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I. United States

1. ROK-DPRK Relations

Agence France-Presse ("WE'RE IN NO RUSH TO IMPROVE TIES WITH THE NORTH, SOUTH KOREAN LEADER SAYS," Seoul, 01/12/98) reported ROK president-elect Kim Dae-jung on Monday told Michel Camdessus, head of the International Monetary Fund, that he will not move quickly to improve ties with the DPRK. Kim stated, "I will not rush. Right now, we need concentrated efforts on such urgent matters as economic recovery, government reforms and the elevation of international credit standing." Aides quoted Kim as saying, "North Korea wants to hold talks only when it sees that it can benefit from them ... Therefore, if North Korea proposes to hold talks, we will respond. But if they don't, we won't." He also criticized the DPRK for seeking to incite labor unrest in the ROK, but left open the possibility of boosting economic cooperation. He added, "A cheap and trained labor pool in North Korea will be helpful to South Korean firms seeking to restore competitiveness." Kim stated that the DPRK appeared to be unsure how to respond to "the election of a former dissident once touted by Pyongyang as a fighter against military dictatorship."

2. Interview with Kim Dae-jung

The Los Angeles Times (Bernard Krisher, "KIM DAE JUNG LINKING LIBERAL DEMOCRACY TO ECONOMIC GROWTH IN SOUTH KOREA," Seoul, 01/11/98, M-3) reported that ROK President-elect Kim Dae-jung said that the ROK will have to cooperate with the International Monetary Fund to solve its current financial difficulties. Kim stated, "We have to keep pace with international standards, we must open our markets, and it should be based on the free market system." Stating that layoffs are "inevitable," Kim said that he is considering retraining programs and unemployment insurance to lessen the impact on workers. He added, "If we follow all the IMF advice, I believe we can begin to recover in about one and a half years." Regarding the national-security agencies, Kim stated, "I will expect them to collect information to promote the Korean economy and to help our security in maintaining peace in Northeast Asia. But I will warn and restrain them not to be involved, as they have in the past, in domestic politics." He added that he would review the cases of political prisoners, "particularly those who obey the law, who are not following the communist doctrine, and who do not advocate violent force." He criticized his predecessor, Kim Young-sam for failing to maintain close cooperation with the US and Japan, saying "this gave room to North Korea to drive a wedge between Korea and the U.S., and Korea and Japan." He added, "the presence of U.S. troops will continue for the national interest of both the U.S. and Korea." Regarding the DPRK, he stated, "the basic aim is to try to open dialogue between North and South. Secondly, we would like them to respect and honor the basic agreement that was signed between the two entities in 1992." He added, "Unification is not the first issue. Realization of peace on the Korean Peninsula and exchanges on humanitarian affairs and economic problems are necessary." Kim concluded, "Democracy is key to maintaining sound economic development."

3. ROK Financial Crisis

Reuters (David Brunnstrom, "CAUTIOUS HOPE IN S.KOREA ON ROLLOVER NEWS," Seoul, 01/12/98) reported that the ROK Finance Ministry quoted International Monetary Fund (IMF) Managing Director Michel Camdessus as saying in talks with Finance Minister Lim Chang-yuel that the ROK's financial situation had been improving since November. A ministry statement said that Camdessus told Lim that an atmosphere for loan roll-overs and support for the ROK had been created in the international financial community. Camdessus later told President-elect Kim Dae-jung that the government should aim to win the support of labor for the IMF's austerity program by taking a lead in showing that it was sharing the pain.

The Associated Press ("SKOREA HEAD TO PUSH PRO-LAYOFF BILL," Seoul, 01/12/98) reported that ROK President-elect Kim Dae-jung told IMF head Michel Camdessus on Monday that he would push through bills making layoffs easier despite threats of nationwide strikes. Kim stated, "What is clear is that the situation we are in makes it inevitable to accept layoffs." The ROK National Assembly is expected to approve a layoff bill in an extraordinary three-day session scheduled to begin Thursday. However, the Korean Confederation of Trade Unions issued a statement Monday that it would organize nationwide strikes to oppose the bill. The statement said, "We demand that punishment of those responsible for the economic crisis and an overhauling of chaebol should come first."

The New York Times (Timothy L. O'Brien, "RATINGS AGENCY SAYS KOREAN BANKS ARE IN DEFAULT," 01/12/98) and the Wall Street Journal (Michael Schuman and Stephen E. Frank, "SOUTH KOREA'S DEBT DEAL FACES POSSIBLE PROBLEMS," Seoul, 01/12/98) reported that Moody's Investors Service Inc. on Friday said that ROK banks are technically in default on billions of dollars of loans that have been twice extended by international lenders. Moody's noted that lenders were forced to grant extensions, known as rollovers, to ROK banks, because they had no chance of collecting payment on the debts. Moreover, Moody's said that the ROK's financial position could "prolong the forced rollover period" beyond the time the ratings agency had expected.

4. US Arms Sales to PRC

The Washington Times (Bill Gertz, "NO ARMS SALES TO CHINA NOW, COHEN SAYS," Kuala Lumpur, 01/12/98) reported that US Defense Secretary William S. Cohen said Sunday that the US has no immediate plans to lift the ban on arms sales to the PRC, but he raised the prospect of future weapons deals. Cohen added, "I think there has to be some measures taken to indicate that there have been improvements in human rights" before lifting the ban. A senior Defense Department official traveling with Cohen said that currently about 60 different sanctions are imposed on US arms trade with the PRC and that the PRC has expressed interest in spare parts for helicopters. He added that military-to-military contacts will be limited to exchanges and naval-maneuver agreements.

5. Russian Nuclear Policy

The New York Times carried an editorial ("RUSSIA'S NUCLEAR TEMPTATION," 01/12/98) which argued that the end of the cold war has left Russia more dependent on nuclear weapons than ever while at the same time those weapons have become more vulnerable. The article said that, since the end of the cold war, "domestic politics, economic problems and general neglect of the military have left Russia with a hollow conventional force. As that force has deteriorated, Russian military planners have placed increased emphasis on nuclear weapons, which are less expensive to maintain." It added, "NATO's ill-advised expansion, if approved, will bring Western forces closer to the Russian border. While a NATO strike against Russian nuclear weapons now seems unimaginable, the psychology of vulnerability on the Russian side is real." The article called on US President Bill Clinton and Russian President Boris Yeltsin to take some of their nuclear warheads off high alert. "Such a decision would provide additional time for communication and diplomacy in a crisis. About a third of American warheads could now be taken off alert without risking national security. Russia can be expected to reciprocate." The article concluded, "Reducing Russia's reliance on nuclear weapons ought to be a concern of the highest order for the Clinton Administration." 6. Japanese Apology for WWII

The Associated Press ("JAPAN APOLOGIZES FOR WWII ACTIONS," Tokyo, 01/12/98) and Agence France-Presse ("BRITISH LEADER SAYS JAPAN APOLOGIZED FOR WARTIME BEHAVIOR," Tokyo, 01/12/98) reported that Japanese Prime Minister Ryutaro Hashimoto on Monday, in a meeting with British Prime Minister Tony Blair, issued an official apology for his country's actions in World War II. A spokesman for Japan's Foreign Ministry said that Hashimoto expressed the government's "deep remorse and heartfelt apology" for the "tremendous damage and suffering." Hashimoto also offered trips for British veterans and scholarships for their descendants worth US$1.3 million. The anonymous ministry official said that the wording of the apology was the same as a statement issued in August 1995 by Prime Minister Tomiichi Murayama. However, Arthur Titherington, secretary of the British group Japanese Labor Camp Survivors' Association, said Japan was waiting for the veterans to die so "it can get away without apologizing or offering compensation."

II. Republic of Korea

1. Japan-SE Asia Security Ties

The Yomiuri newspaper of Japan reported on January 11 that the Japan Defense Agency announced its intentions to increase security ties with Southeast Asian states. According to the paper, the Japan Defense Agency will expand its security ties to Southeast Asian states such as Vietnam, Philippines, Thailand, and Indonesia, through exchanges of naval ship visits and defense attaches. This decision, the newspaper reported, reflects Japan's wishes to promote greater security transparency in the region. In addition, the newspaper added that Japan's decision can be considered a reactive one to the US and the PRC's intensified security relations with regional states. (Kyonghyang Shinmun, Kang Sung-bo, "JAPAN TO UPGRADE SECURITY TIES WITH SE ASIAN STATES," 01/12/98)

2. US to Import Taiwan Nuclear Waste

The Herald-Journal of Spartanburg, South Carolina reported that a US hazardous waste disposal company, Chem-Nuclear Systems, intends to bring radioactive metals from Taiwan into South Carolina. If approved by federal regulators, it would mark the first US commercial imports of such waste from Taiwan, a US Nuclear Regulatory Commission official said. Chem-Nuclear Systems is seeking a special license to import about 1.3 million pounds (590,000 kilos) of contaminated tubes and tube plates from Taiwan Power Company's Chinshan Nuclear Power Station. (Korea Times, "US FIRM WANTS TO IMPORT TAIWAN'S RADIOACTIVE METALS," 01/11/98)

3. SE Asia Defense Budget

The Asia-wide financial crisis is forcing many governments in the region to tighten their budget, and costly military procurement plans are expected to be among the first items to go. Indonesia, which has one of Southeast Asia's largest standing armies, announced on January 9 that it would cut its defense budget by up to US$20 billion. Brigadier General Wahab Mokodongan, Indonesian armed forces chief spokesman, said the cutbacks would force Indonesia to delay its procurement of Sukhoi jet fighters and other military hardware from Russia. During December, 1997 all three branches of Thailand's armed forces announced that budget restraints and the weakened baht meant they could no longer afford to keep up on payments for the weapons they had ordered during times of economic prosperity. The Malaysian government also announced late last year that its planned procurement of military helicopters and armored cars would have to be suspended. The ROK also confirmed that it would have to cut back on its purchases of foreign military hardware. However, the Singapore government, which was able to escape the regional economic turmoil, said January 7 that it would not slash its defense budget, despite the economic slowdown. (Korea Times, "ECONOMIC DOWNTURN MAY SPELL END OF EAST ASIAN ARMS RACE," 01/12/98)

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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