

Furnish this exhibit for EACH foreign principal listed in an initial statement
and for EACH additional foreign principal acquired subsequently.

1. Name and address of registrant Pillsbury, Madison & Sutro 1667 K Street, N.W., Suite 1100 Washington, D.C. 20006	2. Registration No. 4212
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3. Name of foreign principal Korea Foreign Trade Association	4. Principal address of foreign principal Korea World Trade Center 159 Samsung-Dong, Kangnam-Gu, Seoul, Korea
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5. Indicate whether your foreign principal is one of the following type:

Foreign government

Foreign political party

Foreign or domestic organization: If either, check one of the following:

<input type="checkbox"/> Partnership	<input type="checkbox"/> Committee
<input type="checkbox"/> Corporation	<input type="checkbox"/> Voluntary group
<input checked="" type="checkbox"/> Association	<input type="checkbox"/> Other (specify) _____

Individual—State his nationality _____

6. If the foreign principal is a foreign government, state:

a) Branch or agency represented by the registrant. N/A

b) Name and title of official with whom registrant deals.

7. If the foreign principal is a foreign political party, state:

a) Principal address

b) Name and title of official with whom the registrant deals.

c) Principal aim

8. If the foreign principal is not a foreign government or a foreign political party,

a) State the nature of the business or activity of this foreign principal

The foreign principal is an association representing private sector companies.

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b) Is this foreign principal

- Owned by a foreign government, foreign political party, or other foreign principal Yes No
- Directed by a foreign government, foreign political party, or other foreign principal..... Yes No
- Controlled by a foreign government, foreign political party, or other foreign principal Yes No
- Financed by a foreign government, foreign political party, or other foreign principal..... Yes No
- Subsidized in whole by a foreign government, foreign political party, or other foreign principal..... Yes No
- Subsidized in part by a foreign government, foreign political party, or other foreign principal..... Yes No

9. Explain fully all items answered "Yes" in Item 8(b). (If additional space is needed, a full insert page may be used.)

N/A

10. If the foreign principal is an organization and is not owned or controlled by a foreign government, foreign political party or other foreign principal, state who owns and controls it.

Foreign principal is controlled by members of the Korea Foreign Trade Association.

Date of Exhibit A <i>Jan 25, 1989</i>	Name and Title Robert A. Mittelstaedt, partner	Signature <i>Robert Mittelstaedt</i>
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INSTRUCTIONS: A registrant must furnish as an Exhibit B copies of each written agreement and the terms and conditions of each oral agreement with his foreign principal, including all modifications of such agreements; or, where no contract exists, a full statement of all the circumstances, by reason of which the registrant is acting as an agent of a foreign principal. This form shall be filed in duplicate for each foreign principal named in the registration statement and must be signed by or on behalf of the registrant.

Name of Registrant
Pillsbury, Madison & Sutro

Name of Foreign Principal
Korea Foreign Trade Association

Check Appropriate Boxes:

1. The agreement between the registrant and the above-named foreign principal is a formal written contract. If this box is checked, attach two copies of the contract to this exhibit.
2. There is no formal written contract between the registrant and foreign principal. The agreement with the above-named foreign principal has resulted from an exchange of correspondence. If this box is checked, attach two copies of all pertinent correspondence, including a copy of any initial proposal which has been adopted by reference in such correspondence.
3. The agreement or understanding between the registrant and foreign principal is the result of neither a formal written contract nor an exchange of correspondence between the parties. If this box is checked, give a complete description below of the terms and conditions of the oral agreement or understanding, its duration, the fees and the expenses, if any, to be received.

4. Describe fully the nature and method of performance of the above indicated agreement or understanding.

See the attached correspondence for details of the above agreement.

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U.S. DEPARTMENT OF JUSTICE
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5. Describe fully the activities the registrant engages in or proposes to engage in on behalf of the above foreign principal.

Consult with the foreign principal on general trade matters, monitor trade developments, advise on negotiating and legislative strategies.

6. Will the activities on behalf of the above foreign principal include political activities as defined in Section 1(o) of the Act?¹
Yes No

If yes, describe all such political activities indicating, among other things, the relations, interests or policies to be influenced together with the means to be employed to achieve this purpose.

Activities will include communicating with administrative and congressional officials or personnel on issues which may affect or relate to the foreign principal.

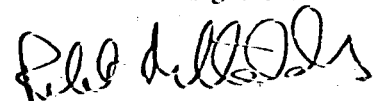
Date of Exhibit B

Jan. 25, 1989

Name and Title

Robert A. Mittelstaedt,
partner

Signature



¹Political activity as defined in Section 1(o) of the Act means the dissemination of political propaganda and any other activity which the person engaging therein believes will, or which he intends to, prevail upon, indoctrinate, convert, induce, persuade, or in any other way influence any agency or official of the Government of the United States or any section of the public within the United States with reference to formulating, adopting, or changing the domestic or foreign policies of the United States or with reference to the political or public interests, policies, or relations of a government of a foreign country or a foreign political party.

LAW OFFICES OF
PILLSBURY, MADISON & SUTRO

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January 12, 1989

Korea Foreign Trade Association
Korea World Trade Center
Seoul, Korea

Attention: Dr. Duck Woo Nam
Chairman

Gentlemen:

This letter is to confirm the agreement concerning professional service relationship between Korea Foreign Trade Association ("Association") and the law firm of Pillsbury, Madison & Sutro ("Firm"). Considering the nature and scope of professional services which the Association will require in dealing with Korea-U.S. trade relations, we propose the following:

The Firm shall render services as described hereinbelow as the Association's counselor of law with respect to general legal matters of international nature including particularly international trade regulations and other related matters which may affect international trade relations between Korea and the United States and movements of resources between the two countries. The Association may, when it deems appropriate or desirable in connection with

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dealings with any third parties, designate the Firm as its general counsel for international trade matters in the United States and the Firm shall present itself as such before any third parties including any government agencies and their subdivisions or branches. Specifically, upon the Association's request the Firm shall take steps to register itself with the appropriate U.S. government agencies as counsel to the Association.

The scope of professional services to be performed by the Firm under this agreement is to undertake monitoring of the major Administrative, Congressional, any state related or private sector issues which could affect Korea-U.S. trade or commercial relations, to analyze these issues in depth and provide strategic long term advice on how to manage them; to assist in establishing a dialogue with relevant U.S. government, private sector and Congressional officials and staff; to monitor new legislative developments and brief Association staff on a regular basis; and to make a report on the result of the monitorings and analysis.

The proposed services shall also include general consultation, legal opinions and advice concerning daily business operations and transactions of the Association in and with the United States, and preparation of reports and responses to inquiries by the Association's auditors or any regulatory agencies ("Basic Scope of the Services"). The proposed services shall be provided primarily through the Association's head office in Seoul, Korea and Washington D.C. office or any other staffs or Korean government officials designated by the Association.

It is understood that attorneys handling work for the Association may be required to be personally available in the offices of the Association outside

the United States and in such event the Firm shall do its best to accommodate such requirement. In order to handle the required legal work timely as well as efficiently, a partner of the Firm responsible for international trade matters shall supervise and coordinate all the work process and products in the Firm as assisted by an appropriate number of other lawyers specializing in international trade law.

In full consideration of the Basic Scope of the Services to be performed by the Firm the Association will pay to the Firm \$10,000 per month, payable quarterly. Out of pocket expenses reasonably incurred on the Association's behalf shall be separately identified and billed per each month. Major expenses including inter-state travel expenses shall not be undertaken without express permission of the Association. A statement of services including the amount of fees and expenses shall be provided to the Association on a monthly basis, appropriately supported with description of activities. With respect to any additional legal services which may be assigned from time to time by the Association or its member companies outside the Basic Scope of the Services mentioned above, the fee would be billed separately on the basis as may be mutually agreed upon. The taxes and imposts to be assessed by the U.S. authorities on the payment hereunder shall be borne by the Firm.

This agreement shall become effective for one year from the date this agreement executed by the Firm is acknowledged by the Association by its counter-signature hereto and shall be renewed for each additional one year term unless terminated earlier. This agreement may be terminated at any time upon either party's thirty(30) day prior written notice.

All business information of confidential nature relating to the Association and its affiliates shall be held in the strictest confidence and shall

not be disclosed without approval of the Association. This agreement super-
sedes all previous understandings or agreements between the parties with
respect to the subject matter hereof.

If you agree to the terms herein set forth, please sign and return to us the
enclosed copy of this letter.

Very truly yours,

PILLSBURY, MADISON & SUTRO

By:



T. Neal McNamara
Managing Partner

By:

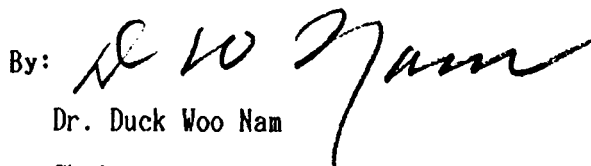


Sudeok Jang
Partner

hereby acknowledged and consented to:

KOREA FOREIGN TRADE ASSOCIATION

By:



Dr. Duck Woo Nam
Chairman

Date: January 17, 1989

**A PROPOSAL TO REPRESENT
THE KOREA FOREIGN TRADE ASSOCIATION**

Remain please new firm. The above...

PILLSBURY, MADISON & SUTRO

PILLSBURY, MADISON & SUTRO:
PROPOSAL TO REPRESENT THE KOREA FOREIGN TRADE ASSOCIATION

INTRODUCTION

Korea-U.S. trade relations have greatly intensified over the past four years-in scope, volume and complexity. The enormous success of Korean exports in gaining acceptance and loyalty among U.S. consumers has, on the one hand, substantially increased trade, but has, on the other, led to enhanced friction and an onslaught of Section 301 actions directed against the Korean market, perceived by some in Korea as the new U.S. economic imperialism. Despite this situation, overall relations between the U.S. and Korea remain close and strong. The challenge for the future, and, in particular, for the KFTA, is to devise an effective long-range strategy with the aim of reducing trade friction between the U.S. and Korea, thus providing the security and continuity necessary for Korea-U.S. trade to continue to flourish.

This objective is of paramount importance, not only in light of the current problems affecting Korea-U.S. trade, but because of the upcoming U.S. presidential election. With the real possibility of a more "protectionist" Democratic administration, but also the opportunity to start new

relationships, the KFTA must promote a balanced and fair view of Korea-U.S. trade relationships among those who are or who may be in policy-making positions.

Pillsbury, Madison & Sutro ("Pillsbury") can assist the KFTA in this endeavor by calling on the substantial trade expertise of its attorneys, their Administration, Congress and private sector contacts and their experience in dealing with the policy-making process. Pillsbury is also able to provide the KFTA and its member companies advice on foreign investment, tax and other legal issues which could affect their U.S. operations.

PRINCIPAL OBJECTIVES

The KFTA office in Washington has an excellent staff and is able to take advantage of many contacts throughout the Administration and Congress and of public sources of information on developments affecting Korean interests.

We, therefore, propose to avoid inundating the KFTA with masses of generally available information. Rather we propose to focus in-depth on the critical issues affecting Korea-U.S. trade and commercial relationships and provide analysis and pragmatic and strategic advice concerning them. Some of these issues are discussed below.

Second, we propose to work closely with the KFTA to develop additional working-level and decision-level contacts

within the Administration among key staffers on the Hill with respect to these issues and among U.S. private sector trade associations and companies.

Third, we propose to assist KFTA and its members as trade cases arise that affect their interests. We would adopt a preventative strategy towards as many situations as possible, by identifying problems in advance and working with U.S. industry groups and affected Korean parties to avoid formal confrontations.

SPECIFIC ISSUES

The primary issues facing Korea and the U.S. at this time are:

- (1) the fundamental direction and nature of future trade relations: conflict or conciliation?
- (2) specific administrative and legislative developments that could benefit or harm Korea;
- (3) the tone and substance of Korean government and company relationships with the U.S. private sector.
- (4) Korean investment and commercial operations in the U.S.

1. Future Direction of Korea-U.S. Relations.

a. Administration Issues.

Korea-U.S. trade relations are now bogged down in a series of actual or threatened 301 actions, including wine, cosmetics and advertising market access. In addition, a variety of intellectual property protection issues of concern to the U.S. private sector have been raised through the Office of the U.S. Special Trade Representative (USTR). Although the pharmaceuticals cases advocated by Squibb and Bristol Myere have not proceeded as 301 actions, these issues will be addressed by USTR through a new committee studying Korea-U.S. patent issues. Moreover, the Department of State and USTR are seeking a number of "generic" reforms of the Korean economy such as reductions in tariffs, local content rules for foreign joint ventures and Korean government procurement practices. The Department of the Treasury is seeking additional appreciation in the value of the Korean won against the U.S. dollar.

b. Congress.

With respect to Congress, Korea has become a convenient target for many Congressmen, frustrated by America's inability to manage its large trade deficit. The "Gephardt Amendment," which would have mandated retaliation against countries with large trade surpluses such as Korea, was dropped from the omnibus trade bill, H.R. 3, at the last minute but is symbolic of the protectionist responses that pose a threat to Korean interests.

c. Suggested Strategy.

Despite the climate of tension that these developments have created, there are some promising developments, which, if supported astutely by the KFTA, could lead to an improvement in the trade climate. For example, State Department officials and USTR officials working on market access cases are increasingly frustrated by the fragmented and time-consuming nature of various 301 actions threatened or instituted. They view these matters as taking up a disproportionate amount of U.S. government resources, creating unnecessary tension, contributing to anti-American perceptions in Korea and detracting from more important "generic" issues of Korea-U.S. trade. By approaching these officials with our assistance, it might be possible to work with them to improve this situation. One objective would be to promote an image of good faith and reasonableness on the part of the Korean government and Korean private sector with these officials. Another would be to actually gain their support in dealing with U.S. private sector interests considering market access cases. Finally, in some instances, it might be possible to avoid a formal confrontation on certain issues as a result of such cooperation.

An example of a Section 301 case where such an approach might have been productive is the recently concluded

reeexamination of the insurance case originally begun in the early 80s by American International Group. When this case resurfaced, the domestic industry convinced USTR at an early stage that its former agreement with the Korean government on certain access issues for U.S. insurers had been negated in practical terms. As a result, USTR's prestige was at stake. It had no hesitation in initiating this case a second time and pursued it vigorously.

It would have been preferable to identify this problem at an early stage through regular informal and friendly contacts with AIG and other U.S. insurers to monitor their situation. Once it became apparent that problems were arising, they could either have been resolved on a practical level, perhaps by facilitating AIG's partnership with an appropriate Korean company, or, if unresolvable, at least the Korean government would have had a better opportunity to explain its case to USTR before the agency instituted formal proceedings. Such early action might well have avoided the accusations of bad faith on the part of Korean interests which arose in the course of the proceeding.

A present situation in which we believe a strategic approach could benefit Korea-U.S. trade relations is with respect to the Department of Treasury's efforts to promote appreciation of the Korean won. State Department officials are frankly skeptical of Treasury Department data with

respect to the won's failure to appreciate and are sensitive to the impact of appreciation on Korea's debt situation. By working carefully with such State Department officials and convincing them of the sincerity and good faith of Korean efforts in this regard, and the relevant economic constraints, it might be possible to avoid further confrontation.

Finally, in many instances, perception rather than reality dictates policy. The manner in which Korean interests conduct negotiations on these issues is thus very important. We would work with the KFTA to promote a tone of cooperation and reasonableness which, we believe, could substantially improve trade relations. We have discovered, in the course of our extensive dealings with Administration trade policy officials, that many of them do not have the kind of easy working or personal relationships with their Korean counterparts which these U.S. officials enjoy with their Japanese counterparts, for example. We propose to work with KFTA and others representing Korean interests to foster these relationships on a professional and personal basis.

2. Administrative and Legislative Developments That Could Significantly Benefit or Adversely Impact Korea.

This discussion is not meant to be exhaustive, since it is obvious that an overwhelming number of U.S. policies

from agriculture to defense, could have some impact on Korea. Discussed below are a few issues designed to illustrate the approach Pillsbury would take in assisting the KFTA.

For example, some U.S. advertising companies have threatened a Section 301 case in an effort to obtain the right to open branch offices in Korea. During the last round of Korea-U.S. trade talks, the Korean government agreed to let foreign advertising firms participate in joint ventures as minority partners. We propose to establish contact with these firms on behalf of the KFTA in an effort to facilitate joint ventures and ensure that they do not encounter obstacles that would lead to a Section 301 case.

Similarly, the U.S. cosmetics industry has threatened a Section 301 on the grounds that the Korean Ministry of Health's standards for testing and labeling cosmetics goes beyond accepted world practice. It might be possible to work out joint venture relationships with these companies and interested KFTA members which would satisfy their concerns in place of major changes in the Ministry of Health's guidelines.

Korea and the U.S. are negotiating on trade in fisheries products. The U.S. is seeking to obtain lower Korean tariffs and greater market access for U.S. products to address a perceived trade imbalance in this area. We would propose working closely with National Oceanic and Atmospheric

Administration ("NOAA") negotiators and, especially, U.S. private sector fisheries companies, to determine the real goals of the U.S. domestic fishery industry. This information could assist Korean negotiators as they assess the potential impact of U.S. exports on their industry and the degree of domestic pressure on NOAA negotiators. We would also explore whether it would be possible to limit any concessions specifically to U.S. imports rather than a general relaxation of Korean import quotas. The result of U.S.-Japan fisheries talks was a favorable Japanese import quota limited only to U.S. imports.

Another major policy development on the horizon which could adversely impact Korean interests in the United States is the debate over whether to renew or scrap the existing Voluntary Restraint Agreements on steel which are due to expire in 1989. Presidential candidate Michael Dukakis has already announced that he favors extension of the VRAs. On the other hand, Vice President Bush has not committed himself and there are opponents of the VRAs on Capital Hill, such as Senator Pete Wilson and various steel consuming groups. Some Administration officials take the position that Korean steel has been fairly traded (as a result of the lack of successful antidumping and countervailing duty cases on Korean steel products) and this attitude gives rise to an opportunity to present Korea's position in a favorable light.

KFTA efforts could stress that because of the lack of leverage (successful trade cases) by the current or any future Administration with respect to this issue, any VRA would have to be "forced" and would provoke increased tension and anti-Americanism within Korea. The State Department might be especially receptive to this argument. This is another example where prudent, long-range strategic planning may avoid conflict before it arises.

3. Korean Government and Company Relationships With the U.S. Private Sector.

In our view, this is one of the more neglected but potentially fruitful avenues for improvement of Korea-U.S. trade. As discussed above, we believe that many trade problems could be solved through the informed involvement of Korean industry with its U.S. counterparts. A dramatic example of the results of this type of interaction occurred recently with respect to a Section 301 action threatened against the European Community.

McDonnell Douglas, the second largest U.S. aircraft manufacturer, was planning a Section 301 action against Airbus, the European aircraft manufacturing consortium. Shortly before filing a petition, they received a call from British Caledonia Airlines, which threatened to cancel its proposed purchase of several McDonnell Douglas planes if the Section 301 action went ahead. The action was on the brink of

being accepted by USTR but McDonnell Douglas nonetheless withdrew it. Although somewhat unsubtle, this anecdote illustrates the virtue of involving the private sector in potential trade problems and of maintaining friendly and informal contact with U.S. industries doing business or attempting to do business in Korea before problems arise.

We would propose to work with you to identify key individual companies involved or interested in Korea, establish and maintain liaison with "problem" U.S. companies and to introduce high-level KFTA officials to company decision-makers in an effort to promote good relations. We would also recommend regular contact with groups such as the National Association of Manufacturers in an effort to establish a working dialogue. We believe that this is an area in which Pillsbury could greatly assist the KFTA. As one of the largest law firms in the U.S. and the most traditional firm in California, Pillsbury has an extensive and diverse client base. It also represents, through Sudeok Jang of the Los Angeles office, perhaps more Korean companies doing business in the U.S. than any other U.S. firm.

As a result of these relationships, Pillsbury has the ability to foster interaction between the U.S. and Korean private sectors. In addition, because of its pre-existing commercial relationships with key Korean companies, Pillsbury could also assist the KFTA in effectively responding to its

members' needs.

We also think that educational programs such as seminars and supply of written memoranda for the KFTA member companies will greatly enhance the level of awareness of Korean companies. For example, during a recent KFTA sponsored seminar in Seoul, Pillsbury attorneys discussed practical strategies for avoiding anti-dumping cases. We propose to continue such activity by means of seminars in the U.S. and Korea and written memoranda on similar subjects. We attach a representative memorandum which summarizes the above-mentioned presentation on avoiding antidumping cases.

4. Korean Investment and Commercial Operations in the U.S.

In addition to trade, many other legislative and administrative developments in the areas of investment and tax could directly affect the interests of KFTA member companies. For example, the Bryant amendment to the omnibus trade bill, H.R. 3, would have required extensive disclosure of information by foreign investors with U.S. holdings. The unstated but practical intent of these requirements was to discourage foreign investment. Fortunately, the amendment was not incorporated in H.R. 3, but serves to illustrate the type of legislation or policy which could attempt to restrict foreign investment and which we propose to monitor. Any legislation or development of laws on tax, antitrust, environmental issues, construction, labor, transportation

and customs affecting Korean companies would also be included within the scope of this effort.

In addition, we propose to monitor California state administrative and legislative developments which could directly affect KFTA members, many of whom are located in California. These would include unitary tax issues, investment incentives and developments in product liability law. We attach a recent firm memorandum on this subject which illustrates its relevance to KFTA members.

SERVICES TO BE RENDERED

With the above in our frame of reference, we propose to undertake monitoring of the major Administrative, Congressional, California, candidate-related or private sector issues which could affect Korea-U.S. trade or commercial relationships in conjunction with the KFTA. We propose to analyze these issues in depth and to provide strategic long-term advice on how to manage them. We also propose to assist in establishing a dialogue with relevant U.S. government, private sector and Congressional officials and staff, monitor new legislative developments and brief KFTA staff members in Washington on a regular basis. Further, we propose to sponsor seminars on relevant issues from time to time and regularly supply our written memoranda on subjects of practical importance to KFTA members.

MECHANICS OF THE RETAINER ARRANGEMENT

The proposed services would be provided primarily through KFTA's Washington office. All business information of a confidential nature relating to the KFTA would be held in the strictest confidence and would not be disclosed without the prior approval of the KFTA.

The retainer fee for performing professional services on the matters described above would be \$10,000 per month. Hourly charges over the retainer would not be billed except to the extent that they exceed \$5,000. For example, if our total hourly charges for a month were \$16,000, we would only bill you \$11,000. Out-of-pocket expenses incurred on behalf of the KFTA would be separately identified and billed per each month. With respect to any additional legal services which may be assigned from time to time by the KFTA or its member companies outside the scope of the retainer work, the fee would be billed separately on the basis of the amount of attorney time expended or on such other basis as might be mutually agreed upon. Again, reasonable out-of-pocket expenses would be separately identified and billed. Major expenses would not be undertaken without express permission of the KFTA. A statement of services including the amount of fees and expenses would be provided to the KFTA on a monthly basis, appropriately supported with description

of activities and hourly rates.

Any agreement as to the amount of legal fees must be satisfactory to both parties. Therefore, we would suggest that the retainer arrangement be the subject of review and adjustment from time to time. The arrangement may be terminated at any time by either party upon sixty (60) day prior written notice.

Very truly yours,

Pillsbury, Madison & Sutro

By: 
T. Neal McNamara

By: 
Sudeok Jang

Dated: July 9, 1988