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I. United States

1. Inspection of Underground Site

US State Department Spokesman James Rubin ("STATE DEPARTMENT NOON BRIEFING, MAY 13,

1999," USIA Transcript, 05/13/99) said that the arrival in Pyongyang of a US delegation led by special envoy Charles Kartman had been delayed by technical difficulties involving the US aircraft that the team was to travel on. Rubin stated, "The expected arrival is now ... May 14, and the length of stay will be one day, as previously planned."

2. Remains of US Soldiers from Korean War

The Associated Press (Y.J. Ahn, "N. KOREA RETURNS GIS' REMAINS," Panmunjom, 05/14/99) reported that the DPRK on Friday returned the remains of what are believed to be six US soldiers killed during the Korean War. The remains were handed to UN honor guards at Panmunjom. The US military command in Seoul said that the soldiers are believed to have served with the US Army's 38th Infantry Regiment, 2nd Infantry Division. US officials said that the remains were discovered by a joint US-DPRK search team within the last month along the Chong Chon River, where the US Eighth Army and Chinese forces fought in November 1950. The recovery was the first of six joint searches scheduled for this year and the 10th since collaborations began in 1996. US officials said the remains of 1,000 to 3,500 missing US soldiers may be recoverable in the DPRK.

3. ROK Labor Unrest

The Associated Press (Sang-Hun Choe, "S.KOREA STRIKERS CLASH WITH POLICE," Seoul, 05/14/99) reported that 5,000 striking ROK metalworkers held protests on Friday demanding an end to government-ordered industry reforms. The protests turned violent when police tried to confine demonstrators to two lanes of an eight-lane boulevard, and the workers responded by ripping up concrete blocks from the sidewalks and hurling chunks at riot police. About 80 demonstrators were detained for questioning. Three ROK photographers were beaten by police. Meanwhile, 4,000 workers at Ssangyong Motor Co. put down their tools for a second straight day on Friday, while 2,000 employees of Korea Heavy Industries also stayed off the job to protests plans to merge their companies with other firms.

The Associated Press ("SUPPORT FOR LABOR WALKOUTS FADES IN SOUTH KOREA," Seoul, 05/14/99) reported that thousands of ROK subway and hospital workers on Friday called off plans to join a strike called by the Korean Confederation of Trade Unions. Union leader Sok Chi-sun stated, "It appears that we lack the power to push through our demands." Unnamed government officials said that they expected the series of strikes to finish over the weekend, adding that leaders of government, management, and labor could then resume talks to try to end their disputes.

4. ROK Economy

The Wall Street Journal carried an analytical article (Michael Schuman, "KOREA'S FAST RECOVERY SUGGESTS REFORM ISN'T THE ONLY ANSWER," Seoul, 05/14/99) which said that the ROK has largely recovered from its economic crisis despite failing to pursue vigorous reform. The article said that the ROK government sees a more moderate approach as helping to preserve social peace. It also hopes that an improving economy will help solve problems without further government intervention.

5. PRC Nuclear Development

The New York Times (James Risen and Jeff Gerth, "CHINA IS INSTALLING A WARHEAD SAID TO BE BASED ON U.S. SECRETS," Washington, 05/14/99) reported that unnamed US intelligence

officials said that the PRC is close to deploying a long-range nuclear missile, the Dong Feng-31, equipped with a small nuclear warhead based on US technology. The officials said that the missile is expected to be deployed within three or four years. They added that the DF-31 would be a truck-based mobile missile that would be difficult to detect and destroy. US intelligence assessments said that the DF-31 will have a range of approximately 5,000 miles. A 1996 Air Force intelligence report stated, "The DF-31 ICBM will give China a major strike capability that will be difficult to counterattack at any stage of its operation. It will be a significant threat not only to U.S. forces deployed in the Pacific theater, but to portions of the continental United States and to many of our allies." Some US officials said that the weapon will use design technology from the US W-70 warhead, designed at the Lawrence Livermore National Laboratory in the 1970's. One official said, however, "There is a debate over how much design information of ours they are using. This is a very sophisticated piece of equipment that was difficult for us to develop, so we think it would be hard for them to develop." [Ed. note: This article was one of the top stories in the US Department of Defense's Early Bird news service for May 14.]

6. PRC Missile Development

Taiwan's Central News Agency ("MINISTER 'CONFIRMED' BEIJING DEVELOPING CRUISE MISSILES," Taipei, 05/13/99) reported that Taiwan Minister of National Defense Tang Fei said on Thursday that the PRC is developing cruise missiles. Tang added that if successful, the military threat from the missiles would be far greater than that posed by the ballistic missiles the PRC currently has deployed. He said that Western military analysts have predicted that the PRC will have successfully developed cruise missiles between 2003 and 2005, but he added that this is still an uncertain assumption dependent on a number of conditions.

7. US-PRC Relations

Reuters (Steve Holland, "CLINTON MAKES FENCE-MENDING CALL TO JIANG," Washington, 05/14/99) reported that White House spokesman Joe Lockhart said that US President Bill Clinton spoke by phone to PRC President Jiang Zemin Friday to apologize for the NATO bombing of the PRC embassy in Belgrade. Lockhart said that the conversation was "constructive," and that Jiang expressed his views on the bombing. The arrangements for the call were worked out Thursday when the PRC ambassador to the US, Li Zhaoxing, visited the White House and met Clinton.

8. UN Response to NATO Bombing

The Associated Press (Edith M. Lederer, "U.S., CHINA AT ODDS OVER UN ACTION," United Nations, 05/14/99) reported that diplomats said that the US and the PRC remained in disagreement over a UN Security Council statement on NATO's attack on the PRC embassy in Belgrade. The PRC's latest draft "strongly deplores" the bombing. Deputy US Ambassador Peter Burleigh said that the US would not agree to the word "deplore" and would insist that the statement include "the critical element" that the bombing was "a mistake." The PRC's UN Ambassador Qin Huasun said that Thursday's draft was "the bottom line," and that the PRC could not conclude that the bombing was an accident until the results of a NATO investigation are known. Russia's UN Ambassador Sergey Lavrov stated, "China must get justice from the Security Council."

9. PRC Military Development

The Christian Science Monitor (Kevin Platt, "CHINA'S FEAR OF BEING NEXT TARGET," 05/14/99)

reported that the NATO attacks in Yugoslavia is leading the PRC's People's Liberation Army to call for increased defense funding. An unnamed senior Chinese official said that last Friday's attack on the PRC Embassy "is reinforcing China's sense of vulnerability in the face of overwhelming US and NATO military might." An anonymous Western military analyst said that the bombing "is throwing fuel on the fire of Chinese fears of NATO's expansion and its new military doctrine of intervening in a sovereign state on human rights grounds." He also said that the "bombing will give the Chinese military greater leverage in pushing for more defense acquisitions. China's political and military leaders are now drafting the 10th five-year economic plan, and this is an opportune time to press for funding increases." He said that one strategy the PRC hopes to use is "stepped-up purchases of high-tech weapons from Russia." An unnamed Beijing University lecturer argued, "China has its own problems with ethnic minorities in Inner Mongolia, Xinjiang, and Tibet, along with an independence movement in Taiwan, and we wouldn't want to see a NATO-supported civil war cause the breakup of the country." Michael Swaine, an expert on the PRC military at the Rand Corporation, stated, "China's top priority is still economic development. It doesn't want to derail that goal." He noted that, even if allegations of PRC theft of US nuclear weapons designs are true, the US still has a vast defense superiority over the PRC, and "in many areas, the gap is growing." He argued, "The asymmetry is so enormous that even significant improvements in the Chinese military would not create a fundamental challenge to US security." He warned that some US "congressmen are taking a very alarmist view of China's military intentions ... in the direction that could lead to a new cold war." Swaine argued, "I don't think you can talk about the possibility of China becoming a global superpower over any time frame." [Ed. note: This article was included in the US Department of Defense's Early Bird news service for May 14.]

10. PRC Entrance to WTO

The Washington Post (Paul Blustein, "U.S. MORE HOPEFUL ON CHINA TALKS," 05/14/99, E03) reported that US administration officials believe that negotiations will resume soon over the PRC's entry into the World Trade Organization (WTO). Richard Fisher, deputy US trade representative, stated, "We're waiting for a clear signal that China wishes to proceed. If so, time is of the essence." Other trade officials said that the likelihood is increasing that Robert Cassidy, the chief US negotiator on PRC trade issues, will travel to Beijing next week for the next stage of negotiations. Aides to US Senator Max Baucus, D-Montana, said Thursday that he has gathered signatures from 30 senators on a letter to President Bill Clinton pledging to vote in favor of permanent "normal trading relations" status for the PRC after an agreement is reached on PRC WTO membership "that clearly advances our economic interests in China." One senior U.S. policymaker stated, "If we're going to proceed, we need to conclude the agreement by the end of this month."

11. PRC Currency Stability

The Associated Press ("CHINA PROMISES TO PROTECT CURRENCY," Macau, 05/14/99) reported that Dai Xianglong, governor of the People's Bank of China, said Friday that the PRC will not allow its desire to curb deflation to destabilize its currency. Dai stated, "We have solid ground to safeguard the stability" of the yuan. He noted that the PRC had US\$146.7 billion in foreign exchange reserves and has only a small amount of short-term foreign debt. He stated, "We will continue our opening up policy and won't change our basic policy to open to the outside world."

II. Japan

1. DPRK Credit Cooperatives in Japan

The Sankei Shimbun ("TWO DPRK CREDIT COOPERATIVES WENT BANKRUPT," 05/14/99) reported that it was revealed on May 13 that two DPRK credit cooperatives in Japan--Chogin Miyagi in Miyagi Prefecture and Chogin Aomori in Aomori Prefecture--went bankrupt. The two will be merged into a new credit cooperative along with the other two DPRK credit cooperatives in Japan, which will protect all their deposits. Chogin Miyagi was established in 1966, and as of March, 1999 had about 1,600 members. Chogin Aomori was established in 1968, and as of March, 1999 had about 1,000 members. According to financial authorities in both Miyagi and Aomori Prefectures, reportedly because of their mismanagement of bad loans caused by the sluggish Japanese pachinko business, Chogin Miyagi's deposits were only 12.26 billion yen this year, a huge loss compared to last year's 14.28 billion yen. The cooperative's deficit was 670 million yen this year. Details of the merger procedure and financial procurement are to be announced in the near future. Chogin Miyagi only said, "No comment. We are dealing with the situation under the supervision and guidance of the prefecture."

2. Japanese-ROK Relations

The Yomiuri Shimbun ("PRIME MINISTER TALKS WITH PRESIDENT KIM OVER THE PHONE AND REPORTS ON VISIT TO US," 05/12/99) reported that Japanese Prime Minister Keizo Obuchi talked with ROK President Kim Dae-jung over the phone for fifteen minutes on May 12 regarding the former's visit to the US. During the talks, Obuchi briefed Kim on the agreement between Obuchi and US President Bill Clinton on strengthening policy cooperation among Japan, the US, and the ROK. He also reported on Japan's signing of an agreement to provide US\$1 billion to the Korean Peninsula Development Organization. According to the report, Obuchi had already told Kim in early April that he would report on his visit to the US.

3. Japanese Views of US-PRC Relations

The Daily Yomiuri ("GOVERNMENT EXPRESSES CONCERN," 05/11/99) reported that members of the Japanese government have expressed concern about the PRC's decision to cancel discussions on human rights and arms control with the US in protest of NATO's bombing of the PRC Embassy in Belgrade. The report cited a leading Foreign Ministry official as saying that the deterioration in US-PRC relations was undesirable for the security of Japan. Prime Minister Keizo Obuchi told reporters at his official residence on May 11, "Japan hopes that relations between both countries improve soon." The government dispatched Foreign Minister Masahiko Komura to the meeting of foreign ministers from the G8 industrial powers, which was held in Bonn, in an effort to play a role in finding a political solution to the Kosovo crisis.

4. Anti-Japanese Protest in PRC

The Daily Yomiuri ("CHINESE HURLS STONE AT JAPAN EMBASSY," Beijing, 05/13/99) reported that student demonstrators threw at least one stone at the Japanese Embassy in Beijing on May 12 shouting "down with Japanese imperialism." Anti-US demonstrators in Beijing were continuing to protest NATO's bombing of the PRC Embassy in Belgrade, but the demonstrators walked past the Japanese embassy after protesting in front of the US Embassy. At least one stone was thrown, but it did not reach the embassy building, and no damage was done.

5. Japan's TMD Policy

The Sankei Shimbun ("DEFENSE AGENCY SETS UP TMD PROJECT TEAM," 05/10/99) reported that the Japanese Defense Agency (JDA) on May 9 established a project team on the theater missile defense (TMD) initiative to work out a basic strategy for the initiative. Japan and the US already began joint development of navy theater-wide ballistic missile defense that will continue over the next five years. According to the report, JDA aims to utilize the achievements of the joint development for the next phase of defense planning, slated for 2002. The report added that JDA will also work out where to locate TMD in relation to ground, maritime and air forces, and also in relation to the DPRK's missile threats.

III. Announcements

1. NATO Nuclear Flash

The following is the table of contents from the latest NATO Nuclear Flash. The full report is available online at: <http://www.nautilus.org/nnnnet/index.html>

* Taiwan: Minister "Confirmed" Beijing Developing Cruise Missiles. * Senate Panel to Lower Trident Levels. * Chinese UN Delegate Outlines China's Policy on Nuclear Weapons. * Belarus Keeping Nuclear Facilities * Sergeyev Emphasizes Strength of Russian Nuclear Forces. * Pakistani Ex-Foreign Minister Blasts No-First-Use. * Kremlin to Bolster Nuclear Stockpile. * Peace Action Fears Kosovo Bombing Fuels Russian Plans to Develop Nukes.

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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