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I. United States

1. Light-Water Reactor Project

Nuclear Fuel (Mark Hibbs, "IAEA CAN'T USE TRIED AND TRUE MEANS TO RECONSTRUCT DPRK REACTOR HISTORY," Bonn, 02/23/98) reported that US technical experts said last week that the four years that has passed since the DPRK's Yongbyon nuclear reactor was de-fueled makes it

impossible for the International Atomic Energy Agency (IAEA) to verify the DPRK's nuclear material inventory using conventional means. One unnamed expert stated, "If we had gotten to the fuel inside of two years we could have done it. But with time, the statistical differentials for critical isotopes have become fuzzy, you won't get precise answers. It's now too late." According to the article, the issue is crucial to the light-water reactor project, since the US cannot conclude a nuclear cooperation agreement with the DPRK unless the IAEA verifies that all the DPRK's nuclear material is accounted for. The expert said that the reactor operating records can provide some help, "but these have to be trustworthy." He added that, while a forensic analysis of the records could be carried out to examine their age and authenticity, "the IAEA doesn't even have assurances that the North Koreans have even kept all the records, let alone have they handed them over." Officials and experts estimated last week that it would take five to seven years to meet the technical and political demands of verification, which could postpone completion of the reactors until 2008. One IAEA official in Vienna stated, "For the last four years, there has been zero DPRK cooperation, and we don't see any down the road."

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2. ROK-DPRK Relations

Reuters ("SOUTH KOREAN LEADER: DON'T EXPECT REUNIFICATION SOON," Seoul, 02/23/98) reported that ROK President-elect Kim Dae-jung told the British Broadcasting Corp. on Tuesday that the reunification of Korea is at least a decade away. Kim stated, "The South Korean economy is not strong enough to afford this problem. But I think if we succeed to realize good relations with North Korea for peace and exchanges, then as we are in the same race, in 10 years or so we can enter the first stage of unification." He added that he expected relations with the DPRK to improve under his administration, saying that the DPRK has "no reason to criticize me." He also pointed out that, under the Kim Young-sam administration, the DPRK sought to exploit differences between the US and the ROK to drive a wedge between the two sides, which will not be possible given Kim Dae-jung's good relations with the West. Kim concluded, "I think North Korea may change its attitude. But if not, I'll wait. I'll not be impatient. Timing is not North Korea's but ours, I think."

Reuters (Jane Lee, "BUSINESS TO LEAD S.KOREA FOREIGN/DOMESTIC POLICY," Seoul, 02/24/98) reported that, according to a statement of policies called the "100 government tasks" issued earlier this month by the presidential transition team, incoming ROK President Kim Dae-jung will seek to separate politics from business to expand trade and business transactions with the DPRK. Park Young-ho, director of policy studies at the Institute for National Unification, stated, "This will be the first administration to take that stance in North-South relations. And business relations will in turn help overall relations." Yu Suk-ryul, a professor at the Institute of Foreign Affairs and National Security, said "If North Korea suggests plans for unification, the administration will respond, but overcoming the financial crisis will take a front seat to issues of unification."

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3. ROK Presidential Inauguration

The Associated Press (Pauline Jelinek, "NEW S. KOREA LEADER TO BE SWORN IN," Seoul, 02/24/98) reported that Kim Dae-jung will be inaugurated as President of the ROK on Wednesday, marking the first transfer of power to an opposition figure in modern Korean history. Professor Paik Seung-ki of Kyongwon University compared Kim's situation with that of Franklin Roosevelt. Paik stated, "In this crisis situation ... all blame will go to his predecessor government."

The Washington Times carried an analytical article (Willis Witter, "KIM PROMISES TO BRING NEW ERA TO SOUTH KOREA," Tokyo, 02/24/98) which said that the success of Kim Dae-jung's administration may depend on his ability to apply his message of reconciliation and magnanimity. Cho Chang-hyun, a professor at Hanyang University, stated, "Kim Dae-jung will have to reach out to his opponents. He always backed the underdog in the past, so I believe he can pull it off." However, Lee Doo-won, a professor at Yonsei University, warned that Kim's "honeymoon" period may be short, and will require constant effort to persuade organized labor to be more flexible.

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4. ROK Layoff Bill

The New York Times (Stephanie Strom, "LABOR CUTBACKS POSE PROBLEM FOR SOUTH KOREAN ECONOMIC RECOVERY," Seoul, 02/24/98) reported that large-scale layoffs are unlikely in the ROK, given the country's tradition of lifetime employment. Richard Samuelson, head of research at SBC Warburg Dillon Read in Seoul, stated, "What you'll see will be grudging, gradualist adjustments, along the lines of 2 percent here, 5 percent there -- which may be followed six months later by another 2 or 5 percent." Under the new labor law, mergers and acquisitions will be the easiest way to eliminate large numbers of workers. Yoon Young-mo, international secretary of the Korean Confederation of Trade Unions, argued, "That's why this law was introduced in the first place. We believe the mergers and acquisitions by foreigners the law is encouraging will lead to mass dismissals." However, Lee Yong-hwan, executive director of the business organization Federation of Korean Industries, stated, "I don't expect labor to attempt to disrupt the economy because that would be the opposite of what everyone is working to accomplish."

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5. ROK-Taiwan Relations

The AP-Dow Jones News Service ("TAIWAN PARTY LEADER TO ATTEND INAUGURATION OF S. KOREA PRES," Taipei, 02/24/98) reported that Taiwan's ruling Nationalist Party said that John Chang, the party's secretary-general, left Taiwan on Tuesday to attend the inauguration of ROK President-elect Kim Dae-jung. According to a newspaper report, Chang, a former vice premier, met Kim during a visit to Seoul earlier this month, although both men denied that such a meeting took place. Two top aides to Kim also visited Taiwan last week for meetings with Taiwanese President Lee Teng-hui and other leaders. The aides said that ROK-Taiwan ties will improve under Kim's government.

6. PRC-Taiwan Relations

Reuters (Jeffrey Parker, "CHINA SIGNALS ACCEPTANCE OF TAIWAN TALKS TERMS," Taipei, 02/24/98) and the Associated Press ("CHINA AGREES TO RESUME TAIWAN TALKS," Taipei 02/24/98) reported that Taiwan's state-sanctioned Straits Exchange Foundation (SEF) said on Tuesday that it received a letter from the PRC's Association for Relations Across the Taiwan Straits (ARATS), welcoming the proposal that SEF's political envoy, Koo Chen-fu, visit the PRC for talks. The PRC's official Xinhua News Agency said that the message was an explicit response to Taiwan's recent proposals that Koo visit Beijing to restart the talks. Xinhua quoted the letter as saying, "The Association for Relations across the Taiwan Strait is willing to join the Straits Exchange Foundation in discussing procedural matters of political negotiations and will thereafter arrange reopening talks on both economic and routine issues." Taiwan Premier Vincent Siew, Koo, and Chang King-yuh of the cabinet's Mainland Affairs Council, welcomed the PRC's "positive overture." However, Koo added, "I can't reply right away. We will announce our plans when we are ready." He also said that Taiwan did not rule out sending new chief negotiator Shi Hwei-yow to the PRC first. Meanwhile, on Monday the PRC, responding to reports that Taiwanese Vice-President Lien Chan plans to visit a number of countries, including Jordan, Bahrain, and Malaysia, warned that the hosts should treat the visit as unofficial.

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II. Republic of Korea

1. DPRK-ROK Relations

Yang Hyung-sub, chairman of the DPRK Supreme People's Assembly, on February 22 urged the ROK to accept the DPRK's recent proposals for united political and civil organizations of the two Koreas. Yang, in a statement released through the DPRK's Korea Central News Agency (KCNA), said that a letter recently passed on to the ROK included fundamental principles for improved inter-Korean relations and future unification. "We expect the political and civil organizations of the ROK to actively comply with our patriotic appeal," said Yang. (Kyunghyang Shinmun, "DPRK URGES UNITED INTER-KOREAN ORGANIZATIONS," 02/24/98)

Richard Allen, former national security advisor during the Reagan administration, said during an interview on February 22 that the ROK government should initiate the momentum for an inter-Korean peace process and reunification. "Lots of Americans believe that the US should play a key

role in reunification issues of the two Koreas. To me, however, it is not the case," Allen said. He added, "The path to peace must not come from Pyongyang-Washington dialogues. It is a matter between South and North and the officials in Seoul must initiate deals and dialogues to the peace process." Allen now writes and lectures on US-Asian policy and serves as chairman of the Heritage Foundation's Asian Studies Center Advisory Council. "China will not help much. Japan does not even want the two Koreas to be united again. The Korean government should deal with the matter. It is now time to prepare for the day after reunification," Allen explained. (Korea Times, "SEOUL SHOULD TAKE INITIATIVE IN PEACE PROCESS WITH P'YANG," 02/24/98)

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2. US-ROK Military Burden Sharing

The ROK and US officials have narrowed their differences over the exchange rate to be applied to the ROK's share of the costs for maintaining the US Forces in Korea (USFK), sources said on February 24. Accordingly, for the US\$399 million to be shouldered by the ROK government, a fixed exchange rate of approximately 900 won to the dollar will be applied, in consideration of the ROK's economic woes. In addition, 70 percent of the total cash payments due to the US will be settled in won by the ROK. The US is also positively considering a delay in the ROK's due payments, amounting to US\$1.1 billion, for arms importation. (Kyunghyang Shinmun, "FIXED EXCHANGE RATE TO APPLY FOR KOREA'S USFK BURDEN SHARING," 02/24/98)

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3. ROK Military Reshuffle

ROK President-elect Kim Dae-jung is expected to reshuffle the military leadership following his inauguration on February 25. One of Kim's close aides said, "The assigned tenure for the Army chief of staff ends by October. However, since the president-elect is going to appoint a new defense minister, the chiefs of military units should also be reshuffled for effective operations in the future." He added, "Immediately after he takes office Wednesday, Kim is going to assign new officers for the nation's defense heads." The aide also revealed Kim's plan to reshape both the intelligence and logistics organizations of the defense ministry. (Korea Times, Kim Hyung-min, "MILITARY RESHUFFLE EXPECTED FOLLOWING INAUGURATION," 02/24/98)

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III. Democratic People's Republic of Korea

1. Call for DPRK-ROK Dialogue

The DPRK's Official Korean Central News Agency ("DIALOGUE AND NEGOTIATIONS WITH POLITICAL PARTIES AND ORGANISATIONS IN SOUTH KOREA CALLED FOR," Pyongyang, 02/18/98) released the following statement:

"We solemnly declare that we are ready for dialogue and negotiations with any South Korean people including political parties and organizations who truly want to find together a way out of the nation on the principle of national independence and great unity of the nation. This was stressed in a letter addressed to the political parties and organizations in South Korea which was adopted at the joint meeting of the political parties and organizations of the DPRK held in Pyongyang on February 18." [Ed. note: See ROK-DPRK Talks in the US Section of the February 19 Daily Report.] "South Korea should make a resolute decision to reject domination by outsiders and dependence upon them and shape the destiny of the nation independently and change the wrong anti-North confrontation policy into a pro-north reconciliatory policy, the letter said, and stressed: The north and the south should positively promote co-existence, co- prosperity and common interests and express their readiness to collaborate and unite with each other. We clarify once again that we have left doors open for wide-range dialogue."

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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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