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IN TODAY'S REPORT:

[I. United States](#)

- [1. Four-Party Peace Talks](#)
- [2. US Policy toward DPRK](#)
- [3. ROK-DPRK Economic Cooperation](#)
- [4. ROK MIAs from Korean War](#)
- [5. DPRK Defector](#)
- [6. Japanese Emperor's Visit to ROK](#)
- [7. Japanese Smuggling to DPRK](#)
- [8. DPRK Famine](#)
- [9. PRC-Taiwan Talks](#)
- [10. US Arms Sales to Taiwan](#)
- [11. PRC-Japan Relations](#)
- [12. US Troops in Asia](#)

[II. Republic of Korea](#)

- [1. DPRK Reactor Construction](#)
- [2. Kim Dae-jung's Japan Trip](#)
- [3. ROK Anti-Corruption Effort](#)
- [4. ROK-IMF Talks](#)

I. United States

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1. Four-Party Peace Talks

The Associated Press ("KOREAN PEACE TALKS RESUME OCT. 20," Seoul, 10/13/98) reported that four-party peace talks for the Korean Peninsula involving the ROK, the DPRK, the US, and the PRC will resume in Geneva on October 20. The DPRK's Korean Central News Agency on Monday quoted an unidentified DPRK Foreign Ministry spokesman as saying that the main focus of the talks should

be the withdrawal of US troops from the ROK and the signing of a DPRK-US peace treaty. The spokesman said that the two issues are "the key to eliminating the root cause of the acute political and military confrontation on the Korean Peninsula." On Tuesday, ROK Foreign Minister Hong Soon-young urged the US Congress to release US\$35 million in oil and other aid that the Clinton administration pledged to give the DPRK under the 1994 Geneva agreement. Hong stated, "If the United States neglects its part of the agreement, it may give North Korea an excuse to break up the agreement ... escalating tension in Korea."

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2. US Policy toward DPRK

The Wall Street Journal carried an opinion article by Fred C. Ikle, former US undersecretary of defense and currently at the Center for Strategic and International Studies ("U.S. FOLLY MAY START ANOTHER KOREAN WAR," 10/12/98, A18) which criticized the Clinton administration for "repurchas[ing] North Korea's broken promises." The author argued that the decision to engage the DPRK was based on false hopes that the collapse of the Soviet Union would lead to a similar opening up of the DPRK. He stated, "To think that today's North Korean leadership can be nudged toward reform with multibillion-dollar bribes is like trying to propitiate an unreformed serial killer with an offer of parole." He maintained that, since the Korean War, "it has been North Korea's driving ambition to subjugate the whole of the peninsula, and no other regime has been so consistently mendacious, persistently aggressive or unspeakably cruel to its own people on behalf of its ambition." He said that, while it appears that the DPRK has kept its promise to can its spent reactor fuel rods, "since North Korea maintains possession of these containers, it can open them at any time. Besides, the two new reactors promised to North Korea will yield several times more plutonium than its previous reactor, which it has promised to keep shut down." He added that the Agreed Framework has encouraged the DPRK to engage in "blackmail," by demanding ever-more food aid and compensation for ending its missile development program. The author concluded, "Purchasing worthless promises may serve to assuage our fears of a nuclear North Korea for a while. But continued appeasement will make North Korea only more skillful in exploiting South Korean and American anxieties. On present course, U.S. weakness will persuade the dictatorship that it can safely implement its long-term strategy--to launch a massive attack on the South while relying on its weapons of mass destruction to deter a decisive U.S. response."

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3. ROK-DPRK Economic Cooperation

The Associated Press ("HYUNDAI HEAD TO MEET N.KOREA LEADER," Seoul, 10/12/98) reported that Kim Yun-kyu, a senior executive of the Hyundai business group, said Monday that Hyundai founder Chung Ju-yung plans to visit the DPRK later this month and meet leader Kim Jong-il. Kim stated, "There is a high probability that honorary chairman Chung will visit North Korea within this month and have a meeting with leader Kim Jong Il." He added that Hyundai expects to start tours to Mt. Kumgang in the DPRK later this month.

The Associated Press ("HYUNDAI SENDS CONSTRUCTION WORKERS, EQUIPMENT TO NORTH KOREA," Seoul, 10/13/98) reported that the Hyundai business group sent 83 construction workers and equipment to Changjon in the DPRK Tuesday to build port facilities for its proposed sightseeing tours to Mt. Kumgang. The workers also will build rest centers, restaurants, and other tourism-related facilities on and around the mountain. Meanwhile, the DPRK said in a letter to Hyundai Tuesday that it would consider accepting an ROK government proposal to launch a joint probe of the death of 71 cattle donated by Hyundai.

Dow Jones Newswires (Chang Woo-hyuk, "S KOREA KUMGANGSAN GRP TO BUILD HOTEL, SKI RESORT IN N KOREA," Seoul, 10/13/98) reported that the ROK's Kumgangsan International Group's Chairman Pak Bo-hi said Tuesday that he has agreed with the DPRK to build hotels, ski resorts, and golf courses near Mt. Kumgang. Pak said that the group also agreed to launch sightseeing ships to Mt. Kumgang at the same time Hyundai Group inaugurates its tour.

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4. ROK MIAs from Korean War

The Associated Press ("SOUTH KOREA SEEKS KOREAN WAR MIAS," Seoul, 10/12/98) reported that the ROK Defense Ministry said Monday that it will launch a campaign to account for ROK soldiers missing from the Korean War. The ROK has said that more than 40,000 prisoners were not returned at the end of the war, but the DPRK says all POWs went home in 1953. The move follows the recent escape from the DPRK of ROK prisoner of war Chang Moon-hwan.

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5. DPRK Defector

The Associated Press ("N. KOREAN MAN DEFECTS TO S. KOREA," Seoul, 10/13/98) reported that the ROK Agency for National Security Planning said that Shim Sin-bok, who identified himself as a former DPRK army lieutenant colonel, arrived in Seoul Tuesday and sought asylum. Shim said that he fled the DPRK last year and had been living in hiding in an unidentified third country. Shim told investigators that he fled the DPRK because he was caught criticizing what he believed was the undemocratic rule of leader Kim Jong-il.

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6. Japanese Emperor's Visit to ROK

Reuters ("N. KOREA SLAMS SOUTH'S INVITE OF JAPANESE EMPEROR," Tokyo, 10/11/98) reported that the DPRK's official Korean Central News Agency on Sunday criticized ROK President Kim Dae-jung's invitation for the Japanese emperor to visit the ROK. The broadcast called Japanese Emperor Akihito "a descendant of the special-class criminal who committed immeasurable crimes against the Korean people." It added that a visit by the Japanese emperor would "hurt the national feelings of the Korean people." It said that Kim's invitation was "a petty act of a person who has no iota of self-respect and dignity."

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7. Japanese Smuggling to DPRK

Reuters ("JAPAN TRADERS NABBED FOR N. KOREAN EXPORTS," Tokyo, 10/13/98) reported that Japanese police said on Tuesday that they had arrested Kenichi Li, president of small Tokyo-based trading house Daishin Shoji K.K., and company director Nobuo Li, on suspicion of illegally selling products to the DPRK that could be diverted for military use. The two businessmen were suspected of exporting 2,300 valves for scuba-diving air tanks in 1996 without the trade minister's approval. The valves are on a list of export items restricted by the 1996 Wassenaar Arrangement that replaced the COCOM (Coordinating Committee on Multilateral Export Controls) accord. Japanese police officials said that the DPRK appeared to have tried to get sophisticated diving gear for use by its military. Some Japanese experts reportedly believe that Japan's technology has been used to develop the DPRK's ballistic missiles and submarines.

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8. DPRK Famine

The Associated Press ("NORTH KOREA FACES MEAGER HARVEST," Beijing, 10/10/98) reported that Namanga Ngongi, deputy head of the UN World Food Program, said Saturday that the harvest in the DPRK will be no better this year than last year and could be worse. He said that the DPRK needs a minimum of about 5 million tons of grain to feed its 23 million people, but managed last year to harvest just 2.8 million tons. He stated, "Every year it gets worse." He added that the DPRK had made parts of the country off-limits to the UN program, reducing the number of people who get aid from 6.7 million to 5.8 million. He said that the government cited security concerns for its decision, and said the ban would be temporary. Ngongi, who spent four days inspecting UN relief efforts in the DPRK, said people looked better than during a visit last year, but "a large part of the population is very weak." He stated, "Everybody has been consuming at a very low level. So they may not be severely malnourished, but they are not well nourished at all." Ngongi said he saw malnourished children who were supposedly 10 or 11 years old, but appeared to be only 4 or 5. He added that about 30 percent of the children in one primary school he visited were too weak to come to school. He stated, "A lot of people are alive today thanks to the international community's support."

Reuters ("UN OFFICIAL SAYS N. KOREA FOOD SITUATION IMPROVING," Geneva, 10/09/98) reported that Klemens van de Sand, deputy head of the Rome-based International Fund for Agricultural Development (IFAD), said on Friday that the food situation in the DPRK is improving. At a news conference following a one-week visit to the DPRK, van de Sand reported that food production and food security had visibly improved in households he randomly visited. He stated, "There has been a positive trend," adding he had not come across any evidence of deaths from starvation. He also said, "There is clearly an increase in food production this year. The situation is much better this year than at the beginning of last year." IFAD has provided loans totaling US\$45 million to the DPRK for agricultural projects, including household credits to increase food production. Van de Sand said that IFAD's recent deliveries of fertilizer, seed, and pesticide as well as credits have helped to improve the situation for target households in poor cooperatives and allowed them to buy goats, rabbits, geese and chicken as well as animal feed.

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9. PRC-Taiwan Talks

The Associated Press (Thomas Wagner, "CHINA, TAIWAN OPEN TALKS WEDNESDAY," Taipei, 10/12/98), the New York Times (Erik Eckholm, "BEIJING-TAIWAN TALKS: INTIMATE RIVALS TO MEET," Xiamen, 10/12/98, A6), and the Washington Post (John Pomfret, "2 YEARS AFTER SABER-RATTLING, CHINA, TAIWAN SET FOR TALKS," Beijing, 10/13/98, A10) reported that Taiwan Premier Vincent Siew said Monday that Koo Chen-fu would be willing to discuss any issue that would help get talks with the PRC back on track when he meets with PRC officials starting Wednesday. Siew stated, "We hope that the two sides will use new thinking and a new approach to face the issues (and) rebuild a framework for relations suited to the conditions of separation between the two sides." Foreign Minister Jason Hu, however, stated, "I don't think it would serve any purpose to talk about reunification at this moment. If we don't even trust each other, there is not enough good will on either side." An unnamed Western diplomat in Beijing said that, regardless of their outcome, the talks serve a useful purpose. He stated, "For Taiwan, if China is talking, it's not attacking, and for China, if Taiwan is talking, it's not declaring independence." Another senior Western diplomat stated, "These talks are a way for Taiwan to kick the can down the road and hope that something will come up to resolve the issue. Nobody there has got a solution yet." Fan Xihou, director of the Taiwan Research Institute of Xiamen University, said that a major agreement seems unlikely in the

next three to five years. He added that in the long run, however, "time will be against Taiwan" as the PRC gains military and economic strength.

The Associated Press (Christopher Bodeen, "TAIWAN CALLS FOR RECOGNITION," Taipei, 10/13/98) reported that top Taiwan negotiator Koo Chen-fu said Tuesday that he hoped his upcoming informal talks with his PRC counterpart Wang Daohan would help end a three-year break in negotiations. Koo stated, "This is a starting point for rebuilding trust between the sides." Koo is also scheduled to meet PRC President Jiang Zemin and Vice Premier Qian Qichen in Beijing on Sunday. In Beijing, PRC Foreign Ministry spokesman Tang Guoqiang reiterated the PRC's position that there is only one China and Taiwan is part of it. He added that the talks this week will be a "major event" between the two sides, and that the PRC hopes they will improve the atmosphere and pave the way for holding political negotiations soon.

The Associated Press ("TAIWAN LEADER URGES REUNIFICATION," Taipei, 10/10/98) and Reuters (Lawrence Chung, "TAIWAN'S LEE CALLS FOR PEACE WITH CHINA," Taipei, 10/10/98) reported that Taiwan President Lee Teng-hui, in a speech commemorating National Day on Saturday, called for further dialogue with the PRC. Lee stated, "Let us push for more exchanges across the Taiwan Straits ... to help create long-lasting welfare of all Chinese people." He urged the PRC to "drastically reform its political and social systems," and said he hoped the two sides would "take gradual steps to seek reunification." However, he added that Taiwan "will continue to build up a modern defense force to maintain our national security ... and promote our pragmatic diplomacy by participating in international society to increase our international status." Taiwan political analyst Hu Fu stated, "On an occasion like this, Lee's comments were merely a cliché. He definitely had no intention to provoke the mainland, especially before the Koo-Jiang meeting." On Friday, Lee said that the PRC and Taiwan should take a "gradualist approach" to reunification. He stated, "We are looking forward to constructive dialogue between the two sides of the Taiwan straits based on the reality of divided rule."

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10. US Arms Sales to Taiwan

Reuters ("U.S. AIMS TO SELL NINE CHINOOKS TO TAIWAN -AGENCY," Taipei, 10/11/98) reported that Taiwan's state-funded Central News Agency said Sunday that the US is expected to approve a US\$486 million deal to sell nine Chinook heavy-lift helicopters to Taiwan. The planned deal includes nine Boeing CH-47SD (Super D) Chinook helicopters, three T55-L-714A spare turbine engines, contractor engineering, and technical support services, the agency said. The US Department of Defense said that Taiwan would use the helicopters to improve its ability to transport personnel and cargo for defense and humanitarian assistance. It added that the sales would not affect the military balance in the Taiwan Straits. Taiwan's defense ministry declined to comment on the planned sales, but a military source said that the US Congress was expected to approve the deal. The deal is the fourth major military sale by the US to Taiwan in 1998, at a total cost of around US\$1.3 billion.

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11. PRC-Japan Relations

The Associated Press ("JAPAN WANTS AGREEMENT WITH CHINA OVER PAINFUL WAR HISTORY," Tokyo, 10/13/98) reported that Japanese Foreign Minister Masahiko Komura said Tuesday that Japan hopes to reach a mutual understanding with the PRC over the wartime history between the two nations in time for PRC President Jiang Zemin's upcoming visit. Komura said that the two sides are in final discussions aimed at reaching a common understanding of Japan's aggression against China.

He added, "It would be nice if we can issue a joint statement." Jiang's visit, originally scheduled for early September, has been postponed because of massive flooding in the PRC. He is now expected by the end of this year, possibly as early as after the November 17-18 summit of leaders of the Asia-Pacific Economic Cooperation Forum in Kuala Lumpur.

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12. US Troops in Asia

The Associated Press ("ASIAN, AMERICAN WOMEN SEEK CHANGES IN OVERSEAS TROOP PRESENCE," Washington, 10/09/98) reported that the East Asia/U.S. Network Against U.S. Militarism, a coalition of Asian and US women, said Friday that they will meet next week with members of the Clinton administration and Congress to lobby for changes in agreements authorizing US troop presence in Japan, the ROK, and the Philippines. Margo Okazawa-Rey, a professor at San Francisco State University, stated, "We recognize Washington DC as the place where U.S. military policy is determined. The purpose of our meeting is to expose the issues of military presence." She said that acts of violence by US forces in Asia "happen far too often to be overlooked or accepted as random occurrences." US Marine Major Bryan Salas stated, "We take all their concerns very seriously. The U.S. and Japanese government have agreed that the U.S. military presence on Okinawa is crucial to the security and stability of the entire Asia-Pacific region. We want to be good neighbors."

II. Republic of Korea

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1. DPRK Reactor Construction

JoongAng Ilbo ("KEPCO TO CONTINUE DPRK REACTOR CONSTRUCTION," Seoul, 10/12/98) reported that the Korea Electric Power Corporation (KEPCO), which is in charge of laying the foundation for the light-water reactor in Shinpo, DPRK, will keep its manpower and equipment in spite of the October 15 expiration of the contract for the project. This means that KEPCO will continue to work on the main construction for awhile without a contract. KEPCO president Chang Young-shik said on October 12, "We are worried about the main construction because no agreement has been reached on this issue; yet, we have decided to keep our personnel and equipment there until the main contract is signed after consultation with the government officials." He explained, "At first we were going to begin the main construction work on October 16, but as negotiations on the distribution of construction costs were not yet concluded between the ROK, the US, and Japan, we are worried about the halting of this construction work in case the fundamental construction cost dries up." KEPCO made a contract on foundation work with KEDO on August 15, 1997, and has been working in the DPRK with 130 ROK and 170 DPRK workers.

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2. Kim Dae-jung's Japan Trip

JoongAng Ilbo ("CHUNG WA DAE CONFERENCE," Seoul, 10/12/98) reported that on October 12, President Kim Dae-jung hosted a conference in which he explained the achievements garnered from his visit to Japan. He invited all ROK major party leaders including Lee Hoi-chang, the leader of the main opposition Grand National Party. Kim said that his visit to Japan was a good chance to dispose of past matters and to confirm a future-oriented partnership between the two countries. He asked

for cooperation for the constant development of relations with Japan. Lee Hoi-chang said, "The President's visit should be a high point in foreign policy because a constructive ROK-Japan relationship was built. However, the government has to be careful because Japanese high-ranking officials have uttered provocative comments in the past." Lee also said, "I hope the President handles domestic matters as well including relations between the ruling and opposition parties." President Kim did not comment on the strained political relations in the ROK.

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3. ROK Anti-Corruption Effort

Chosun Ilbo ("KIM URGES ANTI-CORRUPTION MEASURES," Seoul, 10/13/98) reported that ROK President Kim Dae-jung said that the Ministry of Government Administration and Internal Affairs, the Ministry of Justice, and the Board of Audit and Inspection (BAI) must work out measures to clean up corruption and irregularities in government administration. Presiding over a cabinet meeting on Monday for the first time since his state visit to Japan, Kim called for all cabinet members to begin an all-out anti-corruption campaign. Kim pointed out that corrupt and unfair practices have been cleaned out substantially in the upper echelons of government officials, but that corruption remained a problem at the lower levels of government. Kim also warned that the public would no longer tolerate the corruption of public officials.

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4. ROK-IMF Talks

Korea Herald ("IMF BEGIN 4TH QUARTER POLICY TALKS," Seoul, 10/13/98) reported that the ROK government and the International Monetary Fund (IMF) began their policy consultation on October 12 to fine-tune the ROK's fiscal and economic policies for the last quarter of 1998, while checking on the implementation of the IMF's bailout programs. Topping the agenda at the two-week long quarterly talks will be the revision of macroeconomic targets, including growth rates for next year and repayment of the loans by the IMF to the ROK coming due in December, said officials at the ROK Ministry of Finance and Economy. In the last quarterly talks, the ROK government and the IMF agreed on negative 4 percent growth for this year, which is likely to be revised downward to minus 6 or 7 percent this time. The ROK government recently revised its Gross Domestic Product growth forecast for this year to negative 5 to 6 percent, while the IMF predicted a more pessimistic 7-percent contraction in its World Economic Outlook (October 1 issue). For next year, the government aims to achieve growth of at least 2 percent through expanded fiscal spending, but the IMF expects the ROK economy to shrink by 1 percent. Whether to repay US\$2.78 billion in loans could be a thorny issue. The IMF is asking the ROK to service the debt by year's end, while the ROK is seeking to roll it over and maintain its foreign exchange reserves. The fourth-quarter consultation began with a two-day seminar on loan valuation and credit reviews with the Banking Supervisory Authority. The main talks with top government officials concerning policy issues are to start Wednesday.

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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