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I. United States

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1. DPRK Military

US Defense Department Spokesman Kenneth Bacon ("PENTAGON BRIEFING, DECEMBER 3, 1998," USIA Transcript, 12/03/98) said that the US would not be surprised if the DPRK decided to test another missile. He added, "It would, however, be very disappointing if they were to test again

because we've urged them not to proceed with tests, and we've urged them not to proceed with missile sales to other countries as well. And we will continue to urge them against further tests because we think it's destabilizing." Bacon noted that the DPRK military has recently started its annual winter training exercises. He stated, "they from time to time make bellicose statements suggesting that they're about to be attacked. I'm not aware that there's any basis for these statements right now. They may be doing this more for internal reasons than for external reasons." He added, "We monitor what the North Koreans are doing and I'm not aware at this stage that there is anything out of the ordinary going on beyond the winter training exercises that usually take place at this time of the year." Regarding a recent story about a new US operating plan toward the DPRK [Ed. note: See "US War Plan for DPRK," in the US Section of the November 17 Daily Report], Bacon stated, "I'm not aware that that was an accurate account."

Reuters (Stephen Weeks, "U.S. PACIFIC COMMANDER SAYS N.KOREA LIKE SCORPION," Hong Kong, 12/04/98) reported that US Admiral Joseph Prueher, Commander in Chief of the US Pacific Command, said Friday that the DPRK was like a scorpion which if cornered could strike back. Prueher stated, "The scorpion will sting you as it dies, but it will still sting." He added, "If we should blunder and back North Korea into a corner where they felt like the only option they had was to lash out ... there would be hundreds of thousands of casualties in the Seoul area. We don't want that to happen. But there is no way that North Korea would prevail in a conflict." Prueher added that there were some deluded members of the DPRK military who thought they could win a war on the peninsula. He said that US strategy was to try to bring about change in the DPRK without a conflict, but it was very difficult. He stated, "The most graceful word I can use for North Korean decision making is mercurial and it's worse than that. We do not understand how North Korea makes decisions. They spend about 30 percent of their GDP on their military, it's beggaring their nation."

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2. DPRK Anti-US Rally

The Associated Press ("N. KOREA STAGES ANTI-U.S. RALLY," Seoul, 12/04/98) reported that the DPRK's official Korean Central News Agency said that more than 100,000 DPRK soldiers, workers and students demonstrated in Pyongyang Friday against the US. The report said that those at the rally vowed to answer "the reckless provocation of the U.S. imperialist aggressors with an all-out war." It quoted a student as saying, "Eight million youth and schoolchildren of Korea will become human bombs and make suicidal attack to blow up the sources of war including the U.S. territory."

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3. US Policy toward DPRK

Agence France-Presse carried an analytical article (Sarah Jackson-Han, "AMERICA STONEWALLS NORTH'S PLAY FOR CASH," Washington, 12/04/98) which said that experts said that the DPRK's stance on its underground construction site is a bid to win new concessions from the US. Robert Manning, Asian studies director at the Council on Foreign Relations, stated, "This is classic North Korean bargaining tactics." He added, however, that there would be no US money forthcoming to neutralize the DPRK threat.

The International Herald Tribune carried an opinion article by [Ralph A. Cossa](#), head of the Pacific Forum CSIS ("STOP APPEASING PYONGYANG AND GIVE IT A WAKE-UP CALL," Honolulu, 12/04/98) which said that the DPRK's demands on compensation for inspection of its underground facility is "classic North Korean behavior." Cossa argued, "Paying [the DPRK] for doing what it is already obliged to do would only reinforce bad habits." He said that the 1994 Agreed Framework

"created a compensation-for-crisis mentality that U.S. action over American servicemen missing in action in the Korean War and over North Korea's missile export program has since reinforced." He said that the US has two options for dealing with the current situation. "One is to remind the North of its obligations under the agreed framework and then arrange for an International Atomic Energy Agency team, rather than American inspectors, to examine the suspect nuclear site.... The other option is for both sides to acknowledge their accusations and suspicions and meet each other halfway." He suggested, "Washington, with Seoul's prior agreement, could offer the North the inspection of U.S. and/or South Korean facilities in return for its own inspections in the North, as a mutual confidence-building measure." He also called on the US to "rethink its counterproductive economic sanctions policy." He concluded, "if sanctions were lifted, North Korean officials would get a useful wake-up call. They would be compelled to realize that it is their own policies that are preventing their recovery. They might then be more inclined to look toward economic reform, rather than diplomatic blackmail, to ensure their long-term survival."

The Washington Times carried an opinion article by Daryl M. Plunk of the Heritage Foundation ("KOREAN PEACE PRICE," 12/04/98, 21) which said that current US policy toward the DPRK is "fundamentally flawed and requires substantial revision." The author argued that the US should be prepared to allow the Agreed Framework process to collapse in the likely event that the DPRK fails to fulfill the conditions required by recent legislation by the US Congress. He added, "As an alternative to existing policy and in close concert with Seoul and Japan, the United States should begin discussion of a substantial package of trade and aid offers to the North. A significant amount of the billions of dollars that have been pledged for the decade-long reactor construction project could be anted up soon as leverage in negotiating with the North." In return, the DPRK should agree to high-level peace talks with the ROK, to include discussions on specific and practical steps toward easing political and military tensions. He stated, "Those steps include expansion of North-South trade, citizen exchanges, a pullback of troops from both sides of the border and phased reductions of armaments and troops. Washington, Seoul and their concerned allies should develop guidelines that peg delivery of aid and other benefits to the North with Pyongyang's cooperation with this process." He also called for making good use of former Defense Secretary William Perry's role as Special Coordinator for Korea Policy to oversee these policy adjustments and communicate them to the DPRK. He concluded, "It must be made clear to the North's top leadership that America's resolve to end the threat to peace posed by Pyongyang's military machine is solid." [Ed. note: The above three articles also appeared in the US Defense Department's Early Bird news summary.]

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4. ROK Missile Misfire

Reuters (Nick Yon, "S.KOREA SAYS LAUNCHES MISSILE BY ACCIDENT," Seoul, 12/04/98) and the Associated Press ("S. KOREA ACCIDENTALLY FIRES MISSILE," Seoul, 12/04/98) reported that ROK forces at an air force base in Inchon accidentally launched a fully armed anti-aircraft missile Friday that exploded in mid-air. Defense ministry officials said the missile was fired in the morning during an equipment-checking drill. The missile did not hit any of the four civilian aircraft which were in flight above Inchon at the time of the launch. Kim Dong-jin, an official at the Seoul District Air Traffic Control Center, stated, "When the planes fly over Inchon, they are at least 4,000 feet above ground and at least five to 10 miles apart. I would not speculate on what could have happened if the missile had not been destroyed so quickly." The ROK air force said in a statement that a circuitry defect occurred as soldiers turned on a switch which signified that all was ready for inspection. The statement said, "Normally the missile cannot be launched with this switch. A circuitry problem, not human error, was the cause of the accident." Air force Lieutenant Colonel Lee Sung-ryol said earlier that an automatic safety device caused the missile to self-destruct in mid-air three seconds after it

was launched because a target was not assigned to it. Fragments from the exploding missile hit a nearby residential area, injuring at least three civilians and damaging 41 cars and nine homes and business. The missile was identified as a 34-year-old Nike Hercules with a target range of some 160 km (100 miles), designed for shooting down enemy aircraft and large missiles.

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5. US-PRC Military Relations

Reuters (Stephen Weeks, "U.S. PACIFIC COMMANDER SAYS N.KOREA LIKE SCORPION," Hong Kong, 12/04/98) reported that US Admiral Joseph Prueher, Commander in Chief of the US Pacific Command, said Friday that good US-PRC relations were crucial to the Asia-Pacific region. Prueher noted that the US military was endeavoring to build contacts with the PRC's People's Liberation Army (PLA). He stated that when the PRC staged war games and missile tests near Taiwan in March 1996, "we had zero relationship with the PLA, no communications, dangerous situation to be in." He added, "There is a lot of ignorance in the United States about the difficulties of governance in China . Tough place to govern, 1.3 billion people. Food, clothing, shelter, jobs, energy for that many people is a tough job. It's something our nation needs to understand."

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6. PRC-Taiwan Relations

The Washington Post carried an analytical article (John Pomfret, "EVOLVING TAIWAN POSES CHALLENGE TO BEIJING," Taipei, 12/04/98, A31) which said that people in Taiwan are increasingly identifying themselves separately from China. The article stated, "The main catalyst of Taiwan's separation from China has been 12 years of a multi- party system that has created one of Asia's most dynamic democracies." It added that Taiwan also has made progress in bridging the gap between the 15 percent of its population comprising families that fled from the mainland after the Communists' victory in the Chinese Civil War and the majority native Taiwanese. Su Chi, an aide to Taiwan President Lee Teng-hui, stated, "After years of debate in Taiwan, there's a middle ground consensus on our mainland policy. In this campaign, nobody is standing for peaceful unification. And nobody serious dares to call for independence." A recent poll of 18- to 44-year-olds indicated that more than 9 out of 10 people consider their country to be Taiwan and not China.

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7. Taiwan Elections

The Wall Street Journal carried an analytical article (Russell Flannery, "TAIWAN'S ECONOMY IS A PLUS FOR NATIONALISTS IN ELECTION," Taipei, 12/04/98) which said that Taiwan's ruling Nationalist Party may gain in national elections Saturday because of its handling of the economy. Political analysts said that the Nationalists are likely to widen their majority in Taiwan's Parliament, and may take back the Taipei mayor's seat. Hsu Hsin Liang, the former chairman of the main opposition Democratic Progressive Party (DPP), complained, "People give them credit when times are good, but still support them when times aren't so good because they think they can better manage the economy." Independent legislator Ju Gao-jeng stated, "The Nationalists have their best chance to win a clear majority in several years." Stephen Yates, a China policy analyst at the Heritage Foundation, said that if incumbent Taipei Mayor Chen Shui-bian wins by a small margin, the PRC likely would do little but warn Taiwan against declaring independence. He added that a win by Nationalist candidate Ma Ying-jeou would be a surprise because Chen generally is seen as having done a good job.

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8. Nuclear Safeguards Protocol

The Associated Press ("JAPAN TO SIGN PROTOCOL FOR STRICTER NUCLEAR SAFEGUARDS," Tokyo, 12/03/98) reported that Japanese Foreign Ministry spokesman Kunio Nakamura said Friday that Japan would sign a nuclear safeguard protocol later that day in Vienna designed to give the International Atomic Energy Agency (IAEA) greater inspection access. The signing makes Japan the 34th country to join the new protocol. Nakamura said that Japan would also join other signatory countries in urging the DPRK and Iraq to sign the protocol. The document allows the IAEA to inspect undeclared nuclear facilities within 24 hours of the scheduled inspection. The member countries also will have to declare a wider range of nuclear facilities and materials.

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9. Russian Ratification of START II

Xinhua News Agency ("DUMA TO PRESENT NEW START-II BILL TO PRESIDENT," Moscow, 12/04/98) reported that the Russian State Duma is expected to submit to President Boris Yeltsin a new bill on the ratification of the START-II nuclear arms reduction treaty. Duma speaker Gennady Seleznyov said that under the bill, "Russia's military doctrine is to be implemented, and it is Russia's policy to create new weapons so that the national security can be completely ensured." The bill will be deliberated within the Duma until December 8.

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10. US Nuclear Arsenal

The Washington Times (Bill Gertz, "PENTAGON: NUCLEAR UPGRADE NEEDED FOR DETERRENCE," 12/04/98, 1) reported that a report by the Defense Science Board Task Force on Nuclear Deterrence called on the US to improve its nuclear forces for decades to come to maintain the balance of power. The report stated, "While the declarations of senior Department of Defense leaders are very positive, the management attention to planning to sustain the nuclear deterrent does not match the declaratory policy." It argued that US nuclear forces are declining, while those of Russia and the PRC are improving. It said, "There is a near certainty that, wherever arms control efforts take us, Russia will continue to be a nuclear superpower and China will continue to evolve to more capable nuclear forces." The report stated that renewed nuclear testing "could be a hedge" to maintain deterrence if the non-testing program suffers a "substantial failure." It recommended that the US should set up a standing body to build and maintain nuclear forces, improve strategic weapons intelligence efforts, and keep all three arms of the current strategic triad of missiles, bombers, and submarines. The 10-member task force was headed by retired Air Force General Larry Welch and included US nuclear weapons designers and developers and former Joint Chiefs of Staff Chairman General Jack Vessey. Two former undersecretaries of defense for research also took part. The task force was also critical of proposals to "de-alert" US nuclear forces, arguing that it would undermine deterrence. [Ed. note: This article was one of the "top stories" in the US Defense Department's Early Bird news summary.]

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11. US-Pakistan Talks

The Associated Press (Donna Abu-Nasr, "PAKISTAN PRESSURED OVER NUCLEAR BAN," Washington, 12/03/98) reported that Pakistani Prime Minister Nawaz Sharif said Thursday that his

country will not be pressured into signing the Comprehensive Test Ban Treaty. Sharif stated, "Coercive diplomacy is immoral. It serves no purpose." He added, "We will not sign the ... treaty under an atmosphere of coercion and pressure. Sanctions must be removed. ... and all the embargoes on Pakistan must be lifted." He said that Pakistan's development of a nuclear deterrent capability came in response to India's nuclear, ballistic, and conventional arsenals, adding, "No sanctions can make us renounce this capability."

II. Republic of Korea

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1. ROK Missile Misfire

Chosun Ilbo ("SCORES INJURED BY MISSILE MISFIRE," Seoul, 12/04/98) reported that a ground-to-air missile was mistakenly fired from an ROK Air Force compound in the city of Incheon, about 50 km west of Seoul, at 10:35 am on Friday. The missile was heading toward the West Sea off Incheon, but exploded by self-destruction device about 500 meters above the ground. The 4 commercial planes flying in the airspace above Incheon when the missile was fired-- including a Singapore Airlines flight, a Korea Air cargo plane and two Asiana flights--were not in danger as they were at much higher altitudes. Scores of residents within a 2-km radius of the compound were injured from the fragments of the missile which fell from the sky following the blast. About 30 passenger cars were also damaged. Witnesses said that high-rise apartments and buildings as far as 10 km from the site were rattled by the explosion and phone calls flooded into police and fire stations, almost paralyzing their routine operations. The Nike-Hercules missile is 12.14 meters in length with four wings on it and was made in 1993. The ROK army has been using this type of missile for the last 30 years, and following a number of several National Assembly inspections in past years, it had been recommended that the outmoded missile be retired from use. This was the first misfiring of a missile in the military history of the ROK and the news sent shockwaves throughout the ROK military community.

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2. DPRK Underground Construction

JoongAng Ilbo ("DPRK REPEATEDLY CLAIMS FACILITY IS FOR CIVILIAN USE," Seoul, 12/04/98) reported that the DPRK insisted on December 3 that the underground facility which the US is claiming houses a nuclear facility is for civilian use. The DPRK state-owned Pyongyang Broadcasting stated, "The underground nuclear facility is a fiction which the US created. The facility is a civilian economic one that can be found anywhere in our country. The US is making these hostile allegations to use as a pretext for war." It continued, "The US cannot be safe in a modern war in which high technology weapons will be used. Our people's army will annihilate all of the enemy and achieve our nation's unification." It added, "The warlike US should know this statement is not propaganda to create a better situation."

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3. ROK Citizens' Visit to DPRK

Chosun Ilbo ("2,645 VISIT DPRK IN 1998," Seoul, 12/04/98) reported that 2,645 ROK citizens have visited DPRK this year alone, surpassing the cumulative 2,408 figure from June 1989, when the first ROK civilian was allowed to travel to the DPRK, and the end of 1997. This figure excludes the 2,957

ROK citizens traveling to the DPRK since tours to Mt. Kumgang began November 18. The addition of the Mt. Kumgang tourists would bring the figure to 5,602. According to the ROK government, 203 visitors went to DPRK for business purposes; 238 for social and cultural exchange; 1,356 as tourists not on the Mt. Kumgang cruise; 721 were involved in the light-water reactor construction project; and 125 were on economic aid missions.

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4. ROK Visa Policy

Korea Herald ("NO VISAS REQUIRED FOR FOREIGN TOURISTS TO MT. KUMGANG," Seoul, 12/04/98) reported that foreigners staying in the ROK will be able to make trips to Mt. Kumgang in the DPRK without going through any additional immigration process. Trips by foreign residents to the mountain resort area in the DPRK will be considered as the same as sightseeing tours in ROK, the Ministry of Justice said Thursday. Thus, foreigners here will not be required to ask for permission for reentry or apply for visas before they go on the trip to Mt. Kumgang. The Justice Ministry will continue to allow Japanese tourists to stay in the ROK for up to 15 days without visas next year. No-visa entry for Japanese tourists has been put into force since 1994. These policies were decided during a meeting of immigration officials presided over by Justice Minister Park Sang-cheon. In the meeting, Park pledged continuous efforts to improve conditions for foreign residents here and attract more foreign tourists. The ministry will allow citizens from about 150 countries, with which the nation has concluded no visa agreements, to stay here for 30 days without visas next year, instead of the current 15 days. The measure is taken under the principle of reciprocity as these countries are allowing ROK citizens to stay there for up to 30 days without visas. People from Hong Kong have been already allowed to stay here for 30 days without visas since November 24.

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5. ROK Political System

Korea Times ("PRIME MINISTER KIM ADVOCATES PARLIAMENTARY CABINET SYSTEM," Seoul, 12/04/98) reported that ROK Prime Minister Kim Jong-pil on Thursday reiterated his determination to revise the Constitution to replace the current presidential system with a parliamentary Cabinet arrangement as soon as the current economic crisis is completely overcome. Kim made the remarks in a speech to a breakfast meeting hosted by the Korea Development Research Center, led by chairman Ahn Moo-hyuk, former director of the Agency for National Security Planning (NSP). "Although we have put off the launch of full-fledged efforts to implement the parliamentary Cabinet system in consideration of the difficult economic situation, we believe we will be able to keep our promise once the economic crisis is overcome," Kim said. As many experts have noted signs that the economy will recover next year, Prime Minister Kim is expected to intensify his efforts to revise the Constitution in the near future. The ruling coalition of President Kim Dae-jung's National Congress for New Politics (NCNP) and Prime Minister Kim's United Liberal Democrats reached a pre-election agreement last year to revise the Constitution to introduce a parliamentary Cabinet system. Since then, the NCNP has been lukewarm toward a Constitutional revision, putting more emphasis on a reform drive to alleviate the current economic difficulties. Kim recently stressed that the parliamentary Cabinet system is the most appropriate political tool to ensure a "responsible government."

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6. ROK President's Popularity

Korea Herald ("KIM'S POPULARITY ON THE REBOUND," Seoul, 12/04/98) reported that a recent opinion poll conducted by Chongwadae showed that President Kim Dae-jung's approval ratings are heading toward the high levels he enjoyed in his first months in office. Kim's aides said the survey, which questioned 1,000 adults across the country on November 28, found that 82 percent of ROK citizens approved of Kim's performance as the chief executive. Residents of Cheju Island were excluded from the poll. Aides said the figures show that Kim is steadily recovering his popularity, which had dipped to 73.7 percent and 77 percent in September and October, respectively. In a similar survey taken earlier this year, the popularity ratings of the President, who took office February 25, had stood at 87.3 percent in April and 82.9 in May. All the polls were conducted by presidential staff, not by independent pollsters, officials said. The margin of error of the latest survey is plus/minus 3.1 percent.

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7. Samsung-Daewoo Trade

Chosun Ilbo ("FIVE GROUPS AGREE ON SAMSUNG-DAEWOO TRADE," Seoul, 12/04/98) reported that the nation's five largest business groups--Hyundai, Samsung, Daewoo, LG and SK--agreed in principle on the swapping of Samsung Motors and Daewoo Electronics in a joint meeting Friday. The five groups plan to work out measures and revise guidelines for the realignment of seven major business sectors in order to finalize restructuring plans for each group before their planned meeting with President Kim Dae-jung Monday, sources at the meeting said. In a related measure, the groups agreed to that an international firm would be hired to make a first-hand evaluation of the assets of Hyundai and LG Electronics. A conflict between the two merging firms over managerial control of the new company has been delaying efforts to restructure the domestic semi-conductor sector.

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8. Tax-Cuts for Foreign Investors

JoongAng Ilbo ("FURTHER TAX-CUTS FOR FOREIGN INVESTORS," Seoul, 12/04/98) reported that beginning next year, foreign investors will benefit from substantial tax deductions on investments in high value-added industries such as electrical/electronic technology, new process skills, and biological research technology. The Ministry of Finance and Economics on December 4 announced, "Through the act for improving external speculation, we will enlarge the sphere of tax benefits for foreign investment on high tech industries and supporting services will be eligible for tax exemptions." These items total 78 with electronic technology receiving eight and bio-technology receiving nine. Foreign investors who meet government guidelines will be exempted from federal taxes such as corporate and property tax for 7 years, as well as a 50 percent exemption from local taxes such as registration and land tax for up to 15 years.

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