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I. United States

1. Agreed Framework

Reuters (Bill Tarrant, "N.KOREA THREATENS TO SCRAP NUCLEAR PACT WITH U.S.," Seoul, 01/12/99) reported that the DPRK's Rodong Shinmun in an editorial on Tuesday threatened that the DPRK would abandon the 1994 Agreed Framework due to the US failure to fulfill its obligations under the accord. The editorial said, "The United States has not faithfully implemented any of its commitments... This compels the DPRK to expect nothing any longer from the Agreed Framework." It added, "We have no intention of observing the Geneva agreement because the United States refuses to abandon its attempts to use it as a lever to stifle the DPRK." It argued, "It is high time the U.S. clarified its stand about whether it will implement or break the agreed framework. The DPRK also has the right of choice." ROK Foreign Ministry spokesman Lee Ho-jin said that the DPRK's threats "seem to be routine rhetoric before any important meeting like the Geneva talks." Lee also

noted that a statement Monday by a DPRK Foreign Ministry spokesman "showed some flexibility about ways to resolve the issue" of the DPRK's suspect underground construction, by holding open the possibility of non-monetary compensation for allowing US inspections.

The Associated Press ("U.S. WILL CONTINUE TO DISSUADE N. KOREA NUCLEAR CAPABILITY," Washington, 01/12/99) reported that US National Security Adviser Sandy Berger said Tuesday that the Clinton administration would continue to work with Japan, the ROK, the PRC and other countries to dissuade the DPRK from developing nuclear weapons and missiles. Berger also said that overall US policy toward the Korean peninsula was being examined to develop a long-range strategy beyond the current Agreed Framework.

The Associated Press (David Briscoe, "ANALYSTS EYE NEW DEAL WITH N. KOREA," Washington, 01/12/99) reported that Lee Sigal, an analyst with the Social Sciences Research Council, told the annual two-day Carnegie International Non-Proliferation Conference that the DPRK may be trying to get the US to lift sanctions in exchange for a halt to its missile program. He stated, "Pyongyang may be deliberately alarming us by manipulating what the intelligence community is seeing and hearing in order to get us to negotiate in earnest." Sigal noted that the DPRK has offered to negotiate an end to missile testing, and said that it wants political normalization with the US. National Security Council senior director for nonproliferation and export control Gary Samore said that US officials have been discussing several strategies that might eventually lead to a lifting of US sanctions against the DPRK, but concerns over the DPRK's underground facility and the testing of missiles must be addressed first. He acknowledged that the Agreed Framework could be improved so it would be more in the US interest, but he warned that it was the result of tough negotiations in 1993 and 1994 and the DPRK will seek additional compensation for any changes. Mitchell R. Reiss of the Korean Peninsula Energy Development Organization (KEDO) said that it is at least as hard getting consensus among KEDO participants on nonproliferation strategy as it is getting agreement with the DPRK. Richard Fieldhouse of the Senate Armed Services Committee said that if not for the budget crisis that led to a compromise, KEDO funding would have been cut by Congress last year. Fieldhouse stated, "A lot of members ... feel they have been sold a bill of goods ... because they thought it would stop the nuclear program." He added, "Anything that looks like accommodation with or bargaining with a country as unpleasant as North Korea is going to have tremendous difficulty."

The New York Times carried an editorial ("A FRAYED DEAL WITH NORTH KOREA," 01/12/99) which said that the DPRK's underground construction and missile test threaten to dismantle the Agreed Framework. The paper stated, "At best, North Korea's actions are an attempt to extort new money and concessions from the West. At worst they signal an intention to break the nuclear agreement or even to threaten South Korea and Japan. " It warned, "Even if North Korea is only advertising its rocket and missile prowess to get the West to pay for freezing these programs as well, it is a troubling development. Paying for a missile freeze might lead to further demands as North Korea looks for ways to keep its bankrupt dictatorship afloat." It argued, "America should help North Korea deal with its devastating famine and should offer support if the North begins to move away from its disastrous command economy. But [DPRK Policy Coordinator William] Perry must make clear to Pyongyang that there are limits to American generosity and that Washington expects the 1994 nuclear agreement to be honored in full." [Ed. note: This article appeared in the US Department of Defense's Early Bird news service for January 12.]

2. US-DPRK Talks

Reuters ("U.S.-NORTH KOREA TALKS ON DESPITE OUTBURST," Washington, 01/12/98) reported that an anonymous US official said Tuesday that talks between the US and the DPRK will go ahead

in Geneva this week and next despite a DPRK threat to abandon the Agreed Framework. The official stated, "The talks will go forward. We are confident of that." He declined to comment on the editorial in the Rodong Shinmun that threatened to break the Agreed Framework, but said the bilateral talks offered benefits to both sides.

3. Light-Water Reactor Project

Reuters ("IMPOSSIBLE TO FINISH N.KOREA REACTORS BY 2003-KEDO," Tokyo, 01/12/99) reported that the Jiji news agency quoted Chang Sun-sop, ROK associate director of the Korean Peninsula Energy Development Organization (KEDO), as saying on Tuesday that it will be impossible to complete the two planned nuclear reactors in the DPRK by 2003 as scheduled. Chang said that a number of incidents, including the DPRK's launch of a rocket over Japan last August, had made delays inevitable. He stated, "Delay beyond the deadline agreed upon in the 1994 agreement appears unavoidable."

The Pacific Stars And Stripes (Jim Lea, "PYONGANG DECRIES U.S. DEMANDS," Seoul, 01/13/99, 1) said that the DPRK's Korean Anti-Nuclear Peace Committee demanded on that Sunday that the US pay compensation for "tens of billions of dollars" in economic losses it claimed have resulted from slow progress in building two nuclear reactors promised under the 1994 Agreed Framework. It also said that the US demands to inspect an underground facility amount to "abandonment" of the agreement, "a declaration of war and a provocation." It added that the DPRK "is fully ready to cope" with those things and "will unhesitatingly counter" any military confrontation "and will not miss the opportunity to wreak the pent-up grudge of national division and accomplish the cause of national re-unification." [Ed. note: This article was one of the top stories in the US Department of Defense's Early Bird news service for January 12.]

4. DPRK Underground Construction

Reuters (Charles Aldinger, "COHEN REJECTS N.KOREA \$300 MILLION 'PEEK' OFFER," Yokota Air Force Base, 01/12/99), Pacific Stars And Stripes (Richard Roesler, "COHEN: NK THREATENING PACT," Tokyo, 01/13/99, 1) and the Associated Press ("COHEN: NKOREA MUST OPEN NUKE SITE," Yokota Air Base, 01/12/99) reported that US Defense Secretary William Cohen on Tuesday rejected an offer by the DPRK to allow the US to inspect an underground construction site for US\$300 million. Cohen stated, "The North Koreans have said they want \$300 million for just the right to look. That is a pretty expensive peek. What we are saying is we are not in the business of giving you compensation. What we need to have is some verification." He added that a DPRK refusal to allow inspections of the site "will call into question the viability of the Agreed Framework." Cohen said that he saw "both promise and provocation" recently from the DPRK. He added that he is encouraged by the DPRK's ongoing participation in the four-party peace talks, saying, "Talking is always better than either shouting or shooting." [Ed. note: This article appeared in the US Department of Defense's Early Bird news service for January 12.]

5. DPRK Tourism Project

The Associated Press ("N. KOREA MAY CANCEL TOURISM PROJECT," Seoul, 01/11/99) reported that Hyundai official Kim Yoon-kyu said Monday that the DPRK is threatening to cancel the Mt. Kumgang tourism project if the Hyundai group fails to make an initial payment quickly. The ROK government has held up remittance of the first payment until the duration of the agreement is specified. Kim stated, "North Koreans are upset and are saying that the project could be

discontinued." He added that a chartered cruise ship carrying 400 ROK tourists left for the DPRK on Monday as scheduled.

6. PRC-Taiwan Relations

The Associated Press ("TAIWAN PRESIDENT LEE CALLS FOR VIGILANCE AGAINST CHINA," Taipei, 01/12/99) reported that Taiwan President Lee Teng-hui, in a visit to the line island of Quemoy on Tuesday, called on Taiwanese to remain on guard against military attack from the PRC. Lee stated, "I call on our citizens to raise their vigilance against the military threat from China." He added, "Security is the primary concern of our government. Without security, there is nothing."

7. Taiwanese Participation in TMD

The South China Morning Post (Jason Blatt, "TAIPEI DENIES INTEREST IN US MISSILE SYSTEM," Taipei, 01/12/99) reported that Taiwan Vice-Defense Minister General Wang Wen-hsieh on Monday denied rumors that Taiwan was planning to join the US-proposed Theater Missile Defense system. Wang said that Taiwan was not "even capable of making an evaluation" much less a determination to take part in the program. He added, "We would have to bring in experts and work very carefully on any such considerations." Wang made the remarks at a session of the Legislative Yuan's Defense Committee. [Ed. note: This article appeared in the US Department of Defense's Early Bird news service for January 12.]

8. Japanese Coalition Government

The Associated Press (Joji Sakurai, "CLOCK IS TICKING FOR JAPAN COALITION GOVERNMENT PLANS," Tokyo, 01/12/99) reported that chances for a coalition government between Japan's ruling Liberal Democratic Party and the opposition Liberal Party dimmed on Tuesday due to a disagreement over the country's role in UN military operations. The two parties need to reach an agreement this week to meet their goal of forming a coalition government before the Diet convenes on January 19. Chief Cabinet Secretary Hiromu Nonaka said that he still hoped for an agreement but ruled out any concessions that contravene Japan's constitutional ban on collective security. However, Liberal Party leader Ichiro Ozawa stated, "It's up to the LDP. If there's no agreement on the security problem, there will be no coalition."

9. Indian Nuclear Development

The Washington Times (James Morrison, "U.S. IRKS INDIA," 01/12/99) reported that Indian Defense Minister George Fernandes reacted angrily last week to US Ambassador to India Richard Celeste's call for India to publicly disclose its requirements for a minimum nuclear deterrent. Fernandes stated, "It is sheer arrogance to make such observations. I don't think the U.S. has been given the authority to ask us about our security concerns and requirements." He added, "If the U.S. thinks that it can express concern over other countries security requirements, then other nations should also have the right to express their concern over the United States."

10. Comprehensive Test Ban Treaty

Reuters ("NUCLEAR TEST BAN CALLED TOP CLINTON PRIORITY," Washington, 01/12/99) reported that US National Security Adviser Sandy Berger said Tuesday that President Bill Clinton plans to

make US Senate ratification of the Comprehensive Test Ban Treaty (CTBT) one of his "top priorities" of 1999. He added that Clinton likely would make the case for Senate action on the treaty in his State of the Union address, scheduled for January 19. Berger argued, "If we fail to ratify, we will undercut our own efforts to curb further nuclear arms development, particularly in South Asia where India and Pakistan each have announced an intention to adhere to the CTBT by September of this year." He stated, "That is the right choice for those countries, one we have been urging for some time. Senate action on the CTBT before September will greatly strengthen our hand in persuading India and Pakistan to fulfill their pledges." He said that by banning all nuclear explosive tests, the CTBT "will constrain the development of more advanced nuclear weapons by the nuclear powers and limit the possibilities for other states to acquire such weapons (and) will enhance our ability to detect and deter suspicious activities by other nations." He warned, "If the Senate rejected or failed to act on the test ban treaty, we would throw open the door to regional nuclear arms races and a much more dangerous world." He speculated that the deadline created by the announcement by India and Pakistan may enhance prospects for Senate approval this year.

II. Republic of Korea

1. DPRK Underground Construction

Chosun Ilbo ("DPRK MAKES OFFICIAL US\$300 MILLION DEMAND," 01/12/99) reported that on Monday, the DPRK publicly demanded US\$300 million in exchange for first-hand inspection by US authorities of a suspected underground nuclear weapons site. A DPRK Foreign Ministry official made the request in an interview with the DPRK's party organ, the Central News Agency. While the DPRK has been known to have demanded such an amount in cash or the equivalent in food and other aid, this is the first time it has officially made the demand. The official said that the demand is just, since the facilities are extremely sensitive technologically to the national security of the DPRK, and if opened to the US for inspection, the facilities would become useless for their original purpose.

2. Agreed Framework

Joongang Ilbo ("DPRK DECLARES IT WILL NOT ABIDE BY US-GENEVA ACCORD," 01/12/99) reported that the DPRK said it has no intention of abiding by the US-DPRK Geneva Accord signed in October 1994. The DPRK's state- run newspaper, Rodong Shinmun, said, "We are suffering from tens of billions of dollars in direct losses because the US has delayed in practicing the terms of the nuclear accord." It also said, "We cannot accept these huge losses any longer. We have no intention of observing the nuclear accord because the US did not accept our request to stop increasing the pressure on us." It continued, "We are disillusioned with the attitude of the US who are acting as if they made no agreement with us. Now it's high time for the US to decide whether or not it will abide by the Geneva Accord, and we also will retain the right to choose." The Rodong Shinmun emphasized, "If the US continues to break the nuclear accord and forces a military confrontation with us, the People's Army and the whole nation will have no choice but to cope with this situation in our own style."

3. DPRK-ROK Environmental Cooperation

Chosun Ilbo ("ALLIANCE WITH DPRK SOUGHT FOR MARITIME ISSUES," 01/12/99) reported that the Ministry of Maritime Affairs and Fisheries (MOMAF) plans to set up a cooperative system with the DPRK for environmental issues. MOMAF decided to participate in the 4th government-t-

-government meeting of the Northwest Pacific Action Plan (NOWPAP), in March. The government is also encouraging the DPRK to participate, via the PRC, and share their opinions on maritime pollution of the Yellow Sea and the East Sea. If a meeting between the two Koreas is achieved, it would be the first such meeting on maritime environmental issues. NOWPAP is a sub-organ of the UN environmental program. Member nations include the ROK, the DPRK, Japan, the PRC, and Russia.

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 <u>other NAPSNet resources</u>.

We invite you to reply to today's report, and we welcome commentary or papers for distribution to the network.

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