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## I. United States

### 1. ROK Envoy in DPRK

The Associated Press (Paul Shin, "TWO KOREAS APPROACHING AGREEMENT," Seoul, 04/05/02), Reuters (Paul Eckert, "KOREAS STRUGGLE OVER FINE PRINT OF AGREEMENT," Seoul, 04/05/02) and Agence France-Presse ("NORTH KOREAN LEADER MEETS SOUTH KOREAN ENVOY," 04/05/02) reported that DPRK leader Kim Jong-Il met with ROK presidential envoy Lim Dong-won over dinner on Friday. ROK Unification Ministry spokesman Kim Hong-Jae stated, "The envoy delivered a letter from President Kim, which called for peace on the Korean peninsula and inter-Korean reconciliation and cooperation." The meeting followed low-level contacts on Thursday. "Both sides are near agreement on several issues, including family reunions and economic cooperation,"

said Kim Hong-je, a spokesman for the ROK's Unification Ministry, which oversees matters related to relations with the DPRK. As officials haggled Friday over details of the agreement, Lim extended his stay in Pyongyang by one day and planned to return to the ROK with his delegation on Saturday. "Despite some difficulties, we have begun making progress, and both sides will be able to make a joint statement," he said.

### 2. US View of Cross-Straits Relations

The China Post (Chris Cockel, "PEACE IN TAIWAN STRAIT NOT A GIVEN, SAYS US OFFICIAL," Washington, 04/05/02) reported that Peter Brookes, US deputy assistant secretary of defense for Asian and Pacific Affairs warned on Wednesday that in the context of the buildup of missiles by the PRC across the Taiwan Strait, a peaceful resolution to the impasse between Taiwan and the PRC cannot be taken for granted. Brookes expressed, "We (the US) take very seriously our responsibility under the Taiwan Relations Act. Of particular concern is the growing arsenal of tactical ballistic missiles facing Taiwan. Yet we do not view China as an enemy or an adversary." At the same time, missile defense remains a "top priority" for the Bush administration, as well as the continued modernization of the US military to improve flexibility and reactivity. Brookes dismissed claims that the US role in the Asia-Pacific will decrease as other regional powers grow in stature. "Asia will continue to be an area that is vital to the United States. The stakes are too high and our interests too great for us not to remain committed to this part of the world," he concluded.

### 3. PRC Coastal Missile Development

The Washington Times ("CHINA DENIES REPORT OF MISSILE BUILDUP," Beijing, 04/05/02) reported that the PRC yesterday denied a report in The Washington Times that it had deployed a new batch of missiles against Taiwan. "The report has ulterior motives and is to confuse public opinion," the official Xinhua news agency quoted PRC Foreign Ministry spokeswoman Zhang Qiyue as saying at a regular press conference.

### 4. Russia-US Arms Summit

The Associated Press (Vladmir Isachenkov, "RUSSIA PREPARES FOR ARMS SUMMIT," Moscow, 04/05/02) reported that Russia's Defense Minister Sergei Ivanov said Friday that there were no insurmountable disagreements that could prevent the US and Russian negotiators from working out a nuclear arms deal by the time President Bush visits Russia in May. "There are no differences on the essence of the legally binding document on nuclear weapons reductions," the Interfax- Military News Agency quoted Ivanov as saying during a trip to Greece. "There are certain differences concerning control mechanisms and approaches to the cuts. Despite the increased level of trust between Moscow and Washington, mechanisms of control over nuclear weapons reduction must be preserved. All processes in this field must be controllable and predictable." However, Ivanov also said Friday that Russia might follow the US approach and put some weapons in reserve instead of dismantling all of them. "There is some logic in this," Ivanov said. "I understand the Americans and do not rule out the possibility that this would serve our interests, too."

### 5. Taiwan Influence Fund

The Washington Post (John Pomfret, "SECRET TAIWAN FUND SOUGHT FRIENDS, INFLUENCE ABROAD," Taipei, 04/05/02) reported that according to current and former Taiwanese officials, under former Taiwan President Lee Teng-hui, Taiwan established a secret US$100 million fund to

buy influence with foreign governments, institutions and individuals, including some in the US. The fund was the source of multimillion-dollar payments to leaders in Nicaragua, South Africa and Panama, according to senior Taiwanese officials and government reports. It also provided financial support, legal under US law, for US think tanks and Washington lobbyists, they said. Several people now in senior positions in the Bush administration, as well as former Japanese prime minister Ryutaro Hashimoto, were beneficiaries, according to the officials and documents. The fund operated from 1994 until 2000 under the National Security Bureau, Taiwan's main intelligence agency, with no legislative oversight. Taiwan's new president, Chen Shui-bian, closed the fund following the disappearance of one of its senior accountants, Colonel Liu Kuan-chun, who allegedly embezzled US$5.5 million. Liu's whereabouts are not known. But a senior Taiwanese official said he feared Liu fled to the PRC and might still be there, which would provide PRC intelligence with a potential gold mine of incriminating information. Details about the fund were revealed in secret documents published in Taiwan and Hong Kong in the last two weeks. Interviews with current and former Taiwanese officials confirmed many of the events detailed in the documents and provided information about additional payments made via the fund. [This article also appeared in the April 5th edition of the US Department of Defense's Early Bird Report.]

### 6. DPRK-RF Air Route

Reuters ("NORTH KOREA OPENS NEW AIR ROUTE TO RUSSIAN FAR EAST," Seoul, 04/05/02) reported that the DPRK began new air service linking its capital to the Russian Far East city of Khabarovsk on Friday. A DPRK Air Koryo plane will make a round trip to Khabarovsk every Monday and Friday. Currently, Koryo Air runs routes linking Pyongyang to Beijing, the eastern PRC city of Shenyang, Moscow, Berlin and Vladivostok, another Russian Far East city.

### 7. PRC-Australia Relations

Dow Jones ("AUSTRALIA PRIME MINISTER EXPECTED TO VISIT CHINA NEXT MONTH," Beijing, 04/05/02) reported that Australian Prime Minister John Howard is expected to make an official visit to the PRC next month, Industry Minister Ian Macfarlane said Friday. Macfarlane disclosed the planned visit - which would be Howard's third trip to the PRC since taking office in 1996 - during a speech to the PRC-Australia Chamber of Commerce. Australia and the PRC will commemorate this year the 30th anniversary of normalized relations. However, an embassy official told Dow Jones Newswires that details of the trip are still tentative and a formal announcement has yet to be made.

### 8. Ehime Maru Settlement

Agence France-Presse ("NAVY TENTATIVELY AGREES TO EHIME MARU SETTLEMENT: OFFICIAL," 04/05/02) reported that the US Navy has tentatively agreed on a settlement to cover the loss of the Japanese fishing boat Ehime Maru, accidentally sunk last year in collision with a US attack submarine off Hawaii, a navy official said. The official, who spoke on condition of anonymity, would not comment on a report that the settlement was for US$11 million because the agreement has not yet been signed. "We have tentatively reached an agreement but nothing official has been signed. We expect that to happen next week." The settlement was to compensate the prefecture of Ehime in southwestern Japan which owned the Ehime Maru for the loss of the 190-foot (58-meter) motor vessel and associated costs, the official said. It did not cover claims by family members of survivors of the tragedy, which are still under negotiation, the official said.

## II. People's Republic of China

### 1. DPRK-ROK Relations

China Daily ("ENVOY IN PYONGYANG VOWS TO CURB TENSION," Seoul, 04/04/02, P12) reported that a special envoy from the ROK began three days of talks with the DPRK on April 3 to shore up peace on the divided Korean Peninsula. The DPRK's official KCNA news agency, monitored in Seoul, said ROK President Kim Dae-jung's special envoy Lim Dong-won was met by a senior DPRK official from the country's peace committee. It gave no other details, the report said.

China Daily ("ROK TO URGE DPRK TO RESTART NEGOTIATIONS," Seoul, 04/03/02, P11) reported that the ROK sent a special envoy to the DPRK on April 3 hoping to revive stalled talks on reconciliation. But analysts and media say frosty relations between the DPRK and the US, the ROK's main ally, are likely to complicate his task. "Peace and stability on the Korean Peninsula are most important, and I hope to see agreement on national reconciliation and cooperation and on the sincere implementation on North-South projects already agreed," said ROK President Kim Dae-jung.

### 2. DPRK-US Relations

People's Daily (Zhao Jiaming, "US INCREASES AIR RECONNAISSANCE AND MILITARY TRAINING AGAINST DPRK," Pyongyang, 04/01/02, P3) reported that by quoting sources from DPRK's People's Army, DPRK official newspaper Rodong Sinmun said on March 31 that in March the US flied more than 150 sorties to make air reconnaissance on DPRK. The DPRK newspaper also said that the US set out large quantities of flights in March to exercise military training on the Korean Peninsula.

### 3. PRC-ROK Relations

China Daily (Shao Zongwei, "PREMIER PLEDGES SUPPORT FOR PEACE," 03/29/02, P2) reported that the PRC on March 28 reaffirmed its position of supporting the stability and national reconciliation on the Korean Peninsula. During his meeting with visiting Minister of Foreign Affairs and Trade of the ROK Choi Sung-hong, PRC Premier Zhu Rongji said the PRC will continue to do all it can for the maintenance of peace and stability on the peninsula, adding there were no hidden agendas. But he also stressed the pivotal role of the ROK and the DPRK in efforts, expressing the hope that the two sides will exert joint efforts for peace and stability on the peninsula. According to a PRC Foreign Ministry spokesman, Zhu welcomed the upcoming visit by the ROK president envoy to Pyongyang, and hoped the ROK would continue its relaxed policy towards DPRK.

### 4. PRC-US Relations

People's Daily (Li Shijia, "PRESIDENT JIANG ZEMIN MEETS US SENATOR," Beijing, 04/04/02, P1) reported that PRC President Jiang Zemin on April 3 urged the US to adhere to the one-China policy and the commitment made in the three Sino-US joint communiques. At a meeting with Dianne Feinstein, US senator from California, Jiang said that Sino-US relations have kept the development momentum on the whole despite ups and downs over the past 30 years. The PRC and the US enjoy wide common interests, although differences do exist, he added. Feinstein expressed gratitude for China's support for the US on anti-terrorism. She expressed willingness to continue to push forward US-China relations, which she describes as being among the most important bilateral relations in the world.

People's Daily (Che Yumin, "ZHU RONGJI MEETS US GUESTS," Beijing, 04/04/02, P4) reported that PRC Premier Zhu Rongji on April 3 met Dianne Feinstein, a senator from California, who is on a visit to PRC. During the meeting, Zhu said that the Taiwan issue is at the core of PRC-US relations and is the most important and sensitive issue. Feinstein said she understands the importance and sensitivity of the Taiwan issue, and she supports the one-China policy and the three joint communiques. Feinstein said she found the PRC has made immense positive changes over the years and its entry into the WTO will bring both opportunities and challenges. She said she and many other members of the US Congress are willing to help the PRC meet the challenges.

### 5. PRC-Japan Relations

China Daily (Shao Zongwei, "LI IN JAPAN TO BOOST BILATERAL RELATIONS," Tokyo, 04/03/02, P1) and People's Daily (Zhu Mengkui and Guan Kejiang, "LI PENG MEETS JAPANESE COUNTERPARTS," Tokyo, 04/04/02, P1) reported that Li Peng, chairman of the PRC's People's National Congress (NPC) Standing Committee, said during his talks with Japanese House of Representatives Speaker Tamisuke Watanki and House of Councilors President Yutaka Inoue on April 3 that the development of Sino-Japanese relations faces new opportunities in the new century. "There are a lot of opportunities to the growth of Sino-Japanese relations in the new century, and the PRC is willing to make joint efforts with Japan to further advance the bilateral relationship," Li said.

People's Daily (Guan Kejiang, "CHINA, JAPAN SIGN CURRENCY SWAP DEAL," Tokyo, 03/29/02, P3) reported that the central banks of the PRC and Japan signed a currency swap agreement on March 28 aimed at ensuring exchange market stability. It said that the People's Bank of China and the Bank of Japan have set an upper transaction limit of 3 billion worth of Japanese yen or Chinese yuan on the swaps. The agreement is in line with an initiative to set up a network of currency swap agreements among the 10 members of the Association of Southeast Asian Nations and Japan, South Korea and China, said the report.

### 6. PRC Position on Non-proliferation

People's Daily (Wu Jing, "CHINA STICKS ON NUCLEAR NON-PROLIFERATION POSITION," Beijing, 04/03/02, P4) reported that PRC Foreign Ministry spokeswoman Zhang Qiyue said in Beijing at a regular briefing on April 2 that the PRC notified IAEA officially on March 28 that it had completed the legal procedures necessary for the entry into effect of the Protocol Additional to the Safeguards Agreement between the PRC and IAEA. The spokeswoman pointed out that the PRC is the first among the five nuclear states that has completed the necessary legal procedure, which fully demonstrates the PRC's firm stand on opposing nuclear proliferation, supporting IAEA in enhancing the existing safeguards regime and fulfilling its obligation in non-proliferation. "We hope that other countries can finalize the necessary legal procedure at an earlier date," Zhang said, adding that Chinese Foreign Minister Tang Jiaxuan wrote to his counterparts in the US, Russia, Great Britain and France on March 28.

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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