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I. United States

1. DPRK Plutonium Reprocessing

The Associated Press (John J. Lumpkin, "OFFICIAL: N. KOREA DEVELOPING NEW MISSILE," Washington, 09/11/03) reported that plutonium reprocessing activity at a key DPRK site has apparently ceased, U.S. officials said Thursday. It is unclear why the DPRK stopped work at their reprocessing plant at Yongbyon, the officials said, speaking on the condition of anonymity. Presumably, they either chose to stop or had technical problems at the plant. Unless something broke, the plant could be restarted at any time. The plant turns spent nuclear fuel rods into plutonium that can be used in nuclear weapons. It's the only one the DPRK is known to have. At the same site is a nuclear reactor that can make the spent fuel rods. Also Thursday, officials said the DPRK appears to be developing a new intermediate-range ballistic missile capable of reaching the US. The missile hasn't been tested. The DPRK move at its nuclear site in Yongbyon was first reported in Thursday editions of the Los Angeles Times. US officials declined to say precisely when activity at the Yongbyon stopped, although other officials had said as recently as last month that low-level reprocessing was under way.

2. DPRK Intermediate-Range Missile

Agence France-Presse ("NORTH KOREA HAS NEW INTERMEDIATE-RANGE MISSILE: US SOURCE," Washington, 09/11/03) reported that the DPRK has developed a new intermediate-range ballistic missile capable of striking neighboring countries but not the US, a well-informed US government source has disclosed. The new weapon was described as a step-up from Scud and No Dong-type missiles, the mainstays of Pyongyang's arsenal, which are based on old Soviet-era technology and often lack accuracy. But details about the new missile were scarce as US intelligence agencies continued to assess the system and search for more information. "The North Koreans have developed a new mobile intermediate-range ballistic missile," the source told AFP on condition of anonymity late Wednesday. "And it's different than the Taepo Dong," which Pyongyang fired into the Sea of Japan (East Sea) in 1998. The source said the new missile was land-based, did not have the range to reach the US and was designed "to complement" North Korea's existing arsenal. A missile is normally classified as intermediate if it has a range of between 500 and 5,500 kilometers (310-3,410 miles). Earlier reports that the weapon was fashioned after an old Soviet submarine-launched missile, the SSN-6 Sawfly, could not be confirmed. The Pentagon declined to confirm or deny the report late Wednesday. The South Korea newspaper Chosun Ilbo reported Monday that the new missile had a range of up to 4,000 kilometres (2,500 miles), which is longer than the Taepo Dong-1, a missile that was test-fired over Japan in 1998, triggering an outcry around the world.

3. PRC on Pentagon PRC Military Report

Agence France-Presse ("CHINA LASHES OUT AT PENTAGON'S 'DISTORTED VIEW' OF MILITARY MIGHT," 09/11/03) reported that the PRC has lashed out at "groundless" conclusions in the US' annual report on the PRC's military power, saying it "wantonly misrepresents" PRC policy. In an article published in the state-run People's Liberation Army Daily, and repeated as the main opinion item in the English-language China Daily, the PRC said Thursday the Pentagon had got it wrong. "Based upon Washington's long-held position that the PRC is a potential challenger to US strategic interests in the Asia Pacific, the report wantonly misrepresents the PRC's strategic goals and defense policies," it said. The annual report to Congress, released in late July, said Beijing was annually adding 75 short-range missiles across from Taiwan and acquiring or developing weapons and tactics aimed at countering technologically superior US forces. The newspapers denied The PRC was bent on building its military capability, saying the country had no tradition of conquest. "The fact is that the PRC has never desired or developed the kind of military capability necessary for strategic expansion," they said, adding that such a theory was in marked contrast to the PRC's primary goals of developing its economy and improving living conditions. "As a developing nation, the PRC's top priority is to safeguard national security and create a peaceful international environment for its economic construction," the papers said. They blasted the "concocted" report as permeated with a "China threat" theory from start to finish as an excuse to justify expanding US arms sales to Taiwan.

4. PRC SARS Spending

Agence France-Presse ("CHINA TO SPEND 1.3 BILLION DOLLARS TO AVOID SARS-STYLE HEALTH DEBACLE," 09/11/03) reported that the PRC plans to spend massively to better respond to health emergencies and avoid a similar debacle to its tardy response to the SARS epidemic earlier this year, state media said. A total of 11 billion yuan (1.3 billion dollars) will be invested in new aid centers and hospitals for infectious diseases both in the cities and countryside, the China Daily reported Thursday. The measure was announced as a growing number of PRC worry that the Severe Acute Respiratory Syndrome (SARS) virus might return as the weather turns colder in coming

months. Reflecting the high priority given to the task of expanding emergency response capabilities, the central government has already allocated three billion yuan to the project, the paper said. It will take about three years to establish a nationwide system that "is multifunctional and responds swiftly to emergencies", Zhao Zilin, a senior health ministry official, said according to the paper.

5. Taiwan Domestic Economy

Asia Pulse ("USE CHINA'S DYNAMISM TO POWER TAIWAN'S TRANSITION: KMT CHIEF," Taipei, 09/11/03) reported that opposition Kuomintang (KMT) Chairman Lien Chan said Wednesday that proper handling of cross-Taiwan Strait relations is the key to Taiwan's national security as well as the country's economic development. Describing Taiwan's and the PRC's economies as mutually complementary, Lien called for Taiwan to use the mainland's growth dynamism to power Taiwan's transition into a global business operations center. According to Lien, Taiwan has promise to become a regional business operations center, given its geographic convenience and economic strength. Taiwan can turn itself into a sci-tech island and a headquarters for state-of-art service industries while using the mainland as its support factory, Lien added. The KMT chairman made the remarks when he addressed the opening session of a symposium titled "Relations between Mainland-based Taiwan Businessmen and the 2004 Presidential Election." Lien said that if there was not a vast mainland market, no Taiwan trade surplus with the mainland and no contributions made by Taiwan businessmen on the mainland, Taiwan would not have such abundant foreign exchange reserves. He also urged the Taiwan public not to harbor any misunderstandings or prejudice against mainland-based Taiwan businessmen, saying that as a group, they have made immense contributions toward the development of cross-strait relations over the past decade. (CNA)

6. PRC on Bush-Dalai Lama Visist

Agence France-Presse ("CHINA ANGRY AS BUSH MEETS DALAI LAMA AT WHITE HOUSE," 09/11/03) reported that President George W. Bush met the Dalai Lama at the White House, in defiance of China's protests that the Tibetan spiritual leader was using US soil as a launchpad for "separatist" activity. The Dalai Lama made his second visit to the presidential mansion under Bush, a day before he is due to play a role in commemorations Thursday for the second anniversary September 11 attacks. But his visit to Washington drew sharp rebukes from Beijing -- even though, according to Secretary of State Colin Powell last week -- Sino-US relations are at their warmest point in more than 30 years. Emerging from the White House after the meeting, closed in deference to PRC sensibilities, the Dalai Lama said Bush and Powell had shown "interest and genuine sympathy" for Tibet. "They will help us," he said. White House spokesman Scott McClellan said Bush reiterated "strong support" for the nascent dialogue between the PRC and the exiled Tibetan government. "The president said he would seek ways to encourage China to continue the dialogue on a substantive basis, and expressed his hope that the PRC government would respond favorably."

7. Taiwan Independence Referendum

Asia Pulse ("PURSUIT OF REFERENDUM IN TAIWAN 'INEVITABLE': PREMIER," Taipei, 09/11/03) reported that Taiwan Premier Yu Shyi-kun said Wednesday that the Executive Yuan's continued push for a referendum is "inevitable" and he urged the Legislative Yuan to complete referendum legislation as soon as possible in the current legislative session. The premier noted during an Executive Yuan floor meeting that a referendum committee under the Executive Yuan convened its first meeting Sept. 4 as part of the Executive Yuan's initiative to promote the implementation of referendum, which is a basic right of the people and a major and crucial step toward expanding

democracy in Taiwan. He urged the legislature to "heed the voice of the people and complete referendum legislation" and to work with the Executive Yuan to push for a historically significant referendum on or before March 20, 2004, the date of the next presidential election. Yu said that referendum is a normal method for democratic countries to deal with controversies surrounding major policies and the implementation of a nation's sovereignty. President Chen Shui-bian said recently that the government will hold a referendum on or before the presidential election on the fate of the Fourth Nuclear Power Plant, which is still under construction, and on other major public issues, in order to gauge public opinion, Yu noted. "For this reason, the Executive Yuan's push for a referendum is inevitable," he went on. He said that it is very important to conduct a comprehensive and credible referendum using a fair and correct voting method, adding that the Central Election Commission will soon invite related government agencies to review relevant issues and the personnel required to ensure the referendum goes smoothly. Mainland China has expressed concern about the proposed referendum, fearing that the legislation might eventually be used to hold a referendum on Taiwan independence. (CNA)

8. PRC US Espionage

The Associated Press (Robert Burns, "NAVY: CHINA LIKELY HAS U.S. SPY SECRETS," Washington, 09/11/03) reported that the crew of a Navy spy plane that landed on China's Hainan Island in April 2001 after colliding with a PRC fighter jet did not destroy all classified materials aboard, and it is "highly probable" that some fell into PRC hands, Navy investigators concluded. The report, which was released in response to a Freedom of Information Act request by Jane's Defense Weekly, blamed the PRC fighter pilot for the collision and did not fault the Navy crew for failing to complete the destruction of classified information aboard the EP-3. Specifics about the classified materials were deleted from the released version of the report, and the report did not address the possible impact of any compromise of official secrets. "The destruction of classified material was accomplished while the aircrew was probably still in shock from the aircraft collision and the subsequent rapid descent of the aircraft and with very little time prior to landing," the report said. It also found that "destruction of all classified materials onboard did not occur," and concluded that "compromise by the People's Republic of China of undestroyed classified material on PR-32 is highly probable and cannot be ruled out." PR-32 was the mission designation of the U.S. plane. Materials classified as confidential, secret and top secret were, as a matter of normal practice, carried aboard the plane in papers, magnetic tapes, computer disks and computer hard drives, the report said.

9. US on PRC Trade Imbalance

The Associated Press (Ken Guggenheim, "U.S. PRESSES CHINA ON TRADE IMBALANCE," Washington, 09/11/03) reported that the Bush administration is pressing China on trade and human rights concerns even as it seeks Beijing's cooperation in resolving the DPRK nuclear crisis, a State Department official told senators Thursday. Assistant Secretary of State James Kelly's appearance before the Senate Foreign Relations Committee came as senators threatened to seek tariffs against the PRC. They said the PRC under-valued currency and low wages have contributed to a huge trade imbalance, hurting American labor and businesses. Sen. George Allen, said the PRC's artificially low prices violate the rules of the World Trade Organization, which it joined two years ago. "Let's face reality of what China is doing: They're cheating," he said. Kelly said the administration is trying to use incentives rather than threats to encourage the PRCto change its policies, but offered senators little hope of major changes in the PRC economy any time soon. "We have a structural problem and it's going to be very slow to resolve itself as far as the trade imbalance is concerned," he said. The Commerce Department reported Thursday that imported goods from the PRC reached a record high of $11.3 billion, accounting for more than a quarter of the overall $40.3 billion U.S. trade deficit.

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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