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I. United States

1. ROK Financial Crisis

The Los Angeles Times (Evelyn Iritani, "IMF CHIEF FACES BATTLE IN PUSHING FOR SEOUL LAYOFFS," Seoul, 01/13/98) reported that International Monetary Fund (IMF) Chief Michel Camdessus was scheduled to meet Tuesday with the heads of the ROK's two largest labor unions. Lee Young-ah, an official of the ROK Federation of National Automobile Unions, argued that workers should not have to bear the brunt of IMF-ordered reforms, saying, "Why should we be sacrificed?" However, Lee Pyoung-hoon, a research fellow with the Korea Labor Institute, stated, "If the union takes a strike action, then the overseas financial institutions will think our economy is still unstable, and they cannot invest money into our financial markets." Cho Se-hyong, acting president of ROK President-elect Kim Dae-jung's National Congress for New Politics party, said that private lenders are waiting to see whether the government acts on the proposed labor law before agreeing to extend funds to cover US\$15 billion in short-term debt. Cho added, "A certain degree of sacrifice is inevitable in this national crisis. I am confident the union will support it." However Pae Sok-bum,

acting president of the Korean Confederation of Trade Unions, said Monday, "The government should not take advantage of the IMF crisis to suppress workers."

The Wall Street Journal ("IMF'S CAMDESSUS IS CONFIDENT SOUTH KOREA PROGRAM WILL WORK," 01/13/98) reported that International Monetary Fund Managing Director Michel Camdessus said Tuesday that he is confident the ROK's bailout program will work. However, he warned not to celebrate too prematurely, saying that the ROK has "won its first battle, but not the whole war." Camdessus said that he expects many jobs to be lost from the ROK reforms under the IMF regime, and that talks between the government, business, and labor are imperative. Labor unions have called for such talks before a labor bill that facilitates layoffs at financial institutions is reviewed Thursday by the National Assembly. Meanwhile the ROK Ministry of Finance and Economy said Tuesday that it will allow troubled financial institutions to more easily lay off workers as part of a restructuring scheme.

2. Political Effects of Asian Financial Crisis

The Washington Post (Thomas W. Lippman, "U.S. ANALYZING POTENTIAL FALLOUT FROM ASIA CRISIS," 01/13/98, A16) reported that senior Clinton administration officials and independent analysts said that the economic crisis in Asia may have political and strategic side effects that could undermine US interests. Unnamed senior officials said that the State and Defense departments have a number of concerns about the impact of the financial crisis on Asia's political and military stability, including the potential inability of some countries to modernize their armed forces and the possibility of a PRC crackdown in Hong Kong. A senior Defense Department official said that Defense Secretary William S. Cohen, who is currently traveling through Asia, "will try to convey to [Asian leaders] our commitment to stand with them during this time of uncertainty." Senior officials also said that the administration has decided to give priority to fiscal stability and implementation of reforms demanded by the International Monetary Fund (IMF) rather than confronting possible political and strategic side effects of the economic crisis. One unnamed senior State Department official said, "We do recognize that there are major geopolitical ramifications, but we also agree with Treasury that we have to adhere to the IMF program." James R. Lilley, former US ambassador to the ROK, warned that the DPRK could "be very tempted to fish in troubled waters" if strikes and demonstrations were to break out in the ROK.

3. US Military Policy in Asia

The Associated Press (Robert Burns, "COHEN SAYS U.S. WON'T ACCEPT LIMIT ON MILITARY MOVEMENTS IN ASIA," Kuala Lumpur, 01/12/98) reported that US Defense Secretary William Cohen said Monday that the US wants to develop a more active military presence in Southeast Asia and will not accept constraints on its ships' movements. Cohen stated, "We want total flexibility." Cohen also said that the US wants to arrange joint military exercises and make deals for US ship access to ports in the region as part of a strategy to broaden its military presence in the Pacific.

4. Proliferation of Weapons of Mass Destruction

The Associated Press (John Diamond, "RUSSIA, CHINA BIG WEAPONS SUPPLIER," Washington, 01/13/98) reported that a report released Monday by Senator Thad Cochran, R-Miss., chairman of the Senate Governmental Affairs international security subcommittee, criticized US President Bill Clinton for his reluctance to impose economic sanctions on nations responsible for the proliferation of weapons of mass destruction, such as the PRC and Russia. The report stated, "The Clinton administration's nonproliferation efforts have been inadequate. The Clinton administration has not been willing to take the tough actions necessary to back up the rhetoric in executive orders and other statements." The report also charged that the DPRK continues to aggressively export missile

technology while the US accepts "unverifiable promises" to the contrary. Cochran said in a news conference that "sanctions have been used sparingly, if at all, against proliferators." In some cases involving Russia and the PRC, Cochran said, the administration failed to follow up its own internal inquiries to determine whether a government's actions warranted sanctions. State Department spokesman James P. Rubin, however, said that the Clinton administration has made proliferation issues a top priority, pointing to the signing of the Comprehensive Test Ban Treaty banning nuclear testing, the permanent extension of the Non-Proliferation Treaty, Russia's recent agreement to join the Chemical Weapons Convention, and PRC assurances to take steps to prevent weapons proliferation.

5. PRC Nuclear Development

Reuters ("CHINA OFFICIAL URGES NUCLEAR SECTOR TO GO IT ALONE," Beijing, 01/09/98) reported that the China Daily said Friday that Huangpu Min, director of the Beijing Institute of Nuclear Engineering, called on the PRC to design, build, and run nuclear plants on its own to avoid curbs imposed by foreign entities. "Only through localization can China avoid other countries restricting its development of nuclear power," Min said.

6. Nuclear Waste Shipment to Japan

The Associated Press (H. Josef Hebert, "FRENCH TO SHIP NUCLEAR WASTE, Washington, 01/13/98) reported that the French government plans to ship 30 tons of highly radioactive nuclear waste through the Panama Canal early next month to Japan. It would mark the first time glass-encased waste from nuclear reprocessing in Europe would travel through the canal. Paul Leventhal, president of the anti-nuclear proliferation group Nuclear Control Institute, said that the US government has given no indication that it would oppose the planned shipment. He stated, "It looks like they're looking the other way and going along." Leventhal said that the waste contains four times the concentration of fission material than conventional used reactor fuel and should not be allowed through the Panama Canal. He cited a 1996 study by Sandia National Laboratories that argued that vitrified nuclear waste could be vulnerable to terrorist attack. Tom Clements of Greenpeace stated, "The shipment of these materials is dangerous any way you look at it." The planned shipment involves 60 containers of high-level nuclear waste left over from the reprocessing of spent fuel that originally came from Japanese reactors.

II. Republic of Korea

1. ROK-DPRK Relations

ROK President-elect Kim Dae-jung said January 12 that he would not hasten to develop inter-Korean relations in consideration of the nation's ongoing economic crisis. Kim made the statement at a luncheon meeting with visiting Managing Director of the International Monetary Fund Michel Camdessus, said Kim's spokesman Park Jie-won. Kim said that the DPRK contacts the ROK only when it sees such contact as beneficial and added that the ROK will not make extended efforts to resume inter-Korean talks for the time being unless the DPRK asks it to do so. However, Kim hinted that he would proceed with ROK-DPRK economic cooperation. (Korea Times, Kim Hyung-min, "PRES.-ELECT KIM NOT TO RUSH TO DEVELOP S-N TIES," 01/13/98)

2. US Senator to Visit DPRK

ROK Foreign Ministry officials said on January 12 that US Senator Carl Levin will visit the DPRK and the ROK beginning January 15. Levin intends to meet senior DPRK officials and inspect the implementation of the "nuclear" deal reached between the US and the DPRK in 1994. Following his

visit to the DPRK, Levin will arrive in Seoul and meet President-elect Kim Dae-jung, ROK Foreign Minister Yoo Chong-ha, and officials from the US Embassy and the military. Levin will be accompanied by staff directors David Lyles and Richard Fieldhouse. (Korea Times, "US SEN. LEVIN TO VISIT N. KOREA," 01/13/98)

3. DPRK Food Aid

The DPRK on January 12 thanked the UN World Food Program (WFP) for issuing a new appeal for 657,000 tons of food aid. "We feel grateful to the WFP and other international organizations, various countries, and non-governmental organizations for their sympathy," said the spokesman for the DPRK's Measure Committee for Recovering from Flood Damage. The WFP's campaign for 1998 calls for donations worth US\$378 million, compared to US\$141 million in 1997. (Korea Times, "DPRK THANKS WFP FOR NEW FOOD APPEAL," 01/13/98)

4. ROK Air Force Crash

The ROK Ministry of National Defense is planning to file a legal suit at the International Chamber of Commerce (ICC), seeking compensation by May from the US engine maker Pratt and Whitney for two KF-16 fighter jets that crashed last year. [Ed. note: See "ROK Air Force Crash" in the ROK section of the December 23 Daily Report.] Asked about the possibility of P and W trying to settle the dispute out of court, an official at the ministry's legal department said, "We are willing to seek a negotiated solution only if P and W initiates such an overture. But at the moment, we doubt it and are planning to prepare for court action." The ministry recently disclosed its months-long investigation into the cause of the two KF-16 crashes. It said that a faulty fuel duct in the engine was found to be the cause of the crashes. (Korea Times, Oh Young-jin, "DEFENSE MINISTRY PLANNING TO SUE P AND W AT INTERNATIONAL ARBITRATION COURT," 01/13/98)

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.

Produced by [the Nautilus Institute for Security and Sustainable Development](#).

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@anu.edu.au
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