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1. DPRK-Cargill Grain Deal Imperiled

Reuters ("N.KOREA'S BARTER DEAL WITH CARGILL FACES FAILURE," Seoul, 6/04/97) reported that the US\$4 million barter arrangement between the DPRK and US grain giant Cargill Inc. was on the brink of collapse on Wednesday after Pyongyang failed to comply with conditions of the deal,

traders said. Cargill ordered the vessel carrying 20,000 tons of its grain to remain in international waters when it learned that the DPRK's share of the barter deal, 4,000 tons of zinc, had not been delivered to the port, an Asian grain trading source said. "The wheat was set to arrive on June 1 or 2 at North Korea's western port of Nampo. But the ship is on the open sea," the source said. In the deal, struck in April, the DPRK agreed to have the zinc at the port and ready for shipment before the vessel carrying Cargill's wheat docked, the source said. Cargill wanted to keep the vessel in international waters to maintain control of its cargo and the vessel itself, because once a vessel enters a country's territorial waters, international maritime law requires that it follow the instructions of the port authority, a Seoul trader said. Cargill, reportedly negotiating with the DPRK to try to salvage the deal, declined comment.

2. DPRK Famine Situation

The AP-Dow Jones News Service ("U.N. AGENCY SAYS N. KOREA FOOD RATIONS RUNNING OUT," Rome, 6/04/97) reported that the UN World Food Program (WFP) said in a report issued Wednesday that the DPRK's food ration system is nearing collapse, putting the p

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3. DPRK Defector's Son Reported Arrested

Reuters ("TOP N.KOREAN DEFECTOR'S SON DETAINED - NEWSPAPER," Seoul, 6/04/97) reported that DPRK defector Hwang Jang-yop's son reportedly has been detained by DPRK police after attempting to flee to the PRC. The ROK daily Dong-a Ilbo quoted a ROK official as saying that a recent defector testified that people close to said Hwang and main members of Hwang's political circle were purged or sent to political prison camps following Hwang's defection, and that Hwang's son, fearing for his life, attempted an escape, but was caught near the border with the PRC. The Dong-a Ilbo gave no indication as to how the defector, a 41-year-old acupuncturist who secretly fled to the ROK through the Czech Republic last month, obtained this information. The defector also testified that the DPRK government was assuaging its military leaders of Hwang's defection by saying, "Hwang Jang-yop was a secretary in charge of ideology and knows nothing about the military, so do not worry."

II. Republic of Korea

1. ROK Policies on DPRK Defectors Changing

The government will establish two different settlement programs for DPRK defectors, based on their status, and will adjust the method of settlement payment, the Ministry of National Unification (MONU) said yesterday. The ministry's draft law on protection and settlement support for DPRK defectors states that the unification minister is responsible for administering a settlement facility for regular defectors, while those who may have an impact on national security will be kept in a facility operated by the director of the Agency for National Security Planning (NSP). The NSP will be responsible for defectors who have worked inside the government system in the military, administration and security agencies, or the Rodong (Worker's) Party. It will also be responsible for defectors who are spouses or relatives of high-level DPRK leaders, spies sent by Pyongyang, and those who have information on high technology, science and other specialized fields. But these defectors will eventually be turned over to the MONU facility after full investigation in order to maintain uniformity in the settlement program, ministry officials said. The government will allow the NSP and MONU to build more facilities to accommodate additional defectors and, when necessary, delegate facility operation to local governments in preparation of mass defections by North Koreans. According to the new law, defectors can choose to receive their settlement subsidy in installments instead of just one lump sum. Defectors will also be paid a maximum 220 million won in cash, instead of the current 500 grams to 20,000 grams of gold. (Korea Times, "SETTLEMENT PROGRAMS FOR NK DEFECTORS UNVEILED," 06/04/97)

The ROK government in the future will stop financial or training assistance if the assistance a DPRK defector receives from other government or private sources reaches 300 million won. Escapees from the DPRK will be housed at settlement facilities managed by the ROK Ministry of National Unification except for those likely to cause substantial impact on the national security including armed agents who infiltrated the South. The ministry, after collecting opinions from various sectors of society and from the defectors themselves, yesterday finalized an enforcement ordinance to a new law called the "Act Governing North Korean Escapees." The bill was submitted to legal authorities for review yesterday. (Joong Ang Ilbo, "CEILING ON SUBSIDY FOR NORTH KOREAN DEFECTORS TO BE 300 MILLION WON," 06/04/97)

III. Russian Federation

1. RF Plutonium Issues

Nezavisimoye Voyennoye Obozreniye ("RUSSIAN PLUTONIUM," Moscow, 6, 5/31-6/6/97, # 19(46))

published a half page article by Abram Yorysh, D.Sc.(Law), Chief, Sector of Legal Problems of Nuclear Energy Use, State and Law Institute, and Yuriy Rogozhin, Ph.D.(Technology), expert, RF State Duma, on a wide spectrum of the issues concerning weapons-grade plutonium in the RF. In particular, they reported that during the Cold War the USSR produced some 150 tons of weapon grade plutonium and 30 tons of energy grade plutonium, plus an amount contained in yet unprocessed nuclear fuel downloaded from industrial and energy reactors. The above-mentioned amount is enough to produce about 40-50 thousand atomic bombs, and is more weapons-grade plutonium than all the other countries taken together. Dwelling upon the details of well-known RF-US disarmament arrangements, the authors wonder what to do with the nuclear materials extracted from warheads to be dismantled. According to them, the decision was to move them to certain storage capacities, but no special security measures concerning both transportation and storage have been envisaged. The authors pointed out, that on the one hand, the nuclear powers "do not know what to do" with their plutonium, but, on the other hand, a number of countries are willing to pay any sums to obtain just enough plutonium to make a couple of atomic bombs. And "demand is a father to supply." The authors enumerated the possible risks and argued that the plutonium can be either used for power production or hidden safely. No other alternatives exist. According to them, soon a joint RF-French-German enterprise project development will be completed to produce socalled "MOX fuel," a uranium-plutonium mixture for energy production use. The authors expressed their concern about the fact that although the RF pledged not to produce weapons-grade plutonium, two industrial reactors in Tomsk and one in Krasnoyarsk are still in operation, being the only source of energy for local cities which otherwise will freeze under Siberian frosts. Although no plutonium is extracted from the fuel there, the situation still urgently calls for both a conversion of the reactors to yield much lower amounts of plutonium and a search for alternative power sources for the region.

2. RF-PRC Nuclear Power Cooperation

Kommersant-Daily's Aleksandr Safronov ("RUSSIAN REACTORS ARE POPULAR IN CHINA," Moscow, 2, 5/27/97) reported that "despite an open opposition from the West, primarily the USA" the RF managed to gain a foothold in the PRC nuclear power plant construction market. Officially the PRC plans to built 20 powerful plants, each at a cost of between US\$1.5 billion and US\$2.5 billion. The international competition gets ever tougher with the RF, the USA, the ROK, Japan, France and Canada involved, but the relevant 1985 US-PRC agreement banning nuclear technology exports to the PRC is kept "frozen" by the USA. Meanwhile, of the eight reactors to be mounted on PRC nuclear power plants in 1996-2000, the RF will deliver two.

3. RF Premier Will Visit PRC

Nezavisimaia gazeta ("PREMIER WILL VISIT CHINA AFTER HIS HOLIDAYS," Moscow, 1, 5/31/97) reported that RF Premier Viktor Chernomyrdin will make an official visit to the PRC in the second half of June to discuss nuclear energy cooperation, construction of a gas pipe-line in the PRC, and sending electric energy from RF Eastern Siberia to the PRC.

4. PRC Concerns about RF Concessions to NATO

Nezavisimaia gazeta ("CHINA CONCERNED ABOUT RUSSIA'S FUTURE," Moscow, 1, 5/30/97) reported that immediately after the RF-NATO Founding Act was signed on May 27, "Renmin Ribao" of the Central Committee of the Communist Party of China warned: "After this first step of the North Atlantic alliance a second and even a third is possible," hinting thus at a prospect of the Baltic states or even a CIS country jointing NATO soon. Syng Huangchen of the PRC State Council Research Bureau commented: "If Russia loses control over the post-Soviet geographic and political space, it, one should think, will cease to be a great power, which is precisely what they in the West strive for."

5. US-RF Naval Exchange

Nezavisimoye Voyennoye Obozreniye ("ARMY LIFE CHRONICLE IN RUSSIA VISITS, MILITARY COOPERATION," Moscow, 3, 5/31-6/6/97, # 19(46)) reported that on May 25-28 the US Coast Guard ship "Shermon," on a visit to the Kamchatka Peninsula, participated with the ships of the RF North East Border Area in joint exercises and celebrations on the occasion of Border Guard Day.

6. RF and G7

Segodnya ("THE 'SEVEN' BECOMES LARGER," Moscow, 1, 5/27/97) reported that the industrialized nations summit in Denver to open on June 20 will adopt a joint declaration which will confirm the RF accession to the G7. For the first time, instead of a Political Declaration and an Economic Declaration, two "mixed" declarations are to be adopted, comprised of a declaration of all members including the RF and a separate G7 declaration.

7. RF and OECD

Segodnya ("RUSSIA'S HOUR HASN'T STRUCK YET," Moscow, Moscow, 5/29/97) reported that RF Foreign Minister Yevgeniy Primakov and OECD General Secretary Donald Johnston signed a protocol in Paris on establishment of a committee on RF-OECD links. The RF plans to further substantiate the formal OECD membership application it made last year. But OECD General Secretary said that RF admission "is not even on the agenda for tomorrow."

8. US Sanctions Against PRC Chemical Suppliers to Iran

Kommersant-Daily's Oksana Yakimashchenko ("USA PUNISHED THE CHINESE FOR CHEMICAL WEAPON COMPONENTS DELIVERIES TO IRAN," Moscow, 4, 5/28/97) reported that the US imposed sanctions against a Hong Kong firm, 2 PRC companies and 5 PRC citizens who have been accused of supplying to Iran hi-tech equipment and dual-purpose chemical components that can be used for chemical weapons production. The author provided the list of the companies and persons who now have been banned for one year from commercial operations with the US, stressing that it is the first case of applying the relevant 1991 US legislation to PRC entities, although companies of some other countries already have been punished. At the same time, the US abstained from official accusations against the PRC.

9. RF First Deputy Premier Will Visit Japan

Segodnya ("BORIS NEMTSOV TO PUT ALL IN ORDER ON SAKHALIN," Moscow, 1, 6/3/97) reported that Boris Nemtsov, one of two RF First Deputy Premiers, will visit Japan June 9-11 to take part in the RF-Japan intergovernmental trade-economic commission session involving in particular Sakhalin-1 and Sakhalin-2 shelf oil development projects.

10. RF Incentives to Sakhalin Projects

Kommersant-Daily's Aleksandr Volynets("GOVERNMENT HELP TO SAKHALIN PROJECTS," Moscow, 9, 5/27/97) reported that the RF Government made a decision to free from custom levies all equipment imported for use in the Sakhalin-1 and Sakhalin-2 projects. The US\$25 billion projects have long been granted some large tax exemptions and other preferences which, however, they still cannot enjoy due to legislative inconsistencies.

11. Japanese Aid to RF Plutonium Utilization

Segodnya ("JAPAN IS READY TO HELP IN 'SMITING SWORDS INTO PLOUGHS'," Moscow, 4,

6/3/97) reported that Japan's Premier Ryutaro Hashimoto decided to propose his country's financial and technical assistance to the RF and the US in utilization of weapons-grade plutonium extracted from RF nuclear warheads dismantled in accordance with RF-US arrangements. The proposal is planned to be made at the G8 summit in Denver on June 20-22. Mr. Hashimoto also plans to call for a speedy ratification of the Comprehensive Test Ban Treaty approved by the UN General Assembly last September.

12. Japan's Foreign Minister in Moscow

Izvestia's Yuriy Savenkov ("JAPAN DOESN'T WANT TO CANCEL THE KURIL PROBLEM SOLUTION TILL THE NEXT CENTURY," Moscow, 3, 5/29/97) reported that at the Denver Summit RF President Boris Yeltsin and Japan's Premier Ryutaro Hashimoto are expected to hold talks both privately and in the company of other participants. The arrangement was made during Japanese Foreign Minister Yukihiko Ikeda's recent visit to Moscow. Allegedly, "the Japanese are unhappy with the lack of personal confidential meetings" with the RF leader and wish for relations similar to the "amity" existing between Boris Yeltsin and German Chancellor Helmut Kohl. Izvestia's author commented on other details of Ikeda's talks in Moscow, noting in particular his position that the Kuril problems should not drag on into the next millennium.

13. DPRK Food Crisis

Kommersant-Daily's Yelena Maksimenko ("DPRK FOOD RESERVES WILL BE DEPLETED IN THREE WEEKS," Moscow, 4, 5/29/97) reported on the findings of UN World Food Organization Official Observer Rolf Hass, who visited the DPRK and later told media reporters that under the present circumstances the DPRK food reserves would last for only another three weeks. The report contained figures substantiating the findings.

14. DPRK-ROK Food Aid Talks Results

Nezavisimaia gazeta's Stanislav Petrov ("THEY TRADE KIM IL-SUNG FOR RICE IN DPRK," Moscow, 4, 5/30/97) reported that the DPRK-ROK "Red Cross" negotiations on urgent food relief, concluded successfully on May 26 in Beijing, impinge on RF participation in Korean affairs. The ROK will supply to the DPRK 50 thousand tons of food, mainly grain, and send its representative to monitor distribution of the aid there. The amount will feed 350 thousand people whereas in reality there are some 6 million hungry in the DPRK. Foreign diplomats consider it a victory for the ROK that at last food aid is to go to the DPRK directly, rather than via international organizations, and with the clear "South Korea Red Cross" inscription on the packages. Moving the inter-Korean dialogue from Beijing to somewhere on the Korean peninsula is believed to become the next step. The Nezavisimaia gazeta author argued that, with the agreement, the ROK both "cut off Russia" from participating in the peace process and affirmed its own role in the proposed four-party conference. There are also reports from Pyongyang that a "split" emerged in its leadership. "The military elite led by the First Deputy People's Armed Forces Minister Vice Marshal Kim Il-ch'ol desperately resist direct contacts with Seoul, being perfectly aware that those will cause a collapse of the economically rotten and non-reformable regime. Meanwhile hungry North Koreans tired of that struggle seem to have found a way. For a month already a mass of them have been trading Kim Il-sung pins ... for rice in the DPRK areas adjacent to the PRC."

15. RF Scholar on RF Role in Korean Settlement

Segodnya ("HEARTBREAK PENINSULA," Moscow, 2, 6/2/97) published an article by Evgeniy Bajanov, Director, Institute of Contemporary International Problems, on DPRK-ROK relations and prospects for a peaceful settlement on the Korean Peninsula. The author draws comparisons of the ROK's great economic progress opposed to the acute all-embracing crisis in the DPRK. Yet the situation is rather complex, in view of guite a number of problems in the ROK, including the recent corruption scandals, student unrest and budding economic difficulties, coupled with the fact that despite having suffered numerous blows, DPRK leaders, possibly bearing in mind the "sad experience" of East Germany, managed to display "amazing stubbornness" in rejecting reforms and keeping internal control intact. Despite a number of bilateral DPRK-ROK documents signed, the situation on the Korean Peninsula is still fraught with mutually destructive conflict. Such cases as the DPRK submarine incursion last September and Hwang Jang-yop's defection this February served as the reminders. The situation is further complicated by the fact that the US, the PRC, Japan and Russia are involved. Yet, in the author's opinion, it "is not hopeless," partially because "for the first time in the 20th century the great powers do not fight each other over Korea, but rather are interested in a detente between Seoul and Pyongyang." The author argued that it would be sensible if all involved parties adhered to three principles: 1) Try not to undermine the DPRK regime because that can "only provoke Pyongyang to desperate suicidal acts including its nuclear program resumption and unleashing a conflict against the South." An uncontrollable collapse also may have many dire consequences. 2) Support a normalization of relations between the DPRK and any other power involved. The ROK, for example, should not be afraid that the US will "fall in love with the communist regime." Rather, the DPRK will start to change in the process of peaceful engagement with the US, Japan and others. "Similarly, Russia shouldn't get nervous about the US trying to make peace with the DPRK." 3) Recognize that six countries, namely the ROK, the DPRK, the PRC, the US, Russia, and Japan, should equally participate in the normalization process. "Any attempt to push back or to put any of the six beyond the settlement framework risks a delay or even a disruption of the process." In this respect the author regretted the fact that the US and the ROK put forward the idea of the four-parties-only talks. The author argued that "Russia ... throughout the whole second half of the 20th century has been closely connected with events in Korea" and its participation now obviously meets the interests of both the DPRK and the ROK. Also, considering the DPRK desire to have a wide international support, the RF's participation in the talks also would help to maintain the balance.

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

Produced by the Nautilus Institute for Security and Sustainable Development.

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