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# I. United States

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#### 1. Light-Water Reactor Project

United Press International ("AUSTRALIA TO CONTRIBUTE \$1.2M TO KEDO," Seoul, 07/24/98) reported that Australian Foreign Minister Alexander Downer said in a statement released Friday that the Australian government would contribute US\$1.2 million to the Korean Peninsula Energy Development Organization (KEDO). Downer stated, "The government regards the Korean Peninsula as a potential major security flashpoint and views KEDO as making a valuable contribution to

maintaining stability on the peninsula and in Northeast Asia more generally." He added, "Support for KEDO is also consistent with Australia's strong commitment to global nuclear non-proliferation." The Australian government has provided US\$6.6 million to the KEDO heavy fuel oil program since June 1995.

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# 2. DPRK Missile Sales to Iran

The New York Times (Steven Erlanger, "WASHINGTON CASTS WARY EYE AT MISSILE TEST," Washington, 07/24/98) and the Washington Post (Walter Pincus, "IRAN MAY SOON GAIN MISSILE CAPABILITY," 07/24/98, A28) reported that US officials said that Iran had not chosen to buy and deploy a fleet of DPRK Rodong missiles. They said that, instead, Iran is trying to develop its own Shahab-3 medium-range ballistic missile based on the Rodong. According to administration and intelligence sources, the decision on whether to buy the completed missile system from the DPRK or build its own version will determine whether Iran is capable of deploying the Shahab-3 within one or two years. Officials also said that missile exports are the DPRK's largest source of hard currency. US officials said Thursday that it was conceivable that a deal could still be made with the DPRK to lift US sanctions in return for a halt in missile exports.

US State Department Spokesman James Rubin ("STATE DEPARTMENT NOON BRIEFING, JULY 23, 1998," USIA Transcript, 07/23/98) said that, while Iranian acquisition of missile technology from Russian firms may have had some affect on its missile program, the missile that Iran recently tested was largely derived from DPRK technology. Rubin stated, "Iran for many years has been working with North Korea to put in place an indigenous Scud production capability."

Defense Department Spokesman Kenneth Bacon ("PENTAGON REGULAR BRIEFING, THURSDAY, JULY 23, 1998," USIA Transcript, 07/23/98) said that the DPRK's missile sales help the DPRK to test the effectiveness of its weapons. Bacon stated, "Obviously the North Koreans, I assume, when other countries such as Iran test missiles that have been largely developed in North Korea, learn more information about their own weaponry. So to a certain extent every time a Nodong variant is tested elsewhere, I assume the North Koreans learn a little bit more about their own systems that way."

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# 3. Remains of US Soldiers from Korean War

The Associated Press (Sang-Hun Choe, "NORTH KOREA RETURNS U.S. REMAINS," Panmunjom, 07/24/98), United Press International ("N KOREA RETURNS US SOLDIERS REMAINS," Seoul, 07/24/98) and Reuters ("N. KOREA TRANSFERS WAR REMAINS TO U.N. COMMAND," Panmunjom, 07/24/98) reported that the DPRK on Friday returned three sets of skeletal remains believed to be those of US soldiers killed in the Korean War. US military officials said that the remains were believed to be those of soldiers of the 24th Infantry Regiment who died during battles in 1952. US Defense Department spokesman Alan Liotta stated, "Their repatriation is an example of the U.S. government's efforts to find and bring home its fallen soldiers, going wherever they are believed to be lying." The DPRK has transferred five sets of remains, including those handed over on Friday, to the UN Command so far this year.

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# 4. Taiwan Nuclear Waste Disposal

Reuters ("CHINA OPPOSES TAIWAN'S PLANS FOR NUCLEAR WASTE DISPOSAL," Beijing,

07/24/98) reported that the Xinhua news agency said that PRC environmental officials are opposed to Taiwan's plans to dump nuclear waste on Wuchiu island off southeastern Fujian province. Wuchiu is a Taiwan defense post 9 miles from the PRC. Xinhua quoted Yang Mingyi, director of Fujian's Environmental Protection Bureau, as saying that the people of Fujian "voiced great concern and exhibited strong indignation over the proposed plan." He added, "Taiwan authorities will encounter strong opposition from people on both sides of the straits if they persist." The state-run Taiwan Power Company (Taipower) in February offered T\$3.15 billion (US\$91.6 million) to a township on the islet of Hsiao Chiu, part of Wuchiu, in exchange for a new dump site. A Taipower spokeswoman said that the company had begun an environmental evaluation of the island in June, but could not make a final decision until after the evaluation, which would take at least a year and a half.

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# 5. Japanese Prime Minister

Reuters (Brian Williams, "OBUCHI IN LINE TO BECOME JAPANESE LEADER," Tokyo, 07/24/98), the Washington Post (Kevin Sullivan, "JAPANESE LEAD PARTY SELECTS A NEW CHIEF, Tokyo, 07/24/98, A01) and the Washington Times (Willis Witter, "OBUCHI LOOKS LIKELY TO BE JAPAN'S LEADER," Tokyo, 07/24/98) reported that Japanese Foreign Minister Keizo Obuchi was elected leader of the ruling Liberal Democratic Party Friday. The election puts Obuchi in line to become prime minister when the Diet votes to fill that office on July 30.

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# 6. US-Pakistan Nuclear Talks

The Associated Press (Kathy Gannon, "U.S., PAKISTAN END NUCLEAR TALKS," Islamabad, 07/23/98) reported that Pakistan and the US finished two days of nuclear weapons talks on Thursday with a promise to meet again next month in Washington. US Deputy Secretary of State Strobe Talbott declined to elaborate on the discussions. He did confirm that the question of Pakistan's adherence to the Comprehensive Test Ban treaty came up in talks.

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# 7. Indian Nuclear Deployment

The Associated Press (Kathy Gannon, "U.S., PAKISTAN END NUCLEAR TALKS," Islamabad, 07/23/98) reported that opposition legislators on Thursday accused Indian Defense Minister George Fernandes of bowing to Western pressure by refusing to reveal whether the army would develop and deploy nuclear weapons. Fernandes said that it would be unwise to make a statement about the nation's nuclear plans. Meanwhile, Jane's Defense Weekly quoted official sources as saying Wednesday that India plans to launch its first nuclear-powered submarine about 2006 or 2007. It said that the sub would be able to fire nuclear-armed cruise missiles.

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# 8. US-Russian Summit

The Associated Press (Maura Reynolds, "GORE DRAWS UP RUSSIA SUMMIT PLANS," Moscow, 07/24/98) reported that Vice President Al Gore and Russian Prime Minister Sergei Kiriyenko drew up plans today for a summit meeting between US President Bill Clinton and Russian leader Boris Yeltsin at the end of August or early September. Gore and Kiriyenko also discussed the spread of Russian missile technology to Iran and Russian ratification of the START II arms reduction treaty. The two

sides signed an agreement that would provide US funding for a new plant to reprocess plutonium from Russian nuclear weapons into fuel for power plants.

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#### 9. Russian Far East

Reuters (Robert Eksuzyan, "GOVERNOR CONSIDERS TAKING CONTROL OF SOME OF RUSSIA'S MISSILES," Moscow, 07/24/98) and the Associated Press ("RUSSIA'S LEBED HINTS AT TAKING OVER MISSILE BASE," Moscow, 07/24/98) reported that Alexander Lebed said in a letter to the Russian government that he might consider taking over an army missile base in his Krasnoyarsk region if the federal government did not pay the soldiers. Lebed wrote, "I've seriously thought about whether we shouldn't take the unit under the territory's jurisdiction." He added, "We, the people of Krasnoyarsk, are not yet a rich people. But in exchange for the status of a nuclear territory, we will, if you like, feed the unit, becoming along with India and Pakistan a headache for the world community." Lebed said that air defenses in the east along the PRC frontier were in a woeful state. He stated, "All the facts taken together lead to the sad conclusion that for the Russian government, there is no land beyond the Urals."

# II. Republic of Korea

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#### **1. Regional Security Forum**

The ROK will ask for Russia's assistance in persuading the DPRK to join a regional security forum, the Northeast Asian Cooperation Dialogue (NEACD), ROK officials said Thursday. ROK Foreign Minister Park Chung- soo will make the request when he holds talks with his Russian counterpart, Evgeny Primakov, in Manila on Saturday. Park will fly to the Philippine capital Friday to attend the ASEAN Regional Forum (ARF), a political and security dialogue body for Southeast Asia, and the ARF Post-Ministerial Conference (PMC). ROK officials said that Park would ask Primakov for Russia's help in efforts to induce the DPRK to join the NEACD. The NEACD is a private security forum involving scholars from the US, Russia, the PRC, Japan, and the ROK that aims to promote security in Northeast Asia. The ROK wants to get the DPRK into the NEACD in the belief that such a regional forum would encourage the DPRK to help defuse tension and establish peace and stability in the region. (Korea Herald, "SEOUL TO ASK MOSCOW TO ENGAGE NORTH KOREA; SEEKS RUSSIA'S ROLE IN INDUCING PYONGYANG TO ATTEND NEACD," 07/25/98)

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#### 2. Kim Jong-il's Ascension

DPRK leader Kim Jong-il may become state president at a People's Assembly meeting to be held after the weekend elections, a Japanese national television network said Wednesday. Japan Broadcasting Corp. (NHK) showed footage from the DPRK's official broadcast announcing the Supreme People's Assembly elections on Sunday. The DPRK broadcast urged people to "welcome the elections with a high political enthusiasm" while reporting that people were holding rallies to call on Kim to run in their constituency, NHK said. "The DPRK regime's stressing the importance of the vote and the importance of Kim Jong-il as their leader is believed to be a move to elect him as state president at a People's Assembly meeting after the elections," it said. (Korea Times, "KIM JONG-IL MAY BECOME NK'S PRESIDENT SOON," 07/24/98)

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# 3. DPRK Tourism Project

The Hyundai group is planning to accept applications for its tour of Mount Kumkang in the DPRK from around August 15, according to its master plan reported in the Chosun Ilbo Friday. Hyundai has decided to go ahead with its original plan, which calls for the departure of the first batch of tourists on September 25. The plan expects that up to 65 percent of the anticipated 2,200 tourists a week will be people who were born in the DPRK but displaced during the Korean War. The group said that three different packages will be available, and the cost for each of the five- day trips will be set below US\$1,000 per person. (Chosun Ilbo, "HYUNDAI TO ACCEPT NK TOUR APPLICATIONS," 07/24/98)

# III. Japan

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# 1. Japanese Prime Minister

The Yomiuri Shimbun ("LIBERAL DEMOCRATIC PARTY (LDP) ELECTS NEW PRESIDENT," 07/24/98) reported that the LDP on July 24 elected sixty-one- year old Keizo Obuchi as the new party president, after he won 225 out of 420 votes in the first round of voting. Obuchi will soon begin forming the new LDP executive team and the new cabinet. The report pointed out that, given the need for well-tied but broadly-based staff to deal with the problems ahead, Obuchi is expected to form the LDP executive team and the cabinet from the other factions rather than from his own faction. The report also pointed out that, especially given that the financial issue is urgent, some influential member is likely to become Financial Minister. Obuchi also intends to cooperate with opposition parties, but some parties are already cautious about cooperation with the LDP because of its declining public support. The report concluded that this suggests a rough road ahead for Japanese politics.

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# 2. US-Japan Defense Guidelines

The Daily Yomiuri (Akinori Uchida, "US WORRIED ABOUT CHANGES IN DEFENSE GUIDELINE BILLS," Washington, 07/24/98) reported that Kurt Campbell, US deputy assistant secretary of defense for East Asian and Pacific affairs, in an interview with the Yomiuri Shimbun on July 22, expressed concern that the Liberal Democratic Party's (LDP) setback in the Upper House election would affect upcoming deliberations on two bills to accommodate the New Guidelines for Japan-US Defense Cooperation. The report cited Campbell as saying, "One thing we'd like to avoid is the government of Japan making any substantial changes to the defense guidelines process in order to appease (opposition) Diet members." The report also said that although Campbell did not specify what amendments the US would object to, he said that changes could hamper the operations of both the Japanese Self-Defense Forces and the US military. The report pointed out that it was the first time that a high-ranking US official has voiced concern about how the election result could affect the fate of the defense bills, which the Diet will likely resume debate on during an extraordinary session slated for next Thursday. Campbell also expressed his hope that both countries would continue to cooperate on bilateral technical research on the US-initiated Theater Missile Defense (TMD) program. As for the US-PRC nuclear detargeting proposals, he said, "Right now there is a unilateral commitment without inspections. This is the first step in a long confidence-building process." In

response to the question of whether PRC nuclear missiles were aimed at US bases in Japan, he said, "The PRC has stated in the past that they do not target non-nuclear countries. The US commitment to Japan under the nuclear umbrella will remain unchanged."

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#### 3. Russia's Sale of Carrier to India

The Asahi Shimbun (Yasuo Naito, "INDIA PURCHASES CARRIER FROM RUSSIA: SIGNIFICANT INCREASE OF INDIAN NAVAL POWER MAY PROVOKE PRC," Moscow, 07/24/98) reported that, according to Russia's Interfax News Agency, the Commander of the Russian Northern Fleet revealed on July 23 that Russia has entered the final phase of negotiations with India for the sale of an aircraft carrier. The report said that the carrier is named "Admiral Gorsicov," although it was formerly called "Baku." The building of the carrier began in 1978. The carrier entered the Russian navy in 1987 and is capable of carrying sixteen YAK 38 fighter planes, nineteen anti- submarine helicopters, three KA 25 helicopters, six of the most advanced anti-battleship missiles, and four seato-air missiles. According to a Russian reformist daily paper, the Indian navy will replace the current helicopter carrier with Gorsicov. The Russian Department of Defense also revealed that the sale price will amount to more than US\$2 billion, which alone represents 80 percent of India's defense budget last year. The report pointed out that the sale may further worsen India-Pakistan relations, which have been already damaged due to the two countries' nuclear tests. It also said that the sale seems to aim to deter the PRC, and may rub the PRC the wrong way.

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 <u>other NAPSNet resources</u>.

We invite you to reply to today's report, and we welcome commentary or papers for distribution to the network.

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