NAPSNet Daily Report 24 April, 1998

Recommended Citation

"NAPSNet Daily Report 24 April, 1998", NAPSNet Daily Report, April 24, 1998, https://nautilus.org/napsnet/napsnet-daily-report/napsnet-daily-report-24-april-1998/

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I. United States

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1. ROK-DPRK Economic Cooperation

The Associated Press ("S. KOREA TO PROVIDE IDLE PLANT FACILITIES TO NORTH," Seoul, 04/24/98) reported that ROK Unification Minister Kang In-duk said Friday that the government is willing to provide the DPRK with some of its plant facilities standing idle because of the country's

financial crisis. He stated, "Because of the economic slowdown, we have facilities standing idle. We can donate or lease some of those facilities to the North." Meanwhile, Hyundai Group said that its head, Chung Ju-yung, was arranging a visit to the DPRK in the near future, to discuss plans to build a resort town on the DPRK's east coast.

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2. DPRK Food Aid

The Associated Press ("U.N. PLEADS FOR MORE N. KOREA FOOD," Rome, 04/24/98) reported that Catherine Bertini, executive director of the World Food Program, said that donor nations have pledged only one-third of the food aid that the DPRK needs to prevent a "humanitarian catastrophe." She stated, "With food stocks virtually gone, people in North Korea can no longer rely on the government food distribution system. They are looking to donors to help them survive until the next harvest in October." She added, "If we fail, the country will face a true humanitarian catastrophe."

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3. Opening of DPRK Airspace

Agence France-Presse ("NORTH KOREA OPENING ITS SKIES TO INTERNATIONAL FLIGHTS," Seoul, 04/23/98) reported that the DPRK's Central News Agency on Thursday quoted a Foreign Ministry spokesman as saying that DPRK airspace has been opened to international air traffic. The spokesman stated, "Regular international air services through the Korean territorial air have begun in the wake of the test flight in early March." He added, "The flights through the Korean airspace make air services of many countries more convenient and give them tangible economic benefits and we can make a great contribution to the development of the aerial transport in the world. Now the world welcomes the start of international air services through the Korean territorial air and an increasing number of countries hope for flights through the airspace."

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4. Asian Financial Crisis

The Los Angeles Times ("BANK WOES MAY PUT S. KOREA IN SECOND CRISIS, ANALYSTS SAY," Seoul, 04/24/98) reported that analysts said that bad loans at ROK banks are mounting so quickly that they may cause a second financial crisis. In a report issued Wednesday, the Korea Development Institute said that about 3,300 companies have failed each month since the ROK turned to the International Monetary Fund in December, meaning that the amount of bad banks' loans may more than quadruple to US$72.8 billion by the end of this year. Desmond Supple, head of Asian currency research at Barclays Capital Ltd, stated, "The cost of bailing out Korea could exceed 40 percent of [gross domestic product]. The country will lose foreign currency reserves, and the government deficit will explode."

The Los Angeles Times (Sonni Efron, "REPORT PAINTS DARK PICTURE OF JAPAN'S ECONOMIC FUTURE," Tokyo, 04/24/98) reported that a report by David Asher, an Oxford University Japan scholar, and Andrew Smithers, chairman of Smithers and Co., an economic consultant in London, argued that unless Japan takes quick and drastic action, it is headed for a long period of deflation and decline. The report stated, "We conclude that the long-term prospects for growth are poor. A large portion of Japan's considerable wealth and economic potential stands to be frittered away by misguided economic policies in the coming decades, just as in the 1990s." Asher and Smithers calculated that Japan's true public-sector debt in 1997 probably exceeded 150 percent of gross

domestic product, and that corporate debts are about triple US levels. They also said that the pension system is grossly underfunded and an aging population means the worst is yet to come. However, Richard Koo, a senior economist at Nomura Research Institute, argued, "I am optimistic about Japan for the first time in 10 years because I think the Japanese government has finally woken up and they are doing the right things."

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5. Clinton's Trip to PRC

The Associated Press (Barry Schweid, "CLINTON PLANS GRAND TOUR OF CHINA," Washington, 04/24/98) reported that US and PRC officials are planning a grand tour of the PRC for US President Bill Clinton when he visits there in June. An unnamed senior Clinton administration official said that the President sees building a US relationship with the PRC as the best US chance to affect the PRC's behavior in the next century. The official stated, "He sees China's future as unknown. Whether it will be a force for good or ill 10 years from now isn't clear. Whether it is a good neighbor in the region, who knows?" Meanwhile, Clinton administration officials said that they were hopeful that US Secretary of State Madeleine Albright could make enough progress on missile technology proliferation issues during her visit to the PRC next week to induce the PRC to agree at the June summit to adhere to the Missile Technology Control Regime, if not actually join it.

II. Republic of Korea

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1. ROK POWs in DPRK

Yang Soon-yong, aged seventy-two, who was captured by the DPRK during the Korean War and escaped to the ROK in December last year, held a news conference Friday in which he stated that between fifty and sixty ROK POWs are being held in the DPRK. Among them, Yang named seven people with whom he had had contact: Kim Soo-dong, Yong Hwan-ki, Lee Cha-shik, Lee Young-chan, Yang Jae-ku, Kang Seok-yong, and Lim Chom-yong. Yang said that POWs were released from prison camps in 1956, most being sent to work in coal mines, while a few went to collective farms. At one time in Aoji coal mine, there were six hundred POWs. He reported that, in July 1953, he saw three US nationals. When the International Red Cross monitoring team visited Hambuk province last September, homeless people were gathered up and some residents were relocated. The ROK government estimates that 19,000 soldiers were reported as missing in action during the Korean War and believes that tens of them maybe still alive. (Chosun Ilbo, "FORMER PRISONER CLAIMS 50-60 POWS IN NK," 04/25/98)

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2. ROK-DPRK Cultural Exchange

Park Bo-hee, chairman of the Korea Cultural Foundation (KCF), said Friday that the "Little Angels" performance group will visit Pyongyang from May 2 to 12, the first time a private ROK group will perform in the DPRK. The "Little Angels" is composed of thirty-eight performers with a support team of thirty. They will perform on May 4 and 5 at Bonghwa Art Theater in Pyongyang and on May 7 at Mangyongdae Students' Palace. A spokesman for the KCF said that the cultural exchange program was agreed on when its leader, the reverend Moon Sun-myong, visited the DPRK in December 1991. The final agreement was made on April 12 this year. Park commented that only two reporters, both

from the "Saegye Ilbo" have been given permission to travel with the group. (Chosun Ilbo, "LITTLE ANGELS TO PERFORM IN PYONGYANG," 04/25/98)

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3. ROK-DPRK Relations

ROK Unification Minister Kang In-dok said Thursday it will take some time to renew dialogue between the governments of the DPRK and the ROK, and that he will not rush to do so. In a breakfast meeting with the foreign press, he said that government-level assistance and cooperation requires a national consensus, and that the government will continue to insist on reciprocal actions. He added that for increased assistance, the DPRK must provide sufficient information and materials that the people can accept, including pictures proving that aid supplied by private organizations in the ROK are being delivered where it is supposed to be. (Chosun Ilbo, "GOVERNMENT IN NO HURRY FOR NORTH DIALOGUE," 04/24/98)

A group of senior ROK and US experts on the DPRK are expected to advise their respective governments to introduce a "more flexible" approach towards rapprochement between the US and the DPRK, former ROK foreign minister Han Sung-joo said Thursday. "In principle, we view that the improvement of U.S.- North Korea relations should be made in parallel with that between South and North Korea. However, that doesn't mean that the progress should be made simultaneously," Han said. Therefore, the so-called "Korea Report," to be issued in mid-May prior to President Kim Dae-jung's visit to the US set for early June, would contain recommendations which are more flexible on the improvement of US-DPRK relations and the lifting of US trade sanctions against the DPRK, he said. (Korea Times, "KOREA, US EXPERTS TO CALL FOR FLEXIBLE APPROACH IN US-NK TIES," 04/24/98)

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4. ROK-DPRK Economic Cooperation

The ROK will lift the ceiling of ROK firms' investment in the DPRK and give the go-ahead to the transfer of "idle industrial facilities," ROK Unification Minister Kang In-duk said yesterday. The minister said that the government would also allow ROK companies to export fertilizer to the DPRK, although the talks on government-level fertilizer aid in Beijing broke up. Kang also reiterated that the government will permit ROK business leaders, including tycoons of large conglomerates, to visit the DPRK to explore the opportunity of launching joint ventures. (Korea Times, "IDLE INDUSTRIAL FACILITIES TO BE TRANSFERRED TO NK," 04/24/98)

III. Japan

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1. Japanese Security Assessment

The Nikkei Shimbun ("JAPANESE DIPLOMATIC BLUEBOOK EMPHASIZES PROMOTION OF JAPAN-US-PRC DIALOGUE," 04/28/98) reported that the cabinet ministerial meeting on April 24 approved Japanese Foreign Minister Keizo Obuchi's report on this year's Diplomatic Bluebook. The bluebook, subtitled "Japan's Diplomacy Toward the 21 Century: New Developments and Agenda in the International Community," states that stable relations among Japan, the US, the PRC, and Russia are the basis for stability and prosperity in the whole Asia-Pacific region, emphasizing the need for cooperation to prevent the Asian financial and economic crisis from spreading. The bluebook also

analyzes the current international affairs from three aspects, including deepened bilateral relations, facilitation of Japan's contribution to cooperation in the Asia-Pacific region, and Japan's participation in global frameworks to deal with common agendas in the international community.

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2. Japanese-Russian Relations

The Yomiuri Shimbun ("PRIME MINISTER EMPHASIZES RESULTS OF JAPANESE-RUSSIAN SUMMIT MEETING," 04/24/98) reported that Japanese Prime Minister Ryutaro Hashimoto emphasized on April 23 during his meeting with opposition party leaders that the Japanese-Russian summit meeting was so fruitful that it contributed to the development of Japanese-Russian relations, including the so-called Hashimoto-Yeltsin Plan for economic cooperation. With regard to his proposal of delimitation of the territorial islands, he only said, "I don't want to talk about the content of the proposal. But I want to do many other things while working on a peace treaty at the same time." During Hashimoto's meeting with Social Democratic Party leader Takako Doi, he said, "I will pay special attention to President Yeltsin's speech slated for mid-May, indicating his interest in where Yeltsin will locate Japanese-Russian relations in Russia's diplomacy."

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3. Japanese-ROK Relations

The Sankei Shimbun ("JAPAN AND ROK AGREED TO EXCHANGE INFORMATION ON DPRK," Seoul, 04/23/98) reported that Japan and the ROK agreed to hold a periodical meeting for information exchange to deal with the DPRK situation. The first meeting will be held in Seoul next month and the second meeting will be held in Tokyo in November, with each including participants from both countries' foreign ministry, intelligence agency, police, and defense agency. The proposal of the Japan-ROK exchange of information on the DPRK was first revealed by Japanese Foreign Ministry international information agency official Eiji Yamamoto during his visit to the ROK last week. The proposal came out of Japan's concern for the increasingly uncertain situation in the DPRK, indicated by the serious food shortage and the alleged purge of a DPRK high-ranking official. According to the report, the ROK gave credit to Japan's capacity for information gathering and analysis, and Kang In-dok, ROK Unification Board head and expert on the DPRK, strongly agreed to the proposal. Both sides will discuss membership more in detail. The report suggested President Kim Dae-jung's policy to improve Japan-ROK relations as a driving force behind not only this meeting but also other official Japan-ROK talks to come.

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4. Japanese-PRC Relations

The Yomiuri Shimbun ("MEETING BETWEEN PRC VICE MINISTER AND LDP SECRETARY GENERAL," 04/23/98) reported that Japanese ruling Liberal Democratic Party Secretary General Koichi Kato met with PRC Vice Premier Hu Jin-tao, now visiting Japan, on April 22. Kato stated, "Japan and the PRC should take responsibility for the whole Asian economy," while Hu said in response, "We want to further cooperate for the Asian economy," indicating that both countries are ready to cooperate in responding to the Asian economic crisis. Hu also said to Kato and other political party leaders, "Japan's economic crisis has a serious impact on other Asian and world economies. I will keep a close eye on how Japan will balance its economic development and reform."

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5. Japanese Defense Policy

The Yomiuri Shimbun ("HOME AFFAIRS MINISTER SAYS LOCAL GOVERNMENTS' DEFENSE COOPERATION IS NOT COMPULSORY," 04/22/98) reported that Japanese Home Affairs Minister Mitsuhiro Uesugi, following the cabinet meeting on April 21, discussed local governments' role in Japan- US Defense Cooperation. He stated, "We will just request for cooperation, we will not force them to cooperate. They can refuse our request if they have the right reason." He added, "However, situations should be dealt with by the nation as a whole. This means that local governments have a general obligation to cooperate as much as possible."

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.

Produced by the Nautilus Institute for Security and Sustainable Development in partnership with:
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april-1998/

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