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IN TODAY'S REPORT:

[I. United States](#)

- [1. Japanese Wives of DPRK Citizens](#)
- [2. DPRK Participation in Olympics](#)
- [3. ROK Financial Crisis](#)
- [4. Global Land Mine Ban](#)
- [5. PRC-Taiwan Economic Relations](#)
- [6. Russian Nuclear Disarmament](#)

[II. Republic of Korea](#)

- [1. ROK Military Procurement Plan](#)
- [2. President-elect's Foreign Relations](#)
- [3. Reorganization of ROK Foreign Ministry](#)

I. United States

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1. Japanese Wives of DPRK Citizens

The Associated Press ("JAPANESE WIVES RETURN TO N. KOREA," Tokyo, 01/02/98) reported that twelve Japanese women married to DPRK citizens left Tokyo Monday after a brief visit. The women were in Japan for the first time since they left for the DPRK after the end of World War II. Japanese officials said that there are no immediate plans for a visit by a third group, but that they expect the program will continue. Meanwhile, the Japanese Foreign Ministry said Monday that workers began loading 9,000 tons of rice food aid on a ship scheduled to sail to the DPRK as the first shipment of the 67,000 tons of food aid which Japan has pledged to the DPRK.

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2. DPRK Participation in Olympics

Reuters ("NORTH KOREAN TEAM UNAFFECTED BY FAMINE, SAYS OFFICIAL," Nagano, 02/01/98) reported that Chang Ung, secretary general of the DPRK Olympic committee, said on Sunday that food shortages have not affected its athletes preparations for the Winter Games. He added that the DPRK was not in a crisis over the food shortages. Chang stated, "We have certain difficulties getting food, not a crisis. Crisis means you are going to die." He said that the DPRK planned to step up participation in international sport, attending the World Youth Games in Moscow in July, the Asian Games in Bangkok in December, the Goodwill Games in New York next year, and the 2000 Sydney Olympics.

The Associated Press (Eric Talmadge, "NORTH KOREANS RETURN TO OLYMPICS," Nagano, 01/31/98) reported that Jae Dok-mun, head of the DPRK delegation to the Winter Olympics, said that the DPRK's lack of training facilities is "not such a big problem." He stated, "We are mentally tougher than other countries." The DPRK has sent 10 athletes, seven women and two men, to the Olympics.

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3. ROK Financial Crisis

The Wall Street Journal (Namju Cho, "KOREA SHUTS MERCHANT BANKS IN SIGN OF RESOLVE TO REFORM," Seoul, 02/02/98) reported that the ROK Ministry of Finance and Economy said Friday that it will shut 10 merchant banks. The country's remaining 20 merchant banks were given another month to devise plans to stay viable. To minimize the impact, the government set up a bridge bank that will temporarily assume some of the banks' debt and assets until the banks are either liquidated, merged, or sold. Meanwhile, the Ministry of Trade, Industry, and Energy estimated that the ROK's trade surplus last month totaled about US\$1.3 billion.

Reuters ("ANALYSIS: KOREA'S INTERNAL DEBT SEEN AS RUMBLING VOLCANO," Seoul, 01/31/98) reported that economic analysts said that another chain of bankruptcies with the potential to trigger a collapse of the financial system is looming in the ROK. Stephen Marvin, head of research at Ssangyong Investment & Securities Co, Ltd, stated, "It will be getting worse and worse and there will be no more good news coming out of Korea." Some analysts said that around 20-25 percent of an estimated US\$220 billion worth of outstanding corporate loans are non-performing, and that figure is likely to keep increasing. A government think tank estimated that 53,000 businesses would go bankrupt this year, compared with last year's 17,000. Meanwhile, President-elect Kim Dae-jung said this weekend, "Our current liability problem is not over, as an active volcano has just turned dormant."

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4. Global Land Mine Ban

Reuters ("NOBEL WINNER BRINGS ANTI-MINE CAMPAIGN TO KOREA," Seoul, 02/02/98) reported that Jody Williams, head of the Nobel Peace Prize-winning International Campaign to Ban Landmines, arrived in Seoul on Monday to campaign against land mines on the Korean Peninsula. She stated, "We have come here to show support for victims of land mines."

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5. PRC-Taiwan Economic Relations

The Wall Street Journal (Leslie Chang, "TAIWAN FIRMS FIND COMFORT IN MAINLAND CHINA'S MARKET," Taipei, 02/02/98) reported that Taiwanese companies are looking to invest in the PRC to

avoid the financial crisis hitting other parts of Asia. The article said that Taiwanese companies fear the volatility of the falling currencies and the possibilities of anti-Chinese riots in Southeast Asia. Dennis Chen, president of the Taipei-based Namchow Chemical Industrial Co., stated, "China is gradually opening up its markets, and who will benefit most? It will be the Taiwanese." The article reported that Taiwan's approved investment in the PRC rose 28 percent over the first 10 months of last year. However, many Taiwan leaders are wary of overdependence on the PRC for both political and economic reasons. Economists warn that any economic slowdown in the PRC would deliver a blow to Taiwan as well.

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6. Russian Nuclear Disarmament

The New York Times carried an editorial ("NUCLEAR INSURANCE," 02/01/98, WK16) which argued that the US should accelerate its efforts to help Russia safeguard and dismantle its nuclear weapons. It warned that "The possibility that some of Russia's more than 10,000 nuclear weapons or some of its plutonium and heavily enriched uranium could be diverted to a rogue state or terrorist group is not far-fetched." The article stated that the converting of stored plutonium to a less dangerous form has been stalled by technical disputes which could be solved through additional funding. It called on the US to expand its programs to manage Russian nuclear dangers. The article concluded, "America spent trillions of dollars during the cold war to counter the threat of Soviet nuclear weapons. For several billions dollars it can now help get Russia's nuclear weapons and materials safely under control."

II. Republic of Korea

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1. ROK Military Procurement Plan

A spokesman for the ROK Ministry of National Defense said that, in addition to the cancellation of an AWACS and mid-size submarine project, the development of a "Korean-style" destroyer has been suspended. He stated that the 44 billion won budgeted for the 4,300-ton vessel in 1998 was completely cut during a defense spending review. The navy had planned to purchase and deploy the destroyers by the year 2000. (Chosun Ilbo, "DESTROYER PROJECT CANCELLED," 02/01/98)

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2. President-elect's Foreign Relations

ROK President-elect Kim Dae-jung plans to visit the US in early March and hold a summit meeting with US President Bill Clinton around March 9, according to his spokesman Park Jie-won. Consultations are now underway to set up his schedule in the US, including an address before the US Congress, the ROK Foreign Ministry sources added. (KPS, "PRESIDENT-ELECT KIM TO VISIT US EARLY IN MARCH," 01/31/98)

Spokesman Park Jie-won said on January 30 that President-elect Kim Dae-jung has decided to send a personal letter to PRC President Jiang Zemin through United Liberal Democrats Honorary Chairman Kim Jong-pil, who is set to visit Beijing on March 8. The letter will stress the importance of a strong partnership between the two countries. (KPS, "PRESIDENT-ELECT KIM TO SEND PERSONAL LETTER TO JIANG," 01/31/98)

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3. Reorganization of ROK Foreign Ministry

The ROK Ministry of Foreign Affairs is gearing up for an overhaul of its operations in order to prepare for the absorption of international trade functions from other ministries. An official of the ministry said that the revamping of the ministry will take place after a government reform panel, designated by President-elect Kim Dae-jung, works out a comprehensive downsizing plan for the overall administration. The proposed office will be led by a minister-level official. The office head will hold the title of state minister for international trade and economic affairs. (Korea Times, Kim Kyung-ho, "FOREIGN MINISTRY PREPARING FOR OVERHAUL," 01/31/98)

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](#).

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