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I. United States

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1. Light-Water Reactor Project

The Associated Press ("JAPAN READY TO PROVIDE \$1 BLN FOR N. KOREAN ENERGY PROJECT," Tokyo, 06/08/98) reported that Japanese Foreign Minister Keizo Obuchi said Monday that Japan is ready to provide US\$1 billion to construct two light-water nuclear reactors in the DPRK. Japan's Kyodo News Agency quoted Obuchi as telling the Diet, "Efforts are under way in Japan to cooperate with \$1 billion, although the nation's fiscal situation remains severe."

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2. ROK Energy Aid to DPRK

The Associated Press ("KOREA ELECTRIC POWER CHIEF OFFERS SURPLUS POWER TO N. KOREA," Seoul, 06/08/98) reported that Chang Young-shik, head of the ROK's state-run Korea Electric Power Corp. (KEPCO), said in a published interview Monday that the ROK plans to provide surplus electricity to the DPRK. Chang stated, "In promoting economic cooperation, electricity can be as important as food." He added, "Technically, the process is very simple and the work can be done within a year, if the two governments reach such a deal." The ROK, which has a total generating capacity of 43 million kilowatts, can produce 20 percent more electricity than it needs daily. ROK officials said that most of the DPRK's power plants are fossil-fired and only produce about 1.5 million kilowatts daily, about one-fifth of their total capacity, because of fuel shortages. Chang stated, "A small fraction of the surplus electricity can help North Korea in a big way. Except for about 100 hours in the summer when electricity demands reach their peak, we have enough surplus to provide them almost throughout the year."

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3. Alleged DPRK Kidnapping of Japanese

The Associated Press ("KIDNAPPING CHARGES HURT OUTLOOK FOR JAPAN-N. KOREA TIES," Tokyo, 06/08/98) reported that Japanese Vice Foreign Minister Shunji Yanai was quoted by Kyodo News as saying Monday that prospects for talks on normalizing ties with the DPRK have dimmed because of suspicions that the DPRK has withheld information about alleged kidnappings in Japan. Yanai said that any new bilateral talks with the DPRK would likely end in failure. He stated, "We will ask North Korea to offer information and investigate."

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4. ROK Policy Toward DPRK

The Associated Press (Robert H. Reid, "SKOREAN PRESIDENT MEETS U.N. CHIEF," United Nations, 06/06/98) and Reuters ("S.KOREA'S KIM DISCUSSES NORTH WITH U.N. CHIEF," New York, 06/07/98) reported that a UN statement said that President Kim Dae-jung on Saturday discussed his proposals to improve relations with the DPRK in a half-hour meeting with UN Secretary-General Kofi Annan. The statement said that Kim told Annan about his new policy for developing peaceful relations with the DPRK, "and explained at length the steps being taken with that objective in mind." It added that the meeting also touched on the recent underground nuclear tests conducted by India and Pakistan "and the effect on international peace and security in general and in particular in eastern South Asia."

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5. Kim Dae-jung's US Visit

The Associated Press ("S. KOREA LEADER TO MEET CLINTON," Washington, 06/08/98), Reuters ("S.KOREA PRESIDENT KIM ARRIVES FOR U.S. VISIT," New York 06/06/98) and Scripps Howard News Service ("SOUTH KOREAN LEADER CARRYING OLIVE BRANCH," Washington, 06/07/98) reported that ROK President Kim Dae-jung will meet with US President Bill Clinton in the Oval Office on Tuesday. At the meeting, Kim is expected to argue that avoiding another confrontation on the Korean Peninsula may depend on a more open US approach to DPRK regime. Kim also plans to meet with congressional leaders during his nine-day visit to the US.

The Wall Street Journal carried an analytical article (Michael Schuman, "SOUTH KOREA'S

PRESIDENT RETAINS POPULARITY DESPITE ECONOMIC WOES," Seoul, 06/08/98) which said that ROK President Kim Dae-jung has the political capital to promote his plans for economic reform and opening towards the DPRK because his popularity has stayed high since his inauguration, as evidenced by his party's victory in last Thursday's local elections. US ambassador to the ROK Stephen Bosworth said that the Kim administration is "making pretty good progress" in implementing financial reforms. However, Del Ricks, head of research at ABN Amro in Seoul, argued, "On the corporate and bank restructuring, things aren't moving as fast as some people would like."

Reuters carried an analytical article (David Storey, "KIM DAE-JUNG AIMS TO REBUILD US TRUST," Washington, 06/08/98) which quoted Bill Taylor of the Center for Strategic and International Studies as saying that the major point of ROK President Kim Dae-jung's visit to the US will be to ask for US cooperation in aiding ROK economic recovery. Regarding Kim's proposals for easing US sanctions on the DPRK, Taylor stated, "It would be a major victory for Kim if he could get the [Clinton] administration to say publicly it would seriously consider this or work with Kim on it. But I doubt Clinton has the political clout for it now." Michael O'Hanlon, an analyst at the Brookings Institution, argued, "This (initiative by Kim) would give Clinton some political cover to come out with a big package on arms control and economic cooperation for North Korea which would convince them it makes sense to make peace." However, he added that given criticism of Clinton's policy toward the PRC and the South Asian nuclear tests, "The last thing he wants to do is open himself to charges of being weak on North Korea."

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6. 2002 World Cup

The Associated Press (Larry Siddons, "FIFA HOPES FOR JOINT KOREAN TEAM," Paris, 06/06/98) reported that Joao Havelange, head of the Federation of International Football Associations (FIFA), said Saturday that a united Korean team should be fielded for the next World Cup. Havelange noted that a joint DPRK-ROK team had been a success at the last under-16 world championships in Portugal. He stated, "My idea is to unite the two countries on the sports field for the World Cup in 2002." He added that he had visited Pyongyang four times and seen the construction of a 100,000-seat stadium there which could be used for some of the games.

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7. Comfort Women Issue

The Boston Globe (Estella Duran, "A KOREAN 'COMFORT WOMAN' TELLS HER STORY IN WASHINGTON," Washington, 06/05/98) reported that the Washington Coalition on Comfort Women Issues said Thursday that 63 members of the US House of Representatives support a Congressional resolution urging Japan to apologize for the war crimes committed by the Japanese military during World War II and pay reparations to women forced into sexual slavery. Former comfort woman Kim Bok-dong stated, "Our days are limited, but we have to do this for the second and next generation. We have been liberated long ago, but we have yet to receive reparation."

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8. Asian Financial Crisis

Dow Jones Newswires ("S. KOREA KIM: JAPAN SHOULD LEAD ASIA ECON RECOVERY EFFORT," New York, 06/08/98) reported that ROK President Kim Dae-jung called on Japan Monday to take a

leading role in overcoming the current Asia financial crisis. Kim, in remarks prepared for delivery to a luncheon at the Council on Foreign Relations, stated, "Japan, as the second largest economic power in the world and the largest economic presence in the region, should lead the effort to help Asia countries overcome the present crisis as soon as possible." He added that Japan should heed the interests and concerns of some countries in Asia over the US-Japan defense cooperation, especially in maintaining transparency in implementing that cooperation. He also acknowledged the PRC's "steady efforts" to assume a greater role in the region, both economically and politically. He stated, "In fact, Asian nations expect China will play an important part in maintaining peace and prosperity in the region."

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9. Alleged Transfer of Missile Technology to PRC

The Washington Post (Walter Pincus, "PENTAGON, CIA DIFFER ON MISSILE THREAT," 06/07/98, A09) reported that the Central Intelligence Agency (CIA) determined on March 19, 1997, that a transfer to PRC officials of a US technical report about a 1996 PRC missile crash did not raise "proliferation concerns." However, the article said that the CIA's report apparently conflicts with a review conducted at the same time by an Air Force agency, the National Air Intelligence Center, which found that national security had been damaged.

Reuters ("REPORT: U.S. SCIENTIST PLEDGED HELP TO CHINA," New York, 06/06/98) reported that the New York Times said on Saturday that Wah Lim, a vice president of Loral Space and Communications, promised in a letter to China Aerospace Corp. in April 1996 to do everything he could to make PRC rockets the most reliable in the industry. Lim wrote, "We at Space Systems/Loral would like China Great Wall to be a strong supplier of launch services and we will do everything in our power to help you." The article also said that a confidential letter from Loral's lawyers to the State Department in June 1996 acknowledged that the company should have asked the State Department to approve its activities, but that it was not clear there was any violation of law.

United Press International ("HATCH: LORAL DEAL 'LOOKS BAD,' NO PROOF," Washington, 06/07/98) reported that US Senator Orrin Hatch, R-Utah, said Sunday that classified studies of the transfer of US technology to the PRC by the Loral Corp. have not turned up convincing proof that national security was harmed. He added, however, that there is "some evidence" that Loral may have received favorable treatment in exchange for political contributions.

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10. UN Security Council Reaction to South Asian Tests

The Associated Press ("U.N. SECURITY COUNCIL URGES INDIA, PAKISTAN TO HALT TESTS," United Nations, 06/07/98) reported that the UN Security Council voted unanimously Saturday to urge India and Pakistan to halt their nuclear weapons programs and to deny them status as nuclear states. It also asked India and Pakistan to exercise restraint and find "mutually acceptable solutions" to the "root causes of those tensions, including Kashmir." However, members also warned the nuclear weapons states that they have a responsibility to renew efforts to reduce the nuclear weapons in their own arsenals. Kenyan Ambassador Njunguna Moses Mahugu stated, "The rest of us expect you to seriously take your responsibility of finally removing the threat of nuclear weapons, which even with the end of the Second World War [sic] continue to hang over our heads."

Reuters (Hari Ramachandran, "INDIA ATTACKS RESOLUTION, SEEKS PAKISTAN TALKS," New Delhi, 06/08/98) reported that Indian Prime Minister Atal Behari Vajpayee on Monday criticized a

UN Security Council condemnation of India's nuclear tests. Vajpayee stated, "We regret that the Security Council has acted in a manner in which it has and produced a Resolution which is completely unhelpful in respect of the objectives it seeks to address." He said that the council's call to India to halt nuclear testing was redundant because New Delhi had already instituted a voluntary moratorium and was ready to join a de jure freeze. He added, "However, the call made in the Resolution that we should stop our nuclear programs or missile programs is unacceptable." Vajpayee said that while India is prepared to engage in multilateral negotiations on a Fissile Material Cut-off Treaty in the Conference on Disarmament in Geneva, "We cannot, however, be expected to commit ourselves in advance of these negotiations to unilaterally restrain production of fissile materials." He argued that India maintained the "strictest controls" over exports of nuclear materials and technology and its record was "impeccable and better than that of ... even Permanent Members of the U.N. Security Council." He said that a "glaring lacuna" in the UN resolution was the total absence of recognition that non-proliferation was not a regional issue "but has to be dealt with in a non-discriminatory global context." He added, "Our tests were necessary because of the failure of a flawed non-proliferation regime." Vajpayee concluded, "We have remained committed to a path of direct bilateral dialogue with Pakistan... I would again like to reiterate our desire for the earliest resumption of the official talks with Pakistan."

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11. Russian Ratification of START II

Reuters ("RUSSIA PRESSES FOR START 2 RATIFICATION," Moscow, 06/05/98) reported that Russian Foreign Minister Yevgeny Primakov, Defense Minister Igor Sergeyev, and security chiefs met leaders of parliamentary factions at the State Duma on Friday to encourage them to ratify the START II nuclear disarmament treaty. Gennady Seleznyov, speaker of the Duma, stated after the meeting, "We listened very attentively to the information provided and agreed that consultations should continue." When asked if START II might be ratified before the Duma breaks up on July 10 for its summer recess, Seleznyov said, "No, there is no point getting into a disarmament race." However, Vladimir Lukin, chairman of the Duma's committee on international relations, stated, "All responsible deputies understand that it is necessary to ratify START II. Russia should be more concerned about ratification of the treaty than the United States." Russian spokesman Sergei Yastrzhembsky said on Friday that President Boris Yeltsin would convene a session of the Security Council in the near future and that ratification of START would be high on its agenda. Regarding reports that ratification is a necessary condition for a US-Russian summit, Foreign Ministry spokesman Valery Nesterushkin stated, "The latest signals from Washington are that they are not now expressing such a strict linkage."

II. Republic of Korea

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1. Light-Water Reactor Project

The Yomiuri Shinbun said that the Japanese government will hold negotiations with the ROK and the US on the cost-sharing of the light-water nuclear reactor (LWR) construction project for the DPRK, in order to wrap up the issue, at a three-nation ambassadorial-level meeting to be held in Brussels on June 29. Japan's efforts are being made in a bid to prevent Pakistan's recent nuclear tests from encouraging the DPRK's nuclear development. To this end, the Japanese government plans to iron out a conclusion on the issue at the Korean Peninsula Energy Development Organization meeting, and to seek approval for a three-nation agreement on burden-sharing at an extraordinary session of

the Diet to be convened after the election of members of its upper house, according to the newspaper. The Japanese Foreign Ministry has expressed its conviction that a swift decision on the allotments is required in order to prevent the DPRK from seizing the opportunity to reject the nuclear reactor construction project and resume nuclear weapons development, the Yomiuri Shinbun said. (Korea Times, "JAPAN SEEKS EARLY CONCLUSION ON LWR COST SHARING: YOMIURI," 06/08/98)

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2. ROK Policy Toward DPRK

ROK President Kim Dae-jung on Saturday called on the UN to keep a sustained vigilance against the DPRK's nuclear development. In a meeting with UN Secretary-General Kofi Annan, Kim noted that the DPRK has so far abided by its agreement not to arm itself with nuclear weapons. Kim arrived here on the first leg of his eight-day US trip, which will also bring him to Washington, San Francisco, and Los Angeles. "In return for Pyongyang's decision to suspend its nuclear weapons production program, Seoul has committed itself to providing 70 percent of the total funding needed for the construction of two light- water nuclear reactors in the North," he said. But Kim added that "we will take quite stern actions if the DPRK chooses to resume its nuclear project." Kofi Annan was quoted as saying that he welcomes the ROK's positive and pragmatic policy toward the DPRK, adding that the UN believes that the division on the Korean Peninsula should not persist any longer. Annan said that he will play an active role in facilitating inter-Korean cooperation, exchanges and, ultimately, unification. Park Jie-won, presidential press secretary, said Kim and Annan shared a consensus that they will take an unequivocal stance against the spread of nuclear weapons around the world. (Korea Times, "KIM CALLS ON UN TO KEEP VIGIL AGAINST NK NUKE DEVELOPMENT,")

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3. ROK Weapons Purchases

The ROK Ministry of Defense announced Sunday that it has agreed with the US to defer US\$1.196 billion of the total US\$1.37 billion due for payment in 1999 until 2000. The deal was reached during the Foreign Military Sales (FMS) meeting with the US government. With this agreement, payments to the US this year will be reduced to US\$46 million from US\$1.08 billion and next year to US\$128 million from US\$290 million. Ministry officials said that the US government agreed to accept the terms in order to lessen the burden on the ROK caused by the sharp rise in the exchange rate. The ROK ministry added that the new destroyer project (KDX-2), which had been suspended due to budget cuts, will be resumed in the later half of the year. (Chosun Ilbo, "\$1.1 BILLION WEAPONS PAYMENT DEFERRED," 06/08/98)

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4. ROK Defense Program

The ROK Defense Ministry has decided to go ahead with the construction of new destroyers, code-named "KDX-2" this year. The ministry had originally planned to initiate the KDX-2 from this year with seed money of 44 billion won included in the original defense budget, which was drawn up before the IMF crisis began late last year. Under the KDX-2 program, the Navy will receive a number of brand-new destroyers, based on a design drawn up last year, by the early 2000s to replace its World War II-vintage destroyers. (Korea Times, "KOREA DECIDES TO RE-LAUNCH DESTROYER PROJECT," 06/08/98)

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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