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### **I. United States**

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#### **1. Alleged DPRK Nuclear Plant**

The New York Times (David E. Sanger, "NORTH KOREA SITE AN A-BOMB PLANT, U.S. AGENCIES SAY," 08/17/98) reported that unnamed US officials said that US intelligence agencies have detected a huge secret underground complex in the DPRK that they believe is the centerpiece of an effort to revive the country's frozen nuclear weapons program. The officials said that spy satellites have extensively photographed a large work site 25 miles northeast of Yongbyon, where thousands of DPRK workers are burrowing into the mountainside. Other intelligence, which the officials would not describe, led the Clinton administration in recent weeks to warn members of Congress and the ROK government in classified briefings that they believed that the DPRK intended to build a new reactor

and reprocessing center under the mountain. Intelligence estimates of how long it would take to complete the project have ranged from two to six years, depending in part on how much outside help is received. An unnamed senior administration official said that the DPRK had not yet technically violated the 1994 Geneva Agreed Framework, because there is no evidence that it has begun pouring cement for a new reactor or a reprocessing plant that would convert nuclear waste into bomb-grade plutonium. One anonymous US official stated, "It's a very, very serious development, to say nothing of incredibly stupid, because it endangers both the nuclear accord and humanitarian aid." Some US officials speculated that Kim Jong-il might be trying to rebuild the DPRK's nuclear program to bolster his standing with the DPRK military in advance of his expected nomination to the presidency. Joseph Nye, dean of the Kennedy School of Government at Harvard University, raised the possibility that Kim may be looking at the new nuclear complex as a bargaining chip in negotiations with the US. However, he added, "The danger is that the weaker they become, the less willing they are to bargain. While that may seem counterintuitive, the North Koreans usually get tougher as they get cornered. In cultural terms, they may be more willing to accept risks in a situation of desperation." US officials said that ROK officials have played down the finding because they fear undermining ROK President Kim Dae-jung's "sunshine policy" toward the DPRK.

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

Nucleonics Week (Mark Hibbs, "KEDO DELAY WOULD COMPLICATE KEPCO PLUTONIUM USE STRATEGY," Bonn) reported that sources close to the project to build two light-water reactors in the DPRK said that the original deadline for completing the reactors by 2003 will not likely be met. ROK industry officials, financial analysts, and other experts said that a prudent estimate for when the two reactors in the DPRK could be completed is not before 2005, and more likely later in the decade. They said that the Korean Peninsula Energy Development Organization (KEDO) continues to be interrupted by political obstacles posed by the DPRK, and that the cost for building related basic power grid infrastructure in the DPRK is not included in the project cost. They added that there are major technical uncertainties about the verification of the DPRK's nuclear material inventory. One Hong Kong market analyst said that the Asian financial market "doesn't believe that this project will be finished until Korea is unified and the DPRK dries up." Diplomatic sources said that if the project were not completed by 2006, the US would formally deny prior consent for the ROK utility Korea Electric Power Corp. (KEPCO) to reprocess its spent fuel offshore. Instead, the US would try to "persuade" the ROK to set up more permanent infrastructure for dry storage of its spent fuel, although ROK officials warn that this would be very difficult because of "green laws" which prohibit industry from intensifying development of existing coastal plant sites. One US official said that as long as the new reactors in the DPRK are not finished, "any decision by KEPCO to reprocess would be seen by the DPRK as a provocation." Officials said that one solution would be to likewise allow the DPRK to recycle plutonium from the two reactors in tandem with KEPCO to give the DPRK parity status with the ROK. However, they asserted that that solution would never be seriously considered given concerns about the DPRK's nonproliferation track record. The article cited opponents of plutonium use as saying last week that the possibility that an impasse in reactor construction would prevent KEPCO from reprocessing should encourage the US to delay reactor construction as long as possible so long as the DPRK is not prompted to restart its nuclear program.

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## **3. ROK Political Prisoners**

The Associated Press ("NEW S.KOREA AMNESTY EXCLUDES MANY," Seoul, 08/15/98) and the Washington Post (Hyewook Cheong, "SOUTH KOREA FREES 7,000 PRISONERS," 08/15/98, A16)

reported that 103 ROK political prisoners were freed Saturday in a mass amnesty marking the 53rd anniversary of Korea's independence from Japanese colonial rule. An estimated 400 other political prisoners remained in prison after refusing to sign an oath pledging to obey the ROK's laws. Hundreds of civil rights activists held protests in front of jails across the country, calling on the government to "Abolish the law-abiding oath!" Park No-hae, a dissident poet who was released Saturday after spending seven years in prison for organizing an underground leftist group, denounced the oath requirement, saying, "I feel sorry for those remaining inside." Saturday's amnesty also freed 2,071 ordinary prisoners, reduced the prison terms of 13 prisoners, and restored civil rights for 4,820 people. A statement by the Sarangbang Group for Human Rights said, "The authorities gave amnesty to many politicians involved in corruption, illegal election campaigns and past human rights violations. In this context, we believe that the poor amnesty for prisoners of conscience is just a pretext for the release of the politicians and former military officials." Kim Sam-suk a former prisoner who served four years in Taejon State Prison, said that more than 230 prisoners of conscience have been jailed since Kim Dae-jung took office in February, "the largest number of political prisoners at the beginning of any South Korean president's term." Amnesty International welcomed the release of the political prisoners but added, "Maintaining state security does not mean locking people up for having left-wing views or keeping them locked up because they refuse to accept a law which violates fundamental human rights."

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#### **4. ROK Student Movement**

The Associated Press ("SOUTH KOREA POLICE BLOCK PROTEST," Seoul, 08/16/98) reported that police maintained a tight cordon around Seoul National University campus on Sunday to block street protests by 2,000 students. On Saturday, the police prevented the students from marching to the border for a pro-unification rally with their DPRK counterparts by using water cannons and pouring yellow dye solution from a helicopter to mark the demonstrators for arrest. Police said that they detained 189 students in Saturday's clashes, and that all but 20 were released Sunday.

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#### **5. ROK Labor Unrest**

The Associated Press (Kyong-Hwa Seok, "POLICE MAY BREAK UP HYUNDAI STRIKE," Seoul, 08/17/98) reported that Labor Minister Lee Ki-ho appealed for a negotiated settlement of a labor dispute at Hyundai Motor Co. on Monday, but warned that the police would break up the strike if the dispute is not resolved soon. News reports said the number of riot police in Ulsan was being increased from 4,500 to 13,000. Chief presidential spokesman Park Ji-won said earlier Monday that the government's patience in dealing with the problem is limited. Meanwhile the Korean Confederation of Trade Unions said Monday that other members under its control would go on strike and the confederation would pull out of talks with the government and management on labor problems if police launch a raid on Hyundai plants.

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#### **6. ROK Prime Minister**

The Associated Press ("NEW SOUTH KOREAN LEADER APPROVED," Seoul, 08/17/98) reported that the ROK National Assembly ratified Kim Jong-pil as the ROK prime minister Monday, six months after his nomination by President Kim Dae-jung. The 171-65 vote in favor came after the opposition Grand National Party was given the chairmanships of six of the General Assembly's 13 committees,

including defense and foreign affairs.

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## **7. ROK Currency Reserves**

Dow Jones Newswires ("SOUTH KOREA'S FOREIGN-CURRENCY RESERVES RISE TO AN ALL-TIME HIGH OF \$43.91 BILLION," Seoul, 08/17/98) reported that the Bank of Korea said Monday that the ROK's foreign currency reserves rose to an all-time high of US\$43.91 billion on August 15, up from US\$43.02 billion at the end of July. The bank said foreign reserves continued to rise during the first 15 days of August because the central bank collected loans it provided to commercial banks when the country's currency crisis peaked in November and December last year. It added that, of the total of US\$23.29 billion provided to the commercial banks late last year, nearly US\$9.68 billion remained uncollected from the banks as of August 15.

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## **8. Space Weapons Research**

Reuters (Stephanie Nebehay, "CHINA WARNS 'STAR WARS' ARMS RACE NOT OVER," Geneva, 08/13/98) reported that the PRC Ambassador Li Change urged the UN Conference on Disarmament on Thursday to take urgent action to prevent an arms race in space. Li condemned space weapons research programs, which he said were designed to seek "absolute strategic superiority and absolute security for one or a few countries." He added, "The consequence will be turning outer space into a base for weapons and a battlefield. This will upset regional and global strategic stability, trigger off a new arms race and undermine international peace and security." Li also said, "Many of the technologies developed for the Strategic Defense Initiative (SDI) have been switched to some other space weapon programs." US Ambassador Robert Grey said afterwards, "We have taken the position that there is no arms race in outer space and we don't see a need to establish a committee on it." However, unnamed diplomats said that sixty countries have agreed to the establishment of a negotiating committee on the outer space issue, with only the US opposed.

# **II. Republic of Korea**

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## **1. US Sanctions on DPRK**

The Japanese newspaper Sankei Shinmun reported in its Monday issue that the US had decided to lift the freeze imposed upon DPRK assets in the US. The article said that the US decided to do so to appease the DPRK for the delays in delivering the heavy oil pledged according to the anti-nuclear proliferation pact between the two countries. The newspaper added that the US plans to notify the DPRK of the decision at a meeting between high-ranking governmental officers of the two countries slated for this Friday. The US government had frozen DPRK bank savings and real estate in the US in the amount of US\$13 million in 1953 when the Korean War ended. (Chosun Ilbo, "US TO LIFT A FREEZE ON NK PROPERTY: SANKEI," 08/17/98)

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## **2. ROK-DPRK Dialogue**

ROK President Kim Dae-jung's speech commemorating the 50th anniversary of the ROK

government's foundation Saturday was expected to include a proposal that the two Koreas jointly establish a permanent dialogue body which would be headed by minister- or vice minister-level officials. The establishment of the body would facilitate the sincere exchange of opinions between the two countries, said officials from the Presidential office on Friday. In the speech, President Kim also will urge Pyongyang to activate the joint committee, which would include representatives from every sector, as early as possible. The two countries had previously agreed that an inter-Korea committee should be formed, but no bilateral action has been taken so far. Kim added that he is ready to dispatch a special envoy to the DPRK to move ahead with the proposal. The Presidential office also said that the President would introduce a nation-wide movement, called the 'Second Establishment,' which would allow the country to reshape its vision for the future and revitalize public morale to prepare for a new era of progress. The three major principles of freedom, justice and efficiency are to serve as the foundations to make this new movement a success. Kim will also pledge that the government will do its utmost to restructure all sectors of society this year, bring an end to an IMF-governed economy next year, and usher in a new era of prosperity for the country in the 21st century. (Chosun Ilbo, "PRESIDENT PROPOSES AN INTER-KOREA DIALOGUE BODY," 08/15/98)

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### **3. ROK Student Movement**

The Seoul District Prosecutors' Office announced Monday that it had released Seong Yong-seung, former student at Konguk University, and Park Seong-hee, formerly of Kyonhee University, who had been arrested for entering the DPRK illegally and engaging in allegedly pro-DPRK activity in Berlin. In addition, Choi Jeong-nam (Seoul National University), Yoo Se-hong (Chosun University), and Do Jong-hwa (Yonsei University), who were arrested for the same offense, were also released. An ROK spokesman said that the students had voluntarily closed their office in Berlin and, after returning to Seoul on Friday, cooperated with authorities and pledged to abide by ROK law. (Chosun Ilbo, "FIVE STUDENTS RELEASED AFTER ENTERING NK," 08/18/98)

About 1,600 members of Hanchongnyon, an organization of ROK university students, continued their rallies at Seoul National University Sunday afternoon as their attempt to hold a pan-national festival calling for the unification of the country was foiled by the police. The members had been rallying at the university since last Wednesday. On Saturday afternoon, about 2,500 members of the league attempted to go out into the streets from the university, but the police blocked their advance. About 900 of them, however, fled out into the street in smaller groups and the police arrested 188 members who attempted to gather together at Panmunjom. (Chosun Ilbo, "HANCHONGNYUN CONTINUES RALLIES," 08/17/98)

## **III. Opinion**

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### **1. US Food Aid for DPRK**

[The following is a policy recommendation by The Institute for Strategic Reconciliation, Inc., on the US supply of 500,000 tons of US Wheat Surplus to the DPRK. The views expressed are those of the institute and the report's authors.]

"ISR Statistical Snapshot of Relief and Development in DPR Korea (ISR) August, 15, 1998"

Policy Action Recommendation: It is recommend that the US government provide at least 500,000 tons of wheat surplus to hunger-stricken DPR Korea, which still has a shortfall of one million metric tons of grain, by this October.

DPR Korea is not ready yet to break the cycle of food crisis as its upcoming fall crop would produce only half of its 23 million people's grain needs even under the most ideal weather conditions in August. Pyongyang is not able to import the remaining shortfall due to years of economic isolation and economic deficits, especially since the fall of the Soviet Union and eastern European block. The three years of natural disaster has aggravated the food and public health crisis, leaving millions of children, elderly and pregnant or nursing women on the cutting edge of a knife.

Analysis: Even after donating a very generous amount of 1.5 million tons of American wheat surplus to Indonesia, Washington still has 1 million tons of wheat surplus to help all 9 countries designated by the World Food Program (WFP) as "high" or "other" priority. The 9 countries have all together a current shortfall only of 690,000 tons of grain based on the WFP appeal. "The humanitarian crisis in North Korea is far from over," noted in July both the WFP/FAO joint mission to DPR Korea and the U.S. Agency for International Development. The need in this isolated country is significantly greater than in other countries. DPR Korea has shown a pattern of engagement with the international community by hosting the Geneva Roundtable to discuss agricultural rehabilitation measures and allowing a dozen international NGOs and over 100 international relief workers to stay in country, to name a few engagement practices. None of these foreigners were allowed in three years ago when DPR Korea asked for help to the international community for the first time in its modern history.

Fact 1: The emergency operation resources prioritized by the World Food Programme indicate that the shortfall of emergency aid to DPR Korea, 374,706 metric tons, accounts for 54 percent of the total amount of the current shortfall of 690,286 metric tons, as of July 19, 1998. Such a shortfall is based on the WFP's programs, which are designed to assist only one-third of DPR Korea's 23 million people. The actual, critical shortage for the total population in North Korea is estimated to reach about 1 million metric tons by this October.

Fact 2: President Clinton announced on July 18 that the U.S. government is buying 2.5 million tons of surplus wheat to help American farmers, and will be donating the wheat to countries including Indonesia, Sudan, Ethiopia, Eritrea, and North Korea which have been hit by humanitarian crisis. Secretary of State Madeleine Albright said on July 31 that Washington has pledged to send 500,00 tons of wheat to Indonesia with another one million tons to be potentially allocated as well. Brian Atwood announced on August 5 the expanded list of 18 nations and regions to receive the U.S. wheat surplus. DPR Korea, a nation both on the list of President Clinton's initial list and WFP's current highest priority of emergency assistance, was not included.

For comments contact: [Young Chun](#), Executive Director, or Jeeyoung Eun, Communications Director, FAX: (301) 570-3948. A web version of this report can be found at the [UN Office for the Coordination of Humanitarian Affairs website](#).

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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