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I. United States

1. US-DPRK Missile Talks

The Associated Press (Paul Shin, "N.KOREA REJECTS U.S. MISSILE DEMAND," Seoul, 03/31/99)

and Reuters (Bill Tarrant, "U.S. WARNS N.KOREA AGAINST FURTHER MISSILE TESTS," Seoul, 03/31/99) reported that Robert Einhorn, US deputy assistant secretary of state for political and military affairs, said Wednesday that the DPRK had rejected US demands to end its missile development and exports. Einhorn stated, "We had frank discussions ... but I can't say we have made any breakthrough." He added that DPRK officials agreed in principle to hold another round of talks, with the venue and date to be decided through consultations between US and DPRK diplomats at the UN. Einhorn said that the DPRK was the world's No. 1 exporter of missile equipment and technology. He said that the DPRK provided Pakistan and Iran with missile equipment or technology that enabled those countries to test-fire medium-range missiles last year. He added that, at the just completed talks, he told DPRK officials, "Developing, producing, deploying and testing missiles that can threaten U.S. allies and U.S. armed forces and can eventually threaten the United States is inconsistent with improving ties with the United States." An unnamed senior US administration official said Wednesday that the DPRK repeated its demand for compensation to end exports of missiles and their technology, but rejected any limitations on its indigenous missile development program. He added that the US was prepared to ease economic sanctions under the Trading with the Enemy Act and take steps to normalize ties if the DPRK agrees to missile curbs. The official stated, "We regard it as entirely appropriate ... to proceed with easing of sanctions as North Korea addresses the missile issue."

The Associated Press ("N. KOREA: WOULD SUSPEND MISSILE TECH EXPORTS FOR COMPENSATION," Seoul, 03/31/99) reported that an unnamed DPRK Foreign Ministry spokesman said Wednesday that the DPRK will never change its missile development policy under pressure from the US. The spokesman said that it is the DPRK's "legitimate right of self-defense to develop, test and produce missiles by its own efforts to defend the security of the country because the U.S. is posing constant threats to it with enormous nuclear missiles and weapons of mass destruction." In a separate statement, however, the spokesman said that the DPRK was willing to suspend its exports if the US compensated it with cash.

US State Department Spokesman James Rubin ("STATE DEPT. NOON BRIEFING, MARCH 30, 1999," USIA Transcript, 03/30/99) said that the US is not surprised that it has not yet reached an agreement with the DPRK on missile issues. Rubin stated, "negotiating with North Korea is a marathon process with our marathon negotiators, and they are determined to continue to pursue our objectives." Rubin added that further launches would have "serious negative implications for US-North Korean relations." He stated, "we have developed an ongoing process with North Korea, a step-by-step program including the agreed framework and all that goes with it that has very serious programs.... I don't want to be more specific on what a serious negative implication would be, other than to say that it would have serious negative implications." Rubin maintained that in the latest round of talks, "we achieved the objective of pressing our concern about the North Koreans' indigenous missile activities and missile exports and of calling for tight constraints on these activities. We've only had four meetings to discuss this important and complex issue."

2. DPRK Famine

The Associated Press (John Leicester, "HUNGRY NORTH KOREANS FLEE TO CHINA," Yanji, 03/30/99) reported that a former DPRK soldier who fled into the PRC said that people in his village near Chongjin were dying every day from hunger, cold, or accidentally eating poisonous mushrooms when scavenging for food. He added that he saw three people executed by gunshot last year for killing vagrant children and selling their flesh at a market. Lee Soo-nam, a health inspector in Yanji, a PRC city near the border with the DPRK, stated, "We are all the same people. They are coming here to survive." Peter Smerdon, a spokesman for the World Food Program, said that the situation in the DPRK "is not an African type of famine. It's a slow famine. It's a creeping famine. It's a gradual,

general reduction of society's ability to keep itself alive."

3. Alleged PRC Nuclear Espionage

Reuters ("CHINA DAILY CALLS 'HYSTERIA' U.S. ALLEGATIONS OF NUCLEAR SECRET THEFTS," Beijing, 03/31/99) reported that an editorial in China Daily on Wednesday criticized US allegations that the PRC stole US nuclear technology as a "fit of hysteria" and a "groundless accusation." The editorial said that the accusations were attempts to "whip up Sinophobia in the United States." It said that the PRC had "once again become a scapegoat for U.S. bipartisan wrangling," adding that the accusations were "a rallying cry for some people with ulterior motives, including prominent politicians, to renew their attack on the Clinton administration and its China policy." It argued, "Some people in the United States have always viewed China as a potential enemy. Whenever there is a warming in relations, they resort to human rights claims and complaints about the trade balance to try to reverse the trend."

4. Alleged Technology Transfers to PRC

The Washington Times (Timothy Burn, "CHINA REPORT COULD HURT U.S. HIGH-TECH SALES," 03/31/99, 1) reported that US Commerce Secretary William M. Daley said Tuesday during a trade mission in Beijing that a soon-to- be-released report on technology transfers to the PRC by a congressional committee will hamper US-PRC technology trade. Daley stated, "The ... report, to be released by Congress soon, will no doubt be used by some as an excuse for tightening controls. Some export licenses may be more difficult to obtain -- especially if an organization had even minor involvement with the military."

5. US Nuclear Security

USA Today (Peter Eisler, "SECURITY AT 2 WEAPONS LABS 'MARGINAL'," Washington, 03/31/99, 11) reported that the latest annual report to US President Bill Clinton by the Department of Energy (DOE) said that no nuclear material is in imminent danger of theft or sabotage at any of the agency's 12 critical nuclear facilities. However, the report gave "marginal" security ratings to the Los Alamos and Lawrence Livermore national laboratories, as well as to the agency's transportation division, which moves nuclear material among sites. US Secretary of Energy Bill Richardson stated, "The report projects that all facilities will reach an overall 'satisfactory' rating in 1999 and I will hold them to it."

6. US Sanctions on India

Dow Jones Newswires ("US GEPHARDT SEES 1YR EXTENSION OF INDIA SANCTIONS WAVER," [sic] New Delhi, 03/31/99) reported that US Representative Richard Gephardt said Wednesday that he expects the Bill Clinton administration and the US Congress will agree to extend the current waiver of economic sanctions against India for another year by linking the extension to India's signing of the Comprehensive Test Ban Treaty (CTBT). Gephardt stated, "My sense is it's going to be renewed." He added that India's signing of the Comprehensive Test Ban Treaty is "a political process" and must be worked through gradually.

II. Republic of Korea

1. US-DPRK Missile Talks

JoongAng Ilbo ("MISSILE TALKS STALL," Seoul, 03/31/99) reported that the DPRK and the US held a fourth round of missile talks in Pyongyang for two days March 29-30, but only confirmed their previous positions. The DPRK insisted on March 31 that development, testing, and production of missile technology are matters of self-defense. A spokesman at the DPRK Ministry of Foreign Affairs stated that the US priority in eliminating weapons of mass destruction is hypocritical given its massive military capability. He did not mention the result of the talks regarding the exports of DPRK missiles to foreign countries.

Korea Times ("US WARNS AGAINST NK'S FUTURE MISSILE LAUNCH," Seoul, 03/31/99) reported that the US warned the DPRK that a future test-firing of a missile would bring about "negative consequences" to its national interests, according to an ROK Foreign Affairs-Trade Ministry official. He made the remarks in a press briefing on a US delegation's recent visit to Pyongyang to address the DPRK's development, deployment, and export of missiles. The US delegates also made it clear that the US cannot offer any cash compensation to reward the DPRK's possible suspension of missile programs, he said. However, the US noted that it could phase out economic sanctions against the DPRK if the bilateral talks made progress.

2. DPRK Economic Reform

JoongAng Ilbo ("NK'S OFFICIALS WILL STUDY FREE MARKET ECONOMY IN US," Seoul, 03/31/99) reported that DPRK economic officials will study the free market economy in Washington as early as in the first half of this year, according to ROK Unification Minister Kang In-duk. It would be the first time for the DPRK officials to study a free market economy in the US. Kang stated at a recent seminar, "The North let its officials learn about the capitalist system, sending more than 110 officials to China and Australia last year. This year, the North will send more officials to foreign countries including the US." He added that the reason why economic cooperation between the ROK and the DPRK appears less vital is that the DPRK is now focusing on educating its officials in the formulation of a free market economy. Accordingly, companies that are trying to enter the DPRK market will have to help implement a free market system for the DPRK, he commented.

3. ROK-DPRK Economic Cooperation

Korea Herald ("PRESIDENT PRESSES FOR RELOCATION OF IDLE EQUIPMENT TO NORTH KOREA," Seoul, 04/01/99) reported that ROK President Kim Dae-jung urged officials on Tuesday to move quickly on the proposal to relocate the ROK's idle industrial equipment and facilities to the DPRK and the PRC. "We should have great interest in moving idle industrial facilities to either China or North Korea," Kim said during a visit to the Presidential Commission on Small and Medium Business in Kwachon. The DPRK has not yet made any official response to the proposal. Officials said that about 23 trillion won worth of industrial facilities are idle in the ROK. The ROK government hopes that ROK firms will move their production facilities to the DPRK in inter-Korean joint ventures. The government plans to subsidize these firms through the inter-Korean cooperation fund.

4. DPRK Human Rights

Korea Herald ("PROPOSED INTERNATIONAL CONFERENCE TO DEAL WITH NORTH KOREAN HUMAN RIGHTS," Seoul, 04/01/99) reported that a group of ROK and French intellectuals meeting in Seoul on Tuesday decided to hold an international conference in Beijing next month to discuss DPRK human rights issues. Pierre Rigoulot, a French journalist and historian, made the proposal

during a seminar on the role of world intellectuals in solving the DPRK's human rights problems, sponsored by the Korea-America Friendship Society. "World intellectuals should get together to discuss measures against the North's human rights violations," Rigoulot said. Kim Sang-chul, head of the private organization, also said that the proposed Beijing meeting would be followed by a full-scale conference in Strasburg, the French city where the European Parliament is located, in early July. It would be attended by world opinion leaders concerned about human rights in the DPRK. "We should be ashamed to have done nothing at a time when a massive execution of people is underway in the North," Rigoulot said. Rigoulot noted that some French intellectuals are rather skeptical about ROK President Kim Dae-jung's "sunshine policy." "We should bear in mind the fact that the former Soviet Union had tried to build up its military even when the West pushed for the detente policy," he said.

5. ROK-DPRK Telephone Connections

Korea Herald ("WHITE PAPER SHOWS 43 TELEPHONE LINES CONNECT SOUTH KOREA WITH NORTH," Seoul, 04/01/99) reported that the ROK and the DPRK are connected by a total of 43 telephone lines, according to a white paper on unification released by the ROK government on Tuesday. The paper said that as of December 31, 1998, the two countries were linked by 29 direct phone lines and 14 lines wired through a third country. The direct phone lines have been used mainly by liaison officials from the two governments or each county's Red Cross society, officials said. The 14 indirect phone lines included eight linking the ROK and the DPRK through Japan and a satellite connection used by the Korean Peninsula Energy Development Organization (KEDO). The white paper also showed that inter-Korean exchanges and cooperation at the private level sharply increased in 1998, the first year of the Kim Dae-jung government. For example, the number of those who visited the DPRK last year, not counting Mt. Kumgang tourists, stood at 3,317, up from the 1,015 recorded in 1997. Nearly 40,000 ROK citizens have toured Mt. Kumgang since the tourism deal was reached in November last year.

III. People's Republic of China

1. DPRK-US Missile Dialogue

China Daily ("US, DPRK DISCUSSIONS ON MISSILES SET TO BEGIN," Seoul, 3/30/99, A11) reported that the US and the DPRK were expected to begin talks on March 29 in Pyongyang about the DPRK's missile program. The talks take place this week after the DPRK agreed to let the US visit an underground complex, the report said. However, the DPRK has vowed to make no concessions in this week's talks on its missile program. A spokesman for the DPRK Foreign Ministry was quoted as saying this month that the missile issue of the DPRK is a make-or-break matter of principle, which allows no concession. According to China Daily, the spokesman said in a report carried by the official Korean Central News Agency, "the US is mistaken if it thinks that it can 'check' the DPRK missile development through 'cooperation' with other countries and it should not dream that kind of dream."

2. ROK Economy

China Daily ("FEBRUARY INDUSTRIAL GROWTH SLOWS IN ROK," Seoul, 3/30/99, A6) reported that industrial output in the ROK rose 4 percent in February, marking four straight months of growth, ROK officials said on March 29, but it failed to match January's 14.8 percent expansion. The National Statistical Office (NSO) of the ROK said that the relatively slower growth mainly reflected

the fact that in 1998 the lunar new year holiday fell in January, instead of in February, as it did this year. "Excluding the lunar new year holiday factor, February output would have grown about 9 percent year-on-year," the NSO said, adding that both output and shipments should be seen as maintaining "solid growth" in February. ROK officials said the latest batch of indicators showed that the economy was recovering at a "steady peace," with improvements in key numbers, including a sharp rise in domestic consumption, seen as the motor for emerging from the year-old crisis.

3. ROK-US Trade Relations

China Daily ("COMMERCE SECRETARY'S VISIT FAILS TO EASE TRADE ROW," Seoul, 3/29/99, A6) reported that a number of trade issues appears unresolved between the ROK and the US, after visiting US Commerce Secretary William Daley warned of reprisals. Those pending issues include the alleged dumping of ROK steel products, the opening of the ROK's government procurement and movie markets, and the protection of intellectual property rights, according to the report.

4. PRC-US Economic Relations

People's Daily ("ZHU RONGJI MEETS WITH US COMMERCE SECRETARY," Beijing, 3/30/99, A1) reported that PRC Premier Zhu Rongji met with visiting US Commerce Secretary William Daley on March 29. When talking about Sino-US relations, Zhu said that the PRC stands ready to cooperate with the US in developing bilateral economic and trade relations. Premier Zhu told Daley that the PRC would not back away from its market-oriented reforms and that he was confident of the PRC economy. Daley said that the US Government and public are looking forward to Zhu's visit in April. The US will continue to devote itself to the development of economic and trade ties between the two countries, Daley added.

Jie Fang Daily ("CHINA CIVIL AVIATION COMPANIES BUY 10 BOEING 737," Beijing, 3/30/99, A6) reported that, with the approval of the PRC Government, China Aviation Supplies Import and Export Corp. and related airlines signed a contract with Boeing Co. recently to buy 10 Boeing 737-700/800 commercial airplanes valued at US$400 million. The airplanes will be delivered after 2001.

5. Across-Taiwan Straits Relations

China Daily ("RETURN OF TAIWAN TO MOTHERLAND PARAMOUNT," Vienna, 3/30/99, A1) reported that PRC Foreign Ministry spokesman Zhu Bangzao said at a press conference on March 29 that reunification of Taiwan with the motherland must not drag on too long following Macao's return to China in December. According to the spokesman, although the PRC is committed to the fundamental policy of peaceful reunification, it cannot rule out the use of force. The option of force is not aimed at Taiwanese compatriots, but rather at Taiwan's independence and foreign interference, Zhu said. "If we abandon the choice of using force," he said, "it will make reunification impossible even through peaceful means." Accusations of the mainland's so-called missile threat to Taiwan are based on some people's desires, including some in the US, to include Taiwan in the Theater Missile Defense system, Zhu said. The so-called missile threat is an excuse by some people who are trying to reach certain objectives and does not accord with the real situation, the spokesman added.

People's Daily ("CPC OFFICIAL GIVES LECTURE ON ACROSS-TAIWAN STRAITS RELATIONS," Beijing, 3/31/99, A3) reported that the United Front Work Department and the Taiwan Affairs Office co-organized a public lecture on the Taiwan issue in Beijing on March 29. Chen Yunlin, director of the Taiwan Affairs Office of the Central Committee of the Communist Party of China (CPC),

presented the situation of across-Taiwan Straits and the central government's principles on Taiwan at the lecture. The audience included leaders of the central committees of various non-Communist parties and the All-China Federation of Industry and Commerce, and various people without party affiliations. Chen said that resolution of the Taiwan issue will not be delayed indefinitely. "Although there are still various complicated elements, the overall international and domestic situations are still conducive to us," he said. "We will adhere to the basic principle of peaceful reunification and one country, two systems," Chen added.

6. PRC's View on Missile Defense

China Daily ("US MISSILE DEFENSE HYSTERIA," 3/30/99, A4) carried an article on US missile defense issues, which was written by Jinglun Zhao, a columnist for the Hong Kong Economic Journal and Asian American Times. The article said that this extremely costly and technologically unproved program only benefits arms manufacturers. Even worse, it may give the public a false sense of safety. The article said that it is not surprising that both Russia and the PRC adamantly oppose the system, as it violates the 1972 Anti-Ballistic Missile Treaty, upsets the world balance of power, may give rise to another arms race, and increases the possibility of US adventurism in international affairs as it acquires first strike capability. The PRC considers the possibility of the US shielding Taiwan under Theater Missile Defense as a serious provocation. It would be tantamount to a military alliance between the US and Taiwan that would change the entire military configuration in East Asia. The PRC would surely respond in the strongest terms. It is inconceivable that the DPRK or Iran would risk their own destruction by launching a sneak attack on the US. The real danger the US faces is terrorists armed with "suitcase bombs" or much cheaper biological and chemical weapons, the article said.

China Daily ("TMD SYSTEM THREATENS PEACE," 3/30/99, A4) reprinted an article published by China Youth Daily on March 18. The article said that the US enthusiasm for Theater Missile Defense (TMD) is reportedly based on security concerns. US security has allegedly been threatened by Iraq and the DPRK, two countries the US claims are "irresponsible" and possess advanced missile technology. In fact, the article said, even ordinary US citizens know well that missile technology in those countries lags far behind that of the US. If the US is only concerned about protecting its own security, there is no need for it to go so far. Hegemony and power politics are in fact the major reasons behind its frequent use of armed forces in the world, the article said. The US should no longer impose a double standard when dealing with the non-proliferation of missiles. Nor should it contravene the Anti-Ballistic Missile Treaty it signed with Russia in 1972, the article concluded.

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We invite you to reply to today's report, and we welcome commentary or papers for distribution to the network.

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International Policy Studies Institute Seoul, Republic of Korea
The Center for Global Communications, Tokyo, Japan
Center for American Studies,
Fudan University, Shanghai, People's Republic of China

Timothy L. Savage: napsnet@nautilus.org
Berkeley, California, United States

Wade L. Huntley: napsnet@nautilus.org
Berkeley, California, United States

Lee Dong-young: UNPOL@netsgo.com
Seoul, Republic of Korea

Hiroyasu Akutsu: akutsu@glocomnet.or.jp
Tokyo, Japan

Peter Razvin: icipu@glas.apc.org
Moscow, Russian Federation

Chunsi Wu: dlshen@fudan.ac.cn
Shanghai, People's Republic of China

Dingli Shen: dlshen@fudan.ac.cn
Shanghai, People's Republic of China

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Nautilus Institute
608 San Miguel Ave., Berkeley, CA 94707-1535 | Phone: (510) 423-0372 | Email: nautilus@nautilus.org