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Last Updated: 04/01/2024

WITHDRAWAL SHEET

Ronald Reagan Library

Collection Name WHITE HOUSE OFFICE OF RECORDS MANAGEMENT
(WHORM): SUBJECT FILE

Withdrawer

DLB 5/25/2010

File Folder CO082-02 (KOREA, SOUTH) (220000-229999)

FOIA

S10-306

Box Number 117

SYSTEMATIC

710

ID	Doc Type	Document Description	No of Pages	Doc Date	Restrictions
91921	LETTER	PRESIDENT CHUN TO REAGAN, ENGLISH R 6/26/2019 NSC/STATE WAIVERS	2	2/22/1984	B1
91922	LETTER	KOREAN VERISON OF #91921 R 6/26/2019 NSC/STATE WAIVERS	2	2/22/1984	B1
91923	LETTER	DUPLICATE OF #91921 R 6/26/2019 NSC/STATE WAIVERS	2	2/22/1984	B1
91924	LETTER	DUPLICATE OF #91922 R 6/26/2019 NSC/STATE WAIVERS	2	2/22/1984	B1

The above documents were not referred for declassification review at time of processing

Freedom of Information Act - [5 U.S.C. 552(b)]

B-1 National security classified information [(b)(1) of the FOIA]

B-2 Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]

B-3 Release would violate a Federal statute [(b)(3) of the FOIA]

B-4 Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]

B-6 Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]

B-7 Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]

B-8 Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]

B-9 Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

C. Closed in accordance with restrictions contained in donor's deed of gift.



DEPARTMENT OF STATE

Washington, D.C. 20520

S/S 8406883

1857

224175

3100

March 9, 1984

0082-02

FG006-12

~~LIMITED OFFICIAL USE~~MEMORANDUM FOR MR. ROBERT C. MCFARLANE
THE WHITE HOUSESUBJECT: Letter to President Reagan from Korean President Chun

We do not believe a reply to this letter is required or advisable.

The letter was hand-carried to Washington by ROKG Commerce and Industry Minister Kum Jin-ho, who led the Korean Special Trade Mission to the United States. It parallels the letter President Reagan sent to President Chun in January, on the occasion of the U.S. trade mission's visit to Seoul.

A reply to this letter is therefore not required. In addition, a recent controversial finding of dumping of Korean color television receivers in the U.S. market (announced the day after President Chun's letter was dispatched), has been met with great dismay by the ROKG. They do not share our view that anti-dumping actions are a legitimate response to unfair trade practices, and devising language to reply to President Chun's open market rhetoric before the current issue is resolved would be awkward at best.

Covey

Charles Hill
Executive SecretaryAttachment:Letter to President Reagan dated
February 22, 1984.~~LIMITED OFFICIAL USE~~

5/24/10

NSC# 8401857

DECLASSIFIED

NSC/State Wavers
BY dh NARA DATE 6/20/2019



8406883

71921

President of the Republic of Korea

(Translation)

22 February 1984

Dear Mr. President,

I am very pleased to dispatch my Special Trade Mission to the United States. This is a part of our endeavor to help build a stronger economic relationship between our two countries on the basis of matured partnership which was reaffirmed by your visit to Korea last year.

Your visit and the visit of your Special Trade Mission that immediately followed have set a renewed momentum for Korean-U.S. trade expansion. I am confident that the Mission which bears this letter will make, on that momentum, another significant contribution to the promotion of our bilateral economic relations.

As you have aptly mentioned in your letter of January 9, 1984, the growing interdependence which characterizes the commercial and economic relations between Korea and the United States will not only benefit our two countries but help develop a sound world trading system.

I believe that lowering of trade barriers and resistance to protectionism, among others, are indispensable measures for this end. Last November, Mr. President, we both noted, in our Joint Statement, the importance of keeping global economic recovery not hindered by reversion to protectionism, and to the increasing need for coordinated actions by our two governments in this direction.

His Excellency
Ronald W. Reagan
President of the
United States of America

I can assure you that Korea has always been and will continue to be mindful of these objectives. Indeed, our mutual commitment to the fundamental principle of free trade is bound to bring great prosperity to us all.

I know, Mr. President, you share my hope that the Mission will carry out its tasks with success and thereby contribute to further strengthening of our ties of friendship.

Sincerely yours,

/s/ Chun Doo Hwan



9522

3

DECLASSIFIED
 Authority *NSA/State Waver*
 DATE *6/26/2019*

대한민국 대통령

1984년 2월 22일

대통령 각하,

본인은 작년 각하의 방한으로 재확인된 우리 양국간의
 성숙된 동반자관계 위에 특히 경제 유대를 더욱 공고히 하기 위하여
 금번 특별통상사절단을 파견하는 바입니다.

각하의 방한과 최근 각하의 통상사절단 방한은 한.미
 양국간의 교역확대에 중요한 계기를 마련하였으며, 본인은 이 친서를
 휴대하는 아국의 통상사절단이 이러한 계기를 발전시킴으로써
 양국간의 경제협력 증진에 또다른 중요한 기여를 하게 될 것으로
 확신하는 바입니다.

각하께서 1984년 1월 9일자 친서에서 언급하신 바와 같이,
 통상 및 경제분야에서 한.미 양국간의 상호의존도가 점증하는 것은
 양국에 공히 유익한 것일 뿐 아니라 세계 교역질서의 건전한 발전에
 도움이 되는 것입니다.

본인은 무엇보다도 무역장벽의 완화와 보호주의에 대한 배격이
 이러한 목표를 달성하는데 필요불가결한 것이라고 믿습니다. 작년
 11월 본인은 각하와의 공동성명을 통해 보호무역주의로의 복귀로 인해
 세계경기 회복이 저해되지 않도록 보장함이 중요하며 이를 위해
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각하께 본인의 최대 경의를 표합니다.

전 두 환

미합중국 대통령

로날드 레이건 각하

DECLASSIFIED

Authority NBC/State Waver?
BY dh NARA DATE 6/26/2019



91923

5

President of the Republic of Korea

(Translation)

22 February 1984

Dear Mr. President,

I am very pleased to dispatch my Special Trade Mission to the United States. This is a part of our endeavor to help build a stronger economic relationship between our two countries on the basis of matured partnership which was reaffirmed by your visit to Korea last year.

Your visit and the visit of your Special Trade Mission that immediately followed have set a renewed momentum for Korean-U.S. trade expansion. I am confident that the Mission which bears this letter will make, on that momentum, another significant contribution to the promotion of our bilateral economic relations.

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I believe that lowering of trade barriers and resistance to protectionism, among others, are indispensable measures for this end. Last November, Mr. President, we both noted, in our Joint Statement, the importance of keeping global economic recovery not hindered by reversion to protectionism, and to the increasing need for coordinated actions by our two governments in this direction.

His Excellency
Ronald W. Reagan
President of the
United States of America

6

I can assure you that Korea has always been and will continue to be mindful of these objectives. Indeed, our mutual commitment to the fundamental principle of free trade is bound to bring great prosperity to us all.

I know, Mr. President, you share my hope that the Mission will carry out its tasks with success and thereby contribute to further strengthening of our ties of friendship.

Sincerely yours,

/s/ Chun Doo Hwan

DECLASSIFIED
 Authority NSE/State Waivers
 BY dh DATE 6/26/2019



대한민국 대통령

1984년 2월 22일

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 세계경기 회복이 저해되지 않도록 보장함이 중요하며 이를 위해
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각하께 본인의 최대 경의를 표합니다.

전 두 환

미합중국 대통령

로널드 레이건 각하

**National Security Council
The White House**

System # I
Package # 1857

	SEQUENCE TO	HAS SEEN	DISPOSITION
Bill Martin	_____	_____	_____
Bob Kimmitt	<u>1</u>	<u>K</u>	_____
John Poindexter	_____	_____	_____
Wilma Hall	_____	_____	_____
Bud McFarlane	_____	_____	_____
Bob Kimmitt	_____	_____	_____
NSC Secretariat	_____	_____	_____
Situation Room	<u>2</u>	_____	<u>A</u>
Tom Shull	_____	_____	_____

I = Information	A = Action	R = Retain	D = Dispatch	N = No further Action
-----------------	------------	------------	--------------	-----------------------

cc: VP Meese Baker Deaver Other _____

COMMENTS

Should be seen by: _____
(Date/Time)

Send to State, asking for draft response by 3/9.

Staff for info to

Sign
Gregg
McMinn
Robinson
Martin

Letter was given
to VP over weekend.

NSC/S PROFILE

UNCLASSIFIED

ID 8401857

RECEIVED 05 MAR 84 18

TO PRESIDENT

FROM CHUN DOO HWAN

DOCDATE 22 FEB 84

KEYWORDS KOREA

INTL TRADE

HS

SUBJECT INTRO LTRS FOR KOREAN SPECIAL TRADE MISSION

ACTION. RECOMMENDATIONS / DRAFT REPLY DUE. 09 MAR 84 STATUS D FILES

FOR ACTION

FOR CONCURRENCE

FOR INFO

STATE

SIGUR

MARTIN

MCMINN

ROBINSON

COMMENTS

REF#

LOG 8309360

NSCIFID

(MR)

ACTION OFFICER (S) ASSIGNED ACTION REQUIRED DUE COPIES TO

C 3/10

Rec State no Reply required
memo

SAME

DISPATCH

ed MTR 3/5

W/ATTCH

FILE

WH (C) 80

REFERRAL

DATE: 05 MAR 84

MEMORANDUM FOR. STATE SECRETARIAT

DEPARTMENT OF STATE

DOCUMENT DESCRIPTION:

TO: PRESIDENT

SOURCE. CHUN DOO HWAN

DATE: 22 FEB 84

KEYWORDS: KOREA

INTL TRADE

HS

SUBJ: INTRO LTRS FOR KOREAN SPECIAL TRADE MISSION

REQUIRED ACTION. RECOMMENDATIONS / DRAFT REPLY

DUE DATE: 09 MAR 84

COMMENTS

Melanie Rhodes
FOR ROBERT M. KIMMITT

EXECUTIVE SECRETARY

8406883

REFERRAL

DATE: 05 MAR 84

MEMORANDUM FOR. STATE SECRETARIAT

DEPARTMENT OF STATE

DOCUMENT DESCRIPTION:

TO: PRESIDENT

SOURCE. CHUN DOO HWAN

DATE: 22 FEB 84

KEYWORDS: KOREA

INTL TRADE

HS

SUBJ: INTRO LTRS FOR KOREAN SPECIAL TRADE MISSION

REQUIRED ACTION. RECOMMENDATIONS / DRAFT REPLY

DUE DATE: 09 MAR 84

COMMENTS

Melanie Rhodes
FOR ROBERT M. KIMMITT
EXECUTIVE SECRETARY

84 MAR -6 AMO:09
315-1
PB

Name	Date
Kilence NSC	7-16-87

87 NOV - 2 10:02

ID # 226325

WHITE HOUSE CORRESPONDENCE TRACKING WORKSHEET

C 0082-02

☐ O - OUTGOING☐ H - INTERNAL☒ I - INCOMINGDate Correspondence
Received (YY/MM/DD)

84 105 105

Name of Correspondent: ☐ Mr. ☒ Mrs. ☐ Miss

H-S. Green

☐ MI Mail Report

User Codes: (A) (B) (C)

Subject:

Seeks help for a child in California.
Mistakenly feels that the Korean children
brought to the U.S. were paid for by
U.S. tax payers.

ROUTE TO:

ACTION

DISPOSITION

Office/Agency	(Staff Name)	Action Code	Tracking Date YY/MM/DD	Type of Response	Code	Completion Date YY/MM/DD
	CoBatt	ORIGINATOR	84 105 10		C	84 10 29
99	HHS	Referral Note:	84 10 514		A	84 10 24
		Referral Note:				
		Referral Note:				
		Referral Note:				
		Referral Note:				

ACTION CODES:

A - Appropriate Action
C - Comment/Recommendation
D - Draft Response
F - Furnish Fact Sheet
to be used as Enclosure

I - Info Copy Only/No Action Necessary
R - Direct Reply w/Copy
S - For Signature
X - Interim Reply

DISPOSITION CODES:

A - Answered
B - Non-Special Referral
C - Completed
S - Suspended

FOR OUTGOING CORRESPONDENCE:

Type of Response = Initials of Signer
Code = "A"
Completion Date = Date of Outgoing

Comments:

Keep this worksheet attached to the original incoming letter.
Send all routing updates to Central Reference (Room 75, OEOB).
Always return completed correspondence record to Central Files.
Refer questions about the correspondence tracking system to Central Reference, ext. 2590.

RECORDS MANAGEMENT ONLY

CLASSIFICATION SECTION

No. of Additional Correspondents: _____ Media: L Individual Codes: 4.000 _____

Prime Subject Code: C0 082.02 Secondary Subject Codes: HE001 _____
EA _____

PRESIDENTIAL REPLY

Code	Date	Comment	Form
------	------	---------	------

C	_____	Time: _____	P. _____
---	-------	-------------	----------

DSP	_____	Time: _____	Media: _____
-----	-------	-------------	--------------

SIGNATURE CODES:

CPn - Presidential Correspondence

- n - 0 - Unknown
- n - 1 - Ronald Wilson Reagan
- n - 2 - Ronald Reagan
- n - 3 - Ron
- n - 4 - Dutch
- n - 5 - Ron Reagan
- n - 6 - Ronald
- n - 7 - Ronnie

CLn - First Lady's Correspondence

- n - 0 - Unknown
- n - 1 - Nancy Reagan
- n - 2 - Nancy
- n - 3 - Mrs. Ronald Reagan

CBn - Presidential & First Lady's Correspondence

- n - 1 - Ronald Reagan - Nancy Reagan
- n - 2 - Ron - Nancy

MEDIA CODES:

- B - Box/package
- C - Copy
- D - Official document
- G - Message
- H - Handcarried
- L - Letter
- M - Mailgram
- O - Memo
- P - Photo
- R - Report
- S - Sealed
- T - Telegram
- V - Telephone
- X - Miscellaneous
- Y - Study



MAY 24 1984

6325 Security Boulevard
Baltimore, MD 21207

FQA8-22

Mrs. H. S. Green
8436 Blackburn Avenue
Los Angeles, California 90048

Dear Mrs. Green:

Mrs. Reagan has asked me to thank you for your letter regarding a child needing medical care in California.

Unfortunately your letter does not contain enough information for me to assist you. If you will provide the necessary information such as the child and parents full names, address and the exact nature of the child's illness, I will be glad to have my staff look into the matter.

Sincerely yours,

Henry R. Desmarais, M.D.
Director
Bureau of Eligibility,
Reimbursement and Coverage

cc:
The White House

HHS-OS-CCC
Mar 14 7 53 AM '84

REFERRAL

TO: DEPARTMENT OF HEALTH AND HUMAN SERVICES

DIRECT REPLY, FURNISH INFO COPY

ID: 226325

MEDIA: LETTER, DATED MAY 2, 1984

TO: MRS. REAGAN

FROM: MRS. H. S. GREEN
8436 BLACKBURN AVENUE
LOS ANGELES CA 90048

PROMPT ACTION IS ESSENTIAL -- IF REQUIRED ACTION HAS NOT BEEN
TAKEN WITHIN 9 WORKING DAYS OF RECEIPT, PLEASE TELEPHONE THE
UNDERSIGNED AT 456-7486.

RETURN CORRESPONDENCE, WORKSHEET AND COPY OF RESPONSE
(OR DRAFT) TO:
AGENCY LIAISON, ROOM 91, THE WHITE HOUSE

SALLY KELLEY
DIRECTOR OF AGENCY LIAISON
PRESIDENTIAL CORRESPONDENCE

Mrs. Ronald Reagan May 2-84
Wash. D.C.

Dear Mrs. Reagan :- 226325
you have brought foreign
children to the U.S. for free
surgery etc.

Mr. Caraways in Loma Linda
Calif., has a child who needs
help. The bills are creating
a horrible situation for them.

Mr. Caraways ^{is} in the service
of the U.S. Has been for
years. Now see what you can
do for an American child.

Very truly
Mrs. H. S. Green

4

— — — — —

— — — — —

WHITE HOUSE CORRESPONDENCE TRACKING WORKSHEET

CDD 82-12

☐ O - OUTGOING☐ H - INTERNAL☐ I - INCOMINGDate Correspondence
received (YY/MM/DD)

84,05,22

NAME OF CORRESPONDENT:

Dan Mc Kinnon

☒ DC Mail Report

User Codes: (A)

(B)

(C)

SUBJECT:

Regarding refusal of
Kneen Airlines to sign a
purchase order w/ Mc Connell
Baird

ROUTE TO:

ACTION

DISPOSITION

Office/Agency (Staff Name)	Action Code	Tracking Date YY/MM/DD	Type of Response	Code	Completion Date YY/MM/DD
DCS/H	C	84,05,22		C	84,05,22
CA FULL	Referral Note: X	84,05,22		C	84,05,23
CU Fielding	Referral Note: A	84,05,23	24	A	84,06,21
	Referral Note:				
		/ /			/ /
	Referral Note:				

ACTION CODES:

A - Appropriate Action
C - Comment/Recommendation
D - Draft Response
F - Furnish Fact Sheet to be
I - Info Copy Only/No Action Necessary
R - Direct Reply w/Copy
S - For Signature
X - Interim Reply

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A - Answered
B - Non-Special Referral
C - Completed
S - Suspended

FOR OUTGOING CORRESPONDENCE:

Type of Response = Initials of Signer
Code = "A"
Completion Date = Date of Outgoing

COMMENTS:

1984 MAY 25 AM 11: 01

'84 MAY 22 P5:59

885019

THE WHITE HOUSE

WASHINGTON

June 21, 1984

Dear Chairman McKinnon:

Your recent letters to Messrs. Baker and Deaver concerning the pending dispute between the United States and Korea over air route rights have been referred to me for consideration and direct reply. In those letters and accompanying briefing papers you outlined the facts surrounding the dispute and the various arguments on both sides.

We appreciate having the benefit of your informed views on this matter, and I have taken the liberty of sharing them with the Department of Transportation, which, as you know, is deeply involved in the pending dispute. Once again, thank you for advising us of your concerns in this area.

Sincerely,

Orig. signed by FFF

Fred F. Fielding
Counsel to the President

The Honorable Dan McKinnon
Chairman
Civil Aeronautics Board
Washington, D.C. 20428

FFF:JGR:aea 6/21/84
bcc: FFFielding/JGRoberts/Subj/Chron

THE WHITE HOUSE

WASHINGTON

June 15, 1984

MEMORANDUM FOR MICHAEL K. DEEVER
ASSISTANT TO THE PRESIDENT
DEPUTY CHIEF OF STAFF

FROM: FRED F. FIELDING
COUNSEL TO THE PRESIDENT

SUBJECT: Correspondence from Civil Aeronautics Board
Chairman Dan McKinnon on Korean Route Dispute

Attached for your information is a copy of my reply to the letter Chairman Dan McKinnon of the Civil Aeronautics Board wrote you, concerning the pending dispute between the United States and Korea over air route rights. Also attached is a copy of my memorandum to the Department of Transportation, referring McKinnon's letter.

Attachment

cc: Craig L. Fuller
Assistant to the President
for Cabinet Affairs

FFF:JGR:aea 6/15/84

bcc: FFFielding/JGRoberts/Subj/Chron

THE WHITE HOUSE
WASHINGTON

June 15, 1984

MEMORANDUM FOR JAMES W. CICCONI
SPECIAL ASSISTANT TO THE PRESIDENT
SPECIAL ASSISTANT TO THE CHIEF OF STAFF

FROM: FRED F. FIELDING Orig. signed by FFF
COUNSEL TO THE PRESIDENT

SUBJECT: Correspondence from Civil Aeronautics Board
Chairman Dan McKinnon on Korean Route Dispute

Attached for your information is a copy of my reply to the letter Chairman Dan McKinnon of the Civil Aeronautics Board wrote to Mr. Baker, concerning the pending dispute between the United States and Korea over air route rights. Also attached is a copy of my memorandum to the Department of Transportation, referring McKinnon's letter.

Attachment

cc: Craig L. Fuller
Assistant to the President
for Cabinet Affairs

FFF:JGR:aea 6/15/84

cc: FFFielding/JGRoberts/Subj/Chron

THE WHITE HOUSE

WASHINGTON

June 15, 1984

MEMORANDUM FOR MATT SCOCOZZA
ASSISTANT SECRETARY OF TRANSPORTATION
FOR POLICY

FROM: FRED F. FIELDING *Orig. signed by FFF*
COUNSEL TO THE PRESIDENT

SUBJECT: Correspondence from Civil Aeronautics Board
Chairman Dan McKinnon on Korean Route Dispute

Attached for your information is correspondence from Chairman Dan McKinnon of the Civil Aeronautics Board, concerning a pending dispute between the United States and Korea over air route rights. The correspondence is submitted for whatever review and consideration you deem appropriate. I have written Chairman McKinnon thanking him for his letters, and advising him that I have shared them with the Department of Transportation.

Many thanks.

Attachment

FFF:JGR:aea 5/15/84
cc: FFFielding/JGRoberts/Subj/Chron

THE WHITE HOUSE
WASHINGTON

Date 5.25.84

Suspense Date _____

MEMORANDUM FOR: John

FROM: **DIANNA G. HOLLAND**

ACTION

- ☐ Approved
- ☐ Please handle/review
- ☐ For your information
- ☐ For your recommendation
- ☐ For the files
- ☐ Please see me
- ☐ Please prepare response for
_____ signature
- ☐ As we discussed
- ☐ Return to me for filing

COMMENT

Please attach to
case you already
have.

THE WHITE HOUSE
WASHINGTON

May 22, 1984

MEMO TO CRAIG FULLER

FROM: BILL SITTMANN

Could you get a draft response
for Mike.

Thanks.

5/23 - Refer to FFF
per Fuller



THE CHAIRMAN
OF THE
CIVIL AERONAUTICS BOARD

WASHINGTON, D. C. 20428

May 21, 1984

*But
pls get
me a fast
response*

Dear Mike:

This is to alert you to an issue which will most likely become a high level political problem.

227973

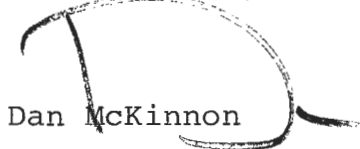
Korean Airlines has refused to sign a purchase order with McDonnell Douglas for six MD-80s unless they get the route rights as mentioned in the enclosed briefing paper.

This trade off of aircraft sales for route rights would set a dangerous precedent which every country in the world would utilize to the detriment of U.S. commercial aviation. It should never be done.

As you'll read, the issues go even deeper -- the Carter Administration made a very bad deal. This Administration must not give in to Korea's threat, and since they were first to refuse to fulfill a commitment, it gives the United States a way to get out of it.

I just want to bring this to your attention, as you'll probably be hearing more about it.

Best regards,


Dan McKinnon

Honorable Michael K. Deaver
Deputy Chief of Staff and
Assistant to the President
The White House
Washington, D. C. 20500

Enclosure

U.S. AVIATION SITUATION WITH KOREA AND
IMPENDING CRISIS

PROBLEM:

Korea wants route rights to Oakland, Chicago and beyond one point to Europe contained in a 1980 MOU in which Korea was to provide certain cargo facilities by March 1981. Korea has never provided the required facilities.

FORMER POLICY:

Under the Carter Administration, the idea in aviation bilaterals was to give away valuable route rights into the U.S. to create competition. There was no concern where competition came from or the cost to the U.S. for that competition -- just a frantic effort to create competition with the belief the consumer was the winner.

Result was entry of many foreign carriers who were more than willing to take advantage of this new generous U.S. policy. Net result was to dilute U.S. carriers' traffic by many foreign carriers and countries who provided little passenger or cargo traffic. Basically, many were poachers and drained away revenues from our carriers. They also kept restrictive rules in place that made true competition in their countries difficult for our carriers so they had their cake and ate it too.

It was this policy that promised Korea hundreds of millions of dollars of valuable aviation route rights for a \$4.5 million cargo hangar -- due to be built by March 1981. The Koreans never built it.

This competition's only result was to dilute U.S. carriers' earnings and, since all foreign countries closely control prices, the consumers gained nothing in pricing but only more carrier options for travel.

FACTS:

In April 1983, Flying Tiger wrote a letter to the State Department ostensibly withdrawing its objections to the implementation of the rights granted to Korea under the 1980 MOU. KAL demanded that FTL write the letter before KAL would complete a 5-million dollar transaction, involving the purchase of cargo facility space at New York from Tigers. Tigers was in dire economic straits at the time and wrote the letter as demanded.

GATT agreement says signatories agree to avoid attaching inducements of any kind to the sale or purchases of civil aircraft.

POLITICAL PRESSURES:

Favoring Korea-ROK government will request U.S. to honor its commitment and state ROK is now ready to honor the requirement to build the hangar. ROK will say U.S. never renegs on agreements. In addition, they will say Flying Tigers didn't properly follow through on exercise of their rights to build the hangar. (not so)

McDonnell Douglas will say order by Korean Airlines (KAL) for 6 to 9 MD-80s worth about \$300 million is being cancelled in retaliation if KAL does not get the route rights. "What's one more airline flying into CHI?" they say. Those aircraft purchases are mainly to replace aging domestic planes and at the present time only McDonnell Douglas or Boeing can provide the aircraft.

(To support a \$300 million aircraft purchase, an airline needs to gain revenues of roughly one-half of aircraft cost (\$150 million) per year. Since aviation between the U.S. and the ROK is not growing at that rate, revenues must come out of another carrier's income--mostly U.S. carriers--since all competitive conditions affecting our carriers is tightly controlled in Korea. Currently, Korea has about 80% of the market.

STR will say MD-80 sale will help balance of payment. Lost sales is threatened to go to Airbus.

East Asian Bureau (State) will say its important to give KAL rights to show friendship to Korea. This division of State told ROK we'll let them have rights. (No prior clearance with any other government agencies involved.)

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Flying Tigers will say why should they be penalized and finance U.S. policy to help ROK through added competition, especially through CHI which is their hub. They have lost millions in recent years and these rights threaten their very existence. They are angry over original MOU which was forced on our carriers by Carter Administration. Their retort to "What's one more carrier in CHI?" is "What's a couple more Airbus aircraft?"

Northwest Airlines will point out ROK and KAL for years have ignored bilateral requirements to allow operating conditions that allow for fair

competition in Korea. (They have pages of complaints -- small individually -- but added up virtually gut their Korean operation compared to KAL). NW hangar facilities are 4th rate and ROK has done nothing to alleviate their cargo handling problems, as was required by the bilateral to be done in 1981.

Department of Defense -- Sec. Weinberger has written Sec. Schultz that FTL serves CRAF program with 17 747s and the U.S. should make no agreement that could weaken that reserve defense lift capability.

CAB -- feels window of opportunity for Korea to exercise rights closed. It closed in 1981. CAB feels no rights should be granted to KAL for CHI or beyonds. The original deal was heavily imbalanced in favor of ROK. Today's U.S. aviation policy is being closely watched by other countries to see if we mean business when we say there are no more giveaways (Carter era) and all bilaterals must be balanced. Are we requiring countries to live up to agreements or always caving? Chairman Dan McKinnon says this is an example of a case the U.S. needs to be tough on. If we want to help ROK, all taxpayers should pay the costs -- not FTL and NW.

Economic Bureau (State) -- This is not a balanced agreement. ROK did not honor the original terms, so there is no obligation for U.S. to honor our end of the deal.

DOT -- this deal is not healthy for U.S. aviation interests. Trade and aviation issues should not be mixed. The bilateral is inoperative since ROK did not live up to the terms of the deal back in 1981.

CURRENT SITUATION:

Negotiations with ROK took place April 2-3. U.S. Delegation said don't build hangar in reliance on 1980 MOU -- means no route rights to CHI and beyonds. ROK upset but aware they stiffed U.S. since 1981. Renewed negotiation scheduled this June. Now all parties conducting intense lobbying effort in USA. Pro U.S. parties say don't give CHI and beyonds. Pro ROK saying give ROK a second chance to fulfill terms of the original Carter deal.

RECOMMENDATION: Stick to tough U.S. aviation policy. If we don't on this clear-cut issue -- U.S. credibility and

that of this Administration is meaningless with all foreign countries. The Reagan Administration supposedly brought in tough people to say no to giveaways. If we give in on the Korean situation, we will be no different than the Carter Administration, and all tough talk on a reversal of U.S. aviation policy that it now must be balanced will have no worldwide credibility.

Unfortunately, this is a decision that can't be compromised. Either KAL is allowed into CHI or not. Delay is not a compromise -- because the damage done to U.S. carriers will still be done.

Prepared by:

Dan McKinnon
Chairman, Civil Aeronautics Board

April 24, 1984

WHITE HOUSE CORRESPONDENCE TRACKING WORKSHEET

C008202

☐ O - OUTGOING☐ H - INTERNAL☐ I - INCOMINGDate Correspondence
Received (YY/MM/DD) 1/1Name of Correspondent: Don McKeen☐ MI Mail Report

User Codes: (A) _____ (B) _____ (C) _____

Subject: Korean Airlines' refusal to sign a
purchase order with Mc Donnell
Douglas for 6 MD-80's unless they
get route rights

ROUTE TO:

ACTION

DISPOSITION

Office/Agency (Staff Name)	Action Code	Tracking Date YY/MM/DD	Type of Response	Completion Date YY/MM/DD
<u>CU Holland</u>	ORIGINATOR	<u>84 05 23</u> ^{WS}		<u>C 84 06 21</u>
<u>CU AT 18</u>	Referral Note: <u>D</u>	<u>84 05 24</u>		<u>C 84 06 21</u> ^{WS}
<u>CU FIEL</u>	Referral Note: <u>S</u>	<u>84 06 21</u> ^{WS}	<u>TH</u>	<u>A 84 06 21</u> ^{JV}
	Referral Note:			
		<u>1 1</u>		<u>1 1</u>
	Referral Note:			
		<u>1 1</u>		<u>1 1</u>
	Referral Note:			

ACTION CODES:

A - Appropriate Action
C - Comment/Recommendation
D - Draft Response
F - Furnish Fact Sheet
to be used as Enclosure

I - Info Copy Only/No Action Necessary
R - Direct Reply w/Copy
S - For Signature
X - Interim Reply

DISPOSITION CODES:

A - Answered C - Completed
B - Non-Special Referral S - Suspended

FOR OUTGOING CORRESPONDENCE:

Type of Response = Initials of Signer
Code = "A"
Completion Date = Date of Outgoing ^{JV}

Comments: TH memo also to Matt Scocazza, Nipke
& Jim Cicconi

Keep this worksheet attached to the original incoming letter.

Send all routing updates to Central Reference (Room 75, OEOP).

Always return completed correspondence record to Central Files.

Refer questions about the correspondence tracking system to Central Reference, ext. 2590.

RECORDS MANAGEMENT ONLY

CLASSIFICATION SECTION

No. of Additional Correspondents: _____ Media: 2 Individual Codes: 1140 _____

Prime Subject Code: C008202 Secondary Subject Codes: CA 005 TA 004.16
CA 16020
B4003.01 _____

PRESIDENTIAL REPLY

Code	Date	Comment	Form
C		Time: _____	P. _____
DSP		Time: _____	Media: _____

SIGNATURE CODES:

CPn - Presidential Correspondence
 n - 0 - Unknown
 n - 1 - Ronald Wilson Reagan
 n - 2 - Ronald Reagan
 n - 3 - Ron
 n - 4 - Dutch
 n - 5 - Ron Reagan
 n - 6 - Ronald
 n - 7 - Ronnie

CLn - First Lady's Correspondence
 n - 0 - Unknown
 n - 1 - Nancy Reagan
 n - 2 - Nancy
 n - 3 - Mrs. Ronald Reagan

CBn - Presidential & First Lady's Correspondence
 n - 1 - Ronald Reagan - Nancy Reagan
 n - 2 - Ron - Nancy

MEDIA CODES:

B - Box/package
 C - Copy
 D - Official document
 G - Message
 H - Handcarried
 L - Letter
 M - Mailgram
 O - Memo
 P - Photo
 R - Report
 S - Sealed
 T - Telegram
 V - Telephone
 X - Miscellaneous
 Y - Study

THE WHITE HOUSE

WASHINGTON

June 21, 1984

Dear Chairman McKinnon:

Your recent letters to Messrs. Baker and Deaver concerning the pending dispute between the United States and Korea over air route rights have been referred to me for consideration and direct reply. In those letters and accompanying briefing papers you outlined the facts surrounding the dispute and the various arguments on both sides.

We appreciate having the benefit of your informed views on this matter, and I have taken the liberty of sharing them with the Department of Transportation, which, as you know, is deeply involved in the pending dispute. Once again, thank you for advising us of your concerns in this area.

Sincerely,

Orig. signed by FFF

Fred F. Fielding
Counsel to the President

The Honorable Dan McKinnon
Chairman
Civil Aeronautics Board
Washington, D.C. 20428

FFF:JGR:aea 6/21/84
bcc: FFFielding/JGRoberts/Subj/Chron

THE WHITE HOUSE

WASHINGTON

June 16, 1984

John
+ pls advise NSC
Done
→ change
also let A

MEMORANDUM FOR FRED F. FIELDING

FROM: JOHN G. ROBERTS *JGR*

SUBJECT: Korean Airlines' Refusal to Sign a
Purchase Order With McDonnell Douglas
for 6 MD-80s Unless Given Route Rights

Dan McKinnon, Chairman of the Civil Aeronautics Board, has sent identical letters to Mr. Baker and Mr. Deaver, concerning a pending dispute involving Korean Air Lines (KAL). According to McKinnon, the Carter Administration foolishly agreed in 1980 to give KAL route rights to Oakland and Chicago in exchange for a Korean agreement to provide certain cargo facilities by March 1981. Korea has not yet built the facilities, and the United States -- or at least some elements in the Government -- are attempting to rescind the route commitment. KAL, in response, has threatened not to purchase six aircraft it has ordered from McDonnell Douglas unless it gets the routes in question.

In his letter and accompanying briefing paper, McKinnon contends that aircraft sales should never be allowed to be a factor in route cases, and that the United States should avail itself of the opportunity -- presented by Korea's default on the 1980 agreement -- to get out from under a misguided "give away" of valuable routes to KAL. He indicates that this is the position of the CAB, Defense, Transportation, and the Economic Bureau at State, as well as, not surprisingly, KAL's competitors (Flying Tigers and Northwest). McDonnell Douglas, USTR, and the East Asian Bureau at State support KAL.

I contacted Matt Scocozza, Assistant Secretary of Transportation for Policy, for more information on the dispute. Scocozza is heading up the Administration handling of the matter. Scocozza noted that McKinnon's views were widely known to those reviewing the dispute. He recommended that the White House simply thank McKinnon for sharing those views, refer the letters to Transportation, and not otherwise become involved. According to Scocozza, further negotiations with the Koreans are scheduled for September. The matter is not at this point -- and may never be -- a section 801 case submitted for formal Presidential review.

I agree with Scocoza's recommendation. It is somewhat unusual for the head of an independent regulatory agency to send a letter to Presidential aides on a pending matter. I do not consider it necessarily improper, however, since the resolution of the dispute with the Koreans involves executive branch actions and is only partly under the jurisdiction of the CAB. I have attached a draft letter from you to McKinnon, thanking him for his views and advising him that we have referred his correspondence to Transportation. Memoranda to Scocoza, Baker, and Deaver are also attached.

Attachments

THE WHITE HOUSE

WASHINGTON

June 15, 1984

MEMORANDUM FOR MICHAEL K. DEEVER
ASSISTANT TO THE PRESIDENT
DEPUTY CHIEF OF STAFF

FROM: FRED F. FIELDING *Orig signed by FFF*
COUNSEL TO THE PRESIDENT

SUBJECT: Correspondence from Civil Aeronautics Board
Chairman Dan McKinnon on Korean Route Dispute

Attached for your information is a copy of my reply to the letter Chairman Dan McKinnon of the Civil Aeronautics Board wrote you, concerning the pending dispute between the United States and Korea over air route rights. Also attached is a copy of my memorandum to the Department of Transportation, referring McKinnon's letter.

Attachment

cc: Craig L. Fuller
Assistant to the President
for Cabinet Affairs

FFF:JGR:aea 6/15/84

bcc: FFFielding/JGRoberts/Subj/Chron

THE WHITE HOUSE

WASHINGTON

June 15, 1984

MEMORANDUM FOR JAMES W. CICCONI
SPECIAL ASSISTANT TO THE PRESIDENT
SPECIAL ASSISTANT TO THE CHIEF OF STAFF

FROM: FRED F. FIELDING *Orig. signed by FFF*
COUNSEL TO THE PRESIDENT

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FFF:JGR:aea 6/15/84

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THE WHITE HOUSE

WASHINGTON

June 15, 1984

MEMORANDUM FOR MATT SCOCOZZA
ASSISTANT SECRETARY OF TRANSPORTATION
FOR POLICY

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Many thanks.

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FFF:JGR:aea 5/15/84
cc: FFFielding/JGRoberts/Subj/Chron

THE WHITE HOUSE

WASHINGTON

May 22, 1984

MEMORANDUM FOR FRED F. FIELDING

FROM: JAMES W. CICCONI *JWC*
SUBJECT: Letter from CAB Chairman

Attached is a letter from Dan McKinnon, Chairman of the Civil Aeronautics Board.

Could the Counsel's Office please respond directly to Mr. McKinnon, on JAB's behalf?

Thanks.

cc: Craig Fuller

1984 MAY 22 PM 7: 25



THE CHAIRMAN
OF THE
CIVIL AERONAUTICS BOARD
WASHINGTON, D. C. 20428

May 18, 1984

Cicconi
JAS ASKS THAT YOU
PLS. handle
5/21

Dear Jim:

This is to alert you to an issue which will most likely become a high level political problem.

227973cu

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This trade off of aircraft sales for route rights would set a dangerous precedent which every country in the world would utilize to the detriment of U.S. commercial aviation. It should never be done.

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Best regards,


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Honorable James A. Baker III
Chief of Staff and
Assistant to the President
The White House
Washington, D. C. 20500

Enclosure

c

U.S. AVIATION SITUATION WITH KOREA AND
IMPENDING CRISIS

PROBLEM:

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Prepared by:

Dan McKinnon
Chairman, Civil Aeronautics Board

April 24, 1984