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I. United States

1. ROK-DPRK Red Cross Talks

The Associated Press ("KOREAN TALKS STALL ON MONITOR DEMAND," Beijing, 12/24/97) and Reuters (Paul Eckert, "KOREAS STRIKE FOOD DEAL, DIFFER ON MONITORS," Beijing, 12/24/97) reported that DPRK and ROK Red Cross officials broke up Wednesday without final agreement on ROK food aid to the DPRK. ROK Red Cross delegation chief Lee Byung-woong said that the talks broke down because the DPRK refused to allow International Red Cross officials to monitor food

distribution. ROK Embassy spokesman Chang Moon-ik said that both sides planned to return home for consultations, and that further talks were planned although no date has been set. If the dispute over monitoring can be resolved, the ROK will send 50,000 tons of food aid to the DPRK by March, as well as salt and blankets, Lee said. An unnamed Asian diplomat familiar with the talks suggested that the DPRK was buying time until it assessed President-elect Kim Dae-jung's policy.

2. DPRK Defectors

Reuters ("TWO NORTH KOREAN DEFECTORS ARRIVE IN S.KOREA," Seoul, 12/23/97) reported that the ROK foreign ministry said on Wednesday that two DPRK defectors arrived in the country. The ministry said that the two men were part of a group of DPRK citizens that had sought asylum in an ROK embassy in a third country before being expelled to another country by the host government. The ministry said, "The government is continuing its search for [the others'] whereabouts and its effort to bring them to South Korea."

3. Pardon of Former ROK Presidents

The Boston Globe carried an editorial ("STATESMANSHIP IN KOREA," 12/24/97) which said that ROK President-elect Kim Dae-jung must demonstrate his ability to move from the role of dissident to that of politician and statesman. The article said, "The most encouraging sign of all has been Kim's emotionally difficult but necessary decision to have two former dictators, his old tormentors Chun Doo Hwan and Roh Tae Woo, pardoned and released from prison." It added, "To pardon the perpetrators--who bore responsibility for killing hundreds of Koreans--Kim had to place the long-term interests of democracy and stability above immediate desires for justice or revenge." The article said that the pardons can serve both Kim's goals of easing the ROK's financial crisis and achieving reconciliation with the DPRK. "The measures needed to restore South Korea's financial health will necessitate not only sacrifices from labor but also the cooperation of the political and corporate establishment. The pardons are meant to induce unity--an essential precondition for economic revival and reconciliation with the North."

The Washington Post carried an editorial ("CLEMENCY, NOT VINDICATION," 12/24/97, A12) which said that regionalism played a major role in the decision to pardon the former ROK presidents. The article said that Kim Dae-jung, "By asking for clemency for the ex-presidents, ... is signaling that he will not be seeking wholesale retribution on a regional basis. Especially at a time of economic convulsion, such a reaching out is welcome." The article added, "It is important now that the two ex-presidents understand that clemency is not vindication." Pointing to former president Chun Doo-hwan's criticism of the current administration for causing the ROK's economic crisis, the article stated, "In fact, the corruption of which Mr. Chun was convicted was one symptom of the crony capitalism that got South Korea into its current mess.... He of all people has no standing, moral or otherwise, now to assess blame."

4. ROK Financial Crisis

The Associated Press (Sang-Hun Choe, "S. KOREA GETS $10B LOAN EARLY," Seoul, 12/24/97) and the Wall Street Journal ("IMF AND G-7 ACCELERATE LOANS TO SOUTH KOREA," 12/23/97) reported that the ROK government said that the International Monetary Fund and the Group of Seven countries agreed Wednesday to early delivery of US$10 billion in loans to the ROK. In return, the ROK has agreed to expedite financial reforms and to open its domestic industrial market earlier than scheduled. Finance and Economy Minister Lim Chang-yuel promised that the ROK would soon adopt new legislation to make layoffs easier and to increase the limit on foreign stock ownership from the present 26 percent to 55 percent. President-elect Kim Dae-jung said Wednesday, "Foreign investors' distrust runs so deep that we have a long way to go to win their confidence. More than

anything else, we need to act, not just make verbal promises."

The AP-Dow Jones News Service ("KIM DAE-JUNG URGES LIQUIDATION OF WEAK COMPANIES," Seoul, 12/24/97) reported that ROK President-elect Kim Dae-jung urged businessmen Wednesday to promptly liquidate "companies becoming burdensome." Kim added that under his incoming administration, "The collusion between politicians and business leaders and government-controlled economy will no longer exist."

5. PRC Sentences Taiwanese Spy

The Associated Press ("REPORT: CHINA SENTENCES TAIWAN SPY," Beijing, 12/23/97) reported that the PRC newspaper Wenhui Bao said Tuesday that Wang Guandu, who posed as a Taiwanese businessman, has been sentenced to 11 years in prison for spying for Taiwan. The paper said that Wang frequently visited Nanjing, Beijing, and other major PRC cities between March 1996 and May 1997 to gather information about military affairs and science and technology. It added that he had been trained and sent to the mainland by Taiwan's Bureau of Intelligence.

6. US Bases in Japan

The Associated Press ("OKINAWA WILL ACCEPT U.S. HELIPORT," Tokyo, 12/24/97) reported that Nago Mayor Tetsuya Higa said Wednesday that his city will accept Japan's plan to build an offshore US military heliport despite a local referendum opposing the construction. Higa was quoted by Kyodo News agency as saying, "I think I made a better decision, after seriously considering the result of the referendum."

II. Republic of Korea

1. DPRK Reaction to ROK Election

The Kim Jong-il regime has failed to present a clear-cut position towards Kim Dae-jung's victory in the ROK presidential election. The DPRK media refrained from making their usual critical comments and did not mention Kim Dae-jung's overtures to the DPRK. According to Ministry of National Unification (MNU) analysts, the DPRK reaction is minimal compared to its reaction to the 1992 presidential election. At that time, the Rodong Sinmun, a Workers' Party organ, said in a commentary that the election result was "manipulated by the US" and that the new regime was "the continuation of the 6th Republic." During the election campaign, the DPRK mainly attacked the majority Grand National Party (GNP), led by Lee Hoi-chang, and started criticizing Kim Dae-jung only after he joined with conservative politicians such as Kim Jong-pil and Park Tae-joon. The ministry officials said that Kim Dae-jung's initiatives regarding the DPRK, including a summit meeting and the reactivation of the "basic agreement" on inter-Korean reconciliation, will trouble the Kim Jong-il regime, which has boycotted direct dialogue with the ROK. At the same time, Kim Dae-jung's suggestion that the ROK government coordinate its policy closely with the US will make it difficult for the DPRK to drive a wedge between the ROK and the US. (Korea Times, Son Key-young, "NK IN DILEMMA ABOUT KIM DAE-JUNG'S ELECTION," 12/24/97)

2. Kim Dae-jung's Visit to US and Japan

Unnamed sources said Monday that President-elect Kim Dae-jung may visit the US and Japan next January to seek assistance in dealing with the current financial crisis. Kim had been planning to visit after his inauguration of February 25, but is revising his schedule due to the seriousness of the economic turmoil. The visit is also seen by many as an attempt to revive international credibility in the ROK, as he plans trips to both country's financial centers. US Treasury Under-secretary David

Lipton expressed his satisfaction with Kim's willingness to implement guidelines from the IMF, but called for a more specific action program, including business restructuring and the removal of all investment ceilings for overseas investors. (Chosun Ilbo, "KIM DAE-JUNG MAY VISIT US AND JAPAN IN JANUARY," 12/24/97)

3. US-DPRK Relations

The ROK Korea Trade-Investment Promotion Agency (KOTRA) said December 23 that the US will launch a survey of holdings of outstanding claims against the DPRK, as a first step in de-freezing DPRK assets. According to KOTRA, the US Office of Foreign Assets Control has requested that all US nationals report their holdings of bonds issued by the DPRK government or any of its entities by March 9, 1998. The US announced late last week that it would take steps to de-freeze DPRK assets at a future date. KOTRA projected that after the conclusion of the survey in March, the US will examine and confirm the amount of the combined claims as well as other DPRK assets. It will then embark on claims settlement negotiations with the DPRK and finally proceed with the actual settlement. KOTRA noted that the US signed a claims settlement agreement with Vietnam several months before normalizing ties. (Korea Herald, "US TO TAKE FIRST STEP IN DEFREEZING DPRK ASSETS," 12/24/97)

4. Jimmy Carter to Visit Seoul

Former US President Jimmy Carter has expressed his intention to visit Seoul sometime soon to hold talks with President-elect Kim Dae-jung on inter-Korean matters, said Chung Dong-young, spokesman of the National Congress for New Politics (NCNP). "The President-elect replied he would welcome Carter's visit," Chung said. (Korea Herald, "CARTER TO RETURN TO INTER-KOREAN DIPLOMACY," 12/24/97)

III. People's Republic of China

1. ROK Presidential Election

PRC Foreign Ministry spokesman Tang Guoqiang said on December 19 that the PRC extends warm congratulations to Kim Dae-jung on his election as the 15th president of the ROK. The PRC believes that joint efforts will continue to strengthen and promote good-neighborly cooperative relations between the PRC and the ROK. The spokesman said that the PRC sincerely hopes for improved relations between the DPRK and the ROK, and for continuing progress in the four-party peace talks. China Daily ("S. KOREAN ELECTION WINNER ACCLAIMED," 12/20/97, p. 1)

Just after Kim Dae-jung's election as the ROK's new president, PRC newspapers discussed the problems he faces. People's Daily ("KIM DAE-JUNG BECOMES NEW PRESIDENT OF ROK," 12/20/97, p. 6) said that Kim Dae-jung's win in the presidential election results largely from the economic crisis in ROK. Therefore the first thing Kim should do is to revitalize the ROK's economy. Kim promised to reform the ROK's political system in the election. But as Kim's National Congress for New Politics Party holds less than 50 percent of seats in parliament, Kim's reform will confront challenges. The third problem faced by Kim, according to the People's Daily, is how to promote peace negotiations with the DPRK.

Shanghai-based Jie Fang Daily ("KIM DAE-JUNG FACES THREE PROBLEMS," 12/22/97, p. 5) said that the three major problems faced by the new president of the ROK Kim Dae-jung are how to foster the ROK's medium and small size enterprises, how to promote dialogue with the DPRK, and how to re-establish the ROK's status in the world arena. The article said that relations with Japan and the US will take a key position in the future of the ROK's foreign policy. Although Kim Dae-jung himself

does not like Japan, the ROK is not willing to conflict with Japan due to the current economic crisis.

2. PRC Views of US Nuclear Strategy

The People's Daily ("US NUCLEAR STRATEGY INCONSISTENT," 12/16/97, p. 6) published a commentary by S.A. Benwang, saying that the US nuclear strategy, which was revised recently according to the Washington Post, is full of contradictions. While the US knows very clearly that no country can win a nuclear war and that a nuclear war will bring about disaster to human beings, it still holds to the policy of making preemptive nuclear strikes if the US military is attacked by chemical or biological weapons. Therefore, people cannot help but conclude that this proviso seems to be aimed mainly at those with no or little nuclear capability. The self-contradictory nuclear strategy by the US shows that a number of US policymakers still stick to the Cold War mentality and refuse a crystallizing multipolar world on a road of peace and development.

3. US Bases in Japan

China Daily ("REFERENDUM RESULT MAY HIT JAPAN-US DEFENSE TIES," 12/23/97, P. 11) said that residents of a small city on Japan's island of Okinawa may have dealt a severe blow to Japan-US defense ties by voting against the construction of a US military heliport. In the local referendum on December 21, 53 percent of voters in Nago in northern Okinawa cast their ballot against plans for the offshore heliport to replace the existing facility at the US Marine Corps' Futenma Air Station at Ginowan, also in Okinawa. According to the report, the result is not binding, but Nago Mayor Tetsuya Higa has said he will use it as a factor in deciding whether to approve the project.

4. PRC Nuclear Industry

At a seminar on the Advanced Boiling Water Reactor (ABWR), Tang Zide, deputy director with the nuclear power office under the State Planning Commission of the PRC, said that the PRC will select nuclear power suppliers through public bidding. He promised that such bidding will be fair, open and just. Tang said that PRC nuclear power circles paid great attention to the progress of the ABWR, which was developed by GE, Hitachi, and Toshiba. Although none of the PRC's two existing nuclear power plants and the four to be constructed in the Ninth Five-Year Plan (1996-2000) have adopted the boiling water reactor, the PRC does not rule out the possibility of introducing such reactor in the future, a GE official said. China Daily ("NATION VALUES NEW NUCLEAR TECHNOLOGIES," 12/17/97, P. 5)

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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