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I. United States

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1. ROK-DPRK Talks

US State Department Spokesman James Rubin ("STATE DEPARTMENT NOON BRIEFING, APRIL 8, 1998," USIA Transcript, 04/08/98) stated that ROK President Kim Dae-jung met with US Under Secretary of State Thomas Pickering to discuss the ROK economic situation and US and ROK policy towards the DPRK. Regarding ROK-DPRK talks, he said, "As far as we're concerned, we have long supported a direct dialogue between the South and the North, and this is fully consistent with the four-party talks that we're trying to promote." He added that the US would like to see confidence-building measures discussed in those talks, "and obviously there are a lot of humanitarian issues that could be discussed, and those would be appropriately discussed in that channel." He added, "There are a myriad of ways that two countries that have been so isolated in the past could begin to work out some of their problems through such discussions." Rubin also stated, "The North Koreans are anxious to talk to us about these issues, and we have no reason to believe their desire to talk to us is lessened or reduced by the possibility that they would talk to the South.... And so the two are not inconsistent; in fact, they're complementary."

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2. ROK Financial Crisis

Dow Jones Newswires (Chang Woo-hyuk, "IMF MISSION TO ARRIVE IN S. KOREA NEXT WK FOR

TALKS," Seoul 04/09/98) reported that officials at the ROK Ministry of Finance and Economy said Thursday that the International Monetary Fund (IMF) will send a mission next week headed by IMF Asia-Pacific mission chief Hubert Neiss to Seoul to discuss and review ROK economic policies. The 14-member quarterly mission will offer new macroeconomic targets the country should pursue.

The New York Times (Kenneth N. Gilpin, "STRONG DEMAND FOR SOUTH KOREAN BONDS BODES WELL," 04/09/98) and the Wall Street Journal (Gregory Zuckerman, "SUCCESS OF KOREAN BOND DEAL SETS STAGE FOR MORE ASIAN BONDS," 04/09/98) reported that the ROK on Wednesday successfully sold US\$4 billion in government bonds. The huge demand was seen as an indication of investor confidence that the ROK will surge back to prosperity in the next few years. The ROK government announced Thursday that it would sell a further US\$1 billion in bonds next month.

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3. ROK Layoffs

The Associated Press ("S.KOREA'S BIGGEST CAR MAKER PLANS MASS LAYOFF," Seoul, 04/09/98) reported that Hyundai Motors, the ROK's largest carmaker, announced plans Thursday to cut its 30,000-person work force by 20 percent. Hyundai becomes the first major conglomerate to announce layoffs since the ROK adopted a new labor law in February under pressure from the International Monetary Fund. Hyundai's labor union called a protest rally for Friday, while the Confederation of Trade Unions threatened nationwide strikes.

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4. 2002 World Cup in ROK

The Los Angeles Times ("S. KOREA: 2002 WORLD CUP WILL STAY," Seoul, 04/08/98) reported that Park Jin-bae, a spokesman for the ROK Office of Preparation for the 2002 FIFA World Cup, said Wednesday that the ROK is confident it can meet all the requirements for hosting the 2002 soccer World Cup, despite its current financial problems. Park stated, "The issue is what kind of a stadium in Seoul we will use for opening and semifinals, not whether or not we will hold the World Cup." He added, "There are no other problems. Everything else, including cooperation with the Japanese preparation office, is going very well." The organizing committee downplayed a news report by the Times of London that the Federation of International Football Association (FIFA) may move the 2002 World Cup to Britain if the ROK abandons plans to build stadiums because of a prolonged economic crisis. The report came after ROK Prime Minister Kim Jong-pil last week questioned the wisdom of building a soccer-only stadium in Seoul, suggesting instead that an existing stadium be remodeled for the World Cup.

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5. Taiwan Military Developments

Dow Jones Newswires ("TAIWAN TO FOCUS ON ELECTRONIC WARFARE, SURVEILLANCE - REPORT," Taipei, 04/09/98) reported that Taiwan's Independence Evening News said Tuesday that Taiwan will focus on upgrading its air force's surveillance and electronic warfare capabilities in the coming year. The reported stated that the Defense Ministry's discretionary budget calls for improvements to its single C-130HE electronic warfare plane to allow it to better intercept and jam signals from PRC armed forces. The upgrade will be handled by the military's Chungshan Institute of Science and Technology. The paper also said that the air force's four Grumman E-2T Hawkeye early-warning planes will be more closely linked to military information networks, and RF-104 Starfighter

reconnaissance planes will be replaced by RF-5Es, former fighter jets converted by the air force. Other funds are earmarked for purchases and development of new missiles, including the Hsiungfeng, or Brave Wind, III anti-ship cruise missile designed to counter advanced warships ordered by the PRC. Funding will also be provided for anti-ballistic missile defenses.

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6. Russian-Japan Economic Cooperation

Agence France-Presse ("RUSSIA PROPOSES NINE JOINT PROJECTS WITH JAPAN," Tokyo 04/08/98) reported that the Japanese newspaper Nihon Keizai Shimbun said Thursday that Russia has proposed nine joint projects with Japan in far eastern Russia, offering to provide government guarantees for up to 40 percent of Japanese loans and investment. Japanese Prime Minister Ryutaro Hashimoto and Russian President Boris Yeltsin are expected to agree to promote joint development in the Russian Far East when they meet later this month. The proposed projects include a hydroelectric power plant in Amur Province, an airport on Sakhalin Island, coal mine development in Khabarovsk District and Primorskij, and a mine project in Chita Province. Russia made the proposal in a series of business and governmental meetings last month in Yuzhno-Sakhalinsk on the far eastern Russian island of Sakhalin. Meanwhile, the Mainichi Shimbun said that Japan was likely to accept Russia's proposal to jointly develop the disputed Kuril islands. Hashimoto is expected to announce the move during Yeltsin's visit to Tokyo, scheduled from April 18. Although details have yet to be worked out, Japan is considering providing support to infrastructure development on the islands.

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7. British Veterans Protest Japanese War Crimes

The Associated Press ("BRITISH EX-POWS PROTEST AT EMBASSY," London, 04/08/98) and Reuters ("UK MOVE TO HONOUR JAPANESE EMPEROR SPARKS PROTESTS," London, 04/09/98) reported that a dozen former British prisoners of war marched to Japan's embassy in London on Wednesday to demand an apology and compensation for atrocities committed during World War II. The group vowed to continue pressing their views in the weeks before Japanese Emperor Akihito's visit to Britain scheduled for next month. Arthur Titherington, chairman of the Japanese Labour Camp Survivors Association, told a British newspaper that his group was outraged by Queen Elizabeth's decision to award Emperor Akihito with the "Order of the Garter," Britain's highest honor for chivalry. The three previous Japanese emperors have also received the award.

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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