



NAPSNet Daily Report 02 August, 2002

Recommended Citation

"NAPSNet Daily Report 02 August, 2002", NAPSNet Daily Report, August 02, 2002,
<https://nautilus.org/napsnet/napsnet-daily-report/napsnet-daily-report-02-august-2002/>

CONTENTS

I. [United States](#)

1. [PRC Presidential Succession](#)
2. [PRC Domestic Economy](#)
3. [PRC-ROK on DPRK Policy](#)
4. [DPRK-ROK Naval Skirmish](#)
5. [Powell on DPRK-US Relations](#)
6. [Japan Anti-Terror](#)
- II. [Japan](#) 1. [Japanese Military Emergency Bills](#)
2. [Japan-US Relations](#)
3. [Japan Nuclear Policy](#)
4. [US Bases in Japan](#)
- III. [People's Republic of China](#) 1. [ROK-DPRK Relations](#)
2. [US-DPRK Relations](#)
3. [DPRK-Japan Relations](#)
4. [DPRK-PRC Relations](#)
5. [PRC-US Relations](#)
6. [PRC-Russian Relations](#)
7. [PRC-Japanese Relations](#)
8. [Across-Taiwan Straits Relations](#)

I. **United States**

1. **PRC Presidential Succession**

The Associated Press (John J. Lumpkin, "FIGHT SUSPECTED FOR CHINA LEADERSHIP," Washington, 08/02/02) reported that PRC President Jiang Zemin is not passing quietly into retirement as once expected, having launched a surprise bid to retain authority over his presumed successor, Hu Jintao, US officials say. Jiang's attempt to retain power could forestall the passing of the PRC's current generation of leaders, assuming his contemporaries, all 70 and older, would elect to stay on as well, said the officials, speaking on condition of anonymity. Hu, the current vice president, isn't ready to roll over in the face of Jiang's desire to stay, either. The succession question

is expected to be settled in the fall at the meeting of the PRC's 16th Communist Party Congress. The meeting had been expected in September but might be delayed until after Jiang visits the US and Mexico in late October. Selected leaders would be expected to take their new state positions the following March. Jiang's campaign to stay put is thought to have begun in February. Bates Gill, an East Asia expert with the Center for Strategic and International Studies, said Jiang may have decided that Hu was unready to handle the PRC's many domestic problems. "Maybe Hu Jintao isn't quite to the point of being able to manage this enormous set of challenges fully," Gates said. "This is an issue of complex negotiations," said Richard Bush, a China expert at the Brookings Institution. "The rumors that we hear are probably weapons within the negotiations. It's games within games." Jiang himself is not all-powerful and doesn't command the authority that his predecessors did, although PRC military leaders favor him, the U.S. officials said.

2. PRC Domestic Economy

Reuters ("CENTRAL BANK SAYS CHINA'S ECONOMIC GROWTH MAY TOP 7.5," Beijing, 08/02/02) reported that the PRC's economy could grow more than 7.5 percent this year, the central bank said in an optimistic prognosis for Asia's star performer on Thursday. Exports, a key driver of economic expansion, may grow more than 10 percent on the year compared to just 6.8 percent in 2001. The latest growth forecast suggested the PRC's economy would beat its 7.3 percent growth in 2001 after expanding 7.8 percent in the first half of this year on the back of surging exports and heavy capital investment. Analysts said the export engine may face some uncertainties from the global economy in the rest of this year, but soaring spending on infrastructure and housing would keep the economy humming. "There won't be big growth fluctuations in second half," said Bai Hejin, a senior economist at the Academy of Macro-economic Research, a State Development Planning Commission think-tank. "The second half growth is expected to be slower than the second quarter rate, but a big slowdown is unlikely," he said. The economy grew eight percent in the second quarter, racing past the government target of seven percent for the year.

3. PRC-ROK on DPRK Policy

Reuters ("CHINESE AND SOUTH KOREAN FOREIGN MINISTERS MEET OVER NORTH KOREA," Seoul, 08/02/02) reported that PRC Foreign Minister Tang Jiaxuan promised support for ROK efforts to revive stalled dialogue with the DPRK in the wake of a deadly naval clash. Tang met his ROK counterpart, Choi Sung-hong, in Seoul on Friday, following the DPRK's recent moves to reconcile with the ROK, Japan and the US. "Minister Tang expressed China's firm support for our policy of engaging North Korea, and promised to do his best to play a constructive role," said Kim Hang-kyong, the ROK's deputy foreign minister, in an interview with Seoul's KBS-TV. Tang was scheduled to meet President Kim Dae-jung before ending his two-day visit Saturday.

4. DPRK-ROK Naval Skirmish

The Associated Press (Choe Sang-hun, "NORTH KOREA OFFERS TO HOLD TALKS WITH AMERICAN-LED U.N. COMMAND," 08/02/02) reported that the DPRK has offered to meet with the US-led United Nations Command next week to discuss a deadly sea skirmish between the two Koreas in June, the U.N. command said. The DPRK People's Army, or KPA, suggested that the two sides each send a delegation led by a military general for talks at the border village of Panmunjom early next week. "Today the KPA responded to a request from the U.N. command for general officer talks to reduce tension in the west sea," said the command in a brief statement. "The U.N. command is reviewing the response from the KPA." Panmunjom lies in the middle of the Demilitarized Zone

separating the two Koreas and is the sole contact point between the DPRK military and the U.N. command.

5. Powell on DPRK-US Relations

The Associated Press (George Gedda, "POWELL URGES NORTH KOREA TALKS," Jakarta, 08/02/02) reported that US Secretary of State Colin Powell expressed that shunning talks with the DPRK could be a costly US mistake contending that negotiations with the DPRK could eventually alter policies that produce militarism and widespread hunger. Powell was speaking at a news conference in Brunei before flying here Thursday night, the seventh leg of an eight-nation Asian tour. Powell said President Bush was merely recognizing "fact and reality" when, last January, he listed the DPRK as part of a perceived "axis of evil" along with Iran and Iraq. He noted that the DPRK has acquired weapons of mass destruction and exported long-range missiles while leaving many of its 22 million people "in desperate need of food or other means of giving a decent life." "We want to enter a dialogue to see if that reality can change to a more positive reality," Powell said.

6. Japan Anti-Terror

The Associated Press (Mari Yamaguchi, "JAPAN'S MILITARY FOCUSES ON TERROR," Tokyo, 08/02/02) reported that Japan's military is shifting focus from regional threats such as the DPRK to possible terrorist attacks, and will cooperate more closely with the US, the government said Friday in its annual defense report. Terrorism dominated the 300-page study, which urged better defense against attacks at home and closer cooperation with the US and other countries in countering them. "Through the U.S.-led international efforts to fight terrorism, it became clear America's overwhelming national strength and international cooperation are crucial," the Defense Agency's white paper said. The report also hit on old themes - including the PRC's recent military expansion and the long-standing disputes on the divided Korean Peninsula. The Korean Peninsula also requires a close watch, the paper said, citing the fatal naval clash in June between the ROK and DPRK. The Defense Agency called it a deliberate attempt by the DPRK to spur its combat readiness. Japan also expressed concern over the PRC's expanded defense budget, which rose by 17.6 percent in 2002. It was the PRC's 14th consecutive spending increase of more than 10 percent on military affairs, the report said.

II. Japan

1. Japanese Military Emergency Bills

The Asahi Shimbun ("GROUPS TO STUDY MILITARY LEGISLATION," Tokyo, 07/31/02) reported that the Japanese government plans to set up five working groups to study legislation pertaining to the military emergency bills, including measures to protect the public in an emergency. Besides protection of the public, the teams will study legislation to ease restrictions on Self-Defense Forces activities, support for US forces, the treatment of prisoners of war, and punishment for atrocities during emergencies. This latest move to revive the stalled legislation seems to be a tacit acknowledgment by the government that it has done a poor job explaining a broader picture of the legislation to the opposition as well as to a wary public. The working groups of division director-level officials from concerned ministries and agencies will be formed under the Cabinet Secretariat immediately after the current Diet session ends in July 31. The government hopes the working groups will entice Democratic Party of Japan and other opposition parties into talks on revisions of

the bills and lead to their approval.

2. Japan-US Relations

Jiji Press ("ARMITAGE TO HOLD TALKS ON DEFENSE DURING JAPAN TRIP," Washington, 07/28/02) reported that US Deputy Secretary of State Richard Armitage plans to visit Japan on August 27-28 for discussions on foreign policy and security issues, informed sources said. During the visit, Armitage will meet with Vice Foreign Minister Yukio Takeuchi to discuss various issues, such as missile defense and the US fight against terrorism, to strengthen bilateral defense ties. At a time when US is stepping up preparations for a military campaign against Iraq, Armitage and Takeuchi are also expected to exchange views on Japan's possible cooperation in the US action. The meeting, if realized, would be the first strategic bilateral dialogue to be carried out between subcabinet-level officials.

3. Japan Nuclear Policy

The Asahi Shimbun (Tetsuya Endo, "JAPAN WILL NEVER JOIN THE NUCLEAR ARMS CLUB," 07/27-28/02) published an opinion article by Tetsuya Endo, vice chairman of the Atomic Energy Commission, which denied Japanese alleged intention of nuclear armament. Endo raised a few reasons for this. "First of all, anti-nuke sentiments are extremely strong and deep-rooted among the Japanese people-a natural reaction to the horrors of Hiroshima and Nagasaki. --- Secondly, there are domestic statutes as well as international pacts that require Japan to stick only to peaceful utilization of nuclear power." Lastly, "I believe Japan should seek regional security under the protection of a solid alliance with the United States (including the U.S nuclear umbrella) and cooperate with its Asian neighbors to nurture mutual trust and regional stability, and work to lower the level of the nuclear balance of power in the world." Responding to the suspicion that Japan, utilizing its nuclear fuel cycle, is trying to enhance its latent ability to develop nuclear arms, Endo asserted, "Japan is an island nation with scarce natural resources but a huge power need to keep its overblown economy running. Its nuclear fuel cycle is an inevitable medium- to long-term policy for securing a stable and safe energy supply."

4. US Bases in Japan

The Asahi Shimbun ("SUBSTITUTE AIRSTRIP OFF NAGO APPROVED," 07/30/02) and the Japan Times ("OKINAWA AIRPORT PLAN APPROVED," 07/30/02) reported that the Japanese government and Okinawa Prefecture agreed Monday on a basic plan for building a joint military-civilian airport off Nago, northern Okinawa, that will take over the helicopter operations now based at the US Marine Corps Futenma Air Station in Ginowan. But prefectural officials insist upon a 15-year limit for its military use. Prime Minister Junichiro Koizumi told reporters Monday that such a time limit would be difficult to achieve, given the uncertain international situation and the need to consider American military concerns in arriving at a decision. The Monday accord covers the construction of a 2,500-meter runway on reclaimed land over a reef off the coast of Nago's Henoko district. An environmental impact study is to begin before the end of the current fiscal year. The study is expected to take about three years. Construction of the airstrip would take 10 more years. Total cost of the project is estimated at 330 billion yen.

III. People's Republic of China

1. ROK-DPRK Relations

People's Daily (Zhang Li, "ROK ACCEPTS DPRK PROPOSAL," Seoul, 07/31/02, P3) reported that ROK on July 30 delivered a telephone message to the DPRK proposing to hold working-level talks on Aug. 2-4 at Mount Kumgang about the opening of the seventh ministerial meeting. In the telephone message to DPRK, the report said that the ROK stated it had noticed the regret expressed by DPRK over the inter-Korean naval skirmish on June 29. ROK also emphasized the importance of the joint declaration signed in 2002 in the telephone and said that the South and the North should make efforts to continue dialogues and cooperation, China Daily reported.

People's Daily ("ROK TO SALVAGE THE SUNKEN WARSHIP," Seoul, 07/31/02, P3) reported that ROK Defense Ministry spokesman Hwang Eui-don said on July 30 that ROK will begin on Aug. 5 to salvage the warship that was sunk during last month's exchange of fire between ROK and DPRK navy ships and will continue searching for a missing sailor. The spokesman said that the decision was made on the conditions of weather and the arrangements of the ROK and US military. He said: "We did not take into account the schedule of inter-Korean talks and North Korea's expression of regret over a naval clash." The report said, the best time for salvage work is when the tide reaches its lowest ebb, and Aug. 7-15 and Aug. 22-23 are believed the appropriate occasions for the rescue team.

2. US-DPRK Relations

China Daily ("ROK ACCEPTS CONTACT PROPOSAL FROM DPRK," Seoul, 07/31/02, P12) reported that a US spokesman said on July 29 that the US has not made a decision on contact with the DPRK, either in Brunei or elsewhere, despite the latest positive message from the DPRK. "We've found recent North Korean statements to be positive, but we're not ruling anything in or out," US State Department spokesman Philip Reeker said, squashing speculation that US Secretary of State Colin Powell, and DPRK Foreign Minister Paek Nam-sum might meet in Brunei.

China Daily ("DPRK WELCOMES DIALOGUE WITH US," Pyongyang, 07/27-28/02, P8) reported that DPRK government responded positively to the idea of future US-DPRK dialogue on July 26. It reported that in an interview with the official Korean Central News Agency, a foreign ministry spokesman in Pyongyang said: "If the US side intends to send a special envoy in future when conditions are created, the DPRK will respond to it from a consistent stand." It said this is the first time that Pyongyang has made public its stand on US-DPRK dialogue since a proposed visit by a US special envoy to the North was cancelled following the June 29 naval clash.

3. DPRK-Japan Relations

People's Daily (Zhao Jiaming, "DPRK FM MEETS WITH JAPANESE COUNTERPART," Pyongyang, 08/01/02, P3) reported that DPRK Foreign Minister Paek Num Sun, who was attending the ASEAN Regional Forum meeting in Bandar Seri Begawan, Brunei, met with Japanese Foreign Minister Yoriko Kawaguchi on July 31. In a joint statement issued after the meeting, the report said that the two ministers agreed to "make serious efforts to solve various issues, including issues concerning the settlement of the past, in order to realize the normalization of relations as early as possible." It said, they also agreed to hold a director-general level meeting in August in order to discuss issues concerning the normalization of bilateral relations and concerns of mutual interest.

4. DPRK-PRC Relations

China Daily ("TANG AND POWELL PRAISE COOPERATION," Bandar Seri Begawan, 08/01/02, P1) reported that PRC Foreign Minister Tang Jiaxuan, who was attending the ASEAN Regional Forum meetings in Bandar Seri Begawan, Brunei, met with his DPRK counterpart Paek Num Sun on July 31. During the meeting, the report said, they agreed to further expand the traditional friendship and cooperation between the two neighboring countries. Paek said developing the strategic relationship between China and the DPRK is the common wish of the people's of the two countries and is in the interests of them both.

5. PRC-US Relations

People's Daily ("TANG JIAXUAN MEETS WITH POWELL," Bandar Seri Begawan, 08/01/02, P3) reported that PRC Foreign Minister Tang Jiaxuan and US Secretary of State Colin Powell agreed on July 31 that the recent growing cooperation and consultations between PRC and the US benefited common interests. At a bilateral meeting on the sidelines of ASEAN's annual meet in Brunei, both sides expressed satisfaction with recent developments in bilateral ties. Tang and Powell noted that the two countries are expanding cooperation in areas of anti-terrorism and trade while keeping consultations on UN affairs as well as regional and global issues such as those in South Asia and the Korea Peninsula.

6. PRC-Russian Relations

People's Daily ("CHINA, RUSSIA HOLD ENERGY SUB-COMMITTEE MEETING," Beijing, 07/31/02, P4) reported that the Energy Sub-Committee under the Joint Commission for the Regular Meetings of Heads of Government of the PRC and Russia held its fourth session recently in Beijing. PRC Minister in charge of the State Development Planning Commission (SDPC) Zeng Peiyan and Russian Minister of Energy Yuri Yusufov co-chaired the meeting. During the meeting, the two sides expressed satisfaction over the work of the energy sub-committee since its third session and arranged the work in the next stage.

7. PRC-Japanese Relations

People's Daily (Yang Qingchuan and Wu Dingbao, "CHINESE FM MEETS WITH JAPANESE COUNTERPART," Bandar Seri Begawan, 07/31/02, P3) reported that Chinese Foreign Minister Tang Jiaxuan and his Japanese counterpart Yoriko Kawaguchi exchanged views on bilateral relations on July 30 during regional meeting. Tang told Kawaguchi that although external and domestic environments for both countries have changed, he believes the importance of the PRC-Japan ties has been further enhanced instead of weakening. "China and Japan share a wide range of common interests and have good prospects for future cooperation. It is important to settle all existing problems between the two countries in a proper way, which will help secure smooth development of bilateral relations in the next stage," Tang said.

8. Across-Taiwan Straits Relations

China Daily ("THREE DIRECT LINKS URGED," 07/31/02, P1) reported that the spokesman for the Taiwan Affairs Office of the State Council of China on July 30 reiterated calls to establish the cross-Straits three direct links quickly through unofficial talks. "We hope the Taiwan authorities will no longer look for various excuses to hinder the implementation of the three direct links," the spokesman said in a written statement, 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.

Produced by [the Nautilus Institute for Security and Sustainable Development](#) in partnership with:

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