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I. United States

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1. Four-Party Peace Talks

Reuters ("KOREA PEACE NEGOTIATORS SET SATURDAY MEETING," Geneva, 03/20/98) reported that the delegations to the four-party peace talks in Geneva on Friday postponed a scheduled meeting of top negotiators until Saturday morning. An ROK spokesman said the DPRK had requested

the delay, apparently to give them time to try to make telephone contact with Pyongyang for updated instructions.

Earlier, United Press International ("KOREA TALKS HIT SNAG; FUTURE IN DOUBT," Geneva, 03/20/98) reported that PRC assistant foreign minister Chen Jian told reporters after a 90-minute meeting of chief negotiators on Friday that the talks had hit a snag. He stated, "We have come across serious difficulties about whether we should break up this session without any agreement, or whether we should try to solidify what we have been working on." He added that there are some delegations that need instructions from their capitals, saying, "We have gone so far that without clear instructions, we cannot agree." Chen said that negotiators have so far held tentative discussions on setting up a subcommittee. He stated, "We need flexibility on all sides," adding that the atmosphere in the talks was "serious, calm and frank."

United Press International ("KOREAN TALKS RUN INTO TROUBLE," Geneva, 03/20/98) and the Associated Press (Geir Moulson, "KOREA TALKS RUN INTO PROBLEMS," Geneva, 03/20/98) reported that PRC assistant foreign minister Chen Jian said at the end of a meeting in Geneva on Friday that the four-way Korean peace talks have run into "serious difficulties." Chen said the problem in the talks has always been "how to strike the right balance between content and form," adding, "There are difficulties on both sides, all sides." He said the talks would resume at 3 p.m. Geneva time at the chief negotiators level "if it is possible to reach some agreement on the committee and what it will talk about." Yoo Myong-hwan, deputy chief of the ROK delegation, said there was a 50-50 chance of reaching an agreement on committee terms. However, DPRK Deputy Foreign Minister Kim Gye-gwan asked what progress can be made "where antagonistic parties are meeting?" An anonymous US State Department official said that a key sticking point was the DPRK's insistence that the agenda include a discussion about the withdrawal of US troops stationed in the ROK. The official stated, "No country would agree to an agenda that prejudged the outcome." He added that all parties with the exception of the DPRK favor working with practical issues and gradually working up to difficult items.

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2. ROK Policy toward DPRK

The AP-Dow Jones News Service ("S. KOREA GOVT AFFIRMS FOCUS ON CO-EXISTENCE WITH N. KOREA," Seoul, 03/20/98) reported that a statement from the ROK Unification Ministry on Friday said that the new government will be more pragmatic than its predecessors and actively push economic and other non-political exchanges with the DPRK. The statement read, "First of all, the government will separate politics and business and revitalize South-North economic cooperation." It added that the government will focus its DPRK policy on coexistence rather than early unification. The statement said that the government also will place a top priority on helping reunite separated family members.

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3. PRC-Taiwan Relations

The Associated Press ("CHINA: TAIWAN INDEPENDENCE FUTILE," Beijing, 03/19/98) and Reuters ("CHINA MIXES WARNING WITH WELCOME TO TAIWAN BODY," Beijing, 03/19/98) reported that the PRC's Xinhua news agency on Friday said that Tang Shubei, vice chairman of the Association for Relations Across Taiwan Straits (ARATS), reiterated an invitation to Koo Chen-fu, head of Taiwan's official Straits Exchange Foundation (SEF), to visit Beijing. He stated, "The two sides can resume consultations at any time once the Taiwan side sends us a clear signal indicating that it would like to

conduct procedural talks for the political negotiations." However, Tang added a warning against Taiwanese independence moves, saying, "It is illegal, futile, and dangerous to decide Taiwan's future through calling for a referendum."

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4. Alleged PRC Naval Purchase

The Associated Press (Mark J. Porubcansky, "AIRCRAFT CARRIER PURCHASE EXAMINED," Hong Kong, 03/20/98) reported that Taiwanese defense analyst Su Chin-chiang said the purchase of the Varyag, an unfinished aircraft carrier, from the Ukraine by the little-known Macao company Chong Lot may be a secret attempt by the PRC to develop its naval forces. The company has said that it plans to turn the ship into a floating amusement park. Ukraine's Agency for Development and European Integration said Tuesday that a bid of US\$20 million from Chong Lot was the only offer it received for the aircraft carrier. Agency director Roman Shpek said that a contract would be signed in a month. The contract stipulates that the buyer can not use the carrier for military purposes, and that any equipment that could be used to build other warships had been removed from the craft. Chong Lot was incorporated in Macao in August with capital of US\$125,000. The Hong Kong Standard newspaper reported Thursday that Chong Lot's two shareholders had Hong Kong identity cards. Macao officials said that the government turned down an application to register the Varyag as a site for hotel, business, and amusement facilities because Chong Lot was not licensed for any of them. Robert Karniol, Asia-Pacific editor of Jane's Defense Weekly, said that the PRC is years and vast expenditures away from acquiring the technology and hardware it needs to build aircraft carriers, and that the PRC military could learn something from the Varyag. Karniol stated, "There has been speculation at various stages that the Chinese would buy the Varyag to turn it into an operational carrier. There is nothing really solid in terms of acquiring a vessel. At the same time, we know with certainty they're interested in doing that."

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5. Russian Nuclear Safety

The AP-Dow Jones News Service ("RUSSIA: LEBED SAYS HE FEARS SPREAD OF NUCLEAR THREAT," Washington, 03/20/98) reported that former Russian security chief Alexander Lebed told members of the US House of Representatives National Security subcommittee Thursday that many Russian nuclear scientists are out of work or being paid late and are vulnerable to offers from terrorist groups and countries. Lebed stated, "These unique experts are seeking their fortune around the world. They will do what they can do and the world will face the problems of nuclear terrorism or nuclear blackmail." He suggested that the US and Russia work to employ such scientists in peaceful endeavors. Lebed also warned that Russian President Boris Yeltsin leader is too unpredictable to be in charge of Russia's nuclear arsenal. He stated, "Some statements made by the supreme commander in the past few months ... indicate a certain inadequacy of the supreme commander." He noted that Yeltsin, the defense minister, and the chief of staff share the responsibility of deciding whether to launch a nuclear attack.

II. Republic of Korea

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1. Light-Water Reactor Project

The Korea Peninsula Energy Development Organization (KEDO) held a meeting March 19 in New York to negotiate terms of burden sharing for the second phase of a DPRK light-water reactor project. Representatives from each of the executive member nations are seeking to strike the right ratio of burden sharing that would reflect a "pivotal," "meaningful" and "symbolic" role for the ROK, Japan, and the US, respectively. KEDO had estimated the total cost of the LWR project at US\$5.1785 billion last year. (Yonhap News, "KEDO MEETS TO NEGOTIATE COSTS FOR LWR PROJECT," New York, 03/19/98)

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2. DPRK Energy

The DPRK is building as many as 130 small and medium sized hydro-electric power plants on major rivers of South Hamkyung province, with a view to resolve power shortages in the DPRK's largest industrial city, Hamhung, and its surroundings. The Korea Central News Agency on March 17 revealed this information, in addition to reports in regards to the participation of local government workers and civilians in the construction of the dams. (Kyunghyang Shinmun, "DPRK TO BUILD 130 SMALL AND MEDIUM SIZED POWER PLANTS IN HAMNAM," 03/20/98)

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3. Alleged DPRK Civil Unrest

DPRK workers are sabotaging production despite the risk of punishment as the economic crisis worsens and faith in socialist values erodes, a PRC-based diplomatic source said March 18. "Seventy-four cases of sabotage were confirmed between 1996 and last year. The acts included absenteeism, deliberate production of defective goods, destroying facilities, or stealing," the source said. "Now that the workers are waging sabotage at the risk of getting punished, there is a high possibility for it to grow into a massive and organized collective action if the economic crisis and worsening working conditions remain unchanged," the source said. (Korea Times, "DPRK WORKERS SABOTAGE PRODUCTION, SOURCE SAYS," 03/20/98)

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4. PRC Reform

The PRC's new Premier, Zhu Rongji, pledged March 19 to blaze ahead with radical reforms but rejected calls for a reassessment of the Tiananmen Square massacre. Zhu said serious streamlining of the PRC's oversized bureaucracy was underway and expressed confidence that deep-cutting reforms in the ailing state enterprise and banking sector would be completed by the turn of the century. In addition, Zhu said he was in favor of democratic elections for the PRC's top leadership in the future and praised nascent reforms in the countryside which allow villagers to chose their own leaders. (Korea Times, "PRC'S NEW PREMIER VOWS TO GO AHEAD WITH REFORMS," 03/20/98)

III. Japan

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1. Four-Party Peace Talks

The Nikkei Shimbun ("DPRK AGREES TO NORTH-SOUTH DIALOGUE," Seoul, 03/19/98) reported that ROK Minister of Foreign Affairs and Trade Park Chung-su said at a ministerial meeting on

March 18 that the DPRK told the ROK at the four-party peace talks that it is ready to resume DPRK-ROK dialogue in the near future. The report pointed out that the resumption of dialogue will not only ease inter-Korean tension but have a positive impact on the four-party peace talks as well.

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2. Japan-ROK Relations

The Yomiuri Shimbun ("ROK FOREIGN MINISTER IS VERY WILLING TO IMPROVE JAPAN-ROK RELATIONS," Seoul, 03/19/98) reported that ROK Foreign Minister Park Chung-su told Japanese reporters on March 18 that he and Japanese Foreign Minister Keizo Obuchi will discuss possible resolutions to the deadlocked fishery talks between Japan and the ROK. Park also said that Japan should actively show its sincerity to take measures on the comfort women issue. With regard to the fishery talks, he said, "Efforts to resolve the issue should arise from the private level."

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3. Japan-DPRK Relations

The Yomiuri Shimbun ("LIBERAL DEMOCRATIC PARTY (LDP) WILL SEND DELEGATION TO DPRK ON MARCH 24," 03/19/98) reported that LDP Chairman of the Executive Council Yoshiro Mori told the Chochongryun (General Association of Korean Residents in Japan) on March 18 that the LDP will send a delegation to the DPRK and that Chochongryun responded positively. The delegation aims to conduct a survey on the DPRK's agricultural situation, and the delegation is likely to be led by a former minister of posts and telecommunications with five LDP members, according to the report.

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4. Japanese Waste Exports to DPRK

The Asahi Shimbun ("JAPAN'S INDUSTRIAL WASTES TO DPRK INCREASES DUE TO PRC'S TIGHTENING OF REGULATION ON WASTES IMPORT," 03/17/98) reported that the volume of Japanese industrial wastes shipped to the DPRK has significantly increased for the past two years because of the PRC's tightening of its control on industrial wastes imports. The report cited, for example, Finance Ministry statistics indicating that Japanese exports of used tires to the DPRK in 1995 totaled about 78,000 but increased to 724,000 in 1997, and Japanese exports of aluminum to the DPRK was about 8,600 tons in 1995 but increased to 16,000 tons in 1997. Meanwhile, Japanese exports of used tires to the PRC was about 328,000 in 1995 but decreased to 69,000 in 1997, and Japanese exports of aluminum to the PRC was about 7,100 tons in 1995 but decreased to 1,000 tons in 1997.

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5. Japanese Defense Policy

The Sankei Shimbun ("GUIDELINES WILL INCLUDE INSPECTION OF SHIPS IN LOGISTICS SUPPORT," 03/18/98) reported that the LDP joint meeting among four working groups for the Guidelines for Japan-US Defense Cooperation decided on March 17 to include inspection of ships in Japan's logistical support for US forces. The issue of Japan's logistical support for US forces itself will be covered under a separate bill, which the LDP hopes to submit to the Diet in late April, according to the report. The report added that although inspection of ships based on a UN resolution was itself going to be a separate law, those who support the idea gained a majority among the LDP and therefore it will be put into the logistical support bill. With regard to use of weapons, it will be

approved in the cases of search and rescue, rescue of Japanese civilians, and inspection of ships. Also, with regard to mutual agreement on services and acquisitions, which has been limited to peace time, the LDP is considering revising the agreement or concluding another agreement between Japan and the US.

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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