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I. United States

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1. Light-Water Reactor Project

US State Department Spokesman James Rubin ("STATE DEPARTMENT NOON BRIEFING," USIA Transcript, 01/20/98) denied that the US-DPRK nuclear agreement has been ineffective. Rubin stated, "we believe that the agreement that led to the freezing of North Korea's nuclear program was a landmark achievement that avoided great dangers; that we believe that that agreement is proceeding apace; that the IAEA is able to verify and inspect what it needs to verify and inspect; that we have a long way to go before that agreement is fully implemented." He added that "a series of inspections" of DPRK nuclear sites are necessary "before we move to the light water reactors and the provision of the key technology."

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2. US Defense Secretary's ROK Visit

Reuters (Charles Aldinger, "COHEN DEFENDS LANDMINES ON KOREAN BORDER," Camp Bonifas, ROK, 01/21/98) and the Associated Press (Robert Burns, "COHEN ARGUES NEED FOR LANDMINES," Camp Bonifas, ROK, 01/21/98) reported that US Defense Secretary William Cohen inspected military defenses on the ROK-DPRK border Wednesday and defended the US refusal to sign the global treaty banning anti-personnel land mines. Cohen stated, "Without the landmines, the capacity for the forces in the north would be certainly eased to roll through this area to downtown Seoul." An anonymous US military official said that nearly a million mines have been buried by ROK forces along the border and that the US is prepared to quickly add millions of its own mines if war were to break out. He added that 35 people had been killed and another 43 injured in mine accidents along the border since 1992, and that about one-third were civilians. Cohen was scheduled to hold talks Thursday with ROK President-elect Kim Dae-jung and outgoing President Kim Young-sam. He will also meet Foreign Minister Yoo Chong-ha and Defense Minister Kim Dong-jin.

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3. DPRK Famine

Agence France-Presse ("2.8 MILLION NORTH KOREANS DIED FROM 'NATURAL CALAMITIES'," Beijing, 01/20/98) reported that the PRC's official Xinhua News Agency quoted Cha Limsok, deputy director of the Farm Produce Bureau of the DPRK Agricultural Commission, as saying Tuesday that a total of 2.8 million DPRK citizens have died of "natural calamities." Cha stated, "Because of summer's serious drought, the amount of food per person in the Democratic People's Republic of Korea from October 1997 to September 1998 is a mere 180 grams a day." Typhoons and tidal waves

which hit the DPRK's western coastal grain-producing region in late August caused an additional grain loss of 700,000 tons. Cha's statements marked the first time that the DPRK has revealed such statistics. He said that the country's gross grain output in 1997 amounted to 2.685 million tons, while the minimum requirement between October 1997 and September 1998 is estimated at 4.022 million tons. After deducting seeds and feed grains, the DPRK only had 1.422 million tons of grain in storage by the end of September. The DPRK government plans to import 500,000 tons of grain and will appeal to the international community for another 700,000 tons of aid in grain, the report said. Cha said that the DPRK government and people would "try their best to achieve a good harvest in 1998, but are still short of more than 7,000 tons of barley seeds, 1,000 tons of corn seeds and considerable amounts of chemical fertilizers and pesticides."

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4. ROK Labor Agreement

The Wall Street Journal (Michael Schuman and Hae Won Choi, "KOREANS AGREE TO SHARE BURDEN, BUT LAYOFF ISSUE STILL UNRESOLVED," Seoul, 01/21/98), the New York Times (Stephanie Strom, "SOUTH KOREAN UNIONS TO ACCEPT SOME LAYOFFS," Seoul, 01/21/98), and the Washington Post (Don Kirk, "SEOUL ACCORD SKIRTS ISSUE OF LAYOFFS, Seoul, 01/21/98) reported that a committee of ROK unionists, government officials, and business leaders signed an agreement to share the burden of economic restructuring, but failed to reach a definitive agreement on labor reform. The committee agreed that the government will devise a plan to decrease the budget, scale down the bureaucracy, expand the social-welfare system, and develop solutions to deal with expected rises in unemployment and prices. Businesses will undertake restructuring while avoiding indiscriminate layoffs; labor will allow adjustments to wages and working hours to minimize unemployment at troubled companies; and labor and management will refrain from disputes. The statement also said that more talks between the three parties will take place next month. However, Choi Seung-hwe, head of the planning department of the ROK Confederation of Trade Unions, said that the agreement "doesn't mean that we will agree with passing the labor laws" which would allow for layoffs.

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5. ROK Financial Crisis

The AP-Dow Jones News Service ("CAMDESSUS: CRITICAL PHASE OF S. KOREA CRISIS HAS PAST," Paris, 01/21/98) reported that International Monetary Fund (IMF) Managing Director Michel Camdessus said Wednesday that a critical phase in the ROK financial crisis is over. He added that he is comforted that ROK President-elect Kim Dae-jung seems to have decided to sort out the problems in his country.

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6. US Security Policy in Asia

US Secretary of Defense William Cohen ("SEC. COHEN STATEMENT AT 1/21 TOKYO PRESS CONFERENCE," Tokyo, USIA Text, 01/21/98) told a press conference in Tokyo Wednesday that US security policy in Asia rests on "four essential pillars." Cohen stated that the pillars were, "First, bilateral relations, especially a strong security alliance with Japan. Secondly, multilateral relations such as the ASEAN Regional Forum. Third, engagement with China. And fourth, control of weapons of mass destruction. The forward presence of nearly 100,000 American troops in the Asia-Pacific region is the foundation that supports these four pillars." Cohen added, "Peace and prosperity in the

Asia-Pacific region rests on leadership from the United States and Japan, and our alliance has never been stronger."

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7. PRC-Taiwan Relations

The Washington Post (Steven Mufson, "CHINA OFFERS TAIWAN TALKS WITHOUT PRECONDITIONS, BUT TAIPEI IS SKEPTICAL," Beijing, 01/21/98, A17) reported that Taiwan analysts reacted with skepticism to the PRC's offer to hold talks without any preconditions. Sheu Ke-sheng, vice chairman of the Taiwanese cabinet's Mainland Affairs Council, said that "the so-called one-China principle itself is a precondition." Andrew Yang, general secretary of the Center for Advanced Policy Studies in Taiwan, stated, "Instead of bashing Taipei, now China wants to encourage Taipei to open a dialogue. China sees more problems in the future in bringing about a consensus in Taiwan about talking to China." However, he added, "I don't see any high-level political dialogue in the foreseeable future.... Both sides still have suspicions toward each other." Meanwhile Chen Yunlin, a senior Taiwan-affairs official in the Chinese Communist Party, wrote in the official publication Cross-Strait Relations that the PRC is not making "unreasonable demands" on Taiwan. Chen stated that, "The name of the central government will not be used, [and] still less will the mainland urge a Taiwanese leader to visit the mainland as Taiwan governor."

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8. Taiwanese Diplomacy

The Associated Press (Christopher Bodeen, "TAIWAN MAY AID CHINA'S ECONOMY," Taipei, 01/21/98) and Reuters ("TAIWAN PREMIER MEETS INDONESIA'S SUHARTO -REPORTS," Taipei, 01/20/98) reported that, according to several Taiwan newspapers, Taiwan Premier Vincent Siew on Tuesday met with Indonesian President Suharto to discuss Asia's financial turmoil and bilateral cooperation. However, Taiwan government spokesman David Lee, who accompanied Siew on the private visit, declined to comment on the meeting. The China Times said that Siew promised to provide "appropriate aid" to Indonesia. In Singapore on Monday, Siew said that his tour of Southeast Asian countries was for economic and not political reasons. However, Vice Foreign Minister Chen Chien-jen said that Siew's visits "demonstrate our determination to break out of diplomatic isolation." According to Taiwan newspapers, Chiang Pin-kung, Taiwan's top economic policy-maker, has suggested establishing a US\$50 billion to US\$100 billion fund under the Asia Development Bank for bailing out regional economies, with Taiwan contributing more than US\$1 billion to the fund. Meanwhile, PRC Foreign Ministry spokesman Shen Guofang on Tuesday called Siew's trips a "well-planned and premeditated political move."

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9. Japanese-Russian Peace Talks

Agence France-Presse ("MOSCOW PLAYS DOWN RUSSIAN-JAPANESE MEETING THURSDAY," Moscow, 01/21/98) reported that Russia's Interfax news agency cited Russian officials on Wednesday as saying that "nothing sensational" should be expected from talks Thursday between Russian Deputy Foreign Minister Grigory Karasin and his Japanese counterpart, Minoru Tamba. Karasin stated that both sides "are actively implementing the Yeltsin-Hashimoto plan adopted at the informal meeting in Krasnoyarsk in November 1997."

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10. Nuclear Waste Shipment to Japan

The AP-Dow Jones News Service ("SHIP WITH RADIOACTIVE NUCLEAR WASTE LEAVES FRANCE FOR JAPAN," Paris, 01/21/98) reported that a ship loaded with highly radioactive nuclear waste left a French port for Japan Wednesday by way of the Panama Canal. The US State Department said earlier this week that the Clinton administration would not intervene in the shipment despite protests by Greenpeace and the Nuclear Control Institute that the shipments are unsafe.

II. Republic of Korea

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1. Alleged DPRK Executions

Nine high-ranking DPRK officials were executed last September for treason and espionage in two separate cases, an unnamed source said upon returning from Pyongyang. Among the nine were seven leaders of an important umbrella youth organization, the Kim Il-sung Socialist Youth League, the source said. The other two executed were So Kwan-hi, the ruling Workers Party secretary in charge of agriculture, and four-star general Ri Bong-won of the political bureau of the Korean People's Army (KPA). The general was the secretary in charge of organization of the political bureau of the KPA general staff, a powerful position that governs personnel movements of the KPA. The two allegedly belonged to a five-member spy ring operated by the ROK for many years, the source said. "Following the two incidents, a sweeping house cleaning of the party and the Youth League has been under way, which is expected to be completed by early next month," the source told Agence France-Presse. Heading the list of the seven executed Youth League leaders was Choe Hyun-dok, one of the 10 members of the Foreign Affairs Committee of the Supreme People's Assembly, the source said. Choe, an adopted son of So Yun-suk, Chief Secretary of the ruling Workers Party of Korea (WPK) Provincial Committee of South Pyongan Province, was the president of one of three trading companies operated by the Youth League. He was also one of the seven secretaries of the League, chairman of the Korea- Mauritius Friendship Association, and one of 10 vice chairmen of the Korean Committee for Solidarity with the World People (KCSWP). The source said that three other members of the alleged five-member spy ring included former South Pyongan Province party secretary in charge Pi Chang-rin, former Kaesong City party secretary in charge Kim Ki-sun, and an unidentified director of the national security department. (Korea Times, "NINE HIGH-RANKING N KOREAN OFFICIALS EXECUTED FOR TREASON, ESPIONAGE:AFP," 01/21/98)

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2. DPRK Submarine Infiltration

Convicted spy and former US navy intelligence analyst Robert Kim claimed on January 19 that the US government knew of two DPRK submarines mounting an infiltration operation into the ROK in September 1996, but did not inform the ROK. In an interview with the Chosun Ilbo at the federal penitentiary in Pennsylvania, Kim said that he had access to all information through the navy's computer system and intelligence office links. Kim passed on information about the infiltrating submarines to the Korean government through a Colonel Baek, ROK defense attache to the US. Subsequently, one submarine was grounded off Kaneung and eventually captured. However, the other submarine was further south and able to escape. Kim claimed that US intelligence officials were tracking the DPRK submarines every three hours. (Chosun Ilbo, "CONVICTED SPY CLAIMS US KNEW ABOUT NK SUB," 01/21/98)

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3. US Defense Secretary's ROK Visit

Unnamed sources said on January 20 that, upon his arrival in the ROK on Wednesday, US Defense Secretary William Cohen will visit a mine field near the Demilitarized Zone and reconfirm the US position that land mines are needed for defensive purposes in the ROK. When he visits Camp Bonifas near the truce village of Panmunjom, Cohen, emphasizing the unique situation here, will reiterate why the ROK should remain exempt from the global ban on anti-personnel land mines, the sources added. Cohen is also scheduled to visit the 2nd US Army Division north of Seoul. He will meet President Kim Young-sam, President-elect Kim Dae-jung and Defense Minister Kim Dong-jin tomorrow before returning to Washington. ROK and US officials said that Cohen would express concerns about the ROK's move to cut defense spending for this year because of the economic turmoil. Cohen will also talk with Minister Kim about Seoul's suggestion to reduce its share of the financial burden in hosting US troops here. (Korea Herald, Lee Sung-yul, "COHEN TO REAFFIRM SUPPORT FOR LAND MINES IN ROK," 01/21/98)

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4. ROK-PRC Fisheries Talks

ROK and PRC officials on Tuesday began two-day working-level talks in Seoul on a bilateral fisheries accord. The first-day session of the talks focused on temporary measures to regulate fishing in the waters between the two countries. The two sides tried to settle their differences over the temporary fishing zone between their exclusive seas, an ROK Foreign Ministry official said. The ROK, troubled by illegal operations by PRC fishing boats, wants a smaller temporary zone than that of the PRC. Shin Jung-seung, deputy director-general for Asia-Pacific affairs at the Foreign Ministry, is heading the ROK delegation. The PRC delegation is led by Liu-Da-qun, deputy director-general for treaties and legal affairs at the PRC Foreign Ministry. (Korea Herald, "KOREA-PRC FISHERIES TALKS UNDERWAY," 01/21/98)

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5. ROK-Japan Fisheries Dispute

ROK President Kim Young-sam and President-elect Kim Dae-jung on January 20 issued a joint warning against Tokyo's unilateral move to abolish a Korea-Japan fishery agreement. "Unilateral termination of the Korea-Japan fishery pact will have negative effects on our friendly relations and we hope that Japan will reconsider the issue carefully," the two leaders said in a statement. They issued the statement through their spokesmen after their weekly consultative meeting at Chongwadae. (Korea Herald, "2 KIMS WARN JAPAN NOT TO ABANDON FISHERIES TREATY," 01/21/98)

III. People's Republic of China

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1. Light-Water Reactor Project

China Daily ("JAPAN, KEDO SEEKING WAYS TO SPLIT PLANT COSTS," 01/20/98, p. 11) reported that members of the Korean Peninsula Energy Development Organization (KEDO), which is building two nuclear power plants for the DPRK, will meet in New York next month to discuss ways of

splitting the project's US\$5.2 billion cost. According to a Japanese government official, KEDO remains committed to the project, despite economic trouble with two of its key members, Japan and the ROK. "We agreed how much the project will cost," said a Japanese Foreign Ministry official, who spoke on condition of anonymity. "Now it is time to discuss how to shoulder the burden." However, the official cautioned, the February meeting is unlikely to yield a final agreement. "This is not one of those matters that can be agreed upon after just one meeting," he said, adding that no member country has specified the amount of its contribution.

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2. DPRK Famine

Wen Hui Daily ("DPRK OFFICIALLY MAKES PUBLIC ITS FOOD SITUATION," 01/21/98, p. 3) reported that for the 1998 agricultural year (from October 1997 to September 1998), the DPRK needs at least 4.02 million tons of grain, but that it is short at present by over 60 percent of this figure. The DPRK urgently wants international help, the report said. These data were announced by a deputy director in charge of agricultural production under the Agricultural Committee of the Administration Council of the DPRK, when he was interviewed by reporters for the New China News Agency. This is the first time for the DPRK Government to make public this kind of situation. According to this deputy director, the total grain output of the DPRK last year was 2.69 million tons. After processing and deducting grain used as seeds and fodder, the grain reserves of the DPRK were only 1.42 million tons. This means that in the 1998 agricultural year, the average daily food ration for each DPRK citizen is only 180 grams. Thus the DPRK Government plans to import 0.5 million tons of grain in the new agricultural year and hopes the international community will supply 0.7 million tons of grain. In addition, the DPRK official said, his government plans to expand the sown area in 1998 in order to overcome the natural disasters and strive for a good harvest. However, the DPRK also lacks farm materials such as fertilizer and herbicide and wants international help in this regard too.

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3. US Defense Secretary's Visit to PRC

China Daily ("ACCORD BENEFITS CHINA, US," 01/20/98, p. 1) reported that PRC Defense Minister Chi Haotian and his US counterpart William Cohen, who was visiting the PRC, signed an agreement on January 19 in Beijing on the establishment of a consultation mechanism to strengthen military maritime safety. Chi said that the agreement is a concrete embodiment of the positive efforts made by the PRC and the US and will help safeguard peace and stability in the Asia-Pacific region and the world as a whole. PRC Vice-Premier and Foreign Minister Qian Qichen met with Cohen in the afternoon of January 19. Qian said, "We hold a positive attitude towards the increase of relations between the two military forces and believe that such relations will gain greater progress with the further improvement and development of relations between the two countries." He stressed that the key for the healthy and stable development of bilateral ties is "to stick to the principles of the three Sino-US joint communiques and to appropriately handle the Taiwan issue."

Jie Fang Daily ("CHINA AND US SIGN AGREEMENT ON ESTABLISHMENT OF MILITARY CONSULTATION MECHANISM," 01/20/98, p.3) reported that Chinese Defense Minister Chi Haotian held talks with US Defense Secretary William Cohen on January 19. They frankly and sincerely exchanged their views on international and regional situations, bilateral relations and other issues of common interest. Chi pointed out that some elements are continuously warning of the so-called "China threat" in the international arena and regard the PRC's economic development and military modernization, which is needed for justified defense, as one of the unstable elements in this area.

These arguments are unreasonable, Chi said. Regarding bilateral relations, Chi said that the Sino-US relationship has made important progress in the past year. At present, Sino-US relations are facing new developing opportunities. However, there are some problems in Sino-US ties, among which the Taiwan issue is the most important and sensitive one. Cohen said that the US will continue to implement its engagement policy with the PRC. In this new year, the US takes a positive attitude towards the development of the military-military relations between the two countries.

China Daily ("SINO-US ARMY TIES `POSITIVE'," 98/01/21, p. 1) said that the PRC views the development of military relations and high-level exchanges between the PRC and US armies as a positive step forward. PRC President Jiang Zemin made the remarks during a meeting with US Secretary of Defense William Cohen in Beijing on January 20. Recalling his visit to the US last fall, Jiang said that promoting understanding, expanding common ground, and creating the future was the trip's goal. Jiang expressed gratitude for US aid to the PRC's Zhangbei area, which was rocked by an earthquake measuring more than 6.0 on the Richter scale earlier this month. Addressing a press conference at the end of his three-day visit, Cohen said the trip helped promote bilateral and military relations between the nations. Cohen hopes both nations' defense departments will continue to expand cooperation. Both sides, he added, will adopt a modest, step-by-step approach to establishing mechanisms to increase confidence and reduce misunderstandings.

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4. PRC-US Relations

Jie Fang Daily published a commentary by Professor Yu Xintian, deputy president of the Shanghai Academy of Social Sciences ("US POLICY TO CHINA STILL HAS UNCERTAINTIES," 01/19/98, p. 3), which said that US policy towards the PRC still has uncertainties, although the Sino-US relationship entered into a new stage after PRC President Jiang Zemin's visit to the US. According to the author, the lack of a long-term strategy of US foreign policy and the US doubt about the goals and tendencies of the PRC's modernization are the two main factors resulting in the uncertainties. However, she pointed out that after President Jiang's visit to the US, the US Government at least appeared positive about the development of Sino-US relations. Jiang's visit to the US defined the framework of Sino-US strategic relations.

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5. Taiwanese Diplomacy

According to People's Daily ("FM COMMENTS ON TAIWANESE VISIT TO SOUTHEAST ASIAN COUNTRIES," 01/21/98, p. 4), PRC Foreign Ministry spokesman Shen Guofang said in a news briefing on January 20 that some political figures of Taiwan have recently made frequent trips to some Southeast Asian countries and conducted activities there, capitalizing on those countries' temporary difficulties caused by the financial crisis and carrying out "pragmatic diplomacy" in this region in an attempt to realize Taiwan's political ambitions. Shen stated, "Evidently, this is a well-planned and premeditated political move aimed at upgrading Taiwan's so-called substantive relationship with Southeast Asian countries and furthermore undermining the friendly relations and cooperation between China and the countries concerned." He added, "What the Taiwanese authorities have done is unpopular and doomed to failure." The spokesman reiterated that there is only one China in the world and that Taiwan is an inalienable part of Chinese territory. He went on to say that the PRC Government understands the special difficulties and predicament of some Southeast Asian countries and therefore takes no objection to their non-governmental economic contacts and trade with Taiwan. "However, we are resolutely opposed to any form of official contacts with Taiwan by countries having diplomatic relations with China," Shen said. The PRC hopes that

Southeast Asian countries will maintain vigilance against the political motives of Taiwanese authorities and properly handle their relations with Taiwan.

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6. PRC Military Sales

China Daily ("MILITARY SHINES IN CIVILIAN SECTOR," 01/18/98, p. 1) reported that Xie Mingbao, deputy director of the planning department of the Commission of Science, Technology, and Industry for the National Defense Ministry of the PRC, estimated that between 1200 and 1300 converted military factories had absorbed about US\$4.5 billion in foreign investment by the end of 1997. Foreign investment is especially welcome in the ship-building, automobile, computer and other high-technology sectors. These sectors demand mass production and the strong research and technology input the former military firms can supply, the deputy director said. Former military firms have also outdone civilian competitors in the production of automobiles, ships, motorcycles, televisions and other electronic products. These products make up the bulk of civilian exports by military firms. Exports by 1400 military firms and research institutes in 1997 are expected to add up to US\$7 billion, half of which were civilian products, Xie estimated. [Ed. note: See "PRC Military Sales" in the US Section of the January 20 Daily Report.]

IV. Russian Federation

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1. RF Views of ROK

Nezavisimaia gazeta ("MOSCOW-SEOUL: WAITING FOR A BETTER TIME," Moscow, 6, 1/20/98 and "AN EXPERIMENT IN COMPARATIVE POLITOLOGY," Moscow, 6, 1/21/98) in two consecutive issues published articles by Professor Viktor Kouvaldin and Professor Andrey Melvil dedicated to the results of a Russian-Korean Civil Forum held recently in Moscow. In preparation for the forum, a public opinion poll was conducted in the RF, which showed that only 5 percent of RF citizens are well informed about the ROK, mainly young high-income people in big RF cities. Only 1-2 percent associated the word "Korea" with the DPRK. 39 percent believe that Korean unification will come soon, while 21 percent doubt it. Only 5 percent think the DPRK system will prevail, while 35 percent believe that the unification will follow the German pattern: that is, on the basis of the ROK system. Among young high-income big city dwellers, 50 percent hold the latter opinion. Based on the forum results, the authors found many similarities between the RF and the ROK in terms of the economic role of the state and big corporations, the strong presidency, and the way democracy was to a large extent introduced by the previous ruling elite. There are differences, naturally, but both countries seem to have demonstrated that the classic modernization model with a "wild market" cannot work today. "The state is the most important generator of reforms, unless, of course, it itself is not privatized and plundered by the reformers."

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2. RF-Japan Territorial Dispute

Segodnya's Vasilii Golovnin ("JAPANESE ARE AFRAID TO BE LATE IN THE KURILS GAME," Moscow, 1, 6, 1/15/98) reported that, regarding the South Kurils issue, numerous Japanese politicians, diplomats, and experts nowadays attach an almost mystic significance to the year of 1998 and urge the government "not to waste time." Consultations between Deputy Foreign Ministers

of the RF and Japan to develop a new format for RF- Japan peace treaty negotiations are scheduled to start in Moscow on January 21, and the Japanese side is expected to deal quickly with procedural matters and grapple with the main provisions of the future treaty without, however, direct demands to "return the illegally occupied isles." Rather they are likely to move the talks to practicalities of "purely technical demarcation," the way it was done between the RF and the PRC. In February, Japan's Foreign Minister Keijō Obuchi will pay a visit to Moscow, to be followed by the second informal summit and Japanese Prime Minister Ryutaro Hashimoto's visit to Russia in the autumn. Japan might even finally agree to leave some "administrative rights" to the RF for some time after the signing of the treaty, but Japan will not sign it if its sovereignty over the isles is not mentioned at least generally. However, the chances of Japan getting the isles remain "extremely vague." Much will depend on its ability to prove to the RF government and public that it really wishes good relations and not merely a land acquisition to revise the results of World War II.

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3. RF-Japan Fisheries Agreement

Segodnya's Andrey Ilyashenko ("RUSSIAN-JAPANESE DIPLOMATIC CATCH," Moscow, 6, 1/13/98) reported that on December 30, after more than two years of talks, an intergovernmental arrangement was agreed upon by the RF and Japan concerning Japanese fishing in the area of the Southern Kurils, and an agreement on related issues is to be signed soon. According to the agreement, Japanese authorities, not RF ones, shall investigate and punish Japanese vessels caught poaching there. However, the poachers shall remain "the objects" for the RF Border Guards and the RF Fishing Inspectorate. Japan is to get 2.2 thousand tons quota to catch octopi and other sea products, but will pay the RF 20 million yen in compensation and supply some 15 million yen worth of fishing equipment. Segodnya's author said the compromise creates "very important prerequisites, including psychological ones, for talks on a peace treaty between Russia and Japan.

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4. RF-PRC Military Cooperation

Nezavisimaia gazeta ("RUSSIAN-CHINESE MILITARY COOPERATION," Moscow, 1, 1/15/98) reported that Andrey Kokoshin, RF State Military Inspector and RF Defense Council Secretary, said that RF-PRC military cooperation in 1997 was developing successfully. He stressed that the RF was developing deeper security relationships with other Asia-Pacific countries as well.

Nezavisimaia gazeta's Maksim Dmitriyev ("RUSSIAN DELEGATION WILL VISIT CHINA," Moscow, 2, 1/17/98) reported that, on an invitation from the PRC Central Military Council, an RF delegation headed by Andrey Kokoshin will pay an official visit to the PRC next week. The PRC Central Military Council is headed by PRC Chairman Jiang Zemin.

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5. RF-PRC Nuclear Cooperation

Izvestia's Aleksandr Platkovskiy ("A RUSSIAN NUCLEAR POWER PLANT FOR CHINA," Moscow, 1, 12/30/97) and Finansovye izvestia's Konstantin Baskayev ("RUSSIAN REACTORS WILL BE MOUNTED AT NUCLEAR POWER PLANTS IN CHINA," Moscow, I, 12/30/97) reported that RF First Deputy Premier Boris Nemtsov signed in Beijing an RF-PRC contract under which the RF will supply two VVER-1000 light water reactors of 1 million kilowatt capacity each for Lianyungang nuclear power plant in Jiangsu Province of the PRC. The total cost of the contract was not revealed, but

experts estimate it at US\$2 billion. The nuclear power plant would be the largest in the PRC. The plant construction is expected to be completed in 8 years. Also, the RF-PRC contract might be expanded in case of plant enlargement later.

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6. RF-US-PRC Relations

Nezavisimaia gazeta's Aleksey Poushkov ("YEVGENIY PRIMAKOV: 'I FEEL THE PRESIDENT'S TRUST'", Moscow, 1, 5, 12/30/97) interviewed Yevgeniy Primakov, RF Foreign Minister. Asked if there is a "battle for China" going on, Primakov opposed any "extrapolation" of past situations to the present. "Now it is impossible to play the Chinese trump card between the US and us, because the card is impossible to lift. It cannot to be thrown on the table," he said, adding that the PRC is "a player that participates on an equal basis in international affairs."

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7. US Defense Secretary's Trip to East Asia

Izvestia's Aleksandr Platkovski ("MILITARY PRESENCE INSTEAD OF AID," Moscow, 3, 1/21/98) reported that US Defense Secretary William Cohen on a trip to East Asia visited Indonesia, Malaysia, Singapore, Thailand, and the PRC. In Southeast Asia he spoke in favor of an increased military, political, and economic role for the US in the region. Reciprocally, Singapore pledged US\$35 million investment in construction of a new port facility for US ships and nuclear submarines, while the Philippines agreed to resume military cooperation, in particular to actively train their officers at US centers. In the PRC, the US Defense secretary visited an air defense center near Beijing. PRC Defense Minister Chi Haotian told him that "China will make every effort to achieve the goal of establishing a constructive strategic partnership between the two countries." As for Cohen's argument that the "US military presence in Asia is beneficial for China's economic prosperity," the PRC military would agree with that provided that the US does not interfere in Taiwanese affairs and respects the PRC as a world power.

Kommersant-daily's Andrey Ivanov ("PENTAGON INVITES THE PRC TO COOPERATE," Moscow, 5, 1/21/98) reported that US Defense Secretary William Cohen completed his 3 days visit to the PRC, during with he met with PRC Defense Minister Chi Haotian and signed the first ever naval security consultations agreement between the defense departments of the two countries. According to the agreement, the parties will hold regular meeting of their respective fleet commanders and create a mechanism for communications between their ships. Cohen also visited an air defense center near Beijing, the very existence of which the PRC denied just a month ago. However, the article said that "Russian weapon-makers do not have to worry," as the US Defense Secretary told his hosts that the US would not sell arms to the PRC, except spare parts for "Sikorski" helicopters, the exports of which were canceled after the Tiananmen Square events in 1989.

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8. PRC-Taiwan Relations

Kommersant-daily ("CHINA IS READY TO START TALKS WITH TAIWAN," Moscow, 5, 1/21/98) reported that PRC Foreign Ministry Spokesman Shen Guofang said Tuesday that the PRC is ready to start political talks with Taiwan without any preliminary conditions. Yet Taiwan's official reaction is one of wariness. Shen said that adherence to the "one China" principle is not a precondition because "this fact is recognized on both sides of the Straits of Taiwan."

9. Taiwanese Diplomacy

Segodnya's Natalia Roslova ("TO GET OUT OF THE CRISIS THE PHILIPPINES GO IN FOR WORSENING RELATIONS WITH CHINA," Moscow, 6, 1/14/98) reported that the Philippines' President Fidel Ramos had a meeting on January 12 with Taiwanese Premier Vincent Siew, who "quite unexpectedly" visited the Philippines. Philippines officials said that Siew was not officially invited and no talks were planned. According to Taiwanese officials, some Southeast Asian nations in financial crisis turned to Taiwan for help, and Taiwan agreed to invest US\$4 billion into a new regional foundation, which caused a negative reaction on the part of the International Monetary Fund. The PRC Embassy expressed great displeasure about the Ramos-Siew talks, but Philippines' Finance Minister Roberto de Scampo said the parties discussed only "global issues" and did not touch upon diplomatic relations problem. [Ed. Note: See "Taiwanese Diplomacy" in the US Section of the January 14 Daily Report.]

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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