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I. United States

1. DPRK Annual Budget

The Associated Press ("N.KOREA BUDGET CASTS DOUBT ON CONVENTIONAL ARMS CAPABILITY," 04/08/99, Seoul) reported that analysts said the DPRK has unveiled a new budget that casts new doubt on its ability to wage conventional warfare. The budget, approved by the Supreme Peoples' Assembly on Wednesday, totaled 20.38 billion won (US$9.39 billion based on the official exchange rate of 2.17 won to the US dollar), which is less than half of DPRK's budget of 1994. The DPRK said it will spend 14.5 percent of the budget (US$1.36 billion) to clothe, feed and arm its 1.2 million-strong military and to buy fuel and spare parts for its tanks, airplanes and other equipment. According to the analysts, the budget session shed some light on the status of DPRK's economy. The US$9.39 billion budget represents only US$427 per person to feed, educate and provide other state services for the 22 million DPRKI population this year. The DPRK said it will give priority to power generation and agriculture, cited by analysts as the biggest problem areas in its economy. "For a decisive solution of the food problem this year, the government ... will make 11 percent larger investment in agriculture than last year and channel big nationwide efforts into farming before anything else," said Finance Minister Rim Kyong Suk in her budget proposal. Rim added that expenditures also will grow 15 percent in the power industry and 10 percent in coal, mining, metal, machine building and other key industries, including railway transport. "With this budget, the North can't keep its current level of military forces," said Lee Ho, a chief analyst at the ROK government's Unification Ministry. But Lee Jong-sok, an analyst at the ROK's independent Sejong Research Institute, suggested that the DPRK will concentrate its limited military resources on building long-range missiles and developing its nuclear capability. Lee said, "It hopes that will provide it with security as well as powerful bargaining chips when it deals with outsiders."

2. US Korean War POWs

The Associate Press (Robert Burns, "U.S. SEEKS CHINA HELP ON KOREA," 04/08/99, Washington) reported that the US administration has asked the PRC government to help account for several US soldiers missing from the Korean War. According to internal US Defense Department records, the missing Americans include two pilots who were killed when their plane was shot down on a CIA covert mission in Manchuria in November 1952 while attempting to pick up an anticommunist Chinese agent. A PRC government memo presented to President Ford in December 1975 mentioned that the bodies of the soldiers were buried at the crash site. The memo said, "Owing to the passage of time, it is impossible to locate them now." The US also has requested information on three missing corporals who were held in a Chinese-run POW camp in the DPRK. Several repatriated US prisoners reported seeing the three alive and well at the close of the war in 1953. The People's Liberation Army has insisted that war losses are a closed issue, while the PRC Ministry of Foreign Affairs has declared wartime records to be classified. Senator Bob Smith wrote to President Clinton on Tuesday urging that he push the issue when he meets at the White House today with PRC Prime Minister Zhu Rongji. Mike Hammer, a spokesman for the National Security Council, said Thursday, "The POW issue and the issue of missing Americans is certainly something that is going to come up." He said US President Clinton himself probably would raise the issue, or it would be raised by Secretary of State Madeleine Albright.

3. ROK President Awarded

The Nando Times ("SOUTH KOREA PRESIDENT TO RECEIVE PHILADELPHIA MEDAL," 04/07/99,

Philadelphia) reported that ROK President Kim Dae-jung was named the 1999 recipient of the Philadelphia Liberty Medal. He will be honored for his work toward securing democracy and human rights in the ROK. Established in 1988 as a legacy of the US Constitution, the Liberty Medal recognizes individuals and organizations demonstrating leadership in the pursuit of liberty. Previous winners include former Polish President Lech Walesa, Supreme Court Justice Thurgood Marshall, Czech President Vaclav Havel and South African Presidents F.W. de Klerk and Nelson Mandela. Kim, 75, will receive the medal and $100,000 in a July 4 ceremony at Independence Hall. "During almost half a century, Kim Dae- jung has been not only a symbol of democratic values in the Republic of Korea, but also a heroic figure in its progress toward democracy," said University of Pennsylvania Professor Emeritus Martin Meyerson, who chairs the Liberty Medal selection committee.

4. PRC Premier Zhu's Visit to the US

The Associated Press (George Gedda, "CLINTON WELCOMES CHINA'S PREMIER," 04/08/99, Washington) reported that US President Clinton welcomed PRC Premier Zhu Rongji to the White House today. President Clinton said the US can best achieve its hopes for the next century through the creation of a "strategic partnership" with the PRC on such issues as nonproliferation, free trade and the mutual embrace of political freedom. With Zhu standing at his side, Clinton made only passing references in his formal remarks to the long list of issues that divide the two countries. In his comments, Zhu spoke effusively about Chinese-American relations, asserting that the friendship between the two countries "cannot be undermined by anybody." There is no problem "that cannot be resolved through friendly consultation," he said. Zhu was given full military honors after his arrival at the White House. Zhu commented, "America has a stake in China's success, in a China that has overcome the challenges it faces at home, a China that is integrated into the institutions that promote global norms on proliferation, trade and the environment, a China that respects human rights and promotes peace." Zhu drew cheers from the large gathering when he concluded his remarks by saying, in English, "I love Chinese people. I love American people." The two leaders were expected to discuss security issues, trade, Taiwan and human rights.

5. PRC's Reaction against US Attacks on Yugoslavia

Reuters ("CHINA SAYS U.S. ARMS MAKERS PROFIT ON NATO ATTACKS," 04/08/99, Beijing) reported that the PRC's state-run media, the People's Daily, said on Thursday that the US arms industry was seeking to profit from NATO's air strikes against Yugoslavia. The commentary said, "More than the US military, it's the big arms dealers that are interested in the display of state-of-t-e-art weaponry." "War is their best arms exhibition, and gun smoke signifies a ribbon cutting ceremony for buyers to sample the goods and make orders," the newspaper also said. The report also accused NATO of using cruise missiles armed with technology capable of destroying circuitry in electronic equipment, and labeled such missiles "weapons of mass destruction."

6. Alleged PRC Spying

The New York Times (Jeff Gerth and James Risen, "INTELLIGENCE REPORT POINTS TO SECOND CHINA NUCLEAR LEAK," 04/08/99, Washington) and The Wall Street Journal (David S. Cloud, "U.S. WAS TOLD IN 1996 THAT CHINA RECEIVED U.S. NEUTRON BOMB DATA, 04/08/99, Washington) reported that a senior administration official said the Clinton administration received fragmentary intelligence reports in early 1996 that the PRC had acquired information from a US source on producing a neutron bomb. An investigation by the Federal Bureau of Investigation and the U.S. Department of Energy has failed to turn up a suspect or much additional information about the

source of the security breach, other than that Beijing acquired the information in 1995. The White House was briefed in 1996 and 1997 on the intelligence by the Energy Department, which oversees nuclear-weapons security. According to the administration official, no additional security steps were taken because there was little specific information about the source. "There was no way of knowing where the information might have come from," the official said. The official said that President Clinton intends to raise this case with PRC Premier Zhu Rongji in their meeting Thursday. He also said that the administration will "point out that this is damaging to the overall relationship."

7. US Missile Production for Japan

Dow Jones Newswires ("LOCKHEED MARTIN GETS $70M PACT TO MAKE MISSILE LAUNCHERS," 04/08/99, Bethesda) reported that Lockheed Martin Corp.'s (LMT) Government Electronic Systems unit received a US$70 million contract from Mitsubishi Heavy Industries Ltd. to make and test missile launchers. In a press release Thursday, Lockheed Martin said the contract calls for the production of eight vehicle launching systems which will later be installed on Japanese naval destroyers.

8. Japanese Military

The New York Times (Stephanie Strom, "JAPAN IS FLEXING ITS MILITARY MUSCLE," 04/08/99, Tokyo) reported that Japan's firing of warning shots at suspicious boats that ventured into its territorial waters last month signified Japan's new willingness to assume a more public role in regional defense. Japanese legislators are openly talking about once- taboo possibilities such as building first-strike capabilities and putting Japanese troops in peacekeeping operations that would expose them to combat. "The government has gained the confidence and courage to speak out about the need for a strong defense, and that's a very big change," said Kenzo Yoneda, a legislator from the governing Liberal Democratic Party who has taken a leading role in pushing for Japanese forces to gain first-strike capability. The issues of defense and, more broadly, what defines the Japanese nation are now being debated broadly and heatedly. For most of Japan's postwar years, Article 9 of the constitution, which forbids all military activity except self-defense, was sacrosanct. "There's been a real move away from what might be considered a pure hedgehog defense," said Richard J. Samuels, an expert on Japanese defense matters and head of the Japan program at the Massachusetts Institute of Technology. However, others say Japan's military abilities are already more substantial than many people realize. Even though Japan has officially spent no more than 1 percent of its gross domestic product on defense since the 1960s, the sheer size of its economy means that it is the second- or third-biggest spender after the US. "If you look at Japanese defense issues from year to year, it doesn't change much; it's pretty boring," said Masashi Nishihara, a professor at the National Defense Academy. "But if you look at it over a five-year period, there's a big difference. No one has paid much attention to it until last summer, but now that people are looking, they've found out a lot has changed." [Ed. note: This article was included in the US Department of Defense's Early Bird news service for April 8.]

9. PRC-Pakistan Relations

The Associated Press ("CHINESE LEADER ARRIVES IN PAKISTAN ON 5-DAY TRADE MISSION," 04/08/99, Islamabad) reported that PRC Parliamentary leader and former prime minister Li Peng arrived in Pakistan Thursday as head of a trade and parliamentary delegation. PRC is building a 300-megawatt nuclear power plant in Pakistan. "Both countries are promoting relationships in the fields of defense and trade," PRC's Ambassador to Pakistan Lu Shulin told a Pakistan Television morning

program earlier this week. Lu said one of Li's reasons for coming to Pakistan was to counter Indian claims that the relationship between Pakistan and the PRC has deteriorated. "As time passes the relationship between Pakistan and China keeps getting stronger," he said. Li, who last visited Pakistan ten years ago as Prime Minister of the PRC, is expected to sign two agreements, although neither Pakistan nor the PRC would give any details. Li will spend five days in Pakistan. While in Pakistan, Li will meet Prime Minister Nawaz Sharif and President Rafiq Tarar, and on Saturday address both Houses of Parliament.

II. Republic of Korea

1. DPRK's Parliamentary Session

JoongAng Ilbo ("A LOT ABSENT FROM NK PEOPLE'S ASSEMBLY," Seoul, 04/08/99) reported that the DPRK's Supreme People's Assembly, which convened on April 7 in Pyongyang for the first time since Kim Jong-il was officially confirmed as the new leader, showed an unusually large number of members absent. The DPRK elected 687 representatives last July, but 50 members did not appear at the assembly meeting. In the last session in September 1998, there were only seven missing representatives. Analysts said that the large number almost certainly carries a message that a shake-up has occurred in the DPRK's political arena, as Assembly regulations stipulate attendance is mandatory unless an individual is abroad or seriously ill.

2. US Forces in ROK

Korea Herald ("PRESIDENT'S REMARKS ON U.S. TROOPS EMBARRASS WORKING-LEVEL DIPLOMATS," Seoul, 04/08/99) reported that ROK President Kim Dae-jung's remarks Tuesday on the DPRK's alleged acceptance of US troop's presence in the ROK as a peacekeeping force have caused confusion among ROK working-level negotiators. Officials at the Ministry of Foreign Affairs and Trade involved in the four-party peace talks denied that there has been any official change in the DPRK's stance regarding US armed forces stationed in ROK. Some diplomatic watchers questioned why the President publicized such a delicate development, while the officials most familiar with the talks were unaware of it. "There was no such 'official' suggestion from the North," a ministry official well versed in the issue said, on condition of anonymity. "There might exist some misunderstanding." As to the possibility that President Kim might have a separate source apart from the foreign ministry, the official would neither confirm nor deny it. "The issue of US forces stationed in Korea has been the biggest clashing point for years between Seoul and Pyongyang," he said. "While the North has always wanted to table the issue as an agenda item, the South has already turned it down." The official, however, acknowledged that DPRK officials once demanded during unofficial talks with their ROK counterparts at the four-party talks in March, 1998 that the two sides discuss a change in the status of US forces in Korea.

3. ROK-DPRK Medicine Trade

Korea Herald ("SEOUL SEEKS TO TRADE MEDICINE WITH PYONGYANG," Seoul, 04/08/99) reported that an ROK association of importers and exporters of pharmaceutical products is officially pushing for trade with the DPRK, according to the Health and Welfare Ministry. Ahn Hyo-hwan, a ministry official, confirmed that a six-member delegation of the Korea Pharmaceutical Traders Association (KPTA) headed by its chairman Kim Young-bae left Seoul on Tuesday for a five-day, government-authorized trip to the DPRK. Kim and the other delegates are scheduled to meet

officials of DPRK's Asia-Pacific Peace Committee to discuss detailed trade matters. "So far there have been some direct and indirect trades of pharmaceutical products between the South and the North. But they were all made on a non-formal basis. This visit is a part of efforts to open official trade channels between the two Koreas," Ahn explained. The official said that the delegates obtained approval from DPRK authorities last month to stay in the country for up to 10 days anytime between April 3 and April 30.

4. Concert at Panmunjom

Korea Herald ("CZECH PIANIST TO HOLD RECITAL AT PANMUNJOM," Seoul, 04/07/99) reported that the Swedish delegation to the Neutral Nations Supervisory Commission will host a piano recital featuring Czech pianist Hana Dvorakova at the truce village of Panmunjom on April 27, according to the UN Command. Ms. Dvorakova has performed in concert halls in Europe, South America and the ROK. Recently she performed with the Seoul Philharmonic Orchestra at the Seoul Arts Center to celebrate the 50th anniversary of the UN.

III. People's Republic of China

1. DPRK-US Inspection Talks

China Daily ("US OFFICIALS VISIT DPRK TO DISCUSS NUKE DISPUTE," Seoul, 4/6/99, A11) said that the DPRK's media reported on April 5 that US officials visited the country last week to discuss a planned inspection of a suspected nuclear weapons site. The DPRK's foreign news outlet, the Korean Central News Agency (KCNA), said that technical experts of both countries met in Pyongyang from Wednesday through Saturday to discuss "technical matters." The discussions included "details and methods of the on-site visit to the facility in Kumchangri" in May and equipment the US inspectors will be allowed to carry, KCNA reported. Without saying whether any progress was made, the report said both sides agreed to continue discussions.

2. ROK-DPRK Ship Collision

People's Daily ("ROK, DPRK MERCHANT SHIPS COLLIDE ON HIGH SEAS," 4/5/99, A7) said that according to the ROK media's report, an ROK freighter collided with a DPRK ship transporting cement on the Indian Ocean on March 31. The DPRK ship sank and 37 crew were missing.

3. ROK Economy

China Daily ("S. KOREAN ECONOMIC GROWTH SEEN AT 5.1 percent," Seoul, 4/7/99, A6) reported that the ROK's Korean Institute for Industrial Economics and Trade said that the ROK's economy is expected to grow 5.1 percent year-on-year in 2000, after an expected 3.6 percent expansion this year. The figures far outstripped official and International Monetary Fund growth forecasts for this year, which forecast gross domestic product expanding by 2 percent.

4. PRC Premier Zhu on DPRK

China Daily ("ZHU: VISIT TO PROMOTE UNDERSTANDING," 4/8/99, A4) reported that PRC Premier Zhu Rongji was interviewed by Roger Parkinson, chairman and publisher of The Globe and Mail of

Canada on the evening of April 2. When answering the question about the missile launched by the DPRK, Premier Zhu said that he really does not know whether the DPRK launched a missile or a satellite. It is true that the DPRK has traditionally had a friendship with the PRC, Zhu said, but it is a sovereign state. "We do not have much knowledge about military forces in the DPRK," Zhu said. He added that the PRC hopes to see continued peace and stability on the Korean Peninsula. Zhu said, "in fact, the US should not overestimate the military power of the DPRK." It is the PRC's assumption that the DPRK does not pose a threat. It should not serve as a pretext for the development of theater missile defense, Zhu noted.

5. PRC Premier Zhu's Visit to the US

China Daily ("PREMIER RECEIVED WARMLY IN LA," Los Angeles, 4/8/99, A1) reported that PRC Premier Zhu Rongji said on April 6 (local time) that he believed his ongoing visit to the US could promote the progress of Sino- US relations. Zhu told an audience of 1,000 people at a banquet that his current visit to the US aims to further the consensus by the presidents of the two countries during their state visits in 1997 and 1998, overcome certain obstacles, and maintain and promote the development of Sino-US relations. The banquet was hosted by the southern California Chinese-American community to welcome Zhu and his delegation. Zhu said that although a certain anti-China trend, not conducive to the developmemt of bilateral relations, had appeared in the US recently, the US people on the whole support the progress of Sino-US relations.

IV. Announcement

1. Position Available

The Stanley Foundation -- an independent private operating foundation that conducts varied programs and activities designed to provoke thought and encourage dialogue on world affairs and to promote a secure peace with freedom and justice -- seeks a Program Officer to work on policy programming at Foundation headquarters in Iowa. The Program Officer will focus primarily in the area of the United Nations, international and multilateral organizations. The officer will monitor and analyze issues and developments in and beyond the programming fields and conceptualize, plan, implement, and occasionally rapporteur policy conferences and other program activities involving high-level foreign and US officials, influential scholars, journalists, and NGO and business leaders. Requirements include a minimum of three years of professional experience and background with international institutions and issues (government, foundation, UN, or NGO experience desirable); knowledge of aspects of the core programming fields; strong writing skills; MA (or equivalent) in relevant field; ability to work in a team-oriented environment; and willingness to travel. Please send resume and cover letter to: Mr. Dana Pittman Human Resources Officer The Stanley Foundation 209 Iowa Avenue Muscatine, IA 52761 phone: 319-264-1500; fax: 319-264-0864; e-mail: "stanley@stanleyfdn.org" Deadline for application is April 21, 1999. For more information on The Stanley Foundation, visit the Web site at: http://www.stanleyfdn.org

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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