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I. United States

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1. US-DPRK Talks

The Associated Press ("U.S., N. KOREA END TALKS, TO RESUME MONDAY," New York, 08/21/98) reported that a US delegation led by ambassador-at-large Charles Kartman met Friday with a DPRK delegation led by Deputy Minister for Foreign Affairs Kim Gye-gwan to discuss progress on the 1994 Geneva agreement. The DPRK delegation left the US mission to the UN after about eight hours of talks. Kim said in brief comments to reporters that his delegation would return Monday for more talks with the US side.

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2. ROK-DPRK Relations

The Associated Press ("NORTH KOREA REJECTS SEOUL'S OFFER," Seoul, 08/21/98) reported that ROK government officials said Friday that the DPRK has turned down an ROK proposal for opening a regular channel of dialogue by repeating "unacceptable" demands. The DPRK Committee for the Peaceful Reunification of the Fatherland stated, "How can the South gibber about reunification while keeping imperialist U.S. troops on its soil?" The committee demanded that the ROK first abolish its National Security Law, disband its intelligence agency, stop joint military exercises with the US, and allow student rallies.

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3. DPRK Trade

Dow Jones Newswires ("U.S.-BASED STANTON GROUP PLANS TO INVEST AN ADDITIONAL $1 BILLION IN NORTH KOREA," Seoul, 08/21/98) reported that, according to a report by the Korea Trade-Investment Promotion Agency (KOTRA), the US-based Stanton Group plans to invest an additional US$1 billion into the oil-refinery business in the DPRK. The report noted that Stanton set up a US$13-million oil refinery plant jointly with the DPRK's Seungri Chemical in the Rajin-Sonbong free trade region in September 1996 after receiving special approval from the US Treasury Department. The joint-venture had been set up to produce light oil products as well as heavy oil to be supplied to the Korean Peninsula Economic Development Organization. The report said that Stanton decided to expand its oil refinery business in the DPRK because of large potential demand for petroleum products in the country. Stanton was also quoted as saying that an unidentified Russian company is interested in purchasing the venture's oil products and selling them back to its clients. KOTRA said that Stanton did not reveal more details regarding the venture's products, production capacity and target markets. The report also noted that Stanton could withdraw its stakes from the venture, depending on the progress of inter-Korean and US-DPRK relations.

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4. ROK Labor Unrest

The Associated Press (Y.J. Ahn, "HOPES RISE FOR HYUNDAI SETTLEMENT," Ulsan, 08/21/98) reported that Hyundai Motor Co.'s labor union accepted "a minimum level of layoffs" Friday in negotiations with government mediators aimed to end the month-long strike. Government mediator Cho Sung-jun stated, "Considering the difficulty being faced by Hyundai and the car industry as a whole, the union has accepted layoffs as a realistic solution." Representative Noh Mu-hyun, another government mediator, added, "Since the union made significant concessions, it's time for the company to respond." However, major employers' organizations, including the Korea Employers' Federation, issued a joint statement accusing the government of siding with Hyundai union leaders.

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5. ROK-PRC Military Relations

The Associated Press ("CHINA, SOUTH KOREA AGREE ON MORE MILITARY EXCHANGES," Seoul, 08/21/98) reported that the ROK Defense Ministry said that Lieutenant General Xiong Guangkai, deputy chief of staff of the PRC's People's Liberation Army, met with ROK Defense Minister Chun Yong- taek and his deputy Ahn Byung-kil on Friday. The two sides agreed to unspecified military exchanges. Ministry officials refused to elaborate on details of the exchanges. Xiong was the highest-

ranking PRC military officer to visit the ROK since the establishment of diplomatic ties in 1992.

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6. Jiang Zemin Postpones Trip

Reuters (Benjamin Kang Lim, "FLOODS SPARE CHINA'S HARBIN, JIANG DELAYS TRIP," Harbin, 08/21/98) reported that PRC President Jiang Zemin postponed trips to Japan and Russia scheduled for early next month due to the floods that have hit the PRC this summer. The official Xinhua news agency reported that Jiang made the decision "due to the immensity of flood control and disaster relief efforts in China."

II. Japan

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1. Japanese-US Relations

The Yomiuri Shimbun ("US AMBASSADOR TO TOKYO FOLEY SPEAKS FOR JAPAN," Washington, 08/19/98) reported that US Ambassador to Japan Thomas Foley gave a lecture in Washington on August 19 in which he spoke for Japan's efforts for economic recovery, saying, "Japan is taking necessary measures (for economic recovery)." The ambassador also pointed out that Japan has come to realize that its export-led method has become ineffective. However, he hailed Japan's announced decision to stabilize its financial system by the introduction of a "bridge bank," and suggested giving Prime Minister Keizo Obuchi more time to implement the decision. The report added that the ambassador did not forget to point to the shrinking of the Japanese market due to the ongoing recession as the main cause of the US trade imbalance in favor of Japan.

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2. Japanese-PRC Relations

The Sankei Shimbun ("JAPAN REFUSES TO STATE 'THREE NOES' IN 'JOINT STATEMENT'," 08/21/98) reported that a high-ranking Japanese Foreign Ministry official revealed on August 19 that the Japanese government had already decided not to accept the PRC's offer to clearly state the "three noes policy" in a Japan-PRC Joint Statement at the time of PRC President Jiang Zemin's visit to Japan next month. The official said, "To do so means creating a new principle, which is not acceptable," according to the report. The official also suggested that if the PRC still asks Japan to state the policy in the statement, the Japanese government might refuse to make such a statement in the first place. As for the reason for Japan's decision, the official said, "Japan-Taiwan relations and US- Taiwan relations have different aspects, including history." He also emphasized that Japan's Taiwan policy will not go beyond the 1972 Japan- PRC Joint Communique and the 1978 Japan-PRC Peace and Amity Treaty. The article added that, while the PRC wants to include the issue of history and Taiwan policy in the joint statement, Japan wants to make a statement similar to the Japan-US Common Agenda, which includes such global issues as environment and nuclear nonproliferation issues, and does not want to include the Taiwan issue.

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3. DPRK Trade

The Yomiuri Shimbun ("DPRK TRADE INCREASED FOR TWO CONSECUTIVE YEARS," 08/18/98)

reported that the Japan External Trade Organization (JETRO) concluded its survey on the DPRK's trade in 1997, according to which the DPRK's exports increased by 0.9 percent from US$1,025,630,000 in 1996. According to JETRO, the main reason for the increase is a 4.5 percent increase in the DPRK's exports to Hong Kong, which was designed to earn foreign currency to cope with the food crisis. The DPRK's exports increased to US$10,880,000 in 1997, said the article. On the other hand, the DPRK's imports increased by 3.5 percent to US$1,473,290,000 in 1997 due to an increase of imports of grain, which amounts to approximately US$13,200,000 (700,000 tons). As for the DPRK's trade partners, the PRC ranked first, Japan second, and the ROK third. Together, they made up 59.0 percent of the total amount of the DPRK's exports in 1997. The article added that the DPRK's exports to Japan increased by 3.9 percent to US$27,630,000, but the DPRK's imports to Japan declined by 21.0 percent to US$197,690,000. As a result, the DPRK's trade surplus with Japan reached US$78,340,000 in 1997.

III. Opinion

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1. US Food Aid for DPRK

The following is a letter sent on August 12, 1998 to US President Bill Clinton from Moon J. Pak, M.D., of the Christian Association for Medical Mission. The views expressed are his own. For more information, contact Moon J. Pak at moonpak@compuserve.com.

Dear Mr. President;

I listened with great interest to your weekly radio speech made to the American public on Saturday, July 18, 1998. In the speech you said that the U.S. government will purchase 2.5 million tons of surplus wheat from the American farmers at the cost of $250 million, including the cost of transporting it to various parts of the world, where such commodities are needed desperately by millions of people who are on the verge of starvation.

Your announcement was of great personal interest to me because, as a member of an organization called the Christian Association for Medical Mission (CAMM), I have just returned from my fourth medical mission leading a team of Korean-American physicians to work in a hospital in Pyongyang, North Korea (The Democratic People's Republic of Korea). Therefore, I have fresh memories of people suffering from dire food shortages in that country due to three consecutive years of flood and drought. I must also say that I was deeply impressed by the gallant efforts being made by the people and their government to cope with many difficult problems in their effort to reach an agricultural self- sufficiency in the near future.

The CAMM is an organization composed of approximately 220 Christian physicians of Korean ancestry, headquartered near Detroit, Michigan, with branch chapters in Los Angeles, New York, Chicago, Buffalo, Boston, Atlanta, Minneapolis, and Seattle. The organization is in its eighth year of operation and its singular purpose is to dedicate itself to the evangelism of North Korea through medical assistance. We stand absolutely clear of the political ideological conflict existing between the two Koreas; thus we are respected and accepted uniquely by both governments as a humanitarian, non-governmental entity. In our modest way, we have managed to maintain a constant stream of medical assistance of various kinds to Pyongyang in the past eight years.

According to the announcement made by Mr. Brian Atwood of the U.S. Agency for International Development, a total of nine countries were under consideration for receiving food donations from

this project. The purpose of this communication is to urge you to consider sending a major part, if not all, of this surplus wheat to North Korea. I am very much aware of the intensity of famine existing in many other parts of the world. How can one forget the video- footage of starving African children being followed by a group of expectant vultures! Nevertheless, I present the following arguments in support of my recommendation:

1. The World Food Programme of the United Nations has announced recently that there is a very definite danger of seven million deaths due to starvation in North Korea, a country with a total population of 27 million; hence fully a quarter of the total population is at risk. Based on this analysis, the UN agency appealed to the international community for US$380 million to purchase 2.5 million tons of needed grain this year. Therefore, we have here a very clearly defined urgent need that can be effectively dealt with by delivery of the amount of the American surplus wheat under consideration.

2. Unlike many other parts of the world where the food need has been demonstrated, North Korea has a well developed distribution system with effective management capabilities; thus the effect of the aid will be demonstrated more clearly and dramatically.

3. Aside from humanitarian reasons for the aid, there is an important and unique geopolitical consideration that needs to be addressed in this case; i.e., one can not overestimate the danger of having a major famine and resulting unrest in this country, which would clearly be a threat to the peace and security of the entire Northeast Asia or of the whole world, for that matter.

4. It goes without saying that the United States has a significant measure of moral obligation for the turmoil on the Korean peninsula. Aside from its historical involvement that led to the unfortunate division of the country along the 38th parallel after World War II, which in turn directly led to the Korean War and subsequently to the current dangerous stalemate, we have presently an armed force of 37,000 US soldiers stationed in that country. Therefore the prospect of a massive famine in the Korean peninsula and resulting destabilization could represent a serious direct threat to our national security.

5. North Korea is a country in need of change; it has to move out of its ideological, political, diplomatic, economic, and even cultural isolation; it has to open its doors and join the parade of countries of the world and take its rightful place among them that is deserving of, and commensurate with its proud people's intelligence and heritage. Much of the seemingly idiosyncratic and xenophobic behavior of its government manifested in its international dealings in the past reflects its insecurity stemming from the hostilities they must perceive to be coming from the surrounding countries, including the United States. I have no doubt at all in predicting that massive humanitarian food- aid from us, on a scale such as recommended, would have a tremendous positive effect on their national psyche, and that we would emerge as their trusted friend that they need in their unavoidable process of peaceful national transition.

6. The size of the Korean-American population in this country has been variously estimated to be 1.2 to 1.5 million. I understand that they have been regarded as one of the most desirable model immigrants in the country due to their diligence, intelligence, adherence to law, and known fervor for education for the second generation. I can also tell you that the group is currently being rapidly politicized. Your action on large- scale humanitarian food-aid to North Korea, with the resultant stabilization and improvement of the relationship between the two countries, will be greatly applauded and fondly remembered by each and every one of the Korean-Americans.

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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