

3. Mr. Kim stressed the harmful economic effects which the division of Korea at the 38th parallel of latitude had had upon South Korea. He pointed out how the Japanese had built up industry in North Korea as a sea-side base of supply for the great area of Manchuria. The Japanese had not placed similar emphasis on industrial development in South Korea. What industry existed in South Korea now suffered from the cut-off of electric power from the north and a shortage of coal. While South Korea had a large hydro electric power potential, it had yet to be developed. A feature which would hamper the rapid industrialization of South Korea was the necessity of diverting a considerable volume of manpower at this time into the Armed Forces. South Korea was faced with the necessity of quickly organizing a strong defence force.

4. When Mr. Heasman asked in what way Canada could be of assistance, Dr. Chough interjected that political and economic matters were inextricably entwined. He asked Mr. Heasman to urge upon his Government the recognition of the new Korean Government as a necessary means of bettering the trade relations between Canada and his own Country.

5. Mr. Heasman asked whether there was any need on the part of South Korea for Canadian cereals. Mr. Kim replied in an unqualified negative. The production of cereals in South Korea was presently below normal primarily because of the lack of fertilizers. There existed a first class fertilizer manufacturing plant in the North, but South Korea was denied the opportunity of obtaining any portion of its present output. To meet the need for fertilizers in the South, the Government there had recently purchased some eighteen million barrels of fertilizer from the United States.

6. When Mr. Kim mentioned some valuable timber stands in South Korea, Dr. Chough pointed out that a considerable volume of Canadian timber had reached Korea during the Japanese occupation of that Country. He added, however, that the resumption of such trade might well be fostered if Canada extended recognition to his Government. Mr. Kim then stressed the present Korean need for wood pulp.

7. Mr. Kim also spoke of the reluctance of his Government to support the policy which was being proposed in some countries whereby Japan would be restored as the work-shop of Asia. He said that Japanese goods did not last and when Mr. Heasman remarked that Japan might soon be able to undersell Canadian and United States manufacturers, he said that higher priced manufactured goods from Canada and the United States were preferable to their Japanese counterparts.

8. Dr. Chough amplified Mr. Kim's remarks in this respect. He spoke of the common fear throughout Asia and the Pacific area of a revived Japanese industrial hegemony. He referred to the visits his Delegation had paid prior to its departure for the United States, to Government officials in both China and the Philippines. The Governments of both these States were not prepared to serve Japan by supplying her with raw materials and buying her finished products. Mr. Kim said that any such policy directed towards reviving Japanese industry would have the effect of making those countries which had been devastated by Japanese imperialism pay for Japanese reparations. Dr. Chough also talked of the common desire of Asiatic