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I. United States

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1. Plot to Influence ROK Election

The Associated Press ("KOREA COURT OKS ELECTION CONVICTION," Seoul, 12/01/98) reported that an ROK appeals court on Tuesday upheld lower- court convictions of six people found guilty of plotting to undermine President Kim Dae-jung's 1997 election campaign. The court, however,

reduced the prison term of Lee Dae-sung, a former senior official of the ROK National Security Planning Agency, from 2 years in prison to 18 months. Lee was found guilty of paying US$250,000 to Yoon Hong-joon, a Korean-American businessman who falsely claimed that Kim's campaign was funded by the DPRK. The appeals court also reduced Yoon's prison term by six months to 1 1/2 years. The court also upheld suspended prison terms for four lower-ranking intelligence agents found guilty of violating election laws and a law that called for their agency's political neutrality.

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2. Asian Monetary Fund Proposal

Dow Jones Newswires ("JAPAN, S. KOREA LAWMAKERS AGREE ON ASIAN FUND - KYODO," Tokyo, 12/01/98) reported that Japan's Kyodo News said that a group of Japanese and ROK lawmakers agreed Tuesday to seek the establishment of a proposed Asian Monetary Fund (AMF) to deal with currency crises. The lawmakers announced the agreement in a joint statement issued after a one-day meeting of the group in Tokyo. According to Japanese officials, ROK Prime Minister Kim Jong-pil proposed a US$300 billion AMF, and offered an ROK contribution should Japan take the lead in realizing the fund initially at US$30 billion to US$50 billion. The Japanese and ROK lawmakers also agreed that a six-nation framework for dialogue on policies toward the DPRK "is necessary in the future for peace and stability in Northeast Asia."

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3. US Arms Sales to Taiwan

Reuters (Lawrence Chung, "TAIWAN SAYS CONSIDERING BUYING US DESTROYERS," Taipei, 12/01/98) reported that Taiwan Defense Ministry spokesman General Kung Fan-ting said on Tuesday that Taiwan was considering purchasing four advanced destroyers from the US and joining the US-led Theater Missile Defense (TMD) system. Kung stated, "We are still reviewing the possibility." He added that the navy was evaluating whether to use Aegis destroyers or anti-submarine frigates as the core of its new generation fleet formation. He noted that the highly computerized Aegis destroyers are designed to counter short and medium-range surface-to-surface missiles and provide early warning against missile attacks. He said that Aegis ships, together with already acquired Patriot missiles, would qualify Taiwan to join the TMD, but that no decision had been taken. He added that joining the TMD after its completion would be costlier than getting in now. Taipei's China Times said that Taiwan would buy four destroyers from the US, instead of building them itself under US license, to counter missile threats from the PRC. However, an unnamed military source stated, "The four warships alone would cost more than US$4 billion, a budget that would eat up our ongoing program of firepower upgrading." Taiwanese military analyst Andrew Yang said that buying just four Aegis warships would "consume nearly half of our annual national defense budget." In Beijing, PRC Foreign Ministry spokesman Tang Guoqiang responded, "We seriously oppose the United States selling weapons to Taiwan."

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4. PRC Laser Development

Reuters (Polly Sprenger, "OFFICIALS DOWNPLAY CHINA LASER THREAT," San Francisco, 11/30/98) reported that Major Brian Salas, a US Defense Department spokesman, on Monday downplayed a recent US Defense Department report that the PRC could be developing a system of land-based laser weapons. Salas stated, "The report looks at what the possibilities of the future might hold." He added, "We're doing one thing we don't like to do and that's speculate. But that's

what Congress mandated us to do." Salas said that the report was intended to present possible scenarios for the PRC's technological development, adding, "Laser technology isn't strictly for military use." The National Defense Authorization Act for 1998 directed the US Secretary of Defense to prepare an annual report on military modernization in the PRC. Yu Shuning, a spokesman for the PRC Embassy in Washington, denied any anti-satellite laser development, calling recent media reports misleading. Yu stated, "We constitute no threat to the United States."

II. Republic of Korea

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1. DPRK Satellite Launch

JoongAng Ilbo ("DPRK DECORATED SATELLITE SCIENTISTS," Seoul, 12/01/98) reported that the DPRK state-run Central Broadcasting Agency reported on December 1 that the DPRK decorated scientists and technicians on November 30 who made "a great contribution to the successful launching" of the Kwangmyongsung I satellite into orbit. The DPRK's claim of a successful satellite launching is not shared by the outside world, which believes the satellite failed to reach orbit. The broadcaster said, "Yang Kwang- bok received the 'Labor Hero' title and gold medal as well as 'National Order 1st Class,' along with seven other personnel on November 30 at the 4.25 Cultural Hall in Pyongyang." Kye Hun-bong and one other person received the Kim Il-sung Order. A total of 160 scientists, technicians, professors, and workers were decorated with various kinds of orders and awards. High-ranking DPRK officials, including the Supreme People's Assembly member Kim Young-nam, took part in the awards ceremony. This kind of large-scale awards ceremony is interpreted to demonstrate the prowess of DPRK technology in its alleged launching of a satellite into orbit, which is still causing a controversy outside the DPRK.

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2. Alleged Plot to Influence ROK Election

JoongAng Ilbo ("PANMUNJOM SHOOTING PLOT CAUSES POLITICAL RIFT AGAIN," Seoul, 12/01/98) reported that the political situation is once again mired in tension over the alleged "Panmunjom Shooting Plot." The opposition Grand National Party (GNP) expressed strong opposition to the recent decision by the prosecutor's office to investigate Lee Hoi-chang, the GNP's president. Lee said, "I feel really angry about the attempt of the ruling National Congress of New Politics (NCNP) to damage and malign our party just at the moment of our new start." The GNP feels that the NCNP brought up the alleged plot again to use as a bargaining card in budget negotiations. Park Hee-tae, the minority leader of the GNP, expressed its strong stance by saying, "It is difficult to pass a budget bill within the time limit. We can be flexible about the name and time of economic hearings but the principle that the number of members from the ruling and opposition parties should be the same is not negotiable." Park Jie-won, a Chung Wa Dae spokesman said, "Both sides agreed that they will wait for the result of the judges." Han Hwa-gap, the majority leader of the NCNP, stated, "The political situation is expected to deteriorate"

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3. ROK Human Rights

Korea Herald ("HUMAN RIGHTS GROUPS DEMAND ABOLITION OF NATIONAL SECURITY LAW AT YOIDO," Seoul, 12/01/98) reported that several human rights groups strongly called for an

immediate repeal of the National Security Law on Monday, the 50th anniversary of the legislation. In a rally held at a park near the National Assembly building in Yoido, the human rights organizations said that the National Security Law (NSL) should be revoked because it is anti-people, anti-democracy and anti-reunification. "For the past 50 years, the law has been used to jail numerous pro-democracy activists for their views and activities considered as pro-Communist," said Kim Chung-sook, head of the human rights group Minkahyop. "The government should now annul the notorious law for the nation's democratic progress." Violations of basic human rights have been committed in the name of law, while debates and activities for the reunification of the divided Peninsula have been suppressed, she contended. Since May this year, the human rights groups have been staging a two-year international campaign for the annulment of the security law, to which several foreign human rights groups have provided support. Meanwhile, Amnesty International, an international human rights group based in London, also called on the ROK government to abolish the security law. The law is still being used to imprison people for views and activities deemed "pro-Communist," said Amnesty International, adding that the ROK should live up to its international responsibilities under the Universal Declaration of Human Rights and other human rights treaties.

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4. Development of Cheju Island

Chosun Ilbo ("CHEJU TO BECOME FREE INTERNATIONAL CITY," Seoul, 12/01/98) reported that Cheju Island, the ROK's most popular resort island, will be transformed into a "free international city" with infrastructure and regulations to encourage activity in such areas as trade, materials transportation, information, financing, business and tourism. The ruling National Congress for New Politics (NCNP) and the island government have already worked out a tentative blueprint for the island's face-lift, and have already reported the plan to Chongwadae. According to the Cheju Island development plan, there will be no entry visa or import duties required and there will be a 10-year moratorium on corporate and income tax for businesses and workers on the island. The intention is for the island to become a financial service center in the mold of other prosperous Asian financial centers such as Hong Kong and Singapore. The Cheju Island government projects that by 2010, it will be taking in as much as US$80-100 billion annually through foreign direct investment, tour income, rental charges and retail income. Employment for one million people has also been forecast.

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5. Kia Auction

Korea Times ("HYUNDAI TAKES OVER KIA," Seoul, 12/01/98) reported that Hyundai Motor Company signed a contract on Monday on the takeover of shares of Kia Motors and Asia Motors with major creditor Korea Development Bank (KDB). Consequently, the ROK's automobile industry will be dominated by the two superpowers of Hyundai and Daewoo. Daewoo purchased Ssangyong Motor in January. Hyundai has decided to dispatch experts to Kia and Asia to control the three key segments of finance, domestic sales, and exports. The auto giant plans to conduct a large- scale reshuffle of executives of Hyundai and Kia before mid-December to normalize operations as soon as possible. Hyundai has launched preparations to raise funds to inject into the near-bankrupt automakers and to normalize them as early as possible. Hyundai also plans to negotiate with major creditor financial institutions to acquire additional relief loans. Meanwhile, Hyundai will have to pay 1,170 billion won by next March to purchase shares of Kia and Asia. The capital will be raised from Hyundai Heavy Industries and other Hyundai subsidiaries that have spare liquidity.

III. Russian Federation

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1. DPRK-PRC Relations

Nezavisimaia gazeta's Pavel Spirin ("PYONGYANG REMAINED IN SOLITUDE," Beijing, 6, 11/26/98) reported that ROK President Kim Dae-jung's recent visit to the PRC, where he and PRC Chairman Jiang Zemin proclaimed the two countries' "partnership," signified a cooling down of PRC-DPRK "fraternal relations." Answering Nezavisimaia gazeta's author's question about prospects for PRC-DPRK "strategic cooperation," PRC Foreign Minister Tang Jiaxuan "stated with a barely perceived note of regret: 'North Korea due to known internal difficulties for over two years has not been maintaining ties on the highest level with any country, including China.'" In Nezavisimaia gazeta's author's opinion, DPRK leader Kim Jong-il for four years since his predecessor's death has been delaying a DPRK-PRC summit, at the same time demonstrating an obvious desire to expand relations with Taiwan, including offering to bury Taiwanese nuclear waste in the DPRK. Also, the planned visit of ROK Defense Minister Lee Yung-hee early next year to the PRC, the first ever trip of that kind, to discuss the regional military situation is bound to cause strong indignation in the DPRK. Fear of a conflict, possibly with nuclear weapons used, made PRC President Jiang Zemin agree at his talks with ROK President Kim to a possible engagement of the RF and Japan in the 4-Party talks. Being left alone now, "North Korea in the bargaining it carries out in its dialogue with the US sooner or later would need assistance from another UN Security Council Permanent Member, and improving relations between Moscow and Pyongyang could provide exactly that opportunity," an unnamed ROK diplomat said.

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2. RF-DPRK Treaty

Segodnya's Aleksey Makarkin ("WILL RUSSIA'S ARMY DEFEND THE JUCHE IDEAS?" Moscow, 3, 12/1/98) reported that RF-DPRK consultations began in Moscow to prepare a draft for a new bilateral treaty. According to information from the RF Foreign Ministry, the new document, unlike the old one of 1961, will not contain "politically obsolete clauses; in particular, allied obligations in case of an aggression." Segodnya's author pointed out that actually the military aspects of the 1961 treaty became "dead" in 1990 when the USSR and the ROK established diplomatic relations. The reason that "dead" treaties still exist is that it is easier to keep them that way than to officially denounce them, as a denunciation is perceived as a hostile act or a challenge. In April 1945 the USSR, for instance, denounced its non-aggression treaty with Japan and some months later hostilities started.

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3. South Kurils Issue

Nezavisimaia gazeta ("KURIL 'BLADE' OF RUSSIAN-JAPANESE RELATIONS," Moscow, 3, 11/28/98) published an article by Aleksey Arbatov, Deputy Chairman, Committee on defense, RF State Duma. Arbatov pointed out that, as testified by the whole global experience, territorial problems are not usually solved just on the basis of legal arguments or general principles of "justice" alone. Serious economic, political, or strategic stimuli are required as well for leaders to make a compromise. Thus, the real reason that the RF and Japan are suffering a stalemate is the lack of a real stimulus. On that basis, the author argues also that, contrary to stereotypes popular in the RF, "were we to give back the isles, investments will not flow widely to the country, the same way they do not flow from the

US, China, South Korea, Taiwan, and other countries with which Russia does not have that kind of contradiction." On the other hand, were the investment climate in the RF to be radically improved, "it is difficult to imagine Japanese business on principle ignoring the Russian market in view of other countries' capital hurrying to get there and bringing good dividends.... When a need arises, in the East they can also solve issues in a quite European way: rationally, quickly and directly."

Sovetskaya Rossia's Sergey Ivanov ("FROM A KING'S PURSE TO A BEGGAR'S BAG," Moscow, 4, 11/26/98) published an article devoted to the South Kurils issue. The author actually argued against both a return of the South Kurils to Japan and joint economic development of them. He listed in detail the natural reserves there, claiming that the South Kurils' gold and silver deposits are worth US$5 billion in world market prices, its Iturup sulfur reserves are worth US$6.5 billion, and ferrous and non- ferrous metals are altogether worth US$40 billion. Further, in the Soviet times Soviet vessels had a fish catch of 1 million tons annually in the South Kuril area, which is significant in view of forecasts that in the 21st century proteins, not oil, will be the number one commodity. The author argued that "a joint development" of the area might mean that Japan would just start exploiting local bio-resources on such a scale that fish would not be able to get to the Sea of Okhotsk through the South Kuril straits and the RF soon would be left with no salmon or other fish. Further on, the author speculated that in the 21st century Japan would develop its own nuclear weapons to substantiate its claims and expand economically to countries with low wages and weak or no trade unions. Describing in detail the negative aspects of life and labor conditions in Japan itself, the author argued that the present inhabitants of the Kuril Islands who in case of the transfer prefer to live in the Japanese "sphere of common prosperity," might find themselves getting wages "10 times less then even Malaysians," who reportedly earn a tenth of average Japanese wages.

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4. Japanese Apology for World War II

Izvestia's Yuriy Savenkov ("BEIJING STILL HAS A GRUDGE AGAINST TOKYO," Moscow, 3, 11/27/98) reported that the visit to Japan of PRC Chairman Jiang Zemin, the first ever of its kind, was on the verge of failure. It turned out that the final declaration would not be signed by the leaders of the two countries, but just published. The declaration in particular provides for a hot line to promptly solve urgent bilateral issues. A Japanese spokesman "tried to convince journalists that the signing of that document had not been planned," but analysts believe that the lack of signatures makes it somewhat less substantial politically, as all previous communiques were usually signed. The main reason is that the PRC insisted that Japan should bring "more clear apologies for its aggression against China and ... more pronouncedly support China's policy in regard to Taiwan." A compromise was seemingly reached, with Japanese Premier Keizo Obuchi expected to pronounce the apologies and a clearer position on Taiwan, but at the last moment the PRC decided that would not be enough.

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5. RF Arms Exporting Company Director

Segodnya's Aleksandr Koretskiy ("THE SIXTH," Moscow, 2, 11/28/98) reported that Grigoriy Rapota, Deputy Secretary, RF Security Council, was appointed Director of the RF state-controlled arms trading company "Rosvo'oruzheniye." He is the sixth director since 1992. Rapota is a career intelligence officer and in 1993-1998 served as a Deputy Director, RF Foreign Intelligence Service, under Yevgeniy Primakov, the current RF Premier.

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We invite you to reply to today's report, and we welcome commentary or papers for distribution to the network.

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