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I. United States

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1. Light-Water Reactor Project

Reuters (Adrian Croft, "TALKS FAIL TO CLOSE N. KOREA ENERGY FUNDING GAP," Brussels, 06/30/98) reported that European Union (EU) officials said on Tuesday that a two-day meeting of the executive board of the Korean Peninsula Energy Development Organization (KEDO) failed to reach an agreement on funding for the project to build two light-water nuclear reactors in the DPRK. European Commission spokesman Nigel Gardner said progress had been made on various issues but "there was no immediate comprehensive solution to the burden-sharing financial issue." Jean- Pierre Leng, the EU's ambassador on the KEDO board, said that there was a funding shortfall of around US\$400 million to US\$500 million over the life of the project. Leng stated, "You have a gap which has to be filled. Each country is looking at the other saying: 'Are you going to pay for the gap?' Unless all of us realize we jointly have to respond to this global challenge we are going to be in

difficulty." Leng said that the EU's financial commitment to the project was substantial and that he did not see the European Commission changing it. He expressed hope, however, that with reflection "we'll get out of these problems" and said that there was no doubt the project would continue. EU officials said that the "last thing in the world" the international community wanted was for the DPRK to follow India and Pakistan in developing nuclear weapons. They added that bilateral talks between KEDO board members will take place early next week and another board meeting is expected in mid-July.

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2. DPRK Election

The Associated Press ("JAPAN MAN RUNS FOR NORTH KOREA SEAT," Tokyo, 07/01/98) reported that Lee Hwang-hwa, an assistant professor of economics at Kansai University in Japan, said Wednesday that he wants to challenge DPRK leader Kim Jong-il for his seat in the Supreme People's Assembly on July 26. Lee, who heads a group of Korean residents in Japan opposed to the Kim regime, said that he would use his candidacy to highlight the economic mismanagement that has caused the DPRK food crisis. Lee stated, "The regime allows absolutely no opposition. Free and democratic elections are needed in North Korea to oust the government and save the people from starvation." He added that his candidacy would draw attention to the fraudulent and undemocratic nature of the election. He argued, "If the elections were free and fair, the regime would easily lose."

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3. ROK Political Prisoners

The Associated Press ("SOUTH KOREA TO FREE MORE PRISONERS," Seoul, 07/01/98) reported that ROK President Kim Dae-jung on Wednesday ordered a major amnesty for political prisoners to mark the August 15 anniversary of Korea's liberation from Japanese colonial rule in 1945. The ROK Justice Ministry said that political prisoners would receive the amnesty even if they do not sign statements promising to abandon their ideological beliefs.

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4. ROK Financial Crisis

Reuters (Knut Engelmann, "FOCUS-RUBIN IMPRESSED BY KOREA'S TACK ON REFORMS," Seoul, 07/01/98) and United Press International ("RUBIN MEETS WITH S. KOREAN PRESIDENT," Seoul, 07/01/98) reported that US Treasury Secretary Robert Rubin on Wednesday met with ROK President Kim Dae-jung, Finance Minister Lee Kyu-sung, labor leaders, and chaebol heads to discuss the ROK's economic problems. Rubin stated, "Over the meetings, the single thing that most struck me was the broad-based recognition of the fundamental problems that Korea has and of the need for reform and restructuring." Rubin said that the labor leaders he saw had said that they shared the recognition for reform, "but they were concerned that every sector of the economy bear a fair share of the pain." He said he saw no need at the moment for the US to start disbursing the US\$1.7 billion it has pledged as a "second line of defense" to the International Monetary Fund (IMF) bailout package. Yoon Young-mo, chief of the international division of the Korean Confederation of Trade Unions, said that his group told Rubin that the IMF program was putting too much pressure on the ROK. Yoon stated, "During talks with us, there was a kind of implicit acknowledgment on the part of Treasury Secretary Rubin that there were some problems ... that have been raised about the IMF program."

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5. Taiwanese Views of US-PRC Summit

The Washington Post (John Pomfret, "CLINTON DECLARATION ON INDEPENDENCE IRKS TAIWAN," Shanghai, 07/01/98, A26) and the Washington Times (Warren P. Strobel, "CLINTON CLARIFIES U.S. POSITION ON TAIWAN," Shanghai, 07/01/98) reported that Taiwan Foreign Minister Jason Hu on Tuesday criticized the decision by US President Bill Clinton to become the first US president to announce publicly that the US would not support Taiwanese independence. Hu stated, "We wish he didn't have to say such a thing. We don't think it was necessary. It has no relevance to us because we already back a policy of reunifying with the People's Republic of China." He added, "For years, mainland China has been trying to sell the world on the idea that one China means one People's Republic of China. We, as a government that antedates the PRC by decades, dispute that contention." He expressed concern that Clinton's statement "would be regarded by some as a new derecognition, the equivalent of a new Shanghai communique." Hu said that, while Clinton's remarks were a reiteration of US policy, "coming from the president of the United States, and spoken from a podium in China, it cannot do anything but produce a negative effect for us." He also pointed out that the US, in its 1994 Taiwan policy review, pledged that it would work to "make Taiwan's voice be heard" in all international organizations to which it is not a member. He asked, "How does that square with shutting the door on membership?" An anonymous US official said that the PRC wanted Clinton to restate the policy because it was concerned that the US "was being coy about this policy, that there was something hidden here." He hypothesized that Jiang needed a statement by Clinton to sell the summit to hard-liners in the Communist Party and in the military who want to pursue a more aggressive policy with Taiwan. He insisted, however, that the US government is not selling out Taiwan and would continue to sell arms to the island and to conduct lower-level, unofficial government-to-government contacts. James Pryzstup, director of the Heritage Foundation's East Asian Studies Center, said that Clinton's comment "lessens the bargaining power of Taiwan in its efforts for greater recognition."

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6. Defection of Pakistani Nuclear Scientist to US

The Associated Press ("PAKISTAN NUCLEAR SCIENTIST DEFECTS," New York, 07/01/98) reported that Iftikhar Chaudhry Khan, a Pakistani nuclear scientist, has fled to the US. Khan's attorney, Michael J. Wildes, said that Khan is prepared to describe Pakistan's nuclear program to US officials, including assistance it has received from the PRC and Iran. In an interview published Wednesday in USA Today, Wildes said that Khan left Pakistan before the series of nuclear tests conducted in May. Khan told the newspaper that he and four fellow scientists became alarmed after attending a top-secret meeting in April on Pakistan's nuclear strategy and that the five signed a protest letter out of concern Pakistan would use nuclear weapons first. USA Today said that Pakistan has denied that any of its nuclear scientists defected and called the accusation "of planning to launch a pre-emptive strike against India ... particularly malicious." The Pakistani government said Wednesday in Islamabad that first-strike strategy would not be discussed with scientists or with Khan, who it said was a low level civil engineer who did not have access to such information.

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7. Russian-Indian Relations

The Associated Press ("RUSSIA'S YELTSIN BIDS INDIA SIGN ANTI-NUCLEAR PACTS," Moscow, 07/01/98) reported that Russian President Boris Yeltsin, in a message sent to Indian Prime Minister Atal Bihari Vajpayee on Wednesday, appealed to India to sign the Nuclear Non-Proliferation treaty. Yeltsin stated, "The whole world would welcome the accession of your country to the Non-

Proliferation Treaty. This problem must be solved." Yeltsin also urged India to find a solution to the conflict with Pakistan over the province of Kashmir and said that he was looking forward to his planned trip to New Delhi in December. Meanwhile, the ITAR-Tass news agency cited Major General Alexander Luzan, a top official at Rosvooruzheniye, the Russian state arms exporter, as saying that Russia has offered to sell India its S-300V air defense system to counteract Pakistan's Ghauri ballistic missiles.

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8. US Nuclear Costs

The New York Times (Matthew L. Wald, "STUDY PUTS TOTAL COST OF U.S. NUCLEAR ARMS AT \$5.48 TRILLION," Washington, 07/01/98) reported that, according to a four-year study sponsored by the Brookings Institution, nuclear weapons have cost the US at least US\$5.48 trillion since 1940 in 1996 dollars. The figure represents about a third of the nation's military spending and about one-tenth of all expenditures by the federal government from 1940 to 1996. The study also said that the costs of cleaning up environmental damage resulting from the production of nuclear weapons would bring the total cost to US\$5.82 trillion. The study said that producing nuclear weapons accounted for only about 7 percent of the total cost, while deploying the weapons, including the cost of missiles and bombers, accounted for 55.7 percent of the total. Defending against nuclear attacks made up 16.1 percent; targeting and controlling the weapons 14.3 percent; and nuclear waste management and cleanup was approximately 6.3 percent. The authors of the study also said the current annual budget of US\$4.5 billion for "stockpile stewardship"--a testing system without nuclear explosions--exceeds the historical average for research, development, and testing by about US\$900 million a year. Stephen I. Schwartz, editor of the study, said that because "nuclear weapons were considered to give more 'bang for the buck,'" policy planners have paid little attention to costs. He added, "Clearly, nuclear deterrence as a concept and a reality exists. But there's a big difference between having 5 weapons or 10 weapons or 20 weapons or 20,000 weapons. Somewhere in there, you stop getting more bang for the buck." Parts of the study can be viewed on the [Brookings Web page](#).

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9. PRC-US Environmental Cooperation

The Associated Press (Elaine Kurtenbach, "AIR POLLUTION DEVASTATING CHINA," Beijing, 07/01/98) reported that US President Bill Clinton on Wednesday called for greater US-PRC cooperation to help fight the massive environmental degradation caused by rapid economic growth in the PRC. Clinton stated, "As a citizen of the world and the leader of my country, I have a responsibility to ask us all to work together for a planet that our grandchildren can still enjoy living on." Last Friday, Xie Zhenhua, head of the PRC's State Environmental Protection Administration, stated, "As two major players in the environmental field, the two countries have broad prospects for cooperation." Xie pointed to economic plans for 1996 through 2000 that call for a US\$54 billion investment in the environment.

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10. Japanese Garbage Exports

The Associated Press (Mari Yamaguchi, "JAPAN NOW EXPORTING GARBAGE TO REST OF ASIA," Tokyo, 07/01/98) reported that environmentalists have criticized Japan's policy of exporting garbage to other Asian countries. Noriyuki Hiwada, a volunteer with an environmental group monitoring Japan's waste exports to the Philippines, stated, "The garbage is being sent to places where labor is

cheap and environmental restrictions are low, despite the risks." Japanese waste control laws prohibit shipping any material overseas as waste, but not selling it. Tatsuro Akashi, a Health and Welfare Ministry official in charge of solid waste, stated, "There is no objective definition to distinguish waste from goods, except for the question of whether anyone wants to pay for it." Kosuke Ueda, spokesman for the National Foundation of Industrial Waste Management Associations, stated, "What's garbage to the Japanese can still be used in other countries." According to Finance Ministry statistics, Japan exported 91,137 tons of scrap plastic and 21,430 tons of aluminum waste last year, mostly to Hong Kong, the PRC, and Taiwan. It also exported 9.4 million old tires, mainly to the DPRK, Hong Kong, and the US.

II. Press Release

The following are the remarks made at the news conference held immediately after "North Korea Roundtable: Prospects for Relief and Development" at Carnegie Endowment for International Peace in Washington, DC on June 22, 1998. The remarks are the speakers' own, and do not necessarily represent their affiliated organizations.

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1. Press Statement by Andrew Natsios Vice President, World Vision

"The evidence is that the famine is by no means over. North Korean macroeconomic indicators, including GNP decline, food production, food consumption requirements, limited foreign currency reserves with which to import more food, the inability of North Korea to get credit because of bad debts and the collapse of coping mechanisms of the average family, translate into high mortality rates this summer and early fall before the next harvest in late September and early October. To avoid the needless loss of live donor governments, the UN agencies and non-governmental organizations should focus on three interventions.

a) Before it is too late, donor governments, which have refused so far or made modest donations, should contribute towards the WFP appeal, which is only 50 percent covered. More food aid should be concentrated in the urban areas on the east coast of the country and less in the capital city, where too much food aid is going.

b) The public health emergency is killing many more people than starvation. Donor governments should support efforts by aid agencies to purify the public water supply in cities where the water system has broken down, as unclean water is a major source of disease. The mass inoculation to prevent communicable disease campaign of UNICEF should be rapidly funded and completed as soon as possible.

c) Donor governments should respond to the UNDP agricultural rehabilitation appeal, which is essential to stabilize food security in North Korea by introducing new agricultural research and technical expertise into the country."

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2. Press Statement by Young Chun Acting Executive Director, The Institute for Strategic Reconciliation, Inc.

"The famine in the Democratic People's Republic of Korea is far from over. The grain production in-country this year is expected to meet less than half of the nation's needs. The severity of the food crisis will be worse unless nature cooperates with an adequate amount of rainfall in the next two

months. Unless the international community expedites its aid of food and medical supplies this summer, numerous civilians will succumb to death, primarily the elderly, children, the disabled, and pregnant women.

Our recommendations to avert the larger scale of humanitarian disaster in DPR Korea are:

- a) Donor governments should increase their pledges to meet the WFP appeal food aid levels and start to expedite the shipment of their aid this summer.
- b) WFP and donor governments should insist that a greater portion of the food aid pledges is delivered to the eastern cities where the mortality rates are so much higher than the capital.
- c) More funding and support should be provided to public health interventions, given that a large number of people dying from malnutrition-related, infectious diseases, the spread of which has been aggravated by the collapse of the public drinking water and sewerage treatment systems.
- d) Donor governments and NGOs should generously support the UNDP/DPRK agricultural modernization package, which was announced at the Geneva roundtable on DPR Korea in May.
- e) FAO, donor governments, and NGOs should expedite the shipment of fertilizer, the most critical factor for having a successful crop this fall. With only a third of the fertilizer needed currently available, this fall's crop will be seriously constrained.
- f) The U.S. government should allow American food processors and farmers, pharmaceutical companies, and medical equipment firms to engage with their civilian counterparts in DPR Korea. President Ronald Reagan said, "the freer the flow of world trade, the stronger the tides of human progress and peace among nations." American engagement policy designed not only for humanitarian NGOs but for American businesses can help significantly alleviate the suffering of innocent DPR Korea children, disabled, and elderly, the primary victims of the deadly famine this summer and in the future."

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.

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