# NAPSNet Daily Report 27 August, 1998

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## I. United States

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### 1. US-DPRK Talks

US Deputy State Department Spokesman James Foley ("TRANSCRIPT: STATE DEPARTMENT NOON BRIEFING, AUGUST 26, 1998," Washington, USIA Transcript, 08/27/98) stated that US-DPRK talks in New York did not break down, but rather recessed. Foley added, "The talks in New York covered a variety of issues of bilateral concern, including matters related to implementation of the agreed framework." He said that it had not yet been decided whether or not they would resume. Foley said that the US government is committed to meeting its obligations under the 1994 Agreed Framework. He stated, "We are working with Congress in order to be in a position to meet those obligations, and we have certainly conveyed that position to the North Koreans." He added, "we fully expect the DPRK to fully - without exception - conform to all of its obligations under the agreed framework; and we've certainly made that clear to them." Foley said that the US has "no reason to conclude that they are in violation of the terms of the agreed framework."

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**2. Cost-Sharing for DPRK Reactors**

Nucleonics Week (Mark Hibbs, "U.S. ASKS EUROPEANS TO PLEDGE SUPPORT FOR DPRK REACTORS," Bonn, 8/27/98) reported that the US Department of State has asked the members of the European Union (EU) to agree this fall to help pay for the construction of two light-water reactors in the DPRK. Unnamed diplomatic sources in Europe said that the US has told representatives of European governments that both the US and the DPRK are firmly committed to the 1994 Agreed Framework. The article said that in late July, European representatives on the board of the Korea Peninsula Energy Development Organization (KEDO) reportedly agreed to a plan to share costs of the project not covered by commitments from Japan and the ROK, estimated at somewhat more than US$300-million. However EU officials clarified that both the Council of Ministers and the Committee of Permanent Representatives in Brussels would have to sign off on such an initiative. One European official said that, in light of US urgency, EU policymakers would likely "reach some kind of resolution about our contribution sometime this fall." The article said that it is expected that, before Europe agrees to pay for reactor construction, European industry would have to be assured that it will be awarded contracts to build the reactors.

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**3. Russian Ratification of START II**

The Associated Press ("RUSSIAN PARLIAMENT LEADERS THREATEN TO DELAY START II OK," Moscow, 08/27/98) reported that Russian parliamentary leaders threatened Thursday to postpone ratification of the START II treaty due to alleged US violations of START I. A statement issued Thursday by the chiefs of the Duma's defense and international affairs committees, Roman Prokopovich and Vladimir Lukin, said, "Although the qualitative indicators of strategic arms reduction by the United States meet the START I requirements, we cannot ignore reports about U.S. practice that does not conform to important provisions of the treaty." The two urged the US to deal with the alleged violations before the Clinton-Yeltsin summit that is scheduled to begin Tuesday. The Russian military has reportedly complained that the US is helping Great Britain test Trident ballistic missiles at a US range to see whether they could carry 10 to 12 warheads, more than the eight allowed by START I. The military also alleges that the US has changed the coating on landing gear parts of B-1B strategic bombers, which would make it easier to restore the bombers' capability to carry cruise missiles. The Russian military also reportedly objects to uncontrolled scrapping of US MX missiles.

## II. Republic of Korea

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### 1. Alleged DPRK Nuclear Construction

The ROK Ministry of Foreign Affairs and Trade (MOFAT) revealed in a written report to the ROK National Assembly Tuesday that the DPRK's large-scale construction project in progress in Yongbyon is likely to be for nuclear-related facilities. A recent US media report had previously announced that some infrastructure work taking place in the DPRK could be an attempt to build nuclear facilities. MOFAT said that it had already considered various possibilities in trying to determine the purpose of the facilities under construction, including underground storage for missile weapons, emergency food storage, and an underground bunker, but had concluded that the facilities are for nuclear arms. Following a report on the construction project first published in the New York Times last week, the US government said that it is watching closely to determine if the facilities are in fact nuclear-related. Hong Sun-young, the ROK Foreign Minister, told the National Assembly Tuesday that his ministry is working in close coordination with the US government to confirm the report. (Chosun Ilbo, "MOFAT SEES YOUNGBYON PROJECT AS NUCLEAR RELATED," 08/26/98)

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### 2. Funding for DPRK Reactor

The ROK government is planning to raise electricity charges 2 to 3 percent beginning next year to help defray the cost of constructing two nuclear reactors in the DPRK. As the increase in electricity charges will not be enough to cover the annual payment of 500 billion won, the government is planning to use its dividend payment from Korea Electric Power Corp. (KEPCO) to cover the difference. An increase in electricity charges by 2 to 3 percent would bring in an additional 260 billion won to 390 billion won for KEPCO, the main contractor of the nuclear reactor project, an ROK government official said Wednesday. (Korea Herald, "ELECTRIC BILLS TO HELP DEFRAY NORTH KOREA REACTOR COST," 08/27/98)

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### 3. US-DPRK Talks

A round of meetings between high-ranking officials from the US and the DPRK was adjourned on its third day Tuesday (local time) in New York, but participants declined to comment on the progress of the talks. A spokesman for the US delegation spoke to reporters as he left the meeting and disclosed that his party would be heading for Washington later that evening for a follow-up discussion with the US State Department, but would not comment on what had been discussed between the two countries. The head of the DPRK delegation, Vice Foreign Minister Kim Kye-gwan, left the meeting without comment. The meeting was adjourned so that delegates from both parties could coordinate their efforts with their respective governments. (Chosun Ilbo, "US-NORTH KOREA TALKS CONTINUE," 08/26/98)

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### 4. DPRK Flood Damage

An official from the ROK Ministry of Unification stated Wednesday that the DPRK has been exaggerating the flood damage to its harvest, issuing daily radio reports since Saturday. He argued that the DPRK appears to be trying to get more international assistance. The DPRK claims that

between August 4 and August 10, 230 to 250 mm of rain fell on Kaesong city every two days, reducing the rice harvest by 60 percent. However, reports to world meteorology organizations indicate that this amount of rain fell once on August 4, and afterwards only around 30mm of rain fell daily. Pyongyang central radio quoted officials of the DPRK's Countermeasures Committee who said that due to the cold and rain, large areas of cultivated land had been damaged and crops destroyed. (Chosun Ilbo, "NK EXAGGERATES FLOOD DAMAGE," 08/26/98)

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**5. DPRK Human Rights**

The DPRK, angered by a recent UN human rights resolution against it, said Tuesday that it had changed its mind about considering rejoining a key international rights treaty. The DPRK withdrew last year from the International Covenant on Civil and Political Rights (ICCPR) in retaliation for a resolution tabled by a UN sub-commission stressing its concern over reports of human rights violations in the country. A similar resolution against the DPRK was adopted by the 24-member body last week in Geneva. "We categorically reject the resolution aimed at isolating and destroying our country," said Kim Song-chol, counselor of the DPRK's permanent mission in Geneva. "The political game of the adoption ... has totally extinguished any possible room for our reconsideration of the withdrawal from the ICCPR. Rather, this time we feel clearly that our withdrawal is absolutely right," said Kim. Asked what it would take for the DPRK to rejoin the political and civil rights treaty, he replied: "It depends on the attitude of the commission members." (Korea Times, "NK MIFFED OVER UN HUMAN RIGHTS RESOLUTION, REJECTS UN TREATY RETHINK," 08/27/98)

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**6. DPRK Tourism Project**

The Hyundai Business Group announced Tuesday that it plans to run as many as eight cruise vessels for the Mt. Kumkang tour project, accommodating about 500,000 tourists a year. Hyundai also plans to receive tour reservations starting from this weekend, with the elderly being granted priority in booking. The maiden voyage is likely to be made on September 25, and when the second cruise boat joins the fleet, the tour will run every other day, year-round, said the company. In addition, travelers on the Mt. Kumkang package tour do not need their passports or a traditional visa since the tour has been government-designated as a visit to a special tourist region, not to another country, according to Hyundai officials. Instead, Hyundai will notify the DPRK in advance of the names of tourists. Tourists planning to visit Mt. Kumkang will also be required to hand in a visit application document to the ROK Unification Ministry, according to a ministry official. (Chosun Ilbo, "HYUNDAI RELEASES DETAILS OF MT. KUMKANG TOUR PACKAGE," 08/26/98)

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**7. Cost of US Troops Deployment in ROK**

The US is demanding that the ROK pay US$440 million next year to subsidize the cost of maintaining 37,000 US troops on the peninsula. The figure the US is demanding is up 10 percent from US$400 million, the amount the ROK originally agreed to pay this year under the ROK-US special measures agreement (SMA). According to sources at the Defense Ministry, the two countries recently held working-level meetings in a bid to sound out each other's positions on the issue of financial support for the US forces in the ROK. An ROK ministry official said that it will be very hard for the ROK to raise the level of its financial support considering the drastic cuts in the defense budget which have been necessary in the wake of the difficult financial situation facing the country.

(Korea Times, "COST OF US TROOPS DEPLOYMENT HERE," 08/27/98)

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**8. ROK Comfort Women**

Elderly Koreans who were World War II comfort women for Japanese soldiers have urged President Kim Dae-jung to get tough in dealing with the sexual violence which was committed during that time when he makes a state visit to Japan this fall. The women made the request during their weekly rally in front of the Japanese Embassy in Seoul Wednesday, attended by members of Chongdaehyop, the Korean Council for Women Drafted for Military Sexual Slavery by Japan, church people and historians from Japan, and local and foreign journalists. (Korea Times, "PRESIDENT URGED TO GET TOUGH ON JAPAN ABOUT COMFORT WOMEN", 08/27/98)

## III. People's Republic of China

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**1. DPRK Flood Damage**

China Daily ("NATURAL DISASTER HITS DPRK," Seoul, 08/24/98, A11) reported that rainstorms, strong winds, and tidal waves pounded the west coast of the DPRK on August 23, causing widespread crop damage. The weather report came amid crucial US-DPRK talks which began in New York last week to discuss a political thaw and possible new economic aid for the famine- stricken state. UN officials said food stocks ran out in the DPRK, battered by successive annual natural disasters.

Jie Fang Daily ("DPRK HIT BY TORRENTIAL RAINS," 08/26/98, A4) reported that continuing heavy rains have caused damage in many areas of the DPRK. Up to August 24, the report said, rains had submerged thousands of hectares of arable land and destroyed 50 roads, 90 bridges, and a number of railways.

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**2. ROK Economy**

China Daily ("S. KOREA GNP TO DROP 35 PER CENT THIS YEAR," Seoul, 08/27/98, A6) reported that the ROK's per capita gross national product (GNP) is expected to shrink by a record 34.8 percent in 1998. The warning came as the central bank said that the overall economy measured by gross domestic product (GDP) had contracted by a larger-than-expected 5 percent in the first half of the year, a decline that looks set to worsen. The finance ministry predicted that the economic contraction caused by the crisis would slash GNP per capita, the barometer of the nation's standard of living, to between US$6,200 and US$6,400 from US$9,511 in 1997. The country's GDP will contract between 4 and 6 per cent in 1998, a ministry forecast said, while the currency, the won, would remain relatively stable at around 1,400 to the dollar. Bank of Korea governor Chon Chol-whan revealed on August 26 that first-half gross domestic product (GDP) in 1998 was estimated to have contracted by 5 percent from a year earlier. He said the contraction in the second quarter was "far bigger" than the 3.9 percent fall in the first quarter. The current account surplus is expected to shrink in the second half due to the weaker yen, declining demand in the region and the increasing burden of servicing interest payments on external debt, he said. Soaring inflation is however likely to slow down in the second half due to sluggish domestic demand, wage reductions, and a steadier won against the dollar, he said.

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**3. PRC-ROK Economic Cooperation**

The Business Weekly of China Daily ("S. KOREA URGED TO TRANSFER TECHNOLOGY," 08/23-29/98, A2) said that the PRC and the ROK are expected to reshape their economic cooperation in the course of restructuring their domestic economies. Kim Jong-soo, president of the Duk Ji Industrial Co Ltd of the ROK, said last week in Beijing at the Sino- Korean Joint Conference on Cooperation in Machinery Industry that the two countries should shift their cooperative focus to the development of highly sophisticated technologies. He encouraged ROK companies that have established joint ventures in the PRC to trust their Chinese partners and completely share their technology with them. "Because advanced Western countries all avoid transferring their technology, close cooperation between the PRC and the ROK are becoming increasingly important," he said.

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**4. PRC-US Relations**

Wen Hui Daily ("JIANG ZEMIN MEETS WITH US GUESTS" Beijing, 08/26/98, A3) reported that PRC President Jiang Zemin met with a delegation from US- based Associated Press (AP) on August 25. AP Chairman Donald Newhouse and Louis Boccardi, chief executive officer and president, expressed concern for PRC citizens suffering due to the floods. Jiang said that the Chinese people are waging an all-out, united battle against the serious flooding. He also expressed thanks to the governments of various countries and their people for their concerns for, and support to, the PRC. Regarding Sino-US relations, Jiang said that the successful, reciprocal visits by the PRC and US presidents lifted bilateral relations onto a new stage, and increased prospects for exchanges and cooperation. The summits not only deepened understanding and strengthened friendship, but also advanced the strategic Sino-US partnership geared towards the 21st century. Jiang believes that the two nations can remove obstacles and lead healthy, stable Sino-US relations into the new century. However, he added that the relations will have to be based on the fundamental interests of both countries and the world, be applied from a strategic, long-term perspective, and adhere to the principles in the three Sino-US joint communiques. In addition, the two nations will have to properly handle differences and correctly deal with the Taiwan issue.

People's Daily ("ZHU RONGJI MEETS WITH US DELEGATION," Beijing, 08/27/98, A1) reported that PRC Premier Zhu Rongji said on August 26 that the PRC welcomes more far-sighted people from US religious circles to visit. Zhu made the remarks when he met with Marion Gordon Robertson, chairman of the board of the Christian Broadcasting Network, and his delegation.

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**5. Jiang Zemin's Visit to Russia and Japan**

People's Liberation Army Daily ("CHAIRMAN JIANG POSTPONES VISITS TO RUSSIA AND JAPAN," Beijing, 08/22/98, A1) reported that PRC President Jiang Zemin has decided to postpone his scheduled visits to Russia and Japan in early September because of the urgency of the domestic flood situation. PRC Foreign Minister Tang Jiaxuan said that Jiang is looking forward to the realization of his visits to Russia and Japan at an appropriate time in the future. The timetable will be rescheduled through diplomatic channels between the PRC and the two countries.

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**6. PRC-Taiwan Relations**

China Daily ("CROSS-STRAITS TALKS URGED," 08/22/98, A1) reported that the Beijing-based Association for Relations Across the Taiwan Straits (ARATS) shrugged off criticism from Taiwan over a recent kidnapping and murder case and sent a third letter urging further talks with its counterpart, the Straits Exchange Foundation (SEF). ARATS and SEF have already established procedures for handling cases concerning the loss of life and property of compatriots across the Taiwan Straits. ARATS and SEF rely on mail or telephone contact to deal with each other over specific cases, the letter said. The handling of this recent case is not the appropriate point for changing the established routine, ARATS said. SEF sent a letter to ARATS on August 7, accusing ARATS of failing to adequately communicate with Taiwan while handling the murder case of Lin Ti-chuan.

People's Daily ("TALKS WITH TAIWAN HIGH ON AGENDA," 08/25/98, A4) reported that an official for the State Council's Taiwan Affairs Office interviewed reporters from Xinhua News Agency on August 24. The official said that the concerted efforts of Chinese people on both sides of the Taiwan Straits have led to the steady development of economic and cultural exchanges. Political negotiations between the PRC and Taiwan remain high on the agenda. "We have consistently called for a formal end to the state of hostilities between the two sides in accordance with the 'one China' principle and the beginning of talks covering procedural negotiations, as well as the resumption of economic and practical negotiations between the Association for Relations Across the Taiwan Straits (ARATS) and the Taiwan-based Straits Exchange Foundation (SEF)," the official said. The official reiterated that ARATS would welcome a visit to the PRC by SEF Chairman Koo Chen-fu and his delegation in September or October. "With the exception of those who stubbornly insist on the 'independence of Taiwan,' we will be delighted to hold talks with Taiwan residents from various parties and all walks of life concerning cross-Straits relations and China's peaceful reunification," he said.

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**7. PRC Floods**

Jie Fang Daily ("FLOODS ONLY INFLUENCE 2 PER CENT OUTPUT OF DAQING OIL FIELD," Daqing, 08/24/98, A4) reported that, although the floods pose a serious threat to the production of Daqing Oil Field, the daily output of crude oil still reaches more than 150,000 tons, which approaches the production plan of 153,240 tons every day. As the production in major oil fields remains normal, the influence brought about by the floods is only about 2 per cent.

China Daily ("OFFICIAL CONFIRMS 44 DEAD IN DIKE CAVE-IN," 08/26/98) reported that a dike cave-in earlier this month in Jiayu County, Hubei Province, claimed the lives of 44 people. The news was announced on August 25 by Zhou Wenzhi, vice-minister of water resources at a press conference held by the Information Office of the State Council. Zhou refuted reports that more than 400 People's Liberation Army (PLA) servicemen had died as a result of the cave-in. 19 soldiers and 25 civilians were killed, confirmed Yang Yongliang, deputy secretary of the Party Committee of flood-stricken Hubei Province. Zhou said the collapse of a dike in the city of Jiujiang did not cause any casualties. Reports that 8,000 people died from the collapse are "totally groundless," Zhou said. The press was told that the total death toll and economic losses in the floods are being checked. Figures will be announced by the end of the week. "This is a very sensitive issue," Zhou said. "We are calculating the casualties village by village." The central government has already allocated 3.029 billion yuan (US$365 million) to flood-hit areas along the Yangtze, Nenjiang and Songhuajiang rivers. Local governments have also allocated 462 million yuan (US$55.7 million) of funds to aid flood victims with their lives. So far, no major epidemics have hit any of the seven flood-hit provinces and one autonomous region, said Yin Dakui, vice-minister of health.

People's Daily ("REPORT ON THE CURRENT SITUATION OF NATIONAL BATTLE AGAINST FLOODS," 08/27/98, A1) reported that PRC Vice-Premier Wen Jiabao reported the situation of the battle against floods to the ongoing Fourth Session of the Standing Committee of the Ninth National People's Congress of China on August 26. In his report, Wen said that the calamitous floods this year had claimed the lives of 3,004 people by August 22, 1,320 being killed along the Yangtze River. The deluge has flooded 318 million mu (about 21 million hectares) of land in 29 provinces, autonomous regions and municipalities, affecting 223 million people and destroying 4.97 million houses. Direct economic losses caused by the floods have hit 166.6 billion yuan (US$20 billion). Jiangxi, Hunan, Hubei, Heilongjiang, and Jilin provinces and the Inner Mongolia Autonomous Region have suffered the most serious damage. According to Wen's report, 274,000 soldiers and armed police have been involved in the battle against the floods.

China Daily ("WORLDWIDE DONATIONS ARRIVE FOR FLOOD VICTIMS," 08/22/98, A2) reported that people from the DPRK, despite being plagued by natural disasters, donated US$10,000 to the PRC. The US contributed US$250,000.

Jie Fang Daily ("US AID ARRIVES IN CHANGSHA," Changsha, 08/24/98, A7) reported that the US Government has sent two batches of goods to Hunan to help the flood victims. The total value of the two batches of goods is about US$500,000.

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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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