

July 26, 1956
**CDS Report No. 11 from Choi Duk Shin to the
President (Syngman Rhee)**

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Summary:

Choi Duk Shin reports on Vietnamese trade situation, possible Korea-Vietnam trade, Vietnam-Japanese relations, Vietnamese regional trade relations, and recent social activities.

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Thursday, July 26, 1956

CONFIDENTIAL.

CDS REPORT NO.011

Excellency,

I have the honour to submit my Weekly Report No. 011 covering the following points:

- 1) Trade situation of Vietnam
- 2) Vietnam-Japan Relationship
- 3) Prospects of Korean Trade with Vietnam
- 4) Social Activities

1. Indo-China is primarily an exporter of agricultural products of low value in proportion to weight. Of the total exports in 1950, valued at \$210 million, rice formed 20 percent, rubber 50 percent and maize 4 percent. The last two items went primarily to France; the rice to China, Japan, the East Indies and France in that order of value.

Its imports are mainly processed goods: generally few and costly. Of the 1950 imports, valued at nearly \$700 million, 28 percent were textiles and fibres and 25 percent were metals and machinery of French origin.

Indo-China's total trade after the war was 10 percent with the Far East (largely with China), 10 percent with U.S. and 60 percent with France. The collapse of its rice export has had a most serious effect on the internal economy of the country and on the increasing populations elsewhere in Monsoon Asia. At the present time there is grave uncertainty as to whether it will ever again reach pre-war figures.

CONFIDENTIAL.

-2-

It should be noted that before Vietnam, Cambodia and Laos became independent, the economy of these areas was tightly combined under the unified French rule. In other words, no division could be made until the past years. The largest proportion of these figures is undoubtedly allocated to Vietnam because Vietnam has 20 million in population of the total 25 million of Indo-China. Cambodia has three million and Laos has two million.

From the above mentioned figures it should be further noted Indo-China's economy was strictly controlled by France and that France was the beneficiary. It was completely 'colonial' economy. It should be borne in mind that the exports totalled \$210 million, as compared with imports \$700 million, a deficit of \$490 million. This is indeed a large deficit.

However, after the role of Indo-China changed and the three countries broke away from the French colonial rule, the whole economy was also changed as a consequence. The year 1953 saw export and import trade between Vietnam and France gradually decrease. The trade between the United States and Vietnam was rapidly increasing. This was due for the major part because of the newly changed international situation. Japan's position in the chart of import trade with Vietnam is third place. Her position as far as export from Vietnam is concerned is sixth place. For the information of Your Excellency I would like to further elaborate on the Vietnam-Japan trade situation in the following paragraph under the title of "Vietnam-Japan Relationship".

In order to give a clearer position of the trade situation of Vietnam, I attach herewith a brief synopsis of Vietnam economics for Your Excellency's information and for the use of the Ministry of Commerce and Industry. I am sending a copy to Minister Kim Il-Kwan. 64

CONFIDENTIAL.

-3-

2. Vietnam-Japan Relationship.

AFP dispatch states: "It is learned from well-informed sources that Japanese Ambassador Konagaya has been recalled by his Government. He will be leaving Saigon on July 20. The Japanese Ambassador goes back to Tokyo to inform his Government and for instructions about the expulsion of all Japanese trade companies now in Saigon."

According to well-informed sources, there are about 60 Japanese representing 27 Japanese trade companies and one representing the Japanese Mitsui Bank who have had to leave Saigon because their date of remaining in Vietnam expired on the 15th July. The Vietnamese Government will not extend their date of stay. The reason for sudden denial of stay in Vietnam, according to well-informed sources, is to protest the Japanese ignorance of the Vietnam request on the discussion of the reparation for World War II's damage. In my letter to Your Excellency dated 6th May I stated that the Vietnamese Foreign Minister had said: "It is very hard to negotiate with Japan we are now discussing the reparation" and, more recently, the Foreign Minister made the comment that 'trade' could not exist before the reparation's problems were settled. From a well-informed source we learned that the Vietnamese Government requested as settlement \$600 million. However, Japan said she would only pay \$100 million.

The Japanese Ambassador now in Tokyo may try to persuade his Government to compromise the proposal in order to keep good relations with Vietnam, especially bearing in mind the importance of relationship of trade. The Japanese were enjoying their trade with Vietnam, particularly as the French rule had faded out from Indo-China. It

CONFIDENTIAL.

-4-

is thought that the French people will now want to come back to Vietnam not 'politically' but 'economically'. In an article in "The Times of Vietnam" we find the following statement:

"In order to promote more exports to Vietnam French businessmen are forming in Paris a National Group of Action. The Group states as one of its main objectives "the protection of French exportations to South Vietnam"

I attach a newspaper which contains the whole text of this article as it appeared in "The Times of Vietnam".

It is speculated that France is making an effort through a certain big power to re-establish their economic relationship with Vietnam. Also it is thought that the sudden blow delivered to the Japanese traders may well have been caused by this effort on the part of the French.

Because of the above mentioned evidence between Vietnam and Japan, it may be worthwhile to review very briefly the past diplomatic relationships of the two countries.

Following the San Francisco conference in 1951 diplomatic relationship between Vietnam and Japan was established. Although the relationship was between half-independent Vietnam and Japan, still it was counted as one of the oldest.

In July 1953 Japan opened diplomatic representation in Saigon under the control of the Japanese Embassy in Bangkok, Thailand. On October 15, 1954 Japan officially established a Legation in Saigon and on April 12, 1955 promoted the Legation to an Embassy. The present Ambassador, Mr. Konagaya, was the first Minister to Vietnam and was consequently promoted to the rank of Ambassador on the same

CONFIDENTIAL

-5-

day the Legation became an Embassy. Japan follows almost exactly the same pattern as the United States and Great Britain in regard to their diplomatic relationship with Vietnam.

Japan is very active and aggressive in international affairs. However, Japan is not doing this because of her desire to establish good faith and friendship, but because their intention is in the main to benefit herself only.

3. Prospects of Trade Between Republic of Korea and Vietnam.

In the true sense of the meaning of 'trade' I do not feel that we have very much to trade at this time. However, in order to strengthen the cordial friendship now existing between our two countries and for trading in the "future" I feel it is recommendable to make an attempt to develop trade-relationship between Korea and Vietnam.

The idea of dispatching a Goodwill Economic and Trade Mission to Vietnam from Korea will be the first step in this trade-relationship. Reaching an agreement on the most favoured nation clause I believe would be the next proper step. Vietnamese minimum customs tariffs are applied to 19 countries to far. The list of the countries to which these tariffs apply is on page 112 of pamphlet "Vietnam in World Affairs" which I submitted with my last report to Your Excellency.

The relationship between the people of Korea and the people of Vietnam is one of the most favoured according to my own personal observations.

CONFIDENTIAL.

-6-

Japan has had bad records and made bad impressions in the past. The Vietnamese are gradually becoming aware of the dangers of Japanese imperialistic intentions and aggressive policy. The incident I mentioned in Item 2 is proof of my observations.

China is also not in a good position to trade with Vietnam because there is a large Chinese population in Vietnam and it is the present policy of the Government of Vietnam to restrict the rights and benefits of the Chinese businessman. However, the Overseas Chinese are still better off in Vietnam than the Overseas Chinese in other recently freed Southeast Asian countries. In all Southeast Asian countries the tendency of the natives is to attempt to reclaim their lawful rights and benefits. The Chinese are not natives and, therefore, they have no claims under the policy of the present governments. This is the position of the Chinese in Vietnam.

The Republic of the Philippines has a fairly good relationship with Vietnam. The Philippines have sent to Vietnam teams to assist in the fields of health and social work. They have sent various goodwill missions. All this assistance has improved the relationship between the two countries. However, the trade between the two countries is of little significance.

Thailand, Cambodia, Laos and Malaya, who are geographically close to Vietnam, are in good positions to trade with each other. However, they all have the same kind of raw materials and they are all under-developed. The result is that they cannot help each other to any great extent.

Of course, far-advanced industrialized countries such as the U.S., Great Britain, France and other European countries

68

CONFIDENTIAL

-7-

are in very good positions to trade their highly qualified products and buy in return raw materials from Vietnam. However, prices, transportation and luxury goods prevent the mass of the people of Vietnam from using and enjoying these products. Further, the French rule is still fresh in the minds of the Vietnamese people and it will take a little time to erase the fear of Western influence.

Industrialized Japan tried to intervene with lower prices, shorter distances of transportation and less luxurious commodities and so in this way they attempted to replace the "white people's" trade. However, Japan will fail in this attempt because of her bad intentions.

In conclusion, I sincerely recommend to Your Excellency the following points:

- a) trade relationships with Vietnam should be established
- b) trade should be based on equality, benefit to both countries
- c) under the Japanese control we had the experience of insincerity on the part of some Korean traders. To avoid this again happening we should carefully select our traders and they be strictly supervised. In other words we must have honest traders if we are going to trade with real friends. It is better to have a "few" rather than have "many" who will not be sincere.

The above mentioned points will apply to the other areas of Southeast Asia, according to my personal survey of the past two years.

I feel that all the above items on which I have reported concerning trade and economics are fields with which I am not familiar.

CONFIDENTIAL.

-8-

4. Social Activities:

a) During the past week I called on Mr. Tran Van Meo, Secretary of State for Telecommunications and Public Works.

b) I attended the opening ceremony of the Junior Chamber of Commerce of Vietnam.

c) I was invited by the President to attend a concert at the Palace given by l'Orchestre Symphonique de la Radio-diffusion du Vietnam. The President, all Cabinet Members and the Diplomatic Corps were the only guests invited.

With sentiments of highest loyalty and esteem,

Respectfully,

Choi Duk Shin

Choi, Duk Shin
Minister of Korea to Vietnam.

His Excellency

The President of the Republic of Korea.

- Attachments:
1. Brief synopsis of Vietnam economics
 2. Newspaper "The Times of Vietnam"
 3. Newsclipping.