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I. United States

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1. DPRK Nuclear Program

Deputy State Department Spokesman James Foley ("STATE DEPARTMENT NOON BRIEFING, MAY 8, 1998," USIA Transcript, 05/08/98) termed threats by the DPRK to resume its nuclear program "unfortunate." Foley stated, "The United States has fulfilled its part of the agreed framework and will continue to do so." He added, "We are, until now, satisfied that the DPRK has indeed met its obligations to the present." Foley said that the US, "fully expects that by the end of this year we will have provided the amount of heavy fuel that we have pledged to provide," adding that he was not aware of any delay in the timetable of shipments. He also stated that discussions among KEDO members on financing for the light- water reactor project have been ongoing. He added that the US has received no indications on the part of either the ROK or Japan that they will be unable or unwilling to fulfill their commitments for financing the reactor. Foley said that the US has already

contributed approximately US$86 million to KEDO for heavy fuel oil and administrative expenses, in addition to roughly US$27 million for the canning of spent fuel rods. Regarding the reactor construction, Foley stated, "we have no plans ourselves to participate in funding, in conformity with previous agreements. However, the US has discussed with Japan and South Korea the possibility of our making some contribution for safety-related elements of the light water reactor project in some future year." Foley added that removal of the spent fuel rods is almost complete.

Reuters ("U.S. WORRIED ABOUT N. KOREAN NUCLEAR STATEMENT," London, 05/08/98) reported that US Undersecretary of State Thomas Pickering on Friday condemned the DPRK's suggestion that it might revive its nuclear program as "lamentable and regrettable." Pickering added that the US would soon be making a new delivery of heavy fuel oil to the DPRK.

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2. ROK Financial Crisis

The Associated Press (Paul Shin, "SOUTH KOREAN LEADER CALLS FOR UNITY," Seoul, 05/10/98) and Dow Jones Newswires ("SOUTH KOREA'S KIM ASKS NATION TO ENDURE A 'VERY DIFFICULT' YEAR," Seoul, 05/11/98) reported that ROK President Kim Dae-jung on Sunday appealed to ROK citizens to endure the pain of reforms to overcome the country's economic crisis. Kim predicted that the ROK economy would begin to recover in late 1999 if reforms are carried out smoothly, but he warned, "The coming year will be a really difficult year." Kim said that the ROK should make the labor market more flexible and accelerate reforms of the chaebol to attract foreign investment. Kim said that usable foreign currency reserves rose to US$31.9 billion on May 9 from US$30.76 billion at the end of April, and up from US$7.3 billion last November. Kim made the remarks at a nationally televised "town meeting." The Confederation of Korean Trade Unions refused to participate in the show in protest over what they see as the government's lack of action to prevent layoffs.

The Associated Press ("S KOREA PROSECUTORS SEEK TWO MORE PEOPLE OVER ECON CRISIS," Seoul, 05/11/98) reported that ROK prosecutors sought arrest warrants Monday for Former Finance Minister Kang Kyong-shik and Kim Sun-hong, a former head of Kia Motors Corp., on charges of aggravating the ROK economic crisis. Kim was accused of illegally diverting 30 billion won (US$20 million) in company funds to purchase Kia stocks to maintain managerial rights. He was also charged with illegally demanding that Kia Motors guarantee 400 billion won in debt incurred by several of its subsidiaries.

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3. Taiwanese War Games

The Associated Press ("TAIWAN LAUNCHES WAR GAMES AS TEST," Taipei, 05/11/98) reported that the Taiwanese military on Monday launched four days of war games to test the effectiveness of newly acquired weaponry against a possible attack by the PRC. This year's annual Hankuang 14 games are focusing on anti-submarine warfare and controlling the skies and seas surrounding the island, military observers said. Unlike previous years, the games are being staged on Taiwan's southeast coast facing the Pacific Ocean, which is seen as less provocative to the PRC than the usual site for the exercises, on Taiwan's western flank facing the Taiwan Strait. The Defense Ministry said that the games are targeted at the "most threatening and most probable moves the Communist army might take to invade Taiwan." Experts said that virtually all of Taiwan's high-tech weaponry recently purchased from abroad is being used in the exercises, including French Mirage 2000-5 fighters, MICA air-to-air missiles, Lafayette radar- evading missile frigates, US-made F-16 warplanes, and

Knox and Perry class frigates built by Taiwan from US designs or leased from the US Navy.

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4. Indian Nuclear Tests

Reuters ("INDIA CRITICIZED FOR NUCLEAR TESTS," New Delhi, 05/11/98) and the Associated Press (Ashok Sharma, "INDIA CONDUCTS THREE NUCLEAR TESTS," New Delhi, 05/11/98) reported that Indian Prime Minister Atal Behari Vajpayee announced Monday that India had conducted three underground nuclear tests in the desert state of Rajasthan, close to the border with Pakistan. He said that the tests were "contained explosions" that tested a fission device, a low-yield device, and a thermonuclear device. The tests were the first for India in 24 years. Brajesh Mishra, a top aide to Vajpayee, stated, "These tests have established that India has a proven capability for a weaponized nuclear program." Pakistan condemned the tests, warned that they would fuel an arms race, and asked the international community to condemn them. Pakistani Foreign Minister Gohar Ayub stated, "Pakistan reserves the right to take all appropriate measures for its security." Meanwhile, Hamid Gul, the former head of Pakistan's secret service, said, "We have now to show that we have a counter regional bomb. All the Muslim countries are vulnerable to India's ambitions that are driving it toward the Gulf and central Asia." US officials said that senior members of the Clinton administration were trying to obtain more information about the tests and were examining US sanctions laws to see if they might apply. The British Geological Survey said that its equipment had picked up tremors from the unexpected tests measuring 4.7 on the Richter scale. John Minsch of the US National Earthquake Center said that the strongest explosion registered a preliminary magnitude of 5.4.

The India Daily ("INDIA SUCCESSFULLY CONDUCTS NUCLEAR TESTS," 05/11/98) reported that India's three underground nuclear tests consisted of one low-key nuclear test, one thermonuclear device, and a fission test. This would make India on of five countries who have conducted a thermonuclear test. Indian leaders said that the country is committed to world peace and total elimination of nuclear weapons and that these tests were aimed at peaceful purposes.

Reuters ("INDIA TESTS MAY BRING U.S. SANCTIONS," Washington, 05/11/98) reported that White House Press Secretary Mike McCurry said that the US was "deeply disappointed" by the decision of the government of India to conduct three nuclear tests. McCurry stated, "This runs counter to the effort the international community is making to promulgate a comprehensive ban on such testing." An unnamed US official stated, "We're just huddling to assess what happened and what we're going to be able to do." Officials said they did not believe the US had advance warning of the tests even though India's foreign minister just had lengthy talks in Washington last Friday with top US officials.

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5. Kuril Islands Issue

The Associated Press ("REPORT: JAPAN MAKES KURIL PROPOSAL," Tokyo, 05/10/98) reported that Japan's Mainichi newspaper said Sunday that Japanese Prime Minister Ryutaro Hashimoto proposed to Russian President Boris Yeltsin during an informal summit last month that the two countries draw a border demarcation line that would run through the middle of one of four disputed islands. [Ed. note: See Kuril Islands Sovereignty in the US Section of the April 21 Daily Report.] The proposal would leave the question of possession of that island to bilateral negotiations after the conclusion of a peace treaty, while the other three islands under dispute would fall on the Japanese side of the line. The Mainichi did not name its sources, identifying them only as involved in Japanese-Russian relations. Officials at the Japanese Foreign Ministry were unavailable for comment on Sunday.

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6. Japanese Movie on Tokyo War Crimes Trial

Reuters (Elaine Lies, "NEW MOVIE ON JAPANESE WWII LEADER DRAWS SPARKS," Tokyo, 05/11/98) reported that "Pride - The Fateful Moment," a Japanese movie which portrays World War II leader Hideki Tojo as a heroic "samurai" warrior, was shown to the press on Monday. The film barely touches on Tojo's term as Japanese prime minister from 1941-44, instead centering on the Tokyo War Crimes Trial, which ended in 1948. Masahiko Tsugawa, the star of the movie, said that the film "shows a unique Japanese spirit that disappeared at the end of the war." He added, "I believe the Tokyo War Crimes Trial was unfair, and the truth of this will be revealed." Seisuke Okuno, a member of Japan's lower house of Parliament and former justice minister, argued, "The (verdict of) the Tokyo trials was wrong, hugely wrong." Regarding the Rape of Nanjing, he stated, "Nanjing was a fabrication. A complete falsehood. Because if it was true, why wasn't it brought up until the Tokyo trials?" Meanwhile, the PRC's official Xinhua news agency quoted a foreign ministry spokesman as saying, "We felt shocked and indignant over the fact that some people in Japan produced such a movie to whitewash aggression and sing the praises of Hideki Tojo." The DPRK's Rodong Sinmun newspaper called the movie a "shameless" attempt to whitewash the past.

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7. US Launches Spy Satellite

Reuters ("U.S. SPY SATELLITE LAUNCHED IN FLORIDA," Cape Canaveral, 05/08/98) reported that a top secret US spy satellite, the National Reconnaissance Office spacecraft, was launched on Friday atop the Air Force Titan 4B rocket. According to Craig Covault, the space technology editor at the trade journal Aviation Week and Space Technology, the satellite will be used to listen in on communications in "hostile areas," such as the Middle East and the DPRK.

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8. Land Mine Ban

The New York Times carried an editorial ("ANOTHER LAND MINE RETREAT," 05/11/98) which argued that the Clinton Administration seems ready to undo "even the modest steps" that it has taken to reduce US reliance on land mines, by repealing a one-year moratorium on their use. [Ed. note: See Land Mine Ban in the US Section of the May 6 Daily Report.] The article argued that the moratorium "might be worth sacrificing if in exchange the Pentagon would lift its objections to the international treaty to ban land mines." It warned that there are signs that the Clinton Administration is backtracking even from its earlier qualified support of the treaty, when it sought an exemption for the Korean Peninsula. The article argued, "The military's fears do not justify the survival of a weapon that continues to kill civilians for decades after a war ends." It concluded, "Mr. Clinton should simply decide to stop giving the Pentagon a veto over a land mine treaty that is clearly in America's -- and American soldiers' -- best interests."

II. Republic of Korea

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1. DPRK Nuclear Program

The DPRK is apparently testing the US intention to implement the 1994 nuclear deal by threatening

to reactivate its nuclear programs, which have been frozen since then. The Korean Central News Agency (KCNA) quoted a DPRK Foreign Ministry spokesman as saying, "All facts show that the DPRK has gone farther in implementing the agreement, whereas the US side is not sincerely fulfilling its obligations." In response, US State Department spokesman James Foley claimed, "The US has fulfilled its part of the agreed framework and will continue to do so. We believe that the agreed framework is in the interests of all parties and that its provisions will be carried out by all parties." The Korea Times argued that the US has traditionally taken crisis management-oriented strategies on Korean issues instead of resorting to crisis prevention measures. Top US policymakers have been preoccupied with domestic affairs and have devoted their leisure time to Europe, the Middle East or other parts of the world where they believe that a large chunk of US national interests are at stake. As long as the Korean peninsula fares well by avoiding a major conflict and the DPRK remains faithful to its promise not to develop nuclear weapons, US leaders' attention to the peninsula is expected to remain subdued. As there are signs that US negligence would hamper a smooth implementation of the 1994 deal, the DPRK has begun to call for increased US attention to and support of its almost bankrupt economy using its traditional method of brinkmanship, which challenges US nuclear non-proliferation policies. (Korea Times, "NK TESTS US DETERMINATION ON 1994 DEAL," 05/11/98)

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2. Alleged DPRK Counterfeiting

A self-described DPRK diplomat, caught using counterfeit dollars in Russia in early April, turned out to be a senior aide to DPRK leader Kim Jong-il in charge of slush funds for Kim, Japan's Sankei Shimbun reported Sunday. Vice director Kil Jae-gyong of the International Department of the DPRK Workers' Party was apprehended in the Russian Far Eastern port city of Vladivostok trying to change fake notes worth US$30,000. Kil had posed as a DPRK diplomat stationed at the DPRK mission in Moscow named Ri Moon-mu at the time of the arrest, and was subsequently deported. The Russian authorities also found that the name Ri Moon-mu did not exist. (Korea Times, "KIM JONG IL'S SLUSH FUND MANAGER CAUGHT USING FAKE NOTES IN RUSSIA," 05/11/98)

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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