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I. United States

1. DPRK Nuclear Program

Reuters ("REPORT: N.KOREA MAY HAVE ENOUGH PLUTONIUM FOR BOMB," Seoul, 07/18/03) reported that the PRC believes the DPRK has processed enough plutonium to complete a nuclear bomb, the Asian Wall Street Journal said Friday. The ROK's National Intelligence Service said last week the DPRK had started reprocessing a small number of the 8,000 fuel rods it has stored at its Yongbyon nuclear complex. The newspaper quoted diplomats in the PRC capital and a European official as saying PRC intelligence services had concluded in recent weeks their communist neighbor is producing enough weapons-grade plutonium and has all the components needed to make nuclear-topped missiles. "China believes North Korea has reprocessed enough plutonium to complete a nuclear bomb -- a finding Beijing isn't publicly acknowledging but that is touching off urgent Chinese diplomacy to defuse Pyongyang's standoff with the U.S.," the Journal said in its front-page report from the PRC. It said the diplomats and the official had seen internal PRC reports or been briefed on their contents.

2. PRC-DPRK Relations

BBC News ("RADIO REPORTS CHINA TO PROVIDE NORTH KOREA WITH "FREE" DIESEL FUEL," Pyongyang, 07/18/03) reported that the PRC government has decided to provide the DPRK with diesel fuel free of charge. Recently, the PRC government decided to provide the DPRK with 10,000 tons of diesel fuel free of charge.

3. DPRK Nuclear Talks

Reuters (Paul Eckert "HOPES RISE FOR N.KOREA TALKS DESPITE CLASH, REPORTS," Seoul, 07/18/03) reported that prospects for fresh talks about ending the DPRK's suspected nuclear program looked brighter Friday after the US and ROK said they saw encouraging signs in a PRC diplomatic initiative. A day after the two Koreas traded machinegun fire across their heavily armed border, the ROK's focus turned to PRC efforts to persuade the DPRK to abandon its nuclear ambitions and end a crisis that erupted nine months ago. British Prime Minister Tony Blair and Australian Prime Minister John Howard, key allies of President Bush, are also visiting the region to add urgency to the latest flurry of diplomatic activity. Howard emerged from talks with ROK President Roh Moo-hyun Friday saying China's efforts to coax its old ally DPRK to the negotiating table were "promising." He said Roh "believes that North Koreans in the end will act rationally." The US has said it will keep pressing for five-way talks that include the ROK and Japan, the countries most directly threatened by a nuclear-armed DPRK, but it has not excluded three-way discussions. The DPRK remained silent Friday on the previous day's shooting incident. The ROK's army said its troops returned fire after the DPRK fired on an observation post in the Demilitarized Zone, the divided peninsula's fortified frontier.

4. DPRK-ROK Relations

Reuters (Martin Nesirky and Kim Kyoung-wha "SOUTH KOREAN AID TO NORTH GOES ON AFTER SHOOTING," Aeoul, 07/18/03) reported that the ROK will still give the DPRK economic aid and even boost the amount it spends despite a shooting incident along their border this week, the ROK's budget and planning minister told Reuters on Friday. Park Bong-heum, a veteran bureaucrat, also said the government planned to boost defense spending gradually but would not be able to meet the

Defense Ministry's request for an increase of nearly 30 percent to 3.2 percent of gross domestic product (GDP) next year. Asked whether Thursday's exchange of gunfire in the Demilitarized Zone would have an impact on aid, he said: "It is a separate issue which will be handled separately. The inter-Korean cooperation fund will be maintained and its focus is on providing humanitarian support and reuniting families." The ROK has earmarked 2.7 percent of GDP, or 17.4 trillion won (\$14.77 billion), for defense this year. The defense ministry wants to increase spending to make the ROK military less reliant on US defenses.

5. DPRK Defector in ROK

The Associated Press ("NORTH KOREAN DEFECTS ACROSS BORDER," Seoul, 07/17/03) reported that a DPRK man defected to the ROK before dawn Friday after walking across the tense, mine-laced Demilitarized Zone, the ROK military said. The DPRK citizen, believed to be in his 30s, walked along the eastern coast and appeared at a ROK guard post at 3:49 a.m., according to the ROK's office of the Joint Chiefs of Staff. The man told TOK soldiers that he defected to escape harsh living conditions. Defections across the heavily patrolled inter-Korean border are rare. Most defectors come through the PRC, which shares a long border with the DPRK. Early this month, two DPRK men defected to the ROK after crossing the western sea border aboard a motorless boat. More than 500 DPRK citizens have defected to the ROK this year. Last year, 1,141 DPRK citizens defected to the ROK, up from 583 in 2001, 312 in 2000 and 148 in 1999.

6. DPRK Defector to Visit US

Reuters ("S.KOREA CLEARS TOP NORTH DEFECTOR FOR U.S. VISIT," Seoul, 07/18/03) reported that the ROK said on Friday it had relaxed security watch on the highest-ranking DPRK official ever to defect to the ROK, enabling the former top DPRK official to visit the US. Hwang Jang-yop, the former secretary of the DPRK Workers' Party who defected to Seoul in 1997, had been under 24-hour guard since his arrival in the ROK and unable to respond to frequent invitations to lecture in the US. On July 3, the 81-year-old former top ideologue in the DPRK told ROK's parliament the DPRK's leader, Kim Jong-il, and his close lieutenants had told him the DPRK conducted underground nuclear weapons testing in 1991. US Congressional, defense and intelligence authorities have long sought to invite Hwang to hearings in Washington. Hwang was a mentor to Kim Jong-il and is thought to have deep insights into the secretive leader's thinking. It was not immediately clear when or whether he would travel to the US.

7. DPRK Human Rights Issues

The Washington File (James A. Morse "CONFERENCE FOCUSES ON NORTH KOREAN HUMAN RIGHTS ABUSES: NATIONAL ENDOWMENT FOR DEMOCRACY LOOKS AT THE DPRK GULAG," Washington, 07/17/03) reported that a day-long conference hosted by the National Endowment for Democracy (NED) sought to "shine a spotlight" on human rights abuses in the DPRK. Held July 16 in the U.S. Senate's Dirksen Building, the conference was entitled "Gulag, Famine, and Refugees: The Urgent Human Rights Crisis in North Korea." Conference speakers said it is estimated that some 300,000 DPRK citizens have fled to the PRC to escape famine and political oppression, yet the PRC regards them as "economic refugees," and its policy is to return them to the DPRK where they face torture, imprisonment, or death for having committed the "treason" of leaving their homeland. Andrew Natsios, administrator for the US Agency for International Development, said he estimates that as many as 2.5 million DPRK citizens may have died of famine and other causes under the DPRK's repressive regime. Natsios, author of a book entitled "The Great North Korean Famine," said

that although the DPRK's distribution system for food aid requires more stringent monitoring, the US remains the DPRK's most generous donor of food assistance. Since 1995, the US has contributed a total of 2.0 million tons of food valued at \$650 million. Natsios urged the international community to focus on the DPRK's abuses of its citizens more closely and demand improved monitoring of international aid programs operating inside the DPRK. David Hawk, a researcher for the U.S. Committee for Human Rights in North Korea, discussed his groundbreaking work to document the DPRK's gulag using commercial satellite photos and testimony of former prisoners and prison guards who have escaped the DPRK. Hawk estimates there are at least six prison camps in the DPRK. A single prison camp can be 20 to 30 miles long and 10 to 15 miles wide. Each camp houses some 20,000 to 40,000 prisoners who live in smaller enclaves or "villages." Most political prisoners are imprisoned for life, and most die from starvation and overwork in mining, logging, and agricultural operations.

8. KEDO DPRK LWR Project

Kyodo News/Japan Econ Newswire, ("KEDO OFFICIALS END MEETING ON N. KOREA NUCLEAR PROJECT," New York, 07/18/03) reported that officials from member countries of the Korean Peninsula Energy Development Organization (KEDO) Executive Board on Tuesday ended a two-day meeting to discuss technical issues concerning a US proposal to call off the construction of two nuclear reactors in the DPRK. The KEDO executive board, made up of Japan, the US, the ROK and the European Atomic Energy Community, met in New York. A ROK government official who attended the six-hour session Tuesday told reporters the officials confirmed the current situation of the nuclear reactor project, but the official refused to go into detail. But the official said the meeting did not decide on whether to scrap the project. The US wants to halt the reactor project, part of a 1994 deal between the US and the DPRK to stop Pyongyang from developing nuclear arms. The DPRK, US officials say, acknowledged it has pursued a nuclear arms development program in violation of the 1994 accord. Diplomatic sources said earlier the meeting is intended for the KEDO Executive Board to discuss technical issues that may follow once KEDO decides to end the project. 'The meeting will be limited to technical issues and there won't be any show of direction' regarding the nuclear project, a diplomatic source said earlier. The US is anticipating a decision in August to halt the project before Congress begins deliberating in early September budget spending for fiscal 2004, which begins Oct. 1, a source close to US-DPRK talks said Monday.

9. ROK-Australian Relations

Asia Pulse ("S KOREA, AUSTRALIA TO CONTINUE TALK ON N KOREA NUCLEAR ISSUE," Seoul, 07/18/03) reported that ROK President Roh Moo-hyun and Australian Prime Minister John Howard agreed during summit talks today to maintain a dialogue with the DPRK to resolve the issue of the DPRK's nuclear program. Roh also sought Australia's cooperation in equalizing the bilateral trade imbalance currently tilted in Australia's favor, asking the prime minister to lower tariffs on ROK products. Howard arrived in Seoul on Thursday as part of his Asian tour, and is scheduled to leave on Sunday. The two leaders reaffirmed that the DPRK nuclear issue should be settled through negotiation, and emphasized that they will work together to maintain momentum for a multilateral dialogue. Howard urged all nations that have ties with the DPRK to cooperate together, Cheong Wa Dae spokesman, Yoon Tai-young, said. He also stressed that the DPRK must abandon its nuclear ambitions. Roh thanked the Australian government for supporting Seoul's position on inter-Korean affairs. He asked Howard to ease trade barriers against the ROK, such as anti-dumping measures imposed on the ROK's automobiles. The ROK imports some US\$6 billion annually from Australia but exports only US\$2.3 billion worth of goods. Howard pledged to cooperate as much as possible and asked in return that the ROK extend the current 7-year LNG (liquefied natural gas) import contract

to 20 years. The two leaders also agreed to bolster cooperation in the IT and science-technology fields and consult closely at international areas such as the World Trade Organization.

10. ROK-Russian Relations

Asia Pulse ("KOREA, RUSSIA TO HOLD ECONOMIC COOPERATION MEETING IN SEOUL," Seoul, 07/18/03) reported that the ROK and Russia will hold the fifth Korea-Russia Joint Committee on Economic, Scientific and Technological Cooperation in Seoul next week, the Ministry of Finance and Economy (MOFE) said Friday. The ministry said the meeting, scheduled to take place Monday, will give the ROK and Russia an opportunity to further expand bilateral cooperation on several fronts. The meeting is the first since President Roh Moo-hyun took office in February and is expected to lay the foundations for future exchanges in such fields as trade, investment, fishing rights, finances and energy development. MOFE said Minister of Finance and Economy Kim Jin-pyo will lead the Korean delegation, which will also comprise a vice minister from the Ministry of Construction and Transportation and deputy minister level officials from other related government agencies. It added that 12 Russian officials will attend the meeting, led by Ilya Klebanov, Russia's minister of industry, science, and technology. The first joint committee meeting took place in Seoul in July 1997 with the aim of exchanging views on areas of interest for both sides. The fourth cooperation meeting took place in November last year.

11. Japan on Tri-Lateral DPRK Talks

Kyodo News (Kakumi Kobayashi and Takeshi Sato, "KOIZUMI TO ACCEPT 3-WAY TALKS ON N. KOREA NUKE ISSUE," Tokyo, 07/18/03) reported that Prime Minister Junichiro Koizumi said Friday it would be conditionally acceptable to Japan for the US, PRC and DPRK to resume their talks aimed at breaking the impasse over the DPRK's nuclear arms program, which have been stalled since April. The possible three-way talks would be acceptable as a step before holding five-nation talks involving Japan and the ROK at an early date, Koizumi told reporters at his office. Koizumi did not elaborate but the remarks apparently underscored Japan's stance that bringing the DPRK to the negotiating table is a priority. A ROK report said Thursday the negotiations could be restarted as four-way talks involving the three starting members and the ROK but excluding Japan. The DPRK opposes Japan's participation in the multilateral talks on its nuclear arms program, and the PRC supports the DPRK's position, the ROK's Yonhap News Agency said. Meanwhile, Chief Cabinet Secretary Yasuo Fukuda told reporters Japan will closely monitor developments in upcoming US-PRC discussions on how to resume the multilateral talks.

12. PRC on DPRK Nuclear Talks

The Associated Press (Christopher Bodeen, "CHINA PUSHES FOR N. KOREA-U.S. TALKS," Beijing, 07/18/03) reported that the PRC has dispatched a top diplomat to Washington to push for talks between the US and the DPRK over the DPRK's suspected nuclear weapons program. Vice Foreign Minister Dai Bingguo, the PRC's most experienced envoy on the DPRK, is expected to brief US Secretary of State Colin Powell on Friday about his recent visit to the DPRK. Dai's trip is the latest in a flurry of diplomacy by the PRC aimed at calming tensions over the DPRK's nuclear program, which the US believes is aimed at producing nuclear weapons. The PRC's diplomatic urgency may be fed by concerns that the DPRK is pushing the issue to the brink of conflict. PRC state media said Dai met with DPRK leader Kim Jong Il in Pyongyang last weekend, underscoring the PRC's unique role as intermediary between the DPRK and the US. The PRC hasn't released details of the talks, except to say that Dai also met also with other top DPRK leaders and held "in-depth discussion on issues of

mutual concern."

13. PRC Anti-Subversion Law Scandal

Reuters (Tan Ee Lyn, "BESIEGED HONG KONG LEADER LOOKS TO CHINA FOR SUPPORT," Hong Kong, 07/18/03) reported that Hong Kong leader Tung Chee-hwa, besieged by calls to resign, will be seeking crucial backing when he visits PRC leaders who have been alarmed by massive protests and calls for greater democracy in the city. Reeling from a loss of public confidence in his government, Tung, who visits the PRC on Saturday, needs fresh endorsement and support from his political masters, who command far more respect in Hong Kong than he does, analysts said. "Most people in Hong Kong, even the elite, now hold the consensus that he is unfit to govern. So he really needs the open support of the PRC. It holds the trump card," said Li Pang-kwong, a politics lecturer at Lingnan University. Tung is expected to meet President Hu Jintao and Premier Wen Jiabao in Beijing to discuss Hong Kong's worst political crisis in years and his plans to revive the sickly economy. He is also expected to seek the PRC's blessings for the new security and financial secretaries after two of his top ministers resigned, adding to political uncertainty in the city. Widely seen as stubborn and distant, Tung faces growing calls to quit over the government's plan to enact a controversial anti-subversion law, a string of policy blunders, the recent SARS outbreak and its failure to revive the sickly economy. Adding to Tung's woes, the government said on Thursday unemployment had surged to a record 8.6 percent and economists expect more people will lose their jobs in coming months.

The Associated Press (Dirk Beveridge "HONG KONG LEADER PLEDGES ACCOUNTABILITY," Hong Kong, 07/18/03) reported that Embattled Hong Kong leader Tung Chee-hwa won praise Friday from state-run PRC media over his pledge to change his ways and listen to the people after mass protests over a national security bill threw the government into crisis. Tung ruled out resigning Thursday and the Hong Kong edition of the China Daily lauded his "brave choice" to recover from past mistakes - an indication of support from the PRC although the central government has had little to say about the situation. Tung's many critics in Hong Kong say they have their doubts about whether he can change and govern effectively. A protest July 1 by a half million people made clear that Tung has serious problems with public trust. The protesters were exercising free speech rights, guaranteed in Hong Kong's mini-constitution, but aimed their discontent at an anti-subversion law that the constitution also requires. Tung was forced to put the anti-subversion measure on hold for now and China Daily urged him Friday to "take advantage of the wisdom outside the government" as he moves forward. Tung's opponents said Friday they didn't believe his promise to become more accountable - something they have heard before, albeit at times when Tung was not in such deep trouble. "It was just lip service," said Wong Sing-chi, a lawmaker from the opposition Democratic Party. "His office has long known to be a black hole: Any suggestions that are going in won't have a chance to return and get used."

14. PRC Universal Suffrage

Agence France-Presse ("PRO-CHINA PARTY SUGGESTS UNIVERSAL SUFFRAGE FOR HONG KONG: REPORT," 07/18/03) reported that the leader of the largest pro-PRC party in Hong Kong has called for the territory's next chief executive to be elected by universal suffrage. Legislator Tsang Yok-sing, chairman of the Democratic Alliance for Betterment of Hong Kong, told the South China Morning Post the government "should consider whether it needs to change its mind and (embrace and accept universal suffrage)." "The whole (political) scene will be given a new life when there is a clear direction (for elections) after 2007. (if a go-ahead is given), the whole society will then be able to focus on the economy and livelihood issues. People will stop calling on Tung to go," he said. The government headed by current chief executive Tung Chee-hwa has been non-committal on its stance

towards universal suffrage. Under the Basic Law, the territory's mini constitution, Hong Kong can elect the chief executive and the whole legislative council through universal suffrage after 2007 and 2008 respectively if two-thirds of the standing committee of the National People's Congress - the PRC's parliament -- agrees. The issue has been dramatically forced onto the agenda in Hong Kong by a series of huge anti-government protests triggered by government attempts to push through an unpopular subversion law. Tsang told the Post he had raised with the PRC government officials the idea of electing the next chief executive by universal suffrage when Tung's second term comes to end in 2007. "No Beijing official has indicated either yes or no to my suggestion," said Tsang. He said it was understandable that the PRC might prefer to delay electing the chief executive by universal suffrage for the sake of Hong Kong's prosperity and stability. "They should now take a fresh assessment on the pros and cons They should reassess the situation after the July 1 development," he said.

15. PRC Spying Charges

The Associated Press (Lolita C. Baldor, "BOSTON-AREA ACTIVIST HELD AS SPY IN CHINA," Washington, 07/17/03) reported that a pro-democracy activist jailed in the PRC for more than a year was indicted by the PRC government Thursday on charges of espionage and entering the country illegally, according to his wife and their lawyer. Yang Jianli could go to trial as early as July 28. The trial will be closed because it involves "state secrets" according to information provided to Yang's wife Christina Fu. The espionage charges involve events that reportedly occurred more than 10 years ago, Fu said. "As we all know, Jianli is not a spy," Fu said from her Boston home Thursday. "All he wanted to do was to help his countryman, his poor friends and relatives in the PRC." A PRC citizen with permanent US residency, Yang is founder of the Boston-based Foundation for China in the 21st Century. He was detained by PRC police in April 2002, while trying to board a plane in Kunming using false papers. He was not allowed to see his lawyer or family members until about 10 days ago, as word about the potential charges began to leak out. A spokesman for the PRC embassy, Sun Weide, said he was not aware of the indictment. But he said the "case has been quite clear." Yang, he said, "entered China illegally." "China is a country governed by law, and if somebody breaks the Chinese law then he has to face the consequences." If convicted of the espionage charge, Yang could face up to life in prison.

16. US-PRC Relations

The Associated Press ("SENATORS DEMAND CHINA CURRENCY PROBE," Washington, 07/17/03) reported that Senators asked the Treasury Department Thursday to examine whether the PRC is manipulating its currency to unfairly boost exports. The lawmakers, in a letter to Treasury Secretary John Snow, contend that the PRC's currency practices may be contributing to job losses in the US. US companies finding it harder to compete against lower-priced goods flowing into this country from the PRC and other countries are laying off workers, they said. The letter signed by Sens. Charles Schumer, D-N.Y., Elizabeth Dole, R-N.C., Evan Bayh, D-Ind., and Lindsey Graham, R-S.C. complained that the PRC's currency is artificially low, giving PRC exports an unfair advantage. Unlike nations that use a floating currency which shifts in value due to market forces, the PRC's currency, the yuan, is fixed at a specific value. "We believe this investigation is critical to help address the issue of joblessness in our economy," the senators wrote. The nation's unemployment rate climbed to a nine-year high of 6.4 percent in June. The senators believe that World Trade Organization rules bar countries from manipulating currency to gain an export advantage. Treasury spokesman Rob Nichols didn't say whether the department would look into the matter as the senators requested. But he did say "China has indicated in the past that they intend to move toward greater flexibility and this is something we support."

17. PRC Drug Bust

Agence France-Presse ("BEIJING POLICE MAKE LARGEST DRUG BUST IN MORE THAN HALF A CENTURY," 07/18/03) reported that Police in the PRC have made their largest drug bust since the PRC was established in 1949, seizing 13.2 kilograms (29.3 pounds) of heroin. Two women from northwest PRC's Gansu province, Ma Xiuqin and Zhang Ganiang, were detained by police during the operation, the China Daily reported. The record drug haul took place during an ongoing anti-drug campaign launched by Beijing police and expected to last for the entire summer. Since officers kicked off the drive in May, they have cracked 620 cases and arrested more than 640 people, the paper said. They have also dealt with 65 drug-related cases including homicide, theft and robbery, according to the paper.

18. PRC-Iraqi Relations

The Associated Press (Christopher Bodeen, "IRAQI AMBASSADOR REFUSES TO LEAVE CHINA," Beijing, 07/18/03) reported that Iraq's ambassador to the PRC has armed himself with pistols and locked other diplomats out of the main Iraqi embassy building in Beijing, refusing orders to return to Baghdad, an Iraqi diplomat said Friday. Mowaffaq Alani was ordered June 6 to return to Iraq as part of a general recall of ambassadors, said Talal H. Al-Khudairi, who said he was asked to take over as representative to the PRC by authorities in Iraq. There was no comment from Baghdad. Al-Khudairi, the embassy's second-ranking diplomat, said Iraqi diplomats have appealed to the PRC's Foreign Ministry to persuade Alani to leave and permit the embassy to resume normal operations. PRC Foreign Ministry spokesman Kong Quan said the PRC wanted the Iraqis to handle the dispute themselves. "In fact we don't have any official contact with the embassy at this time," Kong said.

19. US-Japanese Relations

Kyodo News, ("U.S. OKS RETURN OF IDLE LAND IN YOKOHAMA MILITARY FACILITIES," Tokyo, 07/18/03) reported that the US agreed Friday to return idle land in four of its military facilities in Yokohama, Japanese government officials said. The US and Japan have been negotiating on the relocation of the aging US military residential area in Negishi, covering 43.1 hectares with some 390 houses, and the return of three other facilities in the prefectural capital of Kanagawa. Both sides agreed on the relocation of the housing complex to another U.S. military residential area in Ikego, which straddles Yokohama and Zushi in the prefecture, the officials said. The other facilities to be returned are a 242.2-hectare communications facility in Kamiseya, a 2.9-hectare warehouse complex in Tomioka, and a 77.4-hectare communications center in Fukaya, according to the officials.

20. Train Accident in Japan

The Associated Press (Kuzo Mizoguchi "JAPAN TRAIN DERAILMENT INJURES 35 PEOPLE," Tokyo, 07/18/03) reported that an express commuter train derailed in southern Japan late Friday, leaving two cars overturned and injuring at least 35 people, police and fire department officials said. Rescuers were working in the rain to pull passengers from the six-car train, which was carrying between 120 and 130 passengers from Nagasaki to Hakata on Japan's southernmost main island of Kyushu, said Nagasaki prefectural (state) police official Isao Oshima. The front car had flipped over, and the second car was laying on its side, he said. The next car back was tipped off the tracks at a precarious angle, he said. Oshima said it wasn't clear how fast the train was moving at the time of the accident. Transport authorities were investigating. Officials at JR Kyushu, the train's operator, couldn't be immediately reached for comment. Local fire department official Naoyuki Nishihara said

35 injured passengers had been taken to hospitals, and others who had bruises and minor injuries were being treated by medical workers in makeshift clinics near the accident site. Nishihara said the 47-year-old conductor, who had been trapped in the wreckage but was later freed, suffered chest injuries and a broken collarbone. A 51-year-old passenger, who was the only other person aboard to have been seriously hurt, was being treated for a broken leg. Public broadcaster NHK television footage showed the nose of the train's front car buried in the dirt alongside the tracks. More than 40 people were believed injured, NHK said. The Kyodo news agency cited police sources as saying the train appeared to have jumped its tracks after hitting a rock, according to the report.

21. Japanese Energy Crisis

The Associated Press (Audrey McAvoy, "JAPANESE ENERGY CRISIS NOT OVER YET," Tokyo, 07/18/03) reported that one by one, the nuclear reactors are coming back online, and it appears that the 43 million people living in and around Tokyo may not have to swelter through the capital's notoriously humid summer without electricity. But even though a third of the 17 nuclear reactors that were closed for safety checks months ago were restarted this week, Japan's latest energy crisis is anything but over. The threat of blackouts, which remain a possibility when energy use peaks in late July and August, has underscored deep problems with the country's nuclear power industry. It also points to the bigger challenges resource-poor Japan faces in securing the energy it needs to keep its economy and society running. Tokyo Electric Power, the world's largest private utility, shut down the reactors after an investigation revealed it systematically lied about the appearance of cracks during the 1980s and 1990s. While the defects don't pose a safety risk, the company says, it wants to reassure the public the reactors are in good shape before firing them up again. To make up for the lost power, TEPCO has brought thermal reactors back on line and is buying excess power from neighboring utilities and the regional railway. Tokyo is so desperate for energy self-sufficiency it is shelling out \$120 million next year alone to research deep sea deposits of methane hydrate in hopes of turning the substance into fuel. Most nations don't even bother exploring reserves because of the high cost and the lack of harvesting technology.

22. PRC Energy Crisis

BBC News, ("POWER SHORTAGES 'HIT CHINA'," 07/18/03) reported that Power prices in the PRC may have to rise to cope with the power shortages spreading across the country, the state media reported on Friday. According to the English-language China Daily, power consumption rose by almost a sixth in the first half of this year as economic growth topped 8%. Blackouts are expected to multiply in the east and south of the vast country, the paper said. In response, the State Electricity Regulatory Commission is boosting prices in peak times by as much as five times, and is considering getting rid of the preferential tariffs introduced for heavy users such as metal producers during a power glut some years ago. The announcement comes little more than a week after the first generator at the controversial Three Gorges Dam was plugged into the nation's electrical grid.

23. PRC Flooding and Mudslides

CNN ("NO END TO CHINA'S FLOOD MISERY," Hong Kong, 07/18/03) reported that heavy rain has led to some of the worst flooding in more than a decade in the central and eastern PRC. Some of the flooding in Anhui Province is so bad that officials along the Huai River are blowing up dikes and flooding farms to try to save larger cities downstream. According to state media, torrential rain is set to hit already inundated areas over the next two days, parts of Sichuan in central PRC are also likely to be affected. This year's summer monsoon has fed rising floodwaters from the country's remote

desert west to the densely populated east, killing more than 500 people. The floods have also forced the evacuation of 2.3 million, according to Civil Affairs Ministry figures released late last week. In the western province of Sichuan, eight people were reported missing after the worst flooding in 39 years on the upper reaches of the Min River, Xinhua news agency said. On the Huai River in Anhui province floods have been the worst on record, and water levels on the lower reaches of the Huai and Yangtze rivers still remain above danger levels as they flow through densely populated areas. As the flood crest moved downstream levels in the huge Hongze Lake, one of the largest bodies of water in eastern PRC, surpassed its 1991 peak. The PRC's state media say troops, along with more than 30,000 militia reserves, are guarding the Huai river's embankments between Hongze lake and the Yangtze river in eastern PRC's Jiangsu province. This is a key area where floodwater in the Huai flows into the Yangtze. The floods are the region's worst disaster in recent history and with the situation worsening there is little chance of relief. Oilfields in Jiangsu and Anhui provinces have already been flooded, Dow Jones Newswires reported. The floods in Anhui province have had a significant impact on farm produce there, especially for grain crops such as cotton, rice and wheat. This year's monsoon has wreaked havoc in a total of 13 provinces, autonomous regions and municipalities in the PRC. Whilst the rains have provided drought relief in the country's northeast it has hit the east hard. The PRC central government has allocated \$24 million for flood relief and the PRC Red Cross Society intends to appeal to the international community for disaster relief assistance for the flood victims, said Xinhua. PRC Premier Wen Jiabao recently visited Anhui and Jiangsu provinces to inspect flood control work. He called on local officials to ensure the safety and health of the people above anything else.

24. Taiwan-Russian Relations

Asia Pulse ("TAIWAN-RUSSIA TIES EXPECTED TO BE FURTHER BOOSTED: FM," Taipei, 07/18/03) reported that Minister of Foreign Affairs Eugene Chien expressed optimism Thursday over the development of relations between Taiwan and Russia and predicted that the two countries will enjoy closer exchanges and cooperative ties in the near future. Chien made the remarks while addressing a cocktail party held by the Ministry of Foreign Affairs in Taipei to mark the 10th anniversary of the inauguration of Taiwan's representative office in Russia -- the Taipei-Moscow Economic and Cultural Coordination Commission (TMECCC). The opening of the TMECCC restarted bilateral exchanges between Taiwan and Russia in various fields, Chien said, adding that over the past decade, both countries have made impressive achievements in the promotion of bilateral exchanges in the fields of trade, humanitarian aid and culture. Noting that the great geographic distance separating Taiwan from Russia does not hinder the development of substantive bilateral relations, Chien said he is confident that growing exchanges will lead to improvements in mutual understanding and closer friendship. For his part, Vladislav Verchenko, director of the Moscow-Taipei Economic and Cultural Coordination Commission, pointed out that Taiwan and Russia have enjoyed stable growth in bilateral cooperation in the fields of trade, technology and culture over the past 10 years. Claiming that mutual understanding has laid a solid foundation for the development of Taipei-Moscow ties, Verechenko expressed the wish that friendship and cooperative ties between the two countries will be further consolidated in the future.

II. Japan

1. Japan's Roles on DPRK Nuclear Issue

Kyodo ("CHINA ECHOES N.KOREA'S OPPOSITION TO JAPAN'S ROLE," Seoul, 07/18/03) reported that the PRC supports the DPRK's position of opposing Japan's participation in talks on the North's

nuclear program involving principally the DPRK and the US, a ROK government official said Friday, according to Yonhap News Agency. "North Korea considers it illogical to see Japan, which has invaded the Korean Peninsula and colonized it, getting involved in the Korean Peninsula affairs," the unnamed official was quoted as saying. "China is generally in support of North Korea's such position of opposing Japan's taking part (in the proposed multilateral format)," the official said. The Japanese government has said it is important to include both Japan and the ROK in upcoming talks on the DPRK nuclear issue for them to produce tangible results. In April, PRC brokered talks in Beijing that brought senior US and DPRK officials together for the first time in half a year. Since then, however, the US and the DPRK have been unable to agree on the format under which to continue the dialogue process started in Beijing. DPRK insists it will discuss the nuclear issue only through direct bilateral talks with the US, while Washington is calling for ROK and Japan to be included in the talks. The ROK official broached the idea of only four countries -- the US, PRC and the two Koreas -- joining the talks to resolve the nuclear standoff and said "it is not clear yet whether the three-way talks will move into five-way talks" that would include Japan. In the PRC-brokered talks, the US representative said his DPRK counterpart had told him Pyongyang already has nuclear weapons, but is willing to give them up in return for security guarantees and economic aid.

2. Japan-Australia Relations

Asahi Shinbun (Taro Karasaki, "JAPAN, AUSTRALIA OK STEPPING UP SECURITY COOPERATION," 07/17/03) reported that Japan's Prime Minister Junichiro Koizumi and his visiting Australian counterpart, John Howard, agreed Wednesday to step up cooperation to combat terrorism in Asia. The two leaders issued a joint statement and an attached action plan detailing efforts to strengthen bilateral consultation and cooperation in fighting terrorism by increasing information sharing and helping Asian nations set up anti-terrorism programs. "We condemn in the strongest terms terrorism in all its forms. We reaffirm our shared interest and common purpose in cooperating to fight the scourge of international terrorism," the statement said. The two leaders agreed to increase dialogue between senior- and working-level officials dealing with terrorism, strengthen immigration and border controls, beef up transportation security and implement financing and other support for building anti-terrorist operations in countries in the region. The issue of addressing regional terrorism has been high on the agenda, particularly after the Bali nightclub bombing in October that killed about 185 people, including at least 81 Australians. Two Japanese also died in the blast. "The world for all of us has changed a great deal since we last met (in 2001)," Howard said at a joint news conference after the summit meeting, adding that cooperation in regional security issues has taken on a new importance. "The fight against terrorism is proving to be a difficult and long one, and we agreed that both countries must work closely together," Koizumi said. In related matters, the two leaders also agreed to press Pyongyang for multilateral talks aimed at resolving the nuclear issue. Howard also expressed support for Japan's efforts to resolve the issue of Japanese abductees thought to be in DPRK. The two also agreed to continue close consultation over the reconstruction of Iraq. Koizumi and Howard also signed an economic framework agreement aimed at advancing the liberalization of bilateral trade and investment. The agreement calls for setting up a joint consultative committee on trade and investment matters. While the agreement stops short of seeking a free trade arrangement, owing to continued differences on liberalizing farm trade, it calls for establishing a working group to discuss bilateral economic issues to pave the way for liberalization.

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](#)

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We invite you to reply to today's report, and we welcome commentary or papers for distribution to the network.

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