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CONTENTS

I. [United States](#)

1. [DPRK Missile Test](#)
2. [PRC-Taiwan Relations](#)
3. [US Envoy's View on PRC-Taiwan Relations](#)
4. [PRC Military Exercises](#)
5. [Alleged PRC Espionage](#)
6. [PRC Government Websites](#)
7. [PRC-Australia WTO Deal](#)
8. [Kashmir Conflict](#)
9. [US Stance on Kashmir Conflict](#)

II. [Republic of Korea](#)

1. [ROK Policy toward DPRK](#)
2. [PRC and Russia's Policy to DPRK](#)
3. [ROK Missile Development](#)
4. [Tumen River Development Project](#)
5. [DPRK-ROK Economic Cooperation](#)
6. [DPRK-ROK Exchanges](#)

I. United States

1. DPRK Missile Test

The Associated Press ("N KOREA SAYS IT WILL CONTINUE MISSILE PROGRAM," Seoul, 07/13/99) reported that the DPRK on Tuesday said that it will continue to pursue its rocket program. The DPRK's official Korean Central News Agency (KCNA) quoted a DPRK Foreign Ministry spokesman as saying, "We will go straight guided by our faith and decision, no matter what others may say." The spokesman reiterated that the DPRK's rocket program was purely scientific. He also accused Japanese Prime Minister Keizo Obuchi of slandering the DPRK when Obuchi tried to enlist support from the PRC last week to help dissuade the DPRK from its missile development. He said that Japan

was using concern over the DPRK as an excuse to rearm itself and increase its military role in the region.

The Associated Press ("JAPAN MAY FREEZE AID TO NORTH KOREA," Tokyo, 07/13/99) reported that Japanese Chief Cabinet Secretary Hiromu Nonaka on Tuesday said that Japan could freeze aid to the DPRK if it goes ahead with plans to test another long-range missile. Nonaka said that another DPRK launch would make it "difficult" for the Japanese people to support continuing government aid to help the DPRK build two nuclear reactors. The US also repeated its warnings against another launch. Stephen Bosworth, the US ambassador to the ROK, stated, "We can only state as clearly as possible that another firing of a long-range missile would have serious consequences for improvement of relations with North Korea. North Korea's management of the Taepodong program will be a strong indicator of whether North Korea is willing to seek more positive relations."

2. PRC-Taiwan Relations

Reuters (Benjamin Kang Lim, "CHINA SAYS TAIWAN FACING MONUMENTAL DISASTER," Beijing, 07/13/99) and the Associated Press ("TAIWAN LEADER CRITICIZED BY CHINA," Beijing, 07/13/99) reported that the PRC's state-run Xinhua News Agency issued a commentary on Tuesday attacking Taiwanese President Lee Teng-hui. The commentary warned Lee not to "play with fire and risk the fortunes and prospects of the Taiwanese" by suggesting that the PRC and Taiwan consider each other separate countries. The commentary also said that Lee's comments were "naked separatist remarks" and accused him of deliberately spoiling a recent easing of tensions between Taiwan and the PRC. PRC Foreign Ministry spokesman Zhu Bangzao said that Lee had gone too far with his comments and he warned that the PRC would not wait "indefinitely" for reunification. Zhu stated, "We hereby warn Lee Teng-hui and the Taiwan authorities not to underestimate the firm resolve of the Chinese government to safeguard state sovereignty, dignity and territorial integrity or the courage and strength of the Chinese people to fight against separatism and Taiwan's independence." Zhu urged Taiwanese authorities to "size up the situation soberly, rein in at the brink of the precipice and immediately cease all separatist activities."

The Washington Times (Gus Constantine, "TAIWAN ABANDONS ONE-CHINA DOCTRINE," 07/13/99), the Wall Street Journal (Marcus W. Brauchli, "TAIWAN INSISTS IT IS SEPARATE, REKINDLING FEUD WITH CHINA, 07/13/99) and the New York Times (Seth Faison, "TAIWAN PRESIDENT IMPLIES HIS ISLAND IS SOVEREIGN STATE," Beijing, 07/13/99) reported that Su Chi, chairman of Taiwan's Mainland Affairs Council, on Monday said that the belief that there is one China was undermining Taiwan's legitimacy. Su stated, "This new definition reflects our disappointment over the Communists' 'one-China' principle. We think the current abnormal relationship across the straits is the result of the Chinese Communists refusing to face reality. We have shown our goodwill by calling ourselves a political entity under a one-China policy. But the Chinese Communists have used this policy to squeeze us internationally. We feel there is no need to continue using the one-China term." The PRC's top negotiator with Taiwan, Wang Daohan, said he was shocked by Taiwan President Lee Teng-hui's remarks. Wang stated, "This formulation means there is no basis for contact, exchange or communication." Tang Shubei, executive vice-president of PRC Association for Relations Across the Taiwan Straits, called Lee's remarks "a crude sabotage of the cross-straits relations." Tang stated, "Statesmen should keep their word, and their failure to keep their promise will only cause disaster to the people of Taiwan." [Ed. note: This article was one of the top stories in the US Department of Defense's Early Bird news service for July 13.]

Reuters (Jeffrey Parker, "TAIWAN TAKES BIG RISK IN ONE-CHINA GAMBIT," Taipei, 07/12/99) reported that Taiwan's abandonment of "one China" policy on Monday threatened the strategic balance between Taiwan, the PRC, the US, and Japan. Experts on the PRC said that Taiwan risks

angering its closest friends by officially abandoning the "one-China" policy. Chang Ling-chen, a PRC-watcher at Taiwan University, stated, "I don't think this is a smart move by Taiwan. It's bound to face intense pressure from the United States and China. I think President Lee wants to take the advantage of the ebb of U.S.-China relations to further stir things up, testing the bottom lines of both Washington and Beijing."

The Los Angeles Times carried a commentary by Stephen J. Yates, a Senior Policy Analyst in the Asian Studies Center at the Heritage Foundation ("IT'S MORE LIKE A CHANGE IN POSTURE," 07/13/99) which argued that Taiwan President Lee Teng-hui's statement reflects more of a change in posture than in policy toward the PRC. According to Yates, Lee's remarks are a more accurate reflection of current reality and "represent a legitimate basis for eventual reunification with the mainland." Yates said that officials from the PRC, the US and Taiwan need to face the reality that a country that is not divided does not need to unify. Yates said, "Taiwan is not a renegade province but an economy based on free-market principles, a government that is democratically elected, and a society that has evolved separately from the rest of China. In this regard President Lee's remarks are a welcome provocation." Yates concluded that, "By staking out a strong position, Lee has invited world leaders to recognize the magnitude of the challenge facing both sides of the Taiwan Strait."

3. US Envoy's View on PRC-Taiwan Relations

The Wall Street Journal (Russell Flannery, "BEIJING'S LACK OF UNDERSTANDING LIMITS INFLUENCE, U.S. OFFICIAL SAYS," Taipei, 07/13/99) reported that Darryl Johnson, the director of the US Institute in Taiwan, said that PRC leaders lack an elementary grasp of US politics. Johnson stated, "They don't understand us, and they never have. These are elementary things that they don't understand because it doesn't correspond to China's reality." By contrast, Johnson said that Taiwan is "a thriving democracy in every meaningful way. Nobody ever wants to be identified as not being Taiwan's friend." Johnson, however, said that the US has been slow to understand some of the social and economic progress made in the PRC during the past decade. Johnson said, "The period since Tiananmen has involved a greater degree of openness [and] a greater improvement in the quality of life in practically every dimension. But to read about what's happening in China in the U.S. press, or talk to people who've been there, those kind of things seem not to count." Johnson also warned that future progress in PRC-Taiwan ties will likely be slow, and that PRC's military buildup is stoking anxiety among its neighbors. Johnson also said that he did not expect a breakthrough from the expected visit by Wang Daohan. Johnson, a career diplomat who has worked in Beijing and Hong Kong and is departing this week for a high-level US Defense Department position, ends a three-year tour in Taipei.

4. PRC Military Exercises

The Associated Press ("CHINA BEGINS TEST RUNS OF NEW 'STEALTH' WARSHIP," Beijing, 07/13/99) reported that, according to the PRC's state-run Beijing Morning Post, the PRC's navy has begun test exercises of a domestically developed "stealth" destroyer designed to evade enemy detection. The radar-evading warship, dubbed the Yantai, is expected to make a significant contribution to efforts to modernize the People's Liberation Army (PLA). The report said that like other stealth vessels, the Yantai has a smooth hull design and special resin coating to help evade pinpointing by radar.

Agence France-Presse ("PLA TO FOCUS ON HI-TECH TRAINING," 07/12/99) reported that, according to the PRC's state-run Xinhua News Agency, the PRC's People's Liberation Army (PLA) Headquarters of the General Staff, General Political Department, General Logistics Department and

General Armament Department had jointly issued a circular calling for modernized military training. The move follows a recent order by PRC President Jiang Zemin to set up four new colleges to train the military in modern warfare. Under the general staff order, PLA officers would be required to "learn and master new military theories, new techniques and new arms skills, taking into account scientific developments." The document orders further education, focusing on improving the army's combat effectiveness and turning the PLA into a scientific and technologically advanced army, instead of basing its strength on troop numbers. [Ed. note: This article was included in the US Department of Defense's Early Bird news service for July 13.]

5. Alleged PRC Espionage

The Washington Times (Bill Gertz, "LOS ALAMOS SUSPECT MIGHT FACE LESSER CHARGE IN ESPIONAGE CASE," 07/13/99) reported that, according to US Clinton administration officials, scientist Wen Ho Lee could avoid espionage charges and face prosecution under a computer crime statute. US officials who are familiar with the case said that the FBI (Federal Bureau of Investigation) mishandled the investigation early on, making a successful espionage prosecution unlikely. Instead, the US Justice Department attorneys are looking at charging Lee with violations of federal laws that make it a crime to mishandle national security or atomic energy information contained in federal computers. [Ed. note: This article was included in the US Department of Defense's Early Bird news service for July 13.]

The Wall Street Journal (Eduardo Lachica, "CHINESE SCHOLARSHIP IN THE U.S. MAY SUFFER FROM SECURITY FEARS," Palo Alto, 07/13/99) reported that concerns over alleged PRC espionage threaten to hurt recruitment of talented Asian and Asian-American researchers at top US schools and laboratories. Irving Lerch, director of international affairs at the American Physical Society, based in Maryland, said, "We have to be concerned with Congress tampering with immigration, making it harder for our graduate schools to recruit good students." Blas Cabrera, the chairman of Stanford University's physics department, said that Indian nationals already have problems securing US student visas because of India's nuclear program. He said, "I wouldn't be surprised if this security-mindedness begins to affect Chinese students as well."

6. PRC Government Websites

Reuters ("MORE CHINA GOVERNMENT BODIES SET UP WEBSITES," Shanghai, 07/13/99) reported that, according to the PRC's Liberation Daily newspaper, sixty percent of PRC government departments plan to have website by the end of this year. The newspaper said that the PRC government launched a program in January to encourage departments to establish websites to provide information and help the development of electronic commerce.

7. PRC-Australia WTO Deal

The Associated Press (Charles Hutzler, "AUSTRALIA, CHINA AGREE TO WTO DEAL," Beijing, 07/13/99) reported that the PRC and Australia agreed to terms on Tuesday for PRC membership in the World Trade Organization (WTO). Australian Foreign Minister Alexander Downer said that he and PRC officials tentatively agreed on Monday on the PRC's WTO bid. A statement issued jointly by Downer and PRC Foreign Trade Minister Shi Guangsheng pledged both governments to work together to get the PRC into the WTO as soon as possible. Downer said he urged the PRC to restart the US negotiations so that the PRC can join the WTO by year's end.

8. Kashmir Conflict

The Washington Post (Pamela Constable, "PAKISTAN AIMS TO 'AVOID NUCLEAR WAR'," Islamabad, 07/12/99, A14) reported that Pakistani Prime Minister Nawaz Sharif on Monday invited Indian Prime Minister Atal Bihari Vajpayee to meet with him. Sharif stated, "I am trying to avoid nuclear war. It is suicide. I don't believe in suicide, and I don't believe Prime Minister Vajpayee does either." In New Delhi, Indian officials acknowledged that the withdrawal of Pakistani fighters had begun, but insisted it was "a mere formality" because Indian forces had succeeded in recapturing most of the terrain the militant groups occupied in April. Khalid Mahmud, a specialist on Indo-Pakistani relations at the Institute for Regional Studies in India, said, "These so-called meetings with the mujaheddin [guerrillas] asking them to withdraw was nothing but a show. Pakistan officials had already decided what to do and had informed the Indians" the forces would retreat. Abida Hussain, a legislator from Sharif's party, the Pakistani Muslim League, stated, "No Indian prime minister will be able to muster any enthusiasm for talking with Nawaz. The prime minister [Sharif] has survived crises before, but this is the first one with external dimensions. He will face a very difficult situation now." [Ed. note: This article was included in the US Department of Defense's Early Bird news service for July 13.]

The New York Times (Celia Dugger, "INDIA HOLDS FIRE IN KASHMIR AS ENEMY FORCES PULL OUT," New Delhi, 07/13/99) reported that India announced on Monday that it has suspended a six-week military campaign against Pakistan-based fighters. It said that it would withhold firing on them as long as they complete their withdrawal from Indian territory by Friday. [Ed. note: This article was included in the US Department of Defense's Early Bird news service for July 13.]

9. US Stance on Kashmir Conflict

US State Department Deputy Spokesman James Foley ("STATE DEPARTMENT NOON BRIEFING," USIA Text, Washington, 07/12/99) said that both India and Pakistan have announced that their senior military commanders have worked out an agreement that will restore the line of control in the Kargil sector of Kashmir. Foley said, "Following the agreement, both countries have reported significant reductions in fighting. The United States welcomes these developments, which demonstrate the desire in both countries to end this crisis.... Once the fighting has ended, we urge both countries to resume their dialogue under the Lahore Process. We believe, in fact, that resolving this current crisis along the line of control was the predicate, indeed, to restoring the Lahore Process at which India and Pakistan would be able to discuss the entire range of issues between them, obviously including Kashmir." Foley reiterated that the US is not a mediator, and that the US did not offer any specific proposal for ending the fighting in Kargil. Foley added, "I think both India and Pakistan deserve an enormous amount of credit for having been able to work to diffuse the situation and hopefully are now on the road to resolving it."

II. Republic of Korea

1. ROK Policy toward DPRK

The Korea Times (Son Key-young, "NK MISSILE LAUNCH WILL LEAD TO END FROM AID: MIN. HONG," Seoul, 07/12/99) reported that ROK Foreign Affairs-Trade Minister Hong Soon-young on Sunday warned the DPRK against test-firing a ballistic missile, noting that, in the event of a missile launch, the regime will face grave sanctions from the ROK, Japan, and the US, including the suspension of cruise ship tours to Mt. Kumgang. The article said that, at present, Minister Hong's

intentions are not clear because it is uncertain whether he made the remarks as part of his efforts to issue a strong warning to the DPRK or whether his statements herald the impending revision of the ROK's engagement policy. Hong admitted that the ROK is moving to strictly employ the so-called "reciprocity principle." The minister noted that the DPRK is technically prepared to launch a missile any time it wants but stressed, "This matter is not a technical matter, but a matter of a political decision by the North Korean regime." He added, "In the event North Korea launches a missile, it would seriously affect the ongoing private economic cooperation and various assistance efforts."

2. PRC and Russia's Policy to DPRK

The Korea Times (Lee Chang-sup, "YELTSIN, JIANG POSITIVE TO SEOUL'S ANTI-MISSILE MOVE," Seoul, 07/12/99) reported that ROK President Kim Dae-jung said on Sunday that Russian President Boris Yeltsin and PRC President Jiang Zemin responded positively to the ROK's call for discouraging the DPRK from test-launching another missile. In an inspection visit of the five ROK government offices that handle DPRK affairs, Kim stated that he had sent letters to the PRC and Russian presidents seeking their cooperation in dissuading the DPRK from firing another missile. "I received a positive response from the leaders," Kim said, adding that he hopes the DPRK will refrain from testing a missile as it is of no service to its interest. Kim said this could be taken to mean that "Pyongyang has been completely isolated by Seoul's policy to prevent war." He then vowed to pursue a pragmatic policy of engaging the DPRK to the path of reform and openness.

3. ROK Missile Development

The Korea Herald (Jun Kwan-woo, "SEOUL'S MISSILE DEVELOPMENT GAINS MOMENTUM," Seoul, 07/13/99) reported that the ROK's bid to secure its own missile deterrent against the DPRK has gained momentum with ROK President Kim Dae-jung calling for US support of the plan. Officials in the ROK said that even if Kim failed to get instant consent from US President Bill Clinton, who expressed concern over a possible arms race in Asia, the ROK was able to show how serious it is about creating its own deterrent. Clinton was quoted as saying that Kim's request could be referred to ROK and US working-level negotiators for further missile talks. Some ROK officials took Clinton's response as a "gentle refusal," but others saw promise. "Kim's call does have meaning as the President himself clearly sent Seoul's message to Washington," one official said. He added he hoped that the President's request would lead to a breakthrough in the sluggish ROK-US talks on enhancing ROK's missile capability. Some analysts said that Kim's proposal to Clinton would likely help increase the ROK's bargaining chips at future missile talks with the US. "In comparison with President Kim's wish for developing 500-km missiles, Seoul's present bid to develop a missile with a range of 300 km is small," one diplomatic analyst in Seoul said on condition of anonymity. He also said that it would be very important for the ROK and the US to quickly address the missile-range issue because the DPRK might view foot-dragging as a sign of a rift in their security alliance.

4. Tumen River Development Project

Joongang Ilbo (Seo Jang-soo, "UNDP TO CONSTRUCT SUPERHIGHWAY IN NK'S NAJIN AREA," Seoul, 07/12/99) reported that the United Nations Development Program (UNDP) is going to construct a four-lane superhighway running 67 Km from Wonjong bridge, located on the border of the DPRK and the PRC, to the DPRK's Rajin port. A source from the ROK government said that the UNDP is actively considering building a superhighway that will go through the Rajin and Sonbong regions, DPRK special economic zones, in order to encourage DPRK authorities to participate in the development plan for the Tumen River area. The construction of the superhighway was discussed in

a committee meeting of the five-country development program held in Ulan Bator, the capital of Mongolia, on June 10 and 11. However, the DPRK did not attend the meeting. About US\$5 million dollars is estimated to be needed to construct the superhighway. International organizations and companies from countries that want to take part in the development plan will reportedly supply the construction cost.

5. DPRK-ROK Economic Cooperation

The Korea Herald (Kim Ji-ho, "SANDWICHED BETWEEN SEOUL, PYONGYANG, HYUNDAI FACES FREEZE OF N.K. PROJECTS," Seoul, 07/13/99) reported that ROK officials said that with both the ROK and the DPRK showing no signs of compromise on severed inter-Korean exchanges, concerns are growing within the Hyundai Group that its DPRK projects may be stuck in limbo. Analysts in Seoul said on Monday that as the talks between Hyundai and the DPRK over the safety of ROK tourists have made little progress, both governments appeared set to brace for a protracted tug-o-war. "It's not us but the (government) officials who have tied up the (Mt. Kumgang) cruise ships at the port," complained a Hyundai official, indicating the conglomerate has some conflicts with the government on resuming their operation to the scenic DPRK mountain. Making things worse for Hyundai, the ROK government has also frozen payments to the DPRK for the US\$942 million tour project, of which about US\$158 million has already been remitted. This provided the DPRK with an excuse to boycott all contact with the ROK, analysts said. The suspension of the Mt. Kumgang tour rippled through other private-level exchanges between the two Koreas, they said.

6. DPRK-ROK Exchanges

The Korea Herald ("SOUTH'S SOCCER CHIEF INVITES N.K. WOMEN'S TEAM TO SEOUL," Seoul, 07/13/99) reported that the ROK Football Association chairman has said that if the ROK holds the Asian women's soccer tournament in November, the DPRK team will be invited to the game. The Asia women's soccer tournament is currently scheduled to be held in the Philippines, but Seoul will be the venue if the Philippines is not be able to hold the game as planned. Chung, who concurrently serves as vice chairman of the Federation of International Football Associations (FIFA), delivered the proposal to Kim Hak-yong, technical advisor of the DPRK Football Association Sunday, according to KFA officials in Seoul on Monday. Chung and Kim were attending at the 10th General Assembly of FIFA in Los Angeles. Chung then suggested to Kim that the ROK and the DPRK hold exchange games between their women's soccer teams and asked for DPRK's positive response to the ROK's proposal that a couple of matches in the 2002 World Cup, which the ROK will co-host with Japan, be held in the DPRK. Kim, however, declined to comment on Chung's proposal, the KFA 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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[International Policy Studies Institute](#) Seoul, Republic of Korea
[The Center for Global Communications](#), Tokyo, Japan
Center for American Studies,

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

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

Wade L. Huntley: napsnet@nautilus.org
Berkeley, California, United States

Lee Dong-young: UNPOL@netsgo.com
Seoul, Republic of Korea

Hiroyasu Akutsu: akutsu@glocomnet.or.jp
Tokyo, Japan

Peter Razvin: icipu@glas.apc.org
Moscow, Russian Federation

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

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

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