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I. **United States**

1. **DPRK KEDO Oil Shipments**

The Korean Peninsula Energy Development Organization ("KEDO Executive Board Meeting Concludes," 11/14/02) issued a press release today announcing the suspension of heavy fuel oil delivery starting in December to "condemn North Korea's pursuit of a nuclear weapons program." Future shipments will depend on the DPRK's "concrete and credible actions to dismantle completely its highly-enriched uranium program." Subsequently, other KEDO activities with the DPRK will be reviewed.

The full report can be found: http://www.kedo.org/news_detail.asp?NewsID=10

The New York Times ("US ALLIES VOTE TO CUT OFF NORTH KOREA OIL," Washington, 11/15/02) and the Associated Press (KEY US ALLIES CUT OFF OIL AID TO NORTH KOREA," United Nations, 11/15/02) reported that the ROK, Japan and the European Union voted unanimously tonight to cut off oil shipments to the DPRK until it takes action "to dismantle completely" its program to develop nuclear weapons. The move gratified the Bush administration, which has pressed the three allies to

take a muscular stance against the DPRK for violating a 1994 agreement to freeze all of its nuclear activity. In a statement issued tonight by the Korean Peninsula Energy Development Organization, which supplies energy to the DPRK under the agreement, the allies also said they would review other economic cooperation with the the DPRK. That appeared to refer to the group's agreement to supply the DPRK with two proliferation-resistant nuclear power plants, though delivery of the plants is still years away. The ROK initially opposed any effort to cut off the oil supplies, but strong opposition from the US, backed up to some extent by Japan, resulted in the compromise reached today: to allow a shipment now under way to be delivered, but to make clear that it would be the last.

The Associated Press (Paul Shin, "CUT OFF OUTSIDE ENERGY ASSISTANCE, NORTH KOREA FACES A COLDER WINTER," Seoul, 11/15/02) reported that a US-led international consortium's decision to halt fuel oil shipments as punishment for the DPRK's covert development of nuclear weapons may force many factories there to shut down, analysts said Friday. The decision will affect 500,000 metric tons (551,155 US tons) of fuel oil the DPRK has been getting annually since 1995 under an arms control deal it signed with the US a year earlier. "The KEDO decision will have a huge impact on North Korea which suffers an acute energy crunch," said Choi Su-young, a researcher at the Institute for National Unification, a government think tank. "Many more factories there may be forced to grind to a halt." The DPRK, which relies on imports for all of its oil requirements, gets about 1 million metric tons (1.1 million US tons) of crude oil from China a year, Choi said. "So, it's not difficult to figure out how serious the impact would be if KEDO's oil shipments are completely halted," he said. A study by the ROK's state utility, Korea Electric Power Corp., estimates that KEDO-supplied fuel oil accounts for about 10 percent of the DPRK's total energy needs.

2. ROK on DPRK Oil Shipment Suspension

The Associated Press (Paul Shin, "SOUTH KOREA SAYS US DECISION TO HALT OIL SHIPMENTS TO NORTH KOREA 'APPROPRIATE'," Seoul, 11/15/002) and Reuters ("SOUTH KOREA URGES NORTH TO HEED ALLIES OIL MESSAGE," Seoul, 11/15/02) reported that the ROK called on the DPRK Friday to heed the message sent by an allied decision to halt fuel oil shipments to the DPRK following the DPRK's admission it had a nuclear arms program. The decision to cut off the shipments from December in response to the DPRK violation of a 1994 nuclear agreement was announced in New York late Thursday by diplomats from the US, European Union, ROK and Japan. A senior ROK government official told reporters the decision to curtail oil shipments had the endorsement of President Kim Dae-jung and had showed that the ROK and its allies "view this issue very seriously." "I hope this message will be heard by North Korea," the official said. "We are quite united and we are pleased." ROK Deputy Foreign Minister Lee Tae-shik said: "Various talks between North and South Korea will keep going on." "The government will keep in touch with North Korea, stressing South Korea's stance on the nuclear issue," he said. DPRK has said that it will discuss the nuclear issue only with the US, which the DPRK says must sign a non-aggression treaty.

3. DPRK on Oil Shipment Suspension

The Associated Press (Christopher Torchia, "NORTH KOREA SILENT ON OIL EMBARGO," Seoul, 11/15/02) reported that the DPRK will sink deeper into diplomatic isolation and economic deterioration unless it abandons its nuclear weapons program, an ROK official said Friday after an international group suspended future oil deliveries to the DPRK. "I hope North Korea will understand well where we want to go on this issue. The ball is in the court of North Korea," a senior ROK government official said, speaking on condition of anonymity. "We want to carry on putting more pressure on North Korea so they understand the seriousness of all countries involved." There

was no response Friday from the DPRK which has said it is willing to resolve US security concerns in exchange for a non-aggression pact. The US has said talks are out of the question as long as the DPRK has a nuclear program. The United States and its allies hope North Korea, which desperately needs the fuel, will buckle under the pressure and dismantle its nuclear weapons program.

4. DPRK on US-DPRK Relations

Korean Central News Agency ("US URGED TO STOP INTERFERING IN INTER-KOREAN DIALOGUE," Pyongyang, 11/14/02) carried a story that read, "the south headquarters of the National Alliance of Youth and Students for the Country's Reunification reportedly issued a statement on November 9, accusing the US of putting the brake on inter-Korean dialogue under the pretext of the nuclear issue. The US-loudmouthed nuclear issue should be settled between North Korea and the US as it was totally caused by its clamor for a preemptive nuclear attack on North Korea, the statement said, denouncing the US moves to subordinate the favorably developing inter-Korean relations to its unilateral demand as an undisguised interference in the issue of the Korean nation. If the US styles itself a defender of peace in the era of the Cold War while pulling up North Korea, it will be criticized by the Korean nation and the whole world and pushed behind history, it stressed. The statement urged the U.S. to stop interfering in inter-Korean dialogue under the pretext of the nuclear issue in North Korea, conclude a non-aggression treaty with it and withdraw its troops from South Korea."

5. PRC Domestic Politics

The New York Times (Erik Eckholm, "CHINA CARRIES OUT AN ORDERLY SHIFT OF ITS LEADERSHIP," Beijing, 11/15/02), Washington Post (Philip P. Pan and John Pomfret, "NEW LEADER CHOSEN IN CHINA VICE PRESIDENT HU ASCENDS TO TOP POST IN BROAD TRANSFER OF POWER," Beijing, 11/15/02), Reuters ("HU JINGTAO TAKES CHINA'S HELM WITH JIANG IN SHADOWS," Beijing, 11/15/02), the Agence France-Presse ("JIANG ZEMIN STAYS ON AS CHINA'S MILITARY COMMANDER-IN-CHIEF, HU NO. 2," 11/15/02), and Reuters ("CHINA'S JIANG ZEMIN CLINGS TO TOP MILITARY JOBS," Beijing, 11/15/02) reported that the PRC's Hu Jintao was appointed party chief at the head of the "fourth generation" of leaders -- following Chairman Mao Zedong, Deng Xiaoping and Jiang. "On behalf of all members of the newly elected central leadership, I thank all comrades of the Party for their trust," said Hu, in a dark suit and red tie, as China's new leaders faced the world's media for the first time. The ceremony, televised live, was the first many of China's 1.3 billion people learned of the most sweeping shakeup since Jiang took power in 1989. The new Standing Committee was expanded from seven to nine members and packed with Jiang allies. Jiang kept his post as head of the Central Military Commission, which commands the world's biggest army, as Deng did for two years after leaving the Standing Committee in 1987. However, it was unclear if Jiang would keep the position only until a parliament meeting next year, for two years like Deng, or for the full five years until the next congress in 2007. "This is a smooth and unprecedented transition of the party leadership," he said. "It has far exceeded our expectations."

Reuters (Scott Hills, "NEW CHINA RULERS INHERIT GROWING BUT SHAKY ECONOMY," Beijing, 11/15/02) and The Agence France-Presse ("HU HAILS LEADERSHIP CHANGE AS 'NEW CHAPTER' FOR CHINA," 11/15/02) reported that PRC's new leader Hu Jintao vowed on Friday to push ahead with market reforms which have fuelled a booming economy, but gave no clues to how he would tackle problems from joblessness to an ailing banking system. As he formally succeeded Jiang Zemin as chief of the ruling Communist Party, Hu inherited an economy expected to grow by eight percent this year -- an eye-catching performance at a time when a global malaise has struck most major economies. But analysts said a plethora of problems from joblessness to ailing banks means Hu and

his team have their work cut out. "The whole party and people from all ethnic groups will unite more closely and concentrate on construction and development so as to continue pushing forward China's reform, opening up and modernisation drive," Hu said. Hu's brief speech gave no hints as to how he planned to solve the serious economic challenges.

6. DPRK on PRC Political Succession

The Associated Press ("NORTH KOREA WELCOMES POWER TRANSFER IN CHINA," Seoul, 11/15/02) reported that the DPRK congratulated PRC leaders Hu Jintao and Jiang Zemin on their power transfer Friday, hoping to maintain close ties with the PRC and its new leadership. Kim also sent a message to congratulate President Jiang on his re-election to head the PRC's powerful military commission, calling it "an expression of deep respect and trust of your country, army and people in you." Kim said he hoped that bilateral ties will prosper and that China will succeed in "socialist modernization."

7. US on PRC Political Succession

Reuters ("US WELCOMES CHINA'S NEW TEAM, PROMISES TALKS," Washington, 11/15/02) Reported that the US congratulated the PRC's Hu Jintao, who took the helm of the world's most populous nation on Friday, and promised to press the new leadership on economic reforms and human rights. "We look forward to working with the new team," said White House spokesman Scott McClellan. "We will continue to work closely with Chinese leaders on a variety of issues as part of our important relationship with China, including human rights, religious freedoms and economic ties." As part of what he called "the continuing high-level dialogue between US and Chinese leaders," McClellan said Vice President Dick Cheney would visit the PRC next year. A date for the visit has yet to be announced.

8. DPRK-US Spy Ship Return

The Associated Press ("N KOREA CHANGES ON RETURN OF USS PUEBLO," 11/14/02) reported that the DPRK has decided against returning the captured spy ship USS Pueblo after indicating last month that it might do so, according to a former US official who met with authorities in the DPRK capital last week. Donald P. Gregg, president of the Korea Society and a former ambassador to the ROK, said yesterday that a deal for the Pueblo was hinted at in an October 3 letter in which Vice Foreign Minister Kim Gye Gwan invited him to visit Pyongyang. But when Gregg raised the issue during his November 2-5 talks with Kim and others, he said he was told, "The climate has changed. It's no longer an option." Gregg said the Pueblo was not at its usual mooring and he was told it had been returned to Wonsan, on the opposite coast of DPRK, where it had been held for decades after its capture on Jan. 23, 1968. The capture of the Pueblo was one of the most shocking events of the Cold War. DPRK patrol boats seized the intelligence-gathering ship in international waters and one of the 83 US crew members was killed. The rest were removed from the ship and held prisoner for 11 months. Gregg said he had first discussed the Pueblo's return in a visit to Pyongyang last spring.

9. Japan-US Ehime Maru Settlement

The New York Times (Howard W. French, "JAPANESE ACCEPT US OFFER IN SHIP ACCIDENT," Tokyo, 11/14/02) reported that the US agreed today to pay \$13 million in compensation to the families of 33 people who were aboard a Japanese fishing school trawler sunk by a US submarine off Hawaii in February 2001. The settlement was signed at the US Embassy here in the absence of the

families, and the sum was reported by Japan's news media; the United States Navy spokesman and the lawyers for the families refused to confirm the amount. "I believe that our position of collectively reaching a settlement became a major force" in the negotiations, which began in May, said Morio Hatakeyama, a lawyer who represented the families. Two other families who had relatives who were victims of the accident did not sign the compensation agreement and are pursuing a separate settlement.

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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