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## **I. United States**

### **1. US-DPRK Site Agreement**

Reuters ("NUCLEAR PACT ALLOWS BROADER N.KOREA TALKS-PERRY," Seoul, 03/26/99) reported that William Perry, US policy coordinator for the DPRK, said on Friday that the agreement to allow US access to an underground construction site clears the way for further negotiations. Perry stated, "If the nuclear agreement had not been reached it would have been very hard to proceed with North Korea on wider discussions and wider negotiations." Perry, who said he was in the ROK on an unofficial visit, said that the US was not contemplating military action against the DPRK. He argued, "I believe the consequences of military confrontation would be so serious we should exhaust every diplomatic measure before we even consider that." He added, "I have not set any time limits nor do I

plan to set any time limits in my recommendations."

## **2. Japanese Naval Engagement**

Reuters (Elaine Lies, "NORTH KOREA SAYS NOT INVOLVED IN SHIPS INCIDENT," Tokyo, 03/26/99) reported that Masaki Okada, deputy secretary for the foreign press at the Japanese Foreign Ministry, said on Friday that the DPRK's UN representative, in a conversation with his Japanese counterpart at the UN headquarters in New York, denied any DPRK involvement in the encroachment of two ships into Japanese waters. Okada quoted the DPRK UN representative as saying, "North Korea has nothing to do with this incident, so there is no reason for us to receive this" document submitted by the Japanese representative. Okada said a number of incidents in recent years have demonstrated the need for Japan to give more attention to its security needs. He stated, "This is not a change in our policy but is the result of the change of the overall atmosphere. We (have become) rather more sensitive to security issues in the last year." An official at the Maritime Safety Agency said that prior to this week there had been 18 confirmed incidents since 1949 in which ships of unknown origin had entered Japanese waters, the last in 1985. He added that fishing boats, mainly from the PRC and the ROK, have strayed into Japanese waters several hundred times each year and then been chased away.

## **3. DPRK Nuclear Freeze**

US State Department Spokesman James Rubin ("STATE DEPARTMENT NOON BRIEFING, MARCH 24, 1999," USIA Transcript, 03/24/99) said that reports of missing parts from the DPRK's Yongbyon nuclear reactor are not new, and were discussed with Congress on the public record in a General Accounting Office report in 1998. Rubin stated, "It's one of several important issues that remain unresolved with respect to North Korea's activities." He added, "The IAEA (International Atomic Energy Agency) has never described the equipment as missing; rather they have said it's unaccounted for. We have no basis or presence to conclude that North Korea is in violation of the agreed framework."

## **4. Alleged DPRK Drug Smuggling**

The Washington Post (Douglas Farah and Thomas W. Lippman, "THE NORTH KOREAN CONNECTION," 03/26/99, A21) reported that US and international drug officials said that the DPRK is expanding state involvement in the production and distribution of heroin and methamphetamines. An unnamed US official said that concerns about the DPRK's nuclear and missile programs have overshadowed its alleged drug trafficking. The official stated, "Everything can't be priority one or priority two or even priority four and five, you know, and narcotics is way down the list." James Lilley, former US ambassador to the ROK, stated, "The state is the mafia," adding that DPRK diplomats routinely use their diplomatic pouches to ship drugs and other contraband. A February report by the Congressional Research Service estimated that the DPRK in 1997 earned US\$71 million from drugs and US\$15 million from counterfeiting. US intelligence officials said that in about 1994 the government created the Korean Workers Party Bureau 39, a special office to generate hard currency that is under the direct control of Kim Jong-il. The officials said that the DPRK also shut down many of its embassies and told their remaining diplomats that they would have to start earning enough hard currency to pay the cost of operating their diplomatic posts and remit some home. US officials said that much of the bureau money is channeled through the Kaesong Bank for hard-currency purchases abroad. An unnamed US official stated, "These two offices, office 39 and Kaesong Bank, are Kim Jong-il's personal finance secretariat, basically discretionary income for Kim

Jong-il to spend it on whatever the heck he wants to spend it on. He can spend it on bicycles or Mercedes or watches." Senator Charles E. Grassley (R-Iowa), chairman of the Caucus on International Narcotics Control, stated, "We want to know why, with the indications we are getting the North Korean government is implicated in drug production, there is not more of an effort to confront the issue. We have got to stop ignoring drug trafficking and treating North Korea like a 'most favored rogue state' in the hopes they will unilaterally stop producing drugs." [Ed. note: This article was included in the US Department of Defense's Early Bird news service for March 26.]

## **5. US Policy toward DPRK**

The Los Angeles Times carried an opinion article by William J. Taylor, Senior Vice President for International Security Affairs at the Center for Strategic and International Studies, and Glenn Back, a Korea Policy Analyst in the Center's Political-military Studies Program ("THE TIME IS RIPE FOR ENGAGEMENT NORTH KOREA," 03/26/99) which said that the US should engage the DPRK in order to avoid the possibility of a devastating war. The article argued that, in the short term, the US must focus on preserving the 1994 Agreed Framework "while building on it to construct a mid-to-long-term strategy establishing diplomatic relations." It added, "U.S. recognition would eliminate the important source of North Korea's bargaining power--its unpredictability and secrecy." It also argued that formal relations would provide the US with more information on the DPRK and increase the DPRK's dependence on US aid. The article said that such a US move would encourage Japan to follow suit. It argued, "Peaceful relations with neighboring countries would reassure Pyongyang of regime survival for the foreseeable future." The authors suggested, "Normalization could begin with North Korea's agreement that formal relations with the United States are contingent on immediate and unequivocal verification of the North's nuclear program, establishment of procedures leading to cessation of the development and sale of missiles, a clear timetable for North-South dialogue under the 1991 Basic Agreement and Pyongyang's statement of intent to sign a permanent peace treaty with South Korea. For the United States, engagement now may be the only credible option left to maintain peace and to guide the two Koreas toward peaceful unification. "

## **6. US Food Exports to DPRK**

The Associated Press (Cliff Edwards, "WHEAT, SOYBEANS RISE," 03/25/99) reported that wheat and soybean futures rose Thursday on the Chicago Board of Trade amid rumors that the US government will approve exports to the DPRK and other countries. US officials have denied rumors that the administration is considering granting a one-time exemption to a ban on agricultural exports to countries that have been accused of sponsoring terrorism.

## **7. PRC Views of US Missile Defense**

Reuters (Stephanie Nebehay, "JIANG TO BACK NUCLEAR TALKS, BLAST U.S. SPACE SCHEME," Geneva, 03/26/99) reported that PRC President Jiang Zemin was scheduled to address the UN-sponsored Conference on Disarmament on Friday. An unnamed Western disarmament envoy told Reuters, "We are expecting him to talk about the US nuclear defense missile program." PRC envoy Li Changhe twice in recent weeks has called for negotiations on a ban on space weapons.

## **8. PRC Premier's US Visit**

The White House issued a press release ("WHITE HOUSE 3/26 RELEASE ON UPCOMING ZHU RONGJI VISIT," Washington, USIA Text, 03/26/99) which stated: "President [Bill] Clinton will host

Zhu Rongji, Premier of the People's Republic of China, for an Official Visit to the United States from April 6-14. Premier Zhu will spend April 7-10 in Washington, D.C. and will visit the President at the White House on April 8. The President and Premier Zhu will discuss a full range of issues, including security, economics, and human rights. In addition, the Premier and Vice President Gore will co-chair the second meeting of the U.S.-China Forum on Environment and Development. In addition to visiting Washington, Premier Zhu will spend April 6-7 in Los Angeles, April 10-11 in Denver, April 11-12 in Chicago, April 12-14 in New York, and April 14 in Boston."

## **9. PRC Reaction to NATO Airstrikes**

The Wall Street Journal (Matt Forney, "RAID ON YUGOSLAVIA DISCOMFITS BEIJING AND TRIGGERS CRITICISM," Beijing, 03/26/99) reported that analysts attributed the PRC's negative response to NATO's attacks on Yugoslavia to the government's fear that such an international strategy could one day threaten its own interests. An unnamed Asian diplomat in Beijing was quoted as saying, "The idea that NATO, or the US, is unilaterally solving internal problems is anathema for China, because it sees the same thing happening in Taiwan. It wants the chance to veto these things, or to make people court its vote."

## **II. Republic of Korea**

### **1. Japanese Naval Engagement**

JoongAng Ilbo ("NK REJECTS JAPAN'S DEMAND OVER TWO SUSPECTED SHIPS," Seoul, 03/26/99) reported that the DPRK turned down Japan's demand for the return of the two vessels that were detected in Japanese waters. The Japanese government submitted a document to the DPRK Mission to the UN on Thursday demanding the return of the two ships. The DPRK, however, immediately returned the document to Japan without even opening it, a reliable source said. The Japanese government also requested that the DPRK hand over the crewmembers, but that was also rejected. Japan is now considering another line of approach to obtain the return of the vessels. Meanwhile, the DPRK denied any connection with or knowledge of the suspected boats.

Chosun Ilbo ("JAPAN CONFIRMS IDENTITY OF NK SPY SHIPS," Seoul, 03/26/99) reported that the Japanese government officially confirmed Friday that the boats encroaching into its territorial waters were DPRK spy vessels. Japanese Minister of Defense Narota told the Diet that his ministry was investigating the mission of the vessels in Japanese waters. Narota also said that there were too many rules regarding engagement during coastal patrols and so he was studying easing these. Transport minister Kawasaki said that he was considering arming coastguard aircraft. The ministry controls seventy aircraft that only carry flares. The Japanese foreign ministry reported that DPRK officials claimed the vessels had nothing to do with their country. An official said that the UN representative denied any involvement and refused to accept a written request to arrest and hand over the occupants of the ships.

### **2. US Policy toward DPRK**

Chosun Ilbo ("PERRY SUPPORTS ENGAGEMENT POLICY," Seoul, 03/26/99) reported that William Perry, the US policy coordinator on the DPRK, said Friday that an engagement policy towards the DPRK would be implemented without any definite temporal framework, continuing that his report to the US administration would not include any such considerations. The former US defense secretary made the remarks when he was asked whether he would propose a hard-line stance if the DPRK

refuses to collaborate with soft-line engagement deals. Perry was delivering a keynote speech at an international conference on security in the Asia-Pacific region cosponsored by the Chosun Ilbo and the Korea Political Science Society. Perry said in his speech that he hoped that no military action against the DPRK would have to be taken in the future as the consequences would be grave. He reiterated the importance of exhausting all channels of diplomacy before considering resorting to military force.

### **3. Defection of DPRK Diplomat**

Chosun Ilbo ("NK DIPLOMATS LEAVE BANGKOK," Seoul, 03/26/99) reported that all six of the DPRK diplomats declared persona non grata by the Thai government have now left Bangkok along with their families. First secretary Kim Ki-moon had departed Thursday for Pyongyang via Beijing, and the remaining five flew out Friday. With the expulsions of the diplomats, DPRK interests are represented by just two officials, charges d'affaires Wi Seok-yon and councilor Lim Jong-deok, and a driver. The DPRK is currently negotiating with the Thai government over the fate of four alleged agents hiding out at the embassy whom Thailand has issued arrest warrants for. Officials from Thailand's immigration department said that Hong Won-myong was cooperating with the authorities following his release from the embassy. The Hong families have indicated to the UN High Commissioner for Refugees that they wish to head for the US as an initial destination, although they may end up in the ROK.

### **4. ROK-Egypt Summit**

Korea Times ("MUBARAK TO VISIT KOREA APRIL 9," Seoul, 03/26/99) reported that Egyptian President Mohamed Hosni Mubarak will make a three-day state visit to the ROK from April 9, becoming the first Egyptian head of state to make the trip. ROK President Kim Dae-jung will hold a summit with Mubarak upon his arrival to seek ways of promoting bilateral cooperation and peace and stability in Northeast Asia and the Middle East, Chong Wa Dae spokesman Park Jie-won announced on Thursday. Park said Mubarak's visit would elevate ROK-Egypt ties to a higher level, noting that there has been steady progress in bilateral relations since the two nations established diplomatic ties in April 1995. The ROK government voiced the hope that Mubarak will play a critical role in helping non-aligned Third World countries and Arab nations better understand Kim's "Sunshine Policy" toward the DPRK. President Kim will reaffirm the ROK's support for the achievement of peace in the Middle East in his summit with Mubarak, the spokesman said.

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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