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UNITED NATIONS KOREAN RECONSTRUCTION AGENCY

Progress report of the Administrator for
Residual Affairs of the Agency

In conformity with resolution 1159 (XII) adopted by the General Assembly at its twelfth session, and referring specifically to the arrangements approved by operative paragraph 5 of that resolution, a progress report on the activities of the United Nations Korean Reconstruction Agency is submitted herewith. The report covers the period from 1 July to 30 September 1958.

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

(Signed) H.E. EASTWOOD
Administrator

The Secretary-General
United Nations
New York

PROGRESS REPORT OF THE ADMINISTRATOR OF THE
UNITED NATIONS KOREAN RECONSTRUCTION AGENCY

(for the period 1 July to 30 September 1958)

1. The General Assembly at its twelfth session, by resolution 1159 (XII) of 26 November 1957, inter alia, approving a recommendation of the Agent General of the United Nations Korean Reconstruction Agency that UNKRA cease as an operational organization on 30 June 1958, further approved the arrangements and procedures proposed by the Agent General for the completion after that date of the residual responsibilities of the Agency and the subsequent liquidation of its accounts. Those arrangements included the appointment by the Secretary-General of an Administrator for UNKRA's residual affairs who would assume direction of the Agency's remaining activities following the conclusion by the Agent General of his assignment, then anticipated at 30 June 1958.^{1/}

2. Following the adoption of resolution 1159 (XII), a partial revision in the time-table for concluding construction and equipment installation activities on a small number of the UNKRA projects was found to be necessary, largely because of factors beyond the Agency's control. Contributory thereto were a number of shipping delays, failure on the part of private project end-users to carry out their obligations expeditiously as well as end-user financing difficulties, and some failure on the part of machinery and equipment suppliers to fulfil purchase contracts within the agreed time. Replacement of damaged and missing items also affected completion plans, as did supplementary procurement for certain of the projects which the Agency determined would result in sufficiently valuable additional benefits to the economy to warrant it. Because of this change in the time schedule, the Agent General continued in his assignment until 15 September 1958 in order to press the completion of the programme.

3. The appointment of the Administrator thus became effective as of 16 September 1958. As part of his duties, the Administrator was directed to

1/ Official Records of the General Assembly, Twelfth Session, Annexes, agenda item 27, document A/C.2/L.350 and Corr.1.

present to the General Assembly at its thirteenth session a report on the progress of the liquidation of the Agency. The present report is submitted as an initial report pursuant to that directive.

4. The Agent General's final annual report to the General Assembly carried the account of the UNKRA operation through 30 June 1958.^{2/} At the Agent General's request, and in order to maintain an uninterrupted narrative of the Agency's activities, this first progress report by the Administrator covers the three months 1 July through 30 September 1958, thus including the period 1 July to 15 September, during which the direction of the Agency remained with the Agent General.

5. Test operation of the bond paper-making machinery at the Sam Duk Paper Manufacturing Company, Anyang, Kyonggi Province, began in July under the guidance of an international paper mill engineer provided by the Agency. Installation of machinery also was generally completed and test runs were started in September at the crystalline graphite processing mill in Sihung Gun, Kyonggi Province. A stand-by power plant which has also been purchased for this mill is scheduled to arrive in December and it is anticipated that installation will be finished during the first part of 1959. The Agency is now furnishing, and will continue to furnish until June 1959, an international mining engineer adviser for technical assistance to the mill, which represents an entirely new type of operation in Korea. Testing and realignment and adjustment work is expected to continue at both these plants during a further period before the full planned production schedule can go into operation.

6. Construction of the National Medical Centre in Seoul advanced during the three months under review and the formal dedication will take place on 2 October. The Medical Mission for the Centre, which is being supplied by the three Scandinavian nations, Denmark, Norway and Sweden, arrived during August-September; it consists of ninety doctors, nurses and technicians, who are now helping to ready the Centre for operation, which is expected to start towards the end of

^{2/} Ibid., Thirteenth Session, Supplement No. 16 (A/3907).

October. This most modern medical institution will provide the people of the Republic of Korea with completely up-to-date treatment facilities on a scale not previously enjoyed. Furthermore, through the services of the Scandinavian Medical Mission, which is to staff the Centre during the next five years jointly with the Korean personnel, comprehensive post-graduate and clinical training which can now be obtained only through study abroad will be made available in Korea to Korean doctors, senior medical students, graduate nurses and medical technicians. The successful joint establishment of this Centre by the Republic of Korea Government UNKRA and the Scandinavian countries is an outstanding example of international achievement through the United Nations.

7. Steady progress likewise continued on the modernization of the Changhang non-ferrous smelter and refinery. The most significant activity during the period was the installation of the new copper converters, which produced their first blister copper in September. This \$1.5 million project is presently scheduled for completion in December. However, it may prove advisable to continue technical assistance by the project officer, who is a highly qualified metallurgist, for a short period beyond that date.

8. The railcar conveyor loading equipment for the privately-operated Oktong coal mine has arrived; installation is now under way and is expected to be completed during October. This will leave outstanding only the Taebaek coal mine sub-project under this Agency project to expand the production of four high-potential private coal mines. Attention has already been drawn to the poor performance on the part of the Taebaek mine's management in the reports of the Agent General; this continued during the period despite strong pressure from the Agency. As a result, a date for the conclusion of the project cannot as yet be predicted.

9. The technical assistance contracts through which UNKRA has provided international specialists to guide the initial operations of the Mungyong Cement Plant and the Incheon Flat Glass Plant expired during the period under review, the former on 31 August and the latter on 30 September. Keen interest in the continuance of the assistance was expressed by both end-users and the Agency has arranged for a six months' extension, to be financed as a saleable service to the end-users. However, contracts have not yet been finalized and the technical

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assistance service is being continued on a Letter of Intent basis in the interval.

10. Progress toward conclusion of the Agency's national housing programme has been slow, mainly owing to local financing problems. However, all materials have been delivered to sites, and approximately 96 per cent of the 10,073 housing units in the programme are now finished, another 3 per cent are under construction and less than 1 per cent of the total number remain to be started. Although the Agency is no longer directly engaged in this project, periodic checks are being carried out and limited technical and other help is provided whenever practicable. Because of local financing difficulties, work is likewise moving slowly on the few classrooms remaining in the classroom construction programme. However, over 99.5 per cent of the 4,776 classrooms included in this programme have been completed, and all materials for the remaining units are in the hands of the designated recipient schools.

11. The Government of the Republic of Korea extended its co-operation towards completing the programme during the reporting period. This co-operation included two particularly important actions related to the Agency's over-all operations. First, in a supplementary budget bill for the Republic of Korea financial year, 1 January to 31 December 1958, the Administration provided for the deposit into the UNKRA Collections Account of hwan 707,893,053 representing the major portion of the import duty and commodity tax equivalents collected on UNKRA-imported private end-user project materials which had been delivered through 31 January 1957. (Since 1 February 1957, such duties and taxes have been deposited into the Account as collected.) This bill was passed by the National Assembly on 25 August 1958.

12. Secondly, on 25 September 1958, the Government signified its intention of agreeing to a request by the Agency for the deposit into the UNKRA Counterpart Account of some hwan 2,380 million, representing an additional value cited by the Agency for goods delivered and technical assistance rendered from 17 January to 14 August 1955. This request was based on the prevalence during that period of a rate of hwan 350 to \$US.1 with respect to deposits into the UNKRA Collections Account, whereas deposits into the UNKRA Counterpart Account had been credited only at hwan 180 to the dollar.^{3/}

^{3/} Formal agreement to this Agency request was given by the Government on 7 October 1958 in a letter from the Minister of Reconstruction.

12. Three months have passed since the official close of the Agency's major operational activities on 30 June 1958. During this period, progress has been made on the unfinished projects but has been generally slow because of the varied and complicated difficulties which are naturally attendant on the residual projects of a large programme. Relatedly, it is still too early in this initial report of the Administrator, to venture with any degree of accuracy predictions as to the final closing date for the programme. Much has yet to be accomplished before all the remaining projects can be considered as satisfactorily and fully completed. In addition, much detailed work remains to be done on financial and other important matters that must also be resolved with the Government before the Agency's mission can be regarded as closed. In this connexion, discussions are being pursued with the Government, and the efforts of the Agency's staff are being directed towards the successful achievement of this objective at as early a date as possible.
