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CONTENTS

I. [United States](#)

1. [Cross-Straits Relations](#)
 2. [DPRK-ROK Relations](#)
 3. [DPRK Currency Devaluation](#)
 4. [ROK Soccer Chief Presidential Run](#)
 5. [Russia-ROK Weapons Sales](#)
 6. [Taiwan UN Bid](#)
- ### II. [Republic of Korea](#)
1. [Inter Korean Relations](#)
 2. [DPRK-Russia Relations](#)
 3. [US Envoy to DPRK](#)
 4. [DPRK's Missile Issue](#)
 5. [DPRK Delegates in Seoul](#)
- ### III. [Japan](#)
1. [Japan-PRC Relations over Yasukuni Issue](#)
 2. [Yasukuni Issue](#)
 3. [Japan-DPRK Relations](#)
 4. [DPRK-KEDO Relations](#)
 5. [Japan-Myanmar Relations](#)

I. **United States**

1. **Cross-Straits Relations**

Reuters (Alice Hung, "TAIWAN'S ADVISER TO PRESIDENT HOPEFUL ON CHINA TIES," Taipei, 08/12/02) reported that a top adviser to Taiwan President Chen Shui-bian said on Monday that the president's backing of a referendum on formal independence was a show of frustration and not a change of policy. "President Chen was a little frustrated," Nobel laureate Lee Yuan-tseh stated while recalling numerous olive branches extended by Chen since taking power in 2000. "He didn't mean to change the policy at all." Analysts said Chen was frustrated by China's diplomatic bullying, military

build-up and refusal to deal with him. But his gambit to force the PRC into negotiations may have misfired. Nevertheless, Lee believed the two sides would mend fences. "President Chen has goodwill to try to improve the relations," said the co-winner of the Nobel prize in chemistry in 1986 and president of Academia Sinica, Taiwan's top academic institution.

2. DPRK-ROK Relations

The Associated Press (Paul Shin, "SOUTH AND NORTH KOREA RESUME HIGH-LEVEL TALKS," Seoul, 08/12/02) reported that the ROK and the DPRK embarked on high-level talks Monday, vowing to revive the reconciliation process that thrived after a historic summit in 2000 but stalled amid US-DPRK tension last year. The Cabinet-level talks, the first in nine months, came as the DPRK government also appeared to be moving toward a resumption of dialogue with the US. A 29-member DPRK delegation flew aboard a Soviet-built plane to Seoul for the three-day talks, the first of a series of contacts scheduled this week with the ROK. Kim Ryong Song, a Cabinet councilor, had a brief informal meeting with his South Korean counterpart, Jeong Se-hyun, before they started formal negotiations. Jeong, who heads the ROK's Unification Ministry, said the talks should focus on previous agreements rather than attempts to make new promises. "Our delegates, including me, feel burdened because many promises were reached in the past, but few were implemented," Jeong said.

3. DPRK Currency Devaluation

The Associated Press (Christopher Torchia, "NORTH KOREA DEVALUES CURRENCY," Seoul, 08/10/02) reported that the DPRK slashed the official exchange rate for its currency last week as the latest step in a new reform program aimed at reviving the economy, foreign residents say. The official value of the won dropped from 46 US cents to just two-thirds of a cent, the residents reported, speaking on condition of anonymity. That's still overvalued compared to the black market, where a won is worth only a half cent. A Western diplomat in the North Korean capital said efforts to change money at the new rate were mixed. He said a colleague was unable to change dollars for won at the state Foreign Trade Bank, but could do so in a department store. The diplomat said the few shops he had visited that take payment in dollars had not raised their prices, but dollar prices for hotel rooms had increased. Shops and hotels that cater to foreigners demand US dollars to meet the DPRK's need for hard currency to pay for imported goods. The devaluation is unprecedented in the DPRK, where the government long argued that the state distribution system meant residents had no need for money.

4. ROK Soccer Chief Presidential Run

Reuters ("SOUTH KOREA'S SOCCER CHIEF MAY RUN FOR PRESIDENT," Seoul, 08/12/02) reported that Chung Mong-joon in an interview published in Tuesday's edition of Chosun Ilbo that after his successful showing in the World Cup, the nation's top soccer official indicated Monday that he would run for president in elections later this year. "I am thinking toward running in the presidential elections," said Chung Mong-joon in an interview published in Tuesday's edition of Chosun Ilbo, the nation's largest newspaper. "Some people said that after the World Cup, there would be little time for me to prepare for the elections, but I think I have enough time," he said. Chung said he will decide in early September whether to run in the December 19 elections. Chung, 50, an independent legislator with no political affiliation, has always been considered a possible contender. He apparently was buoyed by opinion polls that put him ahead of two prominent candidates representing the nation's political establishment. Chung's popularity surged after the World Cup in June, in which the ROK advanced to the final four.

5. Russia-ROK Weapons Sales

Reuters ("RUSSIA OFFERS TO SELL SOUTH KOREA WEAPONS WORTH DLRS 550 MILLION," Seoul, 08/12/02) reported that Russia has offered to sell the ROK US\$550 million worth of military hardware, with half of the cost covered by debts it owes the ROK. The ROK agreed to provide Moscow with \$US3 billion in long-term, low-interest loans. The ROK extended US\$1.47 billion in loans until the mid-1990s, when it stopped further installments after Russia failed to pay back the interest. The outstanding debt has now swelled to dlrs 1.95 billion. In a letter in July, Russia offered to sell the ROK tanks, missiles and helicopters worth \$US550 million, said Yoo Byung-suk, an official at the ROK Ministry of Finance and Economy. Russia proposed that the ROK pay half the total in cash and cover the other half with the outstanding debt, he said. The ROK previously purchased dlrs 370 million worth of Russian military hardware and industrial raw materials in a deal linked with the loan package.

6. Taiwan UN Bid

Reuters ("TAIWAN LAUNCHES 10TH U.N. BID; CHINA INDIGNANT," Taipei, Beijing, 08/12/02) reported that Taiwan has quietly launched another bid to join the United Nations, sparking angry opposition from the PRC. A Taiwan Foreign Ministry official said Monday that Taiwan had begun its 10th annual drive to be readmitted to the United Nations. In the past, the government held news conferences to announce the annual UN bid and drum up support, but this year kept it low key due to the latest flare-up in cross-strait tensions. "Twelve of our allies raised the case to the United Nations on our behalf on August 7, but we have yet to make a public announcement," the foreign ministry official said. PRC Foreign Ministry spokesman Kong Quan expressed "strong indignation and resolute opposition" to the proposal and said Taiwan was not qualified for UN membership, the official China Daily reported. "This is a serious violation of the purpose and principles of the U.N. Charter, an infringement of China's sovereignty and territorial integrity and an interference in its internal affairs," it quoted Kong as saying at the weekend.

II. Republic of Korea

1. Inter Korean Relations

Joongang Ilbo (Lee Young-jong, "TWO KOREAS GET BACK TO TALKING," Seoul, 06/12/02) reported that after nine months of deadlock, ministers of the ROK and DPRK will sit down at the negotiating table in Seoul for three days, beginning Monday. The two sides plan to discuss measures to implement agreements made at the inter-Korean summit in 2000 and afterwards. The sides reportedly have agreed to work toward the signing of a military security pact that would lead to the beginning of railway and road construction inside the Demilitarized Zone along the border. They agreed in 2000 on terms for the pact, but it was not put into effect.

2. DPRK-Russia Relations

Joongang Ilbo (Oh Young-hwan, "RUSSIA RAIL JOURNEY SET FOR NORTH'S KIM," Seoul, 08/12/02) reported that DPRK leader Kim Jong-il will travel to Russia's Far East from August 20 to 26, an ROK government source said Sunday. Konstantin Pulikovskiy, the Russian president's plenipotentiary to the Far Eastern region, invited Kim, and he is expected to have a summit meeting with Russian President Vladimir Putin. "Mr. Kim will travel to Russia aboard a train, using the North Korean railways and the Trans-Siberian Railway," the ROK official said. "Mr. Kim will visit

Vladivostok, Khabarovsk and the Amur region in Russia. It is highly possible that the Kim-Putin summit will take place between August 22 and 24." The summit agenda will reportedly include Korean Peninsula affairs, the project of linking the Russian railroad to the planned inter-Korean railway and Russia's supplying electric power to DPRK.

3. US Envoy to DPRK

Joongang Ilbo ("US ENVOY'S VISIT TO NORTH EXPECTED," Tokyo, 08/12/02) reported that Kyodo News reported Saturday that the US will dispatch an envoy to DPRK next month to put the deadlocked dialogue between the two countries on track. The news agency quoted sources in the Japanese government. The US Department of State would not confirm or deny the report. The US reported two months ago that James Kelly, assistant secretary of state for East Asian and Pacific affairs, would visit Pyongyang in July. But the visit was scrapped after the inter-Korean naval conflict on June 29. Last month, the DPRK said it would accept the visit of the US envoy to resume talks. Talks between US and DPRK officials were last held at Kuala Lumpur, Malaysia, in November 2000.

4. DPRK's Missile Issue

Joongang Ilbo (Oh Day-young, "US OFFICIAL WARNS THE NORTH TO KEEP MISSILE MORATORIUM," Tokyo, 08/12/02) reported that US urged DPRK to extend its voluntary moratorium on missile testing beyond 2003. "The North Koreans hopefully realize that it's very much in their interest to maintain that moratorium and maintain it indefinitely," Vann Van Diepen, a mid-level State Department official working on nonproliferation issues, told reporters in Tokyo on Thursday. "If they choose not to, clearly it would be a very destabilizing thing and I don't think the consequences would be in their interest." In May 2001, DPRK leader Kim Jong-il told visitors of DPRK's unilateral decision to place a moratorium on long-range missile launches until 2003.

5. DPRK Delegates in Seoul

Joongang Ilbo (Kim Hee-sung, "NORTH KOREA DELEGATES ARRIVES IN INCHEON AIRPORT," Seoul, 08/12/02) reported that the 29-member DORJ delegate headed by Senior Cabinet Councilor Kim Ryong-song arrived at ROK's Incheon International Airport on Koryo plane via direct air route over the Yellow Sea, 9:55 a.m. on Monday morning. Welcoming the party were Vice Minister of Finance and Economy Yoon Jin-shik and other three representatives from the government. "The people of both Koreas are ardently wishing this latest high-level talks to result into overcoming all the obstacles and realize new era in the process of implementing the June 15 Joint Declaration," Councilor Kim said upon his arrival.

III. Japan

1. Japan-PRC Relations over Yasukuni Issue

The Asahi Shinbun ("KOIZUMI POSTPHONES CHINA TRIP AMID YASUKUNI ANGER," 08/10/02) reported that Japan's prime minister Junichiro Koizumi put off plans Friday for an autumn visit to the PRC, where his April pilgrimage to Yasukuni Shrine remains a sticking point. The official visit was originally scheduled to mark the 30th anniversary of the normalization of diplomatic relations between the two countries. Government sources said the PRC wanted Koizumi to avoid visiting during the PRC Communist Party leadership convention. Tokyo, meanwhile, wants the visit to take

place after the convention, so Koizumi can meet with the PRC's new leadership. That convention, however, which was originally slated for September, will now likely be held in November at the earliest. "Each country has its own situation. My visit does not necessarily have to take place within this year. We will pick a good time for both of us," Koizumi said.

2. Yasukuni Issue

The Asahi Shinbun ("KOGA HINTS YASUKUNI SOLUTION," 08/09/02) reported that Japan's Former Liberal Democratic Party Secretary-General, Makoto Koga, chairman of the Japan War-Bereaved Families Association, has left the door slightly ajar on the contentious and sensitive perception issue of Yasukuni Shrine. In an interview with The Asahi Shimbun, Koga said, "If the bereaved families of Class-A war criminals express their wish to transfer and separate the spirits, I don't see how the shrine could rightly deny that wish." Koga was careful to point out that "The transfer of Class-A war criminals is not imminent-at the moment." But it has come up before. During the administrations of prime ministers Yasuhiro Nakasone and Keizo Obuchi, the possibility was raised of separating 14 Class-A war criminals enshrined at Yasukuni from other war veterans honored there, thus making possible official visits to the shrine by prime ministers. Separation has never materialized, either for objections from surviving relatives or from shrine officials.

3. Japan-DPRK Relations

The Asahi Shinbun ("ABDUCTION ISSUE KEY TO MOVING TALKS WITH NORTH KOREA FORWARD," 08/07/02) reported that welcoming DPRK's readiness to hold working-level talks this month, Japan's Foreign Ministry officials say there must be progress on the issue of missing Japanese to break the deadlock in bilateral relations. Since the abduction issue is likely to dominate the talks, officials said positive developments could provide an opportunity to eventually resume negotiations to normalize diplomatic relations. A top ministry official said the DPRK was showing an "unprecedentedly positive stance" by agreeing to the talks, slated in Pyongyang around Aug. 25. Observers, however, cast doubt on the likelihood of the two countries being able to quickly normalize their ties, given the structure of confrontation that has existed since 1991 when normalization talks began. The process has been suspended since October 2000, due to demands by Japan for progress on the issue of Japanese nationals believed abducted by North Korean agents and the DPRK's demand for Japan to atone for its military past.

4. DPRK-KEDO Relations

The Asahi Shinbun (Tetsuya Hakoda, "KEDO TELS NORTH TO ALLOW IAEA INSPECTIONS, Kumho, 08/08/02) reported that DPRK-Construction on two light-water nuclear reactors being built with the help of Japan, the US and ROK began here Wednesday. KEDO member nations called on the DPRK to quickly open its facilities to inspections as well as every item being used to build the plants. KEDO officials stressed the project's success and the future of the so-called Agreed Framework between the United States and the DPRK depend on Pyongyang's cooperation with the IAEA. Virtually all of the machinery for the facilities will be manufactured in Japan and the ROK and transported to the DPRK from 2005. But under the Agreed Framework, signed in 1994, IAEA officials must be allowed to inspect parts for the plant before they are shipped. KEDO member nations are urging the DPRK to begin the inspections as soon as possible since they likely will take three to four years.

5. Japan-Myanmar Relations

The Asahi Shinbun ("KAWAGUCHI MEETS SUU KYI IN YANGON," Yangon, 08/06/02) reported that Japan's Foreign Minister Yoriko Kawaguchi and Myanmar (Burma) opposition leader Aung San Suu Kyi agreed on the importance of fostering dialogue between the country's military government and pro-democracy forces. But Suu Kyi told Kawaguchi that political dialogue leading to a democratic government has yet to begin in Myanmar. Kawaguchi met the leader of the opposition National League for Democracy (NLD), who was released from house arrest in May, before winding up her three-day visit to Yangon (Rangoon) on Monday evening. The foreign minister told Suu Kyi that Japan will provide assistance to Myanmar to promote democracy and improve people's livelihood in such fields as education and medical care, according to Japanese officials accompanying her on her visit. Reversing her earlier stance critical of Japanese official development assistance to the military junta, the opposition leader now supports assistance on condition that "transparency and accountability" are assured. Earlier in the day, Kawaguchi held talks with Senior Gen. Than Shwe, chairman of the ruling State Peace and Development Council (SPDC), and urged him to promote democracy in the country, including holding talks with Suu Kyi. Than Shwe pledged to "do (his) best" but stopped short of discussing specific steps, according to Japanese officials. Kawaguchi told the SPDC chairman that Japan is ready to expand humanitarian assistance to Myanmar on condition the military government comes to an agreement with Suu Kyi's NLD. She also called on the SPDC leader to attract foreign capital through economic reforms and to seek reconciliation with the country's ethnic minority groups, according to ministry officials. The military junta reacted more positively than in the past, the officials 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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