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I. United States

1. DPRK-US Relations

Reuters ("POWELL STRESSES US PATIENCE ON NORTH KOREA CRISIS," Washington, 03/04/04) reported that the US is not losing patience with diplomatic efforts to end the DPRK's suspected nuclear arms program, Secretary of State Colin Powell said on Thursday. The comments appeared designed to avoid precipitating a new confrontation with the DPRK ahead of the Nov. 2 US election and to reassure allies that the US is committed to a diplomatic path after a report suggested US patience was wearing thin. The Washington Post reported that President Bush told his negotiating team to make clear US patience for a diplomatic solution could run out. Citing unnamed US officials, the Post said the president's action effectively halted discussions on a detailed joint statement that would have laid out steps to try to resolve the crisis. "The president strongly believes that a diplomatic solution is possible and we are not in any urgency to achieve that solution. We want a good solution," Powell told reporters after talks with ROK Foreign Minister Ban Ki-moon.

2. PRC on DPRK Nuclear Talks

Agence France-Presse ("CHINA URGES NKOREA NUCLEAR TALK NATIONS TO REFRAIN FROM HEIGHTENING CRISIS," 03/05/04) reported that the PRC urged nations engaged in talks to get North Korea to give up its nuclear weapons program to refrain from words or actions that might

worsen the standoff ahead of a next round of negotiations. PRC Vice-Foreign Minister Wang Yi, the PRC's chief delegate to the talks, laid out three areas where the US, the DPRK, Japan, the ROK and Russia "should make concerted efforts." "First, they should carefully study key standpoints of substantial issues and solutions proposed during the talks, from which they could summarize positive factors," he said, the Xinhua news agency reported. "Second, a working group should be formed as soon as possible to prepare for the third round talks. "Third, the parties should maintain a peaceful environment for the process of talks and avoid words or actions that might intensify differences or provoke other parties." Wang said the talks, which ended in Beijing after four days last Saturday, "made progress in discussing substantial issues and promoting the institutionalization of the talks". However he acknowledged there was a long way to go before a solution is found. "Differences still exist, including some that are wide," he said

3. US Elections and DPRK Relations

Reuters (Paul Eckert, "NORTH KOREA SEEN UNWISE TO WAIT FOR END OF BUSH," Seoul, 03/05/04) reported that the DPRK is staunchly in the "anybody but George W. Bush" camp in the US election, but ROK critics of the president say Pyongyang would be unwise to stall nuclear talks and hope for "regime change" in Washington. The DPRK's stance at nuclear talks with the US in Beijing last week -- where it refused to discuss a secret uranium enrichment program at the heart of a nuclear arms dispute -- has prompted speculation the DPRK will wait out the November 2 vote for a better deal if Bush loses. The ROK's Chosun Ilbo newspaper captured this view in a cartoon that showed a jubilant DPRK leader Kim Jong-il calling expected Democratic Party nominee John Kerry's campaign headquarters and asking: "Is there anything I can do to help?" The DPRK's state controlled media have not commented at length on Kerry, but they have cited approvingly the US senator's criticism of Bush's rejection of bilateral nuclear deal-making with Pyongyang. Bush was never in favor in the DPRK -- which came close to hosting what would have been an epoch-making visit in 2000 by his predecessor Bill Clinton -- because the Republican leader put that rapprochement process under review when he took office. The Korea Herald newspaper said in an editorial Friday it agreed with Kerry's criticism of Bush's stance on the DPRK. "Nonetheless, it would still be senseless for the North Koreans to have any illusion that, setting aside the election result, the power transfer in Washington will lead to any drastic changes in the US policy toward its nuclear armament," it said.

4. PRC-Hong Kong Relations

Agence France-Presse ("DEMOCRACY LEADER SAYS CHINA KNOWS THE VALUE OF FREEDOM FOR HONG KONG," 03/06/04) reported that Hong Kong pro-democracy leader Martin Lee met US Secretary of State Colin Powell and said that despite problems in the territory he was confident the PRC's leaders understood the value of giving more freedom to Hong Kong. Lee's trip to the US to give testimony to a Senate panel has angered Beijing. The talks with Powell were arranged at the last minute. "We had a very good meeting with the secretary who obviously is very concerned about Hong Kong," said the pro-democracy legislator. "We told him about the recent events in Hong Kong, which don't look too good for the future of democracy, but I assured the secretary that in the long term these strong attacks on us will go away and will die down." He added: "We are still confident that the new leaders, (President) Hu Jintao and (Premier) Wen Jiabao, will know ultimately that democracy is not something they should fear, and even if the democratic camp were to take the majority of the seats in the September elections this year they have nothing to fear, because we will be working for the prosperity and stability of Hong Kong." Lee said this was the message put across to Powell. "For the short term that is not very good for Hong Kong, but for the long term we are still very confident. We assured him of our commitment to 'one country-two systems' and also to the One

China policy." Lee declined to give specifics of Powell's comments, saying, "As a matter of protocol, we do not disclose what the secretary said to us." But he added, "The secretary, by giving us this meeting at such short notice, it seems to me certainly shows his great concern for Hong Kong.

5. PRC Economic Growth

Agence France-Presse ("CHINA TARGETS SLOWER GROWTH IN 2004; PLEDGES STABLE CURRENCY," 03/06/04) reported that Premier Wen Jiabao said his government hoped to slow the PRC's sizzling economy this year and urged a more equitable distribution of wealth and better controls on haphazard and redundant investment. Speaking before some 5,000 delegates and political advisers to the annual session of the National People's Congress, Wen said the government was targeting economic growth of seven percent and also pledged to keep the PRC yuan "basically stable. "In setting strategy for this year's economic growth, of around seven percent, the central government has taken into consideration both the need for continuity in marco-control and the relationship between the pace of economic growth and ... supply and demand," Wen said. The PRC's gross domestic product grew at a blistering 9.1 percent in 2003 for its best performance since 1997 amid alarm bells the economy was overheating while a widening gap between rural and urban areas was fueling increasing social discontent. Since the 1997-1998 Asian financial crisis, the PRC government has maintained an annual GDP growth target of "around seven percent," which it needs in order to create more jobs for a growing army of unemployed and redundant workers. To this end, the PRC will continue its expansive fiscal policy but channel more expenditures and investment into the rural sector, Wen said. "We must adhere to the policy of expanding domestic demand and continue to implement a pro-active fiscal policy and a prudent monetary policy," Wen said. "We will work to basically balance international payments and keep the exchange rate for the renminbi (PRC yuan) basically stable at a proper and balanced level."

6. PRC Military Development

Agence France-Presse ("CHINA TO BOOST MILITARY STRENGTH, BUILD HIGH-TECH WEAPONS," 03/05/04) reported that the PRC will strengthen its military and build up its arsenal of high-tech weaponry, Prime Minister Wen Jiabao said at the opening of the annual session of parliament. "Stepping up efforts to modernize our national defense and armed forces is an important guarantee for safeguarding national security and building a moderately prosperous society in all respects," Wen said in his annual address to the nation. "We will strengthen the building of our armed forces," he told some 5,000 delegates and political advisors to the PRC's annual session of the National People's Congress. Informed legislators told AFP military spending this year would rise 11.6 percent over 2003, marking a return to double-digit growth in defense expenditures. The figure was expected to be announced Saturday in Finance Minister Jin Renqing's budget report. The PRC increased its stated military budget by 9.6 percent in 2003, following a 17.6 percent rise in defense spending in 2002 and a 17.7 percent increase in 2001. It was not immediately clear if the increase would be on top of what was actually spent on defense in 2003, or on the 2003 budgeted figure of 185.3 billion yuan (22.37 billion dollars). Despite all the accounting pronouncements, the PRC's real military spending remains shrouded in secrecy, with Western analysts routinely estimating a real military budget ranging from between two and three times the stated figure.

7. Cross-Straits Relations

Agence France-Presse ("CHINA TO FIRMLY OPPOSE TAIWAN INDEPENDENCE, SEEK PEACEFUL REUNIFICATION," 03/05/04) reported that PRC Premier Wen Jiabao warned Taiwan at the opening

of the annual session of parliament that Beijing would firmly oppose any Taiwanese independence drive and never allow a split from the PRC. "We stand firmly opposed to any form of separatist activities aimed at Taiwan independence and will never allow anyone to split Taiwan from China by any means," Wen said in his annual address to parliament. "We are convinced that with the unremitting efforts of all the sons and daughters of the PRC nation, including our Taiwan compatriots, we will realize our common aspiration: the complete reunification of the motherland as soon as possible." The PRC would continue to "adhere" to a policy seeking "peaceful reunification" of Taiwan under the "one country, two systems" that was used to retake Hong Kong from British sovereignty in 1997. "With the utmost sincerity, we will do everything possible to bring about the peaceful reunification of the motherland," he added.

8. ROK Domestic Politics

Agence France-Presse ("SKOREA'S OPPOSITION PARTY THREATENS TO IMPEACH PRESIDENT," 03/05/04) reported that the ROK's second largest opposition party said it planned to launch impeachment proceedings against President Roh Moo-Hyun unless he apologised for breaching election laws. The Millennium Democratic Party (MDP) said President Roh could face impeachment next week if he did not issue an apology after being rebuked for speaking in support of pro-government candidates in parliamentary polls. "The party will make the impeachment motion unless President Roh Moo-Hyun apologizes by March 7," MDP chief Chough Soon-Hyung told a news conference. Chough said the MDP was seeking "bipartisan cooperation" on starting impeachment proceedings with the main opposition Grand National Party (GNP), ahead of the April 15 parliamentary elections. The ROK president had said last month he "would like to do everything legal if it could help the Uri Party win votes" during the polls. Election watchdogs said Roh had violated the provision of the election laws requiring all civil servants to be politically neutral before and during the elections. It is the first time state election watchdogs have acted against an incumbent president in the ROK. Roh has made no comments on the NEC move, but his aides have claimed the president himself "is entitled to express political opinions" under the current election laws.

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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Department of Political Science, [Korea University](#), Seoul, Republic of Korea

Center for American Studies,

[Fudan University](#), Shanghai, People's Republic of China

International Peace Research Institute (PRIME),

[Meiji Gakuin University](#), Tokyo, Japan

[Monash Asia Institute](#),
[Monash University](#), Clayton, Australia

Brandon Yu: napsnet@nautilus.org
Berkeley, California, United States

Timothy L. Savage: napsnet@nautilus.org
Berkeley, California, United States

Kim Young-soo: yskim328@hotmail.com
Seoul, Republic of Korea

Hibiki Yamaguchi: hibikiy84@hotmail.com
Tokyo, Japan

Saiko Iwata: saiko@akira.ne.jp
Tokyo, Japan

Hiroya Takagi: hiroya_takagi@hotmail.com
Tokyo, Japan

Peter Razvin: icipu@online.ru
Moscow, Russian Federation

Wu Chunsi: cswu@fudan.ac.cn
Shanghai, People's Republic of China

Dingli Shen: dlshen@fudan.ac.cn
Shanghai, People's Republic of China

John McKay: John.McKay@adm.monash.edu.au
Clayton, Australia

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Nautilus Institute
608 San Miguel Ave., Berkeley, CA 94707-1535 | Phone: (510) 423-0372 | Email:
nautilus@nautilus.org