American Embassy,
Seoul, Korea,
December 10, 1953.

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Dear Mr. President:

I have received your letter of November 10 and have given the two major problems which you raised -- Korean-Japanese relations and the economic aid program -- very careful consideration. I agree with you that these are two questions which require urgent consideration.

With respect to the first problem, that of Korean-Japanese relations, it is vitally important to both nations involved and to the whole free world that friendly and cooperative relations be developed among all the anti-Communist nations of the Far East. As I emphasized in our conversations last August, it is my firm belief that the security of Japan and the Republic of Korea are inextricably intertwined. A Communist threat to both countries is poised in the north. I am most anxious, therefore, to see a rapprochement between the Republic of Korea and Japan on a basis satisfactory to both countries before internal political pressures in either country generate actions which may make such a rapprochement difficult and create a grave security weakness which the Communists undoubtedly will endeavor to exploit. It is my earnest hope that you, as one of the foremost anti-Communist leaders in Asia, will take the lead in trying to draw Japan into closer ties with the Republic of Korea and other Far Eastern countries of like mind.

We are currently making every effort to help bring about a peaceful accord between Korea and Japan. At your suggestion and that of the Japanese Government, and in the hope of contributing to a settlement, we are prepared to provide observers for the negotiations between Korea and Japan, when they are resumed, and through these observers we are endeavoring to find a basis for the resumption of the talks which will give real hope for a successful outcome. I believe that if both sides approach the talks with a

His Excellency
Syngman Rhee,
President of the Republic of Korea,
Seoul.

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willingness to consider all possibilities for reasonable and mutually satisfactory solutions, and if both sides will exercise restraint and patience, an atmosphere can be created in which the negotiations can succeed. We have urged the Japanese Government to enter upon the renewed talks in this spirit, and I am confident that you will instruct your negotiators to do likewise. In this connection, I am most gratified to note that you have released the Japanese fishermen who were taken into custody. This is a most welcome step in reducing the tensions between Korea and Japan which have so hampered the negotiations.

Among the issues which have arisen between Korea and Japan, the most critical one appears to be that relating to fishing areas. I am in complete sympathy with your desire to ensure that the fishery resources which are so important to Korea are not depleted. But I feel obliged to say to you frankly, as we stated in our note of February 11, 1952, that this Government cannot support the concept of a line unilaterally drawn in the high seas to delineate exclusive fishing areas. Our own problem is intensified by the fact that this Government has been urged by our fishing interests to take a public stand on this matter which accords with our well-known international position. I am convinced that it is possible to achieve your objective through the negotiation of a fisheries agreement with Japan which would be predicated upon conservation principles but which would have careful inspection, enforcement and arbitration provisions, so that Korean fisheries interests would be fully and adequately protected. It is my understanding that the Japanese Government is prepared to negotiate such an agreement. It was with this object in mind that I asked Mr. W. C. Herrington, who is an expert in these matters, to join Mr. Niles Bond as an observer in the negotiations between Korea and Japan, and with him to discuss this problem with you and with your advisers, in order to find a reasonable and satisfactory solution.

Rehabilitation of the Korean fishing fleet is another essential factor, if Korea is to meet competition on equal terms. Mr. Herrington has been asked to confer with Mr. C. Tyler Wood and with your advisers on this matter. I desire to assure you that we are prepared to move promptly and effectively to assist in the rehabilitation of the Korean fishing industry.

In addition to your concern over the danger of depletion of fishery resources, you have said that the fisheries line also serves a security purpose. While I assure you that I can understand your concern, I do want to say that the United States Government is confident that Japan will abide by its commitments in Article 5 (A) (II) of the Japanese Peace Treaty. Nevertheless, this Government is prepared to help you preserve the integrity of, and security within, the internationally recognized 3-mile limit of Korean territorial waters. The Mutual Defense Treaty which our countries have signed is, of course, solid

evidence of the interest of the United States in the security of the Republic of Korea. As you can see, I am convinced that your security problem can be met satisfactorily through our cooperative efforts.

In view of all of the foregoing considerations, I should like to make a personal request to you to authorize your negotiators, when the talks are resumed, to discuss in detail with the Japanese negotiators and with the United States observers a fisheries agreement along the general lines I have described earlier in this letter.

With respect to the question of property claims in your negotiations with Japan, I am informed that the Japanese are willing to deal with this problem on the general basis of mutual renunciation of claims, and are willing furthermore to discuss the possibility of the adjustment of certain related questions. It appears, therefore, that they do not intend seriously to press the claims to property in Korea to which you refer.

With respect to the economic problems which confront us, I am gratified to observe that Mr. Wood and you are in agreement on basic economic policies. As Ambassador Briggs, at my request, has already assured you, Mr. Wood enjoys the full confidence of the United States Government, and the position which he has taken on the economic issues has its support.

With respect to the aid program, I appreciate your desire to erect factories as quickly as possible, and I reiterate our desire to be as helpful as possible. While the factories are building, however, attention must be given to the relief needs of the people, and to the rehabilitation of the transportation system and to the development of power facilities. I want to assure you that this Government on its part will make every effort to cooperate with you in ensuring that construction of industrial facilities, as may be mutually agreed under the present and future programs, is carried out as rapidly as possible. To this end, Mr. Wood is working daily with your Government to develop basic understandings on measures essential to the success of the program and to fix the composition and timing of imports and construction. We are in fact bringing consumer goods and investment goods into Korea as rapidly and in as great a volume as the economy can absorb them. The emphasis during this phase of the program is necessarily upon raw materials--cotton, rubber, metals, fertilizer--and upon transportation equipment and fisheries rehabilitation. We are now making arrangements to import large quantities of equipment--power, communication, road-building, and the like--following which the factories we both desire will take shape.

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You and your Government are doubtless more familiar than I am with the many concrete steps which have already been accomplished, some while fighting was actually in progress, to improve health conditions, rehabilitate power systems, improve roads, and help mines and factories to expand operations. These have been mostly in the nature of emergency measures. We have now entered a new phase in which permanent improvements can be effected. Our fundamental purpose in the economic program is not simply to repair the damage caused by the war; it is to help you build an economy in Korea which will be strong and self-sustaining. This is our basic economic goal, and we earnestly want to work cooperatively with you in achieving it. The Combined Economic Board can, in our view, best serve as the mechanism through which detailed, day-to-day cooperation can be achieved both in planning and in operations. In this connection, I should like to emphasize that the successful execution of an assistance program of the magnitude here involved, in relation to total resources of Korea, involves the closest possible cooperation of our two Governments and the making of joint decisions with respect to all factors affecting the success of the program. For instance, the amount of credit which is available by decision of the sovereign Government of the Republic of Korea is no less a part of the total effort than the aid goods to be made available in Korea by the decision of the sovereign Government of the United States of America. The important thing is for us to go forward in mutual trust and in the willingness to reach joint, mutually satisfactory decisions.

I understand your concern over Korean participation in procurement. Certainly it is Mr. Wood's intention and the United States Government's intention that the Republic of Korea should participate fully in determining commodities to be purchased. As in the case of all other economic matters of joint concern, the Combined Economic Board is the instrument by which cooperation in matters of procurement is effected. As for the mechanics of procurement, however, I hope that you will appreciate that Mr. Wood is obliged to follow prescribed regulations, based upon requirements laid down by our Congress, and designed to assure the best use of United States funds. They have worked satisfactorily in other countries receiving United States aid. I am sure that you will find procurement under them will meet our common objectives.

I am informed that the current discussions have produced a meeting of minds on the exchange rate problem. However, I cannot accept the implication in your letter that changes in the exchange rate during and since the ECA period have caused the inflation be-

setting your country. The changes of rate did not cause, but became necessary as a result of, the unfortunate inflation, which itself was generated by the economic dislocations and the heavy financial burdens of the war. Our mutual and primary concern at this juncture must be to take every possible measure to create in the near future economic and financial conditions conducive to maintaining the purchasing power and the international value of the hwan. It is my sincere hope that we can attain this objective.

You will appreciate that the United States Government cannot commit itself to retain indefinitely any given military conversion rate or counterpart deposit rate. Nor can the United States guarantee any given exchange rate. We have not done so in other countries. But we will do all that is in our power to help you achieve the conditions necessary for exchange rate stability which we feel sure can be accomplished through the exercise of sound economic and fiscal policies, properly supported by the constructive effects of the economic program.

Dr. Tasca has done both our countries a great service in reporting on the aid requirements of Korea, but I regret that he is not now available for assignment to Korea. I can assure you that it would be difficult for this Government to find a more capable, experienced, and sympathetic representative than Mr. Wood. As for the administrative staff in Korea, we are determined to keep it to an effective minimum and staff it with competent and loyal personnel. I am sure that General Hull and Mr. Wood will be willing to profit by any suggestions you may have which will lead to improving the efficiency of their operations.

In conclusion, I want to stress to you the genuine desire on the part of this Government to be helpful on both of the major problems you have raised. I hope that we can quickly resolve these problems and get on toward the achievement of the major objectives in which both our countries have so great an interest.

With assurances of my highest regard and personal good wishes,

Sincerely yours,

/s/ John Foster Dulles

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