NAPSNet Daily Report 16 March, 1999

Recommended Citation

"NAPSNet Daily Report 16 March, 1999", NAPSNet Daily Report, March 16, 1999, https://nautilus.org/napsnet/napsnet-daily-report/napsnet-daily-report-16-march-1999/

IN TODAY'S REPORT:

I. United States

- 1. US-DPRK Talks
- 2. ROK Policy toward DPRK
- 3. PRC-DPRK Relations
- 4. Political Effects of DPRK Famine
- 5. PRC Premier's US Visit
- 6. Alleged PRC Nuclear Espionage
- 7. PRC Nuclear Weapons Development
- 8. US-PRC Relations
- 9. US Missile Defense Test
- 10. US Missile Defense
- 11. Anti-Ballistic Missile Treaty
- 12. Russian Ratification of START-II

II. Republic of Korea

- 1. US-DPRK Talks
- 2. ROK-Japan Summit
- 3. Defection of DPRK Diplomat
- 4. ROK Developmental Aid to DPRK
- 5. First Inter-Korean Car Race Plan

III. Russian Federation

- 1. US-DPRK Talks
- 2. DPRK Economic Training
- 3. RF-PRC Views of US Missile Defense
- 4. Alleged PRC Nuclear Espionage
- 5. PRC Human Rights
- 6. PRC Economic Situation

7. Illegal PRC Immigration in RF
8. Taiwan Currency Change
9. RF-Japan Relations
10. RF New Air Defense Technologies

IV. Analysis

1. US Missile Defense Text

I. United States

1. US-DPRK Talks

The Associated Press (Edith M. Lederer, "US GETS ACCESS TO N.KOREA SITE," New York, 03/16/99) reported that the DPRK agreed Tuesday to let US inspectors make several visits to the Kumchangri underground construction site. In return, the US promised to help the DPRK increase potato yields. In a joint statement issued after the latest round of talks, US Ambassador Charles Kartman and DPRK Vice Foreign Minister Kim Gye-gwan reaffirmed their commitment to the 1994 Agreed Framework "in its entirety." Kim reiterated the DPRK's claim that the site "has nothing to do with nuclear activities." He said that it "is related to sensitive national security purposes." Kim said that his government was "very happy" with Tuesday's agreement. Kartman said discussions on details of a pilot potato program will continue in the coming days and "we hope that it will be implemented very quickly." US Secretary of State Madeleine Albright said in a statement that the US will have access to the entire site and follow-up visits can continue "as long as our concerns about the site remain." An anonymous senior US official said that removing "the very substantial suspicion" about the site should have "a salutary effect" on getting international funding for two nuclear power reactors for the DPRK. US House of Representatives International Committee Chairman Benjamin Gilman, R-NY, said he supported the agreement but was concerned that the precedent would encourage other nations to charge the US for "ensuring their compliance with their international agreements." Gilman stated, "This agreement smacks of a food-for-access deal which could lead to further provocative actions on the part of the North Koreans to extort future concessions from the US. Henry Sokolski, executive director of the Nonproliferation Policy Education Center, said that the 500,000 tons of grain the US is giving the DPRK will cost taxpayers US$165 million annually. He questioned what the US will get from the deal, arguing that the DPRK is reportedly working on making weapons-usable uranium and has had almost a year to "clean out" Kumchangri. He also noted that the US Defense Department has reportedly singled out 12 other sites it would like to visit.

2. ROK Policy toward DPRK

Pacific Stars and Stripes (Jim Lea, "OPPOSITION PARTY PROTESTS KIM'S 'SUNSHINE POLICY'," Seoul, 03/17/99, 3) reported that 58 members of the opposition Grand National Party on Monday signed a statement demanding an end to ROK President Kim Dae-jung's "sunshine policy" of engagement with the DPRK. The lawmakers argued that the policy is benefiting the DPRK "at the cost of the ROK's national security." Representative Kim Yong- kap, a GNP lawmaker, said the statement demanded that to resolve the DPRK's food crisis, the ROK government "should apply pressure on Kim Jong-il to stop development of missiles and nuclear weapons and use its excessive military budget to feed its people." [Ed. note: This article appeared in the US Department of Defense's Early Bird news service for March 16.]

3. PRC-DPRK Relations

The Washington Post (John Pomfret, "LANDSCAPE SHIFT KNOCKS CHINA OFF BALANCE, Beijing, 03/14/99, A31) reported that unnamed PRC officials said that they expect a senior DPRK official will visit the PRC this year to celebrate 50 years of PRC-DPRK relations. However, Western diplomats said that the PRC will have a hard time improving ties with the DPRK if it is simultaneously pressuring it to slow development of long-range missiles. An unnamed senior US administration official said that US officials have noticed lately that the PRC appears more cooperative in regard to the DPRK. He said that PRC officials "have stopped saying they have no influence. They're saying they have the same concerns."

4. Political Effects of DPRK Famine

The Washington Post carried an analytical article (Don Oberdorfer ("A NATION WITH AN IRON FIST AND AN OUTSTRETCHED HAND," 03/14/99, B05) which said that the famine in the DPRK has forced the country to become increasingly dependent on outside assistance. The article argued, "This shift represents a sea change in the country's relations with the outside world--one that, in the long run, is likely to have a greater effect on this bitterly divided peninsula than the current controversy over a clandestine nuclear facility or concern about its surprisingly sophisticated ballistic missile program." It quoted ROK President Kim Dae-jung as saying, "In the past year, we have had some positive responses" from the DPRK. Kim added that "The most remarkable thing" was the DPRK's response to his policy of separating politics from economics. The article also said that US-DPRK negotiations on the underground construction site "present a vivid illustration of the mercantile security policies being practiced by the impoverished North Korean regime." It also noted that many government officials in the ROK and the US are "apprehensive" about the uses to which the DPRK could put revenue from Mt. Kumgang tourism, which are being wired in US$25 million monthly installments to a DPRK account at the Bank of China in Macao. The article quoted ROK Minister of Unification Kang In-duk as saying that he will keep a close eye on how these funds are spent, implying that he would take action to halt the payments if the money were used for military purposes. The article quoted DPRK defector Hwang Jang-yop as saying that the DPRK "could live without international aid in the past" but that now "they need the international aid." Hwang emphasized, however, that in the DPRK "politics dominates economics." He added, "I am sure [they] understand that there is no alternative strategy to brinkmanship" for the DPRK. Hwang also said that shortly before he defected, he was informed by the statistical bureau of the Workers Party that more than 1.5 million people, including many party members, had died of starvation or related illnesses in the previous two years. The article concluded, "An increasingly dependent yet fundamentally irreconcilable North Korea, and an engagement-minded South Korea, have entered a new era. Once again, the two Korean states are becoming the central players in the half-century-old drama on the divided peninsula."

5. PRC Premier's US Visit

The New York Times (Elisabeth Rosenthal, "CHINA'S PREMIER STRESSES COOPERATION FOR U.S. VISIT," Beijing, 03/16/99) and the Wall Street Journal (Ian Johnson, "CHINA'S ZHU DENIES ESPIONAGE CHARGES," Beijing, 03/16/99) reported that PRC Premier Zhu Rongji on Monday said that the US and the PRC would continue to cooperate despite recent friction. Zhu stated, "Of course it will not be easy for me to go to the United States in such an atmosphere." He added, however, "My goal is to let you vent your anger and complaints and to tell you the truth. And to regain the momentum of building a strategic partnership between China and the United States." Zhu disputed charges that the PRC stole nuclear technology from the US, saying, "China is fully capable of

developing any military technology. It's only a matter of time." He said the charges had grown out of "internal struggles in the United States." He pointed to the McCarthy era in the US and the PRC's Cultural Revolution as "periods where everyone was afraid of being accused by everyone else, and we should never forget that."

6. Alleged PRC Nuclear Espionage

The New York Times (James Risen, "LOS ALAMOS SCIENTIST ADMITS CONTACTS WITH CHINESE, U.S. SAYS," Washington, 03/16/99) and the Wall Street Journal (Matt Forney, Yu Wong, and John J. Fialka, "U.S. SCIENTIST IN SECRETS FLAP SOUGHT INVITATIONS TO CHINA," 03/15/99) reported that senior US intelligence and law-enforcement officials said that Wen Ho Lee, a Taiwan-born scientist at Los Alamos National Laboratory, admitted to the FBI that he had had unauthorized contacts with Chinese scientists. The officials said that Lee's statements did not provide enough evidence to lead to his arrest, however. They said that Lee stopped being cooperative on the third day of questioning, after the New York Times published an article on the case. One unnamed senior intelligence official said, "The guy violated some rules, and was fired for doing that. But we really don't know what his motivations were for doing that. We really don't know enough about what he did." Another US official stated, "The admissions that he made were not things that were against the law, but against DOE regulations. Some of it was known already, and some of it was new, and it gave DOE a stronger cause for termination." People familiar with Lee's trips to the PRC said that he asked Chinese scientists in the mid-1980s to invite him to conferences at the Institute of Applied Physics and Computational Mathematics in Beijing, a defense- research arm under the Central Military Commission. A Chinese official familiar with Lee's visits stated, "He was very friendly. I think he was trying to be nice to China. He didn't steal secrets or do anything wrong. He is innocent of these things." [Ed. note: This article appeared in the US Department of Defense's Early Bird news service for March 16.]

The New York Times (David E. Sanger, "'NO QUESTION,' U.S. SAYS, LEAK HELPED CHINA," Washington, 03/15/99) reported that US National Security Adviser Sandy Berger acknowledged Sunday that "there's no question" that the PRC benefited from intelligence allegedly obtained from Los Alamos National Laboratory. [Ed. note: This article appeared in the US Department of Defense's Early Bird news service for March 15.]

The Associated Press (John Diamond, "CIA TO PROBE CHINA SPY ALLEGATIONS," Washington, 03/15/99), and the Washington Post (Vernon Loeb, "CIA PROBE GETS OUTSIDE REVIEW," 03/16/99, A16) reported that the US Central Intelligence Agency (CIA) named retired Admiral David Jeremiah on Monday to review the agency's damage assessment into how much nuclear weapons technology, if any, was lost to the PRC through a suspected spy working at Los Alamos National Laboratory. CIA Director George Tenet briefed the Senate Intelligence Committee on the ongoing investigation.

7. PRC Nuclear Weapons Development

The New York Times carried an analytical article (David E. Sanger and Erik Eckholm, "WILL BEIJING'S NUCLEAR ARSENAL STAY SMALL OR WILL IT MUSHROOM?" 03/15/99) which said that the PRC is believed to possess roughly 20 missiles that can reach the US, and perhaps 300 nuclear weapons that could hit Japan, India, or Russia. The article said that most experts doubt that the PRC intends to change the imbalance of weapons with the US, but many believe that the PRC is seeking to modernize its nuclear forces. Former US defense secretary William J. Perry stated, "With or without the W-88 warheads, China today is able to threaten the United States. You have to anticipate that ability will improve in coming years. They will evolve into a more global force. The challenge is

how do we manage that?" Bates Gill, a specialist on the PRC military at the Brookings Institution, stated, "Even if they eventually put six or ten warheads on their ICBM's, we will still have an overwhelming advantage. But if it is achieved, it could complicate our calculations in the years ahead." Joseph Nye, the dean of the Kennedy School of government at Harvard University and a former senior US Defense Department and intelligence official, stated, "The Chinese realized that the whole approach taken by the Soviets and the United States was an extraordinary waste of money. Their view is that as long as they have a few invulnerable weapons, they have all they need." Paul Godwin, an expert on Chinese nuclear forces who recently left the National War College, argued, "This is not an offensive force." Regarding the question of whether the PRC plans to place multiple warheads atop its missiles, Jonathan Pollack, a military expert at the Rand Corporation, stated, "The assumption is that they have been pursuing this for some time. But I don't believe that American intelligence services believe they have an operational capability." Michael D. Swaine and Alastair Iain Johnston, two China scholars, wrote in a study published this month by the Council on Foreign Relations, "All this suggests that China's decision makers may be increasingly uncertain about the credibility and reliability of their past minimum deterrence and believe a more well-rounded and reliable nuclear war-fighting capability has military value." [Ed. note: This article was one of the top stories in the US Department of Defense's Early Bird news service for March 15.]

8. US-PRC Relations

The Washington Post (John Pomfret, "LANDSCAPE SHIFT KNOCKS CHINA OFF BALANCE, Beijing, 03/14/99, A31) reported that PRC officials expressed surprise at the recent negative turn in US-PRC relations. One unnamed senior PRC government adviser stated, "We really didn't expect this was going to happen. Many of us don't know what to do." He added, "In the past, we always knew the first half of the year would be rocky. But we had things to say about these issues. We could argue the trade questions, saying trade with China is good for the United States; we could argue the human rights issues, saying our values are different.... But this time the question is really one of national security. That's very difficult to get at.... We don't have anything to say about American security." Some unnamed Western officials predicted that if the PRC continues to feel threatened by the US, it will move further toward Russia. Chu Shulong, a senior research fellow at the China Institute of Contemporary International Relations, argued, "The fundamental issue is whether the United States is willing to accept a China that is getting stronger, both militarily and economically. On the other side is how China will accept a United States that has troops and enduring interests in Asia." He added, "On all levels, Taiwan is the central issue in our relations with the United States. Over time other issues can come and go, but Taiwan is becoming more and more central every day."

9. US Missile Defense Test

The Associated Press (Matt Mygatt, "NEW MISSILE MAKES AUSPICIOUS DEBUT," Albuquerque, 03/16/99) reported that a Pac-3 interceptor missile downed a target during a test Monday over the south-central New Mexico desert. Cheryl Irwin, a US Defense Department spokeswoman, stated, "The primary purpose of the test was not an intercept." The Pac-3 is an updated version of the Patriot missile. Irwin said that the Pac-3 is designed to protect US troops and allies deployed overseas by hitting enemy ballistic missiles, cruise missiles and aircraft. [Ed. note: For an analysis of this missile test, see section IV, below.]

10. US Missile Defense

The Associated Press (Tom Raum, "CONGRESS POISED TO OK MISSILE BILLS," Washington,

03/16/99) reported that US Senator Carl Levin, D-Mich, warned that a bill committing the US to a national missile defense system could undermine nuclear reduction efforts. Levin said that the bill "increases the odds that Russia will end the reduction of nuclear weapons. The stakes here are huge." Levin contended that the legislation violates terms of the 1972 Anti-Ballistic Missile treaty with the Soviet Union. In Moscow, lawmakers introduced a bill that would allow Russia to back out of the START II arms-reduction treaty if the US withdraws from the ABM treaty in order to begin a missile defense system. John Isaacs, president of the Council for a Livable World, said Monday, "The Cochran and Weldon bills represent a blank check to defense contractors and a hollow promise to Americans rightly concerned about the potential of terrorist attack - attacks that are much more likely to be delivered via a panel truck than a ballistic missile."

11. Anti-Ballistic Missile Treaty

Reuters (Timothy Heritage, "CONGRESSMEN TRY TO SOOTHE RUSSIA ON AMB DEFENSE," Moscow, 03/16/99) reported that a group of US congressmen held two hours of talks with Russian parliamentarians on Tuesday in the hopes of easing some of Russia's concerns about US plans to build a national missile defense system. Curt Weldon, R-Pennsylvania, stated, "I would not say that the response was overwhelmingly receptive but I would not say that it was overwhelmingly negative either." He added, "I think there's concern that America may be attempting to negate the ABM (Anti-Ballistic Missile) treaty, which some in America would like to do immediately but others would not.... We assured the Duma that that was not something we were attempting to do."

12. Russian Ratification of START-II

Reuters ("DUMA TO ASK KREMLIN BEGIN START-2 RATIFICATION," Moscow, 03/16/99) reported that Russian State Duma Speaker Gennady Seleznyov said Tuesday that he will ask President Boris Yeltsin formally to start the ratification process of the START-2 arms reduction pact with the US. Seleznyov said he could not rule out that the ratification debates could start before Prime Minister Yevgeny Primakov's trip to Washington next week.

II. Republic of Korea

1. US-DPRK Talks

Korea Times ("US TO OFFER 600,000 TONS OF GRAIN FOR NUKE SITE ACCESS," Seoul, 03/16/99) reported that the US has agreed to offer 600,000 tons of grain to the DPRK in return for multiple access to the suspected underground nuclear site in Kumchangri, according to ROK government sources. After talks that lasted half a month in New York, the two countries are poised to announce their deal Tuesday, which will help alleviate the international community's suspicion surrounding the site. Throughout the talks, the US has sought to create a "regime" to root out the possibility that the DPRK might refurbish the site with nuclear reactors right after a couple of visits by US experts, the sources said. "They have virtually reached an agreement on the outline of the deal. They would resume talks in New York Tuesday to narrow one or two remaining minor issues," a Foreign Affairs-Trade Ministry official said after the two countries ended Monday's talks. The ministry official said their meeting Monday lasted only 45 minutes, hinting that the two nations have ironed out almost all of their differences. However, he said the forthcoming announcement of the deal would not include references to the specific amount of grain aid or the number of US visits to the site.

2. ROK-Japan Summit

JoongAng Ilbo ("OBUCHI TO VISIT KOREA," Seoul, 03/16/99) reported that Japanese Prime Minister Keizo Obuchi will arrive in the ROK for a state visit from March 19 to 21, according to Chong Wa Dae. He will meet with ROK President Kim Dae-jung on March 20 for a summit meeting to discuss DPRK policy and mutual economic cooperation. The two leaders will also confer on Japan's intention to possibly open diplomatic relations with the DPRK. President Kim visited Japan in October 1998 and declared the start of a more open and cooperative ROK-Japan partnership. Obuchi will also give an address at Korea University on ROK and Japan's relationship.

3. Defection of DPRK Diplomat

Chosun Ilbo ("THAILAND TO ARREST KIDNAPPERS," Seoul, 03/16/99) reported that the Thai government will revoke diplomatic privileges and arrest the seven DPRK diplomats involved in the attempted kidnapping of Hong Soon- kyong and his family, if Hong's son is not released from the DPRK's Bangkok embassy immediately. Thailand demanded an immediate apology and the release of Hong's son on Friday, and although DPRK said it regretted the incident on Sunday, this was insufficient for Thailand. The source said that if Hong's son is not released immediately, the seven will be considered criminal suspects and appropriate action will be taken. Prom Nok, the head of Thailand's National Police, commented that even though the seven have diplomatic cover, they can be arrested under international law as they were "caught red handed," and acts of violence are excluded from diplomatic immunity. Additionally, the men sent from Pyongyang had no such cover and are so liable to automatic prosecution, and discussions are underway with Thailand's foreign ministry on how to implement that procedure. Four to five of these DPRK citizens are currently hiding in the embassy.

4. ROK Developmental Aid to DPRK

JoongAng Ilbo ("GOVERNMENT TO SET UP FUND TO HELP NORTH KOREA'S DEVELOPMENT," Seoul, 03/15/99) reported that the government is considering establishing "a fund to help North Korea's development" within the International Bank for Reconstruction and Development (IBRD) and the Asia Development Bank (ADB). A source at the ROK Ministry of Foreign Affairs and Trade (MOFAT) said on March 15, "Experts on the North inside the US government are currently debating about the possibility of setting up that kind of fund, if the North will abandon its development of nuclear weapons. The [ROK] government is also concretely considering that kind of measure." He also added that if the DPRK intends to enroll in membership of the IBRD, the ROK government will support its nomination in order to induce the DPRK's openness. He stated that if it is necessary, the government would consult with the US and Japan on the matter.

5. First Inter-Korean Car Race Plan

Korea Herald ("FIRST INTER-KOREAN CAR RACE LIKELY TO BE HELD IN MAY," Seoul, 03/16/99) reported that an unprecedented inter-Korean motor rally between Changwon, ROK Province, and Mt. Kumgang in the DPRK will likely be held in May, according to an ROK official. "The South Kyongsang provincial government has recently agreed with North Korea's Asia-Pacific Peace Committee to hold the international car race May 9-12," a spokesman said. Officials at the Ministry of National Unification, while confirming the local government's plan, said they would decide on approval after consultation with other related agencies. If the provincial government's plan materializes, the participating vehicles will start at Changwon, South Kyongsang's capital city, and

race through Chunchon and Sokcho, Kangwon Province. From there they will sail aboard a ferry to the DPRK port of Changjon, before heading for the finish line at Mt. Kumgang. The local government official said that 23 racing teams, including three from foreign countries, will take part in the rally. In return for the DPRK's cooperation in the motor rally, they said, the local government promised to pay US$1 million to the DPRK. The Daewoo Group will pick up the tab.

III. Russian Federation

1. US-DPRK Talks

Nezavisimaia gazeta ("USA ARE TO INSPECT DPRK NUCLEAR FACILITIES," Moscow, 6, 3/13/99) reported that at the confidential US-DPRK talks in New York, the parties agreed that in exchange for 700,000 tons of US food aid, the DPRK would permit US experts to inspect its nuclear facilities. The US is mostly concerned with the underground facilities in Kumchangri north of Pyongyang.

2. DPRK Economic Training Izvestia's Vladimir Skosyrev ("PYONGYANG'S LAST HOPE," Moscow, 4, 3/12/99) reported that the DPRK, the World Bank, and the UN agreed that some 30 DPRK officials would undergo training in Singapore, Australia, and Malaysia on the subject of "the functioning of capitalist economy." The ROK reacted positively, with the ROK Central Bank volunteering to arrange practice training for the DPRK Central bank officials. Those and some other developments, including last year's amendments to the DPRK Constitution, notably on joint enterprises, indicate the DPRK's wish to gradually introduce market economy. Yet, Izvestia's author remarked, there is a problem whether enough reliable officials could be found in the DPRK. A number of DPRK foreign representatives have become defectors. The problem was once again highlighted recently in Thailand where a commercial counselor of the DPRK Embassy tried to defect, was apprehended by DPRK security agents, but as a result of a car accident managed to get free and presently awaits for Thai authorities to decide his fate.

3. RF-PRC Views of US Missile Defense

Segodnya ("RUSSIA AND CHINA AGAINST AMERICAN 'NUCLEAR UMBRELLA'," Moscow, 3, 3/12/99) reported that representatives of the RF and the PRC were holding bilateral consultations in Beijing concerning US plans to create a Theater Missile Defense system to defend their allies and troops stationed in North Asia. Both countries oppose the plans. PRC Foreign Minister Tang Jiaxuan said those plans "go well beyond the limits of lawful defense needs."

4. Alleged PRC Nuclear Espionage Izvestia's Vladimir Abarinov ("YET ANOTHER SPY FOUND IN LOS ALAMOS," Moscow, 4, 3/10/99) reported that US Energy Secretary Bill Richardson ordered for Wen Ho Lee, a computer expert at Los Alamos National Nuclear Laboratory, to be fired. The decision was based on the FBI suspicions that Lee had been spying for the PRC, but no official charges were brought against him. As early as 10 years ago, US intelligence found that PRC nuclear weaponmakers "too quickly" learned the secrets of W88 compact warheads, with which submarine-based Trident 2 missiles are equipped. Experts believe that, thanks to its spying efforts in the US, the PRC saved 15 years needed for the project's research and development. US President Bill Clinton signed a directive to toughen the security regime at US nuclear research centers in February of 1998, but it has still not been implemented to the full. A Presidential Press Secretary denied any link between the Administration's skepticism concerning previous reports on the spying and Clinton's desire to strengthen US-PRC relations. On the other hand, US nuclear scientists value

highly the open and informal atmosphere in their community, which in their opinion helps the US to pursue non-proliferation policy more effectively, in particular towards the RF. In such an atmosphere not only US nuclear experts, but foreign ones working in US laboratories "open themselves up" more easily. In the past, at least six scientists who proved to be Soviet agents worked at Los Alamos, including Klaus Fuchs and Theodore Hall. The first was arrested by the British and spent 9 years in prison, while the second suffered no punishment and in 1996 told the BBC he spied "for the sake of peace."

Nezavisimaia gazeta ("AMERICAN-CHINESE SPY SCANDAL," Moscow, 6, 3/10/99) reported that, in reply to US media reports on alleged PRC spies at US nuclear weapon research facilities, PRC Foreign Ministry Spokesman Zhu Bangzao said those were a testimony to the fact that certain forces wished to impede the improvement of US-PRC relations and to disrupt common hi-tech deliveries from the US to the PRC.

5. PRC Human Rights Izvestia's Vladimir Skosyrev ("REMEMBER TIANANMEN," Moscow, 4, 3/4/99) reported that, on the eve of the session of the PRC Parliament, a group of human rights activists sent a petition to the Parliament calling on the PRC authorities to make public apologies for the Tiananmen events of July 4, 1989. The petition authors call on the Parliament to establish a committee to conduct just and independent investigation of the events. Also, human right activists in three Northeastern provinces called on the Parliament to close the so-called "laogai" labor camps used by police to imprison "disloyal or suspicious persons" without due court procedures.

6. PRC Economic Situation Izvestia's Yuriy Savenkov ("CHINESE SAVING YUANS FOR 'A RAINY DAY'," Moscow, 4, 3/13/99) reported that at the on-going session of the All- China Assembly of People's Representatives, the PRC Government reported the largest ever budget deficit of US$18 billion, 56 percent up compared with the previous year. Crisis-hit exports have been falling, while domestic demand is low, with half of the last year output ending at storehouses. Yet the Government still adheres to reforms. The parliamentary session is to adopt two amendments to the Constitution. First, "Deng Xiaoping's ideas are to be elevated to the national ideology level. And that is a pledge to be faithful to market." Second, the legal status of the private sector is to be defined as "a constituent part of the socialist economy." Private businessmen will be entitled to get loans from state-owned banks and to export their goods abroad. Yuan depreciation is still officially ruled out. Yet, fearing future price hikes, people prefer to keep their money in banks that they trust, as the state has never tried to take away savings. Personal deposits amount to 68 percent of the GDP, which is a highest index world-wide.

7. Illegal PRC Immigration in RF Izvestia's Boris Reznik ("CHINESE 'TOURISTS' WOULD LIKE TO STAY IN RUSSIA," Moscow, 1, 3/4/99) reported that in 5 years, the population of the Khabarovsk Area in the RF Far East fell by 100,000 or 6 percent, with people going elsewhere for jobs. There are no state orders coming to defense industrial enterprises there, which in the past accounted for 60 percent of the total output of the Area. At the same time, the Area administration is concerned with illegal immigration from some Asian countries, notably the PRC. Thousands of PRC citizens come there using the no-visa regime. In the last 6 months of 1998 alone, through only 2 migration control points, 6,173 PRC tourists came in. Many of those went further to other cities of the RF or illegally settled in the Khabarovsk Area. The cases of them being involved in "robbery, drug traffic, murders" have become more frequent. "But most often the law-enforcement bodies find illegal Chinese workshops producing 'moonshine' vodka, the raw materials for which in huge quantities are smuggled to Russia from China." There are also cases of PRC citizens illegally buying real estate hiding behind nominal local owners. RF border guards at the Khabarovsk Airport confiscated 94

counterfeit passports from arriving PRC citizens in 1998 alone.

8. Taiwan Currency Change Izvestia's Yuriy Savenkov ("GENERALISSIMO'S FACE GOES AWAY FROM TAIWANESE BANKNOTES," Moscow, 4, 3/5/99) reported that in July of 2000, the face of Generalissimo Chiang Kaishek will disappear from NT$500 and NT$1000 banknotes now in use in Taiwan. It will be replaced by politically neutral images. Yet, his face will appear on NT$200 banknotes. That idea of the Central bank of Taiwan is to promote a new image of the country in the next millennium.

9. RF-Japan Relations

Nezavisimaia gazeta's Andrey Ilyashenko ("MINORU TAMBA WAS BORN ON SAKHALIN," Tokyo, 6, 3/5/99) reported that Minoru Tamba, the Deputy Foreign Minister of Japan responsible for relations with the RF, was appointed the Ambassador of Japan to the RF. For the first time a Deputy Foreign Minister takes that position, the fact obviously intended to stress the importance of the relevant sphere. RF Ambassador in Japan Aleksandr Panov also was a Deputy Foreign Minister of the RF prior to his appointment. Minoru Tamba, 60, was born on Southern Sakhalin and lived there before Soviet troops came in 1945. In the past he twice held positions in the Japanese Embassy in Moscow. Also in the past Soviet experts considered him as "an active anti-Sovietist" who impeded development of bilateral relations. Now, however, he is known as a person who has participated in drafting of the new policy toward the RF proclaimed by the former Premier Ryutaro Hashimoto and aimed at development of relations without a linkage to the territorial issues. Together with Grigory Karasin, RF Deputy Foreign Minister, he has chaired the joint commission on drafting bilateral peace treaty.

10. RF New Air Defense Technologies

Nezavisimaia gazeta's Nikolai Baranov ("A NEW 'MIG' AND A SUPERRADAR"," Moscow, 2, 3/6/99) reported that a new RF-made MiG-29SMT fighter has undergone over 100 test flights. The test program will be over by summer. Another 100 test flights with live ammo firing are required. So-called fifth generation avionics--used for the first time in the RF-- and provisions for new ways of rendering information to the pilot are the main features of the fighter. Tests have also been completed for a new radar complex at some unnamed scientific research institute. The placing of the transmitter and the receiver at different places allows the detection aircraft flying in between. Because of that, the new radar system can detect stealth-technology aircraft and missiles as easily as the traditional ones. It can detect targets of any size and create "an automatically functioning radiolocation barrier up to 500 kilometers long."

IV. Analysis

1. US Missile Defense Text

John Pike, Federation of American Scientists "PAC-3 Test Says Nothing About National Missile Defense"

Monday's successful intercept of a target by the short-range Patriot Advanced Capability-3 (PAC-3) interceptor says nothing about the technical feasibility of the National Missile Defense [NMD] program, since the two programs use entirely different technologies. Brigadier General Daniel

Montgomery, who directs the Army's missile defense programs, claimed that "The significance of this success can't be overstated." But it would be far too easy to overstate the significance of this test for the very different National Missile Defense.

The PAC-3 interceptor is intended to intercept slow moving short-range missiles at ranges of a few dozen miles. The NMD interceptors will be required to intercept fast-moving long-range missiles at ranges of well over a thousand miles. These very different requirements have led the two programs to use entirely different technologies.

The PAC-3 interceptor uses an on-board radar to find the incoming target at close range within the atmosphere. In contrast, the long-range NMD interceptor uses a heat seeking telescope camera to find the incoming target at long range above the Earth's atmosphere. The PAC-3 radar lacks the range to do long-range interceptions, and the NMD heat seeker won't work within the atmosphere.

These very different technologies have had very different success rates in previous tests. Since testing started in 1986 of the predecessors of PAC-3, there have been a total of five successful intercepts of targets out of eight attempts [including Monday's test]. This success rate of better than 60 percent compares very favorably with the dismal failure rate of the NMD interceptor technology, which has failed to intercept a target in 13 of the 15 attempts since 1982.

So why not just use PAC-3 for National Missile Defense? The short-range PAC-3 interceptor, with its short-range radar, can only defend a few hundred square miles. In contrast to the two bases and two hundred interceptors planned for NMD, a national defense using PAC-3 could require thousands of bases and many tens of thousands of interceptors to defend the entire country.

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.

Produced by the Nautilus Institute for Security and Sustainable Development in partnership with:
International Policy Studies Institute Seoul, Republic of Korea
The Center for Global Communications, Tokyo, Japan
Center for American Studies,
Fudan University, Shanghai, People's Republic of China

Timothy L. Savage: napsnet@nautilus.org
Berkeley, California, United States

Wade L. Huntley: napsnet@nautilus.org
Berkeley, California, United States

Lee Dong-young: UNPOL@netsgo.com
Seoul, Republic of Korea

Hiroyasu Akutsu: akutsu@glocomnet.or.jp
Tokyo, Japan

Peter Razvin: icipu@glas.apc.org

Moscow, Russian Federation

Chunsi Wu: dlshen@fudan.ac.cn
Shanghai, People's Republic of China

Dingli Shen: dlshen@fudan.ac.cn
Shanghai, People's Republic of China

View this online at: https://nautilus.org/napsnet/napsnet-daily-report/napsnet-daily-report-16-march-1999/

Nautilus Institute
608 San Miguel Ave., Berkeley, CA 94707-1535 | Phone: (510) 423-0372 | Email: nautilus@nautilus.org