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I. United States

1. DPRK Advertises in US Paper

Reuters ("NORTH KOREA INTRODUCES LEADER IN AD," New York, 12/16/97) reported that the DPRK placed a full-page advertisement in the New York Times Tuesday to introduce new leader Kim Jong-il. The advertisement included a color photograph of Kim under the headline "Kim Jong Il Emerges as the Lodestar for Sailing the 21st Century." The advertisement cost US$85,132 according to the newspaper's current rates. It was not the first time the DPRK government had bought space in a western publication, but it was apparently the first such ad explicitly about Kim. Charles Armstrong, a professor of Korean history at Columbia University, said, "I think this indicates the confidence that the North Korean government has that Kim Jong-il is now the affirmed leader of his

country. I also think they are trying to put a good face on his international reputation and this is the way they think you do public relations."

2. ROK Financial Crisis

The Wall Street Journal ("LIBERATED WON FALLS BACK, AS KOREA TURNS TO ELECTIONS," 12/17/97) reported that the ROK won fell slightly Wednesday after earlier rising following the government's decision Monday to remove a 10 percent daily limit on the currency's movement.

The Los Angeles Times (Art Pine, "IMF LIKELY TO RELEASE $3.5 BILLION TO S. KOREA," Washington, 12/17/97) and the Washington Post (Steven Mufson, "SOUTH KOREAN CURRENCY GETS A BIG BOOST," Seoul, 12/17/97, A27) reported that the International Monetary Fund (IMF) signaled Tuesday that it is satisfied with the ROK's measures to restructure its economy and will approve the next US$3.5 billion installment of its US$21-billion loan on Thursday. A senior IMF official said that ROK officials "not only have complied vigorously" with the IMF's demand, "but they have gone beyond it." US President Clinton also said he was "very encouraged" by ROK reforms. IMF officials also confirmed Tuesday that they plan to ask the organization's 181 member countries to boost its capital base by US$160 billion. However, both the US and Germany have indicated they will not support the request. Also on Tuesday ROK citizens, export firms, and Korean-Americans sent billions of US dollars into banks and currency markets in the ROK to boost its depleted foreign currency reserves. However, an unnamed currency trader in New York said that he suspects that the ROK government will try to bolster the markets before Thursday's presidential election here to hurt the prospects of the leading opposition candidate, Kim Dae-jung, and that such moves will have little effect on the long-term economic situation.

The New York Times (Andrew Pollack, "KOREANS WORRY ABOUT INCREASING LAYOFFS," Seoul, 12/17/97) reported that the ROK government has estimated that unemployment will rise from about 2.5 percent this year to 3.9 percent next year, while some other analysts think it will climb as high as 7 percent. A 5 percent level would be the highest unemployment since the early 1980s. In the third quarter of 1997, about 29,800 people lost their jobs, double the number of a year earlier, according to the government. Opposition presidential candidate Kim Dae-jung has reportedly promised a six-month moratorium on layoffs if he is elected.

3. Effects of Financial Crisis on ROK-DPRK Relations

The Los Angeles Times (Jim Mann, "VULTURES OVER NORTH KOREA FLY SOUTH FOR THE WINTER," Seoul, 12/17/97) reported that the DPRK is seeking to take advantage of the ROK's financial crisis. The article quoted Jeong Se-hyun, president of the ROK's Korean Institute for National Reunification, as saying "North Korea has already started broadcasting about the possibility of a South Korean collapse." Jeong also said that the DPRK army is in the process of launching its annual winter training exercise, which he described as "really a full-scale exercise, fully equipped and supplied with maximum resources." The article also said that the current economic crisis will make it difficult for the ROK to provide further food aid to the DPRK. An unnamed advisor to President Kim Young-sam was quoted as saying last week that if the government were to propose more food aid now, "People in this country will say we're crazy." Although the ROK government has pledged to continue to pay its share of the cost of the light-water reactor project for the DPRK, an unnamed official stated, "I don't know whether the National Assembly will approve the money." The article said that in the short term, the DPRK "will probably look to Japan for its economic salvation." Former ROK Foreign Minister Han Sung-joo predicted that with the ROK less able to provide economic aid to the DPRK, "There will be less incentive for North Korea to have any deals with us. The North Koreans will have an even greater incentive to deal with the United States and Japan." However, the article said that the DPRK could decide that "now is a good time to try to

do business" with the ROK, since the financial crisis will make the ROK "less superior and less secure."

The Washington Post (Steven Mufson and Mary Jordan, "CRISIS ALTERS ASIAN POLITICAL ASPIRATIONS," Seoul, 12/17/97, A01) reported that the economic crisis in Asia is having a large impact on international relations in the region. Jonathan Pollack, an Asian politics specialist at the Rand Corporation, stated, "Geopolitics, though not exactly on hold, will take a back seat for now. And regional expectations of U.S. leadership [including] financial support ... are likely to rise unrealistically." Kim Ki-hwan, ROK ambassador-at-large for economic affairs, stated that the ROK's financial crisis "will reduce the ability of South Korea to assume any sort of initiative" regarding the DPRK. Former foreign minister Han Sheung-joo stated, "If there was going to be any breakthrough [after Thursday's presidential election], then probably that expectation has been dampened.... Whatever change or progress might have been made will have to wait until the South Korean crisis is over." He added that neither the PRC or Japan are taking a leadership role in the current crisis. "China has been doing what it feels necessary for its own self," he stated, while Japan "doesn't want to be seen going out of line with the International Monetary Fund. At the same time it wants to avoid the appearance of fishing in troubled waters." The ROK also will have to trim its military procurement program by about US$1 billion, analysts said.

4. ROK Presidential Election

The Associated Press (Reid G. Miller, "SOUTH KOREANS HEAD TO POLLS THURS," Seoul, 12/17/97) reported that the ROK presidential campaign ended Wednesday with opposition leader Kim Dae-jung and ruling party candidate Lee Hoi-chang apparently even and about 20 percent of voters still undecided. Former Kyonggi-do governor Rhee In-je was a distant third in the polls. Analysts predicted a turnout of about 75 percent, down from the nearly 82 percent who voted in the last presidential election in 1992. Polls will open at 6 a.m. Thursday and close 12 hours later. The winner is not expected to be known until Friday morning at the earliest.

The Knight-Ridder News Service (Michael Zielenziger, "SOUTH KOREA'S ECONOMIC WOES COINCIDE WITH PRESIDENTIAL ELECTION," Seoul, 12/16/97) and the Washington Times (Willis Witter, "S. KOREAN POLITICAL SURVIVOR COULD FINALLY WIN PRESIDENCY," Seoul, 12/17/97) reported that the ROK's economic crisis is likely to play a decisive role in Thursday's presidential election. Choi Yang-soo, a professor of social science at Yonsei University, said, "For better or worse, this election is shaping up as a referendum on Kim Dae-jung. And DJ has gained a great deal from the economic crisis."

The Los Angeles Times carried an opinion article (Bruce Cumings, "DEMOCRACY COMES INTO FLOWER," 12/17/97) which said that the successes of ROK democracy in recent years "have been far more significant than any economic gains (or setbacks)." The author said that the ROK experience shows "that democracy comes from the bottom up through the sacrifices of millions of ordinary people." The article stated that opposition leader Kim Dae-jung "has suffered as much as any political leader in recent history." The author credited outgoing President Kim Young-sam with "bringing a remarkable, definitive end to the era of authoritarian rule." He said that whoever wins the election will be "poised to complete the agenda of democratization: restoring regional balance to Korean politics, giving political representation to labor and abolishing the odious National Security Law." He concluded, "Then Korea's political leaders can reflect on how much they owe to the sacrifices of millions of common people, who made an indelible contribution to Korea's democratization."

5. PRC Nuclear Purchases

The Associated Press ("CHINA PURCHASED NUCLEAR TECHNOLOGY," Beijing, 12/16/97) reported that PRC Foreign Ministry spokesman Tang Guoqiang confirmed Tuesday that the PRC's state-run Nuclear Energy Industry Corporation bought a plant from South Africa that makes zirconium tubing used to sheath nuclear fuel. He described the purchase of the facilities as "purely a normal commercial act with all formalities in place." The deal was first reported Sunday by the Johannesburg Sunday Independent newspaper.

6. Taiwan Elections

The Washington Post carried an editorial ("TAIWAN'S MILESTONE," 12/17/97, A24) which described the opposition victory in Taiwan's recent local elections as "a remarkable achievement." The article argued that "The consolidation and maturity of Taiwan's democracy stands as a constant rebuttal to Beijing's contention that Chinese values and self-determination don't mix." The article said that while the question of whether most Taiwanese will favor independence or reunion with the PRC "depend[s] in part on how China evolves," in the meantime, "most Taiwanese are eager for more international recognition and for admission into those international organizations from which Beijing is constantly working to exclude them." The article concluded, "Those aspirations seem to us entirely understandable, to be viewed with sympathy and not as reckless provocations. Taiwan's recent milestone in democratic development only deepens its claim on other nations' respect."

II. Republic of Korea

1. DPRK Defectors

The ROK government has decided on a site in Ansong, Kyonggi province to build the first settlement center for DPRK defectors. The settlement center is about one and a half-hours away from Seoul and will cover an area of about 18 thousand pyong (59,400 sq. meters). It will initially house one hundred DPRK defectors, a government official said. The government plans to complete the construction of the center by early 1999. (Korea Herald, "GOVERNMENT CHOOSES SITE FOR DEFECTOR SETTLEMENT CENTER," 12/17/97)

2. Light-Water Reactor Project

The ROK government yesterday reaffirmed its commitment both to the US$51.7 billion nuclear project for the DPRK and to the four-party talks, despite its financial problems. In a meeting on inter-ministerial coordination of policy on reunification and security, the ROK government decided to continue the construction of two 1,000-megawatt nuclear reactors in Sinpo, DPRK. The top policymakers from 22 government ministries were also debriefed on the December 9 four-party talk held in Geneva. An official of the Ministry of National Unification said that the DPRK delegates had been unprepared for talks the last time, but assessed the meeting as fruitful in that it scheduled the second round of talks for March 16. (Korea Herald, "SEOUL REAFFIRMS COMMITMENT TO KEDO PROJECT," 12/17/97)

3. US Troops in ROK

The ROK Ministry of Defense announced that the ROK government is likely to pay an additional 240 billion won as its share for maintaining US forces in the ROK for next year due to the appreciation of the dollar against the won. The ROK government agreed in 1995, when the won stood at 800 to the US dollar, that it would pay US$399 million to the US government in 1998 for the maintenance of US troops in the ROK. With constant depreciation of the won against the dollar, the ROK government's burden will be as much as twice the original figure, said Brigadier General Cha Young-goo, deputy director at the Defense Ministry policy planning bureau. The ROK defense ministry is

facing the possibility of canceling new forces improvement projects for next year, should the won keep depreciating. (Korea Herald, "LOWER WON COSTS SEOUL MORE TO MAINTAIN US TROOPS HERE," 12/17/97)

4. Taiwan-DPRK Nuclear Waste Contract

Taiwan's United Daily News reported December 16 that the Taiwanese government will cancel its plans to dispose of nuclear waste in the DPRK, due to increasing criticism from the international community. The report stated that the Nuclear Committee of the Administration Office denied the Taiwanese Power Corporation's application for approval of the nuclear waste shipment because it judged the DPRK's nuclear waste handling facilities to be insufficient. The report added that the DPRK was unable to complete the construction of nuclear waste disposal facilities due to its economic difficulties. (Kyonghyang Shinmun, "TAIWAN TO ABANDON ITS NUCLEAR WASTE DISPOSAL CONTRACT WITH THE DPRK," 12/17/97)

III. Announcements

1. Telephone Briefing on ROK Election

The Center for War, Peace, and the News Media announced that Ambassador Donald Gregg, Chairman of the Korea Society and former Ambassador to the Republic of Korea from 1989-93, will brief journalists on the results of the ROK presidential elections and its impact on relations with the US, the DPRK, and the four-party talks. The briefing will take place Thursday, December 18, 1997 at 2:00 P.M. Eastern time for one hour in your office, home, or any other location of your choice. To participate contact the Center's Boston office at (617) 497-7377, fax (617) 491-5344 or email (joanne.bowlby@nyu.edu). Reservations are required, and space is limited. For more information on the four-party talks and the DPRK situation, see the Center for War, Peace, and the News Media's web site: http://www.nyu.edu/globalbeat The Center for War, Peace, and the News Media is affiliated with the New York University Department of Journalism and Mass Communication.

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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