

NAPSNet Daily Report 04 February, 1999

Recommended Citation

"NAPSNet Daily Report 04 February, 1999", NAPSNet Daily Report, February 04, 1999,
<https://nautilus.org/napsnet/napsnet-daily-report/napsnet-daily-report-04-february-1999/>

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I. United States

1. DPRK Underground Construction

Dow Jones Newswires ("U.S. OFFERS N. KOREA FOOD FOR NUCLEAR SITE INSPECTIONS-

KYODO," Tokyo, 02/04/99) reported that Japan's Kyodo news service quoted unnamed diplomatic sources as saying that, during the third round of high-level US-DPRK talks held last month in Geneva, the US offered up to 700,000 tons of additional food aid to the DPRK in exchange for multiple inspections of an underground construction site. The DPRK side countered with a proposal to allow the US two "visits," not inspections, to the site in exchange for 1 million tons of food aid. The sources said that uncertainties remain over whether the two nations can reach an agreement in the fourth round, expected to begin as early as next week in New York.

2. US Evaluation of DPRK Threat

US State Department Spokesman James Rubin ("STATE DEPARTMENT NOON BRIEFING, FEBRUARY 3, 1999," USIA Transcript, 02/03/99) said that the US has known for some time that the DPRK is developing the Taepodong missile. Rubin stated, "the launch on August 31 represents further progress in the DPRK's missile program, and is a matter of concern because of its destabilizing impact on our security interests. However, North Korea would need to resolve some important technical issues before being able to use the Taepodong I with a small third stage to deliver a very small payload to intercontinental ranges. North Korea also has been working for some time on a larger missile, the Taepodong II, that could deliver a somewhat larger payload to ICBM ranges. North Korea could be able to test-launch this missile for the first time as early as 1999." He added, "We certainly know that North Korea is a difficult and complicated issue and the stakes are very high, but we do not believe that there is an imminent crisis." Rubin said that William Perry's review of US policy toward the DPRK "includes a wide range of scenarios for what could occur on the Korean Peninsula; but it's not something we would want to speculate on at this point."

3. ROK-DPRK Talks

The Associated Press ("N. KOREA PROPOSES TALKS WITH SOUTH," Seoul, 02/04/99) and Reuters (Bill Tarrant, "SEOUL RESPONDS POSITIVELY TO N. KOREA OFFER OF TALKS," Seoul, 02/04/99) reported that the ROK Unification Ministry issued a brief statement in support of the DPRK's proposal for high-level official talks. The statement said, "The government appraised positively the North Korean proposal." Ministry spokesman Shin Un-sang added, "The government urges the North Korean side to agree to talks ... as soon as possible without any conditions attached." ROK Presidential spokesman Park Jjewon said Thursday that the DPRK offer was a step forward. Park stated, "It's an improvement North Korea has proposed government-level talks. South and North have had talks mostly on the private-level." He added, "If we try to look at more of North Korea's positive sides than its negative aspects, there will be a positive improvement in South-North exchanges." An unnamed Western diplomat said that the DPRK proposal is "not what South Korea wants. But it's part of the road back."

4. Hyundai Chief's DPRK Visit

The Associated Press ("HYUNDAI CHIEF VISITS NORTH KOREA," Seoul, 02/04/99) reported that Hyundai founder Chung Ju-yung crossed through Panmunjom into the DPRK on Thursday. It was Chung's fourth visit in the past year. Chung stated, "I will visit North Korea as often as possible until the two Koreas are unified." During his three-day visit this week, Chung said he will mainly discuss a plan to build an industrial park on the DPRK's west coast to accommodate ROK textile, footwear, and other labor-intensive facilities. Chung said that the 16,000 acre-industrial park would be built close to the border with the ROK and accommodate factories to be moved from the South. Aides said that the industrial park would take 10 years to complete and could produce US\$4.4 billion worth of goods

a year. They added that DPRK citizens could expect to earn US\$400 million a year in wages.

5. Japan-DPRK Relations

Reuters ("NO FOOD UNTIL N.KOREA MISSILE LAUNCHES STOP-JAPAN," Tokyo, 02/04/99) reported that Japanese chief government spokesman Hiromu Nonaka said Thursday that Japan wants guarantees from the DPRK that it will refrain from future missile launches before Japan resumes food aid. Nonaka stated, "So long as the DPRK does not guarantee it will refrain from launching another missile, we can't very well lift sanctions (on food aid)." He added, "We have informed leaders of the United States and South Korea that (another rocket launch) could lead to a suspension of our contributions to KEDO (Korean Peninsula Energy Development Organization)." Campaign Fund Scandal in S. Korea

Reuters ("JAPAN PM OBUCHI VOWS TO IMPROVE TIES WITH N KOREA," Tokyo, 02/03/99) reported that Japanese Prime Minister Keizo Obuchi said on Wednesday that Japan will work to improve ties with the DPRK. Obuchi was quoted by Kyodo news agency as saying, "Although there have been severe broadcasts (in the DPRK), Japan, for its part, will make efforts to establish friendly ties." Chief government spokesman Hiromu Nonaka said that Japan will continue efforts to resolve outstanding issues between the two nations. Nonaka stated, "Although Japan issued a positive message, according to what I have heard North Korea has not taken it in an accurate manner. Rather, it has used expressions which reveal an anti- Japanese sentiment"

6. DPRK Refugees in PRC

Reuters NEWSPAPER: CHINA FIGHTS TIDE OF NORTH KOREAN REFUGEES Hong Kong, 02/03/99) reported that the South China Morning Post said on Thursday that PRC police are carrying out house-to-house searches near the border with the DPRK to stop the flow of DPRK refugees. It added that the PRC has raised fines for anyone caught helping DPRK refugees to 5,000 yuan (US\$609) from 500 yuan last year. The article quoted an ethnic Korean peasant living near the border as saying, "Public security officials came a month ago and said it does not matter whether they starve to death or not, no one must help any refugee." It said that tens of thousands of refugees were hiding out in the homes of ethnic Koreans.

7. PRC-Taiwan Diplomatic Rivalry

Reuters ("U.S. AGAINST CHINESE THREAT TO MACEDONIA FORCE," Washington, 02/03/99) reported that Xu Yuehe, the PRC ambassador to Skopje was quoted on Radio Macedonia last Friday as saying that if Macedonia does not change its mind on Taiwan, the PRC will reconsider an extension of the mandate for UN peacekeepers in Macedonia. The mandate expires on February 28, and needs approval in the UN Security Council to be extended. US State Department spokesman James Rubin said on Wednesday, "We don't see a reason why one ought to connect the issue of the UN force there and the mandate with the subject" of Taiwan recognition. He added, "We support the extension of the mandate in the Security Council and would urge all council members to do the same. The presence of this force has had regional benefits in limiting instability in the Balkans." Rubin said that the US did not take a position on whether other countries should establish diplomatic relations with Taiwan. Ambassador made the Chinese threat in a statement broadcast, which was monitored by the British Broadcasting Corporation.

8. Alleged Technology Transfers to PRC

Agence France-Press ("ISRAEL SAYS GUN DATA NOT GIVEN TO CHINA," Tel Aviv, 02/04/99) reported that the Israeli Defense Ministry on Wednesday denied that Israel gave the PRC secrets concerning US anti-missile laser weapons. The ministry said in a statement, "Israel has never shared with foreign factors any restricted American technology obtained during a joint US-Israeli effort to build a battlefield laser gun." It said that the allegation in the Washington Times "apparently bases itself on sources of the US Defense Intelligence Agency." It called on the sources mentioned in the article "to find a way to publicly deny the accusations attributed to them."

9. PRC Tourism in Japan

THE WALL STREET JOURNAL (Masayoshi Kanabayashi, "JAPAN'S TRAVEL INDUSTRY IS READY TO WELCOME VISITORS FROM CHINA," 02/04/99) reported that the PRC government recently added Japan to a list of foreign countries that PRC citizens will be able to visit for sightseeing tours. A spokesman for the Japan National Tourist Organization stated, "It seems difficult to see a doubling or a tripling of the number of Chinese visitors to Japan in a single leap, but we are hoping that a lot of people will come. If even 1 percent of the population visits Japan, the number will be enormous." He said that the government-sponsored tourist organization will open an office in Beijing this month to promote Japan tours. In 1997, the latest year for which the statistics are available, there were 260,627 visits by Chinese to Japan, up 7.9 percent from a year earlier.

10. Japanese Sanctions on India

Dow Jones Newswires ("JAPAN PLANS TO EASE ANTI-NUCLEAR SANCTIONS ON INDIA - YOMIURI," Tokyo, 02/04/99) reported that Japan's Yomiuri Shimbun newspaper said Thursday morning that Japan is likely to ease its anti-nuclear sanctions on India by permitting the resumption of loans to that country through institutions such as the International Monetary Fund. The report said that the shift in the Japanese government's policy was mainly due to the fact that some other members of the Group of Eight nations were likely to ease their sanctions on the country as a result of India's likely signing of the Comprehensive Test Ban Treaty (CTBT). It added, however, that the Japanese government plans to qualify the condition for easing the sanctions, saying that its decision would be reversed if India did not sign the CTBT by a specified date.

11. Indian-Pakistan Talks

The Associated Press ("PAKISTAN FOREIGN MIN: NUCLEAR DEPLOYMENT ON INDIA MTG AGENDA," Islamabad, 02/04/99) reported that Pakistan Foreign Minister Sartaj Aziz said Thursday that the question of deployment of nuclear weapons will be on the agenda at this month's Indian-Pakistan talks. Aziz warned, "The present status quo of instability and tensions is fraught with dangers for the peoples of South Asia and beyond." He said that the disputed territory of Kashmir became the world's most dangerous nuclear flash point after Pakistan and India declared themselves nuclear powers. While he said that Pakistan supports "a strategic restraint regime," he added that Pakistan will not unilaterally promise not to deploy nuclear weapons. He stated, "This is something both countries have to do. We cannot say we won't deploy if India deploys."

II. Republic of Korea

1. New US Strategy for DPRK

Chosun Ilbo ("PERRY TO PROPOSE NEW U.S. STRATEGY FOR DPRK," Seoul, 02/04/99) reported that William Perry, former Defense Secretary and currently the US Policy Coordinator for the DPRK, defined the Clinton administration's DPRK policy as a failure. Quoting administration insiders, the Wall Street Journal reported that Perry will propose a two- phase policy towards DPRK in a report to be submitted to Congress in March. In the first phase, Perry will recommend large-scale comprehensive negotiations and an expansion of the political and economic relationship between the US and the DPRK. If this strategy fails, however, the second phase calls for building distance and ignoring the DPRK for a certain period of time. In this case, the US would maintain a minimal relationship with the DPRK and refrain from making any positive initiatives towards the DPRK.

2. ROK Reaction to DPRK Proposal

Chosun Ilbo ("SEOUL REACTS FAVORABLY TO DPRK PROPOSAL," Seoul, 02/04/99) reported that the ROK government is working out ways to respond favorably to the DPRK's proposal for high-level talks between the two countries. In a letter delivered through the Red Cross at Panmunjom on Wednesday, the DPRK proposed that talks between the two Koreas could be held if the ROK lifts security laws and does not carry out any further military exercises with the US. In response, the ROK Ministry of Unification announced that the two Koreas should proceed to open up dialogue at the earliest possible time without any conditions. ROK President Kim Dae- jung commented on the DPRK proposal, stating that it is premature to say whether or not dialogue could be achieved. He said, however, that it is noteworthy that the DPRK has proposed such talks. The government will reportedly move ahead with unofficial working-level meetings with the DPRK in preparation for the formal talks.

3. Hyundai Founder's Visit to DPRK

JoongAng Ilbo ("HYUNDAI'S FOUNDER VISITS DPRK," Seoul, 02/04/99) reported that Chung Ju-yung, the founder and honorary chairman of Hyundai Group, left for the DPRK again through the truce village of Panmunjom on February 4. Chung granted interviews at Panmunjom where he stated, "While I'm in the DPRK, I would like to finish planning our second project for Mt. Kumgang development and the construction of factories as part of Hyundai's joint partnership with the DPRK." He is determined to draw up an agreement on the projects with DPRK. Chung emphasized that he felt he had a duty to talk about unification problems but denied he received any message from the ROK government. The tycoon continued, "Until the time Korea is unified, I'll keep visiting DPRK."

4. ROK Ex-President's Campaign Scandal

Korea Times ("KIM YOUNG-SAM DENIES ACCEPTING 20 BILLION WON," Seoul, 02/04/99) reported that ex-president Kim Young-sam on Wednesday flatly denied accepting presidential campaign funds from ex-Hanbo Group chairman Chung Tai-soo, denouncing as fiction Chung's testimony at the parliamentary hearing. Representative Park Chong-ung of the opposition Grand National Party, the ex-president's unofficial spokesman, quoted Kim as saying, "Chung's allegations are utterly groundless." According to Park, who met with the ex-president at the latter's residence in Sangdo- dong, southern Seoul, Kim even denied meeting with Chung at the Hyatt Hotel in Seoul in December, 1992. Representative Park said that the former president gave an "exasperated" response to Chung's testimony at the hearing, while reiterating that he would "never take the witness stand" at the parliamentary hearing. "Ex-president Kim regards the hearing as a political vendetta," Park said. In an emergency meeting with the press, Representative Park also claimed that Chung must have given the testimony under the "pressure and coercion" of the ruling coalition. The

opposition Grand National Party accused the ruling camp of engaging in under-the-table negotiations with Chung to pardon him "in return for his testimony about presidential campaign funding." GNP spokesman Representative Ahn Taik-soo claimed, "The GNP has secured proof that the coalition ruling coaxed the witness (Chung) into giving testimony about the slush fund by promising to release him on bail."

5. ROK-Japan Fisheries Talks

Korea Times ("ROK, JAPAN NEAR FISHERIES SETTLEMENT," Seoul, 02/04/99) reported that the ROK and Japan on Wednesday narrowed their differences regarding the stalled implementation of the fishery agreement. In a meeting convened at the Maritime Affairs and Fisheries (MOMAF) in Seoul on Wednesday, the two nations agreed on preventing ROK fishermen from engaging in gill net fishing of snow crabs in the exclusive economic zone (EEZ) of Japan. They also agreed on having the ROK seamen reduce the number of vessels and equipment for trap fishing of eels and other net fishing in Japan's EEZ. The two sides have yet to concur however on the exact number and size allowed for ROK seamen for the trap fishing of eels and for other net fishing. Deputy Minister of Maritime Affairs and Fisheries Park Kyu-seok, who led the ROK side, said that the Japanese side, led by Nakasu Isao, head of the Japan Fisheries Agency, eased their firm stance concerning the trap and other net fishing in its EEZ. "But Japan remains adamant over the gill net fishing of snow crabs, citing possible conflicts between ROK and Japanese fishermen and a drastic decline in fishing resources," Park said, emerging from the meeting.

III. Announcements

1. DPRK Roundtable

The Institute for Strategic Reconciliation, Inc. (ISR), invites interested parties to attend The Washington North Korea Roundtable, "America's Economic Engagement with North Korea: Assessment and Prospects." This meeting will be held on Thursday, February 11, at 6:30 pm, at Woo Lae Oak Restaurant Conference Room, 1500 South Joyce Street, Arlington, VA. For directions, please call 703-521-3706. Speakers include Philip W. Yun, Senior Advisor to the Assistant Secretary of State Stanley O. Roth; Patrick Cronin, Director of Research and Studies, US Institute of Peace; and Mark Kirk, Counsel to The US House International Relations Committee. The registration fee, including a set Korean buffet, is US\$20 per ISR affiliate, or US\$25 for all others, and must be paid at the door. RSVPs are required for this program. Please contact the ISR at 301-570-0911 or by e-mail at ISR_online@yahoo.com no later than Tuesday, February 9.

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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