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## I. **United States**

### 1. **PRC Response to Pentagon Report**

Reuters (Carol Giacomo, "BEIJING ACCUSES PENTAGON OF FABRICATING CHINA THREAT," Washington, 07/23/02) reported that the PRC accused the Pentagon and a congressional commission on Monday of fabricating a PRC threat, and it demanded the US halt arms sales to Taiwan and lift sanctions on PRC companies. In his first news conference since becoming spokesman for the PRC Embassy in Washington, Xie Feng said two reports on the PRC issued last week by the Pentagon and the congressionally mandated U.S.-China Security Review Commission created "disturbances" that jeopardize recent momentum in Sino-American relations. "The threat to Sino-U.S. relations, the threat to world peace, doesn't lie in China but rather in these people who have fabricated this China threat," he said, insisting the PRC's history proves it is a peaceful, non-expansionist country.

## **2. DPRK ASEAN Meeting**

Reuters ("NORTH KOREA EXPECTED AT REGIONAL SECURITY FORUM," Kuala Lumpur, 07/24/02) reported that DPRK Foreign Minister Paek Nam-sum is expected to attend the Association of South East Asian Nations (ASEAN) Regional Forum, which opens on July 31, ASEAN sources in Brunei said on Tuesday. However the United States said there had been no discussion of a meeting with Secretary of State Colin Powell, who is also attending the meeting of foreign ministers from 23 nations to discuss regional security issues. State Department spokesman Richard Boucher told a news briefing in Washington that he had "no independent information" that Paek would attend the gathering. "They are invited to the meeting, and we'd hope that they'd play a constructive role at the meeting," he said, adding: "There's been no discussion of a meeting with the North Koreans at this point." Earlier this month the United States withdrew an offer of talks with Pyongyang, saying that the DPRK had been too slow to accept.

## **3. Taiwan Defense Policy**

Agence France-Presse ("TAIWAN BUILDING UP DETERRENT AGAINST CHINA: DEFENSE REPORT," 07/23/02) reported that Taiwan's military made public their 2002 national defense report saying they are building up a deterrent designed to stop the PRC from invading the island. "In response to the international strategic environment and the military threats from the People's Republic of China, the current national defense policy is based on the concept of 'prevention of war'," it says. To that end, the report said, the defense ministry is working to set up an early warning system and fast response units, as well as maintain air and naval capability. It said the strategy was designed to make the PRC "think twice" and "dare not rashly invade Taiwan" as they would be made aware they would have to pay heavily. The report did not go into details on the deterrent policy. Military experts said that in tandem with the military strategy, the Taiwanese military have quietly deployed locally developed air defense Tienkung and anti-ship Hsiungfeng missiles on the frontline islands near the mainland.

## **4. PRC UN Financed Abortions**

Agence France-Presse ("CHINA REJECTS US CHARGE OF USING UN MONEY ON FORCED ABORTIONS," 07/23/02) reported that the PRC's family planning agency vehemently denied that money from the United Nations Population Fund went towards providing abortions in the PRC, let alone coerced ones, as charged by the US. Instead the cash was spent on vital family planning projects to provide contraception and education to people in often poor areas, said Chen Shengli from the PRC's State Family Planning Commission. "I can guarantee there's absolutely no such thing happening," he said. "How can I guarantee this? Because we carefully inspect the 32 counties (which receive UN funding) and we have requirements for them." "The UN Population Fund also often visit the counties. They don't even tell us when they visit those places. They know there are no such occurrences," he said. Chen was responding to a US decision Monday to withdraw US\$34 million in funding from the UN agency, known as the UNFPA, ruling that despite repeated denials the organization funded projects in the PRC that coerce women into having abortions. A US team sent to the PRC in May found that while there was no evidence the UNFPA knowingly supported or took part in coerced abortion or involuntary sterilization, some coercive practices did exist in 32 PRC counties where the UNFPA is active.

## **5. Taiwan Diplomatic Relations**

Agence France-Presse ("TAIWAN FORMALLY CUTS DIPLOMATIC TIES WITH NAURU," 07/23/02) reported that Taiwan formally cut off diplomatic ties with Nauru after failing to persuade the tiny Pacific island state to reverse its move to switch recognition to the PRC. The decision came after the expiry of a 24-hour "ultimatum" issued by Taiwan's foreign ministry demanding a final reply. "We decided to terminate the diplomatic ties with Nauru immediately. The Nauru government must take the full responsibility and consequences of ditching its 22-year friendship with the Republic of China (Taiwan)," foreign ministry spokeswoman Chang Siao-yue. "The foreign ministry decided to end the bilateral cooperative projects," she said. Since 1980 Taiwan has helped Nauru improve its water, power and telecommunications infrastructure. Foreign Minister Eugene Chien had said on Monday that Taiwan was engaged in last ditch efforts to keep the ties with Nauru. Nauru's President Rene Harris announced on Sunday that his nation had severed ties it forged with Taiwan in 1985 and signed a communique to set up formal relations with the PRC.

## **6. ROK-DPRK Relations**

Agence France-Presse ("SOUTH KOREA WARY OF NORTH'S MILITARY EXERCISES AHEAD OF SALVAGE," 07/21/02) reported that DPRK military exercises have raised alarm in the South as it prepares to salvage a navy boat that was sunk in a deadly clash between the ROK and DPRK last month, officials said. The DPRK has this month been conducting artillery exercises off its western coast, in waters not far from the scene of the clash, in which at least four South Korean sailors were killed. The salvage operation, expected within weeks, could be foiled by the North's artillery, which has the area where the boat went down in their range during its exercises, defense officials stated. "We are cautiously watching the North's move as we are preparing to salvage the sunken boat," a Joint Chiefs of Staff official said.

## **II. Republic of Korea**

### **1. Russia's Media on DPRK's Reform**

Joongang Ilbo ("NORTH KOREA EXPERIMENTING WITH PRICE REFORM, SAYS RUSSIA'S ITAR-TASS," Seoul, 07/23/02) reported that DPRK is carefully helping its people prepare to break away from its heavy dependence on the state-run economy, said oversea source on Monday. DPRK Chairman Kim Jong-il's reform is mainly about minimizing the kinds of resources and services which the state provided for free or almost-free. The price of daily necessities rose by 20-40 fold in July, the foodstuff recording the highest with average of 40-50 fold. Same goes other living fees like house rental fee and traffic fee. People's salary too climbed up by 15-20 fold; for example from 200 won to 3,500 won.

### **2. DPRK-US Relations**

Joongang Ilbo ("NO NEW PROGRESS IN US-NK RELATIONS SINCE NAVAL CLASH," Seoul, 07/23/02) reported that relations between the US and DPRK have been at a standstill since the US canceled its plan to send a special envoy to Pyongyang in the wake of the June 29 inter-Korean naval skirmish in the Yellow Sea, US State Department spokesman Richard Boucher said Monday. He mentioned Deputy Secretary of State Richard Armitage and Assistant Secretary of State James Kelly's meetings the same day with the visiting deputy foreign minister from Seoul, Lee Tae-shik. "They talked about a whole range of issues, important issues, like our bilateral relations with South Korea, the situation on the Korean Peninsula, and regional issues as well. They reviewed together

recent developments regarding North Korea," he said and added the discussions are part of regular close consultations with ROK and Japan on issues related to the Korean Peninsula.

### **3. DPRK's Economic Reform,**

The Korea Herald (Seo Hyun-jin, "ECONOMIC REFORMS IN N.KOREA AIMED SOLELY AT SURVIVAL," Seoul, 07/23/02) reported that a recent series of economic reforms in the DPRK that look capitalist are driven by the DPRK's desperate wish to survive, ROK experts said Monday. Media reports quoting diplomatic sources and DPRK defectors said over the past week that the DPRK is replacing its decades-long rationing system with a new one under which people will purchase staple food on the market. The sources also said DPRK has raised workers' wages tenfold to enhance their buying power, with the level of payment based on their performance. "North Korea has eked out an existence under the planned economy, but chronic food crises for the last decade have made it impossible for the regime to further hold out against such economic reforms," Professor Koh Yu-hwan of Dongguk University said. Koh said that these measures, if proved true, do not herald a seismic shift to a market economy in DPRK, as they are only intended for the continuation of the state. DPRK has yet to officially announce that it is adopting such economic reforms, and ROK government agencies are still in the process of confirming the reports.

## **III. Japan**

### **1. Japan Emergency Contingency Bills**

The Asahi Shimbun ("MILITARY BILLS DEFERRED TO NEXT DIET SESSION," Tokyo, 07/17/02) reported that a Lower House special committee will carry over its discussion of the military emergency bills to the next Diet session, the Liberal Democratic Party (LDP) has decided. The government and the LDP have already abandoned plans to pass the bills in the current Diet session, which ends in July 31. The LDP, however, was divided on how to deal with the bills. One side called for at least a vote on the bills in the special committee before carrying over deliberations to the next Diet session. The other side argued that the bills would require wider support because they deal with national security. That would mean scrapping the bills in the current session and redrafting them after gaining the support of the Democratic Party of Japan and other opposition parties. The decision was a victory for neither side. LDP officials agreed that putting the legislation to a vote in the special committee would only generate resistance from the opposition. At the same time, however, the bills were left intact so they could be carried over for discussion during the next Diet session.

### **2. Japan Domestic Politics**

The Asahi Shimbun ("KOIZUMI APPROVAL RATE REBOUNDS TO 47% IN POLL," 07/22/02) reported that in the telephone survey conducted over the weekend, 47 percent of respondents said they supported the Koizumi Cabinet. This was an increase from the 37 percent approval level of the June survey and represents the first significant upturn since February. The percentage of those who said they did not support the Cabinet decreased to 38 percent from the 46 percent of the June poll. When asked why they supported the Koizumi Cabinet, the most popular response, at 14 percent, was "due to policy." Asked to select a good point about the Cabinet, the most repeated response, at 22 percent, was "administrative and fiscal reform."

### 3. US Bases in Japan

The Japan Times ("GOVERNORS' GROUP SEEKS SOFA REVIEW," 07/19/02) reported that in a meeting in Okinawa Prefecture, the National Governors Association adopted a demand that the government work to fundamentally review the Japan-US Status of Forces Agreement (SOFA) to protect the safety and rights of people living near US military facilities. It is the first time governors have made such a request. "Problems surrounding US bases must be tackled in an en bloc fashion by all the people as an important national security issue," said Okinawa Governor Keiichi Inamine. "We will ask other governors to take issues regarding Okinawa's US bases as issues of their own respective prefectures." In Tokyo, Chief Cabinet Secretary Yasuo Fukuda said the administration of Prime Minister Junichiro Koizumi has no immediate plans to seek any revisions to the agreement. "We must consider other things before" studying a revision of SOFA to deal with such problems, he said.

### 4. Salvage of Mystery Ship

The Asahi Shimbun ("COAST GUARD RESUMES SPY SHIP SALVAGE," Kagoshima, 07/22/02) reported that the Japan Coast Guard resumed Sunday the salvage of a suspected spy ship that sank off Amami-Oshima Island after a shoot-out with the coast guard last winter. The operation had halted on July 2 due to bad weather. The salvage operation, expected to be completed by the end of this month, is running significantly behind schedule, officials said.

The NAPSNet Daily Report aims to serve as a forum for dialogue and exchange among peace and security specialists. Conventions for readers and a list of acronyms and abbreviations are available to all recipients. For descriptions of the world wide web sites used to gather information for this report, or for more information on web sites with related information, see the collection of [other NAPSNet resources](#).

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

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