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I. United States

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1. Rumors of DPRK Unrest

Reuters ("NORTH KOREAN TRADE OFFICIALS REPORTEDLY MISSING," Hong Kong, 03/26/98) reported that Hong Kong's South China Morning Post on Friday quoted Hong Kong and Western businessmen in Beijing as saying that some DPRK officials who deal with investment and foreign

trade have "mysteriously vanished." The disappearance apparently came around the same time as foreign residents reportedly heard shooting in Pyongyang, the newspaper said. Robert Kuok, vice-president of the Emperor Group, was quoted as saying, "We have not been able to contact Kim Jong-u, chairman of the Committee for the Promotion of External Economic Cooperation, for two months. We can't get confirmation of his whereabouts ... something is obviously going on." Another western businessman who had just been to Pyongyang was quoted as saying that he could find none of his contacts. He stated, "I was told that they had had a heart attack or had gone away on a long journey and none of them would be back for a long time."

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2. ROK Policy on DPRK

The Associated Press (Sang-Hun Choe, "KOREAN INVESTMENTS MAY BE OPENED," Seoul, 03/27/98) and Reuters ("S.KOREA TO EASE RULES ON N.KOREA INVESTMENT-MEDIA," Seoul, 03/27/98) reported that ROK Unification Minister Kang In-duk said Friday that, beginning in early April, the government will allow ROK businesses to invest freely in the DPRK except in defense and other strategic heavy industries. Kang stated, "From now on, we will separate politics from business when we deal with the North." ROK officials said that the government, among other things, will lift the US$5 million ceiling on investment in the DPRK and permit heads of major conglomerates to visit the DPRK freely to explore investment opportunities. Also on Friday, national security adviser Lim Dong-won said that the ROK was considering sending addresses of its separated families to the DPRK to prepare for possible family reunions.

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3. ROK-DPRK Red Cross Talks

The Associated Press ("RIVAL KOREAS AGREE ON FOOD AID," Beijing, 03/27/98) and Reuters (Justin Jin, "NORTH, SOUTH KOREAN RED CROSS AGREE ON FOOD AID," Beijing, 03/27/98) reported that Lee Byung- Woong, secretary-general of the ROK Red Cross, said that the ROK reached a deal Friday with the DPRK to distribute 50,000 tons of donated food. Lee stated that the DPRK agreed to allow Red Cross monitors to observe distribution of the aid in one or two areas previously off-limits to them. The DPRK also agreed to hold talks about reuniting separated Korean families. He added, however, that those talks were not a criteria of food aid. Delivery of the aid now is scheduled for May.

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4. WFP Food Aid Appeal for DPRK

Reuters ("NEW APPEAL FOR NORTH KOREA FOOD AID," Geneva, 03/27/98) reported that Catherine Bertini, executive director of the UN World Food Program (WFP), on Friday asked Western donors to respond urgently to an appeal for food aid for the DPRK, saying the amount received so far fell well short of the needs. Bertini made the appeal when she met officials of donor states in Geneva on Thursday ahead of a week-long trip to the DPRK starting on April 4. Bertini will go to Beijing, Tokyo, and Seoul after the DPRK to seek support. WFP spokeswoman Christiane Berthiaume said that only the US with 200,000 tons, the Czech Republic with 20,000 tons, and Canada with 17,000 tons, had so far responded to the WFP's January appeal for food aid worth US$378 million. She said that the total donations made up only 30 percent of the 658,000 tons needed. She said that the other major food donors to the DPRK--Japan, the ROK, and the European Union--have yet to respond to the appeal. Berthiaume stated, "The international community must

react now. The population is particularly vulnerable." She said that the first shipment of 20,000 tons is expected to arrive at the beginning of April, adding that it takes between three and four months from the time a contribution is announced and the arrival of supplies in the country.

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5. US Weapons Sales to ROK

United Press International ("PENTAGON TO SELL WEAPONS TO ALLIES," Washington, 03/27/98) reported that the US Defense Department said Friday that it wants to sell the ROK 112 multiple rocket launchers at a total cost of about US$840 million. The sales must be approved by Congress.

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6. ROK Financial Crisis

Reuters ("WORLD BANK OFFERS S.KOREA $2 BLN TO BOOST REFORMS," Washington, 03/26/98) reported that World Bank President James Wolfensohn said in a statement Thursday that the bank had approved a US$2 billion loan for the ROK. Wolfensohn stated, "We are impressed by Korea's willingness to do everything it can to revive its economy and get things back on track. This loan is a further signal of our confidence in the country's direction, drive and determination." The new loan brings World Bank funding for the ROK to US$5 billion since last December. The World Bank said efforts to improve the flexibility of the ROK labor market would form one important element of programs funded by its latest loan. It added that the money would also help the government improve its social safety net, strengthen the regulatory framework of the banking sector, and reduce the risks facing domestic banks. A bank statement said, "The World Bank's program is designed to support Korea's strategic priorities in the wake of the crisis ... through a program of structural reforms that would lay the basis for Korea's eventual return to high and sustainable growth."

The Wall Street Journal (Michael Schuman and Darren Mcdermott, "SOUTH KOREA MAKES GLOBAL PITCH WITH ITS $3 BILLION BOND OFFERING," Seoul, 03/27/98) reported that the ROK government on Thursday launched a US$3 billion international bond issue. ROK policymakers believe the success of the bond issue will determine the ability of ROK banks and corporations to raise money abroad in the coming months.

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7. US Scientist Sentenced for Espionage

The Los Angeles Times (Daniel Yi, "SCIENTIST SENTENCED TO HALFWAY HOUSE IN CHINESE ESPIONAGE CASE," 03/27/98) and Reuters ("CHINESE-BORN NUCLEAR SPY JAILED IN CALIFORNIA," Los Angeles, 03/27/98) reported that Peter H. Lee, a scientist convicted of passing classified US nuclear information to the PRC, was sentenced Thursday to 12 months in a halfway house and three years' probation. Lee was also ordered to pay US$20,000 in fines and perform 3,000 hours of community service. In suspending Lee's five-year prison term, US District Judge Terry J. Hatter said he believed Lee did not act out of malice, but felt a message needed to be sent that, "You cannot leave to a scientist the discretion of what should be classified." In a pre- sentencing report, the government said Lee was a pawn in a shrewd effort by the PRC government to gather information in the US. The FBI said that the PRC has been inviting prominent US scientists to give lectures and then inducing them to disclose information. In pleading for leniency, Lee told Hatter that he did not think he had been aiding the PRC government and was deeply sorry.

II. Republic of Korea

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1. ROK Policy on DPRK

ROK Unification Minister Kang In-duk told the Cabinet on March 26 that the government is willing to help the DPRK increase cooperation with the US, Japan, and international organizations. Kang made the remarks in a report to a Cabinet meeting with a view to improve the Cabinet members' understanding of the President's basic DPRK policies and step up coordination with relevant government branches. (Korea Times, Son Key-young, "GOV'T TO HELP NK IMPROVE TIES WITH US, JAPAN," 03/27/98)

Unification Minister Kang In-duk, expressing his reservations about the so-called "internationalization" of Korean issues, called for direct "state-to-state" dialogue between the ROK and the DPRK to achieve peaceful coexistence. Kang made the remarks as a guest speaker at a meeting of senior journalists hosted by the Korea News Editors Association on March 27. It is unusual for a ranking ROK government official to define the DPRK as a "state." By referring to inter-Korean relations as a "state-to- state," the new unification minister apparently wanted to stress the importance of peaceful coexistence between the two Koreas. However, the definition of the inter-Korean relationship on a "state-to-state" basis can be most controversial because, according to the ROK Constitution, the sovereignty of the Republic of Korea extends throughout the whole Korean peninsula. (Korea Times, Son Key-young, "UNIFICATION MINISTER KANG CALLS FOR 'STATE-T--STATE' DIALOGUE BETWEEN TWO KOREAS," 03/27/98)

The following are the highlights of the ROK's new principles toward the DPRK, which were decided upon Thursday night in a meeting of the executive council of national security advisors to President Kim Dae-jung. The principles are: Separation of politics from business; Businessmen and the aged will be free to visit the DPRK; Unrestricted relocation of machinery to the DPRK; ROK citizens can invest in all types of areas in the DPRK; Free exchange of letters and communications through the Demilitarized Zone; Establishing places of meeting and postal exchanges near Panmumjom; Laws hampering ROK-DPRK contact and exchange will be revised; and the elderly poor will get state subsidies for family reunions. These measures will be implemented next month upon formal endorsement by President Kim when he returns from his five-day trip to London after attending the second Asia-Europe Meeting. (Korea Times, "HIGHLIGHTS OF INTER-KOREAN EXCHANGES," 03/28/98)

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2. US-DPRK Relations

The Rodong Shinmun of the DPRK said on March 26 that the US policy of nuclear deterrence is paradoxical and called for an immediate dismantling of the US nuclear arsenal. "It's like a robber telling other innocent people not to steal," said the newspaper, referring to the US reasons for maintaining its nuclear weapons. (Joongang Ilbo, "DPRK URGES US TO DIMANTLE NUCLEAR ARSENAL," 03/27/98)

Chosun Shinbo, a mouthpiece for the Chochongryun, reported that the DPRK and the US had agreed to resume high-level military talks during their meeting in Berlin on March 13. If the report were true, a common US-DPRK military dialogue, originally proposed by the DPRK in February 1996, would be operated without the participation of the ROK. (Joongang Ilbo, "US-DPRK WILL RESUME MILITARY TALKS; DPRK REPORT," 03/27/98)

III. Japan

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1. Rumors of DPRK Unrest

The Sankei Shimbun ("HONG KONG PAPER REPORTS THAT DPRK MAY BE UNDER MARTIAL LAW," Hong Kong, 03/27/98) reported that, according to the South China Morning Post on March 26, the DPRK has proclaimed martial law. The Chinese paper said, based on sources from Beijing, that the DPRK has been carrying out military exercises since March 12, but that the reason for the martial law is a power struggle among the DPRK leaders, providing as evidence the arrests of Kim Jong-u, who was in charge of the Rajing- Sonbong Free Trade Zone, and other high-ranking officials in charge of ROK-related affairs. According to the sources, the unproductive Four Party Peace Talks in Geneva also resulted from the power struggle. The ongoing military exercises may be aimed at purging the political enemies of Kim Jong-il, and some governmental agencies are under military surveillance. In addition, the Chinese paper said that foreigners in Pyongyang were put under curfew soon after the alleged exchange of fire between the military and the police on March 5, which was reported earlier as a coup d'etat.

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2. Japanese-ROK Relations

The Asahi Shimbun ("JAPAN-ROK FOREIGN MINISTERIAL MEETING: FIRST STEP TO IMPROVEMENT OF RELATIONS," Seoul, 03/23/98) reported that the first foreign ministerial meeting since the inauguration of the Kim Dae-jung Administration agreed on March 22 on early resumption of Japan-ROK fishery talks, indicating the first step to improvement of Japanese-ROK relations. ROK Minister of Foreign Affairs and Trade Park Chung-su said, "We are not only foreign ministers, but lawmakers as well. We can solve any difficult problem through dialogue." In response, Japanese Foreign Minister Keizo Obuchi said, "As lawmakers, we spoke the same language." With regard to the fishery talks, the report pointed out that Obuchi's use of "regret" about Japan's decision to terminate the talks during his speech may have been taken as "Japan's regret" by the ROK side. With regard to the issue of comfort women, the report cited an ROK spokesman for the Ministry of Foreign Affairs and Trade as only saying, "The ROK sees the issue as a long-term one," and added that the spokesman seemingly avoided any clear statement on the issue for the reason of "political consideration" between the two countries.

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3. Japanese-Russian Relations

The Nikkei Shimbun ("JAPAN AND RUSSIA CONFIRM RUSSIAN PRESIDENT'S VISIT TO JAPAN," 03/27/98) reported that the Japanese and Russian governments confirmed on March 26 that Russian President Boris Yeltsin will visit Japan in April despite "any political circumstances." President Yeltsin will visit Kawana, Shizuoka for three days starting April 11. Both governments agreed to discuss, based on the Tokyo Declaration of November, 1997, the contents of a peace treaty, the Northern Territory issue, and other concerns between the two countries.

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4. Japanese Defense Policy

The Asahi Shimbun ("GOVERNMENT DECIDES TO MAKE DECISIONS AT MINISTERIAL MEETING

ON MARITIME SCOPE OF JAPAN'S AID TO US FORCES IN SITUATIONS IN AREAS SURROUNDING JAPAN," 03/26/98) reported that the Japanese government decided on March 25, in an effort to make new laws for the New Guidelines for Japan-US Defense Cooperation, to make decisions at a ministerial meeting on the maritime scope within which Japan would provide aid to US forces, including export supply and search and rescue of US soldiers. The decision is based on the government's conclusion that on-site decision of such a scope might lead to unconstitutional collective self-defense. The Asahi Shimbun expressed concern, however, that this decision allows the government to avoid the Diet's approval of the government's decisions in certain situations and that the scope may change according to the scope of US military activities.

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5. US Conducts Nuclear Test

The Yomiuri Shimbun ("US CONDUCTS THIRD SUBCRITICAL NUCLEAR TEST," Washington, 03/26/98) reported that the US Department of Energy (DOE) on March 25 conducted its third subcritical nuclear test in Nevada, using approximately one kilogram of plutonium. An anti-nuclear group of about twenty people gathered at the site of the test to protest the test. DOE claimed that the test aims to collect data on the deterioration of weapon-grade materials and emphasized that the test is not inconsistent with the Comprehensive Test Ban Treaty because it was not accompanied by any explosion. DOE is planning three more tests, according to the report.

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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