NAPSNet Daily Report 01 April, 1998

Recommended Citation

"NAPSNet Daily Report 01 April, 1998", NAPSNet Daily Report, April 01, 1998, https://nautilus.org/napsnet/napsnet-daily-report/napsnet-daily-report-01-april-1998/

IN TODAY'S REPORT:

I. United States

- 1. US Theater Missile Defense
- 2. Foreign Investment in ROK
- 3. Taiwan-ROK Trade Relations
- 4. Taiwanese Investment in PRC
- 5. PRC Spouses of Taiwanese Citizens
- 6. US Policy on Arms Sales to Taiwan
- 7. Japan Announces Financial Reforms
- 8. Alleged Russian Biological Weapons

II. Republic of Korea

- 1. DPRK View of Four-Party Talks
- 2. US-ROK Relations
- 3. US-Japan Security Relations
- 4. DPRK-Japan Relations

III. People's Republic of China

- 1. PRC View of Four-Party Talks
- 2. Nuclear Framework Agreement
- 3. ROK-DPRK Trade Relations
- 4. PRC-DPRK Relations
- 5. PRC-US Arms Control Talks
- 6. PRC-US Nuclear Cooperation

I. United States

[][]

1. US Theater Missile Defense

The Associated Press (Tom Raum, "HOUSE OKS $147M FOR MISSILE DEFENSE," Washington, 03/31/98) reported that the US House of Representatives voted Monday night to authorize a US$147 million program for the current fiscal year to enhance radar systems and to speed development of the latest generation of Patriot missiles, the PAC-3 missile. Sponsors of the bill cited developments of medium- range ballistic missiles by both the DPRK and Iran as necessitating the measure. According to a report by the House National Security Committee, the DPRK last year deployed its No Dong-1 missile, which has range "enough to threaten nearly all of Japan and the U.S. forces stationed in much of northeast Asia," and continues to work on the Taepo Dong-1 missile.

[][][]

2. Foreign Investment in ROK

The AP-Dow Jones News Service (Cecilia M. Kang, "KOREA AIMS FOR FOREIGN INVESTMENT-LED RECOVERY -TRADE MIN," London, 04/01/98) reported that ROK Minister of State for Trade Han Duck-soo said Wednesday the country's recovery will likely come from increased foreign investments rather than through the improving trade balance this year. Han stated, "Exports aren't going to be the critical factor because the problem is, there aren't ample places to sell our exports." He explained that although the ROK has posted five straight months of trade surpluses, the improvement in the trade balance has not come from a rise in exports but from the sharp decrease in imports.

[][][]

3. Taiwan-ROK Trade Relations

The AP-Dow Jones News Service ("RELATIONS WARM AS TAIWANESE TRADE DELEGATION VISITS S. KOREA," Taipei, 04/01/98) reported that Taiwan on Wednesday sent an official trade delegation to the ROK for the first time since the two countries severed diplomatic ties in 1992. The 40- member trade delegation was headed by Fan Liang-tung, deputy director of the Board of Foreign Trade. Taiwan officials said that Fan will meet with ROK trade, industrial, and transport officials. Fan said that Taiwan hopes to help the ROK weather its economic crisis by increasing trade between the countries. He also reiterated Taiwan's wish to resume ministerial-level trade meetings that were suspended in 1992. Meanwhile Liu Tai-ying, who manages the ruling Nationalist Party's businesses, said he will visit the ROK next week to probe investment opportunities there. Liu added that China Development Corp., a party- invested company, has recently set up a 10 billion won (US$7 million) fund for investment in the ROK.

[][][]

4. Taiwanese Investment in PRC

Reuters ("TAIWAN FORMOSA TO INVEST IN CHINA VIA THIRD PARTY," Taipei, 03/30/98) reported that Taiwan economics minister Wang Chih-kang on Monday said that the government would not allow Formosa Plastics group to invest in a US$3 billion power plant project in the PRC, but could not stop the company transferring the investment to an overseas business partner. Wang said that Formosa Plastics' plan was "purely a commercial act." Taiwan bans direct investment in the PRC by Taiwanese firms but has allowed a wide range of "indirect" projects via a third area, as long as they obtain government approval. Wang called on Taiwan businessmen to wait and see how new PRC Premier Zhu Rongji would carry out his economic reform program before making investments in the PRC.

[][][]

5. PRC Spouses of Taiwanese Citizens

The Associated Press ("TAIWAN LOOSENS SPOUSE RESTRICTIONS," Taipei, 03/30/98) reported that Taiwan approved new regulations Monday that make it much easier for PRC citizens to join their Taiwanese spouses and small children on the island. The rule change amounts to virtually uninterrupted residency rights after children are born. Hu Teh-sheng of Taiwan's Mainland Affairs Council said that about 10,000 PRC spouses are now in line to receive residency permits. The revisions still must be submitted to the Legislative Yuan for approval. Under the older system, PRC spouses could visit Taiwan only once a year, for no more than six months.

[][][]

6. US Policy on Arms Sales to Taiwan

US State Department Spokesman James Rubin ("STATE DEPARTMENT NOON BRIEFING, MARCH 30, 1998," USIA Transcript, 03/31/98) said that there has been no change in US policy on arms sales to Taiwan. He stated, "In bilateral meetings, the Chinese frequently raise their concern about US arms sales to Taiwan, and we respond to those concerns when they do so. But nothing in those discussions signals in any way the fact that we are changing our policy. In fact, US arms sales to Taiwan remain in accordance with the Taiwan Relations Act, and are consistent with the August 17, 1982, Joint US-PRC Communique." Rubin said that the US does not hold prior consultations with the PRC before approving arms sales to Taiwan, but added, "often the Chinese side raises concerns that it might have, and we respond to them."

[][][]

7. Japan Announces Financial Reforms

The Washington Post (Sandra Sugawara, "JAPAN SETS OFF ITS 'BIG BANG' FINANCIAL REFORMS," Tokyo, 04/01/98, C11) and the Associated Press (Kelly Olsen, "JAPAN BEGINS ECONOMIC REFORMS," Tokyo, 04/01/98) reported that Japan on Wednesday began the "Big Bang" program designed to deregulate its financial markets by 2001. Many analysts believe that, over time, the shifts could encourage Japanese to send abroad more of the estimated US$10 trillion that they hold in personal savings and financial assets.

[][][]

8. Alleged Russian Biological Weapons

The Associated Press ("RUSSIA DENIES EXISTENCE OF BIOLOGICAL WEAPONS PROGRAM," Moscow, 03/31/98) reported that Russian Foreign Ministry spokesman Gennady Tarasov on Tuesday denied claims that the country is continuing to develop offensive biological weapons. He stated, "There is no reason to doubt that Russia strictly complies with all of its commitments under the Chemical Weapons Convention." Ken Alibek, a former Soviet biological weapons expert who fled to the US in 1992, said recently he believes that Russia has kept part of its Cold War biological weapons program active.

II. Republic of Korea

[][][]

1. DPRK View of Four-Party Talks

The DPRK's Central News Agency on March 30 criticized the US over the failure of the four-party talks and the delay in the construction of the light-water nuclear reactors. The report reiterated that the four- party talks should include on its agenda the issue of US troop withdrawal from the ROK. In another statement, Pyongyang criticized the US decision to suspend the purchase of oil for the DPRK, calling it an improper political and moral act. (Korea Herald, "DPRK BLASTS US FOR FOUR-WAY TALKS FAILURE," 04/01/98)

[][][]

2. US-ROK Relations

The US Undersecretary of state for political affairs, Thomas Pickering, will visit Seoul April 7-8 for talks with top ROK officials. During his stay in Seoul, the first leg of his Northeast Asian tour, Pickering will meet Foreign Affairs and Trade Minister Park Chung-soo, Unification Minister Kang In-duk, and Lim Dong-won, senior presidential secretary for foreign affairs and national security. Pickering is also scheduled to pay a courtesy call on President Kim Dae-jung. Pickering and the top ROK officials will try to coordinate the policies of the ROK and the US on the DPRK as well as discussing other matters. (Korea Herald, "US UNDERSECRETARY OF STATE TO VISIT SEOUL," 04/01/98)

[][][]

3. US-Japan Security Relations

The Asahi Shimbun of Japan reported via Washington DC on March 31 that the US Council on Foreign Relations (CFR) prepared a report reiterating the need for Japan to participate in a collective security regime and the Theater Missile Defense (TMD) system. The CFR emphasized reinforcement of a collective security system in the Northeast Asian region as the "best strategy" to assure peace, not ruling out the possibility of a sudden collapse of the US-Japan mutual defense pact in case of conflict in the Taiwan Straits or the Korean peninsula, according to Asahi. (Yonhap News, Moon Young-shik, "US URGES JAPAN'S PARTICIPATION IN COLLECTIVE SECURITY," Tokyo, 04/01/98)

[][][]

4. DPRK-Japan Relations

Kim Yong-soon, Japan desk chief of the DPRK's Workers' Party, demonstrated a positive reaction to Japan's suggestion to exchange liaison offices, according to Japanese media. Quoting Nakayama Masayaki, leader of a Japanese parliamentary delegation that had just visited the DPRK, the Japanese local media said that the DPRK official agreed in principal to the idea, using words such as "hopefully," and "favorably," to Japan's requests for exchange of liaison offices. (Dong-ah Ilbo, Yoon Sang-sam, "DPRK RESPONDS POSITIVELY TO DPRK-JAPAN LIAISON OFFICE," Tokyo, 04/01/98)

III. People's Republic of China

[][][]

1. PRC View of Four-Party Talks

China Daily ("FOUR-PARTY TALKS ENTER NEW STAGE," Geneva, 03/23/98, A1) reported major achievements reached during the second plenary of the four-party talks. These achievements included that this was the first meeting in which the four-party talks moved into a substantive stage; the four parties clarified some important differences; and the four parties agreed that it is necessary to set up sub- committees. According to the newspaper, Chen Jian, PRC assistant foreign minister and chairman of the second round of the four-party talks, said that the PRC, the DPRK, the ROK and the US had an in-depth exchange of views on substantive issues relating to permanent peace on the Korean Peninsula.

Wu Xinbo, a research fellow from the Center for American Studies, Fudan University, published a commentary "Four-Party Talks Difficult to Reach Substantive Achievements" in March 23's Wen Hui Daily. Dr. Wu said in his article that the four-party talks should be a long-term and complicated process, because the current Korean issue involves more economic and political considerations than military security, which should have been the goal of the talks. According to Wu, whether the talks can reach progress depends on three prerequisites: the overcoming of the current economic crisis by the DPRK, the improvement of DPRK-US relations, and the improvement of relations between the DPRK and the ROK. In addition, Wu said that US troops stationed in the ROK are also an impediment in the talks.

[][][]

2. Nuclear Framework Agreement

People's Daily ("US DID NOT FULFILL NUCLEAR FRAMEWORK AGREEMENT," Pyongyang, 03/31/98, A6) reported that Korean Central News Agency (KCNA) issued a commentary on March 30, saying that the US did not carry out the nuclear framework agreement conscientiously. According to the commentary, the US tried to share with the relevant members in KEDO the expense of providing heavy oil to the DPRK and decided to suspend the provision of heavy oil in April. The KCNA commentary said that the DPRK side is concerned over the prospects of the construction of light-water reactors and the provision of heavy oil. The US will have to bear all responsibility for the results if it insists on its erroneous position.

[][][]

3. ROK-DPRK Trade Relations

Jie Fang Daily ("ROK LOOSENS LIMITS ON INVESTMENTS TO NORTH," Seoul, 03/29/98, A4) reported that the ROK government recently decided to largely loosen its limits on investments in the DPRK. Changing its previous position, the ROK would allow most enterprises, except specific ones, to invest in the DPRK. The ROK would also cancel the limit on investment volume. Before, investment to the DPRK could not exceed US$5 million. In addition, the ROK government generally would allow businessmen to visit the DPRK.

[][][]

4. PRC-DPRK Relations

People's Daily ("TANG JIAXUAN MEETS WITH DPRK DEPUTY FM," Beijing, 03/28/98, A2) reported that PRC Foreign Minister Tang Jiaxuan met with visiting DPRK deputy foreign minister Chen Jae-hong in Beijing on March 27. During the meeting, Tang said that the PRC supports the reasonable proposals and suggestions put forward by the DPRK Party and Government to relax the situation on Korean Peninsula. The PRC also supports the two sides of Korea gradually increasing mutual trust

and improving bilateral relations through dialogues and consultation so that the Korean Peninsula can finally realize self-reliant and peaceful reunification. Tang said that the PRC has always attached great importance to the traditional friendship with the DPRK. The new government will continue to implement this policy, Tang said.

China Daily ("KOREAN GUEST," 03/31/98, A2) reported that PRC Vice-Premier Qian Qichen met Chen Jae-hong, deputy foreign minister of the DPRK, on March 30 in Beijing. Qian said that the PRC and DPRK have built a profound friendship based on mutual support and close cooperation in the long years of revolution and construction. Qian expressed his tribute to the courage of the Korean people in dealing with natural disasters, saying he believed they could overcome temporary difficulties under the leadership of Kim Jong-il.

[][][]

5. PRC-US Arms Control Talks

China Daily ("TANG JIAXUAN MEETS WITH HOLUM," Beijing, 03/26/98, A4) reported that PRC Foreign Minister Tang Jiaxuan said on March 25 in Beijing when he met with US Acting Undersecretary of State John Holum that the good momentum of PRC-US relations is accompanied by good opportunities for further improvement and development. Tang stressed that maintaining and developing healthy and stable PRC-US relations protects the fundamental interests of both nations. He pointed out that the PRC and the US share many common concerns regarding the nonproliferation of weapons of mass destruction, but he also noted that some differences remain with regard to the issue. The PRC is fully prepared to join the US in discussions carried out on the basis of equality and mutual respect in order to enhance understanding, expand common ground, develop cooperation, and safeguard international peace and security. [Ed. note: A complete transcript of Holum's press conference following the meeting was distributed by NAPSNet as a Special Report on Monday, March 30.]

[][][]

6. PRC-US Nuclear Cooperation

Commenting on the activation of the Agreement on Peaceful Uses of Nuclear Energy between the US and the PRC, an article in Jie Fang Daily ("NEW STEP TO IMPROVE CHINA-US RELATIONS," 03/22/98, C3) said that this is another positive step for the improvement of PRC-US relations. According to the commentary, the activation of the agreement indicates that the PRC and the US have reached common understandings on the importance of further expanding the cooperation fields between the two countries.

China Daily ("POWER PROJECTS SPARK NUCLEAR REACTION AMONG FOREIGN RIVALS," 03/29/98, A1) reported that the US government recently lifted its ban on the export of nuclear technology to the PRC, and US companies are eagerly flexing their muscles as they prepare to fight for a slice for a market currently dominated by French, Russian, and Canadian companies. With their competitive technology, the US firms are exerting great pressure on rivals from other countries. Experts said Russian and Canadian companies are unlikely to make great progress in the Chinese market. However, Framatome, a key player in the PRC's nuclear power industry over the past decade with four generators already installed in the Daya Bay Nuclear Power Plant and Ling'ao Nuclear Power Plant, will be a strong competitor for the US companies. The report said, if the PRC decides to use pressurized water reactors to spearhead its localization program, Westinghouse, ABB-CE, and Framatome will be the major competitors. But if the country also adopts boiling water reactors, the team formed by GE, Toshiba, and Hitachi will be the only qualified candidates. The PRC

is expected to announce one or two new projects at the end of this year.

The NAPSNet Daily Report aims to serve as a forum for dialogue and exchange among peace and security specialists. Conventions for readers and a list of acronyms and abbreviations are available to all recipients. For descriptions of the world wide web sites used to gather information for this report, or for more information on web sites with related information, see the collection of other NAPSNet resources.
We invite you to reply to today's report, and we welcome commentary or papers for distribution to the network.

Produced by the Nautilus Institute for Security and Sustainable Development in partnership with:
Yonsei University, Seoul, Republic of Korea
The Center for Global Communications, Tokyo, Japan
Fudan University, Shanghai, People's Republic of China

Wade L. Huntley: napsnet@nautilus.org
Berkeley, California, United States

Timothy L. Savage: napsnet@nautilus.org
Berkeley, California, United States

Shin Dong-bom: dongbom_shin@wisenet.co.kr
Seoul, Republic of Korea

Choi Chung-moon: cily@star.elim.co.kr
Seoul, Republic of Korea

Hiroyasu Akutsu: akutsu@glocomnet.or.jp
Tokyo, Japan

Peter Razvin: icipu@glas.apc.org
Moscow, Russian Federation

Chunsi Wu: dlshen@fudan.ac.cn
Shanghai, People's Republic of China

Dingli Shen: dlshen@fudan.ac.cn
Shanghai, People's Republic of China

View this online at: https://nautilus.org/napsnet/napsnet-daily-report/napsnet-daily-report-01-april-1998/

Nautilus Institute
608 San Miguel Ave., Berkeley, CA 94707-1535 | Phone: (510) 423-0372 | Email: nautilus@nautilus.org