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IN TODAY'S REPORT:

I. United States

- [1. Kim Jong-il's Ascension](#)
- [2. DPRK Missile Sales to Iran](#)
- [3. ROK-Japan Fisheries Talks](#)
- [4. ROK Labor Unrest](#)
- [5. PRC Army-Run Businesses](#)
- [6. PRC Technology Transfers to Iran](#)
- [7. Russian Ratification of START II](#)
- [8. Russian Subcritical Test](#)
- [9. Pakistan-Indian Nuclear Arms Race](#)

II. Republic of Korea

- [1. ROK-DPRK Economic Cooperation](#)
- [2. DPRK Tourism Project](#)

I. United States

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1. Kim Jong-il's Ascension

Reuters (Bill Tarrant, "N.KOREA POLLS SEEN LEADING TO KIM'S PRESIDENCY," Seoul, 07/23/98) reported that the DPRK on Sunday will hold elections for the Supreme People's Assembly, with Workers' Party General Secretary Kim Jong-il standing as the lone candidate in constituency 666. The constituency is believed to be a military dominated district in Pyongyang. The DPRK's official Korea Central News Agency said last week, "All the citizens of the DPRK, including workers, farmers, servicemen and intellectuals, will take part in the election as masters of state and society." Some analysts have said that the polls represent a return to political normalcy in the DPRK after a hiatus following Kim Il-sung's death in July 1994. ROK analysts predicted that Kim Jong-il will assume the DPRK presidency on September 9, the 50th anniversary of the DPRK's founding, by "choonda," or mandate of the people. Yu Suk-ryul at the Institute of Foreign Affairs and National Security stated, "Rather than a formal vote, I think he will take the presidency by acclamation." Park

Young-ho of the Korea Institute for National Unification added, "It's time for Kim Jong-il to normalize the process after the three-year mourning period." The ROK Unification Ministry described the elections as a "political ceremony to publicize the start of Kim Jong-il's era." Ralph Cossa, executive director of the Pacific Forum Center for Strategic and International Studies in Hawaii, stated, "I always felt [Kim] was holding off on official positions since it made it easier not to have to deal directly with the South. This could be a signal that Kim is ready for a dialogue with [ROK President] Kim Dae-jung."

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2. DPRK Missile Sales to Iran

The New York Times (Tim Weiner, "IRAN SAID TO TEST MISSILE ABLE TO HIT ISRAEL AND SAUDIS," Washington, 07/23/98), and the Washington Post (Thomas W. Lippman, "IRAN MISSILE TEST SHOWS EFFORT TO EXTEND RANGE," 07/23/98, A25) reported that an anonymous senior US administration official said on Wednesday night that Iran successfully tested a medium-range missile on Wednesday which it bought from the DPRK. A US spy satellite detected the test on Wednesday morning. The official said that the US was certain only that Wednesday's missile test was successful, and the missile tested was similar or perhaps identical to the DPRK's Rodong missile. He stated, "Whether they fired a Rodong missile themselves or whether they assembled a missile by reverse-engineering a Rodong -- either way, this is a North Korean missile with another name." A former US intelligence official said, "The important point here is that they have very little indigenous internal capability to make a real missile, and they've required extensive outside technical support.... I'd guess the Rodong would cost \$10 million." He added, "In the long term, the missile production assistance they've gotten from Russia and China will have the greater impact. But the Rodongs are the attention-getters." Administration officials have said that they have had some success in limiting Russian and PRC military assistance to Iran.

White House Spokesman Mike McCurry ("WHITE HOUSE REPORT, THURSDAY, JULY 23, 1998") said that the White House has been concerned about Iran's acquisition of DPRK missile technology for some time. McCurry stated, "The US has actively monitored Iran's military capacity and technology. We certainly detected the launch and certainly were well aware of the characteristics of this particular missile which they call the Shehab 3." He said that the missile "appears to be not surprisingly like a North Korean No Dong missile." He noted that DPRK officials "are quite open and candid about selling these missiles for hard currency. This has already prompted the nonproliferation efforts the US has pursued in the region and pursued with other governments. This is one of the reasons the US has been so insistent with the Russians, for example, that they curb their technology transfers to Iran."

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3. ROK-Japan Fisheries Talks

The Associated Press ("JAPAN, S. KOREA OFFICIALS DISCUSS NEW FISHERIES TREATY," Tokyo, 07/23/98) reported that a Japanese Foreign Ministry spokesman said that Japan and the ROK opened two days of working-level talks Thursday on a new fisheries treaty. Officials of the two nations have agreed to resolve the fisheries dispute before ROK President Kim Dae-jung's visit to Japan, scheduled for this fall.

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4. ROK Labor Unrest

The Associated Press (Sang-Hun Choe, "S.KOREA GROUP SUSPENDS STRIKE PLANS," 07/23/98) reported that the Confederation of Korean Trade Unions suspended plans to call a nationwide strike on Thursday. Oh Dong-jin, a spokesman for the confederation, stated, "We have suspended our full strike plans because of significant progress [in talks with the government] and to give impetus to efforts by both sides to forge an agreement." However, Hyundai Motor Co. workers said they would continue their walkout until management cancels mass layoff plans. In the talks, the government has promised to try to limit layoffs in auto plants, banks, and a dozen state-run companies that have been ordered to cut costs and improve efficiency. The government also promised to reconsider its decision to arrest about 100 union leaders charged with instigating illegal strikes. The Korea Employers' Federation threatened to pull out of the talks, saying in a statement, "We cannot sit down at the same table with lawbreakers."

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5. PRC Army-Run Businesses

The Wall Street Journal (Ian Johnson, "CHINA'S ARMY IS ORDERED TO SHUT ALL ITS BUSINESSES," Beijing, 07/23/98), the Washington Post (John Pomfret, "JIANG TELLS ARMY TO END TRADE ROLE," Beijing, 07/23/98, A01) and the Associated Press (Charles Hutzler, "CHINA TRIMMING ARMY'S EMPIRE," Beijing, 07/23/98) reported that PRC President Jiang Zemin on Wednesday ordered People's Liberation Army units to close down all the businesses they run. Jiang stated, "The army and armed police forces must earnestly carry out checks on all kinds of commercial companies set up by subsidiary units, and without exception from today must not engage in their operation." Jiang's initiative comes amid a stepped-up anticorruption drive that seeks to curb irregularities in the PRC's financial system. However, June Teufel Dreyer, an expert on the PRC military at the University of Miami in Florida, said, "They have tried several times before to issue similar directives." Western military officers have said for years that the army's moneymaking efforts have affected its ability to focus on its stated goal of professionalizing and improving the force. Experts on the PRC military estimate that the army owns about 15,000 enterprises that generate perhaps US\$10 billion a year.

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6. PRC Technology Transfers to Iran

The Associated Press (Barry Schweid, "CIA: CHINA GIVES TECHNOLOGY TO IRAN," Washington, 07/22/98) reported that a Central Intelligence Agency report to Congress said that the RPC continues to export dual-use technology to Iran that could be used in Iran's missile program and possibly for developing chemical and biological weapons. However, the report credits the PRC with keeping its promises to the US not to send cruise missiles to Iran, not to engage in new Iranian nuclear projects, and not to help Iran reprocess uranium. The report noted that the PRC's technology exports amounted to less than US\$1 billion while the US exported technology worth about 20 times as much.

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7. Russian Ratification of START II

The Associated Press ("U.S. VP GORE TO URGE RUSSIAN LAWMAKERS TO RATIFY START II," Kiev, 07/23/98) reported that US Vice President Al Gore said Thursday that he will urge the Russian Duma to ratify the START II nuclear arms reduction treaty. Gore is scheduled to meet Friday with Russian officials, including Prime Minister Sergei Kiriyenko. US President Bill Clinton has asked

Gore to use the Moscow trip to prepare the agenda for his summit with Russian President Boris Yeltsin, scheduled for September.

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8. Russian Subcritical Test

Reuters (Adam Tanner, "RUSSIA ANNOUNCES ALLOWABLE NUCLEAR TEST THIS YEAR," Moscow, 07/23/98) reported that Russian First Deputy Atomic Energy Minister Lev Ryabev said on Thursday that Russia plans to carry out a "subcritical" nuclear test in the next few months. Ryabev stated, "This is ordinary work that we carry out periodically and we will continue to do so this year as well. It is needed to maintain our military stockpiles in an appropriate condition." He added, "They can criticize, but there are specialists responsible for overseeing the readiness of military stockpiles here and in the United States, so we must have faith in these specialists. These tests are conducted with strict adherence to international agreements barring nuclear tests which we have signed but not ratified. As regards the environment, all necessary measures are taken, so there is no danger. There is no spread of radiation." Igor Kudrik, a researcher at the environmental Bellona Foundation in Oslo, stated, "The U.S. conducted two such tests last year and Russia is working on doing the same things. It would allow the development of nuclear bombs without violating the Comprehensive Test Ban. That means that countries such as Russia and the U.S. can continue to develop nuclear devices."

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9. Pakistan-Indian Nuclear Arms Race

Reuters ("FRANCE OFFERS TO MEDIATE IN PAKISTAN-INDIA NUCLEAR STANDOFF," Paris, 07/23/98) reported that French Foreign Affairs Minister Hubert Vedrine urged Pakistan and India on Thursday to join nuclear test ban treaties and roll back their nuclear programs. Ministry spokesman Yves Doutriaux said after Vedrine met Pakistani envoy Sahibzada Yaqub Khan in Paris, "France is asking Pakistan, and also India, to make certain gestures, for example by signing the Comprehensive Test Ban Treaty (CTBT), and taking part in international talks on so-called cut-off." Doutriaux quoted Vedrine as saying, "France has good relationships with India, Pakistan and China and is willing to use these ties to help find a solution to the regional problem of Kashmir." Kahn said afterwards that Pakistan was "moving towards" signing the CTBT but that the most important issue for his country was solving the problem of Kashmir.

The International Herald Tribune carried an opinion article (Ramesh Thakur, "NEXT TO SUBCONTINENT FACE-OFF, THE COLD WAR LOOKS SAFE," Tokyo, 07/20/98) which said that US Deputy Secretary of State Strobe Talbott, when he meets Indian and Pakistani leaders, should emphasize how dangerous the nuclear relationship between India and Pakistan is compared with that between the Soviet Union and the US in the Cold War. The author added, "Cold War deterrence was itself more unstable than realized at the time." He argued, "India and Pakistan share a long border; the United States and the Soviet Union did not. This dramatically shortens the time frame either country would have to decide, during a crisis or war, whether to use nuclear weapons." He also pointed out that the province of Kashmir remains in contention, whereas the US and the Soviet Union had no direct territorial dispute. He added, "Contiguity permits India and Pakistan to meddle in each other's territory on a scale that was never an option for the United States and the Soviet Union during the Cold War." He also said that India-PRC border disputes add "a third element of territorial tension into the strategic equation, which was never the case in the Cold War." The author stated, "The stability of Cold War deterrence rested on credible second-strike retaliatory capability.... Neither India nor Pakistan has even the most rudimentary basing, command and

control systems in place that could survive a nuclear assault." He argued, "Because of the lack of survivable forces and command centers, both nations are highly vulnerable to a preemptive strike."

II. Republic of Korea

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1. ROK-DPRK Economic Cooperation

Details of Hyundai agreements signed with the Asian Peace Committee of the DPRK were revealed Thursday almost one month after the actual signing. Chung Ju-yung, honorary chairman of Hyundai, had gone to the DPRK with seven initial proposals and while he was there the committee proposed five others. These include the construction of a 10-megawatt heavy oil power plant in Pyongyang. In addition to the mount Kumkang tourism development, Hyundai will construct a plant in Nampo to produce freight trucks and passenger cars; a shipbreakers yard and pressed steel mill at Wonsan; a car audio plant at Pyongyang; an industrial complex at Haeju, the start up of a telecommunications business, and the use of DPRK workers in third countries where the company has contracts. The DPRK is reported to have proposed a personal computer assembly plant in Pyongyang, a mineral water plant at Kumkang, a coke treatment facility, and a car export facility. (Chosun Ilbo, "NK ASKS HYUNDAI FOR POWER PLANT," 07/23/98)

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2. DPRK Tourism Project

The ROK government was learned Wednesday to be planning to allow the Mt. Kumkang tour project to go forward even before the DPRK issues a message of acknowledgment and apology for its infiltration of a submarine and an armed agent into the ROK. The government's decision is based upon the DPRK's positive attitude to the project, which was shown in its submission of a written document guaranteeing the safety of ROK tourists after the end of last month when the submarine was found in waters off the east coast. The document was signed by Baek Hak-lim, the DPRK's minister of social security. Accordingly, the ROK government is expected to give the go-ahead to Hyundai's plan to dispatch officials to the DPRK early next week. (Chosun Ilbo, "MT. KEUMKANG TOUR PROJECT TO BE RESUMED," 07/23/98)

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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