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I. **United States**

1. **DPRK Free Enterprise**

Los Angeles Times ("COMMUNIST STATE PUSHES FREE ENTERPRISE," Seoul, 06/19/03) reported that in one of its biggest experiments yet with capitalism, the DPRK has started building hundreds of market halls around the country to encourage private merchants, and has loosened rules about who may do business and what may be sold, according to sources in the ROK. The new rules were issued last month. In effect, they make official what long ago had become reality in the DPRK. The DPRK has become increasingly dependent on private commerce to feed and clothe themselves in the absence of a viable public distribution system. "Before, they were tolerating private business. Now they are encouraging it," said Cho Myong Chol, a DPRK defector who had been an economics professor at Kim Il Sung University in Pyongyang, the capital. Cho, who remains in contact with his DPRK friends, said the regime had ordered local governments to construct buildings to be used as market halls with stalls to be rented out to merchants. Currently, most markets are just a cluster of vendors who spread out their wares on mats outdoors in schoolyards or vacant lots. Instead of being called "farmers' markets" as they were in the past, the new markets will be known as "district markets." The name change is being made because they are now permitted to sell almost everything but drugs and stolen goods, whereas in the past they could legally sell only food. Foreigners also will be able to sell their products in the markets. The change reflects the fact that many of the consumer products sold in North Korea are brought across the border by PRC traders. Last July, the DPRK scrapped its rationing system and lifted price controls. Those reforms, however, also set off rampant inflation. The newest set of reforms, DPRKs hope, will increase supplies in the marketplace and keep prices in check. "They are experimenting with real capitalism this time," Cho said. "This is a very significant change." The reforms come at a time when the DPRK economy is in a state of near collapse, with most factories rusted and closed and international aid rapidly dwindling in the midst of a standoff over nuclear weapons. The new regulations have not been published but have been communicated to officials by word of mouth from the country's leader, Kim Jong Il. "Various workable measures have been taken to improve the livelihood of the economy and the people in an epoch-making manner," North Korea's official news agency reported last week in one of the few official commentaries on the subject. Kim Young Soo, a professor at Seoul's Sogang University who made a detailed study of the markets in the the DPRK, found that a wider range of goods was available but at prices out of reach for most citizens of the DPRK. "Ironically, with the introduction of the market system, few people are starving to death, but their daily life is much harder than before," Kim said. "North Korea is undergoing an adjustment period... Today, there is no distribution system and people have to solve problems on their own." Kathi Zellweger, an official of the aid organization Caritas who travels frequently to the DPRK, said she did not anticipate that the country would be able to do without humanitarian aid in the foreseeable future. "Although the [economic reform] steps are commendable, there is a risk that many people will fall through an already weak safety net with the resulting development of haves and have-nots," Zellweger said.

2. DPRK Shadow Market Economy

The Associated Press ("SHADOW MARKET ECONOMY THRIVES IN N. KOREA," Seoul, 06/19/03) reported that for years, the DPRK has let small-scale trading posts, known as "farmers' markets," operate as a shadow economy alongside the state-run distribution system in one of the world's most tightly controlled economies. Although officially banned, the markets have flourished as ordinary DPRK citizens adapt to the breakdown of central planning and the state rations that have been the cornerstone of communist policy since the 1950s. Faced with a dysfunctional economy and widespread food shortages, the government appears to be relaxing restrictions on the markets. "People with access to land, farming families, are now allowed to have kitchen gardens and thus more small markets have sprung up," said Kathi Zellweger, the director of aid to the DPRK for the charity Caritas. Farmers and other producers have even begun to set up roadside stalls, and bartering in public is common -- both illegal until recently, she said. The markets are thriving as the

DPRK intensifies a war of words with the US over the reclusive regime's nuclear programs. Washington and its allies have been increasing pressure on Pyongyang, using a combination of diplomacy and isolation to dissuade the DPRK from continuing its nuclear programs and trade in narcotics, counterfeit money and missile parts. With the DPRK's main sources of hard currency in danger of running dry and its isolation growing, experts say the regime needs the farmers' markets more than ever to keep goods and money circulating. "I think it's irreversible change," said Scott Snyder of the Asia Foundation office in Seoul. "But does it add up to the type of reform that would make North Korea a viable and competitive system? The verdict is still out."

3. ROK Railway Strike

Reuters (Martin Nesirky, "SOUTH KOREA RAIL STRIKE ENTERS DAY FOUR, UNION MEET," Seoul, 07/01/03) and Agence France-Presse ("SOUTH KOREAN RAILWAY UNION VOTES ON WHETHER TO STOP STRIKE," 07/01/03) reported that ROK railway workers were voting on whether to end a strike as the government of President Roh Moo-Hyun maintained a tough stance against labor unrest. "The vote is under way in Seoul and regional branches of our union," a railway union spokesman in Seoul told AFP Tuesday. About 8,000 railway workers remained on strike despite reports that their resolve may be weakening following threats of job losses from management backed by the government. The government has already ordered the state-run Korean National Railroad (KNR) to dismiss or suspend 630 strike leaders from duty. The vote came one day after the National Assembly passed a bill to transform the railroad network into a public corporation that would require job cuts and restructuring. The rail strike began on Saturday, sparking transportation bottlenecks and public resentment, notably in Seoul. Railway workers accuse the government of breaching its earlier promise to improve working conditions and raise wages in return for reform of railroad services. The government hopes to sell off or close some of the network's heavily indebted businesses such as catering services while shutting down railway services on some loss-making routes.

4. DPRK Nuclear Technology

Reuters ("NORTH KOREA ADVANCING NUCLEAR TECHNOLOGY-REPORT," New York, 07/01/03) reported that US intelligence officials believe that the DPRK is developing technology that could make nuclear warheads small enough to be placed atop the country's missiles, which could put Tokyo -- and US troops based in Japan -- at risk. Officials who have received US Central Intelligence reports told the newspaper that American satellites have identified an advanced nuclear testing site in an area of the DPRK called Youngdokdong. Equipment at the site is set up to test explosives that could set off compact nuclear explosions when detonated. The information has been shared with Japan, the ROK, and other allies in recent weeks, the newspaper said. Intelligence officials cited by the newspaper believed the testing facility suggests that the DPRK wants to make sophisticated weapons that would be light enough to attach to medium- and long-range missiles. The DPRK's arsenal of such missiles is growing and the test facility indicates that the country may be looking to combine its nuclear and missile technologies.

5. DPRK on US Sanctions

Agence France-Presse ("NORTH KOREA THREATENS 'MERCILESS' RETALIATION AGAINST SANCTIONS," Seoul, 07/01/03) reported that the DPRK's military threatened "strong and merciless" retaliation if the US and its allies imposed sanctions or a blockade against the DPRK. The Korean People's Army (KPA) said in a statement on Tuesday that such steps would breach the armistice

agreement (AA) that ended the 1950-1953 Korean War. "If the US side applies sanctions against the DPRK and conducts sea and air blockades against it anywhere and starts bolstering troops in and around the Korean peninsula, the KPA side will promptly regard it as a complete breach of the AA by the US side," it said. Freed from its obligations under the armistice accord, the DPRK would not hesitate to inflict "strong and merciless retaliatory measures...", it said. The KPA statement denounced US plans to boost military spending by 11 billion dollars over the next four years in the ROK as well as plans to realign US forces on the peninsula. It also criticized US efforts to build an international coalition to pressure Pyongyang to abandon its nuclear ambitions. "A touch-and-go situation is now prevailing on the Korean peninsula owing to the US undisguised policy to stifle the DPRK," it said. "Korea is at the crossroads of war or peace." US reconnaissance aircraft flew 200 missions over the Korean peninsula during the month of June to "spy on strategic targets" in North Korea, said the Korean Central News Agency monitored here. "The aerial espionage getting more frantic in the wake of the 'conclusion' of the Iraqi war of aggression clearly proves that the US imperialists are becoming more undisguised in their moves to make a surprise preemptive attack on the DPRK over its 'nuclear issue,' it said.

6. Russia on Iran Nuclear Agreement

The Associated Press ("RUSSIA URGES IRAN ON MORE NUKE AGREEMENTS," Moscow, 07/01/03) reported that Russia has urged Iran to sign additional nonproliferation agreements with the International Atomic Energy Agency to assure the world it has no intentions of developing nuclear weapons. Meanwhile, the two countries will sign an agreement soon on the return of spent nuclear fuel from Iran to Russia, the Foreign Ministry said Tuesday. US officials have said such a move would help reduce Washington's concerns about Iran's nuclear ambitions. "There are plans to sign this protocol in the near future," Foreign Ministry spokesman Alexander Yakovenko said Tuesday, according to Interfax news agency. "This has been agreed upon with Iran." Meeting with Iran's nuclear chief Monday, Russian Foreign Minister Igor Ivanov said Iran's signing additional agreements with the IAEA would "be yet another confirmation of the peaceful character of the Iranian nuclear program and the close cooperation of Iran with the agency," according to a statement from the Foreign Ministry. Russia is helping Iran build a nuclear power plant in the coastal city of Bushehr, and Moscow has insisted international fears that the project could help develop nuclear weapons are unfounded. But Russia has increasingly pushed Tehran - after strong urging from the US - to cooperate with the IAEA on inspections. Gholamreza Aghazadeh, head of Iran's atomic energy organization, had said Monday that his country's nuclear ties with Russia were in compliance with international law.

7. PRC Communist Party 82nd Anniversary

The Associated Press (Joe McDonald, "CHINA'S COMMUNISTS TOLD TO SERVE PUBLIC," Beijing, 07/01/03) reported that PRC President Hu Jintao told the PRC he intends to better serve the public as the party marked its 82nd birthday on Tuesday, but the secretive, one-party system gave no indication of evolving to share power. The anniversary came as a new generation of leaders headed by Hu, who became party leader in November, tries to establish its grip on power in a fast-changing, increasingly capitalist society. Commentaries in state newspapers called for the party, in power since 1949, to be more responsive to public needs. Amid widespread complaints about graft and official abuses, they warned members to live simply and stay humble. Hu was quoted by the official Xinhua News Agency as calling for the party to "dedicate itself to the interests of the public and govern for the people's benefit." In a speech to a party seminar, Hu was quoted as saying the party should show "still greater enthusiasm" for the political theories of his predecessor, Jiang Zemin - the awkwardly named "Three Represents," which calls for the party to modernize by offering

membership to capitalists. The report gave no indication whether Hu, whose political views are still largely a mystery, revealed any personal vision for the party's future. But state newspapers also said the party should listen more closely to its 67 million members. The vaguely defined process is dubbed "party democratization," though it does not include free elections or other elements of democracies elsewhere. "To strengthen the building of the party system, the basic task is to ... guarantee the democratic rights of party members," said a commentary in the main party newspaper, People's Daily.

8. PRC Sexual Harassment Suit

Agence France-Presse ("BEIJING WOMAN FILES PRC CAPITAL'S FIRST SEXUAL HARASSMENT SUIT," 07/01/03) reported that her former supervisor for sexual harassment in the first such lawsuit in Beijing and only the third in the PRC to lead to a trial, said women's experts who demanded laws to address the growing problem. The case, filed in March and heard in Beijing Monday, reflects growing complaints about sexual harassment and awareness by women. Lei Man accused Jiao Bin, an assistant manager of the Beijing Founder Order Computer Company, of sexually harassing her and interfering in her attempts to find work in other companies after she resigned due to Jiao's sexual harassment, the China Daily said. She is seeking a public apology and compensation of 50,000 yuan (6,040 US dollars). Victims who previously chose to stay silent are increasingly filing lawsuits, said Ding Juan, a professor of the All China Women's Federation's Women's Research Institute. They included the country's first such legal case, filed in 2001 by a woman in Xi'an city in northern Shaanxi province who accused her boss of inappropriately touching her on many occasions since 1994. The woman lost and most such cases are rejected by the courts because the PRC lacks a law against sexual harassment, Ding said. "In China, if it's not rape, the law is blank," said Ding. Most cases happen in the workplace and involve superiors and subordinates, she said. "The woman is generally too afraid to say anything. Her boss has power over her and she doesn't want to lose her job, especially when it's so hard to find jobs," Ding said. In extreme cases, bosses have demanded victims move in with them. In less serious cases, women are touched improperly. The problem has become more common since the PRC began opening its previously all state-run economy to private ownership. "Before it was better because factory workers had more power. They were able to monitor their supervisors because everyone was equal and supervisors could not fire people arbitrarily. Now in private companies, supervisors have a lot of power," Ding said. Sociologists and women's advocates are pushing for a law against sexual harassment. "Clear prohibition of sexual harassment in the law will show the legislators' moral judgment on this issue to society, and also frighten those who intend to commit sexual harassment," Tang Can, a researcher from the PRC Academy of Social Sciences told China Daily.

9. Hong Kong Anti-Subversion Law Protest

Agence France-Presse ("UP TO 500,000 MARCH IN HONG KONG AGAINST ANTI-SUBVERSION LAW," Hong Kong, 07/02/03) reported that hundreds of thousands of people marched in protest at anti-subversion legislation that many in this former British colony fear could erode political freedom six years after its return to PRC rule. Witnesses and organizers said up to 500,000 joined the demonstration, as police confirmed it was Hong Kong's biggest protest since more than one million people rallied after the 1989 Tiananmen Square massacre in Beijing. The scale of protests prompted Washington to urge Hong Kong's government to pay heed to the views of its citizens before drafting any new legislation. "There are several hundred thousand people here," said Richard Tsoi, a spokesman for protest organisers the Civil Human Rights Front said from the front of the march. Pro-democracy legislator Lee Cheuk-yan, also a member of the Civil Human Rights Front, told local broadcasters RTHK he estimated the gathering at about 500,000, way above the 100,000 expected.

"We've got far more than we expected, we've got nearer 500,000," he said. Hong Kong police said they estimated the crowd peaked at 350,000 at about 6:00 pm, three hours after the protest began, but acknowledged more people joined later. Throngs of demonstrators peacefully vented anger against the Article 23 law they say will curtail civil freedoms. There is mounting fear the law could stifle freedom of speech and the free flow of information. There are also concerns it will see an erosion of the "one country, two systems" policy. The majority of marchers were clad in black t-shirts to symbolize the death of Hong Kong freedoms, as they slowly made their way from the city's Victoria Park in sunny conditions.

10. PRC Uninhabited Islands Regulation

Asia Pulse ("CHINA ENACTS FIRST NATIONAL REGULATION ON UNINHABITED ISLANDS," Beijing, 07/01/03) reported that the PRC's first national administrative regulation on uninhabited islands will be enacted on July 1, the State Oceanic Administration (SOA) announced Monday. The regulation was jointly issued by the SOA, the Ministry of Civil Affairs and the Headquarters of the General Staff of PRC People's Liberation Army on June 17 this year. The regulation lays out strict measures on the protection of uninhabited islands around the base points of China's territorial waters and prohibits activities that might damage the islands. It says uninhabited islands belong to the nation, and organizations and individuals must apply for approval if they want to use the islands. An SOA official said China's island administration had, for a long time, been relatively weak, and disorderly exploitation of uninhabited islands had caused worsening damage to natural resources and the environment. Disorderly exploitation also harmed the national interest and posed a threat to national defense and military security, said the official. "The issuing and enacting of the regulation is a very good reinforcement of China's existing oceanic laws and will be conducive to maintaining order of uninhabited island exploitation, protecting the ocean environment, and safeguarding China's national interests," said the official. China has more than 6,000 islands each with an area larger than 500 square meters, of which 94 per cent are uninhabited. (XIC)

II. Japan

1. The Public Views in Japan over SDF

The Asahi Shinbun ("SDF MISSION TO IRAQ SPLITS VOTERS," 07/01/03) reported that the public in Japan is pretty evenly divided over the dispatch of Self-Defense Forces to Iraq to help reconstruct the country, an Asahi Shimbun survey showed over the weekend. Of 1,859 voters responding to the telephone poll Saturday and Sunday, 46 percent favored an SDF mission to Iraq and 43 percent were against. Looking back, nearly six in 10 said they do not think there was justification for the US-led attack on Iraq. While the public was in discord over a role for the SDF, a large majority-about 70 percent-said Japan should get involved in Iraqi reconstruction. Voters supporting the Cabinet of Prime Minister Junichiro Koizumi or the ruling Liberal Democratic Party backed SDF involvement to the tune of 50 to 60 percent. But about 60 percent of Minshuto (Democratic Party of Japan) supporters opposed it. Asked why they approved of SDF participation, about 60 percent of supporters cited the need for an international contribution by Japan, followed by respondents who said there were roles suitable for SDF troops to play in Iraq, and voters who said they valued Japan's relationship with the US. Asked if the Iraq war was justified, a point of contention in Diet debate on the bill to send SDF troops to Iraq, 57 percent said no, nearly double those who thought it was necessary, at 29 percent. Overall, 67 percent said they do not support the U.S. attack, against 22 percent who do. Fifty percent said they do not approve of Koizumi's support for Washington's decision to fight, compared with 36 percent who said they do-an increase in negative responses from

an April survey, just after the main hostilities had ended.

2. Japan-RF Relations

The Asahi Shinbun (Noriko Akiyama, "RUSSIAN PRIME MINISTER TO VISIT," Vladivostok, 06/30/03) reported that Russian Prime Minister Mikhail Kasyanov will visit Japan by the end of the year, becoming the first Russian prime minister to do so since 1999. The agreement came during a two-day visit to the Russian Far East by Foreign Minister Yoriko Kawaguchi, who met Sunday in Vladivostok with Viktor Khristenko, Russia's deputy prime minister and co-chairperson of the Japan-Russia Intergovernmental Commission on Trade and Economic Issues. With the likelihood growing that Russian President Vladimir Putin will put off a visit to Japan until next spring at the earliest, the Japanese government is eager to continue high level talks with the Russians. Economic matters, including energy issues, are expected to dominate talks during Kasyanov's visit to Japan. In her talks with Khristenko, Kawaguchi revealed that Japan is soon planning to send a delegation to Russia headed by Iwao Okamoto, director-general of the Agency for Natural Resources and Energy, to explore the possibility of jointly developing oil fields as part of a larger plan to open a Pacific route pipeline from eastern Siberia to Nakhodka. The Russians are also considering a rival pipeline from Siberia to PRC. "If the pipeline sought by China takes precedence," Kawaguchi noted, "not only will this delay the Nakhodka route, but it will end up limiting the benefits of the oil developments in Siberia." Japanese officials repeatedly stressed that the construction of the Nakhodka pipeline was a precondition for the joint development of eastern Siberian oil fields. Khristenko, who welcomed the news of the delegation, responded, "We are grateful that Japan is showing an interest and willingness to become involved in this project. We need to make a concrete decision on pipeline routes through a correct assessment of resources and confirmation of reserves."

III. People's Republic of China

1. PRC's APEC Addressing

China Daily ("SARS FIGHTING EXPERIENCE SHARED", Bangkok, 06/30/03, P1) reported that Chinese Vice-Premier and Health Minister Wu Yi shared PRC's experience of fighting SARS with ministers in charge of public health from the Asia-Pacific region on June 28, affirming the importance of international co-operation in containing the disease. PRC has taken immediate and decisive measures to contain the spread of SARS, although the country was "in an awkward position" in the early days of the outbreak, Wu said in her speech at the opening ceremony of the Asia Pacific Economic Co-operation (APEC) Health Ministers' Meeting held here on June 28. She noted the World Health Organization (WHO) on June 24 lifted the travel advisory against Beijing, the last Chinese mainland city on its China list, and removed the city from the list of areas with recent local transmission. The vice-premier summarized China's success on combating SARS as a result of taking several measures listed in the report. Wu admitted the epidemic has adversely affected the development of some regions and sectors in PRC. But she stressed "the fundamentals that drive China's economic growth remain intact and are functioning effectively." Wu said PRC will make its due contribution to the global fight against SARS and is committed to working closely with other APEC economies and making relentless efforts to defeat the disease and promote stronger economic growth in the region.

2. Relations Across Taiwan Straits

China Daily (Xing Zhigang, "BEIJING CONDEMNS PUSH FOR REFERENDUM ON TAIWAN", 06/26/03, P3) reported that Beijing on June 25 accused the Taiwan authorities of pushing for an island-wide referendum on Taiwan's nuclear and healthcare issues to undermine cross-Straits peace and inflame bilateral relations. Li Weiwei, spokesman with the Taiwan Affairs Office of the State Council, said the mainland firmly opposes what it branded a "separatist move" and one "that goes against the basic interests of the whole Chinese nation, including Taiwan compatriots." Addressing a regular press conference, Li said: "It is a creeping pro-independence step aimed at splitting Taiwan from the motherland...for the Taiwan authorities to connive and support the attempt of a handful of separatist members to promote the referendum. His comments were in response to proposals by Taiwan's Democratic Progressive Party (DPP) administration to hold referenda. Although the referendum, at least on face value, is non-political and plays no part in cross-Straits relations, it is widely believed that the pro-independence DPP is taking advantage of the plan to pave the way for a referendum on whether to seek formal independence from China, the report said. Li also referred to Beijing's appreciation of US's opposition to proposed referenda on the island concerning the nuclear plant and WHO issues. He noted that the US opposition to any form of Taiwan independence is conducive to general Sino-US relations, stability in cross-Straits ties, as well as peace and security in the Asia-Pacific region.

3. PRC-US Relations on Taiwan Issue

China Daily (Jiang Zhuqing, "CHINA OPPOSES CONTACT BETWEEN US AND TAIWAN," 06/25/03, P2) reported that PRC reiterated on June 24 that it opposes any form of official contact between the US and Taiwan authorities, Foreign Ministry spokesman Kong Quan said at a press conference. "Such contact overtly violates the principles of the three Sino-US joint communiques and relevant commitments made by the United States," he said. Kong was commenting on reports that Taiwan "foreign minister" Eugene Chien had attended a meeting in the US under the sponsorship of the American Enterprise Institute. Kong said that PRC has expressed deep concern over the issue and asked the US to clarify its position in this regard. The US should recognize the importance and sensitivity of the Taiwan question and review its official exchanges with Taiwan to avoid damaging Sino-US relations, the spokesman said.

4. DPRK-Japan Relations

China Daily ("DPRK CANCELS FERRY TRIP TO JAPAN AGAIN", Tokyo, 06/24/03, P11) reported that the DPRK has again abandoned a planned ferry trip to Japan, a pro-Pyongyang group said on June 23. The Mangyongbong-92 - the only direct passenger link between Japan and the DPRK - had been scheduled to arrive at the port of Niigata on Japan's northwest coast yesterday after a previous trip was called off earlier in the month. The pro-Pyongyang group, representing people from the DPRK in Japan, said it had been informed of the cancellation by the DPRK Government, blaming discriminatory measures against the nation's ships by Japanese authorities. "Our country is very angry about Japan's application of political pressure - a discriminatory act," said an official of the General Association of Korean Residents in Japan (Chongryon), according to the report.

5. US Security Measures

China Daily ("OVERHAUL ORDERED AT NUCLEAR LABS", Washington, 06/26/03, P11) reported that US Energy Secretary Spencer Abraham ordered a broad overhaul of security at US nuclear weapons laboratories in response to a series of security lapses ranging from missing computers to reports of sleeping guards. The order came as a congressional report said that security upgrades

required by heightened terrorist threats since the September 11 attacks will not be fully in place and tested at the department's nuclear weapons facilities for two to five years. "In light of recent security incidents at the labs ... improved security must be aggressive and far reaching," Abraham said. He said he was directing the National Nuclear Security Administration, which oversees nuclear weapons programs, "to put in place any immediate changes" deemed necessary to prevent future security problems.

6. PRC-Japan Relations on Diaoyu Island

People's Daily ("FM SPOKESMAN REITERATES DIAOYU ISLANDS AS CHINESE TERRITORY", Beijing, 06/24/03, P4) reported that Chinese Foreign Ministry spokesman Kong Quan said here on June 23 that PRC has indisputable sovereignty over the Diaoyu Islands in the East China Sea. A journalist quoted a report as saying that some people from Hong Kong and the Chinese mainland had gone to the Diaoyu Islands to proclaim that the islands belong to PRC, and asking Kong to comment on the report. Kong said the Diaoyu Islands and adjacent islets have been an integral part of PRC's territory since ancient times, and PRC owns indisputable sovereignty over them. Any attempt that conspires to steal PRC's territory will never succeed, Kong said in the report.

7. PRC's Commentary on Diaoyu Island Issue

China Daily (Hu Xuan, "SOVEREIGNTY IN NO DOUBT ON ISLANDS", 06/27/03, P4) carried an analyzing article saying that the Diaoyu Islands rightfully belong to PRC. The article said that the Chinese people will never allow any conspiracy to seize PRC's territory. From whatever point of view, whether geographical, historical or legal, PRC has indubitable sovereignty over the islands. Scattered 102 nautical miles northeast of the city of Chilung in Taiwan and 230 nautical miles both east of Fuzhou in East China's Fujian Province and west of the Japanese island of Okinawa, the Diaoyu Islands are geographically closer to PRC than to Japan. Lying within a 200-metre isobath (a line on a map indicating points of equal underwater depth), the Diaoyu Islands - on the eastern edge of the East China Sea - are part of the Chinese geological continental shelf. They are clearly separated from Japan's Ryukyu Islands by the 2,270-metre-deep Okinawa Trough. According to international law, the sovereignty of territories owned by nobody belong to those who first discover, name and administrate those territories, the article said. Historical records show that the Chinese discovered and named the islands much earlier than the Japanese. As a major Asian and global power, Japan should keep the pledge it made to PRC on shelving the territorial dispute and stop any provocative actions, the article commented.

8. US Troops in ROK

People's Daily (Zhang Jinfang, "ROK NEEDS US TROOPS", Seoul, 06/29/03, P3) reported that ROK President Roh Moo-Hyun said on June 27 that ROK needs the US troops resided in ROK for a long term, meanwhile, ROK will reinforce self-defense policy. The US troops is the long time need for ROK, and ROK's self-defense will be a reliable guarantee for ROK's security at large, Roh said according to the report.

People's Daily (Zhang Li, "US TROOPS IN S.KOREA CONFIRMED TO BE DECREASED", Seoul, 06/27/03, P3) reported that the 37,000 US troops stationed in ROK will be reduced, and "both governments have agreed to relocate the bulk of the US Yongsan Garrison and to reposition the US 2nd Infantry Division," said Lt. Gen. Charles Campbell, commander of the US Eighth Army. During a seminar on the role of the US military held in Seoul he said "Some reduction in force will accompany

these moves," but did not revealed any further details. His remarks are the first official confirmation that the US will decrease its military presence in the Korean Peninsular. Previously, Seoul and Washington agreed in military talks to relocate the US troops' headquarters in Yongsan Garrison in central Seoul and the 2nd Infantry Division located near the inter-Korean border as soon as possible. Campbell added that the ROK-US bilateral military relationship is entering an era of realignment, noting that the land partnership plan (LPP) agreed upon between the two countries last year has given rise to the most significant changes in the US military in the Asian country in several decades.

9. DPRK-US Relations

People's Daily (Ji Xinlong and Gong Yidong, "ONE MILLION DPRK PEOPLE JOIN ANTI-US RALLY IN PYONGYANG", Pyongyang, 06/26/03, P3) reported that over one million Pyongyang residents took to streets for anti-US rallies on June 25 to mark the 53rd anniversary of the outbreak of the Korean War. The anniversary is also marked as a "Day of Anti-US Struggle" in the DPRK. At the main rally held at the Kim Il Sung Square in the central part of the city, Ryang Man Gil, chairman of the Pyongyang City People's Committee, said that the DPRK has no way but to "accelerate its pace to seek nuclear deterrent force for self-defense" in face of the US "blockade" against the DPRK under the pretext of the nuclear issue. The DPRK people will foil the US attempt at pushing the situation on the Korean Peninsula "to the brink of a war", Ryang told the some 100,000 participants. The rally was followed by a large-scale anti-US demonstration in the city, where all squares were thronged with people protesting the US policy towards the DPRK, said the report.

10. ROK-PRC Relations

People's Daily ("ROK PRESIDENT TO VISIT CHINA FOR FIRST FOREIGN TOUR", Beijing, 06/27/03, P1) reported briefly that the President of the ROK Roh Moo-hyun will visit PRC from July 7 to 10, his first since coming to power last December, Chinese Foreign Ministry spokesman Kong Quan announced on June 26.

11. Russia-Japan Relations

People's Daily ("OIL PIPELINE TO IMPROVE JAPANESE-RUSSIAN TIES: JAPANESE FM", Beijing, 06/30/03, P3) reported that Japanese Foreign Minister Yoriko Kawaguchi said on June 29 that construction of an oil pipeline from Russia's Siberia to the Pacific coast on the Sea of Japan will improve Japanese-Russian relations. "If an oil pipeline is laid... mutual trust between Japan and Russia will grow," Kawaguchi was quoted as saying by Russian news agencies in Vladivostok during her visit to Russia's Far East. The Russian government is considering to build a key oil pipeline from its vast Siberian reserves to the Asia-Pacific region and there are three options currently under consideration, and Russian officials said earlier this month that the final decision would be made in September this year. Kawaguchi, however, expressed regret that the absence of a peace treaty is hampering improvement in Japanese-Russian ties. "Regrettably, Japan and Russia... have failed to conclude a peace treaty," she said. "This fetters the two neighbor nations and is slowing down the development of their relations," she added. Meanwhile, Kawaguchi urged Russia to play a more active role in resolving the nuclear issue on the Korean Peninsula. "Japan holds that Russia... can play an even greater substantial role in settling questions, pertaining to North Korea (the Democratic People's Republic of Korea)," she noted. Kawaguchi arrived in Russia on June 28 for a two-day visit, during which she held meetings with Russian Deputy Prime Minister Viktor Khristenko and other officials. The two sides also discussed Japanese aid in helping Russia dismantle nuclear submarines, said the report.

The NAPSNet Daily Report aims to serve as a forum for dialogue and exchange among peace and security specialists. Conventions for readers and a list of acronyms and abbreviations are available to all recipients. For descriptions of the world wide web sites used to gather information for this report, or for more information on web sites with related information, see the collection of [other NAPSNet resources](#).

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

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