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I. **United States**

1. DPRK-PRC on Multilateral Nuclear Talks

Reuters ("CHINA, NORTH KOREA AGREE TO SIX-WAY NUCLEAR TALKS," Beijing, 10/30/03) reported that the PRC and the DPRK agreed in principle on Thursday to hold a new round of six-way talks to defuse a crisis over the DPRK's nuclear ambitions, PRC state television said. Wu Bangguo, head of the PRC's parliament and number two in the Communist Party hierarchy, met DPRK leader Kim Jong-il in the DPRK on the second day of a three-day visit, the television said. Kim accepted an invitation from President Hu Jintao to visit the PRC at a "convenient time," it said without elaborating. The DPRK's KCNA news agency said the DPRK had told Wu's delegation it was willing to hold further nuclear talks if the negotiations would lead to a package solution. "The DPRK side expressed its willingness to take part in the future talks if they provide a process of putting into practice the proposal for a package solution based on the principle of simultaneous actions," KCNA said. The PRC underscored the "need to simultaneously clear up the concerns of the DPRK-US sides without fail," KCNA added.

2. PRC-DPRK Relations

Agence France-Presse ("CHINA'S TOP ENVOY STEERING NORTH KOREA BACK TO NEGOTIATING TABLE," Beijing, 10/30/03) reported that PRC envoy Wu Bangguo told DPRK leaders that dialogue is the only way forward in the nuclear crisis as his mission to steer the DPRK back to the negotiating table progressed "very well". While acknowledging the complexity of the issue, Wu -- the PRC's second ranking politician and head of its legislature -- stressed in meetings with the DPRK's top officials that talks were the only avenue. "Adherence to dialogue should be the correct direction in resolving the nuclear issue on the Korean peninsula," he told Kim Yong-Nam, the DPRK No. 2 late Wednesday, the Xinhua news agency reported. "The nuclear issue is very complicated. However, no matter how difficult it would be, or what turns and twists it may go through, adherence to dialogue should be the only correct direction in resolving the issue." Wu met DPRK Premier Pak Bong Ju Thursday and pledged to "continue to provide assistance" on its "development path", Xinhua said.

3. DPRK on 'Unpredictable' Nuclear Crisis

Reuters (Nick Macfie, "NORTH KOREA SAYS CRISIS BECOMING 'UNPREDICTABLE,'" Beijing, 10/30/03) reported that the DPRK told the PRC its nuclear standoff with the US was approaching an "unpredictably difficult phase" as Japanese media reported the DPRK might be softening its stand on talks. Underlining tensions on the divided peninsula, the ROK said its navy had fired warning shots on Thursday after a DPRK patrol boat briefly crossed their disputed maritime border in the Yellow Sea. DPRK parliament chief Kim Yong-nam commented on the nuclear standoff when he met Wu Bangguo, PRC's Communist Party number two, on Wednesday, the opening day of a goodwill visit to the DPRK. Kim "pointed out that the situation in Northeast Asia centering around the Korean peninsula is reaching an unpredictably difficult phase due to the US invariable hostile policy" toward the DPRK, the KCNA news agency said.

4. DPRK Defector: DPRK Regime Unstable

Reuters ("DEFECTOR SAID TO CALL NORTH KOREA REGIME UNSTABLE," Washington, 10/30/03) reported that the DPRK's highest-ranking defector Hwang Jang-yop told US congressmen on Thursday that "the [DPRK] regime, albeit it takes great pains to show us it is stable, is in fact profoundly unstable." Hwang is the former confidant of Kim Il-Sung, the DPRK's late leader, and a mentor to Kim's son and successor, Kim Jong-il. Hwang this week is making his first visit to Washington since escaping the DPRK six years ago. Hwang was critical of President Bush's offer of a security guarantee to the DPRK: "Perhaps you can say, 'Kim Jong-il, we'll leave you alone if you stop your nuclear program.' ... I don't think there is righteousness in that. On top of that, I don't think any promise that is made by Kim Jong-il would be of any significance." He continued, "I don't understand how we can guarantee the continued existence of a dictator that abuses human rights and how that can actually be democratic."

5. UN for More DPRK Food Aid

The Associated Press ("UN APPEALS FOR MORE FOOD FOR N. KOREA," Beijing, 10/30/03) reported that the World Food Program appealed Thursday for more food aid for North Korea, saying the country faces a shortfall in its harvest and that supplies to feed children and pregnant women are running out. "This year's harvest of wheat and other grains should be the best since the mid-1990s but it's still 20 percent less than North Korea's 20 million people need," said Rick Corsino, the WFP director for the country. The UN agency, which feeds about 6.5 million DPRK citizens, will have

to cut programs for children, pregnant women and the elderly if it doesn't get another 150,000 tons of food soon, Corsino said at a news conference in Beijing.

6. ROK Al Qaeda Ship Tip

Reuters (Lee Jae-won, "SOUTH KOREA SAYS IT RECEIVED AL QAEDA SHIP TIP," Kunsun, 10/30/03) reported that the ROK said on Thursday it had been tipped off that a cargo ship heading for one of its major ports could be carrying members of Osama bin Laden's al Qaeda group. On Wednesday, the Munhwa Ilbo newspaper quoted unidentified military sources as saying the US military had tipped ROK officials about the ship. Officials say it is scheduled to reach the west-coast port of Kunsan with its timber cargo on Thursday between 0900 GMT and 1100 GMT and stay for a week or 10 days. "It is true that the authorities received a tip about possible al Qaeda members, and we're prepared just in case," a spokesman for the National Intelligence Service told Reuters. He declined to comment on what measures were being taken and did not say where the tip-off came from. Police barred reporters from entering the port. A police patrol boat could be seen cruising round the harbor. Police declined to comment on the outcome of a meeting held on Thursday to discuss the ship. But a senior official at the Kunsan port authority said by telephone the case had been under investigation for three days. "We have been investigating the ship on the suspicion that members of al Qaeda may try to enter South Korea but we couldn't find any evidence to prove the suspicion," the official said.

7. ROK Warning Shots at DPRK Ship

The Associated Press ("SOUTH KOREA FIRES WARNING SHOTS AT NORTH'S BOAT," Seoul, 10/30/03) reported that the ROK navy fired warning shots on Thursday after a DPRK patrol boat entered ROK waters, the ROK military said. The DPRK navy patrol boat sailed 990 yards into waters controlled by the ROK, but turned back after 10 minutes when a ROK warship fired four warning shots, when the two ships were about eight miles apart. The two sides had no more hostile exchanges, the spokesman said. ROK officials suspected that the DPRK patrol boat crossed the poorly marked sea borderline while chasing off several PRC fishing boats poaching in the area. On Wednesday, the DPRK accused ROK navy ships of repeatedly violating its western sea border in recent days. ROK rejected the claim as groundless. "The South Korean military authorities should not act rashly, mindful that such infiltration into the territorial waters is a dangerous adventure which may spark a new "West Sea skirmish," the DPRK official news agency said.

8. PRC, DPRK Ships Collide

The Associated Press ("CHINESE, NORTH KOREAN SHIPS COLLIDE," Beijing, 10/30/03) reported that a PRC oil tanker collided with a DPRK cargo ship at the mouth of the Yangtze River north of Shanghai, starting a fire that killed the DPRK ship's chief engineer, a maritime official said Thursday. The collision Wednesday night between the PRC tanker Golden Fountain and the DPRK cargo ship Angshan also injured another DPRK engineer, according to a Shanghai Maritime Bureau official who would give only her surname, Liang. No one on the PRC tanker was injured, Liang said. She said the tanker was empty of oil at the time of the accident.

9. PRC-US Foreign Exchange Situation

Agence France-Presse ("CHINA ESCAPES US CENSURE ON FOREIGN EXCHANGE," Washington, 10/30/03) reported that the PRC escaped censure Thursday for fixing the value of the yuan in a key

report to Congress by President George W. Bush's administration. But pressure mounted on Beijing to adopt a more flexible exchange rate, blamed for tipping the US trade deficit with the PRC to 103 billion dollars last year, nearly a quarter of the global US shortfall. Hard-hit US manufacturers complain the yuan is vastly undervalued at 8.28 to the dollar, making US goods too pricey for the PRC's markets and PRC exports too cheap in the US. But none of the major US trading partners had met the requirements to be officially designated for unfairly manipulating exchange rates, Treasury Secretary John Snow told the Senate banking committee. Snow, presenting a semi-annual report in which the administration must identify foreign exchange rate miscreants, said a currency peg such as the PRC's did not qualify under the rules as unfair manipulation. But "a pegged exchange rate is not appropriate for a major economy like China and should be changed," said Snow.

Reuters ("LAWMAKERS UPSET BY CHINA CURRENCY REPORT," Washington, 10/30/03) reported that the Bush administration angered lawmakers on Thursday by giving the PRC and other trading partners a pass on whether they were manipulating exchange rates to gain an unfair advantage over US manufacturers. The report said "no major trading partner of the US meets the technical requirements" for being designated a currency manipulator, which would have required negotiations and potential US trade action. Members of the Senate Banking Committee, where Treasury Secretary John Snow was summoned to testify, immediately attacked the report as soft-pedaling the issue. "The Chinese are cheating," said Sen. Jim Bunning, a Kentucky Republican, urging the administration to send a strong signal. Sen. Charles Schumer, a New York Democrat who has proposed raising tariffs on PRC goods if Beijing does revalue its currency, was even more harsh. "This report is a whitewash. It treats China with kid gloves when it should be taking off the gloves and confronting China about the fact that it's manipulating the yuan," he said.

10. Powell and PRC-US Relations

Agence France-Presse ("POWELL TO ATTEND CONFERENCE ON US-CHINA RELATIONS NEXT WEEK IN TEXAS," Washington, 10/30/03) reported that US Secretary of State Colin Powell is to attend a major academic conference on relations between the US and the PRC being held next week in Texas, the State Department said. Powell will speak to the conference at Texas A and M University on November 5 immediately on his return from a trip to three Latin American countries, Panama, Nicaragua and Honduras, it said in a statement. Others scheduled to address the November 5 to 8 conference -- entitled "China-US Relations: Past, Present, Future" -- include former US president George Bush, former PRC vice premier Qian Qichen and former US secretaries of state James Baker and Henry Kissinger, according to organizers.

11. US Military Program in Taiwan

The Washington Post (John Pomfret and Philip Pan, "US HITS OBSTACLES IN HELPING TAIWAN GUARD AGAINST CHINA," Taipei, 10/30/03) reported that the Bush administration has quietly embarked on an ambitious effort to restructure Taiwan's military and improve the island's ability to defend itself against the PRC. But the US plan is foundering because Taiwan's leaders are reluctant to foot the enormous bill and force change upon the island's highly politicized and conservative military, US and Taiwanese officials said.

The officials acknowledge that the program is a major departure from long-standing US policy limiting military relations with Taiwan to avoid a confrontation with the PRC. They describe it as a crash course intended to help Taiwan keep up with the PRC's rapid military modernization and, importantly, avoid being bullied by the PRC if bilateral talks resume.

According to US and Taiwanese officials, US military representatives, once almost completely banned from visiting Taiwan, are currently involved in dozens of programs on the island, including both classroom seminars and training in the field. US officers are advising Taiwan's military at all levels in policy, implementation and training. In addition, the two militaries have established a hotline for communicating in case of an emergency. Meanwhile, hundreds of Taiwanese military personnel are now undergoing training and education in the US.

"China will not tolerate a de facto alliance," said a senior PRC official, speaking on condition of anonymity. PRC defense minister, Gen. Cao Gangchuan, is in Washington for talks that will focus in part on Taiwan.

But many officials acknowledged that the program has thus far done little to improve Taiwan's ability to defend itself. "The US has put a lot effort into this project, but there's really no improvement," said retired Adm. Nelson Ku, the former commander of Taiwan's navy and now a member of Taiwan's congress.

US officials said many Taiwanese officials, including President Chen Shui-bian, are reluctant to lock horns with the powerful military to push the reforms; others have not acknowledged that Taiwan needs to improve its war-fighting capabilities. Taiwanese government officials and legislators acknowledged the pace of change was glacial.

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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