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REPORT OF THE UNITED NATIONS COMMISSION FOR THE
UNIFICATION AND REHABILITATION OF KOREA
SUBMITTED TO THE SECRETARY-GENERAL IN ACCORDANCE
WITH GENERAL ASSEMBLY RESOLUTION 2466 (XXIII)

Note by the Secretary-General

The Secretary-General has the honour to transmit to the members of the General Assembly, for their information, the attached report which was submitted to him by the United Nations Commission for the Unification and Rehabilitation of Korea in accordance with paragraph 5 of General Assembly resolution 2466 (XXIII) of 20 December 1968.

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LETTER OF TRANSMITTAL

Seoul, 19 April 1969

Excellency,

In accordance with paragraph 5 of General Assembly resolution 2466 (XXIII) of 20 December 1968, I have the honour to transmit to you herewith the report of the United Nations Commission for the Unification and Rehabilitation of Korea covering the period from 25 August 1968 to 19 April 1969.

Accept, Excellency, the assurances of my highest consideration.

(Signed) Chote KLONGVICHA
Chairman

His Excellency
U Thant
Secretary-General
United Nations
New York

INTRODUCTION

The present report of the United Nations Commission for the Unification and Rehabilitation of Korea covers the period from 25 August 1968, the date of the Commission's last report, 1/ to 19 April 1969. It should be read in conjunction with the previous report of the Commission.

I. OBJECTIVES OF THE UNITED NATIONS IN KOREA
AND TERMS OF REFERENCE 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 of which, resolution 2466 (XXIII), was adopted on 20 December 1968.

1/ Official Records of the General Assembly, Twenty-third Session, Supplement No. 12 (A/7212).

B. Terms of reference of the Commission

2. By resolution 376 (V) of 7 October 1950, the General Assembly established the United Nations Commission for the Unification and Rehabilitation of Korea (UNCURK), consisting of Australia, Chile, the Netherlands, Pakistan, the Philippines, Thailand and Turkey. The Commission was to assume the functions previously exercised by the United Nations Commission on Korea ^{2/} and to represent the United Nations in bringing about the establishment of a unified, independent and democratic government of all Korea.

3. In January 1956, the Commission established a Committee with authority to act on its behalf when the Commission was not in session, consisting of the representatives of Australia, the Philippines, Thailand and Turkey, who reside in Seoul. At its 532nd meeting on 18 December 1963, the Commission decided to include the alternate representative of the Netherlands, who resides in Seoul, on the Committee.

4. During the period under review, the Committee held nineteen meetings while the Commission held three sessions, two in Seoul and one in Kyoto, Japan. Pakistan was not represented at these sessions of the Commission.

C. General Assembly resolution 2466 (XXIII)

5. The Commission studied closely General Assembly resolution 2466 (XXIII), and took particular notice of operative paragraph 5 which requests the Commission to keep members of the General Assembly and the Secretary-General regularly informed about the results of its efforts to achieve the objectives of the United Nations in Korea. The Commission considered that operative paragraph 5 provides it with a greater flexibility regarding both the frequency of its reports and their submission either to the Secretary-General or to the General Assembly so as to keep members of the Assembly informed on the situation in the area. The Commission interprets this resolution as a concrete expression of the continued United Nations interest in and concern with Korea.

D. Reactions of the Governments of the Republic of Korea and of the Democratic People's Republic of Korea to General Assembly resolution 2466 (XXIII)

6. The Acting Foreign Minister of the Republic of Korea stated that General Assembly resolution 2466 (XXIII) has reaffirmed once more the objectives and principles of the United Nations in Korea and expressed the hope that UNCURK will pursue its task towards the easing of tension in the area and, in particular, towards the strengthening of the 1953 Armistice Agreement.

7. The Foreign Ministry of the Democratic People's Republic of Korea issued a statement ^{3/} on 23 December 1963, in which it stated that "it rejects the illegal resolution on the so-called Korean question and declares it null and void". The statement added:

^{2/} See General Assembly resolutions 195 (III) of 12 December 1948 and 293 (IV) of 21 October 1949.

^{3/} The Pyongyang Times, No. 59 (198) of Monday, 30 December 1963.

"Korea belongs to the Korean people and for the righteous solution of the question of Korea's unification, first of all, the United States imperialist aggressor troops must be withdrawn from South Korea and the United Nations Commission for the Unification and Rehabilitation of Korea must be dissolved."

E. Question of unification

8. Statements were issued by both the Government of the Republic of Korea and the Government of the Democratic People's Republic of Korea reiterating their respective basic positions with regard to the question of unification.

9. The official position of the Government of the Republic of Korea on the question of unification as set out in its memorandum dated 18 October 1968 (A/C.1/972), circulated on 19 October 1968, at the twenty-third session of the General Assembly, was as follows:

"First, the Republic of Korea seeks the unification of the country through peaceful means; secondly, it believes that the unification should be achieved through free elections held throughout Korea, representation to be in proportion to the indigenous population; thirdly, the Republic of Korea maintains that the United Nations should supervise and observe the national elections in order to guarantee the genuinely free and democratic character of the elections, and that the United Nations Forces should remain to prevent renewed aggression in Korea until the conditions for a lasting peace and security in the area are created.

....

"It is the ardent desire of the Government and people of the Republic of Korea that the United Nations continue its important work through its political and military arms in Korea to bring about a fair and just solution in Korea."

10. On 3 September 1968, the President of the Republic of Korea, Chung Hee Park, stated that the Government "shall pursue flexible diplomacy in the United Nations in order to create favourable international basis for unification". Earlier, on 15 August 1968, the President had stated:

"The establishment of a self-reliant defence system and the successful completion of national development programs will lead our nation to achieve the reunification of our divided land."

11. On 1 March 1969, the President formally inaugurated the National Unification Board to serve as a national forum for the study and discussion on a national and non-partisan basis of issues and policies relating to unification. In his inaugural statement, the President said:

"The National Unification Board must always keep abreast of the international political trends, studying and analysing the various data to be collected, until the objective of national unification will have been realized."

The Board, with a minister in charge and placed under the direct control of the Prime Minister, will have three offices: a Policy Planning Office, a Research Office, an Education and Public Information Office, and a section for general affairs.

12. The position of the Government of the Democratic People's Republic of Korea, as outlined in its letter dated 26 November 1968 to the Secretary-General of the United Nations and to the President of the twenty-third session of the General Assembly (A/C.1/977), was as follows:

"The Government of the Democratic People's Republic of Korea has always maintained the principle that the question of Korean unification should be solved independently and peacefully on a democratic basis. Proceeding herefrom, the Government of the Democratic People's Republic of Korea has invariably insisted that a unified, democratic central government be established by holding general elections of north and south Korea without any interference from outside forces in the condition where political parties, organizations and individuals in north and south Korea are completely free in travelling and carrying political activities in all parts of north and south Korea after the withdrawal of all foreign troops from south Korea."

13. Thus, the basic positions of the parties with respect to the manner of bringing about the unification of Korea and the role of the United Nations in it remain unchanged and, in particular, the Democratic People's Republic of Korea continues to reject the competence and authority of the United Nations to deal with the Korean question. In the circumstances, the Commission, while it holds itself in readiness to seize any useful opportunity that might arise in due course, is limited in its capacity to make a contribution to the solution of the problem at the present time.

II. GENERAL REVIEW OF SECURITY PROBLEMS AND POLITICAL DEVELOPMENTS SINCE AUGUST 1968

A. Security problems

1. Release of USS Pueblo crew

14. On 23 December 1968, the eighty-two crew members of the USS Pueblo, detained in North Korea since 23 January 1968, were released.

2. Loss of a United States aircraft

15. On 15 April 1969, a United States reconnaissance aircraft was shot down by North Korean military forces over the Sea of Japan.

3. Incidents of infiltration

16. Since August 1968 when the Commission submitted its latest report to the General Assembly, a series of incidents took place within the Republic of Korea, causing an increased threat to its security and endangering considerably the maintenance of the Armistice Agreement of 1953.

(a) The Cheju Island incident

17. According to the information from the United Nations Command, a North Korean boat was intercepted in the act of landing North Korean agents on Cheju Island off the southern coast of the peninsula on 21 August 1968. During the operation that followed, twelve North Korean infiltrators were killed and two captured, and the boat itself was sunk. According to an official statement of the Republic of Korea on 22 August 1968, the aim of the infiltrators was to contact a certain Lee Moon Kyu, one of the alleged leaders of an underground party called the United Revolutionary Party. In the course of his trial on 13 December 1968, one of the North Korean infiltrators captured during the landing on the Cheju Island, First Lieutenant Lee Kwan Hak, was reported to have admitted he was "specifically instructed by the Chief of Staff of the North Korean army to save Lee Moon Kyu", and that in the last three years he had made several trips between Sogwipo, Cheju-do, and Chinnampo, North Korea, and escorted North Korean agents into the south.

(b) The Ulchin-Samchok incident

18. On 30 October 1968, a number of North Korean commandos were reported to have landed in the Ulchin-Samchok area, about 150 miles south-east of Seoul. Other units followed on 1 and 2 November. These units worked their way inland and entered remote villages in the Ulchin area.

19. Their mission, according to the testimony of the captured commandos, included infiltrating and enlisting the support of inhabitants of designated

villages; liquidating "reactionary" Republic of Korea citizens; organizing clandestine espionage networks; recruiting or kidnapping Republic of Korea citizens to be taken to North Korea either for intelligence purposes or for training as North Korean intelligence agents.

20. During the anti-infiltration operations carried out by the Republic of Korea armed forces and members of the Homeland Reserve Force, 107 North Korean commandos were killed; five were captured and two surrendered. Republic of Korea military and civilian casualties amounted to sixty-three killed and fifty-nine wounded.

21. At a formal briefing given to the diplomatic corps and members of UNCURK on 19 November 1968 at the Ministry of Foreign Affairs, the following activities of the North Korean commandos in the area along the East Coast were commented on:

(a) The commandos selected isolated villages in the mountainous areas where administrative control of the Republic of Korea Government was less effective; where transportation and communication networks were inadequate; where the standard of living was very low; and where industrial facilities including coal refining, thermal power and cement plants were accessible targets for sabotage.

(b) The commandos distributed a large amount of counterfeit Republic of Korea currency to create "economic chaos and disruption within the Republic".

(c) Their stated mission was to:

(i) Instigate a revolution through activity in isolated mountain villages;

(ii) Abduct persons who might be useful for future activities or who might provide information of intelligence value;

(iii) Create social disorder and incite a people's uprising;

(iv) Collect information concerning military, political, economic and social matters;

(v) Kill counter-revolutionaries and others who refused to co-operate.

22. As regards guerrilla warfare capability of North Korea, it was stated at the briefing session that North Korea currently maintained "about 11,300 personnel well trained in unconventional warfare ... about 20,000 personnel who have been trained as reinforcements ... more than forty high-speed escort and operational boats for water-borne infiltration ... and over thirty light aircraft that are capable of dropping guerrilla forces". It was further stated that North Korea had "a well trained force of more than 10,000 immediately available for infiltration efforts". It was added that North Korea "regardless of time and terrain features" was "capable of conducting warfare through land, sea and air operations against the Republic of Korea".

23. The incidents in the Ulchin-Samchok area were also reported in the North Korean press and were described as having been carried out by "south Korean Revolutionary Armed Guerrillas".

24. As a result of the situation in the East Coast areas of Ulchin and Samchok, the President of the Republic of Korea ordered on 4 December 1968 that all isolated farm-houses in the mountainous areas along the East Coast be regrouped in well-defended hamlets, that new roads be constructed and communications facilities improved.

25. On 29 January 1969, a special court martial began the trial of twelve Republic of Korea Army personnel, consisting of six commissioned officers, including two battalion commanders, three non-commissioned officers, and three enlisted men, who were variously indicted for violation of orders, false reporting, negligence of duty and desertion of post on the occasion of the infiltration of North Korean guerrilla agents into the Ulchin area. On 25 February 1969, the court martial completed its proceedings by sentencing two of the accused to capital punishment, two to ten years' imprisonment, one to five years' imprisonment, two to three years' imprisonment and one to one year's imprisonment. It acquitted three persons and the prosecution withdrew the indictment against one.

26. At its 639th meeting held on 19 November 1968, the Committee of UNCURK reviewed the developments connected with the intrusions of the North Korean commandos into the Ulchin-Samchok area and proceeded by helicopter on 23 November 1968 to the general area of the counter-infiltration operations on the East Coast to seek further information on the situation. The Committee visited the advanced Republic of Korea 11th Infantry Division Headquarters and the Republic of Korea 5th District Command and was briefed on measures being carried out against the infiltrators.

27. Following its 640th meeting, on 25 November 1968, the Committee issued a press release in which it stated that, based on its observation of the affected areas, there was evidence indicating that the two intrusions had been carried out by North Korean armed agents and that their purpose was to undermine the security of the Republic of Korea. It expressed concern that the continuation of such activities would hamper efforts being made to create peaceful conditions necessary for the establishment of a unified and independent Korea.

28. In accordance with the decision taken by the Commission at its 582nd meeting, on 18 December 1968, in Kyoto, Japan, the members of the Committee interviewed, on 6 February 1969, the two North Korean commandos, First Lieutenant Eung Taik Cho and First Lieutenant Ik Poong Kim, who surrendered themselves on 7 and 16 December 1968 respectively.

29. During the interview the prisoners stated that they had been instructed in August 1968 by the Reconnaissance Bureau of the North Korean Army to infiltrate into Kangwon-do, Samchok-gun, to establish among other things, a military network and to recruit South Korean villagers and take them to North Korea in order to train them for espionage activities and send them back to the south. They said that both of them infiltrated with others on 1 November 1968 through the Samchok-gun, Kopo-ri, and that they were quite well informed of the topography of the area through which they had infiltrated as well as the different local dialects of the population.

30. The developments on the East Coast of the Republic of Korea created particular concern in the Republic and led the Foreign Affairs Committee of the National Assembly to express, on 14 November 1968, the view that the North Korean

acts of infiltration should be regarded as an "armed attack" against the Republic of Korea and to urge the Government to retaliate.

31. On 4 January 1969, Prime Minister Chung Il Kwon stated in a press conference that there was a "limit to the patience of the Republic" and that "unless north Korea ceases its provocations, his Government will not hesitate to take retaliatory action against it".

(c) Uncovering of an espionage ring in Samchok

32. On 20 February 1969, the Republic of Korea Army Security Command announced that it had uncovered in Samchok during the period from 10 to 20 February 1969 a fifteen-man espionage ring consisting of six resident agents headed by a certain Kim Ho Sup, and nine others, mostly village fishermen. According to the announcement, it is alleged that the mission of each individual member of the espionage ring was (1) to organize underground cells in his hometown; (2) to recruit ex-members of the former South Korean Labour Party; (3) to praise the development of North Korea and to propagate the North Korean theory of peaceful unification; and (4) to gather political and military information.

(d) The Chumunjin incident

33. According to the Counter-Espionage Operations Headquarters announcement, eight armed North Korean infiltrators appeared at an inn in Chumunjin port on the east coast about twenty kilometres north of Kangnung and sixty kilometres north of Samchok on 16 March 1969, took some new types of identification and registration cards, killed a policeman on duty at a guard post and attempted to escape in a rubber boat. All eight agents were killed by the security forces of the Republic of Korea. Their mission, according to the announcement, included, the kidnapping of officials and the surveying of the situation along the coast.

(e) Naval incident off the West Coast

34. According to the Counter-Espionage Operations Headquarters, a naval vessel of the Republic of Korea and a number of North Korean boats exchanged fire on 25 February 1969 in the vicinity of the Yongpyong Island in the Yellow Sea, south of the western extension of the military demarcation line.

4. Incidents in violation of the Armistice Agreement since 1965

35. Serious incidents in the United Nations Command-half of the demilitarized zone and throughout the Republic of Korea took place in the second half of 1968.

36. According to the information provided by the United Nations Command the month of September 1968 witnessed a sharp increase in the number of North Korean violations of the Armistice Agreement. During that single month there were eighty-eight incidents south of the military demarcation line. Fifty-five of these incidents resulted in exchanges of gunfire during which forty-two North Korean infiltrators were killed south of the Military demarcation line. In October 1968, the United Nations Command forces engaged North Korean infiltrators

south of the military demarcation line on forty-one occasions, as a result of which twenty-nine infiltrators were killed. During November and December 1968, there were seventy-two incidents of North Korean infiltration south of the military demarcation line, including those on the East Coast covered in paragraphs 18 to 20 above. Twenty-three of those incidents involved exchanges of gunfire, as a result of which fourteen more North Korean infiltrators were killed.

37. On 15 March 1969, North Korean soldiers attacked a ten-man United Nations Command work detail assigned to replace demarcation line markers in the demilitarized zone (DMZ), killing one and wounding three.

38. The following table is compiled on the basis of information provided by the United Nations Command covering incidents and casualties during the period from 25 August 1968 to 30 March 1969.

Summary of incidents
(25 August 1968 to 30 March 1969)

Period	Type of incident ^{+/}													Casualties				
														United Nations Command			North Korea	
	1	2	3	4	5	6	7	8	9	10	11	12	Total	13	14	15	16	17
25 Aug.-1 Sept. 1968	6		3	3	1	1				3			17	8	4		17	
1-8 Sept. 1968	4		9	3	2		3		1				22	5	9	2	8	
8-15 Sept. 1968			9	1	3		1	1	1				16	4				
15-22 Sept. 1968			6	5	11		1			1			24	13	7	1	13	
22-29 Sept. 1968	3		5	6	5						1		20	17	5		13	
29 Sept.-6 Oct. 1968	3		3	4	8		1			1			20	4	1		6	
7-14 Oct. 1968	4		1	1	4	1	1						12	10	1		6	
15-21 Oct. 1968	9		4	1	5		1						20	12	1		13	
22-28 Oct. 1968			6	4	12	3	1			1			27	12	13		1	
29 Oct.-4 Nov. 1968	2		6	7	9					2	1		27	8	13		11	
5-11 Nov. 1968	4		3	12	5	2		1		2	1	3	33	9	7		15	
12-18 Nov. 1968	4		3	14	5			1		6	2	2	37	1	14		19	1
19-25 Nov. 1968	1		4	14	5					5	1	4	34	9	13		9	1
26 Nov.-2 Dec. 1968				10	10			1	2		1	3	27	32	16		22	2
3-9 Dec. 1968	1			6	3					5		2	17	1	1		3	1
10-16 Dec. 1968	2		1	6	6						1		16	3	5		12	
17-23 Dec. 1968	4		1	8	5						1	1	20	8	6		29	1
24-30 Dec. 1968				3	1					2	1	1	8	1	3		4	

Period	Type of incident													Casualties				
														United Nations Command			North Korea	
	1	2	3	4	5	6	7	8	9	10	11	12	Total	13	14	15	16	17
7-13 Jan. 1969	2				5								7					
14-20 Jan. 1969					8					10			18			1		
21-27 Jan. 1969		1	1		1								3					
4-10 Feb. 1969	1	1											2					
11-17 Feb. 1969	1	2										1	4					
18-24 Feb. 1969					2								2					
25 Feb.-3 Mar. 1969	1												1					
4-10 Mar. 1969							1						1					
11-17 Mar. 1969	1	1	5		1								8	5	3		8	
17-23 Mar. 1969				1	1		1						3					
24-30 Mar. 1969		1	3										4					
Total	53	6	73	109	118	7	11	4	4	38	10	17	450	162	122	4	214	6

+/ Type of incident:

- | | | |
|---|--|------------------------|
| 1 - fleeting encounter | 7 - harassing fire | 12 - agent contact |
| 2 - sighting | 8 - known defector | 13 - wounded in action |
| 3 - assault | 9 - suspected intrusion/
no weapons fired | 14 - killed in action |
| 4 - aggressive encounter | 10 - sighting of suspected
intrusion/no weapons fired | 15 - missing in action |
| 5 - suspected intrusion/
weapons fired | 11 - terrorism | 16 - killed in action |
| 6 - mining | | 17 - apprehended |

39. The following table is based on information provided by the United Nations Command indicating the relative level of North Korean activities against the Republic of Korea since 1965:

	<u>1965</u>	<u>1966</u>	<u>1967</u>	<u>1968</u>	<u>1969</u> (to 30 March)
Significant incidents					
DMZ - south of the military demarcation line	42	37	445	542	41
Interior of the Republic of Korea	17	13	121	219	5
Exchanges of fire:					
DMZ - south of the military demarcation line	23	19	122	236	15
Interior of the Republic of Korea	6	11	96	120	1
North Koreans killed in the Republic of Korea	4	43	228	321	8
North Koreans captured in the Republic of Korea	51	19	57	13	-
United Nations Command military killed in the Republic of Korea	21	35	131	162	3
United Nations Command military wounded in the Republic of Korea	6	29	294	294	12
Republic of Korea National Police and other civilians killed in the Republic of Korea	19	4	22	35	2
Republic of Korea National Police and other civilians wounded in the Republic of Korea	13	5	53	16	1

5. Espionage cases

40. In its reports to the twenty-second and twenty-third sessions of the General Assembly, the Commission reviewed a number of alleged espionage cases uncovered in 1967 and 1968 in the Republic of Korea. ^{4/}

41. With regard to the alleged espionage ring based in East Berlin, the Seoul Appellate Court handed down on 5 December 1968 its verdicts on twelve defendants. It confirmed two death penalties, reduced one death penalty to life imprisonment, three death penalties to ten years' imprisonment, two life sentences to fifteen years imprisonment, one life sentence to ten years' imprisonment, one fifteen

^{4/} Official Records of the General Assembly, Twenty-second Session, Supplement No. 12 (A/6712), para. 107; *ibid.*, Twenty-third Session, Supplement No. 12 (A/7212), para. 57.

years' imprisonment to seven years' imprisonment and two sentences of five years' imprisonment to three and a half years' imprisonment. On 21 January 1969, two of the prisoners were released on the grounds of illness. On 24 February two more prisoners were released. On 31 March the Supreme Court confirmed the two death penalties, the one life sentence and five prison terms ranging from three to fifteen years.

42. In another alleged espionage case, the Seoul Appellate Court, on 26 November 1968, handed down its verdicts on four defendants who had been convicted by the Seoul District Criminal Court on 16 December 1967 for espionage activities for the north Korean, under cover of an organization known as the Society for the Comparative Study of Nationalism. Among the three convicted, one was an associate professor of the Seoul National University and the other a member of the Standing Committee of the New Democratic Party.

43. On 24 August 1968, Republic of Korea officials announced that they had uncovered an organization known as the United Revolutionary Party which had been operating in the Republic of Korea since 1964 as an underground communist espionage ring and which had formed a number of secret societies under various names in order to carry out subversive activities. One hundred and fifty-eight persons were charged with alleged involvement in this espionage ring (see paragraph 17 above).

44. On 25 January 1969, the Seoul District Criminal Court handed down its verdicts on thirty defendants involved in this case on charges of violating the National Security Law, the Anti-Communist Law and the Criminal Law. The verdicts included five death sentences; four life imprisonments, two fifteen years' imprisonment and suspension of civil rights. Other verdicts ranged from two to ten years' imprisonment with suspension of civil rights. Among the convicted defendants were seven college and graduate students, teachers and professors; seven public servants; six businessmen; two persons in the publishing field; one army lieutenant; one air force lieutenant; two navy lieutenants and the wives of two of those convicted.

45. On 13 February 1969 the Republic of Korea Central Intelligence Agency announced that Lee Su Keun, former vice-president of the north Korean Central News Agency, who had defected to the Republic of Korea on 22 March 1967 through the Joint Security Area in Panmunjom, was apprehended in Saigon on 31 January 1969 and brought back to the Republic of Korea on 1 February. It was subsequently alleged that Lee was on his way to north Korea. On 3 March, his case and the cases of three other persons allegedly associated in his activities were referred to the Seoul Prosecution Office on charges of violation of the National Security Law and the Anti-Communist Law.

6. Joint United States-Republic of Korea military exercises

46. A joint United States-Republic of Korea military exercise named Focus Retina was conducted in an area approximately sixty-four kms. south of Seoul during the period from 15 to 20 March 1969. Some 2,500 United States troops were flown from military bases in the United States to participate in the manoeuvre. General Charles H. Bonesteel III, Commander-in-Chief of the United Nations Command and United States Forces in Korea, at a press conference held on 20 March, said that the exercise demonstrated United States capability readily to deploy tactical units to Korea, should they ever be needed in an emergency, and that Korea had "no

basis for any serious concern in a real emergency". In a letter to General Bonsteel dated 25 March the President of the Republic of Korea said that the rapid and large-scale airlift of the personnel and equipment involved in the operation "must have driven it home to a potential aggressor" how prompt and determined will be the response to aggression.

B. Political developments

47. During the period under review, the Government of the Republic of Korea continued its efforts toward developing its national economy on the one hand, and strengthening its defence capability on the other. The events on the East Coast in the fall of 1968 have prompted the Republic of Korea Government to devote more attention to the fulfilment of the country's defence needs.

48. On the question of amending the 1962 Constitution to allow for a third consecutive presidential term, which had been the center of continued debates between the ruling Democratic Republican Party and the opposition New Democratic Party, President Chung Hee Park said on 10 January 1969 that it was his opinion that "the Constitution should not be amended during his term of office unless an inevitable situation occurs to warrant such a move".

49. On 15 February 1969, the President appointed a new Minister for Agriculture and Forestry and a new Minister for Construction. A Minister in charge of the National Unification Board was also appointed by the President.

50. On 3 April 1969, the National Assembly adopted a motion of non-confidence proposed by the opposition New Democratic Party against the Minister of Education, with a substantial number of the governing Democratic Republican Party members present voting in favour of the motion, and on 10 April the President accepted the resignation of the Minister, replacing him by the Minister of Culture and Public Information and appointing one of the Presidential aides as the new Minister of Culture and Public Information.

51. Five leading members of the Democratic Republican Party, two of whom were chairmen of committees of the National Assembly, were expelled from the party for their role in encouraging members of the party to vote with the Opposition Party. These remained independent members of the National Assembly. The number of seats in the National Assembly controlled by the Democratic Republican Party has, in consequence, been reduced from 114 to 109 as against forty-six retained by the major Opposition Party, fourteen by the Friendship Group (Chong-U Hoe) and six by independent members.

52. The National Assembly approved on 29 December 1968 a bill amending the electoral law to increase the number of seats from the present 175 to 195, by creating fifteen single-member constituency seats and five proportional representation seats, with effect from the next National Assembly elections.

53. Four National Assembly by-elections, held on 24 September 1968 in Puyo, Chungchong Namdo, Kochang, Cholla Bukdo, and Hwasun-Koksong, Cholla Namdo, and on 23 February 1969 in Naju, Cholla Namdo, were observed by the Committee. The Committee found that the by-elections had been carried out in an orderly and regular manner.

C. External affairs

1. Diplomatic and consular relations

54. Since August 1968, the Republic of Korea has established embassies in Swaziland and in Tunisia. The total number of countries with which it has diplomatic and consular relations is now seventy-nine, of which seventy-six are members of the United Nations. Seventeen embassies and fifteen consulates-general and consulates are now resident in the Republic of Korea.

2. Presidential state visits to Australia and New Zealand

55. In September 1968, President Park paid a four-day state visit to Australia and a five-day state visit to New Zealand and issued joint communiqués with the Prime Minister, the Right Honourable John G. Gorton of Australia, on 19 September 1968 and with the Prime Minister, the Right Honourable Keith Holyoake of New Zealand, on 23 September 1968.

56. The joint communiqués pledged the continued support of Australia and New Zealand to the United Nations objectives in Korea; stressed that "the provocative acts of north Korean communists threatened to disturb the peace and security of the Korean peninsula and the area surrounding it" and affirmed the support of Australia and of New Zealand in resisting such aggression, welcomed regional efforts at economic co-operation and the progress already achieved in that respect; expressed the view that the Asia and Pacific Council would serve to strengthen consultation and co-operation among countries in that region; stated the view that all the other allied countries should participate in any settlement of the Viet-Nam conflict and that there would be need for concerted action to help the Viet-nameese people rehabilitate their country. The joint communiqué with the Prime Minister of New Zealand voiced New Zealand's hope that the Republic of Korea would before long be able to participate in the United Nations as a full member.

57. During the presidential state visits to Australia and to New Zealand, it was agreed to explore the possibility of joint commercial ventures and the inauguration of air services between the Republic and Australia and between the Republic and New Zealand, the extension of technical and material assistance in the development of livestock and dairy industries in the Republic and to hold trade promotion talks.

3. International meetings and visits of foreign dignitaries

58. The Republic of Korea was host to an increasing number of foreign dignitaries and international meetings. The nineteenth meeting of the Colombo Plan Consultative Committee took place in Seoul from 22 to 25 October 1968. The Cultural and Social Centre of the Asia and Pacific Council was inaugurated in Seoul on 25 October.

59. The Prime Minister of New Zealand paid an official visit to the Republic of Korea from 18 to 24 October 1968. In the communiqué issued jointly by President Park and Prime Minister Holyoake, reiterating views expressed in their

earlier communiqué, the Prime Minister assured the President that positive consideration would be given to providing technical assistance to the development of livestock and dairy industries in the Republic.

60. Dr. Paul Frank, Ambassador on Special Mission of the Federal Republic of Germany, visited the Republic of Korea from 15 to 18 January 1969. According to the official press release, the Ambassador had a "series of sincere and frank talks during his stay in Korea" and the talks were "satisfactory to both sides" and there was "agreement that the co-operation between the two countries in the political, economic and cultural fields will be expanded". Since the Ambassador's visit, the economic assistance of the Federal Republic of Germany to the Republic of Korea, which had become temporarily interrupted after the East Berlin-based espionage case, has been resumed.

61. In February 1969, General Chiang Ching-kuo, Minister of National Defence, Republic of China, and in April 1969, Mr. Marshal Green, Assistant Secretary of State for East Asian and Pacific Affairs in the United States Department of State, visited the Republic of Korea for consultations with officials of the government.

III. ECONOMIC DEVELOPMENTS IN THE REPUBLIC OF KOREA

A. Towards a self-reliant economy

62. In spite of the threats to its security the Republic of Korea achieved a nearly record rate of growth in 1968, while mobilizing and devoting increased internal resources for economic development.

63. According to the Bank of Korea, the gross national product of the Republic (at 1965 constant prices) increased from 995.43 billion won in 1967 to 1,125.8 billion won in 1968 with a rate of growth of 13.1 per cent; there was an increase in its rate of investment from 23.3 per cent in 1967 to 27.1 per cent in 1968 and in its domestic savings from about 11 to 12 per cent. While external resources played a significant part in financing its investment, the Republic reduced its dependence on direct foreign grants.

64. Reflecting the trend towards self-reliance, the Government's budget for 1969 envisages increased expenditure on both defence and economic development to be financed by a significant increase in tax and non-tax revenues; the share of direct foreign grants in budgetary revenues, in the form of counterpart funds and financial support for Republic of Korea troops in Viet-Nam, is to decrease.

B. Development with limited resources

65. The division of the Korean peninsula left the south with scarce natural and energy resources. The manufacturing sector has been leading the economy and in 1968 it had a rate of growth of 29 per cent. Industrial output in the Republic has expanded in range for replacing the import not only of various consumer goods but also of intermediate goods like fertilizers, cement, paper and others, and accounts for the larger part of the export earnings of the economy.

66. Industrial output for export is vitally dependent on imported raw materials; its growth has been fostered through subsidies, direct and indirect. There is an awareness of the crucial need for rationalization and increased efficiency in the import-based export industries, particularly in the medium- and small-scale industries which account for more than half the industrial output and employment. The Republic has undertaken the setting up of basic industries like iron and steel and petrochemicals; they too are dependent on imports for basic raw materials.

67. With limited coal reserves the Republic is giving high priority to the development of energy supply to its industrial sector, particularly of electricity and oil. The Republic's power capacity has been expanding rapidly - from 917,245 kw. in 1967 to 1,274,245 kw. in 1968 and with the current plans under way to increase it further to 1,629,245 kw. during 1969, the Republic hopes to meet the expected increase in demand by about 40 per cent. The Republic now has an oil-refining capacity of 115,000 barrels per day and is almost self-sufficient in gasoline, diesel and other oils.

68. The Republic has been intensifying its efforts to overcome the long-standing bottle-necks in transportation. It has plans for accelerated construction of the

425 km. Seoul-Pusan highway linking the major cities and security considerations have lent an urgency to its plans to construct a network of roads and communications in comparatively inaccessible areas, particularly in the East Coast area. Plans have also been made for improving port facilities.

69. In the agricultural sector the drought in summer in 1968, following the earlier one in 1967, slowed down the rate of growth and the output of the staple commodity, rice, fell by more than one tenth from its already drought-affected level in 1967. The Republic's progress towards its goal for self-sufficiency in food grains by 1970 was again interrupted and it is estimated that one fifth of its total cereal requirements will have to be imported during 1969.

70. With limited land resources and marginal additions to it through upland and tideland reclamation, the Republic plans to increase its productivity in the immediate future by greater distribution of seeds and fertilizers and, in the coming years, by development of its water resources for all-weather farming. Plans for an expanded livestock industry are also being implemented.

71. According to the latest official mid-year estimate, the Republic's population in 1968 was 30,469,000, with a decrease in its rate of increase from 2.4 per cent in 1967 to 2.3 per cent in 1968.

C. Price stability and employment

72. The shortage in the supply of food grains, particularly rice, along with the continuing shortfalls in the supply of basic social services and increase in public utility rates exerted an upward pressure on the cost of living. However, its rise, as indicated by the official all-urban consumer price index series, was kept at the same rate - about 10 per cent - as in 1967 by the import of food grains, price control on rice in major cities and successful implementation of stabilization policy.

73. Under the stabilization programme for 1968, money supply was kept close to its target of twice the rate of growth of the national product in spite of the expansionary pressure in the external sector; monetary savings continued to increase. While there is continued debate on the current high interest rate policy of the Bank of Korea, no major change has been made in the rate of interest during the period under review. The foreign exchange rate, allowed to reflect more freely the market forces, fell from 275 won to one United States dollar in August 1968 to 283 won to one United States dollar in April 1969.

74. According to the latest official "Economically Active Population Survey", there was an over-all decline in "visible" unemployment from 6.2 per cent in 1967 to 5 per cent during 1968 and in "disguised" unemployment from 7 to 5.2 per cent. The improvement in the employment situation was marked, according to official statistics, in both the farming and non-farming sectors.

D. Balance of trade and payments

75. The Republic continued to achieve a high rate of growth of exports of goods and services. According to the provisional balance of payments statement for 1968, merchandise exports increased by 45 per cent in 1968 to \$486.5 million,

close to its target of \$500 million. The Republic has diversified the composition and destination of its exports; the situation in Viet-Nam also contributed to the increase. The Republic's main trading partners, however, continue to be Japan and the United States. The Republic's achievement of the export target of \$700 million in 1969 hinges on the possibility of developed countries providing greater access to exports of light manufactures and primary products from developing countries.

76. In spite of the rapid growth in its exports and current surplus on services account, the current deficit in the Republic's balance of payments increased from \$417.1 million in 1967 to \$683.2 million in 1968. Merchandise imports increased from \$908.9 million in 1967 to \$1,325.8 million in 1968 owing to import demand for raw materials and machinery for its fast growing industries and for food grains.

77. For bridging the widening deficit on current account the Republic relied increasingly on foreign investment and loans, as compared to foreign grants. As against the increase in net official aid from \$129.4 million in 1967 to \$130.8 million in 1968, the flow of net private transfer payments and private capital and net official loans increased from \$387.7 million to \$545.2 million.

E. External resources

78. With increasing efforts by the Republic to mobilize resources to sustain its economic growth, the shift in emphasis in United States aid, from grants to loans, has continued.

79. Development grants from the United States amount to \$6.5 million in 1968 and \$1.2 million has been contracted for in the first quarter of 1969. These grants provide technical assistance for family and health planning, for the improvement of economic planning - over-all and agricultural - and for an increased supply of indigenous technologists. Grants under P.L. 480 Title I are scheduled to decline from \$43 million in 1968 to \$32 million during 1969 and commodity assistance under P.L. 480 Title II and Title III, from \$34.1 million to \$13.8 million. The growing import demand for industrial raw materials and machinery resulted in an increase in programme assistance from \$34.6 million in 1967 to \$47.1 million in 1968.

80. As against this over-all decline in grants from the United States, there was an increase in soft, concessional, loans to the Republic in 1968; they, too, however, show a small decline for 1969. Development loans, mostly for infrastructural projects amounted to \$32 million in 1968 as compared to \$33.2 million in 1967; also assistance under P.L. 480 Title I was provided in the form of concessional loans which, beginning 1968 with \$41.7 million, would amount to \$32.8 million in 1969.

81. The Basic Relations Treaty between the Republic and Japan, signed on 22 June 1965, provides, among others, for Japan's extension to the Republic, over a period of ten years, \$300 million in grants and \$200 million in loans. The total amount of grants approved, from 1966 to January 1969, by the Government of Japan is \$146 million and the total amount actually received is \$90.7 million, with provisions for a carry-over of the remainder. The grants have been used

largely for the import of raw materials and capital goods from Japan and for the settlement of Republic of Korea-Japan trade deficit. The total amount of loans agreed upon by both the Governments during 1966 to January 1969 amounts to \$128.2 million of which \$55.3 million have been absorbed with provisions for carry-over. The loans have mostly been utilized in infrastructure projects, water resources development and the development of small and medium industries.

82. Foreign investors continue to evince an active interest in participating in the Republic's economic growth. Of the total \$1,513 million of foreign capital contracted for introduction during the period 1959 to January 1969, more than one-third was induced during 1968 and January 1969. More than one-half of the commercial loans and nearly one third of direct investment induced so far were during 1968 and January 1969, indicating the Republic's growing success in attracting foreign capital on a commercial basis.

83. With growing availability of foreign capital there has been an intensive study, within the Republic, of the nature and solvency of the firms which have been permitted foreign collaboration, the possibility of monopolization and the burden of repayment. The Republic now has fixed an annual ceiling of \$295 million on foreign loans with a repayment period of ten years or less, including \$40 million for foreign loans with a repayment period of a year or less; there is no ceiling on foreign loans whose repayment period exceeds ten years.

84. The Republic has been accelerating its efforts at self-reliance; it will, however, continue to need external resources for the achievement of its goal of rapid modernization.

IV. CONCLUDING OBSERVATIONS

85. During the period covered by the report, the basic positions of the Republic of Korea and of the Democratic People's Republic of Korea on the manner of bringing about the unification of Korea and on the role of the United Nations in the matter have remained unchanged; while the Republic of Korea endorses the objectives of the United Nations in Korea and accepts the competence and authority of the Organization to deal with the Korean question, there has been no disposition on the part of the Democratic People's Republic of Korea to accept its competence and authority in Korea.

86. The number of incidents south of the military demarcation line, including infiltration into the interior of the Republic of Korea, which had been rising since 1965, suddenly increased in the late summer of 1968 and continued at a high level throughout the remainder of the year. After a lull during the first two months of the current year, incidents have now resumed.

87. The Commission, in the light of the continued military confrontation on the Korean peninsula and the large number of incidents, many of them serious, remains deeply concerned at this situation and at the resulting increase in tension which renders more difficult the realization of the objectives of the United Nations in Korea.

88. In view of the foregoing, the Commission is not at present in a position to make a positive contribution to the realization of the objectives of the United Nations in Korea. It believes, none the less, that the United Nations presence in Korea should be continued as a restraining influence in the present confrontation, with the Commission itself remaining available and ready to seize any opportunity that might arise to enable it to carry out its mandate.

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The present report is submitted to the Secretary-General in accordance with paragraph 5 of General Assembly resolution 2466 (XXIII) of 20 December 1968.

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

(Signed) Allan H. LOOMES	<u>Australia</u>
Augusto MARAMBIO	<u>Chile</u>
Johan Q. BAS BACKER	<u>Netherlands</u>
	<u>Pakistan</u> ^{5/}
Benjamin T. TIRONA	<u>Philippines</u>
Chote KLONGVICHA	<u>Thailand</u>
Bilend N. KESTELLI	<u>Turkey</u>

Zouheir KUZBARI
Principal Secretary

^{5/} Pakistan was not represented on the Commission at the time of the signing of the report.