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

GENERAL ASSEMBLY

**OFFICIAL RECORDS : TWENTIETH SESSION
SUPPLEMENT No. 12 (A/6012)**

UNITED NATIONS

(50 p.)

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UNITED NATIONS

New York, 1965

NOTE

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LETTER OF TRANSMITTAL

3 September 1965

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 26 August 1964 for submission to the General Assembly at its twentieth regular session.

Accept, Excellency, the assurances of my highest consideration.

(Signed) Pedro G. RAMÍREZ
Chairman

His Excellency
U Thant
Secretary-General
United Nations
New York

INTRODUCTION

The United Nations Commission for the Unification and Rehabilitation of Korea was established by General Assembly resolution 376 (V) of 7 October 1950.¹

The present report covers the period since 26 August 1964, the date of signature of the Commission's last report to the General Assembly.² It should be read in conjunction with the reports submitted by the Commission to the General Assembly at its sixth to nineteenth sessions.³

This report was signed on 3 September 1965.

¹ For other General Assembly resolutions relating to the Korean question, see paragraph 6 and foot-note 6 below.

² *Official Records of the General Assembly, Nineteenth Session, Supplement No. 12 (A/5812)*.

³ *Ibid., Sixth Session, Supplement No. 12 (A/1881)*; *ibid., Seventh Session, Supplement No. 14 (A/2187)*; *ibid., Eighth Session, Supplement No. 13 (A/2441)*; *ibid., Ninth Session, Supplement No. 15 (A/2711)*; *ibid., Tenth Session, Supplement No. 13 (A/2947)*; *ibid., Eleventh Session, Supplement No. 13 (A/3172)*; *ibid., Twelfth Session, Supplement No. 13 (A/3672)*; *ibid., Thirteenth Session, Supplement No. 13 (A/3865)*; *ibid., Fourteenth Session, Supplement No. 13 (A/4187)*; *ibid., Fifteenth Session, Supplements Nos. 13 and 13A (A/4466 and Add.1)*; *ibid., Sixteenth Session, Supplements Nos. 13 and 13A (A/4900 and Add.1)*; *ibid., Seventeenth Session, Supplements Nos. 13 and 13A (A/5213 and Add.1)*; *ibid., Eighteenth Session, Supplements Nos. 12 and 12A (A/5512 and Corr.1 and Add.1)*; and *ibid., Nineteenth Session, Supplement No. 12 (A/5812)*.

Chapter I

THE COMMISSION AND ITS COMMITTEE—TERMS OF REFERENCE, ORGANIZATION AND ACTIVITIES

A. Role and organization⁴

1. The United Nations Commission for the Unification and Rehabilitation of Korea (UNCURK) was created as the principal representative of the United Nations in Korea.⁵ It set up its headquarters in Seoul. As a matter of internal organization, it established as from 1 January 1956 a Committee, meeting at Seoul and composed of the representatives of Australia, the Philippines, Thailand and Turkey, with authority to act on its behalf when the Commission was not in session. The representatives of Chile, the Netherlands and Pakistan are resident in Tokyo.

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

⁴ The composition of the delegations and secretariat is set out in annex I.

⁵ Resolution 376 (V) of 7 October 1950, para. 2 (a) (ii). See also resolution 410 A (V) of 1 December 1950, seventh preambular paragraph.

B. Activities of the Commission

3. Since the signing of its last report on 26 August 1964, the Commission, with the Committee acting on its behalf, has continued its efforts to promote United Nations objectives in Korea and to seek a proper and early settlement of the Korean question. These endeavours, however, have again been subject to limitations caused by the north Korean authorities' continued non-acceptance of the United Nations principles and resolutions on the unification of Korea.

4. The Commission, pursuant to its mandate, has continued to be available for observation and consultation in the development of representative government in Korea. It has followed closely the general political and economic developments in the Republic of Korea under the restored civilian Government, and has consulted and travelled freely.

5. The representatives on the Commission, collectively and individually, conferred with leaders of the Government and political parties, who have maintained close and cordial co-operation with UNCURK and reaffirmed their determination to continue such co-operation.

THE KOREAN QUESTION AT THE UNITED NATIONS—THE REPUBLIC OF KOREA AND ITS EXTERNAL RELATIONS

A. The Korean item before the General Assembly at its nineteenth session

6. The position of the United Nations on the Korean question was last stated in General Assembly resolution 1964 (XVIII) of 13 December 1963 which, *inter alia*, reaffirmed previous Assembly resolutions relating to Korea;⁶ recalled that the United Nations, under the Charter, was fully and rightfully empowered to take collective action to repel aggression, restore peace and security and extend its good offices to seeking a peaceful settlement in Korea; 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.

7. The item entitled "The Korean question: report of the United Nations Commission for the Unification and Rehabilitation of Korea" was placed on the provisional agenda⁷ of the nineteenth regular session of the General Assembly, which convened at United Nations Headquarters on 1 December 1964.

8. Owing to developments not related to Korea, the Korean item, like most other items on the provisional agenda, was not discussed by the General Assembly during that part of its nineteenth session which adjourned on 18 February 1965. Before recessing, the Assembly, at its 1330th plenary meeting, noted that certain reports, including the report of UNCURK,⁸ had in fact been received and that those bodies which had continuing responsibilities should continue to do their work, subject to the agreed budgetary limits for 1965.

B. The question of unification

9. The objectives of the United Nations in Korea, as most recently reaffirmed in General Assembly resolution 1964 (XVIII), 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". In its resolution 112 (II) of 14 November 1947, which was reaffirmed by resolution 1964 (XVIII), the General Assembly recommended that elections for representatives to a National

⁶ Resolutions 112 (II) of 14 November 1947; 195 (III) of 12 December 1948; 293 (IV) of 21 October 1949; 376 (V) of 7 October 1950; 811 (IX) of 11 December 1954; 910A (X) of 29 November 1955; 1010 (XI) of 11 January 1957; 1180 (XII) of 29 November 1957; 1264 (XIII) of 14 November 1958; 1455 (XIV) of 9 December 1959; 1740 (XVI) of 20 December 1961; and 1855 (XVII) of 19 December 1962.

⁷ *Official Records of the General Assembly, Nineteenth Session, Annexes*, annex No. 2, document A/5750/Rev.1.

⁸ *Ibid.*, Nineteenth Session, Supplement No. 12 (A/5812).

Assembly that may establish a national government of Korea be held on the basis of adult suffrage, by secret ballot; that the number of representatives from each voting area or zone be proportionate to the population; and that the elections should be under the supervision of the Commission.

10. The Commission has noted that there continues to be in the Republic of Korea a real desire for the reunification of Korea, and a belief that the formula best designed to facilitate this is the one agreed upon by the General Assembly of the United Nations. In this connexion it should be recalled, however, that there is still only an armistice along the vicinity of the 38th parallel, the Armistice Agreement concluded on 27 July 1953 having not as yet been replaced by a peace settlement. General Assembly resolution 376 (V) of 7 October 1950, last reaffirmed in resolution 1964 (XVIII), recommended the maintenance of United Nations forces in Korea as long as was necessary for achieving the objectives specified in that resolution; and while the United Nations forces were in greater part withdrawn subsequently to the armistice, the remainder are stationed in the Republic of Korea as a safeguard against renewed aggression, until a permanent settlement is reached. UNCURK, representing the United Nations in Korea, remains at the disposal of both parts of the country in the implementation of the resolutions of the General Assembly.

11. The Commission regrets to have to report once again that, while the Government of the Republic of Korea has continued to express its support of the United Nations' objectives in Korea and to extend its co-operation to UNCURK, the north Korean authorities have continued to deny the competence of the United Nations in bringing about the reunification of the country and have refused to deal with UNCURK, its principal representative in Korea.

12. According to the north Korean press and broadcasts over Radio Pyongyang, a north Korean restatement on 8 January 1965 of proposals for unifying Korea, *inter alia*, rejected United Nations-supervised elections and reiterated the north Korean demand that complete withdrawal of United Nations troops from the Republic of Korea precede any unification moves; thereafter it was envisaged that north and south Korea, through direct negotiations, should conclude a non-aggression agreement and establish a confederation headed by "equal numbers of representatives appointed by the two Governments".

13. The Government of the Republic of Korea continues to support, however, United Nations-supervised elections on the basis of representation proportionate to indigenous population as offering the best guarantee for the establishment of an independent, free and united Korea. In a message released on the eve of United Nations Day, 24 October 1964, President Park Chung Hee declared:

"In achieving national unification—the supreme task of this nation—the Republic of Korea has unequivocally accepted and will continue to accept the competence and authority of the United Nations."

14. In the message be delivered on the occasion of the sixteenth anniversary of the Universal Declaration of Human Rights on 10 December 1964, the President stated: "We should attain the long sought territorial unification through free elections under the supervision of the United Nations."

15. A statement issued by Foreign Minister Lee Tong Won on 16 February 1965, concerning the adjournment of the first part of the nineteenth session of the General Assembly,⁹ declared that the Government of the Republic of Korea would continue to pursue its goal of national unification on the basis of the relevant United Nations resolutions in such a manner as to safeguard the freedom and democracy of a unified Korea.¹⁰

16. Following a period of considerable discussion within the Republic of the unification question, the National Assembly on 29 November 1964 unanimously adopted a resolution which stated, *inter alia*, that it respected the United Nations resolutions on the Korean question and resolved that unification should be achieved through free general elections in south and north Korea, in proportion to indigenous population, under United Nations supervision.¹¹

17. Irrespective of their differences on other issues, both majority and opposition political parties in the Republic of Korea have repeatedly expressed their support for free general elections as envisaged under the United Nations formula for unification.

C. Question of the admission of the Republic of Korea to membership in the United Nations

18. The government and leaders of the political parties of the Republic of Korea have continued to stress the desire of the people to see the Republic admitted to membership in the United Nations. This desire was reaffirmed by President Park Chung Hee in his United Nations Day message on 24 October 1964, in which he expressed regret that the Republic, "with all the qualifications for membership in the United Nations, has been kept outside it" by the veto of one of the permanent members of the Security Council.

19. It will be recalled that applications of the Republic of Korea for membership in the United Nations were rejected by the Security Council in 1949, 1957 and 1958, as a result of the negative vote cast each time by one of its permanent members.¹² The General Assembly, however, affirmed on several occasions that the Republic of Korea was fully qualified for, and should be admitted to, membership in the United Nations.¹³

⁹ *Ibid.*, para. 8.

¹⁰ Statement released by Republic of Korea Ministry of Foreign Affairs on 16 February 1965.

¹¹ It also reaffirmed a National Assembly resolution of 1960 which, *inter alia*, called upon the United Nations to take more positive and effective measures for the achievement of the unification of Korea and supported the United Nations formula for unification; see *Official Records of the General Assembly, Sixteenth Session, Supplement No. 13 (A/4900)*, annex IV.

¹² Votes were cast at the Council's 423rd, 790th and 843rd meetings, held on 8 April 1949, 9 September 1957 and 9 December 1958, respectively.

¹³ Resolution 296 G (IV) of 22 November 1949, 1017 A (XI) of 28 February 1957, and 1144 A (XII) of 25 October 1957.

D. Membership in specialized agencies and other inter-governmental organizations related to the United Nations; participation in other international bodies

20. The Republic of Korea is a member of the following specialized agencies of the United Nations: the Food and Agriculture Organization, the United Nations Educational, Scientific and Cultural Organization, the World Health Organization, the International Bank for Reconstruction and Development and the Bank's affiliates, the International Finance Corporation and the International Development Association; the International Monetary Fund, the International Civil Aviation Organization, the International Telecommunication Union, the Universal Postal Union, the World Meteorological Organization and the Inter-Governmental Maritime Consultative Organization.

21. The Republic is also a member of the International Atomic Energy Agency, the United Nations Children's Fund, the United Nations Technical Assistance Board, and the Economic Commission for Asia and the Far East; and a participant in the United Nations Conference on Trade and Development.

22. It is a member of the following inter-governmental organizations: the International Rice Commission, the International Wheat Council, the International Cotton Advisory Committee and the International Hydrographic Bureau.

23. The Republic is, further, a member of the Colombo Plan and the Afro-Asian Rural Reconstruction Organization.

24. There are, in addition, in the Republic of Korea 183 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 Olympic Committee, the Inter-Parliamentary Union, the International Criminal Police Organization, and the Afro-Asian Organization for Economic Co-operation.

E. External relations of the Republic of Korea

25. The Republic of Korea expanded further its diplomatic relations during the period under review. Diplomatic relations were established with thirteen States, namely, Bolivia, the Central African Republic, Congo (Leopoldville), Dahomey, Ethiopia, the Gambia, Liberia, Malawi, Malta, Niger, Rwanda, Uruguay and Venezuela. Diplomatic relations with Mauritania and Congo (Brazzaville) were severed. The Republic as of 31 July 1965 maintained diplomatic relations with seventy-two States, sixty-seven of which were Members of the United Nations.

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

27. The Republic extended recognition to the newly independent States of the Gambia, Malta, Singapore and Zambia.

28. A list of the Governments with which the Republic of Korea maintains diplomatic relations and related information is given in annex III.A to D.

29. During the period under review the Republic of Korea concluded or accepted additional international treaties and agreements. The total of such instruments since the establishment of the Republic stood at 225 as of 31 July 1965, including twenty-five treaties signed but not actually in force. Among the multilateral instruments adhered to was the International Convention of 1960 for the Safety of Life at Sea, concluded under the auspices of the Inter-Governmental Maritime Consultative Organization.

30. Bilateral treaties and agreements signed included a treaty of amity with the Republic of China; cultural agreements with the Republic of China and with Italy; and commercial agreements of various kinds, including agreements with Cambodia, the Federal Republic of Germany and Italy. A cultural agreement was initialled between the Republic of Korea and Malaysia. A list of treaties and agreements concluded during the period under review is contained in annex III.F.

31. The negotiations to normalize relations with Japan, which had been continuing on and off since 1951, were brought to a conclusion. On 20 February 1965, a Treaty on Basic Relations was initialled in Seoul and on 3 April "agreed points" on certain matters were initialled in Tokyo. On 22 June 1965, the Basic Relations Treaty was signed in Tokyo, together with an agreement concerning settlement of property and claims issues and economic co-operation; an agreement concerning fisheries; an agreement concerning the legal status and treatment of Republic of Korea nationals resident in Japan; an agreement concerning cultural assets and co-operation; and a number of related documents. The text of the Treaty on Basic Relations is contained in annex IV. The National Assembly of the Republic of Korea concurred in the ratification of the accords with Japan, which will enter into force after signature of the act of ratification by the President of the Republic and the completion of the constitutional processes by Japan. Developments within the Republic of Korea relating to the signature and ratification of the accords are referred to in paragraphs 75-86 below.

32. In response to appeals by the Government of the Republic of Viet-Nam, the Government of the Republic of Korea, with the concurrence of the National Assembly, dispatched an army medical team of 130 to staff a field hospital and ten taekwondo (karate) instructors to the Republic of Viet-Nam in September 1964; and approximately 2,000 troops in February-March 1965. The majority of the latter were engineers, to be used in construction and transportation work, the remainder being infantrymen and marines to protect them. Subsequently, in response to appeals by the Government of the Republic of Viet-Nam for combat troops of approximately divisional strength, the ROK Cabinet on 2 July 1965 decided to dispatch such troops subject to the concurrence of the National Assembly, which was obtained on 13 August (see also paragraphs 73 and 74 below).

33. As to international conferences, the Republic of Korea was represented by an observer at the nineteenth session of the United Nations General Assembly and participated in meetings held by specialized agencies of the United Nations and other bodies affiliated with the United Nations, including the twenty-first session of the Economic Commission for Asia and the Far East, March 1965; the thirteenth session of the General Conference of UNESCO, October-November 1964; the eighteenth World Health Assembly, May

1965; the fifteenth session of the General Assembly of ICAO, June-July 1965; and the Third United Nations International Conference on the Peaceful Uses of Atomic Energy, August-September 1964.

34. A list of United Nations-sponsored and other meetings attended by the Republic of Korea is contained in annex III.G.

35. Among the many foreign dignitaries who visited the Republic of Korea during the period under consideration were Mr. Yen Chia Kan, Prime Minister of the Republic of China; Tunku Abdul Rahman Putra al-Haj, Prime Minister of Malaysia; Mr. Etsusaburo Shiina, Foreign Minister of Japan; Mr. Thanat Khoman, Foreign Minister of Thailand; Mr. Issoufo Saidu Djermakoye, Minister of Justice of Niger; Mr. Oscar Gundersen, Minister of Justice of Norway; Mr. Henry Cabot Lodge, United States President's Special Envoy; Lord Walston, United Kingdom Parliamentary Under-Secretary of State for Foreign Affairs; Mr. William P. Bundy, United States Assistant Secretary of State for Far Eastern Affairs; Mr. Paul Hoffman, Managing Director of the United Nations Special Fund; Mr. B. R. Sen, Director General of the Food and Agriculture Organization; Mr. Louis Rakotomalala, Ambassador of the Malagasy Republic to the United States and Permanent Representative of that Republic to the United Nations; Admiral U. S. Grant Sharp Jr., Commander-in-Chief of the United States Pacific Area Command; Lieutenant General Lek Nae-nali, Director, Joint Operations, Thai Armed Forces; Senator Ambrosio Padilla of the Philippines; an Australian parliamentary delegation headed by Mr. Gordon Freeth, Minister for Shipping and Transport; Mr. Gustavo A. Roviroso, Vice-Speaker of the Mexican Senate; and Dr. Donald F. Hornig, Adviser for Science and Technology to the President of the United States.

36. Members of the ROK Government and other dignitaries and Government-sponsored missions paying visits abroad included the following: President Park Chung Hee paid official visits to the Federal Republic of Germany (December 1964) and the United States of America (May 1965); he also visited United Nations Headquarters (May 1965); Prime Minister Chung Il Kwon paid official visits to the Republic of China (October 1964), to the United Kingdom to attend the funeral of Sir Winston Churchill (January 1965), and to Japan, on his way home from the United Kingdom (February 1965); Foreign Minister Lee Tong Won, who accompanied President Park on his visit to the Federal Republic of Germany in December 1964, paid visits thereafter to the Republic of China, France, India, Italy, Malaysia, the Philippines, the United Kingdom and the Vatican; also, in March 1965, he visited the United States to confer on a number of questions including the planned visit of President Park to the United States; and visited Japan on his way to and from the United States, to open trade talks between the Republic of Korea and Japan and to discuss matters relating to the normalization of relations between the two Governments; two good-will missions were sent to Africa during February-April 1965—the first, headed by former Premier Choi Doo Sun, visited Cameroon, the Central African Republic, Chad, Dahomey, Gabon, the Ivory Coast, Niger, Nigeria and Senegal and the other, headed by former Minister of Public Information Lee Soo Young, visited Ethiopia, Kenya, Malawi, Somalia, the Sudan, Tanzania and Uganda; the Speaker of the National Assembly, Mr. Rhee Hyo Sang, visited the Federal Republic of Ger-

many in May 1965 at the invitation of the President of the Bundestag, Dr. Eugen Gerstenmaier, and thereafter visited Denmark, France, Italy, Norway, Switzerland and the United Kingdom; the chairman of the National Assembly's Foreign Relations Committee, Mr.

Kim Dong Hwan, visited Malaysia as the guest of the Malaysian Government in January 1965. In March 1965, the Minister of Defence, Mr. Kim Sung Eun, visited the Republic of Viet-Nam to inspect the Republic of Korea units stationed there.

Chapter III

REPRESENTATIVE GOVERNMENT

A. General review

37. The Commission has had an opportunity to observe for a full year the working of the civilian government which replaced the military government in December 1963. This period was characterized by efforts to implement the system of representative government provided for by the Constitution as amended in 1962, and to strengthen the economic foundations of the Republic as an integral component in the development of representative government.

38. The National Assembly discussed and acted upon a variety of important issues affecting domestic and foreign policy, including the normalization of relations with Japan. It also deliberated on and adopted the national budget for 1965. It adopted a law establishing the Impeachment Council provided for in the Constitution as amended in December 1962,¹⁴ a law on the public management of political funds, and amendments to a number of tax laws. It conducted a parliamentary inspection of the Administration and played an active role in matters affecting economic development since its approval is required, *inter alia*, for measures such as Government guarantees of individual loans within certain categories.

39. The opposition parties represented in the National Assembly in 1964 merged, by stages, into a single party, called the Minjung (People's) Party.

B. Review of principal developments

1. EXECUTIVE

40. President Park Chung Hee continued as the head of the Democratic Republican Party, which held about two-thirds of the seats in the National Assembly (see paragraph 60 below).

41. The composition of the Cabinet remained as given in the Commission's last report,¹⁵ with the exception of the Ministers of Public Information, Finance and Education, and the Minister of Communications, who resigned due to ill health. A Minister Without Portfolio (in charge of political affairs) was appointed in March 1965.

42. To provide for closer co-ordination between the Executive and the ruling party in the National Assembly, the majority of Cabinet members, including the Prime Minister, joined the Democratic Republican Party, the number of DRP-affiliated Ministers being raised from five to fourteen out of a present total of eighteen. The Deputy Prime Minister, prior to his appointment to this office, was the publisher and presi-

dent of several newspapers which leaned toward Opposition views.

43. One of the first problems facing the Government during the period under review was its relation with the Press. After the lifting of emergency measures following student riots in the summer of 1964, a DRP-sponsored Press Ethics Commission Law¹⁶ was adopted by the National Assembly on 2 August 1964.¹⁷ There followed debate within both the National Assembly and Press circles, during which the Opposition and the Press attacked the Law. The Minister for Information, Mr. Lee Soo Young, resigned and was replaced. At the end of three days of interpellation of Cabinet members in the National Assembly, President Park decided on 9 September 1964 to postpone indefinitely implementation of the Law. This step was taken following discussions between the President and members of the Press, who informed him that it had been decided to amend the charter of the existing Korean Press Ethics Commission to provide for stronger self-regulatory measures on the part of the Press. (The Korean Press Ethics Commission was established by the Press in December 1961,¹⁸ with the aim of ensuring observance of a Press Code of Ethics adopted earlier.)

44. A bill to abrogate the Press Ethics Commission Law was introduced in the National Assembly but it has not as yet been taken up.

45. Another issue facing the Government was the lifting of the ban on political activities which had been imposed under the Political Activities Purification Law of 1962¹⁹ on politicians active prior to the military revolution of May 1961, and some seventy of whom still remained under the ban out of some 4,000 originally affected, including former Premier Chang Myon, Mr. Kim Sang Don, former Mayor of Seoul, and Mr. Han Hui Sok, former Speaker of the National Assembly. There was also the question of the release of about forty-five politicians active during that time who still remained imprisoned under the provisions of the 1961 Extraordinary Law on Punishment of Specified Crimes.²⁰

46. These matters were raised when both majority and opposition parties considered the possibility of abrogating laws issued during the military régime. The question of releasing the imprisoned politicians was also raised in connexion with the amnesties granted model prisoners on 1 March 1965, in commemoration

¹⁴ Law No. 1652, promulgated on 5 August 1964; *ibid.*, Nineteenth Session, Supplement No. 12 (A/5812), annex V.

¹⁵ *Ibid.*, paras. 63 and 138.

¹⁶ *Ibid.*, Sixteenth Session, Supplement No. 13 (A/4900), para. 48.

¹⁷ Law No. 1032, promulgated on 16 March 1962; *ibid.*, Seventeenth Session, Supplement No. 13 (A/5213), annex IV.

¹⁸ Law No. 633, promulgated on 22 June 1961. More than half of these are also affected by the ban on political activities under Law No. 1032.

¹⁴ *Official Records of the General Assembly, Eighteenth Session, Supplement No. 12 (A/5512), annex IV.A.*

¹⁵ *Ibid.*, Nineteenth Session, Supplement No. 12 (A/5812), annex II.A; the composition of the Cabinet during the period under review is given in annex II.A below.

of the 1919 Sam Il Independence Movement, and on 15 August 1965, the twentieth anniversary of the re-establishment of Korean independence and seventeenth anniversary of the establishment of the Republic of Korea.

47. No final action was taken on either of these questions. On 15 March, on the recommendation of the Justice and Legislation Committee, the National Assembly called on the President to lift the ban on political activities in respect of the former politicians who still remained affected by it. On 4 June, Prime Minister Chung Il Kwon, answering questions at a press conference, stated that the Government would continue in its policy of lifting the ban gradually.

48. Dr. Syngman Rhee, former president of the Republic who had been subject to the ban on political activities, died on 19 July 1965. His body was returned to the Republic of Korea and buried in the National Cemetery. Prior to his death, on 21 June, the Government announced that it had lifted the ban on political activities of Dr. Rhee in view of his outstanding contribution toward the independence of Korea.

2. POLITICAL PARTIES

49. During the period under review, the four opposition parties represented in the National Assembly, namely, the Minjong (Civil Rule) Party, the Democratic Party, the Liberal Democratic Party and the Party of the People, merged by stages into a single party.²¹

50. On 17 September 1964, the Democratic Party and the Party of the People merged. The new party, which continued to be known as the Democratic party, held 15 seats in the National Assembly. At its National Convention on 12 December 1964, Mrs. Park Soon Chun, head of the old Democratic Party, was elected as the head of the merged party (Representative Supreme Committee Member), while the head of the former Party of the People became one of the members of the new party's Supreme Committee. The Convention pledged, *inter alia*, to exert its efforts to achieve a grand union of opposition forces.

51. Negotiations between the Minjong (Civil Rule) Party and the Liberal Democratic Party resulted in the merger of these two parties on 26 November 1964. The new grouping, which retained the name of Minjong Party, held 47 seats in the National Assembly. One of the Supreme Commissioners of the Liberal Democratic Party (Representative Soh Sun Kyu) opposed the merger and became an Independent member of the National Assembly.²² At the party's National Convention on 22 February 1965, Representative Yoon Bo Sun, head of the Minjong Party before the merger, was elected the party's president.

52. Moves to merge the two consolidated opposition parties—the Minjong Party and the Democratic Party—were started in November 1964 and completed on 3 May 1965. On 8 May 1965, the new party, named Minjung (People's) Party, was registered with the

²¹ For attempts at party mergers prior to the 1963 elections, see *Official Records of the General Assembly, Eighteenth Session, Supplement No. 12 (A/5512)*, paras. 98 and 113.

²² The two other Independent members were Mr. Min Yong Nam, formerly of the Liberal Democratic Party, and Mr. Yu Chin San, formerly of the Minjong Party, who were expelled from their respective parties over their support of the Press Ethics Commission Law. The latter was reinstated in the consolidated Minjung Party on 16 July 1965.

Central Election Management Committee. It held sixty-two seats in the National Assembly.

53. The ruling Democratic Republican Party issued a statement on 3 May, welcoming the merger.

54. The Minjung Party held its first national convention on 14 June 1965. It elected as its head Mme. Park Soon Chun, formerly head of the Democratic Party. Mr. Yoon Bo Sun, formerly president of the Minjong Party, pledged his support to the new party leadership, and accepted the post of adviser. The convention, among other things, adopted a declaration pledging that the party would oppose foreign domination in the south; seek to achieve democratic unification with the north; and strive to end factionalism and present "alternative policies" for government. The convention further affirmed that the Minjung Party's sixty-two legislators would resign from the National Assembly if they were unable to block ratification of the accords with Japan from within the Assembly.

55. Differences of view soon arose within the Minjung Party as to the best strategy to be followed to block ratification. A minority faction headed by Mr. Yoon Bo Sun favoured dissolution of the party so as to ensure the automatic loss of the mandates of all Minjung legislators in the National Assembly under the provisions of article 38 of the Constitution.²³ The caucus of Minjung legislators, on the other hand, decided to submit their resignations to the National Assembly, a step which, to become effective, would require the consent of the Assembly (see paragraphs 81-83 below). By mid-August seven Minjung legislators, including Mr. Yoon Bo Sun, had resigned from the party and the loss of their seats in the National Assembly was confirmed by the Assembly. Some ten additional Minjung legislators were reported to have initiated the process of resignation from the party.

56. The Democratic Republican Party continued to be the majority party in the National Assembly and President Park Chung Hee continued as president of that party. Mr. Chung Ku Yong assumed the duties of chairman in June 1964, following the departure of Mr. Kim Chong Pil for the United States. He was replaced by Mr. Chun Ye Yong, chairman of the party's Central Committee and Minister of Construction, on 25 August 1965,

57. At a convention held in Seoul on 24 February 1965, the party's charter was revised, effective as of 25 February, with the aim of reducing the power of the party Secretariat.

58. The Central Election Management Committee on 2 February 1965 cancelled the registration of the Shinhung (New Development) Party in accordance with the Political Party Law as the Party did not have the specified minimum number of local chapters of required minimum size and distribution among the provinces.²⁴

3. LEGISLATURE

59. The unicameral National Assembly has 175 members, elected for a period of four years by direct, universal suffrage and secret ballot. A member of the

²³ *Official Records of the General Assembly, Eighteenth Session, Supplement No. 12 (A/5512)*, annex IV.A.

²⁴ Law No. 1246, articles 25 to 27 and 38, promulgated on 31 December 1962; *Official Records of the General Assembly, Eighteenth Session, Supplement No. 12 (A/5512)*, annex IV.B; see also *ibid.*, *Nineteenth Session, Supplement No. 12 (A/5812)*, paras. 70 and 91.

Assembly may not concurrently hold the position of President, Prime Minister or other office of the State Council (Cabinet). Bills may be introduced both by members of the Assembly and by the Executive. The Assembly has twelve Standing Committees (see a II.C), whose members are appointed for two-year periods. Items submitted to the Assembly which have not been disposed of during the session are carried over to subsequent sessions, except where the term of office of the members has expired.²⁵ During the

²⁵ Articles 36, 37, 39, 47 and 48 of the Constitution; Articles 37, 38, 40 of the National Assembly Law (Law No. 1452 promulgated on 26 November 1963).

period under review, the National Assembly held its first regular annual session (45th session) since the restoration of civilian government, and seven extraordinary sessions varying in duration from four to the maximum of thirty days allowed for such sessions.²⁶

60. The merger of the opposition parties referred to in paragraphs 49 to 52 above, resulted in the establishment, for all practical purposes, of a two-party system as of May 1965. The following table illustrates the strength of the parties in the Assembly prior to the resignations referred to in paragraphs 82-83 below:

²⁶ For dates of sessions of National Assembly, see annex II.C. below.

Name of party	Number of seats in the National Assembly			
	1 September 64 ²⁷	17 September 64	26 November 64	3 May 65
Democratic Republican Party	110	110	110	110
Minjong Party	41	41 ²⁸	} 47 Minjong	} 62 Minjong
Liberal Democratic Party	9	8 ²⁸		
Democratic Party	13	} 15 Democratic 15	}	}
Party of the People	2			
Independent	—	1	3	3
	175	175	175	175

61. One of the first items of business of the 45th session, which began on 1 September 1964, was a parliamentary inspection of the Administration, the first such inspection to be held since the commencement of the military government in 1961. The inspection covered the central administration, the provincial administrations and State-run enterprises. It was carried out by inspections teams of the National Assembly's twelve Standing Committees (see annex II.C), each team being composed of representatives of the majority party and of the Opposition. On 23 November, the Standing Committee concerned submitted their reports to the plenary session of the National Assembly.

62. The National Assembly also resumed its regular function of approving the budget. A National Budget Bill for the fiscal year 1965 and a revised budget bill for fiscal 1964 were submitted to it by the Administration on 7 September 1964. A Budget Deliberation and Settlement Committee, consisting of members of the majority and opposition parties, was established to consider the bills.

63. The revised budget for 1964 was adopted by the National Assembly on 13 October.

64. Although opposition legislators had initially stated that they would try to block adoption of the

budget for 1965 unless the Government met certain of their demands in other matters, majority and minority eventually agreed to allow the national budget to be adopted within the constitutional time limit.²⁹ Following interpellation of the Prime Minister and other Cabinet members in the Budget Deliberation and Settlement Committee, the National Assembly adopted the 1965 budget on 1 December 1964. Two supplementary budget bills for 1965, aimed largely at improving civil service salaries and relieving flood victims, were passed in June and July 1965, respectively. Again, deliberation on the first supplementary bill was preceded by a parliamentary inspection of administrative affairs.

65. The Constitution as amended on 26 December 1962 gave the National Assembly the power to impeach high officials of the Government, including the President, for violating the Constitution and other laws in the exercise of their duty (article 61). It also made provision for the establishment of a Council to try impeachment cases (article 62).

66. The Impeachment Council Law³⁰ establishing the Council was adopted by the National Assembly on 15 December 1964, but was vetoed by the President under article 49 of the Constitution and returned to

²⁷ Date of opening of the 45th (regular) session of the National Assembly.

²⁸ Subsequently one member of the Minjong Party was expelled and one member of the Liberal Democratic Party left the Party (see footnote 22). The former was subsequently readmitted to the consolidated Minjong Party.

²⁹ Article 50(2) of the Constitution provides that the National Assembly shall decide upon the budget within thirty days before the beginning of the fiscal year in question.

³⁰ Law No. 1683, promulgated on 31 December 1964.

the Assembly for reconsideration with the explanation, among others, that the law, in violation of the Constitution, broadened the grounds for impeachment. In addition, the Government argued that it had not been afforded the statutory fifteen days for studying the law prior to promulgation, since the National Assembly was about to adjourn.

67. The Presidential veto caused a strong reaction in the Assembly. Subsequently, during the 46th (extraordinary) session of the National Assembly, which met from 29 to 31 December 1964, an agreement was reached according to which the President would rescind his veto and allow promulgation of the law on condition that it be revised as soon as possible.

68. An Impeachment Council, comprising the Chief Justice, five members of the National Assembly and three justices, was formally established on 31 December 1964, with the Chief Justice of the Republic of Korea as its Chairman. Three of the Assemblymen on the Council were members of the ruling Democratic Republican Party, one a member of the Minjong Party and one a member of the Democratic Party. The legislators serving on the Impeachment Council, as well as five alternates, are selected by the National Assembly.

69. A bill to revise the Impeachment Council Law was adopted by the National Assembly on 5 March 1965 as proposed by the Government and amended by the Assembly's Justice and Legislation Committee. The amendment, among other things, restricted the grounds for impeachment of Government officials, including the President, to violation of the Constitution and other laws in the exercise of their official duties, deleting provisions that would have allowed impeachment for abuse of authority, neglect of duty and acts punishable by specified minimum penalties.

70. On 14 December 1964, the National Assembly adopted a law abolishing the Constitutional Court, since the Constitution, as amended in 1962, invested the Supreme Court with competence to rule on matters of constitutionality (article 102).

71. On 30 January 1965, the National Assembly passed a law on the Management of Political Funds,³¹ for the express purpose of bringing contributions to political parties into the open by channelling them through the Central Election Management Committee.

72. The National Assembly also discussed the question of unification, the question of contacts with north Korea, and related matters (45th regular session). On 26 October 1964, Prime Minister Chung II, Kwon announced in the National Assembly that the Government had decided to establish a Unification Research Centre which was to report directly to the President. On 29 November, the National Assembly adopted the resolution on national unification referred to in paragraph 16 above.

73. In January 1965, the National Assembly dealt with the Government's request for consent to dispatch to the Republic of Viet-Nam the 2,000 troops as described in paragraph 32 above. The Assembly referred the Government's request to its Committees on Foreign Relations and National Defence. Following a week-long debate in joint sessions of the two Committees and interpellation of the Prime Minister and the Ministers for Foreign Affairs and National Defence in plenary session, the National Assembly gave its consent on 26 January. Most opposition Assemblymen did not

participate in the vote. On 18 June, the National Assembly approved reinforcement of this contingent by 460 men.

74. A subsequent request by the Government for parliamentary concurrence to send to the Republic of Viet-Nam combat troops of divisional strength, together with the necessary supporting units (see paragraph 32 above), was approved by the National Assembly on 13 August 1965 in the absence of the opposition party, which had left the Assembly over the question of ratifying the accords with Japan (see paragraph 82 below).

75. The National Assembly discussed extensively the question of the normalization of relations between the Republic of Korea and Japan. Negotiations with Japan, which had been suspended following the student demonstrations in the Republic in 1964, were resumed in December of that year. The Government of the Republic of Korea made repeated efforts, all of them unsuccessful, to obtain the support of the opposition parties for the negotiations. It invited opposition parties to appoint advisers to the Korean delegation to the talks, but this was not done.

76. The Opposition strongly opposed the terms of the Treaty on Basic Relations initialled on 20 February 1965 as well as the "agreed points" concerning fisheries, property claims against Japan and the status of Koreans resident in Japan, initialled on 3 April (see paragraph 31 above). They announced that they would try to block ratification of any treaties concluded on the basis of the provisions initialled. They stressed that they were not opposed to a *rapprochement* with Japan but considered the agreed terms disadvantageous to the Republic of Korea.

77. The Prime Minister, the Foreign Minister, and the Minister for Agriculture and Forestry were questioned extensively in the National Assembly on various aspects of the proposed settlement including the future of the "Peace Line", which had been established around Korea in 1952 by former President Syngman Rhee,³² the method of enforcing regulations in the proposed joint restricted fishing zone with Japan; and Japan's future economic relations with the Republic.

78. Beginning in February 1965, a number of demonstrations were held against the Government's Japan policy, under the auspices of the reactivated joint opposition "Struggle Committee against Humiliating Diplomacy toward Japan".³³ In April 1965, the Government declared the Struggle Committee to be an unlawful organization as it had not registered in accordance with the law. The meetings of the Committee were thus declared illegal. In April and May 1965, demonstrations were also staged by students, but on a much smaller scale than in 1964. The Government allowed a few protest meetings in such places as stadia, etc., but ordered the police to disperse street demonstrators.

79. In April there were interpellations in the National Assembly on the Government's handling of the demonstrations, in particular after one student died as a result of head injuries. The Government ordered an investigation into the cause of death and, at the same time, stated in the Assembly that it would curtail student demonstrations in the streets. Following instruc-

³² Presidential Proclamation of Sovereignty over Adjacent Seas, dated 18 January 1952 (State Council Notice No. 14).

³³ Official Records of the General Assembly, Nineteenth Session, Supplement No. 12 (A/5812), para. 105.

³¹ Law No. 1685, promulgated on 9 February 1965.

tions from the Ministry of Education that school authorities take the necessary action for maintaining order in their institutions, a number of universities and high schools closed. They re-opened after periods ranging from a few days to two weeks.⁸⁴ The opposition introduced motions for the resignation of the Home Minister and the Minister of Education but these were rejected in the National Assembly on 21 and 22 April, respectively.

80. As a result of these student demonstrations, several hundred students were taken into custody by the police, but nearly all of them were released almost immediately. Of those students brought to trial, most were brought before Summary Court on minor charges and given small fines. Some cases were brought before the courts on charges such as violation of the Law Concerning Assembly and Demonstrations.⁸⁵

81. Following signature of the accords with Japan on 22 June 1965 (see paragraph 31 above), the Government's request for parliamentary concurrence to ratification was submitted to the 51st (extraordinary) session of the National Assembly. In view of the attitude of the Opposition toward this move, however, and with the express object of maintaining the constitutional order, President Park and the head of the Minjung Party, Mme. Park Soon Chun, reached an agreement on 20 July allowing for a short cooling off period and postponing consideration of the accords⁸⁶ to the 52nd (extraordinary) session, which was thereafter convoked by President Park for 29 July. At the 52nd session, the Administration's request for concurrence was submitted for preliminary consideration to a Special Committee comprising seventeen members of the majority, ten members of the minority and one Independent. Meanwhile thirty-six Minjung legislators submitted to the National Assembly a draft resolution calling on all legislators to resign their seats so that the Assembly would be dissolved and general elections held before a decision was taken on the accords with Japan. The resolution was, however, not taken up.

82. The Special Committee approved the Administration's request, whereupon the Assemblymen then belonging to the Minjung Party submitted their resignations from the National Assembly. The National Assembly in plenary session on 14 August concurred in the ratification of the accords with Japan in the absence of the Opposition.

83. The resignations of the minority legislators, to become effective, would require the approval of the National Assembly. They had not been acted upon by the time the 52nd session closed, but seven of the legislators who had earlier resigned from the Minjung Party (see paragraph 55 above), including Mr. Yoon Bo Sun, had been announced by the Speaker to have lost their seats in the National Assembly under the provisions of article 38 of the Constitution. Voices were raised both within the minority and majority parties, urging the return of the minority legislators to

⁸⁴ The DRP-sponsored "Campus Protection Law" bill to regulate the political activities of students (*Official Records of the General Assembly, Nineteenth Session, Supplement No. 12* (A/5812), para. 63), which had been introduced at the 44th (extraordinary) session but was not then brought to a vote, was not subsequently taken up, despite a certain amount of discussion of that question, and of the broader question of political surveillance of school campuses during the 45th session.

⁸⁵ Law No. 1245, promulgated on 31 December 1962.

⁸⁶ As well as of the question of dispatching combat troops to the Republic of Viet-Nam.

the National Assembly in the interest of safeguarding constitutional government.

84. Following the signing of the accords in June new demonstrations were held. They were mostly by students and members of the Opposition, and involved some clashes with the police. In addition, there were protests of a non-violent nature such as signature drives, fasts, prayer meetings and efforts to promote buyers' resistance against Japanese-made goods. Schools and universities advanced the date of their summer recess.

85. The Government announced a five-point programme designed to prevent unhealthy foreign economic and cultural penetration.

86. Following the National Assembly's concurrence in the ratification of the accords with Japan, student demonstrations grew in intensity when colleges and universities re-opened toward the end of August following the summer recess. After almost a week of street demonstrations in Seoul, involving several thousand students, during which a number of clashes with the police took place, the Garrison Decree⁸⁷ was invoked on 26 August. On 27 August, the Government announced that it would take more stringent measures against students participating in street demonstrations and, more particularly, against students organizing such demonstrations. On the same day it replaced the Minister of Education.

4. QUESTION OF RESTORATION OF LOCAL AUTONOMY

87. The Local Autonomy Law, which had been suspended by the military government in 1961, remained suspended. On 19 November 1964, Prime Minister Chung Il Kwon, answering questions in the National Assembly Budget Deliberation and Settlement Committee, stated that all Cabinet members favoured an early restoration of the local autonomy system and that it would be implemented when the time was considered appropriate. Subsequently, the Vice Premier and Minister for Economic Planning, Mr. Chang Kei Young, stated in plenary session on 30 November that, once the Local Autonomy Law was revised, the funds required for local elections would be released out of the Government's reserve funds.⁸⁸ A bill to revise the Law and calling for the restoration of local autonomy by early 1965 was introduced by the Opposition during the 45th session of the National Assembly in December 1964, but has not as yet been considered. On 5 May 1965, Home Minister Yang Chan Woo stated that local council elections would not be held during 1965, owing to budgetary reasons. Meanwhile plans to reform the provincial administration were under study by the Government.

5. OTHER MATTERS

88. Following the elections of 1963, forty-one suits were brought before the Supreme Court for alleged violation of the Presidential Election Law and the Na-

⁸⁷ Presidential Decree No. 296 of 27 March 1950. Under this decree garrison commanders, with the approval of the Chief of Staff, may furnish military support to local governors during emergencies when such support is requested. Soldiers on garrison guard and patrol may arrest civilians in certain circumstances but must hand them over immediately to the police.

⁸⁸ *Verbatim Records of the National Assembly*, No. 26, 45th (regular) session, p. 96.

tional Assembly Election Law.³⁹ In addition, there were two administrative law suits.

89. Five of these suits related to the presidential election, including the administrative suits both of which were withdrawn. One law suit, which had been brought by Mr. Yoon Bo Sun as head of the former Minjong Party and which had challenged Mr. Park's eligibility as a presidential candidate, was dismissed on 25 March 1965. Two other suits to invalidate the presidential election remained pending.

90. Thirty-eight of the suits related to the National Assembly elections. Of these, twenty-three have been withdrawn. Twelve were dismissed, confirming the election of the incumbents. On 19 August 1965, the Supreme Court ruled in favour of an unsuccessful candidate of the former Minjong Party, as a result of which a re-election was to be held in one of the election districts of the constituency concerned. Two suits remained pending.

91. As stated in last year's report,⁴⁰ about half of the students detained in connexion with student demonstrations in 1964 had been released by the end of August 1964. Except for some five persons who received prison sentences, including suspended sentences, the remainder were released during the period under review.

92. In September 1964, the prosecution resumed investigation of forty-one persons alleged to have formed a "People's Revolutionary Party". The party had been accused of engineering the student demonstrations that led to the imposition of martial law in Seoul in June 1964.⁴¹ Thirteen persons were brought to trial, the others having been released. The prosecution demanded a ten-year prison term for one defendant for violation of the Anti-Communist Law and prison terms ranging from three to seven years for the others. A district court acquitted eleven defendants on 20 January 1965 and sentenced the two others to three and two years' imprisonment, respectively. The verdict was reversed on 29 May by the Appellate Court, which

³⁹ Respectively Law No. 1262, promulgated on 1 February 1963, and Law No. 1256, promulgated on 16 January 1963, as amended by Law No. 1383 of 6 August 1963; *Official Records of the General Assembly, Nineteenth Session, Supplement No. 12 (A/5812)*, paras. 93-95 and annex IV.E and D.

⁴⁰ *Ibid.*, para. 142.

⁴¹ *Ibid.*, para. 143.

sentenced the thirteen defendants to prison terms ranging from one to three years.

93. On 10 May 1965, it was announced that six colonels and one civilian had been arrested on suspicion of plotting to overthrow the Government by violent means. Additional arrests were made later, most of the persons implicated being military officers, active or retired, including two generals.

94. Seventeen officers were referred to Army prosecution authorities for suspected violation of provisions of the National Security Law and the Military Penal Law relating to the formation of anti-State organizations, instigation of rebellion, and failure to report an attempted rebellion. Nine of these were ultimately indicted. In explanation of their action, some of the accused stated they had felt the Government of Park Chung Hee had abandoned the ideals of the 1961 Military Revolution. On 31 July, Colonels Won Chung Yon and Park In Do were sentenced to death by a court martial. Four other defendants received sentences ranging from life imprisonment to five years in prison, one was given a suspended sentence and two were acquitted. The convicted officers appealed.

95. Six civilians were indicted in the regular courts in connexion with the plot. In addition, two members of the National Assembly, Messrs. Kim Hyong Il and Kang Mun Bong, were indicted. The former, taken into custody on 18 May while the National Assembly was not in session, was released on 21 July pending trial, following adoption of a motion to this effect by the National Assembly under the provisions of article 41 of the Constitution.

96. The Government continued to combat subversion directed by north Korea. There were arrests of infiltrators from north Korea and of Koreans entering the Republic from Japan, whose mission was alleged to be, *inter alia*, the organization of communist cells, propagation of the north Korean plan of unification and intensification of popular opposition to the accords with Japan. On 5 August 1965, in connexion with the arrest of an alleged agent said to be a captain in the north Korean army, the director of the ROK Central Intelligence Agency stated that north Korean tactics indicated a shift from peaceful infiltration of the ROK to active terrorism, aimed at the assassination of government officials, and to the organization of an underground guerrilla network.

Chapter IV

DEVELOPMENTS IN THE FIELD OF ECONOMICS

A. General review

97. The past year has been a good one for the economy of the Republic of Korea. It continued to expand, the growth rate during 1964 being 6.9 per cent⁴²—the highest achieved for the past seven years.⁴³ The Republic is still, of course, a developing country dependent on assistance. It has meagre natural resources and is essentially a primary producing country with great dependence on weather conditions. It con-

⁴² Government statements in late August suggested that revised estimates (including rice production in 1964) could put the growth rate at a higher figure.

⁴³ See annex V, chart 1.

tinues to have major problems with unemployment, particularly in agriculture—one reason being the increased population following the Korean War.

98. Nevertheless, during the past year there were many noteworthy achievements in the Republic. For example, prices were kept relatively stable. There was a large expansion of electric power, while the development of agriculture and some key secondary industries was encouraging. Of great importance was the sharp rise in exports during 1964 and the first half of 1965.

99. The economy in 1964 was characterized by a substantial increase in primary industry, particularly in the agricultural sector. Rice production in 1964 was

the highest on record. The barley crop, which had been a poor one in 1963, recovered strongly and the output of other agricultural commodities was exceptionally high.⁴⁴ The bumper crops in 1964 can be attributed to a number of factors, including favourable weather conditions, expansion of the area of land under cultivation, increased irrigation, improvement of seeds, use of pesticides and "balanced" fertilizers, and demonstration and guidance to farmers.

100. In recent years there has been a considerable increase in industrial production.⁴⁵ The growth rate of secondary industry—mining, manufacturing, electricity and construction—in 1964 was not as high as that achieved in 1963.⁴⁶ In the first half of 1965, however, the rate of growth of industrial production increased markedly. Cement production, augmented by the output of three new plants, was more than enough to meet the Republic's requirements as was that of the oil refinery at Ulsan, capable of producing 35,000 barrels of crude oil per day, which started operation in early 1964. Agreements were reached for the construction of the Republic's third, fourth and fifth chemical fertilizer plants which, when completed by 1968, will afford the Republic an exportable surplus of fertilizer. Mining production expanded more rapidly in 1964 than in the previous year and coal production reached a record level. The generation of electric power continued to increase, enabling the ending of power rationing by early 1964.⁴⁷ The Government has taken appropriate measures to cope with the increased demand expected for electricity, coal and petroleum as the process of industrialization continues.

101. Tertiary industry increased again in 1964, transportation and communications making the largest contribution, followed by wholesale and retail trade.

102. As regards the rate of contribution to economic growth in 1964, the contribution of primary industry increased while the contribution of secondary and tertiary industries decreased.

103. On the expenditure side, government consumption outlays fell markedly while private consumption expenditures rose slightly, in spite of restrictive measures taken by the Government.

104. In order to allocate resources more effectively the Government in 1964 reduced the number of commodities subject to price control from twelve to two, namely briquettes and wheat flour. However, the right to re-institute price control when deemed necessary on seven essential commodities (including rice, barley, coal and cotton sheets) was retained. A system of rationing food grains was introduced for a period during 1964. In addition, the prices of commodities such as rubber shoes and soap were voluntarily reduced in August of that year.

105. The wholesale price index rose only slightly between June 1964 and June 1965⁴⁸ owing mainly to a substantial decline in grain prices during the latter part of 1964⁴⁹ which was due to bumper summer and autumn crops, grain imports and the release of government-held grains.

⁴⁴ See annex V, chart 2.

⁴⁵ *Ibid.*, chart 3.

⁴⁶ *Ibid.*, chart 1.

⁴⁷ *Ibid.*, chart 4.

⁴⁸ See annex V, chart 5.

⁴⁹ *Ibid.*, chart 6.

106. Under its 1964 Financial Stabilization Programme, the Government set upper limits to the money supply as a means of combatting inflation. The volume of money supply at the end of 1964 was somewhat above the ceiling which had been set. Since that time the supply has shown some increase.⁵⁰

107. Continuing the vigorous expansion that began in 1961, exports value again increased substantially in 1964.⁵¹ During the first half of 1965 the export target for that period was very nearly reached. In the past, exports consisted mainly of primary products but in 1964 industrial goods such as plywood, cotton cloth and other manufactured articles increased its share of total exports. As a result of this expansion of exports and the rigid control of imports,⁵² there was an improvement in the balance of payments situation.

108. In May 1964, the Government undertook a foreign exchange revision and changed the rate from 130 won to the dollar to 255 to the dollar. Since March 1965 the exchange rate has been allowed to fluctuate. From March to August 1965 it fluctuated between 255 and 275 to the dollar, being for the most part in the vicinity of 270.

109. During the period under review, emphasis was given to increased long-term development loans from the United States rather than direct grants-in-aid.⁵³

110. The population continued to increase rapidly with consequent growing demands for schooling, medical and transportation facilities, particularly in urban areas. Unemployment and under-employment continued to be a problem. In order to check the growth of population an intensive family planning campaign was undertaken.

111. Shortage of domestic capital has in the past been a major obstacle to the Republic's economic development. In 1963 and 1964, however, both savings and investment ratios were higher than in previous years.⁵⁴

112. The Government considered measures to reduce the wide gap between interest rates paid by banking institutions and the considerably higher rates prevailing in the informal money market. This gap had long diverted funds to the informal money market. By increasing interest rates, the Government intended to divert funds to the banks and thereby increase savings as well as control inflation.

113. A revised First Five-Year Economic Development Plan (1962-1966) was published in February 1964. Performance exceeded several targets set, for example, in the supply of energy resources and production of cement, grain and fisheries products. In addition, exports in 1964 approached the target of \$136 million set for 1966. On the other hand, the average rate of growth of the gross national product during the period 1962-1964 (based on a growth rate of 6.9 per cent referred to in paragraph 97) was slightly less than the planned rate. Investment and savings ratios were also a little below those set by the planners.

1. STABILIZATION

114. Commodity prices have been rising at an average annual rate of more than 21 per cent during the past decade (1955-1964). After the exchange

⁵⁰ *Ibid.*, chart 7.

⁵¹ See annex V, chart 8.

⁵² *Ibid.*, chart 9.

⁵³ *Ibid.*, chart 10.

⁵⁴ See annex V, chart 11.

revision in May 1964, one of the Government's major economic policies was to arrest price rises by means of a comprehensive financial stabilization programme.

115. The 1964 Stabilization Programme⁵⁵ underwent considerable changes towards the end of the year although the original ceiling on money supply and the minimum level of foreign exchange reserves remained unchanged. These were 40 billion won and \$100 million respectively. At the end of 1964 the money supply was about 43 billion won which exceeded the ceiling by approximately 8 per cent. On the other hand, foreign exchange reserves were about \$132 million, \$32 million above the minimum under the 1964 programme.

116. The 1965 Stabilization Programme envisaged (i) a balanced budget; (ii) reduction in Government subsidies to public and private sectors; (iii) control of money supply; (iv) encouragement of domestic savings by suitable adjustments of bank reserve requirements and interest rates; (v) maintenance of foreign exchange reserves above the 1964 level; (vi) setting limits on debt servicing and of foreign loans and (vii) establishment of a Republic of Korea-United States joint programme for financing and smooth inflow of essential imports.

117. The 1965 Stabilization Programme placed stress on domestic savings which have been low in recent years (an average of about 5 per cent of the gross national product in the last decade). The Programme emphasized the need for the Government and Government-controlled enterprises to increase their domestic savings. It also provided for more specific measures to control banking activities as well as to create a sound banking system capable of attracting savings. Interest rates on bank deposits were to be increased with a view to inducing more savings. The Programme aimed at equilibrium in the balance of payments more by expanding exports than curtailing imports. Imports on short-term credit of non-essential commodities were banned while long-term private foreign loans for financing the import of capital goods were restricted.

2. FLOATING FOREIGN EXCHANGE RATE

118. Under a unitary floating foreign exchange system the rate of exchange fluctuates and is determined by the demand for and supply of foreign currencies at any given point of time. A unitary floating exchange rate system was established on 2 May 1964 in place of the previous unitary fixed rate system.⁵⁶ The floating system went into operation on 22 March 1965, after the Government succeeded in obtaining a stand-by credit of \$9.3 million from the International Monetary Fund. The basic aim of the system was to stimulate exports and curtail imports, thereby contributing towards the improvement of its international payments position.

119. The exchange revision included initial adjustment of the won-dollar conversion rate from 130 won to 255 won to the dollar; issue of foreign exchange certificates; and establishment of a realistic unitary fluctuating foreign exchange market. The exchange rate could not fall below 255 won to the dollar, but there was no ceiling on depreciation.

⁵⁵ *Official Records of the General Assembly, Nineteenth Session, Supplement No. 12 (A/5812)*, para. 159.

⁵⁶ The Bank of Korea, *Monthly Statistical Review*, June 1964, p. 4.

120. The Bank of Korea was empowered to intervene in the certificate market to prevent excessive fluctuations in the market rate but was not to be engaged in altering the fundamental trends of the market. Since the establishment of the certificate market, the Bank has not engaged in any active intervention and the Bank's posted rate has followed the prevailing market rate within a 2 per cent margin. During this period the foreign exchange certificate rate fluctuated in the range between 255 won and 275 won per dollar in the market.

121. Early in 1965, the value of exports fell,⁵⁷ one reason being that export costs were pushed up considerably higher than the official rate of 255 won per dollar.

122. The foreign exchange market was inactive at the outset when the floating rate was initiated, largely due to a view widely held that once the exchange rate was allowed to float, it was likely to rise and stabilize at a high level of around 300 won. Import letters of credit for March 1965 amounted to about \$35 million as against only about \$13 million for each of the months of February, April and June.⁵⁸

3. INFLOW OF INTERNATIONAL CAPITAL AND AID

123. In his State of the Nation message in January 1965, President Park Chung Hee stated that international economic co-operation with friendly nations must be stepped up in order to help develop the Republic's economy. Accordingly, an economic mission, headed by the Minister of Commerce and Industry, visited West European countries and this was soon followed by the President's visit to the Federal Republic of Germany. These visits were a turning point with regard to foreign investments and economic co-operation. In the past, such co-operation came almost exclusively from the United States, but other developed countries as well as specialized agencies of the United Nations showed a willingness to co-operate in the economic development of the Republic.

124. Development loans by the United States Agency for International Development are expected to continue for several years. In May 1965, during President Park's visit to Washington, the United States Government said it would give speedy approval, if possible, to a number of industrial loan projects and committed an additional \$150 million for capital development in the Republic.

125. Other loans were made by the Federal Republic of Germany, the United Kingdom, France, Italy and the Netherlands. Normalization of relations with Japan would result in an additional inflow of grants and loans over the next ten years.⁵⁹ There have been indications that the International Development Association will resume assistance by loans.

126. From March 1964 the Government placed emphasis on long-term, low-interest public loans from foreign countries and direct investments. Private loans were subject to a number of restrictive conditions and assessed in the light of their contributions to the balance of payments. These conditions specified particularly that

⁵⁷ See annex V, chart 8.

⁵⁸ See annex V, chart 12.

⁵⁹ Grants of \$300 million, public loans of \$200 million (20-year maturity) and commercial loans of \$300 million or more (10-year maturity) were provided for in treaties signed in June 1965.

the amount of capital and loans should be small with swift effect and requiring no government guarantees and down-payments. As a result, the approval of payment guarantees in 1964 declined from approximately \$60 million (14 projects) in 1963 to about \$10 million (7 projects).

4. EXPORT PERFORMANCE AND INTERNATIONAL BALANCE OF PAYMENTS

127. During 1964, the balance of payments improved considerably despite a fall in the amount of foreign aid, owing to a substantial expansion of exports and a strict control of imports.

128. As reported above, the value of exports continued its strong upward trend and reached about \$120 million in 1964. The Government raised the 1965 export target to \$170 million and to \$300 million in 1967.⁶⁰ Exports during the first half of 1965 totalled \$70 million. Under its Three-Year Agricultural Plan (1965-1967), the Government is aiming at boosting export of agricultural and marine products to \$125 million by 1967.

129. The Government enforced a number of supplementary measures to the foreign exchange revision of May 1964 in order to achieve ambitious export targets. These measures included supplementation of the export-import link system, the expansion of export subsidy payments, reduction of the interest rate on export loans from 8 per cent to 6.5 per cent,⁶¹ increase of the export loan ratio to the dollar from 150 won to 200 won, exemption of export commodities and raw materials from commodity tax, discounts on corporation tax and income tax for export income, and encouragement of exporters with good performances by permitting them to import designated high-profit imports.⁶²

130. The export of manufactured and processed goods, particularly plywood, cotton fabrics and clothing increased to more than 50 per cent of the total exports in 1964. Until a few years ago, primary products (agriculture, fishery and mineral products in crude forms) accounted for the bulk of exports.

131. As regards imports, the Government not only severely restricted imports of consumer goods but also controlled the import of some investment goods and raw materials, except those necessary for export industries.

5. AGRICULTURE

132. Agricultural output in 1964 broke existing records by a substantial margin.⁶³ As mentioned above, both the summer crops (mainly barley and wheat) and the autumn crops (mainly rice) increased considerably because of favourable weather conditions, more balanced use of fertilizer, increase in the area of land under cultivation and better land management.

133. Although about 60 per cent of the Republic's population is engaged in agriculture, forestry and fishing, the share of these industries in the gross national product is only about 30 per cent. In order to improve this situation, attempts have been made to increase

farmers' productivity and to transfer under-employed labour to other sectors of the economy.

134. Although the Republic has recently produced about 90 per cent of its food requirements, it still had to import even when there were bumper crops. The Government has a Seven-Year Agricultural Production Programme (1965-1971) which calls for the achievement of self-sufficiency in grains from 1967 onwards and the production of a substantial export surplus by 1971.⁶⁴ The Government has taken measures to acquaint farmers with modern agricultural techniques, for example the use of appropriate seeds, plot consolidation and alignment, soil erosion control, expansion of arable land through reclamation of tidal lands and of uplands by "bench terracing" and the operation of co-operatives and extension services.

135. In addition, the development of dry field farming has been responsible for increased production of barley and other non-rice crops. The barley production of South Kyongsang Province doubled in six years. Major steps have been taken to rationalize land holdings particularly in North Kyongsang Province and these have contributed to the increase which could be in the order of 30 per cent in rice output for that Province.

136. During 1965 severe droughts from April to July affected planting of crops while in July torrential rains caused widespread floods. Measures are contemplated by the Government to reduce damage by both drought and floods in future by improved water conservation and flood control respectively.

137. Payment of land taxes since 1960 has been in cash rather than in grain, but at the end of 1964, the National Assembly enacted a law calling for payment in kind from 1 November 1964 through 31 October 1966.

138. Each season the price pegged by the Government for rice purchase has been a subject of controversy. The Government proposed for 1964 a price based on a new concept of "parity rice" (i.e., the price in November 1960, adjusted by the extent of inflation since that time). However, the National Assembly did not adopt the new concept but decided instead on a minimum price slightly higher than that proposed by the Government.

6. INDUSTRIAL PRODUCTION

139. Industrial production in the Republic has been growing fairly steadily at an average rate of approximately 13 per cent per annum in the past decade (1955-1964). This growth rate was halved in 1964 owing to the shortage of foreign exchange necessary to acquire imported raw materials, semi-finished goods and spare parts for manufacturing industries, but export and import substitute industries expanded substantially as a result of Government measures aimed at improvement of the balance of payments.

140. Since UNCURK submitted its last report, the Republic achieved surplus production of cement. Increased generation of electric power enabled the Government to end power rationing in 1964. The Republic's oil refinery at Ulsan, put into operation in 1964, provided enough gasoline to meet the country's requirements. The output of chemical fertilizer increased by about 50 per cent following construction of an additional plant. The Government decided that two additional

⁶⁰ Republic of Korea, Ministry of Commerce and Industry, *Three-Year Export Plan*, 1965.

⁶¹ The Bank of Korea, *Monthly Statistical Review*, April 1965, table 21.

⁶² Republic of Korea, Ministry of Commerce and Industry, *Comprehensive Exports Promotion Policy*, 1965.

⁶³ See annex V, charts 1 and 2.

⁶⁴ Republic of Korea, Ministry of Agriculture and Forestry, *Increased Food Production Plan (1965-1971)*, 1965.

plants would be constructed at Chinhae and Ulsan. Metal production and non-metallic mining advanced considerably owing to active export demand in overseas markets. A number of industrial plants are under construction, including diesel engines, viscous yarn, electrical apparatus and electric cables.

141. The Government gave more attention to small and medium industries⁶⁵ which employ a large labour force with relatively low capital. In recent years these industries have employed more than 60 per cent of the total industrial force and accounted for more than 50 per cent of the total industrial production, but have received only about 14 per cent of total bank loans available to the industrial sector of the economy. A total of 2.9 billion won was allocated to these industries in 1965. In addition \$5 million in loans from the Federal Republic of Germany and \$9 million in Japanese aid loans have been allocated to them for the purpose of importing machinery.

142. The Government made preparations for converting about 800 small and medium scale factories so that they could concentrate on production for export.

7. SAVINGS, CAPITAL FORMATION AND INVESTMENTS

143. The saving ratio in the Republic has been low over the last decade averaging less than 5 per cent of the gross national product. The main causes have been the low *per capita* income and the high consumption level, propensity to consume being in the order of 95 per cent. Meanwhile, the low level of bank interest rates has not encouraged savings.

144. In spite of low domestic savings and slow accumulation of capital, the Republic has been able to maintain a high rate of investment because of the inflow of foreign aid and capital.

145. The Government has set up a study committee on acceleration of domestic capital mobilization, and the Robert Nathan Associates—an economic advisory group to the Government—and other financial experts have also given advice on savings and capital formation.

146. The Government has endeavoured to increase savings and capital formation. Private savings were encouraged among the urban population by the establishment in 1962 of the National Savings Association. Among farmers, the Government explored the possibility of setting up what it termed the "rice bank", in which deposits would be made in kind rather than in cash. Its numerous measures taken to improve farm productivity were expected to increase income and savings of farmers.

147. On 1 January 1965, the Commodity Tax Law, designed to impose higher taxes on non-essential and luxury goods, was revised. The new tax law aimed at restraining consumption and inducing savings and investments.

8. POPULATION AND EMPLOYMENT

148. The population problem has continued to receive close attention by the Government, which has supported both planned parenthood and emigration as appropriate means of alleviating population pressures. Family planning has long been adopted as Government policy and during the period under review there was encouraging progress.

⁶⁵ A small or medium industry is defined as an industry employing five to one hundred workers, or with assets of less than 20 million won.

149. Population of large cities has been increasing at a rate of more than 10 per cent per annum since 1945, as against approximately 3 per cent rate of growth of over-all population. The Government has adopted a programme of rural development in order to discourage rural-urban migration. Measures taken to discourage this migration included construction of factories in the countryside, reclamation of land for farming, development of small towns, resettlement of surplus urban population, provision of educational and recreational facilities in rural areas.

150. Unemployment continued to remain a serious problem. In 1964, however, there was a slight drop in the volume of unemployed workers. In 1964, the rate of growth of employment was slightly higher than that of population. Increase of employment in tertiary industry was particularly significant. The increase in secondary industry was also marked.

B. Economic and financial development

1. GROSS NATIONAL PRODUCT

151. The 1964 gross national product, at current market prices, was estimated at 535.55 billion won as compared with 399.14 billion won in 1963, representing a nominal increase of 34.2 per cent.⁶⁶ Allowing for price rises and expressed in terms of 1960 constant market prices, the growth rate was 6.9 per cent.⁶⁷

152. The economic growth of the Republic in 1964 was characterized by a substantial increase in agricultural output, as compared with 1963 which was characterized by a significant increase in manufacturing.

153. National income in 1964 increased by 36.7 per cent from 344.99 billion won in 1963 to 471.73 billion won in 1964. *Per capita* income rose from 12,840 won in 1963 to 17,072 won in 1964.⁶⁸

(a) Private consumption expenditures

154. In 1964, private consumption expenditures, at current prices, rose by 35.4 per cent. This was an increase of 5 per cent on the basis of 1960 constant prices. The share of private real consumption in gross national product declined slightly from 78.1 per cent in 1963 to 76.6 per cent in 1964.

155. Taking into account the current rate of growth of population estimated about 2.9 per cent, *per capita* consumption in real terms increased by approximately 2 per cent in 1964. Expenditures on food and beverages, which contributed 50 per cent to the growth of consumption, rose by 5.2 per cent in 1964, while clothing items contributing 13.3 per cent to the growth increased by 6.4 per cent. The increase in expenditures on housing and fuel-electricity remained almost unchanged, being less than 1 per cent each per annum.⁶⁹

156. In 1963 and 1964, more than half of aggregate private consumption was spent on food. The proportion of food expenditures in the total family budget

⁶⁶ See annex V, tables 1 and 2.

⁶⁷ The growth rate and other statistical data on national account in this report are not comparable with those in earlier UNCURK reports because of: (1) continuous revision and adjustment of data, (2) new methodology adopted for computation, and (3) choice of 1960 rather than 1961 for the base year whenever data are expressed in real terms. See Bank of Korea, Research Department, *National Income 1953-1963*, 1965 (in Korean).

⁶⁸ See annex V, table 1.

⁶⁹ *Ibid.*, table 5.

(Engel's coefficient) increased sharply from 44.8 per cent in 1962 to 51.3 in 1963 and to 54.3 in 1964.

(b) Government consumption expenditures

157. Government consumption expenditure (excluding investment) in 1964, which was restrained by the Financial Stabilization Programme, increased at current prices by 7.2 per cent. However, there was a decline by 6.6 per cent at 1960 prices.⁷⁰

158. The share of government expenditures in the gross national product declined from 14.2 per cent to 12.4 per cent on the basis of 1960 constant prices.

(c) Gross domestic capital formation

Gross domestic fixed capital formation

159. In 1964, the share of fixed capital formation in the gross national product declined slightly from 14.3 per cent to 13.7 per cent because of a reduction in government investment—a reduction aimed primarily at stemming inflation. At current prices it was 57.15 billion won in 1963 as compared to 73.09 billion won in 1964—an increase of 27.9 per cent.⁷¹

160. At 1960 prices, gross fixed capital investment declined by 3.5 per cent from 38.89 billion won in 1963 to 37.52 billion won in 1964. Its share in the gross national product decreased from 15.3 per cent to 13.8 per cent.

161. Domestic investment by the private sector (at 1960 constant market prices) increased by 7.3 per cent from 25.50 billion won in 1963 to 27.36 billion won in 1964. Much of this investment was, however, of a speculative and non-productive nature. Investment by the government sector decreased by 24.1 per cent. This decline largely resulted from government endeavours to stem inflation.⁷²

162. The pattern of domestic capital formation by industry in 1964 was different from that of 1963. Investments in agriculture, forestry, fishery, manufacturing, mining, electricity which were buoyant in 1963 decreased, while investments in tertiary industry such as real estate insurance, dwellings, services, wholesale and retail trade increased. Investments in banking, insurances and real estate, for example, rose by 116.7 per cent and those in services by 102.3 per cent, at current prices.⁷³

163. Investment when classified by type of capital goods increased by 20.4 per cent in construction of dwellings and non-residential buildings and decreased by 17.4 per cent in machinery and other equipment at 1960 constant prices.⁷⁴

Increase in stocks

164. At 1960 constant prices, there was a decrease in stocks of 1.79 billion won from 10.13 billion won in 1963 to 8.34 billion won in 1964.⁷⁵

165. Investment in the stocks of rice and imported raw materials declined by 4.94 and 4.70 billion won, respectively. These two factors were mainly responsible for the decline in over-all inventory investment. On the other hand, inventory in grains other than

⁷⁰ See annex V, tables 1 and 2.

⁷¹ *Ibid.*

⁷² *Ibid.*, table 6.

⁷³ *Ibid.*

⁷⁴ Bank of Korea. *Economic Statistics Yearbook*, 1965, table 12.

⁷⁵ See annex V, table 6.

rice rose 5.21 billion won, and that in manufactured and processed goods went up 2.42 billion won.

2. POPULATION, EMPLOYMENT AND PRODUCTIVITY

166. The mid-year population of the Republic of Korea was estimated at 26.87 million in 1963 and 27.63 million in 1964, an increase of 2.9 per cent. The economically active population, 8.65 million in 1963, rose to 8.89 million in 1964, an increase of 2.8 per cent.⁷⁶ The volume of employment increased by 3.3 per cent from 7.95 million to 8.21 million.⁷⁷

167. In primary industry, employment expanded by 1.3 per cent from 5.02 million in 1963 to 5.08 million in 1964; secondary industry increased by 3.1 per cent from 889 thousand in 1963 to 917 thousand in 1964, and tertiary industry advanced by 8.4 per cent from 2.04 million in 1963 to 2.21 million in 1964.

168. The proportion of employed workers in primary industry declined from 63.2 per cent in 1963 to 61.9 per cent in 1964, while it increased slightly in tertiary industry from 25.6 per cent in 1963 to 26.9 per cent in 1964. There was no change in proportion engaged in secondary industry.

169. The volume of unemployment declined by 3.1 per cent from 705 thousand in 1963 to 683 thousand in 1964. The unemployment ratio which was 8.3 per cent in 1963 dropped to 7.2 per cent in 1964.

170. As regards productivity of labour, the total output per worker increased in 1964 by 3.5 per cent. The output per worker increased by 11.0 per cent in primary industry, while it declined by 3.9 per cent in tertiary industry. Productivity in secondary industry expanded by 2.1 per cent.

171. Adopting an index of industrial productivity of 100 for primary industry, the over-all productivity index varied from 211.7 to 197.4 in the course of 1963-64. The index declined from 408.9 to 375.9 in secondary industry and from 401.1 to 347.4 in tertiary industry.⁷⁸

3. AGRICULTURE, FORESTRY AND FISHERY

172. The value added in total production by agriculture, forestry and fishery in 1964, at current prices, increased by 46.4 per cent to 228.19 billion won. At 1960 prices, the increase was 12.4 per cent.⁷⁹

173. Agricultural production, at current prices, increased by 47.4 per cent in 1964. It increased by 13.1 per cent at 1960 constant prices.⁸⁰ This rate of growth was primarily due to a record rice harvest of 2,922,000 MT,⁸¹ which was 5.6 per cent higher than 1963 rice crop. Summer crops (barley and wheat) also increased substantially from 305,000 MT in 1963 to 1,081,000 MT in 1964, an increase of 254.4 per cent. Potato production increased by 77.1 per cent over the all-time record of 1963, from 1,080,000 MT to 1,913,000 MT. Over-all agricultural output in 1964 increased by 40.4

⁷⁶ The figures of labour force, employment by branches of economic activities, unemployment have been obtained by averaging the results of sample surveys conducted four times a year by the Economic Planning Board's Bureau of Statistics.

⁷⁷ See annex V, table 7.

⁷⁸ *Ibid.*, table 7.

⁷⁹ *Ibid.*, tables 3 and 4.

⁸⁰ *Ibid.*, table 8.

⁸¹ The term "ton" used throughout this report is in metric system (MT) and equivalent to 1,000 kilogrammes. In case of tungsten only, the unit adopted is in US or "short" ton (ST), which is equivalent to 2,000 pounds.

per cent from 4,441,000 MT in 1963 to 6,233,000 MT in 1964.⁸²

174. According to the July estimate by the Ministry of Agriculture and Forestry, the 1965 summer crop totalled 1,249,900 MT, comprising barley, 483,000 MT; naked barley, 624,700 MT; wheat, 128,400 MT; and rye, 13,800 MT.

175. Marine production in 1964 increased by 54.8 per cent at current prices. In physical terms, the over-all fishery output increased by 18.3 per cent from about 442,000 tons of 583,000 tons. Marine output in the first five months of 1965 increased by 24.4 per cent to 178,900 MT over the corresponding figure in 1964.

176. The value added by forestry in 1964 increased by 22.1 per cent, which is equivalent to an increase of 4.2 per cent at 1960 prices.

177. Considerable progress was made in forestry, flood control, land conservation and related fields. Cultivated land increased from 87,000 chongbo in 1963 to 91,200 chongbo in 1964.⁸³ The number of trees planted in 1964 increased by 89.5 per cent to 228 million trees.

4. INDUSTRY

178. The value added in total production by mining, manufacturing and electricity sector in 1964, at current prices, was 85.14 billion won, an increase of 37.9 per cent. In real terms there was an increase of 7.4 per cent in 1964, lower than that achieved in 1963.⁸⁴

179. The major factors that hampered the growth of industrial development in 1964 were short supply of imported raw materials as a result of high costs of imported goods following the May devaluation, depressed domestic demand as a result of inflation and the Government's decision to contract money supply at the end of 1964.

180. The share of industry in economic growth, at 1960 constant market prices, was 35.3 per cent in 1963 as against 19.5 per cent in 1964.

181. The annual index of combined industrial production (mining, manufacturing and electricity) for 1964 was 151.0 (1960 = 100)⁸⁵ as compared with 139.8 for 1963—an increase of 8.0 per cent.⁸⁶ The monthly index of combined industrial production fluctuated during 1964. The index number, which was 138.4 in January, declined to 124.7 in February, thereafter increasing steadily until it reached 157.5 in June. During the third quarter of 1964, it underwent slight fluctuations but maintained almost the same level during the last quarter of the year. The index exhibited an upward tendency in the first half of 1965. The over-all monthly index varied from 149.8 in December 1963 to 163.9 in December 1964, an increase of 9.4 per cent.⁸⁷

182. During the first six months of 1965, over-all production increased by 16.3 per cent over the first six months of 1964. Mining production during this period remained approximately the same as in 1964, while manufacturing increased by 19.7 per cent and electricity by 21.7 per cent.

⁸² See annex V, table 9.

⁸³ 1 chongbo = 2.45 acres.

⁸⁴ See annex V, tables 3 and 4.

⁸⁵ Unless otherwise stated, all indices referred to throughout this report relate to the base year 1960 (1960 = 100).

⁸⁶ Bank of Korea, *Monthly Statistical Review*, June 1965, table 50.

⁸⁷ See annex V, table 10.

(a) Mining

183. The value added by mining industry in 1964, at current prices, increased by 33.6 per cent.

184. The annual index of mining production increased by 10.1 per cent from 153.6 in 1963 to 169.1 in 1964. Metal mining increased by 12.3 per cent and non-metal mining production by 32.5 per cent over the previous year.⁸⁸

185. The index increased from 173.6 in December 1963 to 185.6 in December 1964, an increase of 6.9 per cent. The monthly index which rose 22.7 per cent during 1962, increased 11.9 per cent in 1963 and to 6.9 per cent in 1964.

186. Coal production which accounts for the largest share in the mining index (72.6 per cent) expanded by 8.6 per cent from 8,858,100 MT in 1963 to 9,621,600 MT in 1964. The output of coal during the first six months of 1965 increased by 28.4 per cent to 5.0 million MT over the corresponding period in 1964.

187. The output of iron ore increased by 36.8 per cent to 684,800 MT, that of salt by 55.8 per cent to 385,600 MT, and that of talc by 35.5 per cent to 43,900 MT in 1964. Production of refined gold, however, declined by 15.9 per cent from 2,802 kg. in 1963 to 2,357 kg. in 1964. Production of refined silver and tungsten declined by 8.9 per cent and 1.7 per cent respectively in 1964.⁸⁹ During the first five months of 1965, the output of iron ore was 300,700 MT, that of talc 15,440 MT, refined gold 836 kg., refined silver 5,772 kg., and tungsten 1,702 ST.⁹⁰

(b) Manufacturing

188. The value added by manufacturing industry in 1964, at current prices, increased by 39.4 per cent. Manufacturing's share in economic growth at 1960 constant prices was 11.1 per cent in 1964 as against 30.7 per cent in 1963.⁹¹

189. The annual production index for manufacturing increased by 6.8 per cent from 137.8 in 1963 to 147.2⁹² in 1964. The monthly production index for manufacturing increased by 8.9 per cent from 145.5 in December 1963 to 158.4 in December 1964. The corresponding year-end manufacturing production index in 1963 and 1962 increased by 8.9 and 7.9 per cent respectively. Because of the weight of manufacturing in the over-all index of industrial production (80.5 per cent), the latter tended to follow closely the movement of production index of manufacturing.⁹³

190. The textile industry, which has the largest weight in the manufacturing index (23.4 per cent) increased by 15.8 per cent in 1964.⁹⁴ The group of glass, clay and stone products increased by 38.4 per cent in 1964. This was due to the fact that cement production during 1964 expanded by 59.6 per cent to 1,242,100 MT as a result of the completion of three new cement factories. Chemical production also expanded during the year; urea fertilizer, in particular, increasing by 44.3

⁸⁸ Bank of Korea, *Monthly Statistical Review*, June 1965, table 50.

⁸⁹ See annex V, table 11.

⁹⁰ Bank of Korea, *Monthly Statistical Review*, July 1965, table 62 (in Korean).

⁹¹ See annex V, tables 3 and 4.

⁹² Bank of Korea, *Monthly Statistical Review*, June 1965, table 50.

⁹³ See annex V, table 10.

⁹⁴ Bank of Korea, *Monthly Statistical Review*, June 1965, table 50.

per cent from 97,800 MT in 1963 to 141,100 MT in 1964. Production of plywood increased by 49.6 per cent to 501.5 million square feet in 1964. Production of vehicle tyres increased from 237,500 in 1963 to 251,200 in 1964, an increase of 5.8 per cent. On the other hand, consumer goods industries, such as wheat flour and refined sugar, declined by 50.5 per cent and 57.0 per cent respectively.⁹⁵

191. During the first six months of 1965 there were major increases in output compared with the corresponding period in 1964. For example, output of urea fertilizer increased by 11.4 per cent, cement by 41.0 per cent, vehicle tyres by 23.4 per cent, plywood by 39.2 per cent and refined sugar by 130.3 per cent. However, the production of wheat flour declined by 19.0 per cent.⁹⁶

192. As mentioned earlier, three large cement plants with a total capacity of one million tons were completed and put into operation in 1964. In addition, the Ulsan Oil Refinery, capable of processing 35,000 barrels of crude oil per day, started operation early in 1964. By November 1964, ground was broken for the Republic's third fertilizer plant at Ulsan, Kyongsang Namdo, which is to produce 263,200 tons of composite fertilizer per annum. Early in 1965, Chinhae, Kyongsang Namdo, was announced as the site for a fourth chemical fertilizer plant. The construction of a fifth fertilizer plant was authorized by the Government in mid-August. This plant, financed by a Japanese commercial loan of \$43.9 million, is expected to produce 150,000 tons of nitrogen fertilizer per annum after its completion in 1968. Also in July, the Sintanjin cigarette manufacturing plant, with an annual capacity of nine billion cigarettes, went into full operation.

(c) Electric power

193. Early in 1964, all restrictions on the supply and use of electric power were lifted for the first time since 1948. Completion and operation of the Kamchon-Ri thermal plants, near Pusan, in August 1964, with a rated capacity of 132,000 kW, marked a turning point in the development of electricity in the Republic from a state of chronic power shortage to a surplus.

194. By the end of 1964, the Republic possessed 597,400 kW in installed capacity with an average power output of 307,400 kW.⁹⁷ On the completion, early in February 1965, of the hydro-electric station at Chunchon, with a maximum capacity of 57,000 kW, the Republic's total installed power generating capacity rose to 650,000 kW.

195. Power supply generated increased by 22.2 per cent from 2,208.7 million kWh in 1963 to 2,699.8 million kWh in 1964. The 1964 output of electric power included 749.4 million kWh hydro-electric and 1,734.6 million kWh thermal. The corresponding figures for 1963 were 727.4 and 1,199.3 million kWh. The rate of growth of hydro-electric was 3.0 per cent and that of thermal 44.6 per cent. Electric power generated in the first six months of 1965 was more than 1,500 million kWh—an increase of about 22 per cent over the corresponding period in 1964. Of this, there was 212

million kWh in hydro-electric power and 1,288 million kWh in thermal power.⁹⁸

196. The ratio of hydro-electric to thermal electricity has fallen in recent years. The ratio which was 36 to 64 in 1962, dropped to 33 to 67 in 1963 and to 30 to 70 in 1964.

(d) Rate of utilisation

197. The rate of operation of export industries and import substitution industries improved in 1964 while the rate of operation in industries producing consumer goods for the local market decreased.

198. Shortage of imported raw materials affected the rate of utilization of some small-scale industries. The average rate declined from between 70 and 65 per cent in 1963 to an average of between 50 and 40 per cent in 1964 and early in 1965.⁹⁹

5. PUBLIC FINANCE

199. The Government's stabilization measures affected public finance in 1963, 1964 and 1965. Its stringent financial policies to restrain inflation, caused tax receipts and Government consumption expenditures to remain low during 1963-1964. In 1963, prices rose by 21 per cent, tax receipts increased by only 17 per cent and general expenditures by 10 per cent. In 1964, while prices rose 35 per cent, tax receipts increased by 11 per cent and general expenditures by 7 per cent. In consequence, the ratio of tax burden to GNP declined from 13 per cent in 1962 to 11 per cent in 1963 and to 9 per cent in 1964. Also, the ratio of general expenditure to GNP decreased from 16 per cent in 1962 to 14 per cent in 1963 and 11 per cent in 1964.

200. In October 1964, the National Assembly passed a revised supplementary budget bill for the year 1964. The total expenditure in the balanced budget was set at 75,396 million won, an increase of 5,543 million won over the original 1964 budget.¹⁰⁰

201. On the receipt side, the proportion of taxes increased significantly from 40.9 per cent of total revenues in 1963 to 48.3 per cent in 1964. However, the share of counterpart funds within total receipts declined slightly from 34.6 per cent in 1963 to 33.9 per cent in 1964.¹⁰¹

202. As regards expenditures, general expenses increased from 43.7 per cent of total 1963 expenditure to 45.7 per cent in 1964. The share of national defence in total expenditures increased from 28.1 per cent to 31.6 per cent. Expenditures on development and Government investments and loans, however, declined from 27.9 per cent to 22.2 per cent.

203. The 1965 budget passed by the National Assembly on 1 December 1964 was a balanced one at 84,854 million won. It was 9,457 million won or 13 per cent higher than the 1964 revised supplementary budget. The Government's original budget of 85,831 million won was reduced by the National Assembly by 977 million won to 84,854 million. This still left a deficit of 1,700 million won to be covered by tax increases.

⁹⁸ Bank of Korea, *Monthly Statistical Review*, July 1965, table 68 (in Korean) and additional information provided by the Research Department of the Bank of Korea.

⁹⁹ Medium Industry Bank, *Monthly Statistical Review*, No. 3, March 1965, p. 23, see particularly table 10.

¹⁰⁰ For the original budget, see *Official Records of the General Assembly, Nineteenth Session, Supplement No. 12 (A/5812)*, annex VI, table 14.

¹⁰¹ See annex V, table 12.

⁹⁵ See annex V, table 11.

⁹⁶ Bank of Korea, *Monthly Statistical Review*, July 1965, table 61 (in Korean) and additional data obtained from the Research Department of the Bank of Korea.

⁹⁷ Bank of Korea, *Monthly Statistical Review*, March 1965, table 56.

204. The increase planned in expenditure is attributable to the May 1964 devaluation, rises in early grain prices and utility rates, the proposed rise in Government salaries and increases in costs of compulsory education. In the original 1965 budget, general expenses were reduced to 43.3 per cent of the total expenditures, as compared to 45.7 per cent in the 1964 budget. The share of national defence in the budget increased from 31.6 per cent in the 1964 budget to 33 per cent in the 1965 budget.

6. MONEY AND BANKING

(a) Money

205. The money supply, which is one of the indications of the performance of the Financial Stabilization Programme, increased during 1964 at a fairly regular rate from 37.3 billion won at the end of December 1963 to 43.1 billion won at the end of December 1964, an increase of 15.5 per cent.¹⁰² A peak of 48.2 billion won was reached in mid-November 1964. Funds released by the Bank of Korea for the purchase of foreign exchange, loans to aid the suppliers of the United Nations forces, loans for agriculture and fisheries purposes and payments for rice purchases were among factors contributing to this increase.

206. In mid-December 1964, the money supply level was 47.2 billion won. During the latter part of December, however, it decreased by 4.1 billion won to 43.1 billion. This figure was still far above the ceiling of 40.0 billion won envisaged under the 1964 Financial Stabilization Programme.

207. Money supply increased at the beginning of 1965 and stood at 44.8 billion won at the end of the first quarter, a 4 per cent rise over the year-end of 1964. During the second quarter, money supply increased by 7.8 per cent to 48.3 billion won. Money in stock (money supply plus savings deposits), which was 63.4 billion won at the end of the last quarter of 1964, rose to 66.0 and 73.3 billion won respectively at the end of the first and second quarters in 1965.¹⁰³

208. Currency in circulation, which was about 50 per cent of total money supply at the end of January 1964, increased to about 60 per cent by the end of January 1965.¹⁰⁴

(b) Banking

209. The liquidity situation of banking institutions as a whole did not improve greatly from the extreme stringency in the preceding year. During 1964, time and savings deposits increased 17.3 per cent but monetary deposits decreased 4.7 per cent.

210. The liquidity position of commercial banks continued to deteriorate during 1964 despite a noticeable increase in monthly deposits. The excess reserves of commercial banks shrank from 126 million won in January 1964 to the year's minimum of 87 million won in April. They attained the year's maximum of 677 million won in August. The net borrowed position of commercial banks fluctuated during the year

¹⁰² *Ibid.*, table 13.

¹⁰³ Bank of Korea, *Monthly Statistical Review*, July 1965, tables 2 and 13 (in Korean) and additional information obtained from the Research Department of the Bank of Korea.

¹⁰⁴ Bank of Korea, *Monthly Statistical Review*, May 1965, table 2 and annex V, table 13.

from a low level of 194 million won in August to a high level of 4,325 million won in December 1964.¹⁰⁵

211. Deposits of all types with commercial banks during the year increased from 26,351 million won at the end of 1963 to 28,299 million won at the end of 1964, an increase of 7.4 per cent.¹⁰⁶

212. As a means of combatting inflation, bank credits and loans were subject to an upper limit. During 1964 total loans offered by commercial banks increased only 1.4 per cent from 22,833 million won to 23,142 million won. Loans by government banks (for example the Medium Industry Bank) reached 63,300 million won, accounting for 73 per cent of the total loans outstanding by all banking institutions.

(c) Rate of interest

213. During 1965, the Government was studying a recommendation under the 1965 Financial Stabilization Programme whereby interest rates on bank deposits would be adjusted upward in order to create added incentives for private savings.

214. Loan rates in 1964 and 1965 were low in comparison with those being applied by quasi-banking institutions. The rate charged by banks on loans ranged from 6.5 to 20.0 per cent per annum,¹⁰⁷ while those of the informal market were generally around 70 per cent per annum,¹⁰⁸ although under the Interest Rate Restriction Law an interest rate above 20 per cent a year is illegal. Such a wide gap between rates charged by banks and informal market rates resulted in excessive demand for money for speculative and less productive purposes.

215. In mid-1965 interest rates on time deposits were 9 per cent for three months, 12 per cent for 6 months and 15 per cent for over one year.¹⁰⁹

7. PRICE BEHAVIOUR

(a) Prices

216. The average annual wholesale price index of all commodities rose by 34.7 per cent from 149.3 in 1963 to 201.1 in 1964. The corresponding increases in the prices of the grains and non-grains commodity groups were 26.3 and 36.9 respectively.¹¹⁰

217. The monthly wholesale price index of 209.8 in December 1964 was 27.6 per cent greater than in December 1963. The grains group rose by 16.3 per cent in 1964 as compared with 46.9 per cent in 1963. The non-grain commodity group increased by 29.8 per cent in 1964 as against 26.8 per cent in 1963.¹¹¹

218. The monthly wholesale price index displayed an upward trend during the first five months of 1964. However, after the May 1964 devaluation of the won, it remained steady around 210 during the rest of the year with some slight fluctuations. The price index rose from 173.2 in January to 182.8 in February, then gradually to 191.0 in April, and 210.2 in May with

¹⁰⁵ Bank of Korea, *Monthly Statistical Review*, March 1965, table 11.

¹⁰⁶ *Ibid.*, table 4.

¹⁰⁷ Bank of Korea, *Monthly Statistical Review*, June 1965, table 21.

¹⁰⁸ Bank of Korea, *Survey of Quasi-Banking Institutions*, 1964 (in Korean).

¹⁰⁹ Bank of Korea, *Monthly Statistical Review*, June 1965, table 22.

¹¹⁰ *Ibid.*, May 1965, table 34.

¹¹¹ See annex V, table 14.

stable levels of 211.1 in June and 209.8 in December being recorded.

219. There was a rise in the level of over-all prices of about 2 per cent to 213.9 in the first quarter of 1965 and a rise of 5 per cent to 224.5 in the second quarter. The grain commodity group index increased by 10.1 per cent, from 233.0 in the first quarter to 256.6 in the second quarter. The corresponding rate of increase for the non-grain commodity group was 3.9 per cent, from 210.6 to 218.9.¹¹²

220. The inflationary pressure which has been operating since 1962 was greatly reduced by the end of 1964. Currency devaluation which helped to tighten up the money supply and the bumper crops of both the summer and fall of 1964 were among the important factors responsible for greater price stability.

221. Prices of non-grain commodities, particularly those with a large import content, tended to increase following the May 1964 devaluation, but the post-devaluation rise was rather moderate owing to the fact that prior to devaluation many imported commodities had been purchased at premium exchange rates which were close to the devalued level. Nevertheless, the index for wholesale prices of imports increased by about 22 per cent during June-December 1964. Imported chemical products, in particular, increased by more than 50 per cent from 164.0 in June to 247.5 in December 1964.¹¹³

222. There was an increase in public utility charges and government controlled prices such as electricity (35 per cent increase), fertilizer (90 per cent increase), both in September; coal (30 per cent increase) in November; and railway passenger fares (35 per cent increase) in January 1965. The price of domestic rice to be purchased by the Government was also raised, from 3,700 won per suk in 1963 to 4,750 to 5,106 won per suk in 1964, increases of 28 to 38 per cent.

223. The 1964 annual consumer price index increased by 29.5 per cent over that of 1963. The increase of the index in the course of the year (from December 1963 to December 1964) was, however, 20.8 per cent, there being a rise of 18 per cent during the first half and about 3 per cent during the second half of 1964. Although the major components of the consumer price index exhibited noticeable increases in the second half of the year, these increases were largely offset by a decline of 4 per cent in the prices of foodgrains and beverages.¹¹⁴ During the first six months of 1965, the index increased by 11 per cent, reaching 206.8 in June.¹¹⁵

(b) Wages

224. Salary and wage increases lagged behind price rises. The average monthly earnings of labourers in manufacturing increased by 20.5 per cent from 3,310 won in 1963 to 3,990 won in 1964. In mining, they rose by 14.8 per cent from 4,990 won in 1963 to 5,730 won in 1964. As there was a 29.5 per cent rise in the consumer price index in 1964, real income declined in both manufacturing and mining. Early in 1965, wages displayed an appreciable upward trend.¹¹⁶

¹¹² Bank of Korea, *Monthly Statistical Review*, July 1965, table 37 (in Korean).

¹¹³ *Ibid.*, June 1965, table 35.

¹¹⁴ Bank of Korea, *Monthly Statistical Review*, June 1965, table 33.

¹¹⁵ *Ibid.*, July 1965, table 41 (in Korean).

¹¹⁶ *Ibid.*, table 43.

8. INTERNATIONAL TRADE AND PAYMENTS

225. The international payments position improved considerably because of large foreign exchange receipts, resulting from increased exports and earnings from United Nations forces, as well as a sharp decline in imports.

(a) Visible trade

226. Expansion of exports stimulated increased activity in manufacturing. Export promotion and currency devaluation helped commercial exports rise by 35.7 per cent from \$81.5 million¹¹⁷ in 1963 to \$116.4 million in 1964, while the value of commercial imports in 1964 declined by 25.7 per cent from \$232.7 million in 1963 to \$184.5 million.¹¹⁸ In the first six months of 1965, commercial exports and imports increased by 30.6 per cent and 29.2 per cent respectively, over the corresponding period of 1964.

227. 1964 total commodity imports, comprising commercial imports (\$184.5 million), imports under aid programme (\$142.6 million) and imports under relief and others (\$72.2 million) were \$404.4 million as compared with \$560.3 million in 1963. This represented a significant decline of 27.7 per cent which was attributable mostly to the record harvest of barley and wheat in 1964. During the first six months of 1965, the total imports dropped by 2.7 per cent compared with the corresponding months of 1964. Commercial imports during the first quarter of 1965 increased 40.0 per cent over the first quarter of 1964 and 56.1 per cent over the preceding quarter.¹¹⁹

228. Export values of manufactured goods which accounted for 35.5 per cent of total exports expanded by 50.5 per cent to \$42.3 million in 1964. Exports of food and live animals, which had a share of 22.1 per cent in 1964 exports, also increased by 47.7 per cent to \$26.4 million.¹²⁰ During the first six months of 1965, the value of exports in manufacturing increased 23.5 per cent over the corresponding period of 1964; exports of food and live animals also increased 3.2 per cent.¹²¹

229. As for imports, there was a general decline in import value of practically all commodity groups in 1964. Import value of food and live animals declined substantially by 43.4 per cent to \$68.2 million. Imports of chemicals, however, increased by 6.1 per cent to \$84.8 million.¹²² There were also structural changes in commodity imports. The share of food and live animals which accounted for 21.5 per cent in 1963 declined to 16.8 per cent in 1964. The share of import manufactured goods also dropped from 15.8 per cent in 1963 to 11.4 per cent in 1964. During the first six months of 1965, imports of food and live animals declined 21.7 per cent over the corresponding period in 1964; however, imports of chemical increased 49.2 per cent.

230. The share of imports by country and geographical region remained nearly the same during

¹¹⁷ The dollars referred to here and elsewhere in this report denote United States dollars.

¹¹⁸ Bank of Korea, *Monthly Statistical Review*, March 1965, table 38.

¹¹⁹ *Ibid.*, July 1965, table 45 (in Korean) and additional information provided by the Research Department of the Bank of Korea.

¹²⁰ See annex V, table 15.

¹²¹ Bank of Korea, *Monthly Statistical Review*, July 1965, table 46 (in Korean) and additional data obtained from the Research Department of the Bank of Korea.

¹²² See annex V, table 15.

1963-1964 with the exception of Europe, the proportion of imports from Europe increasing from 7.4 per cent to 9.7 per cent. This was due to a 5.0 per cent increase in imports from West Germany.¹²³

231. In 1964, the main suppliers continued to be the United States with 49.9 per cent share in the total imports, Japan with 24.7 per cent and the Federal Republic of Germany with 5.9 per cent.

232. The value of imports from Asia declined by 29.9 per cent from \$208.43 million in 1963 to \$146.20 million in 1964. The corresponding rates of decline in imports were 6.1 per cent for Europe, 28.7 per cent for the Americas and 18.7 per cent for Oceania. During the first five months of 1965, the value of imports from Asia increased 29.3 per cent over the corresponding period in 1964, while there was a decline of 53.5 per cent in imports from Europe and a fall of 30.0 per cent in imports from the Americas.¹²⁴

233. Exports to Asia increased by 22.9 per cent in value; to Europe they increased by 98.7 per cent and to the Americas, by 47.9 per cent. In particular, exports to Japan increased by 53.6 per cent and to the United States by 46.4 per cent in 1964.¹²⁵

234. The Japanese share of total commodity export increased from 28.6 per cent in 1963 to 32.1 per cent in 1964. The corresponding shares for the United States were 28.0 and 29.9 per cent, for the United Kingdom 1.8 and 5.5 per cent and for Viet-Nam 14.0 and 5.3 per cent.

235. While the shares of the United States and Japan in total commodity exports increased, their shares in total commodity imports decreased.

(b) Invisible trade

236. In 1964, invisible transactions brought considerable foreign exchange to the Republic of Korea. Total sales to the United Nations forces increased from \$58.31 million in 1963 to \$63.72 million in 1964—an increase of 9.2 per cent. Sales of commodities and services to these forces, in particular, increased by 49.7 per cent to \$33.15 million. Won sales, however, decreased by 13.4 per cent to \$26.40 million.¹²⁶ Total sales to the United Nations forces during the first six months of 1965 increased by less than one per cent over the corresponding period in 1964. Won sales increased by 38.9 per cent and sales of commodities and services decreased by 17.1 per cent.¹²⁷

237. Receipts from tourism in 1964 increased slightly. They amounted to \$2.79 million in 1964 as compared to \$2.73 million in 1963. Transportation payments decreased from \$31.19 million in 1963 to \$27.81 million in 1964, a drop of 10.8 per cent. On the receipt side, there was an increase of 65.5 per cent, from \$2.6 million in 1963 to \$4.3 million in 1964.¹²⁸

238. Receipts from tourism during the first six months of 1965 increased by 154 per cent over the corresponding period in 1964. While transportation payments rose 41.4 per cent over the corresponding

period in 1964, transportation receipts increased 70.0 per cent.

239. In 1964, total invisible receipts, including donations, were \$212.8 million as compared to \$268.5 million in 1963, a decrease of 20.8 per cent. Invisible payments in 1964 amounted to \$45.1 million as against \$50.6 million, a decline of 10.8 per cent. Total invisible receipts in the first six months of 1965 increased by 31.7 per cent over the corresponding period in 1964 to 128.1 million, while invisible payments rose by 16.6 per cent to \$25.7 million.¹²⁹

(c) Balance of international payments

240. The international balance of payments¹³⁰ improved considerably during 1964. The "current transactions" in foreign exchange receipts and payments, which showed a deficit of \$53.97 million in 1962 and a deficit of \$112.48 million in 1963, dropped sharply to a deficit of only \$8.88 million in 1964, receipts being \$327.92 million and payments \$336.80 million.¹³¹ The current transactions during the first six months of 1965 resulted in a deficit of \$29.9 million—\$27.4 million in the first quarter and \$2.5 million in the second quarter. This represented a decline of 85.4 per cent from the corresponding period of 1964.¹³²

241. A large rise in exports, strict control of imports and the relatively low pressure exerted on the Republic's foreign exchange reserves were among the main factors responsible for the improved payments position in 1964.

242. As regards capital accounts, long-term capital imported during 1964 amounted to \$15.21 million, while short-term payments were \$3.66 million, making net receipts \$11.55 million. After allowances for adjustment, the combined accounts of current and capital transactions for the year 1964 showed a deficit of \$733,000.¹³³ Capital transactions during the first six months of 1965 amounted to a \$10.5 million surplus of receipts—\$2.7 million below the surplus value of the corresponding period in 1964. After allowance for adjustment there was a deficit of \$18.9 million in the combined transactions.¹³⁴

243. Gold reserves at the end of 1964 were \$2.77 million as compared to \$1.85 million at the end of 1963, an increase of about 50 per cent. However, the value of foreign exchange reserves at the end of 1964 remained about the same as that in 1963. The total value of gold and foreign exchange holdings of the Republic, at the end of the year was \$131.5 million in 1963 and \$131.7 million in 1964.¹³⁵ By the end of June 1965 they stood at \$113.3 million.¹³⁶

9. INFLOW OF INTERNATIONAL CAPITAL AND AID

(a) United Nations assistance

244. During 1964 the United Nations agencies for technical assistance and economic aid increased their

¹²³ *Ibid.*, table 16.

¹²⁴ Bank of Korea, *Monthly Statistical Review*, July 1965, table 49 (in Korean) and additional data provided by the Research Department of the Bank of Korea.

¹²⁵ See annex V, table 16.

¹²⁶ Bank of Korea, *Foreign Exchange Statistics*, March 1965, table 12.

¹²⁷ *Ibid.*, June 1965, table 12.

¹²⁸ *Ibid.*, March 1965, table 11.

¹²⁹ *Ibid.*, June 1965, table 11.

¹³⁰ Visible trade based on transactions settled through banking channels is not comparable to trade returns compiled by the Bureau of Customs, Ministry of Finance. Moreover, the exchange records do not coincide with the balance of payments since there is considerable difference in coverage, valuation and time of reference.

¹³¹ See annex V, table 17.

¹³² *Ibid.*

¹³³ Bank of Korea, *Foreign Exchange Statistics*, March 1965, table 1.

¹³⁴ *Ibid.*, June 1965, table 11.

¹³⁵ *Ibid.*, March 1965, table 46.

¹³⁶ Information provided by the Bank of Korea.

activities which covered a wider scope than in earlier years.

245. Nine United Nations Special Fund projects were in operation and a number of requests for assistance were under study. The nine projects comprised a Tidal Land Reclamation Survey; Agricultural Survey and Demonstration in Selected Watersheds; Management Training at Korea Productivity Centre; Telecommunications Training Centre; Soil Survey; Soil Fertility and Soil Research; Forest Survey; Deep Sea Fishing Training Centre and establishment of a Fine Instrument Centre. Contributions by the Special Fund for these projects were \$7.5 million and contributions by the Republic were the equivalent of \$6.3 million.

246. The Special Fund studied requests for assistance with a telecommunications survey and a comprehensive survey of the Naktong River basin.

247. The expanded programme of technical assistance for 1965-66 amounting to \$500,000, provided for 10 experts and 38 fellowships for the Republic. This was supplemented by a further allocation of \$70,000 from UNKRA residual funds, making a total of \$1.1 million which has been allocated for technical assistance from these funds.

248. The Economic Commission for Asia and the Far East continued its activities both with visits to the Republic by regional specialists and by arranging participation of Koreans in seminars, conferences and training programmes, including the Economic Development Institute for Asia. An ECAFE Consultative Group visited the Republic to discuss matters relating to the proposed establishment of an Asian Development Bank, for which the Government has expressed support.

249. WHO, together with UNICEF, maintained an extensive programme of assistance financed from its regular budget.

250. The World Food Programme approved four projects involving 8,300 tons of food valued at \$1.2 million. They cover flood control, road construction, upland development and tidal-land reclamation.

(b) *United States assistance*

251. In 1964, the Government received from the United States aid amounting to \$149.33 million, as compared with \$216.45 million in 1963—a decline of 31.0 per cent. The 1964 aid breaks down into \$6.02 million for project assistance and technical co-operation, \$82.32 million for non-project assistance and \$60.98 million in the form of sales of surplus agricultural commodities under Public Law 480. The corresponding figures for 1963 were \$11.04, \$108.61 and \$96.79 million respectively.¹⁸⁷

252. The supporting assistance provided by the United States Agency for International Development was \$119.66 million in 1963 and \$88.35 million in 1964.

253. The decline in supporting assistance and aid is, however, offset to some extent by an increase in AID loans commonly known as "development loans". These are of long duration and at low interest rates.

As of January 1965, the total AID loans to the Republic amounted to \$92.94 million being used for fourteen projects. The rate of interest on those loans was, generally, 75 per cent and the repayment period thirty years.

(c) *Foreign capital and loans*

254. The total amount of foreign loans and capital introduced into the Republic from 1959 to 1964 amounted to \$287.7 million. They were used for sixty-four projects—eighteen projects costing \$122.3 million were financed from public loans, thirty-six projects costing \$155.5 million from private loans, with the remaining ten projects totalling \$10 million from direct and partnership investments.

255. The amount of foreign capital introduced during 1964 reached \$27.2 million—\$15.6 million in public loans, \$10.9 million in private loans and \$0.7 million in direct and partnership investments. This represented a decline of \$41 million from the preceding year.¹⁸⁸

256. The sharp decline in loans in 1964 was due mainly to the restrictive measures adopted by the Government on private loans. Whereas in 1963 nearly all private loans were accorded payment guarantees, few guarantees were granted in 1964.

257. As regards public loans, those received during the year were small, but many new loan agreements were signed not only with AID as in the past, but with countries other than the United States. Loan agreements signed in 1964 included four AID loans totalling \$31.4 million, one for a loan by the Federal Republic of Germany amounting to \$1.4 million and one for a loan by the United Kingdom Government amounting to \$1.4 million.

258. Private loans for which payment guarantees were granted covered seven projects. This brought the number of loans with repayment guarantees to 22 as of the end of 1964 (\$123.5 million), while loans with no payment guarantees numbered 14 (\$32 million).

259. There were few private investments in the Republic during 1964. Three new United States investments amounting to \$325 thousand were approved. Also, there was one investment from the Federal Republic of Germany and another from Panama, thus bringing the number of approved investments to five totalling \$769,000.

260. In December 1964, the Federal Republic of Germany extended total loans of \$39.8 million to the Republic of Korea, of which \$13.5 million were in Government loans, \$18.8 million in long-term commercial loans and \$7.5 million in short-term commercial loans. The loans were allocated to sixteen projects agreed upon between the Republic of Korea and the Federal German Governments.

261. Since the repayment time of most public loans and private loans had not yet begun by the end of the year, owing to the grace period, only about \$5.9 million of principal and interest was repaid during 1964—\$520,000 for public loans and \$5.4 million for private loans.¹⁸⁹ The annual payment of principal

¹⁸⁷ Bank of Korea, *Monthly Statistical Review*, June 1965, table 49.

¹⁸⁸ See annex V, table 18.

¹⁸⁹ *Ibid.*

and interest on loans contracted so far will reach a maximum of about \$26 million by 1967.¹⁴⁰

* * *

The present report is transmitted to the Secretary-General for submission to the General Assembly at its twentieth 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 services rendered by the Secretariat during the year.

¹⁴⁰ Republic of Korea Economic Planning Board, Economic Co-operation Bureau, *Foreign Capital and Loans*, 1965, p. 25.

DONE at Commission Headquarters, Seoul, Korea, this third day of September, one thousand nine hundred and sixty-five.

(Signed) R. A. PEACHEY, *Australia*
*Chile*¹⁴¹

R. H. VAN GULIK, *Netherlands*
*Pakistan*¹⁴²

Pedro G. RAMÍREZ, *Philippines*
Yuad LOESRIT, *Thailand*
Muammer BAYKAN, *Turkey*

Ali NEKUNAM
Principal Secretary

¹⁴¹ Chile was not represented on the Commission at the time of the signing of the report.

¹⁴² The representative of Pakistan was absent from Korea at the time of the signing of the report.

ANNEXES

ANNEX I

Delegations to the Commission, United Nations Secretariat, and organization of work

A. Delegations to the Commission

1. LIST OF DELEGATIONS

AUSTRALIA

Representative

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

Alternate representative

Mr. Geoffrey Vincent Brady (until 18 December 1964)
Mr. N. C. K. Evers (from 5 May 1965)

Adviser

Mr. Donald W. Witheford

CHILE

Representative

H.E. Mr. Roberto Suárez Barros (until 14 January 1965), Ambassador of Chile to Japan

NETHERLANDS

Representative

H.E. Mr. N. A. J. de Voogd (until 18 January 1965), Ambassador of the Netherlands to the Republic of Korea
H.E. Mr. R. H. van Gulik (from 1 March 1965), Ambassador of the Netherlands to the Republic of Korea

PAKISTAN

Representative

H.E. Lt. General K. M. Sheikh, Ambassador of Pakistan to Japan

PHILIPPINES

Representative

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

Alternate representative

Mr. Tiburcio C. Baja (until 28 August 1964)

Adviser

Mr. Lupo I. Leyva (from 1 April 1965)

THAILAND

Representative

H.E. Major-General Chan Ansuchote (until 22 September 1964), Ambassador of Thailand to the Republic of Korea

H.E. Mr. Yuad Loesrit (from 5 March 1965), Ambassador of Thailand to the Republic of Korea

Alternate representative

Mr. Srisward Punkrasin

TURKEY

Representative

Dr. Muammer Baykan

2. CHAIRMANSHIP OF COMMISSION SESSIONS

Ambassador Peachey, *Australia*, 9 to 13 November 1964
Ambassador van Gulik, *Netherlands*, 25 to 29 March 1965

Ambassador Sheikh, *Pakistan*, 21 to 25 June 1965
Ambassador Ramirez, *Philippines*, 30 August to 3 September 1965

B. United Nations Secretariat

Principal Secretary

Mr. Ismail R. Khalidi (until 27 June 1965)
Mr. Ali Nekunam (from 28 June 1965)

Political Affairs Officer

Mr. Ahmet H. Ozbudun (until 5 December 1964)
Miss Lilly E. Landerer (from 6 December 1964)

Administrative and Finance Officer

Mr. Donald T. H. Richards

Economic Affairs Officer

Mr. Roger A. Agile

Communications and Transportation Officer

Mr. Johan Boe (until 24 January 1965)
Mr. Kjell Skolem (from 25 January 1965)

Personal Assistant to the Principal Secretary

Mr. Kidar N. Sawhney (until 9 July 1965)
Mr. D. F. Hedgecock (from 10 July 1965)

Administrative Assistant

Mr. Dwarka Nath Puri

Secretary to the Principal Secretary

Mr. Desmond J. McReynolds (until 4 March 1965)
Mr. D. F. Hedgecock (from 5 March to 9 July 1965)
Mr. B. de Guzman (from 10 July 1965)

Intermediate Research Assistants

Mr. Cho Dong Bin
Mr. Moon Hae Shik

Transportation and Building Maintenance Assistant

Mr. Chung Hak Joon

Finance Assistant

Mr. Sohng Ri Chan

Translator and Interpreter

Mr. Im Han Kyung

Clerks

Miss Chung Myung Hee
Mr. Kim Kil Sup (until 17 October 1964)

C. Organization of work

Delegations of the four members comprising the Committee of UNCURK, namely Australia, the Philippines, Thailand and Turkey, are established in Seoul. Delegations of the other three members of the Commission, namely Chile, the Netherlands and Pakistan, are resident in Japan. The Secretariat of UNCURK is established in Seoul.

The Commission and its Committee have continued to receive logistical support from the United Nations Command. They have also received co-operation and assistance from the liaison officers provided by the Ministry of National Defence of the Republic of Korea.

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 Koi Yong

Foreign Affairs

Lee Tong Won

Home Affairs

Yang Chan Woo

Finance

Rhi Jung Han (from 26 June to 4 December 1964)

Hong Sung Hui (from 5 December 1964)

Justice

Min Pok Kee

National Defence

Kim Sung Eun

Education

Yoon Chun Joo (from 11 May 1964 to 27 August 1965)

Kwon Oh Byung (from 27 August 1965)

Agriculture and Forestry

Tchah Kyun Hi

Commerce and Industry

Park Choong Hoon

Health and Social Affairs

Oh Won Son

Transportation

Ahn Kyung Mo

Communications

Kim Hong Shik (from 22 July 1964 to 16 May 1965)

Kim Byung Sam (from 16 May 1965)

Public Information

Lee Soo Young (from 11 May to 2 September 1964)

Hong Chong Chul (from 2 September 1964)

Construction

Chun Ye Yong

Cabinet Administration

Lee Souck Jae

Ministers without Portfolio

Won Yong Suk (in charge of economic affairs)

Yun Chu Yung (from 25 March 1965) (in charge of political affairs)

B. Other organs under the Executive Branch

1. National Security Council

Chairman

Park Chung Hee

Principal Secretary

Song Suk Ha

2. Economic and Scientific Council

Chairman

Park Chung Hee

Principal Secretary

Kim Chung Moo

3. Board of Inspection

Chairman

Lee Joo Il

4. Central Intelligence Agency

Director

Kim Hyung Wook

C. Sixth National Assembly

Speaker

Rhee Hyo Sang

Vice-Speakers

Chang Kyung Soon

Ra Iong Gwyn

Chairmen of the Standing Committees

Justice and Legislation.....Paik Nam Ok

Foreign Relations.....Kim Dong Hwan

Home Affairs.....Kil Jae Ho

Finance and Economy.....Kim Sung Kon

National Defence.....Kim Chong Kab

Education and Public Information.....Choi Young Doo

Agriculture and Forestry.....Kwon Oh Hoon

Commerce and Industry.....Chung Tae Sung

Public Health and Social Affairs.....Chung Hun Jo

Transportation and Communications.....Pak Soung Kyu

Construction.....Kim Taik Soo

Steering.....Kim Yong Soon

Sessions of the National Assembly

45th (Regular) Session: 1 September to 20 December 1964

46th (Extraordinary) Session: 29 December 1964 to 1 January 1965

47th (Extraordinary) Session: 15 to 30 January 1965

48th (Extraordinary) Session: 25 February to 26 March 1965

49th (Extraordinary) Session: 12 April to 8 May 1965

50th (Extraordinary) Session: 20 May to 18 June 1965

51st (Extraordinary) Session: 12 to 21 July 1965

52nd (Extraordinary) Session: 29 July to 14 August 1965

53rd (Regular) Session: (from 1 September 1965)

D. Judiciary

*The Supreme Court**Chief Justice*

Cho Chin Man

E. Central Election Management Committee

Chairman

Sa Kwang Ook

International relations of the Republic of Korea

A. Representation with foreign Governments

Argentina ^a	Kenya ^a
Australia ^a	Liberia ^d
Austria ^b	Luxembourg ^d
Belgium ^b	Malagasy Republic ^d
Bolivia ^d	Malawi ^h
Brazil ^a	Malaysia ^a
Cameroon ^d	Malta ^h
Canada ^a	Mexico ^c
Central African Republic ^b	Morocco ^c
Chad ^d	Netherlands ^b
Chile ^d	New Zealand ^b
China (Republic of) ^a	Nicaragua ^d
Colombia ^b	Niger ^h
Congo (Leopoldville) ^d	Norway ^b
Costa Rica ^d	Panama ^b
Dahomey ^d	Paraguay ^d
Denmark ^b	Peru ^d
Dominican Republic ^d	Philippines ^a
Ecuador ^b	Portugal ^d
El Salvador ^d	Republic of Viet-Nam
Ethiopia ^c	Rwanda ^h
Federal Republic of Germany ^a	Saudi Arabia ^d
France ^a	Senegal ^d
Gabon ^d	Sierra Leone ^d
Gambia ^h	Spain ^b
Greece ^b	Sweden ^c
Guatemala ^d	Switzerland ^c
Holy See ^f	Thailand ^a
Honduras ^d	Togo ^d
Iceland ^c	Turkey ^a
Iran ^d	Uganda ^c
Israel ^g	United Kingdom ^a
Italy ^a	United States ^a
Ivory Coast ^d	Upper Volta ^d
Jamaica ^d	Uruguay ^d
Jordan ^d	Venezuela ^h

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 in Japan (Tokyo), Branches of the Mission (Osaka and Fukuoka).
- Republic of Korea Mission (non-resident) to the European Economic Community

C. Consulates general of the Republic of Korea¹

- Cairo (United Arab Republic)
- Hamburg (Federal Republic of Germany)

- ^a Resident envoys exchanged.
- ^b Non-resident envoys exchanged.
- ^c Republic of Korea envoy resides in State concerned; accreditation of latter's envoy is pending.
- ^d Non-resident Republic of Korea envoy to State concerned; accreditation of latter's envoy is pending.
- ^e Republic of Korea envoy resides in State concerned; latter's envoy is non-resident.
- ^f Non-resident Republic of Korea envoy to State concerned; latter's envoy resides in the Republic of Korea.
- ^g Accreditation of Republic of Korea envoy to State concerned is pending; latter's envoy resides in the Republic of Korea.
- ^h Agreement reached to establish diplomatic relations.

¹ This list does not include consulates or consuls maintained within Republic of Korea embassies abroad.

- Hong Kong (Crown Colony of the British Commonwealth)
- Honolulu (United States of America)
- Los Angeles (United States of America)
- New Delhi (India)
- New York, N.Y. (United States of America)
- Phnom Penh (Cambodia)
- Rangoon (Burma)
- San Francisco (United States of America)

D. Consulates in the Republic of Korea¹

- | | |
|--|--------------------------|
| Belgium | Netherlands |
| Denmark | Norway |
| India (consulate general) ^k | Sweden |
| Israel | Switzerland ^k |
| Jordan ^k | |

E. New membership in international organizations

Governmental organization

- United Nations Conference on Trade and Development.....
22 December 1964

Non-governmental organization

- International Criminal Police Organization...1 October 1964

F. Conclusion or acceptance of international treaties and agreements¹ (26 August 1964 to 31 July 1965)*Principal bilateral treaties*

- | | <i>Date of signature</i> |
|--|--------------------------|
| Agreement between the Republic of Korea and the Royal Kingdom of Cambodia concerning Trade and Payments..... | 16 October 1964 |
| Agreement between the Government of the Republic of Korea and the Government of the Republic of Viet-Nam concerning the Status of the Korean Assistance Mission in Viet-Nam..... | 31 October 1964 |
| Agreement between the Government of the Republic of Korea and the Government of the United Kingdom on Civil Air Services between Seoul and Hong Kong | 19 November 1964 |
| Agreement between the Government of the Republic of Korea and the Federal Republic of Germany concerning Financial Assistance | 7 December 1964 |
| Agreement on Trade of Cotton Textiles between the Government of the Republic of Korea and the Government of the United States of America..... | 26 January 1965 |
| Trade Agreement between the Government of the Republic of Korea and the Government of the Republic of Italy..... | 9 March 1965 |
| Trade Agreement between the Government of the Republic of Korea and the Government of the Federal Republic of Germany | 9 April 1965 |
| Protocol concerning Maritime Transport between the Government of the Republic of Korea and the Government of the Federal Republic of Germany..... | 9 April 1965 |

¹ This list does not include consulates or consuls maintained within embassies in Seoul.

^k To be established shortly.

¹ This list does not include instruments requiring ratification where ratification has not been completed.

	<i>Date of signature</i>
Amendment to the Agreement of Investment Guaranty between the Government of the Republic of Korea and the Government of the United States of America	16 April 1965
Agreement for the Mutual Granting and Protection of Patents, Designs and Trade Marks between the Government of the Republic of Korea and the Government of the Kingdom of Norway....	24 May 1965
Amendment to the Protocol concerning the Establishment of the German Economic Advisory Group.....	3 June 1965
Agreement between the Government of the Republic of Korea and the Swedish Government concerning Reciprocal Abolition of Visa Fees.....	8 June 1965

Multilateral treaties

	<i>Date of signature or acceptance</i>
Long-term Arrangement Regarding Trade in Cotton Textiles, 1962.....	10 December 1964
Amendments to articles 17 and 18 of the Inter-Governmental Maritime Consultative Organization	14 May 1965
International Convention for the Safety of Life at Sea, 1960.....	21 May 1965
Protocol for the Extension of the International Wheat Agreement, 1962.....	8 July 1965

G. Major international conferences attended by representatives of the Republic of Korea

United Nations

- Nineteenth regular session of the United Nations General Assembly—Observer (New York)
- Third United Nations International Conference on the Peaceful Uses of Atomic Energy (Geneva), 31 August-9 September 1964
- United Nations Tin Conference (New York), 22 March-23 April 1965
- United Nations Conference on Transit Trade of Land-locked Countries (New York), 7 June to 8 July 1965
- Fourth session of the United Nations *Ad Hoc* Committee on Tungsten (New York), 11-14 May 1965
- Twenty-first session of the Economic Commission for Asia and the Far East (Wellington), 16-29 March 1965
- Regional Seminar and Training Centre for Trade Promotion (Manila), 28 September-30 October 1964
- Second Conference of Asian Economic Planners (Bangkok), 19-26 October 1964
- Sixth session of the Regional Conference on Water Resources Development (Bangkok), 12-19 November 1964
- Thirteenth session of the Inland Transport and Communications Committee (Bangkok), 23-30 November 1964
- Expert Working Group on Evaluation of Population and Housing Census Data in Countries of Asia and the Far East (Bangkok), 2-8 December 1964
- Sixth Conference of Asian Statisticians (Bangkok), 9-22 December 1964
- Seventh session of the ECAFE Regional Trade Promotion Talks (Bangkok), 14-22 January 1965
- Eighth session of the ECAFE Committee on Trade (Bangkok), 25 January-2 February 1965
- Seventeenth session of the ECAFE Committee on Industry and Natural Resources (Bangkok), 4-15 February 1965

International Atomic Energy Agency

- Eighth regular session of the General Conference (Geneva), 22 September-2 October 1964

International Labour Organisation

- Forty-ninth session of the International Labour Conference—Observer (Geneva), 2-23 June 1965

Food and Agriculture Organization of the United Nations

- Seventh session of the Asia-Pacific Forestry Commission (New Zealand), 22 September-2 October 1964
- Eleventh session of the Indo-Pacific Fisheries Council (Kuala Lumpur), 16-31 October 1964
- Ninth session of the International Rice Commission (Manila), 2-7 November 1964
- Seventh FAO Regional Conference for Asia and the Far East (Manila), 7-23 November 1964
- OIE/FAO Regional Conference on Epizootic Diseases in Asia (New Delhi), 24-29 November 1964
- Forty-fourth session of the Council of FAO (Rome), 21 June-2 July 1965

United Nations Educational, Scientific and Cultural Organization

- Thirteenth session of the General Conference (Paris), 20 October-19 November 1964
- Twenty-eighth session of the International Congress on Public Education (Geneva), 12-23 July 1965

World Health Organization

- Eighteenth World Health Assembly (Geneva), 4 April- 21 May 1965
- Fifteenth session of the Regional Committee for the Western Pacific (Manila), 17-22 September 1964

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

- Annual meetings of the Board of Governors (Tokyo), 7-11 September 1964

International Civil Aviation Organization

- Fifteenth session of the General Assembly of ICAO (Montreal), 22 June-19 July 1965

World Meteorological Organization

- Technical Conference on Meteorological Telecommunications in South Asia and Adjacent Areas (Ceylon), 3-14 May 1965

Inter-Governmental Maritime Consultative Organization

- Second Extraordinary Session of the Assembly (London), 10-16 December 1964
- Conference on Facilitation of International Maritime Traffic (London), 24 March-9 April 1965

General Agreement on Tariffs and Trade

- Special session of the Contracting Parties to GATT (Geneva), 17 November 1964

Other organizations

- Twelfth General Conference on Weights and Measures (Paris), 6-13 October, 1964
- Fortieth session of the International Wheat Council (London), 18-24 November 1964; forty-first session (London), 4-8 February 1965
- Twenty-fourth plenary meeting of the International Cotton Advisory Committee (Washington), 24 May-3 June 1965
- Eighteenth meeting of the Second International Tin Council (Istanbul), 7-9 July 1965
- Sixteenth meeting of the Colombo Plan Consultative Committee (London) 2-25 November 1964
- Eighty-seventh policy session of the Colombo Plan Council (Colombo), 9-12 February 1965
- Fifth meeting of the Governing Body of the Asian Productivity Organization (Tokyo), 5-19 December 1964

Third session of the Executive Committee of the Afro-Asian Rural Reconstruction Organization (Kuala Lumpur), 21-22 December 1964; fourth session (Cairo), 27-29 April 1965
Forty-second Executive Committee Meeting of the International Bureau of Education (Geneva), 9-10 February 1965
Thirtieth meeting of the Council of the International Bureau of Education (Geneva), 17 July 1965

Non-governmental organizations

Nineteenth Plenary Assembly of the World Federation of United Nations Associations (New Delhi), 23-30 January 1965

Twentieth Congress of the International Chamber of Commerce (New Delhi), 6-13 February 1965
Fourteenth Annual Conference of the Pacific Area Travel Association (Seoul), 28 March-2 April 1965
Fifty-fourth General Conference of the Inter-parliamentary Union (Dublin), 20-25 April 1965
Thirty-fourth Congress of the International Criminal Police Organization (Buenos Aires), 15-23 June 1965
Fifth International Congress of Supreme Audit Institutions (Jerusalem), 15-24 June 1965
Twenty-first International Navigation Congress (Stockholm), 27 June-3 July 1965

ANNEX IV

Treaty on Basic Relations between the Republic of Korea and Japan

Signed in Tokyo on 22 June 1965

The Republic of Korea and Japan,

Considering the historical background of relationship between their peoples and their mutual desire for good neighborliness and for the normalization of their relations on the basis of the principle of mutual respect for sovereignty;

Recognizing the importance of their close cooperation in conformity with the principles of the Charter of the United Nations to the promotion of their mutual welfare and common interests and to the maintenance of international peace and security; and

Recalling the relevant provisions of the Treaty of Peace with Japan signed at the city of San Francisco on September 8, 1951 and the resolution, 195 (III), adopted by the United Nations General Assembly on December 12, 1948;

Have resolved to conclude the present Treaty on Basic Relations and have accordingly appointed as their Plenipotentiaries,

The Republic of Korea:

Tong Won Lee, Minister of Foreign Affairs of the Republic of Korea

Dong Jo Kim, Ambassador Extraordinary and Plenipotentiary of the Republic of Korea

Japan:

Etsusaburo Shiina, Minister of Foreign Affairs of Japan
Shinichi Takasugi

Who, having communicated to each other their full powers found to be in good and due form, have agreed upon the following articles:

Article I

Diplomatic and consular relations shall be established between the High Contracting Parties. The High Contracting Parties shall exchange diplomatic envoys with the Ambassadorial rank without delay.

The High Contracting Parties will also establish consulates at locations to be agreed upon by the two Governments.

Article II

It is confirmed that all treaties or agreements concluded between the Empire of Korea and the Empire of Japan on or before August 22, 1910 are already null and void.

Article III

It is confirmed that the Government of the Republic of Korea is the only lawful Government in Korea as specified in the Resolution 195 (III) of the United Nations General Assembly.

Article IV

(a) The High Contracting Parties will be guided by the principles of the Charter of the United Nations in their mutual relations.

(b) The High Contracting Parties will cooperate in conformity with the principles of the Charter of the United Nations in promoting their mutual welfare and common interests.

Article V

The High Contracting Parties will enter into negotiations at the earliest practicable date for the conclusion of treaties or agreements to place their trading, maritime and other commercial relations on a stable and friendly basis.

Article VI

The High Contracting Parties will enter into negotiations at the earliest practicable date for the conclusion of an agreement relating to civil air transport.

Article VII

The present Treaty shall be ratified. The instruments of ratification shall be exchanged at Seoul as soon as possible. The present Treaty shall enter into force as from the date on which the instruments of ratification are exchanged.

IN WITNESS WHEREOF, the respective Plenipotentiaries have signed the present Treaty and have affixed thereto their seals.

DONE in duplicate at Tokyo, this twenty-second day of June of the year one thousand nine hundred and sixty-five in the Korean, Japanese, and English languages, each text being equally authentic. In case of any divergence of interpretation, the English text shall prevail.

For the Republic of Korea:

(Signed) Tong Won Lee
Dong Jo Kim

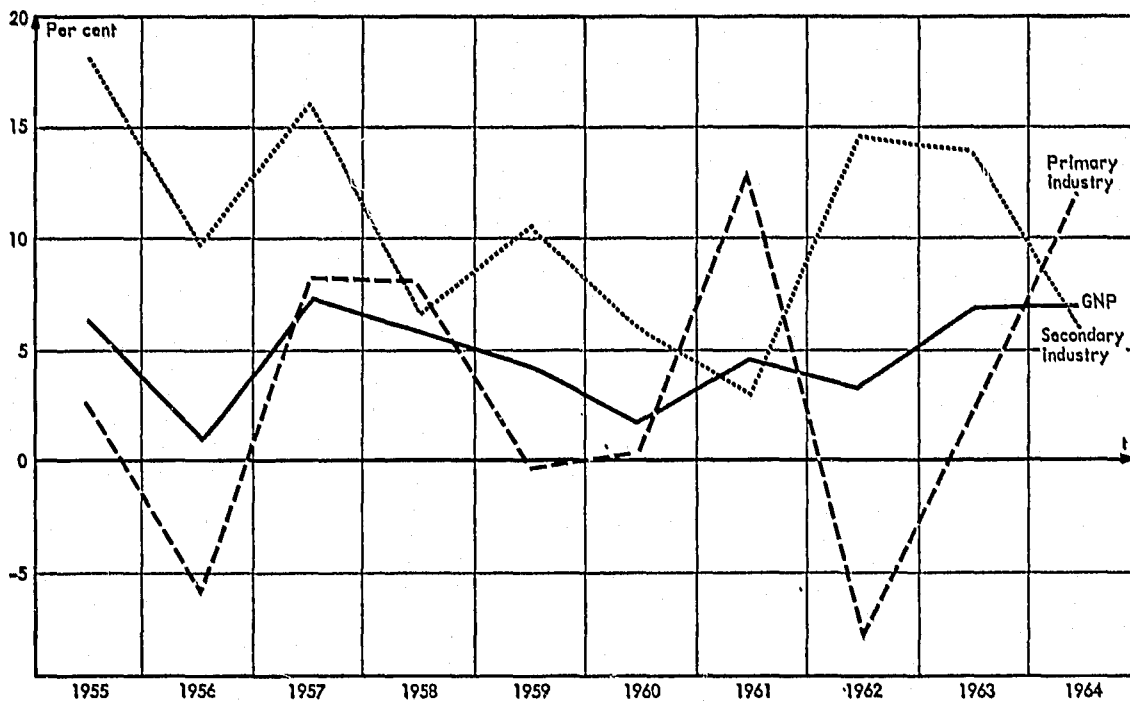
For Japan:

(Signed) Etsusaburo Shiina
Shinichi Takasugi

ANNEX V
Economic data

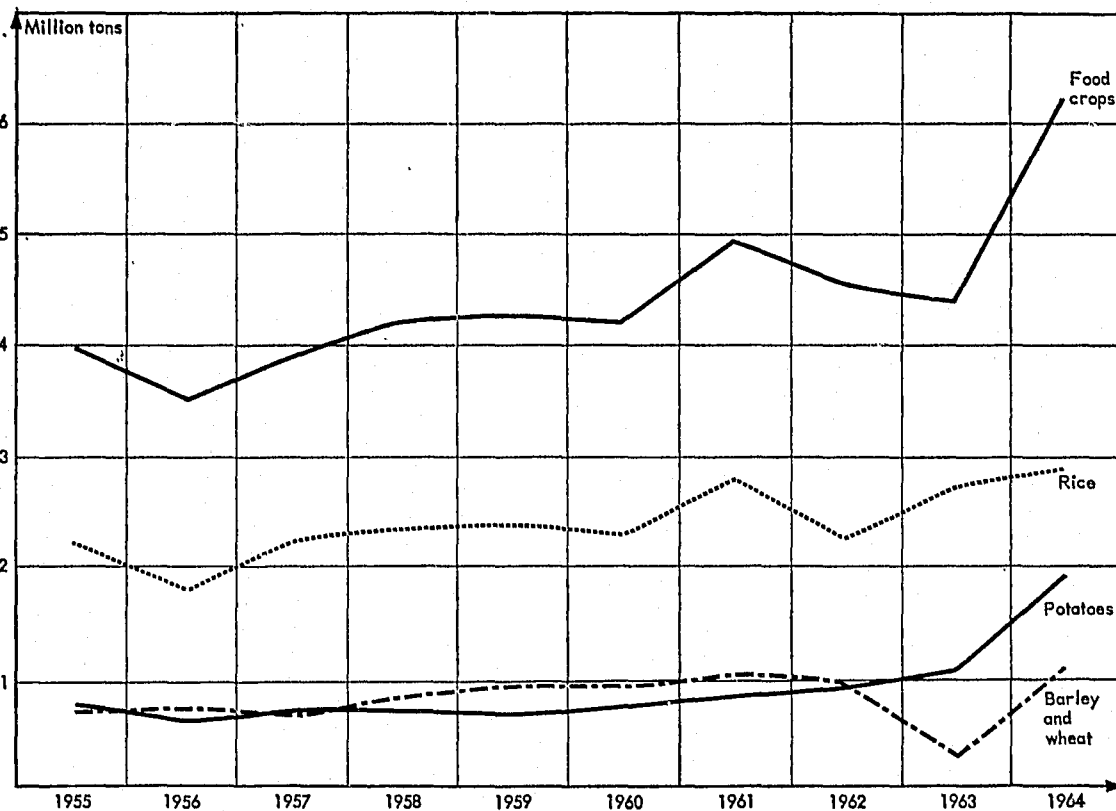
A. Charts

1. ANNUAL RATE OF GROWTH OF THE GROSS NATIONAL PRODUCT AND INDUSTRIES, 1955-1964
(At 1960 constant market prices)



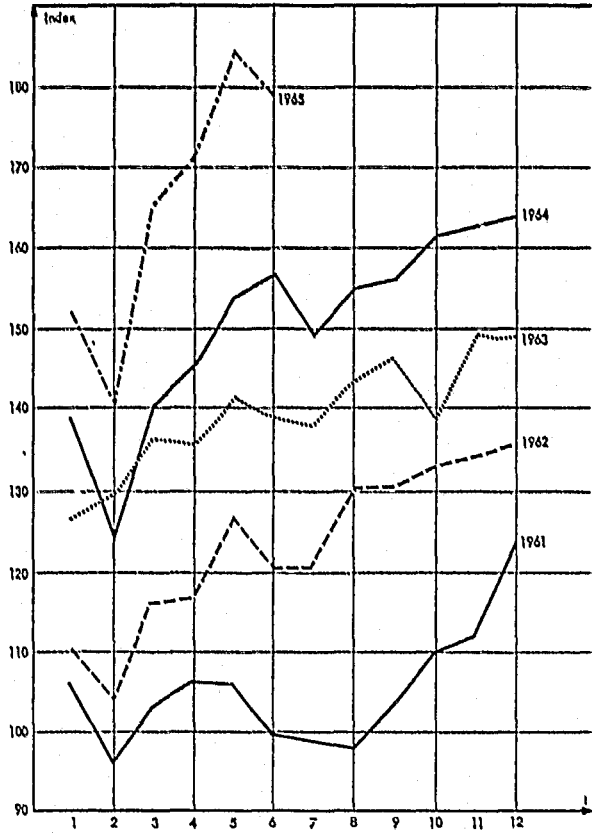
Source: Republic of Korea, Economic Planning Board, *Korea Statistical Yearbook, 1965*, table 63.

2. FOOD CROPS PRODUCTION, 1955-1964



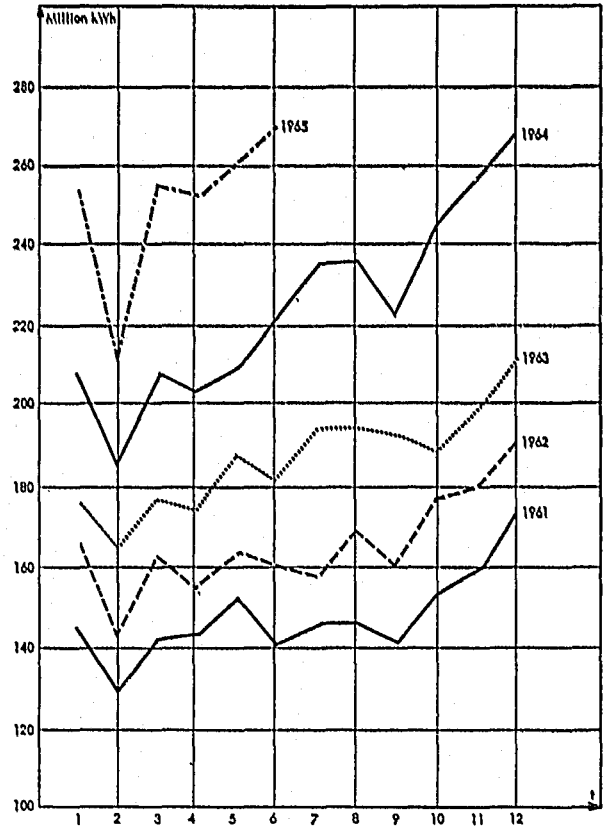
Source: Republic of Korea, Ministry of Agriculture and Forestry, *Yearbook of Agriculture and Forestry Statistics, 1965*, table 34.

3. MONTHLY INDEX OF INDUSTRIAL PRODUCTION, 1961-1965
(1960 = 100)



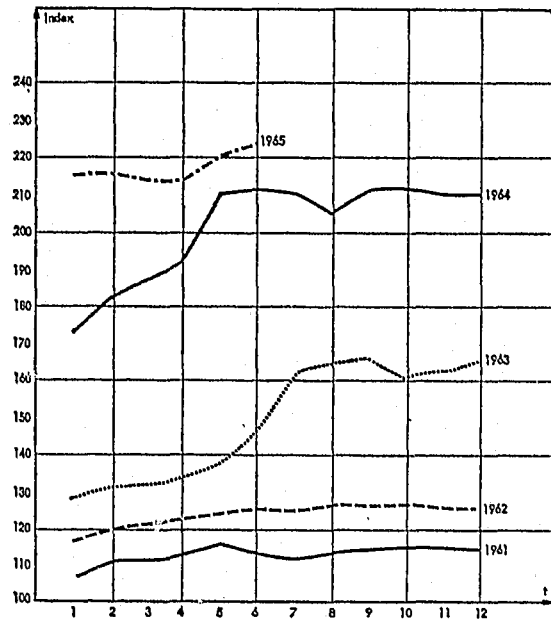
Source: See annex V, table 10.

4. MONTHLY POWER GENERATED, 1961-1965



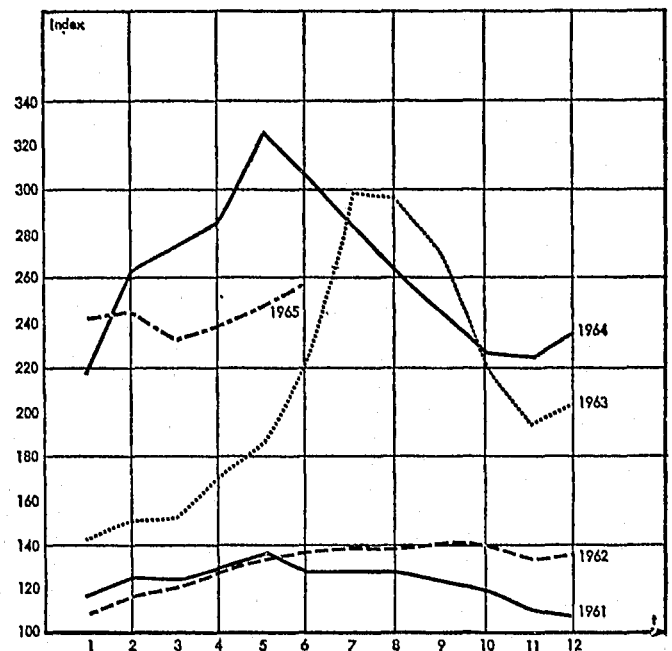
Source: Bank of Korea, *Monthly Statistical Review* (1963-1965).

5. MONTHLY WHOLESALE PRICE INDEX, ALL COMMODITIES, 1961-1965
(1960 = 100)



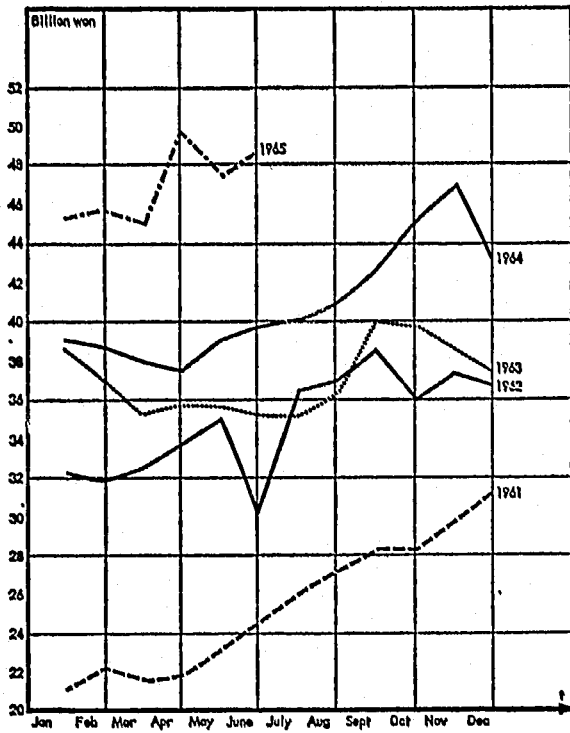
Source: See annex V, table 14.

6. MONTHLY PRICE INDEX OF GRAIN COMMODITY GROUP, 1961-1965
(1960 = 100)



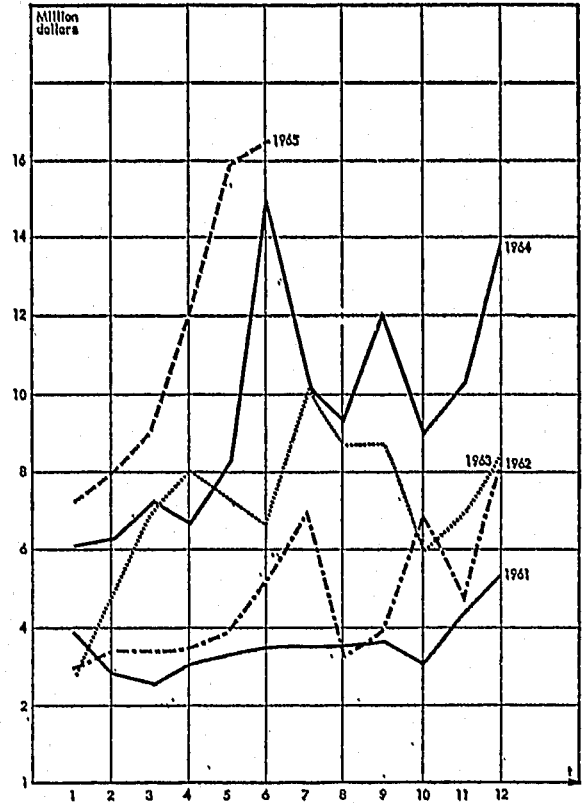
Source: See annex V, table 14.

7. MONTHLY SUPPLY OF MONEY, 1961-1965



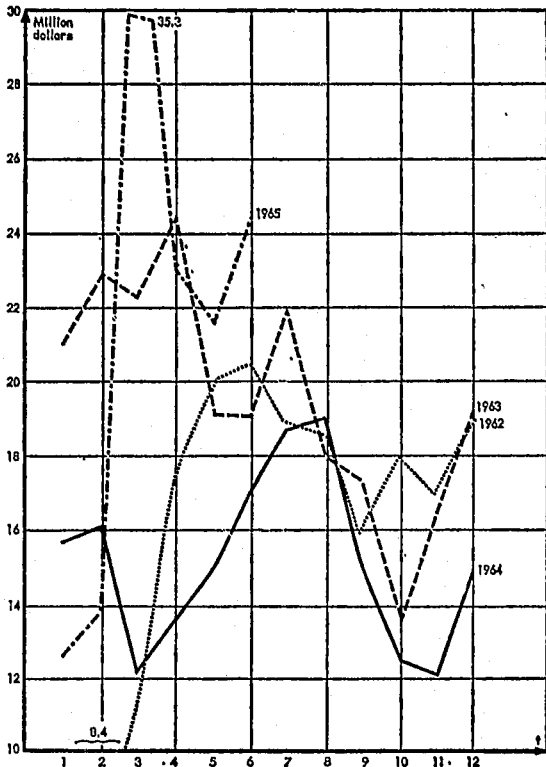
Source: See annex V, table 13.

8. MONTHLY COMMERCIAL EXPORTS (BY SETTLEMENT), 1961-1965



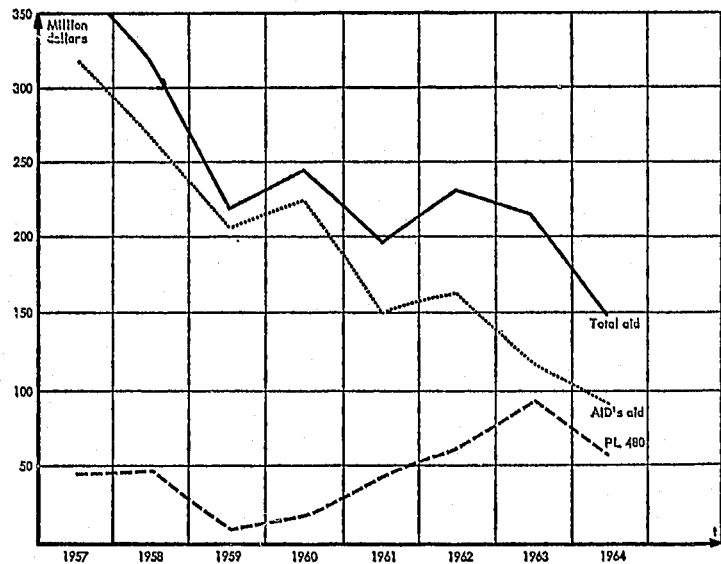
Source: Bank of Korea, *Monthly Statistical Review* (1963-1965).

9. MONTHLY COMMERCIAL IMPORTS (BY SETTLEMENT), 1962-1965



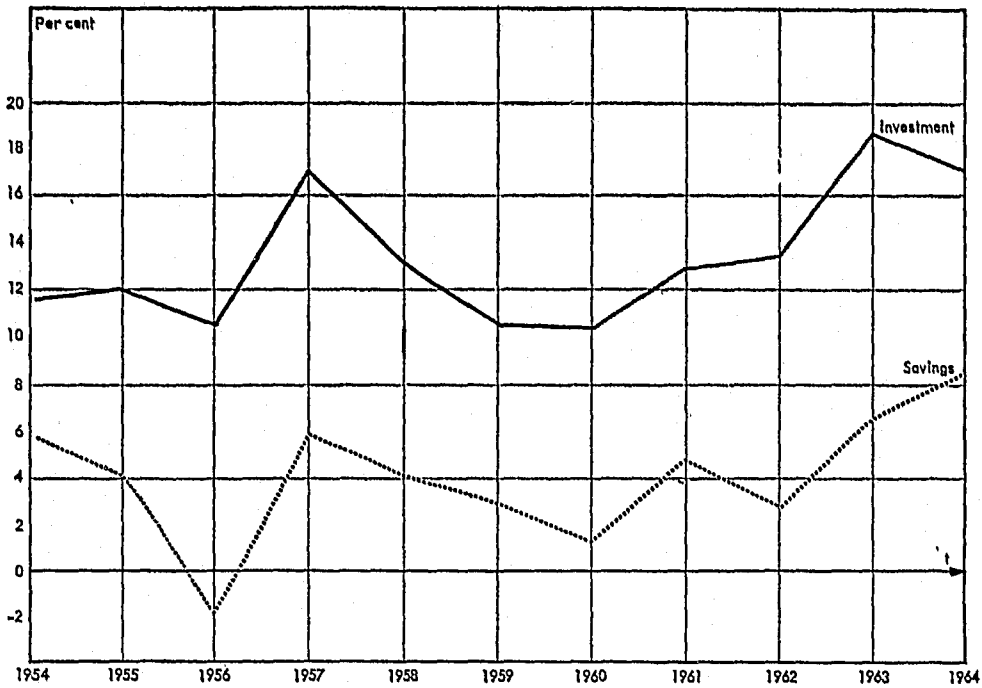
Source: Bank of Korea, *Monthly Statistical Review* (1963-1965).

10. ANNUAL US AID TO THE REPUBLIC OF KOREA, 1957-1964



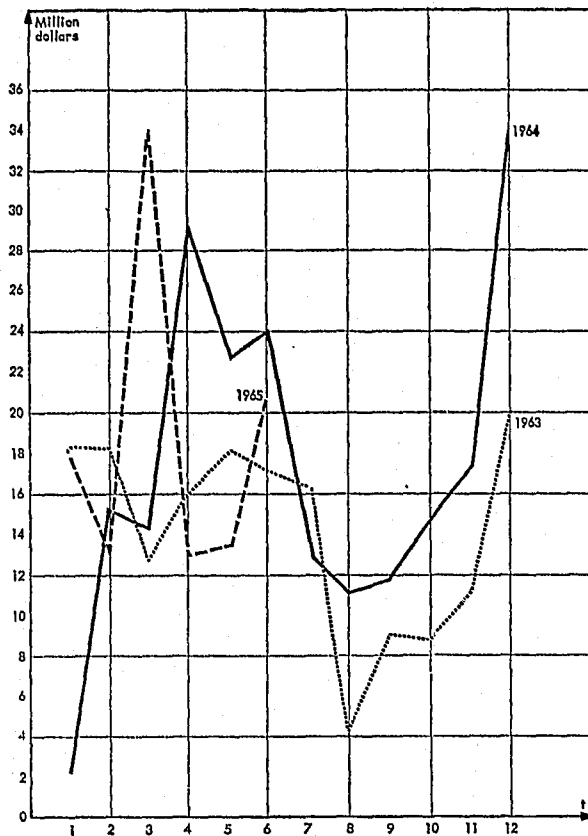
Source: Bank of Korea, *Monthly Statistical Review*, June, 1965, table 49.

11. SAVINGS AND INVESTMENT RATIOS TO THE GROSS NATIONAL PRODUCT, 1954-1964



Source: Bank of Korea, *Monthly Statistical Review*, March 1965, table III-2.

12. MONTHLY LETTERS OF CREDIT, 1963-1965
(Commercial imports)



Source: Bank of Korea, Research Department, *Economic Indicators* (1964-1965).

ANNEX V (continued)

B. Tables

1. EXPENDITURE ON GROSS NATIONAL PRODUCT, 1962-1964

(At current market prices)

Description	Amount (billion won)			Structure (per cent)			Rate of change (per cent)	
	1962	1963	1964	1962	1963	1964	1963	1964
Private consumption expenditure.....	243.99	318.65	431.31	80.7	79.8	80.5	30.6	35.4
General government consumption expenditure..	49.62	54.74	58.70	16.4	13.7	11.0	10.3	7.2
Gross domestic fixed capital formation.....	42.10	57.15	73.09	13.9	14.3	13.7	35.7	27.9
Increase in stocks.....	-1.15	18.26	19.50	-0.4	4.6	3.6	—	—
Exports of goods and services.....	17.98	22.86	41.22	6.0	5.7	7.7	27.1	80.3
Imports of goods and services (—).....	58.88	78.53	93.74	19.5	19.6	17.5	33.4	19.4
Statistical discrepancies	5.54	2.68	1.65	1.8	0.7	0.3	—	—
Expenditure on gross domestic product.....	299.20	395.81	531.73	98.9	99.2	99.3	32.3	34.3
Net factor income from the rest of the world..	3.17	3.33	3.82	1.1	0.8	0.7	5.0	14.7
<i>Expenditure on gross national product.....</i>	<i>302.37</i>	<i>399.14</i>	<i>535.55</i>	<i>100.0</i>	<i>100.0</i>	<i>100.0</i>	<i>32.0</i>	<i>34.2</i>
Indirect taxes (—).....	28.29	31.47	33.96	9.4	7.9	6.3	11.2	7.9
Subsidies (+)	2.23	0.86	1.07	0.7	0.2	0.2	-61.4	24.4
Provision for the consumption of fixed capital (—)	18.26	23.54	30.93	6.0	5.9	5.8	28.9	31.4
<i>National income</i>	<i>258.05</i>	<i>344.99</i>	<i>471.73</i>	<i>85.3</i>	<i>86.4</i>	<i>88.1</i>	<i>33.7</i>	<i>36.7</i>

Source: Bank of Korea, Research Department, *Economic Statistics Yearbook, 1965*, table 7.

2. EXPENDITURE ON GROSS NATIONAL PRODUCT, 1962-1964

(At 1960 constant market prices)

Description	Amount (billion won)			Structure (per cent)			Rate of change (per cent)	
	1962	1963	1964	1962	1963	1964	1963	1964
Private consumption expenditure.....	193.41	197.86	207.71	81.5	78.1	76.6	2.3	5.0
General government consumption expenditure..	35.38	36.06	33.67	14.9	14.2	12.4	1.9	-6.6
Gross domestic fixed capital formation.....	30.61	38.89	37.52	12.9	15.3	13.8	27.0	-3.5
Increase in stocks.....	-1.30	10.13	8.34	-0.5	4.0	3.1	—	—
Exports of goods and services.....	13.87	14.88	19.13	5.8	5.9	7.1	7.3	28.6
Imports of goods and services (—).....	38.63	46.75	36.11	16.3	18.4	13.3	21.0	-22.8
Discrepancy in statistics.....	2.50	0.81	-0.36	1.1	0.3	-0.1	—	—
Expenditure on gross domestic product.....	235.84	251.88	269.90	99.4	99.4	99.6	6.8	7.2
Net factor income from the rest of the world..	1.53	1.60	1.12	0.6	0.6	0.4	4.6	-30.0
<i>Expenditure on gross national product.....</i>	<i>237.37</i>	<i>253.48</i>	<i>271.02</i>	<i>100.0</i>	<i>100.0</i>	<i>100.0</i>	<i>6.8</i>	<i>6.9</i>

Source: Bank of Korea, Research Department, *Economic Statistics Yearbook, 1965*, table 7.

3. GROSS NATIONAL PRODUCT BY INDUSTRIES, 1962-1964

(At current market prices)

	Amount (billion won)			Structure (per cent)			Rate of change (per cent)	
	1962	1963	1964	1962	1963	1964	1963	1964
Primary industry	100.88	155.84	228.19	33.4	38.8	42.6	54.5	46.4
Agriculture, forestry, fisheries.....	100.88	155.84	228.19	33.4	38.8	42.6	54.5	46.4
(Fishery)	(3.31)	(4.36)	(6.75)	(1.11)	(1.1)	(1.3)	(31.7)	(54.8)
Secondary industry	62.22	76.21	104.07	20.6	19.1	19.4	22.5	36.6
Mining and quarrying.....	6.61	7.35	9.82	2.2	1.8	1.8	11.2	33.6
Manufacturing	39.87	50.04	69.78	13.2	12.5	13.0	25.5	39.4
Construction	11.54	14.45	18.93	3.8	3.7	3.6	25.2	31.0
Electricity, water and sanitary service.....	4.68	5.12	6.40	1.5	1.3	1.2	9.4	25.0
(Electricity and gas service).....	(4.20)	(4.37)	(5.54)	(1.4)	(1.1)	(1.0)	(4.0)	(26.8)
Tertiary industry	139.27	167.09	203.29	46.0	42.1	38.0	20.0	21.7
Transportation, storage and communications	16.19	18.70	22.04	5.4	4.7	4.1	15.5	17.9
(Transportation and storage).....	(13.90)	(15.87)	(18.08)	(4.6)	(4.0)	(3.4)	(14.2)	(13.9)
Wholesale and retail trade.....	37.80	50.02	67.82	12.5	12.7	12.7	32.3	35.6
Banking, insurance and real estate.....	4.76	6.29	8.54	1.6	1.6	1.6	32.1	35.8
Ownership of dwellings.....	18.55	21.86	24.99	6.1	5.4	4.7	17.8	14.3
Public administration and defence.....	26.54	28.08	31.66	8.8	7.2	5.9	5.8	12.7
Services	31.78	38.06	43.56	10.5	9.5	8.1	19.8	14.5
(Education services)	(12.07)	(13.13)	(14.27)	(4.0)	(3.3)	(2.7)	(8.8)	(8.7)
Rest of the world.....	3.17	3.33	3.82	1.0	0.8	0.7	5.0	14.7
Gross national product	302.37	399.14	535.55	100.0	100.0	100.0	32.0	34.2

Source: Bank of Korea, Research Department, *Economic Statistics Yearbook, 1965*, table 8.

4. GROSS NATIONAL PRODUCT BY INDUSTRY, 1962-1964

(At 1960 constant market prices)

	Amount (billion won)			Structure (per cent)			Rate of change (per cent)		Share in growth (per cent)	
	1962	1963	1964	1962	1963	1964	1963	1964	1963	1964
Primary industry	74.17	75.64	85.03	31.3	29.8	31.4	2.0	12.4	9.1	53.8
Agriculture, forestry, fisheries.....	74.17	75.64	85.03	31.3	29.8	31.4	2.0	12.4	9.1	53.8
(Fishery)	(2.61)	(2.52)	(2.81)	(1.1)	(1.0)	(1.0)	(-3.4)	(11.5)	(-0.6)	(1.7)
Secondary industry	50.25	57.34	60.71	21.1	22.6	22.4	14.1	5.9	44.0	19.3
Mining and quarrying.....	6.59	7.10	8.12	2.8	2.8	3.0	7.7	14.4	3.2	5.8
Manufacturing	31.82	36.77	38.71	13.4	14.5	14.3	15.6	5.3	30.7	11.1
Construction	9.84	11.24	11.19	4.1	4.4	4.1	14.2	-0.4	8.7	-0.3
Electricity, water and sanitary service	2.33	2.58	3.06	1.0	1.0	1.1	10.7	18.6	1.6	2.8
(Electricity and gas service).....	(2.00)	(2.23)	(2.69)	(0.8)	(0.9)	(1.0)	(11.5)	(20.6)	(1.4)	(2.6)
Tertiary industry	112.95	120.50	125.28	47.6	47.6	46.2	6.7	4.0	46.9	26.9
Transportation, storage, communica-	12.86	14.84	16.53	5.4	5.9	6.1	15.4	11.4	12.3	9.7
tions	(10.55)	(12.07)	(13.35)	(4.4)	(4.8)	(4.9)	(14.4)	(10.6)	(9.4)	(7.3)
Wholesale and retail trade.....	32.91	35.25	36.57	13.9	13.9	13.5	7.1	3.7	14.5	7.0
Banking, insurance and real estate	4.01	4.24	4.45	1.7	1.7	1.7	5.7	5.0	1.4	1.2
Ownership of dwellings.....	17.15	17.45	17.85	7.2	6.9	6.6	1.7	2.3	1.9	2.3
Public administration and defence..	17.95	18.68	19.08	7.6	7.4	7.0	4.1	2.1	4.5	2.3
Services	26.21	28.09	29.31	11.0	11.1	10.8	7.2	4.3	11.7	7.0
(Education services)	(10.53)	(11.32)	(11.95)	(4.4)	(4.5)	(4.4)	(7.5)	(5.6)	(4.9)	(3.6)
Rest of the world.....	1.53	1.60	1.12	0.6	0.6	0.4	4.6	-30.0	0.4	-2.7
Gross national product	237.37	253.48	271.02	100.0	100.0	100.0	6.8	6.9	100.0	100.0

Source: Bank of Korea, Research Department, *Economic Statistics Yearbook, 1965*, table 8.

5. STRUCTURE OF PRIVATE CONSUMPTION EXPENDITURES, 1963-1964

(In billion won)

Description	At current market prices					At 1960 constant market prices					
	1963		1964		Rate of change (per cent)	1963		1964		Rate of change (per cent)	Share in growth (per cent)
	Amount	Structure (per cent)	Amount	Structure (per cent)		Amount	Structure (per cent)	Amount	Structure (per cent)		
Food	163.47	51.3	234.33	54.3	43.3	87.85	44.4	92.69	44.6	5.5	49.1
Beverage	13.12	4.1	16.37	3.8	24.8	6.16	3.1	6.25	3.0	1.5	0.9
Clothing	31.22	9.8	45.74	10.6	46.5	20.48	10.4	21.79	10.5	6.4	13.3
Housing	30.90	9.7	39.40	9.1	27.5	25.71	13.0	25.94	12.5	0.9	2.3
Fuel and light	13.72	4.3	16.45	3.8	19.9	10.13	5.1	10.14	4.9	0.1	0.1
Personal care and health	18.59	5.8	20.77	4.8	11.7	10.75	5.4	11.13	5.4	3.5	3.9
Transportation and communication	13.19	4.1	15.68	3.7	18.9	10.55	5.3	12.14	5.8	15.1	16.1
Recreation and entertainment	15.48	4.9	21.21	4.9	37.0	11.60	5.9	11.94	5.7	2.9	3.5
Miscellaneous	18.96	6.0	21.36	5.0	12.7	14.63	7.4	15.69	7.6	7.2	10.8
TOTAL	318.65	100.0	431.31	100.0	35.4	197.86	100.0	207.71	100.0	5.0	100.0

Source: Bank of Korea, Research Department, *Economic Statistics Yearbook, 1965*, table 14.

6. STRUCTURE OF GROSS DOMESTIC CAPITAL FORMATION, 1963-1964 (AT 1960 CONSTANT MARKET PRICES)

(In billion won)

	1963		1964		Rate of change (per cent)
	Value added	Structure (per cent)	Value added	Structure (per cent)	
A. BY TYPE OF CAPITAL GOODS					
<i>Fixed capital formation</i>	38.89	79.3	37.52	81.8	-3.5
Dwellings	4.41	9.0	5.31	11.6	20.3
Non-residential buildings	8.78	17.9	10.59	23.1	20.6
Other construction and works	13.17	26.9	11.30	24.6	-14.0
Transport equipment	4.63	9.4	3.17	6.9	-31.5
Machinery and other equipment	7.90	16.1	7.15	15.6	-9.5
<i>Increase in stocks</i>	10.13	20.7	8.34	18.2	-17.7
<i>Gross domestic capital formation</i> ..	49.02	100.0	45.86	100.0	-6.4
B. BY INDUSTRIAL USE					
<i>Fixed capital formation</i>	38.89	79.3	37.52	81.8	-3.5
Agriculture, forestry and fishery	4.31	8.8	2.61	5.7	-39.4
Mining and quarrying	0.48	1.0	0.37	0.8	-22.9
Manufacturing	7.93	16.2	7.48	16.3	-5.7
Construction	0.62	1.2	0.43	0.9	-30.6
Electricity, water and sanitary services	5.45	11.1	3.33	7.3	-38.9
Transportation, storage and communications	9.51	19.4	10.09	22.0	6.1
Wholesale and retail trade	2.06	4.2	2.27	4.9	10.2
Banking, insurance and real estate	0.18	0.4	0.29	0.6	61.1
Ownership of dwellings	4.41	9.0	5.31	11.6	20.4
Public administration	0.51	1.0	0.17	0.4	-66.7
Services	3.43	7.0	5.17	11.3	50.7
<i>Increase in stocks</i>	10.13	20.7	8.34	18.2	-17.7
<i>Gross domestic capital formation</i> ..	49.02	100.0	45.86	100.0	-6.4
C. BY TYPE OF PURCHASER					
<i>Fixed capital formation</i>	38.89	79.3	37.52	81.8	-3.5
Private enterprises, private non-profit institutions and public enterprises	25.50	52.0	27.36	59.6	7.3
Government enterprises	6.00	12.2	6.45	14.1	7.5
General government	7.39	15.1	3.71	8.1	-49.8
<i>Increase in stocks</i>	10.13	20.7	8.34	18.2	-17.7
<i>Gross domestic capital formation</i> ..	49.02	100.0	45.86	100.0	-6.4

Source: Bank of Korea, Research Department, *Economic Statistics Yearbook, 1965*, table 13.

7. POPULATION, EMPLOYMENT AND PRODUCTIVITY, 1963-1964

	1963		1964		1962-1963 Rate of change (per cent)
	Number	Index	Number	Index	
<i>Population</i> (in thousands, mid-year)	26,868	100.0	27,633	100.0	2.9
Population 14 and over	15,684	58.4	16,348	59.2	4.2
Economically active	8,652	32.2	8,893	32.2	2.8
<i>Employment</i> (in thousands)	7,947	100.0	8,210	100.0	3.3
Primary industry	5,021	63.2	5,084	61.9	1.3
Secondary industry	889	11.2	917	11.2	3.1
Tertiary industry	2,037	25.6	2,209	26.9	8.4
<i>Productivity</i> (in won)	31,896	211.7	33,011	197.4	3.5
Primary industry	15,065	100.0	16,725	100.0	11.0
Secondary industry	61,597	408.9	62,868	375.9	2.1
Tertiary industry	60,422	401.1	58,099	347.4	-3.9
<i>Unemployment</i> (in thousands)	705		683		-3.1
Unemployment ratio (per cent)	8.3		7.2		

Source: Data on economically active population and employment by branches of economic activities were obtained by averaging 4 sample surveys taken each year in March, June, September and December. See Republic of Korea, Economic Planning Board, Bureau of Statistics, *Monthly Statistics of Korea*, No. 4, April 1965, table 16 and *Major Population Figures of Korea*, January 1965, tables 8 and 9. For data on income for productivity, see table 4 of the present report.

8. VALUE ADDED IN AGRICULTURE, FORESTRY AND FISHERY, 1963-1964

(In billion won)

Description	At current market prices					At 1960 constant market prices				
	1963		1964		Rate of change (per cent)	Value	Structure (per cent)	Value	Structure (per cent)	Rate of change (per cent)
	Value	Structure (per cent)	Value	Structure (per cent)						
Agriculture	144.36	92.6	212.75	93.2	47.4	67.88	89.7	76.76	90.3	13.1
Forestry	7.12	4.6	8.69	3.8	22.1	5.24	6.9	5.46	6.4	4.2
Fishery	4.36	2.8	6.75	3.0	54.8	2.52	3.3	2.81	3.3	11.5
Value added	155.84	100.0	228.19	100.0	46.4	75.64	100.0	85.03	100.0	12.4

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

9. OUTPUT OF AGRICULTURE, FISHERY AND FORESTRY, 1963-1964

Description	Unit of measurement	1963		1964		Rate of change (per cent)
		Output	Per cent	Output	Per cent	
<i>Agriculture</i>	(1,000 MT)					
Rice		2,766	62.3	2,922	46.9	5.6
Summer grains		305	6.9	1,081	17.3	254.4
Other grains		108	2.4	126	2.0	16.7
Potatoes		1,080	24.3	1,913	30.7	77.1
Pulses		182	4.1	191	3.1	4.9
TOTAL		4,441	100.0	6,233	100.0	40.4
<i>Fishery</i>	(1,000 MT)					
Fish		250	56.6	319	61.0	27.6
Sea Plants		36	8.1	43	8.2	19.4
Shellfish		17	3.8	45	8.6	164.7
Others		139	31.5	116	22.2	-16.6
TOTAL		442	100.0	523	100.0	18.3
<i>Forestry</i>	(1,000 chongbo) ^a					
Planted areas		87.0		91.2		4.8
Planted trees	(10 ⁶ units)	120.3		228.0		89.5

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

^a 1 chongbo = 2.45 acres.

10. MONTHLY INDEX NUMBER OF INDUSTRIAL PRODUCTION, 1962-1965
(1960=100)

	January	February	March	April	May	June	July	August	September	October	November	December	Rate of change Dec.-Dec. (per cent)
1962:													
Mining	129.4	113.4	137.7	128.5	124.5	128.3	133.2	134.0	136.6	145.0	144.4	155.2	22.7
Manufacturing.	105.9	102.1	111.8	115.7	129.0	119.7	118.8	130.3	129.9	131.8	133.0	133.6	7.9
Electricity ...	117.8	100.7	115.2	109.0	115.4	113.2	111.5	118.8	113.4	124.2	126.9	132.5	9.0
Over-all index .	110.0	104.5	115.9	117.4	127.7	120.7	120.7	130.4	130.2	133.5	134.5	135.8	10.2
1963:													
Mining	137.6	146.6	160.2	149.4	155.4	144.6	141.4	143.6	153.3	162.8	174.3	173.6	11.9
Manufacturing.	124.7	126.8	133.5	134.1	140.3	138.8	137.7	144.5	146.2	135.0	145.9	145.5	8.9
Electricity ...	121.2	112.4	121.3	122.2	131.9	128.3	136.9	137.0	135.7	131.1	136.6	147.0	10.9
Over-all index .	126.5	129.2	137.0	135.9	142.2	139.2	138.2	144.0	144.0	139.1	149.8	149.8	9.5
1964:													
Mining	182.9	158.1	174.8	164.1	173.9	171.1	161.8	158.3	145.6	173.4	179.3	185.6	6.9
Manufacturing.	129.5	118.0	133.6	142.0	151.0	154.9	146.6	155.2	159.2	159.3	158.1	158.4	8.9
Electricity ...	146.9	131.0	146.3	143.8	146.9	157.9	166.3	166.7	157.1	175.5	181.4	189.4	28.8
Over-all index .	138.4	124.7	140.4	145.4	154.3	157.5	149.8	156.2	157.0	162.1	162.3	163.9	9.4
1965:													
Mining	166.7	160.8	172.1	178.1	180.1	175.8 ^a							-5.3 ^b
Manufacturing.	148.2	137.1	163.6	169.2	185.1	177.2 ^a							11.9 ^b
Electricity ...	179.5	148.7	180.0	178.5	184.0	190.5							0.8 ^b
Over-all index .	152.4	141.2	165.6	171.0	184.3	177.6 ^a							8.4 ^b

Source: Bank of Korea, Monthly Statistical Review, July 1965, table 49.

^a Denotes provisional nature of data.

^b Figures relate to the rate of change over the first six months of 1965.

11. SELECTED OUTPUT OF MAJOR PRODUCTS IN MINING AND MANUFACTURING INDUSTRIES, 1963-1964

Product	Unit of measurement	1963	1964	Rate of change (per cent)
<i>Mining</i>				
Coal (anthracite)	10 ³ metric tons	8,858.1	9,621.6	8.6
Iron ore	10 ³ metric tons	500.7	684.8	36.8
Tungsten	Short tons	5,222	5,132	-1.7
Gold (refined)	Kilogramme	2,802	2,357	-15.9
Silver (refined)	Kilogramme	13,810	12,580	-8.9
Copper ore	10 ³ metric tons	12.3	12.1	-1.2
Salt	10 ³ metric tons	230.1	285.6	55.8
Amorphous graphite	10 ³ metric tons	338.8	262.4	-22.6
Kaolin	10 ³ metric tons	52.3	60.5	15.7
Talc	10 ³ metric tons	32.4	43.9	35.5
Fluorite	10 ³ metric tons	39.8	56.4	41.7
<i>Manufacturing</i>				
Wheat flour	10 ³ metric tons	545.8	270.2	-50.5
Sugar (refined)	10 ³ metric tons	39.8	17.1	-57.0
Cotton cloth	10 ⁶ sq. metres	147.7	172.7	16.9
Rayon cloth	10 ⁶ sq. metres	36.7	40.1	9.5
Newsprint	10 ³ metric tons	41.8	43.0	2.9
Urea fertilizer	10 ³ metric tons	97.8	141.1	44.3
Cement	10 ³ metric tons	778.3	1,242.1	59.6
Steel ingots	10 ³ metric tons	160.1	129.2	-19.2
Flat glass	10 ³ cases	537.0	512.9	-4.5
Bicycles	10 ³ pair	105.0	154.6	47.2
Vehicle tires	10 ³	237.5	251.3	5.8
Plywood	10 ⁶ sq. feet	335.2	501.5	49.6
Petroleum	10 ³ kilolitres	—	760.1	—

Source: Bank of Korea, *Monthly Statistical Review*, June 1965, tables 52 and 54.

12. GENERAL GOVERNMENT BUDGETS, 1963-1965
(In million won)

Classification	1963			1964			1965	
	3rd Revised Supplementary	Executed		Government ^a proposed (adjusted)	First Revised Supplementary		Original	
		Amount	Structure (per cent)		Amount	Structure (per cent)	Amount	Structure (per cent)
Revenues	74,751	76,020	100.0	75,012	75,396	100.0	84,854	100.0
Taxes	31,588	31,078	40.9	36,149	36,449	48.3	42,129	49.6
Domestic Tax	(25,023)	(24,693)	(32.5)	(27,564)	(27,865)	(36.9)	(32,192)	(37.9)
Custom duties	(6,565)	(6,385)	(8.4)	(8,585)	(8,585)	(11.4)	(9,936)	(11.7)
Monopoly profits	4,600	4,832	6.4	4,710	4,710	6.2	5,700	6.7
Miscellaneous non-tax revenues	8,923	7,693	10.1	6,103	6,187	8.2	5,975	6.9
Illicit fortune disposal	422	1,470	1.9	596	596	0.8	596	0.7
Surplus from office of supply	112	112	0.2	114	114	0.2	—	—
Trust fund and interest	1,373	1,327	1.7	1,811	1,811	2.4	2,059	2.5
National and industrial bonds	1,300	2,734	3.6	0	0	0	0	0
Borrowing from Bank of Korea	462	462	0.6	0	0	0	0	0
Counterpart funds	25,971	26,312	34.6	25,529	25,529	33.9	28,494	33.6
Expenditures	74,751	72,839	100.0	75,012	75,396	100.0	84,854	100.0
General expenses	32,501	31,844	43.7	34,185	34,466	45.7	36,755	43.3
National defence	21,431	20,479	28.1	23,596	23,878	31.6	28,021	33.0
Investment and loans	20,342	20,333	27.9	16,881	16,703	22.2	19,728	23.3
Others	479	183	0.3	350	350	0.5	350	0.4

Source: Republic of Korea, Economic Planning Board, *Summary of Budget for Fiscal Year 1964*, table 1 and *Summary of Budget for Fiscal Year 1965*, table 1.

^a For 1964 original budget, see *Official Records of the General Assembly, Nineteenth Session, Supplement No. 12* (A/5812), annex VI, table 14.

13. MONTHLY SUPPLY OF MONEY AND ITS COMPONENTS, 1962-1965

(In billion won)

	January	February	March	April	May	June	July	August	September	October	November	December	Rate of change (per cent)	End-year distribution (per cent)
1962:														
Currency in circulation	16.2	16.4	16.1	16.3	15.4	16.2	16.6	17.5	17.6	17.7	18.9	18.0	7.8	49.0
Monetary deposits	16.0	15.5	16.6	17.4	20.2	14.7	19.8	19.4	21.1	19.2	18.5	18.7	28.1	51.0
Money supply	32.2	31.9	32.7	33.7	35.6	31.0	36.4	37.0	38.7	36.9	37.4	36.7	17.6	100.0
1963:														
Currency in circulation	17.9	16.7	15.1	16.2	15.9	15.8	15.8	17.1	18.7	18.7	21.1	18.3	1.7	48.9
Monetary deposits	20.7	20.5	20.4	19.7	19.9	19.7	19.2	19.1	21.8	20.9	17.5	19.1	2.1	51.1
Money supply	38.7	37.2	35.6	35.9	35.8	35.5	35.0	36.1	40.5	39.6	38.6	37.3	1.9	100.0
1964:														
Currency in circulation	19.5	19.5	18.2	18.9	19.9	20.1	20.0	20.8	22.7	24.7	27.4	24.9	36.1	57.8
Monetary deposits	19.6	19.4	20.0	18.7	19.3	19.7	20.1	20.1	20.0	20.2	19.3	18.2	-4.7	42.2
Money supply	39.1	38.9	38.2	37.6	39.2	39.8	40.1	40.9	42.7	44.9	46.7	43.1	15.2	100.0
1965:														
Currency in circulation	27.0	25.9	23.3	25.1	24.5	25.4							20 ^a	
Monetary deposits	18.2	19.7	21.5	24.6	23.0	22.9							25.8 ^a	
Money supply	45.2	45.6	44.8	49.7	47.5	48.3							12.1 ^a	

Source: Bank of Korea, *Monthly Statistical Review*, August 1963 and July 1965.

^a Figures relate to the rate of change over the first six months of 1965.

14. MONTHLY WHOLESALE PRICE INDEX OF ALL COMMODITIES, GRAIN AND NON-GRAIN GROUPS, 1962-1965

(1960=100)

	Weight	January	February	March	April	May	June	July	August	September	October	November	December	Rate of change Dec.-Dec. (Per cent)
1963:														
Grains	147.1	107.7	117.2	120.0	126.9	135.1	138.2	139.0	139.8	140.2	140.2	134.9	137.6	26.7
Non-grains	852.9	119.2	122.0	120.3	121.3	122.0	122.6	122.1	124.4	124.1	125.1	124.7	124.8	8.4
All commodities	1,000.0	117.5	119.6	120.2	122.0	123.9	125.1	124.5	126.6	126.5	127.3	126.2	126.7	10.9
1964:														
Grains	147.1	141.9	151.4	152.2	165.7	183.8	220.4	299.5	294.0	272.3	220.0	195.8	202.1	46.9
Non-grains	852.9	126.3	127.7	127.8	128.2	130.4	133.8	138.3	142.9	147.8	151.1	157.1	158.3	26.8
All commodities	1,000.0	128.6	131.2	131.4	133.8	138.2	146.5	162.0	165.2	166.1	161.2	162.8	164.4	29.8
1965:														
Grains	147.1	219.3	262.8	276.0	283.9	324.9	306.0	282.2	263.5	248.4	228.5	226.6	235.0	16.3
Non-grains	852.9	165.2	169.0	171.4	174.9	190.4	194.7	197.7	196.4	204.5	208.3	207.0	205.4	29.8
All commodities	1,000.0	173.2	182.8	186.8	191.0	210.2	211.1	210.1	206.3	210.9	211.3	209.9	209.8	27.6
Grains	147.1	242.9	244.5	233.0	238.6	246.9	256.6							9.2 ^a
Non-grains	852.9	210.2	211.6	210.6	210.7	215.3	218.9							6.6 ^a
All commodities	1,000.0	215.0	216.5	213.9	214.8	220.0	224.5							7.0 ^a

Source: Bank of Korea, Monthly Statistical Review, August 1964 and July 1965.

^a Figures relate to the rate of change over the first six months of 1965.

15. COMMODITY STRUCTURE OF EXPORTS AND IMPORTS, 1963-1964

(In thousand US dollars)

	Exports					Imports				
	1963		1964		Rate of change	1963		1964		Rate of change
	Value	Structure (per cent)	Value	Structure (per cent)		Value	Structure (per cent)	Value	Structure (per cent)	
Food and live animals	17,841	20.5	26,350	22.1	47.7	120,607	21.5	68,240	16.8	-43.4
Beverages and tobacco	250	0.3	184	0.2	-26.4	326	0.1	124	—	-62.0
Crude materials (inedible) (except fuel)	26,405	30.4	31,442	26.4	19.1	107,074	19.1	97,064	24.0	-9.4
Mineral fuels, lubricants, and related materials	2,579	3.0	2,488	2.1	-3.5	34,377	6.1	28,471	7.0	-17.2
Animal and vegetable oils and fats	92	0.1	88	0.1	-4.4	4,781	0.9	3,886	1.0	-18.7
Chemicals	904	1.0	630	0.5	-30.3	79,980	14.3	84,828	21.0	6.1
Manufactured goods classified by material	28,115	32.4	42,310	35.5	50.5	88,328	15.8	46,114	11.4	-47.8
Machinery and transport equipment	4,067	4.7	2,204	1.9	-45.8	115,569	20.6	69,520	17.2	-40.0
Miscellaneous manufactured articles	6,403	7.4	13,197	11.1	106.1	8,033	1.4	5,336	1.3	-33.6
Not classifiable	146	0.2	164	0.1	12.3	1,198	0.2	1,266	0.3	5.7
TOTAL	86,802	100.0	119,057	100.0	37.2	560,273	100.0	404,849	100.0	-27.7

Source: Bank of Korea, *Monthly Statistical Review*, March 1965, table 39.

16. VALUE OF EXPORTS AND IMPORTS BY CONTINENT AND COUNTRY, 1963-1964

(In thousand US dollars)

Country	Exports							Imports				
	1963		1964		Rate of change (per cent)	1965 ^a planned (per cent)	1963		1964		Rate of change (per cent)	
	Value	Structure (per cent)	Value	Structure (per cent)			Value	Structure (per cent)	Value	Structure (per cent)		
Asia	53,737	61.9	66,026	55.5	22.9	53.0	208,429	37.2	146,195	36.1	-29.9	
Taiwan	722	0.8	1,947	1.6	169.7	1.3	14,994	2.7	5,176	1.3	-65.5	
Hong Kong	9,120	10.5	11,615	9.8	27.4	6.5	6,057	1.1	5,924	1.5	-2.2	
Japan	24,841	28.6	38,158	32.1	53.6	29.3	159,345	28.4	100,121	24.7	-37.2	
Philippines	2,596	3.0	1,172	1.0	-54.9	1.5	12,177	2.2	8,995	2.2	-26.1	
Thailand	1,582	1.8	2,644	2.2	67.1	2.4	1,794	0.3	22	—	-98.8	
Viet-Nam	12,140	14.0	6,314	5.3	-48.0	8.2	1,251	0.2	3	—	-99.8	
Others	2,736	3.2	4,176	3.5	52.6	3.8	12,811	2.3	25,954	6.4	102.6	
Europe	7,908	9.1	15,716	13.2	98.7	11.2	41,789	7.4	39,224	9.7	-6.1	
Belgium	339	0.4	1,746	1.5	415.0	0.7	1,567	0.3	1,518	0.4	-3.1	
France	538	0.6	750	0.6	39.4	0.6	927	0.2	117	—	-87.4	
West Germany .	1,275	1.5	1,146	1.0	-10.1	2.3	22,730	4.0	23,857	5.9	5.0	
Italy	1,810	2.1	833	0.7	-54.0	1.2	3,254	0.6	4,503	1.1	38.4	
Netherlands	1,599	1.8	2,664	2.2	66.6	1.5	5,446	1.0	4,034	1.0	-25.9	
United Kingdom	1,587	1.8	6,510	5.5	310.2	2.9	5,240	0.9	3,176	0.8	-39.4	
Others	760	0.9	2,067	1.7	172.0	2.0	2,625	0.4	2,019	0.5	-23.1	
America	24,551	28.3	36,313	30.5	47.9	34.8	289,022	51.6	206,198	50.9	-28.7	
Canada	249	0.3	448	0.4	79.9	0.6	3,457	0.6	2,537	0.6	-26.6	
U.S.A.	24,287	28.0	35,566	29.9	46.4	33.5	284,065	50.7	202,058	49.9	-28.9	
Others	15	—	299	0.2	1,893.3	0.7	1,500	0.3	1,603	0.4	6.9	
Oceania and Africa	382	0.4	978	0.8	156.0	1.0	12,826	2.3	10,428	2.6	-18.7	
Not Classified	225	0.3	25	—	-88.9	—	8,210	1.5	2,804	0.7	71.9	
TOTAL	86,803	100.0	119,058	100.0	37.2	100.0	560,276	100.0	404,849	100.0	-27.7	

Source: Bank of Korea, *Monthly Statistical Review*, March 1965, tables 41 and 42.^a Programme prepared by the Ministry of Commerce and Industry.

17. FOREIGN EXCHANGE RECEIPTS AND PAYMENTS, 1961-1965 (CURRENT TRANSACTIONS)

(In thousand US dollars)

	Receipts				Payments					Net receipts (+) or Payments (-)
	Visible exports	Invisible exports			Visible imports		Invisible imports			
		Services	AID	Total	KFX and Loan Funds	AID	Services	AID	Total	
1961	42,901	123,327	156,524	322,752	100,591	154,452	15,541	2,072	272,656	50,096
1962	56,702	122,318	187,726	366,746	195,846	191,472	29,827	3,568	420,713	- 53,967
1963	85,337	91,817	176,674	353,828	236,131	179,554	36,437	14,186	466,308	-112,480
1964	115,147	97,102	115,669	327,918	182,482	109,176	37,751	7,390	336,799	- 8,881
1965										
1st quarter	24,264	20,480	40,180	84,922	61,780	36,573	10,199	3,745	112,297	- 27,375
2nd quarter	44,423	30,988	36,471	111,882	69,110	33,498	8,429	3,323	114,360	- 2,478

 Source: Bank of Korea, Foreign Exchange Control Department, *Foreign Exchange Statistics*, June 1965, table 1.

18. STATUS ON FOREIGN CAPITAL INDUCED UP TO 1965

(In thousand US dollars)

Source	Loan or Investment Amount	Arrival			Repayment of Principal and Interest		
		1963	1964	Accumulated Total	1963	1964	1965
I. FOREIGN LOANS	277,760	62,599	26,538	96,494	4,439	5,942	11,440
A. Public loans (18 projects)	122,165	38,843	15,637	61,837	146	523	669
AID (14 projects)	92,935	25,288	7,146	38,791	84	190	274
IDA (1 project)	14,000	9,921	4,009	13,930	12	104	116
Federal Republic of Germany (2 projects)	13,930	3,634	4,482	8,116	50	229	279
United Kingdom (1 project)	1,400	—	—	—	—	—	—
B. Private loans (36 projects)	155,495	23,756	10,901	34,657	4,293	5,419	10,771
Federal Republic of Germany (13 projects)	34,274	10,500	4,524	16,198	1,104	2,466	4,340
United States of America (16 projects)	70,269	10,292	6,377	15,495	105	1,276	1,381
Japan (1 project)	380	—	—	—	—	—	—
France and Italy (2 projects)	38,308	—	—	—	2,633	1,075	3,708
United Kingdom (1 project)	569	569	—	569	129	106	289
Switzerland (1 project)	280	280	—	280	64	69	161
Sweden (1 project)	9,300	—	—	—	—	—	—
Netherlands (1 project)	2,115	2,115	—	2,115	258	427	892
II. FOREIGN INVESTMENTS							
A. Direct and partnership investments (10 projects)	9,971	5,632	657	6,289	—	—	—
United States of America (6 projects)	8,904	5,579	114	5,693	—	—	—
Japan (1 project)	319	—	319	319	—	—	—
Federal Republic of Germany (1 project)	220	—	—	—	—	—	—
Hong Kong (1 project)	304	53	—	53	—	—	—
Panama (1 project)	224	—	224	224	—	—	—
GRAND TOTAL	287,731	67,231	27,195	102,783	4,439	5,942	11,440

Source: Republic of Korea, Economic Planning Board, Economic Co-operation Bureau and the Bank of Korea.

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