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I. United States

1. DPRK Underground Construction

US State Department Spokesman James P. Rubin ("STATE DEPARTMENT NOON BRIEFING, FEBRUARY 1," USIA Transcript, 02/01/99) said that, regarding a report in a Japanese newspaper

that the US and the DPRK were near agreement on access to an underground construction site in Kumchangri, the US has made clear that it needs multiple access to the site. He added that the US has long made it a policy to respond to aid requests for the DPRK put out by the World Food Program. Rubin also stated, "we have long said that, in the context of implementation of the Agreed Framework, and improvement in a number of areas, we could see a parallel process of improvement in relations." He argued, "With the North Koreans, there is no agreement until there's an agreement. Anybody who tries to characterize the words 'near' or 'far,' or this or that, ends up eating their words."

2. Japanese Food Aid for DPRK

The Associated Press ("JAPAN TO KEEP FREEZE ON FOOD AID TO NORTH KOREA - FOREIGN MIN," Tokyo, 02/02/99) reported that Japanese Foreign Minister Masahiko Komura said Tuesday that Japan will not provide food aid to the DPRK unless the DPRK takes "constructive measures" regarding its missile capabilities.

3. Japan-ROK Naval Exercise

The Associated Press ("JAPANESE, S KOREAN NAVAL OFFICIALS TO DISCUSS JOINT EXERCISE," Seoul, 02/02/99) reported that Japanese and ROK officials are scheduled to meet in Tokyo on February 9-10 to discuss arrangements for their first joint naval exercise. The meeting follows an agreement reached between the two countries' defense ministers in Seoul in early January to strengthen military cooperation, beginning with joint search and rescue operations in international waters. ROK military officials said Tuesday that they would propose at the Tokyo meeting that such exercise be held once a year, with the first to be held in the East China Sea for two to three days this summer.

4. PRC-Taiwan Diplomatic Rivalry

The Associated Press ("CHINA URGES MACEDONIA TO REVOKE DIPLOMATIC TIES WITH TAIWAN," Beijing, 02/02/99) reported that PRC Foreign Ministry spokeswoman Zhang Qiyue urged Macedonia on Tuesday to revoke its new diplomatic ties with Taiwan, saying the Balkan nation made a "serious mistake." Zhang called on Macedonia's government to "abandon its illusion" that it can have ties with both the PRC and Taiwan. She said that Macedonia should "correct the serious mistake, and revoke the so-called communique on the establishment of diplomatic relations with Taiwan, and return bilateral relations to a normal track." She noted that Macedonia's president opposed the opening of ties, and that the Macedonian media "also criticized this erroneous decision of a handful of people in the government."

5. US Technology Transfers to PRC

The Associated Press ("CLINTON SEEKS CHINA SPYING REVIEW," Washington, 02/02/99) reported that US President Bill Clinton has ordered a formal assessment of possible damage to US national security by PRC military espionage. US National Security Council spokesman David Leavy said Monday, however, that the administration had not embraced a congressional committee's conclusion that US interests were harmed by PRC spying. Leavy stated, "We're reviewing the information that was gathered. We take this issue very seriously and we are organizing an interagency team including nuclear weapons and counterintelligence experts to conduct a formal damage assessment, which will be reviewed by a panel of independent experts." He said that the panel would report its

findings to Congress. PRC Foreign Ministry spokeswoman Zhang Qiyue said Tuesday in Beijing, "All these charges are quite ridiculous and irresponsible. China is a responsible power. When conducting commercial cooperation and technological cooperation with other countries we act in accordance with relevant laws and regulations."

6. US-Indian Nuclear Talks

The United States Information Agency ("TEXT: US, INDIA ISSUE JOINT STATEMENT AT CONCLUSION OF TALKS," Washington, 02/01/99) carried the following joint statement issued at the conclusion of talks in New Delhi on January 29 to 31 between US Deputy Secretary of State Strobe Talbott and Jaswant Singh, Indian Minister for External Affairs: "The eighth round of the US-India dialogue on issues related to security, disarmament and non-proliferation has concluded. During the three days of talks, January 29-31, there were four plenary meetings of the two delegations as well as expert-level discussions and several more restricted sessions between the two heads of delegation, Mr. Strobe Talbott and Mr. Jaswant Singh. General Ralston held separate consultations with several senior Indian military officials on a variety of issues of mutual concern, including resumption of bilateral cooperation in some areas. Both delegations are satisfied with the outcome of the talks. As with earlier meetings, the security perspectives of the two sides were further elaborated and clarified and proposals for harmonizing these perspectives were explored. The delegations believe progress was made in several of the subjects under discussion and remain committed to achieving more progress in the weeks ahead. In this regard, a work plan for the next steps in the US-Indian dialogue was agreed. US and Indian expert-level teams will meet in early March for follow-up talks on export controls. The US and Indian delegations at the Conference on Disarmament in Geneva will endeavor to consult frequently on the status of negotiations on a Fissile Material Cutoff Treaty (FMCT) and the possibility of other multilateral initiatives. Finally, Mr. Talbott and Mr. Singh will remain in close contact. While these contacts continue, both sides will endeavor to create a positive atmosphere for advancing their relations. A ninth round of the dialogue is envisioned towards the middle of the year, the dates and venue to be determined in consultation between the two capitals. The two delegations recognize that the length of time devoted to these talks is unprecedented in US-Indian relations. It is the view of both delegations that this is time well spent, laying the foundation for a new, broad-based relationship that has eluded the United States and India in the past which both sides are determined to achieve in the future."

The New York Times (Celia W. Dugger, "U.S.-INDIA TALKS GAIN AND COULD LEAD TO EASING OF SANCTIONS," New Delhi, 02/02/99) reported that US officials said Monday that India was moving toward signing the Comprehensive Test Ban Treaty (CTBT) by mid-year. Officials from both countries said they also hoped more broadly for an improvement in the relations between the US and India. An Indian official said, however, that there was no explicit agreement that if the US takes certain specific actions on sanctions, India will sign the CTBT. "That's too mechanical a spin," he said. [Ed. note: This article was included in the US Department of Defense's Early Bird news service for February 2.]

7. US-Pakistan Nuclear Talks

The Associated Press ("U.S.: PAKISTAN ALREADY PROMISED TO SIGN TEST BAN," Islamabad, 02/02/99) reported that US Deputy Secretary of State Strobe Talbott said Tuesday that Pakistan has already promised to sign the CTBT, but there are still a number of nuclear issues to be negotiated. Talbott arrived in Pakistan on Monday to hold talks with top Pakistani officials.

II. Republic of Korea

1. Mt. Kumgang Tour

JoongAng Ilbo ("HYUNDAI TO REFUND PASSENGERS," Seoul, 02/01/99) reported that, regarding the 12-hour delay Mt. Kumgang tourists experienced on January 31, Hyundai has decided to refund 200,000 won to each of the 690 passengers as compensation. A source from Hyundai said on February 1, "We feel responsible for the fact that passengers on board were inconvenienced and some of them suffered anxiety, as the Kumgang cruise ship was detained in DPRK territorial waters." The cruise ship entered Changjon Harbor near Mt. Kumgang at 5:30 p.m. on January 31, almost 12 hours later than scheduled, because DPRK authorities unexpectedly demanded the entrance fee first. The Kumgang--on which the ROK presidential spokesman, Park Jie-won, was a passenger--left for the ROK at 7:30 p.m. on February 1 after finishing the one-day tour through Kuryong Falls and Manmulsang Peak. The tour was made possible only because Hyundai promised on February 1 to pay US\$25 million in Mt. Kumgang entrance fees.

2. ROK-Japan Talks on DPRK

Korea Herald ("PRESIDENT'S AIDE IN JAPAN FOR TALKS ON DPRK," Seoul, 02/02/99) reported that Lim Dong-won, President Kim Dae-jung's top security aide, arrived in Tokyo Monday for two days of discussions with Japanese officials on the DPRK. Lim was scheduled to meet Japan's senior security and foreign policy officials, including Foreign Minister Masahiko Komura and Vice Foreign Minister Keizo Takemi, ROK officials said. The officials said that Lim was expected to seek support for the ROK's position that Japan and other advanced nations should keep pursuing an engagement policy toward the DPRK despite its recent threats to regional security. Lim, the senior presidential secretary for foreign affairs and national security, made a similar appeal to US officials during his visit to Washington last week, when he met William Perry, President Clinton's DPRK policy coordinator, and Thomas Pickering, undersecretary of state for political affairs.

3. ROK-Japan Naval Exercise

Korea Herald ("ROK, JAPAN SLATE NAVAL TALKS ON RESCUE DRILLS," Seoul, 02/02/99) reported that the navies of ROK and Japan will hold talks in Tokyo next week on the details of proposed combined naval rescue exercises. In the first Navy-to-Navy Talks between the two countries scheduled for next Tuesday and Wednesday, the ROK side will suggest the landmark exercise be sponsored alternately by Japan and the ROK every year, a Navy official said. The ROK delegation will also propose that this year's exercise be sponsored by the ROK Navy and conducted in the open seas off the southern island of Cheju sometime between July and September, the official said. The exercise is intended to prepare for search and rescue missions of civilian ships in distress in the seas between the two countries. The exercises will be strictly limited to peaceful purposes, the official added. Japan and Russia conducted a combined rescue exercise in seas off Vladivostok last July. The ROK and Japan have no military alliance relationship, although they have separate mutual defense treaties with the US. The planned drill resulted from an agreement made by President Kim Dae-jung and Japanese Prime Minister Keizo Obuchi last April during Kim's Tokyo visit. Based on their agreement, the defense ministers of the two countries last September concurred that their navies would hold combined search and rescue operations on a regular basis.

4. ROK-Japan Fisheries Talks

Korea Times ("ROK, JAPAN TO MEET AGAIN ON FISHERIES," Seoul, 01/31/99) reported that the ROK and Japan have agreed to resume working-level negotiations to wrap up all pending issues regarding the implementation of an agreement governing fishing in the East Sea, or Sea of Japan. Kim Sun-kil, ROK Minister of Maritime Affairs and Fisheries (MOMAF), and Japan's Minister of Agriculture, Forestry and Fisheries Nakagawa Shoichi met in Tokyo on January 30 and agreed to hold the meeting at that time. Japan agreed to allow ROK fishermen to withdraw fishing equipment left in Japan's exclusive economic zone (EEZ) and to do its best for the early release of ROK fishermen and fishing vessels in Japanese custody, according to the MOMAF. Five fishing boats were earlier impounded and 29 seamen arrested for fishing in disputed waters. Japan called on the ROK to complete the withdrawal work by February 15 and to notify Japan of the withdrawal plan. Despite the agreement for the working level meeting, the two nations have yet to narrow their differences over issues like fishing methods in the EEZ, for instance. The ROK is pushing for the use of dragnet and fish-trap fishing, methods to which Japanese officials are opposed. The fishing agreement went into effect on January 22 after the foreign ministers of the ROK and Japan signed the deal, but the two nations have remained apart on the fishing methods issue.

5. ROK-US Trade Dispute

Korea Times ("US TAKES BEEF ROW WITH ROK TO WTO," Seoul, 02/02/99) reported that the US has filed a suit against the ROK with the World Trade Organization (WTO) with respect to the alleged "unfair" beef trading practices by the ROK. Visiting Deputy US Trade Representative Richard Fisher noted that the US decided to bring the beef issue to the Dispute Settlement Board (DSB) of the WTO via US Ambassador to Geneva Rita D. Hayes. Fisher revealed the US decision when he met with Minister of Agriculture and Forestry Kim Sung-hoon at Kim's office Monday. Fisher called on the ROK to engage in bilateral negotiations regarding this soon, said So Man-ho, the ministry's director-general in charge of livestock policy, as he emerged from the Kim-Fisher meeting. "The ROK government will cope with the matter positively and squarely in accordance with the dispute settlement procedures as a member nation of the WTO," said So. Under the procedure for the suit, the ROK and the US are to hold bilateral consultation within 60 days in general cases, and within 20 days in emergency cases. Should they fail to reach agreement, a panel will be set up at the DSB and discussions will then begin immediately.

III. Russian Federation

1. ROK POWs in DPRK

Izvestia's Gennadiy Charodeyev ("THERE ARE NO SOUTH KOREANS IN SIBERIA," Moscow, 3, 2/2/99) reported that a document was published in Seoul that said that at least 22 ROK citizens presently are undergoing "re- education" in DPRK prison camps. According to ROK intelligence, they were abducted and secretly brought there at different periods of time. The information was revealed by Yi Chun-ho, 69, who after 50 years of imprisonment in the DPRK managed to return back to the ROK. In the past, the ROK appealed to the DPRK on that issue, but to no avail. Now the ROK plans to turn to the UN for assistance. ROK intelligence also claimed until recently that some abducted ROK citizens were kept in RF Siberia at logging camps, but the ROK made no official inquiry to RF authorities. Several thousand DPRK workers indeed continue to work in the forests in a number of Siberian and Far Eastern regions of the RF under an RF-DPRK agreement, but RF officials say there are no ROK citizens among them.

2. South Kurils Dispute

Izvestia's Vasiliy Golovnin ("A JAPANESE COURT ACCUSED OF ASSISTING RUSSIA," Tokyo, 3, 2/2/99) reported that the Supreme Court of Sapporo in Japan on January 26 ruled that "Tokyo has no administrative authority over the South Kurils" in connection with its work concerning notary registration of land plots on the isles. The process started in 1992, when the late Kiitiro Masugata, then 90, a fishing businessman in Hokkaido and a long-standing participant of the campaign for the return of "the Northern Territories" to Japan, came to a local legal department and demanded to be registered as a resident of a South Kuril isle where he had lived and owned a land plot till 1945. Following a long legal process, the District Court on Hokkaido agreed with him and ruled that "land on the South Kurils shall be an object of normal notary operations in Japan" as "those are a part of its territory." The legal department officials have succeeded in appealing that ruling to the Sapporo Supreme Court. Masugata's relatives presently hope to appeal it to the Supreme Court of Japan. Meanwhile the Sapporo judges have been accused of "assisting Russian occupation" of the South Kurils. Presently in Japan there are over 8,300 carefully preserved documents testifying to the rights of former owners of land plots in the South Kurils. In case of some joint RF-Japanese economic enterprises, these documents inevitably will become a source of conflict between the old landowners and the new.

3. Japanese Military Representatives in Embassies

Sovetskaya Rossia's ("ATMOSPHERE OF TRUST FOR... SPIES?!", Moscow, 3, 2/2/99) reported that starting from 2000, an official of the National Defense Agency (NDA) of Japan will officially work at the Japanese Embassy in Moscow with the task of gathering military information. The innovation is officially to strengthen the atmosphere of trust in RF- Japanese relations. The article pointed out that the NDA representative is expected to gather information both on the RF and its neighboring states, paying special attention to the DPRK. Presently the NDA officials work in Japanese embassies in the US, Great Britain, and Canada, and the Japanese Mission to the UN. This April, an NDA representative is expected to join the staff of the Japanese Embassy in Beijing and after 2001 another one will go to the ROK.

4. RF-PRC Relations

Nezavisimaia gazeta ("PREMIERS OF RUSSIA AND CHINA WILL MEET IN MOSCOW," Moscow, 1, 1/30/99) reported that RF Premier Yevgeniy Primakov and PRC State Council Premier Ju Zhunzi will meet in Moscow on February 25 to discuss political and, especially, economic cooperation issues, including RF-PRC oil and gas pipe-line construction. On February 1, RF Trade Minister Georgiy Gabunia was to leave for Beijing to prepare for the talks.

Nezavisimaia gazeta ("PRIMAKOV ON TIES WITH CHINA," Moscow, 1, 1/27/99) reported that RF Premier Yevgeniy Primakov spoke at a meeting of the RF- PRC Committee on Friendship, Peace and Development. In particular, he called "an anomaly" the fact that the bilateral economic cooperation was lagging behind the development of political relations. He named both the economic crisis and "mistakes on the part of Russian partners" as possible reasons, yet pointed out that on that issue the RF had the right to expect an interested attitude from the Chinese party. Izvestia ("CHINA AND RUSSIA BEAR A SPECIAL RESPONSIBILITY FOR PEACE," Moscow, 1, 3, 1/28/99) reported that Ju Zhunzi, PRC State Council Premier, met with a group of RF media editors-in chief in Beijing and answered questions put by Izvestia's representative. Ju Zhunzi, in particular, confirmed that his first official visit to the RF would take place "after the New Year according to the Chinese calendar." The 4th meeting of premiers of the two countries is planned. Also he will meet with the RF President and

the chairmen of both parliamentary chambers, and will visit St. Petersburg. He described the principles of bilateral PRC-RF relations and the state of their cooperation in the fields of economy, science, and technology. There are several large investment projects, including the nuclear power plant in Lianyungang. Last December a joint symposium on high technologies was held in Beijing, and presently a protocol is being drafted on intellectual property rights protection and sharing. Ju Zhunzi said also that PRC-RF border demarcation was completed and called it "an important event." Negotiations will continue to solve some remaining problems. Concerning international relations, Ju said: "China and Russia as great powers rendering significant influence on international life and being UN Security Council Permanent Members bear a special responsibility for maintaining peace in the whole world and assisting comprehensive economic development.... On many of the most important international issues both countries hold similar positions.... Chinese-Russian cooperation meets the interests of not only our countries, but it also is of extremely important significance to the cause of creation of a new international political and economic order to maintain peace and development on the planet."

5. RF-PRC Space Cooperation

Nezavisimaia gazeta's Dmitriy Paison ("CHINESE ARE SPONSORING 'MIR'?", Moscow, 1, 1/29/99) reported that for a week already RF space program specialists had been trying to identify "the anonymous investor who wished to support the 'Mir' complex in orbit till 2002 with the Russian Government's guarantees." On January 27, RF President Boris Yeltsin authorized RF Premier Yevgeniy Primakov "in connection with the forthcoming celebration of the 50th anniversary of the PRC ... and taking into account the strategic importance of Russian-Chinese relations, to prepare proposals on the program of events in the Russian Federation to mark that jubilee." Nezavisimaia gazeta's author speculated that the RF Premier could approve "such an event." Then the Great Wall aerospace corporation is the anonymous investor, and "the interest of the Chinese is not at all a commercial one." If that is so, then one should expect a PRC astronaut's flight on board of the "South" spacecraft with consequent conjunction of PRC's Project 921 spacecraft with the Mir space station this year or in early 2000. That would mean a breakthrough of the PRC to full-fledged superpower status, with its own astronauts and "almost" its own space station. As for the RF, it has a chance to enter the 21st century as a partner to the Western International Space Station and a joint RF-PRC one. It is doubtful that the Westerners would be very pleased with that, and with "the money from the East not so far guaranteed" the RF might end up with no station at all, Nezavisimaia gazeta's author concluded.

6. PRC-Taiwan Military Situation

Nezavisimoye voyennoye obozreniye's Sergey Kiryushin ("BEIJING IS GETTING READY FOR A LEAP ACROSS THE STRAITS," Moscow, 2, 1/29- 2/4/99, #3(126)) published a half-page article devoted to the PRC's military plans as regards Taiwan. The article reported that the 1995-1996 test missile launches undertaken by the PRC 44 miles from the Taiwanese coastline resulted in Taiwanese hard currency reserves dropping by US\$23.7 billion from July 1995 to March 1996. Recently a published Taiwanese Defense Ministry report claimed that the threat has grown. The authors believe that the PRC's main invasion force can be ready for an attack within 120- 180 days after receiving the order. They are concerned that the PRC's most modern aircraft, Su-27s, are based in the south of the PRC on 13 military and civilian airfields within the striking distance of Taiwan. 600 kilometer-range DF-15 (M-9) and 1800 kilometer-range DF-21 (M-11) missiles able to hit the most important centers in Taiwan are also perceived as a serious threat. Besides, the PRC Navy is able to maintain a long-term blockade of the island. With civilian vessels mobilized as well, the PRC can also transport up to 350,000 troops to Taiwan. Taiwanese armed forces are to be reduced from 240,000 to 200,000 by

2003, but with enhanced war capability through re-armament and re-organization. The author concluded that, paradoxically, the US, the PRC, and Taiwan, albeit for different reasons, are all interested in periodic increases of tensions in the area.

7. PRC Currency Devaluation Prospects

Segodnya's Georguy Bovt and Aleksandr Chudodeyev ("A CHEAP YUAN WILL COME DEAR TO THE WORLD," Moscow, 3, 1//99) reported that Dai Xiandung, PRC National bank Chairman, said recently: "China will never go in for a devaluation of its currency.... Such a measure would have harmed the interests of foreign investors, increase China's foreign debt and would not have been beneficial to the cause of stabilization of the Asian financial markets." Yet last Sunday, the English-language Beijing- published China Daily newspaper ran a long article speculating on some aspects of the "beneficial impact of devaluation" on the national economy. The PRC has already spent US\$30 billion to support the yuan. Segodnya's author speculated on possible consequences of yuan devaluation, arguing that despite the widely common opinion in the RF that "we cannot be worse off than now," still many RF experts see the PRC "in a role of 'a locomotive' for a domestic military industrial complex incapable of any conversion." Many hopes are laid on the forthcoming visit of Ju Zhunzi, PRC State Council Premier, to the RF. "A devaluation of the yuan simultaneously would become a devaluation of yet another Russian political and economic myth."

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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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[International Policy Studies Institute](#) Seoul, Republic of Korea
[The Center for Global Communications](#), Tokyo, Japan
[Center for American Studies](#),
[Fudan University](#), Shanghai, People's Republic of China

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

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

Lee Dong-young: UNPOL@netsgo.com
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

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