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# NAPSNet Daily Report Thursday, July 21, 2005

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## I. United States

- 1. [DPRK on Denuclearization](#)
- 2. [US on DPRK Human Rights Issue at Six party Talks](#)
- 3. [US Conference on DPRK Human Rights](#)
- 4. [Expert on ROK Energy Proposal to DPRK](#)
- 5. [Inter-Korean Military Hotline](#)
- 6. [Inter-Korean Cultural Exchange](#)
- 7. [Glimpse of Capitalism in DPRK](#)
- 8. [DPRK on Japan's Bid for UNSC Membership](#)
- 9. [US Defector on Anti-DPRK Propoganda in Japan](#)
- 10. [ROK Military](#)
- 11. [Japan Diplomacy on UNSC Reform](#)
- 12. [US on Russian Arms Sales to the PRC](#)
- 13. [PRC on US Assessment of PRC Military](#)
- 14. [Taiwan on US Assessment of PRC Military](#)
- 15. [PRC Currency Issue](#)
- 16. [Unocal Sale](#)
- 17. [PRC Power Supply](#)
- 18. [PRC Land Rights](#)

[Preceding NAPSNet Report](#)

# **I. United States**

## **1. DPRK on Denuclearization**

USA Today ("NORTH KOREA TO U.S.: END 'HOSTILE POLICY'", 2005-07-21) reported that the DPRK said that establishing a peace agreement to replace the cease-fire that ended the Korean War would also resolve its nuclear standoff with the international community. Meanwhile the DPRK issued strong demands that it will give up its nuclear weapons only if the US opened diplomatic relations. The remarks were the most detailed in a series of demands that the US end its "hostile policy." The Foreign Ministry also said the US must not interfere with the DPRK's "economic cooperation with other countries."

[\(return to top\)](#)

## **2. US on DPRK Human Rights Issue at Six party Talks**

Chosun Ilbo ("WASHINGTON WILL RAISE HUMAN RIGHTS WITH N.KOREA: HILL", 2005-07-21) reported that US Assistant Secretary of State Christopher Hill said he will raise Pyongyang's human rights record with the DPRK. Hill told the Chosun Ilbo, Pyongyang must abide by international standards if it wants to rejoin the international community, and human rights were the most important element.

[\(return to top\)](#)

## **3. US Conference on DPRK Human Rights**

Joongang Ilbo ("TOP U.S. OFFICIALS SIDESTEP MEETING ON NORTH'S RIGHTS", 2005-07-20) reported that senior US officials did not attend a conference on the DPRK's human rights situation in an apparent sign that the Bush administration hopes to avoid irritating Pyongyang on the eve of the resumption of the six-party talks.

[\(return to top\)](#)

## **4. Expert on ROK Energy Proposal to DPRK**

Korea Times ("INTERDEPENDENCY OF ENERGY IS KEY TO NK DEAL", 2005-07-21) reported that according to Selig Harrison, director of the Asia program at the Washington-based Center for International Policy, the DPRK will resist becoming dependent on the ROK for electricity unless Seoul is also prepared to accept a companion proposal that would put part of its own energy supply under Pyongyang's control. "Seoul's proposal makes North Korea dependent on South Korea," said Harrison. "The only way it could fly is if it is part of a larger energy cooperation deal that would involve more interdependence."

[\(return to top\)](#)

## **5. Inter-Korean Military Hotline**

Bloomberg Press ("NORTH, SOUTH KOREA TO SET UP NAVAL HOTLINE TO STEM CONFLICTS ",

2005-07-21) reported that DPRK and ROK military officials agreed to set up a 24-hour hotline next month between their navies to prevent the escalation of scuffles, the ROK's defense ministry said. The new 24-hour hotline will start on August 13.

[\(return to top\)](#)

## **6. Inter-Korean Cultural Exchange**

korea.net ("SOUTH, NORTH KOREAN WRITERS MEET IN PYONGYANG", 2005-07-20) reported that a group of 98 ROK writers left for Pyongyang aboard a chartered DPRK flight via a direct route over the West Sea to attend the first meeting with their Northern counterparts in 60 years, organizers said. The two sides will open the plenary session in Pyongyang later in the day. They will hold several events.

[\(return to top\)](#)

## **7. Glimpse of Capitalism in DPRK**

Wall Street Journal ("NORTH KOREA'S CAPITALIST PORTAL BORDERING CHINESE CITY OFFERS GLIMPSE OF MARKET POSSIBILITIES", 2005-07-21) reported that Dandong, a PRC city that shares a border with the DPRK, is a glittering rebuke to Pyongyang's decision to cling to communism. For many DPR Koreans, Dandong is also an important example of the possibilities of open markets. The city of 2.4 million people is probably the DPRK's most important window into the PRC and the outside world, serving as a kind of boarding school for capitalism. Beijing wants the DPRK to follow its example of gradual economic change to help ensure stability in the region. "I think trading with China is helping them understand what capitalism is all about," says one PRC businessman. "Opening the economy will affect political stability and the party's hold on power, so they are moving very slowly, step by step," he says.

[\(return to top\)](#)

## **8. DPRK on Japan's Bid for UNSC Membership**

Xinhua ("JAPAN NOT QUALIFIED FOR UNSC PERMANENT MEMBER -- DPRK", 2005-07-20) reported that the DPRK reiterated it firmly opposes Japan's bid for permanent membership in the UNSC. "Japan's wrong attitude and stand toward its past history of aggression have greatly enraged the Asian people. The UN's prestige is bound to be damaged if permanent membership of the UNSC goes to Japan," the DPRK's leading newspaper Rodong Sinmun said.

[\(return to top\)](#)

## **9. US Defector on Anti-DPRK Propaganda in Japan**

Japan Today ("JENKINS REJECTS CLAIM TOKYO USES HIM FOR ANTI-NORTH KOREA PROPAGANDA", 2005-07-21) reported that US Army deserter Charles Jenkins rejected DPRK allegations that Tokyo is using him for anti-DPRK propaganda. "The Japanese government has never pushed me to say anything," Jenkins said. Jenkins said he was very angry to hear that Kim Jong Il accused Tokyo of using him as a propaganda tool to stir anti-DPRK sentiment in Japan.

[\(return to top\)](#)

## **10. ROK Military**

Korea Times ("ARMY WILL BE STREAMLINED INTO MORE MOBILE FORCE: DEFENSE CHIEF", 2005-07-21) reported that the ROK is considering downsizing its 680,000-member military by one-fourth by 2020 and streamlining its combat organizations in an effort to carry out a comprehensive reform of its armed forces, Defense Minister Yoon Kwang-ung said Wednesday. The ROK plans to set its number of troops at around 500,000, reducing it in three stages by 2020, Yoon said, adding the cut will be offset by the introduction of sophisticated weapons.

[\(return to top\)](#)

## **11. Japan Diplomacy on UNSC Reform**

Kyodo ("KOIZUMI, YUSHCHENKO AGREE TO COOPERATE ON UNSC REFORM", 2005-07-21) reported that Japanese Prime Minister Junichiro Koizumi and Ukrainian President Viktor Yushchenko agreed to enhance cooperation to realize the expansion of the UN Security Council, the two leaders said. Koizumi and Yushchenko, after their meeting in Tokyo, expressed determination that their countries work together for "the expansion of both the permanent and nonpermanent membership of the UN Security Council as cosponsors" of a UN resolution to that end.

[\(return to top\)](#)

## **12. US on Russian Arms Sales to the PRC**

The Associated Press ("U.S. SAYS RUSSIA AIDING CHINA'S ARMY", 2005-07-21) reported that the PRC is gaining important new military capabilities from Russia and other countries, US Defense Secretary Donald Rumsfeld said, arguing that a European arms embargo against the PRC should be kept in place. Beijing is modernizing its arsenal with the addition of fighter jets, submarines, missiles and other high-tech weapons -- many of them bought from Russia -- to back up its frequent threats to attack Taiwan.

[\(return to top\)](#)

## **13. PRC on US Assessment of PRC Military**

The New York Times ("CALLING IN ENVOY, BEIJING ASSAILS PENTAGON REPORT", 2005-07-21) reported that the PRC's Foreign Ministry called in a senior US diplomat in Beijing on Wednesday to denounce a Pentagon report on the PRC's military strength. The US report, released Tuesday, was "groundless" and based on "reckless accusations," the vice foreign minister, Yang Jiechi, told David Sedney, the deputy chief of mission at the US Embassy in Beijing.

[\(return to top\)](#)

## **14. Taiwan on US Assessment of PRC Military**

Agence France-Presse ("TAIWAN HAILS US REPORT ON CHINA'S MILITARY MIGHT", 2005-07-21) reported that Taiwan President Chen Shui-bian has hailed a US Pentagon report on the PRC's military build-up that Beijing protested as interference in its internal affairs. "China's rise over the past more than 10 years is not peaceful. Their military expansion has not only threatened Taiwan but the region and the world," Chen said.

[\(return to top\)](#)

## 15. PRC Currency Issue

Reuters ("CHINA REVALUES YUAN, PLEASES WASHINGTON ", 2005-07-21) reported that the PRC finally bowed to two years of political and market pressure on Thursday by revaluing the yuan by 2.1 percent and leaving the door open to further rises by abandoning the currency's decade-old peg against the dollar. Analysts described the long-awaited move as modest and said it would have a limited economic impact. But they said the shift, ahead of a US visit in September by President Hu Jintao, made good political sense and potentially marked a critical step by the PRC's policy makers toward giving more play to market forces.

[\(return to top\)](#)

## 16. Unocal Sale

The New York Times ("IN TAKEOVER DANCE, THE CHINESE MISS A STEP", 2005-07-21) reported that Chevron might have regained the upper hand by getting Unocal to accept its sweetened bid against a higher offer from Cnooc, the government-backed PRC oil company. But it might not have delivered the knockout blow it was looking for in the monthlong takeover battle. Now the question is how far Cnooc will go to try to regain the initiative. So far, it has not indicated its next move, but the company still has some time and leeway to raise its offer. Both bidders are racing against an Aug. 10 deadline, when Unocal's shareholders will be asked to approve or reject Chevron's offer.

[\(return to top\)](#)

## 17. PRC Power Supply

The Associated Press ("BEIJING POWER REACHES NEW HIGH IN HEAT ", 2005-07-21) reported that daily power consumption in Beijing set a new record high this week as residents cranked up air conditioning amid sweltering summer heat, nearing the limits of its generating capacity, the government said Thursday. The PRC capital used 10.58 million kilowatts of power on Wednesday, near its safe maximum generating capacity of 10.6 million kilowatts, Xinhua said, citing city officials. General manager of the Beijing Power Company Li Yifan said power use on Thursday was expected to soar to 10.75 million kilowatts, according to Xinhua.

[\(return to top\)](#)

## 18. PRC Land Rights

Agence France-Presse ("VILLAGERS TRIUMPH IN DEADLY LAND GRAB IN CHINA ", 2005-07-21) reported that a local government in northern PRC has decided not to requisition land in a village that suffered a deadly mob attack after residents refused to make way for a power plant. The government has sought to quell anger over the incident that left six farmers dead and 51 wounded. The number of detentions in the Baoding city area in the northern province of Hebei over the June 11 attack has risen to 162, Xinhua news agency said.

[\(return to top\)](#)

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