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Ronald Reagan Library

Collection Name SIGUR, GASTON: FILES

Withdrawer

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10/2/2007

File Folder

KOREA (SOUTH) 1985 (05/01/1985-07/14/1985)

FOIA

F95-033-5

Box Number

90947 RAC BOX 10

KOMISAR, LUCY

,			5			
ID Doc Type	Document Description	No of Pages	Doc Date	Restrictions		
43692 MEMO	GASTON SIGUR TO ROBERT MCFARLANE, RE: DEPLOYMENT OF A LANCE MISSILE BATTERY TO KOREA	1	5/7/1985	B1		
43693 MEMO	CAP WEINBERGER TO SECRETARY OF STATE, RE: DEPLOYMENT OF MISSILES 0 - 0	2	5/1/1985	B1		
43694 PAPER	LANCE MISSILES 0 - 0	2	ND	B1		
43695 REPORT	SOUTH KOREA: ECONOMY IN TRANSITION	11	5/29/1985	B1		
43696 REPORT	RE: SOUTH KOREA	4	7/8/1985	B1		
43697 REPORT	RE: SOUTH KOREA	4	7/5/1985	B1		
43698 REPORT	RE: SOUTH KOREA	4	7/12/1985	B1		

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

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

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NATIONAL SECURITY COUNCIL

May 3, 1985

ACTION

MEMORANDUM FOR ROBERT C. McFARLANE

FROM:

GASTON J. SIGUR Jul

SUBJECT:

Response to Senator Frank Murkowski on Korea

Market Access

Frank Murkowski sent you a letter (Tab II), just at the time of President Chun Doo Hwan's visit, regarding U.S. business concerns about trade barriers in the Republic of Korea. State has drafted a response for you, taking into account the discussions with Chun and his party. I concur, and forward it on for your signature. R.S. Sable concurs.

RECOMMENDATION:

That you sign the letter to Senator Murkowski at Tab I

Approve	Disapprove
---------	------------

Attachments:

Tab I Your ltr to Sen. Murkowski Tab II Sen. Murkowski's ltr to you

THE WHITE HOUSE

WASHINGTON

Dear Frank:

I want to thank you for your letter of April 15, regarding U.S. business concerns about trade barriers in the Republic of Korea.

As you note, Korea is not in a position to immediately dismantle its entire array of trade barriers, but President Chun and his party were told of U.S. unhappiness with many of the barriers to our exports. We expect an intense series of discussions with Korean trade officials in the period leading up to our annual economic consultations in July of this year.

Embassy accounts of your recent visit to Seoul indicate that it was a very productive trip. We share your satisfaction with the burgeoning economic relationships between Korea and Alaska, and look forward to working with you to expand those relationships and remove existing barriers to trade.

With best wishes,

Sincerely,

The Honorable Frank H. Murkowski United States Senate Washington, D.C. 20510

FRANK H. MURKOWSKI ALASKA

> COMMITTEE ON ENERGY AND NATURAL RESOURCES COMMITTEE OF FOREIGN RELATIONS COMMITTEE ON VETERANS' AFFAIRS SELECT COMMITTEE ON INDIAN AFFAIRS

United States Senate Washington, Dr. 2022

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> 101 12TH AVENUE, BOX 7 (907) 456-0233

APR 22 1985

April 15, 1985

The Honorable Robert C. McFarlane Assistant to the President for National Security Affairs The White House Washington, D.C. 20500

Dear Bud:

President Chun Doo Hwan will be meeting with President Reagan and other officials April 25-26 in Washington, D.C. During the meetings with President Chun, you will undoubtedly have a number of political matters on the agenda including relations with North Korea, and general security matters in the North Pacific. I would hope that you place bilateral economic matters on the agenda as well. While on a trade mission to Seoul last week I held extensive discussions with American Embassy officials and representatives of the Amesrican Chamber of Commerce in Korea. They were particularly concerned about questions of market access for U.S. firms intending to serve the Korean market. Examples of concern are as follows:

- Foreigners are not permitted to engage in retail or wholesale trade.
- 2. There remain many high tariff barriers.
- 3. Countertrade is required for all military sales.
- Government regulations make it impossible for foreigners to purchase land.
- Intellectual property rights, supposedly granted by Article 10 of the Friendship Commerce and Navagation Treaty, are ignored.
- 6. Counterfeiting is rampant.

A major headache for U.S. businesses is the services area. Attached is a short paper outlining the problem as prepared by Mr. Robert Jacobsen of Continental Can, Inc.

The Honorable Robert C. McFarlane April 15, 1985

I recognize that South Korea, in spite of its impressive performance in recent years, is in no position to remove all trade barriers immediately. At the same time, I do feel it is important that South Korean officials continue to receive steady, informed indications of the importance with which we view the question of market access for U.S. businesses.

Sincerely.

Frank H. Murkowski United States Senator

cc: Undersecretary of State Alan Wallis
Deputy Assistant USTR Doral Cooper

SERVICES

The service industry is of great importance to the U.S. as export of services now exceeds that of industrial products. As the U.S. continues the transition form the "smoke stack" industries, services will become increasingly important in our balance of trade.

At a minimum, the concept of free trade in services should include the basic right to establish a new enterprise, free of burdensome performance requirements, barriers and distortions to trade in services and to direct foreign investment. It is well recognized that services such as banking, insurance, construction/engineering, transportation, accounting, legal and others are vital to the international economy, yet U.S. services firms are subject to many trade barriers in Korea. Services must be given the same degree of priority in United States trade policy and legislation as given to other types of trade.

Recent congressional legislation, the trade and tariff act of 1984, signed by the President on 30 October, should serve as a mandate for the Executive branch and particularly the U.S. special trade representative to seek to remove services industry trade barriers around the world. It is of utmost importance to gain a commitment from our trading partners to establish a GATT working program on services and we should strongly support inclusion of the services issue on the agenda for future GATT negotiations.

There are numerous barriers to service industries here. The following identify a few of the most prevalent:

- * Prohibited and restricted business categories in which no or limited foreign investment is permitted.
- * Preferential bidding rights (where non-Korean contractors are accorded a secondary status in the award of government contracts)
- * Use of the foreign exchange control law to prohibit remittance of foreign exchange.
- * Government agencies and public and private companies alike are encouraged to follow to buy Korean policy.

Some specific services suffering from discrimination include:

- * Banking
- * Foreign lawyers are not admitted to the bar and foreign accountants cannot certify financial statements.
- * Foreign transportation companies are not allowed to provide services such as freight forwarding and warehousing.
- * Foreign computer services companies are often barred from importing the necessary equipment by selective implementation of policies which suggest substitution of similar, locally produced products for foreign products.
- * Advertising and news syndicate services which are prohibited to foreigners.

Some progress in opening up the country has been made.

However, while liberalization and some dismantling of barriers has taken place in such areas as trade and banking, all too often as old barriers are lessened, that is a service or product removed from a prohibited or restricted category, new barriers in the form

of tariffs, licensing and other stratagems are quickly adopted.

Experience has shown that support and direct action from Washington is the most effective weapon in insuring equal competitive opportunity to American businesses.

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43692 MEMO

1 5/7/1985

B₁

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43693 MEMO

2 5/1/1985

B₁

CAP WEINBERGER TO SECRETARY OF STATE, RE: DEPLOYMENT OF MISSILES

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43694 PAPER

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B1

LANCE MISSILES

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43695 REPORT

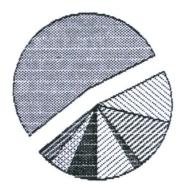
5/29/1985 11

B1

SOUTH KOREA: ECONOMY IN TRANSITION

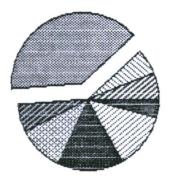
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Chart I



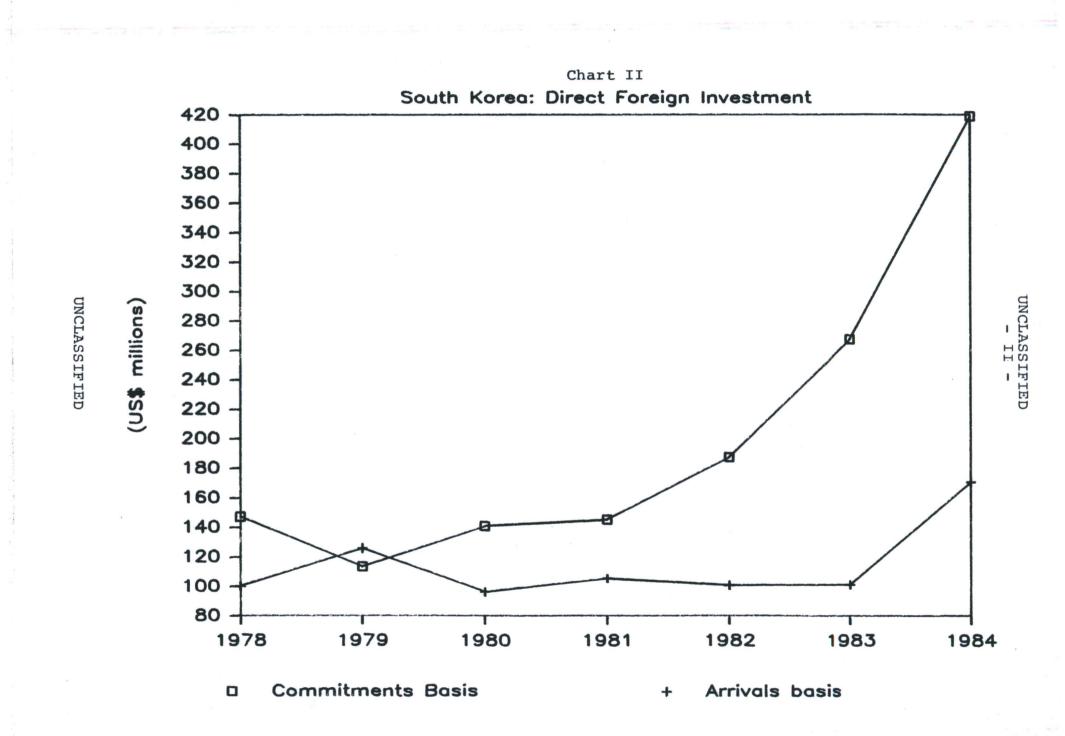
South Korea: 1978 Exports

Chemicals
Chemicals
Iron & Steel
Ships
Electronics
Machinery
Other Manuf
Nonmanuf

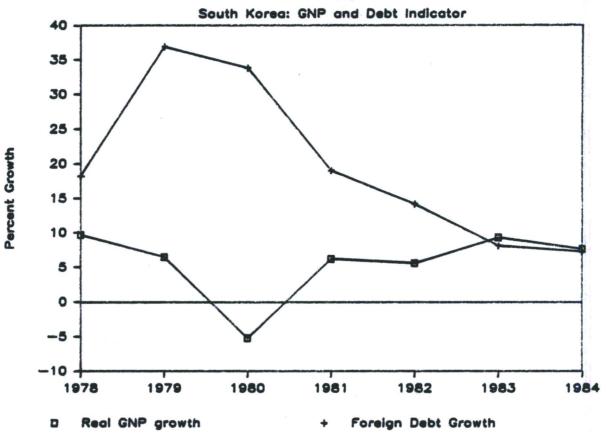


South Korea: 1983 Exports

Chemicals
Chemicals
Iron & Steel
Ships
Electronics
Machinery
Other Manuf
Monwanuf







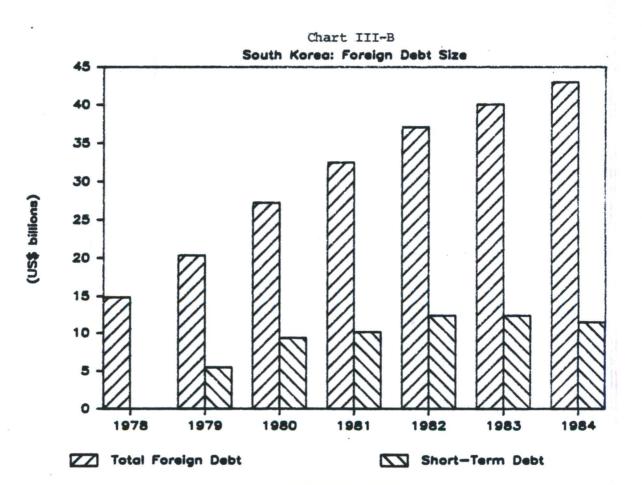


Chart IV-A

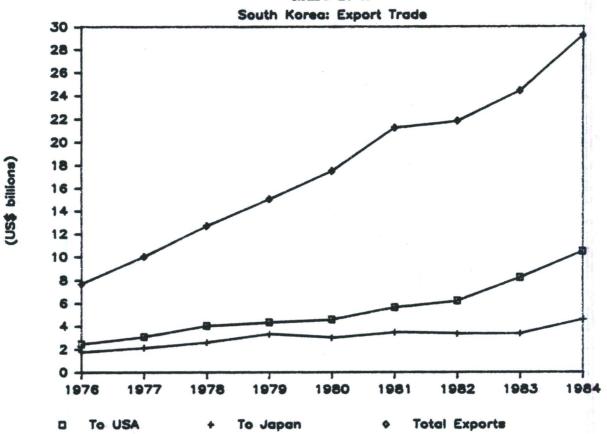


Chart IV-B South Korea: Exports to US and Japan 40 35 . 30 Percent of Total Exports 25 20 15 10 1976 1978 1979 1980 1981 1982 1983 1984 1977 Exports to Japan ZZ Exports to US

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