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I. United States

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1. DPRK Famine

Reuters (Jean Yoon, "DEFECTOR: FAMINE KILLED 2.5 MILLION N.KOREANS," Seoul, 06/15/98) reported that DPRK defector Hwang Jang-yop on Monday estimated that 2.5 million DPRK citizens had died in the last three years from famine. He said that 500,000 people had starved to death in 1995 and a million each in 1996 and 1997. Hwang stated, "The South needs to help its northern brethren by providing food and medical aid, in a way to prevent a trapped mouse from turning back and biting the cat." He added, "It's like a land of darkness there. Most people think it's too painful to go on. They even think if it takes a war to bring change they are willing to start a war." Hwang said that the DPRK would welcome any sort of economic assistance from western countries as long as it did not carry political demands. Regarding the donation of 500 cattle by Hyundai Group founder Chung Ju-yung, Hwang stated, "North Korean leaders would use the donation to promote themselves

and for propaganda." Hwang said that he did not think the DPRK would follow nuclear tests conducted by India and Pakistan, arguing, "North Korea is not the kind of country that would blindly follow other countries' examples. But it's possible that the North may use the issue in future negotiations with the outside world."

The Associated Press (John Leicester, "NORTH KOREAN FOOD CRISIS NOT OVER," Beijing, 06/14/98) reported that Abdur Rashid, a UN Food and Agriculture Organization official who led a four-member team that spent 11 days inspecting the food situation in the DPRK, said Sunday that the DPRK has mobilized children to help plant crops. Rashid said that maize planting and 85 percent of rice planting has finished, and the crops appear to be in satisfactory condition, but that the harvest's success will depend largely on how much rain the DPRK gets in the coming months. Rashid stated, "This is a very critical period," adding that even with a good harvest, "there will still be a sizable shortfall." Douglas Coutts, the UN World Food Program's (WFP) representative in the DPRK, stated that DPRK citizens "are not dying of hunger. What they are doing is dying from diseases ... that they would otherwise recover from." Coutts said that the WFP has received just 250,000 tons of the 600,000 tons of food it appealed for this year. He added that foreign governments are now questioning whether the DPRK is willing to take steps to solve its problems and wean itself from outside aid.

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2. DPRK Economy

The Associated Press ("N. KOREAN ECONOMY SHRINKS AGAIN," Seoul, 06/15/98) reported that the ROK's central Bank of Korea said Monday that the DPRK economy contracted 2.6 percent in 1997, the eighth straight year of decline. The bank said that the DPRK generated US$12 billion in gross national product in 1997. It estimated the DPRK's trade volume in 1997 at US$2.18 billion, up from US$1.98 billion the previous year, mostly due to increased imports of food from the PRC and other countries. The report said that the DPRK posted a US$360 million trade deficit.

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3. US Congressional Resolution on Taiwan

Reuters (Scott Hillis, "CHINA SPURNS U.S., DEFENDS RIGHT TO ATTACK TAIWAN," Beijing, 06/12/98) reported that the US House of Representatives last week voted 411-0 for a resolution demanding that the PRC abandon its threat to invade Taiwan if the island declared independence. The PRC's official Xinhua news agency responded in a commentary, "Every sovereign state has the right to take all means it deems essential, including military means, to safeguard its national sovereignty and territorial integration." It added, "The stance of the Chinese government in this regard is targeted at foreign interference and so-called 'Taiwan independence' instead of the Taiwan people." It said that Xinhua said the congressional resolution on Taiwan "is not only a bold move which interferes in China's internal affairs but also sets barriers against further developing the improved Sino-U.S. relationship." Meanwhile, the semi-official China News Service quoted Zhang Yunling, a US specialist with the government think tank Chinese Academy of Social Sciences, as saying, "U.S. domestic politics are very complicated and elements exist which want to limit or resist the development of Sino-U.S. relations."

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4. PRC Missile Targeting

The New York Times (Steven Erlanger, "AS CLINTON TRIP NEARS, U.S. WANTS OUT OF CHINA MISSILE SITES," Washington, 06/14/98, 6) reported that unnamed senior US officials said Saturday that the US and the PRC are trying to negotiate an agreement to no longer target each other with nuclear weapons. Sandra Kristoff, the Asia director of the US National Security Council, is currently in Beijing to complete work on the substantive agenda for US President Bill Clinton's upcoming visit to the PRC. The officials said that the US tried to get a mutual detargeting agreement negotiated before PRC President Jiang Zemin's visit to the US last October, but that the PRC insisted that the agreement be paired with another agreement against first-use. One unnamed senior US official stated, "We're not going to change our [nuclear] doctrine in the context of China. There are alliance reasons in Asia not to change it as well."

The Dallas Morning News (G. Robert Hillman, "CHINA'S AMBASSADOR SAYS HE KNOWS OF NO NUCLEAR MISSILES POINTED AT U.S.," Washington, 06/12/98) reported that Li Zhaoxing, PRC ambassador to the US, said Friday that he knew of no PRC nuclear missiles targeted at the US. Li said he believed that some people "seemed to be nostalgic of the Cold War" and "found that they still needed an enemy ... a target so as to justify their Cold War mentality."

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5. US Missile Defense

United Press International (Mike Billington, "DEBATE FOCUSES ON U.S. MISSILE DEFENSES," 06/12/98) reported that the Heritage Foundation recently released a report calling for "the development of an emergency missile defense program and (the) early deployment of a global missile defense system." However, John Pike, director of the Federation of American Scientists Space Policy Project, stated, "Missile defenses clearly are not an effective response to those missile threats that we do face." He added, "The nuclear tests by India and Pakistan make it more urgent than ever that we ratify the Comprehensive Nuclear Test Ban Treaty and negotiate a global ban on producing materials for nuclear weapons." Alyn Ware, executive director of the Lawyers' Committee on Nuclear Policy, stated, "The U.S. should begin multilateral negotiations on complete nuclear disarmament. Both India and Pakistan have said they would join such negotiations and any resulting non-discriminatory nuclear weapons disarmament treaty. "

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6. US-PRC Summit

The Washington Times carried an analytical article (Richard Halloran, "U.S. IS FINESSED IN PLANNING FOR BEIJING SUMMIT," Beijing, 06/15/98) which argued that the PRC will have "the upper hand" at the upcoming summit between US President Bill Clinton and PRC President Jiang Zemin. The article quoted an unnamed Chinese scholar with government connections as saying, "The Clinton people are not aware of how the Chinese will manipulate this visit. They don't have a clue." The author said that the PRC persuaded Clinton to move his trip from November to June; to avoid a stopover in Japan; to spend as much time in the PRC as Jiang spent in the US; and not to have a separate meeting with democratic leaders in Hong Kong. He also argued that adding the Indian and Pakistani nuclear explosions to the agenda for the summit means that "Clinton risks being seen as lining up with autocratic China and Pakistan against democratic India." The article said that US observers with experience in Asia expressed concern over how Clinton's visit to the PRC would effect US relations in Japan. It added that, within the PRC, there is disagreement between leaders of the People's Liberation Army (PLA), who want to confront the US, and the foreign and economic ministries, which see good relations with the US as in the PRC's interest. The author stated, "The PLA takes a hard line on Taiwan and has called Chinese diplomats 'traitors' for what the PLA

considers a soft attitude toward the United States." He concluded, "Many Americans appear to agree that good relations with China are in the U.S. national interest. The question is how Mr. Clinton goes about ensuring good relations."

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7. Japanese Use of Chemical Weapons in WWII

The Associated Press ("REPORT: JAPAN USED WWII POISON GAS," Tokyo, 06/14/98) reported that Japan's Mainichi newspaper said Sunday that the Foreign Ministry released documents on Saturday alleging that Japanese troops used poison gas against Chinese military forces during World War II. The documents include reports on a postwar PRC court verdict, which found a Japanese military officer guilty of ordering the use of poison gas on a northern China battlefield in May of 1942. The reports detail the outcome of a war crimes trial held in the PRC from 1946 to 1949.

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8. Japan-PRC Relations

Reuters ("JAPAN PUSHED 'TWO CHINA' POLICY IN 60S," Tokyo, 06/14/98) reported that Japanese newspapers said on Sunday that, according to recently declassified Foreign Ministry documents, then Japanese Prime Minister Hayato Ikeda proposed to US President John Kennedy in 1961 that the PRC should be admitted to the UN and Taiwan allowed to keep its seat. Kennedy reportedly said that while there were ways to do this, his administration could not sell the policy to Congress. Ikeda also broached the idea with Canadian Prime Minister John Diefenbaker, who said that the PRC should not be admitted to the UN.

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9. Indian Nuclear Tests

The Washington Post carried an opinion article (Victor Gilinsky and Paul Leventhal, "INDIA CHEATED," 06/15/98, A23) which said that most of the military plutonium stocks that India used for its recent nuclear tests came from a CIRUS research reactor, an "Atoms for Peace" reactor, built by Canada and made operable by 21 tons of heavy water supplied by the US, that began operating in 1960. In return for this assistance, India promised both suppliers in writing that the reactor would be reserved for "peaceful purposes." The authors argued, "If Washington and Ottawa were now to keep India to its promise, and verify this, India would lose more than half the weapons-grade plutonium for its nuclear bombs and missiles. The United States and Canada should make this an essential condition for the lifting of economic sanctions." They also pointed to a 1963 agreement under which India must get US approval to reprocess the used fuel from two US-supplied nuclear power reactors at Tarapur. However, India disputes this aspect of the agreement and insists it is free to reprocess the used fuel at any time. The authors argued, "In the history of U.S.-India nuclear relations, nothing stands out so much as India's constancy in pursuing nuclear bomb-making and America's nearsightedness about Indian intentions." They concluded that the US "should insist that Indian plutonium covered by 'peaceful purposes' agreements be unavailable for warheads, and that Tarapur fuel is not reprocessed to extract plutonium. This is by no means the whole answer, but there is no point in trying to 'engage' India in new nuclear limitations if we do not enforce existing agreements."

The Associated Press (Krishnan Guruswamy, "RUSSIA TO SELL REACTOR TO INDIA," New Delhi, 06/14/98) reported that Rajagopalan Chidambaram, chairman of India's Atomic Energy Commission,

said Sunday that Russia's planned sale of two 1,000-megawatt nuclear reactors to India will continue despite the recent Indian nuclear tests. Chidambaram stated, "A Russian scientific team led by Energy Minister Yevegeny Adamov will shortly visit India to finalize the deal." He added that Russia would supply enriched fuel for the lifetime of the proposed lightwater reactor.

II. Republic of Korea

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1. ROK-DPRK Economic Cooperation

Encouraged by business tycoon Chung Ju-yung's upcoming visit to the DPRK, local business circles are poised to tap the DPRK market. The Hyundai Group is promoting various projects with the DPRK, including the development of a tourist resort around Mt. Kumgang and the joint production of freight cars, a Hyundai spokesman said Sunday. As part of its Mt. Kumgang project, Hyundai plans to operate excursion ships linking Sokcho in the ROK with Wonsan in the DPRK in September at the earliest. If Hyundai succeeds in this operation, tourists will be able to move by sea from Sokcho to Wonsan, completing the trip to Mt. Kumgang by rail or roadway, he explained. Chung visited the DPRK in 1989, at which time he reached a general agreement with the DPRK to set up a joint-venture train plant there and develop Mt. Kumgang into a world-famous tourist resort. Hyundai officials have estimated that Chung's upcoming visit to the DPRK will cost about 10 to 15 billion won (US$7.1 million to US$10.7 million), including 1,000 cattle, 40 5-ton trucks, 10 8-ton trucks, and 50,000 tons of corn to be delivered to the DPRK. Hyundai Precision and Industry Co. and Inchon Iron and Steel Co., both affiliates of the Hyundai Group, are also promoting a joint-venture project with the DPRK to dismantle old ships. Two other Hyundai subsidiaries, Keumkang Development Industrial Co. and Hyundai Mipo Dockyard Co., are planning to enter the jacket manufacturing and ship repair businesses, respectively, in the DPRK. Meanwhile, the ROK's other large industrial firms--including Samsung, LG, and Daewoo--are taking steps to initiate joint venture projects with the DPRK. Samsung is trying to obtain permission from the DPRK government to set up and operate a telecommunications center in the Rajin-Sunbong free trade zone. At the same time, Samsung hopes to engage in the electronic business in the DPRK in the form of processing-on-commission, market watchers said. LG, which is already involved in a TV assembly plant in the DPRK, is planning to set up a color TV plant and scallop farm there. Daewoo is also considering setting up a home appliance assembly plant in the DPRK's Nampo industrial estate, while engaging in business negotiations with to set up hotels in the Rajin-Sunbong free trade zone. In a related development, Park Sang-hee, president of the Korea Federation of Small Business, plans to visit the DPRK as early as next month, along with about 30 heads of Korea's small and medium-sized companies, to promote bilateral business cooperation. The Korea Trade- Investment Promotion Agency (KOTRA), which earlier reached a general agreement with the DPRK to open a trade center in the Rajin-Sunbong free trade zone, is also staging working-level negotiations for the project. (Korea Herald, "CHUNG'S VISIT TO NORTH KOREA MAY BOLSTER BILATERAL TIES," 06/15/98)

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.

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