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I. **United States**

1. **US-Taiwan Military Sales**

Reuters ("U.S. CONGRESS TOLD OF \$520 MLN IN TAIWAN MILITARY SALES," Washington, 09/06/02) reported that the US Defense Department said on Thursday it may sell amphibious personnel vehicles, missiles and other equipment to Taiwan in deals that could be worth up to US\$520 million if all options are exercised. The Pentagon said it notified Congress on September 4 that it may sell 54 amphibious assault vehicles, including personnel, command and recovery vehicles, along with related support equipment and technical support. That portion of the deal could be worth up to US\$250 million if all options are exercised. The contractor would be United Defense Industries Inc. "The proposed sale of this equipment and support will not affect the basic military

balance in the region," the Defense Department said in a statement. The vehicles will replace an ageing fleet and improve its "counter landing capability and self-defense posture." The PRC has expressed concerns about US policy towards the island and has called on the US to halt military contacts and arm sales. Taiwan may also purchase 449 AGM-114M3 Hellfire II air-to-ground anti-armour missiles, engines, containers, parts and other support equipment in a deal that could reach US\$60 million if all options are exercised, the Pentagon said. Those missiles will be used on helicopters and are made by Lockheed Martin.

2. PRC-Germany DPRK Asylum Seekers

Reuters (Tamora Vidaillet, "CHINA AND GERMANY AGREE ON FATE OF N.KOREAN ASYLUM SEEKERS," Beijing, 08/05/02) reported that the PRC and Germany have reached agreement on what to do with 15 DPRK asylum seekers who jumped over a wall into a Beijing compound housing a German school, Foreign Ministry spokesman Kong Quan said on Thursday. "China and Germany have reached consensus on the proper settlement of the issue and it is being implemented," Kong told a news conference. "The Chinese side has dealt with the issue according to international laws, domestic laws and on humanitarian grounds." The German embassy declined comment on the details of the agreement and there were no immediate signs of movement by the 15 North Koreans who entered the compound on Tuesday. No one of Korean origin appeared to have boarded the only plane leaving Beijing on Thursday for Manila, the usual transit point to the ROK, and Philippine officials said Germany had made no approaches about flying them there. The police presence at the compound housing the school was much lighter on Thursday evening.

3. Japan DPRK Ship Tracking

Agence France-Presse ("JAPAN TRACKS SUSPECT NORTH KOREAN SPY SHIP AHEAD OF SUMMIT," 09/05/02) reported that Japanese navy ships were tracking a "suspicious boat" as it headed towards the DPRK after venturing near Japanese waters, less than two weeks before a historic summit between the two nations. "We are still on our guard," said Defense Agency spokesman Akinori Inoue Thursday. "I can't say from what distance, but we are continuing to keep tabs on its position." The ship was spotted in the Sea of Japan facing the Korean peninsula around 400 kilometres (250 miles) northwest of the Japanese coast by a maritime patrol aircraft, which proceeded to track the vessel. It was backed up by 15 coastguard patrol boats and the 3,550-tonne destroyer Amagiri armed with machineguns, cannons and missiles. As of 1:00 am (1600 GMT Wednesday), the latest data available, the vessel was about 490 kilometers northwest of Japan's Noto Peninsula and heading west, the coast guard said. The government's top spokesman, Chief Cabinet Secretary Yasuo Fukuda, told reporters the issue of suspected DPRK spy boats could be raised during the Japanese-DPRK summit on September 17 in Pyongyang. "I think the issue of these suspicious boats falls into the category of pending problems," he said. "It's something Japan should bring up." Japanese Foreign Minister Yoriko Kawaguchi shrugged off the incident ahead of the meeting between Prime Minister Junichiro Koizumi and North Korea's supreme leader Kim Jong-Il. "It has been moving outside our economic zone so it has not violated any law," Kawaguchi was quoted by Jiji press as telling reporters at the Earth Summit in Johannesburg. "We have not confirmed (a violation) so we are diligently preparing for the visit," she said. Asked if the latest incident would have any impact on the upcoming summit, Koizumi simply replied "none."

4. Japan on DPRK-US Relations

Agence France-Presse ("JAPAN PM TO PROPOSE RESUMPTION OF US-NORTH KOREA

DIALOGUE," 9/05/02) reported that Japanese Prime Minister Junichiro Koizumi will propose a resumption of dialogue between the US and the DPRK when he visits Pyongyang later this month, according to media reports. Citing government sources, the Kyodo News agency said Thursday Koizumi will urge talks between the two countries at an early date to settle differences over the DPRK's suspected development of ballistic missiles and nuclear weapons. During the historic visit on September 17, the prime minister is expected to call on the DPRK to agree to suspend missile development and accept inspections of its nuclear facilities by the International Atomic Energy Agency, reported Kyodo.

5. DPRK Direct Foreign Investment

Reuters (Song Jung-a, "N.KOREA SEEKS FOREIGN INVESTMENT BY RAISING CEILING," Seoul, 09/05/02) reported that the DPRK has adopted a new policy allowing foreign investors to take more than a 50 percent stake in joint ventures in order to boost investment, an ROK trade promotion official said on Thursday. The new rule follows a DPRK move in June to adopt some market-oriented economic policies. "In the case of joint ventures, foreign companies could take only up to 50 percent of stake in the past, but now there is no problem if their stake goes above the level," the Korea Trade-Investment Promotion Agency (KOTRA) said, quoting DPRK's vice trade minister Kim Yong-sul. Kim Yong-sul explained the economic changes in the DPRK at a seminar recently held in Tokyo where about 50 Japanese businessmen interested in doing business with the DPRK attended, KOTRA said in a statement. "The measure is an effort by Pyongyang to expand trade and business with other countries," Kim Sang-shik, a KOTRA official in charge of trade with the DPRK stated. "It's a sign that North Korea is trying to improve conditions to attract more foreign investments." He said the DPRK had drawn just US \$120 million of foreign investment into a special trade zone as of the end of 2000. Latest figures are not available.

6. Russia on Japan-DPRK Relations

The Associated Press ("RUSSIA'S PUTIN PRAISES JAPAN'S KOIZUMI FOR PLANS TO VISIT NORTH KOREA," Moscow, 09/05/02) reported that Russian President Vladimir Putin spoke to Japanese Prime Minister Junichiro Koizumi on Thursday, praising his planned summit with DPRK leader Kim Jong Il this month and saying easing tense relations in Northeast Asia would boost the region's economies. In a telephone conversation, Putin - who met with Kim last month in the Russian Pacific port of Vladivostok - welcomed Koizumi's plans for a Sept. 17 visit to the DPRK, the Russian president's press service said in a statement. It said Koizumi asked Putin about his talks with Kim, who rarely travels abroad but was making his second trip to Russia in just over a year, and that they exchanged views on prospects for improving ties between the DPRK and the ROK. "It was underlined that improving the situation in Northeast Asia would promote the establishment of economic cooperation," the statement said, making specific mention of a proposal to link the rail systems of the ROK and DPRK.

7. ROK Presidential Election

The Associated Press (Jae-Suk Yoo, "SOUTH KOREA'S SOCCER CHIEF TO RUN FOR PRESIDENT," Seoul, 08/05/02) reported that riding on the surging popularity of soccer in the ROK following the World Cup, the nation's millionaire soccer chief, Chung Mong-joon, said Thursday he will run for president in elections in December. Chung, 50, an independent legislator with no political affiliation, has always been considered a possible contender. He made his candidacy official with a written statement on Thursday. His popularity surged following the ROK's successful run in this summer's

World Cup, in which it became the first Asian nation to reach the semifinals. Chung heads the ROK Football Association and serves as a vice president FIFA, soccer's world governing body. He is the controlling shareholder in Hyundai Heavy Industries, the world's largest shipbuilder. Recent opinion polls showed Chung trailing slightly behind Lee Hoi-chang, the candidate of the main opposition Grand National Party but ahead of Roh Mu-hyun, the candidate of the pro-government Millennium Democratic Party, which was previously associated with President Kim Dae-jung. Some pro-government politicians, who are pushing to form a new party ahead of the presidential voting, are wooing Chung to become their standard bearer. Chung has not yet responded to the proposal. If Chung becomes the candidate for the envisioned new pro-government party and Roh decides not to run, the soccer chief would win the elections, polls showed.

II. Republic of Korea

1. DPRK Defectors in PRC

Joongang Ilbo (Ser Myo-ja, "GERMANS START TALKS IN CHINA ON THE FATE OF NORTH KOREANS," Seoul, 09/05/02) reported that Germany and PRC began negotiations Wednesday on the fate of 15 DPRK asylum-seekers who entered a German school in Beijing. Twenty-one other DPRK asylum seekers in an ROK diplomatic building in Beijing were scheduled to arrive in Manila enroute to Seoul Thursday, but their departure has been delayed by at least a day, the Yonhap news agency reported from Manila. German media said Wednesday that the PRC will probably handle the 15 DPRK defectors by expelling them to a third country where the group can make its way to Seoul. "The North Koreans made it clear that they want to go to the South," the German weekly Der Spiegel reported, but the German Foreign Ministry rebuffed other questions. Lee Hoi-chang, the Grand National Party's presidential candidate now visiting PRC, urged Wednesday that PRC grant refugee status to the DPRK defectors. He said the PRC's leader, Jiang Zemin, promised to handle the defectors in a humanitarian way.

2. DPRK-US Relations

Joongang Ilbo (Oh Young-hwan, "PYEONGYANG BLOWS HOT AND COLD ON U.S. TIES," Seoul, 09/05/02) reported that referring to the earlier US criticism against DPRK's development and stockpiling of chemical and biological weapons, the DPRK's Radio Pyeongyang called the US on Friday a true rogue state that threatened others with those dangerous weapons. The words of reproach came on the same day that DPRK's media reported Japanese Prime Minister Junichiro Koizumi's planned visit to Pyongyang and the inter-Korean agreements reached at the economic talks in Seoul. DPRK's official Central News Agency attacked John Bolton, a senior arms control official in Washington, for labeling DPRK a global threat armed with weapons of mass destruction. "No matter how fast relations with Japan and South Korea improve, the North knows it will never be free from the political burden of protecting its regime unless the U.S. administration eases its hostile policy toward Pyeongyang," an ROK government official said. What the DPRK will earn from its economic reform and open-door policy are also directly related to its relations with US, he added.

3. Detention Center for Defectors in DPRK

Chousn Ilbo (Kang Chol-hwan, "EXCLUSIVE DETENTION CENTERS FOR NK DEFECTORS EMERGE," Seoul, 09/05/02) reported that it has been learned that in an effort to prevent its citizens from escaping from the land and repatriated defectors from taking flight out of the country again,

DPRK has been running detention facilities accommodating such escapees only. According to a defector who sneaked over of the DPRK's border with PRC late in August last year, DPRK converted early this year the "Nongpo Assembly Center," a detention facility for ordinary criminal suspects located in the Songpyong district of Chongjin City, North Hamgyong Province, to which large numbers of DPRK escapees are sent back, into a facility exclusively for such defectors, and gives harsh labor to the inmates. Hundreds of people are detained there and due to hard labor and poor living conditions, many escapees released from the center are as good as the living dead. Surveillance over those released from such detention facilities has also been intensified with monitoring of and livelihood support to them by neighborhood units and corporations reinforced.

4. PRC's Perspectives on North Korean Defectors

The Korea Herald (Shin Yong-bae, "JIANG SAYS CHINA WILL SOLVE NORTH KOREAN DEFECTOR ISSUE FROM 'HUMANITARIAN' PERSPECTIVE," Seoul, 09/05/02) reported that ROK presidential candidate Lee Hoi-chang said Wednesday in Beijing that PRC President Jiang Zemin told him the PRC will deal with the issue of DPRK defectors on humanitarian grounds. Lee and Jiang held a 35-minute meeting at PRC's National People's Congress in Beijing on Tuesday, during which the two leaders discussed, among other things, peace on the Korean Peninsula. The Grand National Party candidate began a four-day visit to Beijing on Monday for a series of talks with top Chinese government officials and politicians.

5. Tension Between PRC and Activist

The Korea Herald (Kim Ji-ho, "WAVE OF ASYLUM SEEKERS STOKES TENSION BETWEEN BEIJING, ACTIVISTS," Seoul, 09/05/02) reported that the recent flood of asylum bids by DPRK defectors in PRC is expected to further fuel confrontation between the PRC and the foreign activists who are seen to draw greater international attention to the country's human rights situation, analysts in Seoul said Wednesday. The analysts noted that there has been a succession of asylum cases involving DPRK defectors during the past week. The PRC government does not recognize DPRK escapees as refugees and claims they are illegal migrants. International activists and some lawmakers in both ROK and US have called on the PRC to grant refugee status to the DPRK defectors fleeing famine and alleged persecution in their home country.

III. Japan

1. Japan Nuclear Industry Scandal

The Asahi Shimbun ("TEPCO FAKED REPAIR REPORTS AT 3 NUKE PLANTS," 08/30/02) reported that Tokyo Electric Power Co. (TEPCO) fabricated repair records for three nuclear power plants in the late 1980s and early 1990s, and eight reactors left unfixed continue to run, the Nuclear and Industrial Safety Agency said on August 29. The investigation was conducted by the government officials after an insider leak in July 2000. According to agency officials, 29 repair records were apparently faked concerning two TEPCO-operated nuclear plants in Fukushima Prefecture and one in Kashiwazaki-Kariwa, Niigata Prefecture. Among the problems covered up in the reports were cracks in parts surrounding the reactor core, the officials said. The agency officials, however, said the cracks do not pose an immediate threat to the overall safety of the nuclear reactors. But the agency will order TEPCO to improve its structure for inspections and maintenance because the problems could become critical if left untouched. The nuclear plants where the fake records were

filed were supposed to play a central role in the government's plutonium thermal program. TEPCO President Nobuya Minami said last Thursday his company would suspend the program.

The Asahi Shimbun ("SCANDAL FALLOUT: LEADERS BLAST TEPCO AND THE GOVERNMENT OVER THE LATEST LIES IN THE NUCLEAR INDUSTRY," 08/31/02) reported that outrage over the false repair reports at Tokyo Electric Power Co. (TEPCO) spilled over to the central government, as local leaders ridiculed safety officials and threatened to close down TEPCO's unrepaired nuclear power plants. The criticism was particularly sharp from the Governor Eisaku Sato of Fukushima Prefecture, home of two of the plants. He said, "Are they putting on a comedy? What do they think about the people of the prefecture who will be most affected by the safety (of the nuclear plants)?" Sato has never been enthusiastic about nuclear power. In February 2001, the governor expressed strong doubts about the central government's plutonium thermal program. In Kariwa village, Niigata Prefecture, site of TEPCO's Kashiwazaki-Kariwa nuclear plant, anti-nuclear opponents urged Mayor Hiroo Shinada to shut down the plant because TEPCO could no longer be trusted. In particular, it appears TEPCO was slow in acting on the insider leak about the false reports that was submitted to the then Ministry of International Trade and Industry in July 2000. Still, an investigative committee within TEPCO was not established until May, close to two years after the insider leak.

The Asahi Shimbun ("MORE ALLEGATIONS SURFACE AT TEPCO," 08/31/02) reported that suspicions strengthened that managers at Tokyo Electric Power Co. (TEPCO) ordered subcontractors to cover up problems at the company's nuclear plants, and that the practice continued longer than initially believed. The Nuclear and Industrial Safety Agency at first announced that TEPCO apparently falsified reports of its inspections in the late 1980s and 1990s. But agency officials now say this practice appears to have continued until 2001. The latest revelations surfaced after the agency asked General Electric International Inc. (GEII) to submit its raw data on inspections at TEPCO's nuclear plants as well as other records. GEII was subcontracted by TEPCO to conduct inspections and maintenance at the nuclear plants. An ongoing agency investigation has turned up 29 cases of false inspection reports filed by TEPCO until the 1990s. Those false reports appear to have been written by GEII employees on the instructions of TEPCO managers in charge of inspection and maintenance at the nuclear plants, sources said.

2. Japan Military Emergency Legislation

The Japan Times ("BILL ON SDF DEPLOYMENT TO HAVE WORDING ALTERED," 09/01/02) reported that the Japanese government plans to make key amendments to the wording of a bill that dictates how the Self-Defense Forces (SDF) will deal with a military attack in the hope that it will be enacted during the extraordinary Diet session expected to be held in the fall, informed sources said Saturday. According to the sources, the amendments would include changes to the definitions of when a military attack "can be anticipated" and when it "is imminent." As one example, the wording "when there is a clear danger (of military attack)" is being considered as a replacement for "imminent." Officials from the Defense Agency and the Cabinet Secretariat are also discussing the possibility of presenting clearer examples of attacks and clarifying the relationship between a military attack on Japan and a contingency in areas surrounding Japan. However, some within the government remain skeptical about whether amendments are viable, pointing out that it will be difficult to explain certain, specific circumstances to describe an attack in something as broad as a law. Government officials plan to finalize their position on the matter by mid-September before presenting the proposals to the three ruling parties for further deliberations, the sources said.

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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