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I. United States

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1. ROK Cabinet

The Associated Press (Sang-Hun Choe, "KOREA CHIEF NAMES INTELLIGENCE HEAD," Seoul, 03/04/98) and Reuters ("SOUTH KOREA APPOINTS NEW HEAD OF INTELLIGENCE AGENCY," Seoul, 03/03/98) reported that ROK presidential spokesman Park Ji-won said that President Kim Dae-jung on Wednesday appointed Lee Jong-chan, vice president of the National Congress for New Politics, as director for the Agency for National Security Planning. Park stated, "Because he has first-hand knowledge of the inner workings of the agency, Mr. Lee will be well-positioned to reform the agency and prevent it from meddling in domestic politics." Lee worked 15 years for the agency, then known as the Korea Central Intelligence Agency, before retiring as the chief of the planning and division in 1980. He began his political career as a lawmaker for the ruling Democratic Justice

Party in 1981, but left the ruling party after losing the party's nomination race for the presidency in 1992 to Kim Young-sam. President Kim also named Jin Nyum, chairman of the Kia Group, as the head of the newly-established presidential committee on budget planning.

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2. ROK Financial Crisis

The AP-Dow Jones News Service ("S. KOREA FINANCE MINISTER SAYS DEBT ROLLOVER TALKS 'SMOOTH'," Seoul, 02/04/98) reported that newly appointed ROK Finance and Economy Minister Lee Kyu-sung said Wednesday that debt rollover talks in the US were "smooth." He also said that, in his new position, he would focus on narrowing the country's current account deficit, but that he was not considering a new package of measures to stabilize local financial markets at the moment. Lee reiterated the government's position to strongly push for reforms in the chaebol. Lee's remarks came after Federal Reserve Bank of New York President William McDonough said Tuesday that the debt rollover talks were "very successful."

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3. Japan Financial Crisis

The Associated Press (Todd Zaun, "U.S. FAULTS JAPAN ON ECONOMY," Tokyo, 02/04/98) reported that deputy US trade representative Richard Fisher said Wednesday that Japan has not done enough to open its markets to foreign goods or lead Asia out of its financial crisis. Fisher stated, "It's important for Japan, particularly given its location and size within the region as the world's second largest economy, to absorb the output of these distressed countries." Fisher urged Japan to take steps to boost its domestic economy to generate demand for imports from Southeast Asia while eliminating any regulations that could block access to Japan for foreign companies.

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4. Russian Nuclear Policy

The AP-Dow Jones News Service ("YELTSIN NAMES NEW NUCLEAR CHIEF; SAYS MUST KEEP UP WITH WEST," Moscow, 02/04/98) reported that Russia's ITAR-Tass News Agency said that Russian President Boris Yeltsin on Wednesday appointed nuclear researcher Yevgeny Adamov as Minister for Atomic Energy to replace Viktor Mikhailov, the Soviet Union's top nuclear weapons designer, who resigned last week. In a press conference, Adamov said that Yeltsin told him that Russia must keep its remaining arsenals of nuclear weapons in top shape. He quoted Yeltsin as saying, "This parity should be preserved even though the funds and the means to achieve it might be reduced." Yeltsin also told Adamov to increase safety at Russia's nuclear power plants and to promote exports of uranium and nuclear technologies.

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5. Russian Anti-Espionage Activity

The Associated Press (Vladimir Isachenkov, "RUSSIA CAUGHT 29 SPIES IN 1997," Moscow, 02/04/98) reported that, according to the ITAR-Tass and Interfax news agencies, Russian Federal Security Bureau (FSB) Director Nikolai Kovalyov said Wednesday that his agency caught 29 foreign spies last year and exposed 400 foreign intelligence officers thanks to a recently created hotline. The FSB established the hotline last year, promising informants that they would be granted full immunity from prosecution and could retain the money paid by their foreign employers. Kovalyov's deputy,

Oleg Tsarenko, said Tuesday that the PRC and the DPRK have stepped up their espionage activities in Russia, and that Iran, the PRC, and the DPRK are ready to use any means and spend much money to obtain military and industrial secrets.

II. Republic of Korea

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1. Light-Water Reactor Project

The US ambassador to the ROK, Stephen Bosworth, said measures need to be worked out to help the ROK pay the cost of the light-water reactor project in DPRK. Bosworth recognized the economic crisis of the ROK as an impediment to a normal contribution. However, he stopped short of stating whether the US was ready to contribute to the cost of the reactor project, estimated to total US$5.17 billion. (Korea Hearld, "KOREA NEEDS HELP TO FINANCE REACTOR PROJECT," 03/04/98)

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2. ROK-DPRK Economic Cooperation

The government is working on measures to promote economic cooperation with the DPRK in line with President Kim Dae-jung's more conciliatory approach toward inter-Korean relations. Such measures will likely include the abolition of a US$5 million ceiling on ROK companies' investments in the DPRK and an easing of restrictions on DPRK visits by ROK businessmen. Also to be included are compensation to investing firms for losses caused by deteriorating inter-ROK relations and a simplification of procedures on the setting up of joint ventures, said a government official on March 2. In addition to easing restrictions on inter-Korean economic cooperation, the government is also planning to resume food assistance to the DPRK this month, said the official. (Korea Herald, Kim Kyung-ho, "GOVERNMENT LIFTS CONTROLS ON ECONOMIC COOPERATION WITH DPRK," 03/03/98)

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3. DPRK Famine

Russia's ITAR-Tass News Agency on March 3 quoted aid officials of international organizations as saying that the DPRK is not under serious threat despite its shortages of food. According to the international officials, the streets of Pyongyang were as peaceful and calm as any other time. In addition, the officials expected additional food aid to arrive in the DPRK during March. (Chosun Ilbo, "DPRK FOOD SITUATION NOT CRITICAL," 03/04/98)

A spokesman of the DPRK Flood Damage Committee announced through the DPRK's Korea Central News Agency that food stocks for children and students, numbering some 10 million, were at 167,000 tons and would run out in mid-March. (Korea Herald, "NK ANNOUNCES FOOD STOCKS TO RUN OUT IN MARCH," 03/03/98)

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4. Opening of DPRK Airspace

An ROK commercial aircraft flew over the DPRK flight information region for the first time on March 3. Under the command of Captain Nam Bung-won, the Korean Air aircraft remained in the DPRK

airspace for approximately ten minutes. (Chosun Ilbo, "KOREAN AIR FLIES THROUGH DPRK AIRSPACE," 03/04/98)

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5. ROK Cabinet

ROK President Kim Dae-jung appointed Kim Jong-pil, honorary president of the United Liberal Democrats (ULD), as acting Prime Minister, and named seventeen inaugural cabinet members on March 3. Seven representatives from the National Congress for New Politics (NCNP) and six from the ULD were included in the new cabinet, reflecting a true coalition government. The members of the cabinet were as follows: Finance and Economy Minister: Lee Kyu-sung (former Minister for Finance); Unification Minister: Kang In deok (Head of Unification Institute); Foreign and Trade Minister: Rep. Park Jung-soo; Justice Minister: Rep. Park Sang-chun; Defense Minister: Rep. Chun Yong-taek; Administration and Autonomy Minister: Former Rep. Kim Jung-gil; Education Minister: Rep. Lee Hae-chan; Science and Technology Minister: Rep. Kang Chang-hee; Culture and Tourism Minister: Rep. Shin Nak-kyun; Agriculture and Forestry Minister: Kim Sung-hoon (Professor of Joongang Univ.); Industry and Resource Minister: Former Rep. Park Tae-young; Environment Minister: Former Rep. Choi Jae-wook; Labor Affairs Minister: Lee Ki-ho (incumbent); Construction and Transportation Minister: Rep Lee Jung-moo; Marine and Fishery Minister: Rep. Kim Sun-gil; Health and Welfare Minister: Rep. Joo Yang-ja; Information and Communications Minister: Daewoo Europe Chairman Bae Soon-hun. (Joong Ang Ilbo, "PRESIDENT KIM APPOINTS NEW CABINET MEMBERS," 03/04/98)

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6. ROK Military

ROK President Kim Dae-jung made his first outing as the new commander-in-chief of the Armed Forces on March 2. Kim attended the commissioning ceremony of the Reserve Officers' Training Corps (ROTC) officers in Songnam, south of Seoul. It was the first time in 11 years that a president has attended the ROTC commissioning ceremony, Chongwadae officials said. Presidential aides said that Kim plans to reshuffle the military leadership soon after he forms his cabinet. (Korea Herald, Chon Shi-yong, "PRESIDENT MAKES PEACE WITH MILITARY BY ATTENDING CEREMONY," 03/03/98)

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