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I. United States

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1. US-ROK Military Exercises

The Associated Press ("US, S. KOREA PLAN MILITARY EXERCISE," Seoul, 08/12/98) reported that US and ROK military officials said Wednesday that the two countries will begin two weeks of joint military exercises Monday that are designed to boost preparedness for an attack by the DPRK. The annual exercise will be the first joint war games this year. About 13,000 US soldiers and more than 57,000 ROK troops will participate. The ROK Defense Ministry said that the exercise would simulate war conditions with mock chemical weapons attacks on Seoul.

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2. ROK Labor Unrest

The Associated Press ("TALKS BREAK DOWN IN HYUNDAI STRIKE," Seoul, 08/12/98) reported that labor and management negotiators of Hyundai Motor Co. on Wednesday declared an impasse in negotiations for ending a 24-day strike. 3,000 Hyundai workers established barricades in anticipation of a police raid to break up their strike. Thousands of police stood guard around

Hyundai's main plant in Ulsan, but they said they could not move in without a formal request from the company. Hyundai spokesman Min Kyong-hwan said that calling in the police "will be the last choice for us because such a crackdown will certainly result in a massive, violent clash."

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3. PRC-Taiwan Spying Row

The Associated Press (Christopher Bodeen, "CHINA CONVICTS 4 TAIWAN BUSINESSMEN," Beijing, 08/12/98) reported that the PRC's state-run Xinhua News Agency said that the Beijing No. 1 Intermediate Court on Wednesday convicted four Taiwanese businessmen of spying. The court ruled that the four men worked for Taiwan's military intelligence bureau under the cover of a civic organization set up to promote exchanges between the PRC and Taiwan. One of the men, Kou Chien-ming, was sentenced to four years in prison, while the other three were not punished. Officials of the organization that the men worked for said that Kou might have unintentionally broken state security laws while setting up a China business information Web site on the Internet. Taiwan's Central News Agency said that Kou immediately appealed the verdict. Taiwanese newspapers have speculated that the PRC was likely to repatriate the men to Taiwan to minimize disruption to efforts to renew dialogue between the two sides. Taiwan's semiofficial Straits Exchange Foundation said it hoped to arrange for the three men to return home as soon as possible, and would continue to push for Kou's release.

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4. Asian Financial Crisis

Reuters ("CHINA MEDIA URGES JAPAN AND U.S. TO BOLSTER YEN," Beijing, 08/12/98) reported that the PRC's official Economic Information Daily on Wednesday urged Japan and the US to take steps to stop the yen from sliding further. The paper quoted economists as saying a new round of currency devaluations would hit Asia if the yen kept falling. The article stated, "The Japanese government's economic reform policies lack details, and its actions are not decisive, which is one of the factors causing the yen's prevailing weakness." It added, "Japan can easily stabilize the yen by adjusting its current excessively low interest rates, taking measures to limit the flow of yen out of Japan or directly intervening in currency markers."

Dow Jones Newswires (Denny Kurien, "CHINA ENVOY: FURTHER YEN DROP MAY FORCE RETHINKING ON YUAN," New Delhi, 08/12/98) reported that Zhou Gang, PRC ambassador to India, said Wednesday that further yen depreciation may force the PRC to rethink its policy on devaluing the yuan. Zhou said that the "Chinese government has decided not to devalue its currency to ensure stability. But it has a very severe and adverse impact on our foreign direct investment and foreign trade."

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5. Comfort Women Issue

The Associated Press ("FILIPINO SEX SLAVES DENOUNCE PAPER," Manila, 08/12/98) reported that Japan's Yomiuri Shimbun in an editorial Tuesday condemned a report by the UN Subcommittee on Prevention of Discrimination and Protection of Minorities on Japan's wartime sexual enslavement of Asian women. The newspaper said that there was no proof the women were forced into prostitution. It added that it was unreasonable to single out Japan "as the source of all evil," pointing out that the US had set up "Recreation and Amusement Facilities" that were prostitution centers for

Allied forces during its occupation of Japan after World War II. Lila Pilipina, a group of Filipina former sex slaves, on Wednesday denounced the editorial, saying that the testimonies of hundreds of former "comfort women" provide "the most undeniable proof" that enslavement took place. Lila Pilipina said in a statement, "The burden of proof does not lie with the women but with the Japanese government." Nelia Sancho, a spokeswoman for the group, stated, "We are frustrated over the fact that until today there are still sectors in Japanese society ... which still continue to peddle the myth that the Japanese army did not commit any atrocity during the last world war."

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6. US Missile Defense System

Reuters ("U.S. ANTI-MISSILE SYSTEM HAS $1 BLN COST OVERRUN," Washington, 08/12/98) reported that US Defense Department Spokesman Ken Bacon said Tuesday that the US Theater High-Altitude Area Defense (THAAD) project has gone about US$732 million over budget due to delays. In addition, Bacon said that the Defense Department had "changed the requirements of the program to a certain extent, and that has created another $265 million in cost increases. So the combination of the delay plus the enhanced DOD (Department of Defense) requirements has generated about a billion dollars in the increased costs." Bacon said that each of the five tests of the THAAD failed for a different reason, making it difficult to track down and fix the problems. He added, however, that "both the program managers and the contractor are determined to make it work."

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7. US Rocket Explosion

Reuters (Duffin McGee, "U.S TITAN ROCKET EXPLOSION WAS $1 BILLION FAILURE," Cape Canaveral, 08/12/98) reported that the US Air Force said that a Titan 4A rocket carrying a top-secret spy satellite exploded just after blastoff from Cape Canaveral on Wednesday. The rocket was estimated to have a value of US$300 million and the satellite at US$800 million to US$1 billion. Space analysts said that the Titan was carrying an eavesdropping satellite, code-named Vortex, that would have listened in on military and government communications in the Middle East, South Asia, and the PRC.

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8. Russian Nuclear Safety

Reuters ("RUSSIA SAYS ITS MISSLES [sic] ARE MILLENNIUM BUG-FREE," Moscow, 08/12/98) reported that Russian Defense Minister Marshal Igor Sergeyev on Wednesday denied that Russia's nuclear arsenal is vulnerable to a computer glitch caused by the change to the year 2000. Sergeyev stated, "This problem affects more those spheres where mass-market computer technology is used. In Russia's Strategic Missile forces, there is no risk because special computer technology is used."

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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