

TIP-BACK
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CAN. PAT. NO. 361978

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To Duplicate Order

No. Sp. 2895

File No. 7 - 2 - 4 - 2 Vol. III

CLOSED

TELEGRAM CONFIDENTIAL



FM EXTERNAL OTT MAR26/59 CONFD
TO WASHDC L60
INFO LDN TOKYO DM/DND(MR LOUGHEAD)
BAG CNBRA WLGTN FM LDN

REF YOURTEL654 MAR17

KOREAN CLAIMS NEGOTIATIONS

WE AGREE THAT THE SUGGESTED WORDING GIVEN IN PARA2 BE USED AS
PART OF YOUR REPLY TO THE KOREAN EMBASSY BUT WE DO NOT RPT NOT
SEE ANY NEED AT THIS TIME TO MAKE REF TO THE CURRENCY BY WHICH
THE UK WILL SETTLE THE CLAIM. THIS WOULD APPEAR TO BE A MATTER
THAT COULD BEST BE DISCUSSED BY THE COMMONWEALTH REP ON THE
NEGOTIATING TEAM AND THE KOREANS.

NO.	2- AMBASSADOR ✓ 3- COUNSELLOR ✓ 1- SEC. 2nd SEC. (P) 2nd SEC. (C) A.O. CONSULAR CL. T. & C. D.N.D. (M.A.) D.N.R.	INIT. B
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file

DEFERRED TELEGRAM

FM WASHDC MAR17/59
TO EXTERNAL 654
INFO LDN
TOKYO DEFERRED FM
REF OURLET 326 MAR3



CONFIDENTIAL

NO.	
2	AMBASSADOR ✓
	COUNSELLOR
1	SEC.
	2nd SEC. (P)
	3rd SEC. (C)
	AD.
	CONSULAR CI.
	T.C.
3	S.N.D. (M.A.)
	SECRETARY



KOREAN CLAIMS NEGOTIATIONS

THE BRITISH EMBASSY HAS CONFIRMED THAT THE WAR OFFICE WILL SETTLE

THE COMMONWEALTH BILL UNDER THE UTILITIES AGREEMENT IN THE

FIRST INSTANCE AND RECOVER THE APPROPRIATE AMOUNTS FROM OTHER

COMMONWEALTH POWERS.

2. BEFORE SENDING A SUBSTANTIVE REPLY TO THE KOREAN EMBASSY'S NOTE OF FEB6 (REF OURTEL 341 FEB10) WE WOULD APPRECIATE CONFIRMATION THAT OUR REPLY SHOULD TAKE ACCOUNT OF PARA3 OF THE KOREAN EMBASSY'S NOTE WHICH CITES THE PROVISION OF THE UTILITIES AGREEMENT THAT "THE OBLIGATION TO REIMBURSE THE ROK WILL BE THE RESPONSIBILITY OF THE RESPECTIVE GOVTS WHICH WILL SETTLE ON TERMS AND CURRENCIES TO BE AGREED UPON". IN THE LIGHT OF THIS PROVISION OUR COMMUNICATION TO THE KOREAN EMBASSY SHOULD PRESUMABLY SAY SOMETHING TO THE EFFECT THAT "SINCE THE LOCAL FINANCIAL ARRANGEMENTS FOR THE CDN UNITS IN KOREA WERE HANDLED UNTIL JUN30/56, BY THE KOREAN OPERATIONS POOL ACCOUNT OF THE BRITISH COMMONWEALTH FORCES IN KOREA, AND SINCE FROM JUL1/56, UNTIL JUN30/57, THE CDN COMPONENT OF THE COMMONWEALTH CONTINGENT OBTAINED ITS REQUIREMENTS FOR UTILITY SERVICES THROUGH THE UK UNITS, THE CDN GOVT PROPOSES THAT CDA'S INDEBTEDNESS TO THE GOVT OF THE ROK ARISING OUT OF THE UTILITIES AGREEMENT BE SETTLED AS A MATTER OF CONVENIENCE THROUGH THE GOOD OFFICES OF THE UK GOVT, WHICH HAS MAINTAINED THE CENTRAL ACCOUNTS CONCERNED. THE CDN GOVT TRUSTS THAT THIS ARRANGEMENT WILL BE SATISFACTORY TO THE GOVT OF THE ROK".

3. AS A MATTER OF COURTESY YOU MIGHT WISH TO CLEAR THE RELEVANT WORDING WITH THE FO.

4. WE SHOULD ALSO APPRECIATE YOUR ADVICE AS TO WHETHER OUR NOTE TO THE KOREAN EMBASSY SHOULD MAKE ANY REF TO THE KOREAN SUGGESTION THAT PAYMENT OF THE CDN DEBT COULD BE EITHER IN CDN OR USA CUR

RENCY. WE PRESUME THE UK WOULD SETTLE THE GENERAL COMMONWEALTH ACCOUNT IN POUNDS.

DEPARTMENT OF EXTERNAL AFFAIRS, CANADA.

(DUPLICATE)

NUMBERED LETTER

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

Security: ~~RESTRICTED~~.....

No: 326.....

FROM: THE CANADIAN EMBASSY, WASHINGTON, D.C.



Date: March 3, 1959.....

Enclosures:.....

Reference: Your Telegram 1-24 of Feb.....

Air or Surface Mail: Courier.....

Subject: Korean Claims Negotiations.....

Post File No: ~~254357-3~~.....

Ottawa File No.	

References

We enclose copies of a Note dated February 24 which we have received from the Acting Secretary of State informing us officially of the signing of the Utilities Claims Settlement Agreement in Seoul on December 18, 1958. Also enclosed are two certified copies of the Utilities Claims Settlement Agreement and two photographic copies of two letters relating to a reservation made by the Government of Sweden with respect to Article VI of the Agreement. We have sent an acknowledgement to the State Department of the receipt of these documents.

2. We have been in touch with the British Embassy concerning this matter and have been informed that no action has been taken by the War Office to settle the Commonwealth portion of the claim of the Republic of Korea since they wish to be officially informed about the signing of the Agreement before taking action. Now that this information has been received by the Governments concerned the War Office will presumably take steps to settle the claim. As soon as we receive word from the British Embassy that the War Office is proceeding to the settlement of the claim we shall inform the Korean Embassy of the manner in which our own claim will be settled.

Internal Circulation

Distribution to Posts

London
 Tokyo ✓
 (no enclosure)

NO.		INIT.
1	AMBASSADOR COUNSELLOR 1st SEC.	
2	2nd SEC. (P) 2nd SEC. (C) A.O. CONSULAR CL. T.C. D.N.D. (M.A.) D.N.R.	

S.F. RAE

The Embassy.

7-2-4-2

TELEGRAM



RESTRICTED

PRIORITY

FM EXTERNAL OTT FEB20/59 RESTD
TO WASHDC L34 PRIORITY
INFO LDN TOKYO
BAG CNBRA WLGTN FM LDN

REF OUR TEL 1695 AUG6/57

KOREAN CLAIMS NEGOTIATIONS

WE HAVE RECEIVED THE FOLLOWING LET FROM DND IN CONNECTION
WITH THE ABOVE SUBJECT:

NO.		INIT.
	AMBASSADOR	
	COUNSELLOR	
3	SEC	
	2nd SEC. (P)	
1	2nd SEC. (G)	
	A.O.	
	CONSULAR CI.	
	T. & C.	
2	D.N.D. (M.A.)	R
	D.N.R.	

2 name

"YOU WILL RECALL THAT IT WAS AGREED THAT THE UK WOULD SETTLE WITH THE KOREANS IN THE FIRST INSTANCE FOR THE WHOLE OF THE COMMONWEALTH'S SHARE OF THE CLAIM AND THEREAFTER RECOVER THROUGH THE KOREAN OPERATIONS POOL ACCOUNT FOR THE PORTION OF THE LIABILITIES OCCURRED UP TO JUN30/56 AND FROM INDIVIDUAL COMMONWEALTH COUNTRIES FOR THEIR PROPORTIONATE SHARES OF LIABILITIES FROM JUL1/56 TO JUN30/57.

WE HAVE BEEN IN TOUCH WITH THE WAR OFFICE FOR SOME TIME ON THIS MATTER AND AS RECENTLY AS JAN30/59 HAVE BEEN ADVISED THAT NO RPT NO PAYMENT HAD BEEN MADE TO THE KOREANS SINCE, DESPITE THEIR EFFORTS TO HASTEN THINGS IN WASHDC, IT WAS THE UNDERSTANDING OF THE WAR OFFICE THAT THE AGREEMENT HAD NOT RPT NOT BEEN SIGNED BY THE USA UP TO THAT DATE. WE HAVE TODAY WRITTEN THE WAR OFFICE (COPY OF MY LET ATTACHED) ADVISING THEM THAT THE AGREEMENT HAS, IN FACT, BEEN SIGNED AND INFORMING THEM THAT THE KOREANS HAVE APPROACHED THE CDN GOVT FOR PAYMENT. YOU WILL NOTE THAT I HAVE ASKED THE BRITISH ABOUT THEIR INTENTION TO SETTLE THE COMMONWEALTH PORTION OF THE CLAIM AND AS A MEANS OF EXPEDITING PAYMENT TO THE KOREANS I HAVE SENT THE BRITISH A CHEQUE IN THE AMOUNT OF DOLLARS 2,438 (USA) COVERING OUR LIABILITY FOR THE PERIOD SUBSEQUENT TO JUL1/56, AS AGREED BETWEEN THE ARMY AND THE WAR OFFICE. CDA WILL BE BILLED AT A LATER DATE THROUGH THE KOPA FOR OUR SHARE OF THE CLAIMS APPLICABLE TO THE PERIOD PRIOR TO JUN30/56.



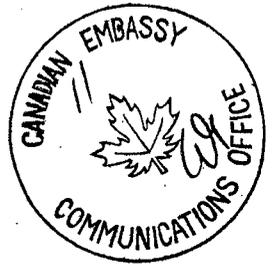
PAGE TWO L34

PERHAPS YOU MIGHT ACQUAINT OUR EMBASSY AT WASHDC WITH THE PRESENT SITUATION AND ASK THAT THEY REQUEST THE BRITISH EMBASSY TO INFORM LDN THAT THE AGREEMENT HAS BEEN SIGNED AND THAT WE WOULD BE GRATEFUL FOR ANY STEPS THAT THEY COULD TAKE TO HASTEN SETTLEMENT OF THE COMMONWEALTH PORTION OF THE KOREAN CLAIM. AS FAR AS THE KOREAN REPRESENTATIONS ARE CONCERNED, IT MIGHT BE ADVISABLE IN REPLY TO INFORM THEM THAT IT IS OUR INTENTION THAT THE BRITISH SETTLE THE CLAIM ON OUR BEHALF AND THAT WE EXPECT THAT THIS WILL TAKE PLACE IN THE VERY NEAR FUTURE."

WOULD YOU PLEASE, THEREFORE, SPEAK TO THE BRITISH AND SOUTH KOREANS ALONG THE LINE SUGGESTED BY NATIONAL DEFENCE AND KEEP US INFORMED.

TELEGRAM

RESTRICTED



FM WASHDC FEB10/59 RESTD
TO EXTERNAL 341
INFO LDN
TT TOKYO FM OTT
BAG CNBRA WLGTN FM LDN
REF OURTEL 1695 AUG6/57

NO.		INIT.
1	AMBASSADOR	
2	COUNSELLOR	
	1st SEC.	
	2nd SEC. (P)	
3	2nd SEC. (C)	
	A.O.	
	CONSULAR CL.	
	T. & C.	
	D.N.D. (M.A.)	
	D.N.R.	

file
LGM

KOREAN CLAIMS NEGOTIATIONS

FOLLOWING IS THE TEXT OF NOTE DATED FEB6 FROM THE KOREAN EMBASSY ON THIS SUBJECT: BEGINS:

EXCELLENCY, I HAVE THE HONOR TO DRAW YOUR ATTENTION TO THE UTILITIES AGREEMENT BETWEEN THE GOVT OF THE REPUBLIC OF KOREA AND THE GOVT OF THE USA AS UNIFIED COMMAND, THE USA SIGNING ON ITS OWN BEHALF AS WELL AS ON BEHALF OF CERTAIN OTHER GOVTS ON DEC18, 1958 IN SEOUL.

UNDER THE TERMS OF THE AGREEMENT CDA IS INDEBTED TO THE REPUBLIC OF KOREA IN THE AMOUNT OF DOLLARS 7,374.83 IN USA 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 OCT1/55 THROUGH JUN30/57.

ACCORDING TO THE PROVISION OF PARA3, ARTICLE III OF THE SAID AGREEMENT, THE OBLIGATION TO REIMBURSE THE REPUBLIC OF KOREA WILL BE THE RESPONSIBILITY OF THE RESPECTIVE RESPONSIBLE GOVTS WHICH WILL SETTLE ON TERMS AND CURRENCIES TO BE AGREED UPON. MY GOVT IS AGREEABLE TO PAYMENT EITHER IN CDN OR IN USA CURRENCY.

IT IS THE DESIRE OF MY GOVT THAT THIS MATTER BE SETTLED AS SOON AS POSSIBLE. I SHALL APPRECIATE IT GREATLY IF YOUR EXCELLENCY WILL BE SO KIND AS TO RENDER ASSISTANCE IN ARRIVING AT AN EARLY ARRANGEMENT FOR THE PAYMENT OF THE SUM INDICATED ABOVE.

ACCEPT, EXCELLENCY, THE RENEWED ASSURANCES OF MY HIGHEST CONSIDERATION.

(SIGNED) YOU CHAN YANG

ENDS B

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

TELEGRAM

CONFIDENTIAL



FM WASHDC FEB10/59 CONFD
TO EXTERNAL 340.
INFO LDN
TT TOKYO FM OTT
BAG CNBRA WLGTN FM LDN
REF OURTEL 1695 AUG6/57

NO.		INIT.
1	AMBASSADOR	B
2	GOV. SECRETOR	
	1st SEC.	
	2nd SEC. (D)	
3	3rd SEC. (C)	
	I.O.	
	CONSULAR CL.	
	T. & C.	
	D.N.D. (M.A.)	
	D.N.R.	

KOREAN CLAIMS NEGOTIATIONS

TEXT OF NOTE FROM THE KOREAN EMBASSY ON THIS SUBJECT IS BEING SENT IN AN ACCOMPANYING TEL.

*file
JGM*

2. WE CALLED LITTLE OF THE KOREAN DESK YESTERDAY AND HE CONFIRMED THAT THE CLAIMS AGREEMENT HAD BEEN SIGNED IN SEOUL ON DEC 18. HE SAID WE WOULD SHORTLY RECEIVE A CERTIFIED COPY OF THE SIGNED AGREEMENT. THE LONG DELAY IN THE SIGNING OF THE AGREEMENT AROSE FROM THE NEED (AS INDICATED BY THE STATE DEPT LEGAL AUTHORITIES) TO OBTAIN THE CONCURRENCE OF ALL THE GOVTS WHO HAD BEEN INVOLVED IN THE KOREAN OPERATION, WHETHER OR NOT RPT NOT THEY HAD ANY FINANCIAL LIABILITY FOR UTILITIES CLAIMS; THERE HAD ALSO BEEN A TWO AND A HALF MONTHS' DELAY IN GETTING A SATISFACTORY KOREAN TRANSLATION OF THE AGREEMENT.

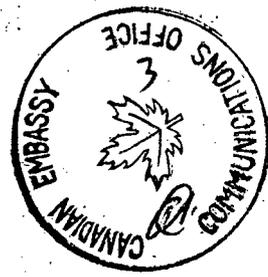
3. NEITHER THE AUSTRALIAN NOR THE UK EMBASSIES HERE HAVE RECEIVED SIMILAR NOTES, PRESUMABLY BECAUSE BOTH AUSTRALIA AND THE UK HAVE OTHER CHANNELS OF COMMUNICATION WITH THE KOREAN GOVT. THE NZ EMBASSY HAS RECEIVED A NOTE FROM THE KOREAN EMBASSY AND LIKE THE ONE ADDRESSED TO US, IT SPECIFIES IN USA DOLLARS THE AMOUNT OF INDEBTEDNESS TO THE KOREAN GOVT. ALTHOUGH THE UK EMBASSY WAS UNABLE TO ENLIGHTEN US ON THIS POINT, WE PRESUME THE AMOUNT OF CDN INDEBTEDNESS SPECIFIED IN THE KOREAN NOTE IS PRORATED FROM THE TOTAL COMMONWEALTH INDEBTEDNESS OF DOLLARS 203,725. IN ACCORDANCE WITH THE STANDARD FIXED FORMULA WHICH APPLIES TO THE KOREAN OPERATIONS POOL ACCOUNT.

4. WE HAVE SENT A SIMPLE ACKNOWLEDGEMENT TO THE KOREAN NOTE, AND WILL AWAIT YOUR INSTRUCTIONS WITH RESPECT TO A FURTHER REPLY.

TELEGRAM



7-2-4-2	
EXD By	FILED By



FM WASHDC AUG6/57 CONFID
 TO EXTERNAL 1695
 INFO LDN
 TT TOKYO FM OTT
 BAG CNBRA WLGTN FM LDN

REF YOUR L127 AUG2

KOREAN CLAIMS NEGOTIATIONS

WE INFORMED NES(KOREAN DESK OFFICER) YESTERDAY OF CANADIAN APPROVAL
 OF THE DRAFT UTILITIES CLAIMS AGREEMENT

CONFIDENTIAL

ROBERTSON

NO.	INIT.
AMBASSADOR	
NEWTON <i>2m</i>	
HALSTEAD	
GORHAM	
SMITH	
CHOCUETTE <i>999</i>	
MISS CURRIE	

File 211

TELEGRAM



7-2-4-2	
INDEXED By	FILED By

CONFIDENTIAL

FM EXTERNAL OTT AUG2/57 CONFD
 TO WASHDC L127
 INFO LDN TOKYO
 BAG CNBRA WLGTN FM LDN

REF YOUR TEL 1646 JUL29

KOREAN CLAIMS NEGOTIATIONS

IN VIEW OF CIRCUMSTANCES OUTLINED IN YOUR REF TEL IT WOULD
 APPEAR THAT THERE WOULD BE NO ADVANTAGE IN OUR CONTINUING TO
 PRESS FOR FURTHER CLARIFICATION REGARDING ADDITIONAL CLAIMS BY
 THE KOREAN GOVT AND YOU MAY THEREFORE INFORM STATE DEPT THAT
 WE APPROVE THE DRAFT UTILITIES CLAIMS AGREEMENT AND AUTHORIZE
 ITS SIGNATURE ON CANADA'S BEHALF BY THE USA REP.



NO.	INIT.
AMBASSADOR	
NEWTON <i>in</i>	
J. HALSTEAD	
GORHAM	
SMITH	
CHOQUETTE <i>926</i>	
MISS CURRIE	

Mr. Broadbill advised orally Aug 6, 57 JLF

file 72

CONFIDENTIAL

FM WASHDC JUL29/57 CONFD
TO EXTERNAL 1646 PRIORITY
INFO LDN
TOKYO FM OTT
BAG CNBRA WLGTN FM LDN

PRIORITY

REF YOUR TEL L124 JUL26

KOREAN CLAIMS NEGOTIATIONS

WE OBTAINED TODAY FROM BARBIS OF THE STATE DEPT KOREAN DESK SOME FURTHER CLARIFICATION OF THE POINT RAISED IN YOUR PARA 2.

2. BARBIS SAID THAT THE LANGUAGE OF PARA 4 OF THE PREAMBLE OF THE DRAFT UTILITIES AGREEMENT DETAILS ALL THE VARIOUS THINGS SUPPLIED BY THE USA AS THE UNIFIED COMMAND AND THE ROK, AND THAT THE UTILITIES AGREEMENT AND THE PROPOSED UNILATERAL STATEMENT ON REAL ESTATE CLAIMS WOULD NOT COVER ALL THE MATTERS ENUMERATED IN THE PREAMBULAR PARA 4. THE UNC, PENTAGON AND THE STATE DEPT DO NOT, HOWEVER, KNOW OF ANY OTHER OUTSTANDING CLAIMS OTHER THAN THOSE WHICH WILL BE COVERED BY THE UTILITIES AGREEMENT AND THE UNILATERAL STATEMENT ON REAL ESTATE CLAIMS, WITH THE EXCEPTION OF SOME TORT AND PERSONAL INJURY CLAIMS. BARBIS AGREED THAT IT WAS THEORETICALLY POSSIBLE THAT THE ROK COULD SUBSEQUENTLY RAISE CLAIMS WITH RESPECT TO THE FACILITIES, MATERIALS, SUPPLIES AND EQUIPMENT MENTIONED IN THE PREAMBULAR PARA 4.

3. BARBIS WENT ON TO EXPLAIN, HOWEVER, THAT IN THE OPINION OF THE PENTAGON LAWYERS THE FACT THAT THESE VARIOUS MATTERS ARE ENUMERATED IN PREAMBULAR PARA 4 HAS NO EFFECT ON THE POSITION OF EITHER SIDE WITH RESPECT TO SUCH THEORETICALLY POSSIBLE CLAIMS. IN THE OPINION OF THESE LAWYERS, THE LANGUAGE OF PREAMBULAR PARA 4 IN NO WAY COMMITS THE UN COMMAND TO RECOGNIZE ANY SUCH OTHER CLAIMS AS MAY BE RAISED, NOR DOES IT STRENGTHEN THE POSITION OF THE ROK GOVT SHOULD THEY DECIDE TO PUT FORWARD SOME OTHER CLAIMS. BARBIS SAID THAT HE WAS UNAWARE OF THE NEGOTIATING HISTORY OF PREAMBULAR PARA 4 AND HE DID NOT KNOW WHETHER THE ROK NEGOTIATORS HAD INSISTED ON THE PRESENT WORDING. HE SAID THAT IT WAS THE VIEW OF THE PENTAGON LAWYERS THAT IT WOULD BE IMPOSSIBLE TO OBTAIN ANY FIRM ROK ASSURANCE THAT NO OTHER CLAIMS WOULD BE PUT FORWARD IN RESPECT OF THE VARIOUS MATTERS ENUMERATED IN PREAMBULAR PARA 4.

PAGE TWO 1646

FURTHERMORE THE UN COMMAND HAD RECOMMENDED AGAINST REQUESTING THE ROK FOR ANY ASSURANCES TO THIS EFFECT SINCE IT IS BELIEVED THAT ANY SUCH ATTEMPT WOULD TORPEDO ANY CHANCES OF CONCLUDING THE UTILITIES CLAIMS AGREEMENT.

4. ON THE BASIS OF WHAT BARBIS HAD TO SAY WE BELIEVE THE STATE DEPT WOULD RESIST VERY STRONGLY ANY PROPOSAL THAT AS A CONDITION TO SIGNING THE AGREEMENT THE UN COMMAND SHOULD INFORM THE KOREANS THAT THEY WOULD NOT RECOGNIZE ANY OTHER CLAIMS AS MIGHT ARISE IN CONNECTION WITH THE OTHER MATTERS MENTIONED IN PARA 4 OF THE PREAMBLE OF THE DRAFT UTILITIES AGREEMENT.

5. WE WILL AWAIT YOUR FURTHER INSTRUCTIONS BEFORE NOTIFYING THE STATE DEPT OF OUR APPROVAL OF THE DRAFT AGREEMENT

ROBERTSON

TELEGRAM

7-2-4-2



210-7-13

EXED By	FILED By

CONFIDENTIAL



FM EXTERNAL OTT JUL26/57 CONF
 TO WASHDC L124 PRIORITY
 INFO LDN TOKYO
 BAG CNBRA WLGTN FM LDN

PRIORITY

REF YOUR TEL 1617 JUL24

KOREAN CLAIMS NEGOTIATIONS

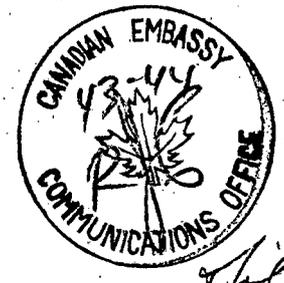
MINISTERS HAVE APPROVED THE FINAL DRAFT AGREEMENT AND AUTHORIZED ITS SIGNATURE BY USA REP ON CANADA'S BEHALF.

2. HOWEVER, BEFORE YOU NOTIFY THE STATE DEPT OF OUR APPROVAL OF THE DRAFT AGREEMENT WE WOULD LIKE CLARIFICATION OF A POINT IN PARA 2 OF YOUR REF TEL WHICH WE STILL FIND SOMEWHAT CONFUSING. PARA 2 OF YOUR TEL READS IN PART: "BARBIS SAID THAT THE FOURTH PARA OF THE PREAMBLE OF THE PROPOSED AGREEMENT IS MEANT TO COVER ONLY THOSE MATTERS SPECIFICALLY STATED, NAMELY, "FACILITIES, MATERIALS, SUPPLIES, EQUIPMENT, UTILITIES, SERVICES AND MONIES", AND THAT TO THE COMMAND'S KNOWLEDGE THERE ARE NO OTHER CLAIMS FOR GOODS AND SERVICES". WE INTERPRET THIS TO MEAN THAT THERE ARE NO CLAIMS OTHER THAN THOSE ARISING FROM PARA 4 OF THE PREAMBLE. SINCE PARA 4 REFERS NOT ONLY TO UTILITIES BUT ALSO TO FACILITIES, MATERIALS, SUPPLIES, AND EQUIPMENT IT WOULD SEEM THAT IN ADDITION TO THE UTILITIES CLAIMS COVERED BY THE AGREEMENT THERE MAY BE OUTSTANDING CLAIMS WITH RESPECT TO FACILITIES, MATERIALS, SUPPLIES AND EQUIPMENT.

3. PERHAPS YOU COULD CLARIFY THIS POINT BY A PHONE CALL TO THE STATE DEPT.

FM WASHDC JUL24/57 CONF
TO EXTERNAL 1617
INFO LDN
T TOKYO FM OTT
B CNBRA WLGTN FM LDN

NO.	INIT.
AMBASSADOR	
NEWTON <i>m</i>	
HALSTEAD	
GORHAM	
SMITH	
SCHOQUETTE <i>gll</i>	
MISS CURRIE	



File m

REF OUR TEL 1517 JUL5

KOREAN CLAIMS NEGOTIATIONS

BARBIS, OF THE KOREAN DESK, ASKED US TO CALL ON HIM THIS MORNING TO GIVE US THE REPLY RECEIVED FROM THE UN COMMAND IN SEOUL TO THE QUESTION WE RAISED WITH THE STATE DEPT(OUR REF TEL5.

2. BARBIS SAID THAT THE FOURTH PARA OF THE PREAMBLE OF THE PROPOSED AGREEMENT IS MEANT TO COVER ONLY THOSE MATTERS SPECIFICALLY STATED, NAMELY, "FACILITIES, MATERIALS, SUPPLIES, EQUIPMENT, UTILITIES, SERVICES AND MONIES", AND THAT TO THE COMMAND'S KNOWLEDGE THERE ARE NO OTHER CLAIMS FOR GOODS AND SERVICES. BARBIS REPEATED WHAT LITTLE HAD TOLD US TO THE EFFECT THAT THE USA HAVE FORMALLY NOTIFIED THE KOREANS THAT THEY WILL NOT ACCEPT ANY REAL ESTATE CLAIMS. BARBIS TOLD US THAT THERE ARE SOME TORT CLAIMS AND THAT THE DEPT OF LABOUR HAVE SENT AN EXPERT TO KOREA TO REVIEW AND STUDY THE SITUATION. IN REPLYING TO THE STATE DEPT'S QUERY MADE ON OUR BEHALF THE UNC EXPRESSED THE HOPE THAT THE FOREGOING INFO WOULD CLEAR UP ANY UNCERTAINTIES IN YOUR MIND.

3. WITH REGARD TO OUR ENQUIRY CONCERNING UTILITIES, BARBIS SAID THAT WORD HAD BEEN RECEIVED FROM THE COMMAND TO THE EFFECT THAT THE CONTRACT HAD NOW BEEN SIGNED. IT CONTAINS TWO PARTS WHICH SEEM, TO THE COMMAND AT LEAST, TO MEET THE POINTS MADE BY OUR EMBASSY IN TOKYO WHEN TAKING UP THE MATTER. THESE PARAS READ AS FOLLOWS:
ARTICLE 1, PARA 2. "THE CONTRACTORS HEREBY DECLARE THAT THE SAID RATES AND CHARGES FOR SERVICES FURNISHED TO THE SERVICE LOCATIONS OF THE GOVT UNDER THIS CONTRACT ARE NOT IN EXCESS OF RATES FOR COMPARABLE CUSTOMERS OF THE CONTRACTORS TAKING INTO CONSIDERATION ALL PERTINENT FACTORS ENTERING INTO THE ESTABLISHMENT OF THE RATES TO OTHER CUSTOMERS OF THE CONTRACTORS COVERING COMPARABLE CONDITIONS OF SERVICE, AND AGREES THAT DURING THE LIFE OF THIS CONTRACT, THE GOVT SHALL CONTINUE TO BILLER IT THE LOWEST AVAILABLE RATE TO ANY USER, GOVT OR PRIVATE."

PAGE TWO 1617

ARTICLE 16, PARAG. "THE CONTRACTOR HEREBY AGREES THAT ALL THE TERMS AND CONDITIONS OF THIS CONTRACT SHALL BE APPLICABLE TO OTHER FORCES OF THE UNIFIED COMMAND." (CONTRACTS FOR WATER AND COMMUNICATIONS HAVE SUBSTANTIALLY THE SAME LANGUAGE.)

4. IN REPLY TO OUR QUESTION BARBIS SAID THAT THE STATE DEPT SUPPORTED THE VIEW OF THE UNC THAT THE ABOVE WORDING SHOULD MEET OUR POINT AND FEEL THAT THE GOVTS CONCERNED ARE ADEQUATELY PROTECTED. ALTHOUGH A CHANGE IN WORDING COULD BE EFFECTED BY AN EXCHANGE OF NOTES, IT WAS THE STATE DEPT'S FEELING THAT SUCH ACTION MIGHT NOT ONLY CONFUSE THE KOREANS BUT RAISE THEIR SUSPICIONS.

5. WE ASKED BARBIS WHETHER ALL THE GOVTS CONCERNED HAD GIVEN THEIR CONSENT TO SIGNATURE OF THE PROPOSED SETTLEMENT AGREEMENT. HE SAID THAT SO FAR APPROVAL HAD BEEN GIVEN ONLY BY NZ AUSTRALIA THE UK AND THAILAND. THE STATE DEPT ARE CURRENTLY ENDEAVOURING TO HASTEN THE APPROVAL OF THE OTHER SIX GOVTS AND HE HOPED THAT OURS WOULD BE FORTHCOMING AT AN EARLY DATE IN THE LIGHT OF THE INFO GIVEN ABOVE.

ROBERTSON

DEPARTMENT OF EXTERNAL AFFAIRS
OUTGOING MESSAGE

DUPLICATE

~~210-7-13~~
7-2-4-2

THE CANADIAN EMBASSY, TOKYO, JAPAN

CONFIDENTIAL

REPEAT WASHDC AND LONDON FOR INFO

BY BAG TO CANBERRA & WELLINGTON FROM LONDON

87

5 JULY 1957



XXX

YOUR TEL L104 JULY 3

PRIORITY

KOREAN CLAIMS NEGOTIATIONS

J.G.H.Halstead
/jt

WE TOOK LIBERTY OF DISCUSSING POINT RAISED
YOUR REF TEL WITH COLONEL RILEY (UN COMMAND) WHO HAS
BEEN INVOLVED IN THESE NEGOTIATIONS FROM BEGINNING.
IN HIS VIEW THERE ARE NO FACILITIES, MATERIALS,
SUPPLIES OR EQUIPMENT PROVIDED BY ROK WHICH ARE NOT
COVERED BY THIS SETTLEMENT OF UTILITIES CLAIMS OR BY
UN COMMAND'S STATEMENT ON REAL ESTATE CLAIMS. YOU
WILL RECALL THAT, WITH RESPECT TO REAL ESTATE CLAIMS,
UN COMMAND'S STATEMENT OF NON-RECOGNITION APPLIED TO
ALL REAL ESTATE AND NOT JUST REAL ESTATE CONNECTED
WITH UTILITIES SERVICES.

2. ON OTHER HAND, THIS AGREEMENT, AS STATED IN
ARTICLE II, IS LIMITED TO CLAIMS AND COUNTERCLAIMS
ARISING FROM RENDITION OF UTILITIES SERVICES ONLY AND
THEREFORE LEAVES OUT OF ACCOUNT ENTIRELY WHOLE FIELD
OF PERSONAL INJURY, WHERE KOREANS MAY SUBMIT CLAIMS.
WE ARE TOLD THAT THIS QUESTION OF TORT CLAIMS WAS AT
ONE TIME CONSIDERED FOR INCLUSION IN THE PRESENT AGREE-
MENT BUT THAT STATE DEPARTMENT DECIDED TO EXCLUDE IT

- 2 -

BECAUSE OF ITS POLITICAL OVERTONES. ROUGH ESTIMATE OF SUCH CLAIMS SUBMITTED BY INDIVIDUAL KOREANS BUT SO FAR COMPLETELY UNPROCESSED IS \$2 - 3 MILLION. NOTHING IN THE PREAMBLE TO THE PRESENT AGREEMENT WOULD IMPLY RECOGNITION OF CLAIMS SUCH AS THESE.

3. OUR COMMONWEALTH COLLEAGUES HAVE NOTHING TO ADD TO THESE VIEWS.

NEWTON



TELEGRAM

7-2-4-2

210-7-13

INDEXED By	FILED By

CONFIDENTIAL

FM WASHDC JUL5/57 CONF
 TO EXTERNAL 1517
 INFO LDN
 TT TOKYO FM OTT
 BAG CNBRA WLGTN FM LDN
 REF YOUR TEL L104 JUL3

NO.	INIT.
AMBASSADOR	
NEWTON	2
LITTLE	
GORHAM	
SMITH	
CHOQUETTE	
MISS CURRIE	



File in

KOREAN CLAIMS NEGOTIATIONS

WE TOOK UP THE SUBJECT MATTER OF YOUR TEL UNDER REF
 WITH CHARLES LITTLE OF THE KOREAN DESK.

2.ON THE POINT CONTAINED IN PARA ONE OF YOUR TEL LITTLE ASSURED
 US THAT THE USA REP WOULD NOT SIGN THE AGREEMENT BEFORE OUR
 APPROVAL HAS BEEN GIVEN.HE ADDED THAT SIGNATURE IS LIKELY TO BE
 POSTPONED UNTIL ABOUT AUG1 BECAUSE THE APPROPRIATE AUTHORITIES IN
 THE PENTAGON ARE NOW IN THE PROCESS OF LOOKING FOR UNSPENT
 ALLOCATIONS FROM THE LAST FISCAL YEAR'S MONIES WITH WHICH TO MEET
 THE CLAIMS.IT IS THEIR INTENTION INSOFAR AS POSSIBLE TO MEET ALL
 THESE CLAIMS WITHOUT RESORTING TO APPROPRIATIONS FOR THE CURRENT
 FISCAL YEAR.ADDITIONALLY,A NUMBER OF INTERESTED GOVTS HAVE NOT,AS
 YET SIGNIFIED THEIR APPROVAL OF THE AGREEMENT.

3.ON THE POINT CONTAINED IN PARA TWO OF YOUR TEL,LITTLE SAID THAT
 HE APPRECIATED YOUR POINT AND THOUGHT IT WELL TAKEN.HE HIMSELF
 WAS NOT CERTAIN WHETHER THE IMPLICATION DRAWN MIGHT BE JUSTIFIED
 BUT HE WOULD CONSULT WITH THE UN COMMAND,AND LET US KNOW.IN THE
 MEANTIME,HE COULD SAY THAT THE USA HAVE FORMALLY NOTIFIED THE
 KOREANS THAT THEY WILL NOT ACCEPT ANY REAL ESTATE CLAIMS AND THE
 ONLY TYPE OF CLAIM AS YET UNSETTLED TO HIS KNOWLEDGE WERE THOSE
 IN THE GENERAL CATEGORY OF PERSONAL INJURIES,EG,AN ARMY VEHICLE
 INJURING A PEDESTRIAN.THE PROCEDURE FOR DEALING WITH THIS TYPE
 OF CLAIM IS NOW BEING WORKED OUT

ROBERTSON



TELEGRAM

7-2-4-2
210-7-73

INDEXED By	FILED By

CONFIDENTIAL

PRIORITY

Mr. Halstead:
Do you want me to take the action re end of para 2 or has it already been taken?
Thanks, already taken.
JH

NO.	INIT.
AMBASSADOR	
NEWTON <i>2m</i>	
HALSTEAD	
GORHAM	
SMITH	
CHOQUETTE <i>2m</i>	
MISS CURRIE	



FM EXTERNAL OTT JUL3/57 CONF D
TO WASHDC L104 PRIORITY
TOKYO PRIORITY
INFO LDN
BAG CNBRA WLGTN FM LDN

REF YOUR TELS 1452 JUN24 1491 JUN28

KOREAN CLAIMS NEGOTIATIONS

WE EXPECT TO SUBMIT THE DRAFT AGREEMENT TO MINISTERS FOR APPROVAL WITHIN THE NEXT FEW DAYS. MEANWHILE, WE TRUST THAT THERE IS NO POSSIBILITY THAT THE USA REP WILL SIGN THE AGREEMENT BEFORE OUR APPROVAL HAS BEEN GIVEN.

2. THERE IS ONE POINT ON THE DRAFT AGREEMENT ON WHICH WE WOULD APPRECIATE CLARIFICATION. THE FOURTH PREAMBULAR PARA OF THE AGREEMENT REFERS TO "FACILITIES, MATERIALS, SUPPLIES, EQUIPMENT, UTILITY SERVICES AND MONIES" PROVIDED BY THE USA, ACTING IN ITS CAPACITY AS THE UNIFIED COMMAND, AND BY THE REIPUBLIC OF KOREA. THIS SEEMS TO IMPLY THAT THERE ARE OTHER OUTSTANDING CLAIMS FOR WHICH THE KOREANS WILL BILL US AND WE WOULD WANT TO MAKE SURE THAT THIS IS NOT THE CASE BEFORE ENTERING INTO ANY AGREEMENT ON LOCAL UTILITIES. WOULD YOU PLEASE SEEK CLARIFICATION ON THIS POINT WITH THE STATE DEPT. OUR EMBASSY IN TOKYO MIGHT ALSO WISH TO CONSULT THEIR COMMONWEALTH COLLEAGUES AND LET US KNOW THEIR VIEWS ON THIS POINT.

3. IF IT APPEARS THAT IT IS POSSIBLE THAT THE KOREANS WILL SUBMIT ADDITIONAL CLAIMS FOR FACILITIES, MATERIALS, SUPPLIES AND EQUIPMENT, THEN WE WOULD EXPECT, AS A CONDITION TO SIGNING THE AGREEMENT, THAT THE UN COMMAND WOULD INFORM THE KOREANS, AS THEY DID IN THE CASE OF REAL ESTATE, THAT WE WOULD NOT RECOGNIZE ANY SUCH CLAIMS.

CONFIDENTIAL

5/K/5

INWARD CABLE

File
JH

~~210-7-13~~

7-2-4-2

FROM: EXTERNAL AFFAIRS, WELLINGTON.

TO: N.Z. LEGATION, TOKYO.

DATED: WELLINGTON, 28 June 1957. REC'D: 29.6.57.

NO. 42. CONFIDENTIAL.

TOTARA 133. Repeated ZEALOUS 42.

SETTLEMENT OF CLAIMS IN KOREA. Your 156.

Please inform State Department that, subject to concurrence of other Commonwealth Governments, the New Zealand Government accepts -

- (A) Text of settlement agreement as suitable for signature by the United States on behalf of UNC.
- (B) The sum of dollars 203,725 as Commonwealth share.

(Signed) EXTERNAL.

CONFIDENTIAL

FM WASHDC JUN28/57 CONFD
TO EXTERNAL 1491 PRIORITY
INFO LDN
TOKYO FM OTT
BAG CNBRA WLGTN FM LDN
REF OUR TEL 1483 JUN27

NO.
AMBASSADOR
NEWTON *m*
~~HALESTAD~~
GORHAM
SMITH
~~CHOCUETTE~~ *7*
MISS CURRIE



file m

KOREAN CLAIMS NEGOTIATIONS

AT A MEETING OF OLD COMMONWEALTH MISSIONS AT THE BRITISH EMBASSY THIS MORNING WHICH DE LA MARE CALLED IN CONNECTION WITH THE UN STATUS OF FORCES AGREEMENT IN JAPAN, DE LA MARE INFORMED US THAT THE PENTAGON, REVERSING THEIR FORMER POSITION, HAD NOW DECIDED THAT SWEDEN, GERMANY, TURKEY AND GREECE SHOULD BE EXPECTED TO CONTRIBUTE TO THE TOTAL AMOUNT OWING TO THE KOREANS. THE PENTAGON BELIEVE, THAT AS THE SHARE OF THESE COUNTRIES WOULD NOT BE LARGE, THE STATE DEPT SHOULD APPROACH THEM WITH A VIEW TO HAVING THEM PARTICIPATE IN THE AGREEMENT AT THE SAME TIME AS THE OTHER GOVTS. DE LA MARE WENT ON TO SAY THAT THE STATE DEPT HAD CONSIDERABLE MISGIVINGS ABOUT FACING THESE GOVTS WITH WHAT WOULD AMOUNT TO A FAIT ACCOMPLI WITHOUT ADEQUATE PRIOR CONSULTATION AND THAT THE STATE DEPT AND THE PENTAGON ARE NOW ATTEMPTING TO THRASH OUT THE POINT. IF BOTH THE STATE DEPT AND THE PENTAGON MAINTAIN THEIR POINTS OF VIEW IT SEEMS REASONABLE TO EXPECT THAT THERE MAY BE A DELAY OF POSSIBLY UP TO TWO MONTHS BEFORE THIS QUESTION CAN BE FINALLY SOLVED.

2. NEITHER THE NZ NOR THE AUSTRALIAN EMBASSIES HAVE RECEIVED FROM THEIR RESPECTIVE GOVTS AN INDICATION OF THEIR ACCEPTANCE OF THE AGREEMENT. THE UK EMBASSY HAS RECEIVED THE NECESSARY AUTHORITY TO INFORM THE STATE DEPT, SUBJECT TO CONCURRENCE OF THE INTERESTED COMMONWEALTH MISSIONS, THAT THEY CAN ACCEPT THE AGREEMENT. DE LA MARE SAID THAT HE DID NOT THINK THE DEVELOPMENT REPORTED IN THE FIRST PARA OF ^{our} YOUR TEL WOULD AFFECT THE FOREIGN OFFICE POSITION SINCE IT WOULD NOT BEAR ANY RELATION TO THE COMMONWEALTH SHARE

ROBERTSON

TOKYO - 2100

TELEGRAM

CONFIDENTIAL



FM WASHDC JUN27/57 CONFD
TO EXTERNAL 1483 PRIORITY
INFO LDN
TT TOKYO FM OTT
BAG CNBRA WLGTN FM LDN

REF YOUR TEL L102 JUN26

KOREAN CLAIMS NEGOTIATIONS

WE CONSULTED NES OF THE KOREAN DESK TODAY ABOUT THE POINTS RAISED
IN YOUR MSG.

2.NES SAID THAT IT WAS INTENDED THAT THE AGREEMENT SHOULD BE SIGNED
BY THE USA AMBASSADOR IN KOREA OR BY THE COMMANDER-IN-CHIEF, UN COMMAND
FOR THE UNIFIED COMMAND WHICH REPRESENTS ALL GOVTS PARTICIPATING IN
THE KOREAN OPERATION.NES SAID THAT THE STATE DEPT INTERPRETATION WAS
THAT WHEN THE KOREAN COMMAND WAS FIRST SET UP IN 1950 THE USA WAS
DESIGNATED AS THE UNIFIED COMMAND TO ACT ON BEHALF OF ALL PARTICIPA-
TING GOVTS.THE ARMISTICE AGREEMENT ITSELF HAD BEEN SIGNED ON
BEHALF OF THE UNIFIED COMMAND WITHOUT ANY SPECIAL AUTHORIZATION BY
THE OTHER PARTICIPATING GOVTS.CONSEQUENTLY IT IS THE STATE DEPT VIEW
THAT NOTHING IN THE NATURE OF A "FULL POWER" OR A LETTER FROM OTHER
GOVTS CONCERNED IS REQUIRED FOR SIGNATURE OF THE CLAIMS AGREE-
MENT ON BEHALF OF THE VARIOUS UN GOVTS CONCERNED

ROBERTSON

NO.	INIT.
AMBASSADOR	
NEWTON	
WALSTEAD	
GORHAM	
SMITH	
CHOQUETTE	
MISS CURRIE	

file m.

CONFIDENTIAL



FM EXTERNAL OTT JUN26/57 CONF D
TO WASHDC L102 PRIORITY
INFO LDN TOKYO
BAG CNBRA WLG TN FM LDN

REF UR TEL 1452 JUN24

KOREAN CLAIMS NEGOTIATIONS

IT IS NOT ENTIRELY CLEAR TO US FROM THE FINAL CLAUSE OF THE DRAFT AGREEMENT WHETHER IT IS INTENDED THAT THE PERSON SIGNING FOR THE USA AND UNIFIED COMMAND WILL ALSO BE SIGNING FOR THE OTHER UN GOVTS CONCERNED OR WHETHER REPS OF EACH OF THOSE GOVTS WILL SIGN SEPARATELY. WOULD YOU PLEASE CLARIFY THIS POINT WITH THE STATE DEPT.

2. IF A SINGLE REP IS TO SIGN FOR ALL, THEN WE WOULD BE INTERESTED IN KNOWING WHO HE WILL BE AND WHAT AUTHORIZATION HE WILL REQUIRE FROM THE VARIOUS GOVTS IN ORDER TO SATISFY THE KOREANS THAT HE HAS BEEN "DULY AUTHORIZED FOR THE PURPOSE". WOULD IT BE NECESSARY FOR US TO ISSUE A "FULL POWER" OR WOULD A LETTER FROM US TO THE APPROPRIATE US OR UNC AUTHORITY SUFFICE?

3. AS WE SHALL PROBABLY HAVE TO OBTAIN AUTHORIZATION FROM GOVERNOR IN COUNCIL, IT IS UNLIKELY THAT WE CAN APPROVE THE AGREEMENT FOR SIGNATURE FOR SEVERAL DAYS.

NO.	INIT.
AMBASSADOR	
NEWTON <i>m</i>	
HIRSTAD	
GORHAM	
SMITH	
ZENOQUETTE <i>gc</i>	
MISS CURRIE	

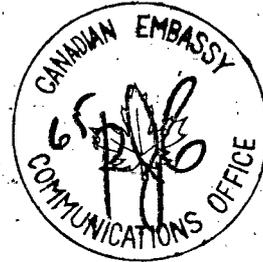
file - m



TELEGRAM

7-2-4-2

CONFIDENTIAL



FM EXTERNAL OTT JUN26/57 CONF
TO TOKYO L97
INFO LDN WASHDC
BAG CNBRA WLGTN FM LDN

REF YOUR TELS 75 JUN17 YI JUN3 YOUR LET 407 JUN4
KOREAN CLAIMS NEGOTIATIONS

SINCE IT WOULD APPARENTLY BE EMBARRASSING FOR UNC, WE DO NOT THINK
YOU SHOULD PRESS FOR THE AMENDMENT INCORPORATING THE EQUALITY
PRINCIPLE IN THE DRAFT AGREEMENT. THE MATTER IS NOT VITAL TO US AS
LONG AS WE HAVE SOME ASSURANCE THAT THE NEGOTIATIONS WILL IN FACT
BE BASED ON SUCH A PRINCIPLE, AND RILEY APPEARS NOW TO HAVE GIVEN
SUCH ASSURANCES IN HIS CONVERSATIONS WITH YOU.

NO.	INIT.
AMBASSADOR	
NEWSON	21
HALSTEAD	
GORTON	
SMITH	
CHOQUETTE	
MISS CURRIE	

file
21

DEPARTMENT OF EXTERNAL AFFAIRS
OUTGOING MESSAGE

DUPLICATE

7-2-4-2
210715

THE CANADIAN EMBASSY, TOKYO, JAPAN

CONFIDENTIAL

REPEAT FOR INFO TO WASHINGTON, LONDON

BY BAG TO CANBERRA & WELLINGTON FROM LONDON

Copies sent to British Embassy, Australian Embassy & New Zealand Legation
26 JUNE 1957

79



XXX

OUR TEL 75 JUNE 17 AND WASHDC TEL 1451 JUNE 24

OPIMMEDIATE

KOREAN CLAIMS NEGOTIATIONS

J.G.H. Halstead
/jt

HALSTEAD HAD TALK TODAY WITH COLONEL RILEY AND OBTAINED FURTHER DETAILS OF PROPOSED SETTLEMENT.

2. TOTAL ROK UTILITIES CLAIMS, EXCLUDING TAXES, WAS \$9.51 MILLION AND ORIGINAL UNC OFFSETS TOTALLED \$3.73 MILLION. ROK REPRESENTATIVES REFUSED TO RECOGNIZE VALIDITY OF MANY UNC COUNTERCLAIMS AND UNC REPRESENTATIVES WERE JUST AS FIRM IN DEFENDING POSITION. CONSEQUENTLY AN AGREED FIGURE COULD NOT BE REACHED BY DETAILED ACCOUNTING OF ROK CLAIMS AND UNC COUNTERCLAIMS. THE FIGURE OF \$7.25 MILLION WAS FINALLY REACHED AS A FAIR AND EQUITABLE LUMP SUM SETTLEMENT IN CONFERENCE BETWEEN UNC SENIOR NEGOTIATOR AND ROK FINANCE MINISTER.

3. THIS FIGURE APPROXIMATES MINIMUM ROK PREPARED TO SETTLE FOR AND COMMONWEALTH SHARE COMES TO JUST UNDER AMOUNT CALCULATED BY REAY ON INDEPENDENT BASIS. HOWEVER AS IT WAS REACHED ON LUMP SUM BASIS AND NOT ON ACCOUNTING BASIS, UTILITIES RATES AS SUCH DID NOT ENTER INTO SETTLEMENT. FOR THIS REASON OUR

-2-

PROPOSED AMENDMENT TO ARTICLE II.3 (EQUALITY PRINCIPLE)
WAS NOT INCORPORATED IN THE FINAL DRAFT OF THE AGREEMENT.

4. HALSTEAD PROPOSED AND COLONEL RILEY AGREED
THAT THIS PRINCIPLE STILL VALID FOR FUTURE UTILITIES
CONTRACTS AND THAT IT SHOULD BE SAFEGUARDED IN ACCOMPANYING
EXCHANGE OF NOTES BETWEEN C-IN-C UNC AND ROK FINANCE
MINISTER ALONG FOLLOWING LINES:

"IN SIGNING THIS AGREEMENT I SHOULD LIKE TO
CONFIRM MY UNDERSTANDING THAT THE SETTLEMENT NEGOTIATED
THEREBY SHALL IN NO WAY BE PREJUDICIAL TO THE
FOLLOWING PRINCIPLE:

IN ALL CASES THE UNITED STATES IN ITS CAPACITY
AS THE UNIFIED COMMAND AND ON ITS OWN BEHALF AND THE
GOVERNMENTS OF THE NATIONS FURNISHING MILITARY FORCES
OR FIELD HOSPITALS TO THE UNIFIED COMMAND SHALL BE
CHARGED THE SAME RATES FOR THE UTILITIES SERVICES TO
BE FURNISHED BY THE ROK IN FUTURE AND THESE RATES
SHALL BE NO LESS FAVOURABLE THAN THOSE CHARGED TO ANY
OTHER CONSUMER."

5. COLONEL RILEY HAS AGREED TO MAKE SUCH PROPOSAL TO
WASHINGTON IN HOPE THAT IT WILL FACILITATE YOUR EARLY
ACCEPTANCE OF THE AGREEMENT. IF AGREEMENT NOT SIGNED BY
JUNE 30 ROK LIKELY TO UPSET LUMP SUM SETTLEMENT.

NEWTON

CONFIDENTIAL

FM WASHDC JUN24/57 CONF
TO EXTERNAL 1452 PRIORITY
INFO LDN
TT TOKYO FM OTT
BAG CNBRA WLG TN FM LDN

REF OUR TEL 1401 JUN24

KOREAN CLAIMS NEGOTIATIONS

NO.	INIT.
AMBASSADOR	
NEWTON <i>22</i>	
HALSTEAD	
GORHAM	
SMITH	
CHOQUETTE <i>01</i>	
MISS CURRIE	



FOLLOWING IS TEXT OF FINAL PROPOSED SETTLEMENT AGREEMENT FOR UTILITIES CLAIMS SETTLEMENT BETWEEN THE UNIFIED COMMAND AND THE REPUBLIC OF KOREA: BEGINS:

WHEREAS, THE UN BY THE RESOLUTION OF THE SECURITY COUNCIL OF JUN27/50, RECOMMENDED THAT MEMBERS OF THE UN FURNISH SUCH ASSISTANCE TO THE REPUBLIC OF KOREA AS MAY BE NECESSARY TO REPEL ~~THE~~ ARMED ATTACK AND TO RESTORE INTERNATIONAL PEACE AND SECURITY IN THE AREA:

AND WHEREAS, THE UN BY THE RESOLUTION OF THE SECURITY COUNCIL OF JUL7/50, RECOMMENDED THAT MEMBERS FURNISHING MILITARY FORCES AND OTHER ASSISTANCE TO THE REPUBLIC OF KOREA MAKE SUCH FORCES AND OTHER ASSISTANCE AVAILABLE TO A UNIFIED COMMAND UNDER THE USA;

AND WHEREAS, THE USA, ACTING IN ITS CAPACITY AS THE UNIFIED COMMAND, EMPLOYED THE MILITARY FORCES CONTRIBUTED BY MEMBERS OF THE UN AND BY THE REPUBLIC OF KOREA IN REPELLING THE ARMED ATTACK AND RESTORING INTERNATIONAL PEACE AND SECURITY IN THE AREA;

AND WHEREAS, THE USA, ACTING IN ITS CAPACITY AS THE UNIFIED COMMAND, AND THE REPUBLIC OF KOREA PROVIDED FACILITIES, MATERIALS, SUPPLIES, EQUIPMENT, UTILITIES, SERVICES, AND MONIES, FOR THE SUPPORT OF THE MILITARY FORCES EMPLOYED AGAINST COMMUNIST AGGRESSION IN KOREA;

AND WHEREAS, THE USA, ACTING IN ITS CAPACITY AS THE UNIFIED COMMAND, AND THE REPUBLIC OF KOREA CONSIDER IT DESIRABLE TO NEGOTIATE A SETTLEMENT OF CLAIMS AND COUNTERCLAIMS ARISING FROM THE RENDITION OF UTILITIES SERVICES.

THEREFORE, THE USA, ON THE ONE HAND, IN ITS CAPACITY AS THE UNIFIED COMMAND AND ON ITS OWN BEHALF, AND THE GOVTS OF THOSE NATIONS FURNISHING MILITARY FORCES OR FIELD HOSPITALS TO THE UNIFIED COMMAND: NAMELY, AUSTRALIA, BELGIUM, CANADA, COLOMBIA, DENMARK, ETHIOPIA, FRANCE, GERMANY, GREECE, INDIA, ITALY, LUXEMBOURG, ~~THE~~ NETHERLANDS,

OF GREAT BRITAIN
 CONFIDENTIAL

PAGE TWO 1452

NZ, NORWAY, THE REPUBLIC OF PHILIPPINES, SWEDEN, THAILAND, TURKEY, THE UNION OF SOUTH AFRICA, THE UK AND NORTHERN IRELAND; AND THE REPUBLIC OF KOREA, ON THE OTHER HAND; HAVE AGREED AS FOLLOWS:

ARTICLE I. DEFINITIONS.

1. "CLAIMS AND COUNTERCLAIMS" MEANS ANY DEMANDS OR REQUESTS FOR, OR ASSERTION OF RIGHT TO, PAYMENT OF MONEY OR RESTORATION, REPLACEMENT, REHABILITATION, OR REMOVAL OF PROPERTY IN SETTLEMENT OF ANY OBLIGATION, CHARGE, OR ACCOUNT, EXPRESSED OR IMPLIED, INCLUDING COUNTERCLAIMS AND OFFSETS, ARISING FROM RENDITION OF UTILITIES SERVICES, INCLUDING CLAIMS ARISING FROM USE, ALTERATION, LOSS, OR DESTRUCTION OF, OR DAMAGE TO, PROPERTY IN CONNECTION WITH TRANSMISSION, USE OR ASSUMPTION OF ANY UTILITIES, AND INCLUDES CLAIMS AND COUNTERCLAIMS ARISING FROM THE RENDITION OF PERSONAL SERVICES REQUIRED IN THE ESTABLISHMENT, MAINTENANCE, AND OPERATION OF UTILITIES, AND THOSE CLAIMS AND COUNTERCLAIMS FOR REIMBURSEMENT FOR IMPROVEMENTS TO PERSONAL PROPERTY, BUT EXCLUDES CLAIMS ARISING OUT OF FORMAL WRITTEN CONTRACTS FOR UTILITIES SERVICES BETWEEN THE REPUBLIC OF KOREA AND THE UNIFIED COMMAND, BETWEEN ANY ONE OF THE NATIONS IN THE UNC, AND THE REPUBLIC OF KOREA, BETWEEN THE UNIFIED COMMAND OR ANY ONE OF THE NATIONS IN THE UNITED NATIONS COMMAND AND NATIONALS OF THE REPUBLIC OF KOREA OR OTHER PERSONS RESIDING OR OWNING PROPERTY IN THE REPUBLIC OF KOREA, OR CLAIMS ARISING OUT OF PRIVATE COMMERCIAL CONTRACTS.

2. "UTILITIES SERVICES" INCLUDES BUT IS NOT LIMITED TO THE OPERATION AND USE OF TRANSPORTATION AND COMMUNICATIONS FACILITIES AND SYSTEMS, AND THE OPERATION AND USE OR CONSUMPTION OF ELECTRICITY, GAS, WATER, STEAM, HEAT, LIGHT, AND POWER, HOWEVER PRODUCED, AND SEWAGE DISPOSAL.

ARTICLE II.

1. THIS AGREEMENT IS LIMITED TO CLAIMS AND COUNTERCLAIMS ARISING FROM THE RENDITION OF UTILITIES SERVICES AS DEFINED IN ARTICLE I HEREOF.

2. THIS AGREEMENT SHALL NOT APPLY TO CLAIMS ARISING OUT OF THE ECONOMIC ASSISTANCE PROGRAMS AND OUT OF THE FURNISHING TO THE REPUBLIC OF KOREA MILITARY FORCES OF MATERIAL AND COMMON

PAGE THREE 1452
USE ITEMS.

ARTICLE III.

1. THE REPUBLIC OF KOREA FOREVER RELEASES AND AGREES TO HOLD HARMLESS THE USA, IN ITS CAPACITY AS THE UNIFIED COMMAND AND ON ITS OWN BEHALF, AND THE GOVTS OF THOSE NATIONS FURNISHING MILITARY FORCES OR FIELD HOSPITALS TO THE UNIFIED COMMAND, AND THEIR NATIONALS, FROM ANY AND ALL CLAIMS ARISING FROM THE RENDITION OF UTILITIES SERVICES IN KOREA, INCIDENT TO THE ACTION TO REPEL AGGRESSION IN KOREA, DURING THE PERIOD FROM JUN25/50 TO AND INCLUDING SEP30/55, AGAINST THE UNIFIED COMMAND, THE GOVTS OF THOSE NATIONS FURNISHING MILITARY FORCES OR FIELD HOSPITALS TO THE UNIFIED COMMAND, OR THEIR NATIONALS, BY THE REPUBLIC OF KOREA, NATIONALS OF THE REPUBLIC OF KOREA, OR OTHER PERSONS OWNING PROPERTY, RENDERING SERVICES, OR RESIDING IN KOREA.
2. THE USA, IN ITS CAPACITY AS THE UNIFIED COMMAND AND ON ITS OWN BEHALF, AND THE GOVTS OF THOSE NATIONS FURNISHING MILITARY FORCES OR FIELD HOSPITALS TO THE UNIFIED COMMAND, FOREVER RELEASES AND AGREES TO HOLD HARMLESS THE REPUBLIC OF KOREA AND ITS NATIONALS FROM ANY AND ALL CLAIMS ARISING FROM THE RENDITION OF UTILITIES SERVICES IN KOREA, INCIDENT TO THE ACTION TO REPEL AGGRESSION IN KOREA, DURING THE PERIOD JUN25/50 TO AND INCLUDING SEP30/55 AGAINST THE REPUBLIC OF KOREA, OR ITS NATIONALS BY THE USA, IN ITS CAPACITY AS THE UNIFIED COMMAND AND ON ITS OWN ^{OR ON BEHALF} BEHALF OF THE GOVTS OF THOSE NATIONS FURNISHING MILITARY FORCES OR FIELD HOSPITALS TO THE UNIFIED COMMAND, AND THEIR NATIONALS.
3. THE USA, IN ITS CAPACITY AS THE UNIFIED COMMAND AND ON ITS OWN BEHALF, AND THE GOVTS OF THOSE NATIONS FURNISHING MILITARY FORCES OR FIELD HOSPITALS TO THE UNIFIED COMMAND, AND THE REPUBLIC OF KOREA AGREE TO THE SETTLEMENT OF ALL CLAIMS AND COUNTERCLAIMS ARISING FROM THE RENDITION OF UTILITIES SERVICES IN KOREA FOR THE PERIOD OCT1/55 TO AND INCLUDING JUN30/57 BY PAYMENT OF 7,250,000 DOLLARS WHICH WILL BE MADE BY THE RESPECTIVE RESPONSIBLE GOVTS TO THE REPUBLIC OF KOREA. THE OBLIGATION TO REIMBURSE THE REPUBLIC OF KOREA WILL BE THE RESPONSIBILITY OF THE RESPECTIVE RESPONSIBLE GOVTS, WHO WILL SETTLE ON TERMS AND IN CURRENCIES TO BE AGREED UPON.

PAGE FOUR 1452

4. IN CONSIDERATION OF THE SETTLEMENT OF UTILITIES CLAIMS AS PROVIDED IN PARA 3, ARTICLE III:

A. THE REPUBLIC OF KOREA FOREVER RELEASES AND AGREES TO HOLD HARMLESS THE USA, IN ITS CAPACITY AS THE UNIFIED COMMAND AND ON ITS OWN BEHALF, AND THE GOVTS OF THOSE NATIONS FURNISHING MILITARY FORCES OR FIELD HOSPITALS TO THE UNIFIED COMMAND, AND THEIR NATIONALS, FROM ANY AND ALL CLAIMS ARISING FROM THE RENDITION OF UTILITIES SERVICES IN KOREA DURING THE PERIOD FROM OCT1/55 TO AND INCLUDING JUN30/57.

B. THE USA, IN ITS CAPACITY AS THE UNIFIED COMMAND AND ON ITS OWN BEHALF, AND THE GOVTS OF THOSE NATIONS FURNISHING MILITARY FORCES OR FIELD HOSPITALS TO THE UNIFIED COMMAND, FOREVER RELEASES AND AGREES TO HOLD HARMLESS THE REPUBLIC OF KOREA AND ITS NATIONALS FROM ANY AND ALL CLAIMS ARISING FROM THE RENDITION OF UTILITIES SERVICES IN KOREA DURING THE PERIOD FROM OCT1/55 TO AND INCLUDING JUN30/57.

ARTICLE IV.

1. THE USA, IN ITS CAPACITY AS THE UNIFIED COMMAND AND ON ITS OWN BEHALF, AND THE GOVTS OF THOSE NATIONS FURNISHING MILITARY FORCES OR FIELD HOSPITALS TO THE UNIFIED COMMAND, UNDERTAKES TO NEGOTIATE ARRANGEMENTS RELATING TO THE PROVISION OF UTILITIES SERVICES AND SUPPLIES TO IT BY THE REPUBLIC OF KOREA OR BY ITS NATIONALS ON AND AFTER THE EFFECTIVE DATE OF THIS AGREEMENT.

2. THE EXPENDITURES, ACTIVITIES, AND PROPERTY OF THE USA, IN ITS CAPACITY AS THE UNIFIED COMMAND AND ON ITS OWN BEHALF, OR OF THE GOVTS OF THOSE NATIONS FURNISHING MILITARY FORCES OR FIELD HOSPITALS TO THE UNIFIED COMMAND, SHALL BE RELIEVED OF ALL CUSTOMS, DUTIES, TAXES, INTEREST, IMPOSTS AND FEES OR CHARGES OF ANY DESCRIPTION LEVIED OR AUTHORIZED BY THE REPUBLIC OF KOREA, ITS AGENCIES, OR POLITICAL SUBDIVISIONS, IN THE FIELD OF UTILITIES SERVICES.

ARTICLE V.

THE USA, IN ITS CAPACITY AS THE UNIFIED COMMAND AND ON ITS OWN BEHALF, AND THE GOVTS OF THOSE NATIONS FURNISHING MILITARY FORCES OR FIELD HOSPITALS TO THE UNIFIED COMMAND, AND THE REPUBLIC OF KOREA AGREE TO MAKE AVAILABLE, EACH TO THE OTHER, FOR INSPECTION FOR A PERIOD OF 2 YEARS FROM THE DATE OF THE SIGNING OF THIS AGREEMENT

AVAILABLE,

WHICH MAY BE REQUIRED BY EITHER PARTY TO ENABLE IT TO DEFEND,
ANSWER, OR ESTABLISH ANY CLAIM ARISING FROM THE RENDITION OF UTILI-
TIES SERVICES ASSERTED AGAINST IT DURING THE PERIOD JUN25/50 TO AND
INCLUDING JUN30/57.

ARTICLE VI.

IT IS AGREED THAT THE VALUE OF THE KOREAN CURRENCY TO BE USED IN
COMPUTING THE VALUE OF UTILITIES SERVICES RENDERED, SUPPLIES FUR-
NISHED OR DAMAGED INCURRED, SHALL BE THE MILITARY CONVERSION RATE OR
THE OFFICIAL RATE USED FOR UNC EXPENDITURES AT THE TIME THE SUPPLIES
WERE FURNISHED, THE UTILITIES SERVICES WERE RENDERED, OR THE DAMAGES
WERE INCURRED.

ARTICLE VII.

THIS AGREEMENT SUPERSEDES, IN WHOLE AND ^{IN} ~~OF~~ PART, ANY AGREEMENT,
EXPRESSED OR IMPLIED, BETWEEN THE PARTIES, RELATING TO THE SETTLEMENT
OF CLAIMS AND COUNTERCLAIMS ARISING FROM THE RENDITION OF UTILITIES
SERVICES BETWEEN THE DATES JUN25/50 TO AND INCLUDING JUN30/57.

ARTICLE VIII.

1. THIS AGREEMENT SHALL BE REGISTERED WITH THE SECRETARY GENERAL OF
THE UN IN COMPLIANCE WITH THE PROVISIONS OF ARTICLE 102 OF
THE CHARTER OF THE UN.

2. THIS AGREEMENT SHALL ENTER INTO OPERATION AND EFFECT ON JUL1/57.

DONE IN DUPLICATE IN THE ENGLISH AND KOREAN LANGUAGE, AT SEOUL,
KOREA, ON THIS 25 DAY OF JUN/57. THE ENGLISH AND KOREAN TEXTS SHALL
HAVE EQUAL FORCE, BUT IN CASE OF DIVERGENCE, THE ENGLISH TEXT SHALL
PREVAIL.

IN WITNESS WHEREOF, THE RESPECTIVE REPS, DULY AUTHORIZED FOR THE
PURPOSE, HAVE SIGNED THE PRESENT AGREEMENT.

FOR THE GOVT OF USA, IN ITS CAPACITY AS THE UNIFIED COMMAND AND ON
ITS OWN BEHALF, AND THE GOVTS OF THOSE NATIONS FURNISHING MILITARY
FORCES OR FIELD HOSPITALS TO THE UNIFIED COMMAND. BY (SIGNATURE LINE)
FOR THE GOVT OF THE REPUBLIC OF KOREA. BY (SIGNATURE LINE). ENDS

ROBERTSON

CONFIDENTIAL

FM WASHDC JUN24/57 CONF
TO EXTERNAL 1451 PRIORITY
INFO LDN
TT TOKYO FM OTT
BAG CNBRA WLGTM FM LDN



REF TOKYO TEL 75 JUN17

KOREAN CLAIMS NEGOTIATIONS

NES(KOREA DESK OFFICER) CALLED IN REPS OF OLD COMMONWEALTH MISSIONS TODAY TO DISTRIBUTE COPIES OF THE FINAL DRAFT OF A UTILITIES CLAIMS SETTLEMENT WITH THE KOREANS. THE TEXT OF THIS AGREEMENT IS BEING TRANSMITTED TO YOU IN A SEPARATE MSG.

2. NES ALSO INFORMED US THAT THE TOTAL AMOUNT OWING TO THE KOREANS FOR UTILITIES SERVICES, AFTER ALLOWING FOR OFF-SETS, FOR ~~THE~~ PERIOD OCT/55 TO JUN30/57 WOULD BE SEVEN AND ONE QUARTER MILLION DOLLARS, OF WHICH THE COMMONWEALTH SHARE WOULD BE 2.81 PERCENT OR 203,725 DOLLARS.

3. NES SAID THAT THE USA WOULD LIKE TO BE INFORMED AS SOON AS POSSIBLE AS TO WHETHER THE TEXT OF THE AGREEMENT, WHICH IS NOW READY FOR SIGNATURE, IS SATISFACTORY AND WHETHER THE SHARE OF THE AMOUNTS TO BE PAID IS AGREEABLE. THE STATE DEPT REGARDS THIS AS AN UNUSUALLY FAVOURABLE OPPORTUNITY FOR WINING UP THIS DIFFICULT PROBLEM AND HOPE WAS EXPRESSED THAT OTHER GOVTS CONCERNED WOULD NOT DELAY IN INDICATING THEIR ACCEPTANCE OF THE AGREEMENT (2 GROUPS MISSING) WILL NOTE THAT A THIRD SUB-SECTION HAS NOT BEEN ADDED TO ARTICLE II LAYING DOWN THE PRINCIPLES OF EQUALITY. AS THERE WAS NO DISCUSSION OF THE TEXT IN TODAY'S MEETING AND AS WE HAD NOT SEEN ANY REPLY FROM YOU TO TOKYO TEL 75, WE DID NOT RAISE THIS QUESTION

ROBERTSON

001245



210-7-13

INDEXED By

FILED By

19.

June 20, 1957

(1193/1/93/57)

CONFIDENTIAL



WITH THE COMPLIMENTS

OF

CHANCERY

(B. Greenhill)

J.G.H. Halstead, Esq.,
Canadian Embassy,
TOKYO.

British Embassy,
TOKYO.

001246

File
JN

BRITISH EMBASSY,
TOKYO.

CONFIDENTIAL

(1193/1/93/57)

June 20, 1957

Dear Colonel Riley,

In my letter 1193/1/85/57 of June 14 about Korean Claims I said that we had heard from London that Her Majesty's Government in the United Kingdom had concluded from an examination of the information received from Mr. Reay in Seoul that they could accept an overall settlement and that we did not therefore need to press further those comments on the draft Agreement which have been proposed by the United Kingdom which are concerned with our right to negotiate separately for the period up to the signing of the Agreement.

2. In view of this, London now also agree with the views which you expressed at our meeting on May 31 that it would be as well if amendments to the draft from the United Nations side could be kept to a minimum, and they are prepared to agree the draft subject only to the following comments:-

- (i) The amendment of the Preamble in the way I suggested in my letter to you of May 25. It is my impression that you personally felt that this suggestion was generally acceptable.
- (ii) Article III.1. To be amended to meet the two points described in my letter of May 25 and further explained at our meeting on May 31. London would prefer that the wording which they proposed should be used, but would be prepared to accept the alternatives you suggested at our meeting on May 31 if there is difficulty about their wording. This amendment also, of course, involves Article III, subsections 2 and 4. London would wish these points to be referred back to Washington if agreement cannot be reached in Tokyo and Seoul.

3. I am sending copies of this letter to Mr. Eckersley, Mr. Cunninghame and Mr. Halstead.

Yours sincerely
Basil Greenhill
(sgd) (B. Greenhill).

Lt.Col. F.F. Riley,
U.S.A.F., Special Projects Branch,
U.N. Command, Pershing Heights,
TOKYO.

210-7-13

7-2-4-2

CONFIDENTIAL

Tokyo, June 18, 1957.

Dear Colonel Riley,

Mr. Greenhill of the British Embassy will be writing to you separately with further reference to Mr. Henley's letter of June 6 concerning the United Kingdom and Canadian comments on the draft agreement on Korean utilities claims. I understand that in that letter Mr. Greenhill will be informing you that, as a result of further instructions from London, they will not wish to press for certain of the amendments they had originally proposed.

My purpose in writing is to ensure that, in case the remaining United Kingdom amendments do not cover the principle of equality with regard to utilities rates, the Canadian proposal for an amendment to Article II.3 should stand. I am seeking further instructions from the Canadian authorities in Ottawa but I should be grateful if, in the meantime, nothing should be done to prejudice the eventual adoption of an amendment such as we suggested.

. . . 2

Lt. Col. F. F. Riley, U.S.A.F.,
Office of the Comptroller,
Special Projects Branch,
HQ. U.N.C. and F.E.C.

- 2 -

I am sending copies of this letter to the
British and Australian Embassies, the New Zealand
Legation and, through the British Embassy, to Mr. Reay.

Yours sincerely,

J. G. H. HALSTEAD

**J. G. H. Halstead,
First Secretary.**

DEPARTMENT OF EXTERNAL AFFAIRS
OUTGOING MESSAGE

DUPLICATE

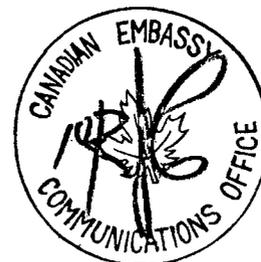
7-2-4-2
~~210-7-13~~

CANADIAN EMBASSY, TOKYO, JAPAN

CONFIDENTIAL

REPEAT LONDON, WASHINGTON FOR INFO.

BY BAG CANBERRA, WELLINGTON FROM LONDON



17 JUNE 1957

75

XXX

OUR TEL68 JUNE 3

KOREAN CLAIMS NEGOTIATIONS

YOU WILL HAVE HEARD FROM UK HIGH

J.G.H. Halstead
/jt

COMMISSIONER OTTAWA THAT REAY HAS INFORMED GENERAL GARD OF INTENTION TO WAIVE RIGHT TO SEPARATE CLAIMS NEGOTIATIONS WITH ROK. BECAUSE DECISION WAS REQUIRED BY GARD FOR MEETING WITH ROK FINANCE MINISTER JUNE 7, THIS WAS REPRESENTED AS COMMONWEALTH INTENTION ALTHOUGH THERE HAD NOT BEEN TIME TO CLEAR WITH OTHER COMMONWEALTH GOVERNMENTS CONCERNED. IT IS NOT YET CLEAR WHETHER UK INTENDS JOINT APPROACH TO APPLY TO FUTURE UTILITIES CONTRACTS AS WELL OR ONLY TO SETTLEMENT OF PAST CLAIMS.

T. F. M. NEWTON

2. BRITISH EMBASSY INFORMS US THAT LONDON HAS ALSO DECIDED IT WOULD NOT BE WISE TO PRESS AMENDMENTS TO DRAFT AGREEMENT THAT MIGHT AROUSE ROK SUSPICIONS. OF UK COMMENTS FORWARDED OUR LETTER 407 JUNE 4 THEY WILL INSIST ONLY ON THOSE RE PREAMBLE AND ARTICLE III.1, 2 AND 4.

. . . 2

- 2 -

3. IN VIEW OF THIS WE ARE WRITING COLONEL RILEY
IMMEDIATELY TO ENSURE OUR AMENDMENT TO ARTICLE II.3
(EQUALITY PRINCIPLE) SHOULD NOT BE DROPPED BY DEFAULT.
WE ARE INCLINED TO THINK WE SHOULD CONTINUE TO PRESS FOR
THIS AMENDMENT BUT SHOULD BE GRATEFUL FOR YOUR VIEWS.

NEWTON

210-7-13

file
JH

7-2-4-2

BRITISH EMBASSY,

(1193/1/85/57)

TOKYO.

CONFIDENTIAL

June 14, 1957

Dear Colonel Riley,

Would you please refer to Mr. Henley's letter No. 1193/1/75/57 of June 6 in which he gave a summary of the main points emerging during our discussion of May 31 (not, incidentally June 1) of the United Kingdom and Canadian comments on the draft Agreement on Korean utilities claims. I write to confirm that we have heard from London that they have examined the information which they have received from Mr. Reay in Seoul, consequent upon the examination which has been taking place there of the Korean claims and the possible offsets to them. London has concluded from these figures that an overall settlement can be accepted and Mr. Reay has been instructed so to inform General Gard. We do not need to press further, therefore, those comments to the draft Agreement which we have proposed which are concerned with our right to negotiate separately for the period up to 30 June, 1957.

2. At the same time, London have asked for information on the terms of settlement which the United States authorities intend to propose once a total debt has been agreed with the Koreans; and I should be grateful if you can let us know anything on this point.

3. I am sending copies of this letter to Tom Eckersley, John Halstead and Rex Cunninghame.

Yours sincerely,
Basel Greenhill.
(sgl) (B. Greenhill)

Lt. Col. F. F. Riley,
U.S.A.F. Special Projects Branch,
U.N. Command,
Pershing Heights,
TOKYO.

DEPARTMENT OF EXTERNAL AFFAIRS, CANADA.

(FILE COPY)

NUMBERED LETTER

CONFIDENTIAL

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

FROM: The Canadian Embassy, Tokyo, Japan

Reference: Our Letter No. 407 of June 4 Korean Claims Negotiations

Subject:

Security:.....
No: 427
Date: June 10, 1957
Enclosures: 1
Air or Surface Mail: Air
Post File No: 210-7-13 7-2-4-2

Ottawa File No. []

References

Attached for your information is copy of a letter dated June 7 from the British Embassy which contains some information obtained by Mr. Reay, Commonwealth representative on the U. N. negotiating team, during his recent investigations in Korea. This information relates to the calculations of Korean utilities claims and UNC counterclaims, which we mentioned briefly at the end of our letter under reference.

2. We are somewhat puzzled by General Gard's opinion, cited in this letter, that he should be able to settle for a maximum of \$7.5 million. The Korean claims, according to Mr. Reay's information, total \$9.5 million and the UNC counterclaims total at least \$5 million (not including offsets for water facilities), leaving a net liability for the U.N. side of not more than about \$4.5 million. This last figure also corresponds roughly to the estimate given us by Colonel Riley. We shall seek clarification of this point.

3. Concerning the question of whether or not to negotiate an overall settlement in conjunction with the United States, we have heard since receipt of the attached letter that London has finally decided in favour of the joint approach. We assume that, in view of this, the suggestion made in your Telegram L-83 of May 24, with respect to the Korean Operations Pool Account no longer applies, but we should be grateful to know whether there are any other points that could usefully be discussed with the other Commonwealth missions concerned in this connection.

Internal Circulation

Distribution to Posts London Washington

J. G. H. HALSTEAD
for the
The Embassy

C
O
P
Y

BRITISH EMBASSY
TOKYO.

1193/1/79/57
CONFIDENTIAL

June 7, 1957.

Dear John,

We have now received some figures on Korean claims and offsets from Mr. Reay.

2. The figures are:

Total R.O.K. claims	<u>\$9,510,033.</u>	
Split into:		
(a) Telecommunications:		\$3,529,693
(b) Electricity:		\$4,463,239
(c) Water:		\$1,517,101
(a) <u>Telecommunications:</u>	Total	<u>\$3,529,693</u>
made up of:		
telephone circuits		\$3,361,320
exchange utilisation charge		\$ 168,373
Offsets for maintenance, operation and equipment:		<u>\$2,000,000</u>
Possible net liability		<u><u>\$1,529,693</u></u>

There is a complication deriving from disputed ownership of certain circuits, but the outcome does not seem likely to increase the U. N. net liability.

(b) <u>Electricity:</u>	
total:	\$ 4,463,239

No breakdown available, but an apparently separate claim from the power companies for period October 55 - April 57 totals \$3,822,633

Offsets	<u>\$3,139,150</u>
---------	--------------------

Possible net liability	<u><u>\$1,324,089</u></u>
------------------------	---------------------------

Offsets include (a) difference between Ministry's bill and power company's bill; (b) expenses for emergency generators; (c) frequent power failures; (d) overestimation of consumption; (e) high cost of electricity; (f) incorrect tariff rates at some places.

(c) <u>Water:</u>	
total:	\$1,517,101

No breakdown available.

Offsets include expenses for water treatment facilities; emergency storage; distribution and transport. No figure for offsets has been received as many are contentious.

Mr. J. G. H. Halstead,
Canadian Embassy.

- 2 -

3. There will clearly be arguments with the R.O.K. about the offsets as well as the claims, but General Gard has told Mr. Reay that he is confident he will be able to settle for a maximum of \$7.5 million. The estimated Commonwealth share has also been confirmed at 2.8%, which you will remember was about the figure mentioned to us by Colonel Riley during the talk on 1 June.

4. I am sending copies of this letter to Tom Eckersley and Rex Cunninghame, whose letter of 4 June giving New Zealand comments on the draft agreement I have now seen. As requested, we are sending a copy of Rex's letter to Colonel Riley, and to Mr. Reay but it will not I am afraid reach him for a few days. We expect to hear very soon London's decision on the question of an overall settlement.

Yours ever,

(D. O. Henley)

1193/1/79/57



BRITISH EMBASSY
TOKYO.

File
JH

CONFIDENTIAL

June 7, 1957. *7-2-4-2*
210-7-13

INDEXED By <i>49</i>	FILED By
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Dear John,

We have now received some figures on Korean claims and offsets from Mr. Reay.

2. The figures are:

Total R.O.K. claims £ 9,510,033,

Split into: (a) Telecommunications : £3,529,693
(b) Electricity: £4,463,239
(c) Water: £1,517,101



(a) Telecommunications: Total £3,529,693
made up of:
telephone circuits £3,361,320
exchange utilisation charge £ 168,373

Offsets for maintenance,
operation and equipment : £2,000,000

Possible net liability £1,529,693

There is a complication deriving from disputed ownership of certain circuits, but the outcome does not seem likely to increase the U.N. net liability.

(b) Electricity.
total: £4,463,239

No breakdown available, but an apparently separate claim from the power companies for period October 55 - April 57 totals £3,822,633

Offsets £3,139,150

Possible net liability £1,324,089

Offsets include (a) difference between Ministry's bill and power company's bill; (b) expenses for emergency generators; (c) frequent power failures; (d) overestimation of consumption; (e) high cost of electricity; (f) incorrect tariff rates at some places.

(c) Water
total: £1,517,101

No breakdown available .

Offsets include expenses for water treatment facilities; emergency storage; distribution and transport. No figure for offsets has been received as many are contentious.

Mr. J.G. H. Halstead,
Canadian Embassy.



2.8%

3. There will clearly be arguments with the R.O.K. about the offsets as well as the claims, but General Gard has told Mr. Reay that he is confident he will be able to settle for a maximum of \$7.5 million. The estimated Commonwealth share has also been confirmed at 2%, which you will remember was above the figure mentioned to us by Colonel Riley during the talk on 1 June.

4. I am sending copies of this letter to Tom Eckersley and Rex Cunninghame, whose letter of 4 June giving New Zealand comments on the draft agreement I have now seen. As requested, we are sending a copy of Rex's letter to Colonel Riley, and to Mr. Reay but it will not I am afraid reach him for a few days. We expect to hear very soon London's decision on the question of an overall settlement.

Yours Ever

D. O. Henley

(D. O. Henley)

210-7-B



INDEXED By	FILED By

1193/1/46/64

W. Hasstead

Confidential

*Canadian
Embassy*

WITH THE COMPLIMENTS
OF
CHANCERY



BRITISH EMBASSY,
TOKYO.

6.6.57.

001258

193/1/75/57

CONFIDENTIAL

BRITISH EMBASSY
TOKYO.

June 6, 1957.

file
JH

Dear Colonel Riley,

You said you would like to have a note of the main points which we made during our discussion on June 1 of the United Kingdom and Canadian comments on the draft agreement on Korean utilities claims. Mr. Greenhill's letters of May 25 and May 27 refer.

2. You explained that any views you might express on behalf of U.N.C. were subject to reference to Washington; and we said that we were similarly placed. You also suggested that it would be as well if amendments to the draft from the U.N. side could be kept to a minimum, since as it had already been put to the R.O.K., to propose extensive amendment now might arouse suspicion. We saw the force of this point, but explained that our Government's main suggestions embodied ideas which were important to the United Kingdom and were in line, so far as we could see, with the broad lines of the settlement as agreed in the inter-governmental talks in Washington. We felt we must add that it was to avoid this particular difficulty that H.M.G. had hoped that an agreed draft could have been produced on the U.N. side before the Koreans were brought in.

3. A number of our comments, including for example those on the Preamble and Article I, were purely on drafting points and I think you personally felt that these were generally acceptable. You suggested however that you would prefer to retain the phrase "claims and counterclaims" in Article I so as to leave no possible doubt that the agreement had two sides to it, so to speak. A further point which we have not so far mentioned at all, I think, but which we should have done, is to ask whether you are satisfied that the reference in Article I.1 to "improvements to personal property" will not open the door to real estate claims by the Koreans.

4. The suggested new paragraph (3) to Article II given in Mr. Greenhill's letter of May 27 had been proposed also by the Canadian Government. Both Mr. Halstead and we felt that this was an important addition which our Governments would wish to have included in the main agreement where it naturally belonged rather than in the separate exchange of letters which you suggested as a possible alternative.

5. You accepted the intention of our amendment to Article III.1 and consequentially elsewhere but suggested a slightly different form of words to meet this point, which we thought would be acceptable.

6. The most important of our other comments derived from the need to provide for separate negotiations with the R.O.K. on claims and counterclaims since October 1st 1955. You reminded us of the anxiety of the U.N.C. to maintain the "U.N. concept" on this negotiation, particularly perhaps as a precedent, which might serve all our interests if and when the question of tort claims, for example, was raised at a later stage. You also again confirmed that the U.S. Government was prepared to throw in its offsets for the general benefit if an overall settlement were made, and stressed the firm intention of the negotiating team to attack the figures of claims submitted by the R.O.K. as the first stage in establishing an agreed net claim. You added that the Commonwealth share of the final net liability on an overall basis had been tentatively estimated at 2.83%. We appreciated these points, but said that, as we had previously explained, H.M.G. must always be in a position to defend publicly cash payments made to a foreign Government for services of the kind

Colonel F.F. Riley,
United States Air Force,
Special Projects Branch,
United Nations Command,
Pershing Heights.

under discussion on the basis, broadly, of our own estimates of our troops' consumption; and we did not see that the U.N. concept would suffer if a general agreement, worked out and negotiated as a U.N. exercise, provided for the separate settlement of individual nations' bills. However, we both agreed that you could do no more at this stage than refer the U.K. amendments concerned to higher authority.

7. In pursuance of our comments on Article III.3 we suggested the insertion of the following sentence before the last sentence of the alternative version: "If they so wish the several U.N. Governments may negotiate direct with the Republic of Korea on the amounts owing in respect of this period. In any case the obligation,.....". We explained that this form of words was subject to London's agreement. Similarly in Article IV.1 we suggested, again subject to approval, the insertion of the sentence: "However, any of the several U.N. Governments which so desire may negotiate such arrangements direct with the R.O.K.". And to Article IV.2 we suggested the addition: "The same relief shall apply to any other U.N. Governments which may negotiate separately with the R.O.K. as provided for in Articles III.3 and IV.1."

8. On Article IV.1 you did not yourself, I think, understand the reason for the insertion of the words "and supplies" which we had queried, and which seemed in the context to extend the scope of the Article undesirably.

9. You confirmed, in answer to a question which the Canadian Government had raised, that the purpose of Article V was to ensure co-operation between the parties to the agreement in case private claims should be made against either of them.

10. I hope the above fairly summarizes the main points in our useful discussion. I am sending copies of this letter to Mr. Halstead, Mr. Cunningham and Mr. Austin and also to Mr. ~~Ryan~~ in Seoul. ~~No doubt the other Commonwealth representatives will comment on it if necessary.~~ Mr. Austin said at our meeting, we may need to suggest a further talk when the comments of the Australian and New Zealand Governments have been received here.

Yours sincerely

(D.O. Fenley)
Counsellor (Financial)

TRANSMITTAL SLIP

TO: **Under-Secretary of State for**
External Affairs, Ottawa

FROM: **The Canadian Embassy,**
Tokyo, Japan

Security..... **CONFIDENTIAL**

Date..... **June 5, 1957**

Air or Surface... **Air**

No. of enclosures.. **2**

The documents described below are for your information.

Despatching Authority..... **J.G.H.Halstead/jt**

~~210-7-13~~
7-2-4-2

Copies	Description	Also referred to:
2	copies of letter dated June 4, 1957, from New Zealand Legation, Tokyo, to Et.Col. F.F.Riley, UNC, Tokyo Subject: Korean Claims Negotiations	London Washington

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.



J.G.H. Halstead, Esq.,
First Secretary,
Canadian Embassy,
TOKYO.

210-7-13	
INDEXED By	FILED By
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*With the compliments
of the
New Zealand Legation,
Tokyo.*

*Refer copies of letter
to Col. Riley, only to*

*Ottawa (2)
Washington
London*

*JN
done
5/6/57
J*

CONFIDENTIAL

File
JH

5/R/5

4 June 1957.

Dear

... I am enclosing for your information two copies of a letter I have today sent to Colonel Riley, and would be grateful if you would despatch one of these copies to Mr Reay in order that our comments may be available also in Seoul.

As you know the New Zealand view is that separate Commonwealth negotiations on the interim period claims would entail undue delay and Wellington would prefer that the UNC should settle these on behalf of all UN governments. However since so far at least you have not received from London any instructions that the United Kingdom is willing to forego separate negotiation for settlement of utilities for this period, I have not emphasized this New Zealand preference in my letter to Colonel Riley. Presumably the final New Zealand position will almost inevitably be affected by the final position adopted by the United Kingdom.

I am sending copies of this letter, with its enclosure, to Tom Eckersley and John Halstead.

Yours ever,

R.R. CUNNINGHAM

R.R. Cunninghame
First Secretary.

Encl.

D.O. Henley, Esq.,
Counsellor,
British Embassy,
TOKYO.

CONFIDENTIAL

5/K/5

NEW ZEALAND LEGATION JAPAN

4 June 1957.

Dear Colonel Riley,

At our meeting with other Commonwealth representatives on 31 May, I informed you that I might shortly have some comments from the New Zealand Government on the draft agreement on the Korean claims question.

The New Zealand comments are as follows:

Article III (3):

Wellington would prefer the alternative version which reads:

"The United States of America, acting in its capacity as the Unified Command, on its own behalf and on behalf of the governments of those nations furnishing military forces or field hospitals to the Unified Command, and the Republic of Korea agree to the settlement of all claims and counterclaims arising from the rendition of utility services in Korea for the period 1 October 1955 to the effective date of this agreement in such sum as may be reflected by a mutually acceptable account covering such claims and counterclaims. The obligation to reimburse the ROK will be the responsibility of the respective UN governments, who will settle on terms and in currencies to be agreed upon."

The last sentence of this paragraph is taken by Wellington to mean that the "respective United Nations Governments" would deal individually with the ROK only over the mode and currency of payment of the amounts apportioned to them out of a sum arrived at as a result of a UNC-ROK bulk settlement. I should appreciate confirmation that this is the correct interpretation of the draft as it stands.

In the event that the United Kingdom decides to negotiate directly with the Korean Government on utilities claims it is assumed that the amendment necessary to safeguard the right of the United Kingdom would also safeguard the right of New Zealand.

Article III (4)(a):

Wellington considers it would be clearer if expansion were made in the terms of the earlier draft, and the following words added to this paragraph: "which might be asserted against the United States acting in its capacity as the Unified Command or against the governments of the nations furnishing military forces or field hospitals to the Unified Command, and their nationals, by the ROK, nationals of the ROK, and other persons owning property, rendering utility services, or residing in Korea."

/Article III (4)(b):

Lieutenant Colonel F.F. Riley,
United Nations Command,
Pershing Heights,
TOKYO.

CONFIDENTIAL

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CONFIDENTIAL

2.

Article III (4)(b):

A similar expansion would also make clearer this draft paragraph.

Article IV (2):

Wellington considers Article IV (3) of the earlier draft was better phrased in that it stated more specifically that the ROK would grant exemption from taxes to the property, expenditures etc. of both the United States and of the governments contributing military forces and other assistance to the Unified Command. The present Article IV (2) has some of the weaknesses which at our meeting of 31 May were noted in respect of the present Article III (1), and might perhaps be amended in somewhat the same way. For example, "The expenditures, activities and property of the United States of America in its capacity as Unified Command and on its own behalf and of the governments of those nations furnishing military forces and field hospitals"

Article V:

Wellington assumes that the State Department had a particular reason (e.g. for statistical purposes) for inserting the provision enabling evidence to be sought for claims arising during the period covered by the mutual UNC-ROK waiver. Otherwise they would have preferred to see the "evidence-producing" obligation of Article V restricted to the real period of disputed claims, 1 October 1955 to the effective date of the new agreement.

I should be grateful if you would transmit these views to the appropriate authorities in the same way as the comments already presented by the United Kingdom and Canada.

Yours sincerely,

R.R. CUNNINGHAME

R.R. Cunninghame
First Secretary.

CONFIDENTIAL

001266

DEPARTMENT OF EXTERNAL AFFAIRS, CANADA.

(FILE COPY)

NUMBERED LETTER

CONFIDENTIAL

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

FROM: The Canadian Embassy, Tokyo, Japan

Reference: Our Telegram No. 68 of June 3 Korean Claims Negotiations

Subject:

Security:.....

No: 407

Date: June 4, 1957

Enclosures: 2

Air or Surface Mail: Air

Post File No: 210-7-13

7-2-4-2

Ottawa File No. []

References

On receipt of your Telegram L-83 of May 24 we passed your comments on the latest draft agreement in writing to Colonel Riley, General Gard's Liaison Officer at United Nations Command Headquarters in Tokyo. Copy of our letter to him is attached for your information.

(to Ottawa only)

2. We had already passed these comments to the other Commonwealth missions concerned in Tokyo and obtained from them an expression of general agreement on the official level. To date no comments have been received from Australia or New Zealand (though some are expected shortly from the latter) but the United Kingdom has proposed a number of detailed amendments. These are contained in a letter from the British Embassy to Colonel Riley, dated May 25, copy of which is also attached.

3. Last Friday afternoon, May 31, Colonel Riley met Commonwealth representatives to discuss the Canadian and United Kingdom comments. Halstead had a brief word with Colonel Riley beforehand to ascertain how far negotiations with the Koreans on the draft agreement had in fact gone and what the practical prospects were of making any changes at this stage. Colonel Riley said frankly that, since the Koreans had now indicated acceptance of it as it stood, with one small amendment, it would be very difficult to make any but the most minor drafting changes. The only amendment suggested by the Koreans was insertion of the word "official" in Article VI immediately before the phrase "rate used for United Nations Command expenditures". If the United Nations side were now to suggest further amendments to their own draft, the Koreans might become suspicious and uncooperative. We pointed out to Colonel Riley that this difficulty could have been avoided if we had been given the opportunity, as we had expected, to comment before the draft had been shown to the Koreans. Although the draft had, for better or worse, been submitted to the Koreans, the UNC was nevertheless under some obligation to try to obtain acceptance of points made by participating governments if those points were intrinsically sound and reasonable. In any case, we pointed out, the State Department had told us that the UNC had been given sufficient latitude to deal with Commonwealth comments without further instructions from Washington. This last piece of news came as

Internal Circulation

Distribution to Posts Washington London

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- 2 -

a considerable surprise to Colonel Riley, who said that in his view General Gard would not feel free to adopt any of the changes suggested without further reference to Washington. This is obviously another case of the State and Defense Departments not seeing eye to eye.

4. We have already reported in our telegram under reference on the discussion concerning the Canadian comments and we have only one thing to add. We laid the greatest emphasis on the suggestion concerning the equality principle. Colonel Riley said he was sure there would be no argument about the principle of equality with regard to utilities rates, as such, and that it was just a question of how it could best be safeguarded. At first, however, he was obviously reluctant to see this idea, though unexceptionable, thrown into the negotiations at this stage. He suggested that it should be embodied in contracts for future services but should just be a tacit assumption in the case of the settlement for past claims. We insisted, however, that the principle should be given explicit recognition with respect not only to future but also to past claims and services and that, as a first choice, the authorities concerned in Washington and in Seoul should examine the possibility of embodying it in Article II, where other general principles concerning allowable claims were stated. If this possibility was, after careful consideration, deemed impractical, then the possibility might be examined of incorporating the principle in some memorandum of understanding attached to the agreement.

5. Colonel Riley finally promised to put this point of view in strong terms to his superiors. As to the actual wording of our proposed addition to Article II, he suggested, and we agreed, that the words "and other assistance" should be replaced by the words "or field hospitals" to bring it into line with other sections of the agreement.

6. With respect to the United Kingdom comments, the meeting reached the following conclusions:

Preamble: Colonel Riley said he would recommend adoption of the phrase "military forces or field hospitals".

Article I.1: Colonel Riley would not accept these suggestions, as they had been considered and rejected in earlier drafts.

Article I.2: The expression "utilities services" was adopted as standard for the whole agreement. Colonel Riley agreed that, if other forms of utilities services could be thought of, they should also be included, but he was not willing to drop the phrase "but is not limited to".

Article II.1: This suggestion was dropped as a result of Colonel Riley's views on the suggestion concerning Article I.1.

Article III.1: Colonel Riley accepted the first point concerning the release of all the governments concerned. He also thought the second point was a valid one, but suggested that it could best be met by deleting the phrase "which might have arisen" before the phrase "against the Unified Command".

. . . 3

- 3 -

Article III.2: Accepted.

Article III.3: The United Kingdom suggestions raised the important issue of whether or not the United Kingdom would negotiate directly or through the United States. It was clear that Colonel Riley himself was strongly opposed to separate negotiations, on the grounds that they would destroy the last vestige of a unified front in Korea, and hoped that the United Kingdom would eventually come round to the idea of joint negotiations. He was therefore loath to raise this issue until the United Kingdom study of the question had been completed.

Article III.4: Accepted.

Articles IV.1 and IV.2: Colonel Riley reserved his position for the same reasons that applied in the case of Article III.3.

Article V: It was agreed that this point could best be met by deleting the word "arising" immediately before the phrase "during the period 25 June 1950".

Article VI: It was agreed that London's assumption was correct.

7. Colonel Riley went on to explain that, if as seemed likely an agreement on these terms was reached with the Koreans, the actual negotiations on the settlement of claims for the period October 1, 1955 to the signing of this agreement would proceed in the following stages:

(a) the United Nations Command would scrutinize in detail the bills and accounts submitted by the ROK with a view to paring them down as much as possible;

(b) the United Nations Command would then submit their counterclaims, which would be subject to scrutiny by the ROK; and

(c) the net amount thus arrived at would be divided among the U. N. countries concerned on a head-count basis.

8. Private talks between the ROK and General Gard indicate that estimates for the total ROK bill for the period from October 1, 1955 to June 30, 1957 will amount to approximately \$10 million. Preliminary estimates put the United Nations Command offsets at between \$4½ and \$5½ million. The net amount owing to the ROK is therefore likely to be in the neighbourhood of about \$5 million, which will be split among all the participating governments. The Commonwealth share on a head-count basis is calculated to be 2.83%.

J. G. H. HALSTEAD
for the
The Embassy.

O P Y

May 25, 1957.

1193/1/61/57
CONFIDENTIAL

We spoke to you on the telephone this morning about a message we have received from London, giving the comments of Her Majesty's Government in the United Kingdom on the draft agreement on the Korean claims question.

In detail the United Kingdom comments are as follows:

Preamble: It is asked if the expression "nations furnishing military forces and field hospitals" covers the whole range. The draft sometimes says "military forces or field hospitals". Should it not read "or" in every case?

Article I.1: Her Majesty's Government suggest that the expression defined should simply by "claims", not "claims and counter claims". The definition itself refers to counter claims and offsets. The question is also asked whether the reference to "improvements to personal property" will not open the door to real estate claims from the Koreans.

Article I.2: In the definition, the expression defined is "utilities services". In the rest of the draft the expression used is "utility services". The United Kingdom authorities feel that the draft should be consistent and would prefer an exhaustive definition if one could be found in order to limit possible subsequent Korean claims.

Article II.1: If the suggestion on Article I.1 were adopted, this Article could simply read: "The Agreement is limited to claims as defined in Article I hereof".

Article III.1: It would be better if the draft made clear that the release is of all the Governments and not only of the Unified Command as agent of those Governments. It would seem preferable that the Republic of Korea should release and hold harmless "the Government of the United States of America whether acting in its capacity as the Unified Command or on its own behalf and the Governments of those nations..." London go on to say that, in order to prevent any argument that claims not raised until after September 30, 1955 might qualify for inclusion under Article III.3, we would prefer that the phrase "which might have arisen" should read "which have arisen or might arise".

Article III.2: See second comment on Article III.1.

Article III.3: In order to safeguard our rights to negotiate separately on settlement of past claims and on future arrangements and to equality of treatment, London would prefer that the alternative version should be used, and that the last part of the first sentence should read: "Any such sums as may be reflected by mutually acceptable accounts covering such claims and counter claims". London would also prefer to take one step more and insert a sentence making it quite clear that the several United Nations Governments have the right if they so wish to negotiate direct with the Koreans on the amount owing in respect of the period in question.

Article III.4: See first comment on Article III.1.

Article IV.1: See comment on Article III.3. Here also London feel we should provide for the right to negotiate separately on future arrangements.

. . . 2

Lieutenant Colonel F. F. Riley,
United Nations Command,
Pershing Heights,
Tokyo.

Article IV.2: Will probably require amendment to make it clear that the United Kingdom enjoy such exemption in full even though not working through the United States. It is also not clear what purpose is served in Article IV by the addition of "and supplies" after "utilities services".

Article V: London would prefer the Article to end: "Any claim which has arisen or may arise from the rendition of utility service during the period...."

Article VI: London assume that the rate used for United Nations Command expenditures is not less favourable than the official rate.

Mr. Henley will be getting in touch with you on Monday morning to discuss these proposed amendments.

(B. GREENHILL)

DUPLICATE

DEPARTMENT OF EXTERNAL AFFAIRS
OUTGOING MESSAGE

~~210-7-15~~

7-2-4-2

THE CANADIAN EMBASSY, TOKYO, JAPAN

CONFIDENTIAL

REPEAT WASHINGTON & LONDON FOR INFO.

BY BAG TO CANBERRA & WELLINGTON FROM LONDON

68

3 JUNE 1957



XXX

YOUR TEL L83 MAY 24 (RECEIVED MAY 27)

KOREAN CLAIMS NEGOTIATIONS

COMMENTS CONTAINED YOUR TEL L76 MAY10

J. G. H. Halstead
/jt

SUBMITTED TO UNC IN WRITING MAY27 AND DISCUSSED WITH COLONEL RILEY OF HQ/UNC MAY31, ALONG WITH UK COMMENTS.

2. RILEY EXPLAINED THAT, BECAUSE ROK HAD ALREADY INDICATED ACCEPTANCE OF DRAFT AGREEMENT (WASHDC TELL263), IT WOULD BE DIFFICULT TO INTRODUCE SUBSTANTIVE AMENDMENTS AT THIS STAGE. HOWEVER HE AGREED ADEQUATE PROTECTION SHOULD BE PROVIDED FOR PRINCIPLE OF EQUALITY WITH REGARD TO RATES CHARGED FOR UTILITIES, IF POSSIBLE IN BODY OF AGREEMENT OR IN SOME MEMORANDUM OF UNDERSTANDING. HE UNDERTOOK TO PROPOSE THIS TO DEFENCE DEPARTMENT WASHDC, BUT POINTED OUT THAT (IN SPITE OF WASHDC TEL 1192) APPROPRIATE INSTRUCTIONS ON THIS WOULD HAVE TO COME FROM WASHDC BEFORE GENERAL GARD COULD ACT, SINCE DISCRETION ALLOWED UNC EXTENDS ONLY TO MINOR DRAFTING CHANGES.

3. RE ARTICLE III.3, RILEY CONSIDERED THERE WAS NO INTERNAL CONTRADICTION AND SAID THERE WAS NO INTENTION NOW OF INTRODUCING ALTERNATE DRAFT, WHICH HAD ORIGINALLY BEEN PREPARED BY UNC AND REJECTED BY WASHDC. ACCORDING TO HIS INTER-

-2-

PRETATION OF THIS PARAGRAPH, AMOUNT OF TOTAL SETTLEMENT WOULD BE SPECIFIED IN DOLLARS WHILE RESPECTIVE UN GOVERNMENTS WOULD SETTLE INDIVIDUALLY WITH ROK ON ACTUAL TIMING AND CURRENCIES OF THEIR SHARES OF TOTAL (SEE CRO SAVING NO 61 MAY8). RILEY SAW NO NEED TO MAKE PROVISION FOR SETTLEMENT IN EVENT ROK TURNS OUT TO BE DEBTOR SINCE PRELIMINARY CALCULATIONS SHOW NO SUCH POSSIBILITY. WE DID NOT PRESS THESE TWO POINTS.

3. RILEY CONFIRMED YOUR UNDERSTANDING OF PURPOSE OF ARTICLE V.

4. MORE DETAILED REPORT FOLLOWS BY BAG. VIEWS IN YOUR REF TEL RE ACTUAL CLAIMS NEGOTIATIONS HAVE BEEN BROUGHT TO ATTENTION OF OTHER COMMONWEALTH MISSIONS AND WILL BE DISCUSSED WHEN RESULTS OF REAY'S STUDY OF PROBLEM ARE KNOWN. PRELIMINARY INFORMATION INDICATES HE IS LEANING TOWARD IDEA OF JOINT APPROACH WITH USA.

DOMCAN.

1193/1/68/57
FA 58/100/57.



BRITISH EMBASSY
TOKYO.

31st May, 1957.

CONFIDENTIAL

file JH

Dear John,

Korean Claims

*210-7-13
7-2-4-2*

Thank you for your letter of 27th May about the possible use of the Korean Operations Pool Account if it is finally decided that Commonwealth Governments should negotiate separately from the Americans for claims and offsets for the period October 1, 1955 to June 30, 1957 (not 1956 I think), and in consequence there were a bill to be shared among the Commonwealth.

2. As you will appreciate, the decision on this matter would have to be taken in London, in consultation with the other Commonwealth Governments concerned, and we are therefore forwarding your letter to the Foreign Office. Thank you for keeping us in touch on this point.

3. As regards the references in your third paragraph to the general state of the consultations on the U.N. side on Korean claims, I think our understanding is very much the same as yours, though I have not heard anything to suggest that we fear United States' liberality in this matter might reach the alarming extreme of economic aid!

4. I am sending copies of this letter to Tom Eekersley and Rex Cunninghame.

*Yours truly,
Doyles.*

(D.O. Henley)

Mr. J.G.H. Halstead,
Canadian Embassy.



TRANSMITTAL SLIP

TO: The Canadian Embassy,
Tokyo, Japan.

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

Security... Confidential

Date..... May 28, 1957

Air or Surface.. Air

No. of enclosures.. One 7-24-2

<u>310-7-13</u>	
INDEXED By	FILED By

The documents described below are for your information.

Despatching Authority.. W.M. Wood/Legal

Copies	Description	Also referred to:
One	copy letter dated May 21, 1957, from the Deputy Minister of National Defence to the Under-Secretary of State for External Affairs, concerning Korean Claims Negotiations	London Washington <input checked="" type="checkbox"/> Tokyo Canberra Wellington



NO.	INIT.
AMBASSADOR	
NEWTON <i>m</i>	
HALSTEAD	
GORHAM	
SMITH	
CHOQUETTE <i>g</i>	
MISS CURRIE	

file m

001275

(Instruction on Reverse Side)

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.



OFFICE OF THE DEPUTY MINISTER

OTTAWA.

May 21, 1957.

The Under-Secretary of State for
External Affairs,
East Block,
Ottawa, Ont.

Korean Claims Negotiations

It had been suggested to you some months ago that in the interest of simplicity we would prefer to tie ourselves to the US for the settlement of utility claims for the period 1 October, 1955 to the signing of the Claims Agreement, rather than to the UK if the UK insisted on negotiating directly with the Korean Government the settlement of their own claims. Washington, and I presume Tokyo too, is still of this understanding as indicated in their telegram 1093 of 9 May 1957. On reflection, however, we do not now feel that this would be the best approach.

As you know, Canada with the UK and other Commonwealth countries, was a member of the Korean Operations Pool Account (KOPA) which functioned to June 30, 1956. Under this arrangement, expenditures for utilities would be a legitimate charge to the Pool Account and shared proportionately by all members in accordance with a fixed formula. Accordingly, any claims settlement that the UK negotiate for the period 1 October, 1955 to June, 1956, should, we believe, be on behalf of the KOPA and should cover all claims chargeable to the Account including Canadian liabilities.

Furthermore, since 30 June, 1956, when the KOPA ceased operations, the Canadian component of the Commonwealth contingent has obtained its requirements for utility services through the UK and we feel that it would be simpler for Canada to continue to align itself with the UK for this period too and pay them directly for any settlement on our behalf rather than to switch to the US in mid stream.

Whether or not the UK should negotiate directly or through the US is, of course, another matter and we note in

- 2 -

Telegram 843 of May 11, from the CRO, London, to the UK High Commissioner in Ottawa, that the UK are having some second thoughts. You will recall that their main objection, in addition to the currency problem, was that the US might be too liberal in their settlement with the Korean Government and inject some element of economic aid. On the other hand the suggestion has now been made, (see CRO telegram 61 of May 8 to UK High Com. Ottawa) that the US might be prepared to share their counter-claims or offsets with other countries who are willing to accept the US assessment of their claims liability. As the US counter-claims are likely to be substantial while the counter-claims or offsets of other countries are almost negligible this would weigh heavily in favor of letting the US negotiate on behalf of all forces. The UK have now undertaken a study to determine whether the possibility of the US introducing economic aid in the settlement is not balanced out by the advantage of sharing the US counter-claims. If one seems to offset the other we think the UK should be prepared to accept the US leadership in the negotiations with the attendant advantages of a coordinated approach to the Korean Government.

(SIGNED) E.B. ARMSTRONG

(E.B. Armstrong),
for Deputy Minister.

INDEXED By	FILED By



BRITISH EMBASSY
TOKYO.

3/1/62/57

CONFIDENTIAL

7-2-4-2

28th May, 1957.

Mr. Choquette
file
JH

Dear John,

With reference to our conversation this morning about Korean claims, I now enclose copies of two letters which we have sent to Colonel Riley giving him U.K. comments on the new draft agreement.

2. As I explained, we understood that the focal point at which the Commonwealth comments on the draft were being discussed with the Americans was Washington; and our people there, and Mr. Reay in Seoul, were instructed to pass these comments on. We have not so far heard anything different on this point, but I gathered you have heard that the State Department have expressed unwillingness to take on the job of producing an agreed version. In any case I think we shall need to discuss our comments with Colonel Riley and you and other Commonwealth representatives may like to join in. I will keep everyone informed about this.

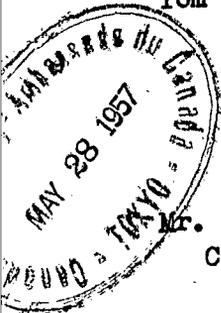
3. So far as the substance of the comments are concerned you will see that London is in general agreement with the points made by Ottawa (your letter of May 21). I understand you have now passed these on to U.N.C. and I am telling Colonel Riley that any other Commonwealth comments will no doubt be available shortly.

4. I am sending copies of this letter and enclosures to Tom Eckersley and Rex Cunninghame.

Yours sincerely,
Doyles

(D.O. Henley)

Mr. J.G.H. Halstead,
Canadian Embassy.



British Embassy,
Tokyo.

CONFIDENTIAL

May 27, 1957.

Would you please refer to my letter
1193/1/61/57 of May 25. I have a further
United Kingdom Government comment to convey
to you on the draft Agreement. This is as
follows.

Article II.3: it is suggested that the
Commonwealth amendment to Article IV.3 of the
earlier draft should be inserted into sub-
paragraph 3 of Article II. It would read as
follows: "In all cases the United States and
the Governments of those nations furnishing
military forces and other assistance to the
Unified Command ~~should be charged at~~ the same
rates for utility services and these rates
shall be no less favourable than those charged
any other consumer".

(B. Greenhill).

L. Skell
Lieutenant-Colonel F. F. Riley,
United Nations Command,
Perching Heights,
TOKYO.

001280

No

Article V: London would prefer the Article to end: "Any claim which has arisen or may arise from the rendition of utility service during the period...."

Article VI: London assume that the rate used for United Nations Command expenditures is not less favourable than the official rate.

Mr. Henley will be getting in touch with you on Monday morning to discuss these proposed amendments.

(B. GREENHILL)

CONFIDENTIAL

~~210-7-13~~

7-2-4-2

Tokyo, May 27, 1957.

Dear Colonel Riley,

I wish to refer to General Lemnitzer's letter of April 16 to Hyun Chul Kim, Minister of Reconstruction of the Republic of Korea, on the subject of Korean claims negotiations, and to the draft agreement handed on May 2 to Mr. Reay for the comments of the Commonwealth countries concerned.

This draft agreement has been examined by the Canadian authorities and they have instructed me to pass on to you certain observations for consideration by the United Nations Command senior negotiator.

The first and most important point concerns the principle of equality with regard to the rates charged for utilities, to which you will recall reference was made in the Commonwealth comments on the previous draft agreement conveyed to you by Brigadier Alderson. We are still anxious to ensure that any agreement signed should provide adequate protection for this principle, which in our view should apply to settlements covering not only futuro but past claims or services. It appears that this point has been ignored in the new draft agreement. One way in which it could be covered would be to include a third paragraph in Article II along the following lines:

On the same subject...

. . . 2

Lt. Col. F. F. Riley, U. S. A. F.,
Office of the Comptroller,
Special Projects Branch,
Hq. U.N.C. and F.E.C.

"In all cases the United States and the governments of those nations furnishing military forces (and other assistance) to the Unified Command shall be charged the same rates for utilities services and these rates shall be no less favourable than those charged to any other consumer".

Another point concerns para. 3 of Article III of the new draft. The version in the main draft appears contradictory, since it stipulates that settlement will be made by dollar payment while at the same time allowing settlement "on terms and in currencies to be agreed upon". For this reason the alternate draft appended to the main draft would be preferable. Incidentally both versions of this Article seem to anticipate a settlement in favour of the ROK before any conclusions on the claims negotiations have been reached. Perhaps the draft agreement should make some provision for settlement in the event that the ROK turns out to be the debtor, although this possibility is admittedly remote.

Revised

No para 7

Finally, the Canadian authorities assume and would like to confirm that the agreed purpose of Article V is to ensure cooperation between the parties to the agreement in the event private claims are made against either of them by its own nationals.

Yes

I should be pleased to discuss these comments with you at your early convenience with a view to ensuring that they be taken into account by the UNC negotiating team in future discussions with the Koreans.

Yours sincerely,

J. G. H. HALSTEAD

J. G. H. Halstead,
First Secretary.

Handwritten notes:
to be discussed
with UN
2.13.57
11/1

CONFIDENTIAL

Tokyo, May 27, 1957.

The authorities in Ottawa have been considering what course they should take in the event the United Kingdom decide to negotiate directly with the Korean Government the settlement of their own utility claims for the period October 1, 1955 to the signing of the claims agreement. Canada might accept the British offer (made in a CRO telegram of December 21, 1956) to negotiate with the Koreans on behalf of the Commonwealth Contingent, or might fall in with the United States for settlement of these claims.

Ottawa suggests that a reasonable approach to this problem would be through the Korean Operations Pool Account (KOPA). All the Commonwealth countries involved in the Korean claims negotiations were members of this account, which functioned until June 30 last year, and expenditures for utilities would be a legitimate charge to the account and could be shared proportionately by all the members in accordance with a fixed formula. Ottawa's idea is, therefore, that any claims settlement that the United Kingdom negotiate for the period October 1, 1955, to June 30, 1956, should be on behalf of KOPA and should cover all claims chargeable to that account, including Canadian liabilities.

Moreover the Canadian component of the Commonwealth Contingent has obtained its requirements for utilities services through the United Kingdom since KOPA ceased operations. Ottawa therefore feels that it would be logical

. . . 2

D. O. Henley, Esquire,
British Embassy,
Tokyo.

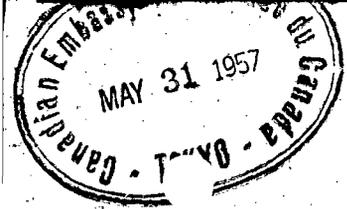
- 2 -

for Canada to continue to align itself with the United Kingdom for this period too and pay you directly for any settlement on our behalf. Whether or not the United Kingdom will decide to negotiate directly or through the United States is, of course, another matter. We gather that your people are having some second thoughts on this question. I take it that your main objection, in addition to the currency problem, seems to be that the United States might be too liberal in their settlement with the Korean Government and might even inject some element of economic aid. On the other hand there seems to be a suggestion recently from Washington that the United States might be prepared to share their counterclaims or offsets with other countries who are willing to accept the United States assessment of their claims liability. As the United States counterclaims are likely to be substantial in comparison with those of other countries, this would weigh heavily in favour of letting the United States negotiate on behalf of all of us. If, as a result of the study that Reay is now undertaking in Korea, the drawback of a too-liberal United States settlement is offset by the advantage of sharing the United States counterclaims, we think we should all be prepared to accept United States leadership in the negotiations, with the attendant advantages of a co-ordinated approach to the Korean Government.

I would suggest that, when Reay's conclusions are available, if only in a preliminary form, we should have a talk about these questions.

I am sending copies of this letter to Tom Eckersley and Rex Cunninghame.

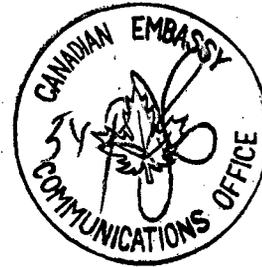
J. G. H. Halstead,
First Secretary.



TELEGRAM

210-7-73	
INDEXED By	FILED By

CONFIDENTIAL



FM WASHDC MAY25/57 CONF
 TO EXTERNAL 1263
 INFO LDN
 TT TOKYO FM OTT
 BAG CNBRA WLGTN FM LDN

REF YOUR L83 MAY24

KOREAN CLAIMS NEGOTIATIONS

WE INFORMED NES OF THE KOREAN DESK OF OUR NEW POSITION WITH RESPECT TO THE SETTLEMENT OF OUR UTILITIES ACCOUNTS FOR THE PERIOD FROM OCT1/55 TO THE EFFECTIVE DATE OF THE UTILITIES AGREEMENT, AS OUTLINED IN YOUR TEL UNDER REF.

2. NES TOLD US THAT THE ROK GOVT HAD INFORMED GENERAL GARD THAT THE DRAFT AGREEMENT WAS ACCEPTABLE TO THEM AS A BASIS FOR NEGOTIATION SUBJECT TO ONE MINOR TEXTUAL CHANGE

ROBERTSON

2 Elwood E

NO.	INIT.
3	NEWTON m
	HALSTEAD
	GORHAM
	SMITH
1	CHOQUETTE
	MISS CURRIE

CONFIDENTIAL

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

NO. 2
AMBASSADOR
~~NEWTON~~ *m*
~~HALSTEAD~~
GORHAM
SMITH
~~CHOQUETTE~~
MISS CURRIE



FM EXTERNAL OTT MAY24/57 CONFID
TO TOKYO L83
WASHDC
INFO LDN
BAG CNBRA WLGTN FM LDN

file

REF WASHDC TEL1192 MAY21 AND PARA4 WASHDC TEL1093 MAY9

KOREAN CLAIMS NEGOTIATIONS

IN VIEW OF INFO IN WASHDC RE TEL THAT STATE DEPT DOES NOT INTEND TO SEND ANY INSTRUCTIONS TO UNC ON THE BASIS OF THE COMMENTS IN OUR TEL L76 MAY10, WOULD YOU PLEASE BRING THESE COMMENTS TO THE ATTENTION OF UNC. IF YOU DEEM IT APPROPRIATE YOU MAY CONSULT WITH THE OTHER COMMONWEALTH MISSIONS BEFORE TAKING THIS ACTION.

2. AUTHORITIES IN OTTAWA HAVE NOW RECONSIDERED THEIR EARLIER DECISION TO LINK OURSELVES WITH THE USA IN THE SETTLEMENT OF UTILITY CLAIMS FOR THE PERIOD OCT1/55 TO THE SIGNING OF THE CLAIMS AGREEMENT, RATHER THAN TO THE UK, IF THE UK INSISTED ON NEGOTIATING DIRECTLY WITH THE KOREAN GOVT THE SETTLEMENT OF THEIR OWN CLAIMS. ON REFLECTION, THEY DO NOT FEEL NOW THAT THIS WOULD BE THE BEST APPROACH.

3. AS YOU KNOW, CANADA WITH THE UK AND OTHER COMMONWEALTH COUNTRIES, WAS A MEMBER OF THE KOREAN OPERATIONS POOL ACCOUNT (KOPA) WHICH FUNCTIONED TO JUN30/56. UNDER THIS ARRANGEMENT, EXPENDITURES FOR UTILITIES WOULD BE A LEGITIMATE CHARGE TO THE POOL ACCOUNT AND SHARED PROPORTIONATELY BY ALL MEMBERS IN ACCORDANCE WITH A FIXED FORMULA. ACCORDINGLY, ANY CLAIMS SETTLEMENT THAT THE UK NEGOTIATE FOR THE PERIOD OCT1/55 TO JUN56 SHOULD, WE BELIEVE, BE ON BEHALF OF THE KOPA AND SHOULD COVER ALL CLAIMS CHARGEABLE TO THE ACCOUNT, INCLUDING CANADIAN LIABILITIES.

4. FURTHERMORE, SINCE JUN30/56, WHEN THE KOPA CEASED OPERATIONS, THE CANADIAN COMPONENT OF THE COMMONWEALTH CONTINGENT HAS OBTAINED ITS REQUIREMENTS FOR UTILITY SERVICES THROUGH THE UK AND WE FEEL THAT IT WOULD BE SIMPLER FOR CANADA TO CONTINUE TO ALIGN ITSELF WITH THE UK FOR THIS PERIOD TOO AND PAY THEM DIRECTLY FOR ANY SETTLEMENT ON OUR BEHALF RATHER THAN TO SWITCH TO THE USA IN MID STREAM.

5. WHETHER OR NOT THE UK SHOULD NEGOTIATE DIRECTLY OR THROUGH THE USA IS, OF COURSE, ANOTHER MATTER AND YOU WILL HAVE NOTED IN TEL843 MAY11, FROM THE CRO, LDN, TO THE UK HIGH COMMISSIONER IN OTTAWA, REFERRED

PAGE TWO L83

TO YOU, THAT THE UK ARE HAVING SOME SECOND THOUGHTS. THEIR MAIN
OBJECTION, IN ADDITION TO THE CURRENCY PROBLEM, SEEMS TO BE THAT THE
USA MIGHT BE TOO LIBERAL IN THEIR SETTLEMENT WITH THE KOREAN GOVT AND
INJECT SOME ELEMENT OF ECONOMIC AID. ON THE ^{OTHER} HAND THE SUGGESTION HAS NOW
BEEN MADE, (SEE CRO TEL61 MAY8 TO UK HIGH COM OTTAWA) THAT THE USA MIGHT
BE PREPARED TO SHARE THEIR COUNTERCLAIMS OR OFFSETS WITH OTHER COUNTRIES
WHO ARE WILLING TO ACCEPT THE USA ASSESSMENT OF THEIR CLAIMS LIABILITY.
AS THE USA COUNTER-CLAIMS ARE LIKELY TO BE SUBSTANTIAL WHILE THE
COUNTER-CLAIMS OR OFFSETS OF OTHER COUNTRIES ARE ALMOST NEGLIGIBLE
THIS WOULD WEIGH HEAVILY IN FAVOUR OF LETTING THE USA NEGOTIATE ON
BEHALF OF ALL FORCES. THE UK HAVE NOW UNDERTAKEN A STUDY TO DETERMINE
WHETHER THE POSSIBILITY OF THE USA INTRODUCING ECONOMIC AID IN THE
SETTLEMENT IS NOT BALANCED OUT BY THE ADVANTAGE OF SHARING THE USA
COUNTER CLAIMS. IF ONE SEEMS TO OFFSET THE OTHER WE THINK THE UK SHOULD
BE PREPARED TO ACCEPT THE USA LEADERSHIP IN THE NEGOTIATIONS, WITH THE
ATTENDANT ADVANTAGES OF A COORDINATED APPROACH TO THE KOREAN GOVT.
FOR TOKYO: PLEASE BRING THESE VIEWS TO THE ATTENTION OF THE OTHER
COMMONWEALTH MISSIONS IN TOKYO. IF AFTER THEIR STUDY OF THE PROBLEM,
THE UK STILL INTEND TO NEGOTIATE SEPARATELY, THEN PLEASE INFORM UNC
OF OUR POSITION IN THIS REGARD.
FOR WASHDC: IF THE STATE DEPT WERE MADE AWARE OF OUR EARLIER INTENTION,
THEN PLEASE INFORM THEM OF OUR NEW POSITION.

Action
taken
JH



Mr. Choquette
file
JH

INDEXED By	FILED By

BRITISH EMBASSY,
TOKYO.

7-2-4-2

May 24, 1957.

CONFIDENTIAL
(1193/1/59/57)

My dear John,

It may be convenient if I summarize briefly the various telephone talks Henley has had with you and other Commonwealth representatives about developments on Korean claims since our meeting on May 2 with Mr. Reay.

2. London confirmed that the new draft agreement, which U.N.C. handed to Mr. Reay during his discussions with them and General Gard on May 1, had not previously been discussed with representatives of the other Governments concerned, and that H.M. Government would have certain comments to make on the draft. These should be available shortly. In the meantime, as you know, General Gard had already submitted the draft to the Koreans, so that the United Kingdom comments and any other Commonwealth comments there may be will have to be taken into account during discussion of the draft with them. I think we should probably have another short meeting in Tokyo when the various comments have been notified, even though those comments will probably be collated and passed to U.N.C. through the State Department in Washington in the first place. Judging from past history it is not inconceivable that some clarification with the Americans in Tokyo may be necessary.

3. London also confirmed that the idea of a lump sum settlement of Korean claims and counter-claims since inclusive October 1955 was not in accordance with their understanding of the arrangements which had been made with the State Department and the Department of the Army in Washington. H.M. Government in the United Kingdom have regarded separate negotiations as essential if any payment to the Koreans is to be justifiable. However, in view of the apparent American willingness to give the other Governments concerned a proportionate benefit from their own utility offsets for this period, and the possible difficulties which might arise in attempting a separate Commonwealth negotiation with the Koreans for this period, London have now instructed Mr. Reay to go to Seoul, look into the figures, and make a recommendation about the method of settlement. Mr. Reay will go as soon as he hears from General Gard that he (General Gard) is ready to begin the investigation.

4. The substantive discussion of these points has so far been proceeding in Washington, but as instructed by London we have explained our position to Colonel Riley to keep U.N.C. in the picture. I think the Commonwealth

/Governments

J. G. H. Halstead, Esq.,
Canadian Embassy,
TOKYO.

BRITISH EMBASSY,
TOKYO.

Governments have been kept informed of these developments and I imagine that you and the others concerned may already have had the gist of the above from your own Governments or from your representatives in Washington.

5. I am sending copies of this letter to Rex Cunninghame and Dick Austin.

*Yours ever,
Bill.*

(B. Greenhill)

TRANSMITTAL SLIP

TO: Canadian Embassy,
Tokyo, Japan

Security.....Confidential.....

Date....May 23, 1957.....

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

Air or Surface.....Air.....

No. of enclosures...One.....

The documents described below are for your information.

7-2-4-2

210-7-13

INDEXED By	FILED By

Despatching Authority...G. Sicotte.....

Copies	Description	Also referred to:
<p>One</p> 	<p>copy of Telegram No. 2197 of May 15, 1957, from Foreign Office to Washington, concerning Korean Claims Negotiations</p>	<p>London Washington Canberra Wellington ✓ Tokyo</p> <div data-bbox="1116 875 1486 1146" style="border: 1px solid black; padding: 5px;"> <p>NO. INIT.</p> <p>AMBASSADOR NEWTON HALSTEAD GORHAM SMITH ✓ CHOQUETTE MISS CURRIE</p> </div> <p style="text-align: right;"><i>001292</i></p>

INSTRUCTIONS

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CONFIDENTIAL

FROM FOREIGN OFFICE TO WASHINGTON

Cypher/OTP and by bag.

No. 2197

D: 4.25 p.m. May 15, 1957.

May 15, 1957

PRIORITY

CONFIDENTIAL

Addressed to Washington telegram No. 2197 of May 15.

And to Tokyo No. 245. (Priority)

Repeated for information to Seoul
and Saving to Hong Kong (for Reay)
Canberra
Wellington
Ottawa.

Washington telegram No. 264 Saving (of May 11) and de la Mare's letter to Dalton of May 10. (Korean claims negotiations).

We have no objection to General Gard's continuing negotiations with the Koreans. We accept the State Department's assurance given in paragraph 2 of Washington telegram under reference that no agreement will be signed by the Americans without final reference to all the Governments concerned. We had in fact expected that the exchange of letters between Commander-in-Chief United Nations Command and the R.O.K. Minister would be followed by negotiations on details of accounts and that the draft agreement itself would be presented later after approval had been obtained from us and other Governments concerned.

2. We are disturbed that the Americans no longer envisage our having our own direct negotiations on accounts. This is a complete change of front for which they should have prepared us. It was only because we were sure of our ground here that we readily accepted the revised directive to the Commander-in-Chief United Nations Command without making the point clear once more. The Commander-in-Chief's political opposition to separate accounting is not understood since Reay is in any case a full negotiating member of the United Nations team, and would only talk separately on details of accounts

3. In rejecting the idea of an overall settlement we have always understood that we would not benefit from American offsets. It is now proposed that we should so benefit and the crux of the matter is therefore as stated in paragraph 5 of Washington telegram under reference. We must await Reay's estimate of how an overall settlement of these terms might work out. He will of course need to consult the American experts on the spot.

4. The other Commonwealth Governments have been prepared to accept an overall settlement (de la Mare's letters of December 12 and 13, 1956, to Crowe). We should find it more convenient to join them if possible but what we have to bear in mind, and what you should impress on the Americans, is that whatever amount we pay must be justifiable to Parliament here in terms of estimated consumption per head of the utility services for which we have agreed to consider payment.

- 2 -

What we can under no circumstances accept is an ostensible payment for utility services which appears when examined to be without sound foundation in terms of consumption per head and which would therefore easily be represented as the payment of a disguised subsidy either to the Koreans or to the Americans. We accept that the Americans' position is different but it is important that they should understand our need to be able to justify any payment we make. If this is not possible under an overall settlement, we must insist on direct negotiation on our own.

5. Our own figures are estimates based on what we consider our own troops to consume in the way of utility services. The American figures, since there is no metering are based on similar estimates, but their use, for example, of electricity is very much higher than our own and this is why we have hitherto insisted on separate negotiation of detail.

6. It is important that our position be made clear to the Americans not only by Reay but also in Tokyo if Colonel Riley is available and in Washington since it is only the State Department who can put points with authority to United Nations Command.

7. Text of draft agreement is under study and comments will follow as soon as possible.

DISTRIBUTED TO:

Far Eastern Department
South East Asia Department

mmmm

TRANSMITTAL SLIP

TO: ..The Canadian Embassy,.....
.....Tokyo, Japan.....

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

Security.... Confidential.....

Date... May 22, 1957.....

Air or Surface.... Air.....

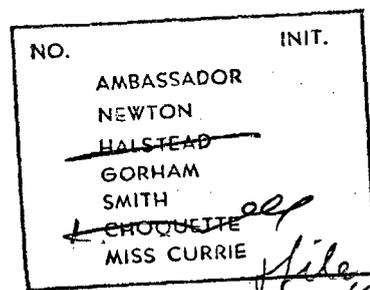
No. of enclosures.. One .. 7-2-4-2

270-7-13

INDEXED By	FILED P

The documents described below are for your information.

Despatching Authority... G. Sicotte.....

Copies	Description	Also referred to:
One	copy Telegram No. 264 from Washington to Foreign Office dated May 11, 1957, concerning Korean Claims Negotiations 	✓ Washington Tokyo Canberra Wellington 

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CONFIDENTIAL

FROM WASHINGTON TO FOREIGN OFFICE

Sir H. Caccia

D 4.00 p.m. May 11, 1957

No. 264 - Saving

of May 11, 1957

IMMEDIATE
CONFIDENTIAL

Addressed to Foreign Office telegram No. 264 Saving
of May 11.

Repeated for information to:

Tokyo No. 11
Seoul No. 12 (by telegraph)

And Saving to: Canberra No. 18
 Wellington No. 16
 Ottawa No. 85

Your telegram No. 2150 (of May 10): KOREAN CLAIMS NEGOTIATIONS

Your paragraph 2. As indicated in our telegram No. 1080 of
May 9 we had already spoken to the State Department about General
Gard's action.

2. Leaving out of consideration the fact that General Gard presented his draft to the Koreans after having been asked to hold his hand (Tokyo telegram No. 164 (of May 2) I do not believe that that Americans are responsible for the misunderstanding, since the American Note of April 3 which we and others concerned had seen in draft clearly indicated that the Commander-in-Chief was authorized to negotiate a settlement of accounts. He could hardly do this without discussing his proposals with the Koreans, a party in this matter. It was always understood that no agreement would be signed with the Koreans without final reference to the Governments concerned. State Department confirm that this is still their understanding and intention. In circumstances State Department hope that you do not wish General Gard to suspend the negotiations now in progress. They point out that if this should be your intention the negotiations already undertaken here, culminating in the State Department Note of April 3, have no meaning. General Gard's present instructions are to continue negotiations unless he received instructions to the contrary.

3. The State Department however, who had previously assured us that there was no difficulty about our negotiating our own commitment separately, now take the same view as the Americans in Tokyo on the meaning of the phrase "terms and currencies", (Tokyo telegram No. 164 paragraph 3). Here they are clearly in the wrong. It has been made quite plain to them throughout the negotiations that it was your wish to negotiate our own settlement on the basis of our own figures for the period after October 1, 1955. That this was fully understood was demonstrated by the American military representative Colonel Riley at the meeting on February 18 when he argued against such a procedure. The State Department now tell us that according to the Commander-in-Chief United Nations Command our proposals are impractical in that the utilities consumed were consumed by the United Nations Command and that there was no "metering" of the amounts consumed by individual units. It will be necessary to discuss with the American experts on the spot how this is to be reconciled with our repeated statements during the negotiations that we have our own figures (your telegram No. 5717 of 1956).

- 2 -

It is clear however that whatever the facts about the practicability of separate accounting and negotiation the Commander-in-Chief is vigorously opposed to it on political grounds. The State Department have informed us that he has made strong representations to the effect that separate negotiation by ourselves would undermine his position as the head of United Nations forces. I do not know what weight you will wish to give to these views. The State Department have known of our intention for several months and the Commander-in-Chief should have had opportunity to voice his objections earlier.

5. The crux of the matter however is surely whether it is in our own interests to negotiate separately or not. The State Department tell us that their experts are very strongly of the view that we would benefit more by participating in the United Nations Command negotiations and thus enjoying the benefit of a proportionate share of the total offsets, the bulk of which are of United States provenance. This again is a point which can be cleared up only by the experts.

6. As regards your paragraph 5 the State Department confirm that the position is quite clear to them and to General Gard. The last sentence of Article 111 (3) of the draft agreement is taken from the text of the State Department Note of April 3, to which we have already agreed and which seems absolutely clear. If however you have any amendments to propose on other parts of the subsection in order further to clarify this point I should be grateful to receive them as soon as possible.

Foreign Office please pass by telegraph to Tokyo and Seoul as my telegrams Nos. 11 and 12.

CONFIDENTIAL

FM WASHDC MAY21/57 CONFD
TO EXTERNAL 1192
INFO LDN
T. TOKYO FM OTT
BAG CNBRA WLGTN FM LDN

REF YOUR TEL L76 MAY10

KOREAN CLAIMS NEGOTIATIONS

WE CALLED ON NES(KOREAN DESK OFFICER) ON MAY17 AND SHOWED HIM A
COPY OF YOUR TEL UNDER REF.

2.NES TOOK NOTE OF POINTS RAISED BUT MADE NO COMMENT OTHER THAN TO
SAY THAT THE USA INSTRUCTIONS TO UNC ALLOWED FOR SUFFICIENT LATITUDE
FOR UNC TO DEAL WITH THEM WITHOUT FURTHER INSTRUCTIONS FROM WASHDC.

3.NES DIDN'T INDICATE THAT SUGGESTED CHANGES IN THE DRAFT AGREEMENT
WOULD BE DISCUSSED IN WASHDC. AT THE TIME WE SPOKE TO HIM WE HAD NOT
SEEN TOKYO'S TEL L57 MAY17 AND THEREFORE ASSUMED YOUR COMMENTS WOULD
BE CONVEYED TO UNC. IN VIEW OF THE UNCERTAINTY THAT PREVAILS AS TO
WHETHER ANY FURTHER SUBSTANTIVE DISCUSSIONS WILL BE CARRIED ON HERE,
YOU MAY WISH TO CONSIDER RECOMMENDING TO TOKYO THAT YOUR COMMENTS BE
CONVEYED TO UNC SINCE THE STATE DEPT DOES NOT INTEND TO SEND ANY
INSTRUCTIONS TO UNC ON THE BASIS OF YOUR COMMENTS.

7-2-4-2
210-7-13

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HALSTEAD	
2. GORHAM	
SMITH	
2 CHOQUETTE	
MISS CURRIE	

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CONFIDENTIAL

Tokyo, May 21, 1957

We have been informed by Ottawa that the draft agreement on Korean claims which was examined at the Commonwealth meeting on May 2 is generally acceptable with the following observations.

You will recall that it has been agreed among us for some time that we should try to obtain Korean agreement to the principle of equality with regard to the rates charged for utilities and to ensure that the eventual agreement as signed would provide adequate protection in this regard. This principle of equality, in our view, should apply to settlements covering not only future but past claims or services. However it seems to have been ignored in the present draft and Ottawa thinks the matter should be pursued. One way in which this point could be covered would be to include a third paragraph in Article II of the present draft along the following lines:

"In all cases the United States and the governments of those nations furnishing military forces and other assistance to the Unified Command shall be charged the same rates for utilities services and those rates shall be no less favourable than those charged to any other consumer".

... 2

D. O. Henley, Esquire,
British Embassy,
Tokyo.

- 2 -

Ottawa prefers the alternate draft of Article III para. 3 in place of the present draft because the latter appears contradictory. It stipulates that settlement will be made by dollar payment while at the same time allowing settlement "on terms and in currencies to be agreed upon". Incidentally both versions of this Article seem to anticipate a settlement in favour of the ROK before any conclusions on the claims negotiations have been reached. Perhaps the draft agreement should make some provision for settlement in the event that the ROK turns out to be the debtor, although this possibility is admittedly remote.

Ottawa assumes and would like to confirm that the agreed purpose of Article V is to ensure cooperation between the parties to the agreement in the event private claims are made against either of them by its own nationals.

Ottawa's first assumption was that the coordination of comments such as these would take place in Tokyo, as the State Department desired. However it appears from more recent information that the Foreign Office would prefer to have Korean and Commonwealth comments on the draft considered in Washington. I should be grateful for any clarification of this point that you can provide and would welcome an early opportunity to discuss these comments with you and the others concerned, if it is decided that that should be done here.

I am sending copies of this letter to Tom Vickersley and Rex Cunninghame.

J. G. H. HALSTEAD

J. G. H. Halstead,
First Secretary.

DEPARTMENT OF EXTERNAL AFFAIRS
OUTGOING MESSAGE

DUPLICATE

~~210-7-13~~

7-2-4-2

CANADIAN EMBASSY, TOKYO, JAPAN

CONFIDENTIAL

REPEAT FOR INFO TO LONDON, WASHINGTON
BY BAG TO CANBERRA AND WELLINGTON



May 17, 1957

XXX

57

YOUR TEL L-76 MAY10

IMPORTANT

KORFAN CLAIMS NEGOTIATIONS

J.G.H. Halstead
/jt

BRITISH EMBASSY HAS NOT YET RECEIVED FOREIGN OFFICE COMMENTS ON USA DRAFT AGREEMENT AND IN VIEW OF YOUR TEL L77 TO WASHDC WE ASSUME THESE WILL BE DISCUSSED IN WASHINGTON ALONG WITH YOUR OBSERVATIONS, AND BROUGHT TO THE ATTENTION OF USA AUTHORITIES THERE. UNLESS WE HEAR TO CONTRARY THEREFORE WE WILL NOT SUBMIT YOUR OBSERVATIONS TO UN COMMAND HERE.

2. REAY, COMMONWEALTH REPRESENTATIVE ON NEGOTIATING TEAM, HAS NOW BEEN INSTRUCTED BY LONDON TO PROCEED IMMEDIATELY TO KOREA IN ORDER TO ASCERTAIN FROM GENERAL GARD, ON BASIS OF UN COMMAND FIGURES, WHETHER IT WOULD BE PREFERABLE TO TRY FOR LUMP SUM SETTLEMENT OF ALL ROK CLAIMS AND UN COUNTERCLAIMS RATHER THAN SEPARATE US AND COMMONWEALTH SETTLEMENTS.

NEWTON



J.G.H. Halstead, Esq.,
First Secretary,
Canadian Embassy,
TOKYO.

*With the compliments
of the
New Zealand Legation,
Tokyo.*

File

5/K/5



NEW ZEALAND LEGATION
TOKYO.

17 May 1957.

Dear

With reference to our discussion concerning the Korean claims negotiations on 2 May we have now received some preliminary comment from Wellington.

2. Wellington notes that the draft agreement follows the lines previously approved by them. They say also that, as this is the first draft agreement actually put to the Koreans, and as Minister KIM in his letter of 24 April to General Lemnitzer has already signified acceptance of the main proposals, the Government's approval of the substance is being sought, and they promise to send us shortly some comments on matters of detail. Meanwhile our Embassy in Washington has been informed of Wellington's agreement with the general substance of the latest draft agreement and of Wellington's tentative view that, subject to the concurrence of other Governments, coordination on details of the text during negotiation should be handled in Tokyo, with only substantive changes and the question of the final text for signature being dealt with in Washington.

3. From earlier reports it would seem that the State Department also is in favour of Tokyo as the locale for matters of detail, but we expect to be informed immediately should this be agreed upon. I shall inform you of Wellington's detailed comment as soon as it is received.

4. Wellington is still not very enthusiastic about separate Commonwealth negotiations on interim period claims which they feel may entail undue delays. However we understand this matter is being discussed in Washington.

I am sending copies of this letter to Tom Eckersley and John Halstead.

Yours ever,

D.O. Henley, Esq.,
Counsellor,
British Embassy,
TOKYO.

CONFIDENTIAL

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



FM EXTERNAL OTT MAY14/57 CONFED
TO WASHDC L77
INFO TOKYO LDN
BAG CNBRA WLGTN FM LDN

REF OUR TEL L76 TO TOKYO MAY10

KOREAN CLAIMS NEGOTIATIONS

SINCE SENDING OUR REF TEL, EARNSCLIFFE HAS SHOWN US A FOREIGN OFFICE
TEL TO WASHDC 2150 MAY10, IN WHICH THE BRITISH INDICATE THAT THEY
WOULD PREFER TO HAVE KOREAN AND COMMONWEALTH COMMENTS ON THE DRAFT
CONSIDERED IN WASHDC.

2. IN THIS EVENT YOU MAY USE THE COMMENTS CONTAINED IN OUR REF
TEL TO TOKYO.

NO.	INIT.
	AMBASSADOR
	NEWTON
	FRISTEAD
2	GORHAM
	SMITH
3	CHOQUETTE
	MISS CURRIE

File
Mc

TRANSMITTAL SLIP

TO: THE CANADIAN EMBASSY,
TOKYO, JAPAN.
FROM: THE UNDER-SECRETARY OF STATE FOR EXTERNAL
AFFAIRS, OTTAWA, CANADA.

Security.... **CONFIDENTIAL**.....
Date..... **May 14, 1957**.....
Air or Surface.... **Air**.....
No. of enclosures..... **1** *7-2-4-2*

The documents described below are for your information.

Despatching Authority.. **Legal/W.M.Wood/rl**.....

<i>210-7-73</i>	
INDEXED By	FILED By

Copies	Description	Also referred to:																
1	<p>Copy of Telegram from Commonwealth Relations Office dated May 8, 1957, <u>Re: KOREAN CLAIMS NEGOTIATIONS.</u></p> 	<p>Washington London Canberra Wellington</p> <div data-bbox="1139 894 1501 1165" style="border: 1px solid black; padding: 5px;"> <table> <tr><td>NO.</td><td>INIT.</td></tr> <tr><td>AMBASSADOR</td><td></td></tr> <tr><td>NEWTON</td><td></td></tr> <tr><td>HANSTEAD</td><td></td></tr> <tr><td>SCHEPHERD</td><td></td></tr> <tr><td>SMITH</td><td></td></tr> <tr><td>SCHOQUETTE</td><td></td></tr> <tr><td>MISS CURRIE</td><td></td></tr> </table> <p><i>file m.</i></p> </div>	NO.	INIT.	AMBASSADOR		NEWTON		HANSTEAD		SCHEPHERD		SMITH		SCHOQUETTE		MISS CURRIE	
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COPY

CONFIDENTIAL

OUTWARD TELEGRAM FROM COMMONWEALTH RELATIONS OFFICE.

TO:

U.K. HIGH COMMISSIONER IN CANADA
U.K. HIGH COMMISSIONER IN AUSTRALIA
U.K. HIGH COMMISSIONER IN NEW ZEALAND (ACTING)

(Dated 6th May, 1957)

No. 61

No. 126

No. 61

SAVING CONFIDENTIAL

Addressed to U.K. High Commissioners in Ottawa No. 61 Saving, Canberra No. 126 Saving and Wellington No. 61 Saving.

KOREAN CLAIMS NEGOTIATIONS

Following for Eckett, War Office, from Reay.

Assume you have seen copy of Washington's 1091/2/21/57 of April 6th to Foreign Office enclosing copy of Department of State Note dated April 3rd now received. These instructions were embodied in letter from General Lemnitzer to ROK, who have accepted broad principles, but reserving right to raise question of real estate subsequently.

2. A new draft agreement for presentation to Koreans, prepared by Americans in Washington, was discussed meeting in Tokyo with General Gard and negotiating team. Copy of this draft was handed to British, Australian, Canadian and New Zealand representatives in Tokyo and will be copied to you, Washington and Seoul.

Americans proposed to submit draft forthwith to ROK for comments, but it is not clear that you, Commonwealth (and other interested) Governments have yet agreed it, and I have asked them to defer this action until Commonwealth Governments have had opportunity to comment. Grateful for your own immediate comments thereon.

3. Americans here still envisage a general settlement with ROK for period since 30th September, 1955, lumping in total United Nations liabilities and counter claims, "terms and currencies" being apparently understood by them to refer simply to timing and currencies of any payment due by respective United Nations Governments. Thus any balance due to ROK would be split between United States and other Governments according to ratio of strengths during period concerned. We have told them that this is not (repeat not) your intention, as was made clear in Washington.

4. Americans say that claims preferred by ROK for utilities can only be abated by value of any identical utilities or materials therefore supplied by UNC since October 1st, 1955. Commonwealth contribution to ROK of such facilities would appear to be negligible. Other equipment, materials and supplies that may have been supplied by Commonwealth to ROK since October 1st, 1955 would appear to be excluded from present negotiations and must be resolved separately. General Gard asks for immediate confirmation that his interpretation of this point is accepted by Commonwealth.

5. Please reply by signal to H.Q.L.F. Ends.

TRANSMITTAL SLIP

TO: Canadian Embassy,
 Tokyo, Japan.

Security.... **Confidential**

Date..... **May 13, 1957.**

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

Air or Surface... **Air**

No. of enclosures... **One 7-2-4-3**

The documents described below are for your information.

<i>210-7-13</i>	
INDEXED By	FILED By

Despatching Authority... **G. Sicotte**

Copies	Description	Also referred to:																
1	<p>Inward Telegram to the High Commissioner for the United Kingdom, Ottawa, from The U.K. Ambassador, Washington, dated May 9, 1957, concerning Korean Claims Negotiations</p> 	<p>Washington London ✓ Tokyo Canberra Wellington</p> <div style="border: 1px solid black; padding: 5px; margin-top: 20px;"> <table> <tr> <td>NO.</td> <td>INIT.</td> </tr> <tr> <td>AMBASSADOR</td> <td></td> </tr> <tr> <td>NEWTON</td> <td>2</td> </tr> <tr> <td>HALSTEAD</td> <td></td> </tr> <tr> <td>GERHAM</td> <td></td> </tr> <tr> <td>SMITH</td> <td></td> </tr> <tr> <td>SCHOQUETTE</td> <td></td> </tr> <tr> <td>MISS CURRIE</td> <td></td> </tr> </table> <p style="margin-top: 10px;"><i>File in</i></p> </div>	NO.	INIT.	AMBASSADOR		NEWTON	2	HALSTEAD		GERHAM		SMITH		SCHOQUETTE		MISS CURRIE	
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INWARD TELEGRAM TO THE HIGH COMMISSIONER FOR THE UNITED KINGDOM OTTAWA

FROM: THE UNITED KINGDOM AMBASSADOR WASHINGTON

SENT: 7:18 p.m. 9th May/57

RECD: 8:00 p.m. 9th May/57

ROUTINE

O.T.P.

NO. 92

CONFIDENTIAL

Addressed to Foreign Office telegram No. 1080 of 9th May, repeated for information to Tokyo, Seoul, United Kingdom High Commissioners Canberra, Ottawa, Wellington, and Governor Hong Kong.

Your telegram No. 2122

KOREAN CLAIMS NEGOTIATIONS.

I have now received Seoul telegram No. 86. At my request the State Department had in fact sent instructions to Tokyo requesting that General Gard hold his hand but these evidently did not reach him in time. In view however of the request already made to him in Tokyo (Tokyo telegram No. 164) I am taking this up with the State Department.

2. There appears also to have been some confusion as to whether the Koreans should be consulted about the revision of the draft agreement before or after it had been referred back to governments. I doubt however whether the Americans are wholly to blame for this. A letter follows on this point.

3. As regards paragraph 3 of your telegram under reference, the State Department were prepared to negotiate in Washington with the missions of the governments concerned on the general principles of a settlement (State Department Note of April 3rd, transmitted under my P L No. 99 of April 6th). They consider however that General Gard is in a far better position to concert details than they are here. They have pointed out that we have a representative on the negotiating team and that General Gard has authority to amend the draft agreement within the limits of his negotiating instructions, to which we have already agreed. There should therefore be less difficulty in reaching agreement on the

- 2 -

details in Tokyo than in Washington and they would like final details to be concerted there.

4. On the point raised in paragraph 3 of Tokyo telegram No. 164, they have reiterated that they see no objection to our negotiating direct with the Koreans regarding our own commitments. How this should be done will again have to be worked out on the spot, and this is an added argument against conducting this stage of the process in Washington.

5. On Henley's letter to Mayall 1193/1/35 the State Department explained that the word "dollars" in Article 3, subparagraph 3, has no reference to the currency of payment but only to the amount involved. This indeed is made clear in the final sentence of the paragraph.

6. I am keeping my Commonwealth colleagues informed. They have so far received no instructions from their governments.

Please pass to Tokyo, Seoul, Canberra, Wellington and Governor Hong Kong as my telegrams Nos. 10, 11, 9, 10 and 17 respectively.

EC 10.5.57

Retrieved

May 13, 1957
3.30 p.m.

File *JH*

~~John:~~

I called up Henley and proposed that a meeting be called as soon as possible re Korean claims, in view of the comments we had rec'd from Ottawa.

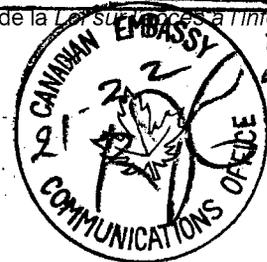
He asked me if we could wait a day or two, i.e. until comments are rec'd from the 3 other Insts concerned. He said comments from London are expected to-morrow or after to-morrow.

I told him this would be all right unless we call him back when you have returned to your office.

Correspondence referred to in the two most recent telegrams has been underlined therein and flagged on file.

FM EXTERNAL OTT MAY10/57 CYNFD
 TO TOKYO L76
 INFO WASHDC LDN
 B' CNBRA WLGTN FM LDN

CONFIDENTIAL



REF TOKYO LET 329 MAY3 AND WASHDC TEL 1093 MAY9

KOREAN CLAIMS NEGOTIATIONS

IN GENERAL THE DRAFT AGREEMENT ENCLOSED WITH TOKYO'S REF LET IS ACCEPTABLE TO US WITH THE FOLLOWING OBSERVATIONS.

2. IN TOKYO'S DESP 1290 DEC23/55, THEY REPORTED THAT IT WAS AGREED AT A MEETING OF THE COMMONWEALTH REPS THAT IT SEEMED ADVISABLE TO ENCOURAGE THE UN COMMAND TO OBTAIN ROK AGREEMENT TO THE PRINCIPLE OF EQUALITY WITH REGARD TO THE RATES CHARGED FOR UTILITIES AND TO ENSURE THAT THE EVENTUAL AGREEMENT AS SIGNED WOULD PROVIDE ADEQUATE PROTECTION IN THIS REGARD. THIS POINT WAS MADE WE NOTE IN THE PRELIMINARY COMMONWEALTH COMMENTS ON THE FIRST DRAFT PREPARED BY THE USA 8TH ARMY WHICH WERE ATTACHED TO TOKYO'S LET 347 APR25/56. THIS PRINCIPLE OF EQUALITY SEEMS TO HAVE BEEN IGNORED IN THE PRESENT DRAFT AND WE THINK THE MATTER SHOULD BE PURSUED WITH YOUR COMMONWEALTH AND USA COLLEAGUES. WE WOULD SUGGEST TOO THAT THE "EQUALITY PRINCIPLE" SHOULD APPLY TO SETTLEMENTS COVERING NOT ONLY FUTURE BUT PAST CLAIMS OR SERVICES. A WORDING ALONG THE LINES OF THAT PROPOSED ON PAGE 2 OF THE DEPT OF FINANCE'S LET OF JAN30/56, WHICH WAS ENCLOSED WITH OUR LET L130 OF FEB24/56, TO TOKYO, AND WAS INCLUDED IN THE COMMONWEALTH COMMENTS, WOULD APPEAR TO COVER THIS POINT AND COULD BE INCLUDED AS A SUBPARA3 TO ARTICLE II OF THE LATEST DRAFT.

3. WE PREFER THE ALTERNATIVE DRAFT OF ARTICLE III(3) IN PLACE OF ARTICLE III(3) IN THE PRESENT DRAFT. THE LATTER APPEARS TO CONTAIN A CONTRADICTION IN TERMS; IT STIPULATES THAT SETTLEMENT WILL BE MADE BY A DOLLAR PAYMENT, WHILE AT THE SAME TIME ALLOWING SETTLEMENT TO THE ROK BY THE RESPECTIVE UN GOVTS "ON TERMS AND IN CURRENCIES TO BE AGREED UPON". INCIDENTALLY BOTH VERSIONS OF THIS ARTICLE SEEM TO ANTICIPATE A SETTLEMENT IN FAVOUR OF THE ROK BEFORE ANY CONCLUSIONS ON THE CLAIMS NEGOTIATIONS HAVE BEEN REACHED. IT SEEMS TO US THAT THE DRAFT AGREEMENT MIGHT MAKE SOME PROVISION AS TO THE MATTER OF SETTLEMENT IN THE EVENT THAT THE ROK TURNS OUT TO BE THE DEBTOR



PAGE TWO L76
OF THE UN, ALTHOUGH FROM THE LATEST INFO AVAILABLE HERE WE MUST
ADMIT THAT THIS POSSIBILITY IS REMOTE.

4. WE ASSUME AND WOULD LIKE CONFIRMATION THAT THE PURPOSE OF ARTICLE
V IS TO ENSURE COOPERATION BETWEEN THE PARTIES TO THE AGREEMENT IN
THE EVENT OF PRIVATE CLAIMS AGAINST EITHER ONE OF THEM BY ITS OWN
NATIONALS.

5. IN VIEW OF INFO IN WASHDC TEL 1093 THAT STATE DEPT ARE ANXIOUS
TO HAVE CONSULTATIONS ON DRAFT AGREEMENT TAKE PLACE IN TOKYO,
WOULD YOU PLEASE DISCUSS OUR COMMENTS WITH OTHER COMMONWEALTH REPS
AND IF THERE IS GENERAL AGREEMENT BRING THEM TO THE ATTENTION OF
UN COMMAND.

FM WASHDC MAY9/57 CONFID
TO EXTERNAL 1093
INFO LDN
TT TOKYO FM OTT
E CNBRA WLGTN FM LDN

CONFIDENTIAL



REF TOKYO LET 329 MAY3

KOREAN CLAIMS NEGOTIATIONS

MEMBERS OF THE STATE DEPT KOREAN DESK PHONED YESTERDAY TO EXPRESS CONCERN THAT COMMONWEALTH REPS IN TOKYO HAD FOUND IT NECESSARY TO REFER THE PRELIMINARY DRAFT AGREEMENT ON THIS SUBJECT TO GOVTS BEFORE AGREEING TO THE BEGINNING OF UNC NEGOTIATIONS WITH THE ROK GOVT. HAVING OBTAINED THE AGREEMENT IN WASHDC OF THE GOVTS CONCERNED TO THE USA PROPOSALS FOR A SETTLEMENT OF THE CLAIMS PROBLEM THE STATE DEPT HAD HOPED THAT CLEARANCES FOR EACH STEP IN THE NEGOTIATIONS FROM OTHER GOVTS CONCERNED WOULD NOT BE NECESSARY. IT WAS THE INTENTION THAT UNC HEADQUARTERS WOULD KEEP GOVTS CONCERNED INFORMED OF THE PROGRESS OF NEGOTIATIONS, THAT THESE GOVTS WOULD BE REPRESENTED ON THE UNC NEGOTIATING TEAM WHEN DETAILED TERMS OF SETTLEMENT ARE UNDER DISCUSSION, AND THAT THE FINAL DRAFT OF THE AGREEMENT REACHED WITH THE KOREANS WOULD BE REFERRED TO THE GOVTS CONCERNED FOR APPROVAL. SINCE THE PRELIMINARY WORKING DRAFT OF AN AGREEMENT HAS NOW BEEN REFERRED TO COMMONWEALTH GOVTS, HOWEVER, THE STATE DEPT HOPES THAT CONCURRENCE WILL BE INDICATED WITHOUT DELAY SO THAT THE NEGOTIATIONS PROPER CAN COMMENCE.

2. THE STATE DEPT IS ANXIOUS THAT ANY FURTHER DISCUSSIONS OF THE KOREAN CLAIMS PROBLEM BE CARRIED ON IN TOKYO SINCE RECORDS AND ACCOUNTS WHICH MAY HAVE TO BE REFERRED TO IN THE COURSE OF NEGOTIATIONS ARE HELD THERE AND ARE NOT AVAILABLE HERE. WE UNDERSTAND (AND YOU MAY HAVE BEEN INFORMED BY EARNSCLIFFE) THAT THE FOREIGN OFFICE WISHES TO SEE FURTHER CONSULTATIONS ON THE CLAIMS PROBLEM CARRIED ON IN WASHDC. WE ARE INFORMED THAT THE BRITISH EMBASSY HERE HAS RECOMMENDED THAT THE STATE DEPT PROPOSAL FOR FUTURE CONSULTATIONS IN TOKYO BE ACCEPTED. ONE FACTOR IS THAT UNC HEADQUARTERS HAVE SOME LATITUDE FOR DISCRETION IN HANDLING THIS QUESTION, WHEREAS IF ALL PROBLEMS ARE REFERRED BACK TO WASHDC THE DEPTS OF STATE, DEFENCE AND

...2

PAGE TWO 1093

THE TREASURY MUST CONSULT AND REACH AGREEMENT ON EVEN MINOR POINTS.

3. ACCORDINGLY, IF YOU SEE NO OBJECTION TO THE WORKING DRAFT FORWARDED UNDER TOKYO LETTER 329, WE WOULD SUGGEST THAT YOU TRANSMIT YOUR APPROVAL OR ANY COMMENTS THROUGH TOKYO FOR THE UN COMMAND.

4. WE UNDERSTAND THE BRITISH ARE CONTINUING TO INSIST ON THEIR DESIRE TO NEGOTIATE SEPARATELY THEIR OWN SETTLEMENT OF CLAIMS FOR THE PERIOD FROM OCT1/55 ON. WE ASSUME THAT IN THIS THE BRITISH WILL BE NEGOTIATING ONLY ON THEIR OWN BEHALF AND THAT OUR SHARE OF CLAIMS FOR THIS PERIOD WILL BE PAID TO THE USA AND NOT TO THE UK.

(REF YOUR LL20 DEC7/56). WE ASSUME THIS DECISION APPLIES DESPITE YOUR DESIRE TO MAKE PAYMENTS FOR CURRENT CONSUMPTION (IE FROM THE DATE WHEN PAYMENT ON PAY-AS-YOU-GO BASIS BEGINS) THROUGH THE UK.

(REF YOUR L42 FEB26/56 PARA2)

RITCHIE

1 /1/41/57

CONFIDENTIAL

BRITISH EMBASSY
TOKYO

8/May, 1957.

file
JH

~~210-7-13~~

7-2-4-2

With reference to our discussion about the Korean claims negotiations on Thursday last and the copy of Mr. Reay's letter of 3 May to Colonel Riley which we sent to you and the other interested Commonwealth representatives, London have now confirmed that the new draft agreement should not be shown to the Koreans until Commonwealth Governments have had an opportunity to comment.

2. The United Kingdom's own comments on the draft will, we understand, shortly be sent to Washington and I imagine that other Commonwealth Governments will also send any necessary instructions to their representatives in Washington. We are taking the necessary action to ensure that this confirmation of our Government's views is passed to General Gard and to U.N.C. here.

3. I am sending copies of this letter to John Halstead and Dick Austin.

(D.O. Henley)

Mr. R.R. Cunninghame,
New Zealand Legation.

Bag Tokyo

7-2-4-2

<i>210-7-13.</i>	
INDEXED By	FILED By



DS13/180.
 FM EXTERNAL OTT MAY8/57 CONF
 TO WASHDC L74
 INFO LDN
 BAG TOKYO FM OTT
 BAG CNBRA WLGTN FM LDN

REF YOUR TEL 1057 MAY6

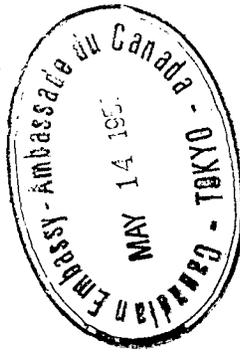
KOREAN CLAIMS NEGOTIATIONS

THANK YOU FOR YOUR EFFORTS TO OBTAIN A COPY OF THE USA DRAFT
 AGREEMENT FROM THE STATE DEPT. THE COPY FROM TOKYO HAS NOW ARRIVED
 AND WE SHALL BE SENDING YOU A COPY BY BAG.

2. AS SOON AS WE HAVE HAD A CHANCE TO STUDY THIS DOCUMENT, WE SHALL
 LET BOTH YOU AND TOKYO KNOW OUR VIEWS BY TEL.

NO.	INIT.
AMBASSADOR	
NEWTON	<i>2</i>
HALSTEAD	
GORHAM	
SMITH	
SCHOQUETTE	
MISS CURRIE	

file m.



7-2-4-2
210-7-13

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DS02/180
 FM WASHDC MAY6/57 CONFID
 TO EXTERNAL 1057 PRIORITY
 INFO LDN
 BAG TOKYO FM OTT
 BAG CNBRA WLGTN FM LDN

REF TOKYO TEL 51 MAY3

KOREAN CLAIMS NEGOTIATIONS

WE CALLED ON NES OF THE KOREAN DESK TODAY TO ENQUIRE WHETHER A COPY OF THE USA DRAFT AGREEMENT MIGHT BE MADE AVAILABLE TO US HERE FOR TRANSMISSION TO YOU.

2.NES SAID THAT A DRAFT AGREEMENT HAD BEEN SENT TO UNC HEADQUARTERS, BUT UN COMMAND HAD BEEN GIVEN DISCRETION WITHIN CERTAIN LIMITS TO ALTER OR AMEND IT AND NES WAS UNCERTAIN WHETHER THE DRAFT AVAILABLE HERE WAS IN FACT IDENTICAL WITH THAT SHOWN TO COMMONWEALTH REPS IN TOKYO ON MAY2. IN VIEW OF THIS CIRCUMSTANCE YOU MAY THEREFORE WISH TO WAIT FOR THE COPY COMING TO YOU BY BAG FROM TOKYO

HEENEY

NO.	INIT.
AMBASSADOR	
NEWTON 211	
HALSTED	
SMITH	
SCHUBERT	
MISS CURRIE	

file 27

DEPARTMENT OF EXTERNAL AFFAIRS
OUTGOING MESSAGE

DUPLICATE

210-7-13
7-2-4-2

THE CHARGE D'AFFAIRES, A. I.,
CANADIAN EMBASSY, TOKYO

RESTRICTED



52

MAY 6, 1957

x

OUR LETTER NO. 329 OF MAY 3, 1957

PRIORITY

KOREAN CLAIMS NEGOTIATIONS

Guy Choquette/ms

T. F. M. NEWTON

LAST LINE OF SECOND PARAGRAPH OF REAY'S
LETTER LISTED AS DOCUMENT NO. 5 IN PARAGRAPH 1
OF OURS UNDER REFERENCE SHOULD OBVIOUSLY READ
"FOR THE PERIOD FROM 30TH SEPTEMBER, 1955" INSTEAD
OF "UP TO".

NEWTON

DEPARTMENT OF EXTERNAL AFFAIRS
OUTGOING MESSAGE

DUPLICATE

210-7-13
7-2-4-2

THE CHARGE D'AFFAIRES A.I.,
CANADIAN EMBASSY, TOKYO

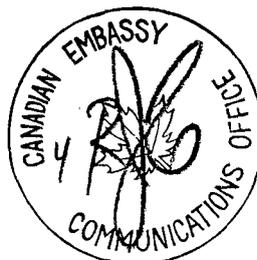
CONFIDENTIAL

REPEAT WASHINGTON

COPY BY BAG: CANBERRA, LONDON, WELLINGTON

51
49

MAY 3, 1957



x

WASHINGTON TELEGRAM NO. 675 OF MARCH 22, 1957
TO EXTERNAL

KOREAN CLAIMS NEGOTIATIONS

Guy Choquette/ms

T. F. M. NEWTON

AS YOU MAY ALREADY KNOW ROK GOVERNMENT HAS ACCEPTED TERMS REPRODUCED IN TELEGRAM UNDER REFERENCE BUT RESERVES RIGHT TO RE-OPEN NEGOTIATIONS ON REAL ESTATE CLAIMS. AS A RESULT U. S. GOVERNMENT HAS JUST PRODUCED A FIVE-PAGE DRAFT AGREEMENT WHICH WAS EXAMINED BY U. K., AUSTRALIAN, NEW ZEALAND AND CANADIAN REPRESENTATIVES AT MEETING HELD YESTERDAY AT U. K. EMBASSY HERE. A COPY IS BEING SENT TO YOU BY BAG, BUT YOU MAY WISH TO OBTAIN TELEGRAPHIC COPY FROM WASHINGTON.

2. SINCE ITS SUBSTANCE HAD ALREADY BEEN ACCEPTED BY THE GOVERNMENTS CONCERNED, U. N. COMMAND WAS ANXIOUS TO GET FROM THE INTERESTED MISSIONS IN TOKYO FINAL APPROVAL OF FORMS OF DRAFT AGREEMENT FOR EARLY DISCUSSION THEREOF WITH KOREAN NEGOTIATORS. HOWEVER THE FOUR COMMONWEALTH REPRESENTATIVES AGREED THAT DOCUMENT MUST BE SUBMITTED TO THEIR GOVERNMENTS WHO COULD SEND THEIR COMMENTS AND APPROVAL DIRECT TO WASHINGTON FOR RE-TRANSMISSION TO UNITED NATIONS COMMAND.

NEWTON

DEPARTMENT OF EXTERNAL AFFAIRS, CANADA. (FILE COPY)

NUMBERED LETTER

Col. E. J. ... see before filing.

CONFIDENTIAL

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

Security:.....

FROM: THE CANADIAN EMBASSY,

No:..... 329

May 3, 1957

Tokyo, Japan

Date:.....

5

Enclosures:.....

Reference: Our Telegram No. 51 of May 3, 1957

Air or Surface Mail: Air

Subject: Korean Claims Negotiations

Post File No: 210-2-13

Those present at the meeting held at the British Embassy on May 2, 1957 were: Mr. Raey, U.K. War Office Adviser on Korean Claims Negotiations (HongKong) U.K. Embassy: Messrs. Henley and Greenhill Australian Embassy: Mr. Austin New Zealand Legation: Mr. Cunninghame Canadian Embassy: Mr. Choquette

Ottawa File No. Negotiations (HongKong)

References

As we reported in our telegram under reference, a meeting was held at the United Kingdom Embassy here yesterday for the purpose of considering the latest developments in the negotiations of a utilities claims settlement between the Unified Command and the Republic of Korea. During that meeting, which was attended by representatives of the Australian, Canadian, New Zealand and United Kingdom diplomatic missions in Tokyo, the following documents (copies attached) were circulated and commented upon:

- (1) a letter dated April 16, 1957, from General L. L. Lemnitzer to Minister Kim proposing terms for the settlement of utilities claims;
(2) Minister Kim's reply dated April 24, 1957, to General Lemnitzer's letter;
(3) draft utilities claims settlement agreement;
(4) an alternative draft of Article III.3;
(5) a letter dated May 3, 1957, from Mr. R. J. Reay, War Office adviser on Korean claims negotiations, to Lt. Col. F. F. Riley of the United Nations Command.

Internal Circulation

2. With regard to document (1) it was noted by those present at the meeting that, although it reproduces the terms already agreed to by the United Nations Governments concerned, General Lemnitzer's letter contains additions of form which, insofar as the missions in Tokyo knew, had not been submitted by the U. S. Government for the prior approval of the other governments.

3. Comments on document (3) are contained in our telegram under reference. Although the substance of the terms (reproduced in Washington's telegram to you No.675 of March 22, 1957) is kept intact in the draft agreement it was thought necessary that its form and phraseology be approved by all governments concerned before its submission to ROK negotiators by the U.N. Command negotiators.

4. We are aware of course that Washington may have informed you of these recent developments and provided you with copies of the above mentioned documents.

F. M. NEWTON

The Embassy. 001324

HEADQUARTERS
FAR EAST COMMAND
and
UNITED NATIONS COMMAND
Office of the Commander in Chief.

16 April 1957.

Dear Minister Kim,

Reference is made to your letter of 7 August 1956 to General Harmony, in which you outlined a counter-proposal for settlement of Republic of Korea utilities claims against the United Nations Command.

Your proposal was conveyed to my Government. After consultation with other United Nations governments concerned, further instructions have been forwarded by my Government for settlement of utilities claims as follows:

a. For period from commencement of hostilities thru 30 September 1955, approximate date of withdrawal of the last United States power barge from Korea, it is proposed that all utilities claims and counter-claims be mutually waived without liability therefor to either side.

b. For period from 1 October 1955 to effective date of a utilities settlement agreement, the United Nations Command is prepared to effect settlement of utilities claims and counter-claims upon determination of a mutually acceptable accounting therefor.

c. Upon effective date of utilities settlement agreement, the United Nations Command is prepared to inaugurate pay-as-you-go basis for utilities services requested and received from the Republic of Korea, individuals or commercial concerns in Korea pursuant to agreements or contracts to be consummated between concerned United Nations Command forces and the Republic of Korea or private individuals and entities in Korea.

Obligations to reimburse the Republic of Korea for utilities services furnished the United Nations Command forces in Korea, as stated in paragraphs b and c above, will be the responsibility of respective United Nations governments, who will settle on terms and in currencies to be agreed upon.

On basis of foregoing, the United Nations Command is prepared to conclude settlement of utilities claims and counter-claims.

With respect to real estate claims, as I informed Honorable Yong-Woo Kim, Minister of National Defense, in my letters 25 November 1956 and 25 February 1957, I referred this matter to Washington. I have now been instructed to state the United Nations forces governments are not prepared to recognise any claims based on utilisation of real estate, including facilities thereon, necessary to meet requirements of their forces which are in Korea pursuant to invitation of 26 June 1950 of Korean National Assembly and of President Rhee and to the United Nations Security Council resolutions of 27 June and 7 July 1950.

In reviewing the subject of use of real estate, consideration should be given to the fact that the employment of Unified

/Command

Command Forces, together with Forces of the Republic of Korea, decisively repelled the Communist aggressors who attacked the Republic of Korea. Forces of the United Nations Command are remaining in Korea solely because of the possibility that hostilities may be resumed against the Republic of Korea at a moment's notice by these same Communist forces.

I assure you that the United Nations Command Forces desire to use only real estate of little economic value to the Republic of Korea and will make every effort to keep future requests for real estate to an absolute minimum.

In the interest of handling this matter as speedily as possible, I have instructed Major General Robert Gard, who has replaced Major General Harmony as United Nations Command Senior Negotiator, to present this letter to you personally.

Sincerely,

L. L. LEMNITZER

General, United States Army
Commander-in-Chief.

The Honorable Hyan Chul Kim
Minister of Reconstruction
Republic of Korea
Seoul, Korea.

MINISTRY OF RECONSTRUCTION
REPUBLIC OF KOREA
Seoul, Korea

24 April 1957

Dear General:

This will acknowledge receipt of your letter of 16 April 1957 which you conveyed your Government's stand regarding the pending settlement of Korean utility and real estate claims against United Nations Command.

It is my privilege to inform you that my Government has decided to accept your Government's proposal with respect to the utility claims, which provided (1) mutual waiver of all utility claims and counter-claims prior to 30 September 1955, (2) settlement of claims for the period from 1 October 1955 to the effective date of a utility settlement agreement to be entered into, and (3) payment for use of utilities on a pay-as-you-go basis from the date of said agreement.

So far as the real estate claims are concerned, however, it is my Government's position that it would like to reserve the right to reopen when opportune time come the matter for further negotiations.

Sincerely yours,

Hyun Chul Kim
Minister of Reconstruction
Republic of Korea
Seoul, Korea

L. L. Lemnitzer
General, United States Army
Commander-in-Chief.

UTILITY CLAIMS SETTLEMENT AGREEMENT BETWEEN THE UNIFIED
COMMAND AND THE REPUBLIC OF KOREA

PREAMBLE

Apr. 5
"cleared in subst. w U.N. govt
council"

Whereas, the United Nations, by the resolution of the Security Council of 27 June 1950, recommended that members of the United Nations furnish such assistance to the Republic of Korea as may be necessary to repel the armed attack and to restore international peace and security in the area;

And whereas, the United Nations by the resolution of the Security Council of 7 July 1950, recommended that members furnishing military forces and other assistance to the Republic of Korea make such forces and other assistance available to a Unified Command under the United States;

And whereas, the United States of America, acting in its capacity as Unified Command, employed the military forces contributed by members of the United Nations and by the Republic of Korea in repelling the armed attack and restoring international peace and security in the area;

And whereas, the United States of America, acting in its capacity as the Unified Command, and the Republic of Korea provided facilities, materials, supplies, equipment, utilities, services, and monies, for the support of the military forces employed against Communist aggression in Korea;

And whereas, the United States of America, acting in its capacity as the Unified Command, and the Republic of Korea consider it desirable to negotiate a settlement of claims and counter claims arising from the rendition of utility services.

Therefore, the United States of America, on the one hand, acting in its capacity as the Unified Command, on its own behalf and on behalf of the governments of those nations furnishing military forces and field hospitals to the Unified Command: Namely, Australia, Belgium, Canada, Colombia, Denmark, Ethiopia, France, Germany, Greece, India, Italy, Luxembourg, The Netherlands, New Zealand, Norway, The Republic of Philippines, Sweden, Thailand, Turkey, The Union of South Africa, The United Kingdom of Great Britain and Northern Ireland; and the Republic of Korea, on the other hand; have agreed as follows:

ARTICLE I
DEFINITIONS

1. "Claims and counter claims" means demands or requests for, or assertion of right to, payment of money or restoration, replacement, rehabilitation, or removal of property in settlement of any obligation, charge, or account, express or implied,

including counterclaims and offsets, arising from the rendition of utilities services, including claims arising from use, alteration, loss, or destruction of, or damage to, property in connection with transmission, use, or consumption of any utility, and includes claims and accounts arising from the rendition of personal services required in the establishment, maintenance, and operation of utilities, and those claims and accounts for reimbursement for improvements to personal property, but excludes claims arising out of formal written contracts for utilities services between the Republic of Korea and the Unified Command, between any one of the nations in the United Nations Command, and the Republic of Korea, between the Unified Command or any one of the nations in the United Nations Command and Nationals of the Republic of Korea or other persons residing or owning property in the Republic of Korea, or claims arising out of private commercial contracts.

2. "Utilities Services" includes, but is not limited to the operation and use of transportation and communications facilities and systems, and the operation and use or consumption of electricity, gas, water, steam, heat, light, and power, however produced, and sewage disposal.

ARTICLE II

1. This agreement is limited to claims and counterclaims arising from the rendition of utility services as defined in Article I hereof.

2. This agreement shall not apply to claims arising out of the economic assistance programs and out of the furnishing to the Republic of Korea military forces of material and common use items.

ARTICLE III

1. The Republic of Korea forever releases and agrees to hold harmless the United States of America, (acting) in its capacity as the Unified Command, ^{and} on its own behalf, and (on behalf of) the governments of those nations furnishing military forces or field hospitals to the Unified Command, and their Nationals, from any and all claims arising from the rendition of utility services in Korea, incident to the action to repel aggression in Korea, during the period from 25 June 1950 to and including 30 September 1955, (which might have arisen) against the Unified Command, the governments of those nations furnishing military forces or field hospitals to the Unified Command, or their Nationals, by the Republic of Korea, Nationals of the Republic of Korea, or other persons owning property, rendering services, or residing in Korea.

2. The United States of America, acting in its capacity as the Unified Command on its own behalf and on behalf of the governments of those nations furnishing military forces or field hospitals to the Unified Command, forever releases and agrees to hold harmless the Republic of Korea and its Nationals from any and all claims arising from the rendition of utility services in Korea, incident to the action to repel aggression in Korea, during the period 25 June 1950 to and including 30 September 1955, which might have arisen against the Republic of Korea, or its Nationals, by the United States of America, acting in its capacity as the Unified Command, on its own behalf or on behalf of the governments of those nations furnishing military forces or field hospitals to the Unified Command, and their Nationals.

3. The United States of America, acting in its capacity as the Unified Command, on its own behalf and on behalf of the governments of those nations furnishing military forces or field hospitals to the Unified Command, and the Republic of Korea agree to the settlement of all claims and counterclaims arising from the rendition of utility services in Korea for the period of 1 October 1955 to and including 30 June 1957 (blank line) by payment of dollars (blank line) by the respective responsible governments, which will be made by (blank line) to the (blank line). The obligation to reimburse the ROK will be the responsibility of the respective UN governments, who will settle on terms and in currencies to be agreed upon.

4. In consideration of the settlement of utility claims as provided in paragraph 3, Article III:

a. The Republic of Korea forever releases and agrees to hold harmless the United States of America, acting in its capacity as the Unified Command, on its own behalf and on behalf of the governments of those nations furnishing military forces or field hospitals to the Unified Command, and their Nationals, from any and all claims arising from the rendition of utility services in Korea during the period from 1 October 1955 to and including (blank line) (effective date).

b. The United States of America, acting in its capacity as the Unified Command, on its own behalf and on behalf of the governments of those nations furnishing military forces or field hospitals to the Unified Command, forever releases and agrees to hold harmless the Republic of Korea and its Nationals from any and all claims arising from the rendition of utility services in Korea during the period from 1 October 1955 to and including (blank line) (effective date).

ARTICLE IV

1. The United States of America, acting in its capacity as the Unified Command, on its own behalf, and on behalf of the governments of those nations furnishing military forces and field hospitals to the Unified Command, undertakes to negotiate arrangements relating to the provision of utilities services (and supplies) to it by the Republic of Korea or by its Nationals on and after the effective date of ~~these~~ this agreement.

2. The expenditures, activities, and property of the United States of America, acting in its capacity as the Unified Command, on its own behalf or on behalf of the governments of those nations furnishing military forces and field hospitals to the Unified Command, shall be relieved of all customs, duties, taxes, interest, imports and fees or charges of any ~~description~~ description levied or authorized by the Republic of Korea, its agencies, or political subdivisions, in the field of utilities services.

ARTICLE V

The United States of America, acting in its capacity as the Unified Command, on its own behalf, and on behalf of the governments of those nations furnishing military forces and field hospitals to the Unified Command, and the Republic of Korea agree to make available, each to the other, for inspection for a period of 2 years from the date of the signing of this agreement any record or documentary evidence, reasonably available, which may be required by either party to enable it to defend, answer, or establish any claim arising from the rendition of utility services asserted against it (arising) during the period 25 June 1950 to and including (blank line) (effective date of agreement).

ARTICLE VI

It is agreed that the value of the Korean currency to be used in computing the value of utilities services rendered, supplies furnished or damages incurred, shall be the military conversion rate or the ^{official} rate used for United Nations Command expenditures at the time the supplies were furnished, the utilities services were rendered, or the damages were incurred.

ARTICLE VII

This agreement supersedes, in whole and in part, any agreement, express or implied, between the parties, relating to the settlement of claims and counter-claims arising from the rendition of utilities services between the dates 25 June 1950 to and ~~xi~~ including (blank line) (effective date).

ARTICLE VIII

1. This agreement shall be registered with the Secretary General of the United Nations in compliance with the provisions of Article 102 of the Charter of the United Nations.

2. This agreement shall enter into operation and effect (on 30 June 1957) (immediately upon signature hereto).

Done in duplicate in the English and Korean language, at Seoul, Korea, on this (blank line) day of (blank line), 195_. The English and Korean texts shall have equal force, but in case of divergence, the English text shall prevail.

In witness whereof, the respective representative, duly authorised for the purpose, have signed the present agreement.

For the government of the United States of America, acting in its capacity as the Unified Command, on its own behalf and on behalf of the governments of those nations furnishing military forces and field hospitals to the Unified Command.

By blank line.

For the Government of the Republic of Korea.

By blank line.

Alternative draft of
Article III.3.

3. The United States of America, acting in its capacity as the Unified Command, on its own behalf and on behalf of the governments of those nations furnishing military forces or field hospitals to the Unified Command, and the Republic of Korea agree to the settlement of all claims and counter-claims arising from the rendition of utility services in Korea for the period 1 October 1955 to the effective date of this agreement in such sum as may be reflected by a mutually acceptable account covering such claims and counterclaims. The obligation to reimburse the ROK will be the responsibility of the respective UN governments, who will settle on terms and in currencies to be agreed upon.

H.Q.L.F.
HONG KONG.

DCS/104/16

3rd May, 1957.

Dear Colonel Riley,

In confirmation of my talk with you on Thursday, 2 May, 1957, regarding the new draft agreement, I am formally asking that the agreement should not be shown to the R.O.K. until I have received confirmation from the Commonwealth that they have agreed to the draft in its present form. Confirmation has been asked for by telegram and this, I hope, will not be delayed. A few days longer cannot make much difference at this juncture.

In addition there is one other point I must make and that is that neither I nor the Commonwealth have received fresh instructions which allow me to agree to a settlement on a lump sum basis for the period ^{up to 30/9/1955.}

My present instructions, and these are confirmed by the British Embassy here, are that the Commonwealth will negotiate separately its own terms and currencies for settlement of utilities for this period.

In these circumstances it is even more imperative that the draft should not be shown to the R.O.K. before we receive confirmation that such a course has been agreed in Washington.

Yours sincerely,

(Sg) R.J. Reay

Lt. Col. F.F. Riley,
U.S. Air Force,
Special Project Branch,
H.Q.F.E.C./U.N.C.

(1) Ottawa notified of this correction

~~Dist:~~
~~File~~
~~Ref.~~
~~Enc.~~ Serial