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I. **United States**

1. **US on UN Involvement**

Reuters (Irwin Arieff, "U.S. OFFERS UN TEXT ON NORTH KOREA NUCLEAR CRISIS," 06/19/03) reported that the US on Thursday circulated a draft statement among key Security Council nations that would condemn the DPRK for reviving its nuclear weapons program. The draft would call upon the DPRK "to immediately and completely dismantle its nuclear weapons program in a verifiable and irreversible manner" and fully comply with international nuclear safeguard requirements, according to a copy of the text obtained by Reuters. The text was given to Britain, France, Russia and the RPC,

who have veto power on the council, after an informal meeting on Wednesday that did not include the RPC. Thursday's session was canceled as all five powers studied the text, diplomats said. The PRC hosted talks among US, DPRK and PRC officials in April and has urged all sides not to do or say anything to antagonize the other, diplomats said. The PRC, joined by Russia, blocked in early April a previous US effort to convince the 15-nation Security Council to condemn the DPRK after the nation announced it was pulling out of the Nuclear Non-Proliferation Treaty and was enriching uranium that could be used in making bombs. The draft statement would note "with concern" that the International Atomic Energy Agency, the U.N. nuclear watchdog agency, has concluded it was unable to determine whether the DPRK had diverted nuclear material for use in bombs. "The council condemns North Korea's nuclear weapons programs," the US draft states. "The council condemns the DPRK's breach of its international obligations under the Non-Proliferation Treaty," including its flouting of an International Atomic Energy Agency safeguards agreement and commitments "not to possess reprocessing and uranium enrichment facilities," according to the draft.

2. DPRK on UN Involvement

Reuters ("NORTH KOREA VOWS RETALIATION IF CENSURED BY U.N.," Seoul, 06/20/03) reported that the DPRK vowed on Friday to take "strong emergency measures" to retaliate if the US succeeds in taking the DPRK's nuclear programs to the United Nations Security Council. The DPRK threat came as the ROK reiterated its reluctance to put the issue before the Council at this time despite US moves on Thursday for a statement condemning the DPRK for reviving its nuclear weapons program. "In the event the United States takes the nuclear issue to the United Nations, we will respond with powerful emergency measures," said the state's ruling party newspaper. The Rodong Sinmun did not specify how it would respond if the nuclear crisis is taken up by the Council -- a US goal it described as "an attempt to legitimize an international pressure campaign against us and provoke a second Korean War." ROK Foreign Minister Yoon Young-kwan told reporters in the Cambodian capital on Friday, that the ROK wanted more time to allow a DPRK response to proposals for multilateral talks on the eight-month-old nuclear crisis. "With a proposal made for follow-up talks to the Beijing meeting, our government's stance is that it is important to properly choose the timing" for a U.N. Security Council debate, Yoon was quoted as telling the ROK domestic media.

3. US on DPRK Nuclear Program

Agence France-Presse ("US TOLD JAPAN THAT N KOREA HAS SEVERAL NUCLEAR WARHEADS," 06/20/03) reported that US authorities have unofficially told their Japanese counterparts that the DPRK already possesses several small nuclear warheads for ballistic missiles, a news report said. It is the first confirmation that the DPRK has nuclear missiles that can immediately strike Japan, the Sankei Shimbun said, citing sources related to Japan and the US. The US has told Tokyo that the number of nuclear warheads that the DPRK has is "not just one or two," the Sankei said. It was not clear how the US obtained the information, nor whether those weapons were developed or purchased by the DPRK, the Sankei said. The US disclosed the information to Japan around March, the Sankei said. US Defense Secretary Donald Rumsfeld and other US officials have publicly confirmed that the DPRK was developing nuclear weapons. Until now, however, they have not been clear about what stage of development the DPRK's nuclear arsenal was at, the Sankei said.

4. Japan on DPRK Nuclear Stand-off Reuters ("JAPAN SAYS NO PROOF OF N.KOREA NUCLEAR WARHEADS," Tokyo, 06/20/03) reported that Japan's government said on Friday it had no firm evidence to confirm a newspaper report that the DPRK has several nuclear warheads for ballistic missiles capable of hitting Japan. Quoting unspecified Japanese and U.S. sources, Friday's Sankei

Shimbun newspaper said the US had informed Tokyo in about March that the DPRK possessed several small warheads that could be carried by such missiles. Each warhead weighed about 1,650 to 2,200 pounds, it said. "We don't have firm evidence and I believe that the United States probably does not either," top government spokesman Yasuo Fukuda told reporters. "Considering from various angles, we can't assert clearly (that the DPRK has such warheads)." Prime Minister Junichiro Koizumi himself told reporters on Friday that the situation was inconclusive, but added that the DPRK must be urged to change its provocative ways. "I think what is needed is efforts by the international community as a whole to make North Korea understand how meaningless its current provocative speech and behavior are," Koizumi said. The DPRK state media have issued conflicting statements on the country's nuclear status, at times accusing US officials of lying about the DPRK's declarations while also suggesting the DPRK had already reprocessed plutonium for bombs. Its Foreign Ministry said on Wednesday that the DPRK would strengthen its "nuclear deterrent force," dismissing the US call for multilateral talks as a tactic to isolate the DPRK.

5. US Military Realignment in Japan

Reuters (Linda Sieg, "OKINAWA'S STRATEGIC VALUE TO GROW -TOP U.S. MARINE," Okinawa, 06/20/03) reported that the drastic realignment of US forces now being considered by the US would likely increase the strategic importance of Japan's Okinawa island -- reluctant host to about half the US's military presence in Japan, the top US Marine in Japan said on Friday. But the need for swift responses to modern threats also means Okinawa and the rest of Japan could function in future more like a strategic "hub" -- facilitating the flow of US forces throughout Asia -- than the static "lily pad" to which Japan's role has been compared, Lt General W.C. "Chip" Gregson, commander of the US Marine Corp Bases, Japan, told Reuters. "I think it (realignment) will enhance the importance of Okinawa and it will enhance the importance of our bases in Japan overall," Gregson said in an interview at Marine headquarters in Okinawa, where he is finishing up a three-year tour before taking over in Hawaii as Commanding General, Marine Forces, Pacific. Okinawa -- Japan's poorest prefecture and home to about half the US military presence in Japan -- has long resented bearing what many see as an unfair burden for maintaining the US Japan security alliance, the pillar of Tokyo's post-war diplomacy.

6. Japanese Domestic Politics

Reuters ("JAPAN PM MAY RESHUFFLE CABINET AFTER LDP ELECTION," Tokyo, 06/20/03) reported that Japanese Prime Minister Junichiro Koizumi said on Friday that a cabinet reshuffle was possible if he were to be re-elected in the ruling Liberal Democratic Party's (LDP) leadership election in September. "You don't know who will be elected in September. It's for that new (LDP) president to decide," Koizumi told reporters in response to a question about a possible reshuffle. "If I were elected, I think a reshuffle is possible in order to unite the party." LDP veterans, particularly those who are unhappy with Economics Minister Heizo Takenaka's economic reform policy, have been calling for a quick reshuffle, saying they would not support Koizumi at the LDP election if he did not act. But the prime minister has repeatedly ruled out such a move ahead of the election.

7. PRC Domestic Freedoms

The Associated Press ("CHINESE POLICE DETAIN MAN OVER T-SHIRT," Beijing, 06/20/03) reported that police in the eastern PRC briefly detained a foreign man after local residents complained they were offended by his T-shirt listing stiring, overcharging and other common gripes of foreigners in the PRC, a newspaper reported Friday. Police were called following an altercation

between the man and diners in a restaurant in the eastern city of Nanjing, the Beijing Today weekly reported. The man, whose name and nationality weren't given, was taken to a precinct station and allowed to leave after about an hour after promising not to wear the shirt again, it said. The paper said the back of the man's T-shirt was printed in Chinese with a list entitled "Ten Warnings for Chinese," that included "don't stare at foreigners," and "charge foreigners the same prices as Chinese," the paper said. It said the man told police he bought the t-shirt from a vendor in the PRC. Parts of the PRC were reduced to virtual colonies by foreign nations during the 19th and 20th centuries and many Chinese remain highly sensitive about perceived slights by outsiders. Nanjing was the scene of mass anti-foreigner demonstrations in the early 1990s sparked by a fight between foreign exchange students and staff at a college campus. "In my mind, it's an insult to Chinese people," the paper quoted Peking University sociology professor Xia Xuelan saying in comments about the offending T-shirt. "This event shows people pay a lot of attention to national dignity," Xia was quoted saying.

8. US on PRC Anti-Subversion Law

Reuters ("US OPPOSES HK ANTI-SUBVERSION LAW, URGES DEMOCRACY," Washington, 06/19/03) reported that the US said on Thursday it opposed Hong Kong's plans to pass a tough anti-subversion law and called on the territory's government to take steps toward universal suffrage. The PRC-backed government is pressing for a law that contains what the US called "especially worrisome" provisions banning certain kinds of popular organizations and a public interest defense to protect freedom of expression and the press. "The United States urges Hong Kong's Legislative Council to adopt amendments to correct these shortcomings," US spokesman Ari Fleischer said in a written statement. "The United States has concerns that Article 23 as currently drafted could harm local freedoms and autonomy over time." Hong Kong's constitution calls for both the enactment of the anti-subversion law and universal suffrage but does not give a timetable for either. The government is pressing for the anti-subversion law to be enacted in July, but has repeatedly sidestepped questions about when or even if it will begin public discussions which would lead to greater democracy. "The controversy surrounding the legislation underlines the importance of Hong Kong's move toward full participatory democracy," Fleischer said. "Like Article 23, universal suffrage is enshrined in the Basic Law, and Hong Kong's leaders should now pursue it with equal industry." The statement said Hong Kong's special status, endorsed by the US under the Hong Kong Policy Act, depended on the local authorities' protection of human and civil rights and preservation of the territory's autonomy. "The United States opposes any law that threatens the territory's unique identity, including the current version of Article 23 legislation," it said. Fearful that hostile forces would use Hong Kong as a base to subvert the mainland, the PRC has long pressed the government to enact the anti-subversion law, which could put people behind bars for life for acts of treason against the state.

9. PRC Domestic Dissent

The Associated Press (Joe McDonald "BEIJING PAPER CRITICAL OF GOV'T SHUT DOWN," Beijing, 06/20/03) reported that a Beijing newspaper has been closed after it printed an essay criticizing the PRC's parliament as amateurish, amid a government crackdown aimed at tightening media controls. The shutdown of Beijing Xinbao coincided with what a government spokesman called a review by authorities of all of the PRC's newspapers and magazines. He said others might be closed. Beijing Xinbao was shut down after its June 4 issue, which carried the essay, said an official of the State Press and Publication Administration who wouldn't give her name. The commentary included the largely ceremonial National People's Congress on a list of "China's Seven Disgusting Things." The full legislature meets once a year for two weeks to approve decisions and endorse the appointment

of government officials. Members are appointed by the party. "Why is it so surprisingly amateurish and unprofessional?" asked the essay, which has been posted on several PRC Web sites. "The second thing I don't understand is: Who chose these representatives?" Authorities are reviewing all of the PRC's publications in line with "media reforms" ordered by the national congress last November, a spokesman for the publication administration said on condition of anonymity. "We are doing a full investigation about the quality and quantity of all publications in the country," he said. "Publications that fail to meet regulations will be shut down." A manager contacted by telephone at the newspaper Workers Daily, which publishes Beijing Xinbao, refused to say whether its reporters or editors might be punished. "That is an internal affair of the newspaper," said the manager, who refused to give her name.

10. PRC Domestic Judicial Reform

Agence France-Presse ("CHINESE JUDGES WARNED NOT TO USE TORTURE TO EXTRACT CONFESSIONS," 06/20/03) reported that judges in the PRC have been warned they will lose their jobs or be prosecuted if they try to extract confessions with torture, state media said. The warning, which comes along with an order not to conceal or make up evidence, is part of a 13-item list of rules that judges must abide by if they want to keep their posts, the China Daily reported. Torture was traditionally widely used in PRC courts, as a defendant could usually not be found guilty unless he admitted to his guilt. The list, issued by the Supreme People's Court, also stresses the need to abstain from taking bribes, accepting gifts or engaging in business for profit, according to the paper. "The goal is to strengthen corruption prevention mechanisms and standardize the behavior of judges to weed out corruption in the judicial sector and guarantee judicial fairness," said Li Yucheng, in charge of disciplinary supervision at the supreme court. "A few" judges have failed to resist the temptation to become corrupt, Li said, according to the paper. The PRC launched a nationwide effort to reduce corruption in the legal system in the late 1990s, but the release of the new rules suggest that it was not uniformly successful.

11. PRC Terror Crackdown

Agence France-Presse ("CHINA ARRESTS US, NEW ZEALAND ACTIVISTS OVER SUBVERSION, KIDNAPPING," 06/20/03) reported that a US and a New Zealand citizen who were detained last month in the PRC accused of "violent terrorism" have been formally arrested on suspicions of subversion and kidnapping, state media reported. Benjamin Lan of the US and Gang Su of New Zealand were put under arrest by the Beijing State Security Bureau on Thursday, the Xinhua news agency said. "They were found to have incited the overthrow of the Chinese government and kidnapped Chinese citizens using violence," Xinhua said, quoting unnamed sources. The two, in detention since mid-May, were members of a "foreign hostile organization," the agency said. The foreign ministry said late last month that the two had been detained for engaging in "violent terrorist activities", a charge that could potentially lead to a death sentence. The foreign ministry said then that national security organs had "ample evidence" to prove the accusations. The China Federation Foundation, a US-based group, previously said Lan and Gang were arrested by the PRC's secret police on May 12. The group said they had been pursuing a plan to promote democracy and conduct a survey on Severe Acute Respiratory Syndrome (SARS) in the PRC. Diplomatic sources in the PRC have said that the charge of "violent terrorism" could lead to a death sentence under PRC law.

12. PRC Encephalitis Outbreak

Reuters ("ENCEPHALITIS KILLS 18, INFECTS 211 IN S.CHINA," Beijing, 06/20/03) reported that an outbreak of encephalitis B in the PRC's southern province of Guangdong, where SARS first erupted, has infected 211 children and killed 18 of them, health officials said on Friday. "Most patients are the children of migrants and had not been vaccinated," said an official at the provincial Center for Disease Control (CDC). The World Health Organization (WHO) said it was monitoring the outbreak of the disease known as "Japanese encephalitis" and had requested additional information from Guangdong, but was not alarmed so far. "Right now we're watching it with interest, but don't see anything out of the ordinary so far," spokesman Bob Dietz said. "Every year Japanese encephalitis comes around, every year it takes a toll." Another Guangdong health official who would only give his surname, Song, said there were 25 suspected cases in the province where the deadly Severe Acute Respiratory Syndrome (SARS) first appeared last November. The disease involves an inflammation of the brain that can be caused by a variety of agents, usually viruses. Song said all the victims of the outbreak of encephalitis, which is spread by mosquito and can be controlled by vaccines, were children between two and 10 years old. Dietz said the disease was most commonly transmitted from April to October with the highest incidence in July, making this outbreak "a little bit early."

13. PRC Military Reforms

The Associated Press ("CHINA TO SHRINK WORLD'S BIGGEST MILITARY," Beijing, 06/20/03) reported that the PRC will move 42,000 soldiers to civilian jobs this year as part of efforts to shrink the world's largest military, the main national newspaper said Friday. President Hu Jintao told officials in a video conference Thursday to find jobs for the demobilized troops and to smooth their return to civilian life, the People's Daily said. The 2.5-million-member People's Liberation Army is in the midst of a 5-year-old downsizing that reportedly will eliminate hundreds of thousands of troops. The cutbacks are part of efforts to modernize the PRC's military, which is still largely oriented toward ground combat with huge numbers of troops. Most of its planes, tanks and ships are antiquated and soldiers poorly trained. PRC reserves quotas in state construction companies and other government departments for ex-soldiers and requires governments down to the local level to find them jobs. Nearly 30,000 demobilized soldiers and officers have been provided with civilian posts while the rest found new jobs on their own, the newspaper said.

14. ROK Bank Privatization

The Associated Press (Kenji Hall, "GOVERNMENT TO SELL STAKE IN S. KOREA BANK," Seoul, 06/19/03) reported that the government decided to sell its majority stake in the ROK's oldest commercial bank Thursday, advancing efforts to re-privatize the country's banks but angering workers who have been striking to protest the deal. A government finance panel said the 80 percent stake in Chohung Bank would be sold to ROK's Shinhan Financial Group Co. for \$2.81 billion. Once the deal is finalized, Shinhan Financial, the parent company for Shinhan Bank, will become the country's second-largest financial institution after Kookmin Bank, with about \$113 billion in assets. The bank's labor union held a second day of strikes and demanded that the deal be called off. About 50 of the bank's 450 domestic branches were closed Thursday, and those that were open limited transactions to basic deposit and withdrawal services, said Kang Hyon-woo, a bank spokesman. Some 6,000 of 8,100 workers didn't come to work, Kang said. The dispute over Chohung's sale has tested the government's will to continue re-privatizing some of the country's biggest banks. Those banks were shored up with billions of dollars of public funds and nationalized after the 1997-1998 Asian financial crisis left them teetering on the brink of collapse. The government now wants to sell its stakes to recoup its investments and blunt criticism from foreign investors that it is influencing the banks' lending policy - a charge the government denies. Chohung workers fear the sale would result in mass layoffs and claimed the government is selling off the bank for a low price. Workers

said they would extend their strike until the government reverses its decision. The government has ruled the strike illegal and warned "stern punishment" for union leaders.

15. ROK-Russian Relations

Asia Pulse, ("AGREEMENT REACHED ON REPAYMENT OF RUSSIA'S DEBT TO KOREA," Seoul, 06/20/03) reported that the ROK and Russia have reached an agreement to settle Moscow's US\$2.24 billion debt, the Ministry of Finance and Economy [MOFE] said Friday. The deal ironed out between Deputy Minister for International Affairs Kwon Tae-shin and his Russian counterpart Sergei I. Kolotoukhine in Seoul, outlines an installment program extending for the next 23 years, with Russia pledging cash repayment for most of its debt. In exchange, the ROK effectively wrote off US\$660 million of the total debt after it retrospectively adjusted its interest rates, which means Russia's obligations now stand at US\$1.58 billion. Of this, Russia will pay back US\$291 million with military equipment until 2006, while from June 1, 2007 through December 1 2025 the repayment will be done in cash. Other means of repayment remain an option after 2007 but this will only be possible if both sides are in full agreement. "Russia in the past wanted to pay back its debt through the transfer of goods, especially military equipment, but since the new deal omits such a means of payment after 2007, this argument will not be a problem in the future," said Kwon. The two sides reached a broad understanding during the latest round of talks that began Wednesday, with a tentative deal being signed Friday. The agreement is expected to come into effect in two or three months time. Russia's debt arises from the ROK's provision of US\$3 billion in economic assistance when the two countries established diplomatic relations in September 1990.

16. Russian on Inter-Asian Oil Pipeline

Reuters "PUTIN SAYS PREFERS OIL PIPE TO JAPAN, NOT CHINA," Moscow, 06/20/03) reported that Russian President Vladimir Putin said on Friday he would prefer Russia built an oil pipeline to the Pacific coast near Japan over a proposed link to the PRC, but was unsure if the project's returns would justify the costs. Russia's government should decide later this year on the route of the country's first pipeline to Asia, but has said a pipeline to the Pacific coast was more expensive and economically inefficient although attractive geopolitically. Putin agreed that questions remained whether Russia had enough oil reserves to justify the larger and more expensive Pacific route, but added he considered the project more flexible than a pipeline ending in Daqing in the inland PRC. "Nakhodka (Russia's port of the Pacific) looks more attractive from the point of view that it will give us an access to markets in the broader sense," Putin told a news conference. He said with a new giant outlet on its Pacific coast Russia, the world's second largest oil exporter, could supply all countries in the Asia-Pacific region, which are looking to diversify their oil imports away from the volatile Middle East. "But questions remain whether this project (to Nakhodka) is economically viable. Doubts exist over filling this pipeline with oil. It will largely depend on exploration in Eastern Siberia," he said, referring to untapped reserves seen as possibly equal to those of Western Siberia.

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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