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I. United States

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1. Alleged DPRK Nuclear Facilities

The Associated Press ("S. KOREAN LAWMAKER SAYS N. KOREA MAY BE PRODUCING PLUTONIUM," Seoul, 10/23/98) reported that Representative Kim Deog-ryong of the ROK National

Assembly's Foreign Affairs Committee said Friday that the DPRK could be producing plutonium. Kim said he had "information" that two underground facilities captured on US spy satellite photos may be nuclear plants, and that one of them is believed to already be producing plutonium and the other would be able to produce enough for 10 nuclear bombs starting around 2004. He stated, "We estimate that the reactor will go on-line in 2002 or 2003, enabling the production of enough plutonium to build one nuclear weapon within six to 12 months. North Korea would be able to make sufficient plutonium to make eight to 10 nuclear weapons every year after that." Kim said he asked the government's Unification Ministry about the issue earlier this week and was suspicious of its answer. He stated, "It was not sufficient or sincere, so I came to suspect that the government is trying to hide the truth." Kim is a lawmaker from the main opposition Grand National Party.

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2. Four-Party Talks

The United States Information Agency (Wendy Lubetkin, "U.S. OPTIMISTIC ABOUT AGREEMENT ON SUBCOMMITTEES AT KOREA TALKS," Geneva, 10/22/98) reported that US Ambassador Charles Kartman, the U.S. Special Envoy for Korean Peace Talks, expressed optimism that the current round will conclude with an agreement on the formation of two subcommittees. Kartman stated, "quite a bit of progress has been made in narrowing the differences." Kartman concluded, "We're trying different formats, as you can see. I feel rather optimistic that we are going to come to some sort of agreement by the end of this round of talks."

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3. ROK Economic Crisis

Reuters ("WORLD BANK LENDS S.KOREA \$2 BLN FOR BANKS, REFORMS," Washington, 10/22/98) reported that the World Bank on Thursday approved a US\$2 billion loan for the ROK to help the country bolster its banking system and strengthen its social safety net. The loan is part of a US\$10 billion World Bank contribution to a US\$60 billion international rescue package for the ROK. World Bank country director Sri-Ram Aiyer stated, "We want to help bring about the structural changes necessary to allow Korea a full and sustainable return to growth." He said that the World Bank was also intent on "substantially strengthening the system of social protection to help the poor and the unemployed." Aiyer said that the ROK would receive half the money in the latest loan immediately after a signing ceremony planned for Friday, and the other half after it carried out some promised reforms. He added that he expected output to continue to decline in the first half of next year, although the economy should turn around by the second half.

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4. Japanese Economic Crisis

Dow Jones Newswires (Brian Fowler, "OBUCHI VOWS TO CONSIDER ANY PROPOSAL TO HALT JAPAN'S ECONOMIC CONTRACTION," Tokyo, 10/23/98) reported that Japanese Prime Minister Keizo Obuchi said that he will consider just about any proposal to halt Japan's economic contraction in the next two years. He added that his administration would try to shift the economy to a positive growth rate from the current contraction within that time period.

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5. Taiwan Military Purchases

The Associated Press ("TAIWAN DENIES REPORT OF ARMS RACE WITH CHINA," Taipei, 10/23/98) reported that London's Financial Times said Friday that, according to an assessment of the global arms trade by the International Institute for Strategic Studies (IISS), Taiwan's military purchases increased to US\$7.3 billion last year, from US\$1.8 billion in 1996. IISS said that fighter jet deliveries to Taiwan fueled a 12 percent growth in international arms trade last year, with Taiwan as the world's second-largest weapons importer after Saudi Arabia. [Gerald Segal](#), IISS director of studies, said that the military build-up in Taiwan and the PRC is "one of the most dangerous aspects of the situation in east Asia, though the orders for weapons had been known of for some time and therefore the balance hadn't fundamentally changed." However, Taiwanese lawmaker Parris Chang said that Taiwan was posing no threats, but purchasing arms only to deter any invasion from the PRC. Taiwanese military officials said that payments totaling US\$12.7 billion for 150 US-made F-16 fighter jets and 60 French-made Mirage jets together with air-to-air missiles were spread out between 1992 and 1999, when the last jets are scheduled to be delivered. The officials said that last year's payment was not significantly higher than that of 1996.

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6. Indian Nuclear Development

Dow Jones Newswires (Denny Kurien, "INDIA PRIME MIN AFFIRMS NUCLEAR ENERGY FOR CIVILIAN USE," New Delhi, 10/23/98) reported that Indian Prime Minister Atal Bihari Vajpayee on Friday said that nuclear energy will continue to be a source of low cost energy in the country "since India needs the cheapest energy it can get." He also said that India's nuclear power program "was as safe as anywhere else in the world."

II. Republic of Korea

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1. Alleged DPRK Nuclear Facilities

JoongAng Ilbo ("A LOT MORE DPRK NUCLEAR FACILITIES SUSPECTED," Seoul, 10/23/98) reported that Kim Deog-ryong, an assemblyman from the opposition Grand National Party, stated that there are more nuclear facilities in the DPRK other than the one allegedly being built near Yongbyon. At a National Assembly regular session on October 23, he suggested that sites at Kumchang and Taechun at minimum have nuclear facilities. Kim asked that the government take some form of countermeasure. "According to the information that I have collected, underground facilities in these two cities are firmly believed to be nuclear establishments and the United States Pentagon has five series of satellite photographs that suggest these areas are nuclear facilities." He also commented, "The DPRK might be able to develop plutonium to be used for atomic bombs in 2002 or 2003."

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2. ROK Economic Crisis

Chosun Ilbo ("UNEMPLOYMENT RATE TO REDUCE IN 2000: IBRD," Seoul, 10/23/98) reported that the International Bank for Reconstruction and Development (IBRD) announced Friday that its board of directors has authorized the provision of the US\$2 billion second installment of its Structural Alignment Loan to the ROK. The IBRD said that the installment would be utilized to bolster efforts in the restructuring of the ROK's financial and business sector. This installment will bring ROK's total

borrowings from the World Bank to US\$7 billion after installments of US\$3 billion in December 1997 and US\$2 billion in March this year were loaned to the country. A senior IRBD official responsible for the ROK told reporters that the World Bank expects the ROK's unemployment rate to continue to rise until the end of next year and then start to decline in 2000. He also hinted that the interest rate on the remaining US\$3 billion IBRD loan may be raised to match that applied to the IMF emergency bailout fund.

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3. Seoul Peace Prize

Korea Herald ("1998 SEOUL PEACE PRIZE AWARDED TO KOFI ANNAN," Seoul, 10/24/98) reported that UN Secretary-General Kofi Annan was awarded this year's Seoul Peace Prize for his contributions to world peace in a ceremony held in Seoul Friday. Lee Chul-seung, president of the Seoul Peace Prize Committee, granted Annan US\$200,000 in cash, a diploma, and a plaque commemorating his achievement at a ceremony held at Hotel Shilla. Annan, 60, an international administrative expert with 30 years of working experience at the UN, was selected as the winner in recognition of his efforts to peacefully solve various conflicts around the world, including civil wars and racial conflicts. As an ardent lover of peace, the top UN official also has shown keen interest in inter-Korean issues, according to the Korean committee. During his visit to Japan in May last year, he met with the then Japanese Prime Minister Ryutaro Hashimoto and urged Japan to join UN efforts in providing food aid to the DPRK. Ahead of the awarding ceremony, Annan attended a lunch that President Kim Dae-jung held in his honor at Chong Wa Dae. Speaking to the luncheon, President Kim urged Annan to help the ROK improve relations with the DPRK. "I intend to continue my policy of engaging the DPRK, which will help it act as a responsible member of the international community," he said.

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4. ROK-Japan Forum

Korea Herald ("ROK-JAPAN FORUM TO OPEN IN CHIBA OCTOBER 25," Seoul, 10/24/98) reported that ROK and Japanese politicians, scholars, businessmen, and journalists will open an annual forum in Chiba, Japan, tomorrow for a four-day run. Lee Joung-binn, president of the Korea Foundation, said that the ROK-Japan Forum's discussions would focus on the action plan for the new ROK-Japan partnership for the 21st century. The Joint Declaration on a New Korea-Japan Partnership for the 21st Century was adopted by President Kim Dae-jung and Japanese Prime Minister Keizo Obuchi at their summit talks earlier this month. The ROK-Japan Forum, cosponsored by the Korea Foundation and the Japan Center for International Exchange, has been held every year since its inauguration in 1993. The forum aims to strengthen bilateral relations. Choi Kwang-soo, former ROK foreign minister, will lead the ROK delegation to the forum. Hisashi Owada, former Japanese vice foreign minister, will represent Japan. After rounding up four days of discussions, participants in the forum will issue recommendations to their respective governments.

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5. ROK-US Marine Forum

Korea Herald ("ROK-U.S. MARINE FORUM DISCUSSES BOUNDARY DISPUTES," Seoul, 10/24/98) reported that scholars and researchers from the ROK and the US discussed a wide range of pending issues, including boundary disputes in northeast Asia, at the first annual ROK-US Marine Policy Forum. Jointly organized by the Korea Maritime Institute (KMI) and the University of Rhode Island

(URI) in the US, the two-day forum was wrapped up at the Seoul Novotel Ambassador hotel, the KMI officials said. "A major goal of the world community, within or outside of the UN, is to keep levels of friction to a minimum between nations," said Lewis Alexander, honorary professor at URI, in his dissertation (International Perspective on Maritime Boundary Disputes between ROK, Japan and PRC)." He also said "In the Northwest Pacific Area, there are a number of political/ideological differences among member states and these differences should not be exacerbated by maritime-related issues."

III. Japan

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1. Light-Water Reactor Project

The Asahi Shimbun ("US SECRETARY OF DEFENSE HAILS JAPAN'S RESUMPTION OF FINANCIAL AID TO KEDO," 10/23/98) reported that Kunihiko Saito, Japanese Ambassador to Washington, told US Secretary of Defense William Cohen on October 22 that the Japanese government decided to resume financial aid to the Korean Peninsula Energy Development Organization (KEDO). In response, Cohen hailed the decision and said that it is important for both Japan and the US to continue KEDO so as not to give the DPRK any excuse to leave the Agreed Framework.

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2. Japan's Theater Missile Defense Policy

The Yomiuri Shimbun ("DEFENSE AGENCY REQUESTS TMD BUDGET AT SECURITY MEETING," 10/23/98) reported that the Japanese government began discussing the 1999 budget for the US-led theater missile defense (TMD) initiative at a security meeting on October 23. At the meeting, however, Defense Agency head Nukaga reported on the Japan-US agreement on TMD, focusing only on technological research rather than on budgeting itself to avoid mentioning the expensive cost--reportedly US\$2 trillion--of the research. Additionally, the meeting will discuss the relations between the initiative and the three principles of banning exports of weapons and the Diet's decision on peaceful use of space.

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3. DPRK Satellite Launch

The Yomiuri Shimbun ("CHINESE PAPER SAYS KIM JONG IL ORDERED MISSILE LAUNCH," Beijing, 10/22/98) reported that a journal affiliated with the Chinese People's Daily said that the DPRK missile launch in August was ordered by Kim Jong-il. The journal's report is based on an exclusive interview by the journal's Pyongyang correspondent of three scientists who worked on the missile launch. According to the journal, Kim directly examined the satellite's structure and decided to launch it at 6 PM on August 31. Because of the bad weather, however, Kim switched to noon and ordered the personnel to report on the status of the satellite continuously even after the launch. One of the scientists said, "The satellite is still running well. The foreign report on the failure of the launch is an irresponsible fabrication."

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4. Japanese-PRC Relations

The Yomiuri Shimbun ("PRC FOREIGN MINISTER SAYS JAPAN AND PRC SHOULD TAKE RESPONSIBILITY FOR PEACE-KEEPING," Beijing, 10/23/98) reported that PRC Foreign Minister Tang Shubei said at the reception ceremony for the 20th anniversary of Japan-PRC Amity Treaty in Beijing, "China and Japan should take responsibility for peace-keeping and development of the world as powers after concluding the past." As for PRC President Jiang Zemin's visit to Japan on October 25, Tang said, "I expect China and Japan to take advantage of this historic opportunity and also expect both countries to strive, on the principles of the Japan-PRC Joint Communique and Japan-PRC Peace and Amity Treaty, to construct friendly cooperative relations that are continuously developing."

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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