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I. United States

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1. ROK Financial Crisis

The Wall Street Journal (Michael Schuman, "SEOUL INCREASES FUNDS TO BUOY BANKS," Seoul, 05/21/98) reported that the ROK Ministry of Finance and Economy committed an additional US\$35 billion to buy bad loans from the country's financial institutions, recapitalize banks, and shore up depositors' insurance. The government estimated that nonperforming loans have reached 118 trillion won at all financial institutions. The new plan raises the total government resources committed to the financial sector to 64 trillion won. Meanwhile, the Korean Confederation of Trade Unions said that it will call a strike on May 27 to protest the growing number of layoffs. Hyundai Motor Co. said Wednesday that it plans to shed about 8,000 employees through a retirement scheme or a two-year unpaid leave.

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2. Clinton Visit to PRC

The Associated Press (Tom Raum, "CLINTON'S CHINA TRIP STILL ON," Washington, 05/21/98) reported that the White House Thursday that US President Bill Clinton will go ahead with his planned trip to the PRC, despite protests from human rights groups and criticism from Congress.

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3. US Missile Technology Transfer to PRC

The Washington Post (John F. Harris and Juliet Eilperin, "HOUSE REBUKES CLINTON ON CHINA SATELLITE DEAL," 05/21/98, A01) and the New York Times (Eric Schmitt, "HOUSE VOTES TO BAN EXPORT OF SATELLITES AND MISSILE TECHNOLOGY TO CHINA," Washington, 05/21/98) reported that the US House of Representatives on Wednesday passed a series of measures to block the US from further exports of satellite technology to the PRC. By a vote of 417 to 4, the House also passed a nonbinding "sense of the Congress" resolution that urged the president not to enter into new agreements with the PRC involving space or missile technology during the upcoming summit in June. It also declared that the administration's decision to issue a waiver to Loral Space and Communications to export technology to the PRC was "not in the national interest of the United States."

Reuters ("W. HOUSE DENOUNCES HOUSE VOTE ON CHINA," Washington, 05/21/98) reported that White House spokesman Mike McCurry on Thursday denounced a House of Representatives vote that would halt satellite and missile technology to the PRC as a "knee-jerk reaction" to newspaper headlines. McCurry stated, "Congress will make intemperate judgments that can do real damage to the role the U.S. plays in this world when it reacts to political stimuli rather than thoughtful reason."

Reuters (Justin Jin, "CHINA URGES U.S. TO BLOCK ANTI-BEIJING RESOLUTIONS," Beijing, 05/21/98) reported that PRC Foreign Ministry spokesman Zhu Bangzao on Thursday urged the US government to block resolutions that could halt the transfer of satellite and missile technology to the PRC. Zhu stated, "We ask the U.S. government to take effective measures to block these anti-Chinese resolutions from becoming laws, to prevent damaging Sino-U.S. relations." He added, "Every time Sino-U.S. ties improve and develop, there is an extreme minority of Americans who would do anything to obstruct the smooth development of the Sino-U.S. relations. The deliberation and approval of resolutions with anti-China contents by the U.S. Congress are neither in accordance with the interests of the two countries' peoples, nor are they beneficial to the development of the two countries' relations."

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4. PRC-Pakistan Relations

The New York Times (Elisabeth Rosenthal, "CHINA SEEMS TO DENY PAKISTAN A NUCLEAR UMBRELLA," Beijing 05/21/98) reported that PRC officials played down a recent visit by Pakistani foreign minister Shamshad Ahmed, calling it a "routine consultation between our two foreign ministries." PRC government experts said that although the PRC is sympathetic to Pakistan, it is very unlikely to offer to extend nuclear protection to Pakistan and will probably quietly oppose any Pakistani nuclear test. An anonymous senior researcher at a PRC government research institute stated, "China will not encourage Pakistan to conduct its own nuclear test, and China is not a country that provides nuclear umbrellas to other countries." Robert S. Ross, a China expert at Boston College, said, "China's challenge is to reassure Pakistan that they'll stand by it without inflaming relations with India or the U.S." Likewise Shang Hui Peng, a professor at Beijing

University, argued, "China has now readjusted its policies in south Asia so that it now places equal importance on relations with India and Pakistan. I think that's very important for regional security."

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5. Russian Ratification of START II

The New York Times ("RUSSIAN PARLIAMENT SPEAKERS VOW TO SPEED START II RATIFICATION") reported that ITAR-TASS news agency said that the leaders of Russia's two houses of parliament on Thursday agreed to speed the ratification of the START II nuclear disarmament treaty after meeting with President Boris Yeltsin and Prime Minister Serguei Kiriyenko. The leader of the Duma, or lower house, Gennady Seleznev, had said Wednesday that the case would be examined by parliament in June despite a vote by deputies to delay the debate until September.

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6. Indian Nuclear Tests

The Associated Press ("INDIA VOWS NUCLEAR MORATORIUM; YELTSIN CHAT REPORTED," New Delhi, 05/21/98) reported that Brajesh Misra, an aide to Indian Prime Minister Atal Bihari Vajpayee, said Thursday that India plans no more nuclear tests and is willing to make the pledge formal. Misra stated, " We would like to formalize this moratorium into an obligation. We are prepared for discussions with key interlocutors on the issue." He added that there had been some communication with the nuclear powers on the issue since India's five tests but refused to say what the communications were and with which country they were held. Meanwhile, the Press Trust of India news agency reported that Prime Minister Vajpayee spoke to Russian President Boris Yeltsin on the telephone Thursday and assured him that India would not conduct any more tests. The news agency also quoted unnamed officials as saying that Vajpayee told Yeltsin that India was prepared to hold talks on a comprehensive test ban.

II. Republic of Korea

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1. ROK Aid for DPRK

The DPRK Central News Agency on Wednesday praised the hope of Chung Ju-young, honorary chairman of the Hyundai Group, to visit the DPRK with 1,000 head of cattle through Panmunjom as patriotic. The agency also said that a plan to allow him to visit the DPRK is now under study. However, the agency said that the ROK Minister of Unification, Kang In-dok, is slandering the DPRK, which is preventing Chung and his cattle from passing through Panmunjom, and if the ROK government truly wishes dialogue with the DPRK it should change its policy from one of confrontation to one of reconciliation, and replace Minister Kang. (Chosun Ilbo, "NORTH REACTS FAVORABLY TO 1,000 CATTLE PLAN," 05/21/98)

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2. ROK-Japan Relations

ROK Foreign Affairs and Trade Minister Park leaves Seoul Thursday for a three-day official visit to Japan to discuss ways to solve pending issues like compensation for Korean comfort women. The ministry said that Japan should make visible efforts to resolve the issue of Korean women mobilized

as sex slaves for the Japanese soldiers during World War II. Moon Bong-joo, head of the Asia and Pacific Affairs Bureau at the ministry, said that Park will deliver the demand when he meets his counterpart Friday. He said the two countries need to overcome the unfortunate past marked by Japanese colonial rule over Korea and the time when many Korean women were forced to serve as sex slaves for Japanese soldiers. Other issues to be dealt with by the two foreign ministers include the proposed rewriting of the fisheries agreement. (Korea Herald, "SEOUL TO URGE TOKYO TO APOLOGIZE FOR FORMER COMFORT WOMEN," 05/21/98)

Korea and Japan have drafted a five-point action plan for the creation of a "New Partnership for the 21st Century," designed to rectify "biased" views of each other's past history and dramatically enhance security, political, and economic ties, an ROK Foreign Affairs-Trade Ministry official said yesterday. The 21st century partnership will be formally announced in September or October when ROK President Kim Dae-jung is scheduled to make a state visit to Japan. One of the highlights of the plan is a "security dialogue" which the two countries plan to launch next month between director general-level officials from their foreign ministries. Japan, meanwhile, is expected to propose regular "discussion sessions" between the two countries' Cabinet members to deepen bilateral consultations on various issues of mutual concern. First of all, the two governments are to take actions to bring about changes in the two peoples' historical view of each other. In a major shift of policies, the ROK unilaterally decided not to raise the compensation issue regarding Japan's forcible mobilization of "Korean sex slaves" for Japanese soldiers during World War II, instead calling on Japan to accept its "historical and moral" responsibility for a wide range of past wrongdoings. Second, the ROK and Japan are expected to take actions to step up cooperation to overcome the ROK's current financial crisis based on their judgment that the two countries will have to take joint steps to alleviate the economic crisis currently afflicting East Asia. Third, the two countries are set to intensify "security cooperation" to prepare for any contingencies on the Korean peninsula and discuss other security issues. Fourth, the two countries will seek to promote exchanges of people at various levels, including politicians and youths. Many officials here think that the long-standing lack of dialogue between high-level politicians in Seoul and Tokyo resulted in Japan's unilateral abolition of the 1965 fisheries agreement in January, which is regarded as one of the pillars upholding bilateral ties. A series of dialogue mechanisms between the two countries' junior parliamentarians are in the making at present, along with moves to intensify regular dialogues between Cabinet members. Fifth, the two countries are expected to strengthen bilateral consultations to deal with global issues including the environment and disarmament. The five-point action plan will be further scrutinized during Minister Park's stay in Japan, at which time he will hold a meeting with his Japanese counterpart Keizo Obuchi and pay a courtesy call on Prime Minister Ryutaro Hashimoto. (Korea Times, "KOREA, JAPAN, DRAFT 5-POINT ACTION PLAN FOR PARTNERSHIP," 05/21/98)

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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