

NEW YORK SATURDAY

U. S., SOUTH KOREA SIGN ECA AID PACT FOR \$300,000,000

3-Year Assistance Agreement
Goes Before Seoul Assembly
Today for Ratification

AGRICULTURE EMPHASIZED

Negotiations Making Country
Eighteenth in Marshall Plan
Are Hailed by Officials

By RICHARD J. H. JOHNSTON

Special to THE NEW YORK TIMES

SEOUL, Korea, Dec. 10—Representatives of the United States and the South Korean Governments signed today an agreement providing for at least \$300,000,000 aid to South Korea during the next three years.

Marking South Korea's entry into the Economic Cooperation Administration program, the pact was signed by the South Korean Prime Minister, Lee Bum Suk, the Minister of Finance, Kim Do Yun, and Ambassador John J. Muccio, President Truman's special representative. The agreement will be submitted to the Korean Republic's National Assembly tomorrow for ratification.

The signing brought to a close negotiations between South Korean and United States representatives that began Oct. 4, this year.

"Through the signing of this agreement," the Finance Minister declared, "the Republic of Korea has taken a fundamental step toward insuring a sound economy."

Korean Economy Aided

Prime Minister Kim added: "The agreement will strengthen our finance and economy during the important formative period facing us. It will also assist the Republic of Korea to develop its industrial capacity."

Mr. Muccio said today the agreement was "substantially the same in its terms as those signed by other countries participating in the ECA."

The Ambassador added that \$126,000,000 in aid for the fiscal year 1949 already was en route or on order. He said that particular emphasis was being placed on increased agricultural production and that sixteen shiploads of fertilizer presently was en route to Korea under the program.

The ECA will take over shortly from the United States Army the administration of aid to Korea.

Assistance under the United States Military Government, which discontinued the operation with the inauguration of the South Korean Government last August, ran from the beginning of the occupation, September, 1945. A Communist-sponsored regime exists in North Korea.

ECA Administrator Paul G. Hoffman is scheduled to arrive here next Tuesday to supervise the final shift from Army to Marshall Plan representatives here.

In a joint ECA-State Department statement issued today, coincidental with the signing of the agreement, it was said:

"The agreement signed at Seoul today, which is being submitted to the Korean National Assembly for ratification, provides a framework within which the economic assistance requested of the United States by the Republic of Korea will be carried out by the Department of the Army and by the ECA when the latter assumes these responsibilities.

"By strengthening the economy of Korea through the economic aid to be furnished under this agreement, the United States will maintain its support of the independence of Korea, which has been furthered by the action of the United Nations."

Korea became, according to ECA officials here, the second Far Eastern and eighteenth nation to participate in the aid program.

The preamble of the agreement stated that aid was intended "to avert economic crisis, promote national recovery and insure domestic tranquility in the Republic of Korea."

The Government of the Republic of Korea, under the agreement terms, is required "to make the most advantageous use of all available Korean resources," as well as "similarly effective use of aid furnished" by the United States.

Korea will undertake, according to the agreement, to balance the budget, control her currency and use both Government and private credit essential to economic stability.

Also the Government will be required to regulate foreign exchange transactions and establish foreign trade controls, including an export-import licensing system to "insure that all foreign exchange resources make a maximum contribution to the welfare of the Korean people and the recovery of the Korean economy."

The Government will be required to establish an exchange rate for the Korean currency as soon as economic conditions here warrant. Korea will be required to exert all efforts to bring about maximum production and the collection and equitable distribution of locally produced supplies, "including the continuance of the program of the collection and distribution of indigenously produced cereals and grains," and to oversee the maintenance of a staple ration at controlled prices.

The freedom of the ECA representatives to travel to observe the implementation of the program within the limits of Korea where the program is in operation also is guaranteed by the Korean Government.

