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I. **United States**

1. **Alleged DPRK Missile Sales**

Agence France Presse ("US IMPOSES SANCTIONS ON NORTH KOREA FIRM OVER IRAN MISSILE EXPORTS," Seoul, 1/30/01) reported that the ROK state agency Korea Trade-Investment Promotion Agency (KOTRA) said Tuesday that the US has imposed economic sanctions against the DPRK firm Changgwang Sinyong Corporation for exporting missile technology to Iran. It is the first US action on a DPRK business since the US eased sanctions against the country in June 2000. KOTRA official

Kim Jang-Han said, "We confirmed with the US State Department that its punitive action was in force from January 2." The sanction, published by a US federal gazette on January 17, is valid until April 6 next year. It bans US bureaus and state-run organizations from trade with the DPRK firm. Kim said, "Washington identified the North Korean firm as Changgwang Sinyong Corp. But the company is not listed officially, prompting us to believe it is a secretive business run by the military. The sanctions were taken only against one firm, and I don't think it will be expanded to get the North Korean government involved. US officials appear to have strong suspicions that North Korea has sold missile technology to Iran."

2. DPRK Policy toward US

Agence France Presse ("NORTH KOREA GIVES NEW WARNING TO BUSH ADMINISTRATION," Seoul, 1/30/01) reported that the DPRK accused the US on Tuesday of seeking to establish "political and military domination" of East Asia. The criticism in editorials in all of the main-state controlled newspapers was the second in four days to target the new US administration of President George W. Bush. Pyongyang newspapers, quoted by the DPRK's official Korean Central News Agency (KCNA), criticized a US Defense Department 2001 report for highlighting DPRK military threat and calling for a closer US-Japan security alliance in East Asia. The communist party's Rodong Sinmun newspaper said this was to "hide" the true US aim "to put aside other western countries" and "establish a political and military domination there. The United States is working hard to threaten and stifle the DPRK, calling for 'joint actions' and 'strengthened cooperation system' with Japan. Due to those moves the relationship of hostility and confrontation between the DPRK and the US remains unimproved. It is the US that disturbs peace and security in the Asia-Pacific region." Minju Joson, the government newspaper, said that the DPRK "will not remain a passive onlooker to the US hatching up a plot to stifle the DPRK, its dialogue partner, by force of arms while conducting a dialogue with it." ROK ambassador to the PRC Hong Soon-young said in Seoul on Tuesday that the DPRK was disappointed that former President Bill Clinton had not visited the DPRK before leaving office.

3. Reunion of Separated Families

The Associated Press (Sang-Hun Choe, "KOREAS DISCUSS FAMILY MEETING PLACE," Seoul, 1/30/01) reported that after agreeing to temporarily reunite 200 more family members, the DPRK and the ROK failed on Tuesday to narrow differences on where to set up a permanent meeting place for hundreds of thousands of other separated relatives. In a second day of Red Cross talks, the ROK delegates proposed building the permanent meeting station at Panmunjom, but the DPRK insisted on building it at Mt. Kumgang on its east coast.

4. ROK Satellite Launches

The Associated Press ("S. KOREA TO BUILD SATELLITE LAUNCH," Seoul, 1/30/01) reported that the ROK Ministry of Science and Technology said Tuesday that it will build a satellite launching station on an island off the southern coast by 2005. The ministry said that when the center is completed, the ROK will be ready to put a scientific satellite into orbit from its own launching station for the first time in the nation's history. The government plans to spend US\$108 million to build the facilities on Oenarodo island, off the southern coastal town of Kohung.

5. Russian Military Sales to PRC

Agence France Presse ("RUSSIA TO SELL 100 FIGHTER-PLANE ENGINES TO CHINA," Moscow, 1/30/01) reported that the Russian military news agency AVN quoted Russian arms sales chiefs on Tuesday as saying that Russia is to deliver to the PRC 100 jet engines for the SU-27 fighter planes that the PRC is building under a five-year joint venture deal. Rosoboronexport refused to confirm the report, saying it never commented on its military collaboration with the PRC. AVN military expert Valentin Rudenko noted that the PRC has a license to manufacture the plane but not the engines.

II. Republic of Korea

1. US Policy towards DPRK

The Korea Herald ("BOSWORTH SAYS BUSH TEAM WILL SUPPORT KIM'S N.K. POLICY," Seoul, 01/30/01) reported that outgoing US Ambassador Stephen Bosworth on Monday expressed confidence that the new US administration will support the ROK's policy of reconciliation and cooperation toward the DPRK. "The United States strongly supports President Kim Dae-jung's engagement policy and I am confident that that support will continue even with the change in the U.S. administration," Ambassador Bosworth told reporters. He also stressed the importance of cooperation between the ROK and the US in dealing with the DPRK, saying that close consultations on DPRK policies have become a "central element of strength in our overall alliance." The ambassador also hailed the recent visit by DPRK leader Kim Jong-il to the PRC as a "positive and encouraging development." He remained cautious, however, in evaluating whether Kim's visit to Shanghai demonstrates the DPRK's willingness to follow in the PRC's footsteps and promote economic reform. He said that it remains to be seen how the DPRK, in the end, will choose to open its doors, because the PRC and the DPRK have different conditions. He added that for the DPRK, opening up to the outside world will be an inevitable first step toward the modernization of its economy.

2. Inter-Korean River Project

The Korea Herald (Chang Jae-soon, "TWO KOREAS EXPECTED TO JOINTLY WORK FOR TUMEN RIVER PRESERVATION," Seoul, 01/30/01) reported that ROK officials said Monday that the United Nations Development Program (UNDP) is negotiating with the DPRK to allow the entry of some ROK officials to the DPRK in order for them to take part in a UNDP project to preserve the environment around the Tumen River. "We're working to send government officials along with journalists and businessmen to the North for a preliminary site survey to ascertain the level of pollution of the Korean Peninsula's northernmost river," said Cho Han-jin, an official at the Environment Ministry. "North Korea has yet to sign onto the project. However, it's in the North's best interests to participate in the project." Cho said that UNDP officials recently traveled to the DPRK, and DPRK officials designated its government agencies that would work for the project. He predicted that the DPRK would sign on within the first half of this year.

3. Prospect of DPRK Opening

The Korea Herald (Shin Yong-bae, "N.K. SIGNALS CHANGE THROUGH REFORM, OPENNESS," Seoul, 01/30/01) reported that ROK Foreign Affairs and Trade Minister Lee Joung-binn said on Monday that the DPRK is sending a "strong" message to the global community that it will promote reform and openness. "The North's changed attitude following the inter-Korean summit talks, its New Year message calling for new thinking and Kim Jong-il's recent visit to Shanghai presage its

change," Lee said. He also said that the government expects that the second inter-Korean summit, if realized, will help to expand cooperation and exchange between the two Koreas and to further ease tension on the Korean Peninsula. Saying that this year's foreign policy priority will be on the establishment of a permanent peace regime on the peninsula, Lee urged the overseas mission chiefs to step up diplomacy to attain its goal. To this end, he said, the government also needs to coordinate its DPRK policies with the US as soon as possible and to reinforce the three-way cooperation in dealing with the DPRK that includes Japan.

4. Inter-Korean Red Cross Talks

The Korea Herald (Kim Ji-ho, "SEOUL PRESSES P'YANG FOR REUNION CENTERS," Seoul, 01/30/01) and Chosun Ilbo (Joint Press Corp, Kim In-gu, "THIRD FAMILY REUNIONS SET ON FEBRUARY 26-28," Pyongyang, 01/30/01) reported that the ROK renewed its demands on Monday that the two Koreas set up permanent meeting places in border areas so that separated families can meet their relatives regularly, officials said. Opening a three-day Red Cross meeting at the Mt. Kumgang, the ROK also proposed that the two sides fix timetables for other family reunion programs, such as another round of temporary reunions between family members separated for the past five decades, they said. Earlier in the day, a 22-member ROK delegation arrived at Mt. Kumgang Hotel aboard a cruise liner for the Red Cross talks. The DPRK's responses to the proposals were not immediately available. Prior to the closed-door session, however, ROK negotiators expected that the DPRK would embrace the proposals, said ROK pool reports from Mt. Kumgang.

5. Inter-Korean Summit Preparation

Chosun Ilbo ("ORGANIZATION TO BE FORMED FOR SECOND NORTH-SOUTH SUMMIT," Seoul, 01/30/01) reported that ROK Minister of Unification Park Jae-kyu announced on Monday at the "2001 Conference for the Heads of Diplomatic Establishments Abroad" that he will establish a pan-governmental organization to successfully open the second ROK-DPRK Summit. In a conference held at the International Cooperation Research Center, Minister Park said that DPRK leader Kim Jong-il's visit to the ROK is a critical event that will elevate the relationship between the two sides and that he will therefore work to make sure the summit is held with full public support. Minister Park also commented about separated family issues, saying that he will focus on expanding benefits to separated family members by checking addresses and confirming the existence of missing family members.

III. People's Republic of China

1. Kim Jong-il's Inspection Visit

Wen Hui Daily (Xinhua News Agency, "KIM JONG-IL STRESSES ABANDONING THE OLD AND PURSUING THE NEW: CONSTRUCTING MODERN FACTORIES," Pyongyang, 01/25/01, P2) carried a news story of Kim Jong-il's inspection visit to Sinuiju. According to Nodong News of January 24, Kim Jong-il, general secretary of the Central Committee of the Korean Workers' Party and Chairman of the National Defense Commission of the DPRK, visited the border city Sinuiju recently. He stressed to renew perception and change working style. He also emphasized to adopt the latest science and technology, in order to construct modern factories. He said, "The working class in the light industry should devote to the people and open a new era of production." He asked the factories of this industry to expand their production, realize the normalization of high-level production, and

produce more high quality products. Kim pointed out that it is imperative to build modern factories of high efficiency, as it is the demand of the new century. All cadres shall abandon old thinking and pursue new ones, to fundamentally change working style and attitude. He mentioned to renew all production procedures with modern technology. It is important to use the latest science and technology actively, as this can help expand production capability continuously. Sinuiju is located near the Yalu River where factories concentrate. Kim visited it on January 21-23 after his PRC tour. He inspected the cosmetics, enamelware, and food factories there.

2. DPRK-Belgium Relations

Wen Hui Daily (Xinhua News Agency, Brussels, 01/25/01, P2) reported that Belgium and the DPRK signed an agreement on January 23 to establish diplomatic relations at an Ambassadorial level. Belgium is the ninth EU member to set up relations with the DPRK.

3. US New Administration's DPRK Policy

People's Daily (Li Baodong, "U.S. NEW ADMINISTRATION SUPPORTS ROK'S DPRK POLICY," Seoul, 01/30/01, P3) reported that the US Ambassador to ROK Ambassador Stephen W. Bosworth said on January 29 that the new US government will continue the Bill Clinton administration's policy of supporting the ROK's "engagement" policy toward DPRK. He added that it is consistent with the US interest. On the DPRK missile development, he commented that great achievements have been made, although further effort is needed. He said that prior to the settlement of the missile issue, efforts should be put on the elimination of the decades' of tension on the Peninsula and confidence-building.

4. PRC-US Relations

Jiefang Daily (Xinhua News Agency, "TANG JIAXUAN INVITES POWELL TO VISIT CHINA," Washington, 01/26/01, P5) reported that the US Secretary of State Colin Powell received the departing PRC Ambassador to the US, Li Zhaoxing. Secretary Powell indicated that the Bush Administration attaches importance to its relations with PRC, and is willing to strengthen the cooperation and friendship between the US and PRC. Powell said that the US would continue to stick to the "one China" policy and observe principles embodied in the three communiques between the two countries. The US will further develop the relations between the two great nations. Li bid farewell to Powell and conveyed the congratulations and invitation of PRC Foreign Minister Tang Jiaxuan to visit the PRC. Ambassador Li reviewed the development of bilateral diplomatic relations since their establishment. He thought that a healthy and stable relationship is beneficial to the two countries and peoples, and to world peace, stability and common development. He wishes that their bilateral relations will continue to improve and develop, based on the principles of the three communiques. Li stressed that the "peaceful reunification and one country, two systems" is the consistent PRC policy regarding the resolving of the Taiwan issue. He hopes that the US will observe its one-China policy, the three communiques and relevant US commitments, in order to cautiously and properly deal with arms sale to Taiwan, and to explicitly support China's peaceful reunification. The two sides also exchanged views frankly and friendly concerning the PRC's accession to WTO, the US National Missile Defense and Theater Missile Defense systems, as well as "Falun Gong."

People's Daily ("LI ZHAOXING BIDS FAREWELL TO RICE," 01/27/01, P3) reported that outgoing PRC Ambassador Li Zhaoxing bid farewell to the US National Security Advisor Condoleezza Rice on January 25 in the White House. Ambassador Li conveyed to her the greetings and invitation by PRC

Foreign Ministry Tang Jiaxuan. The two sides expressed their willingness to further develop their friendly cooperative relationship, and strengthen their consultation and dialogue in various areas. They also exchanged views on PRC-US relations, the PRC's accession to the World Trade Organization, the National Missile Defense system, Theater Missile Defense system, human rights, and "Falun Gong" issues, friendly and frankly.

5. US PRC Policy

Contemporary International Relations (Fu Mengzi, "TENDENCY OF CHINA POLICY OF THE NEW U.S. ADMINISTRATION," No.1, 2001) carried an article on the tendency of the Bush Administration's PRC policy. Fu wrote that George W. Bush's attitude toward the PRC was rather tough during the presidential election when he viewed PRC as a rival. Bush said that his new government would strengthen the alliance with Japan and the ROK, and improve relations with India and the PRC's other neighbors in Southeast Asia and Central Asia while formulating its Asian policy. Fu argued that all these reveal an intention to "encircle China." However, Fu pointed out, Bush's stance was in reaction to Clinton's "engagement" policy. He cannot possibly find a better alternative. Bush only intended to show his difference from Clinton by highlighting the "containment and vigilance" element so as to retain more options for his PRC policy when necessary. The US, Fu predicted, will not seek a drastic change of course. The duality of its PRC policy will remain in the foreseeable future. The writer finally concluded that it would be impossible to understand the new US administration's PRC policy in its entirety with attention focused on "containment" to the neglect of the "engagement" element. PRC-US relations will gain in prominence at the beginning of the new century. Over time, "engagement" will once again at the core of US policy toward the PRC, he added.

6. US NMD Deployment

People's Daily (Tan Weibing and Tang Shuifu, "BUSH FOR NMD DEPLOYMENT," Washington, 01/28/01, P3) reported that US President George W. Bush will deploy the National Missile Defense (NMD) system, and unilaterally cut the number of US nuclear weapons. Bush said, "You probably remember my campaign promise. One is to push for NMD system's deployment, and the other is to reduce the quantity of US nuclear weapons. This is very important to us." Bush made these remarks when replying to a question from a journalist as to what his response is toward Russian President Putin's letter sent earlier this week. Putin in his letter of January 24 congratulated Bush on the latter's official inauguration and said that he wishes to launch a constructive dialogue with Bush. At the same time, the new US Defense Secretary Donald Rumsfeld confirmed on January 26 at a press conference that the Bush Administration still plans to advance the NMD system despite opposition from Russia and other countries. He said that Bush "has no contradictory feeling" toward the NMD system and "plans to deploy it." In regard to the Anti-Ballistic Missile (ABM) treaty, Rumsfeld said that this treaty "was signed under a circumstance completely different from the current situation"; the USSR no longer exists.

People's Daily (Xinhua News Agency, "CHENEY REITERATE DEPLOYMENT OF NMD," Washington, 01/30/01, P3) reported that US Vice President Dick Cheney said on January 28 that, in spite of opposition from the PRC and Russia, the US will continue to develop and deploy the NMD system. Xinhua News Agency quoted Cheney's statement published at "Fox Sunday News" as saying that the ABM treaty should be modified because one of the two signatory states---the USSR---does not exist any longer. The US can decide not to comply with the treaty, he said. Nowadays, he stressed, the threat from ballistic missiles has become more severe, and the capability of weapons of mass destruction delivered by this kind of missiles is increasing. The US should be equipped to protect

itself from attacks by ballistic missiles.

7. Japanese Economy

Jiefang Daily ("JAPAN'S ECONOMY WILL RECOVER FULLY, MORI SAID," 01/29/01, P5) carried a report that said Japan's economy will recover fully this year. According to Japanese Prime Minister Yoshiro Mori, at the 31st World Economic Forum in Davos on January 27, although the slowdown of the US economy makes Japan's responsibility for economic reform more significant, he is committed to advancing Japan's economic recovery. He said that the first task of the Japanese government's economic reform is to raise commercial competitiveness and cut the government agencies. At the Forum, many economists criticized the Japanese government for failing to stimulate economic growth through interest and tax reduction. They argued that Japanese economy's structural reform would not stimulate Japan's economic growth unless relevant parts of Japan take measures to enhance consumers' confidence.

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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