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I. **United States**

1. **DPRK Multilateral Talks**

Reuters (Paul Eckert and Jonathan Ansfield, "NORTH KOREA CRISIS TALKS END, NEW ROUND PLANNED," Beijing, 08/29/03) and Agence France-Presse ("TALKS END IN ACRIMONY AS NORTH KOREA THREATENS TO BUILD UP NUCLEAR ARSENAL," 08/29/03) reported that six-nation talks on the DPRK nuclear crisis ended in acrimony with North Korea threatening to strengthen its nuclear arsenal unless the US met its demands for a resolution of the standoff. While envoys reached consensus on the need to address the DPRK's security concerns and agreed that more talks were necessary, they failed to set a timetable. The DPRK said its expectations at the three-day talks also involving the PRC, Japan, Russia and the ROK had been "betrayed" by the "hostile" US policy and that a new round of negotiations was endangered. "If our reasonable proposal is turned aside at the talks, we will judge that the US does not intend to give up its attempt to stifle the DPRK by force at an appropriate time," said a statement carried by the DPRK's official KCNA mouthpiece as talks

wound up. "In this case the DPRK cannot dismantle its nuclear deterrent force but will have no option but to increase it." The verbal blast came as US officials said the DPRK had threatened during the talks to conduct a nuclear test and declare itself a nuclear power. The PRC characterized the relationship between the US and North Korea as one of "severe and serious distrust" that needs to be addressed. The PRC's chief delegate, Vice-Foreign Minister Wang Yi, described the talks as "helpful" but admitted that "some disagreement still remains." "The parties all believe that there should be a nuclear weapons-free Korean peninsula and all parties agreed to consider the concerns of the DPRK ... including the security concerns," he said. "All in all the PRC side believes this round of talks is useful and we have also made a very important step forward towards finding a peaceful solution of the issue." The ROK's head delegate, Vice Foreign Minister Lee Soo-Hyuck, said that while dates and a venue had yet to be decided, an agreement had at least been reached on a new round of negotiations. "The six countries agreed to continue the talks," he said, adding that there was an understanding, but not an agreement, that they should be within two months. "They have decided to consult on the date and the venue for the next round of talks through diplomatic channels later," he said. Russian delegation head Deputy Foreign Minister Alexander Losyukov said Thursday the talks would again be held in Beijing. Japanese envoy Mitoji Yabunaka said "our task (now) is how to overcome our differences."

2. DPRK Nuclear Test Threat

The Associated Press (George Gedda, "OFFICIAL: NORTH KOREA VOWS TO TEST NUKES," Washington, 08/28/03) reported rejecting US disarmament demands, the DPRK said Thursday it will prove to the world that it possesses nuclear weapons by carrying out a nuclear test, a US government official said. At a six-nation meeting in the PRC that included the US, DPRK Deputy Foreign Minister Kim Yong Il also said, according to the US official, that his country has the means to deliver nuclear weapons, an apparent reference to its highly developed missile program. The State Department declined comment on the deliberations in Beijing except to reiterate that the US goal at the conference is to focus on "the complete, verifiable and irreversible elimination" of the DPRK's nuclear weapons program. Wie Sung-rak, director-general of the ROK Foreign Ministry's North American Affairs Bureau, injected a positive note, saying in Beijing that another round of talks probably will be held after the current round ends on Friday. Efforts to confirm Wie's statement with US officials were unsuccessful. US intelligence has not detected overt signs that the DPRK is preparing to conduct a nuclear weapons test, said one US defense official, speaking on condition of anonymity. But such a test would presumably be underground, so preparatory work would be difficult to detect, the official said. There was speculation here that the DPRK could carry out a nuclear test on September 9, the anniversary of the formation of the Democratic People's Republic of Korea, as the country is known officially.

3. US Debate over DPRK Policy

Agence France-Presse ("BATTLE RAGES IN WASHINGTON OVER NORTH KOREA POLICY," Washington, 08/28/03) reported that as US envoy James Kelly goes head to head with North Korea (news - web sites)'s negotiators in Beijing, hawks here are waging a new battle for control of policy towards the Cold War enemy some have branded an "axle of evil." A feud between those who want to negotiate the DPRK's nuclear program away and those who want to punish Pyongyang has punctuated President George W. Bush's administration since 2001. Hostilities have now intensified, stoked by a speech by top State Department official John Bolton and the resignation of the department's more "moderate" envoy to talks with Pyongyang. The DPRK's declaration Thursday at six-nation crisis talks in Beijing that it may declare itself a formal nuclear power was likely to further fan the flames, as were the most recent salvos of hawks in Congress. The Senate Republican Policy

Committee has dismissed the idea that the talks may defuse the showdown, and called for a new, tough drive to punish Pyongyang with a UN-mandated blockade and multilateral sanctions with US allies. The schism on DPRK policy is seen to run between the State Department and more hawkish Secretary of Defence Donald Rumsfeld and Vice President Dick Cheney. But the divide also cuts through departments -- as evidenced by a speech in Seoul this month in which conservative State Department arms negotiator John Bolton lambasted life in the DPRK as "hellish." Ahead of the Beijing talks, those who favored a more pragmatic approach to DPRK policy quietly pressed their case. Unidentified officials told The New York Times that concessions to the DPRK could include "some steps that would help North Korea economically" -- a prospect which horrified hawks. A senior official then said last week that Washington did not necessarily reject the idea that allies could offer incentives to the DPRK to end its nuclear programs. Washington has previously refused to bow to what it sees as "nuclear blackmail."

4. US on DPRK Nuclear Sentiments

Reuters (Brian Rhoads And Carol Giacomo, "US SAYS N. KOREA NUCLEAR WEAPONS MESSAGE MIXED," Beijing, 08/28/03) reported that the PRC said on Thursday that all six countries meeting in Beijing to resolve the DPRK nuclear crisis had agreed to work toward a nuclear-free Korean peninsula but officials in Washington said Pyongyang had also spoken of testing nuclear weapons. "They certainly are talking about it," one US official stated, referring to DPRK comments about demonstrating nuclear capability, apparently by testing. But officials in Washington said the DPRK also "used words like dismantlement" during the first two days of meetings. "This is characteristic of the North Koreans. They are all over the place ... It's a calculated game of confusing the adversary and giving them mixed messages," one official said.

5. PRC-US on DPRK Multilateral Talks

Reuters ("POWELL, CHINA'S LI AGREE ON MORE N.KOREA," Shanghai, 08/29/03) reported that PRC Foreign Minister Li Zhaoxing told Secretary of State Colin Powell Friday that the DPRK nuclear crisis talks must continue so as to achieve a peaceful solution, the official Xinhua news agency said. Li and Powell spoke by telephone after the end of three-day talks on the crisis in Beijing involving six countries -- the ROK, the DPRK, the US, Russia, the PRC and Japan, Xinhua said. Both sides agreed that the talks had been beneficial and that the process should continue so as to promote a peaceful resolution to the Korean nuclear issue through dialogue, it said. Host PRC said all six countries had agreed to work toward a Korean peninsula free of nuclear arms and would meet again within two months, although no place or date had been set. Xinhua said Li and Powell also exchanged views on the Iraq situation, but it did not elaborate.

6. Tokyo Governor on DPRK Economic Sanctions

Agence France-Presse ("CONTROVERSIAL TOKYO GOVERNOR URGES ECONOMIC SANCTIONS AGAINST THE DPRK," 08/29/03) reported that Tokyo governor Shintaro Ishihara urged the Japanese government to impose economic sanctions against the DPRK to speed up negotiations over the issue of Japanese citizens kidnapped by Pyongyang. Unless Japan takes a hardline approach, the DPRK will not compromise, Shintaro Ishihara said Friday. "The government should stand firm and should impose economic sanctions," said Ishihara. "Unless Japan does that, (North Korea) will not move," said Ishihara, who keeps close ties with Japanese Prime Minister Junichiro Koizumi and was once seen as a strong possible candidate to replace him. His comment came as three days of six-way talks to defuse tensions over the DPRK's nuclear program wound up in Beijing. During bilateral talks on

the sidelines of the Beijing talks, Japan and the DPRK failed to make any progress over the abduction issue. Ishihara suggested circumstantial evidence indicates North Korea was involved with as many as 150 cases of missing Japanese worldwide. "What we have to do is to have the government of the North release the list of all the people it was involved in kidnapping," Ishihara said. "Most of the victims probably must have died by now. Why should we give them humanitarian aid, when (DPRK leader Kim Jong-Il) conducts inhumane acts?" he said. Ishihara lamented the soft stance of the Japanese government not just on the DPRK front but also in other areas, such as promised comprehensive domestic reform initiatives.

7. PRC Hong Kong Leader Support

Agence France-Presse ("PRC TOP OFFICIAL REITERATES FIRM SUPPORT FOR HONG KONG LEADER," 08/29/03) reported that PRC state councillor Tang Jiaxuan reiterated Beijing's strong support for Kong Chief Executive Tung Chee-hwa, despite his mounting unpopularity in the wake of the worst political crisis since the territory's 1997 handover. "I can clearly tell you that we firmly support Tung and his government," Tang said on Friday during a meeting with a delegation from the Heung Yee Kuk -- a rural Hong Kong community organization. "We support him as he makes new contributions to further economic recovery in Hong Kong," said Tang, in charge of Hong Kong affairs for Beijing. Tang's remarks were the latest in a series of attempts by the central government in Beijing to bolster support for Tung's leadership following the political unrest which rocked Hong Kong last month. Critics have suggested that the recent outpouring of support from Beijing merely highlights Tung's lack of popularity in the territory. Several community and professional groups from Hong Kong have already been invited to meet leaders in Beijing to provide their views on the crisis. Two pro-China political parties in the territory were also scheduled to talk to PRC leaders, although no pro-democracy political groups have been invited. Tang told the delegation Friday, however, that the central government will listen to the opinions of the community. "We are willing to listen to opinions," he said.

8. Hong Kong Domestic Economy

The Associated Press (Helen Luk, "OFFICIALS: RECESSION LIKELY IN HONG KONG," Hong Kong, 08/29/03) reported that Hong Kong is likely to head into a recession due to the impact of SARS, but officials and economists expect a quick turnaround for the economy in the second half of the year. Analysts said the gross domestic product figure - to be released Friday - would be sharply hit by a collapse of consumer spending, air travel, hotel and restaurant businesses during the SARS outbreak from March to May. "It would be the worst quarter of GDP figure since Hong Kong was returned to China" in 1997, said Francis Lun, general manager of Fulbright Securities. "But there'll be a rebound in the second half of the year." Financial Secretary Henry Tang also expressed optimism earlier this week and hinted that the government may raise its economic growth forecast, after it cut the territory's 2003 GDP growth by half to 1.5 percent in May. Hong Kong's economy, already grappling with a record unemployment of 8.7 percent and prolonged deflation, was dealt a great blow by the outbreak of severe acute respiratory syndrome, which killed 299 people here, prompted travel warnings and halted businesses. Hong Kong's economy grew 4.5 percent from January-March, compared to the same period last year, although it dropped by 0.3 percent when compared with the fourth quarter of 2002. But economists predicted the territory's second quarter GDP would likely shrink an average of 1.5 percent from the same period last year, and plummet 4.1 percent compared to the first quarter.

9. PRC Falun Gong Torture Accusations

Agence France-Presse ("FALUN GONG MEMBER TO GO TO UN WITH CLAIMS SHE WAS TORTURED BY CHINA," 08/29/03) reported that an Australian member of the Falun Gong spiritual movement who claims she was tortured in the PRC is to mount a case in the UN Commission on Human Rights against former PRC president Jiang Zemin, her lawyers said. PRC artist Zhang Cui Ying, 41, says she was tortured and abused after being arrested and jailed because of her beliefs by PRC authorities. Brisbane solicitor Chris Nyst has briefed London-based Australian human rights lawyer Geoffrey Robertson to mount the case against the former PRC president over his alleged role in human rights violations. As well as going to the UN, they also plan a parallel action in the International Court of Justice, citing a breach of international conventions of which China is a signatory. Nyst said it would be one of the first such cases to go before the UN. He said Robertson's involvement should strengthen Zhang's case and would ensure it is likely to become a benchmark fight against the persecution of Falun Gong practitioners. "The Zhang case is a very poignant example of what has happened to many people in China," Nyst said in a statement.

10. PRC Space Program

Reuters ("CHINA AIMS TO SEND PROBE TO MARS BY 2020," Beijing, 08/29/03) reported that the PRC, not content with the closest views of Mars man has glimpsed since the Stone Age, is hoping to launch a space probe to the red planet by 2020, state newspapers said on Friday. The probe would orbit Mars and conduct tests on the planet's makeup and atmosphere, the Beijing Youth Daily quoted Liu Zhenxing, a fellow at the PRC Academy of Sciences' Space Science and Applied Research Institute, as saying. The PRC is planning to send an astronaut into space for the first time later this year and become the third country to accomplish that feat, after the former Soviet Union and the US. Eventually, the PRC plans to land a person on the moon. Despite rainy weather across parts of the PRC this week and smog obscuring the night sky over many cities, stargazers have joined people around the world enjoying the sight of Mars at its closest to Earth in 60,000 years.

11. Japan on PRC Currency

Dow Jones ("JAPAN SHIOKAWA: CHINA SHOULD LET YUAN FLOAT FREELY," Tokyo, 08/28/03) reported that the PRC should let its currency float freely, Japanese Finance Minister Masajuro Shiokawa said Friday, reiterating his opposition to the yuan's peg to the dollar ahead of a meeting of Asia Pacific finance ministers next week and US Treasury Secretary John Snow's visit to Tokyo Monday. "I would like to tell China to let (the yuan) float according to market principles," Shiokawa told a regular press conference. The comments suggest Shiokawa - a longtime critic of the PRC's currency policy - may push Beijing on the yuan's peg to the dollar at a meeting of Asia-Pacific finance ministers in Phuket, Thailand, Sept. 4 and 5. Shiokawa has also said he will bring up the issue during Snow's visit to Tokyo. Snow is set to meet with Japanese officials, including Shiokawa and economy and banking minister Heizo Takenaka, on Monday before traveling to Beijing Tuesday. However, Shiokawa suggested he was wary of bullying the PRC much over the issue. "Excessive political pressure is inappropriate," he said. Critics of China's foreign exchange policy argue the peg to the dollar - set at roughly CNY8.28 - undervalues the PRC unit by as much as 40%, giving the PRC an unfair trade advantage at a time when its economy is booming.

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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