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THE SECRETARY OF DEFENSE

WASHINGTON, THE DISTRICT OF COLUMBIA



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Authority: EO 13526  
Chief, Records & Declass Div, WHS  
Date: JUL 01 2019

12 APR 1982

Honorable William P. Clark  
Assistant to President for  
National Security Affairs  
The White House  
Washington, D.C. 20500

Dear Judge Clark: *Bill*

During my recent visit to the Republic of Korea (ROK), President Chun, Minister of National Defense Choo, and other officials pressed for increased FMS credit and for assistance to rescue from bankruptcy the over-extended defense industry there. They presented a rather convincing case as evidenced by the attached briefing papers which you and your staff may find of interest. Most telling was the fact that in 1982 they received some \$94 million less in new credit than the \$260 million they were required to pay in that year for past loans. That experience will no doubt be repeated in FY 1983. They argued that despite allocations of 6% of GNP (about 35% of the national budget) to defense, they still will need substantial amounts of FMS credits in the future. They stressed that the credits will be used to support planned acquisitions in the United States over the next few years of about \$900 million annually which benefits both nations. However, even if they achieve presently projected force modernization goals the military imbalance will not be redressed completely. They paint a rather gloomy picture indeed and contrast our treatment of Israel for example with that accorded the ROK.

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I am persuaded by their arguments and was most impressed during my visit by the energy, determination, ambition and accomplishments of the Korean people. The ROK has been a most faithful ally and is likely to continue in that role. I believe that we must do more to assist in the present circumstances. Defense can and will take action to help the ROK defense industry by expanding use of Korean facilities to overhaul and maintain at a savings US equipment on the peninsula and in the region. Defense will also make certain that no sales opportunities are lost due to bureaucratic red tape. Moreover, I intend to support in FY

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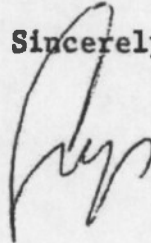
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1984 a larger amount of FMS credit, more favorable repayment terms and some form of concessionary interest. The importance of maintaining stability on the peninsula by deterring North Korean aggression suggests that it would be prudent to use our security assistance resources to make certain that the ROK has the capability to resist successfully a hostile intrusion. My staff is looking at options, and I will be forwarding specific recommendations in due course.

Sincerely,



Attachment

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