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I. United States

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1. Capture of DPRK Submarine

Reuters (Yun Suk-bong, "SOUTH KOREA POSTPONES SUB RECOVERY," Donghae, 06/24/98) reported that the ROK Defense Ministry said that the navy on Wednesday postponed an attempt to raise the captured DPRK submarine from the seabed. Colonel Hwang Dong Kyu, a spokesman for the ROK Joint Chiefs of Staff, stated, "Our divers just completed securing the sub to ropes for the lifting operation but because it was too dark, the work was halted at 8:30 p.m." He said the navy would now try to raise the midget submarine and tow it to a nearby dockyard on Thursday.

Reuters (Yun Suk-bong, "S.KOREA: N.KOREA SUB CREW SURVIVAL UNLIKELY," Donghae, 06/24/98) and the Associated Press (Sang-hun Choe, "S. KOREA TRIES TO RAISE NKOREAN SUB," Donghae, 06/24/98) reported that the ROK navy on Wednesday was trying to raise the captured DPRK submarine from the sea. Naval Captain Oh Se-yuong, who led the towing operations, stated, "It is highly unlikely to see the North Korea crew come out of the sub alive. But we can not completely rule out the possibility of survival." Defense ministry officials said that the submarine must surface two to three times a day to recharge its oxygen. Major Kim Jung-woo, a spokesman for the ROK Joint Chiefs of Staff, stated, "The sub has not had a chance to recharge air since Monday afternoon. I don't think there will be survivors by now." Kim said that the submarine was believed to have come on a spy mission, arguing, "If it was not on a spy operation, the sub must have tried to send distress signals when was stuck in a fish mesh." Meanwhile, ROK President Kim Dae-jung on Wednesday stated, "North Korea is revealing two or three faces in its dealings with us. But our principles should not be shaken." He added, "We will not tolerate an armed provocation. But we have to wait and see if the submarine was drifting, as the North says, or it was spying on us. Then we will act."

US State Department Spokesman James Rubin ("STATE DEPARTMENT NOON BRIEFING, JUNE 23, 1998," Washington, USIA Transcript, 06/24/98) said that US side raised the issue of the captured DPRK submarine during general-level officer talks with the DPRK at Panmunjom on Tuesday. Rubin added, "Until we know more facts we'd prefer not to comment."

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2. UNC-DPRK Military Talks

The Washington Times (Willis Witter, "S. KOREA DOWNPLAYS SUB SEIZURE AT TALKS WITH NORTH," Tokyo, 06/24/98) reported that the UN Command (UNC) and the DPRK held their first military talks in seven years on Tuesday in Panmunjom. A UNC spokesman stated, "It was a good first step in establishing a crisis-management mechanism to help prevent or deal with any military incidents. The importance of such a mechanism to reduce tensions and discuss armistice issues was underscored by the apprehension of a North Korean submarine."

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3. Taiwanese Uranium Purchase

The Associated Press ("DUTCH APPROVE URANIUM SALE TO TAIWANESE NUCLEAR PLANTS," The Hague, 06/24/98) reported that Netherlands Economics Ministry spokesman Luuc van Zijp said Wednesday that the Dutch government has approved the sale of uranium to Taiwan for use in two nuclear power plants. Van Zijp said that the sale concerns enriched uranium which will not be used for weapons. Dutch Foreign Ministry spokesman Frank de Bruin stressed the uranium will be used for "peaceful purposes." He stated, "We respect the one-China policy, but we cannot ignore the fact that we also have economic ties with Taiwan."

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4. Taiwanese Reactions to Clinton's PRC Visit

The Associated Press ("TAIWAN REMINDS US OF ECONOMIC PULL," Taipei, 06/23/98) reported that Taiwan Vice Foreign Minister David Lee said Tuesday that Taiwan is far more important to the US economy than the PRC is. Lee said that Taiwan imported more than US\$23 billion worth of US products in 1997, while PRC imports from the US were less than US\$13 billion. Taiwan imports almost twice as much from the US as does the PRC. He stated, "Whether you consider democracy, freedom, human rights, or economic markets, Taiwan is America's true friend. China's future remains to be seen."

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5. US-PRC Missile Targeting

Reuters ("CLINTON HOPES FOR CHINESE DEAL ON MISSILE TARGETING," Washington, 06/24/98) reported that US President Bill Clinton said on Wednesday that he hoped to get an agreement during his PRC trip for the two countries to stop targeting nuclear missiles at each other. Clinton said that such an agreement would do "two things. It literally delays significantly the amount of time it takes to arm a missile and aim it, therefore eliminating the possibility of accidental firing and it also really increases the confidence between the countries that we're moving to reduce the nuclear threat."

Dow Jones Newswires ("EX-U.S. OFFICIAL URGES NO FIRST-USE NUCLEAR POLICY - KYODO," Tokyo, 06/24/98) reported that Thomas Graham, former Special Representative of the US President for Arms Control, Nonproliferation, and Disarmament, said Wednesday that the US should adopt a policy of "no first use" of nuclear weapons regardless of the PRC's decision over de-targeting its missiles. Graham, currently president of the private Lawyers' Alliance for World Security, stated, "It is my personal view that the United States should make a decision to issue a policy statement that its policy in the future is to not to be the first to use nuclear weapons under any circumstances." He added, "It's very important to reduce the political value of nuclear weapons," noting that one of the principal ways to achieve this is for the five recognized nuclear weapons states to adopt a no-first use policy. Graham is visiting Japan at the invitation of the Japanese Foreign Ministry and has held talks with officials at the ministry, the Defense Agency and Diet members.

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6. US-PRC Pollution Agreement

The Associated Press ("CHINA, U.S. TO OK POLLUTION PACT," Beijing, 06/24/98) reported that Xie Zhenhua, head of the PRC's State Environmental Protection Agency, appealed Wednesday for closer cooperation with the US in solving the PRC's pollution problem. Xie said that environmental agreements would be signed during US President Bill Clinton's state visit. He stated, "As two major players in the environmental field the two countries have broad prospects for cooperation." PRC economic plans for 1996 to 2000 call for a 450 billion yuan (US\$54 billion) investment in the environment.

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7. Alleged Missile Technology Transfer to PRC

The New York Times (Eric Schmitt, "HOUSE HEARS ABOUT ENCODED CIRCUIT BOARD MISSING

FROM CHINESE ROCKET," Washington, 06/24/98) reported that US officials said Tuesday that they suspected that PRC authorities took a secret encoded circuit board containing sensitive technology from the wreckage of US satellite aboard a Chinese rocket that exploded in 1996. The circuit board tells an orbiting satellite which way to point to receive and transmit signals to and from Earth. If the PRC did steal the circuit board, it would be a violation of a technology safeguard agreement that the PRC and the US last amended in 1993. A statement by the US National Security Agency stated, "If the encryption board were reversed-engineered, the knowledge gained could be used to strengthen adversaries' knowledge" of the devices the US uses to safeguard its communications systems. An unnamed senior Defense Department official said on Tuesday, "We're not 100 percent sure [the PRC] filched this encryption card. It may have just fallen out, but we have to assume they do have it." The Defense Department said in a statement it that the "loss of the chips" would actually have a "minimal impact" on national security. However, William Reinsch, an undersecretary of commerce for export administration, told a House hearing last Thursday that there "there would not have been any effect on national security" if PRC engineers illegally obtained the encoded device.

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8. Japan-PRC Territorial Dispute

Reuters ("JAPANESE SHIPS TRY TO BLOCK CHINESE CRUSADE," Taipei, 06/23/98) reported that Taiwan's state radio said that at least three Japanese coast guard vessels tried early on Wednesday to block Chinese nationalists from sailing close to disputed islands in the East China Sea. The three ships of Japan's Maritime Safety Agency pulled close to the four protest boats about 20 to 30 nautical miles from the islands. The activists said that they were intent on asserting Chinese claims to the archipelago. The 40 activists from Taiwan, Hong Kong and the PRC left a northern Taiwan fishing port for the islands on Tuesday night. Organizers said that the timing of the protest voyage had nothing to do with US President Bill Clinton's visit to the PRC.

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9. Kuril Islands

The Associated Press ("JAPANESE OFFICIAL VISITS KURILS," Tokyo, 06/24/98) reported that Japanese Cabinet minister Muneo Suzuki on Wednesday opened a goodwill trip to Kunashiri island in the disputed Kurils chain. It marked the first Japanese Cabinet-level visit there since the Soviet Union occupied the islands at the end of World War II. While there, Suzuki will offer US\$3.2 million for the reconstruction of a pier damaged in a 1994 earthquake, according to an anonymous Japanese official.

II. People's Republic of China

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1. Capture of DPRK Submarine

Jie Fang Daily ("DPRK SUBMARINE STRANDED IN ROK WATER AREA," Beijing, 06/24/98, A3) reported that a submarine of the DPRK ran aground in the East Sea of the ROK on June 22. The report said that the small-sized submarine was entangled in a fishing net. There were no mariners in the submarine, but officials could not exclude the possibility that some crewmembers had escaped from the sub.

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2. Hyundai Founder's PRC Visit

People's Daily ("ROK ENTERPRISER FINISHES HIS VISIT TO DPRK," Seoul, 06/24/98, A6) reported that Hyundai Group honorary chairman Chung Ju-yung finished his 8-day visit to the DPRK and came back to Seoul through Panmunjom. Chung said that during his visit, the two sides signed some cooperation agreements to develop the DPRK's tourist trade.

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3. UNC-DPRK Military Talks

People's Daily ("DPRK AND US RESUME GENERAL-LEVEL DIALOGUE," Seoul, 06/24/98, A6) reported that generals from the US Forces in the ROK and the army of the DPRK met at the truce village of Panmunjom on June 23, which was the first such meeting since 1991. The two sides reaffirmed the importance of continuing dialogue to build confidence, prevent misunderstanding, and reduce tension on the Korean Peninsula. The US and DPRK officers exchanged their views on the establishment of a crisis management mechanism to help prevent or deal with military incidents.

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4. KEDO Meeting

China Daily ("PENINSULA MEETING," Seoul, 06/23/98, A12) reported that the Korea Energy Development Organization (KEDO) will meet in Brussels next Monday to discuss how to share the cost of building two nuclear reactors in the DPRK. The ROK, the US, Japan, and the European Union will reassess the cost sharing of construction of the two reactors, originally estimated at about US\$5.2 billion.

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5. PRC-ROK Relations

China Daily ("NEW TOURIST ZONE," 06/18/98, A2) reported that the PRC and the ROK have agreed on measures to open the ROK as a tourist destination for Chinese citizens. Tourism earns the equivalent of billions of US dollars in foreign currency every year. The ROK expects to welcome 500,000 to one million Chinese tourists annually, bringing in US\$500 million to US\$1 billion.

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6. Clinton's Visit to PRC

Jie Fang Daily carried a report on PRC President Jiang Zemin's interview by Elizabeth G. Weymouth from US-based Newsweek ("CHINESE-US RELATIONSHIP MAINTAINS GOOD MOMENTUM," Beijing, A1, 06/23/98). During the interview, President Jiang said that the consensus that he and President Clinton reached last year has gradually come true. PRC-US relations have since witnessed constant improvement with new progress in wide-ranging bilateral cooperation and exchanges, Jiang said. The two countries have consulted and cooperated on a series of major international issues, such as promoting peace and stability on the Korean Peninsula, mitigating the Asian financial crisis and easing tensions in South Asia, Jiang said. He fully believes that the mutual visits by two presidents will further promote the development of PRC-US relations. Jiang announced at the interview that the PRC plans to sign the United Nations Covenant on Civil and Political Rights this autumn.

People's Daily ("CHINA ATTACHES GREAT IMPORTANCE TO CLINTON'S VISIT," Beijing, 06/24/98, A4) reported that PRC Foreign Minister Tang Jiaxuan met a group of Beijing-based US journalists on June 23. On the Taiwan issue, Tang said that it is the most sensitive and most important issue in PRC-US relations. Tang said, "We think President Clinton should publicly reaffirm the US commitment on Taiwan on appropriate occasions during his upcoming visit to China." He urged the US to abide by the principles of the 1982 Sino-US August 17 Communiqué, gradually reducing and eventually halting arms sales to Taiwan. Referring to the remaining sanctions the US has imposed on the PRC, Tang said that leaders of the two countries should "view and handle problems in bilateral relations from a strategic, long-term perspective." The remaining sanctions on the PRC imposed by the US after 1989 are no longer of any practical significance, Tang said. He added that the US government, proceeding from the larger interest of further improving and expanding Sino-US relations, should take appropriate measures to lift all sanctions imposed on the PRC. As to the Sino-US constructive strategic partnership, Tang said such a relationship is a normal state-to-state relationship. It is not an alliance, not exclusive, and not targeted at a third country.

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7. US-PRC Missile Targeting

When asked at a regular news briefing if the PRC and the US will sign an agreement on missile detargeting during US President Bill Clinton's coming visit, PRC Foreign Ministry spokesman Zhu Bangzao said that the PRC and the US should first reach an agreement on no-first-use of nuclear weapons, and then on detargeting missiles from each other, China Daily ("US INVITES CHINA TO OBSERVE EXERCISES," 06/19/98) reported. Besides, the PRC is holding discussions with the US on the observation of US military exercises and a seminar on conducting a joint naval exercise. Zhu said that the US army has invited representatives from the PRC People's Liberation Army to observe an air exercise in Alaska and a naval exercise in Hawaii in mid-July.

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8. Alleged Transfer of Missile Technology to PRC

Wen Hui Daily ("SUCCESSFUL LAUNCHES DUE TO COUNTRY'S OWN EFFORTS," Los Angeles, 06/21/98, A2) reported that the assertion that "China used US know-how to improve its nuclear ballistic missiles" is simply untrue. Zhang Xinxia, president of China Great Wall Industry Corp (CGWIC), said at a press conference on June 19 that it is due to ignorance of the development of the PRC's Long March launch vehicles that some in the US think the PRC's 10 successful launches in the past two years were the result of US assistance. In fact, according to Zhang, the Long March launches were successful before 1985, when the PRC first offered commercial services to foreign clients. After an LM-3B failed to launch the Intelsat 708 satellite on February 15, 1996, the PRC aerospace industry adopted strict measures to minimize problems, improve the production process and ensure the quality of its product, Zhang said. The underestimation of the ability of Chinese rocket experts by some in the US is illogical and unreasonable, Zhang said. He hoped that after learning the facts, people in the US would support the normal, commercial launch services provided by the PRC for US satellites.

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9. Russia-India Nuclear Deal

China Daily ("NUCLEAR DEAL," New Delhi, 06/23/98, A12) reported that India concluded a deal with Russia on June 22 to build the subcontinent's first large nuclear power stations. Indian experts

and officials said Russia's decision to revive a 10-year-old pact to build two 1,000- megawatt nuclear reactors in southern India broke the perceived isolation of the country after its nuclear experiments last month. The deal had been on hold since the collapse of the Soviet Union and is now estimated to be worth US\$3 billion.

China Daily ("US CONDEMNS NUKE DEAL," Washington, 06/24/98, A12) reported that the US condemned a Russian nuclear power deal with India on June 22, saying that the agreement undermined a united international front aimed at punishing India for last month's nuclear tests. US State Department spokesman James Rubin said that the US believes the Indian deal is inconsistent with Russia's commitments as a member of the Nuclear Suppliers Group. Russians have argued the proposed Indian reactors are exempt from these commitments, but the US disagrees.

III. Announcements

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1. Korean-American Convention

The National Association of Korean Americans (NAKA) announced that it will be holding its 5th National Convention on Saturday and Sunday, August 1-2, 1998, at the Quality Hotel Eastside, New York. The theme of the conference will be "Uniting Divided Koreans." Confirmed speakers include Dr. Ilpyong Kim, President of the International Council on Korean Studies; Dr. Stephen W. Linton of the Eugene Bell Foundation; Dr. K.A. Namkung, Director, Program on Conflict Resolution, Atlantic Council of the USA; and Rev. Dr. Syngman Rhee, Professor, Union Theological Seminary, VA. The conference will feature a panel discussion on "Half a Century of Korean Division," a luncheon speaker, workshops on Reunion of Separated Families, a reception, a gala dinner, and a tour of Ellis Island Museum (Optional). For a Brochure, registration, and further information, please contact [John Kim](#) at (212) 679-3482.

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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