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## IN TODAY'S REPORT:

### I. United States

1. Captured DPRK Submarine
2. DPRK Famine
3. ROK-DPRK Economic Cooperation
4. ROK Political Prisoners
5. US Arms Sales to Taiwan
6. Taiwanese Independence
7. Indian Views of US-PRC Summit
8. Defection of Pakistani Nuclear Scientist
9. US-Russian Nuclear Reductions
10. US Nuclear Costs
11. US Uranium Sales

## I. United States

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### 1. Captured DPRK Submarine

The Associated Press ("UNC-N.KOREA TO HOLD TALKS ON REPATRIATION," Seoul, 07/02/98) and United Press International ("N. KOREAN BODIES TO BE RETURNED," Seoul, 07/01/98) reported that the UN Command (UNC) said Thursday that the bodies of nine men found in the captured DPRK submarine will be returned to the DPRK on Friday in a brief ceremony at Panmunjom. The UNC said that DPRK officials "offered no objection" when presented with evidence at a meeting with UNC at Panmunjom on Tuesday that the crewmembers had committed suicide to avoid capture. The UNC stated, "The U.N. Command understood this to mean North Korean acknowledgment of its explanation." It added that the DPRK would be asked at future meetings to acknowledge the incident, punish those responsible, and assure against a recurrence. Meanwhile, the ROK's state-run Yonhap news agency cited foreign ministry official Kwon Jong-rak as saying that the ROK plans to send a letter to the president of the UN Security Council regarding the DPRK submarine incursion. Kwon stated, "We just want to bring this issue to the Security Council's attention." He added, "We will continue to abide by the agreed framework which calls for construction of two nuclear reactors for North Korea. The sub incident clearly shows the need for us to speed up the four-party talks."

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## **2. DPRK Famine**

The Associated Press ("U.N. AGENCY: NORTH KOREA NEEDS MORE FOOD AID IN 1998," Rome, 07/02/98) reported that the World Food Program (WFP) said Thursday that the DPRK will need another 500,000 tons of food aid this year in addition to what has already been pledged. The WFP said that the food supply situation "remains precarious and is expected to worsen over the next two critical months as stocks become exhausted." It called on donor nations and agencies to ensure that the 800,000 tons of food aid pledged arrives before the next harvest in October. It added that it expected the DPRK to buy 500,000 tons, leaving another 500,000 tons in uncovered food needs.

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## **3. ROK-DPRK Economic Cooperation**

Dow Jones Newswires ("S. KOREA HYUNDAI GRP TO SET UP VENTURE IN N. KOREA END JULY," Seoul, 07/02/98) and Reuters ("SOUTH KOREA'S HYUNDAI SAYS SETTING UP N.KOREA PROJECT," Seoul, 07/01/98) reported that a spokesman for the Hyundai Group said Thursday that Hyundai will set up a joint-venture company by the end of July for the development of Mount Kumkang in the DPRK. He said that the agreement was signed by the group's Honorary Chairman Chung Ju-young and the DPRK's Asia Pacific Peace Committee when Chung visited there in June. He added, "However, details including the amount of investment will be discussed when our working level officials visit North Korea in early July." He said that port facilities for ships transporting ROK tourists would be completed by September 25. He added that the group is currently waiting for approval from the ROK government. He stated that Hyundai has also agreed with the DPRK committee to relocate the group's production lines of such products as textile, shoes, and leather to the DPRK. He added, "The plant sites should be near South Korea and should be conveniently placed to export the products." Hyundai expects the amount of overseas sales from the plants will reach at least US\$4.4 billion annually. The group said that it is also seeking to build a car assembly plant and power plant in the DPRK.

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## **4. ROK Political Prisoners**

The New York Times (Stephanie Strom, "PRESIDENT ORDERS RELEASE OF 500 POLITICAL PRISONERS," Seoul, 07/02/98) reported that ROK President Kim Dae-jung on Wednesday ordered the release of political prisoners by August 15, even if they do not renounce their ideological views. Government officials indicated that a large number of the 500 political prisoners that human rights groups estimate are being held in the ROK would be released, but the precise number was not announced. Local press reports said that Woo Yong-gak, widely regarded as the world's longest-serving political prisoner, would be among those freed. Woo has spent almost 40 years in solitary confinement. ROK media quoted Justice Minister Park Sang-cheon as saying, "Requiring violators of the National Security Law to abandon their ideology and beliefs goes against constitutionally guaranteed freedom of conscience." However, the government will still require the freed prisoners to abide by the National Security Law. Seo Joon-shik, a former political prisoner who heads the Sarangbang Group for Human Rights, stated, "There is no fundamental difference between the current policy of denouncing one's ideological beliefs and the proposed policy of receiving pardon by agreeing not to violate Korean laws."

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## **5. US Arms Sales to Taiwan**

Reuters ("CHINA CAUTIONS U.S. ON TAIWAN ARMS SALES," Beijing, 07/02/98) reported that PRC foreign ministry spokesman Tang Guoqiang on Thursday said that the PRC was "firmly opposed" to US arms sales to Taiwan. He stated, "This is in order to avoid the use of force and to strive to use peaceful means to realize the reunification of Taiwan with the mainland." He added, "We hope that the United States, in accordance with the principles laid out in the three Sino-U.S. joint communiques, will adopt a cautious attitude towards weapons sales to Taiwan." On Wednesday, US Deputy National Security Adviser James Steinberg stated, "We'll continue to sell arms to Taiwan consistent with our law and the three communiques." He added, "Our arm sales are exclusively defensive and for the legitimate defensive needs of Taiwan. That is something we will continue to do."

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## **6. Taiwanese Independence**

Reuters (Jim Wolf, "THINK TANK SAYS TAIWAN COULD SPARK WAR," Washington, 07/01/98) reported that the Institute for National Strategic Studies, a think tank funded by the US Department of Defense, concluded in a study published late last month that any declaration of independence by Taiwan probably would lead to a war with the PRC, into which the US might be drawn. The study suggested that the Clinton administration should consider naming a special envoy for PRC-Taiwan relations to forestall any such conflict. The study's editors, Hans Binnendijk and Ronald Montaperto, concluded that by 2015 the PRC might deploy a force "that could begin to mirror some of the U.S. military capabilities of the early 1990s." They added, "There is a new dynamic in relations across the Taiwan Strait. Taipei has come to view itself as a sovereign government equal to Beijing, while many in Beijing believe that Taiwan authorities are preparing for independence." Montaperto stated, "No one really knows what mix of responses China would make in those circumstances. In the United States, it would be an extremely emotional and highly charged question -- and that's how the United States could be dragged into it."

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## **7. Indian Views of US-PRC Summit**

The Associated Press ("U.S.-CHINESE NUCLEAR ENTENTE WORRIES INDIA'S GOVERNMENT," New Delhi, 07/02/98) reported that Defense Minister George Fernandes was quoted in the July issue of Jane's Defense Weekly as saying that India is wary of the US-PRC detargeting agreement. Fernandes stated, "If Beijing decides not to target Washington ... India would be China's prime enemy." He added, "India has to be more concerned about the Sino-U.S. alliance than it has been so far."

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## **8. Defection of Pakistani Nuclear Scientist**

The New York Times (John Kifner, "PAKISTANI SAYS NUCLEAR STRIKE WAS PLANNED ON INDIA," New York, 07/02/98) reported that Dr. Iftikhar Khan Chaudhry, a Pakistani scientist seeking asylum in the US, said Wednesday that Pakistan's top military leadership, fearing an imminent Indian nuclear attack, decided on April 25 to launch a pre-emptive nuclear strike within 48 hours. He also said that Pakistan had already armed and deployed missiles with nuclear warheads at two sites along the Indian border and had enough fissionable material for 12 to 18 warheads. He added

that he had seen Iranian and Chinese technicians at Pakistan's nuclear plants and that the program received funds from Saudi Arabia and the United Arab Emirates. However, Ahmad Kamal, the Pakistani representative to the UN, said that Khan had made up his story in order to gain US citizenship. Kamal stated, "This man is a total fraud. He has an identity card which is a forgery, and it's a bad forgery at that." He said that Khan's identification card from the Pakistan Atomic Energy Commission was phony because it bore the general crest of the Pakistani government rather than the special seal of the Atomic Energy Commission. He added that the card also bore the name of the Ministry of Science and Technology, whereas the Atomic Energy Commission is a separate organization that reports directly to the prime minister. Kamal said that Pakistani authorities believed that Khan might be a man who worked briefly in an entry-level job for the nuclear program in the early 1980s.

The Associated Press ("PAKISTAN REJECTS ALLEGATIONS IT PLANNED TO USE WEAPONS FIRST," Islamabad, 07/02/98) reported that Pakistan Foreign Minister Gohar Ayub on Thursday dismissed allegations that Pakistan earlier had planned a nuclear first strike against India. He said that Pakistan had made "elaborate plans" to retaliate if India attacked its nuclear facilities, but there was no strategy of first-use.

US State Department Spokesman James Rubin ("STATE DEPARTMENT NOON BRIEFING, JULY 1," Washington, USIA Transcript, 07/01/98) said that the US had no information regarding the alleged Pakistani defector beyond what had been reported in the media.

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## **9. US-Russian Nuclear Reductions**

US State Department Spokesman James Rubin ("STATE DEPARTMENT NOON BRIEFING, JULY 1," Washington, USIA Transcript, 07/01/98) said that the US believes that the best way to pursue reductions in the number of nuclear weapons is through a controlled process of treaties, and a controlled process of verification. He added that while the presidents of the US and Russia have already agreed on some general ranges on the objectives of START III, "to get down and negotiate that agreement, both the President of Russia and the President of the United States believe the necessary prerequisite is ratification of START II." He stated, "we do believe that, as President Yeltsin continues to put the pressure on and explain to the members of the Duma that it is hurting Russia for START II not to be ratified, that logic and wisdom will prevail."

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## **10. US Nuclear Costs**

US State Department Spokesman James Rubin ("STATE DEPARTMENT NOON BRIEFING, JULY 1," Washington, USIA Transcript, 07/01/98) said that the need to fight to contain communism and to deter the use of nuclear weapons against the US necessitated the creation and maintenance of the US nuclear arsenal. He added, "I think as a government we would also argue that it was worth the expense -- that communism was worth deterring through a combined policy of containment and modernization of nuclear forces." He said that the US is now "in a time when we're trying to bring to bear the arms control experience across a whole panoply of activities that was never part of the arms control process during those days; including, for example, the fact that we're trying to bring fissile material into the equation, that we're trying to include the counting of warheads, not just the counting of missiles and delivery systems."

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## 11. US Uranium Sales

The New York Times (Peter Passell, "ECONOMIC SCENE: COULD URANIUM PRIVATIZATION AID NUCLEAR PROLIFERATION?" 07/02/98) reported that many analysts are worried that the privatization of the US Enrichment Corp., which was announced Monday by the US Treasury Department, would undermine nuclear nonproliferation efforts by creating financial incentives for the company to scuttle a 1993 agreement to import 500 tons of bomb-grade uranium from Russia. Under the agreement, US Enrichment Corp. buys Russian bomb-grade uranium, blends it with natural uranium to make fuel for commercial power reactors, and resells it on the international market. Richard Falkenrath, an economist at Harvard's Kennedy School of Government, stated, "Privatization is a foreign policy disaster waiting to happen." Joseph Stiglitz, former chairman of the President's Council of Economic Advisers, argued that, as long as the price paid to the Russians was higher than the corporation's own cost of producing reactor fuel, it would have an incentive to buy as little Russian enriched uranium as possible.

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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