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I. United States

1. Four-Party Peace Talks Briefing Postponement

US State Department Spokesman Nicholas Burns ("STATE DEPARTMENT NOON BRIEFING, FEB. 3," USIA Transcript, 2/4/97) confirmed that the joint US/ROK briefing on the four-party peace talks proposal will not take place as scheduled on February 5 in New York, because the DPRK wants first to complete a grain purchase deal with a private US company. Burns said: "The North Koreans have told us once again that they need to give, as they say, first priority to their business discussions with Cargill and others for the procurement of grain. So therefore it is uncertain when this joint briefing will be rescheduled. I think having postponed it once and set a date, I don't think we're in a position where we want to set a date again. The North Koreans believe they need to go through their grain discussions. We hope that when those grain discussions are concluded or perhaps even before that they might decide to have this briefing." Burns said he did not know if the DPRK asked the US to underwrite the grain deal, but added that the US "believes that these are private grain discussions" in which the only US involvement is to issue the export license. Burns also said that if the UN World Food Program issues an emergency appeal for food aid to the DPRK, the US "will treat that as a very serious issue. As you know, the United States has responded to these appeals in the past."

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The Washington Post (Kevin Sullivan, "PLEA FOLLOWS EFFECTIVE SUSPENSION OF TALKS SOUGHT BY U.S.," 2/4/97, A11) reported that a US official close to negotiations over the four-party peace talks briefing said that the DPRK has pulled out of the briefing because it has misunderstood the U.S. position on food aid. The official said that the DPRK is insisting that Cargill Inc., the large Minnesota commodities trading company with which it is negotiating for the grain, provide grain up front before it will attend the peace negotiations. The official said the DPRK apparently believes that the US government can order Cargill to send the grain. "We're perplexed by this; we were real clear about the Cargill deal," the official said. "They want free grain. Cargill is in business; they don't work that way." The official said the DPRK may have been misled on the grain deal by its own negotiators, who may have offered too rosy an assessment of the arrangement to avoid angering their superiors. Or, the official said, "This may just mean, 'Help, we're hungry.'"

2. DPRK Investment Initiatives

The Associated Press ("NORTH KOREA WOOS FOREIGN FIRMS," Geneva, 2/4/97) reported that said So Chol, a diplomat at the DPRK's UN mission in Geneva, said Tuesday that the DPRK is actively seeking closer links with the capitalist economies of the West, so as to obtain foreign investment and access to global markets that are essential for the country's economic growth. "In the past, we traded mostly with the former Soviet Union and other socialist countries, and we could never get into Western markets," So said. "The global market has now changed and that means we have more opportunities in the West." One of North Korea's main priorities is to attract foreign capital and it was changing its laws and regulations to do so, So said.

The AP-Dow Jones News Service ("N. KOREA OFFICIAL SEEKS LINKS TO MARKET ECONOMY - REPORT," Paris, 2/4/97) reported that DPRK trade minister Kim Jon U said in an interview with the International Herald-Tribune Monday that the DPRK is seeking "close links with the capitalist economy," in recognition that "since the socialist market has collapsed," the nation must change with the times to lure foreign investment. Kim was interviewed at Davos, Switzerland, where he was attending the World Economic Forum, an annual gathering of some of the world's foremost business, financial and political leaders. "Our leader, Kim Jong-il, says that it is logical that everything should be in keeping with change," Kim said. "When the world changes, we change our policies." Kim was quoted as saying that the DPRK now is "giving first priority to trade, concentrating everything on trade," as well as switching industrial priorities from heavy to light industry. Kim also said some US\$900 million has so far been invested in 65 projects in the DPRK's 300-square-mile free trade zone in the northeast.

3. US Secretary of State Travel Plans

US State Department Spokesman Nicholas Burns ("STATE DEPARTMENT NOON BRIEFING, FEB. 3," USIA Transcript, 2/4/97) announced that the itinerary for new US Secretary of State Madeleine Albright's first international trip since her confirmation has been finalized. Albright will circumnavigate the globe, visiting Rome (February 15-16); Bonn (February 16-17); Paris (February 17-18); Brussels (February 18); London (February 18-19); Moscow (February 19-21); Seoul (February 21-22); Tokyo (February 23-24); and, Beijing (February 24-25). Albright will return to Washington, D.C. February 25. Burns said that Albright intends to renew relations with some world leaders and meet those world leaders she has not yet met, and that discussions in all the countries will cover basic bilateral and multilateral issues.

4. US Politics on Chemical Weapons Ban

The USIA ("CONGRESSIONAL REPORT, TUESDAY, FEBRUARY 4," 2/4/97) reported that Republican US Senator Richard Lugar, a senior member of the Senate Foreign Relations Committee, says a February 3 committee press release "fosters a distorted overview" of the Chemical Weapons Convention (CWC) that undermines "constructive deliberation about the treaty." The press release was issued by Marc Thiessen, the press spokesman for Senate Foreign Relations Committee Chairman Jesse Helms of North Carolina, also a Republican. The committee release included a letter and fact sheet that Helms had sent January 29 to Republican Senate Majority Leader Trent Lott urging that Senate action on the CWC be postponed until after several other foreign policy issues are resolved, and until his concerns regarding the CWC are adequately addressed. Lugar, who responded later that same day to the Helms' release, said each of the criticisms Helms has leveled at the treaty lacks foundation in fact and has been refuted by a majority of the members of the Foreign Relations Committee. Lugar, in his press release, pointed out that the committee last spring rejected conditions specified by Helms relating to the treaty and voted 13-5 in favor of a bipartisan substitute resolution of ratification that was reported to the full Senate. The full Senate did not vote on the substitute, however, after Republican Presidential nominee Bob Dole wrote to his former Senate colleagues expressing reservations about it, and President Bill Clinton, fearing that there were not enough votes to pass it, asked that the vote be postponed. Lugar said there is strong bipartisan support for the treaty that includes General Colin Powell, former Chairman of the Joint Chiefs of Staff; and General John Shalikashvili, current chairman of the Joint Chiefs of Staff. As the April 29 deadline for its enactment approaches, he said, "I strongly urge my colleagues in the Senate to support this important international treaty that would help to suppress the threat of chemical warfare and terrorism." He said if the United States does not ratify the treaty by the deadline, "we will have no input in its rules and administration." Meanwhile Pentagon spokesman Ken Bacon said February 4 that Defense Secretary Cohen "will work aggressively to get this treaty ratified." He said Cohen has spoken to Senate Minority Leader Tom Daschle about the administration's goal of ratifying the Chemical Weapons Convention by the end of April, and he has plans to speak to other members as well.

II. Republic of Korea

1. Taiwan-DPRK Relations

The DPRK plans to establish a trade office in Taipei in order to accelerate economic ties with the nation and also to encourage investment by Taiwanese companies in the DPRK, a Taiwanese newspaper reported yesterday. According to a high-ranking DPRK official, the DPRK will dispatch two officials to Taipei right after the lunar New Year Holiday (February 7-9) to consult on the matter with the Taiwanese government. The DPRK official said that introduction of nuclear waste from Taiwan to the DPRK "will take place by observing international regulations on environmental protection," the newspaper reported. Economic officials from both nations exchanged mutual visits this past June. In addition, steady contacts are still being maintained, such as the joint venture Chosun Tourism Co., which the two countries established in Taipei last April. The prevailing view is that establishment of a trade representative office in each country will be only a matter of time. A Taiwanese official stated, "Continued protests from South Korea will only accelerate ties between Taiwan and North Korea," and acknowledged the possibility of establishing an economic and trade office in the DPRK. However, the official predicted that forging diplomatic ties between the two countries will be difficult due to objections by the PRC. Trade between the DPRK and Taiwan, which only reached US\$6.7 million in 1992, increased 2.4 times to US\$16 million in 1996. The DPRK mainly exports raw minerals to Taiwan and buys daily necessities from the latter. (Joong-ang Ilbo, "DPRK TO PURSUE ESTABLISHMENT OF TRADE OFFICE IN TAIWAN," Seoul, 02/04/97)

2. Four-Party Peace Talks Briefing Postponement

The DPRK's food-for-talks stance has tested Seoul's policy of withholding substantive aid from the DPRK unless it shows sincere intentions toward easing tensions and building confidence between the two Koreas. Last week, Pyongyang postponed again a briefing with the ROK and the US on four-party peace talks proposal after the US refused to underwrite a "private" grain export deal between the DPRK and Cargill Inc. for 500 thousand tons of grain. As a ROK official indicated, it is practically impossible for the US administration to finance a private grain deal. In demanding that Washington ensure the deal, the DPRK may have either lacked knowledge of capitalistic practices or wanted the US to arrange for food shipments from the ROK and Japan. Pyongyang reportedly sugarcoated the demand with a suggestion that if the supply of 500 thousand tons of grain is guaranteed, it will consider attending the proposed four-party talks. ROK Prime Minister Lee Soo-sung said last Friday that his government was embarrassed by Washington's move to discuss food assistance to the DPRK at the briefing on the four-party talks. ROK Foreign Minister Yoo Chong-ha told reporters in January that the DPRK would receive no major concessions by merely attending the four-party talks, and stressed that the ROK and its allies should approach the issue of aid for the DPRK from a strategic perspective rather than from a unilateral or humanitarian one. Although the ROK and the US seem to be diverging in their perceptions of the urgency for DPRK aid, ROK officials indicated after meeting with US officials last week that Seoul and Washington are in accord on the matter. However, some analysts in the ROK predict that Washington and Seoul may find the gap between their positions on the issue of DPRK aid widening in the coming months as the food situation in the DPRK reaches a critical point. (The Korea Herald, Kim Kyung-ho, "DPRK'S BRIEFING DELAY A LITMUS TEST OF SEOUL'S ASSISTANCE PRINCIPLE," Seoul, 02/04/97)

3. DPRK Food Situation

The DPRK on Monday sounded the alarm on its food situation, saying that grain shortages will reach a "pre-disaster level" in the near future. Urging the world community to provide help, the official Korean Central News Agency (KCNA) said the grain shortfall from last year's harvest stood at 5.3 million tons -- almost double international aid agency estimates. KCNA quoted a spokesman for the DPRK's Flood Measures Committee as saying, "Our grain production will reach the pre-disaster level in the near future. ... It is a universal humanitarian practice ... to help the victims irrespective of differences in ideology and social system." The appeal also lambasted the ROK for trying to sabotage aid efforts that were aimed at minimizing the danger of starvation in the austere communist state. The statement said, "The nation's annual demand for grain is about 7.84 million tons, of which 4.82 million tons is needed as food...Last year's flood damage made the grain output drop to 2,502 thousand tons in unhulled state. The food inventory as of late December last year was estimated at 246 thousand tons in all, except 1,020 thousands tons of maize, potato and other early crops consumed in the June-October period.... [Another] 200 thousand tons of seeds had been set aside for this year's farming, 550 thousand tons to feed farmers, 10 thousand tons for raw material in industries and another 10 thousand tons for fodder, three thousand tons for catering service and the amount supplied to 13 million industrial and non-industrial workers since harvesting." The lengthy statement insisted, however, that the DPRK's food problems were "temporary" and caused by "repeated natural disasters in the DPRK in recent years." (The Korea Times, "P'YANG WARNS FOOD SHORTAGE WILL REACH PRE-DISASTER LEVEL," Seoul, 02/04/97) [Ed. note: Please also see the related item in the US section of the February 3 Daily Report]

4. US-DPRK Liaison Office

The US and DPRK agreed to open liaison offices in Pyongyang and Washington DC this month, Asahi Shimbun reported on Monday. The Asahi quoted high-ranking Japanese officials and a diplomat who said that the schedule for the opening of the liaison offices will be finalized after the Four-Party

Talks. The Asahi reported that the liaison office proposal was agreed upon by both parties after the DPRK agreed to participate in the Four-Party talks. The announcement, scheduled for January 11, was postponed by request of the DPRK. (Chosun Ilbo, "US-DPRK TO OPEN LIAISON OFFICES IN FEBRUARY," Tokyo, 02/04/97) [Ed. note: The US has denied that such an agreement has been reached. Please see the related item in the US section of the January 31 Daily Report]

5. Japan-ASEAN Security Meeting

Murata Naoyaki, vice minister of the Japanese defense ministry, announced yesterday that agreements have been reached to hold meetings on South-East Asia regional security meetings on a regular basis. First suggested by Japanese Prime Minister Hashimoto Ryutaro during his Asian tour last month, the proposal has received positive responses from Singapore, Indonesia, and Thailand. The meeting is to convene annually at a vice-ministerial level. (Chosun Ilbo, "JAPAN TO HOLD ANNUAL SECURITY MEETING WITH THREE ASEAN NATIONS," Tokyo, 02/04/97)

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. We invite you to reply to today's report, and we welcome commentary or papers for distribution to the network.

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<http://interactive5.wsj.com/edition/current/summaries/asia.htm>

<http://www.latimes.com/HOME/NEWS/>

<http://cnn.com/WORLD/index.html>

<http://www.usia.gov/products/washfile.htm>

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<http://interactive5.wsj.com/edition/current/summaries/asia.htm>

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