# NAPSNet Daily Report 16 December, 1997

## Recommended Citation

"NAPSNet Daily Report 16 December, 1997", NAPSNet Daily Report, December 16, 1997, https://nautilus.org/napsnet/napsnet-daily-report/napsnet-daily-report-16-december-1997/

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### I. United States

### 1. ROK Financial Crisis

Reuters (Bill Tarrant, "SOUTH KOREA TAKES BOLD STEPS WITH IMF PROGRAM," Seoul, 12/15/97), the Washington Post (Mary Jordan, "SOUTH KOREA ENCOURAGED BY REBOUND," Seoul, 12/16/97, A19), and the Wall Street Journal (Michael Schuman, Namju Cho, and Cecilia Kang, "SOUTH KOREA'S MARKETS JUMP ON FLOATING OF WON CURRENCY," Seoul, 12/16/97) reported that the ROK's decision to float the won, sell a troubled bank, and issue sovereign bonds abroad boosted to its financial markets on Tuesday, with the won opening higher against the US dollar. The International Monetary Fund (IMF) meanwhile will make an additional US$3.5 billion available to the ROK starting Thursday, if a review shows that the ROK has met the terms of a reform program underpinning the loan. Also, aides to ROK President Kim Young Sam said that Kim asked the Clinton administration for early delivery of US$3.5 billion in loans originally pledged as part of a backup line of credit to the IMF bailout. Han Sung-joo, a former foreign minister and an adviser to ruling party presidential candidate Lee Hoi-chang, said, "We need [a] strong statement of support from [US President Bill] Clinton or [Treasury Secretary Robert E.] Rubin. That would be very helpful."

**2. ROK Presidential Election**

The Associated Press (Pauline Jelinek, "SKOREANS FACE ELECTION DECISION," Seoul, 12/16/97) reported that a leading ROK newspaper said that twenty percent of ROK eligible voters were still undecided this weekend about who to vote for in Thursday's presidential election.

Deputy State Department Spokesman James Foley ("STATE DEPARTMENT NOON BRIEFING," USIA Transcript, 12/15/97) denied that the US has exerted any influence in the ROK presidential election. Foley stated, "We believe it is entirely up to the people of the Republic of Korea to select their president. We do not favor any candidate over any other. We respect all the candidates, and we'd be happy to work with any of them as president of the Republic of Korea."

The Los Angeles Times carried an editorial ("CLOUD OVER S. KOREA ELECTION," 12/16/97)which said that neither of the leading ROK presidential candidates "has outlined anything like a coherent response to the economic disaster shaking the country." The article said that the current financial crisis "is just a symptom of a deep systemic illness." It said that the next president must take the necessary measures to resolve the crisis. The article added, "What the times cry out for is a leader unafraid to challenge the traditional basis of his support--in Kim [Dae-jung]'s case, the unions and radical students, in Lee [Hoi-chang]'s case, the same power structure that brought South Korea to its current unhappy state." It concluded, "Washington's hope is that the president-elect will closely cooperate with the outgoing administration to begin implementing the IMF reforms and to prepare for the profound changes that must come. South Korea sorely needs a leader able to steer it through the storm."

**3. US-PRC Defense Talks**

The US Department of Defense ("READ-OUT ON U.S./PRC DEFENSE CONSULTATIVE TALKS," Washington, USIA Text, 12/15/97) released a statement Friday on the Defense Consultative Talks between the US and the PRC: "The first-ever Defense Consultative Talks (DCT) concluded today between the United States and the People's Republic of China. The talks institutionalized senior-level interaction in the security and defense areas to facilitate better understanding and communication between the countries. Under Secretary of Defense for Policy, Walter B. Slocombe is scheduled to visit the PRC next year as part of the now regularly scheduled meetings. New initiatives resulting from the talks included initialing the Maritime Military Consultative Agreement (MMCA) and exchanging briefings on humanitarian assistance. The MMCA is now prepared for signature when U.S. Defense Secretary Cohen visits China in the New Year. The MMCA establishes a framework for dialogue between our respective military maritime forces and will help reduce the chance for miscalculation at seas. The DCT also reaffirmed ongoing U.S.-PRC professional and functional exchanges with National Defense University, and the military medical and justice communities."

**4. PRC-US Relations**

Reuters ("U.S. WANTS TO RUN THE WORLD, CHINA SAYS," Beijing, 12/16/97) reported that the PRC's official Xinhua news agency said in a year-end commentary on Tuesday that the US is attempting to dominate the world political stage by pushing to expand the North Atlantic Treaty Organization and strengthening defense ties with Japan. The agency said, "The United States has never given up its scheme of a U.S.-dominated single-polar world." It added, "Such U.S. insistence on Cold War thinking has brought in complicating factors into the current big-power relations."

**5. PRC-ASEAN Relations**

Reuters ("JIANG: CHINA WILL NEVER SEEK HEGEMONY," Kuala Lumpur, 12/15/97) reported that President Jiang Zemin said on Tuesday that the PRC does not seek to dominate its neighbors in the Association of South East Asian Nations (ASEAN) and proposes temporarily shelving its differences with those countries in the spirit of building closer ties. He recommended that the two sides intensify their two-way dialogue on major regional and international issues at the UN and the Asia Pacific Economic Cooperation (APEC) forum, and with the European Union. He added, "Those problems that cannot be solved for the time being may be shelved temporarily in the spirit of seeking common ground while putting aside differences so that they will not stand in the way of the establishment and development of good-neighborly partnership of mutual trust between our two sides."

## II. Republic of Korea

### 1. DPRK Defectors

The Ministry of Foreign Affairs announced Tuesday that a four-member family from the DPRK arrived in Seoul December 14 from a Southeast Asian country, where they had been under the protection of the ROK Embassy since October. The family is comprised of a 40-year-old man, his wife, and their two children. The family was part of a group of thirteen DPRK citizens who fled the country through the PRC and into the third-party country bordering the PRC in October. An ROK foreign ministry official said that ROK diplomats are trying to locate the remaining DPRK refugees to bring them to Seoul. The official, however, refused to name the third-party country in consideration of the escapees' safety. (Korea Herald, "DPRK FAMILY FINALLY MAKES IT TO SEOUL," 12/16/97)

### 2. DPRK Foreign Relations

The DPRK is reportedly shutting down several of its embassies abroad due to financial problems, an ROK foreign ministry official said Tuesday. The official said that the DPRK, which last week notified the Mongolian government of the closure of its embassy in Ulan Bator, is likely to close down its embassies in Yemen and Yugoslavia. The DPRK has also put its embassy building in Tanzania up for sale, he said. Analysts view such proceedings as part of the DPRK's move to streamline its embassies as its economy has continued to contract for seven straight years since 1991. (Korea Herald, "PYONGYANG CONTINUES EMBASSY CLOSURES," 12/16/97)

### 3. Kim Jong-il's Presidential Ascension

Kyodo News of Japan on Monday quoted the US Asianews network as saying that Kim Jong-il, General Secretary of DPRK's Workers' Party, will assume the country's presidency during a birthday ceremony for his mother on December 24. US Asianews is a news network run by Korean-Americans, such as Moon Myung-ja, who are familiar with the DPRK. By assuming the presidential office, Kim Jong-il is expected to complete his consolidation of power in the DPRK with all top three positions to his name. The top three positions in the DPRK are the general secretary of the Workers' Party, the commander in chief of the military, and the president. (Kyunghyang Shinmun, "KIM JONG-IL TO ASSUME RESIDENCY," 97/12/16)

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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