OPENING STATEMENT BY THE REPRESENTATIVE OF THE REPUBLIC OF KOREA

I have the privilege to present the background paper prepared by the Government of the Republic of Korea for today's consultation in compliance with the provisions of GATT. GATT document BOP/89 which is before you contains information on Korean export and import summarized under seven different items. For the purpose of supplementing this basic document, I should like to present an additional paper, namely BOP/89/Add.1 in which my Government has attempted to describe various types of obstacles confronting the Korean export. Together with the excellent report prepared by the secretariat of GATT, document BOP/90 and very detailed and equally excellent background material provided by the International Monetary Fund, I hope the members of the Committee will be able to obtain an overall picture on various aspects of the Korean trade and trade policy which the Committee is particularly concerned with. Since our basic document is self-explanatory, I do not wish to repeat here what has been already stated in the document. I should like, however, to invite some special attention of the members of the Committee to paragraphs 2, 6 and 7 as they cover the most essential information concerning the subject under discussion.

As has been pointed out in document BOP/90, my country has been fortunate in recent years to expand its trade considerably as a result of the energetic and sustained efforts of both the Government and the people. Indeed, the expansion of the Korean export averaged at some 40 per cent per annum, thus facilitating the successful implementation of our five-year economic development plan. Despite the continued expansion in exports of goods and services, however, the deficit in the goods and services account has increased markedly. In the year 1966 when we applied for membership in GATT, the deficit was $429 million, but thereafter it increased to $574 million in 1967, and in 1968 the deficit exceeded $839 million.

Such a trend of growing imbalance between export and import, to which the IMF has also made some reference in its Executive Board decision of 7 February 1969 has led my Government to conclude that appropriate counter-measures must be taken for the time being while even greater efforts to increase both visible and invisible foreign exchange incomes required in the future.

At this juncture, Mr. Chairman, my delegation believes that it will be worthwhile to briefly touch upon the recent performance of Korean export so as to enable the members of the Committee to better acquaint themselves with the possibilities and problems for Korea in trade expansion. I will do so by enumerating several points which we believe to be the highlights of Korean export.
First point is a radical change in the composition of Korean exports. Korea had been known to be an agricultural country, and for both national and international reasons Korea has had a very limited degree of industrialization for a long time. Consequently in 1962, manufactured goods had a share as small as 20.6 per cent in the total Korean export; however, in 1966 - when Korea applied for membership in GATT - the share had risen to 62.4 per cent and in 1968 it has again risen to the level of 77.3 per cent. The fact that manufactured goods have become the major exportable items for Korea results from the progressive industrialization and modernization of Korean national economy, through better mobilization of domestic resources, effective use of technical know-how and financial assistance from foreign countries, under our economic development plan.

Second point is the diversification of our overseas market. Until a few years ago, Korea was trading with only a limited number of countries in the field of export. In 1968, Korea traded with more than eighty countries including both developed countries and developing countries in all parts of the world. In the light of its past experiences, my country intends to endeavour to pioneer additional new markets in the future as evidenced for example by our positive participation in GATT Trade Negotiating Committee since last year while it will endeavour to further expand the old markets in developed countries which are capable of absorbing more exports from Korea.

Third point is the growing effort to modernize and expand the production of exportable goods. These efforts are intended to make Korean exports more competitive in the international markets both in terms of quality and price, and will be continued in the future as the second economic development plan progresses successfully.

The Republic of Korea is making every possible effort to expand its export in order to strengthen her balance-of-payments position and in doing so both the Government and people are working together with a growing sense of self-confidence. However, no one can deny the fact that export is a two-sided play in the economic sense and can hardly be promoted unless there is good understanding and co-operation between two parties concerned. As a developing country, Korea needs to earn foreign exchange to facilitate her economic development to raise the standards of living of its people. In reality, the future expansion of Korea's export which will contribute to improving the balance-of-payments position depends very much on the good understanding and friendly co-operation of developed importing countries. In this connexion, I wish to refer to document BOP/89/Add.1 which is intended to explain various obstacles which hinder continued expansion of Korean export. In view of the importance that we attach to continued expansion of export, we feel quite strongly about the removal of those barriers - mostly non-tariff barriers employed by economically advanced countries - as pointed out in the document. My country has advocated very strongly through bilateral and multilateral talks with the countries concerned an early solution of these problems in the spirit of GATT, particularly in the light of Part IV of GATT provisions, but the results so far attained are disappointing. Needless to say, it is our ardent hope that the developed countries concerned will co-operate towards overcoming these difficulties as soon as possible.
As shown in various documents which are before the Committee, Korea is currently maintaining certain restrictions on imports. These restrictions have been motivated by the desire to safeguard the balance-of-payments position which is vital to the stability and healthy growth of the Korean national economy as a developing country as provided in Article XVIII of GATT. The Republic of Korea has joined GATT in April 1967 and in July 1967 she has decided to adopt the negative list system as explained in paragraph 6 of our basic document. In view of all the conditions facing the Korean economy, my Government believes that the adoption of this system was a significant step forward to the direction of liberalization of import.

Korea is not an exception to those developing countries who suffer constant deficit of foreign exchange earnings and yet it is the declared policy of the Korean Government to support trade liberalization as a means to promote international trade economic co-operation. For this purpose, Korea joined GATT two years ago.

To end, it is the sincere hope of my delegation that the Committee, through examination of documents we have presented and further clarification which we may offer in the course of consultation, will find the import régime maintained by the Republic of Korea in the field of trade agreeable in the light of the provisions of GATT.