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I. United States

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1. Light-Water Reactor Project

The Associated Press (George Gedda, "N.KOREA ACCUSED OF NUKE DISCREPANCY," 07/15/98) and Reuters ("U.S. STEPS UP EFFORTS ON N. KOREA FUEL OIL," Washington, 07/15/98) reported that US State Department spokesman James Rubin said Wednesday that the US was stepping up efforts to provide fuel oil promised to the DPRK under the 1994 Geneva agreement. Rubin said that the US Congress recently appropriated US\$5 million to pay for this month's oil delivery, and that the Clinton administration is seeking an additional US\$10 million. Rubin stated, "We're going to fulfill our part of the bargain, and the North Koreans, we expect to fulfill theirs." Rubin also said, "We do not have evidence of a secret [DPRK nuclear] program above and beyond the program we are now monitoring.... The suggestion that they are secretly building another nuclear program is something

that we don't believe is true." He acknowledged that the DPRK still has not complied with a part of the agreement requiring it to provide details of its past nuclear activities and how much bomb-grade plutonium it stockpiled, but he said that the International Atomic Energy Agency has sufficient access to monitor the DPRK's nuclear facilities and believes that the nuclear program remains frozen. He added that the DPRK would not be able to use the nuclear reactors it has been promised until it clears up the discrepancy regarding its past nuclear program. An unnamed US official said that the DPRK warned in a letter to the US last month that it would resume its nuclear program by mid-July if it did not receive the oil it had been promised. He stated, "It's not new for them to have a deadline.... They say things like that all the time but don't implement them." He added, "If they are looking for excuses, they can always find them. But if they are looking for substance, we are going to give them the fuel oil and they probably won't therefore go forward with their threats." [Ed. note: NAPSNet is releasing the text of Rubin's remarks today as a Special Report.]

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2. DPRK Infiltrators

The Associated Press (Paul Shin, "APOLOGY DEMANDED OF NORTH KOREA," Seoul, 07/15/98) reported that the ROK National Security Council on Wednesday issued in a statement demanding that the DPRK apologize for the latest infiltrations by its agents. The statement said, "North Korea must immediately stop all hostile activities against South Korea that threaten peace." The statement also reconfirmed ROK President Kim Dae-jung's policy to engage the DPRK through expanded cultural, business, and personal exchanges. Meanwhile, a villager reported seeing two men, believed to be companions of the DPRK agent found dead last weekend, wearing camouflage and carrying knapsacks. Colonel Hwang Dong-kyu, a spokesman for the Joint Chiefs of Staff, stated, "The villager's report seems fairly credible."

The Associated Press (Paul Shin, "SOUTH KOREA FIRES THREE ARMY LEADERS," Seoul, 07/16/98) reported that the ROK Defense Ministry on Thursday fired three navy and army commanders as punishment for allowing the recent alleged DPRK spy incursions. The ministry also reprimanded two three-star generals for what it said was their failure to properly conduct the search for two suspected intruders. Meanwhile, the UN Command filed a formal protest with the DPRK at Panmunjom, calling the incident a "grave" armistice violation. The DPRK's official Korean Central News Agency said that the chief DPRK delegate, Lieutenant General Ri Chan-bok, in response "criticized the United States and South Korea for trying to brand the wrecked submarine as 'intruder' and conducting another anti-North Korean smear campaign with a dead body." The DPRK demanded an apology, saying "the crewmen had no alternative but to kill themselves, unable to transmit SOS," when their sub went adrift with engine trouble and ROK warships and aircraft attacked it and broke its aerial.

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3. ROK Labor Unrest

The Associated Press ("S. KOREAN WORKERS END STRIKE TO PROTEST MASS LAYOFFS," Seoul, 07/16/98) reported that ROK labor unions on Thursday ended a three-day strike called to protest mass layoffs. Hyundai Motors workers abruptly halted their protest at the start of the day, while other striking workers continued their strike until late in the afternoon as scheduled. Chung Sung-hee, a spokesman for the Confederation of Korean Trade Unions, stated, "Our members, including Hyundai workers, are ready to begin another strike next week unless our fair demand is accepted." Hyundai union leaders said that they decided to end the strike early to spur negotiations with management. Kim Yun-ho, a union leader, stated, "Now that we have taken a flexible stand, we

expect that management will be flexible, too." However, an anonymous ROK Labor Ministry official stated, "After Hyundai workers pulled out, the strike rapidly fizzled out. At many worksites, only union leaders walked out." Police meanwhile sought to arrest 85 union leaders on charges of organizing illegal strikes.

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4. Russian Technology Transfers

The Associated Press (Terence Hunt, "U.S. TO PENALIZE RUSSIAN FIRMS," Washington, 07/15/98) reported that the Clinton administration said on Wednesday it will penalize up to nine Russian enterprises found to have sold sensitive technology to Iran, Libya, or the DPRK that could be used for weapons of mass destruction. White House spokesman Mike McCurry said that the penalties involve "a lot of the premier Russian enterprises that have been involved in technology transfers and ... they could be very significant." However, McCurry also praised the Russian government for establishing an investigative commission that uncovered the illicit exports and has threatened charges against the enterprises. McCurry stated, "We believe that those steps indicate the seriousness to which the Russian Federation has taken the expression of concern we've made on certain technology transfers."

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5. Ballistic Missile Threat to US

Reuters (Jim Wolf, "BLUE-RIBBON PANEL WARNS OF MISSILE THREAT," Washington, 07/15/98), United Press International (Jennifer Brooks, "COMMISSION SEES SERIOUS MISSILE THREAT," Washington, 07/15/98), the Associated Press (Laura Myers, "REPORT CITES MISSILE ATTACK DANGERS," Washington, 07/16/98) the Washington Post (Bradley Graham, "IRAN, N. KOREA MISSILE GAINS SPUR WARNING," 07/16/98, A01), and the New York Times (Eric Schmitt, "PANEL SAYS U.S. FACES RISK OF A SURPRISE MISSILE ATTACK," Washington, 07/16/98) reported that the Commission to Assess the Ballistic Threat to the United States, a bipartisan panel set up by Congress, said Wednesday that the DPRK, Iran, and Iraq will be able to hit the US and its allies with ballistic missiles sooner than previously projected. The panel also found that the US "might well have little or no warning" before foes deploy ballistic missiles. The report said that the DPRK and Iran would be able to cause "major destruction" to US cities "within about five years of a decision to acquire such a capability." It warned that Third World countries do not follow the US and Soviet patterns of measured development and prolonged testing, but are willing to settle for less accurate, less reliable, and less safe missiles which can be deployed more quickly. The commission added that the PRC and Russia each posed a threat to US national security as exporters of ballistic missile technologies. Former Defense Secretary Donald Rumsfeld, who headed the panel, stated, "Foreign assistance is not a wild card. It is a fact of our relaxed post-Cold War world." The report said, "The commission judges that the [DPRK's] No Dong [missile] was operationally deployed long before the U.S. government recognized that fact." It added that the DPRK's current effort to develop the longer-range Taepo-dong 2 missile could endanger US territory from Phoenix, Arizona to Madison, Wisconsin. US House of Representatives Speaker Newt Gingrich said the panel's conclusions dictated a thorough review of US intelligence and defense capabilities. George Tenet, the director of the Central Intelligence Agency, said in a letter sent to Congress on Wednesday that the government stood by its old threat assessments. Unnamed senior intelligence officials said Wednesday that the commission had examined the same information available to government analysts, but had come to different conclusions. The officials said that while they government assigned various degrees of certainty to each possible assessment, the panel assumed the worst about the unknown factors for a particular country's missile program in drawing its conclusions.

White House Press Secretary Mike McCurry ("WHITE HOUSE REPORT, THURSDAY, JULY 16, 1998," USIA Transcript, 07/16/98) said that the US intelligence community stands by the accuracy of the conclusions reached by the Gates Commission in 1996 that "there was no proximate threat of ICBM's that could be delivered on the United States with the exception of China, Russia, and perhaps North Korea by the year 2010." McCurry stated, "We're confident that we are not chasing vapor trails when it comes to missile defense. We've got a prudent, well-designed investment that deals accurately with the threat that's been assessed. There has been disagreement about how different variables are factored in when assessments are made. The intelligence community stands by the methodology and work done by the Gates Commission in 1996 as accurate."

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6. South Asian Arms Race

The Washington Times (Ben Barber, "INDIA AND PAKISTAN APPEAR DESTINED FOR NUCLEAR RACE, DESPITE U.S. ACTIONS," New Delhi, 07/16/98) reported that unnamed Indian officials and senior defense analysts said that India plans to develop a nuclear strike force of from 30 to 100 weapons and delivery systems that can reach Beijing. The US Embassy in New Delhi released a statement Wednesday saying that the US is seeking "commitments from India and Pakistan not to deploy either nuclear weapons or ballistic missiles" and that "ballistic missile testing would be a provocative act." Jasjit Singh, the director-general of the Institute for Defense Studies and Analyses, said that India has enough plutonium for more than 100 bombs. Singh stated, "I'd say they'll build 30 bombs." He added, "India will deploy nuclear weapons."

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7. US Sanctions on India and Pakistan

The New York Times (Eric Schmitt, "SENATE VOTES TO LIFT MOST REMAINING INDIA-PAKISTAN PENALTIES," Washington, 07/16/98) reported that the US Senate unanimously agreed Wednesday to give US President Bill Clinton authority to temporarily waive most remaining economic sanctions on India and Pakistan. The measure would give Clinton the power to waive sanctions for up to one year, subject to consultation with Congress.

II. People's Republic of China

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1. DPRK Election

People's Daily ("KIM JONG-IL ELECTED AS THE CANDIDATE FOR DEPUTY TO ASSEMBLY," Pyongyang, 07/14/98, A6) reported that DPRK leader Kim Jong-il announced on July 12 that he will take part in the election for the Supreme People's Assembly, which will be held in the end of this month, as the candidate of constituency No. 666. The DPRK called on all voters to actively vote, the report from the Korean Central News Agency said.

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2. PRC-ROK Relations

Wen Hui Daily ("JIANG MEETS WITH ROK GUEST," Beijing, 07/14/98, A7) reported that PRC President Jiang Zemin met with ROK Foreign and Trade Minister Park Chung-soo in Beijing on July

13. Jiang said that, as a neighbor, the PRC wants peace and stability on the Korean Peninsula. The PRC will work with the ROK to establish friendly and cooperative relations geared towards the 21st century. Jiang is happy that the financial situation in the ROK, due to efforts of the government and people, has passed through its most difficult period. The PRC hopes that the ROK will overcome present difficulties as early as possible and resume its economic vigor. As a responsible country, Jiang said, the PRC will remain dedicated to alleviating economic difficulties in the region.

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3. PRC-US Maritime Talks

People's Daily ("CHINA AND US HOLD MARITIME TALKS," Beijing, 07/16/98, A4) reported that the first Sino-US consultation on maritime military safety ended in Beijing on July 15. Both sides expressed satisfaction with the consultation and believe it will promote mutual understanding and trust between the two nations, while laying a foundation for resolving potential maritime safety problems in the future. Rear Admiral Zhao Guojun, deputy chief of staff of the Navy of the People's Liberation Army, and Major General Earl Hailstone, planning and policy officer of the US Pacific Command, jointly hosted the meeting. General Zhao said that the PRC side will exert efforts with the US side to make the channel unimpeded.

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4. PRC-US Relations

China Daily ("ANTI-CHINA RESOLUTIONS OPPOSED," 07/14/98, A1) reported that the PRC resents and opposes the recent anti-China resolutions adopted by the US Senate. The US Senate passed a resolution on July 10 that requires the Clinton administration to maintain arms sales to Taiwan. On the same day, the Senate passed a resolution supporting Taiwan's entry into the International Monetary Fund and the World Bank. PRC Foreign Ministry spokesman Tang Guoqiang said that the Taiwan issue is the most important and sensitive aspect in Sino-US relations. The US Government had clearly committed itself to observing the "one China policy," Tang said. "The US Government has clearly pledged it will not support the concept of 'two Chinas' or 'one China, one Taiwan,'" as well as Taiwan independence and Taiwan's entry into any international organizations composed by sovereign countries," Tang said. Attempts by some US congressmen to promote anti-China resolutions are "doomed to failure," Tang said.

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5. PRC-Japanese Relations

Jie Fang Daily ("JAPANESE FORMER FOREIGN MINISTER: JAPANESE-CHINESE FRIENDSHIP WILL NOT CHANGE," Beijing, 07/16/98, A3) reported that Li Peng, the Chairman of the PRC's National People's Congress Standing Committee, met with a Japanese delegation of business people and members of Japan's House of Representatives on July 15. Li said that the PRC attaches importance to the development of good neighborly and friendly relationships with peripheral countries. The PRC hopes that Chinese-Japanese relationship will remain healthy and stable. Japan's former foreign minister Koji Kakizawa said that no matter how Japan's political situation changes, the friendly cooperation between Japan and the PRC will not be changed. Japan's representatives will make efforts for that, Kakizawa said.

China Daily ("SPOKESMAN: STABLE LINKS WITH JAPAN DESIRABLE," 07/15/98, A1) reported that the PRC hopes Japan's political situation will remain stable, and Sino-Japanese ties will progress

smoothly. PRC Foreign Ministry spokesman Tang Guoqiang expressed his belief at a routine news briefing on July 14 that as long as both sides make efforts, Sino- Japanese relations will be pushed forward. The postponement of Japanese Foreign Minister Keizo Obuchi's visit to the PRC is "understandable" as Japan's political situation is undergoing changes, Tang said.

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6. PRC-Russian Relations

China Daily ("TIES WITH RUSSIA PUSHED," 07/15/98, A1) reported that Russian Prime Minister Sergei Kiriyenko wound up his first visit to the PRC on July 14, with the promotion of political and economic cooperation on the top of his agenda. PRC President Jiang Zemin and Premier Zhu Rongji held separate talks with Kiriyenko. Jiang and Kiriyenko discussed the informal PRC-Russia summit scheduled to be held in Russia in September, according to a PRC Foreign Ministry spokesman. The spokesman described the atmosphere of the Jiang-Kiriyenko meeting as "friendly, candid and practical." Before meeting Jiang, Kiriyenko held talks with Zhu Rongji. Zhu and Kiriyenko discussed "the most urgent issue in bilateral economic and trade cooperation," said the spokesman. But he did not elaborate what these issues are. They also discussed implementation of agreements reached by then-PRC Premier Li Peng and then Russian Prime Minister Viktor Chernomyrdin in February 1998. The two countries should tap their cooperative potential in the nuclear energy, high-tech, energy, civil aviation and transportation sectors. They agreed to seek new fields and forms to promote cooperation between local authorities and in border regions.

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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