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IN TODAY'S REPORT:

I. United States

- [1. DPRK Alleged Satellite Launch](#)
- [2. DPRK Underground Construction](#)
- [3. DPRK Oil Deliveries](#)
- [4. DPRK Threat to Japan](#)
- [5. Japanese Response to DPRK Launch](#)
- [6. ROK Policy toward DPRK](#)
- [7. ROK Economy](#)
- [8. PRC-Taiwan Trade Relations](#)
- [9. Comprehensive Test Ban Treaty](#)

II. Republic of Korea

- [1. ROK-Japan Relations](#)
- [2. US-DPRK Talks](#)

III. Japan

- [1. Light-Water Reactor Project](#)
- [2. Japanese-ROK Relations](#)
- [3. ROK Unification Minister's Analysis of DPRK](#)
- [4. Japanese-Russian Relations](#)

IV. Democratic People's Republic of Korea

- [1. US-DPRK Talks](#)

I. United States

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1. DPRK Alleged Satellite Launch

US Defense Department Spokesman Kenneth Bacon ("PENTAGON SPOKESMAN'S REGULAR

BRIEFING, SEPT. 10, 1998," USIA Transcript, 09/11/98) said that the US Defense Department has not yet completed its analysis of the DPRK's rocket launch, but does not have any evidence to confirm that the DPRK conducted a successful satellite launch. Bacon said that the US "will be able to tell with a fair degree of certainty whether they attempted to launch a satellite." He added that it is "beyond doubt" that the launch represents a military threat, whether it was a satellite or a missile.

The Associated Press (David Briscoe, "N. KOREA ROCKET WORRIES NEIGHBORS," Washington, 09/11/98) reported that US Senator Craig Thomas, R-Wyo, said that the National Aeronautics and Space Administration (NASA) believes that the DPRK launch placed a nonfunctioning satellite into orbit. However NASA spokesman Doug Isbell said he knew of no such report, adding that it was unlikely NASA could reach that conclusion.

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2. DPRK Underground Construction

The Associated Press (Sau Chan, "N.KOREA OKS NUCLEAR INSPECTION," New York, 09/10/98) reported that a statement by the DPRK's UN mission Thursday said that the DPRK would allow the US to inspect its underground construction site near Yongbyon. The statement added, "If the U.S. allegations are proved groundless through a visit to the site, the U.S. is obliged to make appropriate compensation, particularly for slandering and disgracing the DPRK." In a separate statement carried by the DPRK's official Korean Central News Agency, the DPRK also demanded US compensation for "slander, insult and defamation" for accusing it of firing a ballistic missile last week.

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3. DPRK Oil Deliveries

The Associated Press (David Briscoe, "U.S. TO DEAL WITH N. KOREA," Washington, 09/10/98) and the Washington Post (Thomas W. Lippman, "U.S. SETS ACCORDS WITH N. KOREA, AIMING TO DEFUSE TENSIONS," 09/11/98, A25) reported that the US House of Representatives Appropriations Committee voted Thursday to delete all funding for DPRK oil deliveries. Committee Chairman Bob Livingston, R-La., stated, "I don't think it serves any purpose to give U.S. taxpayer money to a warlike country ... to subsidize the war machine of North Korea." Although the money could be restored in a House-Senate conference on the foreign operations spending bill, congressional sources said that the final version of the measure is certain to include a requirement that funding be continued only if the president certifies that the DPRK has suspended all nuclear weapons activities.

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4. DPRK Threat to Japan

The Associated Press ("JAPAN REPORT: NORTH KOREA NO THREAT," Tokyo, 09/11/98) reported that Japan's Kyodo news service said Thursday that an internal Japanese government report has determined that DPRK special military forces lack the ships and other equipment needed to pose a serious invasion threat to Japan. The report concluded that the DPRK would be forced instead to attempt to infiltrate Japan on boats carrying only three or four soldiers each, and avoid such heavily guarded areas as Japanese or US military bases. The report said that likely targets of such attacks would be commercial airports or oil pipelines. Kyodo said that the report was based on intelligence obtained mainly from the US military.

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5. Japanese Response to DPRK Launch

The New York Times (Nicholas D. Kristof, "JAPAN MAY LAUNCH A SATELLITE IN RESPONSE TO NORTH KOREA'S," Tokyo, 09/11/98) reported that Japanese Prime Minister Keizo Obuchi said Thursday that Japan might launch its own reconnaissance satellite to make it easier to monitor missile deployments in the DPRK. Obuchi stated, "We have instructed ministries and agencies to study what we would be able to launch and what functions it would be able to perform."

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6. ROK Policy toward DPRK

The Washington Post (Nora Boustany, "SOUTH KOREAN FOREIGN MINISTER SEES CONTRADICTION SIGNALS FROM NORTH," 09/11/98 A23) reported that ROK Foreign Minister Hong Soon-young said Thursday that the DPRK is giving contradictory signals on the country's future. On the one hand, Kim Jong-il's appointment as Chairman of the National Defense Council and the test-firing of medium-range missiles suggest increased militarization. On the other, the newly appointed cabinet is composed of young technocrats, and the principle of private management has been introduced into the new constitution. Hong also said, "My interest lies in implementing the Geneva framework agreement faithfully, but also we must react to the missile firing with the same firmness. We understand the resentment of the Japanese, since we have been living with this threat for the last few decades, but we have to proceed with the implementation of the agreement because it promotes the cause of the nonproliferation treaty." Regarding food aid for the DPRK, he said, "I am in support of the food aid program. It is coming in small quantities. There has not been a massive outpouring, so it will not affect the balance between us. It is only marginal it should be justified in the name of humanitarianism."

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7. ROK Economy

Reuters ("S.KOREA MINISTER SAYS ECONOMY EXPECTED TO WORSEN," Washington, 09/10/98) reported that ROK Foreign Affairs and Trade Minister Hong Soon- yung said Thursday that the ROK will experience more bankruptcies and layoffs before its economy starts to improve. He stated, "I don't think we have reached the bottom yet.... I hope we will meet the bottom in several month's time." Hong predicted that the ROK would begin the climb back toward growth in one to two years.

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8. PRC-Taiwan Trade Relations

The Wall Street Journal (Russell Flannery, "CHINA-TAIWAN TRADE DECLINES AS BEIJING KEEPS YUAN STEADY," Taipei, 09/11/98) reported that the Asian economic crisis and the PRC's decision to avoid devaluing its currency are leading to a fall in PRC-Taiwan trade. The Taiwan Economics Ministry said on August 27 that Taiwan's trade with the PRC fell 1.7 percent in the first half of 1998 from a year earlier to US\$11.1 billion, led by a 4.9 percent decline in exports to US\$9.1 billion.

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9. Comprehensive Test Ban Treaty

The Associated Press (Ashok Sharma, "INDIA MAY SIGN NUKE TEST TREATY," New Delhi, 09/11/98) reported that Indian Prime Minister Atal Bihari Vajpayee said Friday that India was

already adhering to the spirit of the Comprehensive Test Ban Treaty (CTBT). He added, "A final decision on signing the (treaty) will be taken soon." He said that the US should grant more "leeway and concessions" to India to hasten the process. Brajesh Mishra, Vajpayee's top adviser, stated, "We have undertaken a test and we now have no need for further tests."

II. Republic of Korea

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1. ROK-Japan Relations

ROK President Kim Dae-jung and First Lady Lee Hwi-ho will embark on a four-day state visit to Japan on October 7, Chong Wa Dae officials announced Friday. During the trip, Kim will meet with Japanese Emperor Akihito and Prime Minister Keizo Obuchi to discuss major issues of mutual concern. President Kim is making the trip for the first time since his inauguration last February. It will be his second overseas trip, following his visit to the US this past June. Kim is expected to work out breakthroughs in the stalled fisheries talks between the ROK and Japan and in resolving the historical animosity between the two countries. Kim also plans to urge positive cooperation on the part of Japan toward bringing the economic crisis in Northeast Asia to an end and hopes to reinforce the partnership between the two countries in dealing with the DPRK. (Chosun Ilbo, "PRESIDENT TO MAKE STATE VISIT TO Japan," 09/12/98)

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2. US-DPRK Talks

The US State Department officially announced Friday the results of the recent meeting between high-ranking government officials of the US and the DPRK. In a briefing, James Rubin, the Department spokesman, said that the two countries agreed to resume the main session of four-party talks on resolving security issues on the Korean peninsula sometime next month. They also agreed to open the third round of US-DPRK missile talks. The spokesman also said that the US and the DPRK will both abide by a bilateral nuclear-freeze accord signed in Geneva in 1994. The US will deliver 284,000 tons of heavy oil to the DPRK before the end of the year, while the main construction work for a light-water reactor will proceed in November. With progress made in its relations with the DPRK during the talks, the US government is expected to announce a plan to make a 300,000-ton shipment of wheat to the DPRK next week. ("US ANNOUNCES RESULTS OF TALKS WITH NK," 09/12/98)

The DPRK said Thursday it would allow the US to visit a suspected underground nuclear facility but said that the US would have to pay compensation if the visit showed no wrongdoing. The statement by the DPRK's UN mission came as a US official said the government was considering an additional 300,000 tons of food relief to the DPRK despite signs the country is undertaking an ambitious weapons buildup. The DPRK statement, which followed seven rounds of talks held over the past two weeks in New York, denied such a buildup. "If the US allegations are proved groundless through a visit to the site, the US is obliged to make appropriate compensation, particularly for slandering and disgracing (the DPRK)," the statement said. It did not elaborate on what it meant by compensation. In a separate statement carried by the DPRK's official Korean Central News Agency, the DPRK also demanded US compensation for "slander, insult and defamation" for accusing it of firing a ballistic missile last week. (Korea Times, "NK: IT WILL ALLOW US VISITS TO SUSPECTED UNDERGROUND SITE," 09/12/98)

III. Japan

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1. Light-Water Reactor Project

The Yomiuri Shimbun ("GOVERNMENT TO RESUME KEDO PROJECT," 09/11/98) reported that the Japanese government decided on September 10 to resume its financial contribution to the light-water reactor project in early October. The reasons for this decision include the government's judgments that the maintenance of the Korean Peninsula Energy Development Organization (KEDO) to prevent the DPRK from developing nuclear weapons is in Japan's long-term interest and that both the US and the ROK are expected to promote the project. The report added that the government will set a target date for the resumption of the cost-sharing by watching how the planned US-DPRK missile talks will go in October. The report cited Prime Minister Keizo Obuchi as saying, "Regarding the preceding counter measure we took against the DPRK's missile test, we are going to consider whether to change or revise our policy toward the DPRK," suggesting that he may reconsider resuming the cost-sharing for KEDO. The report also cited a high-ranking Foreign Ministry official as saying, "It would be a disaster if we broke KEDO and the DPRK began developing nukes."

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2. Japanese-ROK Relations

The Nikkei Shimbun ("ROK PRESIDENT TO VISIT JAPAN ON OCTOBER 7," 09/11/98) reported that the Japanese government decided to invite ROK President Kim Dae-jung to Japan as a national guest from October 7 to 10. President Kim will meet with the Emperor and Prime Minister Keizo Obuchi. He will also give a speech at the Diet on October 8 and visit Osaka from October 9 to 10.

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3. ROK Unification Minister's Analysis of DPRK

The Sankei Shimbun (Katsuhiro Kuroda, "ROK UNIFICATION MINISTER SAYS THAT SOUTH WILL NOT ENTER MILITARY RACE WITH NORTH BUT THAT MISSILE TEST RAISES TENSIONS," 09/09/98) reported that ROK Unification Minister Kang In-dok discussed the DPRK's constitutional change and Kim Jong-il's new regime with reporters at the foreign reporters' club in Seoul on September 8. Kang stated, "Although there is no change in their fundamental policy, some change will occur in the economic realm, including the limited introduction of a market mechanism, in order to overcome the economic hardship." As for the Kim Jong-il regime's emphasis on a "strong and prosperous" nation, he said, "'Strong' may mean military build-up, including strengthening chemical weapons." With regard to the DPRK's alleged ballistic missile test, he said, "Whether it has a satellite-launching capability or not, it is a grave concern that the North now has intermediate-long distance missile capability. The ROK has already been within their missile target range, but our own missile target range is restricted by our agreement with the US to 180 kilometers. If we were allowed to develop missiles more freely, it would also be possible (for the DPRK to fall within our target range). However, we are not going to ignore the agreement nor enter an arms race with the North. We will cooperate with the US." As for the abolition of the DPRK's Unification Committee that existed in the Supreme People's Assembly, Kang pointed out that DPRK-ROK relations may be taken over by the Workers' Party. Also, in light of the fact that Kim Jong-il's becoming head of the National Defense Committee was proposed by both the Central Committee and the Military Committee of the Workers' Party, Kang said, "The party organization seems to be functioning." As for the revised constitution, while some change can be seen in the economy, including the extension of business and

trade within the special economic areas from the state itself to a "social cooperative group," Kang said, "The DPRK's exchange with the South at the private level may expand out of necessity." According to Kang, the DPRK's trade with the ROK last year was US\$300,000,000 with the DPRK's surplus more than US\$130,000,000, but the DPRK's trade in the first half of this year declined by approximately 45 percent with the surplus down to less than US\$2 million.

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4. Japanese-Russian Relations

The Yomiuri Shimbun ("FOREIGN MINISTER'S VISIT TO RUSSIA TO BE POSTPONED," 09/11/98) reported that the Japanese and Russian governments decided on September 11 to postpone the visit by Japanese Foreign Minister Komura to Russia. The fact that Yevgeny Primakov was not approved as Prime Minister caused the decision, according to the report. However, both governments also agreed to rearrange Prime Minister Obuchi's official visit to Russia in November. The report added that former Prime Minister Ryutaro Hashimoto will visit Russia to meet with Russian President Boris Yeltsin on October 16 as scheduled. The report cited Komura as saying, "The Japanese government understands Russia's present situation in which Russia has no foreign minister now and they just cannot arrange a Japan-Russia foreign ministerial meeting. I would like to visit Russia as early as possible." The report also said that Komura wants to discuss the date for his visit to Russia at a UN General Assembly meeting in New York slated for late this month, when he would be able to meet with Russia's new foreign minister.

IV. Democratic People's Republic of Korea

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1. US-DPRK Talks

The Korean Central News Agency ("DPRK MINISTRY SPOKESMAN ON US-DPRK TALKS," Pyongyang, 09/10/98) reported that the DPRK Foreign Ministry spokesman gave an interview Thursday on the results of DPRK-US high-level talks in New York. The spokesman said, "the talks were held to solve the grave problem caused by the U.S. side's long delay of the fulfillment of its obligations under the 1994 DPRK-U.S. Framework Agreement. This year, the U.S. has long failed to fulfill the program of light-water reactor (LWR) project and supply of heavy oil because of opposition in the U.S. Congress and the 'economic crisis' in member nations of the Korean Peninsula Energy Development Organization (KEDO). This compelled the DPRK to suspend the storage of spent fuel and make preparations for more relevant measures. At the recent talks, the U.S. side admitted its failure to fulfill the program of LWR project and supply of heavy oil, reaffirmed its obligations under the framework agreement, and promised to begin the supply of heavy oil due for this year in late September and complete it by the end of the year, enter into the LWR project in real earnest from November, hold negotiations for deleting the DPRK from the list of 'terrorism sponsoring nations,' and lift sanctions. The U.S. also promised to take positive measures for continued humanitarian assistance. The two sides reached an agreement in a package form on mutual pending issues such as the 'four-way talks' and missile talks. We made it clear that the development, launch and use of satellites are internationally recognized rights of a sovereign state for independence, and agreed that the problem of the object 'suspected' by the U.S. side should be settled through negotiations on condition that, in case the object is civilian, the U.S. should compensate the DPRK for slander, insult and defamation. At the talks, we emphasized that in case such an incident occurs again, irrevocable consequences may arise. At the talks, we made it clear that if the U.S. takes a step backward again in the implementation of the framework agreement, we will take practical measures to show that we

cannot unilaterally sacrifice our own nuclear power industry under the framework agreement. We will watch how the U.S. side implements the agreement in the future."

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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