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I. United States

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1. Remains of US MIAs

Reuters ("N.KOREA BLAMES US FOR FAILED REMAINS HANDOVER," Tokyo, 05/17/98) reported that the DPRK's official Korean Central News Agency broadcast a statement on Saturday attributed to the Korean People's Army which said that "unreasonable behavior" by the US was responsible for the DPRK's failure to show up for the scheduled handover of the remains of what were believed to be two US soldiers killed during the Korean War. The statement said, "The United States is inveigling the 'U.N. forces' in the repatriation of remains, a humanitarian issue which should be solved between the DPRK and the United States, apparently for an ulterior political purpose." The DPRK said it reached an agreement with the US in December to turn over remains to US Defense

Department officials, and that the agreement did not call for UN participation. The statement added, "We are willing to render a sincere cooperation for the discovery operations, taking into account their humanitarian nature. But we will never accept the unreasonable demand prompted by a political purpose."

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2. Food Aid for DPRK

The Associated Press ("U.N. AGENCY TO PRUNE AID TO NORTH KOREA; CITES POOR ACCESS," Rome, 05/18/98) reported that World Food Program (WFP) director Catherine Bertini said Monday that the WFP will cut back relief aid to the DPRK after the government reneged on its promise to provide access to the entire country. Bertini said that the WFP has only been granted partial access and has been refused entry to 39 counties it specifically sought to enter. She added that WFP will scale back its operations by 55,000 metric tons of food, valued at about US$33 million. Bertini stated, "We take this action very reluctantly. It means that about 765,000 people, mostly women and children, won't receive urgently needed food from the international community." She said, however, that if entry to more areas is eventually granted, the operations can be expanded. She added, "we are continuing our talks with the North Korean authorities and we are hopeful that we will gain access in the upcoming months."

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3. Benefit Concert for DPRK

United Press International ("'KING OF POP' PLANS BENEFIT CONCERTS," Los Angeles, 05/15/98) reported that singer Michael Jackson said that he is planning to organize and headline a series of concerts to benefit the World Peace Foundation for Children. The first concert is scheduled for October 11 in Seoul, to raise funds for the Korean Peace Foundation for Children, which will distribute the money to families affected by the DPRK famine.

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4. Alleged Plot to Influence ROK Election

The Associated Press ("KOREAN LEGISLATOR AND EX-SPY INDICTED," Seoul, 05/16/98) reported that ROK prosecutors on Saturday indicted Park Il-yong, former deputy director of the Agency for National Security Planning, and Representative Chung Jey-moon, a member of the opposition Grand National Party, on charges of plotting to smear Kim Dae-jung's during the presidential election campaign. The action brought to 14 the number of former spy agents and politicians indicted in connection with the case. Chung admitted to briefly meeting with DPRK officials but insisted it had nothing to do with the election.

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5. ROK Financial Crisis

The Associated Press ("EX-SOUTH KOREAN ADVISERS SUBPOENAED," Seoul, 05/18/98) reported that former ROK Finance Minister Kang Kyong-shik and former presidential economic secretary Kim In- ho were subpoenaed Monday to answer questions about their role in the ROK's financial collapse before a three-judge panel. The judges will decide whether to indict the former officials.

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6. PRC-Taiwan Economic Relations

Dow Jones Newswires (Baker Li, "TAIWAN COS STEP UP CHINA INVESTMENT DESPITE GOVT POLICY," Taipei, 05/18/98) reported that, despite the Taiwanese government's efforts to induce Taiwanese companies to invest in Southeast Asia, most companies still prefer investing in the PRC. Pin-kung Chiang, chairman of the Council for Economic Planning and Development, told a group of Taiwan executives that Taiwanese companies "can't throw money onto the mainland. We have to diversify our investments." The government recently said that it will not allow investment projects in the PRC totaling more than US$50 million and that for each local company, the amount of investments in the PRC cannot exceed 20 percent of its paid-in capital.

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7. Russian Ratification of START II

Reuters ("YELTSIN WANTS RUSSIA'S "BIG FOUR" TO MULL START-2," Moscow, 05/18/98) reported that Russian presidential press secretary Sergei Yastrzhembsky said on Monday that President Boris Yeltsin will summon his prime minister and two parliamentary leaders later this week to urge prompt ratification of the START-2 nuclear disarmament treaty. Yastrzhembsky stated, "It's not the president who needs the START-2 ratification, it's Russia which needs it."

The New York Times (Richard W. Stevenson, "CLINTON PRESSES YELTSIN ON START II RATIFICATION," Birmingham, 05/18/98) and Reuters (Arshad Mohammed, "INDIAN N-TESTS MAY SPUR U.S.-RUSSIA CUTS," Birmingham, 05/17/98) reported that US President Clinton on Sunday urged Russian President Boris Yeltsin to press for the ratification of the START II nuclear arms reduction treaty. Clinton drew a link between efforts to continue reducing the stores of nuclear weapons held by the US and Russia and attempts to halt nuclear proliferation. Clinton also told Yeltsin that he would like to hold a summit meeting in Moscow this year to discuss further arms-reduction talks between the US and Russia. He argued that ratification of Start II and the beginning of negotiations on Start III would send a signal to burgeoning nuclear powers like India and Pakistan that they were moving backwards while the rest of the world was moving ahead. Yeltsin's spokesman, Sergei Yastrzhembsky, later said that Clinton's visit to Russia would go ahead only if START II had first been ratified by the Duma.

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8. PRC-Indian Relations

The Associated Press ("CHINA NO THREAT TO INDIA - PEOPLE'S DAILY NEWSPAPER," Beijing, 05/18/98) reported that the PRC's People's Daily said in a commentary released late Monday that India has ignored recent improvements in relations with the PRC and dredged up old disputes to justify its nuclear tests. It argued, "Finding themselves in difficulties, Indian leaders have found spreading the China-threat theory very useful, but finding no real basis in this, they racked their brains and brought up old things to try to confuse public opinion." It stated, "Nobody believes this type of lying logic and the falsehood of the so- called `China-threat theory.'"

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9. Indian Nuclear Tests

Reuters (Narayanan Madhavan, "INDIA HAILS N-TEST RESULTS, SILENT ON TREATY," New Delhi, 05/17/98) reported that the Indian Department of Atomic Energy and the Defense Research and Development Organization said Sunday that India could now design a variety of atomic weapons.

They said in a statement, "The tests ... have provided critical data for the validation of our capability in the design of nuclear weapons of different yields for different applications and different delivery systems."

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10. Possibility of Pakistani Nuclear Test

Dow Jones Newswires ("PAKISTAN STILL MULLING WHETHER TO HOLD NUCLEAR TEST-JAPAN," Islamabad, 05/18/98) reported that Japanese special envoy Seichiro Noboru said Monday that he does not believe Pakistan has made a final decision on whether to test nuclear weapons in response to India's tests last week. He stated, "They are at this moment considering all the factors so they can reach a conclusion respecting Pakistan's national interest." Noburo said that Japan reiterated to Pakistan that it does not see nuclear testing to be in Pakistan's overall national interest and told Sharif his government hopes Pakistan will refrain from carrying out tests. He said that Japan would consider cutting off aid to Pakistan if it conducts nuclear tests. He added that Japan would also work through the World Bank and the International Monetary Fund to reduce loans to India because of the tests and he expects the same could happen to Pakistan if it undertakes nuclear testing.

The New York Times (Stephen Kinzer, "PAKISTAN SEEMS MIXED ON HOLDING NUCLEAR TEST," Islamabad, 05/18/98) and the Washington Times ("PAKISTAN PROMISES NUCLEAR TEST," Islamabad, 05/18/98) reported that Pakistan Foreign Minister Gohar Ayub Khan said Sunday that Pakistan has decided to begin testing nuclear weapons in response to India's tests last week. He stated, "It's a matter of when, not if, Pakistan will test. The decision has already been taken by the Cabinet." However, Prime Minister Nowaz Sharif said on Saturday that, while Pakistan has "the capacity to respond effectively" to India's tests, "The ideal thing would still be that Pakistan doesn't have to follow suit." On Sunday, Sharif said that he would order tests only "if the international community takes no action against India." He added, "The initial reactions from countries have either been nil or very mild." Information Minister Mushahid Hussain said that no decision had yet been made. Meanwhile, Japan's Kyodo news agency reported that Pakistan's army has cordoned off the Chagai area in Baluchistan province, which has been reported as the site for any nuclear test.

The New York Times ("NO DECISION ON TESTING, U.S. IS TOLD," Islamabad, 05/16/98, A5) reported that Pakastani officials told a high-level US delegation that Pakistan had yet to make a decision on whether to conduct nuclear tests. Soon after meeting with the US officials, Pakistan Prime Minister Nawaz Sharif stated, "We are in no haste to test the bomb after India tested the bomb. I think we are a responsible nation." An unnamed US official said that Pakistan "want[s] to see a continuing improvement in U.S.- Pakistani relations in a number of areas, but there was absolutely no sense in any of our conversations today of a wish list on their side in exchange for which they would not test." Meanwhile, Zafar Iqbal Cheema, the chairman of the department of defense and strategic studies at Quaid-e-Azim University, stated, "The Government must immediately work out a plan for a credible response, which should include testing a fission nuclear device, a thermonuclear device, and a sub-kiloton test. If Pakistan prolongs its response, this would create suspicion about its nuclear capability."

II. Republic of Korea

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1. Light-Water Reactor Cost

The founders of the Korean Peninsula Energy Development Organization (KEDO)--the ROK, Japan, and the US--have reportedly readjusted the total construction cost for the light-water nuclear reactors for the DPRK from the current US$5.2 billion to US$4.5 billion. The three countries are also known to have begun final negotiations on the volume of US burden-sharing in the project. Such moves are attributed especially to Japan's changed attitude over cost-sharing. Japan has recently declared it will increase its burden from US$800 million to US$1 billion, which accounts for 22 percent of the total expenditure. Accordingly, the ROK, which had earlier promised to shoulder 70 percent of the total, will bear US$3.154 billion, and the US will be responsible for the remaining 8 percent, or $350 million. However, the US is persistently taking a negative stance on burden-sharing, insisting it can only provide a minimal donation, and cannot share the burden. KEDO will hold its executive council meeting at the end of this month or early next month to discuss US cost-sharing, a ranking government official said. A solution to this issue may then be ironed out, as the three nations share the opinion that the project should be completed as originally scheduled in August, the official added. (Korea Times, "KEDO LOWERS NUKE REACTOR COST TO $4.5 BILLION," 05/18/98)

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2. ROK-DPRK Cultural Exchange

The DPRK has denied reports made earlier by some ROK news media that the two Koreas have reached a final agreement on the opening of a joint photo exhibition in Seoul and Pyongyang. Rodong Sinmun, the official daily of the DPRK's Workers' Party, said in its Friday edition that the DPRK has neither agreed to such an event, nor invited ROK citizens to visit Pyongyang to attend a photo festival. A certain ROK broadcaster made a false report, the newspaper insisted. ROK news media should not play into hands of their authorities, who are trying to create an optimistic mood about the progress of inter-Korean exchanges and cooperation, the daily alleged. (Korea Times, "NK DENIES REPORT OF INTER-KOREA PHOTO EXHIBITION," 05/18/98)

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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