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I. United States

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1. ROK-DPRK Talks

Reuters (Paul Eckert, "KOREAS FAIL TO END IMPASSE AT TALKS," Beijing, 04/13/98) reported that Jeong Se-hyun, vice minister of the ROK Unification Ministry and chief ROK negotiator at the inter-

Korean talks in Beijing, said that the two sides failed to reach agreement Monday on a package of fertilizer aid and family reunions, but agreed to meet again Tuesday. Jeong stated, "Today's meeting has not made progress in narrowing the differences between the two sides." He added, "It is possible that, even in the absence of a tangible accord, we end tomorrow's session agreeing only to meet again. South Korea's view is that discussing and solving all of the issues from fertilizer to divided families concurrently is the only way to win the support of the South Korean people." He also dismissed an ROK's reporter's suggestion that the ROK was being high-handed , arguing, "Insisting on the principle of reciprocity is in fact the way to help North Korea save face." Meanwhile, the ROK's Chosun Ilbo said in an editorial, "Despite unprecedented distress, we are willing to help North Korean compatriots by giving not only fertilizer but, if necessary, seeds. South Korea's demands are not at all unreasonable."

Reuters ("US, CHINA WANT KOREAN TALKS PROGRESS," Beijing, 04/10/98) reported that US Under Secretary of State Thomas Pickering said Friday that the US and the PRC hope weekend talks between the DPRK and the ROK in Beijing would lead to broader dialogue. He stated after talks with foreign ministry officials and Vice Premier Qian Qichen, "We both agreed that it is in the interests of China and the United States to support the dialogue." He added, "We expressed the hope that the dialogue could be broadened and enriched beyond discussion of fertilizer." Pickering said that the US and the PRC "both agreed that we have to pay careful attention to the situation in North Korea. We agreed that there appears to be very serious food shortages."

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2. Kim Dae-jung's DPRK Policy

The Washington Post carried an analytical article by Don Oberdorfer (KOREA'S NEW LEADER TURNS NORTH," Seoul, 04/12/98, C01) which said that new ROK President Kim Dae-jung has made a major departure from traditional ROK policy by seeking coexistence with the DPRK. The article stated, "By so doing, he wants to lower the tension on the peninsula to encourage what a senior aide calls 'a gradual system transformation' in the North similar to that taking place in China and Vietnam." The author argued, however, that "the track record of the North Korean regime, including its hard-line behavior at the just- completed four-party talks in Geneva, makes Kim's 'sunshine' diplomacy a risky bet." The article quoted former ROK foreign minister Yoo Chong-ha as saying that the DPRK has a "structural inability" to deal with the ROK, as its political system rests on internal repression and external hostility justified by its confrontation with the ROK. The article stated that the ROK's economic problems underscored its inability to unify the peninsula through absorption. The author quoted Kim Dae-jung as saying that the DPRK sent signals to him during the post-election transition period that it would look favorably on a "personal" channel for secret dealings, but that Kim rejected the idea because the secret dealings of his predecessor were "not productive." The author argued that Kim's decision to accept coexistence with the DPRK should settle a debate in the US "Congress and elsewhere about whether preservation of the DPRK "is a legitimate interim outcome." He added, "Supplying food to North Korea's starving millions, as Washington is doing, helps prop up that regime, but is essential for inescapable humanitarian reasons." He stated that the solution to the DPRK-ROK confrontation "belongs to Koreans," but the US should "support Kim's policy by taking parallel steps, in close consultation with Seoul, to lift some of its own economic sanctions against North Korea."

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3. PRC Aid to DPRK

Reuters ("CHINA TO SEND NORTH KOREA 100,000 TONNES OF GRAIN," Beijing, 04/13/98)

reported that PRC state television on Monday said that Vice Premier Wu Bangguo announced that the PRC will donate 100,000 tons of grain and 20,000 tons of chemical fertilizer to the DPRK. Wu stated, "China, acting out of traditional friendship and humanitarianism, decided to help North Korea overcome its temporary difficulties by donating grain and fertilizer."

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4. Monitoring of DPRK Aid

Reuters (Scott Hillis, "U.N. AGENCY THREATENS TO REDUCE AID TO N. KOREA," Beijing, 04/12/98), the Associated Press (Joe Mcdonald, "NORTH KOREA IS RUNNING OUT OF FOOD," Beijing, 04/13/98), and the New York Times (Elisabeth Rosenthal, "AGENCY URGES NORTH KOREA TO COOPERATE ON FOOD AID," Beijing, 04/13/98) reported that World Food Program (WFP) executive director Catherine Bertini said Sunday that the agency has warned the DPRK that it will cut levels of grain aid unless the DPRK allows wider monitoring of the aid. The DPRK had barred WFP officials from monitoring grain aid in 50 of the country's 210 counties, saying there were sensitive military installations there. Bertini stated, "We said to the North Koreans that, within a certain period of time, if we did not have access to the additional counties, we would then cut back on the amount of resources that we were sending." She added that the DPRK had promised to let WFP inspectors into the disputed areas within 30 days. Bertini said, "We have put together our statistics for an appeal based on access to all 210 counties. If we do not have all access, then we cannot just bring in the same amount of food and assume that that food would just be spread out differently." She cited improved child health as proof WFP food was making it to those who needed it most, but said it was possible some aid was being diverted away from the intended beneficiaries. However, she said signs of malnutrition were common. She also said that the DPRK harvest has run out, forcing its people to rely on foreign donations and to scavenge for roots and edible plants. She concluded, "The food crisis is not over. It will continue until there are considerably better harvests, until there are considerable improvements in agricultural production." A report by the aid group Medecins Sans Frontieres [Doctors Without Borders] seen in Beijing on Saturday said that DPRK citizens were resorting to violence and cannibalism as army and government officials pilfered emergency grain aid.

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5. DPRK Financial Reform

The Associated Press ("N. KOREA ASKS WORLD BANK FOR POINTERS," Seoul, 04/10/98) reported that Sri-Ram Aiyer, director of the World Bank's Korea Department, said Friday that the DPRK has asked the bank to teach it how to run a market economy. Aiyer said that the bank was arranging for several European countries to provide up to US$1.5 million in funding and that the education program could begin in the next few months. ROK newspapers said potential donors included Switzerland, Sweden, and the Netherlands. The World Bank cannot provide direct financial assistance to the DPRK since it is not a member. Aiyer said that the World Bank and the International Monetary Fund planned to send officials to the DPRK, and that the UN Development Program will join in as a fund manager for the education program.

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6. Alleged DPRK Missile Sales to Pakistan

The New York Times (Tim Weiner "U.S. SAYS NORTH KOREA HELPED DEVELOP PAKISTANI MISSILE," Washington, 04/11/98, A3) reported that Gary Milhollin, director of the Wisconsin Project

on Nuclear Arms Control, said that Pakistan's Ghauri missile is based on technology supplied by the DPRK. He stated, "It was a cloak-and-dagger operation by Pakistan, which concealed the transaction." Unnamed US officials confirmed that account, saying that the US knew before Pakistan tested the missile on Monday that the DPRK had smuggled the missile technology into Pakistan. The US tried to persuade Pakistan not to test the missile, offering to help resolve a dispute over US$650 million that Pakistan has paid for 28 F- 16 fighter planes it ordered which have not been delivered due to a 1990 congressional act suspending military aid to Pakistan. However, Malik Zahoor Ahmed, a spokesman at the Pakistan Embassy in Washington, on Friday denied that the DPRK was involved. He stated, "This is indigenous technology, though technology of course does not have to come from one source." Milhollin said that the DPRK has also supplied its liquid-fueled missile technology to Iran, Syria, and Egypt.

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7. ROK Student Movement

The Associated Press ("S. KOREA STUDENTS PROTEST CRACKDOWN," Seoul, 04/12/98) reported that Yonhap news agency said that more than 1,000 students rallied at Kyungbuk and Youngnam Universities in Taegu for a third straight day Sunday, protesting an alleged government crackdown on their activities. About 2,000 police surrounded the campuses to prevent 1,300 students from electing the new leadership of Hanchongron, a nationwide student group that the government has outlawed as pro-DPRK. About 200 students were arrested in three days, but all except nine were released with warnings. The National Police Agency in Seoul said that the police crackdown was in compliance with a court ruling last year against the student group.

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8. Taiwan-PRC Talks

The Associated Press ("TAIWAN TO ACCEPT CHINESE INVITATION," Taipei, 04/13/98) and Reuters ("CHINA MOVES TO REVIVE TALKS WITH TAIWAN," Beijing, 04/13/98) reported that the Taiwanese Straits Exchange Foundation said Monday that it will accept an invitation for its deputy secretary-general to visit the PRC April 21-22 to prepare for possible talks. The PRC's Xinhua news agency confirmed Monday that the PRC's quasi-official Association for Relations Across the Taiwan Strait had sent a letter with the invitation. The purpose of the trip would be to exchange views on a proposed future visit to the PRC by the head of Taiwan's Straits Exchange Foundation, Koo Chen-fu.

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9. US Policy Toward Taiwan

The Washington Post carried an opinion article by Kim Holmes and Stephen Yates of the Heritage Foundation ("TO PROTECT TAIWAN, 04/11/98, A15) responding to an article on March 8 by Joseph S. Nye Jr. [Ed. note: See Taiwanese Independence in the US Section of the March 9 Daily Report.] The author's argued that, if the US were to adopt Nye's proposal that it declare that it would not protect Taiwan were the island to claim independence, the result could be disastrous. They stated, "If implemented, the initiative would increase the chances of conflict, embolden the Chinese to pressure the Taiwanese, isolate Taiwan and drag the United States into the middle of a negotiating process that it intentionally, and wisely, has avoided." They argued, "once the United States gets involved directly in China's campaign to prevent independence in Taiwan, it has tipped the balance against Taipei. The effect would not be to 'preserve democracy and peace' but to discredit democracy and create instability." They added that such a policy could cause the deterioration of

Taiwan-PRC relations, "first by emboldening the mainland Chinese and then by frightening and possibly radicalizing the Taiwanese." They stated that, while the PRC would undoubtedly agree to such a deal, "there is little doubt that the government and people of Taiwan would not support it." They concluded, "If the real challenge for the United States is simultaneously to preserve democracy and peace, the best way to proceed is not to isolate a democracy on behalf of an authoritarian one-party state, but to counter Beijing's efforts to isolate Taiwan internationally and, as required by the Taiwan Relations Act, assist Taiwan in deterring potential military aggression. The best way to preserve peace and democracy is not for the United States to intercede on Beijing's behalf, but to urge both sides to settle their differences peacefully."

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10. PRC War Games

Agence France-Presse ("CHINESE MILITARY HOLD HIGH-TECH WARGAMES," Beijing, 04/13/98) reported that the PRC's Xinhua News Agency said Monday that PRC armed forces launched a new round of military exercises to enhance their capability to cope with high-tech modern wars. The official news agency quoted sources with the People's Liberation Army (PLA) as saying the training was intended to acquaint PLA officers and soldiers with the means and ways to win regional wars employing high- technology. Unnamed sources said that the comprehensive military drills represent another milestone in the PLA's modernization drive.

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11. Taiwanese Aid to Southeast Asia

Reuters (Lawrence Chung, "TAIWAN OFFICIALS TO PROMOTE ASIA FORUM IDEA IN U.S," TAIPEI, 04/12/98) reported that Taiwan on Sunday sent a group of senior finance and economic officials led by Central bank deputy governor Hsu Chia-tung to the US to seek support for Taiwan's offer to work with the PRC in helping Southeast Asia recover economically. [Ed. note: See Taiwan-PRC Relations in the US Section of the April 8 Daily Report.] Taiwan's foreign ministry said in a statement that the 10- member group will meet with US officials to discuss Asia's financial problems and brief "relevant personnel" on how Taiwan was coping with the Asian economic crisis. The visit coincides with the five- day spring meetings of the International Monetary Fund and World Bank scheduled to begin on April 16 in Washington, and a series of Asian financial crisis-related meetings in Washington and New York. On Thursday, PRC Foreign Ministry spokesman Zhu Bangzao said that Taiwan's proposal was an attempt to seek a bigger role on the world stage. He added, "If Taiwan is sincere, it can provide assistance through non-government channels. Taiwan authorities are reluctant to do this because they want to achieve their political goals through financial cooperation." Taiwan later dismissed Zhu's accusation, saying its proposal was purely economic, and asked the PRC to reconsider its rejection in order to help stabilize economies in the region.

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12. US Missile Technology Transfer to PRC

The New York Times (Jeff Gerth, "AEROSPACE FIRMS' TIES WITH CHINA RAISE QUESTIONS," Washington, 04/13/98) reported that a highly classified May 1997 US Defense Department report concluded that scientists from Hughes and Loral Space and Communications had turned over expertise that significantly improved the reliability of PRC nuclear missiles. Unnamed officials said that the criminal investigation into the sales was undermined this year when US President Bill Clinton approved Loral's export to the PRC of the same information about guidance systems. Loral's

chairman was the largest personal donor to the Democratic Party last year. An anonymous administration expert on the PRC stated, "From the Chinese point of view, this was the key case study on how the administration would operate on contentious issues." He added that the message was that administration policy "could be reversed by corporations." However, Gary Samore, the senior director for nonproliferation and export controls at the National Security Council, stated, "I am certainly not aware that our policy has been influenced by domestic political considerations. From where I sit, this has been handled as a national security issue: seeking to use China's interest in civilian space cooperation as leverage to obtain nonproliferation goals." However, the chairman of the House International Relations Committee, Benjamin Gilman, R-N.Y., said that the administration should provide a "thorough review" of the Hughes-Loral case to Congress before it goes ahead with a plan to expedite approvals for US satellite launchings by the PRC.

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13. Russian Ratification of START II

Dow Jones Newswires ("YELTSIN RESUBMITS START II TREATY TO RUSSIAN PARLIAMENT," Moscow, 04/13/98) reported that Russian President Boris Yeltsin submitted an amended version of the START II arms control treaty to the State Duma on Monday. The new version includes the memoranda signed by Russian Foreign Minister Yevgeny Primakov and US Secretary of State Madeleine Albright last September, which extends the deadline for halving the two countries' nuclear arsenals until the end of 2007 from the original deadline of January 1, 2003. Both Duma Speaker Gennady Seleznyov and Vladimir Lukin, chairman of the Committee for International Affairs, said they were optimistic that ratification would take place before summer.

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14. Japanese Economic Crisis

The Associated Press ("JAPAN MAY BE IN RECESSION," Tokyo, 04/10/98) reported that Shimpei Nukaya, administrative vice minister of the Japanese Economic Planning Agency, said Friday that Japan's economic situation is severe and the country may already have slipped into recession. He stated, "I wouldn't deny the possibility that the economy may have entered a period of recession sometime last year." Nukaya said that an economic stimulus package Prime Minister Ryutaro Hashimoto proposed Thursday "will undoubtedly have a major effect." Meanwhile, the Organization for Economic Development and Cooperation forecast Japan's economy will shrink by 0.3 percent in 1998, according to figures released Wednesday.

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15. Asian Financial Crisis

The Associated Press (Harry Dunphy, "IMF: ASIA WOES THREATEN NEAR FUTURE," Washington, 04/13/98) reported that the International Monetary Fund's semi-annual assessment, the "World Economic Outlook," predicted Monday that the Asian financial turmoil will slow down global economic growth this year, but the threat to future advances appears limited so far. It said that countries in Asia that were hardest hit are not likely to recover until 1999, and Japan is on the brink of a recession, with zero growth forecast this year. It said that the US will continue to lead the world economy, although it can expect a big increase in its trade deficit. The report projected global growth in 1998 at 3.1 percent compared with 4.1 percent in last October's report. Its prediction for 1999 is 3.7 percent.

II. Republic of Korea

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1. ROK-DPRK Talks

ROK and DPRK officials agreed to discuss their different agenda items simultaneously during the second day of landmark government-level talks Sunday. "We have agreed to discuss the fertilizer issue in parallel with ways of improving inter-Korean ties and the issue of separated families," said ROK chief delegate Jeong Se-hyun. Jeong's DPRK counterpart, Chon Gum-chol, said, "We had sincere talks. We need more meetings to narrow down differences." The two sides agreed to hold working-level talks later Sunday to iron out differences. The DPRK reportedly wants 200,000 tons of nitrate fertilizers from the ROK, which has said it has enough supplies and would even offer more aid if the DPRK officially asked for it. But the ROK said fertilizer aid would be offered only at price, proposing improvements in overall inter-Korean ties. The ROK proposed reunions of families separated by the division of Korea in 1945 and the Korean War of 1950-53 and the exchange of presidential envoys to help pave the way for a historic inter-Korean summit. (Korea Times, "KOREAS AGREE TO DISCUSS AGENDA ITEMS AS PACKAGE," 04/12/98)

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2. ROK-DPRK Weather Information Exchange

The ROK government is trying to establish a direct channel for exchanging weather information with the DPRK. The Korea Meteorological Administration (KMA) said yesterday it is consulting with the ROK Unification Ministry on the issue, which is deemed indispensable for beefing up forecasting capabilities. The KMA is also trying to establish contact with DPRK weather officials during a forthcoming visit to Pyongyang by ROK representatives of the Korea Energy Development Organization (KEDO) for an ecological evaluation concerning the construction of light-water nuclear reactors in the DPRK. (Korea Times, "GOVERNMENT TRYING TO ESTABLISH DIRECT WEATHER CHANNEL WITH NK," 04/13/97)

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3. Monitoring of DPRK Aid

The World Food Program (WFP) reported Sunday that the DPRK was refusing to allow its officials to monitor food distribution at fifty sites within the country and noted that if this continues it will have to reduce the amount of assistance given. Catherine Bertini, secretary general of the WFP, said in Beijing, after a visit to the DPRK, that the DPRK had agreed to monitoring at two hundred and ten sites but had failed to fully implement this agreement. She continued that it was impossible to supply food to unmonitored distribution points and that a final decision on whether to halt assistance to these areas will be made before the end of the month. (Chosun Ilbo, "NK REFUSES AID MONITORING AT 50 SITES," 04/13/98)

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

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The Center for International Studies,
Yonsei University, Seoul, Republic of Korea
The Center for Global Communications, Tokyo, Japan
Center for American Studies,
Fudan University, Shanghai, People's Republic of China

Wade L. Huntley: napsnet@nautilus.org
Berkeley, California, United States

Timothy L. Savage: napsnet@nautilus.org
Berkeley, California, United States

Shin Dong-bom: dongbom_shin@wisenet.co.kr
Seoul, Republic of Korea

Choi Chung-moon: cily@star.elim.co.kr
Seoul, Republic of Korea

Hiroyasu Akutsu: akutsu@glocomnet.or.jp
Tokyo, Japan

Peter Razvin: icipu@glas.apc.org
Moscow, Russian Federation

Chunsi Wu: dlshen@fudan.ac.cn
Shanghai, People's Republic of China

Dingli Shen: dlshen@fudan.ac.cn
Shanghai, People's Republic of China

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Nautilus Institute
608 San Miguel Ave., Berkeley, CA 94707-1535 | Phone: (510) 423-0372 | Email: nautilus@nautilus.org