

## **Part II**

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### **Countries in the Region**

## **Chapter 5**

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# **The Korean Peninsula**

North Korea, formally known as the Democratic People's Republic of Korea (DPRK), remains under the militaristic and totalitarian rule of Kim Jong Il, general secretary of the Workers' Party of Korea and chairman of the National Defense Commission (NDC) of the DPRK. Food shortages persist, although food production has increased somewhat. South Korea or the Republic of Korea (ROK), meanwhile, resumed economic growth, but with a general election scheduled for April 2000, domestic politics became more fluid.

Both South Korea and North Korea made efforts to bolster their respective positions by continuing to strengthen relations with neighboring countries. Both sides developed relations with China and Russia. South Korea strengthened ties with Japan and the United States.

Tensions on the Korean Peninsula continued intermittently until the summer of 1999, owing largely to signs of another missile test-firing by North Korea, lingering suspicions over DPRK nuclear weapons development and the clash between North and South Korean naval vessels in the Yellow Sea. However, the situation moved toward easing in the fall, when the United States released the Perry Report designed to halt North Korean nuclear and missile development. Cooperation among Japan, the United States and South Korea progressed during the process of the policy review that led to the report while North Korea announced its intention to place a moratorium on its missile test-firing.

## **1. Building a “Powerful Nation”: North Korea's Domestic and Foreign Policies**

### **(1) Promotion of “Army-First” Policy**

In 1999, North Korea embarked on full-dress economic reconstruction amid continuing efforts by Kim Jong Il to maintain and strengthen the political regime in which the military plays a prominent role. In the realm of foreign policy, while the foremost priority

was placed on relations with the United States, relations with China and the Russia improved markedly.

A joint New Year's editorial in North Korea's three major newspapers, including the Rodong Sinmun, emphasized that North Korea is aiming to build a "powerful nation." The term "powerful nation," or kangsong taeguk in Korean — meaning a great, strong and prosperous nation — has been repeatedly used as a slogan since Kim Jong Il's status as chairman of the NDC was established as "the highest post of the state" in September 1998. For instance, the launch of an "artificial satellite" in August of that year was extolled as "the first gun report toward the construction of a powerful nation." The "powerful nation" is defined as a "powerful socialist state that will have supreme power in all fields, such as ideology, politics, the military and the economy." Compared with the central slogans of the past, namely "the arduous march" and "the forced march," the new slogan suggests that North Korea is beginning to project a "bright" future image of itself.

As a way of building a "powerful state," North Korea began advocating an "army-first policy" in 1999. The June 16 edition of the Rodong Sinmun described that policy as "a mode of leadership that solves all problems arising in the revolution and construction on the principle of giving top precedence to the military affairs and pushes ahead with the socialist cause as a whole, putting forward the army as the pillar of the revolution." The Korean People's Army (KPA) is relied upon, in the military arena, as "a merciless sword to frustrate the enemy's aggressive moves against our republic"; in the area of domestic politics, as "a vanguard force of stout ideological integrity" to protect socialism; and, in the domain of diplomacy, as "the last playing card in fierce diplomatic negotiations" to extract concessions from the other parties. These explanations suggest that North Korea after the death of Kim Il Sung is striving to systematize and strengthen his mode of politics in the name of "army-first policy."

The emphasis on the military is evident in Kim Jong Il's actions.

He has made frequent visits to KPA units since Kim Il Sung died in July 1994. For instance, according to North Korea's official media, 50 of Kim Jong Il's 72 public appearances reported in 1998 and 42 of 64 reported in 1999 were related to the KPA (including cases of guidance of KPA's economic activities). North Korea announced 22 general officer appointments in 1998 and 76 in April 1999. This signified Kim Jong Il's efforts to further strengthening his influence on the military.

## (2) Tightening Control for Economic Reconstruction

In 1999, North Korea placed policy priority on "economic construction." Specifically, while emphasizing the tightening of state control over the economy, it accepted investment from South Korea, albeit on a limited scale. In the fall, North Korea proclaimed a "good harvest," but food shortages persist. North Korea continued to depend on assistance from the international community.

The joint New Year's editorial in the Rodong Sinmun singled out economic construction as the most important part of the construction of "a powerful nation." In the background was a conception in Kim Jong Il that North Korea had already become "powerful" in political, ideological and military terms, a stature having been demonstrated, among other things, by the launch of an "artificial satellite." And he envisioned a state that would be powerful also economically to make North Korea a really "powerful nation" that "other countries of the world envy."

First, the emphasis on economic construction was shown specifically by the adoption of the state budget by the second Session of the 10th Supreme People's Assembly (SPA), North Korea's legislature, held in April. It was the first time in five years, since 1994, that the SPA had taken such action. The budget had been reduced to about one-half of the 1994 budget, attesting to the stagnation of the North Korean economy since 1994 (Table 5-1).

Second, the priority placed on economic construction was reflected in the fact that Kim Jong Il stepped up "on-site guidance" for the

**Table 5-1. DPRK State Budget and Defense Expenditure**

(millions of DPRK won)

Year	Revenue	Expenditure	Defense Expenditure
1994	41,620.00	41,442.15	4,744.68
1995	—	—	—
1996	—	—	—
1997	19,712.00	—	—
1998 <sup>a</sup>	19,790.80	20,015.21	2,922.22
1999 <sup>b</sup>	20,381.72	20,381.72	2,955.35

Sources: *Rodong Sinmun*, April 8, 1999; and *RP Kita-Chosen Seisaku Doko*, No. 287 (April 30, 1999), pp. 10–11.

Notes: Defense expenditure was calculated from its published shares in the revenue.

<sup>a</sup>1998 figures were calculated from the figures and growth rates of 1999, released in April 1999.

<sup>b</sup>Data for 1999 indicate budgeted-figures; others indicate settlement.

economic sector. In 1998, Kim Jong Il provided such guidance on 11 occasions, including guidance for economic projects undertaken by the KPA. By contrast, in 1999, guidance was provided 23 times.

The discussions in the SPA and on-site guidance by Kim Jong Il suggest that North Korea assigns priority not only to agriculture but to the power industry, heavy and chemical industries, and transport. The heavy and chemical industries are being promoted as a part of the defense industry.

As regards economic policy, North Korea took new moves, such as receiving tourists from South Korea. What was emphasized even more strongly, however, was the tightening of economic control. This is evident in the fact that the SPA adopted the Law on the Plan of the National Economy to “manage and operate the national economy under centralized and unified state guidance.” The law is said to be aimed at “smashing all counterrevolutionary moves to deny the planned economy and destroy the socialist economic system.” It can be said, therefore, that the law has the political aim of protecting the socialist system.

In these circumstances, the military continued to play a key role in the economic field as well. The KPA was engaged in a wide

range of economic activities, including the construction of power stations, the construction of a Pyongyang-Nampho Highway, provision of assistance to farming areas and the building of ranches.

In the fall of 1999, North Korea came to publicize that their harvest was good. Two-crop farming and potato cultivation, which were promoted in earnest during the past year, were said to have produced significant results. The recovery in production, including that of rice, was confirmed by the U.N. Food and Agriculture Organization (FAO) and the World Food Programme (WFP), which are in charge of food aid to North Korea. The FAO, which estimated a food shortage of about 1.29 million tons of grain for a year from November 1999 to October 2000, said that international assistance was indispensable.

The *Rodong Sinmun* dated April 22, 1999, reported that Kim Jong Il decided to spend “several hundreds of millions of dollars” to launch an “artificial earth satellite” even though he “knew that the people had difficulty leading a normal dietary life.” The people of North Korea will likely continue to suffer unless such policy is changed.

### (3) North Korea in Pursuit of Better Relations with China, Russia and Japan

North Korea was increasingly concerned that Japan, the United States and South Korea were strengthening policy coordination in their dealings with North Korea. North Korea was also growing wary of the bombing of Yugoslavia by the North Atlantic Treaty Organization (NATO), on the ground that the United States was “poking its nose in the internal affairs of a sovereign state.” In these circumstances, North Korea sought to establish a “peace mechanism” through direct negotiations with the United States. At the same time, it was strengthening relations with China and Russia, and was showing interest in improving relations with Japan.

North Korean moves to strengthen relations with countries other

than the United States started with Russia. A Treaty of Friendship, Good-Neighborliness and Cooperation was initialed between Grigoriy Karasin, Russian deputy minister of foreign affairs, and Ri In Gyu, DPRK vice minister of foreign affairs, during the former's visit to Pyongyang beginning March 15, 1999. The treaty, which replaces the Treaty of Friendship, Cooperation and Mutual Assistance that became null and void in September 1996, does not include a "security guarantee" clause, as did the old treaty. This means that Russia no longer assumes the obligation of "automatic involvement" in the event of an attack on North Korea.

Progress was also made in relations with China. Kim Yong Nam, president of the Presidium of the SPA, paid an official visit to China from June 3 to June 8, 1999. Under the new constitution of North Korea established in September 1998, Kim Yong Nam is in a position to play the role of the "head of state" in external relations. In the leadership lineup in Pyongyang he ranks next to Kim Jong Il. This was the first summit-level exchange since Kim Il Sung's visit to China in October 1991.

**President Kim Yong Nam of the Presidium of the Supreme People's Assembly of North Korea being welcomed by President Jiang Zemin of China (June 4, 1999)** (Reuters-Kyodo Photo)

During the latest visit the two countries confirmed their common opposition to the United States' growing influence in the international community. For instance, the meeting between Kim Yong Nam and Li Peng, chairman of the Standing Committee of the National People's Congress of China, supported the "multipolarization of the world" and opposed the United States' "power politics" and "hegemonism." In addition, the meeting denounced the NATO

bombing of Yugoslavia, particularly the "air raid" on the Chinese Embassy in Belgrade. In a meeting between Kim Yong Nam and Premier Zhu Rongji the Chinese made it clear that China would provide gratis North Korea with 150,000 tons of food and 400,000 tons of coal. The announcement was a demonstration of Chinese consideration for the economic difficulties in North Korea.

It is not, however, that China supported every position maintained by North Korea. For instance, in a meeting with Kim Yong Nam, Li Peng said that maintaining peace and stability on the Korean Peninsula is the basic principle of Chinese policy on the peninsula. Meanwhile, President Jiang Zemin of China urged North Korea to improve relations not only with the United States, Japan and the European Union (EU) but with South Korea. In October, Chinese Foreign Minister Tang Jiaxuan visited Pyongyang to attend ceremonies marking the 50th anniversary of the establishment of diplomatic relations between the two countries. However, a meeting with Kim Jong Il did not materialize.

The missile test-firing by North Korea in August 1998 further chilled relations between Japan and that country. As a result, anti-North Korea feelings in Japan increased. In September of the same year, a spokesman of DPRK Ministry of Foreign Affairs said bluntly, "as long as Japan resorts to an anti-DPRK campaign, North Korea will never normalize diplomatic relations with Japan." In December, the Rodong Sinmun called Japan "the sworn enemy of the Korean people in all ages." The North Korean criticism of Japan continued into 1999. Meanwhile, the intrusion of "unidentified vessels" into Japanese waters in March of the same year intensified Japanese antipathy against North Korea.

The Japanese government is committed to exploring ways to normalize relations with North Korea in order to redress abnormal postwar relations and thereby contribute to the peace and stability of the Korean Peninsula, as well as the stability and prosperity of the Asia-Pacific region. For instance, in a policy speech Prime Minister Keizo Obuchi delivered before the Diet on January 19,

1999, he said, "Provided that North Korea indicates that it is ready to take a constructive approach [regarding pending issues in Japan-DPRK relations], Japan is ready to achieve improvements in its dialogues and exchanges with North Korea." The pending issues included suspected abductions of Japanese citizens by North Korean agents, the suspension of home visits by Japanese spouses living in North Korea and suspected nuclear weapons development. Japan's most urgent concern at the time, however, was to prevent another missile test launch by North Korea.

Meanwhile, North Korea indicated its attitude toward Japan in the "Statement of the DPRK Government" issued on August 10 of the same year. The statement, addressed specifically to Japan, reaffirmed Pyongyang's "basic position" as follows: (1) Japan should stop pursuing "the policy of stifling" North Korea; (2) Japan should apologize and compensate for "all its crimes committed against the Korean people"; and (3) if Japan opts for a showdown of strength, North Korea will take corresponding countermeasures. However, the statement could have been taken as an expression of North Korean interest in normalization talks, considering that it was quite unusual for North Korea to issue such a "governmental statement."

The talks between the United States and North Korea made progress while North Korea announced a moratorium on missile launch. In light of these and other developments, a suprapartisan mission of Japanese parliamentarians headed by former Prime Minister Tomiichi Murayama visited Pyongyang on December 1-3. The Japanese mission and the DPRK delegation, headed by Kim Yong Sun, secretary of the Workers' Party of Korea, agreed: (1) The two sides will urge their respective governments to resume inter-governmental normalization talks between Japan and North Korea; and (2) they will advise their respective Red Cross Societies to cooperate with each other, through the cooperation of their respective governments, to resolve "humanitarian issues."

In response, the Japanese government announced on December

14 that it would lift the measures taken in response to the missile launch in August of the previous year, including the suspension of normalization talks and food and other forms of assistance. On December 19-21, a meeting of the Japanese and DPRK Red Cross Societies was held in Beijing. On December 21-22, the Japanese and DPRK Foreign Ministries held a preliminary talks, also in Beijing, for the resumption of the normalization negotiations. The Red Cross-Red Cross talks agreed that: (1) Hometown visits by Japanese spouses living in North Korea will be resumed; (2) the North Korean side will request its relevant organization to conduct a thorough investigation on the missing persons a list of whom had been presented by the Japanese side; (3) the Japanese government should consider resuming food aid to North Korea; and (4) the two Red Cross Societies will cooperate with each other for discussions on the safety of Korean victims who went missing before 1945 and for the settlement of the issue. Meanwhile, the preliminary government-level talks confirmed that the two sides would work for an early resumption of normalization talks.

## **2. South Korea: Fluid Domestic Politics and Active Diplomacy**

### **(1) Escalating Rivalries between Ruling and Opposition Parties Ahead of a General Election**

In South Korea in 1999, political maneuvering between the ruling and opposition parties intensified toward a general election scheduled for April 2000. Within the ruling parties as well, debate heated up over such issues as introducing the parliamentary Cabinet system and forming a new party. A series of political scandals added fuel to it. Although the economy is following a recovery trend, unemployment stayed high. For these reasons, the public approval rating of the Kim Dae Jung administration dropped.

President Kim Dae Jung carried out a major government reshuffle from May 24 to May 25, 1999, including the replacement of 11 of

17 ministers except the prime minister. For example, Lim Dong Won, senior secretary to the president for foreign affairs and national security, was appointed minister of unification, while Hong Soon Young, minister of foreign affairs and trade, stayed on. Thus, attempts were made to maintain consistency in the North Korea policy (Table 5-2). Many of those who left government posts are said to have done so to devote themselves to preparations for the coming National Assembly election. The focus of the political situa-

**Table 5-2. Kim Dae Jung Administration's Foreign and Security Policy Team**

	Old	New <sup>a</sup>	Career Background
<b>Cabinet members</b>			
Minister of unification	Kang In Duk	Lim Dong Won	Military Academy 13th class; major general, ROK Army; ambassador to Nigeria and Australia; vice minister of unification
Minister of foreign affairs and trade	Hong Soon Young (reappointed)		Minister to Nigeria; ambassador to Russia and Germany
Minister of national defense	Chun Yong Taek	Cho Seong Tae	Military Academy 20th class; general, ROK Army
<b>Non-Cabinet members</b>			
Director-general, National Intelligence Service <sup>b</sup>	Lee Jong Chan	Chun Yong Taek	Military Academy 16th class; lieutenant general, ROK Army; National Assembly member
Senior secretary to the president for foreign affairs and national security	Lim Dong Won	Hwang Won Tak	Military Academy 18th class; major general, ROK Army; chief U.N. delegate to the Military Armistice Commission; ambassador to Panama

Sources: Data from news reports in South Korea.

<sup>a</sup>Appointed May 24–25, 1999. On December 23 President Kim Dae Jung replaced Chun Yong Taek, director-general, National Intelligence Service, with Lim Dong Won, minister of unification, and appointed Kyugnam University President Park Jae Kyu as minister of unification.

<sup>b</sup>Renamed from the Agency for National Security Planning, January 22, 1999.

tion in South Korea began to shift to the general election in April 2000.

In 1999, the issue of introducing the parliamentary Cabinet system flared up, threatening to split the ruling coalition of the National Congress for New Politics (NCNP) and the United Liberal Democrats (ULD). Kim Dae Jung of the NCNP won the presidential election of December 1997 by promising a constitutional revision — specifically, a shift to the parliamentary Cabinet system — with Kim Jong Pil of the ULD. In 1999, however, discord developed between the NCNP, which was reluctant to amend the Constitution, and some members of the ULD who blamed the NCNP for reneging on the promise and called for a break with the coalition. Consequently, on July 21, President Kim Dae Jung reached a compromise with Prime Minister Kim Jong Pil and Park Tae Joon, president of the ULD, to postpone a constitutional revision until in and after 2000. As a result, a breakup of the coalition was averted.

With a general election at hand, the NCNP planned to dissolve itself to form a new party for the purpose of recruiting a broad range of qualified people from across the country. The ULD was divided over an NCNP proposal for a merger. The opponents feared that the ULD, a minority party, might be absorbed into the giant NCNP. Even if a merger was impossible, Kim Dae Jung intended to maintain the coalition with the ULD.

In 1999, a series of political scandals came to light. These include

**Table 5-3. Party-by-Party Seat Distribution in the National Assembly**

Ruling parties	National Congress for New Politics (NCNP)	105
	United Liberal Democrats (ULD)	55
Opposition party	Grand National Party (GNP)	132
Independents		7
Total		299

Source: *Kyunghyang Shinmun*, October 23, 1999.

Note: Data as of October 22, 1999.



the “strike-rigging scandal” in which prosecutors reportedly induced trade unions to go on strike; the “dress gift scandal” in which the wife of the chairman of a chaebol industrial conglomerate is said to have given expensive dresses to the wives of the then minister of justice and other top government officials in exchange for favors; an alleged case of government’s applying pressure on the JoongAng Ilbo, a major daily; and the suspicion that intelligence agencies are stepping up wiretapping activities. The opposition Grand National Party (GNP), which sought to expand its strength in the next election, seized on these scandals to criticize the government and the ruling parties.

The South Korean economy followed an expansionary trend. The real growth rate of gross domestic product (GDP) was estimated to have reached about 10 percent in 1999, a sharp reversal from the minus 5.8 percent registered in 1998. However, the unemployment rate, at 5.6 percent in August 1999, was still considerably higher than the 2.0 percent recorded in 1996, the year before the currency crisis, although the August figure was down sharply from February’s 8.6 percent at its peak. A sense of uncertainty and discontent persist among the people, particularly among the middle class.

The frequent political scandals, coupled with discontent over economic problems, reduced the public approval rating of the administration. For instance, according to a poll by the Hankyoreh newspaper, the approval rating for Kim Dae Jung’s handling of national affairs dropped to 35.9 percent in August from 67.3 percent in February. This does not mean, however, that the opposition parties enjoy a high degree of public support. In a poll taken by the Wolgan JoongAng monthly in August, 17 percent of respondents said they will vote for the NCNP in the next National Assembly election, compared with 15.6 percent for the GNP and 4 percent for the ULD. Significantly, 39 percent replied they would vote for a “new party,” indicating that a large segment of the voting public was tired of the strife-ridden established parties. However, such political cynicism seemed confined to domestic and economic affairs. In

the area of foreign and North Korea policies, the current administration enjoyed a high degree of support.

## **(2) Seeking International Support for Its “Engagement Policy”**

The Kim Dae Jung administration has been promoting “engagement policy” toward North Korea, or otherwise known as “Sunshine Policy.” It is designed to lead North Korea to “reform and openness” through the deepening of exchange and cooperation. The administration’s highest foreign policy priority has been to secure “support and cooperation” for this policy from the international community, particularly Japan, the United States, China and Russia. To this end, Kim Dae Jung strove to strengthen coordination and cooperation with leaders of the United States and Japan since he assumed the presidency in February 1998. He has also endeavored to obtain Chinese and Russian support. Following the missile launch by North Korea in late August of 1998, the South Korean president tried to secure Chinese and Russian cooperation to prevent another missile launch. In parallel with these efforts, military exchanges have increased.

Regarding relations with China, Kim Dae Jung met President Jiang Zemin in Beijing in November 1998. In a joint communique, the two leaders agreed to build a “cooperative partnership,” thus upgrading the previously agreed “relationship of good neighborhood, friendship and cooperation.” The Chinese said it “welcomed the positive progress in the recent private economic exchanges between the two Koreas.” The Chinese thereby expressed support for the engagement policy toward the North, pursued by the South.

The South Korean side expressed hope for defense ministers’ meetings between the two countries, although this was not listed in the joint communique. South Korea’s hope for defense-ministerial exchanges materialized in August 1999 when Cho Seong Tae, South Korean minister of national defense, paid an official visit to China. It was the first time that a South Korean defense minister had visited Beijing in his official capacity. Cho Seong Tae and Chi

Haotian, Chinese minister of national defense, agreed on key issues of common interest, including the importance of deterring war in the Korean Peninsula.

In September, Kim Dae Jung and Jiang Zemin conferred on the sidelines of an informal Asia-Pacific Economic Cooperation (APEC) Economic Leaders' Meeting in Auckland. According to South Korean reports, the two leaders agreed that the issue of missile test-firing by North Korea posed a serious challenge to the peace and security of the Korean Peninsula and Northeast Asia. Chinese reports quoted Jiang Zemin as saying, "We hope that all the parties concerned will do whatever is conducive to peace and stability in the peninsula, and will do nothing harmful to peace and stability there."

Meanwhile, beginning around September 1999, moves gained momentum in South Korea to request that China and the United Nations recognize North Korean residents who have escaped to China as "refugees" and protect them as such. Wu Dawei, Chinese ambassador to South Korea, denounced these moves as "new interventionism." Separately, China expressed the view that U.S.-ROK combined military exercise, and not only the issue of missile test-firing, were undermining the stability of the Korean Peninsula.

South Korea also sought Russian support for its "engagement policy" at the summit level. In May 1999, Kim Dae Jung visited Moscow for talks with President Boris Yeltsin. The Russian side expressed support for the Kim Dae Jung administration's policy of invigorating exchanges and dialogues between North and South Korea. In addition, the two leaders welcomed not only the Four-Party Talks but also initiatives to build a multilateral dialogue mechanism involving the two Koreas, Japan, the United States, China and Russia.

Military exchanges between South Korea and Russia also made progress. During Kim Dae Jung's visit to Moscow the two sides agreed, among other things, on building mutual confidence between their armed forces and promoting military and military-

technical cooperation. In September of the same year, Defense Minister Igor Sergeyev of Russia visited South Korea. In a meeting with his Korean counterpart Cho Seong Tae, Sergeyev expressed anew the Russian government's support for South Korea's engagement policy to North Korea. The two sides promised to cooperate with each other to prevent North Korea from test-launching another ballistic missile. Agreement was also reached on instituting regular exchanges of visits between the defense ministers, and the JCS chairman and chief of the General Staff of the two countries, holding annual joint defense policy consultative meetings and conducting bilateral search-and-rescue naval exercises in 2000. During Sergeyev's visit to Seoul the Russian side reportedly attempted to sell arms to South Korea.

Thus, the Kim Dae Jung administration solidified Chinese and Russian support for its engagement policy toward the North through diplomatic and military exchanges. However, China and Russia were seeking to maintain friendly relations with North Korea as well, as evidenced by Kim Yong Nam's visit to Beijing and the conclusion of a Russo-Korean Treaty of Good-Neighborliness, Friendship and Cooperation. As for Soviet-era debt payments, one of the pending issues between Seoul and Moscow, it appears that no agreement was reached.

The United States and South Korea made efforts to maintain policy consistency vis-à-vis North Korea through the continuation of close contacts, including summit talks. In November 1998, President Bill Clinton visited South Korea, and in July 1999, Kim Dae Jung visited the United States. The two leaders agreed to maintain the Agreed Framework of 1994 and continue the engagement policies to North Korea of the respective countries regardless of moves by the North. They also emphasized the importance of maintaining policy consistency.

Summit-level meetings were also held frequently between Japan and South Korea. In March 1999, Prime Minister Keizo Obuchi visited Seoul, and in September, Prime Minister Kim Jong Pil visited

Japan. During the March visit to South Korea Prime Minister Obuchi expressed support for the South's engagement policy and said that Japan, the United States and South Korea need to coordinate their policies toward North Korea and deal effectively with the country, although they do not necessarily have to follow the same policy at the same pace.



**Vessels of the ROK Navy and the Maritime Self-Defense Force of Japan conducting a search and rescue exercise (August 5, 1999)**

The second Japan-ROK Ministerial Meeting, held in October on Cheju Island following the release of the Perry Report, affirmed that the North Korea policy formulated jointly by Japan, the United States and South Korea had been placed on track. The three sides also exchanged views on security dialogue in Northeast Asia. Japan-ROK relations appeared to have entered the best period ever, partly reflecting the fact that South Korea is becoming more receptive to the influx of Japanese popular culture, which South Korea had in the past restricted on grounds of the historical problems.

Japan-ROK defense exchanges made further progress. First, based on the agreement reached during South Korea visit in January 1999 of Hosei Norota, then minister of state for defense, the two sides initiated a study on measures to establish a close liaison mechanism between respective defense authorities, that can be used during contingencies, such as the infiltration of a North Korean submersible craft into South Korean territorial waters in December 1999. As a result, it was decided to set up three channels of communication between (1) the defense counselor, Defense Agency, for Japan and the chief of the Policy Planning Bureau, Defense Ministry, for South Korea; (2) the director of the

Operations and Plans Department, Maritime Staff Office and the Naval Operations Command; and (3) the director of the Defense Plans and Operations Department, Air Staff Office and the Air Force Operations Command. In May, this liaison mechanism went into operation. In August the Maritime Self-Defense Force and ROK Navy conducted their first bilateral search and rescue exercise in waters between Kyushu and South Korea. The MSDF and ROK Navy had exchanged port visits since 1994. The latest bilateral exercise gave further impetus to defense exchanges between the two countries.

Regarding a set of bills enacted in May to ensure the effectiveness of the Guidelines for Japan-U.S. Defense Cooperation, the South Korean government basically showed a positive reaction. On May 24, a high-ranking official of the Ministry of Foreign Affairs and Trade noted that the legislation is designed to provide rear support for U.S. military activities in emergency situations in areas surrounding Japan and would "contribute to stability in this region." At the same time, however, the official expressed hope that Japan will "consult us closely in advance" concerning matters affecting the territory and sovereignty of South Korea.

South Korea is strengthening consultations with the European Union (EU) on North Korea policy. This is because the EU is in a position to influence international opinion; the EU is a member of the Korean Peninsula Energy Development Organization (KEDO); and, not last, North Korea has started dialogue with the EU. To promote such consultations the second EU-Korea Policy Planners' Dialogue was held in July in Seoul. The participants exchanged views on the situation in North Korea, North Korea policies and other questions of mutual interest.

On September 28, an agreement to send an ROK Army unit to the International Force in East Timor (INTERFET) was reached in the National Assembly. Based on that agreement, an infantry battalion of about 400 troops was dispatched to East Timor and participated in INTERFET. The South Korean government said the dis-

patch was aimed in part at restoring peace and stability in East Timor, and protecting human rights there. Besides, the Seoul government emphasized that the dispatch of South Korean troops has been highly appreciated by the international community. This suggests that South Korea is trying to improve its international status through active participation in U.N. peacekeeping operations.

### **3. “Engagement Policy” toward North Korea and Efforts to Build a Peace Regime**

#### **(1) Approaches toward North Korea by South Korea and the International Community**

South Korea and the international community, particularly Japan and the United States, have continued efforts to bring North Korea into the international community and induce it to abandon efforts for missile and nuclear weapons development. China, while maintaining its own position, has assumed a cooperative attitude in this process.

Negotiations with North Korea so far have been conducted not only through South Korean attempts at direct dialogue but also through bilateral talks between the United States and North Korea, Japan-DPRK talks on normalization negotiations, Four-Party Talks among North and South Korea, the United States and China, and general-officer talks between the United Nations Command and the Korean People's Army. Japan-DPRK talks have not resumed lately for a number of reasons, including the issue of missile test-firing by North Korea and the suspected abduction of Japanese citizens. However, a preliminary talks between the foreign ministries of the two countries held in December 1999 agreed on the policy of resuming such talks at an early date.

The Kim Dae Jung administration's basic thinking on these negotiations is as follows: Strategic questions, such as those involving nuclear weapons and missiles, should be handled basically at U.S.-DPRK talks; long-term questions, such as tension reduction and es-

tablishment of a peace regime, should be treated at the Four-Party Talks; and matters involving violations of the Military Armistice Agreement should be dealt with at general-officer talks. As for North-South dialogue, the administration intends to concentrate on bilateral issues such as reunion of separated families while promoting non-governmental inter-Korean exchanges and cooperation, as well as food assistance. The Kim Dae Jung administration has clarified that South Korea will not obstruct, or will support, attempts by the United States and Japan to improve relations with North Korea.

North Korea, for its part, takes the position that a peace regime in the Korean Peninsula cannot be established without the withdrawal of the U.S. forces in Korea. From this point of view, Pyongyang attaches highest priority to direct talks with the United States. North Korea apparently sees the Four-Party Talks and general-officer talks as channels to keep contact with the United States. As for relations with South Korea, North Korea does not recognize the legitimacy of the South Korean government but is receptive to non-governmental exchanges. From this standpoint, Pyongyang is trying to avoid “government-to-government talks” as much as possible.

In these circumstances, non-governmental inter-Korean exchanges gained momentum in 1999. Meanwhile, tripartite cooperation among Japan, the United States and South Korea strengthened. Against this background the United States negotiated with North Korea and prompted that country to place a moratorium on missile launch

#### **(2) The Fruit of Kim Dae Jung's North Korea Policy**

Since its inception the Kim Dae Jung administration has been promoting the engagement policy, or “Sunshine Policy,” aimed at leading North Korea to openness and reform through economic exchanges and cooperation. This policy has produced positive results in the form of increased contacts between North and South Korea.

However, North Korea has not responded to questions of priority concern to South Korea government; for instance, it has rejected a South Korean proposal for the reunion of separated families.

The Kim Dae Jung administration bases its engagement policy toward North Korea on three principles: (1) South Korea will not tolerate armed provocation of any kind; (2) South Korea has no intention of harming or absorbing North Korea; and (3) South Korea will actively promote North-South reconciliation and cooperation, beginning with those areas that can be most easily agreed upon. Regarding exchanges and cooperation with North Korea, the following three policies are established: (1) private-level exchanges are free in principle; (2) no strings are attached to humanitarian support, such as food aid; and (3) “government-to-government” cooperation will be based on the principle of reciprocity. In summary, the “engagement policy” is designed to induce change in North Korea, improve North-South relations and eliminate the possibility of war by stepping up inter-Korean exchanges and cooperation while maintaining a firm security posture.

Pursuant to this policy, the South Korean government reduced the restrictions on visits by South Korean people to the North and investments there by South Korean companies. These measures increased, among other things, the number of South Korean visitors to North Korea, inter-Korean trade and humanitarian aid from South Korean private groups to North Korea. The most significant event was the start of a tourism project sponsored by the Hyundai Group on Mount Kumgang in November 1998. From then to November 1999, a total of 146,131 South Koreans visited Mount Kumgang. The number is enormous, considering that in the nine years from 1989 to 1997 only 2,408 South Korean private citizens visited North Korea.

The second round of Inter-Korean Vice-Ministerial-Level Talks was held in Beijing from late June to early July to discuss fertilizer aid to North Korea and the issue of reunion of separated families. The first round was held in April of the previous year. Prior to the

latest talks, South Korea sent a total of 140,000 tons of fertilizer to North Korea — 40,000 tons before early June when the two sides decided to hold the second round of Vice-Ministerial-Level Talks during a meeting in Beijing and 100,000 tons in the runup to the second round. They were designed to encourage North Korea to join the talks. However, contrary to a previous commitment, the North Koreans refused, as they did the year before, to discuss the issue of family reunion. Moreover, they demanded an apology from the South Korean side concerning the gun battle between North and South Korean naval vessels, or the “West Sea Incident,” which had occurred in the Yellow Sea immediately before the talks. As a result, the talks broke down, and the South Korean government suspended the scheduled shipment of another 100,000 tons of fertilizer. The strong North Korean attitude exposed Kim Dae Jung’s “engagement policy” to criticism from the opposition parties. However, the South Korean president insisted strongly on the need to maintain policy consistency. A majority of the South Korean people supported his policy. For instance, according to a JoongAng Ilbo poll in September, 56.6 percent of South Koreans expressed “sympathy” for the “Sunshine Policy” (engagement policy) while 62.1 percent said it will “help unify” the divided Korean Peninsula.

**Table 5-4. Numbers of South Korean Visitors to North Korea and Inter-Korean Trade**

Year	Number of visitors <sup>a</sup>	S. Korea's trade with N. Korea (thousands of dollars)		
		Exports to N. Korea	Imports from N. Korea	Total
1995	53	64,436	222,855	287,291
1996	28	69,639	182,400	252,039
1997	136	115,270	193,069	308,339
1998	341	129,679	92,264	221,943
1999 <sup>b</sup>	748	201,865	110,126	311,992

Source: Data from ROK Ministry of Unification, *Overview of Intra-Korean Inter-change and Cooperation* (in Korean), No. 101 (November 1999).

<sup>a</sup>Number of visitors to N. Korea excludes tourists to Mount Kumgang.

<sup>b</sup>1999 figures are for January–November.

### **(3) North Korea's Stance toward the South: Selective Exploitation and Precautions**

North Korea's attitude on the "engagement policy" is a mixture of caution and exploitation. On the one hand, North Korea is on guard against the possibility of that policy undermining its regime. On the other hand, it is trying to take advantage of that engagement policy to maintain its internal systems. This is seen, for instance, in its support of the Mount Kumgang tourism project, which brings North Korea badly needed hard currency, and in the receiving of fertilizer aid from South Korea. However, wary of South Korea taking the initiative in inter-Korean relations, North Korea continues to try and hold the Kim Dae Jung administration in check.

That North Korea is trying to gain economic benefits from South Korea is evident in the fact that it approved the Hyundai Group's Mount Kumgang tourism project. The group is to pay at least \$942 million in return for the North Korean approval of the project. Also indicative of such a North Korean attitude is the fact that Kim Jong Il, chairman of the National Defense Commission, held a number of meetings with Chung Ju Yung, honorary chairman of the Hyundai Group.

It is also true, however, that the North Korean side is not interested in expanding transactions rapidly with other South Korean enterprises. This seems to reflect concern on the part of North Korea, as expressed in the refusal to discuss the family reunion issue at the Vice-Ministerial-Level Talks, that economic exchanges, if rapidly expanded, will increase contacts between North and South Korea.

The number of defectors from North Korea has increased during the past several years. This must be a matter of grave concern to the leadership in Pyongyang. The food shortages in North Korea are partly responsible for the sharp rise in the number of North Koreans seeking asylum in South Korea. The number of these defectors reportedly reached 144 in 1999, compared with 72 in 1998.

In June 1999, North Korean authorities detained a South Korean housewife on a sightseeing tour of Mount Kumgang because of her remark that "defectors from North Korea are living happily in South Korea." The incident is an indication that the North Korean side is worried about the growing number of defectors.

North Korea has repeatedly expressed caution about the "engagement policy." For instance, the Rodong Sinmun dated June 4, 1999, said that the real purpose of the engagement policy was to extend South Korean systems to North Korea and criticized South Korea for trying to undermine the North from within through "exchange and cooperation." In particular, the article said, "It is ridiculous to bring about a policy switchover with money." The comment seems to reflect concern that the influx of money and goods from South Korea could shake up North Korea from within.

### **(4) The "West Sea Incident" and General-Officer Talks**

North and South Korean naval vessels engaged in a gun battle in the "West Sea" (the Yellow Sea) while a sightseeing ship was cruising off the east coast of the Korea Peninsula for Mount Kumgang. The "West Sea Incident" as South Korea calls it occurred at a time when Inter-Korean Vice-Ministerial-Level Talks were being scheduled ahead in Beijing. The naval clash originated with repeated violations by North Korean patrol boats of the Northern Limit Line (NLL), beginning June 5, which the United States and South Korea claim to be the North-South demarcation line. The naval vessels of the both sides bumped themselves against each other, and subsequently on 15th exchanged fire for 14 minutes. The South Korean side suffered moderate damage, but the North Korean side lost one torpedo boat and had five other vessels heavily damaged. It also suffered heavy casualties.

As the standoff continued, general-officer talks were held between the United Nations Command (UNC) and the Korean People's Army (KPA), beginning June 15, to discuss the incident. The meeting had been proposed by South Korea in February 1998.

**Table 5-5. Major DPRK Provocations against ROK**

<b>1998</b>	
July 12	The body of a DPRK armed spy agent and an underwater scooter for infiltration found on the coast of Tonghae City in eastern ROK.
Nov. 20	A DPRK spy ship runs away after infiltrating waters near Kanghwa Island in the Yellow Sea.
Dec. 17	A DPRK submersible craft (12.6 meters-long, 2.6 meters-wide and 1.3 meters-high) infiltrates waters south of South Korea and sunken by the ROK.
<b>1999</b>	
March 15	11 DPRK troops carry away a Military Demarcation Line (MDL) marker maintained by the UNC inside the DMZ.
June 7–15	North Korean patrol boats cross the NLL on the open sea and confront South Korean patrol boats. At 9: 28 a.m., June 15, the two sides begin exchanging fire after the North Korean side opens fire.

Sources: Data from ROK Ministry of National Defense, *ROK Defense White Paper 1999* (in Korean) (Seoul, 1999), p. 197 and other references.

in light of the continuing North Korean refusal to attend sessions of the Military Armistice Commission. The first such meeting was held in June of the same year. At the fourth and fifth meetings that opened respectively in February and March 1999, the UNC side proposed, among other things, the establishment of a second hot-line, the regular holding of general-officer talks four times a year and the opening of talks on the Y2K problem.

At the series of meetings held to settle the “West Sea Incident” the North Korean side emphasized the “illegality” of the NLL and called strongly for the establishment of a new “maritime military demarcation line,” at a position favorable to North Korea. The North Korean side pointed out that the NLL is not stipulated in the Korean War Armistice Agreement. North Korean behavior at the meetings suggests that North Korea, which positioned the talks as “general-officer-level meetings between the U.S. forces and the KPA,” was trying to press the United States to conclude a peace agreement in lieu of the current Armistice Agreement by raising questions about “defects” in that agreement. However, the UNC side did not respond, while the South Korean government asserted that the North Korean side had in the past virtually recognized

and respected the NLL. On September 2, in defiance of the UNC position, North Korea unilaterally declared the “Military Demarcation Line at the West Sea of Korea.”

#### **(5) The Four-Party Talks with No Visible Progress**

North Korea addressed only the United States in calling for the establishment of a peace regime to replace the Korean War Armistice Agreement. By contrast, the United States and South Korea sought such a regime through the Four-Party Talks involving China. In 1999, the fourth, fifth and sixth plenary sessions were held respectively in January, April and August. However, no concrete progress was made.

At the fourth session the two subcommittees established in October of the previous year — the subcommittee for tension reduction and the subcommittee for the establishment of a peace regime — were held for the first time. The two panels established their respective operating procedures and exchanged views on relevant issues. Results of the discussions were reported to the plenary session. At the fifth session in April the two subcommittees held their respective meetings in accordance with the established procedures. The South Korean side proposed the introduction of confidence-building measures that are relatively easy to agree upon, such as mutual notification of military exercises. On the other hand, the North Korean side repeated its longstanding argument that the underlying cause of confrontation in the Korean Peninsula is the presence of the U.S. forces in Korea, and called for the withdrawal of the U.S. forces and the conclusion of a U.S.-DPRK peace agreement. Thus the disagreements between the two sides were not resolved.

Thus far the Four-Party talks have not achieved anything concrete. Nevertheless the holding of these talks has in itself a certain significance in that they are attended by all four parties to the Korean War and that the talks provide a point of direct contact between North and South Korea. The forum was created for the long-

term purpose of establishing a peace regime in the Korean Peninsula. In this sense, it should be inevitable to some degree that the Four-Party Talks so far have not produced concrete results.

#### **(6) Perry Process and Moratorium on Missile Launch**

The United States and North Korea engaged in continuous negotiations, beginning in the second half of 1998, over a suspect underground nuclear site in North Korea and its plan to launch another ballistic missile. The United States initiated a review of its North Korea policy with William Perry acting as policy coordinator. The review led to the preparation of the Perry Report, which would seek an end to nuclear and missile development by North Korea with the eventual aim of normalizing relations between the two countries. In a related development, North Korea announced in September 1999 that it would not launch another missile while U.S.-DPRK talks were under way. In the process coordination and cooperation among Japan, the United States and South Korea strengthened as it had never done before.

North Korea consistently called for the withdrawal of the U.S. forces in South Korea and the conclusion of a U.S.-North Korea peace agreement. Since 1994, when the Agreed Framework was created between the United States and North Korea, North Korea has been dissatisfied at delays in the lifting of U.S. sanctions and in the construction of light-water reactors, both of which the Agreed Framework called for. The implementation of the Agreed Framework has been discussed between Charles Kartman, special envoy for the Korean peace talks and Kim Gye Gwan, vice foreign minister. At the time the Foreign Ministry of North Korea issued a statement that implied its intention to abrogate the agreement, expressing dissatisfaction with the U.S. side. The United States and North Korea also held talks on the proliferation of North Korean missiles and on the issue of Americans who went missing in action (MIA) during the Korean War. The two sides also conducted a joint search for the remains of MIAs.

North Korea, seeking to deepen relations with the United States, has been relatively positive about searching for the remains of MIAs, partly because this involves cash compensation. In 1999, however, North Korea insisted on returning the remains directly to the U.S. forces at Pyongyang, and not to the UNC at Panmunjom. In October, the remains of MIAs were actually returned in the manner prescribed by North Korea.

The United States and North Korea held missile talks in New York in October 1998 and in Pyongyang in March 1999. At the talks, which followed a missile launch by North Korea in August 1998, Robert Einhorn, deputy assistant secretary of state for non-proliferation, called for restraint on missile exports, production, flight-testing and related activities. The North Korean side maintained its oft-repeated position that it would discuss the missile export issue only if monetary compensation was made.

Meanwhile, at the talks between Kartman and Kim Gye Gwan, the U.S. side requested clarification from the North Korean side about a suspect underground site at Kumchang-ni in the north-western part of North Korea. Following a series of talks that started in Pyongyang in November 1998, the two sides issued a joint statement in New York on March 16, 1999, in which North Korea agreed to provide the United States "satisfactory access" to the underground site in question while the United States promised to take steps to improve political and economic relations with North Korea. In a tacit deal with the United States, North Korea was assured of U.S. cooperation to increase potato production and of 400,000 tons of food aid either bilaterally or through an international organization. From May 20 to May 22 a U.S. Department of State team visited the site. As a result, on June 25, the State Department announced "The U.S. has concluded that, at present, the underground site at Kumchang-ni does not violate the 1994 U.S.-DPRK Agreed Framework."

In tandem with these developments involving the suspect underground site, the U.S. government initiated a review of its policy to-



ward North Korea by appointing former Secretary of Defense William Perry as policy coordinator. The review was prompted by the U.S. congressional criticism that the United States had repeatedly ended up making concessions to North Korea because past negotiations with Pyongyang had separately handled related issues, such as those involving nuclear weapons and missiles. Perry, while keeping in close touch with South Korea and Japan, met with Chinese officials and visited North Korea.

North Korea treated Perry's visit to Pyongyang in May as a high-level visit by "a special adviser and special envoy of the U.S. president." It also attached importance to the fact that Perry carried "a personal letter" from U.S. President Bill Clinton to Kim Jong Il. In a meeting with Perry, Kang Sok Ju, first vice minister of foreign affairs, was quoted as saying: "The United States should recognize the system and sovereignty of the DPRK, approach it on an equal footing and fundamentally withdraw its policy hostile toward the DPRK, according to the agreement reached with the DPRK long ago."

On July 26 a DPRK Foreign Ministry spokesman issued a statement that made similar points and said North Korea "do not want to regard the United States as the sworn enemy." The statement added that "it [the United States] should, above all, take practical steps to ... refrain from taking 'cooperation' moves [with South Korea] against the DPRK and posing military threat to it" and that "if the United States shows good faith in such a way we, too, will do so." In another statement dated August 18 the Foreign Ministry made it clear that North Korea "is always ready for negotiations with hostile nations if they deal with it properly to alleviate its concerns."

The Kartman-Kim Gye Gwan meeting held in Berlin on September 7-12 produced certain results that contributed to the U.S. understanding that North Korea will refrain from testing long-range missiles while U.S.-DPRK talks are under way. In response, on September 17 the U.S. government announced a partial lifting of its economic sanctions against North Korea. And on

September 24, a DPRK Foreign Ministry spokesman said in a statement: "it [North Korea] will not launch a missile while the talks are under way."

Perry's report on the review of the U.S. policy toward North Korea, or the Perry Report, was presented to the U.S. Congress in mid-September and released to the public in mid-October. The report pointed up the need to deal with North Korea with a view to the eventual normalization of U.S.-DPRK relations as a means of inducing North Korea to halt its nuclear weapons and missile program.

It is premature to conclude, however, that these dealings between the United States and North Korea have completely eliminated the suspicions over nuclear weapons development and have completely prevented the continuation of missile development. For instance, on June 9, a DPRK Foreign Ministry spokesman made it clear that "what the tunnel in Kumchang-ri [Kumchang-ni] will be used for" depends on whether the U.S. side will implement its agreements with North Korea. Meanwhile, Foreign Minister Paek Nam Sun, addressing the U.N. General Assembly on September 25, said, "We will make continued efforts to catch up with neighboring countries in the field of peaceful space activities."

Still, it is welcome to Japan that North Korea expressed a degree of self-restraint on the issue of missile test-firing, which had over the previous year placed the highest hurdle in Japan's efforts to improve relations with North Korea. The South Korean government, meanwhile, highly evaluated the Perry Report as seeking essentially the same goal as South Korea's engagement policy. In this process of preparing the report, mutual understanding and policy cooperation among Japan, the United States and South Korea over the North Korean problem made substantial progress. This can be considered a major achievement, although it remains uncertain how the situation in the Korean Peninsula will develop.

## 4. Continuing Military Standoff

### (1) South Korea: National Defense Recovering from the Economic Crisis

South Korea was forced to adopt an austerity policy following the economic crisis that hit it in November 1997. As a result, defense spending tended to level off or declined. The Ministry of National Defense (MND), while reducing the operation and maintenance costs through defense reform, assigned priority to appropriations in such areas as equipment maintenance and acquisition, personnel welfare, including barracks construction and renovation, and combat readiness. In addition, to cope with the nation's foreign currency shortage, foreign-currency budgeting was restrained by introducing more domestically manufactured weapons. However, as a result of the economic recovery, the defense budget for 2000 was increased (Table 5-6).

The capital city of Seoul, where about one-fourth of South Korea's population is concentrated, is located close to the demilitarized zone. In light of this disadvantage in defense, the nation maintains about 560,000 ground troops, about 2,130 tanks, 141,000

**Table 5-6. ROK Defense Budget**

Year	Defense Budget (billions of won)	Growth Rate (%)
1991	7,476.4	12.6
1992	8,410.0	12.5
1993	9,215.4	9.6
1994	10,075.3	9.3
1995	11,074.4	9.9
1996	12,243.4	10.6
1997	13,786.5	12.6
1998	13,800.0	0.1
1999	13,749.0	-0.4
2000	14,439.0	5.5

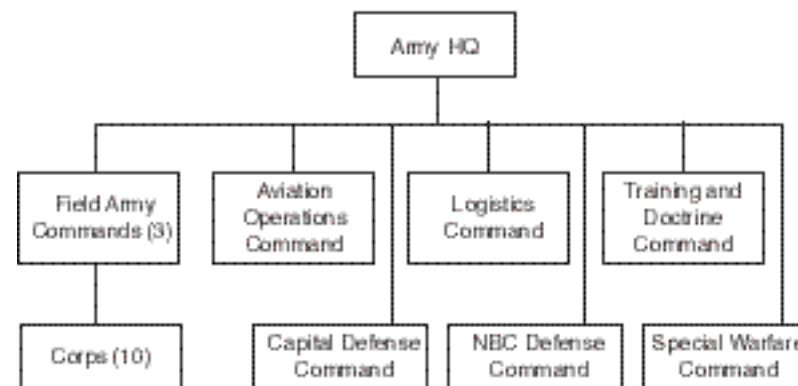
Source: Data from the ROK Ministry of National Defense Web site.

Note: Figures for 1991–1999 include supplementary budgets. The figure for 2000 is the initial budget approved on December 17, 1999.

tons of naval vessels and some 520 combat aircraft to meet threats from North Korea. In recent years, South Korea has stepped up efforts to modernize its navy and air force, as well as army. To this end, it is introducing, among other types of equipment, submarines, destroyers, P-3C maritime patrol aircraft and F-16 fighter aircraft.

Currently the army is promoting efforts to bolster a range of capabilities, including those for air assault/infiltration operations, maneuver warfare operations under night or adverse weather conditions, delivery of massive concentrated firepower and air defense. Programs are under way to introduce, among other equipment, the UH-60 helicopter, the 230-mm multiple rocket launcher system and the Minstral portable surface-to-air missile. In addition, projects are under way to introduce Chunma short-range surface-to-air missiles, the next-generation Piho anti-aircraft gun and certain other equipment. The army is planning to start a project to upgrade the K-1 tank. Furthermore, the Aviation Operations Command was established with helicopters forming the mainstay. It is designed to provide mobile forces with fire support and airlift/reconnaissance support (Chart 5-1).

**Chart 5-1. New Organizational Structure of the ROK Army**



Source: ROK Ministry of National Defense, *ROK Defense White Paper 1999* (in Korean) (Seoul, 1999), p. 57.

The Navy promoted efforts to build such capabilities as maneuver, underwater combat, underwater detection, surface combat and early warning. As part of these efforts, destroyers of the 3,000-ton class (KDX-I) were deployed beginning in the late 1990s. A project to build destroyers of the 4,000-ton class (KDX-II) is now under way. The navy plans to introduce new-type submarines of the 1,500–2,000-ton class. In addition, it is in the process of introducing minesweepers, as well as landing ships and high-speed landing craft.

The air force promoted efforts to increase its own capabilities, including efforts to modernize the mainstay fighter, bolster air-to-air and air-to-surface capabilities, expand combat radius of fighters and strengthen support capability for the special operation forces. To this end, a project to replace the F-5 fighter with the F-16C/D was being promoted, while procurement programs for medium- and short-range air-to-air missiles and air-to-surface and air-to-ship missiles were being continued.

The MND created an automated command-post system that links the command and control functions of the Joint Chiefs of Staff and those of the army, navy and the air force, and is to enable efficient joint/combined operations. The purpose of this system is to introduce automated systems to Army/Navy/Air Force headquarters and operations command post and establish automatic message processing systems at brigades and higher units. In addition, the Defense Transportation Command was established to integrate the transportation support systems of the three services.

As for biological/chemical warfare, the ROK Army established Comprehensive Preparatory Measures Against (Biological and) Chemical Warfare Threats in 1998. In 1999, the NBC (Nuclear, Biological and Chemical) Command was established. In addition, the Integrated Defense Headquarters (IDH), which controls military, government and civilian defensive operations, announced that the IDH would step up efforts to make the citizen's action guidelines for chemical warfare, and that counterchemical warfare train-

ing would be strengthened at the time of civil defense training.

South Korea intends to extend the range of surface-to-surface missiles to strengthen deterrence against North Korea. However, the nation has expressed a reluctance to participate in the theater missile defense (TMD) program. In March 1999, Chung Yong Taek, minister of national defense, stated that South Korea has no intention of participating in TMD research and development, partly because the TMD systems would not be an effective means of defending Seoul and partly because it would entail a heavy economic burden.

In February 1999, the MND announced a "mid-term defense program for 2000–2004," saying that a total of 81,537.3 billion won will be invested in the five-year period. The types of equipment to be introduced under this program include large attack helicopters (AH-X), unmanned aerial vehicles, the third class of ROK-designed destroyers (KDX-III), the next-generation fighters (F-X) and the next-generation surface-to-air missiles (SAM-X). The helicopters being considered for the AH-X program include the U.S.-designed AH-64. It is reported that design work on the KDX-III will begin in 2001 and that South Korea intends to introduce the Aegis system onboard the KDX-II<sup>1</sup>. Four candidates for the F-X have been selected thus far. They are the U.S.-made F-15E, the Russian-made Su-35, the French-made Rafale and the EF-2000 jointly developed by four European states. The final choice is expected to be made in 2001. Regarding the SAM-X, which will replace obsolescent Nike surface-to-air missile systems and is aimed at ballistic missile defense, a number of candidates, including the U.S. Patriot Advanced Capability-3 (PAC-3), the French SAMP-T and the Russian S-300, are competing for selection. The latest defense program does not anticipate the procurement of the airborne warning and control system (AWACS) and refueling aircraft, although the question of whether to introduce such equipment has been studied. The question is to be further studied.

The MND initiated research on a "Koreanized RMA" with a view

toward meeting anticipated changes in the paradigm of warfare in the 21st century, a period of information technology, and uncertain future threats to national security. In April 1999, the ministry established an RMA Planning Group under the direction of the National Defense Reform Committee to study comprehensive questions, such as those concerning organizational structure and military technology.

## **(2) Deepened U.S.-ROK Security Cooperation**

U.S.-ROK security cooperation is the cornerstone of the national defense of South Korea. The U.S. Forces Korea (USFK) are playing a major role in maintaining the military balance in the Korean Peninsula and in preventing a major military conflict in the region. The two countries, which operate the U.S.-ROK Combined Forces Command (CFC), have an integrated operation plan. The USFK has an army division of about 28,000 troops, some 140 M-1 tanks and about 90 combat aircraft, most of them F-16 fighters.

The United States and South Korea continue to bolster a combined defense posture to meet possible crises, such as aggression by North Korea or its implosion. The ROK Defense White Paper 1999 released in October 1999 said the Operation Plan 5027 has been revised with a special focus on preparing for surprise attack and biological/chemical warfare, with the highest priority given to the defense of Seoul.

In October 1999, the United States and South Korea agreed to establish the Combined Psychological Operations Task Force (CPOTF). According to South Korean media reports, the CPOTF will not be constituted in peacetime; it will be activated in defense readiness condition 3 (DEFCON 3), a state immediately short of war, under the CFC with a ROK general officer acting as the commander; in the event of DEFCON 3 developing into war, the CPOTF will conduct psychological warfare, such as a propaganda campaign, toward the people of North Korea.

The United States and South Korea continue to bolster, through

rounds of annual exercises, capabilities to meet crises or armed conflicts. In April 1999, the Reception, Staging, Onward Movement and Integration (RSOI) exercise, a command-post exercise aimed at the efficient deployment of U.S. reinforcements during a contingency in the Korean Peninsula, was conducted. In August, the ULCHI FOCUS LENS exercise was carried out. This is an comprehensive command-post designed to master conduct of war or specific warfare-fighting capabilities. The South Korean government's crisis management and ROK-U.S. combined crisis management processes in the early stages of war, are depicted with various situations from each operational phase during the ULCHI FOCUS LENS exercise. The latest exercise was reportedly carried out on the assumption that North Korean refugees had reached South Korea by sea. The reports said ROK forces had conducted for the first time a range of exercises, including inspection of a ship carrying refugees onboard and their evacuation to an internment facility. In October and November 1999, U.S. and ROK forces staged an annual combined field maneuver exercise FOAL EAGLE. The purpose of the exercise was to conduct training for rear-area protection operations to meet infiltration by DPRK special operations units, and for protection of key national and military facilities. Approximately 30,000 U.S. troops and more than 500,000 ROK troops took part. According to the MND, the FOAL EAGLE exercise, the ULCHI FOCUS LENS exercise, the RSOI exercise and others were all conducted in accordance with the Operation Plan 5027.

The United States and South Korea also cooperate with each other in dealing with threats posed by North Korean weapons of mass destruction (WMD). At the Security Consultative Meeting (SCM) and the Military Committee Meeting (MCM) in December 1997, the two sides had agreed to strengthen defense preparedness for biological/chemical (BC) warfare to counter North Korea's BC warfare capabilities. The agreement was reflected in the revision of the Operation Plan 5027. The ROK Armed Forces started works to

formulate, beginning in August 1998, the Comprehensive Countermeasures against WMD Threats, which call for (1) a strengthening of the surveillance on North Korea, (2) diplomatic efforts to deter WMD development, possession and use by North Korea, and (3) in the event of an all-out war, the neutralization of North Korean threats at the early stage through offensive operations.

Currently the USFK maintain two air defense batteries each in Suwon, Osan and Kunsan. These units, equipped with Patriot Advanced Capability-2 surface-to-air missile system, have a total of 48 launchers. However, their capability of intercepting ballistic missiles is limited. The United States, meanwhile, has taken measures against biological weapons. In March 1999, the U.S. Department of Defense announced that all U.S. military personnel visiting South Korea, Saudi Arabia, Kuwait and seven other countries will be required to receive an anthrax vaccination.

The United States and South Korea are also making joint efforts to prepare for localized provocations short of an all-out war. At the MCM held in January 1999, the two countries agreed to set up a system for jointly meeting provocations by North Korea, such as infiltration by spy boats, with USFK participation. At the latest MCM it was revealed that at the time of an infiltration by a Yugoslav-class midget submarine the United States had immediately deployed forces, including a P-3C maritime patrol aircraft and a destroyer. The meeting reaffirmed that such cooperation would be effective in preventing similar incidents. It is reported that U.S. forces also provided "support" to ROK forces during the "West Sea Incident." It can be said that such joint preparedness will help strengthen deterrence against the North, considering that infiltrations by North Korea have occurred frequently in recent years.

As described above, U.S.-ROK relations are generally satisfactory. However, the two countries are divided on some of issues, including an extension of the range of ROK missiles. South Korea has sought to acquire missiles with a range of about 300 kilometers

to improve deterrence against North Korea. However, the United States has taken a cautious attitude from the standpoint of non-proliferation. At the U.S.-ROK summit held in Washington on July 2, 1999, Kim Dae Jung said South Korea wanted to conduct research and testing on missiles with a longer range of 500 kilometers or less. But U.S. President Bill Clinton reportedly responded negatively. Talks on this issue were held between the U.S. State Department and ROK Ministry of Foreign Affairs and Trade in Seoul on November 18–20, but no conclusion was reached. According to reports, the U.S. side requested that South Korea participate in the Missile Technology Control Regime (MTCR) and limit the missile range to 300 kilometers.

In addition, in October 1999, suspicions surfaced that during the Korean War, U.S. troops had "massacred" South Koreans, and voices calling for apologies and compensation were raised in South Korea. The U.S. Department of Defense promised to investigate the truth promptly so that the matter would not lead to the undermining of confidence in the U.S.-ROK security system.

### **(3) North Korea: Military Buildup with Emphasis on WMD**

North Korea maintains a large number of troops despite its economic difficulties. However, much of their equipment is old, indicating that North Korea is finding it difficult to modernize all of its military equipment. To cope with this situation North Korea has used resources in a concentrated manner in such priority areas as development of weapons of mass destruction (WMD).

North Korea has about a million ground troops, some 3,000 tanks, 105,000 tons of naval vessels and roughly 610 combat aircraft. About two-thirds of the ground troops are forwardly deployed near the demilitarized zone (DMZ). North Korea deploys 100,000-troop special operations forces that are assigned to conduct a range of missions from intelligence collection and subversion to guerrilla warfare. All this poses serious threats to South Korea. The share of North Korea's real defense spending in gross national product

(GNP) is about 25 percent. About 5 percent of the entire population are believed to be military personnel.

Meanwhile, ROK Ministry of National Defense believes that serious economic stagnation in North Korea makes it difficult to replace its military equipment on a comprehensive scale. The mainstay equipment of the Korean People's Army (KPA), except for a limited number of fourth-generation fighter aircraft, is mostly of old types, including T-54, T-55 and T-59 tanks, Romeo-class submarines, and MiG-19 and MiG-21 fighter aircraft. To make up for these weaknesses, North Korea has used resources in a concentrated manner, giving priority to such activities as upgrading of firepower to attack the Seoul area, development of WMD and long-range ballistic missiles, and improvement of special operations capability.

North Korea has deployed along the DMZ 240-mm multiple rocket launchers, long-range artillery including 170-mm guns, and FROG surface-to-surface rockets. This firepower poses the most serious threat to South Korea because it is capable of attacking the Seoul area in a short time. The MND believes that North Korea has deployed more such long-range artillery since late 1998 in the western and eastern parts of the countries.

North Korea is believed to be continuing the development or possession of WMD and ballistic missiles. The country put in mothballs its graphite-moderated reactors and reprocessing facilities under the U.S.-DPRK Agreed Framework of 1994. In 1998, however, suspicions emerged that North Korea was secretly building an underground site related to nuclear development in Kumgchang-ni in the northwestern part of the country. The suspected facility created serious concern in the international community. Afterward, however, it was learned that the site in question was unfinished and that most of it was an empty tunnel complex. But the possibility cannot be ruled out that similar secret facilities might be under construction in other areas. Indeed suspicions persist that North Korea may be secretly continuing nuclear weapons development.

It is highly probable that North Korea has chemical weapons,

particularly a considerable quantity of chemical agents constituting an essential part of the country's military strategy. The ROK Ministry of National Defense (MND), which estimated North Korea's chemical weapons stockpiles at 2,500–5,000 tons, assumed that in the event of war the North would mount surprise attacks using large amounts of chemical weapons at the outset of the hostilities. The MND also believes that North Korea holds more than 10 types of biological weapons, including anthrax.

North Korea's ballistic missile force consists primarily of Scud B and C. In his testimony before Congress in March 1999, Gen. John Tilelli, commander of the USFK, said that he believed North Korea had several hundreds of Scud missiles. These ballistic missiles, which are transported by mobile launchers, have high maneuverability and, if launched, will reach targets in South Korea in a short time. For this reason, Scud missiles pose serious threats to South Korea. It is likely that North Korea has completed the development of the No Dong, which has a range of about 1,300 kilometers, and has deployed them. No Dong missiles, like Scuds, can be transported by mobile launchers. The No Dong, which can reach almost all of Japan, poses a direct threat to the country.

It is believed that North Korea is in the process of developing longer-range Taepo Dong-1 and Taepo Dong-2 missiles. The Taepo Dong-1 is estimated to be a two-stage ballistic missile, which uses a No Dong in a first stage and a Scud in a second, and has a range of about 1,500 kilometers or more. If completed, the Taepo Dong-1 will have almost all of Japan, including Okinawa, within its range. The Taepo Dong-2 is estimated to use a new-type booster in a first stage and a No Dong in a second, and to have a range of about 3,500–6,000 kilometers. At the time of the launch of a missile modified from the Taepo Dong-1 in August 1998 it was revealed that the missile had a solid-fuel propellant projectile in a third stage. There is a view in the U.S. Intelligence Community that a Taepo Dong-2 carrying a self-propelled projectile in a third stage or having a lighter weight will be able to deliver warheads as far as the conti-

mental United States. According to the MND, North Korea is building a missile launch site near its border with China.

North Korea has in its possession about 60 small submarines and some 130 air cushion vehicles, presumably intended for use in the infiltration and transportation of special operations forces, and a large number of An-2 transport aircraft, which are believed to be designed for the infiltration of special operations forces. According to the MND, North Korea is strengthening its military capability through additional production and deployment of Sang-o-class submarines and An-2 transports; it is conducting long-distance landing training using landing crafts and long-distance infiltration flight training using An-2s. In recent years, intrusions into South Korea have occurred frequently. This indicates that North Korea attaches importance to unconventional warfare.

#### **(4) Changing Military Situations and Reactions of North Korea**

From 1998 to 1999, a number of events occurred that, in the eye of North Korea, would have a negative impact on its security. First, the U.S.-ROK Combined Operation Plan 5027 was revised. Second, the NATO forces conducted air campaign against Yugoslavia. Third, Japan decided to participate in joint technological research on ballistic missile defense (BMD) while enacting bills related to the Guidelines for Japan-U.S. Defense Cooperation, otherwise known as the Guidelines legislation. And fourth, a DPRK vessel was attacked and sunk by the ROK Navy in the naval clash of June 1998.

On May 29, North Korea's Committee for the Peaceful Reunification of the Fatherland issued a statement on the Operation Plan 5027 that had been reported by certain media organizations. The statement denounced the revised plan as a "dangerous scenario and document of war designed to invent some pretext for an preemptive attack and stamp out the socialist system of the DPRK."

North Korea believes that the revision of the Operation Plan 5027

and the NATO's air strike of Yugoslavia are intertwined. According to North Korea, the campaign was a "test war" or a "preliminary war to a second Korean War" to apply the revised Operation Plan 5027 to North Korea, and that the United States selected Yugoslavia as a testing ground because of its geographical similarities to North Korea. The United States and other "imperialists" are seen as practicing military coercion through the extensive use of advanced military technologies and trying to establish a "unipolar world order" by force. North Korea denounced the NATO bombing conducted on the "humanitarian grounds" as an interference in the internal affairs of Yugoslavia. This seems to reflect its concern that a similar principle might be applied to North Korea.

In December 1998, Japan decided to initiate joint BMD research with the United States, and in May 1999, the Guidelines legislation was enacted by the Diet. North Korea saw these developments as "preparations for a war of aggression against Korea." Calling the Guidelines a "joint scenario of Japan and the United States for a war of aggression against Korea," North Korea claimed the enactment of the Guidelines legislation meant that relations with North Korea were "openly proclaimed as those between warring parties." As for BMD, or TMD as North Korea calls it, North Korea denounces that "the DPRK will be the primary target of the TMD," despite the fact that it is a defensive system.

During the "West Sea Incident" in June 1999 the South Korean Navy attacked and sank a DPRK torpedo boat and destroyed five others. The incident built confidence on the South Korean side that the weapons systems and combat capability of the ROK Navy were superior to those of the North Korean forces. It is possible that the naval clash has shocked the North Korean military and society. On July 23, more than a month after the incident, the Rodong Sinmun dated July 23 said that after "our navy vessel was sunk by enemy gunfire," people in North Korea, young and old, men and women, having been inspired by "the fighting spirit," expressed their ardent requests to "enlist in or return to the army," or volunteered suicide

attacks with “a bomb” or “a hand grenade.” The newspaper then declared, “no one on earth can overcome the power of the army and people united under our Dear General [Kim Jong Il].” It is possible that the article was published with an intent to contain by virtue of spiritualism the unease that was spreading in the military and society in the wake of the naval clash.

Thus North Korea realizes that the military situation surrounding it is becoming unfavorable. In these circumstances North Korea may step up efforts in two directions. First, in the allocation of resources it may continue to give priority to the military. Specifically, the development of WMD and missiles, which “can mercilessly annihilate enemies,” may be accelerated. As early as May, in view of the situation in Yugoslavia, the Rodong Sinmun said in a signed article, “If a nation has not its own solid national defense industry and military power, it cannot but be a slave of imperialism.” In light of the precision strikes by U.S. forces, North Korea is likely to promote efforts to build underground missile launch sites and munitions factories. Furthermore, the shootdown of a stealth fighter by Yugoslav forces may prompt North Korea to build up its air defense network. The other likely course of action for North Korea is to place greater emphasis, as it did after the “West Sea Incident,” on spiritualism, such as “the spirit of human bombs” and “the spirit of suicidal attack.”