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I. United States

1. Four-Party Peace Talks

Reuters (Andrew Gray, "SOUTH KOREA REBUFFS NORTH AS PEACE TALKS RESTART," Geneva, 04/25/99) and the Associated Press (Alexander G. Higgins, "KOREAS TALK PEACE WITH CHINA, U.S.," Geneva, 04/24/99) reported that the US, the PRC, the ROK, and the DPRK began the latest round of Korean peace talks on Saturday in Geneva. Park Kun-woo, chief ROK delegate at the talks, said that the ROK was only willing to discuss the deployment of military forces once substantial progress had been made in establishing a permanent peace on the Korean Peninsula. Park stated,

"The only thing I can tell you for sure is that the role of the foreign, U.S. troops is not on the agenda." US Deputy Assistant Secretary of State Charles Kartman said after the first day's session, "We actually had good substantive discussions. We of course already have established procedures so we know exactly how we'll conduct these meetings but as first days go, this was a pretty good one. I think that it was pretty useful." Kartman added that the two sub-committees on tension reduction measures and on a peace agreement would hold meetings on Sunday. The PRC's chief delegate, Qian Yongnian, stated, "I think we need a little bit of patience. This is a very complicated matter which has been in existence for almost half a century. So we cannot hope to find a settlement in two or three sessions of talks."

2. Russian Role on Korean Peninsula

The Associated Press ("S.KOREAN PRES SEEKS RUSSIAN HELP IN RELATIONS WITH N.KOREA," Seoul, 04/26/99) reported that ROK President Kim Dae-jung on Monday told an eight-member Russian delegation led by Duma Speaker Gennady Seleznyov that the ROK would welcome any role that Russia could play in promoting peace on the Korean Peninsula. Kim also suggested expanding the four-party peace talks to involve Russia and Japan. Kim stated, "Russia is truly important for us, and its cooperation is essential to peace on the Korea Peninsula." Kim also said he hopes to sign an agreement in Moscow in late May to provide ROK investment in an industrial park to be built in Russia's Far Eastern region of Nakhodka, but he noted that the investment may need more time to be finalized because it also involves the PRC, Mongolia and the DPRK. An ROK presidential spokesman quoted Seleznyov as telling Kim, "Russia will do its best ... to contribute to the peaceful reunification of the two Koreas."

3. DPRK Tourism

The New York Times (Sheryl WuDunn, "SOUTH KOREANS ON VACATION TRY OUT THE NORTH," Seoul, 4/25/99, 8) reported that the Hyundai Corporation has transferred US$25 million per month since last December to a DPRK bank account in Macao as a fee for the Mt. Kumgang tourism project. Starting in June, the amount will be lowered to US$8 million per month. Approximately 50,000 ROK tourists have so far visited the DPRK, and this summer may be able to visit DPRK beaches as well as the mountain. Lee Shin-bom, an opposition member of the ROK National Assembly, argued, "We should not give cash to North Korea; we should give them fertilizer. They can buy materials for missiles from Russia with cash." The article said that critics of the project also argue that Kim Jong-il may spend the money on gifts to his aides.

4. Alleged DPRK Illegal Activities

The Washington Post (John Pomfret, "N. KOREA'S CONDUIT FOR CRIME CASH-POOR PYONGYANG USES TINY MACAU TO MOVE ITS DIRTY MONEY," Macau, 04/25/99) reported that intelligence reports said that DPRK diplomats moved US$620,000 in counterfeit US currency through Macau from late December to March. An unnamed Western security official stated, "In Macau, we are very attentive about this nuclear issue and at the same time about North Korean crime. The same people are doing both." The article quoted Western and Asian intelligence officials as saying that Macau has been the center of DPRK criminal activity for 25 years. About 38 DPRK diplomats live in Macau, while another 60 or so travel frequently to the territory. Unnamed Western and Asian intelligence officials said that the DPRK's criminal activities are run from Bureau 39, a wing of the Korean Workers' Party under Kim Jong-il's control that was formed in 1994. The article said that the DPRK's main base in Macau is the Zokwang Trading Co., which is staffed by DPRK officials who carry

diplomatic passports. In June 1994, Zokwang executives were arrested for depositing US$250,000 in counterfeit notes at a Macau bank. Unnamed Asian intelligence officials said that Ahn Jin-woo, a senior Zokwang executive, brought US$100,000 in counterfeit bills to Macau in late December, and that Zokwang officials also brought US$400,000 in counterfeit currency to Macau in January. Han Myong-chol, Zokwang's deputy general managing director, stated, "We have opened the gates to our country. The time has come to invest in North Korea." Portugal Brigadier General Manuel Suares Monge, the secretary for security in Macau, said that he believes companies like Zokwang are an indication of the DPRK's economy difficulties, stating, "They are buying things like milking machines for cows. They really have nothing in their country." He added, "North Korea is a very serious dictatorship, and its illegal businesses are sometimes state businesses. It's very difficult to deal with these activities. We have diplomatic relations with North Korea and we have to follow diplomatic protocol." Monge noted, "It is much easier to watch them here than if they worked in Iran. Open spaces like Macau are exceptional for espionage." An unnamed ROK diplomat stated, "When West Germany embraced ostpolitik, East Germany responded with espionage and other problems. We are very aware that Pyongyang could do the same." Unnamed Western and Asian sources said that the DPRK has been seeking permission from the PRC to establish a consulate in Hong Kong since territory returned to Chinese control. The sources said that the issue was raised when Kim Sungki from the DPRK's Foreign Affairs Ministry secretly went to Beijing on March 7 to help plan the celebration of the 50th anniversary of PRC-DPRK diplomatic relations.

5. Food Aid for DPRK

Reuters ("UN NEEDS $260 MILLION IN FOOD AID FOR N. KOREA," United Nations, 04/24/99) reported that World Food Program (WFP) executive director Catherine Bertini on Friday appealed for US$260 million in food aid for the DPRK. Bertini stated, "The amount of food available for the people continues to be insufficient to meet the most basic needs." She added, "Even with a relatively good harvest there is not enough food in the country to sustain all the people who need it." The main recipients of the aid would be 1.1 million children 11-17 years old and about 500,000 people over 60, or about 25 percent of the elderly population. Hospital patients, pregnant and nursing women, and unemployed urban workers who receive food for working in WFP projects would also be included. Bertini said that the WFP is now targeting older children who are underweight and showing other effects of the famine. The new appeal aims to provide 441,544 metric tons of cereals, 23,224 metric tons of oil, 22,918 metric tons of pulses, 39,690 metric tons of corn-soy blend, 8,840 metric tons of sugar, and 48,402 metric tons of high protein biscuits.

The Philadelphia Inquirer (Jennifer Lin, "CHILDREN FLEE TO CHINA," 04/26/99) reported that Gary Perkins of the UN High Commissioner for Refugees (UNHCR) said that the UNHCR is having a problem dealing with all the DPRK citizens, mostly children, who are escaping illegally into the PRC to flee the DPRK famine. Perkins stated, "if the United Nations sets up feeding programs, shelters or mobile orphanages, it could encourage more North Koreans to cross the border, which is the last thing China wants." He added, however, that if nothing is done soon, "That will be a tragedy ... there's a humanitarian situation that has to be taken care of."

6. US-Japan Defense Guidelines

The Associated Press (Joseph Coleman, "JAPAN PANEL OKS SECURITY GUIDELINES," Tokyo, 04/26/99) and Reuters ("AGREEMENTS MADE ON NEW US-JAPAN DEFENSE RELATIONS," Tokyo, 04/25/99) reported that a Japanese Diet committee on Monday approved most of the ruling coalition's legislative package on the new US-Japan defense cooperation guidelines. The full Diet is scheduled to vote on Tuesday. Kyodo News agency quoted Prime Minister Keizo Obuchi as saying,

"The government is very pleased." The guideline package does not include provisions to allow Japanese forces to inspect foreign ships to enforce economic sanctions, but that measure will be dealt with in separate legislation. An agreement reached late on Friday between the Liberal Democratic Party and the Liberal Party stipulated that Diet approval would be needed prior to any rear support activities and ship inspections, except in emergencies. The package also interprets "emergencies in areas surrounding Japan" as "situations that could result in the country becoming the target of armed attacks if no counter-measures were taken."

7. Japanese Diplomatic Report

Agence France-Presse ("JAPAN-US DEFENCE TIES 'STABILISE ASIA'," Tokyo, 04/24/99) reported that Japan on Friday released its annual diplomatic Blue Book. The report said that ties with the US "will continue to be the axis of Japan's diplomacy." It added, "Close dialogue and policy coordination between Japan and the United States will become more important with difficult tasks such as security in North-east Asia and instability of Asian and world economies piling up." The report also raised concern over the DPRK's missile development, but reiterated Japan's support for the Korean Peninsula Energy Development Organization as "the most realistic and effective option to prevent North Korean nuclear development." It also urged the PRC "to become a more constructive partner in the international community."

8. Taiwanese Missile Defense

The South China Morning Post ("TAIPEI 'READY TO BUY US MISSILE DEFENSE'," 04/22/99) reported that Dr. Chung Chien of the War College of Taiwan's Armed Forces University, a think-tank affiliated with the Defense Ministry, said that Taiwan will definitely join the US Theater Missile Defense system (TMD). Chung said that at the end of this month, the US should finish tests of the low-tier TMD system in Hawaii. He added, "After the testing we will purchase the system and the US is ready to accept the order." Chung said that because the US was trying to maintain a military technological balance between Taiwan and the PRC, "they have to provide Taiwan with a defense system to meet China's latest technology. And the Taiwan Government has to do something to assure its people that it is doing something to protect them, that is, by joining the TMD system." Chung said that the PRC had acquired the technology to make Electro-Magnetic Pulse (EMP) miniature warheads, which have the power to shut down all electronic systems in a limited area. He stated, "The PLA has three principles in its strategy to take over Taiwan: never kill anyone; if you have to kill, it should be only soldiers; if that is not possible, keep casualties as low as possible." He added that Taiwan faces four kinds of military threats from the PRC: EMP, a sea blockade, ballistic missile deployment, and cruise missiles.

The Washington Times (Bill Gertz and Rowan Scarborough, "RADAR REJECTION," 04/23/99, P9) reported that a US government inter-agency group agreed to reject a request from Taiwan for the sale of a long-range phased-array radar to provide early warning of PRC missile attacks. One unnamed US official critical of the decision stated, "This long- range radar was a high priority of the Taiwanese and it doesn't have anything to do with offensive arms. It would give 21 million people five minutes to duck and run." The article said that the Clinton administration also opposes a Taiwan request for another phased array radar deployed on US Aegis-class ships. US and Taiwanese officials are scheduled to begin on Tuesday their annual meeting on Taiwan's weapons requests. [Ed. note: This article was included in the US Department of Defense's Early Bird news service for April 23.]

9. Alleged PRC Espionage

The Associated Press ("HOW U.S. UNCOVERED CHINA'S SPYING," Washington, 04/23/99) reported that US intelligence agents relied on their own espionage methods--including electronic intercepts, development of friendly Chinese assets, and acquisition of a secret PRC government document--to discover the PRC's alleged spying on US nuclear weapons labs. One anonymous senior US intelligence official stated, "We had a source give us a document that contained classified U.S. information, and it was a Chinese document." He added that US officials determined that the information in the document "could only have obtained through espionage." John Pike of the Federation of American Scientists stated, "That sounds like a bit of an intelligence coup by the United States." Unnamed US officials said that the Central Intelligence Agency was upset that a version of the assessment of damage from PRC spying was going to be released publicly, as the assessment contains indications of the extent of US spying on the PRC.

II. Republic of Korea

1. Japan-ROK-US Cooperation

Joongang Ilbo (Jangsoo Seo, "TRIPARTITE POLICY COORDINATION GROUP ON NK POLICY TO BE FORMED," Seoul, 04/26/99) reported that the ROK, the US and Japan issued a joint agreement on Sunday stating that a group will be formed to institutionalize a process of policy cooperation and coordination towards the DPRK. Lim Dong-won, senior foreign affairs aide to ROK President Kim Dae-jung; William Perry, the US policy coordinator for the DPRK; and Kato Liojo, general chief of the Japanese Department of Foreign Affairs, held a top-level policy cooperation meeting in Honolulu, Hawaii for three days from April 23-25. They agreed to set up a tripartite coordination and control group in which top-ranking policymakers from the three countries will meet quarterly to coordinate DPRK policies.

2. UN Aid to the DPRK

Joongang Ilbo (Shang-bok Shim, "$260 MILLION WILL BE NECESSARY TO FEED STARVING NORTH KOREANS," Seoul, 04/26/99) reported that the World Food Program (WFP) recently said that US$260 million will be necessary to feed 8 million DPRK nationals next year. The amount is the largest since the WFP first sought to help the DPRK four years ago. The program's main targets will be to provide adequate nourishment to the 1.1 million children between the ages of 12 and 17, pregnant women, infants, nursing mothers, and an estimated 2 million of the DPRK’s elderly people. Even if no natural disasters occur in the DPRK for years to come, the DPRK lacks about 1 million tons of food necessary to feed its people, according to crop assessments carried out by the WFP and the Food and Agriculture Organization. An official at the WFP said that the appeal money will be used to buy cereals, oil, a corn-soy blend, sugar, and high-energy biscuits.

3. Russia Role on Korean Peninsula

Chosun Ilbo (Jun-ho Hong, "PRESIDENT MEETS RUSSIAN DUMA LEADER," Seoul, 04/26/99) reported that ROK President Kim Dae-jung met with Gennady Nikolayevich Seleznev, the Chairman of the State Duma of the Federal Assembly of the Parliament of the Russian Federation, and other Russian delegates at Chong Wa Dae on Monday. Chong Wa Dae spokesman Park Jie-won announced that the president had said that it was essential that the ROK has Russia's cooperation for peace in Northeast Asia, and that the ROK is working towards holding six-party talks with Russian participation. Park added that the president expressed hopes of signing a contract on the

construction of the Nakhodka Plant Complex and the development of the Irkutsk gas field when he visits Russia next month. He said that, since a continental railroad crossing through the DPRK is an important factor in the development of Irkutsk, the project stresses the importance for peace and stability on the Korean peninsula. Seleznev said that Russia will provide a great deal of positive support to Korea's unification if six-party talks are begun. "The most important thing in a unification is to do it peacefully, and never through war or conflict," he commented.

4. DPRK Border Security

The Korea Herald ("NORTH KOREA TIGHTENS SECURITY ALONG BORDER," Seoul, 04/26/99) reported, that according to unnamed intelligence officials, the DPRK has tightened security along its borders with the PRC and Russia. The DPRK in early April began issuing a new pass for crossing the border, thus intensifying controls on people going and coming across the downstream of the Tumen River border on the PRC and Russia. The officials believe that tightening of border security is occurring in relation to the spreading of negative news reports about the DPRK in the west. Under the special directives of Kim Jong-il early this year, ethnic Koreans in the PRC are allowed to visit their relatives in the DPRK only after their relationships are confirmed through telephone calls. In March, the DPRK issued a new pass for vehicles crossing the border with the PRC and Russia. To prevent border guards from receiving bribes from defectors and border traders, company commander-level officers of border security troops are being replaced every three months.

5. ROK Election Scandal

Joongang Ilbo (Shang-bok Shim, "FORMER SPY AGENCY CHIEF SENTENCED TO 5 YEARS IN JAIL," 04/26/99) reported that the ROK Supreme Court on April 26 upheld the earlier ruling by a lower court sentencing Kwon Young- hae, former chief of the ROK's intelligence agency, to five years in prison. Kwon was indicted for playing a critical role in the Agency for National Security Planning's "Northern Wind" plot in 1997, which intended to damage the presidential campaign of President Kim Dae-jung, then candidate of the opposition National Congress for New Politics.

6. DPRK Movie

Joongang Ilbo (Jangsoo Seo, "N.K. REPORTEDLY PREVIEWS FILM ON CHOI HYEON," Seoul, 04/25/99) reported that the DPRK reportedly held a preview of the second part of a film on the late Choi Hyeon. Choi was one of the late Kim Il-sung's partisan colleagues during Japanese colonial rule. Choi's biography is the 46th in a mammoth DPRK movie series titled "The Nation and Fate." According to the Pyongyang Broadcasting System, the movie depicts Choi Hyeon's conspicuous activities during the Korean War. Many cadres of the Chosun Workers Party, representatives of various social agencies in the DPRK, and residents of Pyongyang attended the preview held in the People's Cultural Palace. The first segment of the movie was shown on April 3.

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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