

announced that it will purchase from Britain the advanced combat-control software system for the Naval destroyers that are being built under the KDX Program. BAE-Sema Ltd. will supply its SSCS (Surface Ship Combat System) MK7, partly in cooperation with the Korean firm Samsung Electronics and Goldstar Precision. Another area of cooperation between European and Korean firms is the construction of the ROK Navy's fleet of submarines. Several submarines have been purchased directly from Germany, and the rest of the fleet is being constructed in Korea with German technical assistance.

One reason for Korea's move to reduce its reliance on U.S. defence suppliers appears to be that the country's commitment to acquiring advanced technology in areas such as electronic warfare has run up against restrictive export policies within the U.S. Government. There is a perception that access to advanced technologies is more readily available from European sources than from the U.S. Another significant reason for the inroads that have been made into the Korean defence products market by non-U.S. suppliers is simply that in many cases they have been pursuing market opportunities in Korea more aggressively than their American counterparts.

The Korean market has taken on particular significance for many defence products suppliers because it is one of the few growth areas in the world. Korea's defence procurement budget is still growing at about 8% annually in real terms.

Although the Republic of Korea is looking beyond the reunification of the peninsula as it makes its long term strategic plans, the country nevertheless remains technically in a state of war with the Democratic People's Republic of Korea, a totalitarian, personality cult state which claims dominion over the entire peninsula. Incidents with the North Korean military along the demilitarized zone, some of them fatal, are not unusual.

As a result of the tense conditions on the peninsula and the fact that Korea is still formally in a state of war, it is very difficult to obtain information concerning Korean defence procurement programs. Foreign companies find obtaining access to even basic, routine information related to military projects very difficult.

The Korean Ministry of National Defense is a very closed organization which maintains tight control over all of its information for national security reasons. For example, even organization charts and telephone lists are not available to outsiders.

Defence procurement is shrouded in mystery and budget allocations are not published. This makes it imperative that any company that is interested in selling to the military obtain the services of a proven defence sales agent. A well connected agent is usually able to obtain details on projects which would otherwise be unavailable to foreigners. The Canadian Embassy can in many cases advise on the reputation and capabilities of a defence products agent.