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I. United States

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1. ROK Contribution to US Military Costs

The Associated Press ("S. KOREA TO PAY $333M FOR US TROOPS," Seoul, 12/22/98) and Reuters ("SOUTH KOREA TO PAY LESS IN '99 FOR KEEPING U.S. TROOPS," Seoul, 12/22/98) reported that US and ROK military officials said Tuesday that the ROK will pay US$333 million for the maintenance of US troops stationed there next year. The 1999 figure is down fromUS$399 million this year as the ROK will pay about two-thirds of the cost in the Korean currency at a pre-crisis

exchange rate of about 900 won to the dollar. The won traded at 1208.5 to the dollar on Tuesday. The arrangement is part of a new "Special Measures Agreement" negotiated between the US and the ROK for the 1999-2001 period. Lee Ferguson, US Forces Korea's (USFK) acting public information officer stated, "The USFK is well aware of the economic problems facing Korea as well as other Asian nations, and has incorporated the understanding into the new agreement." The ROK Defense Ministry said that out of the US$333 million, payment of US$40 million would be deferred to the following year. The ROK's cost-sharing contribution would be adjusted for the years 2000 and 2001, according to changes in the ROK's rate of inflation and the gross national product (GNP), the ministry said.

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2. ROK Defector

The Associated Press ("REPORT: S.KOREAN DEFECTS TO N.KOREA," Seoul, 12/22/98) reported that North's official Korean Central News Agency (KCNA) said Tuesday that ROK dissident Yoon Sung-shik, 60, has defected to the DPRK. KCNA quoted Yoon as saying that he defected to the DPRK because "justice, progress, democracy and reunification of Koreas cannot be realized" under the ROK government. The ROK Agency for National Security Planning said that Yoon disappeared while visiting an unidentified third country to seek treatment for a heart ailment. The DPRK described Yoon as an active dissident leader, involved in four dissident groups. Two of the groups confirmed that Yoon was a member but said they know little about him.

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3. Alleged Iranian Missile Sales to DPRK

The Associated Press ("JAPAN CONCERNED ABOUT SUSPECTED IRANIAN MISSILE PART SALES," Tokyo, 12/22/98) reported that Japan's Kyodo News agency said that Japanese Prime Minister Keizo Obuchi told Iran's visiting Foreign Minister Kamal Kharrazi on Tuesday that he is worried about suspicions that Iran is supplying missile parts to countries like the DPRK. Kharrazi, who is on a three-day visit to Tokyo, declined to comment on the issue during his meeting with Obuchi.

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4. Japanese Satellite Development

The Associated Press ("JAPAN TO LAUNCH SPY SATELLITES," Tokyo, 12/22/98) reported that the Japanese Cabinet approved a plan Tuesday to launch four surveillance satellites by 2002. On Monday, the Japanese Finance Ministry designated US$74.1 million in research spending on the surveillance satellite project for the next fiscal year, which begins April 1. Agency official Masaaki Nishijo said that the sum would include US$58.6 million for technology studies by the Science and Technology Agency.

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5. US Military on Okinawa

The Associated Press ("US RETURNS TRAINING SITE TO OKINAWA," Tokyo, 12/22/98) reported that the US armed forces on Tuesday returned the Aha drill site on Okinawa to Japanese control. US Marines had been using the Aha facility for training, including exercises in amphibious landings and setting up command posts. Regional defense official Kenji Fujimoto said that the site is the first of 11 US facilities scheduled to revert to Japan under a 1996 deal. The US has promised to eventually give

back 20 percent of the territory in Okinawa occupied by US troops. Japanese Chief Cabinet Secretary Hiromu Nonaka was quoted by Kyodo News as saying that the handover was "very significant" because it symbolizes progress in efforts to scale back the US military presence in Okinawa.

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6. Indian-Russian Relations

Reuters (Sanjeev Miglani, "INDIA, RUSSIA TO SEAL STRATEGIC PACT," New Delhi, 12/22/98) reported that Russian Prime Minister Yevgeny Primakov ended a two-day visit to India on Tuesday by announcing plans to sign a strategic partnership pact next year. A joint statement by the two sides said, "The sides intend to move towards strategic partnership, which will be confirmed during their next summit level meeting by the signing of the Declaration of Strategic Partnership between the Republic of India and the Russian Federation." The joint statement cited a number of bilateral accords signed over the past three decades in emphasizing the planned partnership. It stated, "This political document of paramount importance will set new parameters and guide the further development of the close relationship between India and Russia." It added, "Both sides expressed the view that the development of active and constructive bilateral relations between Russia and other major countries of the Asia and Pacific region would contribute to stability and security." The statement said, "the sides proceed from the understanding that it was necessary to create a multi-polar world based on the sovereign equality of all states, democratic values and justice." It also noted, "Russia considers India, an influential member of the international community, to be a strong and appropriate candidate for permanent membership of an expanded [UN] Security Council."

The International Herald Tribune ("PRIMAKOV SEEKS 'STRATEGIC TRIANGLE'," New Delhi, 12/22/98) reported that Russian Prime Minister Yevgeni Primakov said Monday that he favored a "strategic triangle" involving the PRC, Russia, and India to ensure regional stability. Primakov stated, "A lot depends in the region on the policies of China, Russia and India. If we succeed in establishing a strategic triangle, it will be very good." While stressing that he had made no "formal proposal," he said that such a partnership would provide "greater stability, not just in the region but in the entire world." Indian Prime Minister Atal Behari Vajpayee declined to comment directly on the concept, saying only that India's ties with Russia were "time-tested," and that it was "trying to improve relations" with the PRC.

II. Republic of Korea

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1. DPRK Missile Launch

Korea Herald ("DPRK MISSILE WOULD JEOPARDIZE KEDO PROJECT, SAYS JAPANESE OFFICIAL," Seoul, 12/22/98) reported that a high ranking Japanese Foreign Ministry official on Monday warned the DPRK that the light-water reactor project for the DPRK could be jeopardized if it launches another missile. Keizo Takemi, visiting Japanese state secretary for foreign affairs, said that the Korean Peninsula Energy Development Organization (KEDO) can interrupt at anytime its US$4.6 billion project to provide two light- water nuclear reactors for the DPRK in return for freezing its nuclear weapons development program. "If a Taepodong missile is launched again, it will be very difficult for the Japanese government to carry out the KEDO process," Takemi said on Monday. Takemi, who came to Seoul Monday for a three-day visit, said the firing of another missile from the DPRK would make it impossible for the Japanese government to secure a budget allocation for the

project from the parliament. "We have to ask the Diet to ratify the agreement, which allows the government to spend money for it," he said. He stressed that the basic position of the Japanese government is to keep the KEDO process alive to contain the DPRK's nuclear weapons capability. He said that if Japan's antipathy against the DPRK intensifies, it could invite a backlash from the Diet as well as the Japanese government.

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2. ROK Contribution to US Military Costs

Chosun Ilbo ("PAYMENT FOR US FORCES TO DECREASE TO $333 MILLION," Seoul, 12/22/98) reported that the ROK government has decided to contribute US$333 million for the cost of maintaining US forces in ROK next year. This figure represents a 6 percent decrease over this year's budget. A senior official at the Ministry of National Defense (MOND) said that the ROK government's portion was finalized through a series of negotiations with the US, which had originally asked the ROK side to cover at least US$440 million. The official said that from the ROK's portion next year, approximately US$80 million is slated towards the military construction sector, expenses that will be spread over a two-year period. Thus, the de facto share goes down to US$290 million the following year. The breakdown of the US$333 million is as follows: US$163.84 million (W213 billion) for ROK employees; US$80 million for military construction; US$40 million for defense reinforcement expenses for the United Nations Command; US$56.384 for logistical support.

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3. DPRK Grain Shortage

JoongAng Ilbo ("DPRK FOOD SHORTAGE WILL CONTINUE IN 1999," Seoul, 12/22/98) reported that in 1999, the DPRK is expected to be short 1.62 million tons of food needed to sufficiently feed its population. The Rural Development Administration (RDA) announced on December 22 that the total sum of grain production in the DPRK is predicted to increase by 11 percent from 3.49 million tons in 1997 to 3.89 million tons. The quantity of rice is predicted to be 1.46 million tons and that of corn to be 1.95 million tons. However, these figures do not reach the 5.51 million tons that the DPRK needs. A source at the RDA predicted that further food shortages in the DPRK would occur even though the DPRK received one million tons of food from foreign countries. Dr. Kim Sung- pil of the RDA said, "The scale of grain production in the DPRK is expected to increase compared to that of 1997 due to fewer natural disasters. But, the quantity of grain production is still low stemming from shortages of fertilizer and agricultural chemicals."

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4. ROK Submarine Project

Chosun Ilbo ("MOND TO OPEN SUB PROJECT," Seoul, 12/22/98) reported that the ROK Ministry of National Defense (MOND) announced Tuesday that it would open up its mid-sized submarine project to open bidding rather than awarding an exclusive contract monopoly. Daewoo Heavy Industry has had an exclusive contract with the ministry on design and production of the navy's latest warship, but now Hyundai will be allowed to bid on the next vessel to be commissioned. Following the ministry's decision on the 2 trillion won project, a full scale clash is expected between the two giants, with Daewoo officials concerned that Hyundai will target price rather than technology acquisition. They say that now Daewoo has acquired enough technology to be able to design and build its own submarines for export to Southeast Asia, and that the MOND decision will only lead to investment redundancy. Hyundai countered a Daewoo claim that it would have to spend 200 billion

won on investment, that it is able to build submarines on existing facilities with just a couple of billion won spent on modifications, and that it could build models twice the size of Daewoo's. The company added that so far Daewoo has built nine submarines, but received no export orders.

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5. ROK Economic Situation

Korea Times ("$40 BILLION TRADE SURPLUS ATTAINABLE," Seoul, 12/22/98) reported that the ROK is expected to post a trade surplus of US$40 billion this year despite the sudden appreciation of the ROK won to the 1,100 range against the US dollar. However, the government is continuing to monitor the situation carefully. According to Oh Young-kyo, assistant Commerce, Industry, and Energy minister for trade policy, the government can hardly intervene in the foreign exchange market, even though it affects the trade balance. "The appreciation of the ROK won certainly has the effect of reducing exports and encouraging imports, but the market situation is such that other factors will have to be taken into consideration," he said. Oh said that the role of the government is not to artificially influence the foreign exchange market, but rather to introduce policies that can stabilize the situation for greater stability. "Policies designed to cut interest rates are one way the ROK can prevent the inflow of hot money during this economic recession. But, where foreign exchange is concerned, we really have no role," he explained. Despite such optimism, general trading companies (GTC) said in a meeting with Oh on Monday that immediate measures are needed to counter the high value of the ROK won, resulting mainly from increased foreign reserves.

III. Democratic People's Republic of Korea

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1. US Sanctions on DPRK

The Pyongyang Korean Central Broadcasting Network carried a commentary (Kim Ho-sam, "SANCTIONS MUST BE LIFTED URGENTLY," 12/19/98) which said that US "hard-line conservatives" are refusing to lift sanctions unless the DPRK changes its "so-called attitude." The commentary stated, "This shows that the US hard-line conservatives persistently seek to maintain sanctions against us and thus stifle our republic. It also shows that the US hostile policy toward our republic has not changed." It added, "Needless to say, the US hostile policy toward the republic is an anti- historical policy that totally contradicts the basic trend of the current era. Despite the persistent US sanctions, according to their own beliefs, numerous countries and even advanced capitalist countries, while trusting our self-reliant national economy, propose economic collaboration and joint ventures and are carrying out economic collaboration and joint ventures in reality." It noted, "Voices calling for promoting economic ties with us and lifting the unjust sanctions are heard even in the United States." It cited former US ambassador to the ROK Donald Gregg as saying that the US has not fulfilled its promise under the Agreed Framework to lift sanctions. The article charged the US with using false accusations of an underground nuclear facility and a missile threat as an excuse to provoke a new war on the Korean peninsula. It stated, "Even though 100 and 1,000 years pass, there will be no change in our attitude. It is the United States that should show change in attitude." It argued that the 1994 DPRK-US Agreed Framework "is a legal document which the United States signed and which both the DPRK and the United States should implement.... The United States should not hope for someone's change in attitude but be faithful in implementing the DPRK-US agreed framework which the United States of America has signed and immediately lift all sanctions against us. Only then can the United States receive international trust. If it takes high-handed measures, calling for a change in attitude and so on, it will all the more face disgrace before

the international community and become isolated and rejected."

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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