

CONFIDENTIAL

Subject: Canada -Korea Relations (Korean
Currency Agreement)

Volume

From 1 March 1956

To APRIL 8, 1959

TOP SECRET
DOWNGRADED TO SECRET
REFUIT A SECRET

DECLASSIFIED

ACCESS TO INFORMATION
L'ACCES A L'INFORMATION
EXAMINED BY / EXAMINE PAR:
Henrik R. B...
DATE / DATE:
March 22, 1991

CONFIDENTIAL

CANADIAN EYES ONLY

File No. 7 - 2 - 4 - 1 Vol. II



No. Sp. 2895

CLOSED

TRANSMITTAL SLIP

TO: The Canadian Embassy
Tokyo, Japan

FROM: Under-Secretary of State for External
Affairs, Ottawa, Ontario

The documents described below are for your information.

Despatching Authority... Legal/G.C. Langille/am

Security... Confidential

Date... April 8, 1959

Air or Surface... Air

No. of enclosures... 1

7-2-4-1

Copies	Description	Also referred to:																																	
1	Copy of a First Person Note from the Canadian Embassy, Washington, D.C. to the Korean Embassy, dated March 26, 1959. Re: Utilities Agreement. He	<table><tr><th>NO.</th><th></th><th>INIT.</th></tr><tr><td></td><td>AMBASSADOR</td><td></td></tr><tr><td></td><td>COUNSELLOR</td><td></td></tr><tr><td>1</td><td>1st SEC.</td><td>HEM</td></tr><tr><td></td><td>2nd SEC. (PT)</td><td></td></tr><tr><td>2</td><td>2nd SEC. (C)</td><td></td></tr><tr><td></td><td>A-G.</td><td></td></tr><tr><td></td><td>CONSULAR CL.</td><td></td></tr><tr><td></td><td>F-G.C.</td><td></td></tr><tr><td>3</td><td>D.N.D. (M.A.)</td><td>R</td></tr><tr><td></td><td>D-N-R:</td><td></td></tr></table>	NO.		INIT.		AMBASSADOR			COUNSELLOR		1	1st SEC.	HEM		2nd SEC. (PT)		2	2nd SEC. (C)			A-G.			CONSULAR CL.			F-G.C.		3	D.N.D. (M.A.)	R		D-N-R:	
NO.		INIT.																																	
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	CONSULAR CL.																																		
	F-G.C.																																		
3	D.N.D. (M.A.)	R																																	
	D-N-R:																																		



INSTRUCTIONS

1. This form may be used in sending material for informational purposes from the Department to posts abroad and vice versa.
2. This form should *NOT* be used to cover documents requiring action.
3. The name of the person responsible for authorizing the despatch of the material should be shown opposite the words "Despatching Authority". This may be done by signature, name stamp or by any other suitable means.
4. The form should bear the security classification of the material it covers.
5. The column for "Copies" should indicate the number of copies of each document transmitted. The space for "No. of Enclosures" should show the total number of copies of all documents covered by the transmittal slip. This will facilitate checking on despatch and receipt of mail.

Washington, D.C.,
March 26, 1959.

Excellency,

I have the honour to refer to your Note of February 6 concerning the indebtedness of the Government of Canada to the Government of the Republic of Korea arising out of the Utilities Agreement between the Government of the Republic of Korea and the Government of the United States of America as Unified Command in Korea, which the United States signed on its own behalf as well as on behalf of certain other Governments on December 18, 1958 in Seoul.

With reference to Your Excellency's statement that "under the terms of the Agreement Canada is indebted to the Republic of Korea in the amount of \$7,374.83 in U.S. currency as the settlement of all claims and counter claims between our two countries arising from the supply of utilities services in Korea for the period of October 1, 1955 through June 30, 1957", I have been instructed by my Government to say that since the local financial arrangements for the Canadian units in Korea were

His Excellency

Dr. You Chan Yang,

Ambassador Extraordinary and
Plenipotentiary of Korea,
Washington, D.C.

.....

- 2 -

handled until June 30, 1956 by the Korean Operations Pool Account of the British Commonwealth Forces in Korea, and since from July 1, 1956 until June 30, 1957 the Canadian component of the Commonwealth contingent obtained its requirements for utilities services through the United Kingdom units, the Canadian Government proposes that Canada's indebtedness to the Government of the Republic of Korea arising out of the Utilities Agreement be settled as a matter of convenience through the good offices of the United Kingdom Government, which has maintained the central accounts concerned. The Canadian Government trusts that this arrangement will be satisfactory to the Government of the Republic of Korea.

Please accept, Excellency, the renewed assurances of my highest consideration.

Original signed
A.D.P. Heeney

CIPHER
MESSAGE

ARMY MESSAGE

(INCOMING)

Document disclosed under the Access to Information Act
Document divulgué en vertu de la Loi sur l'accès à l'information

CLASSIFIED

PLACE FROM

OTTAWA

DATE & TIME

MAY 18/56

FROM

EXTERNAL OTTAWA

TO

EMBASSY TOKYO

DL-86

RESTRICTED



MAY 16/56

REFERENCE

YOUR LETTER 389 OF MAY 10.

SUBJECT

KOREAN CURRENCY AGREEMENT.

FORMAL DESPATCH RE MR STEWART EXPRESSING THANKS
AND APPRECIATION OF CANADIAN GOVERNMENT WILL GO TO YOU BY FRIDAY'S COURIER
FOR ONWARD TRANSMISSION TO HIM.

*Mr. Newton
a file* *27*

DEPARTMENT OF EXTERNAL AFFAIRS, CANADA.

NUMBERED LETTER

TO: The Canadian Embassy, TOKYO.

Security: CONFIDENTIAL

No: DL- 302

Date: May 14, 1956.

FROM: THE UNDER-SECRETARY OF STATE FOR
EXTERNAL AFFAIRS, OTTAWA, CANADA.

Enclosures:

Reference: Your Letter No. 232 of March 12, 1956

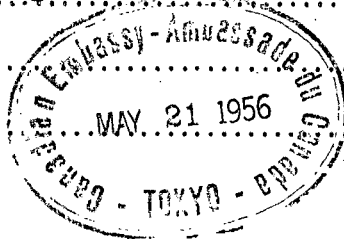
Air or Surface Mail: Air

Subject: Korean Currency Agreement.

Post File No: 210-7-15A

Ottawa File No.

7-2-4-1



References

In your letter under reference you said that you would be glad to have our views on your estimates of the Canadian liability under the Agreement. The following comments were made by the Deputy Minister of National Defence:

"I agree with the views contained in Tokyo Embassy's letter No. 232. There is no doubt that Canada benefited in these negotiations whereby we received from the Korean Government the more favourable of the rates as negotiated between the Korean, United Kingdom or United States governments and had this not been the case Canada would have had a higher Canadian dollar indebtedness. The Canadian funds held in suspense were placed there in order to meet our liability on conclusion of negotiations at the rates then in existence and notified by the theatre and it was appreciated that they were unrealistic and could only be used for that purpose.

Regarding the question raised in paragraph 3(e) about the United Nations official requiring Hwan at 180 to the U.S. dollar and disbursing it to United Nations troops at the rate of 60 Hwan, I would like to state that Canada only drew Hwan to meet immediate Army procurement needs and no cash settlement was involved nor did the Canadian Field Cashier issue or sell that Hwan to Canadian soldiers. The only payment for any Hwan received from the United Nations Funding Office was the present settlement, therefore, no loss or gain was involved."

2. I am enclosing, for your information, a copy of the despatch to Mr. Stewart, the United Kingdom Minister in Seoul, thanking him for the assistance which he and the members of his staff gave to Mr. Newton during the negotiations of the Agreement. Perhaps you could arrange for the original, which is also enclosed, to be forwarded to Mr. Stewart by the British Embassy in Tokyo.

Internal
Circulation

Distribution
to Posts

NO.	INIT.
2	AMBASSADOR
1	NEWTON
	HALSTEAD
	RETTIE
	ROBERTSON
	LALANDE
	MISS CURRIE

Acting Under-Secretary of State
for External Affairs.

000376

Ottawa, May 15, 1956.

Excellency:

I have the honour to express the appreciation and thanks of the Canadian Government to you and the members of your staff for the assistance which was so kindly extended to Mr. T. F. M. Newton during his recent visits to Seoul to negotiate a settlement on the advances of Korean currency made to the Canadian Armed Forces.

Accept, Excellency the assurances of my highest consideration.

G. IGNATIEFF
for the
Secretary of State
for External Affairs

His Excellency A.C. Stewart, CMG, OBE,
Minister of the United Kingdom,
Seoul,
Republic of Korea.

DEPARTMENT OF EXTERNAL AFFAIRS, CANADA.

(FILE COPY)

NUMBERED LETTER

T.F.M.Newton/rp

TO THE UNDER-SECRETARY OF STATE FOR
EXTERNAL AFFAIRS, OTTAWA, CANADA.

FROM: THE CANADIAN EMBASSY, TOKYO, JAPAN.

Reference: Your telegram No. DL-51 of
February 29, 1956.

Subject: Korean Currency Agreement.

Security: RESTRICTED

No: 389

Date: May 10, 1956.

Enclosures:

Air or Surface Mail: Air

Post File No: 210-7-13A
7-2-4-1

Ottawa File No.

References

Your telegram No. DL-51 of February 29 stated that you proposed to convey "directly and formally" to the United Kingdom Minister in Seoul an expression of the Department's gratitude for the assistance given during our negotiations concerning the Korean Currency Agreement. Mr. Stewart has recently been in Tokyo and, in the course of a casual chat, I asked him if he had ever received any word from our Department. He intimated that he had not. It goes without saying that any such message would be appreciated, and would be of value in connection with our future relations with the British Legation in Seoul. My wife and I have promised to accept the personal hospitality of the Stewarts for three days (May 23 - 26) during my next visit to Korea.

T. F. M. NEWTON

The Embassy.

Internal
Circulation

Distribution
to Posts

DEPARTMENT OF EXTERNAL AFFAIRS, CANADA.

NUMBERED LETTER

TO: THE UNDER-SECRETARY OF STATE FOR
EXTERNAL AFFAIRS, OTTAWA, CANADA.

FROM: THE CANADIAN EMBASSY, TOKYO, JAPAN.

Reference: Your telegram No. DL-64 of March 16
and our letter No. 262 of March 22, 1956.
Subject:

Korean Currency Agreement.

Security: UNCLASSIFIED

No: 310

Date: April 10, 1956.

Enclosures: 5

Air or Surface Mail: Air

Post File No: 210-713A
7-2-41

Ottawa File No.

References

Please find appended the official receipt provided by the Finance Minister of the Republic of Korea for the Canadian Government cheque in settlement of Korean currency advances, plus the covering letter for the receipt from the Korean Minister in Tokyo. We append also copies of replies to two courtesy letters from Mr. Newton to the Acting Foreign Minister of Korea and to the Korean Minister of Finance. Worthy of note is Dr. Kim's statement that "Since Korea is in great need of foreign currency currently, the repayment of Canada would certainly improve present position."

T. F. M. NEWTON
The Embassy.

Internal
Circulation

Distribution
to Posts

COPY

MINISTRY OF FINANCE
REPUBLIC OF KOREA
SEOUL, KOREA

28 March 1956

Dear Mr. Newton:

Receipt is hereby acknowledged through our Minister Yong Shik Kim in Tokyo of the cheque No. 24-938 in the amount of Canadian dollars five hundred eighty two thousand six hundred fifty eight and cents fifty three (CDN\$582,658.53) which will pay for Korean Currency HW72,145,000, at the rates and terms of our agreement dated March 7, 1956, advanced to Canadian Forces in Korea up to August 5, 1955.

For the Government of the Republic of Korea.

Sincerely yours,

s/

Hyun Chul Kim
Minister of Finance

The Honourable
T.F.M. Newton
Minister-Counsellor
Canadian Embassy in Japan
Tokyo, Japan.

April 9, 1956

Dear Minister Newton,

I take the pleasure to forward herewith a letter of Mr. Hyun Chul Kim, Minister of Finance of the Republic of Korea, acknowledging the receipt of the Canadian Government Cheque No. 24-938 in the amount of Canadian Dollars Five Hundred Eighty Two Thousand Six Hundred Fifty Eight and Cents Fifty Three only as repayment by Canada for Korean Hwans Seventy Two Million One Hundred Forty Five Thousand only (H/72,145,000) advanced to Canadian Forces in Korea as of August 5, 1955.

Sincerely yours,

Yong Shik Kim
Minister
Chief of Mission

Enclosure: a/s.

The Honourable
T.F.M. Newton
Minister-Counsellor
Canadian Embassy
Tokyo

COPY

MINISTRY OF FINANCE
REPUBLIC OF KOREA
SEOUL, KOREA

28 March 1956

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For the Government of the Republic of Korea.

Sincerely yours,

s/

Hyun Chul Kim
Minister of Finance

The Honourable
T.F.M. Newton
Minister-Counsellor
Canadian Embassy in Japan
Tokyo, Japan.

C
O
P
Y

REPUBLIC OF KOREA

MINISTRY OF FOREIGN AFFAIRS

March 30, 1956

Dear Mr. Newton,

I thank you for your kind letter of March 14, 1956.

It was indeed a pleasure for me and my colleagues to have had the opportunity of negotiating with you on the settlement of hwan advances to the Canadian Forces to Korea.

On behalf of my Government and myself, I should like to express our sincere appreciation to you and your Government for the success of the negotiations that was due entirely to your valuable endeavours and your Government's generosity.

With warm personal regards,

Yours sincerely,

s/

CHUNG W. CHO
Acting Minister

The Honorable
Theodore F. M. Newton,
Canadian Embassy,
Tokyo, Japan.

**MINISTRY OF FINANCE
REPUBLIC OF KOREA
SEOUL, KOREA**

31 March 1956

Dear Mr. Newton:

It is my privilege to acknowledge the receipt of your gracious letter dated March 13, 1956 and I am very pleased to hear that your recent visit to Korea was delightful.

As regards our recent negotiations on the Korea-Canada currency settlement, I owe a lot to your cooperation and generous understanding that enabled me to settle the matter to our mutual satisfaction.

Since Korea is in great need of foreign currency currently, the repayment of Canada would certainly improve present position. You will soon receive my official receipt for your government cheque via Minister Yong Shik Kim in Tokyo.

On behalf of myself and of my government, I wish to deliver my hearty gratitude for courtesy you have done for Korea, and hope to have the pleasure of seeing you again.

With Highest personal esteem,

Sincerely yours,

s/ Hyun Chul Kim

Hyun Chul Kim
Minister of Finance

The Honourable T.F.M. Newton
Minister-Counsellor
Canadian Embassy in Japan
Tokyo, Japan

**MINISTRY OF FINANCE
REPUBLIC OF KOREA**

SEOUL, KOREA

210-7-13A

7-2-4-1

31 March 1956

Dear Mr. Newton:

It is my privilege to acknowledge the receipt of your gracious letter dated March 13, 1956 and I am very pleased to hear that your recent visit to Korea was delightful.

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On behalf of myself and of my government, I wish to deliver my hearty gratitude for courtesy you have done for Korea, and hope to have the pleasure of seeing you again.

With Highest personal esteem,

Sincerely yours,

Hyun Chul Kim
Hyun Chul Kim
Minister of Finance

The Honorable T.F.M. Newton
Minister-Counsellor
Canadian Embassy in Japan
Tokyo, Japan

o

File m.

*Amb. to see
thanks
20
spli.
m.*

REPUBLIC OF KOREA

210-7-13A

MINISTRY OF FOREIGN AFFAIRS

March 30, 1956

7-2-4-1

Dear Mr. Newton,

I thank you for your kind letter of March 14, 1956.

It was indeed a pleasure for me and my colleagues to have had the opportunity of negotiating with you on the settlement of hwan advances to the Canadian Forces to Korea.

On behalf of my Government and myself, I should like to express our sincere appreciation to you and your Government for the success of the negotiations that was due entirely to your valuable endeavours and your Government's generosity.

With warm personal regards,

Yours sincerely,



CHUNG W. CHO
Acting Minister

The Honorable
Theodore F. M. Newton,
Canadian Embassy,
Tokyo, Japan.

~~File 210-7-13A~~

7-2-4-1

Tokyo, March 27, 1956.

Dear Mr. Rowlands,

Prior to his return to Canada, I was informed by Mr. Bertrand of this office that you had kindly worked out of hours some time ago in order to forward to London several urgent and classified messages in connection with an agreement which I was then negotiating in Seoul with the Korean Government. This agreement has now been concluded.

I should like to express my appreciation for the effort voluntarily undertaken on our behalf, and at the same time express the hope that we shall not be importuning you again in this manner.

Yours sincerely,

T. F. M. NEWTON

T. F. M. Newton,
Minister-Counsellor

F. W. Rowlands, Esquire,
Communications Section,
British Embassy,
Tokyo

DEPARTMENT OF EXTERNAL AFFAIRS, CANADA.

(FILE COPY)

NUMBERED LETTER

T.F.M.Newton/rp

TO: THE UNDER-SECRETARY OF STATE FOR
EXTERNAL AFFAIRS, OTTAWA, CANADA.

Security: UNCLASSIFIED

No: 262

FROM: THE CANADIAN EMBASSY, TOKYO, JAPAN Date: March 22, 1956.

Enclosures: 1

Reference: Your telegram No. DL-64 of March 16 Air or Surface Mail: Air

Subject: Korean Currency Agreement.

Post File No: 210-7-13A
7-2-41-1

Ottawa File No.

References

Government of Canada cheque No. 24-938 in the amount of \$582,658.53 in payment of Korean currency drawings from November 3, 1950 to August 5, 1955 was handed to Minister Kim Yong Shik, Chief of the Korean Mission in Tokyo, at 10 a.m. on Thursday, March 22. This would permit its inclusion in the Korean diplomatic bag to Seoul which closed on Thursday night. Kim Yong Shik was asked to sign two copies of an interim receipt, one of which is appended to this letter. He was also asked to request a formal receipt from the R.O.K. Minister of Finance and has promised to deliver it to the Canadian Embassy, Tokyo, for forwarding as soon as it has been received from Seoul.

T. F. M. NEWTON

The Embassy.

Internal
Circulation

Distribution
to Posts

Temporary Receipt
DEPARTMENT OF EXTERNAL AFFAIRS

210-1-1369
7-2-4-1

(Seal)
Instructions
on Back

VOUCHER

Voucher No.

Cheque No.

Date March 21 1956

Canadian Embassy, Tokyo

Name of Post

Name of Payee Finance Minister of the Republic of Korea

PARTICULARS OF PAYMENT

AMOUNT
Cdn. Dollar

Received from the Canadian Embassy, Tokyo, Government of Canada Cheque No. 24-938 in the amount of \$582,658.53 (Canadian) in payment of Korean Currency drawings by Canada at rates stipulated in the currency agreement signed in Seoul on March 7, 1956.

This cheque is for forward transmission to the Finance Minister of the Republic of Korea.

\$582,658.53

Total \$582,658.53

March 21 1956
Date

Yong Shik Kim
Received Payment
His Excellency Mr. KIM, Yong Shik
Chief of Korean Mission, Tokyo

000389



INSTRUCTIONS

1. Put name of Post and place on line provided
e.g., Embassy, Paris.
2. Under "Amount" in money column, name the
currency used.

CIPHER
MESSAGE

ARMY MESSAGE

(INCOMING)

Document disclosed under the Access to Information Act
Document divulgué en vertu de la loi sur l'accès à l'information

CLASSIFIED

PLACE FROM

OTTAWA

DATE & TIME

310-7-132

7-2-4-1

*Mr Newton
File
37*

IMPORTANT

FROM

EXTERNAL OTTAWA

TO

EMBASSY TOKYO

DL-64

CONFIDENTIAL

MARCH 16

REFERENCE

YOUR TELEGRAM 46 MARCH 8.

SUBJECT

KOREAN CURRENCY AGREEMENT.

WE ARE SENDING BY BAG LEAVING OTTAWA TODAY A
CHEQUE MADE OUT TO MINISTER OF FINANCE, REPUBLIC OF KOREA, IN AMOUNT OF
582,658.53 DOLLARS, TOGETHER WITH FOUR COPIES OF A TABLE SHOWING IN
DETAIL ~~HOW~~ TOTAL LIABILITY WAS CALCULATED. YOU SHOULD DELIVER CHEQUE
AND COPIES OF TABLE TO KOREAN MINISTER IN TOKYO FOR TRANSMISSION TO HIS
GOVERNMENT. WE ARE VERY PLEASED THAT NEWTON WAS ABLE TO SECURE
AGREEMENT SO QUICKLY AND ON SUCH FAVOURABLE TERMS. WE ASSUME EXACT
COPIES OF THE AGREEMENT AS SIGNED WILL BE COMING FORWARD BY BAG,
TOGETHER WITH FORMAL RECEIPT FROM KOREAN MINISTER OF FINANCE.

NUMBERED LETTER

TO: THE CANADIAN EMBASSY,
TOKYO, JAPAN

Security: CONFIDENTIAL

No: DL-174

Date: March 16, 1956.

Enclosures: 5

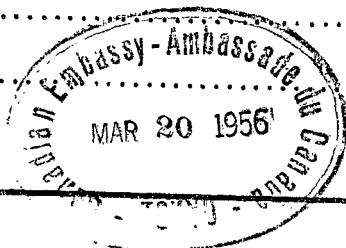
Air or Surface Mail: Air

Post File No: 210-7-1357
7-2-4-1

FROM: THE UNDER-SECRETARY OF STATE FOR
EXTERNAL AFFAIRS, OTTAWA, CANADA.

Reference: Your telegram No. 46 of March 8,
1956.

Subject: Korean Currency Agreement



Ottawa File No.	

References

I enclose a cheque payable to the Minister of Finance, Republic of Korea, in the amount of \$582,658.53 in settlement of the liabilities of the Government of Canada as set forth in the agreement signed on March 7, 1956. This cheque should be delivered to the Korean Minister in Tokyo for transmission to his Government.

2. I am also attaching four copies of a detailed statement, showing Korean currency drawings by Canada from the United Nations Funding Officer and equivalent Canadian dollar amounts converted at the rates stipulated in the agreement. You may pass copies of this statement to the Korean authorities to inform them in detail how the total liability was calculated.

for R. W. Macdonnell
Under-Secretary of State
for External Affairs

Internal
Circulation

NO.	INIT.
AMBASSADOR	
NEWELL	
HALSTEAD	
RETTIE	
ROBERTSON	
LALANDE	
MISS CURRIE	

4 file.

Distribution
to Posts

~~210-71319~~
7-2-4-1

PERSONAL

March 14, 1956.

Dear Dr. Cho,

Now that I have returned to my post, I should like to express my gratitude to you for your kindness to me during the recent negotiations connected with the Canadian-Korean currency agreement.

On both my visits, your courtesy made my mission more agreeable and your hospitality in my honor was as delightful as it was generous.

Both on my own behalf and that of my government, I should like to proffer very warm thanks.

With kindest regards, I am,

Yours sincerely,

T. F. M. NEWTON

Minister-Counsellor.

His Excellency
Dr. Cho Chung Hwan,
Acting Foreign Minister,
Republic of Korea,
Seoul,
Korea.

T.F.M.Newton/rp

210-7-13A

7-2-41-1

PERSONAL

March 13, 1956.

Dear Dr. Kim,

Both on my own behalf and that of my government, I should like to express gratitude for your very considerate treatment during our recent negotiations regarding the Canada-Korean currency agreement.

Your acuteness and reasonableness enabled us to conclude matters to our mutual satisfaction within an unusually short period, in spite of Canadian delay. As for your hospitality, it permitted me to enjoy a new and delightful side of Korean life, and I am keenly sensible of the honor done me.

I hope that we may have the pleasure of meeting again. In the meantime, my sincere thanks for your courtesy.

Yours sincerely,

T. F. M. NEWTON

Minister-Counsellor.

His Excellency
Kim Hyun Chul,
Ministry of Finance,
Republic of Korea,
Seoul,
Korea.

Military Conversion Rate

DATES OF KOREAN CURRENCY DRAWINGS

210-7-13A

7-24-1

1950 3 November ^{WON} 2500 to 1

1951 31 January } 4000
6 February }

20 April

7 May

19 May

29 May

8 June

28 June

12 July

22 July

7 August

26 August

12 September

9 October

14 October

15 November

15 November

1 December

1 December

11 December

26 December

1952 18 January

23 January

13 February

1952 21 March

24 April

28 May

7 June

25 June

28 July

25 August

25 September

28 September

28 October

13 November

1953 10 January

25 March

20 May

2 July

August

3 September

16 October

7 December

1954 6 January

19 February

18 March

20 April

21 May

31 MAY

Feb

6000 to 1

25 FEB 53
HWAN change
units affected

180 HWAN
to 1

W. J. Marshall
/

DEPARTMENT OF NATIONAL DEFENCE - ARMY

Tabulation showing Korean Currency drawings by Canada from United Nations Funding Officer
and
equivalent Canadian dollar amount, converted at the rates stipulated in Agreement
covering such financial settlement between the governments of the Republic of Korea
and Canada signed March 7, 1956

Date	Amount Won/Hwan Drawings	Cumulative Total	Agreed Conversion Rates (applicable to column (b))	Equivalent Amount in Canadian Dollars
(a)	(b)	(c)	(d)	(e)
	<u>WON</u>	<u>WON</u>		
3 Nov 50	1,000,000	1,000,000	2,500 Won - \$1 US - \$ 1.04375	417.5000
6 Feb 51	1,000,000	2,000,000	4,000 Won - \$1 US - \$ 1.01509375	253.7734
20 Apr 51	3,000,000	5,000,000	6,000 Won - \$1 US - \$ 1.0640625	532.0312
7 May 51	10,000,000	15,000,000	6,000 Won - \$1 US - \$ 1.05375	1,772.9159
19 May 51	5,000,000	20,000,000	6,000 Won - \$1 US - \$ 1.0650	887.4996
29 May 51	30,000,000	50,000,000	6,000 Won - \$1 US - \$ 1.0671875	5,335.9375
8 Jun 51	5,000,000	55,000,000	6,000 Won - \$1 US - \$ 1.0703125	891.9267
28 Jun 51	25,000,000	80,000,000	6,000 Won - \$1 US - \$ 1.0678125	4,449.2180
12 Jul 51	15,000,000	95,000,000	6,000 Won - \$1 US - \$ 1.0609375	2,652.3437
22 Jul 51	10,000,000	105,000,000	6,000 Won - \$1 US - \$ 1.059375	1,765.6242
7 Aug 51	40,000,000	145,000,000	6,000 Won - \$1 US - \$ 1.0528125	7,018.7492
26 Aug 51	20,000,000	165,000,000	6,000 Won - \$1 US - \$ 1.05625	3,520.8329
12 Sep 51	15,000,000	180,000,000	6,000 Won - \$1 US - \$ 1.056875	2,642.1875
9 Oct 51	15,000,000	195,000,000	6,000 Won - \$1 US - \$ 1.0540625	2,635.1562
14 Oct 51	20,000,000	215,000,000	6,000 Won - \$1 US - \$ 1.0528125	3,509.3746
15 Nov 51	60,000,000	275,000,000	6,000 Won - \$1 US - \$ 1.0450	10,450.0000
1 Dec 51	60,000,000	335,000,000	6,000 Won - \$1 US - \$ 1.0371875	10,371.8750
11 Dec 51	60,000,000	395,000,000	6,000 Won - \$1 US - \$ 1.026875	10,268.7500
26 Dec 51	60,000,000	455,000,000	6,000 Won - \$1 US - \$ 1.021875	10,218.7500
18 Jan 52	110,000,000	565,000,000	6,000 Won - \$1 US - \$ 1.0059375	18,442.1871
23 Jan 52	60,000,000	625,000,000	6,000 Won - \$1 US - \$ 1.000625	10,006.2500
13 Feb 52	100,000,000	725,000,000	6,000 Won - \$1 US - \$ 1.00125	16,687.4993
21 Mar 52	100,000,000	825,000,000	6,000 Won - \$1 US - \$ 0.995625	16,593.7493
24 Apr 52	100,000,000	925,000,000	6,000 Won - \$1 US - \$ 0.9800	16,333.3326
28 May 52	100,000,000	1,025,000,000	6,000 Won - \$1 US - \$ 0.9828125	16,380.2076
7 Jun 52	100,000,000	1,125,000,000	6,000 Won - \$1 US - \$ 0.981875	16,364.5826
25 Jun 52	100,000,000	1,225,000,000	6,000 Won - \$1 US - \$ 0.97625	16,270.8326
28 Jun 52	100,000,000	1,325,000,000	6,000 Won - \$1 US - \$ 0.9684375	16,140.6243
25 Aug 52	100,000,000	1,425,000,000	6,000 Won - \$1 US - \$ 0.96125	16,020.8326
25 Sep 52	100,000,000	1,525,000,000	6,000 Won - \$1 US - \$ 0.9596875	15,994.7910
28 Sep 52	100,000,000	1,625,000,000	6,000 Won - \$1 US - \$ 0.9603125	16,005.2076
28 Oct 52	100,000,000	1,725,000,000	6,000 Won - \$1 US - \$ 0.964375	16,072.9160
13 Nov 52	200,000,000	1,925,000,000	6,000 Won - \$1 US - \$ 0.9850	32,833.3330
10 Jan 53	500,000,000	2,425,000,000	6,000 Won - \$1 US - \$ 0.9725	81,041.6663
	<u>HWAN</u>	<u>HWAN</u>		
25 Mar 53	2,500,000	2,500,000	180 Hwan - \$1 US - \$ 0.9809375	13,624.1310
20 May 53	2,000,000	4,500,000	180 Hwan - \$1 US - \$ 0.9940625	11,045.1387
2 Jul 53	2,000,000	6,500,000	180 Hwan - \$1 US - \$ 0.994375	11,048.6110
22 Jul 53	2,000,000	8,500,000	180 Hwan - \$1 US - \$ 0.990625	11,006.9443
3 Sep 53	3,000,000	11,500,000	180 Hwan - \$1 US - \$ 0.98875	16,479.1660
16 Oct 53	1,500,000	13,000,000	180 Hwan - \$1 US - \$ 0.9840625	8,200.5205
7 Dec 53	3,000,000	16,000,000	180 Hwan - \$1 US - \$ 0.9746875	16,244.7910
6 Jan 54	3,000,000	19,000,000	180 Hwan - \$1 US - \$ 0.9746875	16,244.7910
19 Feb 54	2,000,000	21,000,000	180 Hwan - \$1 US - \$ 0.96625	10,736.1110
18 Mar 54	3,000,000	24,000,000	180 Hwan - \$1 US - \$ 0.971875	16,197.9160
20 Apr 54	3,000,000	27,000,000	180 Hwan - \$1 US - \$ 0.9828125	16,380.2076
21 May 54	2,000,000	29,000,000	180 Hwan - \$1 US - \$ 0.9846875	10,940.9721

12 Sep 51	15,000,000	180,000,000	6,000 Won - \$1 US - \$ 1.056875	3,509.3746
9 Oct 51	15,000,000	195,000,000	6,000 Won - \$1 US - \$ 1.0528125	10,450.0000
14 Oct 51	20,000,000	215,000,000	6,000 Won - \$1 US - \$ 1.0450	10,371.8750
15 Nov 51	60,000,000	275,000,000	6,000 Won - \$1 US - \$ 1.0371875	10,268.7500
1 Dec 51	60,000,000	335,000,000	6,000 Won - \$1 US - \$ 1.026875	10,218.7500
11 Dec 51	60,000,000	395,000,000	6,000 Won - \$1 US - \$ 1.021875	18,442.1871
26 Dec 51	60,000,000	455,000,000	6,000 Won - \$1 US - \$ 1.0059375	10,006.2500
18 Jan 52	110,000,000	565,000,000	6,000 Won - \$1 US - \$ 1.000625	16,687.4993
23 Jan 52	60,000,000	625,000,000	6,000 Won - \$1 US - \$ 1.00125	16,593.7493
13 Feb 52	100,000,000	725,000,000	6,000 Won - \$1 US - \$ 0.995625	16,333.3326
21 Mar 52	100,000,000	825,000,000	6,000 Won - \$1 US - \$ 0.9800	16,380.2076
24 Apr 52	100,000,000	925,000,000	6,000 Won - \$1 US - \$ 0.9828125	16,364.5826
28 May 52	100,000,000	1,025,000,000	6,000 Won - \$1 US - \$ 0.981875	16,270.8326
7 Jun 52	100,000,000	1,125,000,000	6,000 Won - \$1 US - \$ 0.97625	16,140.6243
25 Jun 52	100,000,000	1,225,000,000	6,000 Won - \$1 US - \$ 0.9684375	16,020.8326
28 Jun 52	100,000,000	1,325,000,000	6,000 Won - \$1 US - \$ 0.96125	15,994.7910
25 Aug 52	100,000,000	1,425,000,000	6,000 Won - \$1 US - \$ 0.9596875	16,005.2076
25 Sep 52	100,000,000	1,525,000,000	6,000 Won - \$1 US - \$ 0.963125	16,072.9160
28 Sep 52	100,000,000	1,625,000,000	6,000 Won - \$1 US - \$ 0.964375	32,833.3330
28 Oct 52	100,000,000	1,725,000,000	6,000 Won - \$1 US - \$ 0.9850	81,041.6663
13 Nov 52	200,000,000	1,925,000,000	6,000 Won - \$1 US - \$ 0.9725	
10 Jan 53	500,000,000	2,425,000,000		
	<u>HWAN</u>	<u>HWAN</u>		
25 Mar 53	2,500,000	2,500,000	180 Hwan - \$1 US - \$ 0.9809375	13,624.1310
20 May 53	2,000,000	4,500,000	180 Hwan - \$1 US - \$ 0.9940625	11,045.1387
2 Jul 53	2,000,000	6,500,000	180 Hwan - \$1 US - \$ 0.994375	11,048.6110
22 Jul 53	2,000,000	8,500,000	180 Hwan - \$1 US - \$ 0.990625	11,006.9443
3 Sep 53	3,000,000	11,500,000	180 Hwan - \$1 US - \$ 0.98875	16,479.1660
16 Oct 53	1,500,000	13,000,000	180 Hwan - \$1 US - \$ 0.9840625	8,200.5205
7 Dec 53	3,000,000	16,000,000	180 Hwan - \$1 US - \$ 0.9746875	16,244.7910
6 Jan 54	3,000,000	19,000,000	180 Hwan - \$1 US - \$ 0.9746875	16,244.7910
19 Feb 54	2,000,000	21,000,000	180 Hwan - \$1 US - \$ 0.96625	10,736.1110
18 Mar 54	3,000,000	24,000,000	180 Hwan - \$1 US - \$ 0.971875	16,197.9160
20 Apr 54	3,000,000	27,000,000	180 Hwan - \$1 US - \$ 0.9828125	16,380.2076
21 May 54	2,000,000	29,000,000	180 Hwan - \$1 US - \$ 0.9846875	10,940.9721
17 Jun 54	2,000,000	31,000,000	259 Hwan - \$1 Cdn	7,722.0077
15 Jul 54	2,500,000	33,500,000	261 Hwan - \$1 Cdn	9,578.5440
17 Aug 54	2,500,000	36,000,000	320 Hwan - \$1 Cdn	7,812.5000
21 Sep 54	2,000,000	38,000,000	320 Hwan - \$1 Cdn	6,250.0000
20 Oct 54	2,000,000	40,000,000	320 Hwan - \$1 Cdn	6,250.0000
19 Nov 54	500,000	40,500,000	320 Hwan - \$1 Cdn	1,562.5000
10 Dec 54	700,000	41,200,000	440 Hwan - \$1 Cdn	1,590.9090
6 Jan 55	2,000,000	43,200,000	445 Hwan - \$1 Cdn	4,494.3820
4 Feb 55	900,000	44,100,000	515 Hwan - \$1 Cdn	1,747.5728
9 Mar 55	1,000,000	45,100,000	509 Hwan - \$1 Cdn	1,964.6365
23 Mar 55	1,100,000	46,200,000	509 Hwan - \$1 Cdn	2,161.1001
12 Apr 55	150,000	46,350,000	508 Hwan - \$1 Cdn	295.2755
6 May 55	445,000	46,795,000	445 Hwan - \$1 Cdn	1,000.0000
6 Jun 55	500,000	47,295,000	518 Hwan - \$1 Cdn	965.2509
5 Aug 55	600,000	47,895,000	601 Hwan - \$1 Cdn	998.3361
Sub Total		2,425,000,000 Won 47,895,000 Hwan		613,324.7723
LESS 5% rebate		121,250,000 Won 2,394,750 Hwan		30,666.2386
TOTAL		2,303,750,000 Won 45,500,250 Hwan		\$ 592,658.5337

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DEPARTMENT OF EXTERNAL AFFAIRS, CANADA.

NUMBERED LETTER

FOR CANADIAN EYES ONLY

TO: THE UNDER-SECRETARY OF STATE FOR
EXTERNAL AFFAIRS, OTTAWA, CANADA.

FROM:THE CANADIAN EMBASSY, TOKYO, JAPAN.

Reference:.. Our letter No. 174 of February 21,
1956 and our telegram No. 44 of
Subject:.... March 2, 1956.

.....Korean Currency Agreement.

Security:..CONFIDENTIAL.....

No:.....232.....

Date:.. March 12, 1956.....

Enclosures:.....3.....

Air or Surface Mail:.... Air

Post File No: 210-7-139
7-2-4-1

Ottawa File No.	

References

In spite of its complexities, the Korean Currency Agreement has been satisfactorily negotiated within a comparatively short space of time. According to our computations here, the amount now due to be paid to the Korean Government is in the neighbourhood of \$100,000 less than it might otherwise have been. As a result of a variety of factors listed below, we estimate that approximately one-sixth of what might have become the total obligation may now be retained by the Canadian Treasury. We should be glad to have your views on the legitimacy of this estimate.

2. This saving has become possible through a variety of developments - concessions by the R.O.K. Finance Minister, correction of certain dates of currency withdrawals, rates for certain periods different from those granted to the United Kingdom and to the United States, and, above all, the submission of a rate of exchange for a period of four months during the year 1953 which was three times higher than that tentatively used by the Canadian Government for accounting purposes.

3. Our rough estimate has been derived from a combination of the following factors:

- (a) The initial concession by the Korean Finance Minister that advances prior to May 31, 1954 should be settled at the rate prevailing at the time the currency was advanced rather than expended. According to Dr. Kim, this meant an advantage to us of about \$1,000.
- (b) The correction in two instances of dates of withdrawals (October 1 rather than October 20, 1954, and December 31, 1954 rather than December 10, 1954), which the Koreans suggested in the interests of accuracy, lost them a total of \$19 ± \$523 U.S. = \$542.
- (c) During the period of currency advances made between January 1, 1955 and June 30, 1955, substantial differences existed between the rates finally submitted by the U.S. authorities and by those of the United Kingdom, although accepted in each case by the Korean Government. Under the terms of the U.K. currency agreement of September 28, 1954, the rate of exchange which would apply for our use during the above period, should be the military conversion rate, or if the United States obtained a more favorable rate than the military conversion rate, the more favorable rate as provided for under para. 9 of the United Kingdom agreement. During these six months, United States

Internal
Circulation

Distribution
to Posts

FOR CANADIAN EYES ONLY

CONFIDENTIAL

- 2 -

officials obtained hwan by auction and called for tenders from Korean businessmen. From the bids obtained at 20 such auctions, they established an average monthly rate which we have recently used as the basis of our submissions for this period. The United Kingdom obtained its rates for this period, however, by taking the average rate accepted by the U.S. authorities at their last auction in the immediately preceding month. As a result, in all instances, except those of June 6, 1955 and August 5, 1955 (where we used the U.K. rates), the rates secured by the Americans were more favorable, and formed the basis of our submission.

We have no list of the hwan drawings made by the U.K. during this period, and therefore could not set up a comparison of our improvement on U.S. and U.K. rates for this phase except by percentages. The rates themselves, however, as derived from our files, show the following substantial differences regarding the basis on which settlement was accepted by the R.O.K. Government:

<u>1955</u>	<u>Can. rate to Can. \$</u>	<u>U.S. rate to U.S. \$</u>	<u>U.K. rate to U.S. \$</u>
Jan. 6	445 hwan	430 hwan	309.3
Feb. 4	515	500	426.73 (Feb. 1)
Mar. 9	509	500	485 (Mar. 19)
Mar. 23	509	500	485 (Mar. 19)
Apr. 12	508	500	430.2 (Apr. 13)
May 6	445	440	416.5 (May 19)
June 6	518	440	509.5 (June 6)
			(592.5 (Aug. 8)
Aug. 5	601	510	(500 (Aug. 23)

Accordingly, since the nature of the U.K. agreement permitted us to seek the best of both worlds financially, our submission, with the approval of the Department, was based on this condition and was accepted by the Koreans with the knowledge on their part that we were entitled to receive, in all instances, the better of the two sets of rates. In effect, for this period, we have secured slightly better rates than the U.S. and considerably better rates than the U.K.

- (d) According to your DL-51 of February 29, 1955, the rates used in Ottawa for internal accounting purposes for the advance on November 3, 1950, was 4000 won to the U.S. dollar. According to the rates appended to the agreement between the U.S. and the R.O.K. of July 28, 1950 regarding the rates up to April 30, 1953, the prevailing military conversion rate from October 1, 1950 to November 5, 1950 was 2500 won to U.S.\$1. Thus, if our drawing had been made three days later, it would properly have been at the rate of 4000 rather than 2500 won to the U.S.\$1. Since the drawing occurred in the earlier period, however, we were obligated to settle for \$1500 more for this item than Ottawa accounting rates would have suggested.

.../3

FOR CANADIAN EYES ONLY

CONFIDENTIAL

- 3 -

- (e) According to your DL-51 of February 29, 1955, the rate used in Ottawa for internal accounting purposes for the period from March 25, 1953 to August 1, 1953 was 60 hwan to the U.S. dollar. The rate which we were permitted to submit to the Korean Finance Minister for these months and for which he has given signed agreement, is 180 hwan to the U.S. dollar. In terms of U.S. dollars for this period this makes a difference in reimbursement of two-thirds on our part. In terms of dollars and cents, we estimate that the difference is between \$141,666.66 and \$47,222.22 U.S. which is a saving of \$94,444.44 U.S. The story behind this discrepancy is not entirely clear to us. What is clear, however, is that both the U.K. and the U.S. settled up with the R.O.K. Government at this rate for the period under reference. As indicated in our telegram No. 44 of March 2, 1956, references in Washington's letter No. 1176 of June 12, 1953, paras 9 to 11, would indicate some confusion in rates during part of this period, and would almost suggest that the U.N. officials received hwan at the rate of 180 to the U.S. dollar, but disbursed it to U.N. troops for a period of at least six weeks or two months at the rate of 60 hwan to the dollar. If so, did we lose money to the Americans during this period only to regain it from the R.O.K. Government during the present settlement?

At any rate, the acceptance of this rate by the R.O.K. finance officials for the entire period from March 25, 1953 to May 31, 1954, indicates that its submission was correct for the earlier as well as the latter part of the period. Since the drawings were heavy during these months, the use of the 180 hwan rate and its acceptance by the Koreans (and the resultant saving of 120 hwan to the U.S. dollar) has permitted a major economy.

4. One signed copy of our note and one signed copy of Dr. Kim's acceptance have been left with the R.O.K. Ministry of Finance. One signed copy of each is appended.
5. Immediately upon arrival in Seoul on the afternoon of March 6, I followed your instructions and presented to Dr. Kim the rates which we proposed to use for advances prior to May 31, 1954, under sub-paragraph 1A of the agreement. Dr. Cho, the Acting Foreign Minister, had already asked Dr. Kim to join him in meeting me, and I was, therefore, able to handle over for the inspection of the Finance Minister all copies of the agreements to be signed and a copy of our proposals regarding the early rates. Since I had previously forwarded a copy of the agreements to Seoul through the Korean mission in Tokyo, and no discrepancy from our original verbal conclusions had been found, Dr. Kim suggested that, after his experts had examined the documents which I had just given him, he would be prepared to sign at any time. He then suggested 3 p.m. the next afternoon (Wednesday, May 7) for the signing, and I concurred. When we met in the Finance Ministry at that time, I asked Dr. Kim to indicate his approval of the earlier rates mentioned in my letter by simply incriming on my letter the word "Agreed," along with his signature. He immediately did so, and then proceeded to

FOR CANADIAN EYES ONLY

CONFIDENTIAL

- 4 -

sign the various copies of the agreement.

6. The Korean ministers were pleased at the permission given me to sign as "Special Representative of the Government of Canada," since such a subscription eliminated any need to use the invidious name of Tokyo on these Korean-Canadian documents. Dr. Kim indicated that the cheque, which he hoped would be forwarded promptly, should be made out to him as Minister of Finance of the Republic of Korea, and agreed to my suggestion that perhaps the most expeditious way of transmitting it, when ready, would be to the Canadian Embassy, Tokyo, from where it would be delivered to the Korean Minister in Tokyo for onward forwarding to Seoul.

7. Dr. Kim's male secretary, who informed me that he had gained his proficiency in English from Canadian soldiers of the "Van Doos" and the R.M.R.'s, told me privately that the currency agreement had been referred to and approved by the President of the Republic. In the Republic of South Korea, this procedure is, I suppose, the counterpart of permission to sign by the Governor-in-Council in our country.

8. The only trying ordeal during the conclusion of the agreement resulted from Dr. Kim's insistence on providing another kaesang party to celebrate the signing. As you had suggested, I had already thanked Stewart, the U.K. Minister, for the use of the legation facilities, and I was pleased when Dr. Kim suggested asking Stewart to the kaesang party in my honour. It was attended by Stewart, by the R.O.K. Reconstruction Minister, by Dr. Cho, the Acting Foreign Minister, by Dr. Kim and myself. After doing our best to show enjoyment at the extraordinary food and good sake, of well-sung folk songs and of native dances to the pounding of a Korean drum, the foreigners were asked to contribute some gem from their vocal repertoires. Somewhat baffled, I resurrected from the memories of my youth a rude song called "Minnie the Mermaid", but ended up by concentrating on "Alouette." Although incongruous, they seemed to be at least as acceptable in this rarified Korean environment as the gaunt and dignified British Minister's nasal pourboire of "On the Road to Skye." It was his first kaesang party, and in view of the circumstances of our relationship during the negotiations, I was happy to be the raison d'être for his presence, especially since he displayed obvious, if incomprehensible, enjoyment of this bizarre endurance test.

9. During negotiation of the agreement, neither Dr. Kim nor I had ever mentioned any sum of money as the total obligation due. Yet the appended clipping from the Korean Republic of February 3 maintains, with characteristic inaccuracy, that in the course of our initial talks the Finance Minister had notified me that "the debts amount to \$673,842." Obviously, this estimate must have been provided by someone in the Finance Ministry. It is, therefore, pleasant to report that over a month later a Korea Press dispatch, written on the day of the signing, indicated a substantial lowering of the financial sights. Although the amount mentioned in the later account is, of course, an approximation, it probably represents a sum close to that now due the Republic of Korea. The item reads:

FOR CANADIAN EYES ONLY

CONFIDENTIAL

- 5 -

"Canada Reimburses Hwan Loan

Seoul, March 7 -- Canada agreed to reimburse 580,000 Canadian dollars for Korean advances to the Canadian Brigade.

Korean Finance Minister Kim Hyun Chul and Canadian Minister Newton of the Canadian Embassy in Tokyo signed an agreement yesterday [wrong] on the settlement.

Computation was made on the basis of official exchanges at the times of advancing Korean currency."

10. Credit for much of the work at this Embassy for preparing the brief for the currency negotiations must go to Mr. Gerard Bertrand, who laboured long and manfully with its intricacies up to the time of his recent departure for Ottawa.

T. F. M. NEWTON

The Embassy.

210-7-13A

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TOKYO FROM SEOUL

PRIORITY

Unclassified

04107.

PLEASE PASS FOLLOWING TO CANADIAN EMBASSY FROM NEWTON BEGINS.

PLEASE INFORM OTTAWA THAT KOREAN CURRENCY AGREEMENT WAS SIGNED
WEDNESDAY AFTERNOON BY FINANCE MINISTER KIM AND NEWTON.

FORMER HAS AGREED TO REPAYMENT FOR PERIOD PREVIOUS MAY 31

1954 ON BASIS PROPOSED IN OUR TEL TO OTTAWA NUMBER 40 OF FEB 24.

CHEQUE SHOULD BE ISSUED TO MINISTER OF FINANCE REPUBLIC OF KOREA

SUGGEST CHEQUE SHOULD BE SENT BY BAG TO CANADIAN EMBASSY TOKYO

AND DELIVERED TO KOREAN MINISTER IN TOKYO FOR FORWARDING TO

FINANCE MINISTER.

2. PLEASE INFORM MY WIFE EXPECT ARRIVE HANEDA AT 5 20 PM FRIDAY
AFTERNOON.

ENDS.

STEWART

TOR 0708/7 MAR.

DEPARTMENT OF NATIONAL DEFENCE

MESSAGE FORM

FOR CLASSIFIED MESSAGES ONLY

File Copy

INDICATE DEGREE OF PRECEDENCE		FOR MESSAGE CENTRE USE ONLY		MARK X TO INDICATE SECURITY CLASSIFICATION	
				TOPSEC	
OPERATIONAL IMMEDIATE				SECRET	
PRIORITY	X			CONFD	
ROUTINE				RESTD	X
IF NOT MARKED WILL BE TRANSMITTED DEFERRED		FROM		GR	
		DOMCAN TOKYO			
		TO			
		EXTERNAL OTTAWA			

INFO

ORIGINATOR'S NO.

46

IMPORTANT REFERENCE OUR TELEGRAM NO.40 OF FEBRUARY 24. SUBJECT KOREAN CURRENCY AGREEMENT. NEWTON INFORMS US THAT THE AGREEMENT WAS SIGNED MARCH 7 AND THAT FINANCE MINISTER KIM AGREED TO REPAYMENT FOR THE PERIOD PREVIOUS TO MAY 31, 1954 ON THE BASIS INDICATED IN OUR TELEGRAM UNDER REFERENCE.

2. NEWTON ADVISES THAT THE CHEQUE SHOULD BE ISSUED TO " THE MINISTER OF FINANCE, REPUBLIC OF KOREA" AND SHOULD BE SENT BY BAG TO US. WE CAN THEN DELIVER IT TO THE KOREAN MINISTER HERE FOR FORWARDING TO SEOUL. DAVIS

ORIGINATOR J.G.H. Halstead/bl	TELEPHONE 48-4116	DATE - TIME GROUP March 8, 1956	FILE NO. 210-7-13A
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~~210-7-13A~~

7-2-4-1

Tokyo, March 6, 1956.

Dear Mr. Greenhill,

I should appreciate your assistance in conveying to the British Legation in Seoul the following telegram en clair:

Newton of Canadian Embassy expects arrive Seoul tomorrow Tuesday to conclude agreement. He thinks ROK Government will make hotel reservation but would appreciate your checking with hotel. Either ROK officials or Major Vaughan Stewart of UNCMAC will meet him airport.

With many thanks for your courtesy, I am,

Yours sincerely,

T. F. M. NEWTON

Minister-Counsellor.

Mr. B. Greenhill,
First Secretary,
British Embassy,
Chiyoda-ku,
Tokyo.

Tokyo, March 6, 1956.

NO. _____

Excellency,

I have the honour to refer to the agreement concerning repayment of Korean currency which I am now empowered to sign on behalf of the Government of Canada. Sub-paragraph I.a of the agreement states that conversion will take place with regard to:

"(a) advances made prior to May 31, 1954 at the military conversion rate prevailing at the time the local currency was advanced;"

According to our financial information, the following were the military conversion rates prevailing during that period and which are applicable to Canadian drawings of Korean currency:

November 3, 1950	-2500 won to \$1.00 U.S.
January 31 and February 6, 1951	-4000 won to \$1.00 U.S.
April 20, 1951 to January 10, 1953	-6000 won to \$1.00 U.S.
March 25, 1953 to May 31, 1954	-180 hwan to \$1.00 U.S.

These are, therefore, the rates which we propose to use in repayment. If you are able to agree that these rates are correct, payment will be made promptly.

In order to facilitate arrangements, I should be glad to learn the name or title of the officer or agency of the Korean Government to which the cheque should be forwarded by the Government of Canada.

Accept, Excellency, the renewed assurances of my highest consideration.

T.F.M. Newton
Minister-Counsellor
Special Representative of the Government of Canada.

His Excellency
Kim Hyun Chul,
Minister of Finance,
Republic of Korea,
Seoul,
Korea.

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Confidential
File 210-7-13A
February 13, 1956

Memorandum for Colonel Elwood

Settlement of Advances of Korean Currency

I should like to confirm our conversation of last Friday morning concerning the settlement of advances of Korean currency to Canadian Forces. The Department is urgently requiring that we obtain from either the British or the Australian Forces in Japan information on the military conversion rates which they used when they settled their liabilities with the Korean Government for the advances made up until May 31, 1954. The Department would like to compare them with those rates they have been using for their own internal accounting purposes.

2. The Department would like also to obtain information on the military conversion rates in force on the dates advances of Korean Currency were made to Canadian Forces for the period up to May 31, 1954, as per list attached.

3. As soon as this information is received, I shall forward it to Ottawa by telegram.

(Sgd) Mr Bertrand
for The Embassy

1 Agreement not on file
2 Draft is essentially same signed 28 Sept 54
UK Aust NZ - (a) up to 23 Oct 53 at military
conversion rate prevailing at time local currency
was actually expended (b) from 24 Oct 53 to
31 May 54 at military conversion rate prevailing
at time the local currency was advanced

(c) 1 June 54 onwards at military
exchange rate in force on date or
date when advances are made and
the middle market rate in London for
the US dollar on the date of the advance

para (b)

ROK will grant a rebate of 5% on
official expenditures, but not on exchanges.
For this purpose, issues to the Foreign Office
are being treated as exchanges and issues to NAAFI
as official expenditures. This rebate however is
subject to an amendment in the event of any
change in the rebate granted to the U.S. Jordan.

5% rebate received

25 Jul 53 - 31 May 53 - HWAN to Sterling 168 £

1 June to 31 May 54 - HWAN to £ - 504
1 Apr 54 to 31 May 54 - " £ - 505.8

Excellency,

I have the honour to refer to the Agreement of September 28, 1954, between the Governments of the United Kingdom of Great Britain and Northern Ireland, and of the Commonwealth of Australia and of New Zealand and the Government of the Republic of Korea, concerning the settlement by British Commonwealth Forces, Korea, of the advances in Korean currency made by the Government of the Republic of Korea from July 1950 under the Agreement between the Government of the Republic of Korea and of the United States of America of July 28, 1950, and the arrangements for the settlement of future advances made under that Agreement. Sub-paragraph (8) of the Agreement of September 28, 1954, provides that:

"As to the currency advances made to the Canadian Armed Forces, it is understood that the Government of the Republic of Korea will offer to the Government of Canada similar terms on the calculation of the liability as in point (2) above and similar terms on the rebates as in points (3) to (7) above."

I now have the honour to propose, on behalf of the Government of Canada, an agreement in the following terms based on the Agreement between the Governments of the United Kingdom and of the Republic of Korea, it being understood that wherever the expression "hwan" appears in this letter it includes the expression "won":

. . . 2

- 2 -

(1) The Government of Canada will, within one month of the signature of this letter, pay, in Canadian dollars, to the Government of the Republic of Korea an amount equal to the liabilities of the Canadian Government in respect of hwan advanced by the Government of Korea up to and including August 5, 1955. The amount of these liabilities shall be equal to the amount, less a 5 percent rebate, of hwan advanced up to and including August 5, 1955, converted with respect to:

- (a) advances made prior to May 31, 1954, at the military conversion rate prevailing at the time the local currency was advanced;
- (b) The advance made on June 17, 1954, at the rate of 259 hwan to the Canadian dollar;
- (c) The advance made on July 15, 1954, at the rate of 261 hwan to the Canadian dollar;
- (d) The advance made on August 17, 1954, at the rate of 320 hwan to the Canadian dollar;
- (e) The advance made on September 21, 1954, at the rate of 320 hwan to the Canadian dollar;
- (f) The advance made on October 20, 1954, at the rate of 320 hwan to the Canadian dollar;

. . . 3

- 3 -

- (g) The advance made on November 19, 1954, at the rate of 320 hwan to the Canadian dollar;
- (h) The advance made on December 10, 1954, at the rate of 440 hwan to the Canadian dollar;
- (i) The advance made on January 6, 1955, at the rate of 445 hwan to the Canadian dollar;
- (j) The advance made on February 4, 1955, at the rate of 515 hwan to the Canadian dollar;
- (k) The advance made on March 9, 1955, at the rate of 509 hwan to the Canadian dollar;
- (l) The advance made on March 23, 1955, at the rate of 509 hwan to the Canadian dollar;
- (m) The advance made on April 12, 1955, at the rate of 508 hwan to the Canadian dollar;
- (n) The advance made on May 6, 1955, at the rate of 445 hwan to the Canadian dollar;
- (o) The advance made on June 6, 1955, at the rate of 518 hwan to the Canadian dollar;
- (p) The advance made on August 5, 1955, at the rate of 601 hwan to the Canadian dollar;

. . . 4

- 4 -

- (2) Subject to the provisions of sub-paragraph (3) below, if at any time after December 31, 1955, the United States waive for the future the rebate allowed to them but without making any repayment in respect of the rebate in the past, the Government of Canada will do likewise.
- (3) After December 31, 1955, no retroactive adjustment will be made between the Government of the Republic of Korea and the Government of Canada in respect of any rebate allowed.
- (4) The Government of the Republic of Korea agree to grant retroactively and for the future to the Government of Canada terms not less favourable than those which have been granted at any time after May 31, 1954, to the Government of the United States in respect of the rate of exchange and methods of obtaining Korean currency.

If the foregoing proposal is acceptable to the Government of Korea, I have the honour to suggest that this Note and Your Excellency's reply to that effect shall be regarded as constituting an agreement between the Government of Canada and the Government of the Republic of Korea, which shall become effective on the date of Your Excellency's reply and shall remain in effect until such time as it is mutually agreed that the need therefore has ceased.

. . . 5

- 5 -

Accept, Excellency, the renewed assurances
of my highest consideration.

T. F. H. Newton,
Minister Counsellor.

His Excellency Mr. Kim Hyun Chul,
Minister of Finance of the Republic of Korea,
Seoul, Korea.

DEPARTMENT OF NATIONAL DEFENCE

MESSAGE FORM

FOR CLASSIFIED MESSAGES ONLY

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INDICATE DEGREE OF PRECEDENCE		FOR MESSAGE CENTRE USE ONLY		MARK X TO INDICATE SECURITY CLASSIFICATION	
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PRIORITY				CONFD	X
ROUTINE				RESTD	
IF NOT MARKED WILL BE TRANSMITTED DEFERRED		FROM		GR	
		DOMCAN TOKYO			
		TO			
		EXTERNAL OTTAWA			

INFO

ORIGINATOR'S NO.

44

REFERENCE: YOUR TELEGRAM DL-51 OF FEBRUARY 29

SUBJECT: KOREAN CURRENCY AGREEMENT

NEWTON EXPECTS PROCEED SEOUL TUESDAY. REF YOUR PARA 4 SUB(A)
APART FROM BCFK PAYMASTER STATEMENT IN OUR NO. 40 OF FEBRUARY 24
WE BELIEVE WASHINGTON'S LETTER 1176 OF JUNE 12, 1953 PARAS 9 to
11 AND TABLES ROK-US AGREEMENT APPENDED TO OUR NO. 787 OF JULY
31, 1953 SHOW MILITARY CONVERSION RATE OF 180 HWAN PREVAILED DURING
PERIOD MARCH 25 to AUGUST 1, 1953. NEWTON HOPES TO GET KOREAN
AGREEMENT FOR THIS RATE AND THUS ACHIEVE HUGE SAVING FOR THIS ITEM.

DAVIS

ORIGINATOR

T.F.M. NEWTON/RP

TELEPHONE

DATE - TIME GROUP

March 2, 1956

Z

FILE NO.

210-7-13A

C.N.S. 1320JC

C.A.F.B. 1617 HQ 4554-B-1617

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DATE & TIME

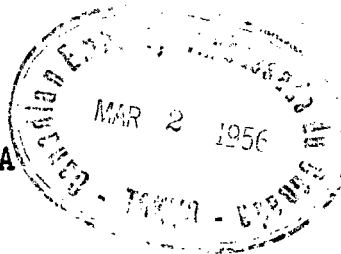
OTTAWA

210-7-18-60

7-2-4-1

JS

IMMEDIATE



FROM

EXTERNAL OTTAWA

TO

EMBASSY TOKYO

DL-52

CONFIDENTIAL

MARCH 1

REFERENCE

OUR TELEGRAM DL-51 FEBRUARY 29.

SUBJECT

KOREAN CURRENCY AGREEMENT

GOVERNOR GENERAL IN COUNCIL APPROVED AGREEMENT

TODAY.