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I. United States

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1. Opening of DPRK Airspace

Reuters ("WEATHER PREVENTS AIRLINE FLIGHTS OVER N. KOREA," Seoul, 04/23/98) reported that Oh Sung-oun, assistant manager at the civil aviation bureau of the ROK Ministry of Construction and Transportation, said that three passenger airline flights scheduled to pass over DPRK airspace were all rerouted due to poor weather on Thursday. He added, however, that communications on weather conditions were exchanged across the border separating the ROK and the DPRK for the first time to provide flight information on the newly established route. The ROK meteorological center on Wednesday sent a first message asking its DPRK counterpart for a weather forecast in Pyongyang. The DPRK replied on Thursday that a forecast "of Pyongyang Airport is not necessary. At present many airliners are using this route, but they have not requested (a forecast)."

The Associated Press ("N. KOREA FLYOVER PACT WITH AIRLINES FROM SIX NATIONS BEGINS," Geneva, 04/23/98) reported that International Air Transport Association spokesman Tim Goodyear announced that airlines from Canada, Hong Kong, the ROK, Singapore, Russia, and the US began regularly scheduled flights Thursday across the DPRK. Goodyear stated, "The new airway between Asia and North America is regarded as only the first of a network in North Korea that will provide

airlines with long sought-after flight efficiencies in that part of Asia." He said that the system is linked by satellite and fiber-optic cables to the ROK and PRC air-traffic-control systems and that negotiations were under way to extend satellite connection to Vladivostok, Russia. He added that, via satellite to London, the DPRK now has access to all international weather data affecting flying.

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2. Asian Financial Crisis

Reuters ("SOUTH KOREA'S KIM SAYS ASIAN RECOVERY IS LINKED TO POLITICAL REFORMS," Seoul, 04/22/98) reported that ROK President Kim Dae-jung said in a speech on Thursday that development of democracy and market economies are essential if Asia is to overcome its economic troubles. Kim stated, "I would like to emphasize here once again that, as I have consistently advocated, the parallel development of democracy and a market economy is necessary and indispensable to overcoming the Korean, as well as Asian, crisis. In fact, I have consistently refused to accept the argument that democracy can be sacrificed in Asia for economic growth. I believe that the current economic difficulties that not only Korea but also other nations in Asia are now experiencing proves that I am right." Regarding labor unrest, Kim said that ROK labor unions had become militant because they were oppressed by previous governments in favor of policies supporting big business groups, and that he believed his government could negotiate with labor on "wise ways to live together." However, the Korean Confederation of Trade Unions on Wednesday said it would not participate in a second round of three-way talks with government and business on labor issues.

The New York Times (Nicholas D. Kristof, "HAS THE I.M.F. CURED OR HARMED ASIA?" Jakarta, 04/23/98) reported that economists have mixed views about the success of the International Monetary Fund (IMF) in bailing out Asian economies. Lee Ji-soon, an economics professor at Seoul National University, credited the fund for overall strategy but faulted it for initially insisting on too tight a fiscal and monetary policy. Eisuke Sakakibara, the Japanese vice finance minister for international affairs, said in an interview that "the I.M.F. should focus more on liquidity issues." Nobel laureate Milton Friedman stated, "If there were no I.M.F., there would be no Asia problem. Maybe there would be individual problems, like Thailand, but it wouldn't be a huge crisis throughout Asia." Many Asian economists have objected that the fund used established methods for dealing with debt-ridden governments in Latin America, which did not fit the Asian crises, which resulted primarily from private debt. However, Robert Alan Feldman, a former IMF official and chief economist with Morgan Stanley in Tokyo, argued, "I think that at this point the pendulum is swinging in favor of the fund because they have had some success. They've stabilized both Korea and Thailand."

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3. PRC-Taiwan Talks

The Associated Press (Renee Schoof, "TAIWAN, CHINA BEGIN TALKS," Beijing, 04/23/98) reported that PRC and Taiwan negotiators on Thursday made plans for Koo Chen-fu, the chairman of Taiwan's Straits Exchange Foundation, to travel to the PRC to meet with his counterpart, Wang Daohan. Koo's deputy, Jan Jyh-horng, said that the PRC dropped a demand that political talks aimed at eventual reunification be arranged before Koo could visit. He added that Taiwan expected Koo to visit the PRC before the end of the year, but the two sides did not set a date. He said that the trip could not take place before late this year because so many arrangements needed to be made. PRC Foreign Ministry spokesman Zhu Bangzao said Thursday, "We believe that under the principle of one China, the time is ripe for political talks."

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4. Russia-Japan Energy Cooperation

Dow Jones Newswires (Mika Watanabe, "SAKHALIN GAS PIPELINE SPUR TO REFORM IN JAPANESE POWER MKT," Tokyo, 04/23/98) reported that Japanese energy industry experts said that pressure on Japanese power generators to shift from coal to gas could push forward plans to construct a natural gas pipeline between Russia's Sakhalin Island and Japan's mainland. Fumio Mizuno, manager of general affairs at Japan Petroleum Exploration Co., added that the pipeline could play a diplomatically important role in promoting the cordial spirit of the past two summit meetings between Russian President Boris Yeltsin and Japanese Prime Minister Ryutaro Hashimoto.

II. Republic of Korea

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1. Compensation for ROK Comfort Women

Japanese Vice Foreign Minister Shunji Yanai said Wednesday that his government wants the ROK public to know that the private fund set up to compensate former ROK sex slaves was created through money collected by Japanese people. "The Japanese government wants (ROK citizens) to understand that the Asian Women's Fund was the result of fund-raising by the Japanese people," he said, indicating that Japan will continue to try to offer compensation to former comfort women via the private fund. The ROK government announced a plan Tuesday to provide 38 million won to each of 152 surviving comfort women to prevent them from taking a similar amount of money from the Japanese fund. Yanai, however, said, "The ROK government's announcement failed to comment on the fund so I don't know of any correlation between the South Korean government's measure and the [Japanese] fund." (Korea Times, "TOKYO TO SEEK SEOUL'S UNDERSTANDING ON FUNDS FOR COMFORT WOMEN," 04/23/98)

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