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I. United States

1. ROK-DPRK Talks

Reuters ("N.KOREA OFFERS CONDITIONAL TALKS WITH S.KOREA," Seoul, 02/03/99) reported that the DPRK's official Korean Central News Agency (KCNA), in a report monitored in Seoul, quoted Kim Yong-sun, secretary of the ruling Workers' Party Central Committee, as proposing on Wednesday to hold "inter-Korean high-level political talks in the second half of the year." Kim said, however, that the ROK would first have to discontinue joint military exercises with the US, abolish its National Security Law, and do away with "anti-North Korean cooperation with outsiders." The proposal was contained in a letter to ROK President Kim Dae-jung and various other social, economic, and political leaders, and delivered through the Red Cross at Panmunjom on Wednesday afternoon. The letter said that the talks could focus on the issue of holding reunions for separated families. It added, "The South Korean authorities should not turn their back on this fair and above-board proposal of ours, but abandon the habit of accepting our proposal faithlessly." It also stated, "They should ponder over it, make a comprehensive study of it and earnestly accept it in practice." The ROK Unification Ministry said it would give a formal reply to the DPRK on Thursday, but a ministry spokesman said, "the government has never accepted similar proposals" with those conditions in the past.

2. US Evaluations of DPRK Threat

The Associated Press ("NKOREA SAID INCREASINGLY VOLATILE," Washington, 02/03/99), and the New York Times (James Risen, "C.I.A. SEES A NORTH KOREAN MISSILE THREAT," Washington, 02/03/99) reported that US intelligence officials told the Senate Armed Services Committee on Tuesday that the DPRK remains a major threat to US and ROK forces. Central Intelligence Agency (CIA) Director George Tenet stated, "I can hardly overstate my concern about North Korea. In nearly all respects, the situation there has become more volatile and unpredictable." He added, "We are deeply concerned that North Korea has a covert [nuclear weapons] program." He also said that the DPRK's August test of a Taepodong 1 ballistic missile had "demonstrated technology that with the resolution of some important technical issues would give North Korea the ability to deliver a very small payload to intercontinental ranges -- including parts of the United States -- although not very accurately." He added that the DPRK was working on the Taepodong 2, which could soon "be able to deliver large payloads" to the continental US. Army Lieutenant General Patrick Hughes, head of the Defense Intelligence Agency, cited intelligence reports that describe DPRK soldiers out of uniform, marketplace activity going on without governmental control, and frequent disruptions in the course of a military unit's training. Hughes stated, "All of this will encourage the North to rely still more heavily on risky brinkmanship in its dealings with the United States." [Ed. note: This article was included in the US Department of Defense's Early Bird news service for February 3.]

3. US Policy toward DPRK

The Wall Street Journal (Thomas E. Ricks, "NIGHTMARE PROSPECT OF NUCLEAR ROGUE STATE MAKES NORTH KOREA THE HOT SPOT THAT WORRIES U.S. MOST," Seoul, 03/02/99) reported that former US Defense Secretary William Perry said that he is "perhaps a month away" from completing his review of US policy toward the DPRK. Unnamed US officials said, however, that Perry has already concluded that the current policy is a failure. They predicted that he would recommend that the DPRK be offered a final chance at wider-ranging diplomatic and economic contacts. If the DPRK fails to respond, the officials said that the US would ignore the DPRK to the extent possible. However, according to an unnamed source, General John Tilleli, commander of US forces in the ROK, told the Joint Chiefs of Staff that he expects some sort of "emergency" on the Korean Peninsula this spring, possibly leading to escalating military confrontation. Gary Milhollin of the Wisconsin Project on Nuclear Arms Control estimated that within two years of the Agreed Framework breaking down, the DPRK could possess five nuclear-tipped missiles. Milhollin stated,

"Once they have a credible nuclear threat against Tokyo, they can use that to counter anything we might do." One unnamed official warned that, in such a scenario, the world could for the first time face the problem of nuclear weapons in the possession of leaders who feel they have nothing to lose by threatening to use them. Paul Bracken, a Yale expert on international security issues, said that this scenario shows that the policies that contained nuclear weapons for the last several decades are no longer working. He warned, "People say that nuclear weapons aren't usable because they're so destructive. Let me tell you, North Korea uses nuclear weapons every day to get money." [Ed. note: This article was included in the US Department of Defense's Early Bird news service for February 3.]

Japan's Kyodo News (Mikio Haruna, "U.S. PREFERS CASH TO MILITARY OPTION FOR N. KOREA," Tokyo, 02/03/99) reported that US diplomatic sources said that the US is unlikely to select military options to deal with the DPRK's suspected nuclear weapon's program. The sources said that the US aims to use dialogue to avoid a crisis with the DPRK. Hideshi Takesada, professor at the National Institute for Defense Studies at the Japanese Defense Agency, said that although the current situation is "tenser than June 1994, when the Korean Peninsula was on the verge of falling into crisis," a military attack is not a viable option given "the systematic difficulty" in the issue. He said that, should the US start military action against the DPRK, Seoul would effectively be held hostage, and Japan would run the risk of an attack by Taepodong-1 ballistic missiles. He also noted that ROK President Kim Dae-jung wishes to continue his "sunshine" policy. In such circumstances, the ROK and Japan would most likely oppose any proposal for US military attacks. He said that he believes the only other option for the US would be the reconfirmation of the 1994 Agreed Framework and a postponement of inspections of the underground construction site. He also said that the US needs to sign a new accord that imposes more obligations on the DPRK. An unnamed senior Japanese Foreign Ministry official said that Japan could do nothing but wait for the policy review report by William Perry.

4. DPRK Famine

The Associated Press ("N. KOREAN FOOD SHORTAGE SAID EASING," Seoul, 01/03/99) reported that the ROK National Intelligence Service (NIS) said in a statement on Wednesday that some DPRK citizens are getting more food since Kim Jong-il issued a special directive in December ordering that food rations not be delayed for more than 12 days and that the usual twice-a-month food distribution schedule be kept. The statement said, "The food situation in some parts of North Korea shows signs of easing, with international relief food being distributed to ordinary people." It added that people living in at least two provinces bordering the PRC-- North Pyongan and Jagang--are now given more food regularly. It said that because of the improved distribution, the black-market price of rice in the two provinces fell to one-third of what it was during the worst period last year. The NIS said it could not determine whether food shortages in other parts of the DPRK were also easing. It said that the DPRK had been distributing most donated food to government officials, soldiers, and other members of the elite, but it began to expand the distribution to others following Kim's directive.

Reuters ("NORTH KOREA SAYS HAS OVERCOME DAMAGE OF PAST YEAR," Tokyo, 02/01/99) reported that the Korean Central News Agency (KCNA) said on Monday that the people of the DPRK over the past year have overcome the damage caused by natural disasters. The report said that the people "have risen up like a phoenix to build a powerful nation despite numerous trials." KCNA said that the problems included "tremendous damage" inflicted on a number of industries, particularly the mining and forestry sectors. It stated, "In the domain of the coal industry, over 180 pits were submerged in water, over 30 coal mines completely waterlogged and over 1,000 (pieces of) major equipment were damaged by downpours, tidal waves and typhoons last year. In the forestry, hundreds of thousands of cubic meters of logs were lost and forest railroads and roads severely damaged." It added that "tens of thousands of hectares" of land had failed to yield a harvest and that

"all sectors of the country were short of power, materials, equipment and funds, and the food problem was very serious". It argued that, despite this, the DPRK had triumphed and even joined the ranks of "satellite-possessing nations."

5. DPRK Foreign Mission

Agence France-Presse ("CASH-STRAPPED N.KOREA CLOSES 14 FOREIGN MISSIONS," Seoul, 02/01/99) reported that ROK foreign ministry officials said Monday that the DPRK closed 14 of its overseas missions last year. Most shutdowns were in Africa, where the country shut embassies and consulates in Ghana, Senegal, Algeria, Angola, Zambia, Zimbabwe, Togo and Mali. The DPRK also closed missions last year in Denmark, the Ukraine, Kazakhstan, Finland, Jordan, and Karach, and downgraded its diplomatic offices in Romania and Yemen. The number of DPRK missions abroad now stands at 54, down from 68 a year ago. The officials said that the cut was in line with the DPRK's announcement in March last year it would reduce foreign operations until food shortages and economic conditions improved.

6. Theater Missile Defense

The International Herald Tribune carried an opinion article ("YES, U.S. MISSILE DEFENSE FOR ASIA," London, 02/03/99) by Gerald Segal, director of Britain's Pacific Asia Program and director of studies at the International Institute for Strategic Studies, which said that the real rationale for US theater missile defense is a possible future threat from the PRC. The article stated, "The United States does not want to alarm China by overt talk of systems that could neutralize Chinese nuclear missiles, but Beijing understands that most of the discussion of a North Korean threat is really concerned with China." It argued, "Beijing has only itself to blame for moves by the United States and its Asian friends to develop missile defenses. China has been conspicuously unhelpful in restraining North Korea because it has cockily assumed that the United States would have to keep compromising with Beijing on strategic issues for fear of making matters even worse on the Korean Peninsula. China's failure to be transparent about its own defense buildup and its unwillingness to open a trilateral government-to-government dialogue with the United States and Japan on Asian security have increased long-term worries about what seems to be a Chinese strategy of playing for time while it grows stronger." It added that while there are questions about the cost and effectiveness of missile defenses, "there is little reason for the United States not to proceed with serious research and even early development of anti-missile systems. U.S. allies in Asia should welcome these efforts if only because they make it more likely that the United States will stay to defend its friends in the region." It concluded, "It seems increasingly obvious that an American departure is what China wants. So allies and friends in Asia should help the Americans to develop effective protection from missiles." [Ed. note: This article was included in the US Department of Defense's Early Bird news service for February 3.]

7. US-Indian Nuclear Talks

Reuters (John Chalmers, "INDIA, US SHIRK NUCLEAR DEAL FOR PROGRESSIVE STEPS," New Delhi, 02/03/99) reported that an unnamed senior US official said Tuesday that the US has agreed to relax economic sanctions as India moves towards signing the Comprehensive Test Ban Treaty (CTBT), but no deal has been completed. He said that the US has accepted that India needs time to overcome domestic opposition to the CTBT. He stated, "The problem is to choreograph actions on both sides which are seen to be consistent with our respective interests here, not trying to do measured concessions but really to think about progressive steps that each side can take." He

added, "We've struggled very hard to avoid, at any point, the notion that this is a trading exercise. I would certainly not want to suggest that we're trying to set up a carefully calibrated 'we do this, you do that, we do this, you do that.'"

8. US-Pakistan Nuclear Talks

The United States Information Agency ("US, PAKISTAN JOINT STATEMENT FOLLOWING TALKS, FEB. 2," Islamabad, 02/02/99) reported that the US and Pakistan issued the following joint statement at the conclusion of US Deputy Secretary of State Strobe Talbott's meetings with Pakistan's Foreign Secretary, Shamshad Ahmad on February 2. "The eighth round of Pakistan-U.S. dialogue on South Asian security and non-proliferation was held on February 1-2, 1999.... Deputy Secretary of State Talbott emphasized the continued U.S. support to strengthen Pakistan's economy and the improvement of the climate for larger trade and investment. Pakistan expressed appreciation for the positive support extended by the United States for the IMF and World Bank assistance packages for Pakistan. The security situation in South Asia was reviewed particularly in the context of the agenda of the talks. Both sides shared the view that they should make further efforts for the promotion of durable peace and stability in the region. The U.S. expressed its strong support for the current talks between Pakistan and India, including on Kashmir. Pakistan urged the U.S. to play a more active role towards the solution of the Kashmir dispute. The two sides considered further steps to advance the objectives of the Pakistan-U.S. dialogue. They agreed to hold further expert level meetings on export controls and strategic restraint in March/April. The two sides agreed to remain in close touch during the negotiations of FMCT (Fissile Materials Cut-off Treaty) in the Conference on Disarmament. Pakistan reiterated its position on the CTBT (Comprehensive Test Ban Treaty) as enunciated by Prime Minister Nawaz Sharif in his address to the UNGA (United Nations General Assembly). The two sides reaffirmed their commitment to further strengthen Pakistan U.S. relations. The next round of the dialogue will be held before the middle of the year, with the dates and venue to be determined in consultation between the two sides."

Reuters ("U.S. AND PAKISTAN REPORT GAINS IN TALKS TO CONTROL NUCLEAR ARMS," Islamabad, 02/03/99) reported that the US and Pakistan reported progress Tuesday in nuclear talks. US Deputy Secretary of State Strobe Talbott stated, "We had very constructive meetings here." He said that by signing the CTBT and agreeing to other nonproliferation goals, Pakistan could make it "much easier for the international community" to help it in dealing with its most pressing problems. He added, "It will also be far easier (then) for the United States to cooperate with Pakistan in strengthening its conventional (weapons capability)." Talbott said that the US would use its good offices for a settlement of the Kashmir issue but could not act as mediator unless both India and Pakistan asked for such a role. Pakistani Foreign Secretary Shamshad Ahmad said, "I think we have significantly achieved our objectives." [Ed. note: This article was included in the US Department of Defense's Early Bird news service for February 3.]

II. Republic of Korea

1. DPRK-ROK Trade

JoongAng Ilbo ("DPRK-ROK TRADE DOWN BUT JOINT MANUFACTURING UP," Seoul, 02/03/99) reported that during 1998, the scale of DPRK-ROK trade decreased rapidly, but joint manufacturing trade increased by 27.1 percent. The Ministry of Unification announced on February 3 that the number of companies which participate in DPRK-ROK trade decreased by 14.5 percent, but that of companies which are engaged in joint manufacturing-- where the ROK supplies the technology and

capital and the DPRK supplies the facilities and labor--increased from 48 to 61. The possibility of joint manufacturing development was recently strengthened when the DPRK allowed 19 people from four ROK companies to stay in the DPRK for one month to teach DPRK workers skills and technology.

2. DPRK Famine

Korea Herald ("NIS REPORTS DPRK FAMINE EASING," Seoul, 02/03/99) reported that the DPRK's food shortage is showing signs of easing, the ROK's top intelligence agency said Tuesday. "Recently, the DPRK has begun to distribute food donated from the international community to its citizens," the National Intelligence Service (NIS) said. In the past, it said, the DPRK had provided the international relief food mainly to its military personnel and security-related officials. The DPRK's expansion of the beneficiaries was made at the instruction of its supreme leader Kim Jong-il in December last year, the NIS said. Kim ordered the DPRK authorities not to delay food rationing until 12 days after the date they already set and to observe bimonthly distribution dates, the agency said. The DPRK's expanded food distribution has resulted in a sharp reduction of the price of rice in black markets mainly in the border area, the NIS said. The NIS report contrasts with the UN's recent prediction that famine will persist in the DPRK despite massive supplies of food aid. The UN has appealed for US\$376 million in aid in 1999 to alleviate the food shortages and health problems resulting from prolonged malnutrition.

3. Japanese Food Aid to DPRK

Korea Herald ("JAPAN TO KEEP FREEZE ON AID TO DPRK," Seoul, 02/03/99) reported that Japan will not provide food aid to the DPRK unless the DPRK moves to ease Japan's concern about the country's missile capability, Foreign Minister Masahiko Komura said Tuesday. Japan suspended food aid to the DPRK following the DPRK's firing of a rocket over Japan on August 31. Komura told reporters that Japan is demanding constructive measures by the DPRK before resuming food aid, said Yasuko Kunihara, an official with the ministry's international section.

4. ROK Economy

Chosun Ilbo ("IMF AGREES TO 2 PERCENT ECONOMIC GROWTH RATE," Seoul, 02/03/99) reported that with the economy now set on a normal course from its red alert situation, the ROK government and the International Monetary Fund agreed Wednesday that their policy coordination meeting, which was formerly held on a quarterly basis, will now be held semi-annually. The Ministry of Finance and Economy (MOFE) made the announcement at the conclusion of the first meeting this year, which lasted from January 20 to February 3. MOFE said the government will be free to lower interest rates by an additional margin if this lowered rate does not impair the stabilization of consumer prices. The IMF and the government also agreed to revise earlier economic forecasts for the country this year to a 2 percent economic growth rate, an increase in the consumer price index to 3 percent, and a budget deficit of 5 percent of the gross domestic product. The IMF will report the results of the meeting to the IMF board of directors. If approved, an additional US\$250 million installment of IMF bailout funds will be sent to the ROK.

III. People's Republic of China

1. ROK-Japan Joint Exercises

China Daily ("JOINT EXERCISE," Seoul, 2/3/99, A11) reported that officials of Japan and the ROK will meet in Tokyo next week to discuss arrangements for their first scheduled joint naval exercises. The February 9-10 meeting follows an agreement reached between the countries' defense ministers in Seoul in early January to strengthen military cooperation. The defense ministers agreed that, as a first step, their navies would conduct joint search-and-rescue operations in international waters.

2. DPRK View of ROK-Japan Fisheries Agreement

People's Daily ("DPRK DOES NOT ACCEPT JAPAN-ROK FISHERIES AGREEMENT," 1/30/99, P3) reported that a DPRK Foreign Ministry spokesman said on January 29 that the Japan-ROK fisheries agreement disregarded the sovereignty of the DPRK, and thus the DPRK would not accept that agreement. The DPRK solemnly declared that it regarded the agreement as ineffective.

3. PRC-US Relations

China Daily ("CHINA, US DISCUSS LEGAL TRADITIONS," 2/3/99, A2) reported that the US and the PRC expect additional legal exchanges to anchor a larger political understanding. Judicial officials and experts from both countries agreed on February 2 that the two sides have much in common when it comes to the concept of rule by law. US Supreme Court Justice Anthony Kennedy described the PRC's latest move to write the rule of law into the Constitution as "auspicious." He was invited by People's University of China to discuss Western and Chinese legal ideas and ways to enhance a two-way understanding. Wang Lixian, director of the Department of Judicial Assistance and Foreign Affairs of the Ministry of Justice, described the legal exchange as a "stabilizer" in bilateral ties during an interview with China Daily. Wang also revealed that the PRC and the US have entered a substantive stage of negotiations concerning the signing of a legal-assistance pact.

4. Across-Taiwan Straits Relations

People's Daily ("BEIJING COMMEMORATES FOUR ANNIVERSARY OF JIANG'S SPEECH ON TAIWAN ISSUE," 1/29/99, A1) reported that PRC Vice-Premier Qian Qichen reiterated on January 28 the PRC's clear-cut stand on the "one China" principle at a forum marking the fourth anniversary of Jiang Zemin's important speech concerning the promotion of reunification and the 20th anniversary of the publication of the Message to Taiwan Compatriots. Qian said that reunification under the "one country, two systems" principle will not change Taiwan's social or economic systems, or lifestyles. "We have never objected to non-governmental exchanges in the fields of economy, culture and science between Taiwan compatriots and foreign countries," Qian said. However, it is another matter to launch separatist activities in the name of "two Chinas" or "one China, one Taiwan," with the excuse of "the people's will" or "expanding international living space." According to Qian, the political disparity between the two sides across the Taiwan Straits is not a contradiction of so-called social systems or democracy, but between separatism and anti-separatism. He expressed a hope that Taiwan authorities will hold political negotiations with the Chinese mainland, and put an end to the state of hostility inherent in the "one China" principle.

China Daily ("ARATS WILLING TO SEND DELEGATION TO TAIWAN," A1, 2/2/99, A1) said that the Beijing-based Association for Relations Across the Taiwan Straits (ARATS) is willing to send a delegation to Taiwan to discuss ARATS President Wang Daohan's visit. An ARATS deputy secretary can head the delegation, ARATS officials said in a letter sent to Taiwan-based Straits Exchange Foundation (SEF). On January 15, ARATS invited SEF to send a deputy secretary general to the mainland to begin planning Wang's trip. SEF responded on January 22, inviting ARATS' officials to

tour the island. ARATS thanked SEF for the invitation, and said a specific date for the visit, by a deputy secretary-general, will be announced later. ARATS officials suggested the visit would allow the organizations to also discuss wide-ranging issues--including cross- Straits economic cooperation and direct postal, commercial and shipping links.

5. US-Indian Nuclear Talks

People's Daily ("INDIAN-US NUCLEAR TALKS CLOSE," New Delhi, 2/1/99, P6) said that the three-day nuclear nonproliferation talks between India and the US ended on January 31, but the two sides still have severe differences. During the talks, US Deputy Secretary of State Strobe Talbott said that the US emphasized the importance of the Non- Proliferation Treaty and that India should abide by all articles of the treaty. However, the Indian side used the discrimination of the treaty as an excuse to refuse to accept the treaty and insisted upon developing and deploying nuclear weapons.

6. US-Pakistan Nuclear Talks

China Daily ("PAKISTAN, US CONCLUDE NUCLEAR TALKS," Islamabad, 2/3/99, A11) reported that Pakistan and the US concluded the eighth round of their official talks on nuclear nonproliferation and security on February 2, with both sides offering positive comments. "We have had a detailed session and we have had good discussions, characteristic of the tradition of frankness and cordiality we have established over the past seven rounds of talks," Pakistani Foreign Secretary Shamshad Ahmed said after meeting visiting US Deputy Secretary of State Strobe Talbott. However, the foreign secretary did not provide details about what the sides decided. Answering a question on whether the US received a commitment from Pakistan on signing the Comprehensive Test Ban Treaty (CTBT) and de- weaponization, Talbott said that Prime Minister Nawaz Sharif made a commitment on the CTBT at the UN in September. "It has always been on the agenda," he added.

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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[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