



NAPSNet Daily Report 5 January, 2004

Recommended Citation

"NAPSNet Daily Report 5 January, 2004", NAPSNet Daily Report, January 05, 2004,
<https://nautilus.org/napsnet/napsnet-daily-report/napsnet-daily-report-5-january-2004/>

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I. United States

1. PRC Confirms SARS Case

The Associated Press (Joe McDonald, "CHINESE GOVERNMENT CONFIRMS SARS CASE," Beijing, 1/5/04) reported that the PRC Health Ministry announced that a sick man in southern China does indeed have the SARS virus: "Based on the combined tests of the Ministry of Health and Guangdong provincial health experts, the suspected SARS case has been confirmed." The confirmation

represents the first known case of SARS contracted in the PRC since July - and the first this season to come from the general population. Two other cases - in Singapore and Taiwan - were linked to researchers who apparently had been exposed in laboratories. The World Health Organization in Beijing also said an announcement was forthcoming. The diagnosis came hours after the PRC ordered 10,000 civet cats in wildlife markets killed after genetic tests suggested a link to a suspected SARS case. The civet has long been suspected as a vector for the disease's suspected jump from animals to humans.

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2. Delay in Next Round of Multilateral Talks

The Associated Press (Hans Greimel, "NEW ROUND OF NORTH KOREAN NUCLEAR TALKS REMAINS IN LIMBO," Seoul, 1/4/04) reported that talks on ending the North Korean nuclear standoff were in limbo with the DPRK blaming the impasse on the US' demand for disarmament and the ROK saying it was unlikely a new round of negotiations would get off the ground this month. ROK National Security Adviser Ra Jong-il said, "Considering that China's Lunar New Year is in January, and Russia's Christmas schedules are in January, I think it would be difficult to hold the talks in January...Even though the six-nation talks won't open immediately, I am not pessimistic about the prospects of talks in the long-term." KCNA carried a commentary stating that "The actions to be taken at the first phase are for the US and the neighboring countries to take measures in return for the DPRK's complete freeze of its nuclear activities. This is a starting point and a core issue of furthering the process of talks...the ball is in the US court." Meanwhile, in Moscow, Chinese diplomats were to meet with Deputy Foreign Minister Alexander Losuykov and Director of the First Asian Department Yevgeni Afanasyev to discuss a compromise solution that first freezes the DPRK's atomic programs then rolls them back and that assumes the liquidation of the North Korean nuclear program may take more than one year, according to Itar-Tass news agency.

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3. Implications of US Teams' Visits to DPRK

Korea Herald (Kim So-young, "N. KOREA OPEN TO US NUKE DEAL," 1/6/04) reported that most officials and analysts agree that the DPRK allowing two US teams to visit Yongbyon represents the DPRK's willingness to speed up negotiations with the US. "What the [DPRK] wants is to settle the issue at an early date. In that context, it may attempt to accelerate the diplomatic process by showing the US delegations that nuclear reactors are indeed being reactivated," a ROK government official said on condition of anonymity. "But it would not risk raising tensions further by disclosing weapons or plutonium." Prof. Koh Yu-hwan of Dongguk University presented a similar prospect. "As the US has dismissed the [DPRK]'s repeated claims of its nuclear capability, the [DPRK] will try to

demonstrate its nuclear development. But the country is unlikely to uncover its entire weapons program, because it could render even its supporters turn their back against its regime." But the date for the second round of six-way talks is likely to be affected, according to experts, as negotiating countries will have to analyze the outcome of the Pyongyang visit before resuming their negotiations.

Korea Herald (Editorial, "NORTH KOREA'S CHOICE," 1/5/04) reported that it appears to defy clear interpretation by any outsiders why as many as three groups of Americans are rushing to make simultaneous visits at a time when even a single such trip to the DPRK would have been broadly welcomed. The White House seems reluctant to attach particular significance to the Congressional and private missions. But it would still be more reasonable to say that the DPRK is sending out certain signs that cannot be dismissed as another risky gambit by its nervous regime. Either with the voluntary surrender, or the forced downfall of his fellow dictators one after another, the North Korean leader cannot miss the eerie warning that he now stands out as the most sought-after target, second only to Osama bin Laden, in the ongoing U.S.-led war against terror and weapons of mass destruction. This is one crucial reason that, in pursuing a negotiated settlement, the North Korean leader has to realize that he needs support not only from the PRC and Russia, but from the ROK as well. The North Korean government correctly stressed the importance of "national coordination" between the two Koreas in its New Year's message. What is important, though, is whether it lives up to its rhetoric.

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4. Japan-US-ROK Agreement on DPRK?

Yomiuri Shimbun ("N. KOREA FACES DEMAND THAT IT SCRAP N-PLANTS," 1/3/04) reported that according to Japanese government sources, Japan, the US and the ROK reached an agreement that the DPRK should not be allowed to use nuclear energy even for peaceful purposes as long as Kim Jong Il leads the country. In addition, the three countries will no longer ask the DPRK to rejoin the Nuclear Nonproliferation Treaty, the sources said. The agreement was made at meetings of foreign ministry bureau chiefs and equivalent officials of the three countries in September and December, and on other occasions. A senior Foreign Ministry official said, "As long as there is fear that North Korean facilities might be used for military purposes, we can't tolerate any nuclear facilities, not even those operated for peaceful purposes."

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5. DPRK-Taiwan Narco-trafficking Link?

The Taipei Times (Brian Hsu, "SECURITY BUREAU LINKS N KOREA AND LOCAL GANGS," Taipei,

1/5/04) reported that a National Security Bureau (NSB) source, who spoke on condition of anonymity, said the unusual links that are developing between the DPRK and local gangsters have been observed for some time but did not warrant enough attention until recent months. "Pyongyang actually invited these gangsters for a visit. We believe that the links are being built for the sake of drug trafficking. The watch will continue," the source said, declining to offer any further information.

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6. USFK in ROK

Korea Times (Ryu Jin, "SEOUL TO OFFER MORE LAND TO KEEP US TROOPS IN CAPITAL," Seoul, 1/4/04) reported that the ROK plans to offer some 200,000 pyong (66 hectare) of land in central Seoul to US Forces Korea to keep US soldiers in Seoul. The ROK will propose the offer during the sixth round of the Future of the ROK-U.S. Alliance Policy Initiative Talks, scheduled to take place in Hawaii on Jan. 15-16. The US side is interested in moving its forces out of the capital. The ROK and US agreed last May to move the Yongsan Garrison, the 8th US Army's headquarters at the center of Seoul, to the Osan-Pyeongtaek area by 2006, leaving only 1,000 UNC and CFC personnel in the capital. The two countries have been at odds over the size of the land to be allocated for the remaining forces. The ROK offered some 170,000 pyong (56 hectares), while the US wanted about 280,000, more than 30 percent of the current total of 800,000 pyong (267 hectares).

The Associated Press (Soo-Jeong Lee, "US TROOP HANDED TO S. KOREA UNDER DEAL," Seoul, 1/5/04) reported that an American soldier accused of fleeing a fatal traffic accident was in ROK custody in the first case as part of a 2001 revision of the Status of Forces Agreement, which gives the ROK greater authority over US troops accused of committing crimes when off duty. But the ROK was also granted permission to take U.S. troops into pretrial custody before indictment for 12 serious offenses, including murder, arson, rape, and fleeing a deadly traffic accident. Sgt. Jerry S. Onken, 33 of Onamia, Minn., is accused of leaving the scene of a collision near the capital Seoul that killed a 22-year-old ROK woman in November.

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7. PRC and Japan Potential Clash over Siberian Pipeline

The New York Times (James Brooke, "JAPAN AND CHINA BATTLE FOR RUSSIA'S OIL AND GAS," Vostochny, 1/3/04) reported that Japan and the PRC are fighting hard over where a pipeline to transfer oil from East Siberia will go: either to PRC's northeastern industrial heartland, or to a stretch of Russian shoreline, where a new deep-water oil terminal will be just one day's tanker cruise from Japan. Both Japan and the PRC are in need of raw materials, especially energy - Japan because

it has almost none of its own, the PRC because its economic boom has fast outstripped what once were adequate domestic supplies. Both want to limit their dependence on oil from distant, politically volatile regions like the Middle East. The PRC has been talking to Russia about Siberian oil for a decade, and its need has grown acute. It is on a pace to overtake Japan next year as the world's second-largest oil consumer, and to catch the leader, the US, sometime around 2030, by quintupling its current demand. Energy shortages plague the PRC, with 21 provinces experiencing rationing and blackouts so far this fall and winter, twice as many as last year. A Russia-PRC would be a natural north-south marriage between Asia's largest oil exporter and what will soon be Asia's largest oil importer. Economic interdependence and improved regional stability helped propel a \$17 billion project to build a 3,055-mile natural gas pipeline from eastern Siberia to serve the northeast PRC and ROK, which won initial approval in November. Japan, whose demand for oil is slowly falling because of anemic growth and a shift from manufacturing, now is offering to put up \$5 billion for pipeline construction and another \$2 billion for oil field development, while holding out the prospect that a pipeline to the Sea of Japan could handle oil exports to the US, too. In Russia's thinly populated Far East, the Japanese pipeline is seen as a counterbalance to the PRC. President Hu Jintao thought he had won the pipeline last May when he visited Moscow and signed a communiqué with Putin endorsing the Chinese route. On the same visit, a PRC-owned oil company signed a 20-year, \$150 billion agreement with Yukos, Russia's largest oil company, in which Yukos promised to supply the PRC with 400,000 barrels of oil a day by 2005, and 600,000 barrels a day by 2010. The Russian national railway system also announced recently that it would expand sixfold its capacity for shipping oil to the PRC. But the PRC lost an important advocate in Moscow on Oct. 25, when Mikhail B. Khodorkovsky, the chief executive of Yukos, was arrested on charges of tax evasion and fraud. The PRC route proposed by Yukos would be shorter, faster and cheaper: 1,400 miles long and about \$2.8 billion and seven years to build, compared with 2,300 miles, about \$5.8 billion and a decade to build the Japan route. The Japanese pipeline would be larger - a million barrels a day rather than 600,000 - but many wonder whether enough oil can be produced in East Siberia to fill it.

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8. ROK-Japan Contacts Ease Antipathy

Reuters (Cheon Jong-woo, "S.KOREAN ANTIPATHY FOR JAPAN EASES WITH CONTACTS," Seoul, 1/5/04) reported that like many young South Koreans, Lee Jin-hee refuses to shun her Japanese contemporaries and wants the two countries to put an end to long decades of mutual hatred and contempt. "I'm sorry about victims during the colonial period, but I don't think we should accuse young Japanese over history," Lee said. "It is the fault of past politicians, not of individuals." The ROK culture ministry this month eased 60-year-old barriers to Japanese cultural imports, such as music, video games, television, and movies. The cultural trade goes the other way, too, with highly wired South Koreans using broadband connections as a window on Japan. "The Internet burns with passion for Japanese culture, which could not be accessed easily in the past," said independent cultural critic Kim Ji Ryong.

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9. PRC Blames State-Owned Company in Gas Blast

The New York Times (Joseph Kahn, "CHINA BLAMES STATE-OWNED COMPANY IN GAS BLAST," Beijing, 1/4/04) reported that the PRC has accused one of its largest and richest state-owned companies of negligence in the gas well disaster that killed 233 late last month, as the authorities moved with unusual speed to assess responsibility for the accident. Investigators had found a series of safety violations by the China National Petroleum Corporation, the country's main domestic oil and gas producer, and threatened legal action against company executives deemed responsible. During a drilling operation late on the night of Dec 23, a gas well burst and spewed toxic fumes over farming villages in a 10-mile radius. Many victims died of poisoning or chemical burns in their homes or while trying to flee the area on foot. Officials said that if the crew had followed safety instructions they would have immediately set fire to the gas to prevent it from spreading. In fact, it took hours for them to ignite the gas, allowing the highly toxic mixture of natural gas and hydrogen sulfide to escape.

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10. Lull in ROK Bird Flu Outbreak

Agence France-Presse ("LULL IN SOUTH KOREAN BIRD FLU OUTBREAK, Seoul, 1/3/04) reported that the outbreak of a potentially deadly bird flu appears to be under control in the ROK, with no new cases reported for the past week, officials say. But the agriculture ministry officials said the highly contagious virus has a 20-day incubation period, so authorities would not be fully confident the outbreak was under control for a few more weeks. A total of 1.6 million birds including chickens and ducks have been culled since the disease surfaced on December 15 at a farm in the central province of North Chungcheong. But officials from the ROK's National Institute of Health have suggested this strain could be a variant which poses no harm to humans. Nonetheless poultry consumption has plunged, sending chicken prices plummeting across the country. Chicken exports have also slowed with China and Japan banning the import of poultry or bird products from South Korea.

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11. Leader of PRC Taoist Group Dies

The Associated Press ("LEADER OF CHINA'S TAOIST GROUP DIES," Beijing, 1/5/04) reported that Min Zhiting, leader of the China Taoist Association, the government-authorized body for the Taoist faith, has died at 80, according to Xinhua News Agency . It didn't give a cause of death or any details of survivors or funeral plans. Min also served as a member of the Chinese People's Political Consultative Conference, a high-level government advisory body of noncommunist figures. Xinhua didn't say who might succeed Min as leader of the Taoist association.

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12. ROK Investigations

Reuters ("S. KOREA OPENS SPECIAL INVESTIGATION OF ROH AIDES," Seoul, 1/5/04) reported that the ROK launched a special investigation into a political funding scandal that has embarrassed President Roh Moo-hyun and engulfed the country's main opposition party. The special counsel, established by a parliamentary vote late last year, will focus on three aides to Roh who have been implicated in illegal fundraising during the December 2002 presidential election. The three were among eight people affiliated with Roh who were indicted last week by regular state prosecutors, whose two-month investigation has revealed secret corporate donations to both candidates' campaigns in the 2002 race. But the prosecution stopped short of pursuing Roh, citing a constitutional law that exempts sitting presidents from being charged with criminal offences other than grave crimes threatening national security. Roh said on December 14 he would step down and retire from politics if his party was found to have received and used more than a tenth of the illegal political funds his opponent raised in the December 2002 election campaign.

The Associated Press ("48 KOREAN OFFICIALS IN GRAFT PROBE," Seoul, 1/4/04) reported that prosecutors investigating corruption in the bidding on government contracts by a ROK affiliate of IBM Corporation have indicted 48 government and company officials Sunday. IBM Korea and its local affiliates won \$55 million in procurement contracts from government bodies through bribery and prearranged bidding, prosecutors said, according to Yonhap news agency. IBM Korea expressed regret over the incident, saying the "company has never approved or overlooked the creation of slush funds." Jang was accused of helping Winsol, a local distributor of IBM servers, win about \$35.8 million worth of procurement contracts from the National Tax Service and four other public offices through prearranged bidding between 2001 to 2003.

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13. DPRK Access to ROK Websites

Chosun Ilbo, (Ahn Yong-gyun, "NK Firm Said to Contact Assembly Member's Web Site, Seoul, 1/5/04) reported that Grand National Party (GNP) legislator Park Won-hong said that a North Korean posted a message on his homepage, using the country's own Internet network, proving that North Koreans can directly log on to ROK web sites. After tracking the IP address, the message came from "China.net," an Internet circuit mainly used by North Koreans. In the message, DPRK Lottery Joint Venture refuted a claim made by Park last year on the North's gamble site, Jupae.com, that people in the South illegally register on the site and remit money to the North by credit cards or money transfers. DPRK Lottery Joint Venture said that in the South, there are countless gambling places for overseas Koreans in every city. Park pointed out that a revised bill calling for erasing prior approval requirement when contacting the North over the Internet was not passed in the Unification, Foreign Affairs, and Trade Committee of the National Assembly, because the members thought the time was not yet ripe.

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14. DPRK Sends Condolences to France

Agence France-Presse ("NORTH KOREA SENDS CONDOLENCES TO FRANCE OVER PLANE CRASH," 1/5/04) reported that the DPRK sent condolences to France following a recent plane crash in Egypt which claimed 133 French lives. North Korean nominal head of state, Kim Yong-Nam, "expressed deep sympathy and condolences" in the message sent to French President Jacques Chirac Sunday, the KCNA said. Kim, president of the Presidium of North Korean Supreme People's Assembly, also sent a separate message of condolence to Egyptian President Mohamed Hosni Mubarak. A chartered Egyptian plane crashed in the Red Sea on Saturday, killing a total of 148 people, mostly French tourists, in the worst air disaster ever to hit France.

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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.

Produced by [the Nautilus Institute for Security and Sustainable Development](#) in partnership with:
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Center for American Studies,
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