



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

GENERAL ASSEMBLY

OFFICIAL RECORDS: TWENTY-EIGHTH SESSION

SUPPLEMENT No. 27 (A/9027)

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New York, 1973

NOTE

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LETTER OF TRANSMITTAL

Seoul, 30 August 1973

Excellency,

I have the honour to inform Your Excellency that the report of the United Nations Commission for the Unification and Rehabilitation of Korea, covering the period from 19 August 1972 to 30 August 1973, was signed today. It is submitted to you and to the General Assembly in accordance with paragraph 5 of General Assembly resolution 2668 (XXV) of 7 December 1970.

Accept, Excellency, the assurances of my highest consideration.

(Signed) Melih ERÇİN
Acting Chairman

His Excellency
Mr. Kurt Waldheim
Secretary-General of
the United Nations
United Nations Headquarters
New York

INTRODUCTION

The present report of the United Nations Commission for the Unification and Rehabilitation of Korea, covering the period from 19 August 1972 to 30 August 1973, is submitted to the Secretary-General and to the General Assembly in accordance with paragraph 5 of General Assembly resolution 2668 (XXV) of 7 December 1970. It should be read in conjunction with the previous report of the Commission. 1/

1/ Official Records of the General Assembly, Twenty-seventh Session, Supplement No. 27 (A/8727).

I. OBJECTIVES OF THE UNITED NATIONS IN KOREA, AND TERMS
OF REFERENCE AND ACTIVITIES OF THE COMMISSION

A. Objectives of the United Nations in Korea

1. The principal objectives of the United Nations in Korea are to bring about by peaceful means the establishment of a unified, independent and democratic Korea under a representative form of government, and the full restoration of international peace and security in the area. These objectives have been repeatedly affirmed by the General Assembly in a number of resolutions, the latest being resolution 2668 (XXV) adopted on 7 December 1970.

B. Origin and terms of reference of the Commission

2. Since 12 January 1948, the United Nations has been represented politically in Korea by a series of commissions. At that time, the United Nations Temporary Commission on Korea 2/ met in Seoul to facilitate and expedite the participation by elected representatives of the Korean people in the re-establishment of their freedom and independence.

3. The Temporary Commission successfully supervised an election in the southern zone where the United States was the occupying Power, but was not granted permission by the authority occupying the northern zone, the Union of Soviet Socialist Republics, to enter that area.

4. On 12 December 1948, the General Assembly declared 3/ that "there has been established a lawful government (the Government of the Republic of Korea) having effective control and jurisdiction over that part of Korea where the Temporary Commission was able to observe and consult and in which the great majority of the people of all Korea reside ...". It stated that that Government was "based on elections which were a valid expression of the free will of the electorate of that part of Korea ... and that this is the only such lawful government in Korea". Since the objective of unification of all Korea had not been achieved, the General Assembly established the United Nations Commission on Korea (UNCOK) to lend its good offices to that end. Resolution 195 (III), creating UNCOK, stipulated that it was established to continue the work of the Temporary Commission and that UNCOK shall be regarded as having superseded the latter. UNCOK was also to facilitate the removal of barriers to economic, social and other friendly relations caused by the division of Korea and to be available for observation and consultation throughout Korea in the continuing development of representative government based on the freely expressed will of the people, including elections of national scope.

2/ Established by General Assembly resolution 112 (II) of 14 November 1947.

3/ Resolution 195 (III) of 12 December 1948.

5. The United Nations Commission for the Unification and Rehabilitation of Korea (UNCURK) is the third United Nations commission in Korea. Established on 7 October 1950, 4/ it was to assume the functions of the former United Nations Commission on Korea (UNCOK) which in turn had inherited the mandate of its predecessor, the United Nations Temporary Commission on Korea (UNTCOK). UNCURK thus acquired, besides its own terms of reference, the mandates accorded to its two predecessors. In addition, it was to represent the United Nations in bringing about the establishment of a unified, independent and democratic government in all Korea. 5/

C. Composition of the Commission

6. In accordance with paragraph 2 (a) of General Assembly resolution 376 (V), the members of UNCURK were Australia, Chile, the Netherlands, Pakistan, the Philippines, Thailand and Turkey.

7. As a matter of internal organization, the Commission established, as from 1 January 1956, a Committee consisting of the representatives of Australia, the Philippines, Thailand and Turkey, with authority to act on behalf of the Commission in pursuit of the latter's objectives in Korea. This was a matter for the convenience of the Commission, enabling it to meet more regularly, since the four Committee members were residents of Seoul. In 1968, the Commission decided to include the alternate representative of the Netherlands, who resides in Seoul, in the Committee. In December 1969, the alternate representative of Chile was also included in the Committee, since he had become resident in Seoul. The Commission has continued to meet but, for the reasons of convenience mentioned, less frequently than the Committee.

8. In letters dated 14 November 1970 (A/8168) and 21 November 1972 respectively, the Permanent Representatives of Chile and Pakistan to the United Nations informed the Secretary-General of their Governments' decision to withdraw from the Commission.

D. Activities of the Commission

9. During the period under review the Commission, and the Committee acting on its behalf, have been active in efforts to promote United Nations objectives in Korea.

10. Pursuant to its mandate, the Commission has continued, inter alia, to be available for observation purposes and for consultation in matters of security and in the development of representative government in Korea. It has followed attentively political developments in the Republic of Korea and has travelled and

4/ General Assembly resolution 376 (V) of 7 October 1950.

5/ The full terms of reference of UNCURK are to be found in three General Assembly resolutions /293 (IV), 376 (V), and 410 (V)/. An analysis of the Commission's functions under these resolutions is set out in the Commission's report to the General Assembly at its sixth session. /Official Records of the General Assembly, Sixth Session, Supplement No. 12 (A/1881), paras. 7-14/.

consulted freely. The Commission's activities during the period under review have included field trips involving observation of developments in the security, political and economic spheres. UNCURK teams observed the national referendum held on 21 November 1972. They also observed the elections for the delegates to the National Conference for Unification and the National Assembly elections held on 15 December 1972 and 27 February 1973, respectively.

11. During the period under review, the Commission held six sessions: one in Japan, in March 1973; and five in Seoul, in October and December 1972 and in June, July and August 1973. Meanwhile, the Committee held 43 meetings in Seoul.

II. THE QUESTION OF UNIFICATION

A. Introduction

12. The dialogue between North and South Korea has continued cautiously with both sides stressing the difference between them. Although at the end of the period under review there was no concrete agreement, the fact that the two sides met regularly, in Seoul and Pyongyang, in the Red Cross talks and sessions of the North-South Co-ordinating Committee, is itself significant.

13. Contemporaneously with these negotiations directed towards the unification of Korea, the Republic of Korea and the Democratic People's Republic of Korea pursued international policies which were quite separate and consistently opposed to one another. The two sides also engaged in intense diplomatic competition.

B. Views of the Republic of Korea and the Democratic People's Republic of Korea on unification

14. On 17 October 1972, President Park Chung Hee emphasized his "firm conviction that ... we should continue the dialogue" and called for a national referendum which, he said, he would regard as an indication of whether or not his unification policy was acceptable. In his New Year press conference, on 12 January, President Park emphasized that the easy questions should be solved first before concentrating on the harder ones. He went on: "With patience and integrity we will have to tide over the expected obstacles and ask the nation not to hasten, but to support whole-heartedly, with unity and devotion, our efforts for the realization of our objectives."

15. In a New Year address carried in the 10 January 1973 issue of The People's Korea, President Kim Il Sung of the Democratic People's Republic of Korea stated the following on the question of unification:

"A great stride was also made in the struggle for the independent, peaceful reunification of the country last year. Thanks to the persistent efforts of our Party and the Government of the Republic, a historic north-south joint statement was made public last July, the keynote being the three principles - independence, peaceful reunification and great national unity. In accordance with the agreements in this statement the North-South Co-ordinating Committee has been set up. After the announcement of the north-south joint statement the north-south Red Cross talks have made smooth progress. As a result, new bright prospects have been opened up before our people in their struggle for the independent, peaceful reunification of the country. This is a great victory of our Party's policy of independent, peaceful reunification which is based on the Juche (self-reliance) idea, and is striking proof of its correctness and unfailing vitality."

16. Both leaders made important statements on 23 June in which they expressed their differing views on the best methods to secure eventual reunification and the modus vivendi in the meantime.

17. In his statement, President Park made seven points as follows:

"1. The peaceful unification of the fatherland is the supreme task of the Korean people. We will continue to exert every effort to accomplish this task.

"2. Peace must be maintained in the Korean Peninsula by all means. The south and the north should neither interfere with each other's internal affairs nor commit aggression against each other.

"3. We will continue to make efforts with sincerity and patience to secure concrete results from the south-north dialogue based on the spirit of the South-North Joint Communiqué dated 4 July 1972.

"4. We shall not oppose north Korea's participation with us in international organizations, if it is conducive to the easing of tension and the furtherance of international co-operation.

"5. We shall not object to our admittance into the United Nations together with north Korea, if majority of the member-states of the United Nations so wish, provided that it does not cause hindrance to our national unification.

"Even before our admittance into the United Nations as a Member, we shall not be opposed to North Korea also being invited at the time of the United Nations General Assembly's deliberation of 'the Korean question' in which the representative of the Republic of Korea is invited to participate.

"6. The Republic of Korea will open its door to all the nations of the world on the basis of the principles of reciprocity and equality. At the same time, we urge those countries whose ideologies and social institutions are different from ours to open their doors likewise to us.

"7. Peace and good-neighbourliness are the firm basis of the foreign policy of the Republic of Korea. It is reaffirmed that we will continue to further strengthen the ties of friendship existing between our friendly nations and our country.

"I wish to make it clear that matters concerning north Korea in the policies enumerated above are interim measures during the transition period pending the achievement of our national unification and that the taking of these measures does not signify our recognition of north Korea as a state."

18. While President Park made no reference to UNCURK or the United Nations Command, Prime Minister Kim Jong Pil stated the following at a press conference convened for the purpose of answering questions about the President's statement:

"Since the presence of United Nations forces in Korea is a question directly connected with our security, we are opposed to any proposals for the withdrawal of the United Nations forces as long as there exists danger of aggression on the Korean peninsula.

"Since UNCURK is an organ established by resolution of the United Nations, I am not in a position to comment on such a matter as its dissolution.

"UNCURK, since its establishment, has performed with sincerity and responsibility the tasks assigned to it by the United Nations. We will abide by the United Nation's decision on this issue in the future."

19. President Kim Il Sung's statement contained five proposals as follows:

"1. To improve the present relations between the north and south of Korea and accelerate the peaceful reunification of the country, it is necessary, first of all, to eliminate military confrontation and ease tension between the north and south.

"Therefore, as the first step for the peaceful reunification of the country, we have more than once advanced to the south Korean authorities the five-point proposal: To cease the reinforcement of armies and arms race, make all foreign troops withdraw, reduce armed forces and armaments, stop the introduction of weapons from abroad and to conclude a peace agreement.

"2. To improve the north-south relations and expedite the country's reunification, it is necessary to materialize many sided collaboration and interchange between the north and south in the political, military, diplomatic, economic and cultural fields.

"3. We consider that the dialogue between the north and south for national reunification should not be confined to the authorities of the north and south but be held on a nation-wide scale.

"To this end, we propose to convene a Great National Congress composed of representatives of people of all walks of life - the workers, working peasants, working intellectuals, student youths and soldiers in the north, and the workers, peasants, student youths, intellectuals, military personnel, national capitalists and petits-bourgeois in south Korea - and the representatives of political parties and social organizations in the north and south, and comprehensively discuss and solve the question of the country's unification at this Congress.

"4. Under the prevailing conditions we think that the most reasonable way for the reunification is to convene the Great National Congress and achieve national unity, and on this basis, institute the north-south Confederation, leaving the two existing systems in the north and south as they are for the time being.

"In case the north-south Confederation is instituted, it will be good to name this confederal state Confederal Republic of Koryo after Koryo, a unitary state which once existed on our territory and was widely known to the world. This will be a good name for the state acceptable both to the north and south.

"5. We consider that our country should be prevented from being split into two Koreas permanently as a result of the freezing of national division and that the north and south should also work together in the field of external activity.

"Of course we are developing state relations with all countries friendly to our Republic on the principles of equality and mutual benefit; but we

resolutely oppose all machinations designed to make use of this to manufacture two Koreas.

"We hold that the north and south should not enter the United Nations separately, and consider that if they want to enter the United Nations before the reunification of the country, they should enter it as a single state under the name of the Confederal Republic of Koryo, at least after the Confederation is set up.

"But apart from the question of admission to the United Nations, if the Korean question is placed on its agenda for discussion, the representative of our Republic should be entitled to take part in it and speak as the party concerned."

20. On 15 August 1973, in a commemorative address on the occasion of the twenty-eighth anniversary of national liberation, President Park stated that nothing was more urgent than the restoration of trust among the Korean people, who had suffered bitter sacrifices during the war. He went on:

"In order to restore trust, we ought first to settle issues the solutions to which are practicable and, by so doing, accumulate concrete achievements one by one.

"Only on the basis of these achievements can mutual trust be restored; and only when mutual trust is restored can the south-north dialogue move forward.

"If the north Korean authorities really want a dialogue for unification, I believe they should first make sincere efforts for restoration of trust as soon as possible.

"Availing myself of this occasion, I also urge the north Korean authorities to accept without reserve our assertion that south and north should apply together for membership in the United Nations.

"The entry of both south and north into the United Nations will by no means perpetuate the national division or interfere with efforts for unification.

"If the south and the north are admitted together to the world peace organization, it will not only contribute to easing tension on the Korean peninsula and restoring trust as one nation, but also serve to promote world peace.

"Therefore, I emphasize that the entry of both south and north into the United Nations is rather the most realistic means of facilitating our efforts for peaceful unification.

"Furthermore, I am firmly convinced that admission to the United Nations will provide us with a precious opportunity to enhance the prestige of our nation by making our voice heard in the international community and securing those rights and interests to which we are justly entitled."

C. North-South Co-ordinating Committee

21. The Joint Communiqué issued on 4 July 1972 called for the establishment of a North-South Co-ordinating Committee in order to implement the agreements embodied in the Communiqué, to deal with problems arising between the two sides and to work towards national unification. The Committee was to be co-chaired by Lee Hu Rak, Director of the Central Intelligence Agency of the Republic of Korea, and Kim Young Joo, Director of the Organization and Guidance Department of the Democratic People's Republic of Korea. 6/

22. At three preliminary meetings between the Co-Chairmen held in Panmunjom, Pyongyang and Seoul, agreement was reached on the composition, the organization and operation of the Co-ordinating Committee. With respect to the composition of the Committee, it was agreed that the two sides would have five members each - one Co-Chairman, one Vice Co-Chairman, one executive member and two other members. It was also agreed, in accordance with the North-South Joint Communiqué, to renounce all propaganda broadcasts directed at each other, including hostile propaganda through loudspeakers installed along the Military Demarcation Line separating the two parts of Korea.

23. The Co-Chairmen of the North-South Co-ordinating Committee agreed that sub-committees on political, military, foreign, economic and cultural affairs should be established as programmes of the Committee progress and that their organization and functions should be determined by mutual agreement. They also decided that the Committee would:

- discuss and decide how to take concerted attitude in activities towards the outside world, and assure its implementation;
- discuss and decide how to realize independent and peaceful reunification of the divided land and assure its success;
- discuss, decide and help implement exchanges between political organizations and individuals of South and North Korea;
- discuss and decide how to conduct economic, cultural and social exchanges between the South and the North and jointly push combined projects and assure their success; and
- discuss, decide and help realize ways to reduce tensions, prevent military clashes and put an end to a state of military confrontation in Korea. 7/

24. The Co-ordinating Committee held three meetings during the period under review as follows:

Seoul - 30 November and 1 December 1972

6/ In the absence of the ailing Kim Young Joo, Deputy Premier Pak Sung Chul acted as Co-Chairman for the Democratic People's Republic of Korea side.

7/ For an unofficial translation of the text of the agreed minutes of the second meeting between the Co-Chairmen of the North-South Co-ordinating Committee, see the annex to the present report.

Pyongyang - 15 March 1973
Seoul - 12 and 13 June 1973

25. The meetings of the Co-ordinating Committee have made apparent the difference in approach of the two sides to the question of unification and their differing short-term objectives.

26. At the second meeting, the North put forward a five-point proposal, referred to by Kim Il Sung in his 23 June statement (see paragraph 19). These proposals placed priority on military questions and included the suggestion that the armed forces on each side should be reduced to 100,000 men or less, and that a peace treaty be concluded between North and South Korea.

27. The South, on the other hand, has maintained that the two sides should build mutual trust first through social, cultural and economic exchanges and has made some proposals of its own to that effect.

28. Following the third meeting, the two sides clarified their respective attitudes. At a press conference in Pyongyang, on 14 June, Vice-Minister Pak Sung Chul, Acting Co-Chairman of the Co-ordinating Committee, was reported as giving the North's position as follows:

"Firstly, it was to continue to earnestly discuss the five-point proposals for easing the tension between the north and the south and removing the state of military confrontation which had been advanced by our side at the second meeting as a radical step for accelerating the peaceful reunification of the country through multiform collaboration and unity between the north and the south; secondly, to convene as early as possible political negotiations of various political parties, social organizations and personages of all walks of life of the north and the south, separately from the work of the North-South Coordinating Committee now under way, while continuing it; and thirdly, to form five sub-committees, political, military, diplomatic, economic and cultural, in accordance with the 'agreement on the composition and operation of the North-South Coordinating Committee' already reached between the two sides to discuss specific steps for effecting multiform collaboration and intercourse between the north and the south." 8/

29. The Republic of Korea position was summarized in a publication issued in July 1973 by the Public Relations Association of Korea in Seoul, as follows:

"First, the Seoul side suggested that the two sides first agree on the working rules for the Coordinating Committee and its subordinate organs, the Executive Council and the Joint Secretariat, so that the business functions of the Committee are bolstered.

"Second, the Seoul side suggested that the Joint Secretariat of the Committee be created at an early date and the Joint Secretariat building be constructed jointly by the two sides at Panmunjom.

8/ The People's Korea (published in Tokyo), 20 June 1973.

"Third, the Seoul side asked the north Koreans to observe faithfully agreements reached between the two sides and to be frank in handling matters of mutual concern.

"Fourth, the Seoul side proposed that the two sides first start with two, economic and sociocultural, out of the five sub-committees of the Coordinating Committee, and promptly start implementing a wide range of exchanges and cooperation between the two sides in order to promote mutually beneficial interests.

"The Seoul side wished that, through these exchanges and cooperation, the two sides would open their respective societies to each other." 9/

30. On 28 August, the North Korean Co-Chairman of the South-North Co-ordinating Committee, Kim Young Joo, issued a statement listing several objections to the dialogue and criticizing particularly the role of South Korean Co-Chairman Lee Hu Rak, concurrently Director of the Central Intelligence Agency of the Republic of Korea. This Agency, Co-Chairman Kim alleged, was responsible for the abduction in Tokyo, on 8 August, of former Assemblyman and 1971 presidential candidate Kim Dae Jung, who reappeared in Seoul on 14 August. 10/ Mr. Lee Hu Rak should accordingly be disqualified from continuing as Co-Chairman of the Co-ordinating Committee. Mr. Kim concluded his statement expressing the hope that the dialogue might continue in the future, despite the present difficulties.

31. On 29 August, Co-Chairman Lee Hu Rak issued a statement categorically denying that his Agency was involved in the abduction and urging the authorities of the Democratic People's Republic of Korea to retract their statement. Mr. Lee suggested that if both sides agreed it might be possible to reorganize the Co-ordinating Committee and said that there was no change in the Republic of Korea's determination to proceed with the South-North dialogue.

9/ South-North dialogue in Korea, July 1973. Public Relations Association of Korea, Seoul.

10/ Investigations into this incident are at the time of signing of this report being undertaken by the authorities in Seoul and Tokyo.

III. RED CROSS TALKS

32. The first formal or full-dress meeting of the Republic of Korea and the Democratic People's Republic of Korea Red Cross Organizations finally got underway in Pyongyang on 30 August 1972 following agreement on procedural matters reached between the two sides at the third working-level meeting on 11 August 1972. The talks were agreed to be held alternately in Seoul and Pyongyang.

33. The teams were composed of seven delegates and seven consultants each and were led by Lee Bum Suk, representing the Republic of Korea side, and Kim Tae Hi, representing the Democratic People's Republic of Korea side. Earlier the two Governments in similar statements had guaranteed the personal safety of the members of the visiting teams.

34. Seven formal meetings were held between 30 August 1972 and 12 July 1973. The first meeting was devoted mainly to ceremonial speeches by the leaders of the two sides and the adoption of the agenda agreed upon at the 20th preliminary meeting on 16 June 1972. The five-point agenda was as follows:

- (1) The question of tracing and notifying the whereabouts and fate of members of dispersed families and relatives in the South and North;
- (2) The question of facilitating free visits and meetings between members of dispersed families and relatives in the South and North;
- (3) The question of facilitating free exchange of correspondence between them;
- (4) The question of their reunion;
- (5) Other humanitarian matters.

35. At subsequent meetings, the two sides outlined their basic positions with respect to the project for reuniting separated families.

36. The Republic of Korea side made known its position as follows:

- that the project be executed in conformity with the Red Cross principles of humanity and neutrality;
- that the free will of individuals concerned be honoured in the implementation of the project and secrecy be guaranteed as to their personal affairs;
- that the methodology and procedures for the execution of the project not exceed the realm of kinship; and
- that the agenda items be discussed according to their order and each project be implemented as soon as agreed upon.

37. The position of the Democratic People's Republic of Korea side was that the project be carried out independently, its implementation be concrete and thorough, and in accordance with the free will of the individuals concerned and with the backing of the peoples of both parts of the country. The Democratic People's Republic of Korea side also held that the project should have the purpose of contributing to national unity and reconciliation.

38. Discussion of agenda item 1 (tracing and notifying the whereabouts and fate of members of dispersed families and their relatives) led to immediate disagreement. The Democratic People's Republic of Korea side maintained, in inter alia, that a suitable climate should be created in the South by eliminating all social and statutory obstacles to the project. The Republic of Korea side objected to the posing of pre-conditions regarding its internal affairs and stressed that the talks should deal only with humanitarian aspects of the problem and should be based on the Red Cross spirit.

39. At the fourth meeting, held in Seoul on 27 November 1972, the two sides reached agreement on the setting up of a joint North-South Red Cross Committee and a joint Red Cross office for the implementation of agreed projects.

40. At the last meeting, held in Pyongyang on 11 and 12 July 1973, the Republic of Korea side proposed that the separated families be allowed to pay homage at their ancestral tombs located in the other half of the divided peninsula during the Korean religious festival of "Chusok" (in September). The Democratic People's Republic of Korea side rejected this proposal as "an attempt to turn away from the discussion on the basic question put on the agenda and render the talks complicated" 11/ and reiterated its proposal to abolish anti-communist laws, dissolve anti-communist organizations and prohibit all anti-communist activities in South Korea. The leaders of both sides subsequently expressed regret that it had not been possible to achieve any progress.

IV. REVIEW OF SECURITY PROBLEMS IN THE KOREAN PENINSULA

A. Introduction

41. The absence of reported incidents in the Korean peninsula that had prevailed since October 1971 continued throughout the year 1972, until the beginning of March 1973, when Republic of Korea authorities publicized incidents along the Demilitarized Zone and engagements in the rear areas of the Republic involving the forces of the Republic of Korea and alleged North Korean agents.

42. The following account of violations of the Korean Armistice Agreement, based on information provided by the United Nations Command, indicates that only two serious violations, both attributable to North Korea, occurred during the period under review while the level of less serious violations in the Demilitarized Zone charged to the North remained at a similar level as during the previous reporting period.

11/ The Pyongyang Times, 21 July 1973.

B. Violations of the Korean Armistice Agreement

43. The lull prevailing in the Korean Demilitarized Zone from October 1971 continued until 7 March 1973 when North Korean soldiers attacked a United Nations Command work party replacing the Military Demarcation Line Marker 0654. Another serious incident followed on 17 April 1973 when a group of armed North Korean intruders crossed the Military Demarcation Line. Casualties resulting from these two incidents were two North Koreans killed, two United Nations Command personnel killed, and one North Korean wounded and one United Nations Command personnel wounded. The United Nations Command called two Military Armistice Commission meetings to protest against these serious incidents. While the number of serious incidents occurring in the Demilitarized Zone was low compared with some past years, less serious violations of the Armistice Agreement by North Korea within the Demilitarized Zone remained at about the same level as during the previous reporting period. The following table indicates these less serious Armistice Agreement violations by North Korea during the reporting period:

Sea violations	0
Air violations	0
Ground violations	<u>6,418</u>
Total	6,418

	<u>1972</u>					<u>1973</u>				
	<u>Aug</u>	<u>Sep</u>	<u>Oct</u>	<u>Nov</u>	<u>Dec</u>	<u>Jan</u>	<u>Feb</u>	<u>Mar</u>	<u>Apr</u>	<u>May</u>
Exchange of fire . . .	0	0	0	0	0	0	0	1	1	0
Harrassing fire . . .	10	3	1	8	1	3	3	5	9	3
Illegal weapons in DMZ	98	77	145	60	41	100	119	154	64	105
Fortifications in DMZ	177	271	67	111	35	42	68	119	108	96
Identification violations	417	615	580	388	176	518	435	401	368	449
Fires in DMZ	0	0	0	0	0	0	8	14	3	1
Mines in DMZ	0	0	0	0	0	0	1	0	0	3
Illegal entry into DMZ	0	0	0	0	0	0	2	0	0	0
Explosions in DMZ . .	0	0	0	0	1	0	0	0	0	0
	702	966	793	567	254	663	636	694	553	657

Total ground charges: 6,485 a/

a/ This figure, a total number of ground charges, exceeds total ground violations committed by the North Koreans because a single violation is often broken down into a number of charges.

44. The following is a summary of more serious incidents during the period under review:

1. North Korean attack on United Nations Command work party

45. On 7 March 1973, United Nations Command personnel engaged in the replacement of Military Demarcation Line Marker 0654 came under small arms fire from North Korean troops lodged in illegally constructed fortified positions inside the Demilitarized Zone, killing two United Nations Command personnel and wounding another. The United Nations Command proposed a Joint Observer Team investigation of this unprovoked attack by the North Koreans but it was refused. The United Nations Command charged North Korea with this armed attack at the 337th meeting of the Military Armistice Commission on 12 March 1973.

2. North Korean infiltration across the Military Demarcation Line

46. On 17 April 1973, a group of North Korean armed intruders illegally crossed the Military Demarcation Line into the United Nations Command portion of the Demilitarized Zone. These North Korean soldiers were discovered by United Nations Command Demilitarized Zone police 1,600 metres southeast of Military Demarcation Line Marker 0380, only a few hundred metres from the southern boundary of the Demilitarized Zone. In a firefight which ensued two of the intruders were killed and a third was severely wounded. The United Nations Command proposed a Joint Observer Team investigation of the incident, as required by the Armistice Agreement. However, the North Korean side refused to conduct a joint investigation of the incident. The equipment recovered included three AK-47 automatic rifles manufactured in North Korea, North Korean army binoculars, wire cutters and other equipment of typical North Korean origin. The United Nations Command charged North Korea with this serious incident at the 339th meeting of the Military Armistice Commission on 23 April 1973.

C. Espionage cases

47. During the period under review the Republic of Korea Government announced the discovery or arrest of North Korean espionage agents on 10 different occasions, involving in all 47 persons. The purpose of the agents was said to be collection of military information and penetration into key industrial positions and universities. The Government also announced the arrest of 15 others, including four Christian clergymen, on charges of plotting an anti-government revolt.

48. The Democratic People's Republic of Korea authorities for their part accused the Republic of Korea of sending several agents into the North on espionage and subversion missions between May and July 1973.

V. POLITICAL DEVELOPMENTS IN THE KOREAN PENINSULA

A. Developments in the Republic of Korea

49. During the period under review the most important development in the Republic of Korea was the adoption of major amendments to the Constitution.

50. On 17 October 1972, President Park Chung Hee issued a four-point special declaration proclaiming martial law throughout the Republic, suspending certain articles of the Constitution, dissolving the National Assembly and creating an Extraordinary State Council with legislative functions. On 27 October, he announced details of the proposed constitutional amendments.

51. A national referendum on the constitutional amendments was held on 21 November. The voting was: 13,186,559 in favour, 1,106,143 against and 118,012 invalid. Total votes cast in the referendum represented 91.9 per cent of the total registered voters, with 1,265,681 persons abstaining. Affirmative votes were 91.5 per cent of the total votes cast.

52. Under the new Constitution, the President is elected for a six-year term by a "National Conference for Unification" consisting of between 2,000 to 5,000 delegates chosen by popular vote in administrative units throughout the country. His powers are strengthened and include the authority to recommend in a group one-third of the members of the unicameral National Assembly to the National Conference for Unification which either elects or rejects the whole group. The President is also given power to take emergency measures and to dissolve the National Assembly.

53. The National Conference for Unification is described as a supreme organization which decides on major unification policies (in addition to electing the President). Its members serve six-year terms and are not permitted to join political parties or become members of the National Assembly.

54. Other revisions include the following:

- Two thirds of the National Assembly members, whose terms are changed from four years to six, are chosen by direct popular vote.
- The Assembly meets 150 days a year at the most. However, the days of any extraordinary session convened upon request of the President shall not be included in this count. The Assembly is empowered to remove the Cabinet or individual ministers through votes of no confidence.
- A constitutional commission rules on impeachment motions by the National Assembly against the President and other key officials, on the constitutionality of laws, and on the dissolution of political parties as requested by the Cabinet. Three of the Commission's nine members are appointed by the President, three by the Chief Justice of the Supreme Court and three by the National Assembly.

- The Government is enabled to enact laws to curtail some basic civil liberties.
- The President may call national referendums on major national policies.

55. On 24 November, the Extraordinary State Council adopted a law on the election of delegates to the National Conference for Unification. It provided for the election of 2,359 delegates from 1,630 electoral districts for a six-year term. Martial law was lifted on 13 December and the election was held on 15 December. Out of 15.8 million eligible voters, 70.4 per cent voted in the elections to elect 2,270 of the 2,359 delegates at 1,545 districts. The remaining 89 candidates ran unopposed and had already been confirmed winners in 85 districts.

56. The National Conference for Unification held its inaugural meeting on 23 December and elected President Park Chung Hee, who ran unopposed as President of the Republic. He was sworn in on 27 December.

57. On 9 February, following a decision by the Extraordinary State Council, President Park Chung Hee announced that the National Assembly elections would be held on 27 February 1973. The elections were contested by 339 candidates, with the Democratic Republican Party, the New Democratic Party and the Democratic Unification Party fielding 80, 87 and 57 candidates respectively. One hundred and fifteen candidates ran as independents.

58. With a voter turnout of 72.9 per cent, the result of the voting gave the ruling Democratic Party 73 12/ seats in the new Parliament - and the New Democratic Party, the major opposition group, 52 seats. The Democratic Unification Party secured only two seats, while 19 independent candidates were elected.

59. On 5 March, President Park Chung Hee announced the list of candidates recommended by him for the 73 National Assembly seats to complete the composition of the National Assembly. The candidates were elected by the National Conference for Unification on 7 March. Two thousand two hundred and fifty-one approved the list, 82 opposed it and 21 votes were invalid.

60. The 73 legislators elected by the National Conference for Unification promptly organized themselves into an independent floor negotiation group and adopted the collective title of Yujong Hoe (Revitalizing Reforms Political Fraternity).

61. The new National Assembly, the ninth in the Republic of Korea's parliamentary history, was formally inaugurated on 12 March 1973.

12/ Two Assemblymen were subsequently expelled from the ruling Party for their involvement in electoral malpractices in their respective constituencies.

B. Developments in the Democratic People's Republic of Korea

62. The announcement of the constitutional changes in the Republic of Korea coincided with constitutional changes in the Democratic People's Republic of Korea. The Korean Central News Agency of the Democratic People's Republic of Korea reported on 30 October that the draft of a new North Korean Constitution had been completed at a meeting of the Central Committee of the Korean Workers Party held from 23 to 26 October and announced in Pyongyang on 27 October, the day on which the proposed Republic of Korea constitutional amendments were also announced. It said the document had been drafted "under the personal guidance of the great leader Kim Il Sung" and would "become a powerful legal guarantee for consolidating the historic cause of national reunification by defining in the most revolutionary way and correctly all principles governing the political, economic, cultural and military spheres". The document was adopted on 27 December 1972 at the first day's meeting of the Fifth Supreme People's Assembly.

63. Under the revised Democratic People's Republic of Korea Constitution, the executive, legislative and administrative organs of the State were consolidated. Premier Kim Il Sung became both Executive President and Head of State for the first time, and also assumed the Presidency of a new supreme body, the Central People's Committee.

64. In the new Constitution the Democratic People's Republic of Korea is defined as an independent socialist State representing the interests of all the Korean people. Its capital is designated as Pyongyang and not Seoul as in the old Constitution. The Democratic People's Republic of Korea is described as a revolutionary state power striving to reunify the country to attain complete national independence. It calls for a peaceful unification of the country but through ideological revolution on a nation-wide scale.

65. Under the new Constitution, the President of the Democratic People's Republic of Korea becomes Head of State, representing state power. He is elected by the Supreme People's Assembly for four-year terms; the President heads the Central People's Committee and presides over meetings of the State Administration Council. He is supreme commander of the Armed Forces and Chairman of the National Defence Commission. He promulgates the laws and ordinances of the Supreme People's Assembly, decrees of the Central People's Committee and decisions of the Standing Committee of the Supreme People's Assembly. He has the right to grant special amnesty, to ratify and abrogate treaties; and to receive credentials of foreign envoys.

66. The newly established Central People's Committee, composed of 25 persons headed by the President, is the highest leadership organ of state power in the Democratic People's Republic of Korea. It is authorized to exercise, inter alia, the following functions and powers: formulation of internal and external policies of the State; direction of the work of the State Administration Council and the local people's assemblies and people's committees; direction of the work of judicial and procuratorial organs; providing guidance to the work of national defence and state security; supervision of the execution of the Constitution and the laws and ordinances of the Supreme People's Assembly; appointment and dismissal of vice-premiers and ministers on the recommendation of the Premier and the appointment and removal of ambassadors.

VI. ECONOMIC DEVELOPMENTS IN THE REPUBLIC OF KOREA

A. Introduction 13/

67. The period under review covers the first year of the third five-year economic development plan (1972-1976) of the Republic of Korea and the first half of 1973. The slow-down in economic expansion, noted since mid-1971, continued through the first three quarters of 1972; but, during the last quarter of the same year, it manifested a trend towards recovery which extended through the first half of 1973. The 1972 gross national product (GNP) of 7 per cent was the lowest annual growth rate registered in the Republic since 1966. In all but two sectors of the economy - fishing and manufacturing, which have been stimulated by a growing export demand - expansion slowed down. This notwithstanding, some previous tensions have been relaxed, i.e. inflation has been controlled, price stabilization measures implemented with some success, the balance of payments deficit greatly reduced and foreign investments considerably increased.

68. Drastic measures implemented pursuant to the 3 August Emergency Order stimulated business recovery, stabilized prices and the won-dollar exchange rate, and reformed the capital market system. These same measures, however, released a huge amount of liquidity which caused a sudden growth in money supply and in domestic credit during the last quarter of 1972, and continued expanding through the first half of 1973 to a point where they amounted to a serious threat to the price stabilization programme.

69. The Republic of Korea Government has announced a long range development programme extending - over and beyond the period covered by the third five-year economic development plan (1972-1976) - to 1981. The new goals are, stated in a few words: to increase the annual exports to \$10 billion* and to raise the annual per capita GNP to \$1,000. At first sight, these goals appear over-ambitious; not however in the light of the past performance of the two previous five-year economic development plans. From 1962 to 1971, the Republic's exports increased annually by 40 per cent; and from 1967 to 1972, the per capita GNP increased from \$143 to \$302.

B. Rate of growth

70. The 1972 GNP of the Republic (at 1970 constant market prices) amounted to ₩3,023.6 billion 14/ (\$9,800 million). This represented an economic growth rate of 7 per cent, 2.2 per cent lower than the 9.2 per cent attained in 1971. However, during the last quarter of 1972, the Economic Planning Board, having observed a

13/ The figures in this chapter are based on the publications of the Bank of Korea and/or the Economic Planning Board.

* The word "billion" in the present report means a thousand million.

14/ One United States dollar is approximately equivalent to ₩399.

trend towards recovery from the economic slow-down, projected an annual growth rate of 9.5 per cent in the 1973 over-all resources budget.

71. During 1972, the ratio of gross capital investments to the GNP, compared with that of 1971, decreased to 20.9 per cent (domestic savings: 15 per cent; external resources: 5.6 per cent).

72. The general budget for the fiscal year 1972, projected at ₩647 billion and augmented by a supplementary budget of ₩62 billion, ended with a deficit of ₩87 billion. The trend in the repartition of the budget expenditures for the last four years revealed a decline in public investments and loans but a constant increase of general expenditures and defence outlays.

73. The general tax burden ratio to the GNP for the fiscal year 1972 stood at 13.6 per cent compared with 15.4 per cent in 1971 and 15.6 per cent in 1970.

C. Production trends

74. The agricultural sector showed a growth rate of 0.7 per cent in 1972 and its contribution to the GNP was 25 per cent compared with 25.8 per cent in 1971. Total production of foodgrains did not cover the domestic demand and the Government had to import \$283 million of foodgrains, including 565,000 metric tons of rice. Production in this sector is expected to continue to lag during 1973.

75. The New Community Movement, a national programme launched in early 1972, is the best expectation of the Government to boost agricultural production. The total amount to be committed for this programme during the third five-year economic development plan is ₩991 billion, including \$1,079 million in foreign capital. In its initial phase, the programme put emphasis on improvement of the living conditions of the farmers; but since then, having been extended to the 35,000 rural villages of the Republic, it has been simultaneously oriented towards the farmers' welfare and environment and stimulation of increased production.

76. The fishery sector registered a high growth rate of 27.6 per cent in 1972 compared with 21.6 per cent in 1971, and its contribution to the 1972 GNP was 2 per cent. The fishing fleet of the Republic of Korea is steadily expanding year after year in number of boats and DW tonnage, as new investments in coastal, off-shore and deep-sea fishing and fish farming are constantly made.

77. The mining sector recorded a very low growth rate of 0.2 per cent, and its contribution to the GNP also decreased to 1 per cent. Measures have however been taken to increase coal production and some improvement has already been noted during the first half of 1973.

78. The annual industrial production growth rate declined from 18.6 per cent in 1971 to 15 per cent in 1972 due to the slow-down of the economy and to a decrease in domestic demand. However, the annual growth rate of the manufacturing sector stood just a shade below the 16.6 per cent mark in 1971 at 16.4 per cent because of the expansion of export-oriented industries, strongly stimulated by a growing external demand. Light industries maintained their advance over the heavy and chemical industries. The contribution of the manufacturing sector to the GNP was 25 per cent compared with 28.6 per cent in 1971. The most important investments

were made in the heavy and petro-chemical industries, ship-building and electronics. The Pohang integrated iron and steel mill and 10 plants of the petro-chemical complex in Ulsan began operations during the period under review. Construction of huge shipyards continued. The electronics industry doubled its output.

79. By the end of 1972, the power generating capacity of the Republic of Korea reached 3,550 megawatts, expanding its power generating surplus to 1,320 megawatts. In August 1972, the Government announced a new energy policy aimed at reducing importation of crude oil and encouraging utilization of coal and hydro power. However, the consumption of petroleum products continued to increase by an annual rate of 15 per cent. The importation of crude oil in 1972 amounted to \$210 million compared with \$174 million in 1971.

80. Meanwhile, the off-shore oil exploration continued and the Republic of Korea is currently negotiating an agreement with Japan concerning their joint exploration of the sea-bed to the south of Cheju Island.

81. The tonnage of freight hauled by highways and roads and the number of autobus passengers continued to expand because of the constant construction of new expressways and the improvement of paved roads. The Republic of Korea constructed 220 km of expressways and paved 360 km of national roads during 1972. By the end of April 1973, construction of the Seoul subway was 63 per cent complete, that of the Honam-Namhae expressway 50 per cent. In June 1973, the first electrified railway line (155 km) was inaugurated between Seoul and Chechon. Railways, ports and airports were improved. The contribution of the transportation sector to the GNP was 4.8 per cent.

82. In spite of the continued expansion of industrial plants and factories, the construction sector declined by 10 per cent in 1972, especially in the construction of private housing and commercial buildings. However, since the beginning of 1973, the construction sector has recovered its expansion trend and investments are heavy in industrial plants and housing. The contribution of the construction sector to the GNP was 4.8 per cent in 1972.

D. Stabilization measures and prices

83. The most important economic measure during 1972, the 3 August Emergency Order, froze and reorganized the domestic capital market, imposed bank controls over private money lenders, reduced interest rates on bank and private loans, provided expanded financial assistance to business and industries, encouraged conversion of private loans to stock ownership, stimulated rationalization of business management, extended up to the end of 1973 the effectivity of the decree freezing prices, utility charges and wages, slowed down inflation in the last quarter of 1972, stopped the deterioration of and stabilized around ₩400 the won-dollar exchange rate, promoted a strong expansion of commodity exports and, finally, helped the entire national economy to reverse the slow-down trend which had begun since mid-1971.

84. The adverse effect of these measures was a sharp increase in the money supply and in domestic credit. By the end of 1972, bank notes and coins issued by the Bank of Korea, money supply and domestic credit stood respectively at ₩425 billion, ₩509 billion and ₩1,521 billion with increases of 31.2 per cent, 41.2 per cent and 30.5 per cent over the corresponding figures in December 1971. Money supply and

domestic credit continued to expand during the first months of 1973 and by the end of June 1973 stood at ₩593.8 billion and ₩1,750 billion respectively, despite the strict measures taken to slowdown this expansion.

85. The Government established a very drastic control over prices, utility charges and wages. The positive decision was taken to limit hereinafter the annual wholesale price increase to 3 per cent. The prices of a great number of commodities and goods were cut, industrial production costs and selling prices reduced, large quantities of state stockpiling commodities released below market prices, tariffs on imported raw materials reduced or suppressed and restrictions on some imported goods eliminated or relaxed. During the first quarter of 1973, the Price Stabilization Law has re-enforced the government's legal powers over price control, permitting it to impose price ceilings on any specific goods. The rigid implementation of this drastic Price Stabilization Law resulted in a slowdown of inflation during the first half of 1973.

86. Wholesale and consumer prices accelerated their inflationary trend in 1972, especially between January and August. By the end of 1972 they were 14 per cent and 11.8 per cent respectively higher than at the end of 1971. The government price stabilization policy and the drastic price control measures were challenged by the constant increase of the prices of imported raw materials and goods in the international market. The annual increase in the wholesale price of imported goods, by the end of 1972, stood at 12 per cent over that of 1971. However, during the first half of 1973, the Government succeeded in maintaining the wholesale price increase at 2.8 per cent and the Seoul consumer price increase at 0.3 per cent.

E. Wages and employment

87. The average monthly wage of a Republic of Korea industrial worker during 1972 was ₩20,104, which represents a 17.7 per cent increase over that of 1971 but only a slight increase in real terms considering the annual increase of 12 per cent in nation-wide consumer price. The average annual farm household income increased from ₩356,000 in 1971 to ₩429,000 in 1972. The rural male and female daily worker received a daily wage of ₩858 and ₩589, respectively. The Government froze all wages and salaries until the end of 1973. Since the beginning of 1973, some trade unions have begun to demand that the wages should be adjusted according to labour productivity gains.

88. At the end of 1972, a total of 10,026,000 persons were employed. Fifty per cent were in the agricultural, forestry and the fishery sectors, 35 per cent in social overhead and services, and 15 per cent in manufacturing. The unemployment rate stood, as in 1971 and 1970, at 4.5 per cent for the year.

F. Foreign trade

89. During 1972 the Republic's commodity exports, on customs clearance basis, amounted to \$1,624 million which represents a 48 per cent increase over those of 1971. Of the total exports, the United States bought 46.7 per cent and Japan 25.1 per cent, maintaining their position as the Republic of Korea's two main customers. However, government efforts toward market diversification resulted in an increase of almost 100 per cent in exports to Europe, which took 10.2 per cent of the total exports. Manufactured goods (mainly clothing, plywood, electric and

electronic goods, steel products, wigs, footwear, textiles and machinery) represented 88 per cent of the total exports; farm and fishery products comprised 12 per cent. During 1972, the receipts on invisible trade amounted to \$579.2 million against \$348.6 million of payments, leaving a large surplus of \$230.6 million. As remittances from Viet-Nam and earnings from military procurement declined, other sources of foreign earnings like tourism, transportation and overseas construction contracts were developed. The commodity exports of the Republic continued to expand in 1973 and already, for the first half of 1973, amounted to \$1,334 million on customs clearance basis.

90. Total imports in 1972, on customs clearance basis, amounted to \$2,522 million, or an increase of only 5.4 per cent over those of 1971. This sharp decline in the annual increase is attributable to the slowdown of the national economy, the government restriction policy on non-essential imports and to the monetary instability of some currencies. Of the total imports, 40.8 per cent was sold by Japan and 25.7 per cent by the United States. Of the total imports, 52 per cent represented raw materials and semi-processed goods (crude oil, lumber, chemicals, raw cotton, raw wool, scrap iron), 30 per cent machinery and transportation equipment, and 15.6 per cent food-stuffs and beverages. The prospects for 1973 are that the annual increase in imports would rise again under the impact of new investments and the recovery trend of the national economy. Imports of the Republic of Korea for the first half of 1973 amounted to \$1,897 million, on customs clearance basis.

91. In 1972, the considerable expansion in exports and the slight increase in imports finally reduced the annual usually large trade deficit which, on customs clearance basis, amounted to \$846 million compared with \$1,326 million in 1971. Although the prospects for the current year are a sustained expansion of commodity exports, the balance of trade by the end of the year may not show such a marked improvement as in 1972 due to the sharp increase of imports in 1973.

G. External resources

92. The inflow of foreign capital increased in 1972 by 36.8 per cent over that of 1971. According to the Economic Planning Board, \$946 million was induced, with more public loans having been received than commercial loans which represents a reversal of the trend of the previous years. The main loan providers were the United States, Japan and international financial institutions. For 1973, a total amount of \$985 million of foreign loans has been projected, of which \$517 million has been already approved at the end of June.

93. During 1972, foreign investments in the Republic mainly by the United States and Japan amounted to \$117 million, more than double the figure for 1971. Total foreign investment in the Republic from 1962 through 1972 totals \$372.2 million and covers 538 projects. The United States provided 48.2 per cent and Japan 42.8 per cent. In 1973, the revised Foreign Capital Inducement Law put some restrictions on joint venture investments. Since the beginning of 1973, foreign investments in the Republic mainly from Japan (94 per cent) amounted to \$169 million at the end of June 1973.

94. The Republic's gold and foreign exchange holdings increased sharply following the 3 August Emergency Order and by the end of December 1972, reached \$697.9 million. By the end of June 1973, they stood at \$854.7 million.

95. The total inflow of foreign loans (short-term not included) induced into the country since 1959 through 1972 amounted, on arrival basis, to \$3,222 million. The United States provided 42.1 per cent, Japan 24.4 per cent, the Federal Republic of Germany 7.3 per cent, international financial institutions 5.1 per cent.

96. The repayment service of the foreign debt amounted to \$347 million in 1972, short-term loans not included. The table of debt redemption projected a repayment of \$469 million during 1973, and an annual repayment service of around \$400 million until 1976.

H. Economic development plans

97. Following the 3 August Emergency Order, the Government of the Republic of Korea revised the third five-year economic development plan, incorporating in it huge agricultural projects linked to the New Community Movement. The revision increased the amount in domestic savings needed, originally estimated at ₩3,575 billion, by 2 per cent, and that of foreign capital, initially projected at \$3,870 million, by \$650 million.

98. On 10 November 1972, President Park Chung Hee announced a long range economic programme completely restructuring the Republic's economy to spur it to attain, by 1981, a GNP of ₩14.4 trillion (\$36 billion) and to assure the farmer's household an annual income of ₩1,300,000 (\$3,250). Accordingly, it has been announced that the national land development programme proclaimed in 1971 would be revised to realize, by 1981, an annual export goal of \$10 billion and a per capita GNP of \$1,000.

99. The new long-range economic programme called for increased production in selected industries such as ship-building, steel, motor vehicles, oil refining, power generating capacity, petro-chemicals and electronics. In the agricultural sector, the implementation of the New Community Movement and its eight huge corollary projects provided not only for raising the farmer's annual income to ₩1,300,000 (\$3,250) by 1981, but for the paving of the whole road networks in the Republic, tiling of roofs, the electrification of all villages, a national welfare system and a hospital for rural county.

100. On 18 August 1973, the Economic Planning Board released the detailed figures for the long range economic development project (1973-1981) which was estimated to cost ₩13,120 billion of which 89.3 per cent would be provided by national savings and 10.7 per cent by foreign sources.

101. The Government of the Republic of Korea sent several special and ministerial missions abroad, e.g. to the United States of America, Japan and Europe, to present in a provisional form the highlights of the new programme. It seems confident of obtaining the co-operation of the official financial and banking circles of these countries. The new programme is ambitious and will not be easily achieved, but its successful implementation is not impossible. If it is not thwarted by international inflation, trade restrictions and monetary problems, it may prove to be the most effective means by which the Republic of Korea can achieve for itself the status of an industrialized nation in the shortest possible time.

VII. CONCLUDING OBSERVATIONS

102. Since its inception, UNCURK has faithfully worked to carry out the mandate given it by the United Nations General Assembly. It has alertly and to the best of its ability observed the state of affairs on the Korean peninsula and has kept the United Nations regularly and fully informed. While the peaceful unification of Korea has not yet proved possible despite the best efforts of the United Nations, UNCURK has taken every opportunity to cultivate an atmosphere of peace and reconciliation between North and South Korea as an essential precondition of peaceful unification.

103. The tasks of rehabilitating the Korean economy were of great magnitude and UNCURK made an outstanding contribution as far as circumstances allowed it in carrying out its responsibilities for relief and rehabilitation.

104. When on 4 July 1972 the Republic of Korea and the Democratic People's Republic of Korea issued a joint communiqué agreeing in principle to the peaceful and independent unification of Korea and providing for the setting up of a South-North Co-ordinating Committee for this purpose and a "hot line" connexion between Seoul and Pyongyang, UNCURK warmly welcomed this development as notable evidence of diminished tension and as a hopeful augury for the establishment of an effective negotiating relationship between the two Governments. In recording these views in its 1972 report, UNCURK remarked that it was premature to draw firm conclusions until implementation had gone further beyond a statement of intention than was then the case. The Co-ordinating Committee convened for its first formal meeting on 30 November 1972 and has to date held two other such meetings as well as working group meetings. Although, at the moment of signing of this report, disagreement has arisen between the Co-Chairmen of this Committee, both sides have reiterated their willingness to continue the dialogue.

105. The importance of the Korean problem demands that all apposite and acceptable means of promoting the peaceful unification of Korea should be made use of, and UNCURK believes that the United Nations in particular should not cease to assess with imagination and flexibility what its own role should be.

106. Giving due weight to these considerations and to developments during the past year, the members of UNCURK express their considered judgement that the presence in Korea of UNCURK is no longer required and they accordingly recommend that UNCURK should be dissolved.

107. The members of UNCURK make this recommendation without prejudice to the accepted authority and competence of the United Nations within the terms of the Charter to take whatever action it may deem necessary, in the interest of preserving peace and security, to maintain political oversight of the situation in the Korean peninsula.

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108. DONE at the Commission Headquarters, Seoul, Republic of Korea, this thirtieth day of August, one thousand nine hundred and seventy-three.

(Signed)	Rory STEELE	<u>Australia</u>
	Iwan VERKADE	<u>Netherlands</u>
	Benjamin T. TIRONA	<u>Philippines</u>
	Sirajaya BUDDHI-BAEDYA	<u>Thailand</u>
	Melih ERÇİN	<u>Turkey</u>

Ahmet H. ÖZBUDUN
Principal Secretary

ANNEX

Agreed minutes of the second meeting between the Co-Chairmen of the Co-ordinating Committee held on 4 November 1972*

The two sides agreed on organization and operation of the South-North Co-ordinating Committee as follows:

1. The South-North Co-ordinating Committee makes it its objective to settle national unification problems on the basis of the agreed principles for unification of the fatherland, including (the problems) of carrying out matters agreed upon in the South-North Joint Communiqué of 4 July 1972, of improving and developing relations between the south and north, and of undertaking joint programmes in various fields.

2. The functions of the South-North Co-ordinating Committee are as follows:

(a) Consults and decides on problems of realizing independent and peaceful unification of the country on the basis of the agreed principles of unification of the fatherland and assures implementation of decisions on them.

(b) Consults and decides on problems of realizing a wide range of political exchanges between parties, social organizations and individuals in the south and north, and assures implementation of decisions on them.

(c) Consults and decides on problems of economic, cultural and social exchanges and on undertaking programmes with joint efforts and assures implementation of decisions on them.

(d) Consults and decides on problems of easing tension between the south and north, preventing military clashes and dissolving the situation of military confrontation and assures implementation of decisions on them.

(e) Consults and decides on problems of taking joint steps in overseas activities between the south and north and enhancing national prestige as a homogeneous people and assures implementation of decisions on them.

3. The South-North Co-ordinating Committee shall be organized as follows:

(a) The South-North Co-ordinating Committee shall be composed of one Co-Chairman, one Vice Chairman, one executive member and two members from each side.

The number of members can be increased as necessary.

* Unofficial translation into English.

The Co-Chairmen are Director Lee Hu Rak of the Central Intelligence Agency and Director Kim Young Joo of the Organization and Guidance Department (of the Workers' Party).

The Vice Chairmen, executive members and members shall be of minister or vice-minister level, and be appointed by the Co-Chairmen of each side through previous consultation.

(b) The South-North Co-ordinating Committee shall have an Executive Conference (Kansa Hweui).

The Executive Conference consults and decides on various problems which arise during the recess of the South-North Co-ordinating Committee at the direction of the Co-Chairmen, and assures implementation of decisions on them.

The Executive Conference shall be composed of executive members of the two sides and two secretaries from each side.

(c) The South-North Co-ordinating Committee shall have Sub-committees on Political, Military, Foreign, Economic and Cultural affairs.

The Sub-committees shall be established as programmes of the South-North Co-ordinating Committee progress and their organization and functions shall be determined by mutual agreement.

(d) The South-North Co-ordinating Committee shall establish a Joint Secretariat in Panmunjom.

Each side shall appoint its Co-Director of the Joint Secretariat and the necessary number of staff members under the Co-Director.

4. The South-North Co-ordinating Committee shall be operated as follows:

(a) The South-North Co-ordinating Committee, in principle, holds meetings in Seoul and Pyongyang alternately and may hold meetings in Panmunjom as required.

(b) The South-North Co-ordinating Committee meetings shall be held once every two or three months and that of the Executive Conference once a month. Besides, extraordinary meetings may be held by mutual agreement.

(c) Meetings of the South-North Co-ordinating Committee shall be held either publicly or privately.

(d) The South-North Co-ordinating Committee meetings and that of the Executive Conference may include specialists and staff members of the Joint Secretariat, as necessary.

(e) The final agreement in the South-North Co-ordinating Committee shall be completed with the signature of the Co-Chairmen of the two sides and the agreed minutes shall be announced through the Joint Secretariat by mutual agreement.

(f) Detailed rules on the operation of the South-North Co-ordinating Committee shall be determined separately.

5. The agreed minutes may be revised or supplemented by mutual agreement.

6. The agreed minutes shall be effective when the two sides have signed and exchanged them.

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