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I. United States

1. Light-Water Reactor Project

The Associated Press ("US, JAPAN, SKOREA TO DISCUSS NUKES," Seoul, 02/09/98) reported that Chang Sun-sup, the chief ROK negotiator to trilateral talks on the light-water reactor project for the DPRK, said Monday that the US, Japan, and the ROK will meet in mid-March to discuss how to share the cost of the reactors after failing to agree on the issue last week in New York. Meanwhile, the ROK Foreign Ministry said that the US and the ROK will meet in Honolulu next week to discuss joint strategy for the second round of the four-party peace talks scheduled for Geneva in mid-March. They will also discuss food aid to the DPRK.

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2. DPRK Defectors

Reuters ("SOUTH KOREA SAYS 4 MORE N.KOREAN DEFECTORS ARRIVE," Seoul, 02/08/98) and the Associated Press ("N. KOREA DEFECTORS ARRIVE IN SEOUL," Seoul, 02/08/98) reported that the ROK Foreign Ministry said that four DPRK defectors arrived in Seoul on Monday. A ministry statement said that the ROK had decided to offer them political asylum on humanitarian grounds. The Yonhap News Agency reported they had been working in construction and logging in the Commonwealth of Independent States, a group of 12 former Soviet republics.

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3. ROK Layoff Bill

The AP-Dow Jones News Service ("S. KOREA UNION MEMBERS REJECT LAYOFFS PACT; LEADERS QUIT," Seoul, 02/09/98) reported that, by a margin of three to one, 300 heads of individual ROK unions represented by the Confederation of Korean Trade Unions voted Monday to reject the agreement their leaders reached last week with government and business representatives that would make it easier for businesses to lay off workers. The leadership of the confederation resigned following the vote, and Chung Sung-hee, a spokesman for the dissident group, said it would call a nationwide strike by the weekend. Han Kwang-ok, a spokesman for President-elect Kim Dae-jung, said that the government would go ahead with plans to a bill making layoffs easier through the National Assembly. Han stated, "The agreement cannot be reversed or changed. We will check and decide what to do about the move."

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4. ROK Financial Crisis

The Wall Street Journal (Jon Liden, "WOLFENSOHN SAYS SOUTH KOREA IS MOVING 'IN THE RIGHT DIRECTION'," 02/09/98) reported that James Wolfensohn, the president of the World Bank, ended an Asian tour by saying that the ROK is moving "in the right direction." While he said that Friday's agreement allowing layoffs "has to give a great sense of confidence" to foreign investors, Wolfensohn stated that ROK conglomerates still need to make their financial practices more transparent.

The Associated Press (Sally Jacobsen, "IMF CHIEF: SKOREA HANDLING PROBLEMS," New York, 02/06/98) reported that Michel Camdessus, managing director of the International Monetary Fund, said Friday that the ROK is overcoming its economic problems through recent decisions to permit layoffs of workers and stretch out debt payments.

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5. PRC-Taiwan Relations

The Associated Press ("CHINA INVITES TAIWAN POLITICAL PARTY," Taipei, 02/08/98) reported that Feng Hu-hsiang, a lawmaker of Taiwan's pro-reunification New Party, said Sunday that the PRC has invited the party to visit for meetings with top officials. Twenty-five members of the party were scheduled to leave Monday for the PRC. The invitation was issued by the PRC's semiofficial Association for Relations Across the Taiwan Strait.

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II. Republic of Korea

1. DPRK-ROK Relations

The DPRK Ambassador to Moscow, Son Song-pil, has said that the DPRK will closely monitor the ROK government after President-elect Kim Dae-jung takes office in February 25, expecting the ROK's DPRK policies to change. "To settle the Korean peninsula issue, it is inevitable for Seoul to reconsider its stance first and carry out independent peninsula policies," Son said on February 6. He

added, "Pyongyang is proposing to Seoul the partial dismantling of concrete walls built in the ROK section of the inter-Korean Military Demarcation Line." (Korea Times, "P'YANG TO MONITOR KIM DJ'S NK POLICIES AFTER INAUGURATION," 02/09/98)

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2. US Aid to DPRK

The US will grant US\$75 million in food aid to the DPRK in response to the latest UN appeal for assistance, the US State Department announced on February 5. The 200 thousand metric tons of food provided by the US will be distributed to DPRK civilians that are most vulnerable, in particular children, reported spokesman James Rubin. (Korea Times, "US TO GRANT US\$75 MIL. IN AID TO DPRK," 02/07/98)

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3. ROK Military Budget

The ROK's defense budget for 1998 is pegged at 14.03 trillion won, 600 billion won less than what the defense ministry asked for, officials said on February 6. Accordingly, the ROK defense ministry will have to postpone most of its major arms procurement programs. Programs to be delayed until after next year include the purchase of US-made early warning aircraft, the construction of three 1,500-ton submarines, and the building of several advanced destroyers for the Navy. The production of "Chonma" short-range surface-to-air missiles, purchases of US-made multiple launch rocket systems, and scores of other programs will have to be scaled down, the officials added. (Korea Herald, "MILITARY CONCERNED ABOUT DEFENSE BUDGET CUTS," 02/07/98)

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4. ROK Defense Ministry Reorganization

According to unnamed sources, the ROK Ministry of National Defense has decided to disband its arms control office and three subordinate departments. Functions of the arms control office will be transferred to the policy and planning bureau, the sources said. The office symbolizes the ROK's effort to stop an inter-Korean arms race. The arms control office, headed by a two-star general, has 40 staffers studying and establishing the ROK's DPRK policies from a military point of view. Its three departments cover policies on mutual trust-building; arms reduction; countermeasures for an emergency in the DPRK; and preparations for inter-Korean dialogue. Internationally, the office deals with controls on ABC weapons and land mines. (Korea Times, "ARMS CONTROL OFFICE IN DEFENSE MINISTRY SET TO BE ABOLISHED," 02/09/98)

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III. Russian Federation

1. Light-Water Reactor Project

Segodnya ("SEOUL INTENDS TO REDUCE ITS PARTICIPATION IN THE INTERNATIONAL PROJECT," Moscow, 6, 2/3/98) reported that due to financial and economic difficulties, the ROK plans to reduce by 10 percent its participation in the program for constructing 2 nuclear reactors in the DPRK, and asked the US to increase its share. Details are to be revealed at the KEDO session to open on February 5 in New York.

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2. Four-Party Talks

Sovetskaya Rossia ("THESE DAYS SEOUL," Moscow, 1, 1/27/98) reported that the DPRK proposed to move the date of the mid- February Beijing session of the special commission for preparation of the Four-Party talks on inter-Korean settlement to a later date in mid-March. ROK Foreign Ministry representative Lee Gyu-han did not rule out a possibility that the proposal had something to do with the new ROK Presidential administration's inauguration.

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3. Japan-ROK Fisheries Dispute

Sovetskaya Rossia ("THESE DAYS ... TOKYO," Moscow, 1, 1/27/98) reported that Japan's Government decided on January 27 to cancel the Japan-ROK fishing agreement because of a stalemate in bilateral talks on a new agreement that would consider the establishment by both countries of 200-mile wide exclusive economic zones in 1996.

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4. RF-Japan Relations

Nezavisimaia gazeta's Andrey Ilyashenko and Dmitriy Gornostayev ("A NEW SEASON FOR RUSSIA AND JAPAN," Moscow, 6, 1/22/98) reported that the latest round of RF-Japanese consultations opened in Moscow. The delegations are headed by the Deputy Foreign Ministers of the two countries, Grigoriy Karasin and Minoru Tamba. Japan's Foreign Minister Keijo Obuti is expected to come to Moscow and hold the first round of negotiations on a bilateral peace treaty with RF Foreign Minister Yevgeniy Primakov. The South Kuril Isles remain the main disputed topic. Dmitriy Gornostayev particularly pointed out that it is not so important whether the treaty would be signed during the next few years. The present negotiations are seen by the RF as a way to establish mutual understanding and to create cooperation machineries which would serve as a basis for the treaty. Moreover, for the RF to make even minimum territorial concessions now could create a dangerous precedent, as with the Kaliningrad Region taken by the USSR from Germany in 1945. Already there are doubts about RF sovereignty over Kaliningrad being voiced in some countries adjacent to it, and those have quite possibly been encouraged by Japan's increased pressure on the RF concerning the Southern Kurils.

Kommersant-daily's Andrey Ivanov ("RUSSIA AND JAPAN WILL MAKE FRIENDS ON AN ARMY-T-ARMY BASIS," Moscow, 5, 1/28/98) and Segodnya ("RUSSIA AND JAPAN WIDEN MILITARY CONTACTS," Moscow, 6, 1/28/98) reported that Masahiro Akiyama, First Deputy Chief of the National Defense Agency of Japan, completed a visit to Moscow on January 27. He had meetings with Igor Sergeev, RF Defense Minister, Leonid Ivashov, Chief of the Main Directorate of International Military Cooperation, RF Defense Ministry, and Vladimir Kuroyedov, Commander-in-Chief of the RF Navy. An agreement to exchange delegations at the level of military districts and units was reached, but the idea of establishing a hot-line between the RF Pacific Navy and the Japanese Navy was not discussed. Also, plans to hold joint sea rescue exercises were discussed. A proposal was made by the Japanese party for the RF Armed Forces General Staff Chief to visit Japan at the end of 1998.

Segodnya's Aleksandr Koretskiy ("JAPAN AND CHINA WILL DETER EACH OTHER WITH RUSSIAN WEAPONS," Moscow, 6, 1/29/98) reported that although both the RF authorities and the Japanese National Defense Agency prefer not to discuss the possibility of Japan's purchase of an experimental batch of RF-made Su-27 multipurpose planes, the visit of Masahiro Akiyama, NDA First Deputy Chief, to Moscow allows for such a possibility. Japan has already decided to send two pilots and a technical engineer to the RF to study the Su-27. Segodnya's author concluded that "Tokyo is one step away from a decision to buy a shipment of military equipment from Russia." The difference between the parties is that Japan just needs "a couple" of Su-27s to detect weak spots in PRC Air Force, while the RF quite reasonably is interested in substantial deliveries. Yet, Segodnya's author argued, some compromise has been reached, otherwise Japan would not send its pilots to study in the RF. Japan's desire to keep everything secret is explainable by its unwillingness to develop "very big problems" with the US. Presently, the Japanese Air Force consists of US-made aircraft, chiefly F-15s.

Nezavisimaia gazeta ("TIME-BOMB ISLES," Moscow, 3, 2/6/98) published an article by Yuriy Tavrovski, who argued against a speedy transfer of the disputed South Kuril Isles to Japan. The reasons are that the RF is gradually emerging from its "turbulent time," appeals for "nationals interests" are voiced louder and louder in the RF, and RF parliamentary elections are to take place in 1999 to be followed by the Presidential election, making any big foreign policy concessions "suicidal." The author also argued that such a transfer would create a precedent in Japan's territorial

relations with the other neighbors, with the PRC and the ROK bound to feel the greatest "disappointment." On the other hand, many separatists in the RF and those wishing to transform it into a confederation would be enthusiastic. Also "governments in Tokyo change much more frequently than in Moscow," and such concession would hardly make the next one there grateful to the RF. Finally the US leaders and bankers would hardly welcome any real breakthrough in RF-Japanese economic relations. But most importantly, in the author's opinion, the Isles' transfer would put a "powerful mine" under RF-Japanese relations. The issue would be exploited by extremists and xenophobes in the RF and is bound to block any geopolitical schemes of a "Paris-Berlin-Moscow-Beijing-Seoul-Tokyo" type. "Excessive pressure on today's Russia would hardly yield an expected result, but rather might be followed by most unpredictable negative consequences."

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5. PRC-Japan Relations

Kommersant-daily's Andrey Ivanov and Leonid ZavarSKIY ("CHINESE MILITARY LEARN JAPANESE, WHILE JAPANESE MILITARY GET FAMILIAR WITH SU-27," Moscow, 5, 2/5/98) reported that recently PRC Defense Minister Chi Haotian visited Japan, held talks with his colleague Fumio Kyuma, and invited him to visit the PRC in the first half of 1998 to begin "new efforts at developing bilateral defense ties." Also, while noting the PRC leaders' understanding of the new US-Japan defense cooperation guidelines, Chi "in a friendly manner" warned against Japanese involvement in PRC-Taiwanese affairs.

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6. RF-PRC Relations

Segodnya ("PRC STATE COUNCIL PREMIER TO VISIT THE RF," Moscow, 3, 2/6/98) reported that PRC State Council Premier Li Peng is expected to visit the RF on February 16-17. Li is to discuss RF-PRC economic cooperation issues with RF Premier Viktor Chernomyrdin and to make preparations for the first informal summit of RF President Boris Yeltsin and PRC Chairman Jiang Zemin, to take place in the RF in the second half of 1998.

Nezavisimaia gazeta's Maksim Dmitriyev ("RUSSIAN-CHINESE RELATIONS GOT A NEW IMPETUS," Moscow, 2, 1/27/98) reported that an official RF delegation headed by Andrey Kokoshin, RF State Military Inspector and Defense Council Secretary, completed its stay in the PRC. Kokoshin held talks with PRC State Council Premier Li Peng, PRC Central Military Deputy Chairmen Chang Wannyan and Chi Haotian, and head of the PRC military-industrial complex General Ziao Ganchuan. He also met with two persons "who very rarely meet with foreigners"--PRC State Security Minister Zia Chunwang and PRC Public Security Minister Tao Syzui. Kokoshin visited Zinnan military district and Zindao naval base and saw some new military equipment. The visit helped "to reach a more detailed and confidential level of dialogue ... on the whole spectrum of defense and state security of the two countries."

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7. PRC-Taiwan Relations

Izvestia's Yuriy Savenkov ("BEIJING-TAIPEI: NEGOTIATIONS WITH NO PRELIMINARY CONDITIONS," Moscow, 3, 1/29/98) reported that PRC Foreign Minister Qian Qichen urged Taiwan to start political negotiations with the PRC to put an end to their animosity. The PRC does not demand that Taiwan recognizes the PRC Government in Beijing. Taiwan's recognition of the fact that "there is only one China and Taiwan is its inalienable part" is the only precondition put forward by the PRC.

Kommersant-daily ("CREATION OF 'GREATER CHINA' IS POSTPONED," Moscow, 1, 1/30/98) reported that David Lee, Taiwan's Governmental Press Service Director, said that Taiwan refused to resume reunification talks with the PRC. Lee said that although Taiwan's Quomintang Government is in favor of reunification, it has to recognize the opinion of other political forces. He also urged the PRC to reject its policy of isolation of Taiwan. With the US decision to sell 3 frigates with anti-aircraft guns and surface-to-surface "Harpoon" missiles, Taiwanese independence proponents became more confident. The deal will bring the US some profit and some aggravation in their relations with the PRC.

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8. RF Nuclear Materials

Segodnya ("PRINCIPLES OF PLUTONIUM HANDLING ADOPTED," Moscow, 3, 1/29/98) reported that the RF Government approved the proposal by the Atomic Energy Ministry to adopt the guiding principles of plutonium handling. RF Premier Viktor Chernomyrdin signed the decision. In a verbal note to the International Atomic Energy Agency (IAEA) it was said that, in accordance with the principles, the RF intends to ensure safe and efficient handling of plutonium, as well as other nuclear materials.

Finansoviye izvestia's Sergey Svistunov ("RUSSIAN URANIUM SEARCHES FOR MARKETS," Moscow, IV, 1/29/98) reported that this February a delegation from the RF Atomic Energy Ministry and "Tekhsnabeksport," its chief foreign trade body, will visit Japan. Later negotiations will probably be held with ROK representatives. The article said, "Russian atomic men are actively searching for buyers of domestic nuclear material."

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9. RF Foreign Policy

Obshchaya gazeta ("IN THE YEAR OF TIGER WE WILL BEHAVE CAT-LIKE," Moscow, 5, 1/15/98) published an article by Prof. Yevgeniy Bazhanov, Director, Institute of Contemporary International Problems, dedicated to RF foreign policy prospects for 1998. In his opinion, the main international actors, having been taught lessons in interdependence by the financial crisis, are bound to behave more "cat-like," preferring cooperation to rivalry. That is even more true of the RF, where domestic development needs will suppress the remnants of military Communist ideology. The authorities will double their efforts at trying to obtain technology and foreign exchange from abroad and to woo runaway capital back home. Increased stakes will be put not only on Western countries but on other partners as well, including the PRC, Japan, and other countries in Southeast Asia, Latin America, and other regions. With the "Chinese giant" rapidly growing "in its rear," the RF will cease trying to "re-educate NATO," which might become handy in the future to counter the new Asian superpower. On the other hand, the RF will try to retain the "Chinese trump card" to play, if a need arises, against an excessive NATO expansion or manifestations of Islamic extremism in the South. As the RF cannot anymore pretend to be on a par with the US, it will continue preaching its "gospel" of world multipolarity. The author warned, however, that the striving of Japan for a superpower status could destabilize the situation and trigger an arms race. He added that the logical and appealing call for multipolarity is very hard to put into practice to the benefit rather than to the detriment to international stability. Hopefully, the desire to fight against the specter of "Pax Americana" will not make the RF blind to the need to avoid "great leaps" in changing international relations.

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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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