

<sup>2</sup> Resolutions 195 (III) of 12 December 1948 and 293 (IV) of 21 October 1949.

<sup>3</sup> Resolution 410 (V) of 1 December 1950.



11. The National Assembly unanimously adopted a resolution in July 1966 whereby a special committee was set up to study matters relating to the establishment of a research body on unification either under the executive or within the legislature. The committee, composed of six majority and four minority legislators, was to complete its work by the end of 1966.

#### D. The attitude of the north Korean authorities

12. The north Korean authorities have continued to reject the United Nations competence and objectives concerning unification. In a statement issued on 24 September 1965,<sup>4</sup> they said:

"... The United Nations has no right to discuss the Korean question... The Democratic People's Republic of Korea will not recognize and will resolutely reject any 'resolution' of the United Nations...."

13. Official statements emanating from the north Korean authorities are unavailable but judging by recent radio broadcasts, their views on the ways and means for unification remain substantially the same as stated in paragraphs 11-12 of the Commission's report to the General Assembly at its twentieth session.

#### E. The Korean question at the twentieth session of the General Assembly

14. The General Assembly at its twentieth session referred the Korean item to the First Committee for consideration and report. At its 1424th meeting held

<sup>4</sup> A/C.1/897.

<sup>5</sup> A/C.1/L.356, sponsored by Japan, Philippines, Thailand and United States of America.

on 20 December 1965 the Committee, by adopting a four-Power draft resolution<sup>5</sup> by a roll-call vote of 50 to 20, with 20 abstentions, decided to invite a representative of the Republic of Korea to participate in the debate. At the same meeting, by a roll-call vote of 39 to 28, with 22 abstentions, it rejected a five-Power draft resolution<sup>6</sup> which would have invited both the representatives of the Republic of Korea and the Democratic People's Republic of Korea to participate in the debate.

15. At the 1426th meeting on 21 December, the First Committee adopted a thirteen-Power draft resolution<sup>7</sup> by a roll-call vote of 62 to 12, with 29 abstentions. The draft resolution was subsequently adopted by the General Assembly, as resolution 2132 (XX), by a roll-call vote of 61 to 13, with 34 abstentions.<sup>8</sup> By this resolution, the Assembly reaffirmed that the objectives of the United Nations in Korea were to bring about by peaceful means the establishment of a unified, independent and democratic Korea under a representative form of government and the full restoration of international peace and security in the area; called upon the north Korean authorities to accept those established United Nations objectives which have been repeatedly affirmed by the General Assembly; urged that continuing efforts be made to achieve those objectives; and requested UNCURK to continue its work in accordance with the relevant resolutions of the General Assembly.

<sup>6</sup> A/C.1/L.360.

<sup>7</sup> A/C.1/L.355 and Add.1, sponsored by Australia, Belgium, Canada, Colombia, Luxembourg, Netherlands, New Zealand, Philippines, Thailand, Turkey, United Kingdom, United States of America and Madagascar.

<sup>8</sup> See *Official Records of the General Assembly, Twentieth Session, Annexes*, agenda item 32, document A/6221.

## Chapter II

### POLITICAL DEVELOPMENT AND EXTERNAL RELATIONS OF THE REPUBLIC OF KOREA

#### A. General review

16. The question of relations with Japan, which were formalized in December 1965, continued as a dominating factor influencing political events in the Republic during the early part of the period under review. This was marked by measures taken by the Government to put an end to demonstrations by students and professors in protest against the normalization of relations with Japan, and the boycott of the National Assembly by the Minjung legislators who resigned *en masse* in protest against the Assembly's consent to the ratification of the accords with Japan; and the subsequent return of the Minjung legislators to the Assembly. Their return heralded the beginning of normal functioning by the Assembly which acted, through compromises between the majority and the minority, on a number of important issues, including the dispatch of additional combat troops to the Republic of Viet-Nam. The period also saw clashes and an eventual split between members of the "hard-line" and "moderate" factions of the Minjung Party regarding the tactics to be employed in opposing the normalization of relations with Japan. It also saw the formation of a new party, the Sinhan Dang (New Korea Party).

17. The Judiciary continued to function with complete independence. Persons charged with violations of

the laws were accorded every opportunity to have their cases heard in the courts.

18. The press, radio and television kept the public fully informed of national and international developments although there were opposition allegations of intimidation.

19. In the field of foreign relations, the Republic took a number of steps to enhance its international standing. It was host to a meeting of Ministers from Asian and Pacific countries. The adoption of what was termed a flexible foreign policy in view of the rapidly changing international situation, the expansion of diplomatic and consular relations particularly in Africa, Asia and Latin America, and consultations and exchanges of visits between leaders of the Republic and South-East Asian and Pacific nations, were among other notable steps taken in this direction.

#### B. Political development

##### 1. EXECUTIVE

20. Following the normalization of relations with Japan,<sup>9</sup> members of the Cabinet, including the Prime Minister, tendered *en masse* their resignations to the

<sup>9</sup> *Ibid.*, Twentieth Session, Supplement No. 12 (A/6012), paras. 31, 81 and 82.

President in order to give him a free hand in setting up a new administration should he consider it necessary. The President, however, rejected the resignations and urged the Cabinet to continue its efforts to solve the problems facing the nation.

21. In January 1966, the post of Minister of Finance which had been vacant since November 1965 was filled, while in February the Minister of Agriculture and Forestry resigned and was replaced. The Minister of Home Affairs, the Minister of Health and Social Affairs, and a Minister without Portfolio (in charge of political affairs), who resigned in April in order to run in the general elections to be held in 1967, were also replaced.

22. The Garrison Decree<sup>10</sup> was invoked late in 1965 and it succeeded in controlling street demonstrations arising out of the question of rapprochement with Japan, although students continued to hold rallies on school campuses.

23. In line with its announced intention to seek out and punish the leaders and instigators of student demonstrations, the Government ordered the Yonsei and Korea Universities closed indefinitely after their failure to take voluntary disciplinary action against student leaders and "political" professors. As a result of the demonstrations, some 170 students were indicted, mostly on charges of violation of the Law on Assembly and Demonstrations and a small number on charges of violation of the Anti-Communist Law. All but a few, however, were released pending trial. As of the end of June 1966, of those who had been tried, four were sentenced and put on probation. The two universities re-opened on 20 September after they agreed to take disciplinary action against student leaders and professors. Five days later, the Garrison Decree was lifted.

24. The National Assembly adopted a resolution calling on the administration to end punitive measures against the students and professors who had opposed rapprochement with Japan. The Prime Minister said he would honour the resolution but asked for discretion to determine the timing for putting it into effect. Meanwhile, the universities gradually began to reinstate the students who had been disciplined with the exception of fifty-two, who were considered by the Minister of Education as potential leaders of future demonstrations.

25. The Government, in an amnesty on Christmas Day 1965, released thirty-seven politicians who had been tried and imprisoned after the military revolution of 1961 for "anti-state" activities under the provisions of the 1961 Extraordinary Law on Punishment of Specified Crimes. Nineteen other persons affected by the law had their remaining sentences halved. The Government did not, however, lift the ban on political activities imposed under the 1962 Political Activities Purification Law on politicians active prior to the military revolution, some seventy of whom still remained under the ban. The National Assembly on 15 March 1966 recommended unanimously that President Park lift the ban completely.

26. The Prime Minister stated in the National Assembly on 21 March that the Government did not intend to repeal the Law, but would lift gradually during 1966 the ban imposed on those who were still affected. On 16 May 1966, the ban was lifted from Mr. Chang Myun, Prime Minister at the time of the

military revolution of May 1961, who had become seriously ill.<sup>11</sup>

## 2. LEGISLATURE

27. During the period under review, the National Assembly held its second regular annual session (fifty-third session) since the formation of the Sixth Assembly in 1963, and four extraordinary sessions varying in duration from nine to the maximum of thirty days allowed for such sessions.

28. When the fifty-third session of the Assembly opened there were fifty-five opposition members, seven having resigned in August 1965 over the question of normalization of relations with Japan.<sup>12</sup> Subsequently, two additional opposition members relinquished their seats for other reasons. The remaining fifty-three opposition legislators tendered their resignations in protest against the proposed agreements with Japan and they boycotted the fifty-third session. Subsequently, these resignations were rejected by the Assembly. There were, therefore, nine vacancies in the Assembly. Four of the nine seats were filled by succession in accordance with the proportional representation system and five through by-elections held on 9 November 1965.

29. In the by-elections the Minjoo Konghwa Dang (Democratic Republican Party) did not put up any candidates, while other parties ran a total of thirty-two. The Minjung Party regained three seats, but lost two to the Handok (Korea Independence) and Chongmin Hoe (Bright Politics) Parties.

30. The strengths of the parties in the National Assembly was, therefore, as follows:

	Prior to resignations	After by-elections
Democratic Republican Party.....	110	110
Minjung Party .....	62	59
Handok Party .....	—	1
Chongmin Hoe .....	—	1
Independents .....	3	4
TOTAL	175	175

31. After an absence of about two months, the Minjung legislators belonging to the "moderate" faction of the Party returned to the Assembly on 11 October 1965, followed a few days later by members of the "hard-line" faction. Immediately afterwards, the Minjung legislators submitted a motion calling for a re-study of the accords with Japan, asserting that the Assembly's consent to ratification was null and void. The motion was rejected.

32. The Assembly, on 11 November, started a full-scale study of the budget bill for 1966 with a view to approving it by the legal deadline of 1 December. The passage of the bill was delayed, however, until 4 December which enabled the Democratic Republican Party and the Minjung Party to work out a compromise whereby the Government accepted a cut of 3,009 million won<sup>13</sup> in the budget, set aside 50 million won for preparatory work relating to restoration of the local autonomy system<sup>14</sup> and agreed to comply with the

<sup>11</sup> Mr. Chang Myun passed away on 4 June 1966. Wide tribute was paid to his patriotism and statesmanship.

<sup>12</sup> *Official Records of the General Assembly, Twentieth Session, Supplement No. 12 (A/6012)*, para. 82.

<sup>13</sup> The currency of the Republic of Korea is the won. At the present exchange rate there are approximately 270 won to the United States dollar.

<sup>14</sup> Since 1964 the opposition in the National Assembly has repeatedly called on the Government to restore the local autonomy system. The Government has taken the position that it would be premature to do so at present.

<sup>10</sup> *Ibid.*, para. 86.

Assembly recommendation for leniency towards the students and professors who had been disciplined in connexion with the normalization of relations with Japan.

33. The Assembly approved an amendment to the National Public Officials Law which permitted political activities by certain designated public officials such as Cabinet members, Vice-Ministers and the Mayor of Seoul. It also approved an amendment to the Education Officials Law which provided for the establishment of a Disciplinary Committee with jurisdiction over university and college presidents and education superintendents.

34. Before closure of the session, the National Assembly elected the Speaker and Vice-Speakers as well as the Chairmen of the Standing Committees whose terms of office were to expire before the end of 1965.

35. The National Assembly's fifty-fourth (extraordinary) session heard the President's State-of-the-Nation message and the keynote speeches of the political parties.

36. In his message, the President dealt with the question of unification which he termed the nation's paramount goal. To achieve this, he called for concerted efforts to speed the modernization of the country and the building of a self-supporting national economy.

37. The leader of the opposition Minjung Party, Mrs. Park Soon Chun, pledged to refrain from excessive partisan politics and to present alternative policies in dealing with the tasks lying ahead. She also pledged to push efforts for stabilization of the constitutional order and called for the revival of local autonomy, amendment of the Constitution and revision of the political party and election laws.

38. The Chairman of the Democratic Republican Party, Mr. Kim Chong Pil, declared that the main objective of his Party for 1966 was the achievement of political, economic and social stability. He welcomed many constructive proposals contained in the opposition platform. However, he rejected the Minjung's call for amendments to the Constitution and revision of other laws.

39. In January, the Minjung Party submitted a motion to the National Assembly calling for the formation of an *ad hoc* committee to probe into the case of the daily *Kyungghyang Shinmun* which had been sold pursuant to an order of the Seoul District Court, obtained by three banks who were creditors of the newspaper. The opposition party had charged that the sale was intended to suppress freedom of expression by a newspaper said to have opposition leanings. Speaking before the Assembly, the Prime Minister denied the opposition allegations and the motion for establishment of a committee was defeated.

40. The Assembly approved a law concerning the management and operation of the funds due from Japan under the Agreement concerning Settlement of Property Claims Issues and Economic Co-operation. The bill reflected opposition demands such as the requirement of prior approval by the legislature of annual programmes for use of the funds, the ban on the use of the funds for political purposes, and the exclusion of the legislators from membership of the committee for the funds' management.

41. The Assembly also interpellated Cabinet members on such issues as embezzlement by certain officials of the Korean National Railways. In this connexion, the opposition presented a motion for the dismissal of

the Transportation Minister, charging that the Minister should accept responsibility. The motion was rejected.

42. The fifty-fifth (extraordinary) session of the National Assembly took up the Government request for concurrence in the dispatch of additional combat troops to the Republic of Viet-Nam<sup>15</sup> and referred it to the joint session of the National Defence and Foreign Relations Committees for preliminary deliberation. Members of the Committees voiced apprehension that the proposed commitment of additional troops to Viet-Nam might adversely affect the security of the country and its economic development, and cause damage to its image *vis-à-vis* non-aligned nations. The Government leaders assured the Assembly that the necessary measures had been taken to see that the integrity of the nation's defence would be maintained and strengthened,<sup>16</sup> and its economic progress further promoted.

43. Minjung legislators objected to the dispatch of troops alleging that the Government had totally ignored public opinion on the issue; they called for a revision of certain provisions of the Republic of Korea-United States Mutual Defence Treaty to assure the defence of the Republic.

44. Subsequently, fifty-six majority and minority Assemblymen presented a motion calling on the Government to negotiate a revision of the Treaty in order to ensure that the United States would meet immediately any armed attack on the Republic without waiting for congressional approval of the action and that it would not withdraw or reduce its forces stationed in Korea without prior consultation with the Government of the Republic. No action was taken on the motion; however a slightly modified version calling on the Government to review treaties and agreements with the United States on military matters was unanimously adopted at the fifty-seventh session.

45. On 20 March, the Assembly approved by a vote of 95 to 27, with 3 abstentions, the Government request to dispatch one army division and one regiment to the Republic of Viet-Nam. Fifty Assemblymen were absent.

46. Following a lengthy and heated debate, culminating in the walk-out of all Minjung legislators, the Assembly approved the Administration's first year (1966) programme for the use of the property claim funds to be provided by Japan under the normalization accords.

47. During the nine-day fifty-sixth (extraordinary) session, the Assembly approved two major and controversial items, the first supplementary budget bill for 1966 and the Administration request to extend payment guarantees to a number of foreign loans. The approval followed a compromise between the majority and minority parties whereby 1,150 million won was cut from the proposed supplementary budget.

48. While the fifty-seventh (extraordinary) session of the Assembly approved twenty-three bills dealing mainly with economic matters, the greater part of it was devoted to interpellations of Cabinet members on such issues as the Government's policy regarding the question of unification, the Anti-Communist Law, the question of reinstating students who had been disciplined in connexion with the demonstrations against the accords with Japan, and the alleged "terrorist incidents involving a Minjung assemblyman and

<sup>15</sup> See also paras. 73 and 74 below.

<sup>16</sup> In May, the Government announced that it would increase the strength of the Republic's armed forces by 23,000 men and would employ 11,000 civilians in military administrative post

reporter of the *Dong-A Ilbo*, which editorially is considered to be critical of the Government. The Assembly formed a special committee to probe into the incidents.

### 3. POLITICAL PARTIES

49. The Democratic Republican Party continued to be the majority party in the National Assembly.

50. At its third annual convention on 27 December 1965, the Party re-elected President Park Chung Hee as president for another two years and approved the nomination of Mr. Kim Chong Pil as chairman.

51. Democratic Republican Party members of the National Assembly gave strong support for government policies on major issues though there was evidence of factionalism within the Party.

52. The Minjung Party continued to be the principal opposition party in the National Assembly. The period after ratification of the treaty and agreements with Japan saw increasing clashes between the members of the "hard-line" and "moderate" factions of the Minjung Party both within and outside the National Assembly. After the Minjung legislators returned to the Assembly, those from the "hard-line" faction formed their own circle within the negotiating group of the Party while the non-parliamentary members formed the "Association to Purify the Party and Defend the People". Another group seceded from the Party and formed the "Democratic Club" as a first step towards organizing a new opposition party. There were repeated attempts at compromise between the two factions in order to preserve party integrity; all proved to be unsuccessful.

53. At its second national convention held on 19 July, the Minjung Party replaced the Supreme Commission and the Guidance Committee by a Steering Committee as the principal executive organ. Before the convention, the entire Minjung leadership, including the Supreme Commissioner, had resigned in an effort to induce a group of prominent non-aligned politicians to join the Party. However, the convention elected most of the former leaders to the Steering Committee, whereupon the non-aligned politicians refused to join the Party.

54. The Sinhan Party was inaugurated in March 1966 and elected Mr. Yoon Bo Sun as its president and candidate for the 1967 presidential elections.<sup>17</sup> The Party was made up mostly of former members of the Minjung Party, but also included some ex-Liberals, right-wing progressives and other personalities who had strongly opposed the rapprochement with Japan.

55. The Sinhan Party pledged to become a clear-cut opposition party and to make efforts to attain territorial unification on the basis of liberal democratic principles. It declared that in principle it would not oppose normal relations with Japan but would continue to seek deletion of certain provisions from the normalization agreements.

56. On 13 April 1966, the representatives of seven progressive splinter groups formed a preparatory committee to organize a party provisionally named the Minjoo Sahoi Dang (Democratic Socialist Party). According to its leader, Mr. Soh Min Ho, a former Minjung Assemblyman, the Party would advocate

<sup>17</sup> Although the next presidential and general elections will not be held until sometime in the first half of 1967, various political groups were organizing themselves early in 1966 in preparation for these elections. Opposition leaders have been exploring the possibility of getting agreement to the nomination of a single presidential candidate from the opposition parties.

democratic socialism based on nationalism and planned economy. The Party's inaugural manifesto called for "territorial unification on the basis of self-determination, to be achieved gradually taking into account the international situation". According to the Party spokesman, by gradual unification, the manifesto had meant exchange of mail, journalists and sportsmen between the Republic and north Korea. The Party's stand on this question was reiterated by Mr. Soh Min Ho who added that, should he be elected President, he would be willing to meet and discuss unification with north Korea's Mr. Kim Il Sung.

57. Shortly after making these statements, Mr. Soh was taken into custody. He was later charged with violation of paragraph 1, article 4, of the Anti-Communist Law,<sup>18</sup> as it was alleged among others that his statements would tend to give recognition to the north Korean government and that they were in fact identical to earlier proposals made by that regime.

### 4. OTHER MATTERS

#### *Activities of enemy agents*

58. The activities of agents directed by north Korea against the Republic continued at what appeared to be about the same level as in previous years. However, according to official statements, there was evidence of agents changing their tactics from simple infiltration and the collection of intelligence to acts of terrorism and sabotage. For example, there were instances of Republic of Korea troops and civilians being killed by alleged north Korean agents, and of agents who had slipped through the demilitarized zone being killed or apprehended by the Republic's security forces. There were also instances of grenades being thrown into Republic of Korea military establishments and of fishing boats and fishermen being seized. The Prime Minister stated that north Korea was pushing a scheme aimed at ousting the United Nations forces, disturbing public order and lowering the combat morale of the armed forces. Following the arrest of a group of some twenty alleged agents in early August, it was reported that in the Army's view one aim of the group was to disturb preparations for the 1967 elections.

#### *Certain cases of alleged violations of the anti-communist and related laws*

59. During the period under review, charges were occasionally levelled, by the political opposition and the Press, that the Anti-Communist Law and related laws were being used to restrict opposition activities. However, in those cases where alleged violations of these laws involved formal indictments, the accused were subjected to the due processes of the law and were acquitted or found guilty in normal court hearings.

60. For example, of eight students referred to the prosecution authorities in September 1965 for alleged violations of the Anti-Communist Law and the Criminal Code, six were ultimately indicted. Of these six, two were acquitted of all charges while the other four, although acquitted of charges of insurrection, were found guilty and sentenced on other charges. However, the latter were subsequently acquitted of all charges by an Appellate Court.

61. In another case, a group of persons, most of them members of the Handok Party, were arrested for

<sup>18</sup> For the text of the Anti-Communist Law, see *Official Records of the General Assembly, Sixteenth Session, Supplement No. 13 (A/4900)*, annex 5C.

alleged violation of the provisions of the Criminal Code relating to insurrection. Nine persons in the group as well as Assemblyman Kim Du Han were indicted. The Seoul District Court acquitted all ten stating that there was no definite evidence to substantiate the charges. Assemblyman Kim Du Han and one other defendant were fined for violation of the Law concerning Punishment of Violent Acts.

62. The High Military Court of Appeals confirmed the death sentences passed in July 1965 by court martial against Colonels Won Chung Yon and Park In Do for violation of the National Security Law and the Military Penal Law.<sup>19</sup> The Court acquitted another defendant and reduced the sentence of Colonel Lee In Su from life imprisonment to fifteen years. It confirmed the sentences of five to fifteen years' imprisonment imposed on the other three defendants. The Supreme Court upheld the sentences passed by the High Military Court of Appeals. Appeals for retrial filed by the defendants were rejected.

63. Of seven civilians tried in the regular courts in connexion with the plot, two were acquitted and three were given suspended sentences.<sup>20</sup> Mr. Kim Son Ki was sentenced to five years' imprisonment and loss of civil rights for three years. Mr. Chun Du Yol was sentenced to three years' loss of civil rights. In reviewing the case, the Appellate Court acquitted five of the seven defendants and reduced the lower court's sentences against Mr. Kim Son Ki to three years and against Mr. Chun Du Yol to two years' imprisonment. The Supreme Court ordered the Seoul Appellate Court to retry the case, declaring that five of the seven defendants had violated the National Security Law by failing to notify the investigation authorities of the plot by Colonel Won Chung Yon. The acquittal of the two of the five defendants by the Appellate Court was, however, confirmed by the Supreme Court.

#### *Cases of alleged terrorist acts*

64. In September 1965, a bomb exploded at the house of a journalist and an employee of a radio station was kidnapped and beaten. Another bomb exploded near the home of an opposition politician. There were no casualties. The President ordered a thorough investigation of the incidents and the Government formed an investigation team consisting of prosecutors and appropriate military and police authorities. In addition, the National Assembly set up an *ad hoc* committee to investigate the incidents. The committee in its report, which was approved by the Assembly, said it was unable to shed any light on the incidents and recommended that the President order that investigations continue.

### **C. External relations**

#### **1. STATEMENTS ON FOREIGN POLICY**

65. In his State-of-the-Nation message to the National Assembly on 18 January 1966, the President, in outlining the nation's foreign policy, said:

"We will pursue a policy of alliance to achieve eventual unification of our country and ensure [its] security... we consider South-East Asia as an area of primary importance to our security, and will positively participate in efforts to bring peace and security to this area."

<sup>19</sup> See *Official Records of the General Assembly, Twentieth Session, Supplement No. 12 (A/6012)*, paras. 93 and 94.

<sup>20</sup> *Ibid.*, para. 95.

66. On 13 January 1966, the Foreign Minister stated that, with a view to countering north Korea's intensified diplomatic and commercial activities directed at non-aligned nations, the Government would, if necessary, entertain commercial and cultural relations with countries which maintained diplomatic relations with north Korea. He stressed, however, that this did not mean any change in the basic government policy of refusing to establish diplomatic ties with those countries maintaining formal relations with north Korea, and of severing diplomatic ties with those countries which established such relations with north Korea.

67. On 22 April 1966, in a change of policy, the State Council decided that when international conferences of an academic or technical nature, sponsored by international organizations of which the Republic of Korea was a member, were to be held in communist countries, the Government would, in principle, allow its representatives to participate in such conferences. It was also decided in principle that when such conferences were to be held in the Republic of Korea, invitations would be extended to representatives of member countries which did not maintain diplomatic relations with the Republic of Korea. The Commission noted, however, that the representatives of the Republic of Korea were refused entry into Czechoslovakia and the USSR in 1966 to participate in meetings sponsored by WHO, UNESCO and FAO.

68. In a further change of policy the Government, in July 1966, decided to issue entry visas to foreign businessmen even though they had business contacts with communist countries.

#### **2. DIPLOMATIC AND CONSULAR RELATIONS**

69. As of 31 July 1966, the Republic of Korea maintained, or had agreed to establish, diplomatic relations with seventy-five States, seventy-one of which were Members of the United Nations. A list of the Governments with which diplomatic and consular relations are maintained appears in annex III.

70. Following the ratification of the Basic Relations Treaty and related agreements by the Republic of Korea on 16 December and by Japan on 17 December 1965, normal diplomatic relations between the two countries were established. Instruments of ratification were exchanged in Seoul on 18 December 1965 and the Ambassadors of the Republic of Korea and Japan took up their posts in January and March 1966 respectively.

71. The Republic of Korea continued to maintain an Office of the Permanent Observer to the United Nations in New York, a mission to international organizations and the European Office of the United Nations in Geneva, and a non-resident mission to the European Economic Community.

#### **3. INTERNATIONAL TREATIES AND AGREEMENTS**

72. During the period under review, the Republic of Korea became a party to several treaties and agreements. As of 31 July 1966, the total of such instruments since the establishment of the Republic stood at 263, including eight treaties signed but not in force. Among the multilateral instruments acceded to but not yet in force were the Agreement Establishing the Asian Development Bank and the four conventions concluded at Geneva in 1949. Among the bi-lateral treaties and agreements was one dealing with the status of United States armed forces in the Republic of Korea signed in



July 1966.<sup>21</sup> A list of treaties and agreements concluded during the period under review is given in annex III.

#### 4. MILITARY ASSISTANCE TO THE REPUBLIC OF VIET-NAM

73. Following the dispatch of combat troops to the Republic of Viet-Nam in 1965,<sup>22</sup> the Government decided on 28 February 1966, subject to concurrence by the National Assembly, to increase its military commitment there in response to a request by the Government of the Republic of Viet-Nam. Foreign Minister Lee Tong Won declared that the augmentation of the Korean troops in Viet-Nam was designed to safeguard the security of Korea and the countries of South-East Asia.

74. The National Assembly's concurrence in the dispatch of one division and one regiment was obtained on 19 March 1966. According to the Minister of National Defence, the total number of Korean combat troops in the Republic of Viet-Nam by October 1966 would amount to about 45,000 men. For the discussion of the issue in the National Assembly, see paragraphs 42, 43 and 45 above.

#### 5. PARTICIPATION IN INTERNATIONAL MEETINGS AND CONFERENCES

75. The Republic of Korea took part in the discussion of the Korean question at the twentieth session of the United Nations General Assembly. It also participated in a number of meetings organized by specialized agencies of the United Nations and other related bodies. A list of international meetings and conferences attended by the Republic is contained in annex III.

76. At the initiative of the Government of the Republic of Korea, a Ministerial Meeting for Asian and Pacific Co-operation was held in Seoul from 14 to 16 June 1966 to exchange views on the possibility of strengthening regional co-operation in the economic, trade, technical, cultural, social and information fields. Delegations, in most cases led by Foreign Ministers, attended from Australia, the Republic of China, Japan, the Republic of Korea, Malaysia, New Zealand, the Republic of the Philippines, Thailand and the Republic of Viet-Nam. The Kingdom of Laos was represented by an observer. The Ministers agreed on the necessity of further strengthening regional co-operation and the desirability of undertaking studies on setting up economic, technical, social, cultural and information co-ordinating centres. In order to implement the continuing process of consultations, it was further agreed that a second ministerial meeting would be held at Bangkok in the course of 1967. Future meetings shall be known as Ministerial Meetings of the Asian and Pacific Council. The Ministers also strongly supported the United Nations objectives in Korea as set out in the various General Assembly resolutions and reiterated that these objectives should be respected and implemented by all parties concerned.

#### 6. EXCHANGE OF VISITS BETWEEN LEADERS OF THE REPUBLIC OF KOREA AND FOREIGN DIGNITARIES

77. Among the many foreign dignitaries who visited

<sup>21</sup> The Agreement superseded, among others, the Agreement relating to Jurisdiction over Criminal Offences Committed by the United States Forces in Korea, concluded in July 1950 at Taejon.

<sup>22</sup> *Official Records of the General Assembly, Twentieth Session, Supplement No. 12 (A/6012)*, paras. 32, 73 and 74.

the Republic of Korea during the period under review were a Japanese parliamentary delegation headed by Mr. Matsukira Mori; Mr. Michael Stewart, Foreign Secretary of the United Kingdom; Mr. N. C. Chokwe, Speaker, and Mr. Ronald Ngala, Vice-Speaker of the Kenyan Parliament; Mr. Nguyen Cao Ky, Prime Minister of the Republic of Viet-Nam; Mr. Yves Delahaye, Counsellor in charge of Far Eastern Affairs in the French Foreign Office; Mr. Herman Kopf, Chairman of the Foreign Relations Committee of the Bundestag of the Federal Republic of Germany; Mr. Etsusaburo Shina, Foreign Minister of Japan; Mr. Hubert Humphrey, Vice-President of the United States; Dato Dendahara Chik Mohamed Yusuf, Speaker of the Malaysian House of Representatives; Dr. Robert Ajavon, Ambassador of Togo to the United States and Permanent Representative to the United Nations; Mr. Angel Zavala Ortiz, Foreign Minister of Argentina; Mr. Diosdado Macapagal, former President of the Republic of the Philippines; Mr. Ismail Bin Abdul Rahman, Minister of Home Affairs of Malaysia; General Boriboon Chulacharitta, Deputy Commander-in-Chief of the Royal Thai Army; Mr. Yang Hsi-Kung, Vice-Foreign Minister of the Republic of China; General Harold K. Johnson, Chief of Staff of the United States Army; a Turkish parliamentary delegation headed by Senator Ahmet Yildiz; General Chiang Ching-kuo, Defence Minister of the Republic of China; Dr. Sigismund von Braun, Permanent Observer of the Federal Republic of Germany to the United Nations; Mr. Henry Cabot Lodge, Ambassador of the United States to the Republic of Viet-Nam; Mr. Paul Hasluck, Minister for External Affairs of Australia; Mr. Sunthorn Hongladarom, Economic Minister of Thailand; Mr. Dean Rusk, Secretary of State of the United States; and Mr. Albert Sylla, Foreign Minister of the Malagasy Republic.

78. Members of the Government of the Republic of Korea and other public figures making official visits abroad included Prime Minister Chung Il Kwon who visited Malaysia, the Philippines and the Republic of China; Minister of Health and Social Affairs Oh Won Sun who visited Malaysia; parliamentary delegations which visited the Republic of China, the Republic of Viet-Nam and the United States of America; Deputy Premier and Economic Planning Minister Chang Key Young who visited the United Kingdom to attend a preparatory meeting for an economic consultative organization for Korea, and the Federal Republic of Germany to discuss economic relations; he also visited the Republic of China and Japan; Minister of Communications Kim Byung Sam who toured Europe for observation of communications facilities; and Speaker of the National Assembly Rhee Hye Sang who visited Malaysia.

79. From 7 to 18 February 1966, President Park Chung Hee paid state visits to Malaysia, Thailand and the Republic of China. In his talks with the Heads of the States and Governments concerned, the President reached agreement in principle for co-operation on matters of common interest in such fields as security, economy and culture. Agreement was also reached to take measures to further promote trade and technical co-operation and to hold more frequent meetings when necessary. The leaders of the host countries reaffirmed their continued support for the national aspirations of the people of the Republic of Korea to realize a free, democratic and unified Korea.

## 7. MEMBERSHIP IN INTERNATIONAL GOVERNMENTAL AND NON-GOVERNMENTAL ORGANIZATIONS

80. While the Republic of Korea is not a Member of the United Nations,<sup>23</sup> it is a member of twelve of its specialized agencies, namely, FAO; UNESCO; WHO; the International Bank for Reconstruction and Development and its affiliates, i.e., the International Finance Corporation and the International Development Association; the International Monetary Fund; ICAO; ITU; UPU; WMO; IMCO; IAEA.

81. The Republic is also a member of UNICEF, the United Nations Development Programme, the United Nations Conference on Trade and Development, ECAFE, and the Commission on Narcotic Drugs.

<sup>23</sup> For developments on this question, see *Official Records of the General Assembly, Twentieth Session, Supplement No. 12 (A/6012)*, paras. 18-19.

82. In addition, it is a member of the following inter-governmental organizations: International Rice Commission, International Wheat Council, International Cotton Advisory Committee, International Hydrographic Bureau, International Tin Council, International Bureau of Education, Colombo Plan and Afro-Asia Reconstruction Organization.

83. There are at present in the Republic 186 organizations affiliated with international non-governmental organizations, including the World Federation of United Nations Associations, the International League for the Rights of Man, the Asian Regional Organization of the International Confederation of Free Trade Unions, the Commission on Asian and Far Eastern Affairs of the International Chamber of Commerce, the International Council of Women, the International Federation of University Women, the Inter-Parliamentary Union and the Afro-Asian Organization for Economic Co-operation.

## Chapter III

### ECONOMIC DEVELOPMENT OF THE REPUBLIC OF KOREA

#### A. Introduction

84. During the period under review the Republic of Korea achieved a high growth rate with increased economic self-reliance. However, as in many other developing countries, the Republic's *per capita* income was still low and further improvements were needed in the fields of health, education and employment. The Government's design for future growth was set out in a well articulated Second Five-Year Economic Development Plan.

85. The Republic made greater efforts to step up domestic savings and their over-all increase was achieved within a framework of monetary stabilization. There was a dampening of the rate of inflation. In the short period of less than a year two major reforms were carried through successfully. First, interest rates were raised considerably to encourage savings and the increased proportion of time to total bank deposits pointed up the abatement of inflationary psychology. Credit structure was rationalized and credit control policies were actively pursued resulting in a rate of increase in money supply and prices lower than in the previous years. Secondly, imports were liberalized but the floating exchange rate remained markedly steady, indicating the Republic's success in moving towards external viability.

86. Korean industry expanded rapidly, becoming more modernized and diversified in the process. Agriculture had been moving towards reducing as far as possible imports of food grains and financing by primary exports the imports of food grains and agricultural raw materials still required. It was generally recognized that the encouraging developments in the agricultural and industrial sectors, however, had not been matched in the transport and communications sector.

87. Starting from a comparatively low base in the initial year of the First Five-Year Plan, exports registered an impressive achievement of slightly more than three-fold increase in the subsequent three years of the Plan. Import requirements continued to grow but they were financed at a progressively faster rate by

exports. Domestic savings increased steadily. There has been a decline in the amount of United States aid but the external financial resources were expected to be increased by Japan following the normalization of relations with the Republic of Korea. The Government has been active in inducing foreign capital into the country. The rate of absorption had not been as planned, but it could be expected to improve as the economy developed. Like many other developing countries, the Republic of Korea would need continuing help from abroad, capital as well as technical assistance.

#### B. Rate of economic growth

88. For the third year in succession, the real national product exceeded in 1965 the planned growth rate of 6.8 per cent set out in the First Five-Year Plan.

89. According to preliminary estimates, the gross national product in 1965 amounted to 768.6 thousand million won at current market prices, an increase of 15.3 per cent from its 1964 level of 666.7 thousand million won. At 1960 constant prices, gross national product increased at the rate of 8.1 per cent during 1965 to 341.73 thousand million won from its level of 316.15 thousand million won in 1964. With population increasing at a rate estimated by the Economic Planning Board at 2.7 per cent the rise in *per capita* income would be about 5.4 per cent. The growth rate in 1965 stemmed largely from the 19.9 per cent increase in manufacturing output as compared to 1964 when agriculture and other primary sectors led the way with a 17.9 per cent increase. Other sectors which contributed in 1965 to a greater degree than in 1964 to economic growth were mining and quarrying, construction, public utilities and demand from the rest of the world (tables 1-4).

90. There had been a gradual structural change accompanying the high rate of growth of the economy.

91. Manufacturing, mining and quarrying accounted for 20.8 per cent of the real national product in 1965 as compared to 15.6 per cent in 1961; the share of agriculture, forestry and fishery decreased from 3

per cent in 1961 to 32.3 per cent in 1965. The structural changes, albeit gradual, were also reflected in the pattern of private consumption expenditure and the level and pattern of employment. While 32.7 per cent of private consumption expenditure in 1964 was on grains, the expenditure on grains in 1965 decreased to 31 per cent of the total. According to the Economically Active Population Survey, the ratio of labour force supply to productive age population had increased from 54 per cent in 1964 to 56 per cent in 1965. The ratio of labour force supply at the farm to productive age population had shown a slight decline from 61 per cent in 1964 to 59 per cent in 1965. However, agriculture still continues to be the mainstay of the economy, supporting more than half the economically active population and producing one-third of the national income.

### C. Production trends

#### 1. AGRICULTURE

92. Output in the primary sector declined by 0.6 per cent in 1965; the decrease, however, was from the level in 1964 with the record growth of 17.9 per cent. There was a drop from the record production of rice and from forestry production (firewood and lumber) which outweighed the sizable increase in other primary products particularly the summer grains and in fishery production (table 6).

93. In the aggregate, cereal production in 1965, though lagging behind its level in 1964, continued its upward trend of 4.7 per cent average rate of increase during the first four years of the Plan. The production of the major food grain, rice, fell from its record level in 1964 by 12 per cent due to the drought prevailing during the planting period. Summer grains output increased by 19 per cent in 1965, the increase in barley production outweighing the fall in the production of wheat and rye. In 1966 all the summer crops rose in output, registering a higher rate of increase of 33 per cent. Among other important crops, sweet potatoes which help towards replacement of sugar imports increased in output by 13 per cent in 1965.

94. Total area under cultivation increased by 4 per cent during 1965 to 2,254.7 thousand hectares as compared to the annual average rate of 1 per cent during the past decade, mainly through reclamation of land and to a lesser extent of tideland. Along with an increase in the area cultivated, there was better utilization of land. The proportion of double-cropped to total area increased from 54 in 1964 to 58 per cent in 1965. (table 7).

95. Increased provision of irrigation facilities in the Republic, exclusively for rice cultivation, aimed at supplementing rainfall rather than bringing new area under cultivation; as in 1964, almost all the area under rice cultivation was irrigated in 1965. Supplies of fertilizers and pesticides were increased. The impact of these measures on increased productivity was obscured by the drought adversely affecting the rice output. In 1965 while the area under rice cultivation increased by about 3 per cent, rice production decreased by 12 per cent; in the case of summer crops the increase in area by 9 per cent was accompanied by a 19 per cent rise in output. A rough indication of the trend in agricultural productivity was provided by the increase in per hectare output of rice from 1.99 metric tons in 1955/1957 to 2.6 tons in 1962 and nearly 3 tons in 1965, and of summer grains from 0.8 tons in 1955/1956 to 0.97 tons in 1962 and 1.1 tons in 1965. Among the important

commercial crops the output of raw cotton continued its downward trend with a decline of 7.1 per cent from its level in 1964. Tobacco output however kept to its upward trend with an increase of 13.7 per cent over its level in 1964.

96. Marine production in the aggregate kept its upward trend of the past four years with an increase during 1965 of nearly 6 per cent. The total fish catch increased more rapidly by 22 per cent but the share of deep sea fish catch in the total, though nearly doubled, continued to be modest.

97. During 1965 there was a decrease of about 21 per cent in the area under forestry and about 17 per cent decline in the number of trees planted; however, both were about the average of the first four years of the Plan.

#### 2. MANUFACTURING, MINING AND ENERGY

98. In striking contrast to the low growth rate in the previous year, the secondary sector achieved a 19.8 per cent growth rate in 1965.

99. There was a sharp increase in industrial output during 1965 reflected in the rise in the over-all industrial production index from 156.8 at the end of 1964 (1960 = 100) to 190.2 at the end of 1965. Expansion in exports and acceleration in the tempo of construction activity, facilitated by liberalization of raw material imports, accounted for the increase (tables 8-9).

100. The index of production in mining registered an increase of 17.1 per cent to 189.9. Output rose as in the case of commodities like coal and iron ore which were subject to strong export demand, and declined as in the case of tungsten ore and amorphous graphite which were faced with weak export demand.

101. The sustained drive for exports stimulated to a greater extent the manufacturing sector whose index of production rose from 153.0 at the end of 1964 to 189.3 at the end of 1965. There was a significant increase in the output of such export-based industries as plywood, raw silk, metal products like galvanized iron sheets and textiles. A large proportion of such industries was characterized by a significant degree of dependence on imported raw materials. In line with the increasing pace of construction activity, there was increased output of cement, bricks, glass and related materials. The industries which showed the greatest rate of growth during the period were machinery and transport equipment, particularly motor vehicles and parts. Starting from a small base their accelerated rate of growth indicated the rate of diversification of the industrial structure. In this sector, as in the case of fertilizers, cement, paper and synthetic fibres, trends were clearly discernible towards substitution of imports by domestic production.

102. The energy sector expanded in line with the needs of the growing economy, particularly in the industrial sector. The index of output of electricity climbed from 153 at the end of 1964 to 189.3 by the end of 1965. As against the current demand for electricity of 602,200 KW, the installed capacity amounted to 769,000 KW, more than three and a half times the capacity in 1945. Under the First Five-Year Plan, an oil refinery with a rated capacity for refining 35,000 barrels per day was constructed, meeting the entire domestic demand at present. It was proposed to expand the existing refinery to a capacity of 55,000 barrels per day.



### 3. TERTIARY SECTOR

103. Tertiary industries, in the aggregate, achieved a 7.5 per cent rate of growth in 1965. The transportation, communications and warehouse sectors amongst them grew by 19.8 per cent (table 10).

104. In the Republic, railways constituted the major mode of transport, accounting for nearly 90 per cent of the freight and half of the passengers carried. While the length of the main track of the railways had remained more or less stationary, the freight and passengers carried by the railways increased during 1965 as compared to the previous year. Further increases were planned for 1966 by additions to rolling-stock and construction of side tracks. With the increasing rate of development and its regional dispersion, an increase in the demand for road transport could be expected; however, the additions to the national highways during 1965 and those planned for 1966 were modest. Coastal shipping continued to be on a modest scale. As in many other developing countries, the foreign trade of the Republic continued to be carried mainly in foreign vessels. The Government proposed to increase domestic ship-building during 1966 to nearly twice the existing capacity.

### D. Investment and savings

#### 1. INVESTMENT

105. The high rate of growth of the economy was sustained by an increasing proportion of resources devoted to capital formation.

106. The rate of capital formation increased to 13.9 per cent in 1965, from 12.1 per cent in 1964 and 10.5 per cent in 1960. In 1960, almost all the domestic product of the economy was consumed and import surplus, financed by external assistance, accounted for eighty-three per cent of the resources used in capital formation. Over the last three years, on the average, resources for investment had been augmented through a decrease in consumption, private and government, and an increase in exports. The reliance on import surplus, externally financed, for capital formation had been declining; however, it continued to be significant, accounting for nearly 50 per cent of the investment in 1965. Gross domestic savings increased from 1.7 per cent in 1960 to 9.5 per cent in 1965, underlining the progress in mobilization of domestic resources to the extent of 68 per cent of the investment in 1965 as against 16 per cent in 1960 (table 4).

#### 2. GOVERNMENT FINANCES

107. Increased efforts to mobilize domestic savings were reflected in the government finances (table 11).

108. The operations of the fiscal sector resulted in a cash surplus in the budget of 2.68 thousand million won in 1964 and were anticipated to yield a surplus of 7.03 thousand million won in 1965 and 1.28 thousand million won in the 1966 supplementary budget. When the Government enterprises account was taken into consideration, the consolidated budget account showed a cash surplus of 0.83 thousand million won in 1964 which was expected to increase to 8.44 thousand million won in 1965. However, the 1966 supplementary budget anticipated a consolidated deficit of 4.184 thousand million won.

109. The supplementary budget for 1966 was of a larger order of magnitude than the previous budgets with respect to both the resources that were to be

raised and the scale of expenditure visualized. There had been a marked expansion in the tax revenue; while total revenue was budgeted to increase by 79 per cent, from 77.13 thousand million won in 1964 to 138.536 thousand million won in 1966, tax revenue was to increase by 90 per cent, from 37.42 thousand million won to 72.24 thousand million won. According to official sources, the anticipated increase in tax revenue in 1966 over the previous year was due to the extent of 5 per cent on account of streamlining of tax laws from 1 January 1966, 6 per cent as a result of the growth of gross national product and 8 per cent due to the rise of general price level. To a large extent, the increase in tax revenue was to stem from intensified tax collection.

110. Also, non-tax revenues were to be augmented through the increase in communications services and electricity rates as well as a rise in cargo freight rates proposed for the latter part of 1966. The increase in utility rates would help in making the public utilities self-sufficient.

111. Revenue from the sale of aid goods from the United States, which accounted for nearly 35 per cent of the Government's total revenue in 1964, was budgeted to decrease to 30 per cent in 1965 and 23.3 per cent in 1966. Property claims funds mostly in the form of counterpart funds generated from won sales proceeds of goods imported from Japan were expected to contribute to the extent of 6 per cent of the Government's revenues in 1966. Thus, the direct contribution of foreign loans and grants to the Government's revenue was scheduled to decrease from 34 per cent in 1964 to about 30 per cent in 1966.

112. To increase financial revenues for investment in the public sector, trimming of civil expenditure of the Government had been aimed at in successive budgets. Its share in total expenditure was scheduled to decline from 47 per cent in 1964, to 44 per cent in 1965 and to about 40 per cent in 1966. Expenditure on economic development, which claimed 20 per cent of the total expenditure in 1964, was to increase to nearly 31 per cent in the 1966 supplementary budget. The share of defence expenditure was to continue to be of the order of about 30 per cent of the total; in absolute terms it was to be increased.

#### 3. MONETARY SAVINGS

113. To encourage private savings, the Monetary Board raised the maximum interest rates on deposits along with those on loans and discounts of banking institutions effective from 30 September 1965. The measure aimed at stimulating private savings through banking institutions by reducing considerably the wide gap between the interest rates in the organized markets and those imposed by private usurious lenders. The switchover of funds from organized to unorganized money markets for speculative and unproductive purposes was thus discouraged and private savings became increasingly available in the organized money market for channelling into productive investments. While the larger part of the resultant increase in savings with the banks could be attributed to the diversion of funds from the unorganized market, the considerable increase in the interest rate could also be expected to stimulate savings in the long run.

114. The nationwide savings promotion campaign, launched by the Government in early 1965, resulted in increased savings through institutions like banks, trust funds, insurance companies and post office and savings

associations covering employees, students, rural communities and others. The target for 1965 of 7 thousand million won was exceeded, with monetary savings (including time deposits) reaching 24.4 thousand million won by the end of 1965.

## E. Stabilization measures

### 1. CREDIT EXPANSION AND MONEY SUPPLY

115. Measures were introduced during the early part of 1966 towards the successful achievement of stabilization goals which had been recommended by the International Monetary Fund and which the Government had also set for itself.

116. Total domestic credit expanded during 1965 at a rate much faster than in the previous years. However, there had been a slowing down of its rate of expansion during the first half of 1966.

117. Money supply increased from 43.1 thousand million won at the end of December 1964 to 56.6 thousand million won at the end of 1965. Compared with the real growth in the gross national product of 8 per cent in 1965, the acceleration of money supply by 31 per cent was large even when account was taken of the requirements of the increase in the gross national product with corresponding monetization of transactions in the rural sector and in the need for monetary incentives for stimulating production.

118. In sharp contrast to the experience of the previous year, money supply increased from 56.6 thousand million won to only 60.3 thousand million won by the end of the first half of 1966, holding out hopes of attainment of the Government's reported stabilization goal of 65 thousand million won by the end of 1966 with an annual rate of expansion of only 18 per cent. Encouraging in this respect was the growing willingness of the public to hold money in long-term deposits with the bank, which in the wake of the interest rate reform had steadily risen from 27.7 thousand million won at the end of September 1965 to 61.5 thousand million won at the end of June 1966; also the proportion of long-term (time) deposits to total time and savings deposits had increased since the interest rate reform, from 22 per cent by the end of September to 44 per cent at the end of April 1966 (table 12).

### 2. RATIONALIZATION OF CREDIT STRUCTURE

119. The rise in the interest rate on deposits with the commercial banks at the end of September 1965 was followed by rationalization of the banking and credit structure.

120. The interest rates on loans and the discounts of the Bank of Korea and of the commercial banks were raised. The various discount rates of the Bank of Korea on commercial and other bills were unified and fixed at the higher level of 21 per cent, while the commercial banks' discount rates were raised from 14 to 24 per cent and the interest rates for other forms of credit were correspondingly increased.

121. The administratively complex system of direct quantitative credit control measures like quarterly loan ceilings, by banks and by end-use, was given up in favour of indirect controls. Ceilings were fixed at the source of credit: the extension of credit by the Bank of Korea to the Government and the commercial banks. The optimum allocation of credit generated thereby was to be brought about by free play of market forces

guiding the use of credit into the most profitable lines. However, some overall controls over the allocation of credit were still retained in some degree of detail.

### 3. CREDIT CONTROLS

122. Credit control measures taken at the beginning of 1966 were flexible, consistent and effective.

123. In an effort to reduce the sharp expansion of credit after the abolition of loan ceilings, the reserve requirements on demand deposits were raised in December 1965 from 16 to 20 per cent; time and savings deposits were reclassified into short and long-term with reserve requirements fixed at 12 and 10 per cent respectively. As in other developing countries, the discount rate of the central bank by itself was not an effective regulator of credit and along with the rise in discount rate the reserve ratios were again increased sharply in February 1966 to 35 per cent on demand deposits and 20 and 15 per cent respectively on short and long-term time and savings deposits. Other important measures to mop up excessive liquidity with the commercial banks were the sale to them of stabilization bonds by the Bank of Korea totalling 3.5 thousand million won, thus paving the way for the introduction of regular open market operations, and the directive to them to deposit 1 thousand million won with the National Agricultural Co-operative Federation.

## F. Prices

### 1. MOVEMENTS IN WHOLESALE PRICE INDEX

124. The Government's pursuit of stabilization policies led to a dampening of the rising tempo of prices during 1965 (table 13).

125. By the end of 1965, the wholesale price index had risen by 6.6 per cent but the increase was much lower than the 27.4 per cent rise in 1964 and the average annual rate of increase of about 25 per cent during the period 1960-1964. There was an increase of 7.9 per cent during the first half of 1966 reflecting the seasonal increase in the price of foodgrains which has the largest weightage in the index. The rise in the wholesale price index by 6.6 per cent to 223.6 in 1965 (1960 = 100) was a compound of 8.5 per cent rise in non-grain commodity and a fall of 3.2 per cent in grain prices. Contributing to the downward trend in grain prices were the release of Government-held grains, timely importation of U.S. surplus agricultural products and a favourable autumn harvest well above the past annual average. Demand from export and construction activities pulled the non-grain prices upwards. However, the considerable liberalization of imports, coupled with a number of measures such as the progressive reduction in the number of commodities subject to price controls from 21 to 2 (briquettes and wheat flour with a weightage of 4.04 per cent in the price index), and anti-monopoly measures with respect to producer goods like cement, oxygen and carbide, improved the domestic supply situation. Thus, the rising tendency of prices slackened during 1965 in spite of the increase in railway fares and an upward revision of the ceiling price of coal produced by the Taehan Coal Company.

### 2. CONSUMER PRICE BEHAVIOUR

126. An indication of the movements in the cost of living is provided by the Seoul consumer price index which had risen by 10.3 per cent to 206.0 (1960 = 100) at the end of 1965, in sharp contrast to the increase of 20.8 per cent during 1964. Grain prices dropped by

1.4 per cent and non-grain prices rose by 13.6 per cent as compared to the advance in both by 20 and 21 per cent respectively during the previous year. The higher rise by 3.7 per cent over the wholesale price index was attributable to the sharp increases in house rent, payment for repairs, school fees, hospital charges and transportation rates, indicating the inadequacies in the supply of social services. The seasonal rise in the price of foodgrains, which have a dominant weight in the index, resulted in a 10.6 per cent increase during the first half of 1966.

### 3. WAGES AND EMPLOYMENT

127. Available data on wages relate to monthly earnings of industrial workers. Against a rise in the Seoul consumer price index of 10.3 per cent during 1965, industrial earnings per worker increased by 23 per cent indicating an increase in real income of the industrial worker by 12.7 per cent. However, in view of the limited statistical coverage, no firm conclusion could be drawn about the movement in real wages in the economy as a whole.

128. According to the latest Economically Active Population Survey there was an increase of about one per cent in the proportion of employed to the productive age population, mostly due to increased employment in the non-farming sector. There was no great improvement in the employment situation.

## G. Balance of payments and trade

### 1. BALANCE OF PAYMENTS

129. Korea's external payments situation in 1965 continued to a limited extent the improvement that began in 1964, reversing the fast deteriorating trend since 1961 (table 14).

130. The payments deficit on goods and services account was narrowed from \$221 million in 1964 to \$198.5 million in 1965. While commodity exports expanded from \$119.1 million to \$175.6 million, commodity imports increased from \$364.9 million to \$420.3 million and the narrowing of the deficit resulted from the increased sale of goods and services to the U.N. forces and the net improvement in services account. Net foreign aid received declined by one-fifth, from \$157 million to \$126.4 million; at the same time, net foreign private transfers and capital increased from \$61.5 million to \$74.8 million. The net foreign short-term assets of the monetary authorities, which had declined by \$3.5 million in 1964, increased by \$5.2 million in 1965.

### 2. EXPORTS

131. The Government's export drive which was launched in 1962 continued to yield spectacular results beginning with 1963 (tables 16-17). Exports rose uninterrupted from \$55 million in 1962 to \$87 million in 1963, \$119 million in 1964 and \$175.6 million in 1965, achieving a rate of increase of 47 per cent during 1965 compared to the growth of GNP of 15.3 per cent. The impressive achievement highlighted the fulfilment of the targets under the Government's Three-Year Export Plan (1965-1967) which envisaged exports of \$300 million in 1967, an increase of 150 per cent over 1964 actual.

132. Along with the over-all expansion of exports, manufactured goods exports increased from nearly half of the total in 1964 to nearly two-thirds in 1965; exports of primary products declined from nearly a

quarter to one-seventh, and industrial raw material exports from nearly 30 per cent to 23 per cent. Not only in their aggregate value but also in their composition, exports during 1965 had heaved closely to the targets set under the Three-Year Plan which had called for an increase in the proportion of manufactured goods from 52 per cent in 1964 to 64 per cent in 1967 at the expense of the share of agriculture, fishery and mineral products.

133. Among the individual commodities whose marked export expansion contributed to the achievement of the targets, were primary commodities like fish and fishery products and dried laver, raw silk, minerals like anthracite coal, iron ore and concentrates, and manufactures like veneer sheets and plywood, cotton fabrics, steel plates and sheets. At the same time, the introduction of new export products for diversifying primary and manufactured goods exports had also met with conspicuous success.

134. During 1965 there was a shift in the direction of exports in favour of the United States and away from Asia particularly Japan, while the share of Europe in the Republic's exports continued to be the same. Japan continued to have the lion's share in the Republic's exports to Asia. Exports to the Republic of Viet-Nam, which continued to grow during 1965, accounted for 9 per cent of the total.

135. The Republic was able to achieve this remarkable export performance, particularly of manufactured goods, with the help of imported raw materials and its large supply of low-cost labour. Among the numerous export promotional measures, the main planks were the concessional terms of credit for export performance, considerable exemption from taxation of income from exports and bonded warehouse facilities for the fabrication of imported raw materials. The introduction of the floating exchange rate system which permitted fluctuation at a level more depreciated than the previously fixed rate of 255 won had also contributed to the expansion of exports; the price advantage of depreciation seemed to continue as the rate of increase in export prices was still below that in general price level and in import prices.

136. The consolidation of the Republic's gains from the export drive on a long-term basis would depend, in the context of its raw material import needs and the inevitable tendency for wage increase, on the avoidance of bolstering non-economic export industries through too liberal a policy of concession. As the export drive gains momentum, the cutting back of many such concessions is envisaged, particularly those which "invite abuse or seriously distort resource allocation and income distribution".

### 3. IMPORTS

137. Commodity imports, which declined from their record level of \$560 million in 1963 to \$404 million in 1964, increased by 11 per cent during 1965 to \$450 million (tables 16-17). Commercial imports absolutely and relatively accounted for the increase, reducing the share of imports financed by official aid programmes and foreign loans (table 15).

138. The accelerated pace of industrialization was reflected in the decline of imports of machinery, cement, fertilizers and the increase in raw material imports, petroleum and petroleum products, chemicals, rubber, lumber, textile fibres and yarn, and base metals. Imports of cereals fell and, with the increase of income, imports of miscellaneous manufactured goods increased.

139. While in 1964 half of the Republic's total imports came from the United States and about a quarter from Japan, in 1965, the proportion of imports from Japan increased to 37 per cent and that of imports from the United States declined to nearly 40 per cent. Asian countries other than Japan increased their share in imports into the Republic from 11 per cent in 1964 to 14 per cent in 1965. The Republic's purchases from Europe declined from about 10 to 6 per cent with less imports from the Federal Republic of Germany.

140. There had been an increasing degree of liberalization of commercial imports during the period under review.

141. The number of commodities whose imports were prohibited as unimportant for the national economy on social and economic grounds was reduced from 624 in the first quarter of 1965 to 620 for the second half of 1965. Essential goods for consumption and for domestic and export industries whose imports were licensed automatically were expected to increase from 74.2 per cent of the total value of commercial imports at the beginning of 1965 to 82.1 per cent during the first half of 1966. At the same time there was to be a liberalization in imports of restricted and semi-restricted items. The reduction in the number of items classified as restricted, comprising luxuries and competitors to domestic goods, was expected to reduce their share in commercial imports from 11.6 to 6.7 per cent. Semi-restricted imports comprising items which were subject to non-balance of payments criteria such as health and education, and items which came under special domestic legislation regarding public corporations, were scheduled for a reduction in their share from 14.2 to 11.2 per cent.

## H. Floating exchange rate

142. With the introduction of the unitary floating exchange rate system on 22 March 1965, a free exchange certificate market was created.

143. Prior to the establishment of the free exchange market, the rate was pegged at 255 won per United States dollar. The selling rate of the Bank of Korea depreciated from its level of 255.63 won on 3 May 1965 to 272.2 won by the end of June and had gradually stabilized itself around 272 won per United States dollar. The day-to-day changes in the Bank's announced rates had remained well within the 2 per cent permissible range. So far the Bank had not intervened to counter the fundamental trend in the market: the gold and foreign exchange holdings of the Bank (comprising all official and bank holdings) increased from \$117.0 million in March 1965 to \$160.8 million by the end of June 1966 and the standby credit from the International Monetary Fund had not been drawn upon.

144. The introduction of the floating rate system opened the way for the won to find its own level and to establish its par value with the International Monetary Fund. Complementary measures were undertaken such as the abolition of multiple currency practices (e.g. export subsidies, export-import linkage) and considerable relaxation of restrictions on imports. Also, the proportion of aid-financed imports in the total decreased. Viewed in this context, the remarkable stability of the exchange rate around 272 won per dollar indicated the success of the Republic in its attempts to achieve external viability.

## I. External resources

### 1. UNITED NATIONS AGENCIES

145. The United Nations family of organizations continued to increase their activities in the field of technical assistance and economic aid with the United Nations Development Programme (UNDP) as the principal source of funds.

146. The submission of a report on the Mokpo-Yongsan Tideland Reclamation Scheme completed one of the projects of the Special Fund (which was merged with the Expanded Programme of Technical Assistance to form UNDP). Eight other projects, previously reported, continued to be operational, viz., agricultural survey and demonstration in selected watersheds; management training at Korea Productivity Centre; Telecommunications Training Centre; soils survey; soil fertility and soil research; forest survey; Deep-Sea Fishing Training Centre and Fine Instruments Centre.

147. Two new UNDP projects were approved, viz., pre-investment survey of the Nakdong River Basin and establishment of Extension Services of the Medium Industries Bank. Contributions by UNDP for the projects totalled \$9.6 million and the contributions by the Republic, the equivalent in won of \$8.1 million.

148. The Government had requested assistance from UNDP in the comprehensive development of three watersheds to include extensive forestry development and soil erosion programmes. Assistance totalling \$3.5 million had been requested from the World Food Programme to support this project which was a follow-up into the investment stages of the project known as Agricultural Survey and Demonstration in Selected Watersheds.

149. Technical assistance under the UNDP for 1967/1968 would amount to \$550,000 and provide for fifteen experts and thirty-nine fellowships.

150. The World Food Programme completed four projects, including road construction and flood control and involving 8,300 tons of food valued at \$1.2 million. It had under consideration requests from the Government requiring approximately 75,000 tons of food valued at over \$7 million. They covered flood control, reafforestation and upland development, and tideland reclamation projects.

151. In addition to its own fellowship and malaria pre-eradication programmes, WHO in collaboration with UNICEF and UNDP continued the projects on leprosy and tuberculosis control and in collaboration with UNICEF, the health training programme. IAEA and UNESCO continued to finance fellowship and training programmes.

152. The Economic Commission for Asia and the Far East continued its activities both by visits to the Republic by regional specialists and by arrangements for participation of the Republic in seminars, conferences and training programmes. Within an approved regional programme of off-shore drilling and prospecting, on the request of ECAFE and the Government, UNDP allocated \$25,500 for exploratory surveys off the east coast of the Republic.

153. The Republic was one of the signatories to the agreement on 4 December 1965 to establish the Asian Development Bank. It pledged a total subscription of \$30 million to the initial authorized capital of the Bank amounting to \$1 billion, of which the ECAFE region is entitled to subscribe 65 per cent.



## 2. UNITED STATES

154. With the Republic stepping up its efforts to sustain economic growth with its own resources, the quantum and pattern of United States aid changed, with the emphasis shifting from grants to loans.

155. Project assistance from the United States in the form of development grants for technical co-operation decreased from \$2.5 million in 1964 to \$2 million in 1965. Technical co-operation increasingly took the form of supporting broad-based organizations to train technical personnel instead of supplying personnel to perform technical jobs. Important in this respect was the agreement in early 1966 for the establishment of the Institute of Technology and Applied Science with a grant from the United States over a period of five years of \$6.705 million and expenditure by the Republic of Korea of the equivalent in won of \$5.3 million. The Institute was formally launched with an initial instalment of \$0.75 million of the grant and calling for an expenditure of the equivalent in won of \$1.3 million.

156. Supporting (non-project) assistance, generating counterpart funds in the form of won proceeds of sale of imports, decreased from \$75 million in 1964 to \$70 million in 1965. Imports under this programme changed their composition with increased domestic production of fertilizers, cement, machinery and miscellaneous manufactured goods.

157. Assistance under public loan 480, title I, programme for 1965 decreased, owing to the sizable decline in the import of wheat and stoppage of imports of barley and tallow, to \$36.0 million from \$62.6 million during 1964. The increasing trend in imports of raw cotton, offsetting the decline in foodgrain imports, was reflected in the proposed increase in assistance under this programme to \$40.9 million during 1966. However, the rate of utilization during the first half of 1966 had been less than one-tenth of the total. Grants in the form of grain imports under public loan 480, titles II and III, amounted to \$24 million in 1965 as compared to \$22.8 million in 1964; the larger part of the grain imports would be used as wage payments in kind to finance the land reclamation projects in a non-inflationary way.

158. In May 1965 there was an agreement between the Presidents of the Republic of Korea and the United States for the extension of \$150 million development loans to the Republic. Of the total loans of \$216.6 million outstanding on 30 June 1966, \$42.35 million were extended in 1964, \$60.8 million in 1965 and \$53.7 million in the first half of 1966. Nearly one-third of the loans went into increasing the production of electricity and a little more than one-fifth into fertilizer production, followed by transport and communications, waterworks, cement and chemicals. The loans were generally of long duration and carried low interest rates.

## 3. JAPAN

159. Of the \$93.6 million of grants and loans agreed upon by the Republic and Japan under the property claim funds for 1966, it was officially estimated that \$50.639 million would be inducted into the economy during 1966. The 1966 supplementary budget provided for the utilization of \$30.07 million, including \$0.4 million of interest income on loan. Half of the funds included in the budget was to be utilized for non-project imports by the public of intermediate goods like chemicals, fibres and building materials, one-third for equipment imports, largely on government account,

and about one-sixth for clearance of the ROK-Japan open account.

## 4. FOREIGN INVESTMENT AND LOANS

160. The total amount of foreign loans and investment that were contracted for introduction into the Republic from 1962 to 17 June 1966 amounted, according to the Economic Planning Board, to \$537.6 million. Half of the foreign capital was commercial loans mostly government guaranteed; loans to public sector accounted for 41.9 per cent while direct foreign investment was only 7.1 per cent. Approved projects awaiting formal signing of contracts would bring in additional foreign capital of \$109 million (table 18).

161. The amount of foreign capital planned to be introduced during 1965 amounted to \$182.7 million as against \$100.5 million in 1964, comprising \$76.5 million in loans to the public sector, \$83.6 million in commercial loans and \$22.6 million as direct foreign investment. There had been a greater rate of induction planned for 1966, with \$49.2 million in public loans, \$71.3 million in commercial loans and \$6.2 million in direct investment during the first half of the year.

162. There had been a diversification of the source of foreign capital. Beginning with \$0.38 million in 1964, commercial loans contracted for from Japan increased to \$75.169 million during 1965 and to \$42.549 million during the first half of 1966. With direct foreign investment from Japan of \$4.8 million, the total amount to be inducted from Japan amounted to \$123.898 million by the end of June 1966. Foreign capital from the Federal Republic of Germany contracted for during 1965 and the first half of 1966 amounted to \$21.04 million bringing its total to \$79.89 million. Foreign capital from France was to be increased by \$12.5 million in 1965 to \$33 million, from Italy by \$0.1 million in 1965 to \$19.8 million and from Switzerland by \$4.1 million in 1965 to \$4.4 million. Foreign capital from the United Kingdom had so far amounted to nearly \$2 million. There was an induction of \$0.2 million from Panama in 1964 and of \$2.115 million from the Netherlands in 1963. And in 1966 the Republic of Korea and the Kingdom of the Netherlands initiated a joint programme to conduct an aerial survey to prepare multi-purpose maps and to set up an aerial survey organization with technical assistance and equipment from the Netherlands.

163. A rough measure of the rate of utilization of foreign capital contracted for is provided by the magnitude of imports financed by it. From 1962 to 1965 such imports amounted to only one-third of foreign capital inflow agreed upon. The comparatively low rate of utilization might be attributed to local counterpart funds not forthcoming at an adequate rate.

164. According to the official debt service schedule, the annual debt payments were to increase from \$7.3 million in 1965 to \$30 million in 1971. They would amount to less than ten per cent of the exports anticipated by then.

## J. The Second Five-Year Economic Development Plan (1967-1971)

### 1. TARGETS: INCOME, INVESTMENT AND SAVINGS

165. The preparation of the Second Five-Year Plan was completed towards the end of the period under review. As approved by the President on 29 July, the Plan has as its target an annual average rate of growth of 7 per cent.

166. To attain its target, the Plan calls for an increase in the gross investment rate from its present level of a little more than one-tenth to nearly one-fifth of the gross national product in 1971. As the slack in the economy is fully taken up and the economy becomes modernized, higher investment requirements are anticipated even though the target growth rate is lower than the past average rate of 7.6 per cent (table 19).

167. The higher rate of investment is to be financed at an increasing rate, from one-half to nearly three-fourths, by a doubling of the rate of domestic savings in five years. Almost all the increase in the rate of domestic savings is to come mainly from increased government savings achieved under conditions of fiscal and monetary stability.

168. External financing of investment would thus be of declining importance. Increased reliance would be placed on private foreign capital to the extent of two-thirds of foreign savings by the end of the Plan as against one-third at present, with a marked shift away from grants (table 20).

169. Considerable reduction in the rate of growth of population is envisaged through intensified family planning programmes and with the targeted growth of income, *per capita* consumption would increase even though the rate of domestic savings has been scaled at a higher level.

## 2. PRODUCTION TRENDS

170. The major objectives in the primary sector are achievement of self-sufficiency in foodgrains by 1970 by an annual expansion in production by about 4 per cent as in the past and vigorous promotion of fishery production to increase exports (table 21).

171. Mining and manufacturing are the sectors to be expanded most vigorously. In general, industrial production is to be increased more rapidly for export than for home consumption and the output of producer goods more than consumer goods production. New basic industries, such as a petrochemical complex and an integrated steel plant, are to be established. Energy supply is to be increased with greater emphasis on electricity and oil (table 21).

172. To meet the considerable expansion which is anticipated in the demand for transport, a key role has been assigned to the development of railways; increasing attention is to be paid to road transportation but the switchover is expected to be gradual (table 21).

173. The planned growth rates for the agricultural and non-agricultural sectors are not very different from their trends in the past; however, the maintenance of the present higher rate of growth of mining and manufacturing sectors during the second Plan period is expected to increase their share in gross national product by 4 per cent, reflecting the structural change in the economy.

## 3. EXTERNAL ACCOUNTS

174. The balance in the Republic's external transactions is to be struck at a higher level. An increased deficit on current account is anticipated. Merchandise exports are expected to increase threefold to \$550

million in 1971, with manufactured goods increasing their share from nearly two-thirds to three-fourths. A surplus in the over-all invisible trade transactions is also forecast. However, merchandise imports are expected to be doubled from their present level to \$894 million on account of the raw materials and capital goods requirements of the import substitution policy. The deficit is to be bridged with less foreign government and private aid and more private long-term capital inflow which it is anticipated will be four times its 1965 level.

## 4. EMPLOYMENT

175. With the anticipated reduction in the rate of population growth, the proportion of working age to total population is expected to increase by 1971 as also the share of the supply of labour force. The rate and pattern of growth under the Plan is expected to generate increased employment, reducing the rate of visible unemployment from 7.4 to 5 per cent and also, through the absorption of agricultural workers into manufacturing, lessening the rate of disguised unemployment.

\* \* \*

The present report is transmitted to the Secretary-General for submission to the General Assembly at its twenty-first regular session pursuant to the provisions of sub-paragraph 2 (c) of resolution 376 (V) of 7 October 1950.

The Commission places on record its appreciation of the logistical support provided by the United Nations Command and the co-operation and assistance by the liaison officers appointed by the Ministry of National Defence of the Republic of Korea.

The Commission also wishes to express its gratitude for the services rendered by the Secretariat during the year.

DONE at Commission Headquarters, Seoul, Korea, this nineteenth day of August, one thousand nine hundred and sixty-six.

(Signed) R. A. PEACHEY, *Australia*  
*Chile*<sup>24</sup>

R. H. van GULIK, *Netherlands*

S. M. MURSHED, *Pakistan*

Pedro G. RAMIREZ, *Philippines*

Yuad LOESRIT, *Thailand*  
*Turkey*<sup>25</sup>

Ali NEKUNAM

*Principal Secretary*

<sup>24</sup> Chile has not been represented on the Commission since January 1965. In a letter to the Secretary-General, dated 5 August 1966 (A/6375), Chile indicated its intention to withdraw from the Commission.

*Note by the Secretariat.* Subsequently, in a letter dated 15 September 1966, Chile informed the Secretary-General of its decision to reconsider its withdrawal from the Committee.

<sup>25</sup> The representative of Turkey was not present in Korea at the time of the signing of the report. Subsequently he notified the Secretary-General of his agreement with it and appended his signature.

## Annexes

### ANNEX I

#### Delegations to the Commission and United Nations Secretariat

##### A. Delegations to the Commission

###### AUSTRALIA

###### *Representative*

H.E. Mr. R. A. Peachey, Ambassador of Australia to the Republic of Korea

###### *Alternate Representative*

Mr. N. C. K. Evers

###### *Adviser*

Mr. D. W. Witheford (until 28 February 1966)

Mr. P. G. Timmins (from 28 March 1966)

###### CHILE

###### NETHERLANDS

###### *Representative*

H.E. Mr. R. H. van Gulik, Ambassador of the Netherlands to the Republic of Korea

###### *Alternate Representative*

Mr. W. Ch. E. A. de Vries

###### PAKISTAN

###### *Representative*

H.E. Lt. General K. M. Sheikh, Ambassador of Pakistan to Japan (until 3 April 1966)

H.E. Mr. S. M. Murshed, Ambassador of Pakistan to Japan (from 12 July 1966)

###### PHILIPPINES

###### *Representative*

H.E. Mr. Pedro G. Ramirez, Ambassador of the Philippines to the Republic of Korea

###### *Alternate Representative*

Mr. Lupo I. Leyva (from 18 May 1966)

###### THAILAND

###### *Representative*

H.E. Mr. Yuad Loesrit, Ambassador of Thailand to the Republic of Korea

###### *Alternate Representative*

Mr. Srisward Punkrasin

###### TURKEY

###### *Representative*

H.E. Dr. Muammer Baykan, Member of the Grand National Assembly<sup>a</sup>

###### *Alternate Representative*

Mr. Okan Gezer (from 4 September 1965), Chargé d'Affaires a.i. of Turkey in the Republic of Korea

##### B. United Nations Secretariat

The Secretariat was headed by the Principal Secretary, Mr. Ali Nekunam, assisted by a staff consisting of a Political Affairs Officer, an Economic Affairs Officer, an Administrative and Finance Officer, as well as Field Service, research and administrative personnel.

<sup>a</sup> Upon his election to the Grand National Assembly of Turkey in October 1965, Dr. Baykan resigned. However, he was designated again to represent Turkey on the Commission pending the appointment of a new representative.

### ANNEX II

#### Government of the Republic of Korea

##### A. Executive

###### *President of the Republic*

Park Chung Hee

###### *Ministers*

###### *Prime Minister (Head of Cabinet)*

Chung Il Kwon

###### *Deputy Prime Minister and Minister of the Economic Planning Board*

Chang Key Young

###### *Foreign Affairs*

Lee Tong Won

###### *Home Affairs*

Yang Chan Woo (from 11 May 1964 to 15 April 1966)

Um Min Yung (from 15 April 1966)

###### *Finance*

Hong Sung Hui (from 5 December 1964 to 16 November 1965)

Suh Bong Kyun (Acting) (from 16 November 1965 to 25 January 1966)

Kim Chung Yum (from 25 January 1966)

###### *Justice*

Min Pok Kee

###### *National Defence*

Kim Sung Eun

###### *Education*

Kwon Oh Byung

###### *Agriculture and Forestry*

Tchah Kyun Hi (from 11 May 1964 to 23 February 1966)

Park Dong Myo (from 23 February 1966)

###### *Commerce and Industry*

Park Choong Hoon

###### *Health and Social Affairs*

Oh Won Sun (from 11 May 1964 to 15 April 1966)

Chung Hi Sup (from 15 April 1966)

## Transportation

Ahn Kyung Mo

## Communications

Kim Byung Sam

## Public Information

Hong Chong Chul

## Construction

Chun Ye Yong

## Cabinet Administration

Lee Souck Jae

## Ministers without Portfolio

Won Yong Suk (in charge of economic affairs)

Yoon Chu Yung (in charge of political affairs) (from 25 March 1965 to 15 April 1966)

Kim Yoon Ki (in charge of political affairs) (from 3 May 1966)

## B. Other organs under the Executive Branch

### National Security Council

#### Chairman

Park Chung Hee

#### Principal Secretary

Song Suk Ha

### Economic and Scientific Council

#### Chairman

Park Chung Hee

#### Principal Secretary

Kim Chung Moo

### Board of Inspection

#### Chairman

Lee Joo Il

### Central Intelligence Agency

#### Director

Kim Hyung Wook

## C. Sixth National Assembly

### Officers<sup>a</sup>

#### Speaker

Rhee Hyo Sang

#### Vice-Speakers

Chang Kyung Soon

Lee Sang Chul

#### Chairmen of the Standing Committees

Justice and Legislation.....Kim Bong Hwan  
Foreign Relations.....Pyun Chong Vong  
Home Affairs.....Cho Shi Hyung  
Finance and Economy.....Yang Soon Gik  
National Defence.....Min Byong Kwon  
Education and Public Information.....Lee Don Hae  
Agriculture and Forestry.....Kim Jou In  
Commerce and Industry.....Kim Jai Son  
Public Health and Social Affairs.....Kim Soung Choul  
Transportation and Communications.....Chung Le Chung  
Construction.....Suh Sang Rin  
Steering.....Hyun O Bong

#### Sessions

53rd (Regular) Session: 1 September 1965 to 29 December 1965

54th (Extraordinary) Session: 17 January to 15 February 1966

55th (Extraordinary) Session: 23 February to 24 March 1966

56th (Extraordinary) Session: 1 to 9 April 1966

57th (Extraordinary) Session: 15 June to 14 July 1966

## D. Judiciary

### The Supreme Court

#### Chief Justice

Cho Chin Man

## E. Central Election Management Committee

#### Chairman

Sa Kwang Ook

<sup>a</sup> As a result of elections held on 16 December 1965.

## ANNEX III

### International relations of the Republic of Korea

#### A. States with which diplomatic relations have been or are to be established

Argentina <sup>a</sup>	Gabon <sup>d</sup>
Australia <sup>a</sup>	Gambia <sup>d</sup>
Austria <sup>b</sup>	Greece <sup>b</sup>
Belgium <sup>c</sup>	Guatemala <sup>d</sup>
Bolivia <sup>d</sup>	Haiti <sup>b</sup>
Brazil <sup>a</sup>	Holy See <sup>f</sup>
Cameroon <sup>d</sup>	Honduras <sup>d</sup>
Canada <sup>e</sup>	Iceland <sup>d</sup>
Central African Republic <sup>h</sup>	Iran <sup>b</sup>
Chad <sup>d</sup>	Israel <sup>g</sup>
Chile <sup>d</sup>	Italy <sup>a</sup>
China (Republic of) <sup>a</sup>	Ivory Coast <sup>c</sup>
Colombia <sup>b</sup>	Jamaica <sup>d</sup>
Congo, Democratic Republic of <sup>d</sup>	Japan <sup>a</sup>
Costa Rica <sup>d</sup>	Jordan <sup>d</sup>
Dahomey <sup>d</sup>	Kenya <sup>c</sup>
Denmark <sup>b</sup>	Laos <sup>b</sup>
Dominican Republic <sup>d</sup>	Liberia <sup>d</sup>
Ecuador <sup>b</sup>	Luxembourg <sup>d</sup>
El Salvador <sup>d</sup>	Malagasy Republic <sup>b</sup>
Ethiopia <sup>c</sup>	Malawi <sup>b</sup>
Federal Republic of Germany <sup>a</sup>	Malaysia <sup>a</sup>
France <sup>a</sup>	Malta <sup>d</sup>
	Mexico <sup>c</sup>
	Morocco <sup>e</sup>

Netherlands <sup>b</sup>	Sierra Leone <sup>d</sup>
New Zealand <sup>b</sup>	Spain <sup>b</sup>
Nicaragua <sup>d</sup>	Sweden <sup>e</sup>
Niger <sup>d</sup>	Switzerland <sup>e</sup>
Norway <sup>b</sup>	Thailand <sup>a</sup>
Panama <sup>b</sup>	Togo <sup>d</sup>
Paraguay <sup>d</sup>	Turkey <sup>a</sup>
Peru <sup>d</sup>	Uganda <sup>c</sup>
Philippines <sup>a</sup>	United Kingdom <sup>a</sup>
Portugal <sup>d</sup>	United States <sup>a</sup>
Republic of Viet-Nam <sup>a</sup>	Upper Volta <sup>b</sup>
Rwanda <sup>b</sup>	Uruguay <sup>b</sup>
Saudi Arabia <sup>d</sup>	Venezuela <sup>b</sup>
Senegal <sup>d</sup>	

<sup>a</sup> Resident envoys exchanged.

<sup>b</sup> Non-resident envoys exchanged.

<sup>c</sup> Republic of Korea envoy resides in State concerned; accreditation of latter's envoy is pending.

<sup>d</sup> Non-resident Republic of Korea envoy to State concerned; accreditation of latter's envoy is pending.

<sup>e</sup> Republic of Korea envoy resides in State concerned; latter's envoy is non-resident.

<sup>f</sup> Non-resident Republic of Korea envoy to State concerned; latter's envoy resides in the Republic of Korea.

<sup>g</sup> Accreditation of Republic of Korea envoy to State concerned is pending; latter's envoy resides in the Republic of Korea.

<sup>h</sup> Agreement reached to establish diplomatic relations.



## B. Missions of the Republic of Korea

Office of the Permanent Observer of the Republic of Korea to the United Nations (New York)

Permanent Delegation of the Republic of Korea to International Organizations in Geneva and Office of the Permanent Observer to the European Office of the United Nations (Geneva)

Republic of Korea Mission (non-resident) to the European Economic Community

## C. Consulates General and Consulates of the Republic of Korea<sup>1</sup>

Cairo (United Arab Republic)

Fukuoka (Japan)

Hamburg (Federal Republic of Germany)

Hong Kong (Crown Colony of the British Commonwealth)

Honolulu (United States of America)

Kobe (Japan)

Los Angeles (United States of America)

Nagoya (Japan)

New Delhi (India)

New York (United States of America)

Osaka (Japan)

Phnom Penh (Cambodia)

Rangoon (Burma)

San Francisco (United States of America)

Sapporo (Japan)

Sendai (Japan)

Shimonoseki (Japan)

Yokohama (Japan)

## D. Consulates in the Republic of Korea<sup>1</sup>

Austria Netherlands

Belgium Norway

Denmark Paraguay

India<sup>k</sup> Spain

Japan (Pusan) Sweden

Jordan Switzerland

## E. New membership in international organizations

### Non-governmental organisation

Asian Parliamentary Union

International Aeronautic Federation

## F. Conclusion of or accession to international treaties and agreements (1 August 1965 to 31 July 1966)

### Principal bilateral treaties

	<i>Date of Signature</i>
Amendment to the Agreement for Co-operation concerning Peaceful Uses of Atomic Energy with the Government of the United States of America .....	30 July 1965
Trade Agreement with the Government of the Commonwealth of Australia .....	21 September 1965
Cultural Agreement with the Government of Malaysia .....	30 September 1965
Amendment to the Provisional Air Transport Agreement with the Government of the Republic of China .....	16 October 1965
Amendment to the Agreement with the Government of the United States of America for Financing Certain Educational Exchange Programmes .....	2 November 1965

<sup>i</sup> This list does not include consulates maintained within the Republic of Korea embassies abroad.

<sup>j</sup> This list comprises the honorary consulates stationed in Seoul and does not include consulates maintained within various embassies.

<sup>k</sup> To be established.

Agreement with the Government of the French Republic Concerning Cultural and Technical Co-operation <sup>1</sup> .....	28 December 1965
Cultural Agreement with Brazil <sup>1</sup> ...	7 February 1966
Trade Agreement with Japan .....	24 March 1966
Agreement for the Mutual Granting and Protection of Patents and Trade Marks with the Government of the Kingdom of the Netherlands .....	29 April 1966
Cultural Agreement with the United States of Mexico <sup>1</sup> .....	29 April 1966

### Principal multilateral treaties

	<i>Date of deposit of instruments of ratification or accession</i>
International Regulations for Preventing Collisions at Sea, 1960 ....	8 December 1965
Constitution of the Universal Postal Union, Final Protocol and related agreements, 1964 .....	20 May 1966
Protocol for the Extension of the International Wheat Agreement, 1962 .....	25 July 1966

## G. Major international conferences attended by representatives of the Republic of Korea between 3 September 1965 and 19 August 1966

### United Nations

Twentieth session of the United Nations General Assembly — Observer (New York)

Asian Conference on Children and Youth in National Development Planning, jointly sponsored by ECAFE, UNICEF and the Asian Institute for Economic Development and Planning (Bangkok)

Second Ministerial Conference of ECAFE on Regional Economic Co-operation (Manila)

Ninth session of the ECAFE Committee on Trade (Bangkok)  
Preparatory Committee of the Asian Development Bank (Bangkok)

Fourth session of the ECAFE Committee on Inland Transport and Communications (Bangkok)

Annual session of the ECAFE Committee on Industry and Natural Resources (Bangkok)

### International Atomic Energy Agency

Ninth regular session of the General Conference (Tokyo)  
Meeting of the Board of Governors (Vienna)

### International Labour Organisation

Fiftieth session of the International Labour Conference — Observer (Geneva)

### Food and Agriculture Organisation of the United Nations

Forty-fifth and forty-sixth sessions of the Council of FAO (Rome)

Thirteenth biennial conference of FAO (Rome)

Second Freedom from Hunger Campaign Conference (Rome)

### United Nations Educational, Scientific and Cultural Organization

Conference of Ministers of Education and Ministers responsible for Economic Planning (Bangkok)

### World Health Organisation

Nineteenth World Health Assembly (Geneva)

Sixteenth session of the Regional Committee for the Western Pacific (Seoul)

<sup>1</sup> Not in force.

*International Monetary Fund and International Bank for Reconstruction and Development, International Development Association and International Finance Corporation*

Annual meetings of the Board of Directors (Washington)

*International Civil Aviation Organization*

Special meeting (Montreal)

*International Telecommunication Union*

Plenipotentiary Conference (Montreux)

*World Meteorological Organization*

Fourth session of the Regional Association II (Asia) (Teheran)

*Inter-Governmental Maritime Consultative Organization*

Fourth session of the Assembly of IMCO (Paris)

*General Agreement on Tariffs and Trade*

Twenty-third general meeting—Observer (Geneva)

Third conference on the Long-Term Arrangement Regarding Trade in Cotton Textiles—Observer (Geneva)

*Other conferences*

First Congress of the Asia-Oceanic Postal Union (Quezon City, Philippines)

Twentieth International Conference of the Red Cross (Vienna)

Ninth meeting of the Executive Council of the Eastern Regional Organization for Public Administration (Taipei)

Sixth and seventh meetings of the Governing Body of the Asian Productivity Organization (New Delhi and Tokyo, respectively)

Forty-third meeting of the Executive Committee of the International Bureau of Education (Geneva)

Ninetieth session of the Colombo Plan Council (Colombo)

First Ministerial Meeting for Asian and Pacific Co-operation (Seoul)

*Non-governmental organizations*

Twenty-fourth session of the World Veterans Federation Council (Toronto)

Fifteenth Annual Conference of the Pacific Area Travel Association (New Delhi)

Ninety-eighth Council of the Inter-Parliamentary Union (Canberra)

First General Assembly of the Asian Parliamentary Union (Tokyo)

Fifteenth Annual Assembly of the World Confederation of Organizations of the Teaching Profession (Seoul)

ANNEX IV

Tables

1. GROSS NATIONAL PRODUCT BY INDUSTRIES, 1962-1965

(at current market prices)

	Amount (billion won)				Rate of change (per cent) 64-65
	1962	1963	1964	1965	
<i>Primary industry</i> .....	121.01	190.05	300.50	292.73	-2.6
Agriculture, forestry and fisheries ....	120.01	190.05	300.60	292.73	-2.6
Fishery .....	3.33	4.41	7.51	10.25	26.5
<i>Secondary industry</i> .....	73.23	99.14	143.64	190.56	32.6
Mining and quarrying .....	6.99	8.26	12.30	14.62	18.9
Manufacturing .....	49.68	71.05	106.43	140.39	31.9
Construction .....	11.88	14.71	18.31	25.29	38.1
Electricity, water and sanitary services	4.68	5.12	6.60	10.26	55.5
Electricity and gas .....	4.20	4.37	5.73	9.18	60.1
<i>Tertiary industry</i> .....	144.36	182.34	222.58	285.35	28.2
Transportation, storage and communi- cations .....	17.08	19.90	23.91	33.44	39.8
Transportation and storage .....	14.78	17.07	19.99	28.30	41.6
Wholesale and retail trade .....	41.65	64.02	80.02	108.96	36.0
Banking, insurance and real estate ....	4.88	6.29	8.28	9.91	19.7
Ownership of dwellings .....	18.49	21.78	25.31	27.99	10.6
Public administration and defence ....	26.54	28.08	33.64	39.94	18.7
Services .....	32.54	38.94	46.17	57.56	24.7
Education .....	12.11	13.30	14.49	15.76	8.8
Rest of the world .....	3.18	3.33	5.25	7.65	45.7
<i>Gross national product</i> .....	338.60	171.53	666.72	768.64	15.3

Source: Bank of Korea.

## 2. EXPENDITURE ON GROSS NATIONAL PRODUCT, 1962-1965

(at current market prices)

Description	Amount (billion won)				Rate of change (per cent) 64-65
	1962	1963	1964	1965	
Private consumption expenditure .....	285.97	383.55	561.25	648.24	15.5
General government consumption expenditure .....	49.62	57.74	61.95	76.02	22.7
Gross domestic fixed capital formation .....	45.30	64.21	71.26	101.88	43.0
Increase in stocks .....	-3.38	21.28	18.93	-1.07	-16.8
Export of goods and services .....	17.98	23.76	42.06	68.61	63.1
Import of goods and services (—) .....	58.88	79.48	96.53	128.93	33.6
Statistical discrepancy .....	-1.19	0.14	2.55	-3.76	-6.2
Expenditure on gross domestic product .....	335.42	468.20	661.47	760.99	15.0
Net factor income from the rest of the world .....	3.18	3.33	5.25	7.65	45.7
Expenditure on gross national product .....	338.60	471.53	666.72	768.64	15.3
Indirect taxes (—) .....	27.81	29.78	32.27	44.29	37.2
Subsidies (+) .....	2.23	0.86	1.06	0.07	-1.1
Provision for consumption of fixed capital (—) .....	18.61	26.18	34.69	43.76	26.1
National income .....	294.41	416.43	600.82	680.66	13.3

Source: Bank of Korea.

## 3. GROSS NATIONAL PRODUCT BY INDUSTRIES, 1962-1965

(at 1960 constant market prices)

Description	Amount (billion won)				Structure (per cent)			Rate of growth (per cent)	
	1962	1963	1964	1965	1962	1964	1965	1964	1965
Primary industry .....	88.72	94.19	111.09	110.40	33.4	35.1	32.3	17.9	-0.6
Agriculture, forestry, fisheries .....	88.72	94.19	111.09	110.40	33.4	35.1	32.3	17.9	-0.6
Fishery .....	2.62	2.55	2.71	3.17	1.0	0.9	0.9	-6.2	17.0
Secondary industry .....	59.86	69.55	73.48	88.06	22.5	23.3	25.8	5.7	19.8
Mining and quarrying .....	6.82	7.44	8.57	9.86	2.6	2.7	2.9	15.2	15.1
Manufacturing .....	40.55	48.07	50.96	61.11	15.3	16.1	17.9	6.1	19.9
Construction .....	10.16	11.46	10.91	13.53	3.8	3.5	4.0	-4.8	24.0
Electricity, water and sanitary services .....	2.33	2.58	3.04	3.56	0.9	1.0	1.0	17.1	20.4
Electricity and gas .....	2.00	2.23	2.68	3.14	0.8	0.8	0.9	17.2	20.9
Tertiary industry .....	117.02	126.51	131.58	141.40	44.1	41.6	41.9	4.0	7.5
Transportation, storage and communica- tions .....	13.08	15.63	17.76	21.39	4.9	5.6	6.3	13.6	20.4
Transportation and storage .....	10.78	12.71	14.61	17.51	4.1	4.6	5.1	14.9	19.8
Wholesale and retail trade .....	36.37	40.01	40.68	44.22	13.7	12.9	12.9	1.7	8.7
Banking, insurance and real estate .....	4.13	4.26	4.29	4.38	1.5	1.4	1.3	0.7	2.1
Ownership of dwellings .....	17.10	17.47	18.03	18.48	6.4	5.7	5.4	3.2	2.5
Public administration and defence .....	17.96	18.71	19.10	19.75	6.8	6.0	5.8	2.1	3.4
Services .....	26.79	28.74	30.12	33.18	10.1	9.5	9.7	4.8	10.2
Education .....	10.53	11.32	11.95	12.81	4.0	3.8	3.7	5.6	7.2
Rest of the world .....	1.59	1.69	1.60	1.87	0.6	0.5	0.5	-5.3	16.9
Gross national product .....	265.60	290.25	316.15	341.73	100.0	100.0	100.0	8.0	8.1

Source: Bank of Korea.

## 4. EXPENDITURE ON GROSS NATIONAL PRODUCT, 1962-1965

(at 1960 constant market prices)

Description	Amount (billion won)				Structure (per cent)			Rate of growth (per cent)	
	1962	1963	1964	1965	1962	1964	1965	1964	1965
Private consumption expenditure .....	220.04	229.27	254.99	274.33	83.6	80.6	80.3	11.2	7.6
General government consumption expendi- ture .....	35.50	36.85	34.64	36.96	13.4	10.9	10.8	-6.0	6.7
Gross domestic fixed capital formation .....	35.53	45.81	38.22	47.66	13.4	12.1	13.9	-16.6	24.7
Increase in stocks .....	-2.92	12.26	7.19	-0.13	-1.1	2.3	-	41.4	-
Export of goods and services .....	12.36	13.79	17.31	24.63	4.6	5.5	7.2	25.5	42.3
Import of goods and services (—) .....	37.54	46.80	35.81	41.41	14.1	11.3	12.1	-23.5	15.6
Statistical discrepancy .....	-0.96	-2.62	-1.99	-2.18	-0.4	-0.6	-0.6	8.5	-
Expenditure on gross domestic product .....	264.01	288.56	314.55	339.86	99.4	99.5	99.5	9.0	8.0
Net factor income from the rest of the world .....	1.59	1.69	1.60	1.87	0.6	0.5	0.5	-5.3	16.9
Expenditure on gross national product .....	265.60	290.25	316.15	341.73	100.0	100.0	100.0	8.9	8.1

Source: Bank of Korea.

# 5. GROSS FIXED DOMESTIC CAPITAL FORMATION BY INDUSTRIAL USE, 1962-1965

(at 1960 constant market prices)

	Value (billion won)				Structure (per cent)			Rate of growth (per cent)	
	1962	1963	1964	1965	1962	1964	1965	1964	1965
Gross fixed capital formation.....	35.53	45.81	38.22	47.66	100.0	100.0	100.0	—16.6	24.7
Agriculture, forestry and fishery.....	3.17	4.82	3.19	4.15	8.9	8.3	8.7	—33.8	30.1
Mining and quarrying.....	0.25	0.59	0.52	0.41	0.7	1.4	0.9	—11.8	—21.2
Manufacturing .....	7.32	10.26	9.06	11.02	20.6	23.7	23.1	—11.8	21.6
Construction .....	1.21	0.93	0.53	0.50	3.4	1.4	1.0	—43.0	—5.7
Electricity, water and sanitary services.	3.23	5.87	3.47	3.19	9.1	9.1	6.7	—42.1	—8.1
Transportation, storage and communica- tions .....	8.66	10.65	8.01	10.72	24.4	21.0	22.5	—24.9	33.8
Wholesale and retail trade.....	2.03	2.21	2.06	3.55	5.7	5.4	9.4	—6.8	72.3
Banking, insurance and real estate.....	0.10	0.09	0.14	0.23	0.3	0.4	0.5	55.5	64.3
Ownership of dwellings.....	3.93	4.41	4.87	5.46	11.1	12.7	11.5	10.4	12.1
Public administration .....	0.69	0.94	0.59	0.92	1.9	1.5	1.9	—37.3	55.9
Services .....	4.94	4.94	5.78	7.51	13.9	15.1	15.8	17.0	29.9
Increase in stocks .....	—2.92	12.26	7.19	—0.13				—41.4	—6.8
Gross domestic capital formation.....	32.61	58.07	45.41	47.53				—21.9	4.7

Source: Bank of Korea.

# 6. OUTPUT OF AGRICULTURE, FISHERY AND FORESTRY, 1962-1965

	Unit of measurement	1962	1963	1964	1965	Rate of change (per cent)
						1964-65
<b>Agriculture</b> (1,000 MT)						
Rice .....		3,014	3,755	3,954	3,501	—11.5
Summer grains.....		993	304	1,081	1,281	18.5
Barley .....		856	242	928	1,135	22.4
Wheat .....		118	54	137	133	—2.9
Rye .....		19	8	16	13	—18.8
Other grains .....		99	107	132	120	—9.1
Potatoes .....		954	1,079	1,913	2,114	10.5
Sweet potatoes .....		644	786	1,485	1,678	13.0
Pulses .....		181	181	190	202	6.5
Raw cotton .....		17.6	11.9	12.7	11.8	—7.1
Tobacco .....		35.0	29.0	49.3	56.1	13.7
<b>Fishery</b>						
Fish .....		298	252	321	393	22.4
Deep sea fish .....		0.6	2.6	2.6	8.6	288.8
Sea plants .....		45	38	43	48	11.6
Shellfish .....		20	17	45	19	—57.7
Others .....		88	139	115	101	—12.1
<b>TOTAL</b>		451	446	524	562	7.2
<b>Forestry</b>						
Planted area (1,000 hectares) .....		125,077	84,316	164,069	129,909	—20.8
Planted trees (1,000 trees) .....		423,699	110,904	387,274	323,216	—16.5

Source: Republic of Korea: Ministry of Agriculture and Forestry.

# 7. UTILIZATION OF CULTIVATED LAND

(in 1,000 chongbo)<sup>a</sup>

	Area of cultivated land		Utilization of land	Food crops					Special crops			Others
	Total	Upland		Total	Rice	Barley	Miscel- laneous	Pulses	Potatoes	Raw Cotton	Tobacco	
1962.....	2,080	846	3,128	2,828	1,148	1,012	202	340	126	32	23	245
1963.....	2,097	859	3,179	2,916	1,165	1,070	205	339	137	25	21	217
1964.....	2,189	917	3,367	3,062	1,205	1,119	219	338	181	23	30	252
1965.....	2,275	978	3,588	3,248	1,238	1,211	216	368	215	23	34	273

Source: Republic of Korea: Ministry of Agriculture and Forestry.

<sup>a</sup> 1 chongbo = 2.45 acres.

# 8. SELECTED OUTPUT OF MAJOR PRODUCTS IN MINING AND MANUFACTURING INDUSTRIES

Product	Unit of measurement	1964	1965	Rate of change (per cent)
<i>Mining</i>				
Coal (anthracite)	1,000MT	9,621.6	10,248.3	6.5
Iron ore	1,000MT	684.8	735.1	7.5
Tungsten	Short tons	5,132	4,230	-17.6
Gold (refined)	Kilogramme	2,357	1,954	-17.1
Silver (refined)	Kilogramme	12,580	23,499	7.3
Copper ore	1,000MT	12.1	22.2	83.5
Salt	1,000MT	385.6	668.9	73.5
Amorphous graphite	1,000MT	262.4	254.3	-3.1
Kaolin	1,000MT	60.5	72.2	19.3
Talc	1,000MT	43.9	35.7	-18.7
Fluorite	1,000MT	56.4	39.2	-30.5
<i>Manufacturing</i>				
Wheat flour	1,000MT	270.2	347.7	28.7
Sugar (refined)	1,000MT	17.1	45.3	165.0
Cotton cloth	1,000sq. m.	172,711	190,306	10.2
Rayon cloth	1,000sq. m.	40,147	51,860	29.2
Newsprint	1,000MT	43.0	45.4	5.6
Urea fertilizer	1,000MT	141.1	163.0	15.5
Cement	1,000MT	1,242.1	1,614.1	30.1
Steel ingots	1,000MT	129.2	192.3	48.8
Flat glass	1,000 cases	512.9	517.2	0.8
Bicycles	1,000 pair	154.6	149.8	-3.1
Vehicle tires	1,000	251.3	354.4	41.0
Plywood	1 million sq. ft	501.5	729.2	45.4
Petroleum	1,000 kilolitre	760.1	1,694.0	122.9

Source: Bank of Korea, *Economic Statistics Yearbook, 1966*.

## 9. INDEX NUMBER OF INDUSTRIAL PRODUCTION 1962-1965 — JUNE 1966 (1960 = 100)

	March	June	September	December	Rate of change (per cent) December to December
1962					
Mining	137.7	128.3	136.6	155.2	22.7
Manufacturing	111.8	119.7	129.9	133.6	7.9
Electricity	115.2	113.2	113.4	132.5	9.0
Over-all index	115.9	120.7	130.2	136.8	10.2
1963					
Mining	160.2	144.6	153.3	173.6	11.9
Manufacturing	133.5	138.8	146.2	145.5	8.9
Electricity	121.3	128.3	135.7	147.0	10.9
Over-all index	137.0	139.2	146.8	149.8	9.5
1964					
Mining	174.8	171.1	145.6	185.6	6.9
Manufacturing	133.6	154.9	159.2	158.4	8.9
Electricity	146.3	157.9	157.1	189.4	28.8
Over-all index	140.4	157.5	157.0	163.9	9.4
1965					
Mining	178.4	176.6	169.3	199.3	7.4
Manufacturing	168.8	182.5	182.0	197.5	24.7
Electricity	180.0	190.9	185.9	230.0	21.4
Over-all index	170.7	182.0	180.2	199.2	21.5
1966					
Mining	199.4	196.1			-1.6 <sup>a</sup>
Manufacturing	185.8	203.2			2.9
Electricity	225.5	224.6			-2.3
Over-all index	189.6	203.0			1.9

Source: Bank of Korea.

<sup>a</sup> December — June rate of change.

## 10. TRANSPORT SECTOR PERFORMANCE: 1964, 1965 AND PLAN FOR 1966

	1964	1965	1966
A. Railroad			
(a) Rolling stock (number)			
Locomotives .....	478	480	630
Passenger cars .....	10,831	10,587	10,763
(b) Track length (km)			
Total .....	4,779.6	4,896.5	4,924.2
Main track .....	3,411.6	3,502	3,502
(c) Performance			
Million passenger/km .....	7,353	6,916	—
Million ton/km .....	4,712.5	4,943.7	—
B. Highway			
(a) Highway (km)			
Total .....	31,701	31,936	32,484
National highways .....	5,899	5,899	5,899
(b) Vehicles			
Commercial .....	24,921	26,057	27,284
Non-commercial .....	12,894	15,454	17,155
(c) Performance			
Million passenger/km .....	6,459.5	8,285.4	8,960.0
Million ton/km .....	.510	.503	.578
C. Inland Sea Transport			
(a) Number of vessels .....	10,693	11,826	12,172
(b) Tonnage (GT) .....	316,512	370,465	418,515
D. Ship building			
(a) Number of ships .....	312	358	611
(b) Tonnage (GT) .....	11,625	13,788	25,695
E. Aircraft			
(a) Number .....	25	29	31

Source: Republic of Korea: Ministry of Transportation.

11. GOVERNMENT FINANCE  
(in billion won)

	1964 Executed Budget	1965 Budget	Struc- ture (per cent)	1966 Original Budget	1966 First Supplement- ary Budget	Struc- ture (per cent)
I. Central General Government Account						
A. Receipts						
Taxes .....	37.42	53.55	56.0	66.18	72.24	52.3
Domestic .....	26.71	41.20	43.1	50.54	55.60	40.2
Custom .....	10.71	12.35	12.9	15.64	16.64	12.1
Monopoly profits .....	4.53	3.70	3.9	7.50	7.50	5.4
Other revenue .....	8.46	10.10	10.5	16.73	17.87	13.0
Counterpart funds .....	26.72	28.32	29.6	30.42	32.20	23.3
Claims and government loan funds .....	—	—	—	—	8.27	6.0
TOTAL .....	77.13	95.67	100.0	120.83	138.09	100.0
B. Expenditure						
Ordinary .....	34.65	39.71	44.8	55.19	54.41	39.8
National defence .....	24.50	28.59	32.3	37.93	40.22	29.4
(Counterpart funds) .....	(15.00)	(18.50)	—	(24.50)	(25.75)	—
Economic development .....	15.30	20.32	22.9	27.02	33.91	24.8
(Counterpart funds) .....	(8.95)	(9.24)	—	(5.47)	(6.46)	—
Claims and government loan funds .....	—	—	—	—	8.27	6.0
TOTAL .....	74.45	88.64	100.0	120.14	136.81	100.0
C. Surplus or deficit .....	2.68	7.03	—	0.69	1.28	—
II. Central Government Enterprises Account						
Surplus or deficit (—) .....	— 1.85	1.41	—	1.43	— 5.46	—
III. Consolidated surplus or deficit (—)	0.83	8.44	—	2.01	— 4.18	—
Financed by						
(a) Cash balance (increase —) .....	5.80	6.54	—	2.81	—	—
(b) Borrowing from Bank of Korea (in- crease +) .....	5.44	— 0.05	—	0.91	—	—
(c) Borrowing from public .....	— 1.01	— 1.51	—	— 1.28	1.28	—
(d) Borrowing from abroad .....	0.54	— 0.34	—	1.27	— 5.46	—

Source: Bank of Korea.

12. SUMMARY OF MONETARY DEVELOPMENTS  
1962-1965—JUNE 1966  
(in billion won)

	At the end of				
	1962	1963	1964	1965	June 1966
1. Total domestic credit .....	46.5	61.3	65.3	89.9	102.6
2. Time and savings deposits .....	-16.8	-17.3	-20.3	-39.7	-61.5
of which time deposits .....	-7.1	-5.0	-4.3	-17.5	-22.7 <sup>a</sup>
3. Foreign sector .....	7.0	-6.7	-1.9	6.4	19.2
4. Money supply .....	36.7	37.3	43.1	56.6	60.3
of which currency in circulation	18.0	18.3	24.9	31.6	31.8

Source: Compiled from data supplied by the Bank of Korea.

<sup>a</sup> At the end of April 1966.

13. WHOLESALE PRICE INDEX OF ALL COMMODITIES, GRAIN AND NON-GRAIN GROUPS  
1962-1965 AND JUNE 1966  
(1960 = 100)

Weight	March	June	September	December	Rate of change (per cent) December to December
1962					
Grains (147.1) .....	120.0	138.2	140.2	137.6	26.7
Non-grains (825.9) .....	120.3	122.6	124.1	124.8	8.4
All commodities (1,000.0) ....	120.2	125.1	126.5	126.7	10.9
1963					
Grains .....	152.2	220.4	272.3	202.1	46.9
Non-grains .....	127.8	133.8	147.8	158.3	26.8
All commodities .....	131.4	146.5	166.1	164.4	29.8
1964					
Grains .....	276.0	306.0	248.4	235.0	16.3
Non-grains .....	171.4	194.7	204.5	205.4	29.8
All commodities .....	186.8	211.1	210.9	209.8	27.6
1965					
Grains .....	233.0	256.6	264.4	227.5	-3.2
Non-grains .....	210.6	219.0	220.1	222.9	8.5
All commodities .....	213.9	224.5	226.6	223.6	6.6
1966					
Grains .....	242.9	260.8			14.6 <sup>a</sup>
Non-grains .....	227.8	237.9			6.7
All commodities .....	230.0	241.2			7.9

Source: Bank of Korea.

<sup>a</sup> December—June rate of change.

14. BALANCE OF PAYMENTS 1964 AND 1965  
(in million US dollars)

	1964	1965
A. Goods and Services		
Receipts (total) .....	211.0	289.8
Exports f.o.b. ....	119.1	175.6
Sales to United Nations forces .....	63.7	74.0
Others .....	28.2	40.2
Payments (total) .....	-432.0	-488.3
Imports f.o.b. ....	-364.9	-420.3
Freight and insurance on imports .....	-30.1	-32.4
Others .....	-37.0	-35.6
Net balance .....	-221.0	-198.5
B. Net private transfer payments and private capital ..	61.5	74.8
C. Errors and Omissions .....	-1.1	2.2
D. Net total (A-C) .....	-160.6	-121.5
E. Net official aid received .....	157.0	126.4
F. Monetary movements .....		
IMF .....	—	—
Korea-Japan open account .....	1.0	0.8
Foreign exchange holdings (increase —) .....	0.7	-9.4
Other short-term liabilities .....	2.8	4.2
Monetary gold (increase —) .....	-0.9	-0.5
TOTAL	3.6	-4.9

Source: Bank of Korea.

15. IMPORTS BY SOURCE OF FUNDS  
(in thousand US dollars)

	Total	Commercial	Official aid	Foreign loans	Relief and others
1962 .....	421,782	178,989 (42)	218,539 (51)	4,535 (1)	19,718 (6)
1963 .....	560,273	232,707 (42)	232,636 (42)	52,125 (9)	42,805 (7)
1964 .....	404,351	184,503 (46)	142,634 (35)	34,609 (9)	42,605 (10)
1965 .....	449,952	248,351 (55)	135,535 (30)	17,992 (4)	48,073 (11)

Source: Bank of Korea, *Economic Statistics Yearbook*, 1966.  
Figures in parentheses indicate the percentage of the total.



16. VALUE OF EXPORTS AND IMPORTS BY DESTINATION, 1962, 1964 AND 1965  
(in thousand US dollars)

	Export			Import								
	1962		Structure (per cent)	1962		Structure (per cent)	1964		Structure (per cent)	1965		Structure (per cent)
	Value			Value			Value			Value		
Asia .....	35,703	65.1	55.5	85,757	49.0	33.5	141,476	146,195	36.1	228,210	50.7	
Republic of China .....	1,354	2.5	1.6	1,942	1.1	1.7	7,269	5,176	1.3	10,465	2.3	
Hong Kong .....	4,682	8.6	9.8	10,833	6.2	0.1	338	5,923	1.5	7,549	1.7	
Japan .....	23,483	42.9	32.1	43,974	25.1	25.9	109,171	110,117	24.7	166,628	37.0	
Philippines .....	321	0.6	1.0	1,421	0.8	3.1	13,144	8,997	2.2	11,078	2.5	
Thailand .....	405	0.7	2.2	4,291	2.5	0.1	340	23	—	1,203	0.3	
Republic of Viet-Nam ..	830	1.5	5.3	14,782	8.5	—	—	3	—	16	—	
Others .....	4,268	8.3	3.5	8,514	4.8	2.6	11,214	15,956	6.4	31,271	6.9	
Europe .....	6,298	11.5	13.2	21,397	12.2	9.8	41,412	39,224	9.7	27,118	6.0	
Belgium .....	251	0.5	1.5	3,308	1.9	0.2	850	1,518	0.4	1,359	0.3	
France .....	974	1.8	0.6	526	0.3	0.3	1,221	117	—	2,502	0.6	
Federal Republic of Germany .....	244	0.5	1.0	3,191	1.8	4.5	19,175	23,857	5.9	16,053	3.6	
Italy .....	1,972	3.6	0.7	1,180	0.7	1.2	4,871	4,503	1.1	1,853	0.4	
Netherlands .....	724	1.3	2.2	3,900	2.2	0.4	1,553	4,034	1.0	2,790	0.6	
United Kingdom .....	1,632	3.0	5.5	3,592	2.0	1.5	6,340	3,176	0.8	1,194	0.3	
Others .....	501	0.8	1.7	5,700	3.3	1.7	7,402	2,019	0.5	1,369	1.1	
Americas .....	12,486	22.8	30.5	64,595	36.9	54.3	228,973	206,198	50.9	186,107	41.4	
Canada .....	142	0.3	0.4	2,542	1.5	0.5	2,035	2,537	0.6	1,635	0.4	
United States .....	11,976	21.9	29.9	61,695	35.2	52.2	220,341	202,058	49.9	182,286	40.5	
Others .....	368	0.6	0.2	385	0.2	1.6	6,597	1,603	0.4	2,186	0.5	
Oceania and Africa .....	226	0.4	0.8	3,333	1.9	2.3	9,761	10,428	2.6	8,491	1.9	
Not classified .....	99	0.2	—	—	—	0.1	160	2,306	0.7	27	—	
TOTAL	54,813	100.0	100.0	175,082	100.0	100.0	421,782	404,351	100.0	449,952	100.0	

Source: Bank of Korea, *Economic Statistics Yearbook*, 1966.

17. COMMODITY STRUCTURE OF EXPORTS AND IMPORTS, 1962, 1964 AND 1965  
(in thousand US dollars)

	Exports				Imports				Rate of change (per cent) 1964-65					
	1962		1964		1965		1966							
	Value	Struc- ture (per cent)	Value	Struc- ture (per cent)	Value	Struc- ture (per cent)	Value	Struc- ture (per cent)						
Food and animals .....	21,899	39.5	26,350	22.1	28,190	16.1	48,647	11.5	68,237	16.9	63,505	14.1	7.0	-6.9
Beverages and tobacco ....	141	0.3	184	0.2	898	0.5	86	0.1	124	-	186	-	488.0	50.0
Crude materials (inedible) except fuel .....	19,320	35.3	31,442	26.4	37,033	21.2	89,690	21.3	97,064	24.0	110,021	24.5	17.8	13.3
Mineral fuels, lubricants and related materials ....	2,760	5.0	2,488	2.1	1,899	1.1	30,606	7.3	28,471	7.0	31,269	7.0	-23.7	9.8
Animal and vegetable oils and fats .....	69	0.1	88	0.1	71	-	3,856	0.9	3,886	1.0	3,764	0.8	19.3	-3.1
Chemicals .....	990	1.8	630	0.5	380	0.2	94,314	22.4	84,335	20.9	103,425	23.0	-39.7	22.6
Manufactured goods classified by materials ..	6,177	11.3	42,310	35.5	66,414	37.9	73,093	17.3	46,114	11.4	71,183	15.8	57.0	54.4
Machinery and transport equipment .....	1,446	2.6	2,204	1.9	5,501	3.1	69,783	16.5	69,520	17.2	59,655	13.3	149.6	-14.2
Miscellaneous manufactured articles .....	1,954	3.6	13,197	11.1	34,487	19.8	10,241	2.4	5,336	1.3	6,768	1.5	161.3	26.8
Not classifiable .....	57	0.1	164	0.1	209	0.1	1,467	0.3	1,266	0.3	177	-	27.4	-86.0
TOTAL	54,813	100.0	119,058	100.0	175,082	100.0	421,782	100.0	404,351	100.0	449,952	100.0	47.1	11.3

Source: Bank of Korea, *Economic Statistics Yearbook, 1966*.

18. FOREIGN CAPITAL INDUCEMENT AS OF 30 JUNE 1966<sup>a</sup>

(in million US dollars)

	1962	1963	1964	1965	Total	1966 (January-June)	Grand total
1. Public loans .....	73.0 (7.1)	9.5 (43.2)	37.9 (11.6)	76.5 (4.9)	196.9 (66.8)	72.0	268.9
2. Private loans .....	1.8 (—)	70.1 (23.6)	61.9 (10.9)	78.5 (35.6)	212.3 (70.1)	75.6	287.9
Government guaranteed .....	—	54.7 (22.0)	60.1 (10.7)	74.0 (33.4)	188.8 (66.1)	75.1	263.9
Others .....	1.8 (—)	15.4 (1.7)	1.8 (0.1)	4.5 (2.2)	23.5 (4.0)	0.5	24.0
Sub-total .....	74.8 (7.1)	79.6 (66.8)	99.8 (22.5)	155.0 (40.5)	409.2 (136.9)	147.6	556.8
3. Direct investment .....	3.6 (—)	5.5 (5.5)	0.7 (0.5)	22.6 (5.0)	32.4 (11.0)	6.2	38.6
TOTAL	78.4 (7.1)	85.1 (72.3)	100.5 (23.0)	177.6 (45.5)	441.6 (147.9)	153.8	595.4

Source: Bank of Korea.

<sup>a</sup> Actual imports shown in brackets.

## 19. SECOND FIVE-YEAR PLAN

## TOTAL AVAILABLE RESOURCES AND DISPOSITION

(1965 prices, in billion won)

Gross National Product	1965 <sup>a</sup> (A)		1967		1971 (B)		B/A × 100 (per cent)	Planned period 1967-1971 Total
	Value	(per cent)	Value	(per cent)	Value	(per cent)		
Gross national product .....	779.40	100.0	892.34	100.0	1,169.15	100.0	150.1	5,131.60
Growth Rate .....			7.0		7.0			
Export <sup>b</sup> .....	76.91 (289.8)	9.9	122.51 (461.6)	13.7	190.74 (118.7)	16.3	248.0	779.34 (2,936.5)
Import <sup>b</sup> .....	128.00 (482.3)	16.5	203.64 (767.3)	22.8	255.34 (962.1)	221.8	199.5	1,156.50 (4,357.6)
Foreign savings .....	51.09 (192.5)	6.6	81.13 (305.7)	9.1	64.60 (243.4)	5.5	126.4	377.16 (1,421.1)
Total available resources .....	830.49	106.6	973.47	109.1	1,234.27	105.5	148.6	5,508.76
Consumption .....	731.64	93.9	813.66	91.2	1,001.27	85.6	136.9	4,528.69
Government .....	85.68	11.0	120.64	13.5	152.41	13.0	177.9	701.39
Private .....	645.96	82.9	693.02	77.7	848.86	72.6	131.4	3,827.30
Gross Investment .....	98.85	12.7	159.81	17.9	233.00	19.9	235.7	980.07
Government .....	39.17	5.0	71.93	8.1	90.22	7.7	230.3	401.09
Private .....	59.68	7.7	87.88	9.8	142.78	12.2	239.2	578.98
Domestic Savings .....	47.76	6.1	78.68	8.8	168.40	14.4	352.6	602.91
Government .....	4.92	0.6	24.04	2.7	68.07	5.8	1,383.5	218.97
Private .....	42.84	5.5	54.64	6.1	100.33	8.6	234.2	383.94
Population (1,000) .....	28,377		29,784		32,429		114.3	
Per capita (won) gross national product..	27,466		29,960		36,069		131.3	
Per capita Private Consumption (won)...	22,764		23,268		26,176		115.0	

Source: Economic Planning Board, Second Five-Year Plan.

<sup>a</sup> Preliminary estimate by Bank of Korea, adjusted for planning purpose.<sup>b</sup> Figures in parentheses denote million US dollars.

20. SECOND FIVE-YEAR PLAN  
SOURCES OF INVESTMENT FUNDS  
(1965 prices, in billion won)

	1965 (A)	1967	1971 (B)	B/A × 100 (per cent)	1967-1971 (Total)	
					Amount	Composition
Gross investment .....	98.85	159.81	233.00	235.7	980.07	100.0
Domestic savings .....	47.76	78.68	168.40	352.6	602.91	61.5
Government .....	4.92	24.04	68.07	1,383.5	218.97	22.3
Private .....	42.84	54.64	100.33	234.2	383.94	39.2
Foreign savings (net) .....	51.09	81.13	64.60	126.4	377.16	38.5
Long-term capital inflow (gross) ..	(47.2)	(160.0)	(165.0)	349.6	(835.0)	48.0
Commodity programme assistance ..	(63.9)	(55.0)	—	—	(160.0)	9.2
Public loan 480 .....	(72.5)	(43.4)	(34.0)	47.0	(194.6)	11.2
Technical Assistance .....	(5.0)	(6.0)	(6.0)	120.0	(30.0)	1.8
Claim Funds from Japan .....	—	(30.0)	(30.0)	—	(150.0)	8.6
Private Transfer Payment and Others .....	(68.7)	(63.7)	(84.4)	122.9	(368.9)	21.2
<b>TOTAL</b> .....	<b>(257.3)</b>	<b>(358.1)</b>	<b>(319.4)</b>	<b>124.1</b>	<b>(1,738.5)</b>	<b>100.0</b>
(Minus) Foreign Exchange Holdings and Principal Repayment, etc. ....	(64.8)	(52.4)	(76.0)	117.3	(317.4)	—

Figures in parentheses denote million US dollars.  
Source: Economic Planning Board, *Second Five-Year Plan*.

21. SECOND FIVE-YEAR PLAN  
OUTPUT BY SECTOR  
(1965 prices, in billion won)

	1965	1971	Rate of increase (per cent)
Agriculture, Forestry and Fishery Sector .....	367.4	529.7	44.2
Rice, barley and wheat .....	197.3	268.9	36.3
Other agriculture .....	138.6	198.7	43.4
Forestry .....	15.3	23.3	52.3
Fishery .....	16.2	38.8	139.5
Mining and Manufacturing Sector .....	527.9	1,021.1	93.4
Coal .....	14.2	16.9	19.0
Other minerals .....	12.3	23.4	90.2
Processed food and tobacco .....	128.5	201.0	56.4
Textile industry .....	131.7	255.2	93.8
Lumber and plywood .....	22.1	38.9	76.0
Paper and paper products .....	17.7	31.0	75.1
Chemical industry .....	31.6	81.0	156.3
Chemical fertilizer .....	4.5	23.9	431.1
Petroleum and coal products .....	25.6	45.9	79.3
Cement .....	6.3	14.1	123.8
Other ceramic, clay and stone products .....	11.7	24.4	108.5
Metal industry (including iron and steel) .....	36.1	87.6	142.7
Machinery and transport equipment .....	35.3	77.0	118.1
Other manufacturing .....	50.3	100.8	100.4
Social Overhead Capital and Other Service Sector ..	459.3	752.4	63.8
Construction .....	75.0	159.5	112.7
Power .....	12.5	29.1	132.8
Water and sanitary services .....	3.8	6.1	60.5
Communications .....	7.8	13.3	70.5
Transport and storage .....	39.9	63.0	57.9
Trade and other services .....	320.3	481.4	50.3
<b>TOTAL PRODUCTION</b> .....	<b>1,354.6</b>	<b>2,303.2</b>	<b>70.0</b>

Source: Economic Planning Board: *Second Five-Year Plan*.