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I. United States

1. ROK-DPRK Summit

The Associated Press (Thomas Wagner, "KOREAS PLEDGE TO TALK REUNIFICATION," Seoul, 6/14/00) and Reuters ("TWO KIMS CAP KOREAN SUMMIT WITH LANDMARK PACT," Pyongyang, 6/14/00) reported that DPRK leader Kim Jong-il and ROK president Kim Dae-jung signed an agreement on Wednesday aimed at easing half a century of conflict on the Korean Peninsula and working towards an eventual reunification. The two leaders also agreed to allow reunions of families, to hold another summit meeting, and to promote ROK investment in the DPRK. The agreement did not deal with the issues of US troop withdrawal from the ROK or the DPRK's nuclear and long-range missile programs. After the late-night signing, the two leaders smiled broadly, shook each other's hands vigorously and toasted each other with glasses of champagne. In a speech, Kim Dae-jung praised his counterpart for helping him reach a "historic agreement" and said that the two of them must "proceed together on a path of reconciliation and cooperation." He also urged the DPRK to seek reconciliation, and to work hard to improve its relations with Japan and the US. In talks that Kim Dae-jung held earlier Wednesday with other top DPRK officials, they discussed opening highway and railway lines across the two countries' border for the first time in more than 50 years, holding a second summit in Seoul, and creating a "hot line" telephone service for discussions during crises.

Reuters ("NORTH KOREAN LEADER AGREES TO VISIT SEOUL," Pyongyang, 6/14/00) reported that ROK spokesman Park Joon-young said early Thursday that DPRK leader Kim Jong-il has accepted an invitation from ROK President Kim Dae-jung to visit Seoul. Park said, "President Kim Dae-jung has cordially invited National Defense Commission Chairman Kim Jong-il to visit Seoul and Kim Jong-il has agreed to visit at an appropriate time."

The Washington Post (Doug Struck, "HIGH HOPES MARK TALKS BETWEEN TWO KOREAS," Seoul, 6/14/00) and The New York Times (Howard W. French, "2 KOREAN LEADERS SPEAK OF MAKING 'A DAY IN HISTORY'," Seoul, 6/14/00) reported that ROK President Kim Dae-jung and DPRK ruler Kim Jong-il defied expectations by slipping quickly into what appeared to be a comfortable and cordial relationship after Kim Dae-jung's arrival for the inter-Korean summit on June 13. A spokesman for the ROK denied reports that there had been agreements to set up a hot line between the capitals or to establish liaison offices. Political analyst Lee Jung-hoon told Arirang TV in the ROK, "the million dollar question at this juncture is whether the summit meeting will be reciprocated. If [Kim Jong-il] accepts, it may be one of the surprises of the summit."

2. US View of Summit

The Associated Press ("U.S. TEMPERED ABOUT KOREAN SUMMIT," Washington, 6/14/00) reported that the US President Bill Clinton administration on Wednesday commended the leaders of the DPRK and the ROK for their historic agreement toward eventual reunification, but expressed cautious optimism about future relations on the Korean Peninsula. US White House press secretary Joe Lockhart said, "I think we need to look at what the process will be coming out of this meeting, out of this communique. We've had some false starts before and it's certainly our hope that they can find some way to build on the success of the last two days." Lockhart declined to comment on how the agreement might affect US troops in the ROK. He said, "for our purposes we want to concentrate on developing or helping develop a process where they can build on any progress they may have made here. I'm not going to get in the position of speculating about the impact on the U.S., or on our military posture."

3. PRC View of Summit

Agence France Presse ("REGIONAL APPROVAL FOR KOREAN SUMMIT TEMPERED BY CAUTION," Hong Kong, 6/14/00) reported that the PRC expressed approval of the inter-Korean summit. PRC foreign ministry spokesman Zhu Bangzao said that the PRC hoped "this meeting will have positive results and lead to the improvement of relations between the two sides of the Korean Peninsula and safeguard peace and stability there." However, the PRC's official Xinhua news agency said: "Because the deeply-rooted differences between the two sides are not likely to be ironed out overnight, it is not realistic to expect much achievements from a single summit." Despite the PRC's public support, Western diplomats have said suspicions remain that PRC harbors preference for the status quo, fearing Korean reunification could lead to a collapse of the DPRK government, placing a US-backed Korean government on its northeast border. Taiwan secretary general Chang Chuan-hsiung said that the summit would have a "positive effect" on efforts to ease tensions between Taiwan and the PRC. Chang said, "the two Koreas have put aside their political differences while adopting humanity and economic issues as the basis of their consensus."

4. Other Views of Summit

Agence France Presse ("REGIONAL APPROVAL FOR KOREAN SUMMIT TEMPERED BY CAUTION," Hong Kong, 6/14/00) reported that the inter-Korean summit received general support from the Asia-Pacific region. Japan expressed hope for the summit while pressing for a quick resumption of its own diplomatic negotiations with DPRK. Chief Cabinet Secretary Mikio Aoki said, "we look forward to an amicable conclusion of the talks." Thailand said that a reduction in Korean hostilities would be beneficial for regional stability. Thai foreign ministry's economics department director general Kobsak Chutikul said, "lessening of tensions on the Korea Peninsula would lead to greater confidence in the stability of the region which is especially important at this time of economic recovery in East Asia." However, Chutikul added, "we feel that a gradual step by step process would be the best way. The gradual process whereby North Korea opens up its economy, institutes economic reform on the model of China rather than a quick reunification like in the case of East and West Germany. The lesson is in the economic burden for West Germany, which took several years to intergrate the East German economy into West Germany." In Indonesia, The Jakarta Post raised the issue of the DPRK weaponry as an obstacle. The newspaper said, "no less important is the transparency of Pyongyang's nuclear energy program which has worried not only South Korea, but also Japan and the United States because of its potential as a disguised weapons program."

5. DPRK Trade

Agence France Presse ("NORTH KOREA'S TRADE DEFICIT DOUBLES IN 1999: JAPAN," Tokyo, 6/14/00) reported that the Japan External Trade Organization (JETRO) said Wednesday that the DPRK's trade deficit doubled in 1999 to US\$615.14 million. The group said that imports into the DPRK rose 2.4 percent in 1999 from 1998 to US\$1,212.4 million for the second straight annual gain, but exports dropped 33.0 percent to US\$597.2 million, the first fall in two years. Noriyoshi Ehara, a senior official of JETRO's Asian bureau, said, "the sharp decline in exports was mainly due to economic sanctions against the country. But exports are likely to pick up this year as some of the sanctions were lifted as North Korea improved its ties with other countries."

6. US Weapons Sales to Taiwan

Agence France Presse ("CHINA SLAM'S U.S. PROPOSED WEAPONS SALE TO TAIWAN," Beijing,

6/14/00) reported that the PRC on June 13 criticized a proposed US weapons sale to Taiwan and called on the US to end all such sales to the island. The US has proposed to sell US\$356 million worth of equipment to help Taiwan improve its defenses, including 39 sets of aircraft parts, such as pods which can be fitted to F-16 fighter planes to aid low-altitude navigation and firepower. PRC Foreign Ministry spokesman Zhu Bangzao said, "the erroneous act of the U.S. government has severely violated the commitments made in the three Sino-U.S. joint communiques and infringed upon the sovereignty of China. The Chinese government has already made representations with the U.S. side and asked the United States to honor its commitments ... and end U.S. arms sales to Taiwan." In an apparent reference to recent Taiwanese appeals to the US to help mediate talks between the PRC and Taipei, Zhu also demanded that the US "end any contact of an official nature with Taiwan."

7. Taiwan Naval Deployment

Agence France Presse ("TAIWAN QUIETLY DEPLOYS FOUR MISSILE BOATS NEAR CHINA," Taipei, 6/14/00) reported that the Taiwan government-funded Central News Agency reported on June 13 that the Taiwanese navy has for the first time sent four missile boats to its major offshore island near the PRC to enhance its defense capability. The four boats, each armed with two domestically produced Hsiungfeng ship-to-ship missiles, were seen mooring in the Liaolo port of Kinmen. The Taiwanese navy confirmed the presence of the four boats but termed the deployment as "routine." The news agency said that the deployment was part of the measures the military authorities have adopted amid growing tensions since the election of Taiwan president Chen Shui-bian. The paper said, "its purpose was to increase the defense capability to ensure logistic supply to Kinmen."

II. Republic of Korea

1. Inter-Korean Summit

The Korea Times (Chong Wa Dae Press Corps, "S-N SUMMIT FOCUSES ON FAMILY REUNIONS," Pyongyang, 06/14/00) and Chosun Ilbo ("LEADERS APPROACH CONSENSUS ON MAJOR ISSUES," Pyongyang, 06/13/00) reported that, according to ROK deputy spokeswoman for the President Park Sun-sook, ROK President Kim Dae-jung and DPRK leader Kim Jong-il discussed methods of reducing tension on the peninsula and bringing about rapprochement in a second closed door meeting at the Baekhwawon State Guest House. Park said that the talks lasted from 3:00pm to 5:20pm and then resumed after a short break at 6:00pm. According to Park, the two leaders frankly discussed all issues between the two Koreas and approached a consensus in the four areas of rapprochement and unification, a peace settlement and reduction of tensions, reunification of displaced families, and cooperation. Park said that Kim Dae-jung stated that the two Koreas have already made several agreements including the July 4 Joint Communiqué and South-North Basic Agreement and that it was now time to implement them. He called for a frank discussion on methods to build a peace system on the peninsula. Park added that Kim Dae-jung asked the DPRK to come forward for rapprochement and cooperation, and stressed that the normalization of ties with the US and Japan would help this. According to Park, Kim Jong-il demonstrated a positive attitude and approached the issues reasonably.

The Korea Times (Chong Wa Dae Press Corps, "NO ACCORD REACHED ON HOTLINE HOOKUP," Pyongyang, 06/14/00), Joongang Ilbo ("HOTLINE STILL UNDER CONSIDERATION," Pyongyang, 06/14/00) and Chosun Ilbo ("HOT LINE DENIED BY CHONG WA DAE," Pyongyang, 06/14/00) reported that ROK Presidential spokesman Park Joong-young said that the establishment of a hot

line between the ROK and the DPRK had not been officially agreed upon. Park stated, "The issue of establishing a hotline between the leaders of Seoul and Pyongyang has not been confirmed, yet." Park added that discussions were ongoing with regard to establishing such a system. Park said that the unscheduled appearance of Kim Jong-il at Sunan International Airport, to greet President Kim, was unexpected, and a decision made by Kim alone. He said, "There was a possibility. But, there was also a high possibility that National Defense Chairman Kim would not come to the airport to welcome President Kim, when one considers all the circumstances, including the fact that the welcoming ceremony was broadcast live."

Joongang Ilbo ("CONFLICTING INFO ON SUMMIT DETAILS SURFACE," Seoul, 06/14/00) reported that ROK vice-minister of the Unification Ministry Yang Young-sik confirmed reports that DPRK leader Kim Jong-il's being present for President Kim's arrival at the airport had not been scheduled, but the possibility had always been there. On June 13, Park had stated that Kim Jong-il's presence at the airport had not been confirmed, information in direct opposition to Yang's previous statements that this had been known beforehand but had been kept secret for security reasons.

The Korea Times (Chong Wa Dae Press Corps, "PRES. KIM RETICENT IN CONTRAST TO TALKATIVE KIM JONG-IL," Pyongyang, 06/14/00) and Joongang Ilbo ("PRESIDENT KIM UNUSUALLY TACITURN IN PYONGYANG," Pyongyang, 06/14/00) reported that ROK President Kim Dae-jung was atypically reserved in the greeting and the summit meeting with DPRK National Defense Commission Chairman Kim Jong-il. In contrast to Kim Dae-jung's reticence, Kim Jong-il was voluble. ROK Presidential spokesperson Park Joon-young explained that Kim Dae-jung's views on inter-Korean topics are well-known by the media. Park stated, "Because the North already knows President Kim's views, President Kim places more importance on listening to Chairman Kim's views than expressing his own."

Chosun Ilbo (Chong Wa Dae Press Corps, "A SECOND 'OFFICIAL' DIALOGUE BETWEEN TWO KIMS," Pyongyang, 06/14/00) carried a transcript of the conversation between ROK President Kim Dae-jung and DPRK leader Kim Jong-il before they held a second meeting at the Baekhwawon State Guest House on Wednesday. "Kim Jong-il (JI): Are you alright today? Kim Dae-jung (DJ): I'm fine, thank you for coming here. JI: It's best for me to visit you as promised. There is a saying that there is no place like home for the best treatment. [The two leaders progressed to a table and sat down.] I made a hard schedule for the early morning. DJ: I visited many places. JI: Is everything alright including the bed? DJ: Yes, and I even got to taste cold noodles in Ongryukwan which I had wanted so much to do. JI: Now in the morning, if you eat food hurriedly because you are late it doesn't taste so good. So take time to eat them slowly. People in Pyongyang are very excited. Our people welcomed you heartily as you made the brave decision to come to the North for the first time. We are still concerned that we greeted you properly. DJ: I thank you very much for coming to the airport in person and for the thousands of well wishers who were there with you. It is similar in the South. JI: In the South ... I watched TV late last night. I watched MBC and saw that people seemed exuberant and welcoming, especially displaced families and defectors. They were weeping and hoping that they could get some news from the North. [turning to Kim Yong-soon]. There was a scene of someone crying, I tell you. DJ: I was told that foreign reporters, 1,000 reporters, stood up and applauded when we shook hands at the airport. JI: I'm not such a big man, but our enemies, the media and Europeans claim I am living a hermit's existence. I went there simply to greet you. The people in Europe frequently ask why I live in seclusion and I appeared for the first time. But in the past I have been to China and Indonesia and to many other countries without publicity. Still they say I am living in hiding. I was liberated from this because President Kim came.[laughs] But that's all right. I've been there without publicity. Is there any problem with your food? DJ: The food is excellent. JI: When I went to China last time, I was served kimchi, South Korean kimchi, so I thought the people of the South were great for making kimchi world famous. In Japan they call it "kimuchi,"

but there is no North Korean kimchi there. The only difference is that the North's is more watery and the South's more salty."

2. Inter-Korean Extended Talks

Joongang Ilbo ("SOUTH-NORTH KOREA TALKS TO ESTABLISH PERMANENT LIAISON MISSIONS," Pyongyang, 06/14/00) and Chosun Ilbo ("LEADERS APPROACH CONSENSUS ON MAJOR ISSUES," Pyongyang, 06/13/00) reported that two Koreas' delegations headed by ROK President Kim Dae-jung and Kim Yong-nam, Chairman of the DPRK Presidium of the Supreme People's Assembly, held an extended meeting at Mansudae Assembly Hall and discussed methods of exchange and cooperation. At the extended talks, the officials discussed issues of mutual concern, including the reunification of separated families and ways to increase South-North exchanges in various fields. The execution of the July 4 South-North Joint Communiqué and the South-North Basic Agreement was also discussed. At the extended talks, both sides focused on enhancing various inter-Korean exchanges, including economic cooperation spearheaded by civilians, through the cooperation of both governments. Both sides also agreed to seek ways to revive talks between the two governments as well as to cooperate regarding exchanges between the ROK and the DPRK. Moreover, the two Koreas discussed ways to ease mutual distrust that has accumulated over the past 50 years. At the extended talks, plans to operate a joint economic committee and a joint social and culture committee based on the South-North Basic Agreement were discussed along with humanitarian issues, including economic cooperation and the reunification of separated families. Furthermore, it was revealed that plans to establish and operate liaison offices between the two Koreas were close to agreement.

Chosun Ilbo ("LEADERS APPROACH CONSENSUS ON MAJOR ISSUES," Pyongyang, 06/13/00) reported that at the extended talks, ROK President Kim Dae-jung said that the two Koreas should discuss what is possible to implement among agreements already made, emphasizing easier targets. Chairman of the DPRK Presidium of the Supreme People's Assembly Kim Yong-nam asked Kim Dae-jung what the ROK's position was regarding the "three nations opposing North Korea," namely the ROK, the US and Japan. Kim Dae-jung said that it was a security arrangement to propel a win-win policy beneficial to the DPRK as well as the ROK. In response to comments on the ROK National Security Law, Kim Dae-jung said that a revision bill was currently pending in the ROK National Assembly.

3. Miscellaneous Inter-Korean Talks

The Korea Times (Chong Wa Dae Press Corps, "S-N SUMMIT FOCUSES ON FAMILY REUNIONS," Pyongyang, 06/14/00) reported that twenty-four "special" ROK delegates met their DPRK counterparts to seek ways to increase cooperation between the two Koreas. ROK Football Association President Chung Mong-joon, Kim Un-yong, president of the ROK's Korea Sports Council (KSC), and business leaders also met their counterparts at the DPRK's People's Palace of Culture. KSC president Kim Un-yong suggested that ROK and DPRK teams enter the opening march of the Sydney Olympics side by side in September although they cannot form a unified team. He also proposed the formation of a unified team for an international table tennis tournament to be held in Osaka this fall. ROK First Lady Lee Hee-ho met leaders of DPRK's women's organizations. They decided to take joint action to help solve the "comfort woman" issue and discussed ways of participating in a congress of all Korean women, to be held in the PRC next month. ROK's Ewha Womans University President Chang Sang also joined the meeting. ROK's Representative Lee Hae-chan of the ruling Millennium Democratic Party (MDP) and Representative Lee One-ku of the United Liberal Democrats (ULD) proposed a meeting of lawmakers of the two Koreas.

4. DPRK's View of Summit

Chosun Ilbo ("NK NEWSPAPERS FETE KIM'S VISIT," Pyongyang, 06/14/00) reported that the DPRK's "Rodong Shinmun" and "Minju Chosun" newspapers extensively covered the meeting between ROK President Kim Dae-jung and DPRK leader Kim Jong-il, devoting four out of their six pages to the Summit Talks. The front pages of both newspapers carried a 20cm by 25cm photograph of the two leaders shaking hands at Sunan International Airport on the outskirts of Pyongyang. Headlines included "South Delegation Arrives in Pyongyang for Historic Meeting and Summit Talks," "The Great Leader Comrade Kim Jong-il Went to Pyongyang Airport and Warmly Received President Kim Dae-jung," and "The Airport and Streets of Pyongyang are Engulfed by the Passion of Welcome." The newspapers made no comment concerning President Kim's arrival statement, but reported in full his dinner time speech along with a myriad of photographs. A conspicuous change has been noticed in the DPRK media reports since the commencement of the DPRK-ROK Summit with outlets openly referring to "President Kim Dae-jung," rather than "South Korean ruler" and "Puppet of a foreign power." While not referring to the ROK specifically they are calling it the "South Side." Also for the first time ministers are being called by their titles while ROK First Lady Lee Hee-ho is being given the honorific "Lady."

The Korea Times (Chong Wa Dae Press Corps, "STREETS OF PYONGYANG REMAIN CALM, PEACEFUL," Pyongyang, 06/14/00) reported that although reporters of the 50-member ROK press corps were not allowed personal contacts with Pyongyang citizens, they did sight movement of a small number of residents along calm and peaceful streets. A guide for the press corps said, "Most Pyongyang citizens usually go to work between 8 and 9:30 in the morning. The one and a half hour time span enables residents to avoid large jams." He added that most Pyongyang residents watched on TV news Tuesday night about the first inter-Korean encounter between President Kim Dae-jung and the DPRK National Defense Commission Chairman Kim Jong-il. The guide quoted several residents as saying that they were much impressed by the meeting. Asked how the residents reacted, the guide advised reporters to read the daily Rodong Shinmun, a DPRK Communist Party organ, and said that citizens' opinions were well reflected in that newspaper. He said that the people's reaction was virtually equal to the editorial discretion of the party organ and refused to comment any further.

5. Speeches at Summit Meeting

Chosun Ilbo ("DINNER SPEECH BY KIM YONG-NAM," Pyongyang, 06/14/00) carried a dinner speech by Kim Yong-nam, chairman of Standing Committee of the DPRK Supreme People's Assembly at the Peoples Culture Palace Tuesday evening. "Your Excellency President Kim Dae-jung and Mrs. Lee Hee-ho! Distinguished guests from the South! First of all, I am glad that President and Mrs. Kim Dae-jung and his entourage have come to the historic city of Pyongyang. This place, in which we are now sharing brotherly affection, was arranged by our own independent choice and patriotic decision. We have waited too many years for the unification of our nation. When will the division come to an end? And when will unification be realized? I think now is the time for the responsible politicians of the North and the South to give an answer to this serious question to 70 million Koreans. The painful history of the nation in the past 20th century was marked by the collapse of the nation and division resulting from foreign intervention and deep-rooted dependence on foreign powers. Now we have to open the 21st century with unification and prosperity through our own efforts. Pyongyang is now drawing the attention of the Korean people and the entire world. I hope that President Kim Dae-jung will spend meaningful time here, despite his short itinerary, for the unification of the nation, which is a matter of our common concern in this historical city of Pyongyang. I pray for the happiness of President and Mrs. Kim Dae-jung and the independent and peaceful unification of the nation, which is the long-cherished desire of the 70 million Korean people,

and propose this toast for the health of those attending this event. Thank you."

Joongang Ilbo ("PRESIDENT KIM SAYS NEED TO BREAK DOWN BARRIERS AND MISTRUST," Pyongyang, 06/14/00) reported that at a dinner hosted by DPRK Chairman Kim Yong-nam of the Presidium of the Supreme People's Assembly, ROK President Kim Dae-jung said that the two Koreas' future should be developed by them "alone." Kim Dae-jung added that without the collaborative effort of both Koreas, neighboring countries as well as the international society would not be supportive of any moves towards unification. He stated, "I hope with all my heart that the summit will transform the mistrust and confrontational atmosphere that has grown between the South and the North for half a century, and would transform into reconciliation and cooperation." Kim Dae-jung added that reunion of families separated by the Korean War should continue without delay especially for elderly people still waiting to be reunited. Kim Dae-jung also said that DPRK-ROK dialogues would continue aiding in resolving the issues accumulated over the past fifty years of animosity and distrust.

6. NIS Director at Summit

Joongang Ilbo (Lee Young-jong, "LIM DONG-WON APPEARS OUT OF THE BLUE," Seoul, 06/14/00) reported that ROK National Intelligence Service (NIS) head Lim Dong-won made an unexpected appearance at Tuesday's summit meeting after being quietly included at the last minute as a member of the inter-Korean summit delegation. Lim arrived in Pyongyang with ROK President Kim Dae-jung. An unnamed official at the NIS pointed out that Lim visited the DPRK not as a leader of the NIS but as an aide to Kim Dae-jung. Another unnamed official said, "Lim's quiet inclusion was at the request of the North who reasoned that they would lose face if they officially accepted a visit from the leader of the NIS, an organization which they have harshly criticized for a long time for its anti-North Korea activities. Therefore, Lim's visit had to be kept secret until his arrival." Lim, a former head of ROK's National Security and Foreign Affairs at Chong Wa Dae and also a former ROK Unification Minister, led the way in establishing secret contacts with the DPRK and was instrumental in clinching the deal to hold the vice-ministerial level talks between the two Koreas in Beijing last June. It is reported that he also played a major role in behind the scenes negotiations about the current inter-Korean summit as well.

7. Inter-Korean Economic Cooperation

The Korea Times ("FOREIGN COS. SHOW KEEN INTEREST IN NORTHERN INVESTMENT," Seoul, 06/14/00) and the Korea Herald (Lee Joon-seung, "SOUTH KOREAN BUSINESSES UPBEAT ON ECONOMIC RELATIONS WITH N.K.," Seoul, 06/14/00) and Joongang Ilbo (Koh Yun-hee, "MORE SOUTH KOREAN BUSINESSES EXPECTED TO ADVANCE INTO NORTH KOREA," Seoul, 06/14/00) reported that many ROK companies wishing to expand inter-Korean economic cooperation or to establish new businesses are expected to step forward with plans. A foreign business committee, composed of members from the American Chamber of Commerce (AMCHAM) and the European Union (EU), are also making preparations to visit the DPRK with a group of investors interested in the DPRK. Spokesmen for the ROK's Federation of Korean Industries and the Korea Federation of Small Businesses (KFSB) have said that they would take on the role of guides and intermediaries so ROK companies interested in investing in the DPRK could meet joint partners and choose appropriate areas of investment. Many experts, however, insisted that the DPRK is one of the most difficult places in the world to do business, especially since it does not cede managerial rights to foreign investors even if they fully own a company. In addition, because most countries are skeptical about investing in the DPRK, it is too early to expect a sudden foreign investment boom. An unnamed economist stated, "Long term goals are the key to investing in North Korea and people

should not expect immediate results."

8. Overhead Construction in DPRK

Joongang Ilbo ("SOUTH-NORTH KOREA TALKS TO ESTABLISH PERMANENT LIAISON MISSIONS," Pyongyang, 06/14/00) and the Korea Times ("RESTORING RAILWAYS EMERGING AS PRESSING TASK," Seoul, 06/14/00) reported that separate talks that followed the extended talks focused on the economic sector, including increased cooperation for the Mount Kumgang project, and joint businesses in automotive and electronic industries. Cooperative efforts to enlarge Social Overhead Construction (SOC) projects including railroads and inland roads as well as systems to guarantee investment were also discussed. The two Koreas also discussed plans to establish a foundation for economic cooperation including methods to regulate double taxation, to clear accounts and a procedure to mediate disputes.

Joongang Ilbo (Lee Jae-hoon, "REQUIRED SOC FOR NK TO EXCEED \$6 BILLION," Seoul, 06/14/00) reported that, according to the ROK's Construction and Economic Research Institute of Korea (CERIK), Social Overhead Capital (SOC) facilities in the DPRK in 1998 were at a level similar to the ROK in 1975. CERIK released a report, "The State of SOC Facilities in North Korea and the Method of Advancing into North Korea," which estimated that it would take 10 years and 73 trillion won (about US\$6.4 billion) to upgrade DPRK SOC facilities to the 1990 level of ROK facilities. CERIK also stressed the importance of locating funding for the DPRK projects as soon as possible. The report did not rule out foreign investment. Kim Tae-hwan, a researcher at CERIK, suggested that the ROK government should look for different financial techniques in order to advance into the DPRK. Kim emphasized the need for private companies and public enterprises to work together, explaining that it would be much easier to attract foreign funds.

9. ROK Parties' Views on Summit

Chosun Ilbo (Yoon Jung-ho, "PARTIES WELCOME INTER-KOREAN TALKS," Pyongyang, 06/13/00) reported that the visit of ROK President Kim Dae-jung to the DPRK has filled domestic politics with celebrations from both ROK ruling and opposition parties. ROK's Millennium Democratic Party's (MDP) leaders including Representative Seo Young-hun and Secretary-general Kim Ok-du showed deep emotion in a live TV broadcast of the arrival of President Kim at Sunan International Airport, delaying a party meeting scheduled for 10:30am. The ROK's Grand National Party (GNP) wished for the successful summit with a statement from spokesman Kwon Chul-hyun, which said, "We hope President Kim returns from the historical summit with good results, caring for his health also. We will support fully the efforts of the president for both the nation and the Korean people during the Summit and afterwards."

10. U Sanctions on DPRK

The Korea Times ("US TO EASE ECONOMIC SANCTIONS ON NK," Seoul, 06/14/00) reported that, according to the Washington office of the ROK's Korea Trade-Investment Promotion Agency (KOTRA), the US will announce that it will ease the economic sanctions on the DPRK. KOTRA said that the US is expected to make the announcement through the federal bulletin before June 25, following the ongoing inter-Korean summit. According to KOTRA, the measures will cover the resumption of imports of the DPRK products, resources and materials, exports of consumer goods, the provision of financial services and investment in less sensitive industrial sectors. Others will include investment plans in agri-business, the mining industry, petroleum, wood, cement and traffic

facilities. KOTRA added that investment projects for infrastructure facilities like roads, airports and ports will also be unveiled. KOTRA also predicted that the US will move to resume services for sending money to the DPRK, transporting of cargo through shipping and aircraft and the operation of commercial air routes. An official at KOTRA stated, "It will take a considerably long time for relevant U.S. authorities like the Department of Commerce to revise the related regulations concerning trade with enemy states and the management of defense industrial materials." The DPRK, for its part, will also need to revise its domestic regulations in accordance with the US move and cope with the rapidly changing economic and trading climate.

11. UN's View of Summit

The Korea Times ("UN CHIEF SALUTES 'VISION AND WISDOM' OF TWO KOREAN LEADERS," Seoul, 06/14/00) reported that, according to UN spokesman Fred Eckhard, UN Secretary-General Kofi Annan on Tuesday saluted the vision and wisdom of the leaders of the two Koreas in opening a dialogue. Eckhard said, "The secretary general hopes that it marks the beginning of a new era of mutual trust and cooperation between the two Koreas. He is also hopeful that the summit will produce substantive results, marking a turning point towards lasting peace and stability on the Korean peninsula and throughout the entire region, as well as national reunification."

12. PRC's View of Summit

The Korea Times, ("CHINA REJECTS KOREA SUMMIT DIPLOMACY AS MODEL FOR RESOLVING TAIWAN ISSUE," Seoul, 06/14/00) reported that the PRC on Tuesday rejected the two Koreas' summit diplomacy as a model for rapprochement with Taiwan. PRC Foreign Ministry spokesman Zhu Bangzao stated, "There is no consideration of the Korean model. China cannot accept the holding of talks without conditions." Taiwan's Mainland Affairs Council, which handles relations with the PRC, issued a statement that asked the PRC "follow the world trend of seeking reconciliation and peace, take a positive attitude and join us in seeking normalization of relations. The Korean summit has proved that sides with different political stands and systems can work to ... build a bridge for dialogue and communications." Zhu said, "The question of Taiwan is entirely the internal affair of China."

13. Russia's View of Summit

The Korea Times ("RUSSIA GIVES NOD OF APPROVAL TO KOREAN SUMMIT," Seoul, 06/14/00) reported that Russia's Interfax news agency reported that Russia's government gave official approval Tuesday to the first summit meeting the two Koreas. According to Interfax, Russia's Deputy Prime Minister Alexander Losyukov stated that the inter-Korean summit "gives rise to hope for the start of a constructive dialog between the two countries."

III. Peoples Republic of China

1. ROK-DPRK Summit

People's Daily (Zhang Xinghua and Wang Linchang, "KIM JONG-IL AND KIM DAE-JUNG HOLD TALKS," Pyongyang and Seoul, 6/14/00, P1) reported that Kim Jong-il, National Defense Committee Chairman of the DPRK, and Kim Dae-jung, President of the ROK, held talks in Pyongyang on June 13. This was the first summit between the DPRK and the ROK since the Korean Peninsula was

divided into two more than 50 years ago, the report said. According to the information from a Seoul news center, the report said, Kim Jong-il expressed during the summit that the DPRK and the ROK belongs to a single nation, and the people of the DPRK whole-heartedly welcome President Kim Dae-jung's visit. Kim Jong-il said that the summit established a good starting point from which they can try to resolve the issues that have divided the Korean Peninsula for 55 years. According to him, the day of June 13 will go down in history forever. Kim Dae-jung replied, "From now on, let's make history together." Kim Dae-jung said he felt strong emotions during the warm welcoming scenes earlier in the day. He expressed his "wholehearted appreciation" to Kim Jong-il and the people of the DPRK. The report said that the two Kims met for 27 minutes at the Paekhwawon State Guesthouse in Pyongyang on June 13. An estimated 600,000 people lined the 10-kilometer route from Sun'an Airport to the state Guesthouse to greet President Kim Dae-jung and his entourage, the report said.

People's Daily (Zhang Xinghua, "DPRK CALM BEFORE SUMMIT," Pyongyang, 6/13/00, P6) reported that the DPRK was waiting for the beginning of the ROK-DPRK summit in a calm atmosphere. At the time when the summit was approaching, the report said, people in Pyongyang worked and lived as always and there was no bustle as would be expected before an important event. During the days before the summit, the report said, major media of the DPRK successively published and broadcast articles which appealed for the improvement of DPRK-ROK relations and peaceful realization of reunification.

People's Daily (Wang Linchang, "LOOKING FOR PEACE," 6/13/00, P6) carried an article saying that at the time when ROK President Kim Dae-jung would soon set foot on the soil of the DPRK, ROK people expressed their expectation of the summit with various kinds of activities. According to the report, before President Kim's departure, five big economic organizations of the ROK jointly published a press communique, saying that they actively supported the summit and hoped that the ROK and the DPRK can establish mutual trust through the summit and strengthen economic cooperation to pursue common economic development. In addition, the report said, ROK people also held a charity sale of goods to collect fund for the reunification of the ROK and the DPRK.

2. PRC Attitude to the Korean Summit

China Daily ("CHINA'S RESPONSE," 6/14/00, P1) reported that a PRC Foreign Ministry spokesman said that the PRC welcomes and supports the summit. The PRC has consistently encouraged the two sides to improve relations through dialogue and exchange to realize self-determined reunification, he said.

China Daily (Xi Mi, "KOREAN SUMMIT A HISTORIC STEP," 6/14/00, P4) carried an article saying that ROK President Kim Dae-jung's trip to the DPRK is the first step in the direction towards reconciliation on the Korean Peninsula. It said that it is time for open exchanges between the two countries. However, it pointed out, a gulf left to grow for 50 years will not be overcome in one night. But with effort on both sides, the article said, reconciliation can be reached, paving the way for reunification, which will benefit not only the two Koreans, but the world as well.

3. DPRK-Russian Relations

China Daily ("DPRK REACHES OUT TO RUSSIA," Seoul, 6/13/00, P11) reported that an official report from Pyongyang said on June 12 that Kim Jong-il, leader of the DPRK, in a message to Russian President Vladimir Putin vowed to strengthen ties with Russia. The report said that Kim sent a message of greeting to Putin on June 11 marking Russia's national day. "The friendly relations between the DPRK and Russia have a long history and those relations have entered a new phase of

development in keeping with the desire of the two peoples," Kim said. Kim has invited Putin to the DPRK, the report said. It said that Putin would stop in Pyongyang on his way to an annual Group-of-Eight summit in Japan in late July.

China Daily ("PUTIN TO VISIT DPRK," Moscow, 6/10/00, P8) reported that Russian President Vladimir Putin will make an unprecedented visit to the DPRK next month to consolidate efforts at reconciling the ROK and the DPRK. "The president of the Russian Federation, Vladimir Putin, will visit Pyongyang soon at the invitation of the chairman of the Defense Committee of the Democratic People's Republic of Korea, Kim Jong-il," the Kremlin said. "This will be the first trip by a leader of our country to DPRK," the Kremlin press service's statement said on June 9. Russian media reports on June 9 said that Putin had also accepted an invitation to visit the ROK this year during a recent telephone conversation with ROK President Kim Dae-jung, but Kremlin officials could not confirm that. Diplomatic sources said that the visit is likely to take place on July 19 or 20, sandwiched between trips to Beijing and the Japan summit of the Group of Eight leading industrialized nations. Russian Foreign Minister Igor Ivanov, who visited Pyongyang in February to sign a friendship deal, told a news conference that economic cooperation and world security would be on the agenda at Putin's talks in the DPRK. The report said that a senior Russian diplomat, Georgy Toloraya, revealed the visit in the daily newspaper Vremya Novostei, saying that the trip would play a key role as the top leaders of DPRK and ROK meet next week, and that Moscow supported their efforts at reconciliation. Toloraya, deputy head of the Foreign Ministry's First Asia Department, said that the trip had been initiated by Russia. Toloraya said that Putin and his DPRK hosts would discuss military issues, including a US proposal to alter the Anti-Ballistic Missile Treaty to enable it to build a National Missile Defense system.

4. PRC-DPRK Relations

China Daily (Jia Hepeng, "SINO-DPRK BORDER TRADE PROMISING," 6/14/00, P2) reported that officials of counties bordering the DPRK have vowed to foster PRC-DPRK trade and economic cooperation by intensifying infrastructure construction, encouraging the border economy, and developing communications. Officials of many PRC counties along the PRC- DPRK border said that they hope the summit fosters trade between the PRC and the DPRK. Wang Zhilong, Chinese Communist Party Secretary for Changbai County in Jilin Province, said that the DPRK's need for Chinese goods can help develop Changbai's economy. Last year, the trade volume for Changbai, which shares a border with the DPRK, totaled 42.7 million yuan (US\$5.14 million). In Liaoning Province's Kuandian County, the trade volume between the county and the DPRK was US\$2.48 million last year. When ethnic Koreans in Changbai visit their relatives in the DPRK, the trips also help trade between the PRC and the DPRK, Wang said. While trade between Changbai and the DPRK is not high, Changbai Customs Deputy Director Wang Zhixiang said the potential for trade and economic cooperation between Changbai and the DPRK remains highly promising. The DPRK needs the PRC's production equipment to revive its manufacturing sector, the report said. There is a huge demand in the PRC for the DPRK's raw materials, lumber and aquatic products, it added.

5. PRC-ROK Relations

China Daily (Zhou Wanfeng and Zhu Wei, "CHINA, SOUTH KOREA AT ODDS OVER GARLIC," 6/9/00, P1) reported that with the PRC imposing limits on garlic imports from the PRC, the PRC Government has retaliated by suspending the import of mobile telephones, including auto mobile sets, and polyethylene, a tough light plastic. The PRC ban went into effect on June 7, the report said. On May 31, the ROK Finance and Economy Ministry issued an order that limited garlic imports and imposed tariffs as high as 315 percent on imported garlic, Xinhua News Agency reported. The order

went into effect on June 1, the report said. Xinhua quoted Hu Chusheng, a spokesman for the PRC Ministry of Foreign Trade and Economic Cooperation, as saying that the ROK's action was aimed at the PRC, one of the largest garlic exporters to the ROK. Moreover, the measure is discriminatory trade protectionism that is not in accord with the regulations of the World Trade Organization, Hu said. Therefore, the PRC Government cannot accept the trade barrier, Hu added. PRC Foreign Ministry spokeswoman Zhang Qiyue said on June 8 that the PRC hopes that the trade dispute can be settled through negotiations.

6. PRC-US Relations

People's Daily ("FM SPOKESMAN SLAMS US ON TAIWAN QUESTION," Beijing, 6/14/00, P4) reported that PRC Foreign Ministry spokesman Zhu Bangzao said at a regular briefing on June 13 that the PRC demanded that the US observe the one-China principle, the three PRC-US Joint Communiqués and its past commitments, and stop selling arms to Taiwan and having any official contact with the island. He put forward the above demands when asked to comment the US Government's decision to send a cabinet-level official to attend a meeting in Taiwan and its announcement to sell weapons to Taiwan. The US Government announced earlier this week that it will send Transportation Secretary Rodney Slater to attend the 24th joint meeting of the US-Taiwan Business Council. It also said that it would sell to Taiwan electronic countermeasures and navigation equipment for F-16 fighters.

7. PRC-Japanese Relations

China Daily ("OFFICIALS VOW TO PUSH RELATIONS," Tokyo, 6/8/00, P1) reported that PRC Vice-Premier Qian Qichen, who met with Japanese Prime Minister Yoshiro Mori on June 7, said that he believes Mori will carry on the friendly policy towards the PRC that the late Prime Minister Keizo Obuchi promoted. Qian also said that he sees Mori making new contributions to Sino-Japanese relations based on the principle of "looking into the future while drawing lessons from the past." Mori said that he will adhere to the principles set forth in the Japan-PRC Joint Statement, the Japan-China Peace and Friendship Treaty and the Japan-China Joint Declaration. He will further promote ties and friendship between peoples of Japan and the PRC, Mori said. Qian arrived in Tokyo on June 7 to attend the state funeral for Obuchi.

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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