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I. United States

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1. Agreed Framework

Reuters ("NORTH KOREA THREATENS TO SCRAP N-DEAL WITH U.S.," Tokyo, 11/24/98) reported that the DPRK's official Korean Central News Agency (KCNA) quoted a spokesman for the DPRK Foreign Ministry as saying Tuesday that US demands to see an underground facility could threaten the 1994 Agreed Framework. The spokesman stated, "If the U.S. wants to break the framework agreement while having no idea of making compensation merely because we do not show them the underground facility, we no longer need to observe the agreement inconveniently." He added, "Our implementation of the agreement is unthinkable without considering sovereignty, our lifeblood. We have always thought of how to respond in case the framework agreement breaks down. Now we are more watchful." The spokesman argued, "Since the adoption of the 1994 DPRK-US framework agreement, we have faithfully implemented it. Accordingly, there is no other underground nuclear facility in the DPRK than those frozen in the Yongbyon area." He noted, "We do not conceal the fact that owing to the specific conditions of the situation of Korea, there are many underground facilities

and tunnels in the DPRK. As for the underground facility suspected by the U.S. side, it has nothing do to with nuclear activity." He said that the US demand for unconditional inspections was a "grave violation of and insult" to DPRK sovereignty and dignity.

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2. Fuel Oil for DPRK

Reuters ("S.KOREA LG-CALTEX WINS N.KOREA ORDER," Seoul, 11/23/98) reported that the ROK's LG-Caltex Oil Corporation said on Tuesday that it has won an order by the Korean Peninsula Energy Development Organization (KEDO) to supply 22,000 tons of heavy residual fuel oil to the DPRK. The company said that the fuel oil with a 2.0 percent sulfur content would be loaded on a PRC-registered ship Anfu in the ROK port of Yosu on Tuesday and is scheduled to arrive in the DPRK port of Sonbong on Friday.

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3. US Military in Asia

The Associated Press (David Briscoe, "PENTAGON WANTS U.S. FORCES IN ASIA," Washington, 11/24/98), Reuters (Charles Aldinger, "U.S. REAFFIRMS MILITARY COMMITMENT TO ASIA," Washington, 11/23/98), and the Wall Street Journal (Eduardo Lachica, "U.S. REAFFIRMS BASIC STRATEGY FOR KEEPING PEACE IN EAST ASIA," Washington, 11/24/98) reported that a new Defense Department security review of East Asia reconfirmed the US commitment to keeping 100,000 troops in Asia even if the Korean crisis is resolved. Franklin D. Kramer, US deputy assistant secretary of defense, stated, "There was a time, maybe four years ago, when those countries weren't sure whether we would stay. We have made very clear to them that we do want to stay, and they've made very clear to us ... that they want us to stay even after a change in Korea." Kramer added that the US military position in Asia is more secure than it has been in recent years. US Defense Secretary William Cohen stated, "Asia is not as confident as it was in 1995. This presence helps us to shape events, to respond to crises, and to prepare for an uncertain future." The report reaffirms US alliances with Japan, Korea, Australia, Thailand, and the Philippines, as well as continued "comprehensive engagement" with the PRC and continued dialogue with the DPRK on nuclear and missile development. It also projects expanded cooperation with Russia in the region and looks positively on contacts between Russia and the PRC over regional security. The report also said that the development of a Theater Missile Defense system "is a key element" in the region's strategic equation. It stated, "We will continue our efforts to establish an arrangement with Japan to advance the technologies that will enable us to help defend Japan and counter the threat posed by (weapons of mass destruction) delivered by ballistic missiles." [Ed. note: The complete report is available online at [Defenselink](#).]

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4. Japan-PRC Summit

The Wall Street Journal (Matt Forney, "CHINA IS TURNING UP THE HEAT ON JAPAN TO GET WAR APOLOGY," Beijing, 11/24/98) reported that PRC President Jiang Zemin has two goals for his visit to Japan starting Wednesday: a formal apology for Japan's World War II atrocities, and a commitment that Japan will not support Taiwan. An unnamed Japanese foreign ministry official said that an apology is "being debated," but he stressed that Japan's apologies to the ROK "don't automatically mean Japan will apologize to China." Meanwhile, an unnamed Asian diplomat in Beijing said, "It would be a big victory for China" to receive a "Three No's" pledge from Japan on Taiwan. The

diplomat said that, because US President Bill Clinton already made such a statement, a similar pledge by Japan would "create the impression of momentum, which can then be turned against Taiwan." Lu Guanye, a professor at the China Institute for International Strategic Studies, writing in the state-run China Daily, said that US and Japanese security arrangements regarding Taiwan act as "a fire wall for the strengthening of Taiwan's independence movement, undermining China's reunification process."

Reuters (Teruaki Ueno, "MILITARY ISSUE TO CLOUD JIANG'S JAPAN VISIT," Tokyo, 11/24/98) reported that PRC President Jiang Zemin is expected to address the question of stronger military ties between Japan and the US during his upcoming visit to Japan. Japanese military analyst Haruo Fujii stated, "The stronger that military ties grow between Japan and the United States, then the more fragile becomes the relationship between Japan and China." He added, "Centering on the issue of Taiwan, China is nervously watching how Japan and the United States handle their security arrangements. The bottom line is that the new guidelines get on the nerves of the Chinese." Fujii warned, "Various issues between Japan and China, including the one on the Senkakus (Diaoyus), could trigger a quagmire of a regional military conflict." Terumasa Nakanishi, a professor of international politics at Kyoto University, stated, "China wants to weaken, if not to break up, the military alliance between Japan and the United States. China believes that if Japan has more say over security issues, it will have a negative effect on China's policy and influence towards Asia." Nakanishi said that Sino-Japanese relations were showing signs of improving after a visit to the PRC in 1992 by Japanese Emperor Akihito, but the revamped security ties between Japan and the US have hindered that improvement. He added, "The guidelines and Japan's stance towards Taiwan are basic ingredients of Japanese security and foreign policy. Accepting the Chinese demands would mean a complete reversal of Japan's policy." Nakanishi concluded, "The timing of President Jiang's visit is not good at all. On many points in the mid- and long-terms, Japan and China are heading for a worse state of bilateral ties."

The South China Morning Post (Willy Wo-Lap Lam, "JIANG TO WARN US, JAPAN OVER TAIWAN," Tokyo, 11/24/98) reported that an unnamed source in Beijing said that PRC President Jiang Zemin would issue a stern warning during his trip to Japan against Japan and the US using their security arrangement to "interfere" in the Taiwan Strait area. The source stated, "The Chinese fear that Tokyo's resolve to expand security cooperation with Washington will be consolidated following Bill Clinton's visit to Japan last week." He added, "Jiang is likely to tell [Japanese Prime Minister Keizo] Obuchi that the US-Japan security arrangement has no validity in Chinese territory. Moreover, the President may indicate that, should an armed conflict erupt in the Taiwan Strait area because of foreign interference, China is not afraid of US weaponry." The article said that PRC diplomats, led by Foreign Minister Tang Jiaxuan, have been pressing Japan to acknowledge at least privately that the US-Japan security arrangement does not cover the Taiwan Strait. Diplomatic sources in Tokyo and Beijing said that the PRC seemed resigned that Japan would not put down in the post-summit joint statement the "three nos" policy of not supporting Taiwan independence. On the Diaoyu (Senkaku) Islands, the PRC is expected to stick to the position enunciated by Deng Xiaoping in the 1970s that sovereignty disputes could be resolved by the "next generation of leaders" and that, in the meantime, joint economic development of the islands is possible.

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5. PRC-Russian Summit

The Associated Press ("RUSSIA SAID AGAINST TAIWAN FREEDOM," Beijing, 11/24/98) reported that PRC Foreign Ministry spokesman Tang Guoqiang said Tuesday that, during the summit between Russian President Boris Yeltsin and PRC President Jiang Zemin on Monday, Russia pledged not to sell weapons to Taiwan and to support the PRC's claim to the island. Tang said that Russia

specifically promised not to recognize Taiwan's independence or support the island's entry into international organizations comprised of sovereign states.

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6. Russian-PRC Military Cooperation

The Washington Post (John Pomfret, "CHINA, RUSSIA FORGING PARTNERSHIP," Zhuhai, 11/21/98, A13) reported that Russian Ambassador to the PRC Igor Rogachev said last week that PRC President Jiang Zemin's trip to Russia was a sign that hostility between Russia and the PRC had given way to a powerful "strategic partnership" that aims at forging a "new order" to challenge US domination. The article pointed out that, during the past four years, arms sales from Russia to the PRC accounted for US\$1 billion a year, roughly one-quarter of the two countries' total trade. Western defense experts said that the PRC's main weapons purchases from Russia are designed not to fill short-term combat capability but to gain access to advanced technology. Russian media reported in April that the Progress aviation firm in Arsenyev in the Russian Far East has started producing 30 Sunburn anti-ship missiles for the PRC. An unnamed official at the US Defense Intelligence Agency stated, "This one could hurt us." An unnamed Western diplomat in Beijing stated, "The line out of the Russian Embassy is that anyone privy to all the details of these deals is not that uncomfortable that Russia is giving away the farm. Also, they have a pretty healthy contempt for the Chinese military." Lieutenant General Vladimir Mikhailov, the vice-commander of Russia's air force, stated, "We are selling the Chinese very little. But if they want to buy the Su-30 [fighter-bomber], we will sell it to them." Richard Fisher, a specialist on the PRC military at the Heritage Foundation in Washington, said that the Su-30 would give the PRC "the basis of a modern strike capability." Eric McVadon, a former US Navy admiral and defense attache in Beijing, said, "Washington should worry about more advanced fighters and quiet diesel submarines that China might purchase from Russia. However, we should keep all this in perspective. China can use these things to make our lives more miserable in a future Taiwan crisis. Nevertheless, these purchases will not allow the PLA [People's Liberation Army] to surmount all its shortcomings and become a power able to threaten American power in Asia. The PLA is coming from a position of truly extraordinary backwardness and obsolescence."

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7. Taiwanese Missile Defense

The Associated Press ("TAIWAN WANTS US HELP IN MISSILE DEFENSE AGAINST CHINA-REPORT," Taipei, 11/24/98) reported that Taiwan's China Times newspaper reported Tuesday that Tang Fei, chief of the Taiwan military's general staff, said that Taiwan wants to deploy the most advanced version of the US Patriot missile defense system to protect a huge swath around Taipei, as well as the major cities of Taichung and Kaohsiung. The report said that a new Patriot system, estimated to cost more than US\$1 billion, would reinforce Patriots already being installed around Taipei. Tang conceded that the development of a Theater Missile Defense system in the US has yet to achieve major breakthroughs, but predicted eventual success. The Liberty Times said in a separate report that Tang also said that Taiwan has already formally applied to the US to purchase an unspecified number of advanced Aegis guided-missile destroyers. If the US agrees to the sale, the ships, which cost about US\$800 million each, would be deliverable in 2006.

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8. PRC-Taiwan Diplomatic Rivalry

Reuters (Lawrence Chung, "DEFYING BEIJING, TAIWAN RECOGNIZES MARSHALLS," Taipei,

11/20/98) reported that Taiwan on Friday established formal ties with the Marshall Islands, a former US dependency in the Pacific. Taiwan Foreign Minister Jason Hu said that plans to exchange ties had been kept secret to prevent interference by the PRC. Marshall Islands Foreign Minister Philip Muller said that, despite the move, the PRC is "still our friend," and that the Marshall Islands wanted simultaneous ties with Taiwan and the PRC. The move brought the total number of states recognizing Taiwan to 27. In recent years, the two countries have discussed disposing Taiwanese nuclear waste in the Marshall Islands, but opposition from environmentalists has frustrated the proposal. Taiwan's foreign ministry said that the two sides would increase exchanges and cooperation in agriculture, fishery, technology, and tourism.

Agence France-Presse ("CHINA PROTESTS AGAINST MARSHALL ISLANDS TIEUP WITH TAIWAN," Beijing, 11/20/98) reported that the PRC Foreign Ministry on Friday summoned Ambassador Carl Heine of the Marshall Islands to protest the establishment of diplomatic links with Taiwan. Heine stated, "It is an unfortunate thing. We have interest in establishing trade relations with Taiwan. It is strictly commercial, no politics." A PRC foreign ministry spokesman said that the PRC "firmly denounces countries with which we have diplomatic ties to set up official relations with Taiwan." An unnamed western diplomat in Beijing stated, "It's quite interesting that the Marshall Islands have switched at this point (when) the pattern is clearly in favor of the PRC." He added that the switch would not stop the PRC from persisting in its efforts to convince Taiwan's remaining allies to break ties with Taiwan. He stated, "They know it's a battle. They won't be satisfied until there is no country on the list." He said that the switch that really broke the deadlock for the PRC was South Africa earlier this year, following which no other countries had similar pull or credibility. He added, however, that it still made sense to win over the small countries because they have equal votes in the UN and in terms of the respectability they can confer on Taiwan.

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9. Taiwanese Elections

Agence France-Presse ("REPORT: CHINA TO OBSERVE DECEMBER ELECTIONS IN TAIWAN," Taipei, 11/17/98) reported that Taiwan's Independence Evening Post said last week that six members of the PRC's official Institute of Taiwan Studies under the Chinese Academy of Social Sciences will visit Taiwan from November 26 to observe elections scheduled for December 5. The paper added that the PRC delegation would call on Taipei Mayor Chen Shui-bian three days ahead of the elections. However, a spokesman for the non-profit Chinese Association for Eurasian Studies, the host of the trip, denied that the visitors would monitor the elections. The spokesman said, "They will be here to attend a seminar which is not open to the public." He added that both sides had reached a "tacit understanding" that the tour would be a low-profile one.

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10. PRC Military Reform

The Washington Post (John Pomfret, "CHINESE ARMY OUT OF BUSINESS?" Zhuhai, 11/23/98, A20) reported that Liu Jibin, chief of the PRC Commission on Science and Technology for National Defense, last week reiterated the PRC's commitment to ending the army's business activities. Liu stated, "In the past, the military had a large number of firms doing business. The military part of the budget was very small, so the military wanted to increase its income somehow. But these businesses belonged to a special historical and very abnormal situation, and we discovered that this road wasn't good for the army. The army has to rely on the country; if not, it can develop some very unhealthy manifestations." Liu said that by year's end, control of the army's major firms is to be transferred to the State Economic and Trade Commission, while provincial governments will take over smaller

firms now run by the PRC's seven military regions. He added that the PRC established in March a new branch within the army, the General Equipment Department, which will be responsible for ordering weaponry from his supervisory defense commission. The commission will then arrange for weapons production or for imports. He also noted that the defense commission is now under civilian, rather than military, control, and that the PRC's defense industry would be eased out of policy decisions. June Teufel Dreyer, an expert on the PRC military at the University of Miami, called Liu's comments a strong indication that President Jiang Zemin and Prime Minister Zhu Rongji "are taking some pretty serious steps to bring [the army] under the control of the Communist Party and the state." She said that Liu "went beyond code phrases" in his critique of the army's business practices. She added, "It represents very blunt speaking from someone as high-ranking as Liu."

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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