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I. United States

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1. CIA Report on Threats to US Security

The New York Times (Tim Weiner, "U.S. SPY AGENCIES FIND SCANT PERIL ON HORIZON," Washington, 01/29/98) and the Washington Post (Walter Pincus, "CIA CHIEF CALLS SPREAD OF WEAPONS TECHNOLOGY TOP THREAT TO NATIONAL SECURITY," 01/29/98, A07) reported that US intelligence officials testified before the Senate Intelligence Subcommittee on Wednesday that the US currently faces no major, immediate threats to its national security. However, George Tenet, head of the Central Intelligence Agency, cited the spread of weaponry as a potential problem, pointing to PRC sales of military hardware to Iran and Pakistan and Russian companies' sales of missile technology to Iran. He stated that "the jury is still out" on whether changes in PRC export policy are broad enough and will hold, and that Russian export controls "have not worked well, and proliferant countries have taken advantage of its shortcomings." Regarding the DPRK, Lieutenant General Patrick M. Hughes, director of the Defense Intelligence Agency, stated, "North Korea's overall military readiness continues to erode." He added, "The global threats facing the United States are diminished in magnitude."

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2. FBI Report on Espionage

USA Today (Tom Lowry, "CHINA'S HUNGER FOR WESTERN KNOW-HOW FEEDS SPYING FEARS," Washington, 01/28/98) reported that Louis Freeh, director of the Federal Bureau of Investigation, told the Senate Intelligence Subcommittee that the PRC, Russia, and the ROK are using students,

visiting scientists, and foreign business people to collect intelligence information. He stated, "Foreign intelligence activities against the United States have grown in diversity and complexity in the past few years." Freeh said that increased access of US businesses to the PRC places US technology and intellectual property increasingly at risk. However, Shuning Yu, a spokesman for the PRC Embassy in Washington, denied the allegations. He stated, "All of China's relations with other countries have been conducted in compliance with international norms and the laws of those countries."

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3. ROK Financial Crisis

The New York Times (Timothy L. O'Brien ("BANKS IN ACCORD TO EXTEND \$24 BILLION IN KOREA LOANS," 01/29/98), the Washington Post (Steven Pearlstein, "SEOUL, CREDITORS REACH PACT ON DEBT REFINANCING," 01/29/98, E03) the Associated Press (Sang-Hun Choe, "S. KOREA, BANKERS REACH AGREEMENT," Seoul, 01/29/98), and the Wall Street Journal (Stephen E. Frank, "SOUTH KOREA, CREDITORS AGREE TO RESTRUCTURING OF LOANS," New York, 01/29/98) reported that ROK banks and international creditors reached an agreement late Wednesday night to extend payment on US\$24 billion in short-term loans. The ROK government agreed to guarantee repayment of the loans, the maturities of which have been extended from one to three years. The deal accounts for about one-fourth of the ROK's outstanding short-term debt of US\$92 billion.

Dow Jones Newswires (Bob Davis, "IMF'S CAMDESSUS SAYS S. KOREA FIRST TO EMERGE FROM CRISIS," Washington, 01/29/98) reported that International Monetary Fund Managing Director Michel Camdessus said Thursday that the ROK could be the first country to emerge from the Asian financial crisis "in significantly better shape." He stated that he believes the ROK could begin to resume an annual growth rate of about 6 to 7 percent by the end of 1999 or the beginning of 2000.

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4. US Arms Sales to Taiwan

Reuters (James Peng, "TAIWANESE WELCOME ARMS DEAL," Taipei, 01/29/98) and the Associated Press ("PENTAGON TO SELL FRIGATES TO TAIWAN," Washington, 01/28/98) reported that a spokesman for the Taiwan Ministry of National Defense on Thursday welcomed the US decision to sell Taiwan refurbished Navy frigates, along with their weapons and ammunition, for US\$300 million. He stated, "We in principle are happy for it to happen as long as it helps our national defense." The US Defense Department announced a plan Wednesday to sell three Knox Class frigates, along with Phalanx anti-aircraft guns and Harpoon anti-ship missile launchers, to Taiwan. The announcement said, "Taiwan needs the frigates as well as the weapons and ammunition to continue its naval modernization program and enhance its anti-submarine warfare capability."

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5. PRC-Taiwan Battle for Diplomatic Recognition

Reuters ("CHINA WINS OVER CENTRAL AFRICAN REPUBLIC," Beijing, 01/29/98) reported that the PRC's official Xinhua news agency said Thursday that the PRC and the Central African Republic signed a joint communique in Bangui to resume ties, which were suspended in 1991 after the African nation recognized Taiwan. Xinhua said, "In a joint communique signed in Bangui, the Central African Republic recognizes that there is only one China in the world, the government of the People's Republic of China is the sole legitimate government representing whole China, and Taiwan is a

province of the People's Republic of China." However Liu Hsiang-pu, Taiwan's ambassador in Bangui, said that the Central African Republic had not given him notice of the switch. He added, "The Chinese communists have tried only to create problems between the Republic of China and the Central African Republic and have harbored ill intentions."

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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