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I. United States

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1. Four Party Talks

The United States Information Agency ("10/24 JOINT PRESS ANNOUNCEMENT AT KOREA FOUR-PARTY TALKS," Geneva, USIA Text, 10/26/98) carried the following joint press release issued following the latest round of four- party peace talks for the Korean Peninsula: "The third plenary session of the Four Party Talks was held in Geneva from October 21 to 24, 1998. Delegations of the four parties, the DPRK, PRC, ROK, and U.S., had useful and constructive discussions which were conducted in a business-like manner. In this session, the four parties agreed to establish two subcommittees to discuss respectively the establishment of a peace regime on the Korean Peninsula and tension reduction there. Further, they adopted a 'Memorandum on the Establishment and Operation of the Subcommittees' to guide the work of the subcommittees. The fourth plenary meeting will be held in Geneva from January 18 to 22, 1999. A preparatory meeting at deputy head level will be convened to discuss arrangements for organizing the work of the next plenary session in Geneva a day before the plenary meeting. The Chair state will prepare for the plenary session from the closing of the previous plenary session and will assume chairmanship for the preparatory meeting before the plenary session. The four delegations expressed their deep appreciation to the Swiss government for its support for this meeting."

The United States Information Agency ("10/24 JOINT PRESS ANNOUNCEMENT AT KOREA FOUR-PARTY TALKS," Geneva, USIA Text, 10/26/98) carried the following "Memorandum on the Establishment and Operation of the Subcommittees" issued following the latest round of four-party peace talks: "1. The four parties agreed to establish two subcommittees during the third plenary session of the Four Party talks held in Geneva from October 21 to 24, 1998. The subcommittees will discuss respectively the establishment of a peace regime on the Korean Peninsula and tension reduction there. 2. Each subcommittee delegation will be headed by one of the plenary delegation members. The number of representatives of each delegation will be determined at the discretion of each party. Experts may accompany delegations to subcommittee meetings as necessary. 3. The subcommittees will commence substantive work beginning with the fourth plenary and will be convened during each plenary session thereafter. The subcommittees will report their work to the plenary before the end of each round. 4. The Chair state of the plenary session will also assume chairmanship for the subcommittee meetings."

The Associated Press (Philip Waller, "OFFICIALS AGREE TO HOLD KOREA TALKS," Geneva, 10/24/98) and the New York Times (Elizabeth Olsen, "U.S., CHINA AND THE 2 KOREAS TAKE A FIRST STEP TOWARD PEACE," Geneva, 10/25/98, 7) reported that delegates from the US, the PRC, the DPRK, and the ROK said Saturday that, in reaching an agreement on the formation of subcommittees, they have removed the last obstacles to holding substantive talks on a permanent peace regime for the Korean Peninsula. PRC Ambassador Qian Yong-nian stated, "It has been a tangible result." He added, however, "We have not yet touched on any substantive matters. This time, we worked on procedural matters." An anonymous US official called the meeting a success and said the "substantive work" would begin when negotiators hold the next round of talks in Geneva in January. He added that the US stood by its refusal to put troop withdrawals on the agenda. DPRK officials on their part insisted that they had not changed their position, saying that troop withdrawal and a peace agreement with the US are still among their fundamental demands. Park Kun-woo, head of the ROK delegation, stated, "With the launch and operation of the subcommittees, we hope to initiate a long-awaited and eagerly sought in- depth discussion." An unnamed senior US official stated, "This was the progress we expected, and the minimum we could accept."

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2. Japanese Views of Four-Party Talks

Reuters ("JAPAN HAILS KOREA TALKS, MAY JOIN IN FUTURE," Tokyo, 10/26/98) reported that Japanese Deputy Foreign Minister Shunji Yanai on Monday hailed the agreement reached in the most recent round of Korean peninsula peace talks as a positive contribution to Asian stability. Yanai was quoted by Japan's Kyodo News Agency as saying, "We welcome this agreement as an important forward step for peace and stability in East Asia." He added that he hoped the DPRK would respond to the agreement "constructively." Yanai said that to promote trust and a reduction of tension, participation by countries like Japan and Russia, with a "strong connection" to the issue, could be necessary at some point in the future. He stated, "I believe there is this possibility."

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3. DPRK Underground Construction

The New York Times (Elizabeth Olsen, "U.S., CHINA AND THE 2 KOREAS TAKE A FIRST STEP TOWARD PEACE," Geneva, 10/25/98, 7) reported that, in bilateral discussions concurrent with the four-party peace talks in Geneva, the US and the DPRK made progress on the question of underground construction in the DPRK. An unnamed senior US official suggested that an official US visit to the site could be announced soon.

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4. Hyundai Visit to DPRK

The Associated Press ("HYUNDAI CHIEF TO VISIT NORTH KOREA WITH 501 MORE CATTLE," Seoul, 10/26/98) reported that five Hyundai executives flew to the DPRK Monday to prepare for Tuesday's scheduled border crossing by honorary chairman Chung Ju-young with 501 more cattle. Hyundai officials said that Chung's four-day visit would decide the exact date of the first Hyundai tour to the DPRK's Mt. Kumgang. They added that they hope the first ship can sail in mid-November. Hyundai officials also said that Chung expects to meet Kim Jong-il during this week's visit.

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5. Alleged Plot to Influence ROK Election

The Associated Press ("FOUR SOUTH KOREANS INDICTED IN ALLEGED PLOT WITH NORTH KOREA," Seoul, 10/26/98) reported that former ROK presidential aide Oh Jong-eun and businessmen Han Sung-ki and Chang Sok-jung were indicted Monday in an alleged plot to get the DPRK to stage a brief border skirmish to sway the result of last year's ROK presidential election. The three were charged with illegally contacting and meeting DPRK officials. Kwon Young-hae, former head of the Agency for National Security Planning, was indicted on a charge of dereliction of duty in not investigating the case. If convicted, each of the four could get up to 10 years in prison. Kwon is already serving a five-year prison term after being convicted in a separate plot to depict ROK President Kim Dae- jung as a communist during the election campaign.

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6. ROK Economy

Dow Jones Newswires ("SOUTH KOREA'S JOBLESS RATE FELL TO 7.3% IN SEPTEMBER," Seoul, 10/26/98) reported that the ROK National Statistical Office said Sunday that the unemployment rate reached 7.3 percent in September, slightly lower than the 7.4 percent in August, as a result of an increase in jobs in public works. The office said that it was the second straight month of decline in unemployment. However, the seasonally adjusted jobless rate stood at 8.4 percent in September, up

from 8.1 percent a month earlier.

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7. PRC-Taiwan Diplomatic Competition

Reuters ("PAPER: TONGA TO SWITCH TIES TO CHINA FROM TAIWAN," Taipei, 10/24/98) reported that Taiwan's China Times newspaper reported on Sunday that the South Pacific island Kingdom of Tonga will sever diplomatic ties with Taiwan and recognize the PRC. The paper quoted unnamed sources in the PRC as saying that Tonga and the PRC had reached a normalization agreement. It also quoted an unnamed Taiwan foreign ministry official as saying that Taiwan was aware of the situation, but had not yet decided whether to announce it was cutting ties with Tonga. Taiwan Foreign ministry spokesman Roy Wu stated, "We don't confirm the report, but we also don't deny it."

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8. PRC-Russian Relations

The Associated Press ("RUSSIA SPEAKER ARRIVES IN BEIJING," Beijing, 10/25/98) reported that Gennady Seleznyov, the speaker of the Russian parliament, arrived in Beijing on Sunday along with a delegation from the Russian Duma. Seleznyov is expected to meet with PRC President Jiang Zemin, Li Peng, the chairman of the legislature, and Prime Minister Zhu Rongji. The group also plans to visit Shanghai, Shenzhen, and Hong Kong.

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9. Russian Missile Test

The Associated Press ("NEW RUSSIA MISSILE MAY HAVE FAILED," Moscow, 10/24/98) reported that Izvestia newspaper said Saturday that one of Russia's Topol-M intercontinental ballistic missiles exploded shortly after takeoff in a test last week. Izvestia said that the missile blew up in the first stage of its launch from the Plesetsk launchpad in Russia's far northwest, falling harmlessly nearby. It added that the cause of the failure had not been determined. Russian First Deputy Prime Minister Yuri Maslyukov has said that Russia must build 35 to 45 Topol-Ms a year starting in 2000 to update its force.

II. Republic of Korea

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1. Alleged ROK-DPRK Naval Cooperation

JoongAng Ilbo ("ROK NAVY TO MANEUVER INSIDE DPRK'S AREA," Seoul, 10/26/98) reported that Hyundai officials said that the ROK navy's vessels could be mobilized to DPRK territory in emergency cases involving Mt. Kumgang tourist cruises. Hyundai recently agreed to joint sea rescue operations with the DPRK government. The agreement states that, in an emergency, the DPRK would notify the ROK of the details and then launch a joint rescue operation. The accident area would be declared as a contingent sea rescue zone, and a second Demilitarized Zone (DMZ) would be established inside DPRK territory. Mt. Kumgang tourist cruises would be escorted by the ROK warships and be transferred to the DPRK navy at the Military Demarcation Line. The DPRK also would supply convoy cruisers to its warships. Chun Yong-taek, the Minister of National Defense stated, "We are considering various countermeasures, preparing for emergency cases." [Ed. note:

According to a late report by the ROK's state-run Yonhap News Agency, the ROK Ministry of Unification has officially denied this report.]

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2. Medical Assistance to DPRK

JoongAng Ilbo ("JOHNS HOPKINS MEDICAL SCHOOL TO OPERATE A HOSPITAL IN DPRK," Seoul, 10/26/98) reported that the Medical School of Johns Hopkins University is trying to operate a hospital in Chongjin, DPRK, with the help of Mercy Corps International. According to the October edition of the monthly "Newsletter" issued by the Korea Trade and Investment Promotion Agency (KOTRA), Johns Hopkins University and health authorities in the DPRK Hambuk local government agreed on this issue in June of this year, and are now waiting for a final decision from the DPRK central government. A source at Johns Hopkins University said that the university dispatched a representative from its medical school to the PRC-DPRK border area in PRC from January through September this year and operated a mobile hospital with 20 doctors and other medical personnel there. At that time Johns Hopkins and DPRK officials met and agreed to medical cooperation. Johns Hopkins will resume operating a second mobile hospital from late October to March 1999. Meanwhile, Mercy Corps International, which has already donated US$5 million worth of medical assistance during the last two years, will possibly take charge of financial assistance.

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3. Alleged Plot to Influence ROK Election

JoongAng Ilbo ("SHOOTING PLOT RESULTS LEFT NOTHING BUT SUSPECTS," Seoul, 10/26/98) reported that the thoroughly investigated and highly contentious "Panmunjom Shooting Plot" turned out to be nothing more than another unresolved, suspicious incident. According to the official announcement by public prosecutors on October 26, the plot involved 3 people: Han Sung-ki (former Jinro Group adviser), Oh Jung-eun (former Chong Wa Dae administrative official), and Chang Sok-jung (trader to the DPRK). It was attempted late last year to help Lee Hoi-chang of the Grand National Party win the presidential election against Kim Dae-jung of the National Congress for New Politics (NCNP). Moreover, Kwon Young- hae, the former head of the Agency of National Security Planning, knew from the very beginning about the conspiracy and tacitly endorsed it. The prosecutor said, however, "We have not found any definite evidence against Lee Hoi-sung, Lee Hoi-chang's younger brother, so we will keep searching for it in the future." Nevertheless, the announcement is far from what the general public first heard from the government and the ruling NCNP side since they strongly suggested Lee Hoi-chang's involvement in the incident. The result, according to the paper, was just to put 3 mediocre suspects in jail without any further revelations.

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4. Hyundai Visit to DPRK

Chosun Ilbo ("CHUNG TO TAKE SECOND BATCH OF CATTLE TO DPRK," Seoul, 10/25/98) reported that the Hyundai business group announced Sunday that honorary chairman Chung Ju-young will make another trip to the DPRK on Tuesday, accompanying a second batch of 501 cattle he is donating to the DPRK. Chung will cross the Demilitarized Zone at Panmunjom with a convoy of trucks holding the cattle from Hyundai's Seosan Farm. The company is also to sell twenty passenger cars, including five "Dynasty" models, to the DPRK Asia-Pacific Peace Committee on a deferred payment business. Included in the party traveling to the DPRK are Chung's son Chung Mong- hun, chairman of the business group, and three executive directors. The visit is at the invitation of de

facto DPRK leader Kim Jong-il and it is expected that a face-to-face meeting between Kim and Chung will take place.

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5. Foreign Investment in ROK

Korea Herald ("IFC TO OPEN SEOUL OFFICE NOVEMBER 2," Seoul, 10/27/98) reported that the International Finance Corporation (IFC), a private- sector investment arm of the World Bank Group, will open its Seoul office on November 2 to step up its investment in the ROK. It has made an investment commitment of US$382 million in the ROK since the nation fell into a currency crisis late last year. "With the opening of its Seoul office, IFC investment in the ROK will move into high gear," Deepak Khanna, senior investment officer of the IFC and head of its Seoul office, said on Monday. According to the Ministry of Finance and Economy, the IFC concluded US$247 million worth of investment contracts for four financial projects in June, and will invest an additional US$125-million in manufacturing. "Now is the appropriate time to increase investment in the ROK. The IFC investment will have a demonstrating effect on other foreign investors," Khanna said.

III. Russian Federation

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1. RF-PRC Military Cooperation

Nezavisimaia gazeta's Igor Korotchenko ("DEFENSE MINISTER'S BEIJING INITIATIVES," Beijing, 2, 10/23/98) reported that RF Defense Minister Igor Sergeyev, on an official visit to the PRC, held talks Thursday with the chiefs of the People's Liberation Army (PLA) of China behind closed doors and visited the PLA Academy of National Defense, where he delivered a speech. In his speech he stressed that "Russia and China need to exchange information about each other as frequently as possible, in order to reach a maximum possible transparency in military policies and military intentions of the parties." He characterized RF-PRC relations as "very stable, friendly and open." Sergeyev's current visit is the third of that high military level in the past 4 years. In 1992, the RF-PRC military technical cooperation commission was established. From 1992-1997, the RF delivered to the PRC its Su-27 fighters, S-300PMU1 and Tor-M1 AA missile complexes, 877.EKM ("Kilo"), and 636 multipurpose submarines. The PRC intends to continue to import arms from the RF, and that issue was to be discussed with General Colonel Chang Wannian, Deputy Chairman, PRC Central Military Council, on Friday. In case an agreement is reached, the PRC will get RF-made "newest radar stations, anti- submarine helicopters, infantry fire-throwers, self-propelled howitzers, ship-based AA missile complexes and much more till the year 2000."

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2. RF-Taiwan Relations

Segodnya ("ONE SHOULD BE MORE DISCRIMINATE IN INTER-PARTY CONTACTS," Moscow, 3, 10/22/98) reported that a visit of a group of 40 RF parliament members headed by Vladimir Zhirinovskiy, leader of Liberal Democratic Party of Russia (LDPR) and its faction in the RF State Duma, to Taiwan ended with an international scandal. RF State Duma Chairman Gennadiy Seleznyov said that that the Duma at its plenary session on Thursday would consider a resolution to "disown this visit," as it was not formally authorized by the Duma. The need to consider such a resolution was prompted by a note of protest from the PRC Embassy in Moscow. Yet this action might prove not

enough for face-saving, because prior to the visit the RF Foreign Ministry warned the Duma about its negative consequences. Indeed, a most improper time was chosen for that step in strengthening of inter-party contacts between LDPR and Taiwan's Kuomintang, as it coincided with RF Defense Minister Igor Sergeyev's official visit to Beijing, where he held talks on RF-PRC military technical cooperation. Moreover, Gennadiy Seleznyov himself is scheduled to go on an official visit to the PRC next week. Representatives of the PRC Embassy also visited the RF Foreign Ministry to protest against what Zhirinovskiy said in Taiwan, particularly his invitation to Taiwanese President Lee Teng-hui to visit Moscow. Such a visit would surely jeopardize the RF-PRC "strategic partnership," though Valeriy Nesterushkin, Director, Information and Press Department, RF Foreign Ministry, ruled out such a possibility, saying, "It is doubtful that in Taipei they don't understand the situation." Segodnya's author pointed out that foreign trips of legislators are not controlled by the executive authority, and therefore the number of those wishing in the future to accompany Zhirinovskiy abroad will hardly diminish, because as a rule it is foreign hosts that bear the cost of such visits.

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3. RF-Japan Regional Contacts

Kommersant daily's Andrey Ivanov ("SAKHALIN PREPARES A SEPARATE TREATY WITH JAPAN," Moscow, 4, 10/23/98) reported that talks were held in the city of Yuzhno-Sakhalinsk between the authorities of Sakhalin and Hokkaido, with final touches being applied to a treaty of friendship and economic cooperation between those two respective regions of the RF and Japan. The unprecedented document is to be signed this November. "It will be a mini peace treaty of its own kind," said Sakhalin Region Governor Igor Farkhutdinov, a member of the RF-Japan commission on RF- Japan peace treaty drafting issues. Farkhutdinov is strongly in favor of the regional-level treaty, yet at the same time he is well-known in opposition against a return of the South Kuril Isles as a payment for normalization of RF-Japan relations. As for Hokkaido authorities, they believe that, irrespective of the way the territorial issue is to be solved, Hokkaido-Sakhalin economic ties will develop to become a model for Japan-RF relations in general. Presently both regions suffer from financial crises, but inter-regional trade has been growing.

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4. Kurils Issue

Sovetskaya Rossia ("KURILS GIVE-AWAY GAME," Moscow, 3, 10/22/98) published an article dedicated to the 5th anniversary of the RF-Japan Tokyo Declaration by A. Plotnikov, Ph.D. (History), Deputy Chairman, Kurils Protection Committee. Plotnikov in particular stressed that this "allegedly official document" signed on October 13, 1993 in Tokyo by the RF President and Japanese Premier has neither been considered in the RF parliament since then, nor even officially published in the RF. Therefore, although referred to frequently in bilateral documents, it in fact does not have "a necessary legal status." Analyzing the Declaration, the author claimed that in many instances it confirmed Japanese positions and revoked Soviet ones and thus "seriously dilutes the sovereignty of the RF." Quoting historical facts in favor of the latter and denouncing the "clumsy attempts of certain Russian circles to push through the issue," the author emphasized that "under the RF Constitution and its laws the state territory in unalienable, and any bargaining here is out of place."

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5. RF Participation in APEC

Nezavisimaia gazeta's Svet Zakharov ("MOSCOW IS GETTING READY FOR KUALA LUMPUR

SUMMIT," Moscow, 6, 10/22/98) reported that the RF delegation to the APEC meeting in Kuala Lumpur to be held October 12-18, where the RF will be officially announced as a member state, will be headed by RF Premier Yevgeniy Primakov, who will participate in the APEC summit there as well. It is expected that Igor Ivanov, Foreign Minister, Andrey Shapovalyants, Economic Minister, and Valeriy Gabunia, Trade Minister and Chairman of the Commission on RF Participation in APEC, will go with him. The "Russia-ASEAN" Foundation is getting ready for an exhibition fair to be held simultaneously with the APEC forum.

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6. RF-Vietnam Military Relations

Nezavisimaia gazeta's Igor Korotchenko ("RF WILL RETAIN ITS NAVAL PRESENCE IN VIETNAM," Hanoi, 2, 10/22/98) reported that RF Defense Minister Marshal Igor Sergeyev, during an official visit to Vietnam, discussed with Vietnamese National Defense Minister General Colonel Fam Van Cha the terms of further use of Kamrahn naval base. Vietnam demanded a revision to the previous terms, asking the RF to pay the rent either in the form of deliveries of arms, military equipment, and spare parts, or in hard currency. Besides, Vietnam postponed signing of an already- negotiated contract that provides for the study of Vietnamese servicemen in RF military academies and colleges, pending the solution of the Kamrahn issue. As the hard currency option is out of the question, working consultations on arms deliveries will be held in November- December of this year. Vice Admiral Nikolai Patrushev, Deputy Chief, Main Staff, RF Navy, a member of the delegation, told NG's author that "Kamrahn is an extremely important communication link at the junction of the two oceans, without which it would be hard for the whole Russia's Navy to exist." Presently, Kamrahn is used by both surface ships and multipurpose nuclear submarines of the RF Navy. The role of Kamrahn also increased in the context of the creation of the US 5th Fleet in 1995.

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We invite you to reply to today's report, and we welcome commentary or papers for distribution to the network.

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