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I. United States

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1. DPRK Underground Construction

Reuters (Charles Aldinger, "PYONGYANG MUST ALLOW SITE TO BE INSPECTED - COHEN," Honolulu, 10/31/98) reported that US Defense Secretary William Cohen said Friday that the DPRK must let its alleged underground nuclear site be inspected to reduce tension on the Korean peninsula. Cohen said that a recent agreement by the DPRK to hold discussions on the issue with a senior US delegation was not enough. He stated, "It is going to be incumbent on the North Koreans to be open, to allow inspections for the suspected site that might possibly -- I say, possibly -- constitute a breach of the Agreed Framework." He argued, "We have to assure members of Congress that the agreement is being adhered to." He added that the Clinton administration was in preliminary talks with former US Defense Secretary William Perry to act as a go-between with the DPRK. He stated, "Dr. Perry has not made any commitment. There has been some discussion as to whether he could possibly serve in some capacity on behalf of the President, but there has been no commitment made on his part. I think it is just in the exploratory stage at this point."

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2. Hyundai Founder's Trip to DPRK

The Associated Press ("NORTH KOREAN LEADER IN GOOD HEALTH," Seoul, 11/02/98) reported that Hyundai founder Chung Ju-yung said Monday that DPRK leader Kim Jong-il looked healthy and energetic when the two met last weekend. Chung described Kim as a "kind and respectful young man." Chung's son, Hyundai President Chung Mong-hun, added, "He appears to have a deep sense of respect for elderly people."

Reuters ("S.KOREA TYCOON RETURNS FROM N.KOREA WITH OIL DEAL," Seoul, 10/31/98) and the Associated Press (J.H. Yun, "N.KOREAN LEADER OKS DEALS WITH SOUTH," Panmunjom, 10/31/98) reported that Hyundai founder Chung Ju- yung returned to the ROK Saturday from his five-day trip to the DPRK. Chung stated, "North Korean leader Kim Jong-il promised to supply the North's cheap crude oil to South Korea through pipelines." The pipelines are to be built by Hyundai. Chung added, "We also agreed that the two Koreas can work together on everything if that helps both. I think South-North exchanges will improve and everything will progress well." Chung said Kim Jong-il met him Saturday at his hotel. He stated, "We spoke for a long time and Kim promised to cooperate on everything for mutual benefits." The DPRK's Korean Central News Agency said that chairman Kim Yong-sun and vice-chairman Song Ho-gyong of the DPRK's Korean Asia-Pacific Peace Committee were present at the meeting. It said that Kim Jong-il welcomed the visit of Chung and his family to Pyongyang and had a cordial talk with them. Hyundai officials said that the company agreed to pay the DPRK US$906 million over the next six years in exchange for the right to develop Mt. Kumkang Mountain with tax exemptions. They added that the first cruise ship will sail for the DPRK on November 18. Other Hyundai-DPRK deals call for building a power plant and gymnasium in Pyongyang, a ship repair yard, and hotels, spas, golf courses, and ski slopes near Mt. Kumkang.

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3. Hyundai's Projects in DPRK

Reuters (Yoo Choon-sik, "TWO KOREAS CAN BUILD TIES ON INDUSTRIAL PARK- SEOUL," Seoul, 11/02/98) and the Associated Press ("S. KOREAN PRES. KIM HOPES FOR HYUNDAI'S SUCCESS IN N. KOREA," Seoul, 11/02/98) reported that ROK President Kim Dae-jung expressed hope Monday that the agreements between Hyundai and the DPRK would spur inter-Korean economic exchanges and help ease tension on the peninsula. Presidential spokesman Park Ji- won quoted Kim as saying, "South-North economic cooperation is beneficial for both sides and good for improving inter-Korea relations." Park said that Kim expressed keen interest in Hyundai's plan to build an industrial park on the DPRK's west coast exclusively for labor-intensive ROK plants. Hyundai officials said that the

industrial park would accommodate up to 800 ROK plants that have lost their competitiveness in international markets. Hyundai Securities President Lee Ik-chi told Kim that the industrial park project would have a big impact on the ROK economy. Lee said that the complex would probably be built on a 66 million square meter (16,300 acre) piece of land and annual exports could reach more than US$10 billion. Lee stated, "If the (monthly) wage is below $100, it will make a good labor market as (the wage level in) China is $120."

The Associated Press (Kyong-hwa Seok, "NORTH KOREA TURNS TO SOUTH FOR AID," Seoul, 11/01/98) and Reuters (Bill Tarrant, "S.KOREA TYCOON TRIP MAY LEAD TO N.KOREA THAW," Seoul, 11/01/98) reported that ROK analysts said Sunday that the deal between Hyundai and the DPRK could spur wide- ranging economic exchanges between the ROK and the DPRK and help ease tensions on the Korean peninsula. Kwon Kyong-bok, an analyst at the government-run Naewoe Press, stated, "The deal shows that North Korea, badly in need of cash, wants to lift its economic openness to a higher level." Paek Sung-ki, a political science professor at Kyongwon University, stated, "As it cashes in on Hyundai, North Korea will be further inclined to open itself to outside investment, which in turn will help ease tension with South Korea." ROK officials expressed skepticism, however, of plans by the DPRK and Hyundai to drill for oil on the DPRK's west coast. Ra Byong-sun, president of the ROK's state-run Korea Petroleum Development Corp., stated, "A small amount of oil ... was found off the North's west coast in 1996, but there are no indications that it and other offshore or onshore fields are economically feasible."

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4. DPRK Tourism Project

Reuters ("HYUNDAI TO TAKE APPLICATIONS FOR N. KOREA TOUR," Seoul, 10/31/98) reported that Hyundai spokesman Park Sang-hoon said on Sunday that the company would start accepting applications on Monday for its cruise ship tour to the DPRK's Mt. Kumkang. Park said that Hyundai chartered two cruise ships from Star Cruise in Malaysia and planned to charter two more next year, depending on how well the business progresses. He added that the two ships, which can accommodate about 1,000 tourists each, would make one round trip a week. Fares for a five- day tour would range from one million won (US$760) to 3.2 million won in nine different classes.

The Wall Street Journal (Jane L. Lee, "HYUNDAI DEAL COULD EARN NORTH KOREA BIG REVENUE," Seoul, 11/02/98) reported that the agreement between the DPRK and Hyundai to begin tours to Mt. Kumkang may yield nearly US$900 million over six years for the DPRK. Hyundai will pay the DPRK US$300 for each visitor to the mountains. Hyundai has guaranteed that 500,000 tourists a year will visit the area and the company agreed to pay the DPRK for any shortfall in the number of visitors. However, Yoo Dong- ryul, a researcher at the government-run Strategic Institute for Countering North Korea, warned, "Those promises are not between the states, but with South Korean companies. Companies, such as Hyundai, run the risk of losing their investment if North Korea changes its policy."

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5. ROK Economy

Reuters ("CAUTION AS S.KOREAN ECONOMY SHOWS RECOVERY SIGNS," Seoul, 10/31/98) reported that economic analysts cautioned that, despite signs of recovery in the ROK economy, it was still far from clear that the economy had bottomed out. The ROK National Statistical Office (NSO) said on Friday that the country's industrial output had risen 0.3 percent during the year to September, the first month in 1998 to show a rise from a year earlier. However, the NSO attributed

the increase to the month having had more working days than September 1997, because the three-day Korean Thanksgiving holiday had fallen in September last year but October this year. An unnamed NSO official stated, "If the holiday factor is considered, the industrial output actually fell about six percent." The Bank of Korea, meanwhile, said the current account showed a surplus of US$3.68 billion in September, against a US$2.22 billion surplus in August and a US$509.9 million deficit a year earlier. Lee Soo-hee, a senior analyst at the Korea Economic Institute, stated, "Undoubtedly, those indicators should be something we celebrate about. But it is hard to believe the economy has begun picking up."

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6. US Defense Secretary's Asian Trip

Reuters (Charles Aldinger, "U.S. DEFENSE CHIEF CUTS SHORT ASIA TRIP OVER IRAQ," Wake Island, 11/01/98) reported that US Defense Secretary William Cohen canceled his scheduled trip to Asia Sunday to consult allies on the latest crisis between Iraq and the UN over arms inspections. Cohen, during a refueling stop on the US possession of Wake Island, announced that he would turn back to Washington instead of continuing on to Hong Kong as scheduled. He stated, "I need to be back there to talk to a number of my colleagues in the alliance and I can't do that on the plane as well as I can in Washington." Cohen said that he would reschedule planned visits to Hong Kong, the ROK, and Japan.

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7. Japanese Satellite Development

The Associated Press ("JAPAN MAY DEVELOP SPY SATELLITES," Tokyo, 10/31/98) reported that Japan's Asahi Shimbun said Saturday that Japan has come up with a plan to develop four spy satellites by 2002 at a cost of US$1.3 billion. The report added that the project still needs approval by the ruling Liberal Democratic Party before it can be included in the national budget.

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8. PRC-Taiwan Diplomatic Rivalry

Reuters ("CHINA FORGES DIPLOMATIC TIES WITH TONGA," Beijing, 11/01/98) reported that the PRC official Xinhua news agency said on Monday that the PRC normalized diplomatic relations with the Kingdom of Tonga. The agency said that Tonga agreed to normalize relations with the PRC in a joint communique signed on October 26 in Beijing. It stated, "The Kingdom of Tonga recognizes that the government of the People's Republic of China is the sole legal government representing the whole of China and that Taiwan is an inalienable part of the Chinese territory." Taiwan said over the weekend that it would sever relations and terminate all aid agreements with the Pacific Island nation.

II. Republic of Korea

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1. Hyundai Founder's DPRK Trip

JoongAng Ilbo ("PRESIDENT KIM MEETS MR. CHUNG," Seoul, 11/02/98) reported that on November 2, ROK President Kim Dae-jung said, "The result of Hyundai's achievement should not be

exaggerated in the press. Relations between the ROK and the DPRK should progress step by step." He met Chung Ju-yung, the founder and honorary chairman of Hyundai, Chung Mong-hon, the chairman of Hyundai, and Lee Ik-chi, the chairman of Hyundai Securities. Kim continued, "Certain companies have revealed their plans for economic cooperation with the DPRK but the results have not been enough. But, I expect Hyundai to succeed in their ongoing projects including Mt. Kumgang tourism and to contribute to the improvement of ROK-DPRK relations." He added, "The most important project we feel is the construction of an industrial complex in the DPRK." Chung said, "Kim Jong-il, the head of the Defense Committee, expressed his positive attitude towards Mt. Kumgang development and felt sorry for the delays of this project." He also reported that he talked with Kim Yong-sun, the head of the Asia Pacific Peace Committee regarding details for economic cooperation, including Mt. Kumgang development, automobile assembly line construction, and a Pyongyang sports center. The DPRK also wanted five diesel electric power generators to compensate for their chronic electricity shortage. Park Ji-won, a Chung Wa Dae spokesman, said, "No message came from the DPRK and President Kim did not ask about it."

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2. Hyundai's Projects in DPRK

Hankook Ilbo ("HYUNDAI TO UNDERTAKE 9 PROJECTS IN DPRK," Seoul, 11/01/98) reported that the Hyundai Group and the DPRK have agreed to team up on nine economic projects as well as the construction of a gymnasium in Pyongyang. The highlight of the agreement is a joint oil-drilling program in the DPRK. Chung Mong-hun, chairman of the Hyundai Group, said Hyundai made a proposal to search for oil along the west coast of the DPRK because it is thought to have oil deposits. He said the DPRK confirmed that if oil is found, it will pipeline the product to the ROK. Chung also said that Hyundai will invest in construction of a 100,000KW thermal power plant in Pyongyang if a payment guarantee is secured. Hyundai also plans to build an auto assembly plant from which it will export cars when problems involving customs duties are settled. Furthermore, Hyundai plans to work with the DPRK to advance into foreign construction markets. The ROK conglomerate is currently reviewing construction projects in Turkmenistan and Libya. Hyundai has been given the right to use some 66 million square meters of land in the DPRK's west coast for a mammoth industrial complex that will be constructed on a 26.4 million square meter lot in seven stages over the next 10 years. Other programs to be pursued include an aged ship-scrapping business, mineral water development, and phone line installation. Hyundai and the DPRK also agreed to build a large gymnasium in Pyongyang to provide a venue for sports exchanges.

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3. ROK's Sunshine Policy

Korea Times ("SUNSHINE POLICY GIVES BIRTH TO MUCH-AWAITED FIRST CHILD," Seoul, 11/01/98) reported that ROK President Kim Dae-jung's "Sunshine Policy" toward the DPRK received a surprise boost when Hyundai won DPRK leader Kim Jong-il's personal endorsement on numerous projects which could potentially redefine inter-Korean relations. Since last February when he took office, President Kim, an expert in DPRK-related affairs, has put forward his grand design regarding inter-Korean relations as well as successive calls for government-level dialogue, but a breakthrough has failed to materialize. When a malfunctioning DPRK submarine was caught in the net of an ROK fishing boat in ROK territorial waters in September, Hyundai's Mt. Kumgang project narrowly averted cancellation due to a wave of protest from conservative ROK politicians and others. However, Hyundai's projects have survived all challenges and suffered only some partial delays because President Kim has remained steadfast in his engagement policy toward the DPRK. Now, his policy has given birth to the first child and could potentially churn out offspring in all walks of life

for both the ROK and the DPRK. Hyundai agreed with the DPRK on a US$906-million tourism development project and other initiatives, including development of an industrial zone on the western coast, the establishment of an auto assembly plant, and the construction of a stadium in Pyongyang. President Kim apparently believes that if Hyundai intensifies its business in the DPRK and other ROK companies follow suit, inter-Korean relations would become automatically interdependent, a development which could also contribute to bringing about political dialogue between the two states.

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4. ROK-DPRK Talks

Korea Herald ("ROK SEEKS INVESTMENT WITH DPRK, UNIFICATION MINISTER STRESSES NEED TO RESUME GOVERNMENT-LEVEL TALKS," Seoul, 11/03/98) reported that a top ROK unification policymaker indicated Monday that the government will seek to conclude an investment protection agreement with the DPRK. "If inter-Korean economic cooperation programs are in full swing, the ROK and DPRK governments will have to get involved to protect investments and deal with other matters," said Unification Minister Kang In-duk. Kang stressed that the two Koreas need to resume the deadlocked government-level talks if they are to facilitate economic cooperation. He made the remarks while referring to the Hyundai Group's landmark tourism project in DPRK, the first of its kind in inter-Korean relations. Kang warned, however, against unbridled optimism, saying, "We should handle inter-Korean matters with calm." He also said that the ROK government will be prudent in making a decision on whether or not to give the go-ahead to each project Hyundai agreed on with the DPRK.

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5. ROK-US Security Meeting

Korea Herald ("ROK-U.S. SECURITY MEETING POSTPONED," Seoul, 11/02/98) reported that the annual ROK-US Security Consultative Meeting (SCM), previously planned for Monday and Tuesday in Seoul, will be rescheduled as US Secretary of Defense William Cohen has canceled his Asia trip, the Defense Ministry said Sunday. The Military Committee Meeting, an annual meeting of the chairmen of the US and ROK Joint Chiefs of Staff, will also be postponed and rescheduled, a ministry spokesman said. The spokesman said this year's SCM will be delayed till after the present US- Iraq crisis is over. He added that the ROK and the US will consult on the rescheduling of their defense chiefs' annual meeting. Cohen was to arrive in Seoul Monday after a stopover in Hong Kong.

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6. ROK-DPRK Religious Exchanges

JoongAng Ilbo ("PROTESTANTS, THE MOST ACTIVE IN DPRK," Seoul, 11/02/98) reported that Protestant denominations are the most positive towards promoting contact with the DPRK. According to the ROK Ministry of Unification, Protestant churches have applied 164 times for contact with people in the DPRK from June 1989 to August of this year. The total number of all applications for religious purposes reached 279. As of now, Protestants have been granted the right to visit the DPRK 45 times in total, followed by Buddhists (10) and Catholics (9). Applications by religious clergy, monks, and ministers to visit the DPRK also increased. The total number of applications reached 15 from January to August of this year.

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7. World Climate Convention

Chosun Ilbo ("KOREA TO ATTEND WORLD CLIMATE CONVENTION," Seoul, 11/01/98) reported that the fourth World Climate Change Convention will be held in Buenos Aires Argentina between November 2 and 13. The ROK delegation headed by Choi Jae-wook, the Minister of Environment, will join representatives of 170 member countries at the convention. The delegates will discuss countermeasures for the greenhouse effect. The government has expressed its intention to participate in the pollution reduction program from 2018, about 10 years after the most advanced countries.

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8. The Controversial Views Of Professor Choi

Joongang Ilbo ("STATEMENT ON PROFESSOR CHOI JANG-JIP BY KOREA SCHOLARS IN THE U.S.," 10/31/98, A2) reported that a group of renowned Korea scholars in the US issued a statement Friday regarding the debate over the controversial views of ROK Professor Choi Jang-jip. About 20 US scholars, including Carter Eckert and David McCann of Harvard University and James Palais of the University of Washington, met at the UCLA campus on October 30 and issued a statement, which said, "the ideological debate precipitated by the Chosun Ilbo is a challenge to academic freedom." It added that "Korea should also come out of the Cold War mentality and engage in future-oriented discussions." Also attending the meeting which adopted the statement were Michael Robinson of Indiana University, Robert Buswell and John Duncan of UCLA, and Ken Wells of the Australian National University, as well as well-known Korean-American scholars such as Hong- yung Lee (UC Berkeley), Byung-chul Koh (University of Illinois) and Ki- wook Shin (UCLA).

Joongang Ilbo ("FIRST COURT HEARING ON PROFESSOR CHOI JANG-JIP'S LAW SUIT," 10/31/98) reported that the first hearing on Professor Choi Jang- jip's defamation lawsuit against the Chosun Ilbo was held at the Seoul District Court on October 30. Choi had filed a suit for an article published in the November issue of the "Monthly Chosun," which he claimed distorted his writings and demanded the immediate suspension of circulation of the magazine. Choi's attorney, Ahn Sang-woon, asserted that the "Monthly Chosun" article wrongly attributed Choi as saying the Korean War was one of "national liberation," when in fact this was merely an introduction to a DPRK claim. An attorney for the Chosun Ilbo countered that since Professor Choi holds a position that can shape the philosophical and policy direction of the government's "Second Nation- Building" campaign and therefore is a "public person," the media has the right and responsibility to examine his ideology. The judge granted the request of Choi's lawyers to call as a witness Professor Kim Hak-joon, President of Inchon University.

III. Announcements

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1. New Positions Available

The Center for War, Peace, and the News Media at the New York University Department of Journalism and Mass Communication is accepting applications for the following positions:

DIRECTOR FOR MEDIA AND INTERNATIONAL AFFAIRS

The Center for War, Peace, and the News Media (CWPNM) seeks an experienced journalist or media-savvy professional to direct its Global Reporting Network (GRN), the country's largest mid-

career media education program dedicated to improving reporting of international issues. The GRN works in the US and globally to strengthen coverage of foreign policy, Asian and European security, ethnic conflict, economic globalization, and human rights, among other issues. The Director manages a new op-ed syndicate, Global Beat web site, briefings and seminars. Ideal candidate has 10+ years' experience, a critical perspective on international reporting, editorial creativity, and management experience. Competitive salary plus extensive benefits.

ASSISTANT DIRECTOR, GLOBAL REPORTING NETWORK

The Assistant Director is responsible for the implementation of all program activities of the eight-year-old GRN, under the supervision of the Center's Director of Media and International Affairs, including organizing reporting trips, seminars, conferences, and briefings; conducting project-oriented research, supporting the Global Beat web site, and providing administrative support for all GRN activities. Ideal candidate has at least 3-5 years experience, knowledge of global security issues, event organizing skills, and strong administrative capabilities. Web experience is extremely desirable. Salary high $20s to mid-$30s plus extensive benefits.

TO APPLY FOR EITHER POSITION: Send letter, CV, references and samples to Robert Leavitt, CWPNM, 418 Lafayette St., New York, NY 10003. Fax: 212- 995-4143. NYU is an Equal Opportunity Employer.

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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International Policy Studies Institute Seoul, Republic of Korea
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Wade L. Huntley: napsnet@nautilus.org
Berkeley, California, United States

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

Lee Dong-young: leedy112@unitel.co.kr
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