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## I. United States

### 1. Japan-DPRK Normalization Talks

Agence France Presse ("JAPAN AND NORTH KOREA ANNOUNCE FIRST STEP TOWARD DIPLOMATIC TIES," Tokyo, 12/16/99) and the Associated Press ("JAPAN TO HOLD TALKS WITH N. KOREA," Tokyo, 12/16/99) reported that Japanese Chief Cabinet Secretary Mikio Aoki said Thursday that Japan and the DPRK "will hold director-level preliminary talks on resuming negotiation to normalize diplomatic ties in the afternoons of December 20 and December 21." Aoki told a news conference that the two countries' Red Cross societies will also hold talks on humanitarian issues on December 19-20 in Beijing. The Korean Central News Agency (KCNA) confirmed the announcement, saying, "the DPRK-Japan Red Cross talks to solve humanitarian issues and director-level preliminary

talks between the ministries of foreign affairs of the two countries for inter-governmental talks will be held in Beijing on December 19 and 20 separately."

## **2. Light-Water Reactor Project**

The Office of International Information Programs, U.S. Department of State ("STATEMENT BY JAMES B. FOLEY, DEPUTY SPOKESMAN," December 15, 1999) released the following statement: "The United States welcomes the announcement of the signing of the Turnkey Contract between the Korean Peninsula Energy Development Organization (KEDO) and the Korea Electric Power Company (KEPCO). KEPCO is the prime contractor for construction of the two modern, proliferation-resistant 1000 megawatt light-water nuclear reactors (LWRs) to be built in Kumho, on the northeast coast of the DPRK as provided for in the 1994 Agreed Framework. The Turnkey Contract should allow this important and complex international construction project to proceed expeditiously. We would like especially to acknowledge the hard work by the members of KEDO's Executive Board in patiently and resourcefully bringing this phase of the LWR project to a successful conclusion. Indeed, this important step is a milestone in the international cooperative effort of all the parties in implementing the Agreed Framework."

## **3. PRC Admission into G8**

Agence France Presse ("CHINA SAYS UNLIKELY TO JOIN G8 TALKS NEXT YEAR," Tokyo, 12/16/99) reported that PRC Vice Premier Qian Qichen told Japan's Asahi Shimbun newspaper on Thursday that the PRC is unlikely to join discussions of the Group of Eight nations (G8) in Japan next year. Qian said, "I have not heard of an official invitation. I think China will not participate." Qian noted that leaders of the PRC, Japan and the ROK had met in the Philippines in November during a summit of the Association of Southeast Asian Nations, "but it was ceremonial." Qian warned of the danger of isolating the DPRK if a relationship was build up between the PRC, Japan and the ROK, saying, "I think although the three countries try to establish a certain kind of (firmer) relations, it is still premature. North Korea would feel it was put in a kind of disadvantageous position."

## **4. Cross-Straits Relations**

Stratfor's Global Intelligence Update ("BEHAVE: WASHINGTON SENDS A MESSAGE TO TAIPEI," 12/16/99) reported that on December 15, Richard Bush, managing director of the American Institute in Taiwan, said that the US will take an interest in the results of the upcoming Taiwanese presidential election in March. Bush said, "if the new Taiwan administration's policies converge with our own interests, then there will be no problem. If they do not, then we will discuss the differences in a spirit of friendship." The article argued that Bush's statements were meant as a message that the US will continue to adhere to the one- China policy and that if Taiwanese candidates antagonize the PRC during their upcoming campaigns, they risk losing the US support for Taiwan.

## **5. PRC Weapons Upgrade**

South China Morning Post (Willy Wo-Lap Lam, "PLA WEAPONS TO BE UPGRADED BY 2010," 12/15/99) reported that an unnamed Asian military expert said that the PRC military leadership hoped to close the gap between the PRC and such powers as the US and Russia in such fields as missile and aeronautical technology by the year 2010. The major theme for the Central Military Commission meeting scheduled for the end of December will be boosting the research and development of hardware. The military expert said, "the civilian and military leaderships are hopeful

that by 2010 the mainland's defense muscle will have developed to the extent that the US will not dare intervene in a China-related conflict, for example, one arising in the Taiwan Strait." The head of the PRC's General Equipment Department, General Cao Gangchuan, has reportedly lobbied PRC President Jiang Zemin for more funding because the low pay made it difficult for his department to retain top-quality scientists and researchers.

## **6. PRC-US Relations**

Agence France Presse ("EMBASSY BOMBING DEAL REMOVES OBSTACLE TO SMOOTHER SINO-US TIES," Beijing, 12/16/99) reported that the US and the PRC reached an agreement whereby the US will pay the PRC US\$28 million for the bombing of the PRC Embassy in Belgrade. The PRC also agreed to pay the US US\$2.87 million for the damage to the US Embassy in Beijing in subsequent protests. Analysts said Thursday that the deal (neutralizes a damaging issue that could have hindered progress on other issues such as US Congressional approval of the PRC's accession to the World Trade Organization (WTO). Bob Broadfoot, managing director of the Political and Economic Risk Consultancy in Hong Kong, said, "it just gets rid of one thorn in both countries' foot. They've mutually agreed to compartmentalize the issue and deal with other issues. It's not the type of thing they want to hold over each other for too long.... China wanted the US to hold someone responsible for it, but who are you going to hold personally responsible?" Analysts said that the US and the PRC wished to put aside the embassy bombing dispute and to maintain the momentum of good bilateral relations which came with the signing of a Sino-US trade agreement in November.

## **II. Republic of Korea**

### **1. Korean War Massacre**

The Korea Herald (Lee Sung-yul, "S.KOREA, U.S. TO FINISH NOGUN-RI PROBE BY MAY," Seoul, 12/15/99) and The Korea Times ("INVESTIGATIVE TEAM TO VISIT US OVER NOGUN-RI CASE," Seoul, 12/14/99) reported that the ROK Defense Ministry said on December 14 that ROK and US officials investigating the alleged killing of ROK civilians by US soldiers early in the Korean War will finish their investigation by late May. To finish the probe within the next five months, officials from the two sides are stepping up cooperation and are exchanging related information and records, the ministry said. The ministry announcement came after working groups from the two sides held their second meeting at the Defense Ministry. The ROK team, led by Lieutenant General Kim Jong-hwan, policy advisor to the defense minister, exchanged information and discussed its plan for the next probe with the US group, led by US Army Inspector General Lieutenant General Michael Ackerman. The ROK group will visit Washington in February to confirm testimonies by US Army veterans who were involved in the alleged killing and to review records from the war diary of the 1st Cavalry Division. In January next year, an eight-member US advisory group, led by the US secretary of the army, will visit the site of the alleged killing in Nogun-ri officials said.

### **2. DPRK-EU Relations**

The Korea Herald (Shin Young-bae, "EU, N.K. DISCUSSED ECONOMIC AID," Seoul, 12/15/99) reported that a Finnish envoy in the ROK said on Tuesday that the European Union (EU) and the DPRK discussed humanitarian conditions in the DPRK and the EU's economic assistance to the DPRK when the two sides met last month in Brussels. "We expressed the hope that the North will take a responsible role in international affairs, including security and human rights," Finnish

Ambassador to Seoul Unto Turunen said in a news conference. "But the North claimed the country is free of human rights violations." Senior officials from Finland, Portugal and the European Commission held the second round of dialogue with the DPRK delegation, led by Foreign Ministry Director General Kim Chung-uk, to exchange views on pending bilateral issues, including economic support for the DPRK. "The EU plans to set the amount of economic aid for next year after reviewing the results of its monitoring of aid distribution," said EU Ambassador Frank Hesske, who joined the news conference. During the EU-DPRK talks, the DPRK also expressed interest in advancing the four-way peace talks aimed at easing tensions on the Korean Peninsula and expressed gratitude for the EU's participation in the nuclear reactor project, organized by KEDO (Korean Peninsula Energy Development Organization), said Finnish Ambassador Turunen. "The North also seemed to be willing to improve relations with the US," he said, adding that the EU conveyed to the DPRK its support for the ROK government's engagement policy.

### **3. Aid to DPRK**

The Korea Herald ("KOREAN-AMERICANS GIVE \$2.5 MIL. IN AID TO N. KOREA THIS YEAR SEOUL, 12/15/99) reported that ethnic Koreans in the US have provided US\$2.5 million in aid to the DPRK via Mercy Corp International (MCI) since early last year, Radio Free Asia said on Monday. Meanwhile, non-governmental organizations worldwide are reported to have given US\$9.43 million worth of aid to the DPRK last year and US\$720,000 this year.

### **4. DPRK-ROK Cultural Exchange**

The Korea Herald ("INTER-KOREAN POP CONCERT IN N. KOREA PUT OFF UNTIL DEC. 20, Seoul, 12/15/99) reported that the inter-Korean pop music festival in Pyongyang, scheduled for this Thursday, has been delayed until December 20. The Hankyoreh Unification Culture Foundation and SN21 Enterprise, which has handled negotiations on the festival, announced Tuesday that the concert will be held at Bonghwa Arts Center in Pyongyang next Monday. "We also received invitations from the North for the South's singers and technicians, who will join the music event," they said. Singers, actors and technicians from the ROK's Munhwa Broadcasting Corp. (MBC) will fly into Pyongyang Saturday via Beijing. They will return to Seoul on December 21. MBC will likely broadcast the two-hour concert live from Pyongyang via satellite to the ROK. The delay was partially attributed to a reported difference of opinion between ROK clothier Nix and the DPRK's Asia-Pacific Peace Committee on the price of 10,000 pairs of black jeans and 5,000 sweaters that Nix was to ship to the DPRK on Saturday.

### **5. DPRK Economic Policy**

The Korea Times (Lee Chang-sup, "NK MAY SEEK ECONOMIC CHANGE WITHOUT POLITICAL REFORM," Seoul, 12/14/99) reported that Robert Scalapino, honorary professor of the University of California at Berkeley, on Monday that the DPRK may make a gradual economic change without political reform. During a seminar in Kyoto on Monday, Scalapino said that the prime interest of the DPRK leadership is to improve its ties with the US and Japan. He predicted, however, a positive development on the Korean peninsula next year. As the basis for his optimism, he noted the fact that the DPRK streamlined its state apparatus and put into normal operation the DPRK system in September last year at the plenary sitting of the Supreme People's Assembly, according to a dispatch from the seminar. The professor said that about 100 DPRK citizens received education on capitalism overseas, including at the National University of Australia, Beijing University and Johns Hopkins University. He warned, however, that the DPRK might reach a deadlock as long as it seeks

economic change without altering its political system.

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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