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I. **United States**

1. **Kim Jong-il Visit to PRC**

New York Times (Craig S. Smith, "NORTH KOREAN LEADER MAKES TRIP TO SHANGHAI," Shanghai, 1/17/01) reported that DPRK leader Kim Jong-il, arrived in Shanghai on January 16 via a special train to Beijing from Pyongyang on January 15. A Shanghai hotel confirmed that Kim had checked in, but the PRC Foreign Ministry, the DPRK Embassy in Beijing, and the Foreign Affairs Bureau of Shanghai all said that they knew nothing of a visit by Kim. However, the ROK JoongAng Ilbo, said 20 high-ranking officials, including Jo Myong Rok, head of the DPRK General Political Department, had accompanied Kim. The Kyodo news agency in Japan quoted a government source in the ROK as having said Kim was discussing with PRC leaders relations with the ROK and the US under the Bush administration. [Ed. note: This article was included in the US Department of Defense's Early Bird news service for January 17, 2001.]

Reuters ("SOUTH KOREA CONFIRMS NORTH'S KIM IN CHINA," Seoul, 1/17/01) and Agence France Presse ("KIM JONG-IL LEARNING LESSONS FROM CHINA ON OPENING ECONOMY," Seoul, 1/17/01) reported that the ROK Yonhap News Agency quoted presidential spokesman Park Joon- young confirming on Wednesday that DPRK leader Kim Jong-il was in the PRC and said the visit indicated the DPRK was seeking changes. Park told Yonhap that ROK president Kim Dae-jung

said, "In (Kim Jong-il's) visit to China and in missile talks with the United States, North Korea was seeking to become a second China. This proves strongly that North Korea is changing." An ROK official said the comments by Park were made during a pre-meeting briefing to local reporters and were a "partial reflection of what the president may have said during the meeting," which was due to end shortly. The ROK presidential Blue House has yet to confirm or deny the DPRK leader's whereabouts, although local media on Wednesday widely reported as fact the visit was taking place and that Kim Jong-il was in Shanghai. Dong Yong-Seung of the Samsung Economic Research Institute said, "Kim Jong-Il is keenly interested in obtaining new technology, especially information technology. He apparently wants to learn from the Chinese experience in developing the economy, but he will not blindly follow China's steps." Huh Moon-Young of the state- financed Korea Institute for National Unification (KINU) said Kim Jong-Il appeared to be sending signals to the US. Huh said, "One is that the North is shifting toward a policy of openness, although limited and without reform. The other one is that North Korea has China to balance the United States, where the new administration of George W. Bush is soon to be launched." Lee Jong-Seok of the private Sejong Institute said that aside from inspecting the PRC's economic miracle, Kim Jong-il also wanted to coordinate with his PRC allies on policies toward the US. Lee said, "Chairman Kim is stepping up policies of pragmatism through this visit. It will also help advance inter-Korean ties as well."

2. ROK Missile Program

Agence France Presse ("SOUTH KOREA DECLARES NEW POLICY ON INDEPENDENT MISSILE DEVELOPMENT," Seoul, 1/17/01) and Associated Press (Sang-Hun Choe, "SOUTH KOREA TO DEVELOP MISSILES," Seoul, 1/17/01) reported that the ROK declared Wednesday that it would develop new missiles capable of hitting targets in most of the DPRK. The ROK foreign ministry said in a statement, "Today our government adopted new guidelines on missile and commercial rocket development." The new policy would allow the ROK to develop short-range missiles with a range of 300 kilometers and a payload of 500 kilograms. A previous accord with the US limited ROK missile range to 180 kilometers. It was not known immediately whether the US endorsed the program, but ROK officials said the US had already agreed to ease restrictions on ROK missile development. The ROK government said its missile development would boost its independent security and promised to join the Missile Control Technology Regime. The ROK foreign ministry said its rocket development would be used only for peaceful and commercial use and has already announced that it will build a satellite launch center on the south coast by 2005 but gave no details about the missile plans. However, ROK Yonhap news agency said the ROK plans to develop cruise missiles and unmanned reconnaissance planes with limited warhead weights. Yonhap said the program includes an ambitious plan to develop, test-fire and manufacture commercial satellite-launching vehicles without any restrictions. Yonhap also said the ROK would maintain its sovereignty by stopping US officials from inspecting the research, manufacturing and deployment of ROK missiles. However, it said, the ROK will allow US experts to attend the test-firing of commercial satellite-launching vehicles if requests are made.

3. Sino-US Relations

Agence France Presse ("BUSH PUSH FOR MISSILE DEFENSE COULD MEAN ARMS RACE WITH CHINA: ANALYSTS," Beijing, 1/17/01) reported that PRC analysts said the PRC could end up in an arms race with the US and its allies Japan and Taiwan as incoming US President George W. Bush starts pushing a more aggressive defense agenda. Wu Guoguang, an expert on Sino-US relations at Chinese University of Hong Kong said, "It is likely that an arms race will develop over the next four years between on the one hand the United States and its allies, and China on the other hand. The missile defense system is a sign of that." Joseph Cheng, a China observer at City University of Hong

Kong, said, "It's obvious that if the United States develops the system, China will have to spend a lot more on missile technology." Cheng said there could be parallels to the way former US president Ronald Reagan outspent the Soviet Union on military hardware in the 1980s, although it is unlikely the PRC will be forced all the way to bankruptcy. PRC think tanks admit the missile defense plans have the potential to seriously disturb Sino-US relations in the years ahead, although some doubt the system can be implemented. Chu Shulong, a senior researcher at the Modern International Relations Research Institute, said, "It's a big question if it's technically feasible, and also there are questions about domestic US support. Democrats in Congress may be even more reluctant to support it than they were under Clinton. The only really acute issue that remains is Taiwan. If the US continues its large-scale, first-class weapons sales to Taiwan, it is almost certain to lead to disputes or even crises between the US and China. China-US relations have reached a crossroads. The future will show whether the two countries will be friends or foes."

Agence France Presse ("CHINA IS NOT A U.S. ENEMY, SAYS POWELL," Washington, 1/17/01) reported that US Secretary of State designate Colin Powell said Wednesday that the PRC is not a US enemy but is a potential rival rather than a partner. Powell also pledged to stand firm in support of Taiwan and laid out the benchmarks of his approach to the PRC. Powell said at his confirmation hearing before US senators, "We will treat China as she merits. A strategic partner, China is not. But neither is China our inevitable and implacable foe. China is a competitor, a potential regional rival but also a trading partner ... but China is not an enemy and our challenge is to keep it that way." In his testimony, Powell reiterated support for the "One China" policy, but warned that the US would stand by Taiwan and would fulfill its security obligations in line with past acts of US Congress. He said, "We understand that a strong Taiwan that is secure is a foundation ... for stability and security in that part of the world."

The International Herald Tribune published an opinion article by Ralph A. Cossa, executive director of the Pacific Forum CSIS, ("US-CHINA? EXPECT MORE OF THE SAME," Honolulu, 1/17/01) which said that Sino-US relations in the next four years may look much like what they have been under US President Bill Clinton. Cossa wrote that Bush would likely be easier on the PRC on issues of human rights and labor and less inclined to humanitarian intervention. In reference to Taiwan, Cossa noted that "no US administration would be able to ignore an unprovoked Chinese attack" and action by the PRC would provoke "an at least equally firm response" as Clinton in 1996. Therefore, Cossa continued, "barring a provocative act by Taipei, which seems improbable, military action against Taiwan appears the least likely method that Beijing would employ to test Mr. Bush's mettle." He wrote that a more likely maneuver would be an attempt to change the rules regarding Taiwan's accession to the World Trade Organization or a confrontation over theater missile defense (TMD). Cossa added, "Another area where a test of wills could emerge is over the problem of missile exports." Cossa noted that Bush will "likely be compelled early on" to deal with allegations of PRC noncompliance with the Missile Technology Control Regime. He also predicted that the PRC will surely press Bush for a renewed US commitment to the "one China" principle which "it will probably get, although the wording may acknowledge, rather than endorse, the Chinese position." [Ed. note: This article was included in the US Department of Defense's Early Bird news service for January 17, 2001.]

II. Republic of Korea

1. DPRK-Netherlands Relations

The Korea Herald (Shin Yong-bae, "NETHERLANDS ESTABLISHES OFFICIAL DIPLOMATIC TIES WITH NORTH KOREA," Seoul, 01/17/01) reported that the Netherlands has established diplomatic

relations with the DPRK, becoming the first foreign country to establish diplomatic links with the DPRK this year. ROK Foreign Ministry officials said the two sides also agreed on the Netherlands' twin assignment of an ambassador to both the ROK and the DPRK. The DPRK's establishment of diplomatic ties with the Netherlands, a member country of the European Union (EU), is their first diplomatic achievement this year.

2. Kim Jong-il Visit to PRC

The Korea Herald (Kim Ji-ho, "N. KOREAN LEADER IN DIRE NEED OF BEIJING'S ADVICE ON ECONOMY, DIPLOMACY," Seoul, 01/17/01), The Korea Herald (Shin Yong-bae, "N.K. LEADER KIM JONG-IL SAID TO BE ON SECRET VISIT TO CHINA," Seoul, 01/17/01) and The Korea Times (Son Key-young, "KIM'S TRIP MAY DECLARE NK'S OPENING," Seoul, 01/17/01) reported that ROK officials and analysts said on January 16 that the ongoing visit to the PRC by DPRK leader Kim Jong-il demonstrates how urgently the DPRK needs the advice and support of the PRC in both economic and diplomatic areas. Officials said Kim, accompanied by his top aides, reportedly crossed the Sino-Korean border by train on January 15 for a weeklong visit, aimed at touring industrial facilities in PRC. A senior ROK official said, "North Korea seems to be headed toward the path of reform and open-door policies adopted earlier by China, Vietnam and Laos." Dong Yong-seung, a fellow at the Samsung Economic Research Institute (SERI), said, "From looking at the list of Kim's key entourage, Kim seems to hope China's industrial developments would stimulate his officials, mostly conservative and politically-oriented bureaucrats, to become reform-minded." Kim is reportedly visiting the Pudong district in Shanghai, where foreign capital has brought an unprecedented development boom. Observers said that another goal for the top-level visit is to hold face-to-face discussions with PRC President Jiang Zemin on DPRK relations with the ROK and the US. The DPRK leader is also expected to try to enhance ties between the two countries by coordinating their diplomatic policies toward the US under George W. Bush's new administration. A government official said, "Chairman (of National Defense Commission) Kim will likely discuss with Chinese leaders the North's policy direction for U.S.-North Korea and inter-Korean relations under the Bush administration, which advocates 'peace through power.' "

3. Inter-Korean Summit

The Korea Herald (Chon Shi-yong, "OFFICIAL HINTS KIM JONG-IL MAY VISIT SEOUL EARLY," Seoul, 01/17/01) reported that a ranking ROK official said on January 16 that the DPRK leader Kim Jong-il's surprise trip to the PRC indicates that he may come to the ROK at an earlier-than-expected date. The official said, "We did not expect Chairman Kim to go to China this early, although we believed he would do so some time between after the lunar New Year holidays (on Jan. 24) and March." The official said that the ROK government expected Kim Jong-il to visit the ROK some time between "spring and the end of the first half of this year." The official added that the ROK government had information as early as last December that Kim Jong-il would make another trip to the PRC this year.

III. People's Republic of China

1. Pentagon Report

China Daily ("GOV'T SLAMS PENTAGON ACCUSATION," Beijing, 01/12/01, P2) reported that PRC government condemned a US Defense Department report accusing the PRC of selling ballistic

missiles or nuclear technology in defiance of non-proliferation agreements. PRC Foreign Ministry spokesman Zhu Bangzao said, "The accusations in the report are groundless and highly irresponsible." He also expressed PRC concern about the consequences of NATO's use of depleted uranium munitions in the Balkans. The US Defense Department report, entitled "Proliferation: Threats and Response," alleges that a dozen countries are pursuing offensive biological and chemical weapons programs, mainly with help emanating from Russia and the PRC.

2. PRC Space Program

People's Daily (Jia Xiping, "SPACESHIP RETURNS TO EARTH SAFELY," 01/17/01, P1) reported that the PRC's second unmanned spaceship, Shenzhou II, returned to earth safely on January 16 in the Inner Mongolia Autonomous Region after circumnavigating the earth 108 times in less than a week. A spokesman at the Beijing Aerospace Command and Control Center said the spaceship landed in central Inner Mongolia after completing certain experiments. He said, "The Shenzhou unmanned space capsule made an almost seven-day, 108-orbit voyage after blasting off from Jiuquan Satellite Launch Center on January 10." According to sources at the Center, the Shenzhou II was almost identical to a manned spacecraft in terms of its construction.

3. Military Conversion

China Daily (Xu Dashan, "MILITARY FIRM EYES ROSY MARKET FUTURE," 01/11/01, P5) reported that according to its top executives, the China Aviation Industry Corporation II (AVIC II), one of the PRC's top 10 military enterprises, will speed up establishment of a market-oriented management to improve performance by engaging in significant structural adjustments. Zhang Yanzhong, general manager of AVIC II, said, "The corporation's major non-military business will enter the stock market within three years, which will eventually enable all of AVIC II's backbone factories to become listed companies in their own right." The company's main products are helicopters, aircraft, minivans and motorcycles. AVIC II plans to list three of its subsidiaries: C Changhe Automobile, Chengfa Technology, and Hafei Automobile C, on the domestic stock market this year.

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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