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I. United States

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1. US DPRK Coordinator's Asia Trip

Reuters ("CHINA URGES PATIENCE IN KOREAN NUCLEAR ROW," Beijing, 12/08/98) reported that William Perry, US policy coordinator for the DPRK, flew into Beijing on Tuesday for talks with PRC officials. PRC government spokesman Zhu Bangzao said that the PRC opposed any retreat from the 1994 Agreed Framework. Zhu stated, "We hope the parties directly concerned will cherish the results already achieved and continue to solve emerging problems through patient cooperation." He added, "We hope the parties concerned will resolve the nuclear issue through dialogue and consultations rather than other measures which might escalate further the conflict." Zhu argued, "We believe the parties concerned on the whole are quite serious about implementing the nuclear framework and there has been certain progress in implementing this agreement. China has all along stood for de-nuclearization of the Korean peninsula and the maintenance of stability and peace on the peninsula."

The United States Information Agency carried a press release ("PRESS RELEASE ON PERRY VISIT TO KOREA," Seoul, 12/08/98) which said that former US Secretary of Defense William J. Perry finished two days of "intensive" meetings with ROK officials and DPRK specialists on Tuesday. The press release stated, "Dr. Perry met with President Kim Dae Jung, Foreign Minister Hong, Minister of National Defense Chun, Minister of National Unification Kang, National Security Advisor Lim, and NIS Director Lee. He also met with scholars, former government officials, and Korean business leaders, representing a wide range of South Korean views convened by the Seoul Forum. Perry also visited the Combined Forces Command and U.S. Forces Korea." Perry said before departing Seoul, "It was important for us to consult with the ROK because any U.S. policy must be conducted shoulder-to-shoulder with the ROK. We came to listen, not present any views of our own, since we just began this policy review. We have not come to any judgments."

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2. DPRK Missile Tests

The Associated Press ("REPORT: NKOREA BUILDS MISSILE SITES," Tokyo, 12/08/98) and Reuters (Teruaki Ueno, "JAPAN SAYS NO INFORMATION ON NORTH KOREA MISSILE BASES," Tokyo, 12/08/98) reported that Japan's NHK television on Tuesday quoted Japanese Defense Agency sources as saying that US spy satellites have confirmed what appear to be three missile bases under construction in the northern part of the DPRK. The report said that the three new facilities are being built at depths ranging from 165 feet to 330 feet. A fuel storage facility reportedly will be completed in one or two years at one of the underground sites. Hosei Norota, Director General of Japan's Defense Agency, stated, "We have heard various rumors but we don't have any information that can confirm (the report)." Similarly, Foreign Ministry spokesman Sadaaki Numata said, "While we cannot entirely rule out these possibilities, we are yet to have hard evidence or information about these alleged sites. And in that sense, we are not in a position to confirm these reports." He urged

the DPRK to make a "sincere and earnest" response to the US in ongoing negotiations. He stated, "What we would like to say to North Korea is to not engage in this sort of intimidatory rhetoric but to respond sincerely to the concerns on the part of its neighbors and on the part of the international community."

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3. US-DPRK Talks

The Washington Times (Ben Barber, "U.S. TALKS TO N. KOREA ABOUT UNDERGROUND SITE," 12/08/98) reported that an anonymous source close to the ongoing US-DPRK talks said the US would offer "carrots" to the DPRK, possibly related to the ending of sanctions. The source said that the DPRK could scarcely feed its own people and was desperately seeking income, either as a price for cooperating with US anti-nuclear programs or from exports of missile technology to Iran, Syria and Pakistan. He added that since the DPRK rocket launch in August, the DPRK's missile development and export program has been increasingly linked to US cooperation on opening trade. [Ed. note: This article was one of the top news stories in the US Department of Defense's "Early Bird" news service.]

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4. DPRK War Warnings

The Associated Press (Edith M. Lederer, "N. KOREA ACCUSES U.S. OF HOSTILITY," United Nations, 12/07/98) reported that the DPRK's UN Ambassador Li Hyong-chol asked the UN Security Council to circulate a statement issued last Wednesday from an unidentified spokesman for the army's general staff that accused the US of looking for a pretext for a second Korean war. The UN released the document on Monday.

Reuters ("NORTH KOREA CALLS ITS ARMY ANGRY TIGER READY FOR ENEMY," Tokyo, 12/08/98) reported that DPRK Army General Officer O Kum-chol said Tuesday that the DPRK is ready to defeat the US and its allies. O stated, "Soldiers of the Korean People's Army are firmly determined to annihilate the U.S. imperialists, Japanese reactionaries and South Korean puppets at one stroke. Our People's Army ... will let loose its pent-up anger and shower thunderbolts of revenge upon the enemies like an angry tiger." He added, "We have lived with rifles all our life for a decisive battle."

The International Herald Tribune carried an analytical article (Richard Halloran, "ADDING TO THE RHETORIC OVER NORTH KOREA: TALK OF WAR," Honolulu, 12/07/98) which said that the recent elevation of DPRK hostile rhetoric appeared to be more intense than "the normal bluster of Pyongyang's pugnacious negotiating style." The article stated, "While the North Korean bombast may be just that, U.S. officials in Seoul and Washington have not brushed it aside as in the past. Military maneuvers of the kind Pyongyang's army is conducting are inherently dangerous: They look much like forces preparing for attack, especially when they are close to the Demilitarized Zone that splits the peninsula."

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5. EU Visit to DPRK

Reuters ("EUROPE PARLIAMENT DELEGATION ARRIVES IN N.KOREA," Tokyo, 12/08/98) reported that the DPRK's official Korean Central News Agency (KCNA) said that a delegation of the European parliament arrived in Pyongyang on Tuesday. The delegation was headed by Leo Tindemans, member of the European parliament. The report gave no details on the purpose of the delegation's

visit.

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6. ROK-DPRK Economic Cooperation

The Associated Press ("HYUNDAI CHIEF TO VISIT N. KOREA AGAIN FOR BUSINESS TALKS," Seoul, 12/08/98) reported that Hyundai officials said Tuesday that Chung Ju-yung, founder of the ROK's Hyundai business group, will visit the DPRK again next week to discuss tourism and other business deals. Chun will cross the border at the truce village of Panmunjom next Tuesday for his third visit to the DPRK this year. The officials said that he will bring a gift of 50 passenger cars. Chung will follow up with DPRK on other joint venture projects agreed on earlier, including a thermal power plant, a car assembly plant, and an industrial park.

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7. ROK Air Defense

The Associated Press ("SEOUL TO REVIVE AIR DEFENSE PLAN," Seoul, 12/08/98) reported that ROK Defense Ministry officials said Monday that the ROK will revive a US$2.3 billion plan to build a new air defense system to replace its aging US missiles. The ROK has been planning for some time to replace its Nike-Hercules missile defense system, but put the project on hold this year because of the financial crisis. The decision to revive the project came after a Nike-Hercules antiaircraft missile was accidentally fired over Inchon on Friday. Officials are considering replacing the Nike-Hercules missiles with US Patriot missiles or Russia's S-300 missiles. Military officials reportedly prefer Patriots, but their cost of US$700,000 per missile is a third more than the cost of the Russian missile.

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8. Chaebol Restructuring

The International Herald Tribune ("FIVE COMPANIES IN KOREA PLAN TO SHED UNITS," Seoul, 12/08/98) reported that the ROK's five largest conglomerates, in a meeting with President Kim Dae-jung and his top policymakers, pledged Monday to shed more than half their subsidiaries. The agreement established core areas of business for each of the five largest chaebol--Hyundai, Samsung, Daewoo, LG and SK--and the number of companies each has to give up. The agreement did not establish a timetable, but gave the chaebol a week in which to present detailed plans. Kang Bong-kyun, who is leading the restructuring program, stated, "The family-run chaebol will revamp their organizations to make them fit in better with a market-oriented management system." He said that by agreeing to change, the chaebol have "agreed to share the pain" with smaller companies and workers. John Dodsworth, senior representative for the International Monetary Fund in Seoul, cautioned against excessive optimism but said that the agreement shows the chaebol are moving in the right direction. Richard Samuelson, manager of Warburg Dillon Read Securities in Seoul, stated, "There's going to be a strong temptation on the part of the conglomerates to appear to be downsizing. Until there's real evidence of families removing themselves from power, you have to be suspicious."

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9. ROK Imports of Japanese Culture

The Associated Press ("S.KOREA CINEMAS SHOW JAPANESE MOVIE," Seoul, 12/05/98) reported

that the Japanese film "Hana-Bi" ("Fireworks") was released in the ROK on Saturday, the first public screening of a Japanese movie in the ROK since Korea's liberation from Japanese colonial rule. "Hana-Bi," directed by Takeshi Kitano, won the grand prize last year at the Venice Film Festival. Another Japanese film, "Kagemusha," ("Shadow Warrior") was scheduled to be released in the ROK later this month.

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10. Korean Forced Labor during World War II

Dow Jones Newswires ("S. KOREAN WOMEN SEEK APOLOGY FROM MITSUBISHI HEAVY - KYODO," Nagoya, 12/07/98) reported that Japan's Kyodo News said that two ROK women forced to work at an aircraft factory of Mitsubishi Heavy Industries Ltd. during World War II visited the company's factory in Nagoya on Monday and sought an apology. The two women, Kim He-ok and Yan Kum-dok, are preparing to sue Mitsubishi and the state for unpaid wages. An attorney involved in the negotiations said that Mitsubishi Heavy Industries did not respond to their requests, saying they were not able to find information from that time. He added that the company promised to look for information regarding employment during the war and agreed to continue negotiations.

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11. Taiwanese Elections

Dow Jones Newswires (Betty W. Liu, "NATIONALISTS WIN TAIWANESE ELECTIONS, EASING STRAIN ON RELATIONS WITH CHINA," Taipei, 12/07/98) and Cox News Service ("TAIWAN PRO-INDEPENDENCE MOVEMENT DEFEATED," Taipei, 12/05/98) reported that analysts said Sunday that the victory by the Nationalists in Taiwan's legislative elections and Taipei mayoral race is expected to keep relations with the PRC on track. Chen Yu-chun, a professor at Chinese Culture University in Taipei and a lecturer at Beijing University, stated, "The results are a relief for Beijing ... and will likely help stabilize cross-strait relations." Ramon Myers of the Hoover Institution at Stanford University stated, "If this election had turned out in [incumbent Taipei Mayor Chen Shu-bian's] favor, it would be another of those aggravating factors that would be perceived as making the government in Beijing more nervous." Su Ge, part of a 10-member PRC delegation monitoring the elections, said that his delegation was "concerned" about a clause in the opposition Democratic Progressive Party platform calling for an independent Taiwan. He added, however, that Taiwan's commitment to holding democratic elections would not "cause a barrier to reunification" if Taiwan ultimately agrees to return to the mainland. He stated, "The people of Taiwan can continue their economic and political structures unchanged, and mainland China can continue with its structure and systems."

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12. PRC Military Businesses

The Associated Press ("CHINESE ARMY HANDS OVER BUSINESSES TO BEIJING," Beijing, 12/05/98) reported that the PRC's official Beijing Daily said Saturday that the People's Liberation Army handed over 68 enterprises with total assets of US$170 million in Beijing to the city government on Friday as part of a Communist Party order. It said the businesses covered real estate, pharmaceuticals, trade and transportation.

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13. Alleged PRC Missile Technology Exports

The Associated Press ("CHINA DENIES HELPING WEAPONS PROLIFERATION," Beijing, 12/08/98) reported that PRC Foreign Ministry spokesman Zhu Bangzao denied Tuesday that the PRC has aided weapons proliferation. Zhu stated, "China's position on the export of missiles has proceeded always from being responsible for security in the region and has honored its commitment by adopting effective and strict controls, and there is no such issue of proliferation." The Washington Times said that the PRC had supplied Iran with telemetry equipment that could be used in testing missiles such as its new Shahab-3, which was tested for the first time this year.

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14. Alleged US Technology Transfers to PRC

The Washington Post (Vernon Loeb and John Mintz, "CIA FACES CRIMINAL PROBE IN CHINA CASE," 12/05/98, A01) and the New York Times (Jeff Gerth, "OLD CONCERNS OVER DATA TRANSFER TO CHINA GET NEW ATTENTION," Washington, 12/07/98) reported that the US Justice Department has initiated a criminal probe of the Central Intelligence Agency (CIA) to determine whether the agency obstructed justice when it provided information to Hughes Electronics Corp. about the scope of an ongoing congressional investigation into the transfer of US space technology to the PRC. Government sources said that the CIA provided information to Hughes about the Senate Select Committee on Intelligence's technology transfer investigation that might have enabled the firm to anticipate the moves of congressional investigators. The sources said that the Justice Department initiated the obstruction probe at the request of the Senate committee. High-ranking CIA officials, including the agency's general counsel, have agreed to testify next week before a federal grand jury in Washington. A CIA spokesman said the agency is fully cooperating in the obstruction probe. Another CIA official, speaking on background, acknowledged that the agency may have erred in providing certain information to Hughes, but he added that the information was turned over in the normal course of business between the agency and one of its major classified contractors with no intention of interfering with the investigation. Hughes spokesman Richard Dore said, "Hughes has not been provided information by the CIA regarding the details of federal criminal investigations involving Hughes."

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15. Russian Ratification of START II

The Associated Press ("RUSSIA POSTPONES NUKE TREATY TALKS," Moscow, 12/08/98) reported that the Russian Duma postponed discussions on the START II treaty Tuesday after failing to meet a deadline for sending a related measure on nuclear weapons to President Boris Yeltsin. The Duma Council had planned Tuesday to review a bill outlining Russia's nuclear weapons program, but it delayed debate because no parliamentary factions except the Yabloko party submitted proposals or suggestions for the measure. Yabloko leaders accused Communists in the Duma of once again stalling on the treaty. Meanwhile Nikolai Kharitonov, a leader of the Communist-allied Agrarian Party, said he had changed his mind about the treaty after a meeting with Prime Minister Yevgeny Primakov, and now supported it. Kharitonov suggested that Russia could enhance its prospects for Western financial aid by ratifying the treaty.

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16. Russian Missile Forces

The Associated Press ("RUSSIA TO LAUNCH OLD MISSILES," Moscow, 12/04/98) reported that the Interfax news agency said that the Russian missile forces are considering launching old Scalpel

missiles that they can no longer afford to maintain. The missiles would be launched without warheads, and their trajectory would be calculated so that they use up all their fuel and then burn in the atmosphere. However, engineers warned that since the service life of the missiles has expired, they are no longer sure whether the missiles will accurately follow their programmed path.

II. Republic of Korea

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1. DPRK Underground Facilities

JoongAng Ilbo ("MORE THAN 8,200 UNDERGROUND SITES IN DPRK," Seoul, 12/08/98) reported that an "unusually candid" ROK government report revealed the "staggering" fact that there are more than 8,200 underground sites in the DPRK. According to the Ministry of Defense on December 8, the combined length of these underground facilities that are located throughout the DPRK reaches 5,000,047 km. The vast scale of these underground sites is the largest in the world. This is the first time that ROK government authorities officially confirmed the number and scale of DPRK underground facilities. A high ranking official from the ROK Information Department of the Defense Ministry issued a report titled "Recent DPRK Military Movement" at a unification-related meeting on December 8. The official stated, "Recently, the DPRK moved 180 armament factories underground, apparently to prepare for war. The DPRK is now periodically conducting war-time mobilization exercises." He continued, "The DPRK has built an emergency runway and anti-tank barriers on the Pyongyang-Kaesong Highway and in the coastal region, they deployed multiple-rocket-launcher units and are setting up double barbed wire entanglements." At the same time, the DPRK deployed 60 percent of its armed forces south of the Pyongyang-Wonsan line. The DPRK army possesses enough munitions, foodstuffs, and oil to carry out a war lasting three to four months without any additional outside supplies.

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2. ROK-DPRK Economic Cooperation

Chosun Ilbo ("HYUNDAI BOSS VISITS DPRK FOR THIRD TIME," Seoul, 12/08/98) reported that the Hyundai group announced Tuesday that honorary chairman Chun Ju-yong will visit the DPRK next week for three days to discuss the Mount Kumgang tour and other joint projects. This is the third visit for Chun this year. He will be accompanied by five Hyundai officials, including the president of Hyundai Construction. The group also said that it will send a total of fifty cars--ten Avante, twenty Accent, and twenty Atoz--worth US$540,000 to the DPRK through Panmunjon, on a deferred payment basis, at a request from the DPRK's Asia-Pacific Committee. Hyundai sent twenty cars to the DPRK on Chun's second visit using the same "method of payment."

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3. ROK Military Mishaps

Chosun Ilbo ("DEFENSE MINISTER WARNED ON ACCIDENTS," Seoul, 12/08/98) reported that ROK President Kim Dae-jung issued a stern warning to Defense Minister Chun Yong-taek over the recent spate of non-fatal and fatal accidents, and ordered the military to maintain a higher state of alert. A Chongwadae spokesman said that the president had initially mulled replacing Chun, but considering that the minister had successfully reformed the military and accidents are actually down 37 percent from 1997 figures, decided on a reprimand. The opposition Grand National Party (GNP) countered

the statement saying that Kim was giving Chun a "political indulgence" and were critical of the president for not understanding the wishes of the people.

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4. ROK Missile Misfire

JoongAng Ilbo ("DPRK CRITICIZES MISSILE MISHAP," Seoul, 12/07/98) reported that the DPRK's state-run Central Broadcasting Company, citing reports from Seoul, reported on December 6, "A big uproar happened on December 4 when a Nike Hercules surface-to-air missile was accidentally launched from an air defense base in Inchon." The broadcaster denounced the ROK for the many injured people and numerous cars damaged from this serious accident. It added, "This accident clearly shows how enthusiastically absorbed the war maniac in the ROK is in developing and testing missiles."

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5. ASEAN Summit

Chosun Ilbo ("KIM TO ATTEND ASEAN SUMMIT IN VIETNAM," Seoul, 12/08/98) reported that ROK President Kim Dae-jung will make an official visit to Vietnam between December 15 and 17 for an Association of Southeast Asian Nations (ASEAN) summit meeting. During his visit, Kim will also participate in a three-way meeting with the PRC and Japan and have side meetings with attending heads of ASEAN member countries. Major agenda items for the summit meetings include the financial crisis in East Asia; multilateral trade issues; and promotion of peace in the region. The presidential office has already confirmed that President Kim will meet with his Vietnamese counterpart, Tran Duc Luong, and Japanese Prime Minister Keizo Obuchi on December 15.

III. Russian Federation

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1. DPRK War Warnings

Nezavisimaia gazeta ("PYONGYANG REPLIES TO WASHINGTON," Moscow, 6, 12/5/98) reported that it received from the DPRK Embassy in Moscow the official translation of the statement made by a DPRK Armed Forces General Staff representative. The statement said: "The US President, who visited South Korea ... made a final test of mobilization readiness of aggressive US troops." The statement rendered in detail the contents of US "operative plan 5027, being a plan for the second aggressive war against Korea" under which "over 545,000 bayonets of aggressive US troops, the puppet South Korean army numbering over 630,000, 5-7 groups of ships led by aircraft carriers, F-117 and F-111 fighter bombers, B-1, B-2, and B-52 strategic bombers with nuclear weapons on board are to be engaged."

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2. PRC-Ukraine Military Links

Nezavisimoye voyennoye obozreniye's Nikolai Dmitriyev ("CHINA PLANS TO TRAIN OFFICERS IN UKRAINE," Moscow, 3, 12/5/98, #46) reported that a PRC military delegation headed by Major General Leng Chenhui, Deputy Chief, Main Directorate for Military Training, PLA General Staff, visited the Ukraine and inspected some military education facilities, including Air Force Institute

and Ground Force Institute in Kyev and Military Pilots Institute and Air Defense Institute in Kharkov. Ukraine might become one of countries where PRC servicemen are to undergo military training.

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3. Arrest of PRC Democratic Party Founder Izvestia's Vladimir Skosyrev ("TINY BUT DANGEROUS," Moscow, 3, 12/2/98) reported that PRC police arrested on criminal charges a prominent dissenter Sui Wenli, 56, who in the past spent 12 years in prison, and four other activists who, obviously encouraged by the PRC's accession this October to the International Covenants on Civil and Political Rights, created the Democratic Party of China. Recently Li Peng, CCP Politburo Member and Chairman of the PRC Parliament, told a German businessman that a multiparty system and division of authority were not suitable for the PRC and that foreigners should not try to impose their constitutions on the PRC.

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4. RF Administration Changes

Nezavisimaia gazeta's Natalya Konstantinova and Vitaliy Marsov ("BORIS YELTSIN DISBANDED IN FACT ALL CHIEFS OF HIS ADMINISTRATION," Moscow, 1, 3, 12/8/98) and other newspapers reported that RF President Boris Yeltsin on Monday arrived at the Kremlin to spend a few hours signing decrees on the retirement of high-ranking chiefs of his administration, and then "promptly returned back to his hospital bed to complete his treatment." Valentin Yumashev, Chief of the RF Presidential Administration, his three deputies--Yuriy Yarov, Mikhail Komissar and Yevgeniy Savostyanov--as well as Aleksandr Starovoytov, Chief of the RF Federal Agency of Governmental Communications and Information, were retired. Nikolai Bordyuzha was appointed a new Chief of Administration in addition to his position of RF Security Council Secretary. According to Nezavisimaia gazeta's authors' "feeling," those changes possibly signify that Boris Yeltsin totally trusts RF Premier Yevgeniy Primakov and therefore has in fact liquidated the Presidential Administration and the Security Council as political and lobbyist bodies working in parallel with the Government, and at the same time has concentrated the power in one single "fist."

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5. RF-Japanese Summit Declaration

Nezavisimaia gazeta ("MOSCOW DECLARATION," Moscow, 6, 12/2/98) published the full text of the Declaration signed by RF President Boris Yeltsin and Japanese Premier Keizo Obuchi in Moscow on 11/13/98.

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6. RF-PRC Joint Statement

Nezavisimaia gazeta ("RUSSIAN-CHINESE RELATIONS ON THE THRESHOLD OF THE 21ST CENTURY," Moscow, 6, 12/5/98) published the full text of the Joint Statement made by RF President Boris Yeltsin and PRC Chairman Jiang Zemin in Moscow on 11/24/98.

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7. RF-Japan Links Izvestia's Vasliy Golovnin ("CHUBAIS INVITED JAPANESE TO LAY DOWN A CABLE FROM SAKHALIN," Tokyo, 2, 12/4/98) reported that Anatoly Chubais, Chairman of the Governing Board of "Unified Energy System of Russia" Company, and former First Deputy Premier

of the RF, on a visit to Japan suggested building an underwater energy transmission cable from Sakhalin to Hokkaido. Although the costs are estimated at US$10-12 billion, his "exotic plan" gained some support there. Also, in his interviews Chubais assured the Japanese media that at the RF presidential elections in 2000 neither Moscow Mayor Yuriy Luzhkov, nor Krasnoyarsk Governor Aleksandr Lebed would have any chance to win, while "right centrists" including himself could support RF Premier Yevgeniy Primakov if he agrees to run.

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8. RF Membership in APEC

Novaya gazeta's Vladimir Kulagin ("ORIENTAL EXPRESS MAY DRAWN IN THE PACIFIC OCEAN," Moscow, 17, 11/30/-12/6/98, #47) commented on APEC summit in Kuala Lumpur. The author is cautious about the RF's final jump into "the last car of that 'Oriental Express.'" Concerning the obligations of APEC member states to gradually do away with their trade tariffs, the author is pessimistic about the ability of the RF car industry to compete with its US, Japanese, and ROK rivals in an open market. APEC membership might become beneficial to RF oil and gas exporters, but not to those who work in the domestic market. "90 percent of Russians and of the Russian economy will pay for that," the author stressed, meaning the RF trade obligations under the APEC trade arrangements. Moreover, "the accession to the APEC free trade zone, which accounts for 20 percent of RF trade, will block any hopes for accession of the RF to a similar, yet rival structure of the European Union (60 percent of our trade). Undoubtedly there will be no place left for the CIS countries in the RF market.... It is impossible to travel on several trains simultaneously, and we certainly cannot afford the price of the 'Oriental Express' trip."

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

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