

# NAPSNet Daily Report 21 July, 1998

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## **I. United States**

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### **1. Light-Water Reactor Project**

Desaix Anderson, Executive Director of the Korean Peninsula Energy Development Organization (KEDO), held an on-record telephone briefing with reporters on Tuesday. Anderson said that the DPRK's nuclear program remains frozen, and the DPRK is adhering to the Nonproliferation Treaty. He added that the preliminary work for reactor construction is almost completed, and that, once the "turnkey contract" is negotiated with the ROK's Korea Electric Power Company (KEPCO), the reactor construction can go forward. He said that he is optimistic that KEDO will be able to get all the funding for both the reactor construction and the heavy oil deliveries. Anderson pointed out that, while KEDO would like to adhere to a more regular shipment schedule for the oil, as long as a total of 500,000 metric tons is delivered by mid-October, its obligations will have been met. He said that

KEDO is happy to receive contributions from any source, in cash or in kind. Anderson gave the yearly costs of supplying the oil as US\$60-65 million, adding that the US had expected more contributions than have materialized from other countries. He emphasized that the DPRK has to comply fully with the International Atomic Energy Agency before the significant parts for the reactors can be shipped. Anderson also said that the necessary nuclear cooperation agreement between the US and DPRK would be negotiated at the time of construction, but he emphasized that that phase of the project was still several years away. He said that the DPRK may have conducted maintenance work on the frozen reactors, which is not prohibited under the Agreed Framework, although he described it as "not very helpful." He said that, given the importance of the military in the DPRK government, he believed that the DPRK military supported the project, or that it would not have gone through. He added that a certain amount of trust was slowly being built up between the KEDO principals and the DPRK. He said that he had a "strong impression" that both Republicans and Democrats in Congress supported the project. He stated that Kim Dae-jung's "sunshine" policy toward the DPRK reinforces the project's goals, adding that the recent submarine incursion appeared to have no impact. He also said that the PRC has said that it supports the project, but feels it can be more helpful by not joining KEDO. KEDO has also continued to negotiate with Russia on possible membership. Jason Shaplen, policy advisor at KEDO, said that the date of 2003 for the completion of reactor construction is a "best efforts target" and not a firm deadline. He added that the project was delayed twice, once by DPRK reluctance to accept KEPCO as the principal contractor, and once by the 1996 submarine incursion.

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## **2. ROK Food Aid for DPRK**

The Associated Press ("SOUTH KOREA AIDS STARVING NORTH," Seoul, 07/21/98) reported that the ROK Unification Ministry said Tuesday that it will send 781 tons of powdered milk to the DPRK this week. The ministry said that the US\$3 million donation was pledged to UNICEF last year, but shipment was delayed because of the ROK economic crisis and a recent series of DPRK incursions. Kim Hyong-seok, a ministry spokesman, stated, "We promised the food aid to the UNICEF as humanitarian aid and we'll keep the promise despite the recent North Korean infiltrations."

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## **3. ROK Elections**

Agence France Presse ("S. KOREANS GO TO POLLS IN 7 DISTRICTS," Seoul, 07/20/98) reported that the ROK on Tuesday held by-elections for the National Assembly in seven districts. Chung Kyun-hwan, secretary-general for President Kim Dae-Jung's ruling National Congress for New Politics (NCNP), said that the party was sure of victory in four districts, and predicted a close race in the remaining three. Chung stated, "The outcome of the elections will help break the GNP's (Grand National Party) grip on the National Assembly and give some momentum to President Kim's reform program." The GNP has 147 seats in the 299-member National Assembly, while the NCNP has 86 and its coalition partner, the United Liberal Democrats, has 48 seats. Pollsters forecast that turnout was likely to be below the 61.3 percent recorded in April by-elections and in June 4 local polls.

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## **4. PRC Ballistic Missiles**

The Washington Times (Bill Gertz, "CHINA ADDS 6 ICBMS TO ARSENAL," Washington, 07/21/98) quoted unnamed Pentagon intelligence officials as saying that the PRC has produced six new CSS-4

intercontinental ballistic missiles (ICBM) in the first four months of this year, a one-third increase in its ICBM arsenal. The officials added that two more such missiles will be built this year before the PRC shuts down its sole ICBM production plant at Wanyuan as part of a major defense industry restructuring. The officials said that much of the production equipment at Wanyuan is expected to be transferred to the new ICBM plant near Chengdu that will take as long as two years to build. One official stated, "This is missile production far beyond anything we have seen from the Chinese in recent years." Officials who spoke on condition of anonymity said that the intelligence report was based on satellite spy photographs and other sensitive information. The CSS-4 Mod 2 is the PRC's only long-range nuclear missile, although the reports said that the People's Liberation Army is building two new mobile ICBMs called the DF-31 and DF-41, which would make the PRC only the second nation after Russia to deploy mobile long-range missiles. The article quoted a recent secret report by the National Air Intelligence Center as saying that the PRC's ICBM capabilities, while minimal, are "steadily increasing." However, Air Force General Eugene Habiger, commander of US strategic nuclear forces, recently stated, "Let me tell you that the CSS-4 ICBM that the Chinese have deployed today has been deployed since 1981, and there have been some modifications but nothing significant."

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## **5. US Policy towards Taiwan**

The Associated Press (Tom Raum, "CONGRESS REAFFIRMS TAIWAN POLICY," Washington, 07/21/98) and Reuters ("HOUSE PASSES RESOLUTION OF SUPPORT FOR TAIWAN," Washington, 07/20/98) reported that the US House of Representatives reaffirmed US support for Taiwan in a nonbinding resolution passed 390-1 on Monday. The resolution renews a US pledge to sell arms to Taiwan for its defense and urges the PRC to renounce the use of force to resolve Taiwan's status. Representative Tom DeLay, R-Ohio, called the vote "an unambiguous message" to the PRC required to clear up what he termed US President Bill Clinton's ambiguous message on Taiwan. DeLay stated, "We will not tolerate bullying or belligerence in the Taiwan Strait." The House's resolution differs from an earlier Senate version in strongly supporting the principle of Taiwanese self-determination and Taiwan's ability to take part in international organizations. The PRC Foreign Ministry said in a statement Tuesday, "As is well known, the Chinese government's basic principles for resolving the Taiwan question are a peaceful reunification, one country, two systems. But it must be pointed out that the issue of China's reunification is domestic, and no foreign power may be permitted to interfere."

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## **6. PRC-Japanese Relations**

The Associated Press ("JAPAN, CHINA COMMUNIST LEADERS MEET," Beijing, 07/21/98) and Agence France Presse ("CHINESE, JAPANESE COMMUNISTS MAY PATCH RELATIONS," Beijing, 07/20/98) reported that PRC President Jiang Zemin met Tuesday with Tetsuo Fuwa, the chairman of Japan's Communist Party. PRC state media reported Jiang said that strong party-to-party relations would contribute to closer ties between the two countries.

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## **7. US-Pakistan Nuclear Talks**

The Associated Press ("PAKISTAN-U.S. NUCLEAR TALKS SHORT ON SUBSTANCE AT OUTSET," Islamabad, 07/21/98) reported that US Deputy Secretary of State Strobe Talbott held a first round of

talks with Pakistani Foreign Secretary Shamshad Ahmed on Tuesday evening. More substantive talks were planned for Wednesday with Prime Minister Nawaz Sharif and Foreign Minister Gohar Ayub. No statement was issued following the first round of talks at Pakistan's foreign ministry. On state-run Pakistan Television, Ahmed said only that "we are holding the talks with an open mind."

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## **8. US-Indian Nuclear Talks**

The Associated Press ("U.S., INDIA WRAP UP TALKS ON NUCLEAR ISSUES; SLOW PROGRESS," New Delhi, 07/21/98) reported that Kiki Munshi, a US Embassy spokeswoman in New Delhi, said that there was "steady movement" in the US-India talks completed on Monday. Munshi stated, "Both sides are looking for areas of agreement." A statement late Monday from the Indian foreign office said, "There is now a clearer understanding of each other's concerns and certain steps in the direction of addressing those concerns are contemplated."

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## **9. Indian-Pakistani No-First-Use Treaty**

The Associated Press ("INDIA TO OFFER PAKISTAN NO-FIRST-USE NUCLEAR PACT: OFFICIAL," New Delhi, 07/21/98) reported that a senior India Foreign Ministry official said Tuesday that India will propose to Pakistan a nuclear no-first-use agreement when the two prime ministers meet next week at a summit of seven heads of state in Colombo, the Sri Lankan capital. He added that discussions on such an agreement could later be broadened to a regional level. The official added that Indian Prime Minister Atal Behari Vajpayee and Pakistani Prime Minister Nawaz Sharif also are expected to try to end a deadlock over resuming high-level bilateral talks on the disputed territory of Kashmir and other issues.

# **II. Republic of Korea**

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## **1. ROK-Russia Relations**

The ROK and Russia have agreed that the ROK government will bring home five more diplomats from Russia, ROK administration officials said Monday. The five--two from the ROK embassy in Moscow and three from its consulate in Vladivostok--are all "intelligence officers," according to the officials. They said the two countries made the decision in order to even out the number of intelligence officers on each side. Russia has two intelligence officers assigned to its embassy in Seoul, according to government sources. ROK officials tried to downplay and disassociate the latest development in ROK-Russian relations from the diplomatic dispute over the recent exchange of envoy expulsions between the two sides. A top ROK presidential aide also stressed that the diplomats are not being "expelled" by the Russian side but are being brought home by the ROK government. ROK officials said that they expect that the diplomatic feud will be concluded at the foreign ministers' talks to be held in Manila July 26. (Korea Herald, "5 DIPLOMATS TO LEAVE RUSSIA; SEOUL, MOSCOW TO EVEN NUMBER OF INTELLIGENCE OFFICERS," 07/21/98)

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## **2. ROK-DPRK Business Forum**

The DPRK may invite about 50 businessmen from the ROK to attend an investment forum to be held in the Rajin- Sonbong free trade zone (FTZ) scheduled for September 24-26, the Korea Trade-Investment Promotion Agency (KOTRA) said Monday. KOTRA's Vienna bureau said that the 50 will be among 150 representatives--mostly from firms in Korea, Japan, Europe, and the US--expected to attend the investment forum. Jointly organized by the DPRK and the UN Industrial Development Organization (UNIDO), the forum will be held on a small scale. Contrary to earlier speculation, it will not include a separate presentation for ROK businesses. The decision is expected to be made at the end of this month. Invitations to ROK firms are expected to be sent by UNIDO's Seoul branch. The 150 firms are expected to review 40 projects lined up by the DPRK and UNIDO for the Rajin-Sonbong area. UNIDO originally planned 37 projects in 1997. Since then, however, it rejected 10 and included 13 others during discussions with the DPRK. (Korea Herald, "PYONGYANG MAY INVITE SOUTHERN BUSINESSMEN TO RAJIN SONBONG FORUM," 07/21/98)

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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