

NAPSNet Daily Report Monday, June 21, 2004

Recommended Citation

"NAPSNet Daily Report Monday, June 21, 2004", NAPSNet Daily Report, June 21, 2004,
<https://nautilus.org/napsnet/napsnet-daily-report/napsnet-daily-report-monday-june-21-2004/>

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I. United States

1. Multilateral Talks

The Associated Press ("U.S., NORTH KOREA BEGIN NUKE TALKS ", 2004-06-21) reported that the diplomats from the DPRK, the US and four other nations met to discuss the agenda for high-level talks due to start Wednesday. Negotiators discussed the DPRK's demand for "corresponding measures in response to (nuclear) freeze," the ROK's Foreign Ministry said, using the phrase employed by diplomats to describe aid to the DPRK. The ministry said the other governments also presented their positions on disarmament but gave no details. The other participants are host PRC, ROK, Japan and Russia. The US says it would offer aid only if the DPRK proves its willingness to become nuclear-free. It says any freeze must lead to a "complete, verifiable and irreversible dismantling" of the DPRK's nuclear weapons facilities.

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2. US on DPRK Nuclear Crisis

Reuters ("N.KOREA OFFERS, U.S. REJECTS 'ROAD MAP'", 2004-06-21) reported that the DPRK held out the prospect of a "road map" for freezing or dismantling its nuclear program on Monday if the US and others said what they would give in return, ROK's Yonhap News said. The US rejected the offer, saying the DPRK must first come up with a detailed plan for a freeze ahead of eventual nuclear dismantlement, the news agency quoted a ROK official as saying. Officials from several parties involved have cautioned that scant progress can be expected at the senior-level talks, to be held in Beijing from Wednesday to Saturday, aimed at ending a 20-month standoff between the US and DPRK over its nuclear ambitions. "The sides outlined their basic positions with regard to nuclear dismantlement and 'freeze-versus-countermeasures' and there were discussions on these," Yonhap quoted Yang Seok-hwan, a South Korean Foreign Ministry official, as saying, citing his country's negotiators at the talks. The DPRK has demanded the US agree to its "freeze-for-compensation" proposal as a first-stage measure to end the dispute. The PRC proposed putting off the opening of the main talks by one day so that the countries could hold a series of bilateral meetings on Wednesday, Yonhap said. But PRC Foreign Minister Li Zhaoxing appeared upbeat. "I hope we will make progress. We hope the peninsula will be nuclear-free and enjoy peace and stability," Li told reporters on the sidelines of an Asian diplomatic forum in Qingdao city. The talks should be held in a "pragmatic, relaxed atmosphere," he said. The RPC has said expectations should not be too high from these talks, and many analysts have said the DPRK may be waiting for the outcome of the U.S. presidential elections in November before deciding whether to take part in serious bargaining.

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3. US on DPRK Nuclear Program

Agence France-Presse ("US FACES POSSIBLE ISOLATION WITH RIGID NORTH KOREAN POLICY", 2004-06-21) reported that for more than two years, the US has tried to isolate its "axis of evil" enemy the DPRK but is now facing its own possible isolation over a rigid policy to end the DPRK's nuclear weapons drive. "I think that's a prescription for paralysis because no one's going to want to make the first move and I think that you're likely to see stalemate," said Michael O'Hanlon, a senior fellow at Washington-based Brookings Institution. He believes the United States and its allies should offer benefits first to the DPRK to woo it into giving up its nuclear military ambitions. Amid a collapsing economy, the DPRK's only bargaining chip is its nuclear weapon and it wants to trade for something pretty good. O'Hanlon said the only way for the US to justify offering the DPRK more benefits first was by making much firmer demands on the DPRK, going beyond the nuclear issue. "I believe we should try to push the North Koreans to cut conventional military forces, expand their economic zones of entrepreneurial activity, eliminate their missiles and chemical forces," he said. But the United States is going to the Beijing talks insisting that its goal is to ensure what the Bush administration refers to as "CVID" or complete verifiable irreversible denuclearization. Although critics call it unrealistic, the CVID is a "principled stand" of the United States, said Balbina Hwang, an expert on Asian affairs at the Washington-based Heritage Foundation. "My point is: that is what principles are, principles are not negotiable and they shouldn't be flexible," she said.

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4. ROK on DPRK Nuclear Crisis

Reuters ("S.KOREA COMES UP WITH 'FLEXIBLE' N.KOREA PLAN ", 2004-06-21) reported that the ROK offered aid to the struggling DPRK in return for progress. The ROK would be more flexible in the talks on the DPRK nuclear crisis and was ready to provide a security guarantee in return for nuclear dismantlement, ROK Foreign Minister Ban Ki-moon told Reuters in an interview. "It is of crucial importance to have some visible progress, to have North Korea commit themselves to dismantling their nuclear development program completely in a transparent manner," the ROK's Ban said of his hopes for the third round of talks. "In such a case, we would be ready to provide the corresponding measures in a formal security assurance and international economic assistance including energy, which they are badly in need of," he said, repeating the ROK's offer of aid to its impoverished northern neighbor.

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5. Japan on Multilateral Talks

Reuters ("JAPAN TO OFFER N.KOREA ENERGY AID AT TALKS -MEDIA ", 2004-06-18) reported that Japan will offer energy assistance to the DPRK at next week's six-way talks over the DPRK's atomic ambitions but only if the communist state freezes its nuclear programs, Japanese media said on Saturday. Japanese media said the aid would only be extended if the DPRK froze its programs as a first step toward dismantling its plutonium and suspected uranium enrichment projects. The DPRK should also move toward resolving the issue of Japanese abducted by its agents in the past, the reports added. At the last round of talks, the ROK, PRC and Russia offered energy aid in return for the North's proposal to freeze its nuclear activities. But Japan and the US stopped short of matching the offer, only expressing "understanding" for DPRK's proposition. Japan has since decided to make the offer out of concern that if no progress were made at the next round, the momentum for the talks would be lost, the Asahi Shimbun newspaper said, quoting Japanese officials. But for Japan to

give aid, the DPRK must make progress on the abduction issue, including the resumption of an investigation into the fate of Japanese abductees who it previously said had died or are missing, the Mainichi Shimbun said.

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6. Russian on Multilateral Talks

Reuters ("RUSSIA EXPECTS RESULTS FROM N.KOREA TALKS -XINHUA", 2004-06-20) reported that Russia expects "certain realistic" results from a third round of six-party talks on the DPRK nuclear crisis as all participants agreed on some issues, a Russian official was cited as saying. Russia hoped the third round would go smoothly and expected realistic results, the PRC's Xinhua news agency quoted an unidentified member of the Russian team as saying on arrival in Beijing. The parties shared some positions, Xinhua cited the delegate as saying. It did not elaborate.

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7. ROK on US Intelligence

Reuters ("S.KOREA PARTY ASKS U.S. TO AVOID INTELLIGENCE ERRORS ", 2004-06-21) reported that the ROK's ruling party urged President Bush's administration on Monday to share more intelligence on the DPRK to ensure there is no repeat of what it said was the flawed information that led to war in Iraq. "It was wrongful of the Bush Administration to bring on the war against Iraq," the Uri Party said in an English-language statement. "Even worse, the administration is losing the justification of occupation policy in Iraq." The party said military operations against the DPRK based on wrong or distorted information could lead to serious results because the ROK government relies heavily on information from the United States. "We urge that the Bush Administration guarantee that such kind of decision making based on false and distorted information as in the case of Iraq will not occur on the Korean peninsula, by sharing nuclear and military information on North Korea with Seoul," the party said.

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8. DPRK - Russian Relations

Korean Central News Agency of the DPRK ("PROTOCOL ON SCIENTIFIC COOPERATION SIGNED", 2004-06-18) A protocol on 2005-2007 scientific cooperation between the DPRK Academy of Sciences and the Russian Academy of Sciences was signed in Moscow on June 18. Present at the signing ceremony were a DPRK delegation of the Academy of Sciences headed by Pyon Yong Rip who is president of the Academy, Russian Academy of Sciences President Yuri Ossipov and leading officials of the Academy, DPRK Ambassador E. P. to the Russian Federation Pak Ui Chun and staff members of the embassy. The protocol was signed by Pyon Yong Rip and Yuri Ossipov.

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9. ROK Political Contributions

The Associated Press ("KERRY TO RETURN CASH FROM ARRESTED KOREAN", 2004-06-21) reported that stung during the 1990s Democratic fund-raising controversy, John Kerry is returning a \$2,000 check from the son of the ROK's disgraced ex-president after learning the donor was charged with tax evasion. Kerry's presidential campaign also acknowledges that some of its fund-raisers met

with a ROK government official who was trying to organize a Korean-American political group. That official has been sent home amid questions he was involving himself in American politics. The Kerry campaign said it did not know about the \$2,000 donation from Chun Jae-yong or his background until informed by The Associated Press. "We are sending the check back," spokesman Michael Meehan said. Chun Jae-yong was arrested in February by ROK authorities on charges of evading taxes on \$14 million in inheritance money. His father, former president Chun Dooh-hwan, was convicted in 1997 on bribery charges. Chun Jae-yong was a business partner with Rick Yi, one of Kerry's major fund-raisers in the Asian-American community. Yi acknowledged soliciting the donation from Chun last summer before learning of his legal problems. "I didn't think anything wrong of it," said Yi, who has raised more than \$500,000 for Kerry and Democratic causes and is listed as one of the campaign's fund-raising vice chairmen. "If I had known who he was at the time I probably would not have taken the money."

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10. ROK Iraq Dispatch

Reuters ("S.KOREA VOWS TO SEND IRAQ TROOPS DESPITE KIDNAPPING ", 2004-06-21) reported that the ROK will go ahead with its plan to send 3,000 troops to help rebuild Iraq despite a threat from Iraqi militants to behead a ROK hostage, the Foreign Ministry said. The government would do its best to seek the release of 33-year-old businessman Kim Sun-il, who has been shown repeatedly on ROK television pleading for his life in English, Vice Foreign Minister Choi Young-jin told reporters after a meeting of President Roh Moo-hyun's National Security Council. Choi said Kim, an Arabic graduate, was kidnapped in Falluja on June 17 -- the day before the ROK announced where its troops would be deployed after months of agonizing because of security concerns and public opposition. The group holding Kim said the ROK had 24 hours from Sunday night to withdraw its decision or they would behead him, Arabic television station Al Jazeera reported. "I am telling you that there will be no change to our government's basic spirit and position --- our plan to send troops to Iraq is for the support and reconstruction of Iraq," Choi said. He chairs a task force set up to handle the crisis. The ministry asked Britain, the PRC, Japan and Arab states to help. Kim's employer, the president of the small Gana General Trading company, told Yonhap news agency militants were holding about 10 foreigners as well as the ROK businessman. With the 670 ROK military medics and engineers already in Iraq, the new contingent would make the ROK's the third-largest force after those of the United States and Britain. "I request the foreign ministry and other related agencies to make all their efforts to save him," said Roh in comments released by his office.

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11. ROK Aircraft Deal

Globes Online ("IAI OFFERS 4 "PHALCON" AWACS PLANES TO SOUTH KOREA FOR \$1.7B", 2004-06-21) reported that Israel Aircraft Industries (IAI), Gulfstream, and L3 have submitted a joint bid to sell four early warning and surveillance systems to the ROK Air Force for \$1.7 billion. The three companies have set up a joint team to compete in the tender, called the E-X plan. The joint bid includes the Gulfstream G550 plane. IAI subsidiary Elta Electronic Industries will supply the Phalcon radar system, and L3 will supply the airplanes with a telecommunications envelope. The companies are also offering reciprocal procurement in the ROK, ROK companies will be able to participate in the assembling and maintenance of the systems as subcontractors for the bidders. The IAI Phalcon system and its predecessor, the Condor, have scored successes over the past ten years. They were chosen by the Chilean Air Force, the PRC Air Force (the US torpedoed the deal), and the Indian Air Force, which acquired three Phalcon systems early this year on the Russian L-76 airplane platform.

IAI failed in similar tenders in Turkey and Australia. Other participants in the ROK tender include US defense giant Boeing and Thales of France. Elta managing director Israel Livnat expressed confidence, saying, "Our proposal will be higher quality, with the widest performance, and at a more competitive price."

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12. Typhoon Dianmu

Reuters ("TYPHOON DIANMU KILLS FIVE IN JAPAN AND S.KOREA", 2004-06-21) reported that powerful typhoon Dianmu tore through the ROK and western Japan on Monday, lashing a wide area with strong winds and heavy rains, killing at least five people. Dianmu, meaning "Mother of Lightning" in Chinese, killed at least two people when it slammed into the central provinces of the ROK, and three died in Japan over the weekend. Transport was snarled in Japan, thousands of households temporarily lost power, several refineries halted shipments and at least 1,300 people were told to evacuate. In the ROK, four people went missing, 168 houses were evacuated and 26,811 homes lost power for hours, the National Emergency Management Agency said in a statement.

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13. US - PRC Trade Relations

Reuters ("U.S. SLAPS DUTIES ON CHINESE FURNITURE ", 2004-06-18) reported that the U.S. Department of Commerce on Friday imposed preliminary anti-dumping duties of up to nearly 200 percent on \$1.2 billion of wooden bedroom furniture imported from the PRC, but said most PRC companies would escape the highest duties. The anti-dumping case is the largest yet brought by U.S. manufacturers against their PRC competitors and could lead to higher prices on wooden dressers, headboards and other staples of the American bedroom. The U.S. trade deficit with the PRC hit a record \$124 billion in 2003 and is projected to grow even larger this year. Lynn Chipperfield, vice president of Furniture Brands International Inc. , the largest U.S. home furnishing manufacturer, said the Commerce Department's ruling would have no impact on its business. "With tariffs at this rate you have to wonder why they even bothered," Chipperfield said.

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14. PRC on ICC

Reuters ("CHINA WILL NOT BACK U.S. ON IMMUNITY FROM NEW COURT ", 2004-06-18) reported that the PRC said on Friday it would abstain on a resolution giving the US immunity from the new International Criminal Court, a decision that may leave the US short of votes to pass the resolution. "I said to my colleagues we will abstain," the PRC's U.N. ambassador, Wang Guangya, told Reuters after a luncheon among the 15 Security Council members and U.N. Secretary-General Kofi Annan. Wang said earlier the resolution would send a wrong signal in light of the Iraqi prisoner abuse scandal. the PRC's abstention could deprive the Bush administration of the nine "yes" votes required to adopt a resolution. So far only Britain, Russia, Angola and the Philippines are considered sure votes in favor. All other members are contemplating an abstention or are undecided, following a rebuke by U.N. Secretary-General Kofi Annan, who said on Thursday the resolution was "wrong," would "discredit the council" and was of "dubious judicial value." He said that resolution "would be a very unfortunate signal to send at any time -- but particularly at this time." The PRC position is unusual because Beijing has not signed or ratified the court's treaty. Diplomats believe it was also related to disputes with the US over Taiwan, although PRC envoys have denied it.

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15. Cross-Straight Relations

Reuters ("TAIWAN TO HOLD ANNUAL MILITARY EXERCISE IN AUGUST ", 2004-06-21) reported that Taiwan will hold annual exercises in August to test combat readiness in the face of what Defense Minister Lee Jye said on Monday was a significantly higher likelihood mainland the PRC would use force to recover the island. The Han Kuang, or Chinese Glory, drills, involve three branches of the armed forces and are a show of military might by Taiwan, which is viewed by the PRC as a renegade province to be brought back to the fold by force if necessary. "The likelihood of using force against us has increased significantly," Lee, who took office last month, told reporters, referring to the RPC and its fast-growing military. The US has said the PRC acquired more sophisticated missiles, satellite-disrupting lasers and underground facilities in an aggressive military build-up last year aimed at winning a possible conflict with Taiwan. Lee called for support for an US\$18 billion special budget to buy Patriot Advanced Capability-3 (PAC-3) anti-missile systems, submarines and anti-submarine aircraft. He said he would resign if an arms package offered by President Bush in 2001 was rejected by parliament. The PRC, which maintains a longstanding threat to invade the self-governing island if it declares formal independence, also plans to hold exercises in the summer.

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16. PRC Media Control

The Associated Press ("CHINA URGES ISPS TO PLEDGE 'PATRIOTISM'", 2004-06-21) reported that the PRC government is calling on Internet service providers to sign a "self-discipline pact" meant to stop the spread of information that could harm national security as defined by the PRC. The country already requires Internet firms to police their online content and weed out any criticism of the central government. It also tries to block sites it deems politically sensitive or otherwise unacceptable. The new pact was initiated by the China Internet Association, a government-run industry group, the official Xinhua News Agency said over the weekend. "The basic principles of self-discipline for the Internet industry are patriotism, observance of the law, fairness and trustworthiness," Xinhua said. Firms that sign on must promise not to spread information "threatening the national security, social stability or containing superstitious or erotic content," the agency said. Internet service providers must also make sure they do not provide links to other sites with inappropriate material, it added. The pact calls on Internet cafes to direct Web users to "healthy online information," and it urges respect for intellectual property rights.

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17. Hong Kong Democracy Movement

The Associated Press ("HONG KONG LEADER TRIES TO HEAD OFF MARCH ", 2004-06-18) reported that Hong Kong's leader met with opposition leaders Friday in an apparent effort to head off a repeat of last year's embarrassing democracy march that brought a half-million protesters to the streets. Many in Hong Kong are angered by what they see as an erosion of their civil liberties since the former British colony reverted to PRC rule in 1997. Activists are organizing a major protest on July 1, the first anniversary of a huge demonstration against a proposed national security bill many had feared would undermine their freedom. About 500,000 people turned out for last year's march, forcing Chief Executive Tung Chee-hwa to indefinitely withdraw the PRC-backed bill. On Friday, Tung met separately with members of the main opposition Democratic Party and pro-

democracy lawyers, discussing issues including political reform, economic development and education policies. He called the talks "useful" and said he would hold similar meetings in the future, while cautioning that any breakthrough would take time. "Through communication and exchanges, we can work together to move forward Hong Kong's development," he said. Tung said opposition groups should respect the PRC's ruling. But he reiterated his promise to push for talks between the PRC and Hong Kong's opposition, and to urge the PRC to let opposition lawmakers travel to mainland China.

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18. Japan on Nuclear Development

Reuters ("FORMER PM SAYS JAPAN CONSIDERED GOING NUCLEAR ", 2004-06-18) reported that Former Prime Minister Yasuhiro Nakasone once ordered defense officials to look into developing a nuclear capability for Japan, the only nation to be attacked with an atomic bomb, Kyodo news agency said Friday. Japan has long adhered to three principles banning the possession, production and import of nuclear arms, and any hint at abandoning those -- or even merely discussing them -- has long spelled trouble for politicians. Nakasone, prime minister from 1982 to 1987, was quoted as saying in his memoirs due out next week that as defense minister in 1970 he had asked military experts to investigate the cost and time needed for Japan to develop and deploy nuclear weapons. The report gave no reason for his request. The experts estimated Japan could attain a nuclear capability in five years at a cost of 200 billion yen, but that it would be impossible for Japan to develop nuclear weapons without a testing ground, Nakasone was quoted by Kyodo as saying. "I have always opposed (Japan having) nuclear weapons," said Nakasone, long known for his hawkish views. "However, the talk would be completely different if the United States removed its nuclear umbrella," he said. "Japan would have to consider many possibilities, including nuclear weapons."

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19. Japan Iraq Troops Dispatch

The Japan Times ("RETURNED COLONEL EXPECTS IRAQ ASSISTANCE TO EXPAND", 2004-06-10) reported that Colonel Koichiro Bansho, who headed the first contingent of Ground Self-Defense Force (GSDF) troops to Iraq, said on June 9 he expects Japan's assistance for the war-ravaged country to expand further. "It isn't that we used 100 percent of our ability for humanitarian assistance in a pure sense," Bansho, 46, said in a telephone interview with The Japan Times from his GSDF base in Nayoro, northern Hokkaido. He said the main mission of the first contingent was to form a solid basis for Japan's whole aid mechanism for Iraq by building a camp, accommodating troops and equipment, and building a relationship with local people. "I think Japan's real aid will grow from now on by the work of the second and the following contingents, together with the official development assistance program initiated by the Foreign Ministry," he said.

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20. US on Japanese Energy Project

Kyodo ("BUSH BACKS JAPAN ITER BID", 2004-06-10) reported that US President George W. Bush told Prime Minister Junichiro Koizumi on June 8 that he continues to support Japan's bid to host an international nuclear reactor project, Japanese officials said. Japan wants to host the International Thermonuclear Experimental Reactor (ITER) project in Rokkasho, Aomori Prefecture. Bush and Koizumi held a luncheon meeting ahead of the Sea Island Summit of the Group of Eight powers.

Bush made the remark after Koizumi thanked him for his support, they said. The six members of the project -- Japan, the PRC, the ROK, the RF, the European Union and the US -- have been discussing whether the world's first sustained nuclear fusion reactor should be situated in Japan or in the French town of Cadarache, as backed by the EU. In a December meeting in Washington, the US and the ROK supported the Japanese plan, while the RF and the PRC endorsed the EU's proposal. High-level talks among the six members will be held as early as mid-June before final arrangements are made to choose the site.

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21. Japan Nuclear Energy Policy

The Japan Times ("U.S. RESEARCHER WARNS MOX FUEL PLAN IS TOO COSTLY", 2004-06-09) reported that Japan should rethink its plans to reprocess spent nuclear fuel and consider the much cheaper alternative of disposal, according to a nuclear power expert from the US. Japan plans to turn the plutonium and uranium gained through reprocessing into mixed oxide uranium-plutonium fuel, known as MOX, for use in conventional nuclear reactors, but this process is more expensive than disposing of the fuel, says Steve Fetter, a professor at the School of Public Affairs at the University of Maryland. He says his studies show the price of electricity generated from burning MOX fuel at a conventional nuclear reactor is about 10 percent higher than electricity derived from uranium. "If Japan wants to reconsider reprocessing, now is a good time -- before (the plant in) Rokkasho operates." "Advocates (of reprocessing) argue that the cost difference is small and will disappear soon if demand for nuclear power grows," Fetter said. "But we argue that the cost difference is significant and is likely to persist for a long time -- at least 75 to 100 years." Fetter also blasted the argument that fuel reprocessing would help solve the nuclear waste problem, saying that heat and radioactivity levels are still high in the waste from the recycling process and it too has to be stored somewhere. "In fact, spent MOX fuel is hotter and more radioactive than spent LEU," the low-enriched uranium fuel used at conventional nuclear power plants, he said.

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