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### IN TODAY'S REPORT:

#### [I. United States](#)

- [1. DPRK Nuclear Freeze](#)
- [2. DPRK Missile Sales](#)
- [3. DPRK Famine](#)
- [4. ROK Labor Unrest](#)
- [5. PRC-Taiwan Relations](#)
- [6. PRC Military](#)
- [7. Russian-Japanese Economic Cooperation](#)

#### [II. Republic of Korea](#)

- [1. DPRK Nuclear Freeze](#)
- [2. ROK's Unification Policy](#)
- [3. ROK Military](#)
- [4. ROK-Japan Relations](#)

### **I. United States**

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#### **1. DPRK Nuclear Freeze**

The Associated Press (John Diamond, "NO EVIDENCE N.KOREA RENEGED ON PACT," Washington, 08/18/98) reported that US Defense Department spokesman Kenneth Bacon said Tuesday that the US has no firm evidence that the DPRK has reneged on its nuclear freeze agreement under the 1994 Geneva Agreed Framework. Bacon stated, "Right now I do not believe we have a firm basis to conclude that they are out of compliance." He added that US officials plan to raise concerns about the underground construction project detected by US spy satellites directly with DPRK officials in talks Friday in New York. Bacon stated, "Right now we are monitoring compliance very closely with the framework agreement and we will continue to do that. We will raise with them any signs we come across that there may not be compliance." He argued that the DPRK is far from emerging as a

formidable nuclear power, saying, "This is not what you would call a robust nuclear program." Bacon insisted that the US has lived up to its obligations under the Agreed Framework. He said that the US Congress has agreed to provide US\$30 million toward purchase of fuel oil for the DPRK, and an additional US\$5 million will come from money shifted from other government accounts. In Seoul, ROK Foreign Ministry spokesman Lee Ho-jin said Tuesday that the US had shared with the ROK spy satellite photographs of the underground complex.

The New York Times carried an editorial ("NORTH KOREA'S NUCLEAR AMBITIONS," 08/19/98) which said that the US must insist that the DPRK immediately stop work on its alleged underground nuclear facility. The article stated, "If North Korea wants economic cooperation from the United States it must honor its promise to renounce all nuclear weapons activity." It added that, as the DPRK has not yet violated the letter of the 1994 Geneva agreement, "the nuclear cooperation deal can be preserved, provided North Korea stops work on the new site." The editorial argued that, if the DPRK's construction work is intended to pressure the US into speedier oil deliveries, "it is a badly misconceived tactic sure to stiffen Congressional resistance to paying for more fuel." It stated that, beyond the question of the construction work, the US "needs to proceed firmly but carefully, closely coordinating its diplomacy with South Korea." It concluded, "Washington should make every reasonable effort to keep the nuclear deal alive. But the agreement clearly cannot survive if North Korea still imagines itself becoming a nuclear power."

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## **2. DPRK Missile Sales**

The Associated Press (John Leicester, "2 MILLION MAY BE DEAD IN N. KOREA," Beijing, 08/19/98) reported that Peter Brookes, a US House of Representatives International Relations Committee staff member, said that DPRK Deputy Foreign Minister Kim Gye-gwan told a visiting congressional staff delegation that the DPRK would stop exporting missiles if it were compensated for lost earnings. Brookes said that Kim mentioned a figure of US\$500 million a year. He added that preparations for Kim Jong-il's expected presidential inauguration on September 9 were almost non-stop. He said that children were still practicing for the inauguration ceremonies at 11 p.m. one night.

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## **3. DPRK Famine**

The Associated Press (John Leicester, "2 MILLION MAY BE DEAD IN N. KOREA," Beijing, 08/19/98) reported that US congressional aides who recently returned from the DPRK said Wednesday that two million DPRK citizens may have died during the three years of famine. The delegation brought back video footage that showed sickly, emaciated children. Mark Kirk, one of the bipartisan delegation's four members, stated, "The food shortage continues. They are out of food. That's clear." Kirk said that, based on US government sources, refugees, and DPRK exiles, over the past three years, he estimated that the famine has killed 300,000 to 800,000 people annually, with the number of deaths peaking in 1997. He added, "Two million would be the highest possible estimate." He said that deaths were most likely from famine-related illnesses rather than starvation itself. The delegation also said that foreign food aid is clearly saving lives, and the international community is feeding nearly every child under the age of seven. They added that, while this year's crops look better than last year's, the DPRK will still lack food after the harvest. They also said that the DPRK government has not implemented any significant reforms to reverse the country's economic decline.

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#### **4. ROK Labor Unrest**

Reuters (Paul Barker, "SOUTH KOREA'S HYUNDAI MOTOR CO. UNION ERECTS PLANT BARRICADE," Ulsan, 08/19/98) and the Associated Press (Y.J. Ahn, "S. KOREA HYUNDAI RAID SUSPENDED," Ulsan, 08/18/98) reported that ROK union workers occupying a Hyundai Motor Co. Ltd. plant on Wednesday reinforced their defenses for a possible confrontation with police.

Witnesses said that the workers had positioned 60 new cars behind the barricade they had erected and around a four-foot by three-foot tank of gasoline with five or six tanks of liquefied petroleum placed nearby. Hyundai spokesman Min Kyung-hwan said that a seven-member mediation delegation from the ruling National Congress for New Politics (NCNP) was meeting Hyundai management and would resume talks with union leaders later. Min stated, "No progress has been made so far." State-owned KBS-TV reported that in overnight negotiations, the union repeated its earlier proposal that the company cancel its layoff plans in exchange for workers' pay cuts, a proposal already rejected by management. In Seoul, chief presidential spokesman Park Ji-won said Wednesday that it "is the government's firm position that layoffs, allowed by law, must be accepted by the union." Riot police equipped with water cannon, tear gas, and bulldozers remained deployed around the factory.

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#### **5. PRC-Taiwan Relations**

Reuters carried an analytical article (Jeffrey Parker, "TAIWAN-CHINA RIFT STILL WIDE DESPITE THAW," Taipei, 08/18/98) which said that upcoming talks between Taiwan and the PRC are unlikely to result in any major breakthroughs in cross-Straits relations. The article quoted former Taiwan premier Hau Pei-tsun as saying, "There won't be any substantive outcome." He added, "These aren't even talks. It's just a meeting -- a meeting to give the Americans something to look at." Hau said that US President Bill Clinton robbed Taiwan of its right to self-determination by ruling out independence as an option in his remarks during his trip to the PRC. General Lin Wen-li, strategic adviser to the president and former head of the Taiwan Air Force, argued, "If we can't get some kind of agreement, we must forget about any kind of conflict. We should just have people on the two sides meet each other and gradually, maybe after 55 or 60 more years ... the two sides will come back together." Democratic Progressive Party lawmaker Parris Chang stated, "The United States talks about democracy, yet Clinton is colluding with the communist dictatorship to harm Taiwan."

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#### **6. PRC Military**

The Washington Post carried an analytical article (John Pomfret, "CHINA'S ARMY FACING BATTLE FOR SURVIVAL," Beijing, 08/19/98, A23) which said that the PRC's People's Liberation Army (PLA) is facing important tests in its hope to become a modern army. David Shambaugh, an expert on the PRC military at George Washington University, argued, "In order to modernize, China's military is going to have to undergo an almost complete reconceptualization of its role." The article pointed out that the PRC devotes 35 percent of its defense budget to personnel costs, which is one of the highest such figures in the world. It quoted an unnamed Chinese military analyst as comparing the various problems that the army faces to "crabs in a barrel with interlocking claws. Grabbing one means that several more come with it." The author pointed out that the PRC's economic reform program has begun to hurt the military as demobilized soldiers and officers are having difficulty finding jobs, particularly given the economic slowdown. He added that many wives of officers are getting laid off from their civilian jobs, causing difficulties due to the low pay of the officers. The article pointed out that the PRC's economic reforms have weakened the government's ability to organize people for public works projects such as disaster relief, and the cuts in troop strength exacerbate this problem.

It also said that the army's modernization plans were based on the assumption that the international environment around the PRC would remain stable for 15 to 20 years, but the nuclear tests by India and Pakistan challenged that belief. The nuclear tests could also force the PRC military to move away from its focus on Taiwan and confront the possibility of fighting two conflicts at once. It quoted an unnamed US Defense Department official as saying, "The strategists in the [army] are not very happy with this. This throws a wrench in their plans." The author also said that the reforms designed to separate the PLA from profit-making activities are proceeding slowly. He quoted an unnamed Western diplomat as saying that the PRC government still has to figure out a way to replace the money lost by the PLA's divestment.

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## **7. Russian-Japanese Economic Cooperation**

Reuters ("RUSSIA ASKS JAPAN TO SPEED UP \$800 MILLION IN LOANS," Tokyo, 08/18/98) reported that a Japanese Foreign Ministry official said on Wednesday that Russian Prime Minister Sergei Kiriyenko has asked Japan to speed up disbursement of a promised US\$800 million in loans. The official said that Kiriyenko asked in a letter to Japanese Prime Minister Keizo Obuchi for US\$300 million to be disbursed by the end of this month and the remaining US\$500 million by the end of the year. Japanese Chief Cabinet Secretary Hiromu Nonaka said on Wednesday, "The economic situation in Russia is very severe and Japan plans to consider the request seriously." He added that the Japanese government had held off on disbursement of the loans as it studied which Russian coal projects to fund.

## **II. Republic of Korea**

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### **1. DPRK Nuclear Freeze**

The US government will strongly demand the implementation of the US-DPRK nuclear accord at a high level meeting in New York, Pentagon spokesman Kenneth Bacon said Tuesday. Commenting on the New York Times story that the DPRK is building a secret underground nuclear facility, he said that the US is watching closely. He added that the US would keep with its side of the deal to deliver 500,000 tons of heavy oil a year, and that 218,000 tons had already been delivered, with the rest scheduled for delivery before the end of August. (Chosun Ilbo, "US DEMANDS NK NUCLEAR FREEZE," 08/19/98)

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### **2. ROK's Unification Policy**

ROK President Kim Dae-jung said Tuesday that he would pursue a unification policy that is backed by both progressives and conservatives. He said his government would not lean toward either progressive or conservative views in pursuing unification. "We must deal with the DPRK based on a strong, defensive security posture," Kim stated. It is also necessary for the government to accommodate the views of anti-Communist organizations in charting the unification policy, he said. Kim predicted that there will not be an immediate unification of the two Koreas. He added that under the principle of the separation of business from politics, both Koreas must benefit from mutual exchanges. (Korea Times, "KIM TO PURSUE UNIFICATION POLICY BACKED BY BOTH PROGRESSIVES, CONSERVATIVES," 08/19/98)

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### 3. ROK Military

The ROK Defense Ministry is planning to set up a new command governing elements of the Navy, Air Force, and Army, in order to deal with intrusions by the DPRK along the East Coast. According to ROK ministry officials Tuesday, the new command, tentatively named, "Special Operations Command," is designed to deal with limited-scale provocations such as the recent submarine intrusions on the East Coast. The command was forged following an evaluation of the military's handling of the recent incidents. The assessment found faults in coordination among the three branches of the Armed Forces, among other things. Under the drafted plans, the Navy and Air Force units along the northern East Coast will be put under the control of the Army Corps commander there when a DPRK intrusion takes place, a ministry official said. He stated, "The Army commander will assume operational control of these forces to deal effectively with such a contingency." (Korea Times, "SPECIAL OPS COMMAND TO BE FORMED TO DEAL WITH NK INTRUSIONS," 08/19/98)

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### 4. ROK-Japan Relations

With the target month for the conclusion of fisheries talks drawing near, the ROK and Japan on Tuesday opened crucial discussions aimed at narrowing their differences on pending issues, including the width of exclusive fishing zones in their coastal areas. Yun Byung-se, deputy director-general of the ROK Foreign Affairs-Trade Ministry's Asian and Pacific Affairs Bureau, is leading the ROK delegation during the three-day talks in Seoul, while the Japanese side is headed by his counterpart, Mitoji Yabunaka. The ROK official said that it is impossible for ROK negotiators to alter the status of Tokdo, adding that Japan must also understand its limit in asserting its sovereignty over the islets. Therefore, the two countries launched discussions on the width of exclusive fishing zones, the eastern limit line for the ROK's fishing activities in the East Sea (Sea of Japan), and other relevant issues. (Korea Times, "KOREA, Japan OPEN FISHERIES TALKS IN SEOUL," 08/19/98)

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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