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IN TODAY'S REPORT:

I. United States

- 1. DPRK Missile Test
- 2. Funding for Light-Water Reactors
- 3. US-DPRK Talks
- 4. Release of US Citizen from DPRK
- 5. Russian Financial Crisis

II. Republic of Korea

- 1. US-DPRK Talks
- 2. ROK Aid to DPRK

III. Correction

- 1. DPRK Trade

I. United States

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1. DPRK Missile Test

The Washington Post (Sandra Sugawara, "N. KOREA FIRES BALLISTIC MISSILE TOWARD JAPAN," 08/31/98, Tokyo, A17), Reuters (Teruaki Ueno, "N. KOREA LAUNCHES MISSILE OVER JAPAN," Tokyo, 08/31/98) and the Associated Press (Todd Zaun, "REPORT: N. KOREA MISSILE HITS SEA," Tokyo, 08/31/98) reported that the Japanese Defense Agency said that the DPRK on Monday test-fired a ballistic missile over Japanese territory. A Japanese Foreign Ministry official stated, "The Foreign Ministry had firm information that a test would be conducted, and the ministry had asked North Korea not to conduct a test on several occasions." Prime Minister Keizo Obuchi warned that the government was considering unspecified steps in response to the launching. The Japanese government said that the second stage of the two-stage rocket appeared to have landed in the

Pacific Ocean, traveling more than 1,300 km (780 miles). Japanese Vice Foreign Minister Shunji Yanai said there was "no evidence" to suggest the launch was anything but a test. Defense Vice Director General Toru Kawajiri stated, "We do not know the intention or purpose of the firing." He said that the agency would send a fleet of ships and aircraft to the site where the missile landed. Defense analyst Kensuke Ebata stated, "If the report is true, North Korea is developing ballistic missiles that will threaten all of Japan. With a missile of 1,300 km range, North Korea could even hit U.S. military bases in Okinawa." Noriyuki Suzuki, chief analyst at the Radiopress news agency, stated, "North Korea is trying to secure major concessions from the United States by demonstrating the threat of North Korean missiles. This is one of the diplomatic cards North Korea has played." He added, "North Korea is also trying to raise morale and the mood among its people ahead of the elevation of Kim to president." Hideshi Takesada, professor at the National Institute for Defense Studies, said that the missile test "has political and diplomatic implications. With little progress in relations between North Korea and the United States, what North Korea wants is an easing of the sanctions." He added, "The launch has a lot of merit for North Korea in terms of boosting confidence in its missiles in international weapons markets and selling them for foreign exchange." ROK Defense Ministry officials said the missile was a Taepodong 1, a newer version of the medium-range Rodong 1, which was tested in 1993.

Reuters (Philippa Fletcher, "RUSSIA ISSUES VARYING ACCOUNTS ON N.KOREAN MISSILE," Moscow, 08/31/98) reported that Russia confirmed that the DPRK launched a ballistic missile on Monday, but accounts varied as to whether or not it had fallen in Russian territorial waters. Alexander Kosolapov, a spokesman for Russia's Pacific Fleet, stated, "According to our information, after its launch, the missile landed not in Russian territorial waters but in neutral waters." He refused to give the coordinates for the landing, though, saying that to do so would reveal the technical capabilities of the fleet's tracking systems. He said the missile fell into the Sea of Japan, adding that Russia had not sent warships to the area since it presented no threat. Officials from the Strategic Rocket Forces said they had not detected the missile because it had veered off its original course. However, news agencies quoted military officials as saying that Russia had spotted the missile and sent warships to investigate. Interfax news agency quoted the head of the rocket forces, Vladimir Yakovlev, as saying that Russia had been warned about the launch in advance under an agreement with the DPRK. However, the Tass news agency quoted another rocket forces official as saying that Russia had not been warned in advance. The official stated, "Consequently Russian warning systems were not given the task of monitoring the North Korean sector. The missile launch was spotted by other detection systems." Russian Foreign Ministry spokesman Vladimir Rakhmanin said that Russia had no early warning agreement with the DPRK. Interfax quoted an unnamed senior naval official as saying that two US Orion spy planes and a reconnaissance ship from the Pacific Fleet had followed the missile launch. The Japanese Defense Agency said that the DPRK missile landed in the sea between Vladivostok and northern Japan at a latitude of 40 degrees north and 134 degrees east longitude. A Japanese government official said the missile apparently landed in Russian territorial waters and that Japan would not send ships or planes to the area.

Reuters ("PENTAGON CONFIRMS NORTH KOREA LAUNCHED MISSILE," Washington, 08/31/98) reported that US Defense Department spokesman Jim Kout confirmed Monday that the DPRK had launched a missile into the Sea of Japan. Kout stated, "The Department of Defense views this as a serious development and is evaluating the situation and may have further comment later."

Reuters ("ALBRIGHT CONCERNED AT NORTH KOREAN MISSILE TEST," Sarajevo, 08/31/98) reported that US Secretary of State Madeleine Albright expressed concern on Monday about the DPRK missile test. She stated, "We are concerned about it, as are the Japanese and the Russians, and this is something that we will be raising with the North Koreans in the talks that are currently going on."

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2. Funding for Light-Water Reactors

The Associated Press ("JAPAN REFUSES TO ENDORSE COMMITMENT TO N.KOREA REACTOR PROJ," Seoul, 08/31/98) reported that ROK officials said that Japan on Monday refused to endorse its financial commitment to the building of two light-water reactors in the DPRK in protest over the DPRK's missile test. The US, Japan, the ROK, and the European Union had been scheduled to adopt a resolution Monday on funding of the project, but Japan retracted its endorsement of the resolution at the last moment. The Korean Peninsula Energy Development Organization (KEDO) retracted its earlier news release on the adoption of the resolution. ROK officials representing KEDO said in a separate news release, "There will be a formal announcement of the resolution when a new date of its adoption is set." ROK officials said privately that they did not believe that Japan would withdraw from the funding of the reactor project itself. The resolution would have been the first official document detailing how to finance the reactor project. According to a full text of the resolution released earlier, the ROK was to assume US$3.22 billion, or 70 percent of the cost, the European Union US$80 million, and Japan US$1 billion. The US was to organize financing of the US$300 million difference between the budget and the total amount committed by the member countries.

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3. US-DPRK Talks

The Associated Press ("NKOREA MAY OK NUCLEAR INSPECTION," Seoul, 08/30/98) reported that the ROK's Yonhap news agency quoted an unidentified source in Washington as saying that the DPRK told the US at recent high-level talks that it is willing to allow an outside inspection of its underground construction project. Yonhap quoted the source as saying, "North Korea has denied that the underground facility being built is nuclear-related and expressed willingness to allow an outside inspection." The report said that US ambassador-at-large Charles Kartman and DPRK Vice Foreign Minister Kim Gye-gwan discussed nuclear weapons, the DPRK's arms sales, and other issues during the talks. The DPRK also reportedly told US officials it would return to the four-way Korean peace talks if the US eases or lifts its economic embargo. The report also said that the US may offer additional food to the DPRK.

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4. Release of US Citizen from DPRK

US State Department Deputy Spokesman James Foley ("STATE DEPARTMENT NOON BRIEFING, AUGUST 28, 1998," Washington, USIA Transcript, 08/31/98) said that US citizen Reverend Kwang Duk Lee was released Friday from the DPRK. Foley stated, "Our embassy in Beijing worked closely with the Embassy of Sweden in Pyongyang, which is the US protecting power in North Korea, to monitor Reverend Lee's welfare and make clear to the DPRK that the American should be released."

The Associated Press (Michelle Dearmond, "KOREAN-AMERICAN PASTOR TO COME HOME," Los Angeles, 08/31/98) reported that Jenny Lee Yamada, the daughter of Reverend Kwang Duk Lee, said that her father was scheduled to arrive in Los Angeles on Monday. Yamada stated, "The North Koreans really emphasized they took good care of him. They said they fed him three first-class meals a day, made sure he was seen by doctors and made sure he got regular exercise." She said that the DPRK demanded US$122,000 for Lee's release, but agreed to release him after collecting money from the family to cover expenses the government incurred while holding him. The family declined to disclose the amount of the payment.

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5. Russian Financial Crisis

Dow Jones Newswires ("CLINTON: U.S. NEEDS RUSSIA'S COOPERATION ON NUCLEAR ISSUE," Washington, 08/31/98) reported that US President Bill Clinton on Monday said that helping Russia make it through its financial crisis is necessary for US nonproliferation goals. Clinton stated, "We don't want terrorists to get a hold of weapons of mass destruction. A weakened Russia, a weakened Russian economy would put enormous pressure on people who have those technologies and understandings to sell them. We don't want that to happen."

II. Republic of Korea

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1. US-DPRK Talks

According to ROK diplomatic sources, the DPRK expressed to the US its willingness to allow an investigation of its underground facilities near Yongbyon during a meeting last week between high-ranking officials of the two countries. The sources also said that the DPRK is likely to return to the four-party peace talks between the ROK, the DPRK, the US, and the PRC and resume consultation on missile issues with the US. The four- party talks were suspended in March when the DPRK delegates walked out. In return for its cooperation, the DPRK is known to have asked the US to lift its freeze on DPRK assets in the US worth US$15.45 million, to phase out sanctions on the DPRK, and to resume supply of 500,000 tons of heavy oil as early as possible. (Chosun Ilbo, "NK OKS INVESTIGATION INTO YOUNGBYON FACILITIES," 08/31/98)

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2. ROK Aid to DPRK

The ROK government has given the go-ahead to Chung Ju-yung, honorary chairman of the Hyundai Group, to donate corn to the DPRK, the ROK Unification Ministry announced Saturday. Chung proposed a donation of 50,000 tons of corn to the DPRK. The first shipment of 10,000 tons was delivered in May but the remainder, originally scheduled to be shipped in July, was put on hold due to the submarine infiltration incident. The government approval will allow the resumption of aid to the DPRK after it froze all kinds of food aid in the wake of the submarine incident. Hyundai plans to send the first shipment of 5,000 tons of the remaining corn within the next month. An ROK ministry official said that Hyundai has not yet asked for permission to resume the donation of 501 head of cattle to the DPRK. (Chosun Ilbo, "HYUNDAI'S CORN DONATION TO NORTH APPROVED," 08/31/98)

III. Correction

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1. DPRK Trade

A source at the Stanton Group said that there was "very little truth" to a story by Dow Jones Newswires on August 21 that quoted sources at the ROK's Korea Trade-Investment Promotion Agency (KOTRA) as saying that the US-based Stanton Group plans to invest an additional US$1

billion into the oil-refinery business in the DPRK. [See DPRK Trade in the US Section of the August 21 Daily Report.] The source said that, while Stanton has for several years pursued certain business opportunities in the DPRK under a US Treasury license, there is no basis now for reports of a pending huge investment. He stated, "For the record, we have not signed any agreement with KOTRA, nor (as Reuters subsequently reported) have we ever claimed to have a business relationship with KEDO."

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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