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I. United States

1. Perry's Visit to DPRK

US State Department spokesman James Rubin ("STATE DEPARTMENT NOON BRIEFING, MAY 24, 1999," Washington, USIA Transcript, 05/24/99) said that special US envoy to the DPRK William Perry will be meeting with senior DPRK officials. Rubin said that although there is no new information on the possibility of Perry meeting with Kim Jong-il, "it remains our view that it would be desirable."

The Associated Press ("U.S. ENVOY TALK ARMS WITH N. KOREA," Tokyo, 05/25/99) reported that the DPRK's official Korean Central News Agency reported that US envoy William Perry arrived in the DPRK on Tuesday. KCNA stated that DPRK Vice Foreign Minister Kim Kye-gwan met Perry at the Pyongyang airport. KCNA also said that later in the evening, Perry and his delegation attended a special reception hosted by the DPRK's First Vice Foreign Affairs Minister.

2. Inspection of Underground Site

US State Department spokesman James Rubin ("STATE DEPARTMENT NOON BRIEFING, MAY 24, 1999," Washington, USIA Transcript, 05/24/99) said that the US team conducting inspection in Kumchangri concluded its work. Rubin said, "They have left and they received good cooperation from North Korean officials. After the team's arrival back in the US, they will report to senior officials for a complete review of their work."

3. DPRK-PRC Relations

The Associated Press (Charles Hutzler, "NORTH KOREA'S NO. 2 LEADER EXPECTED TO VISIT CHINA NEXT WEEK," Beijing, 05/25/99) reported that Kim Yong-nam, head of the DPRK Supreme People's Assembly and second in line in the ruling DPRK's Workers Party, will visit the PRC next week. According to unnamed diplomats in Beijing, the visit will start on June 3. The PRC Foreign Ministry confirmed that Kim would be coming but did not reveal the specific dates of the visit. Kim's trip follows months of negotiations between the PRC and the DPRK officials to arrange a visit that would symbolize improving relations between the two countries. The DPRK delegation is expected to seek greater commitments for the fuel oil, fertilizer, and food that the PRC has given as aid to the DPRK.

4. US-Japan Military Cooperation

The Washington Post (Mary Jordan, "JAPAN APPROVES EXPANDED MILITARY ALLIANCE WITH U.S.," Tokyo, 05/24/99, A10) reported that the Japanese Diet gave final approval Tuesday to legislation for implementing the new US-Japan defense guidelines. In the event of military action in "areas around Japan," Japan would allow US forces to use Japanese hospitals and airstrips, Japanese ships would help with search and rescue operations in non-combat areas, and Japan would help with spare parts and other logistics for the US military and with some evacuations. However, Japanese troops are still barred from combat outside Japan.

5. Taiwan Military Exercises

The Associated Press ("TAIWAN TO HOLD MILITARY EXERCISES," Taipei, 05/25/99) reported that, according to Taiwan's Defense Ministry, Taiwan plans to hold month-long military exercises beginning Thursday to practice repelling a PRC invasion. Defense Ministry Spokesman Kung Fan-ting said Tuesday that the war games, code-named "Hankuang," or Chinese Glory, will primarily involve computer-simulated deployments of troops to repel PRC forces invading Quemoy Island. Kung also said that an exercise will be held next week in Taipei, where the Taiwan military will practice evacuations in the event of PRC missile attacks. Kung added that the exercise will be the first anti-missile attack exercise staged in Taiwan.

6. Alleged PRC Espionage

Dow Jones Newswires (Alex Keto, "WHITE HOUSE ACCEPTS CHINA NUCLEAR REPORT RECOMMENDATIONS," Washington, 05/25/99) reported that the White House said in a written statement that it would accept all of the Cox Committee's recommendations on tightening security procedures at US nuclear laboratories and for the review of commercial satellite launches and the export of sensitive technology. The statement did not dispute the report's conclusion that the PRC is actively exporting nuclear and missile technology to other countries, but insisted that the US is making progress in curbing this by engaging the PRC. 7. PRC Reactions to Espionage Allegations

Reuters (Matt Pottinger, "CHINA DENOUNCES 'HOSTILE' U.S. SPY REPORT," Beijing, 05/25/99) reported that PRC Foreign Ministry spokesman Zhu Bangzao on Tuesday criticized the US congressional report on alleged PRC espionage as "groundless." Zhu stated, "We think some people in the United States insist on clinging to the Cold War mentality. The goal is to stir up anti-Chinese sentiment by spreading the theory of a China threat." Zhu suggested the charges were being used to deflect the PRC's criticism of the NATO bombing of the PRC embassy in Yugoslavia on May 7. Zhu said, "Under this situation, some Americans have intensified the creation of rumors to exaggerate that China stole US nuclear technology."

8. US Missile Defense

Reuters (Charles Aldinger, "U.S. ABORTS 'THAAD' ANTI-MISSILE TEST," Washington, 05/25/99) and the Associated Press ("ARMY SCRATCHES ANTIMISSILE TEST," White Sands Missile Range, 05/25/99) reported that the US military on Tuesday canceled a scheduled test of a Theater High-Altitude Area Defense (THAAD) missile. Jim Eckles, a White Sands Missile Range spokesman, said that it was not immediately known what the problem was. The US Defense Department said no immediate decision was made on when to reschedule the test. According to Cheryl Irwin, a Defense Department spokeswoman, the decision to abort the test was made quickly after the Hera, a converted Minuteman target rocket, was launched. Irwin said, "This was not a THAAD failure. It was an aborted launch because of a failure in the target rocket. The target Hera missile developed problems immediately after it was launched."

9. Pakistan Nuclear Weapons

The Associated Press (Kathy Gannon, "PAKISTAN MARKS NUKE TEST ANNIVERSARY," Islamabad, 05/25/99) reported that Abdul Qadir Khan, the architect of the country's nuclear program, said Tuesday that Pakistan has enough nuclear weapons to "destroy the enemy in case of aggression." Khan stated, "Pakistan's defense is invincible.... I don't see any need to further waste our hard earned income to develop more strategic arms." Khan did not say how many nuclear weapons Pakistan had in its arsenal. Khan's address was part of a week-long celebration to mark the one-year anniversary of Pakistan's underground nuclear explosions conducted on May 28, 1998.

II. Republic of Korea

1. Inspection of Underground Site

JoongAng Ilbo ("U.S. FINISHES KUMCHANGRI INVESTIGATION," Seoul, 05/25/99) reported that the US team investigating the suspected underground nuclear facility at Kumchangri finished its first inspection. James Rubin, spokesperson for the US State Department, said on May 25 at a regular briefing, "Our team members completed the investigation and received adequate cooperation from North Korean officials." The team stayed there for 18 days and concluded the

initial inspection just before DPRK policy coordinator William Perry's visit to Pyongyang. A source from the ROK government said, "Perry originally wanted to visit North Korea after the Kumchangri investigation was concluded because he was afraid of not being able to meet North Korean leader Kim Jong-il." The source added that without any obvious signs of a nuclear buildup, Perry can conduct his visit in a more constructive atmosphere.

2. Perry's Visit to DPRK

Korea Times ("PERRY ARRIVES IN NK WITH HOPE TO MEET KIM JONG-IL," Seoul, 05/25/99) reported that senior US envoy William Perry arrived in the DPRK Tuesday for a four-day visit with the desire of delivering a package of initiatives, devised jointly by the ROK, Japan, and the US, directly to the DPRK leader Kim Jong-il. "Perry's schedule for a meeting with Kim Jong-il was not yet set, although he hopes to see the North Korean leader," an ROK government official said, adding that DPRK will not make a commitment to meet Kim in advance. However, analysts said that the prospects for Perry's meeting with the DPRK leader are rising after a DPRK news agency reported on his forthcoming visit to Pyongyang, demonstrating keen interest in Perry's mission. The US side also sees that, with Perry's status elevated to that of US President Bill Clinton's special envoy, the DPRK is likely to allow him to meet Kim. A State Department spokesman even told reporters that Perry would deliver Clinton's message to the DPRK leader. Meanwhile, the official said that Perry is unlikely to deliver a package of proposals, including diplomatic recognition and economic exchanges, in written form because it is crucial to secure the DPRK's commitment to the initiative first rather than pledging in detail on what kinds of "attractive" steps will be included in the package.

3. ROK Cabinet

Chosun Ilbo ("SECURITY TEAM LEANS TOWARD SUNSHINE," Seoul, 05/25/99) reported that Chun Yong-taek was appointed as the new head of the National Intelligence Service (NIS) on Monday, and Hwang Won-pak was made chief presidential policy advisor, completing the list of the country's top five security and foreign affairs policymakers. They join the new ministers of unification, foreign affairs and trade, and defense. While the line-up appears conservative, four having been generals, four in their sixties and two from DPRK, analysts say that the opposite is true. The Minister of Unification, Lim Dong-won, developed President Kim Dae-jung's three-level unification and sunshine policy theories. Hong Soon-young, long an advocate of an independent foreign policy, is expected to try to push that theory in his new post as Minister of Foreign Affairs and Trade. Chun is known to be loyal to the president, and after a year at defense is well aware of the president's views, which he will disseminate throughout the NIS. Adviser Hwang has had regular contact with the DPRK as a member of the Armistice Committee and as an ambassador.

4. ROK-DPRK Talks

JoongAng Ilbo ("MINISTER ENCOURAGES RESUMPTION OF NK TALKS," Seoul, 05/25/99) reported that ROK Minister of Unification Lim Dong-won, on his return to the ROK after the DPRK policy meeting held in Tokyo, emphasized the resumption of talks with the DPRK. Lim on May 25 said at the airport, "I will do my very best to resume talks with North Korea as soon as possible." He added, "During the 1990s, there was no mutual talks between South-North Korea due to the uneasy international situation, but now it's time for North Korea to engage in a positive dialogue." The minister also commented on William Perry's visit to the DPRK by saying, "It is the very first time an American special envoy has gone to Pyongyang in which North Korea is also able to express their

position."

5. Funding of Light-Water Reactor Construction

Korea Herald ("CABINET APPROVES BILL FOR POWER RATE INCREASE TO FUND NORTH KOREAN REACTORS," Seoul, 05/25/99) reported that the cabinet on Monday approved an amendment to the inter-Korean cooperation fund law which calls for imposing a 3-percent tax on power bills to help finance the construction of two light-water reactors in the DPRK. The latest revision authorizes the government to levy the special tax over the next five years and allows its extension for another five-year period if needed, officials said. The timing of the actual imposition of the surtax, however, will be determined by the government, the officials said, adding that it is unlikely to do so within the year given the economic difficulties facing the people amid the nagging recession. Instead, the government will issue bonds worth 330 billion won (US\$277 million) to meet this year's financial need for the light- water reactor project, as agreed on earlier with the ruling parties. The fund collected from the special tax can be used only in assisting the project and will be scrapped as soon as the US\$4.5- billion-project is over.

6. ROK Defense Budget

JoongAng Ilbo ("DEFENSE BUDGET RATE LOWEST IN 27 YEARS," Seoul, 05/25/99) reported that the national defense budget fell below the 20 percent level of total government expenditures for the first time since 1971. In contrast, the economic development budget surpassed the 30 percent barrier for the first time since 1971 as the International Monetary Fund (IMF) bailout forced the government to stimulate recovery. The Ministry of Finance and Economy on May 25 unveiled its 1998 budget report to the cabinet. According to statistics, national defense spending for last year reached US\$11.6 billion, a 3.7 percent increase from 1997. Its portion in the whole budget of US\$60 billion decreased however, from 21.3 percent to 19.3. The 1998 Education budget only rose 0.5 percent to US\$10 billion dollars, accounting for 16.6 percent of the total budget.

7. ROK-DPRK Economic Cooperation

JoongAng Ilbo ("TRAINS MADE IN NK IMPORTED," Seoul, 05/25/99) reported that Hyundai Precision and Industry Company announced on May 25 that it imported 44 cars of "hot coil carriage trains" from the DPRK through the port of Incheon. The imported trains are part of the economic cooperation agreement between Chung Ju-yung, the honorary chairman of Hyundai Group, and the DPRK. Hyundai will sell the cargo trains, made at the DPRK's Wonsan factory under the direction of Hyundai through training and assistance in design, to the National Railroad Administration next month. Hyundai plans to export cheap cargo trains, made in co-production with the ROK and the DPRK, while producing high-grade trains in the ROK.

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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