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I. United States

1. Perry's Visit to DPRK

Reuters (Bill Tarrant, "PERRY TO BRIEF OFFICIALS IN SEOUL ON N.KOREA VISIT," Seoul,

05/28/99) and the Associated Press (Sang-Hun Choe, "U.S. ENVOY REPORTS ON N.KOREA VISIT," Seoul, 05/28/99) reported that US envoy to the DPRK William Perry arrived at a military airport in the ROK on Friday. An unnamed ROK government official said, "The first thing he will do in Seoul tonight is to report to Washington. Everyone is waiting for what he has to say, including whether he met Kim Jong-il." The DPRK's official Korean Central News Agency (KCNA) said that Perry had met DPRK First Vice-Minister of Foreign Affairs Kang Sok-ju and that they had "sincere and frank talks." According to KCNA, Kang "stressed that if the relations between the two countries are to be improved, the United States should recognize the system and sovereignty of [North Korea], approach it on an equal footing and fundamentally withdraw its policy hostile towards [North Korea]." Perry will meet with ROK Prime Minister Kim Jong-pil, ROK Unification Minister Lim Dong-won, ROK Deputy Assistant Foreign Minister Chang Jae- ryong, and Japanese Foreign Ministry director-general Ryozo Kato on Saturday.

2. Inspection of Underground Site

The Associated Press ("U.S. FINISHES N. KOREA INSPECTIONS," Washington, 05/27/99) and Reuters ("U.S. FINDS EMPTY TUNNEL COMPLEX AT KOREAN SITE," Washington, 05/27/99) reported that US State Department Spokesman James Rubin said that a group of US technical experts completed their inspection in Kumchangri. Rubin said that the US team ended its work on Monday earlier then expected owing to the DPRK's cooperation. He stated, "The team found an unfinished site, the underground portion of which was an extensive, empty tunnel complex. A careful technical analysis of the team's work will now take place before further judgments can be made and reported." He added that their findings will be subjected to careful analysis. Rubin said the US team will make a return visit in May 2000, in accordance with an agreement reached in March.

The New York Times (Philip Shenon, "SUSPECTED NORTH KOREAN ATOM SITE IS EMPTY," Washington, 05/28/99) reported that US investigators in the DPRK have discovered a big, empty tunnel. Administration officials cautioned that while the tunnel is now empty, it could still be used someday to hide equipment needed to build nuclear weapons. They also noted that material inside the tunnel could have been moved out in recent weeks in anticipation of the US inspection, although US spy satellites would probably have detected the movement of any major piece of equipment. An administration official said that initial reports from the inspection team suggested that, apart from digging a huge hole in the ground, the DPRK had made no obvious preparations for construction of a nuclear reactor in the tunnel.

3. DPRK Famine

The Wall Street Journal (Michael Schuman, "NORTH KOREA'S ECONOMY MOVES TOWARD STABILITY," Seoul, 05/28/99) reported that ROK analysts said that there are signs that DPRK economic conditions may have stabilized. Unofficial farmers' markets are becoming more open and active, truck traffic on DPRK roads has increased, food production increased more than 11 percent last year from the year before, economic refugees have vanished, and the population appears to be eating slightly better this year. Local leaders in the DPRK have also become adept at managing a wide-ranging network of contacts around the country with whom they exchange surplus goods. This has allowed local leaders to better provide for the people under their care. Koh Il-dong, a research fellow specializing in the DPRK economy at the Korea Development Institute, said, "The previous condition was so deteriorated, so a mild improvement may be quite noticeable." Analysts said that for the DPRK to experience a sustainable revival, it needs to change the basic nature of the country's state-led economic model in a way that would significantly liberalize agriculture and industry. However, observers said that the alteration in its constitution last year only shows that Kim Jong-il is

not willing to pursue meaningful reforms.

4. Kim Dae-jung's Russian Visit

Reuters (Patrick Lannin, "YELTSIN MEETS S.KOREA'S KIM AMID CABINET CONFUSION," Moscow, 05/28/99) reported that Russia's Interfax news agency reported that Russian President Boris Yeltsin met ROK President Kim Dae- jung on Friday. Kim arrived Thursday and leaves Sunday for Mongolia.

The Associated Press ("RUSSIA BACKS CLOSER TIES BETWEEN NORTH, SOUTH KOREA," Moscow, 05/28/99) reported that Russian President Boris Yeltsin expressed support Friday for ROK President Kim's "sunshine policy." In a joint statement by Yeltsin and Kim, Yeltsin said, "Peace on the (Korean) peninsula has crucial significance for stability in the region. The Russian side supports the line taken by Kim Dae-jung's administration (in creating) a productive dialogue between the south and north." The statement also indicated that Russia wants to expand political and economic relations with both Koreas. Russian Foreign Minister Igor Ivanov said the two presidents also discussed developing military-technical cooperation. They also signed an agreement that calls for ROK investment in an industrial complex in the Nakhodka Free Economic Zone and several other agreements on cooperation in fighting crime and on peaceful uses of atomic energy. About the meeting, Yeltsin said, "many matters were straightened out. The talks were very substantive, constructive and were held in a cooperative atmosphere. By advancing along this road we can and must bring Russian-Korean economic cooperation to a qualitatively new level." Presidential spokesman Dmitry Yakushkin said Yeltsin interrupted his vacation to meet Kim, and is likely to continue his rest after the talks conclude.

5. US-PRC Relations

The Wall Street Journal (Eduardo Lachica, "U.S. WON'T LET EMBASSY BOMBING ALTER ITS STANDARDS TOWARD CHINA," Washington, 05/28/99) reported that Stanley Roth, US State Department assistant secretary for East Asian and Pacific affairs, said that the US will not allow the bombing of the PRC embassy in Belgrade to be an excuse for making concessions on trade, human rights and other major issues. Roth added that the administration will conclude its investigation of the May 7 incident and brief the PRC leaders as soon as possible.

Dow Jones Newswires ("CHINA REJECTS IDEA EMBASSY BOMB A MISTAKE," Washington, 05/28/99) reported that Li Zhaoxing, PRC ambassador to the US, on Friday said that US-PRC relations would not improve until the US conducted a thorough investigation into the bombing of the PRC embassy. Li rejected the idea that the bombing was accidental or the result of US miscalculations. Li made it clear the PRC would link the bombing incident to other aspects of US-PRC relations, such as the World Trade Organization talks. Li also dismissed the Cox Committee Report as a "fabrication" and called its publication an irresponsible act designed to whip up US hysteria against the PRC. He said, "This kind of hysteria has harmed the valuable and very much cherished relationship between our two good countries, a relationship which is mutually beneficial." He also warned the US not to launch a crackdown on the export of high technology to the PRC and pointed out that many Western farmers depend on the PRC as a market for their products.

6. Cox Committee Report on PRC Espionage

The Washington Post (Vernon Loeb and Walter Pincus, "PLANTED DOCUMENT SOWS SEEDS OF DOUBT," 05/28/99, A03) reported that many former US intelligence officers cast doubt on the Cox

committee's conclusion. Donald P. Gregg, a 31-year CIA operations officer who served as ambassador to the ROK in the Bush administration said, "I am very disturbed by it. My instincts as an old spook are that it really doesn't compute." Gregg theorized that the document contained "degraded information" that the PRC was deliberately passing back to the CIA as part of an intelligence cat-and-mouse game to show that the PRC knew that the CIA had fed it misinformation. Houston T. Hawkins, a former US Defense Intelligence Agency nuclear weapons expert who works as an intelligence official at Los Alamos National Laboratory, questioned whether the Cox committee had fallen into a trap set by the PRC. Quoting a page from Chinese military philosopher Sun Tzu's fifth-century "The Art of War," Hawkins said that the PRC could have been trying to sow turmoil in a rival's ranks by triggering a spy hunt. Triggering such suspicion, he theorized, would have served another purpose as well, helping stop the movement of top Chinese nuclear physicists to US labs after graduation from US universities. Paul Redmond, the former head of CIA counterintelligence who helped catch Aldrich H. Ames, said he can not believe that PRC intelligence would have included the warhead design information in the document they gave to the US if they really thought it was valuable. Redmond said that what most likely happened is that the PRC passed the references to US warhead designs, perhaps to build up the double agent's credibility, without realizing how sensitive they would be deemed by US intelligence.

7. PRC Response to the Cox Committee Report

The New York Times (Erik Eckholm, "CHINESE PRESS IN FULL ATTACK ON COX REPORT," Beijing, 05/28/99) reported that the PRC's state-run Xinhua News Agency issued a commentary on Thursday that attacked the credibility of the Cox Committee Report. The commentary said that the Cox report has not provided any evidence to back up its accusations. The commentary said, "Cox and his like, using the same base and shabby methods as those used by Joseph McCarthy in the 1950s, have managed to plunge every overseas Chinese in the United States into a state of extreme nervousness and anxiety." In a separate commentary in the People's Daily on Thursday, it said that the US is launching a new Cold War against socialist countries and the Third World. It added that the bombing of Yugoslavia is not an isolated incident but rather part of US strategy to dominate the world. The commentary concluded, "Whoever doesn't obey [the US], whoever doesn't accept its political and economic model, will have pressure applied on them and even war."

8. Taiwan Purchase of US Missiles

Reuters ("TAIWAN WANTS U.S. HELICOPTER MISSILES," Washington, 05/27/99) and the Associated Press ("PENTAGON OKS MISSILE SALE TO TAIWAN," Washington, 05/27/99) reported that the US State Department issued a written statement that said that Taiwan has expressed interest in buying 240 "Hellfire-2" missiles for US$23 million. The missiles, built by Lockheed Martin Corporation, are used by helicopters against armored forces on the ground. The proposed sale also includes spare parts and related equipment for the missiles, which Taiwan would use aboard AH-1W "Super Cobra" and OH-58D "Kiowa" attack helicopters.

9. India-Pakistan Conflict

The Associated Press ("INDIA-PAKISTAN FIGHT WORRIES U.S.," Washington, 05/28/99) reported that the US is urging India and Pakistan to take steps to ease their accelerating confrontation over Kashmir. Karl Inderfurth, top US State Department official for South Asian affairs, summoned the two countries' ambassadors to separate meetings Thursday to urge restraint. Inderfurth said he expressed that the US was highly concerned about the situation.

The Associated Press (Kathy Gannon, "PAKISTAN WARNS KASHMIR CONFLICT THREATENS WORLD PEACE," Islamabad, 05/28/99) reported that Pakistan urged India Friday to halt its military crackdown on the disputed Kashmir border region, warning that hostilities there threatened not only "regional peace, but world peace." Pakistan's Foreign Ministry Spokesman Tariq Altaf said, "The situation is very volatile ... the two nuclear powers should not be in a state of confrontation." Pakistani Prime Minister Nawaz Sharif has written a letter to UN Secretary General Kofi Annan offering talks with India and urging the UN to send a special envoy to the region to defuse tension. Pakistani Information Minister Mushahid Hussein said, "Prime Minister Nawaz Sharif is ready for talks on all issues, including Kashmir. The escalation confirms Pakistan's stand that unless the Kashmir dispute is resolved it remains a flash point and the international community should take notice." Hussein added, "If we didn't have the [nuclear] bomb, India would have occupied Kashmir by now. That's what the bomb means - deterrence for security, for survival, for self- reliance."

II. Republic of Korea

1. Perry's Visit to DPRK

JoongAng Ilbo ("THE MAN OF THE HOUR ARRIVES IN SEOUL FROM NK, Seoul, 05/28/99) reported that William Perry arrived in Seoul on May 28 via Japan's Yokoda Airport. He was the first representative to deliver a signed letter from a US president to the DPRK since the country's foundation in 1948. A source from the government said, "Perry met with North Korea's paramount leader, Kim Jong-il's, closest secretaries and military advisers in Pyongyang and obtained the fruitful results he had fully expected." He stayed in the DPRK for four days and delivered US President Bill Clinton's missive to Kim Young-nam, the DPRK's official head of state in name only. Perry discussed the DPRK's suspected nuclear sites and missile development program. The results appear to be satisfactory as indicated by the US State Department's announcement Friday that the suspected nuclear facilities at Kumchangri in the DPRK are in fact nothing but empty tunnels. In exchange for the DPRK suspending any nuclear development programs, the US will support the DPRK administration with 600,000 tons of provisions and crude petroleum.

2. ROK-Russia Summit Meeting

Chosun Ilbo ("YELTSIN BACKS KIM'S SUNSHINE POLICY," Seoul, 05/28/99) reported that ROK President Kim Dae-jung met with his Russian counterpart Boris Yeltsin Friday in Moscow for a summit meeting, after which the two state leaders held a press conference and issued an 8-item joint communique. In addition to including a commitment to reinforce the constructive and complementary relationship between the ROK and Russia, the communique stressed the importance of establishing a permanent structure for peace on the Korean peninsula and solving all pending issues between the two Koreas. The two heads of state also concurred that it is vital that official inter-Korea dialogue take place as soon as possible. President Kim told gathered press that he had called for Russia to rally behind the ROK's sunshine policy, saying that Yeltsin had expressed his support for the policy and committed to making a constructive contribution to a policy of engagement with the DPRK.

3. DPRK Missile Exports

JoongAng Ilbo ("NK'S MISSILE EXPORTS REPORTEDLY WORTH $1 BILLION A YEAR," Seoul, 05/28/99) reported that the DPRK reportedly has been exporting US$1 billion worth of missiles to

countries in the Middle East and Asia every year. "North Korea has made a large amount of money a year by exporting missiles to countries including Iran, Iraq, and Pakistan, since the 1980s," a Pakistani newspaper recently reported. The article noted that the US Central Intelligence Agency classified the DPRK as the largest missile-exporting state. On May 28, Radio Free Asia broadcast that Pakistani newspapers had disclosed the DPRK's missile exports based on figures from the CIA. A source from the ROK government put the figure far higher when he said last March, "NK is estimated to be exporting missiles worth 5 billion dollars to Middle East nations every year."

4. DPRK Trade

Korea Times ("NK TRADE FALLS TO $1.2 BILLION," Seoul, 05/28/99) reported that, according to the Korea Trade- Investment Promotion Agency (KOTRA), the DPRK's 1998 overseas trade totaled US$1.42 billion, well below the US$2 billion figure that is considered the "minimal survival trade figure" by some economists. The figure, which breaks down to US$560 million in exports and US$880 million in imports, marks a 33.7 percent decrease from 1997, making it the largest drop since the 42.4 percent plunge from US$4.72 billion in 1990 to US$2.72 billion in 1991, the study showed. "Though the US$2 billion line is not a definite standard, the fact that foreign trade by North Korea continues to slip is certainly a worrisome trend," said Lee Kwang-hee, director of KOTRA's DPRK Research Dept. The US$2 billion line was drawn by those who observed that the DPRK seemed to be doing reasonably well after its first major financial crisis in 1995-1996 brought its international trade level down to that level. The main reasons for the shortfall seem to be the DPRK's poor economic situation coupled with the financial crisis in Asia in general, KOTRA said.

III. Japan

1. Japanese-DPRK Relations

The Asahi Shimbun ("FORMER PRIME MINISTER MURAYAMA TO VISIT DPRK IN JUNE: DELEGATION WILL CONVEY JAPAN'S CONCERN," 05/27/99) reported that a Japanese delegation of Diet members led by former Prime Minister Tomiichi Murayama, currently Japanese Social Democratic Party member, decided on May 27 to leave for the DPRK in June. They also decided to convey to the DPRK Japan's concern over the issues of the DPRK's rocket launch over Japan, the DPRK's suspected abduction of Japanese civilians, and the DPRK's suspected nuclear sites, and to resume talks on normalization of Japan-DPRK diplomatic relations that have been virtually frozen. The delegation members discussed the newly enacted Guidelines for Japan-US Defense Cooperation laws and other issues that the DPRK may ask about at the time of their visit. The report added that the exact date of their visit will be decided depending on the result of William Perry's visit to the DPRK and the situation in the Japanese Diet.

2. Japanese-Russian Relations

The Yomiuri Shimbun ("JAPANESE-RUSSIAN SUMMIT MEETING IN AUTUMN," 05/28/99) and the Nikkei Shimbun ("FOREIGN MINISTER KOMURA TO VISIT RUSSIA TODAY," 05/28/99) reported that Japanese Foreign Minister Masahiko Komura will leave for Russia on May 28 for a three-day visit to give Prime Minister Keizo Obuchi's letter to Russian President Boris Yeltsin. The letter contains Obuchi's proposal on a summit meeting between Obuchi and Yeltsin at the time of the Group-7 Summit Meeting in Germany in June. Komura will announce to his counterpart that Japan is willing to agree on a new framework enabling free visits to the four Northern islands by former

residents and on Japan's financial aid for dismantling of Russia's decommissioned nuclear submarines. However, with regard to the territorial issue, although the date of Yeltsin's visit to Japan in autumn may be decided during Komura's visit, not much progress is expected on other issues, according to the report.

3. PRC Reaction to Japan-US Defense Guidelines

The Asahi Shimbun ("PRC POLITBURO MEMBER CALLS FOR JAPAN'S "CAUTIOUS" ACTION," 05/25/99) reported that PRC politburo member Wu Guanzheng told Japanese Prime Minister Keizo Obuchi on May 24 regarding the newly enacted Guidelines for Japan-US Defense Cooperation laws, "We are carefully watching the issues concerning Taiwan. We expect Japan to act as cautiously as ever before." In response, Obuchi said, "Japan will continue to be defense-oriented, and will not be a military power." The report added that Wu is seen as a promising politburo member of the PRC Communist Party.

4. Japan-US Defense Guidelines

The Daily Yomiuri ("DEFENSE LEGISLATION LEAVES SOME QUESTIONS UNANSWERED," 05/27/99) reported that laws accommodating the Japan-US defense cooperation guidelines were put into effect on May 24, but that the prospects for a law that would allow the Self-Defense Forces (SDF) to conduct ship inspections are still far from clear. During Diet deliberations, a clause defining ship inspections was omitted from the bills jointly submitted by the Liberal Democratic Party, Liberal Party and New Komeito. The article also pointed out that there are problems concerning appropriate responses to contingencies that may occur on Japanese soil, as well as how to defend territorial waters and airspace. It said that the DPRK's test-firing of a Taepodong missile over Japan last year and an incursion by DPRK spy ships into Japanese waters in March highlight the need for legislation, but work on a legal framework to deal with such incidents has yet to begin. The article further suggested that on policy coordination between Japan and the US, warning shots by the SDF, war-time legislation and theater missile defense, room for progress remains.

The Sankei Shimbun ("GOVERNMENT DECIDES TO EXPLICATE POSSESSION OF GUNS BY SDF MEMBERS IN RESCUE ACTIVITIES," 05/28/99) reported that the Japanese government decided on May 28, in relation to the revised Self-Defense Forces (SDF) law, to include criterion for the use of weapons by SDF members during overseas rescue activities. According to the criterion, Article 95 of the SDF law allows SDF members to carry pistols, guns and machine guns to protect their weapons and themselves even overseas. Although the use of these weapons outside airplanes and ships is limited, machine guns on destroyers can be used depending on the adversary's attack. Other conditions include the security of airports, seaports, and routes of an overseas country to which SDF members are sent, non-use of fighters as transportation or protector, and limitation of weapons carried by patrol officials in airplanes and ships to pistols.

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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