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I. United States

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1. President Clinton's PRC Visit

The Associated Press (John Diamond, "CLINTON URGED TO DELAY CHINA TRIP," Washington, 05/19/98) reported that US House of Representatives Speaker Newt Gingrich said Monday that President Bill Clinton should postpone his trip to the PRC until the Justice Department determines whether two US companies gave sensitive missile information to the PRC in 1996. Gingrich stated, "I do not believe this president can go to China unless he clears up, in public, everything about Chinese illegal campaign funds and everything about national missile secrets going to China."

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2. US Missile Technology Transfer to PRC

The New York Times (Jeff Gerth, "SATELLITE MAKER GAVE REPORT TO CHINA BEFORE TELLING U.S.," Washington, 05/19/98) and the Washington Post (Roberto Suro and Juliet Eilperin, "LORAL DENIES ANY BENEFITS IN RETURN FOR DONATIONS," 05/19/98, A03) reported that Loral Space and Communications Ltd. said in a statement Monday that a waiver it received early this year to export satellite technology to the PRC was "handled in a routine way" by the US government. The statement said, "No political favors or benefits of any kind were requested or extended, directly or indirectly, by any means whatever." It also said that earlier allegations that its space systems division "provided missile guidance technology to the Chinese are false." It added, "The company did not advise the Chinese on how to fix any problems with the Long March rocket. The review committee's function was to obtain information from the Chinese, not to help the Chinese solve their problems." The statement said that the committee report led to a Justice Department investigation because "contrary to SS/L's [Space Systems/Loral's] own internal policies," a copy of it was provided to the PRC "before consulting with State Department export licensing authorities." Loral stated that it "does not believe any of its employees dealing with China acted illegally or damaged U.S. national security." It also said that the company's chairman, Bernard Schwartz, "was not personally involved in any aspect of this matter."

Reuters (Jackie Frank, "LAWMAKERS WANT NEW PROBE OF CHINESE FUNDS," Washington, 05/19/98) reported that US Senate Majority Leader Trent Lott said Monday that he will seek an investigation of whether political donations influenced President Clinton's decision to allow exports of satellite technology to the PRC.

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3. PRC-Pakistan Relations

The Associated Press ("CHINA, PAKISTAN DISCUSS INDIA NUKES," Beijing, 05/19/98) reported that Pakistani Embassy spokesman Rafique Dahar said that Pakistani Foreign Secretary Shamshad Ahmad left Beijing Tuesday after discussing "recent developments" in the region with PRC Foreign Minister Tang Jiaxuan. Tang's spokesman, Zhu Bangzao, told reporters that PRC and Pakistani officials "held an extensive exchange of views on international questions and relevant regional security questions." Both Zhu and Dahar refused to say if Pakistan had requested assurances of PRC support in the event of an attack by India. Zhu stated, "The overriding issue for the international community is to concentrate on adopting a decisive and clear-cut position against India to prompt it to give up its nuclear program."

The New York Times (Stephen Kinzer, "CHINESE ASSURANCES COULD AVERT PAKISTANI NUCLEAR TESTING," Islamabad, 05/19/98) reported that a high-level Pakistani delegation arrived in Beijing on Monday to discuss India's recent nuclear tests. The article quoted an unnamed foreign ambassador as saying, "The Chinese can offer what no other country can offer, which is a public guarantee that they will reduce India to ashes if India dares to attack Pakistan. If they make this offer, which we should know fairly soon, there will be no need for Pakistan to test its own nuclear weapons." Pakistan Prime Minister Nawaz Sharif has also named a delegation to visit European capitals and another to travel to Washington. Diplomats in Beijing said that they doubted that Pakistan would begin nuclear testing before the delegations returned in a week or so. Meanwhile in Washington, anonymous US officials, basing their comments on intelligence reports received Monday, said on Monday that Pakistan had completed all the necessary preparations for a nuclear-weapons test.

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4. PRC-Indian Relations

Reuters (Uday Khandeparkar, "INDIA DEFENSE MINISTER SAYS CHINA A THREAT," Mumbai, 05/18/98) reported that Indian Defense Minister George Fernandes reiterated Monday that he perceived the PRC as the biggest potential threat to India. Fernandes quoted the parliamentary standing committee on defense as saying in its 1996 report, "Despite warming relations with China, China is and is likely to remain the primary security challenge to India in the medium and long-term. Its enhancement of missile capability and its immense help to Pakistan in the missile program are of serious security concerns to India." Fernandes also defended his earlier remarks on the PRC, saying, "I did not say that [the PRC] are our enemies. What I said is if there is a potential threat, it is from China."

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5. Indian Missile Development

The Associated Press (Neelesh Misra, "INDIA WORKING ON NUCLEAR MISSILES," New Delhi, 05/17/98) reported that A.P.J. Abdul Kalam, the top scientific adviser to India's defense minister, said Sunday that India is perfecting missiles to carry a nuclear bomb. Kalam stated, "We are now working on the next version of Agni."

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6. Alleged Indian Thermonuclear Test

The New York Times (William J. Broad, "ANALYSIS: EXPERTS GREET INDIA'S H-BOMB WITH SUSPICION," 05/19/98) reported that many experts are skeptical of India's claim that one of the nuclear devices it exploded in a series of tests last week was a true hydrogen bomb. Herbert York, a former nuclear bomb designer and director of Pentagon research, said Monday, "The whole thing sounds odd. It's not odd enough to make me say it's not true. But it's still a very strange story." York added, "Anybody here would say you need to do some more testing to get [a hydrogen bomb] weaponized." Vipin Gupta, an arms-control expert at Sandia National Laboratories, stated, "You have to have a healthy degree of skepticism. We've heard so many conflicting accounts." George Perkovich, director of the Secure World Program at the W. Alton Jones Foundation, pointed out that India exaggerated the yield of its first nuclear test in 1974. Perkovich stated, "They definitely hyped it the first time around." Some weapons experts speculated that the two tests that India conducted last Wednesday may have been failed tests at boosting an atom bomb with hydrogen fuel. On Sunday, Dr. Rajagopal Chidambaram, chairman of the Indian Atomic Energy Commission, said that the thermonuclear test conducted last week was in fact a true hydrogen bomb. Chidambaram stated, "We could have got much higher yields. We were limited by possible seismic damage to the villages." He said that the blast's power was actually equal to 43,000 tons of high explosive, virtually identical with the 46,000 tons yielded by the first US hydrogen-boosted atom bomb, detonated in May 1951. Harold Agnew, former director of the Los Alamos National Laboratory, argued that "The tests will give them confidence" about how to make a wide variety of nuclear warheads, including an assortment of hydrogen bombs.

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7. Nuclear Nonproliferation

The New York Times carried an editorial ("KEEPING NUCLEAR ARMS IN CHECK," 05/19/98) which called on the US and its allies to redouble their commitment to make the international nuclear arms control system work effectively in the wake of India's nuclear tests. The article argued that India and Pakistan must be persuaded to sign and abide by the 1996 Comprehensive Test Ban Treaty. It

added, "Enlisting India and Pakistan would be easier if the Senate ratified the test ban treaty.... Ratification would allow Washington to participate in a review conference next year that will develop diplomatic strategies for bringing holdout nations into the treaty. Without American leadership, the treaty itself and the conference will be empty exercises." The editorial stated, "Non-nuclear countries are more easily dissuaded from developing atomic weapons when nuclear states restrain their own arsenals. Progress in this area has been slowed in recent years." It concluded, "If Bill Clinton does not want nuclear anarchy to be his foreign policy legacy, he must galvanize the Senate to act on the test ban treaty and use American influence to strengthen the world's arms control mechanisms."

The Los Angeles Times carried an opinion article (Robert Scheer, "BAN NUKES--AND START HERE AT HOME," 05/19/98) which accused the US of hypocrisy for condemning India's nuclear test while it retains "8,000 strategic warheads mounted on sophisticated launching devices aimed at targets throughout the world." The author argued, "it is dangerous nonsense for India to think nuclear weapons can provide peace through deterrence; an Asian nuclear arms race is a prescription for the end of the world. But what hypocrisy for the president of the United States, the only country ever to use nuclear weapons as an implement of war, to deny other nations the same opportunity to 'defend' themselves." He added, "By what measure of reason does Clinton now seek to isolate India economically while pushing for ever more extensive trade with China, which has a much longer history of testing its nuclear arsenal?" The article stated, "Despite the end of the Cold War, our country under both Republican and Democratic administrations has failed to move toward or even endorse the goal of abolishing nuclear weapons." It continued, "As long as the Clinton administration continues to assert this nation's right to possess and threaten the use of nuclear weapons, we have no moral, legal or logical basis for telling others not to do the same. The only path to sanity is to call for the abolition of nuclear weapons." The author added, "The collapse of the Soviet Union has made the technology of mass destruction far more accessible to those willing to risk all for profit or fanaticism." He concluded, "The United States and Russia must take the lead in eliminating their massive nuclear arsenals as part of an international campaign to end this scourge. If we can move in that direction, then the explosions in the Indian desert will prove a blessing."

II. Republic of Korea

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1. ROK-DPRK Trade Regulations

The ROK government plans to ease regulations on the import of DPRK fisheries products to secure a stable domestic supply and provide assistance to DPRK exporters. Officials at the ROK Ministry of Maritime Affairs and Fisheries said yesterday that they will reduce the number of DPRK fisheries products that are virtually banned from 10 to seven. The products were banned under a previous approval system. In this regard, the ministry has asked the ROK Ministry of Unification to revise its provision concerning inter- Korean commodity trade, the officials said. (Korea Herald, "GOVERNMENT TO DEREGULATE NORTH KOREA FISHERIES IMPORT," 05/19/98)

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2. ROK Foreign Currency Regulations

The ROK government announced Monday that beginning July 1, domestic businesses will be able to borrow freely from foreign financial institutions for periods in excess of one year and issue foreign exchange securities. In addition, all regulations on foreign exchange dealing related to investment

will be removed. From April next year it will be possible to use dollars to pay for goods and services, and also offer exchange services if registered with the government. Beginning January 1, 2001, all restrictions on foreign exchange, with the exception of those related to criminal activity, will be removed. (Chosun Ilbo, "GOVERNMENT TO FREE CURRENCY DEALING," 05/19/98)

III. Correction

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1. Heavy Fuel Oil Deliveries to DPRK

An item in the US Section of the May 14 Daily Report [[DPRK Nuclear Program](#)] quoted US State Department spokesman James Rubin as saying that the US was scheduled to deliver an additional 500 metric tons of fuel oil to the DPRK by the end of this year. In fact, the 1994 Agreed Framework requires the US to deliver a total of 500,000 tons this year. 130,000 tons have already been delivered.

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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