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I. **United States**

1. **Australia-DPRK Relations**

Agence France Presse ("AUSTRALIA URGES NORTH KOREA-US DIALOGUE," Canberra, 6/28/01) reported that Australia Thursday urged the DPRK to resume dialogue with the US to help build stability in Asia. Australian Foreign Minister Alexander Downer told reporters after meeting with his DPRK counterpart, Paek Num-sun, that talks between the two countries were vital to regional security. Downer said, "We've made it clear to the North Koreans that the resumption of dialogue with the United States is a very important initiative that the North Koreans and Americans must take." Downer and Paek announced plans to further the diplomatic rapprochement between Australia and the DPRK by establishing reciprocal foreign missions. Under the terms of the agreement, the DPRK will open its embassy in Canberra this year. An Australian mission will be established in Pyongyang during the 2002-2003 financial year. However, Downer said, the two sides did not discuss the DPRK's missile development program or the planned US missile defense.

2. PRC, DPRK Weapons Sales to Iran

The Washington Times (Bill Gertz, "CHINA, N. KOREA HIT WITH SANCTIONS," 6/28/01) reported that US State Department officials said on June 27 that that the US has imposed sanctions on companies in the PRC and the DPRK for selling chemical-weapons materials and missile engines to Iran. Officials said that sales to Iran by the PRC's Jiangsu Yongli Chemicals and Technology Import and Export Corporation and by the DPRK's Changgwang Sinyong Corporation triggered a provision of a 2000 law on weapons shipments to Iran. Both companies had previously been sanctioned by the US for weapons sales. The official said, "It is an indication the administration is prepared to implement our sanctions law. We did what was required under the law. The sanctions will last for two years." Officials said that the sanctions are largely symbolic since the US government does not do business with the companies in question. The department had made no public announcement of the sanctions, which appeared on June 26 in the US Federal Register. It is the first time the US Bush administration has imposed economic sanctions for weapons-related transfers. [Ed. note: This article was included in the US Department of Defense's Early Bird news service for June 28, 2001.]

3. US-PRC Relations

Deutsche Presse-Agentur ("CHINA, U.S. PLEDGE TO IMPROVE TIES BEFORE BUSH, POWELL VISITS," Beijing, 6/28/01) reported that PRC Foreign Minister Tang Jiaxuan and US Secretary of State Colin Powell on Thursday agreed by telephone to work to improve Sino-US ties after "recent difficulties." The PRC state radio quoted Tang as telling Powell, "We are ready to make common efforts with the United States to strengthen dialogue and cooperation, and to enhance understanding and trust." The report said that the efforts would be part of the build-up to a planned meeting between PRC President Jiang Zemin and US President George W. Bush in Shanghai in October. It also said that Tang called Powell at the request of the US side. Tang was quoted as telling Powell, "I am happy to see that Sino-U.S. relations, after the difficulties of the previous period, have shown the trend of improvement and development." Powell agreed with Tang's view of the improvement in bilateral ties and said that he would keep close contact with him. He also said that the past difficulties were "over." Tang expects to meet Powell next month in Hanoi, Vietnam, where the two plan to attend an Asian regional forum, and subsequently in Beijing.

4. US Policy toward PRC

The US Department of State's Office of International Information Programs ("AMBASSADOR-DESIGNATE RANDT OUTLINES U.S. CHINA POLICY," 6/27/01) reported that the nominee for US Ambassador to the PRC, Clark Randt, gave a confirmation hearing testimony before the US Senate Foreign Relations Committee on June 27. Randt told US senators that he would approach differences between the two governments "with a spirit of respect." He said that the Bush administration would "engage and cooperate with China where we can, and compete with or oppose China where we must." Quoting US Secretary of State Colin Powell, Randt said, "[W]e will treat China as she merits. A strategic partner China is not, but neither is China our inevitable or implacable foe. China is a competitor and a potential regional rival, but also a trading partner willing to cooperate in the areas -- such as Korea -- where our strategic interests overlap." Randt added that while trade is an important part of the relationship between the US and the PRC, commerce should "not come at the expense of our national security and our core values that are our greatest source of national strength." Randt also reiterated US insistence on a peaceful resolution of the Taiwan issue, and that the US does not support a declaration of independence by Taiwan.

5. Spratly Islands Dispute

Agence France Presse ("CHINESE WARSHIPS IN SPRATLYS, BUT NOT IN DISPUTED AREA," Manila, 6/28/01) reported that Philippine Vice-President Teofisto Guingona said Thursday that PRC warships have been seen in the disputed Spratly islands chain in the South China Sea but away from the Philippines-claimed area. He said that the crew of a Philippine navy ship saw the PRC ship when it went to the Spratlys to investigate US newspaper reports that PRC destroyers had been sighted in the area. Guingona did not state what kind of warships were there, how many or what action he would take.

II. Republic of Korea

1. DPRK Defectors in PRC

The Korea Herald (Shin Yong-bae, "BEIJING FACES SERIOUS DILEMMA OVER NORTH KOREAN REFUGEES," Seoul, 06/28/01) reported that ROK analysts said Wednesday that the PRC government faces a dilemma over the handling of the seven DPRK defectors in the Beijing office of the UN High Commissioner for Refugees (UNHCR) who are demanding political asylum in the ROK. If the past is any guide, chances are slim that the PRC will grant refugee status to the DPRK citizens who escaped from their country two years ago to avoid the severe famine, the analysts said. The PRC has not recognized DPRK defectors as refugees, insisting that most of them illegally crossed into the PRC to search for food or to avoid facing arrest for their crimes. Despite slim chances of the PRC accepting the DPRK family as refugees, ROK officials and experts raised the possibility that it may not deport them to the DPRK this time. "It is not easy for China to send them back to the North given its bid to host the 2008 Olympic Games in Beijing," said a government official, speaking on condition of anonymity.

2. DPRK to be hooked to Internet

The Korea Herald ("SEOUL TO HELP NORTH KOREA BUILD SATELLITE-BASED INTERNET ACCESS SYSTEM," Seoul, 06/28/01) reported that the DPRK will soon enter the era of the Internet through the use of satellite-based infrastructure, Cho Hyun-jung, president of BIT Computer, said Wednesday. Cho said that during his recent trip to Pyongyang, he agreed with DPRK officials to set up a system at the Chosun Computer Center enabling people there to access the Internet via a satellite. "North Koreans will be able to log on to the Internet via the system within three months," Cho said. Cho, one of the most respectable venture entrepreneurs in the ROK, visited Pyongyang June 19-23 at the invitation of DPRK officials. Cho said that DPRK citizens have thus far had a limited, phone line-based access to the Internet via the PRC. "It is the first time that North Korea has built Internet infrastructures in earnest." In explaining why the DPRK chose a satellite-based connection, Cho said: "In Pyongyang and other major cities, optical cables have been laid with the support of the United Nations. Still, building connections to foreign countries and laying cables between major institutions will require prohibitively large additional costs. Hence, the low-cost satellite option."

3. ROK Hopes to Resume Inter-Korean Dialogue

Joongang Ilbo (Kim Hee-sung, "UNIFICATION MINISTER EXPRESSES HOPE FOR S-N DIALOGUE RESUMPTION," Seoul, 06/27/01) reported that ROK Unification Minister Lim Dong-won on Wednesday expressed hopes for a turnaround of stalled ties between the DPRK and the ROK. "Big

inter-Korean projects such as connecting of the Kyongui inter-Korean railway would be in the top agenda." "After all, there may be further twists and turns but there's no turning back at this point," the Minister said during his speech at the "June 15 Special Seminar." "By the time the second inter-Korean meeting takes place in Seoul the two heads would be discussing on easing tensions, building military confidence and other procedures for the peace process," he continued. "The two sides would re- continue the talks on implementing reconciliation and cooperation between North and South."

4. DPRK Rice Purchase

Joongang Ilbo (Kim Hee-sung, "N.K. TO PURCHASE THAI RICE WITH FERTILIZER AND STEEL," Seoul, 06/27/01) reported that talks on rice purchase between the DPRK and Thailand are continuing, with the DPRK most likely to make a barter deal over the payment. "North Korea will pay for the rice with fertilizer or steel," Thai Commerce Minister Adisai Bodharamik stated.

5. US Bases in ROK

The Korea Herald (Kang Seok-jae, "SOUTH KOREAN, U.S. MILITARIES REPORT PROGRESS ON LAND READJUSTMENT PLAN," 6/28/01) reported that Cha Young-koo, director general of the ROK Defense Ministry's Policy Planning Bureau, said on June 27 that the ROK and US militaries have made progress in their negotiations on a land readjustment plan for US troops stationed in the ROK. Cha said, "As considerable progress has been made between the two sides, we aim to sign a memorandum of understanding on the new land management plan at the forthcoming Security Consultative Meeting in Washington in early November." Cha added that the ROK and the US agreed on the timetable last week when their defense ministers met in Washington. Under its "Combined Master Plan," US Forces Korea (USFK) proposed in March 2000 that it return some 20 million pyong of land (about 66 million square meters) currently used by the US for bases and training facilities. In return, USFK requested that the ROK grant them 6.15 million pyong of land for new facilities and training areas. Cha said, "The ministry is pushing for the purchase of some 2.06 million pyong of land, about 33 percent of the 6.15 million pyong that USFK requested." He added that after consultations with local governments and environmental groups, the ministry aims to complete the readjustment of US bases and facilities by 2010. [Ed. note: This article was included in the US Department of Defense's Early Bird news service for June 28, 2001.]

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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