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I. United States

1. Four-Party Peace Talks

The Wall Street Journal (Eduardo Lachica, "NORTH KOREA'S APPROACH TO TALKS STILL WILD CARD," Washington, 12/08/97), the Associated Press (George Gedda, "US PREDICTS SLOW PROGRESS IN KOREA," Washington, 12/06/97), and Reuters (Carol Giacomo, "UNITED STATES SEES NO FAST PROGRESS ON KOREA," Washington, 12/07/97) reported that a senior US official on Friday said that it is unlikely that there will be rapid progress at the four-party peace talks for the Korean Peninsula that are set to open in Geneva on Tuesday. The anonymous official added that the

DPRK appears to have lost interest in exchanging liaison offices with the US, although the reasons for their apparent change is unclear. He said that the US has laid out in detail what it would take to lift trade sanctions against the DPRK, adding, "We would be prepared to lift those related sanctions as ... there were tangible signs that tensions were being reduced for instance through confidence building measures." David Brown, a Washington consultant who formerly ran the US State Department's office of Korean affairs, was quoted as saying, "What we might expect from these talks, even under the best conditions, [is] a series of small confidence-building measures. We need to reduce the size and scope of military exercises, to exchange observers, create lines of communications and other basic things." Both the US and the ROK are likely to insist on the restoration of some kind of UN-enforced buffer zone to replace the Neutral Nations Advisory Commission. Meanwhile, a recent paper by US Defense Intelligence Agency analyst Russell Travers stated, "The window is rapidly closing for any possibility for a large-scale attack by the North. Within a few years and perhaps sooner, its military and society will simply have decayed beyond a point at which it can conduct [such] operations." While many observers hope that the peace process can lay the groundwork for eventual Korean reunification, University of California, Berkeley Professor Emeritus Robert Scalapino warned recently that the PRC will not actively support Korean reunification because its interests lie "strongly in the maintenance of two Korean states."

2. KEDO

Reuters ("KEDO SEEKS BIDS FOR 44,000 MT FUEL OIL TO N. KOREA," Washington, 12/05/97) reported that the International Services Corporation (ISC) said Friday that the Korean Peninsula Energy Development Organization (KEDO) is seeking bids for 44,000 metric tons of fuel oil to be delivered in January at two DPRK ports. Half the fuel oil would be delivered to the port of Nampo/Songrim and the other 22,000 tons would be delivered to Sonbong. The fuel could come from any country except Cuba, Iran, Iraq, Libya, the DPRK, or Serbia. Separately, ISC said it received enough bids to fill a prior 44,000-ton oil shipment to the same ports. The delivery period for that oil will be split over December 10-15 or December 16-20.

State Department spokesman James Foley ("STATE DEPARTMENT NOON BRIEFING," Washington, USIA Transcript, 12/05/97) repeated US assertions that Japan and the ROK will continue to provide funds to the Korean Peninsula Energy Development Organization. Foley stated, "We believe that our partners in the program are committed to meeting the contributions, the obligations which they shouldered. They've not indicated to us that they don't intend to meet those obligations. On the contrary, they have confirmed that they will meet those obligations."

3. ROK-DPRK Red Cross Talks

Reuters ("SEOUL ACCEPTS RED CROSS TALKS WITH NORTH IN CHINA," Seoul, 12/07/97) reported that the ROK Red Cross said Sunday that it had accepted a proposal from its DPRK counterpart to hold talks on food aid in Beijing and suggested December 22 for the meeting. Chung Won-shik, head of the ROK Red Cross, in a letter to the DPRK Red Cross said, "I think it would be better for the South-North Red Cross representatives to meet on the Korean peninsula. But it is more important that we deliver the sincere donations of our people to your side, and thus I accept your proposal to meet in Beijing." Chung added in the letter that he hoped the DPRK would improve its aid distribution methods.

4. Future of DPRK

The Los Angeles Times (Sonni Efron, "NORTH KOREA: THE COMMUNIST INVALID THAT REFUSES TO EXPIRE," Tokyo, 12/07/97) reported that analysts in the US, Japan, and other countries are no longer expecting the immanent collapse of the DPRK. Nicholas Eberstadt of the American Enterprise

Institute stated, "Back in March, people were ready to write North Korea's obituary, but now, since the victim refused to die in the time period allocated, there's been some revision." Regarding the four-party peace talks, Hajime Izumi of Japan's Shizuoka University said that Russia and Japan will eventually want to be included in the talks and should be guarantors of any final pact. As for the DPRK food situation, Norman D. Levin of the Rand Corporation stated, "They have more food available now than they have had most years." He also noted that the DPRK government is trying to secure supplies to alleviate its energy shortage. A Russian Foreign Ministry official confirmed that Russia is now talking to the DPRK about the possibility of restarting an old Russian-built oil refinery in the East Sea port of Sunbong. As for the possibility of economic reform, Hong Kwan-hee, a researcher at the ROK's Institute for National Unification, said that although the PRC is supplying a huge amount of food aid to the DPRK, the PRC government's efforts to encourage economic reforms have gone nowhere, and thus the sudden collapse of the DPRK cannot be ruled out. According to an analysis by L. Gordon Flake, director of research at the Korea Economic Institute, a straw poll of 40 international DPRK experts assembled for a conference in Washington in September found that 25 percent believed the DPRK will be fundamentally unchanged in five years' time; 40 percent predicted it will adopt reforms; 26 percent thought it will be under foreign or ROK control; and 9 percent foresaw internal chaos but no foreign control. Economist Marcus Noland argued in a recent article in *Foreign Affairs* magazine that "China, Japan, Russia and arguably even South Korea may well prefer a muddling, domesticated North Korea to a capitalist and possibly nuclear-armed unified state on the Korean peninsula. North Korea may muddle through for years before turning toward reform or chaos, especially if external powers find this solution to be in their interests."

5. ROK Financial Crisis

Reuters ("IMF RACES TO FUND S. KOREA," Washington, 12/07/97) and the Washington Post (Paul Blustein, "IMF WARNS SHORTFALL OF FUNDING POSSIBLE," 12/06/97, G01) reported that International Monetary Fund (IMF) First Deputy Managing Director Stanley Fischer said Friday that negotiations for the bailout of the ROK were particularly difficult due to the precariousness of the situation. "When we were invited in, Korea was possibly 10 days away from a financial catastrophe," he stated. The ROK has already received an initial payment of US\$5.6 billion and a further US\$3.6 billion will be made available from December 18, after a first review of the economic reform program agreed with the IMF. A second review follows on January 8 and another US\$2 billion could then be handed over.

The Los Angeles Times (David Holley and Sonni Efron, "DESPITE BAILOUT, SOUTH KOREANS REMAIN UPBEAT," Seoul, 12/07/97) reported that despite the recent financial problems, many ROK citizens remain optimistic about the nation's long-term future. Cho Dong-sung, professor of international economics at Seoul National University, said that the IMF will force structural changes that will make the ROK financial and industrial systems stronger in the long run. However, Ha Seung-chang of the Citizens Alliance for Economic Justice, demanded renegotiation of the IMF pact. Meanwhile, ruling party presidential candidate Lee Hoi-chang said that a properly managed IMF bailout "can provide a good opportunity to strengthen the economy." He added, "All this trouble resulted from the three-Kims politics, with power-money collaboration and corruption." Opposition candidate Kim Dae-jung predicted that "this IMF affair will be over in a year and a half or two years maximum, and by the year 2015 Korea will be either unified or there will be close cooperation between South and North. According to our calculation, by 2013, our economy will reach or even slightly surpass that of the United Kingdom." Stephen Noerper, a Korea specialist at the Asia-Pacific Center for Security Studies in Honolulu, said that "The North Koreans, in private, have always maintained a certain pride in South Korean development that they would never admit to in public," adding that the current economic turmoil "causes them tremendous concern, regardless of their rhetoric." Marcus Noland of the Institute for International Economics in Washington calculated that

under the best-case scenario, reunification could leave the ROK at least US\$3.5 billion a year richer than it is now. At worst, it would spend at least US\$50 billion per year supporting the DPRK. "It means there is no necessity for conflict between the economic interests of South and North Koreans," Noland stated.

6. US Nuclear Policy

The Washington Post (R. Jeffrey Smith, "CLINTON DIRECTIVE CHANGES STRATEGY ON NUCLEAR ARMS," 12/07/97, A01), the New York Times (Steven Lee Myers, "U.S. 'UPDATES' NUCLEAR WAR GUIDELINES," Washington, 12/08/97) and the Los Angeles Times (Paul Richter, "CLINTON ORDERS REVISED NUCLEAR WEAPON POLICY," Washington, 12/07/97) reported that senior administration officials said that US President Bill Clinton last month issued new guidelines for the targeting of US nuclear weapons. The new guidelines remove the requirement that the military be prepared to win a protracted nuclear war, instead specifying that the military aim its nuclear forces to deter the use of nuclear arms against US forces or allies through the threat of massive response. Clinton's directive, which replaces one signed by President Ronald Reagan in 1981, nonetheless calls for US war planners to retain options for nuclear strikes against Russia. Several sources also said that the directive's language allows for broadening the list of sites that might be struck in the event of a nuclear exchange with the PRC, and for US nuclear strikes after enemy attacks using chemical or biological weapons. Robert G. Bell, a special assistant to the president and senior director for defense policy at the National Security Council, said that the document affirms that the US will continue to rely on nuclear arms as a cornerstone of its national security for the "indefinite future," and that it will retain a triad of nuclear forces consisting of bombers, land-based missiles and submarine-based missiles. The document sets only broad targeting policy and will be translated over the next 10 months into more concrete military requirements by the military staff of the Strategic Command.

7. Global Land Mine Ban

Agence France-Presse ("RUSSIA TO SIGN LAND-MINE TREATY AT SOME POINT," Moscow, 12/08/97) reported that the Russian news agency Interfax quoted Russian Foreign Ministry spokesman Guennady Tarassov as saying Monday that Russia will sign the treaty for a global ban on land mines "within a reasonable amount of time." He said the date would depend "on the time needed for Russia to rapidly replace mines used to defend its military and nuclear bases."

8. US Military Bases in Japan

Reuters ("RESIDENTS NEAR U.S. AIR BASE IN JAPAN SUE OVER NOISE," Tokyo, 12/08/97) reported that Japan's Kyodo news agency said Monday that nearly 3,000 Japanese citizens filed a lawsuit demanding more than 2.25 billion yen (US\$17.4 million) in compensation from the Japanese government for noise from a US air base near their homes. The suit was the third and largest of its kind lodged by residents near the base, Kyodo said.

II. Republic of Korea

1. Four-Party Talks

Full-dress Korean peninsula peace talks are set to open in Geneva Tuesday with high-level delegates from the ROK, the DPRK, the PRC, and the US attending. This marks the first multilateral attempt to discuss the establishment of a peace structure on the Korean peninsula in Geneva since April 1954 when the interested countries gathered there to study the possibility of replacing the armistice system with a peace regime. With the start of the two-day talks, the chief delegates, ROK

Ambassador Lee See-young, DPRK Vice Foreign Minister Kim Gye-gwan, PRC Vice Foreign Minister Tang Jiaxuan, and US Assistant Secretary of State Stanley Roth, are expected to make keynote speeches expressing their hope for the setup of a permanent peace system on the Korean peninsula. The afternoon sessions, to be presided over by Roth, will address how to set up subcommittees to deal with such topics as the establishment of a peace structure, measures to reduce tension and build confidence and inter-Korean economic cooperation, and how to organize future talks. Meanwhile, officials in the ROK, including ROK Foreign Minister Yoo Chong-ha, advised against "early optimism," because the two Koreas have many problems to address. As the DPRK dispatched Vice Minister Kim to the meetings, who also headed the DPRK delegation to preliminary talks, many think that the upcoming sessions are only a "continuation" of preliminary rounds rather than full-fledged discussions on the establishment of a peace system. (Korea Times, "4-PARTY TALKS OPEN IN GENEVA TODAY," 12/09/97)

2. DPRK Political Situation

The DPRK is preparing to convene its Supreme People's Assembly (SPA), which has remained virtually defunct over the past three years, according to accounts by recent visitors to the DPRK. ROK Intelligence sources Monday said that visitors reported that the DPRK is replacing members of the SPA, which is a sign that the 10th SPA session will be held soon. The sources expected the session to be held during the first half of 1997, possibly around March. New party leader Kim Jong-il is expected to be made president at the session. The DPRK is also expected to fill the post of prime minister, which has been left vacant, at the session. DPRK analysts are also forecasting possible changes at the SPA, where the DPRK usually sets forth economic policies. Analysts have long said that the economic woes plaguing the DPRK might well force Kim Jong-il to remove the office of presidency from the DPRK's power structure. (Korea Herald, "NORTH KOREA PREPARING TO CONVENE SUPREME PEOPLE'S ASSEMBLY," 12/09/97)

3. ROK-DPRK Red Cross Talks

The ROK National Red Cross (KNRC) on Monday proposed to the DPRK Red Cross a fourth round of talks to discuss aid to the DPRK. The meeting, to be held at the China World Hotel in Beijing on December 22, was proposed by President Chung Won-shik of the KNRC in a message to his DPRK counterpart, Ri Sung-ho. The KNRC has completed delivery of 100,000 tons of mostly grain aid over the past eleven months. KNRC officials have said that next time they plan to provide not only food but also clothing and medicine for children. (Korea Herald, "KOREAN RED CROSS PROPOSES MEETING ON AID TO NORTH KOREA," 12/09/97)

4. ROK-Japan Fisheries Talks

ROK Foreign Minister Yoo Chong-ha on Monday said that the ROK will risk Japanese abolition of a 1965 fishing accord rather than allow a new agreement to affect the ROK's sovereignty over the Tokdo islets. In a weekly meeting with top officials of his ministry, Yoo said that the fisheries talks cannot and should not be linked to the ROK's call for Japanese financial assistance to help it overcome its economic woes. The ROK and Japan failed to agree on a revision to their existing fisheries accord after two rounds of high-level political talks over the past month. The ROK wants to maintain 12-nautical mile territorial waters around the Tokdo islets and leave adjacent area as high seas, while Japan wants to set up a joint management fishing zone around the islets. ROK officials have rejected the Japanese proposal, fearing it would damage the ROK's sovereignty over the islets. (Korea Herald, "KOREA TO REMAIN FIRM ON TOKTO SOVEREIGNTY," 12/09/97)

III. Announcements

1. DPRK Renewable Energy Delegation Visits US

The DPRK Renewable Energy Delegation visited the United States from November 21-December 6, 1997. Their visit was hosted by the Nautilus Institute for Security and Sustainable Development based in Berkeley California.

The Delegation visited many renewable energy sites in the United States, including the Sacramento Utility Municipal District solar cell central station; the Zond Corporation wind farm in Tehachapi; the National Renewable Energy Laboratory in Colorado; and many other renewable energy firms.

Along the way, they received expert briefings on renewable energy and energy efficiency at Lawrence Berkeley Laboratory and from specialist renewable energy organizations including: the American Council for an Energy Efficient Economy; the International Institute for Energy Conservation; the Atlantic Council; the National Rural Electric Cooperative Association; and the National Wind Energy Association and the Solar Energy Industries Association.

The delegation also met with US Department of Energy officials in Washington DC, the first time that a DPRK delegation has visited DOE headquarters. They were also briefed at the World Bank on renewable energy international programs, the first ever visit by a DPRK delegation to the World Bank.

At the conclusion of the visit, the DPRK Renewable Energy Delegation and the Nautilus Institute agreed to establish in the DPRK in 1998 the US-DPRK Pilot Renewable Village Energy Project using small-scale US windpower turbines to meet humanitarian energy-related needs in rural end uses such as household lighting, medical clinic energy needs, agricultural water pumping, and food processing energy needs.

More information about this visit can be found on the Nautilus web site at:

[DPRK Renewable Energy Delegation](#)

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.

Produced by [the Nautilus Institute for Security and Sustainable Development](#).

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