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I. United States

1. ROK Missile Purchase

Reuters ("S. KOREA PLANS TO BUY MEDIUM-RANGE MISSILES," Seoul, 07/28/99) reported that, according to an ROK Defense Ministry spokesman, the ROK plans to buy about 100 air-to-ground missiles from the US-based Lockheed Martin Corporation, to be delivered from 2000 to 2003. The spokesman said, "The purchases (of the missiles) had been on our medium-term defense upgrade plan and the purchase schedule has already been notified in our request to the budget ministry made in June." The ROK's Yonhap news agency on Wednesday quoted an ROK Foreign Ministry official as saying that the US and the ROK agreed to begin talks in a couple of months on a medium-range missiles program. ROK media reports said that the agreement was reached at a meeting between US Deputy Assistant Secretary of State Robert Einhorn and Song Min-soon, director-general of the North American Affairs Bureau at the ROK's Foreign ministry. An official at the bureau confirmed that the meeting touched on the issue but denied that the participants agreed on a specific time frame to begin talks. Einhorn is visiting Seoul to accompany US Defense Secretary William Cohen, who was scheduled to arrive late Wednesday.

2. US Policy toward DPRK

Reuters (David Storey, "US ANALYSTS SAY WORLD SHOULD STILL ENGAGE N.KOREA." Washington, 06/27/99) reported that an independent US panel, sponsored by the Council on Foreign Relations, said that a US initiative to gradually open links with the DPRK should not be abandoned. A statement issued by the panel read, "It is too soon to give up on a comprehensive package to reduce tensions with North Korea." According to the statement, even if the DPRK does test a new missile, this should not prompt the US to end the Agreed Framework. The statement also argued that if the DPRK does go ahead with a launch, the US should continue to pursue US Envoy to the DPRK William Perry's initiative, but downgrade diplomatic contacts and discuss with Japan and the ROK what enhanced military deterrence might be needed. The statement also said that in the event that the DPRK test-fires a missile, the US should then reverse its policy on the ROK missile program and encourage the ROK to develop a surface-to-surface missile with a range of 300km (188 miles), and should urge both the ROK and Japan to impose financial sanctions on the DPRK. James Laney, a former US ambassador to the ROK and co-chairman of the panel, said, "As each day passes, it becomes more and more unlikely that North Korea will respond positively (to Perry's proposal)." However, he and his co-chairman, Morton Abramowitz, a former US Assistant Secretary of State, said that an engagement policy should be pursued despite the virtual impossibility of discerning just what the DPRK really intended. Abramowitz said that DPRK leaders, reeling from domestic economic collapse but ferociously defensive of their system, had still not worked out how to deal with the world. Abramowitz said, "They have not come to grips with the dilemma -- the more they deal with the outside world, the more they lose their grip on power." [Ed. note: The full text of this report was released as a Special Report on July 28.]

3. US-Japan Cooperation on DPRK Policy

The Associated Press (Joseph Coleman, "COHEN VISITS U.S. TROOPS IN JAPAN," Tokyo, 07/28/99) and Reuters (John Whitesides, "COHEN SEEKS COORDINATION ON N.KOREA MISSILE," Tokyo, 07/28/99) reported that, according to US Defense Secretary William Cohen, the DPRK could benefit by a more cooperative, peaceful stance. Cohen said, "We are prepared to work with North Korea to open economic and political opportunities, and North Korea should seize this chance to build a new

and positive relationship. A refusal to show restraint, however, would have serious negative implications on our relationship, stalling or stopping potential cooperation."

4. Japanese Defense Report

The Associated Press (Joji Sakurai, "JAPAN HAS NATIONAL SECURITY CONCERNS," Tokyo, 07/27/99) reported that, according to analysts, the Japanese Defense Report underlines Japan's shifting stance on security. Naoaki Usui, a writer and defense expert, said, "The paper seems designed to generate a belief in the public that Japan needs more arms and more training. It's a warning to North Korea not to do anything funny." The Mainichi newspaper said that the report marked a clear shift in emphasis away from peacekeeping and disaster relief. However, the Asahi newspaper criticized the report as using the missile threat to justify a major change in defense policy. [Ed. note: This article was one of the top stories in the US Department of Defense's Early Bird news service for July 28.]

5. US-Japan Theater Missile Defense

Reuters ("U.S.-JAPAN TALKING OF MISSILE DEFENSE TECHNOLOGY," Washington, 07/27/99) reported that, according to US Defense Secretary William Cohen, Japan and the US will soon sign a memorandum to establish a framework for collaborating on missile defense research. He also reiterated the US's willingness to cooperate in Japan's spy satellite program. US Rear Admiral Craig Quigley said that the US and Japan are discussing developing technologies that could be used in a ballistic missile defense system. Quigley said, "There is an ongoing discussion between Japan and the United States. What we are actively discussing with the Japanese government now is the technical support or the development of technologies that would be useful in a ballistic missile defense system."

6. Japanese View on Nuclear Disarmament

The Associated Press (Ginny Parker, "HIROSHIMA MAYOR FEARS NEW A-BOMB USE," Tokyo, 07/28/99) reported that, according to Hiroshima Mayor Tadatoshi Akiba, the world is forgetting the horror of the atomic bomb and becoming more likely to use it again. Akiba said, "The threshold is being lowered. People are forgetting just how terrible Hiroshima and Nagasaki were." Akiba said that Japan's position should be to create cooperation among nations, adding that Japan should push the world toward nuclear disarmament. Akiba said, "Nuclear weapons are an absolute evil. We must abolish them."

7. PRC Military Exercises

The Associated Press ("CHINA CONDUCTS MILITARY EXERCISES," Beijing, 07/28/99) and Reuters ("MAINLAND HOLDS NAVY EXERCISES IN TAIWAN STRAIT," 07/28/99) reported that, according to the PRC's China News Service, the PRC navy conducted a training drill in waters across from Taiwan. The report said that the PRC's most advanced training ship arrived Sunday in Xiamen, a city in southeast Fujian province, for the exercises. On Wednesday, Hong Kong's Television Broadcasts Ltd. showed footage from PRC state-run television in Fujian of more military drills off the coast of Xiamen. The television said that the PRC often stages drills before its Army Day, August 1. [Ed. note: This article was one of the top stories in the US Department of Defense's Early Bird news service for July 28.]

8. Taiwan Policy toward PRC

The Associated Press (Annie Huang, "TAIWAN PRESIDENT WARNS CHINA," Taipei, 07/28/99) reported that Taiwan President Lee Teng-hui said on Wednesday that he was not trying to make trouble, but rather wanted to help foster peace and prosperity. Lee said that he used the word "special" to describe Taiwan-PRC relations in order to stress the fact that people in Taiwan and the PRC are all Chinese and "have special feelings towards each other." Lee said, "We can better understand one another and there should be better mutual respect." Lee also warned the PRC against imposing a blockade against Taiwan or taking military action because of his statehood claim. Lee said, "Peace and stability in the Taiwan Strait are the common property of the international community, and are of great concerns to all."

9. Bombing of PRC Embassy

The Associated Press ("US, CHINA RESUME COMPENSATION TALKS," Beijing, 07/28/99) reported that US and PRC negotiators resumed talks on Wednesday on compensation for NATO's bombing of the PRC Embassy in Yugoslavia. According to US Embassy spokesman Bill Palmer, US State Department legal adviser David Andrews led the US delegation. Aside from discussing US compensation for the bombing, the US side has also asked the PRC to repay subsequent damage done to US diplomatic offices in the PRC during protests.

10. PRC Normal Trade Status

The New York Times (Eric Schmitt, "HOUSE RENEWS CHINA'S TRADING BENEFITS," Washington, 07/28/99), the Los Angeles Times (Elizabeth Shogren, "HOUSE OKS EXTENSION OF CHINA TRADE TIES COMMERCE," Washington, 07/28/99), the Washington Post (Paul Blustein, "HOUSE EXTENDS CHINA'S TRADE STATUS VOTE," 07/28/99, A20) and the Associated Press (Jim Abrams, "HOUSE APPROVES CHINA'S TRADE STATUS," Washington, 07/27/99) reported that the US House of Representatives on Tuesday approved US President Bill Clinton's request for a one-year extension of normal trade status with the PRC. US Representative Dana Rohrabacher, Republican-California, said that the "gangster-like rulers" in the PRC are building up huge trade surpluses with the US while aiming missiles at US cities. He stated, "Read that, the United States of America is who they want to destroy." Robert Matsui, Democrat-California, argued, "over the next 20 or 30 years China will become one of the most dangerous players in the world if we begin to try to isolate them."

The Associated Press ("CHINA WELCOMES U.S. HOUSE VOTE," Beijing, 07/28/99) reported that the PRC on Wednesday welcomed the US decision to extend normal trade status with the PRC for another year and asked that the status be made permanent. PRC Foreign Ministry spokesman Zhu Bangzao said that granting normal trade status to the PRC permanently, instead of on an annual basis, "will create favorable conditions for the continuous development of Sino-U.S. economic and trade ties." Zhu added that the 260-170 vote that defeated a resolution to overturn the one- year trade extension for the PRC demonstrated the unpopularity of efforts "by some people in the U.S. Congress to undermine Sino-U.S. relations and their economic and trade cooperation."

11. US-Russian Nuclear Talks

The White House Office of the Vice President ("GORE, STEPASHIN JOINT STATEMENT ON U.S.-RUSSIA COMMISSION," Washington, USIA Text, 07/27/99) issued the following statement. "U.S. Vice President Al Gore and Chairman of the Government of the Russian Federation Sergey Stepashin held an executive session of the U.S.- Russian Joint Commission on Economic and Technological

Cooperation in Washington today.... They affirmed that it is in the interest of both the United States and Russia to reduce our nuclear arsenals, cooperate on international peace and security, enhance nonproliferation regimes, and promote trade, economic, and technological cooperation and open and competitive markets.... The co-chairmen discussed the key issues of international security and arms control. They highlighted the Cologne commitments made by Presidents Clinton and Yeltsin to begin discussions on START III and the ABM Treaty later this summer while at the same time pursuing the ratification of START II. The Vice President and Chairman of the Government reviewed the preparations for these discussions and agreed that they will start in Moscow in August 1999. They also agreed to accelerate work on implementing the agreement reached by Presidents Clinton and Yeltsin in September 1998 on exchange of information on missile launches and early warning.... The Vice President and Chairman of the Government reaffirmed the vital importance of joint additional efforts to prevent the transfer of sensitive materials and technology. They commended the achieved level of U.S.-Russian cooperation in the area of nonproliferation and export control and noted recent progress by the Russian government to strengthen the policy, legal, and institutional foundations of Russia's export control system. In this regard, the co-chairmen expressed their commitment to the implementation of the work plans set forth to strengthen export controls and prevent proliferation activities and pledged to continue working closely together to achieve this shared goal."

The Washington Times (David R. Sands, "U.S., RUSSIA AGREE TO NEW TALKS ON MISSILES," 07/28/99), the Washington Post (Steven Mufson, "U.S., RUSSIA TO RESUME ARMS CONTROL NEGOTIATIONS," 07/28/99, Pg. 1) and Reuters (Arshad Mohammed, "US, RUSSIA TO HOLD ARMS CONTROL TALKS IN AUGUST," Washington, 07/28/99) reported that the US Vice President Al Gore and Russian Prime Minister Sergei Stepashin announced that they will open talks on a new round of nuclear arms cuts in Moscow next month. They said that the August meetings, which would begin negotiations on a START III treaty, would also discuss making changes to the 1972 Anti-Ballistic Missile Treaty (ABM). Gore said, "The United States and Russia have long understood that reducing nuclear arsenals is in our mutual interest. That is why we will continue to press for ratification of START 2 and will begin discussions next month toward START 3." Stepashin said, "We will try to bring START 2 to the forum again in the fall of this year." [Ed. note: This article was one of the top stories in the US Department of Defense's Early Bird news service for July 28.]

12. Kashmir Conflict

Reuters (Valerie Lee, "INDIA SAYS UP TO PAKISTAN TO RESUME TALKS," Singapore, 07/28/99) reported that India's Foreign Minister Jaswant Singh said on Wednesday that it was up to Pakistan to initiate a dialogue on peace. Singh said he saw Pakistan-India relations as a purely bilateral affair and added that there was no place for a mediator in any talks between the two nuclear rivals. He said, "We were the initiators of the dialogue ... the initiation was the dramatic bus journey that the Indian prime minister undertook to Lahore. Unfortunately our neighbor re-routed the bus ride from Lahore to Kargil and it is now important that they bring it back on the Lahore road. As soon as it is there, the process of dialogue can be restarted."

II. Republic of Korea

1. DPRK Missile Test

Joongang Ilbo ("NORTH KOREA URGED NOT TO TEST-FIRE MISSILE," Seoul, 07/27/99), The Korea Herald (Jun Kwan-woo, "S. KOREA, U.S., JAPAN URGE N.K. TO 'SEIZE' DEAL," Seoul, 07/28/1999) and The Korea Times (Son Key-young, "KOREA, US, JAPAN WARN NK AGAINST MISSILE

LAUNCH," Seoul, 07/27/99) reported that the ROK, Japan, and the US have jointly warned the DPRK against firing a missile, urging it to "seize the opportunity" to build a positive relationship with its neighbors. The message was contained in a joint press statement announced on Monday after a trilateral meeting of ROK Foreign Affairs-Trade Minister Hong Soon-young, US Secretary of State Madeleine Albright, and Japanese Foreign Minister Masahiko Komura, held in Singapore on the sidelines of the ASEAN Regional Forum (ARF). "They called on North Korea to seize the opportunity, presented in May by Dr. William Perry in Pyongyang, to build a new and positive relationship with its neighbors and potential partners, and to accept the comprehensive and integrated approach which builds on the engagement policy," it said. With the delay in the DPRK's response to Perry's initiatives, hardliners in the ROK and the US are raising their voices, putting the engagement policy in jeopardy. In Japan, the general atmosphere is that the public and the Diet (parliament) cannot tolerate a second missile launch by the DPRK.

The Korea Times ("N.KOREA MISSILE, ECONOMIC REFORMS DOMINATE ASEAN," Seoul, 07/27/99) reported that the US, the ROK and Japan warned the DPRK on Tuesday against testing another long-range missile, saying there would be "serious negative consequences" if a test goes forward. Japanese Foreign Minister Masahiko Komura said there would be "clear benefits" to the DPRK in demonstrating restraint. Otherwise, "in regards to the flow of people, goods and money, we might consider taking some actions," he said. The PRC went along with that statement.

2. DPRK Participation in ARF

The Korea Times ("NATIONS SUPPORT N.KOREAN ENTRY IN ASEAN FORUM," Seoul, 07/27/99) reported that the ROK, Japan, and Russia on Monday said that they would welcome the DPRK's membership in the ASEAN Regional Forum (ARF). US Secretary of State Madeleine Albright urged the DPRK to reapply to join the ARF. Albright said in a statement as this year's edition of the ARF opened that "when North Korea is ready to do so, it should reapply for admission on the same terms as any other qualifying country." An ROK official said "there would be no country" which would oppose DPRK's membership in the forum. "South Korea would welcome North Korea's membership and we doubt any of the ARF countries will oppose the idea," the official said. A Japanese spokesman here said "most countries would welcome it" including Japan. Russian Minister of Foreign Affairs Igor Ivanov said that the DPRK's participation in the forum will help ease tensions on the Korean peninsula. "We have no doubts about the usefulness of the DRPK's joining the ARF activities," he said in a statement. "Pyongyang has every reason to become a member of the forum," he said, adding that DPRK's "participation would enrich the discussion of the pressing issues of the region." He said that the DPRK's membership would "contribute to the search for joint approaches to their solution" and also "facilitate the normalization of the situation in the region, including inter-Korean relations."

3. ROK Policy toward DPRK

The Korea Times ("ROK COMMITTED TO ENGAGEMENT WITH NK DESPITE THREATS," Seoul, 07/27/99) reported that the ROK still wants to push for closer engagement with the DPRK despite rising tensions between the two, ROK Foreign Minister Hong Soon-young said on Tuesday. "Some argue for disengagement. But it is far more dangerous to leave the DPRK alone and let it run its course toward collapse or resort to adventurism," Hong said. "We see steady engagement of the North as the best course of action to prevent war on the Korean Peninsula and bring about peaceful coexistence between South and North Korea," he added. Although Hong stressed the importance of continued engagement with the DPRK, he said that the ROK has "no illusions" about the DPRK. "Our engagement policy is based on strength," he said. He further stated that the ROK's military response

last month to a dispute with the DPRK made clear that "engagement is not appeasement."

4. Japanese Policy toward DPRK

Chosun Ilbo (Kwon Dae-yeol, "JAPAN INDICATES INDEPENDENT NK POLICY," Seoul, 07/27/99) reported that for the first time, a Japanese official has hinted at the possibility that Japan may begin to forge its own course of action in response to a potential DPRK missile launch. Japanese Foreign Minister Masahiko Komura, speaking to reporters after a meeting of foreign minister from the ROK, the US, and Japan at Singapore's Four Seasons Hotel, on Tuesday said that he thinks that "the Korean Peninsula Energy (KEDO) Development Organization is the best proposal for effectively and constructively stopping the development of nuclear capability by North Korea." He added, however, "if North Korea tests another missile, public sentiment in Japan will make it very difficult for us to cooperate with what KEDO is doing." The position expressed by the Japanese Foreign Minister is in direct contrast with that of the ROK and the US.

5. ROK-Japan Joint Military Exercise

The Korea Herald ("KOREA, JAPAN TO HOLD JOINT NAVAL EXERCISE NEXT MONTH," Seoul, 07/28/99) reported that the Defense Ministry announced on Tuesday that the ROK and Japanese navies will conduct a joint search and rescue drill in waters between the two countries early next month. "The joint naval exercise August 4-5 on the high seas between South Korea's Cheju and Japan's Kyushu is to expand bilateral military exchanges and cooperation for peaceful purposes," a ministry spokesman said. Three ROK naval vessels and one helicopter will take part in the drill. Japan will dispatch three destroyers, one maritime reconnaissance plane, and two or three helicopters from its maritime Self-Defense Forces. For transparency in the drill and to prevent any misunderstanding by neighboring countries, the ROK wanted to ask Russia, the PRC, and the DPRK to observe the exercise, but Japan reportedly rejected the idea.

6. DPRK-New Zealand Talks

The Korea Times ("NK DELEGATION VISITS NZ FOR TALKS ON DIPLOMATIC NORMALIZATION," Seoul, 07/27/99) reported that an ROK Foreign Affairs-Trade Ministry official said on Monday that a DPRK delegation visited New Zealand last week to discuss ways of normalizing diplomatic relations. The delegation, led by DPRK Ambassador to Indonesia Kim Byong-hong, visited New Zealand on July 19-21 and met Don McKay, assistant foreign affairs and trade minister for consular affairs. However, McKay told the DPRK delegation that it is desirable for the DPRK to first take steps to address the international community's concerns over its efforts to develop weapons of mass destruction before launching full-fledged discussions on diplomatic normalization. The DPRK delegation visited New Zealand at the invitation of Victoria University to participate in a seminar. "North Korea has shown extraordinary attention to diplomatic normalization with New Zealand and Australia, while showing a lukewarm attitude to Washington's desire to improve relations with Pyongyang," the ROK official said.

7. Mt. Kumgang Tour

The Korea Times (Son Key-young, "SEOUL OFFICIALS CONFIDENT OF BREAKTHROUGH IN HYUNDAI-NK TALKS," Seoul, 07/28/99) reported that ROK officials are optimistic that Hyundai and the DPRK will soon reach a breakthrough in negotiations on how to enhance safety guarantees for ROK citizens touring Mt. Kumgang. With Friday's unofficial deadline nearing, the negotiators in

Beijing are launching last-ditch efforts to conclude their month- long talks. "I believe that there is a possibility that Hyundai and North Korea could forge a breakthrough in their talks on safety guarantees. But it is unlikely that Hyundai will resume cruise ship operations this month," an ROK Unification Ministry official said. In the event the talks are wrapped up successfully, the ROK government is expected to make a decision on whether to allow Hyundai to send the money to the DPRK as scheduled. However, the ROK government is now increasingly moving to endorse Hyundai's payment because the payment is not only for the exclusive right to operate cruise ships, but also for the right to develop the Mt. Kumgang area. At present, Hyundai Asan Corporation vice president Kim Ko-jung is engaging in talks in Beijing with delegates from the DPRK's Asia- Pacific Peace Committee. The two parties have reportedly made significant progress, but there are some remaining issues to be tackled.

8. DPRK Tourism Promotion

Chosun Ilbo (Kim In, "NK PROMOTES TOURISM IN TAIWAN," Seoul, 07/26/99) reported that the DPRK is eagerly trying to attract tourists from Taiwan by offering package tours via advertising in Taiwan's largest daily paper, the China Times, and various Taiwan travel magazines, according to the Korea Trade and Investment Promotion Agency (KOTRA) on Tuesday. Tour routes being offered vary from Pyongyang to Mt. Paektu to Russia's Khavarovsk and two other tours. The travel agencies offering the tours are handing out Swiss-made 24k gold watches as an enticement for the first 100 people who sign up. A spokesman at KOTRA said that the DPRK's Tourism Director, Cho Song-gul, visited last March and discussed the promotion of tourism.

9. ROK Submarine Project

Chosun Ilbo (Yoo Yong-won, "MINISTRY SUSPENDS SUBMARINE PROJECT," Seoul, 07/27/99) reported that the ROK Ministry of National Defense (MND) announced on Tuesday that it is postponing for one year the W2 trillion SSU Project for purchasing submarines. A high-ranking official disclosed that the project was delayed because of controversy over bringing in Russian submarines and added that it was impossible to decide on the type of submarine to purchase within the year. The MND and the ROK Navy are looking into other ways of using the W20 trillion budget allotted for the SSU this year. The SSU Project is separate from bringing in Russian submarines, and is a plan to build 1,500-2,000 ton class submarines in the ROK by early 2000. In a related move, the MND will also decide on a new type of missile to purchase next year. The Israeli made 'Arrow' has emerged as a candidate for the SAM-X Project, which has a budget of W1.5 trillion. US 'Patriot' and Russian S-300 missiles are other candidates.

10. ROK Spies in DPRK

The Korea Times ("ROK SPIES WHO DIED AFTER INFILTRATING NK NUMBER 7,726," Seoul, 07/27/99) reported that a recently-issued weekly magazine has reported that a total of 7,726 ROK spies died or went missing after infiltrating the DPRK between the outbreak of the Korean War and 1972. "Hankyoreh 21" revealed that the ROK began sending its agents to the DPRK in 1950 and that covert operations continued until 1972, when the ROK and the DPRK reached an agreement on reconciliation. "Surprisingly enough, the number of South Korean spies who were dispatched to North Korea after 1960 reached 2,150," the weekly contended, quoting ROK military intelligence officials. However, the ROK Defense Ministry neither confirmed nor denied the report. This marks the first time a concrete number of missing or dead ROK agents has been suggested. The weekly said that the ROK Armed Forces still maintain a special unit of secret agents in Kangwon-do. The

report said that the ROK government has never offered compensation to the families of the dispatched ROK spies because they were regarded as civilians.

11. PRC-DPRK Air Service

Joongang Ilbo (Kang Joo-an, "NEW AIR SERVICE BETWEEN PYONGYANG AND SHENYANG," Seoul, 07/27/99) reported that the DPRK's Korean Central Broadcasting Station reported on July 27 that the DPRK and the PRC have agreed on the establishment of a new regular air route between Pyongyang and Shenyang. Delegates of both countries' civil aviation authorities signed a letter, which contains the schedule of the new regular service between two cities, in Pyongyang on July 26. The Chinese civil aviation delegation visited Pyongyang on July 20.

12. ROK Unification Rally

The Korea Herald (Kim Ji-ho, "'HUMAN BELT' TO STRETCH FROM SEOUL TO PANMUNJOM ON LIBERATION DAY," Seoul, 07/28/99) reported that the event's organizers said on Tuesday that on Liberation Day, August 15, a 61-km-long "human unification belt" will be form between Seoul and Panmunjom. "Just like two estranged lovers can make up with a single grasp of hands, we hope the two Koreas will move toward reconciliation on the occasion of this event," said a spokesman for the Korean Council for Reconciliation and Cooperation (KCRC), the nation's largest pro-unification group. In order to make the belt a reality, at least 60,000 people are required to participate, he said. Besides the human belt, the KCRC plans to hold various performances at the DMZ area on the national holiday, including the demolition of a 38m-high ice wall, which symbolizes the original division line of the 38th parallel. "We have proposed North Korea join the event by continuing the human belt through the northern territory," said the spokesman. KCRC held a ceremony to open the headquarters for promoting the event in Paju, north of Seoul, on Tuesday. Chances are quite slim, however, that the DPRK would accept the proposal, DPRK watchers said, as the regime ignores the KCRC, which is led by a vice president of the ROK ruling party. "Although North Korea is turning a deaf ear to our proposal, the event still carries significance by providing a chance for cementing solidarity for various pro-unification groups in the South with differing ideologies," said Park Dong-kyu, the KCRC spokesman.

13. Asian Financial Crisis

The Korea Times ("N.KOREA MISSILE, ECONOMIC REFORMS DOMINATE ASEAN," Seoul, 07/27/99) reported that, in meetings on Tuesday between the Association of Southeast Asian Nations (ASEAN) and its 10 key foreign partners, several foreign ministers urged Asian countries to resist the temptation to ease up on tough economic reforms now that the region is beginning to recover from its financial crisis. "The hard times are far from over," ROK Foreign Minister Hong Soon-young said. "Restructuring half finished is as dangerous as no restructuring at all. We must guard against the complacency that small successes tend to breed." Japanese Foreign Minister Masahiko Komura said that his country "fully understands the extreme importance Japan's economic recovery has for the recovery of the Asian economies. Let me tell you that we are doing our utmost to achieve that." Japan normally buys a large share of Asia's exports and is its largest supplier of foreign aid. Many Asian countries have complained that Japan's prolonged economic slump has dragged down their own economies and made it more difficult to recover from the region's two- year financial crisis. "Now that the worst of the crisis appears past," US Secretary of State Madeleine Albright said, "there is renewed optimism in the region." But she added that governments must stay focused on bank reform and corporate restructuring, improving financial regulatory systems and building

stronger capital markets.

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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