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# Hu for Taiwan's peaceful reunification china (P)

By P. S. Suryanarayana

**SINGAPORE, DEC. 26.** China today celebrated the 110th birth anniversary of Mao Zedong, with the Central Committee of the governing Communist Party of China (CPC) holding a seminar at the Great Hall of the People in Beijing to herald the event. The President and CPC General Secretary, Hu Jintao, who led the country in marking the event, spelt out his Taiwan policy on the eve of the celebration.

In a sense, the Taiwan question can be traced to the circumstances in which Mao Zedong founded the People's Republic of China in 1949 by trouncing the 'nationalists'. Speaking to the presidents of associations that represent the Taiwanese enterprises, which are based on the Chinese mainland, Mr. Hu said Beijing would do its utmost, in all 'sincerity', to accomplish the "peaceful reunification" of Taiwan with China. He underlined that China would adhere to the idea of "one country, two systems".

Beijing was, however, opposed firmly to any separatist activity that might be designed

to bring an "independent Taiwan" into existence. Mr. Hu assured the entrepreneurs that China respected the Taiwan people's wish to rule themselves and develop democracy under such self-rule, according to an official version.

Beijing would indeed seek 'advice' from the "Taiwan compatriots" about establishing closer economic cooperation. With Beijing regarding Taiwan as an inalienable part of China, Mr. Hu emphasised that its central government had adopted a policy of welcoming and encouraging the Taiwanese entrepreneurs to invest on the mainland and fashion trade links with it under the 'one-China' banner.

The Chinese Foreign Ministry spokesman, Liu Jianchao, expressed "deep regret and strong dissatisfaction" over the former Japanese Prime Minister, Yoshiro Mori's reported visit to Taipei at this time. Earlier, another former Japanese Prime Minister, Takeo Fukuda, visited Taiwan. Noting that Beijing had already lodged "serious representations" with Tokyo as regards the Mori visit, Mr. Liu reaffirmed that the Taiwan issue impinged

on China's sovereignty and territorial integrity. As such, Beijing was firmly opposed to any move by Japan to have official relations with Taiwan or even political contacts with it in any manner.

China "seriously demands" that Japan honour its 'commitments' on the Taiwan issue in "actual deeds", he said. Beijing also reiterated its sovereignty over the Diaoyu islands as also the adjacent islands in the East China Sea. This was done during the China-Japan consultations, held in Tokyo on Thursday, on issue concerning the law of the sea.

## 22 survive crash

**COTONOU (BENIN), DEC. 26.** Some 111 people were killed when a Boeing 727 crowded with Lebanese families crashed into the sea off the coast of the small West African state of Benin, the Transport Minister announced today. Twenty-two people survived, the Minister, Hamed Akobi, said, giving a revised casualty toll of yesterday's disaster. — AFP

# The Chinese are changing

JAIRAM RAMESH

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**B**onhomie between India and Pakistan is in the air yet again. Somewhat unexpectedly, the rhetoric emanating from Islamabad is subdued, moderate and even statesmanlike. Many believe that American pressure is finally paying off and that Pakistan is, at last, beginning to fall in line to the dictates of the Bush administration. But could there be other pressures on General Musharraf as well? Evidence is accumulating that China too has, in its own way, told Pakistan "enough is enough", that it should crack down on its sponsorship of export-oriented terrorist outfits and that it should open a dialogue with India. A few days back, based on high-level background briefings in all three countries, *The Asian Wall Street Journal* highlighted the Chinese role in the new opening between Islamabad and New Delhi. The following quote, from the article of December 8, is significant.

"Chinese leaders advised President Musharraf to be forward-looking and to respond positively to India's latest overture, says a Pakistani official who made the trip. This official says the Chinese were visibly irritated when Mr Musharraf raised the issue of China's growing business ties with India. 'We had decided some 25 years ago to concentrate on economic development,' one Chinese official told Mr Musharraf, according to the Pakistani official, implying that Pakistan should do the same."

Why have the Chinese changed? It is true that in both the 1965 and 1971 Indo-Pak wars, China's support to Pakistan consisted largely of rhetoric. But China played an important role in building up Pakistan's nuclear and missile capability particularly in the Eighties. China and Pakistan share a warm relationship with the Chinese, never having forgotten the pivotal role played by Pakistan in re-establishing Sino-US ties in 1969-72. For a while, in the Eighties, as it was re-emerging on the world scene, China also used Pakistan as a bridgehead to the oil-rich Middle East, especially to Saudi Arabia and Iran. But in spite of the close friendship, things have begun to change.

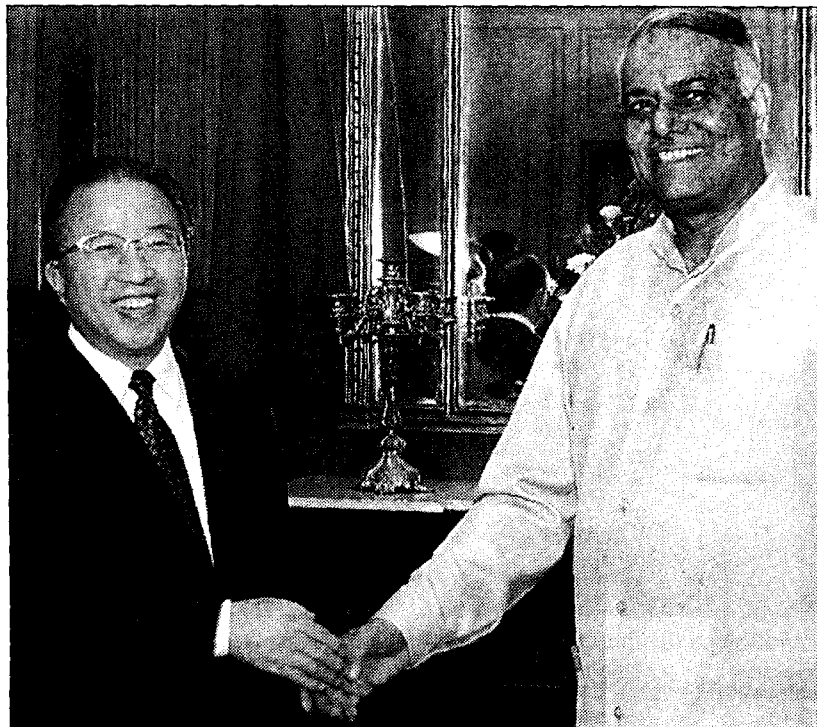
**T**he first evidence for this was provided on December 2, 1996, when President Jiang Zemin addressed the Pakistani senate and said "if certain issues cannot be resolved for the time being, they may be shelved temporarily so that they will not affect the normal state-to-state relations". The reference to Kashmir was unmistakable. The Chinese president's spokesman later elaborated on China's position on Jammu and Kashmir even more directly and explicitly thus: "China's consistent policy is that the

issue should be solved through peaceful consultations. It should be settled by these two countries (that is, India and Pakistan). Our position remains unchanged and the issue (that is, of Kashmir) should be settled through peaceful means. It is a problem left over from history. Pakistan and India have some differences. Kashmir is a very complicated and sensitive issue".

Thereafter, during the Kargil War of 1999, in many ways a defining moment in Sino-Pak ties, the Chinese were very subdued and refrained from

gotiating on them in good faith, but simultaneously concentrate on trade and investment. The Chinese are at great pains to appear even-handed in the sub-continent. The unprecedented joint Sino-Indian naval exercises last month off Shanghai, for instance, were preceded by a similar Sino-Pak manoeuvre.

Why are the Chinese changing? Three main reasons. First, they are being hurt considerably by Islamic terrorism in Xinjiang, where Uighur separatists, trained by the Taliban and by Pakistan-based outfits, are very active.



making any public statements in support of Pakistan. This was in spite of India's ill-considered remarks on China as the cause of its going overtly nuclear in May 1998. Echoing Jiang Zemin, the Chinese premier, Zhu Rongji told his visiting Pakistani counterpart, Nawaz Sharif, in June 1999 that the Kashmir problem is "an issue left over from history concerning territory, ethnic nationalities and religion". Hence, the "rebuke with Chinese characteristics" that General Musharraf received is part of an emerging pattern. Chinese scholars and diplomats, like Cheng Ruisheng, writing in Chinese publications repeatedly invoke the "Deng" formula to stabilize Indo-Pak relations. This was the formula suggested by Deng Xiaoping to Atal Bihari Vajpayee in February 1979 and to Rajiv Gandhi in December 1988 to bring India and China closer together — set intractable issues aside, keep ne-

Xinjiang is important to China not just geographically as a gateway to central Asia, but also economically, since it is rich in natural resources like oil and gas. The three evils as the Chinese call it — extremism, separatism and terrorism — are linked closely to Pakistan. Second, India itself looms large on China's radar screen. Already, the volume of Sino-Indian trade is over three and a half times the volume of Sino-Pak trade. But much more than growing trade and investment, the Chinese have new-found respect for

India because of our success in software and high-tech. The Chinese would not like to sabotage a promising arena of economic cooperation, even if there is competition. Third, changing Sino-Pak ties symbolize a new Chinese approach to regional and global diplomacy, an approach that seeks to make up for its historical commitment to narco-militarist states like Pakistan, North Korea and Myanmar, and to assuage "fears" of its galloping economic might.

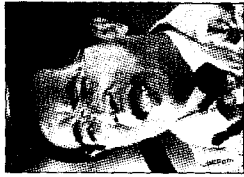
China is not about to abandon Pakistan after having helped it build up a comprehensive strategic capability through the Eighties, that included supply of heavy water, assistance for research reactors, plutonium reprocessing and uranium, and transfer of missile production technology as well as supply of missiles themselves. Whatever China's protestations may be now, the evidence for its support to Pakistan in nuclear and missile technology is incontrovertible. This support has ended, strategic links remain. Just last month, an agreement was signed for a second 300 megawatt nuclear reactor at Chashma, southwest of Islamabad. Plans for building a deep-water port at Gwadar, off the coast of Baluchistan, are still active, although, with the palpable American influence over Pakistan now, how the plans actually fructify remains to be seen.

**C**hina's foreign policy is in great flux. It is all part of a single-minded focus on economic development, oriented to making China an economic superpower in every respect (except, perhaps per capita income) in the next two decades. China realizes that peace in its region — east Asia, south Asia and central Asia — is essential for sustaining such a unidirectional effort. It is all part of the new PRC syndrome — not the old People's Republic of China, but a new Peaceful Rise of China. The Chinese establishment's mantra is *heping jueqi* — peaceful ascendancy. The new PRC will not be facilitated if it is seen to be extending support to forces ostracized by the international community. What the Chinese will do when they achieve overwhelming economic dominance is a separate issue. But for now, the substance is economics, the language is peace and stability, the style is constructive diplomacy. Economic clout and military muscle notwithstanding, or perhaps precisely because of that, the Chinese want to be seen as good neighbours and sober citizens of the world. But there are two big question marks. Economic success is breeding an aggressive nationalism, that could easily run amok. And Taiwan's politics can still get the Chinese into apoplectic fits, as recent events have demonstrated, and this, in turn, fuels global fears of China.

**‘ The Chinese want to be seen as good neighbours and sober citizens of the world ’**

# Taiwan warns China not to test missiles

Taipei: Taiwan's leader has warned China not to test missiles near his island, saying such a move would be considered "an attack" that might trigger a vote by his people on sovereignty, a British newspaper reported on Wednesday.



**Chen Shui-bian** marked an escalation in the heated rhetoric between the two rivals that split amid civil war 54 years ago. Beijing wants Taiwan to unify and says moves toward independence could spark a war.

The latest tensions stem from Mr Chen's plans to hold a March 20 referendum that asks voters to demand that China stop pointing hundreds of missiles at Taiwan, just 160 km off China's coast. Beijing has long feared that any referendum could lead to a vote on independence.

Last week, Washington said it opposed any moves by Taiwan or China to unilaterally change the status quo. Mr Chen has argued that his March 20 vote wouldn't touch on sensitive sovereignty issues.

But *The Financial Times* quoted Mr Chen as saying that if China tests missiles near Taiwan again, the tests would be deemed a provocative act that could prompt him to expand the referendum issue.

Yes. Of course it (a missile test) is a provocation. Of course it is an attack," Mr Chen was quoted as saying.

About the possibility of expanding the referendum after a missile test, Mr Chen added, "Of course, we don't want to see this happen. But if it does happen, we won't exclude any possibility."

Meanwhile, China vowed to "crush" any attempts by Taiwan for independence, calling Mr Chen "immoral".

"We will never give up peaceful efforts at reunification but we will make necessary preparations to crush any attempt at Taiwan independence," Li Weiyl, spokesman for China's Taiwan affairs office, said at a press conference in Beijing. Agencies

## 'China providing N-missile aid to Pak'

**Washington:** China continues to provide nuclear-weapon and ballistic missiles assistance to Pakistan despite assurances to the United States that it would not do so, the Central Intelligence Agency (CIA) has said.

"We cannot rule out, however, some continued contacts subsequent to the pledge between Chinese entities and entities associated with Pakistan's nuclear weapons programme," it said in its latest six-monthly report to Congress.

The latest report on acquisition of technology relating to Weapons of Mass Destruction (WMD) covers the period January 1 through June 30, 2003.

Unlike previous reports, there are no separate chapters relating to India and Pakistan but their activities find mention

in the context of actions by China, Russia, North Korea and the EU.

The report elaborates on the assistance Pakistan and other countries are receiving for developing its WMD and advanced conventional ammunitions. Chinese entity assistance has helped Pakistan move toward domestic serial production of solid-propellant SRBMS (short range ballistic missiles), the report said.

Meanwhile, Pakistan has termed as "erroneous" and "baseless" reports that Iran has admitted to receiving assistance from Islamabad in its nuclear programme.

While terming a report by the *Times Daily* of London, as "erroneous" and "baseless", he said the two officials also denied it during their meeting. PTI

# Concern over Pak's China nuclear deal

Agencies

Islamabad, November 2

PAKISTAN IS expected to finalise a deal with China for construction of a nuclear power plant — the second to be built with the help of Beijing, officials said on Sunday.

The agreement for the construction of the 300-megawatt nuclear power plant, likely to be signed during Pervez Musharraf's visit to China, is a matter of concern to the US.

The US has repeatedly urged China to halt nuclear cooperation with Pakistan, but both Beijing and Islamabad say they are not working together for military purposes.

The nuclear plant will be constructed at Chashma on the banks of the Indus, alongside the first plant that China helped to build, which has a similar capacity. Pakistani foreign office spokesman Masood Khan said China had agreed in principle to build a second power plant during the visit of Prime Minister Zafarullah Khan Jamali to Beijing in March.

Khan said the financing details of the project had yet to be worked out. Energy experts say the project is estimated to cost \$600 million and will take at least six years to complete.

The nuclear power plant would be constructed under the safeguards of the International Atomic Energy Agency. "It'll be meant for civilian use of nuclear energy." Pakistan set up its first nuclear station in 1972 in the port city of Karachi with Canadian help.

The Karachi plant has a capacity of 137 megawatts.

Western countries, under pressure from the US, later halted nuclear cooperation with Pakistan, suspecting that Islamabad was clandestinely developing nuclear weapons.

# Nuke talks failure leaves China unfazed

Press Trust of India

BEIJING, Sept. 2. — Unfazed by North Korea's U-turn and rigid US stance, China today expressed confidence that a second round of the six-party talks on the Korean nuclear issue would be held soon to find a peaceful and diplomatic solution to the complicated question.

"The Chinese side has no reason to be disappointed," a foreign ministry spokesman told reporters when asked to comment on the bellicose

statements made by North Korea on Saturday, ruling out further talks with the USA on the nuclear issue.

"The six-party talks have taken an important step for the peaceful settlement of the North Korean nuclear question and the various parties have all said that talks should continue and address the concerns of all parties and solve the issue peacefully," he said.

Six-party talks held here from 27 to 29 August, attended by the two Koreas, China, Russia and Japan and the USA, failed to yield any tan-

gible results but delegates agreed to talk again.

"China as a large, developing country in Asia, also a permanent member of the UN Security Council, is willing to make its own efforts to maintain peace and stability in the Asia-pacific region and in the world," the spokesman said.

He noted that since the North Korean nuclear question propped up again, China has made earnest efforts to find a peaceful and diplomatic solution to the question, which has won international praise.

THE STATESMAN

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03 AUG 2003

# China dismisses U.S. report

By P. S. Suryanarayana

SINGAPORE, AUG. 2. China has expressed "resolute opposition" to the latest Pentagon's perception that Beijing is now engaged in staying the course of an upward trajectory in developing ballistic missiles.

Responding to a media query in this regard, the Chinese Foreign Ministry Spokesman, Kong Quan, said Beijing "expresses its strong dissatisfaction" over the U.S. view about a "so-called missile threat posed by China's mainland against Taiwan".

Mr. Kong said: "It is the indisputable right of all countries to safeguard (their) state sovereignty and territorial integrity. The purpose that (a) relevant side of the U.S. (the Pentagon) has repeatedly spread (the story of) the so-called missile threat posed by China's mainland against Taiwan is to seek (American) public opinion and support". The Pentagon's aim, too, was to "create (an) excuse for its sale of advanced weapons to Taiwan".

China's was resolutely opposed to this line of American thinking and policy.

China's portrayal of the Pentagon's rise to raise the level of U.S. military assistance to Taiwan should be seen in the overall context of the latest report in focus.

The report by the U.S. Department of Defence said that "Beijing has greatly expanded its arsenal of increasingly accurate and lethal ballistic missiles and long-range strike aircraft that are ready for immediate application, should the (People's Liberation Army) be called upon to conduct war (on the Taiwan issue) before its (the PLA's) modernisation aspirations are fully realised".

The Pentagon report noted that "should China use force against Taiwan, its (Beijing's) primary goal likely would be to compel a quick negotiated solution on terms favourable to Beijing".

It was also underlined that "Beijing apparently believes that the United States poses a significant long-term challenge", particularly with regard to Taiwan.

# Truck bomb attack toll 39

By Vladimir Radyuhin

MOSCOW, AUG. 2. The death toll in Friday's truck bomb attack on a military hospital near Chechnya climbed to 39 on Saturday as hundreds of rescue workers continued to search for survivors in the rubble.

Seventy-eight people wounded in the explosion in Mozdok, North Ossetia, have been rushed to hospital and a dozen or so are still feared to be buried in the mangle of concrete slabs and bricks.

The blast, equivalent to one tonne of TNT, ripped through the four-storey building. An explosive-packed truck driven by a suicide bomber rammed the hospital gate and exploded in-

side the compound, shattering the hospital block and heavily damaging many nearby buildings. Authorities gave contradictory numbers of patients and staff inside the hospital at the time of the blast, citing 90 to 150 people, plus an unknown number of visitors who came to see friends and relatives at the hospital.

The Russian President, Vladimir Putin, ordered an investigation into what appeared to be an abominable lapse of security at the military hospital situated a few kilometres from the border of violence-torn Chechnya.

The ease with which a single suicide bomber drove his truck through Mozdok, the main Russian military base, is all the more inexplicable as this is the

third truck bomb attack in the region since December and the second suicide bombing in North Ossetia during the past two months. Last month, two female bombers blew up themselves and another 15 people at a rock concert in Moscow. The Defence Minister, Sergei Ivanov, who rushed to Mozdok, said he had suspended a military commander responsible for security in the region. The Mozdok attack came three days after Mr. Putin handed over control of the Chechen campaign from the Federal Security Service and the army to the Interior Ministry and local police, citing progress in normalisation of the situation in Chechnya.

# China has no 'hidden agenda' in South Asia, says official *China*

**Beijing:** China hopes to play a 'constructive role' to promote peace and rapprochement between India and Pakistan has no 'hidden agenda' in South Asia against any third country

"China does not seek any hidden agenda in South Asia and our developing friendly cooperation with South Asian countries is not directed at any third country. China is ready to play a constructive role to promote peace and development in South Asia," director general of Asian department of the Chinese foreign ministry Fu Ying said.

Ms Fu said that during the recent visit to China by Prime Minister Atal Bihari Vajpayee, the Chinese leaders stated that as a common friend and neighbour of both India and Pakistan, China desires to see "easing of In-

dia-Pakistan relations and that China supports all efforts to eliminate tension and preserve peace in South Asia".

In an interview to the latest edition of 'World Affairs', an official publication, she allayed India's apparent fears on China's steadily growing influence in South Asia.

She pointed out that South Asia is an important part of Asia and that without peace and stability in South Asia, one cannot talk about progress and development of Asia as a whole.

"China hopes to see the countries in South Asia coexist in amity, peacefully resolve their differences through dialogue, achieve common development through cooperation, and thereby, promote peace and development of whole of Asia," Ms Fu said.



# Blair gives HK govt vote of confidence

China Daily/ ANN

HONG KONG, July 23. — China's top leaders and Hong Kong's chief executive Mr Tung Chee-hwa were sincerely paying heed to Hong Kong residents' deep concerns over a controversial new security law, the British Prime Minister said here today.

After a meeting with Mr Chee-hwa this morning, Mr Tony Blair said: "I think there is a sense certainly that I have that the authorities here are very much listening to what people say and that everyone wants to move forward in a situation where we maintain the essential stability that is a crucial part of the success of Hong Kong."

"I found the Chinese leadership, when I was discussing Hong Kong with them, very much aware of the need to handle the situation sensitively and in accordance with the guarantees that have been given to the people here in Hong Kong."

During today's meeting, which Mr Blair described as "a very good session of talks", Mr Tung told the British Prime Minister how Hong Kong had bounced back with resilience and vigour after containing the SARS outbreak.

Both of them noted the successful implementation of the "One Country, Two Systems" principle in Hong Kong over the past six years, and that despite the recent difficulties, Hong Kong had coped well.

Mr Tung also talked about the new opportunities brought about by the Mainland/Hong Kong Closer Economic

Partnership Arrangement and the enhanced cooperation between Hong Kong and the Pearl River Delta region.

## Push to pass security Bill

Hong Kong today said it would relaunch plans to introduce controversial security legislation in September, provoking instant criticism from pro-democracy groups in the territory, adds Straits Times/ ANN.

Permanent Secretary for security Mr Timothy Tong said public consultation on a revised version of the Bill, which sparked turmoil in Hong Kong earlier this month, would get underway in September.

The government's initial Bill, drawn up under Article 23 of Hong Kong's post-1997 Constitution, was shelved by Chief Executive Mr Tung Chee Hwa after more than 500,000 marched through the streets in protest on 1 July.

Critics and opponents of the legislation said the Bill threatened Hong Kong's political, religious and media freedoms. The new legislation will be heavily based on the earlier proposed security Bill, but will include several key amendments already agreed by the government, said Mr Tong.

The key amendments included the removal of provisions enabling Hong Kong authorities to proscribe organisations banned in China and another giving police power to conduct searches without warrants.

Also, public interest would be made available as a defence for the unlawful disclosure of state secrets by journalists.

## Typhoon spurs PM's return

HONG KONG, July 23. — Mr Tony Blair is to return home today, a day earlier than planned, as a typhoon bore down on Hong Kong, his last stop in a week-long trip to Washington and Southeast Asia.

"On account of the weather, the pilots (of Mr Blair's chartered British Airways Boeing 777) have advised us to leave today" to go back to London, said a spokesman for Mr Blair as Typhoon Imbudo was heading to the territory. — AFP



Mr Tony Blair at a luncheon in Hong Kong on Wednesday. — AFP

THE STATESMAN

# N. Korea tops Blair's China talks

By P. S. Suryanarayana

**SINGAPORE, JULY 21.** Though the Chinese Foreign Ministry has said that India-Pakistan relations would be on the agenda of talks between China's leaders and the visiting British Prime Minister, Tony Blair, in Beijing today, the questions that dominated their discussions were North Korea's nuclear-weapons 'programme' and the functioning of China's principle of "one country, two systems" in regard to Hong Kong, formerly a British colony.

Since the Sino-British summit is a dialogue be-

tween two permanent members of the U.N. Security Council, the India-Pakistan issue is reckoned to be a matter of concern to them in terms of their focus on questions of regional stability and global peace. Moreover, for some time now, the U.S., too, has regularly consulted China on the India-Pakistan situation.

With the Chinese Prime Minister, Wen Jiabao, receiving him for a busy day of talks, Mr. Blair seemed to have gained a relative respite from the relentless public scrutiny of his handling of the crisis relating to the death of David Kelly. Mr. Blair met the Chinese President, Hu Jintao, the Chairman of the Central Military Commission, Jiang Zemin, besides Mr. Wen, on a range of international issues. The Chinese leaders, especially Mr. Wen, said that Mr. Blair's visit, the second by him as the British Prime Minister, could serve as a "new starting point" for a closer and more candid bilateral relationship.

In recent years, the Sino-British ties have gone through the turbulence of sanctions by London in the context of the Tiananmen Square incident of 1989 and the psychologically sensitive phase of Britain's hand-over of Hong Kong to China. With Hong Kong being in



**The British Prime Minister, Tony Blair, and the Chinese President, Hu Jintao, in Beijing on Monday. — AP**

crisis today over its moves to pass a new anti-subversion bill, the Chinese leaders briefed Mr. Blair on the territory's stability and economic development.

Mr. Blair will wind up his East Asia tour with a visit to Hong Kong. On North Korea, an issue which Mr. Blair had seen essentially from a U.S. perspective during his talks in Tokyo and Seoul in the last few days, he was today updated on China's own flurry of diplomacy to bring about substantive talks to resolve the questions concerning Pyongyang nuclear-weapons 'programme'. No new ground was broken in this regard during Mr. Blair's talks with his Chinese interlocutors today, even as North Korea reiterated its demand for a non-aggression pact with the U.S. and South Korea said its economy might suffer as a result of the latest outcome, not substantiated, about the existence of a second nuclear-weapons 'plant' in North Korea.

SEE FINDS

22 JUL 2003

# China reveals N Korea 'bomb'

CHARLES HUTZLER

BEIJING, JULY 18

CHINA believes North Korea has reprocessed enough plutonium to complete a nuclear bomb — a finding Beijing isn't publicly acknowledging but one that is prompting urgent Chinese diplomacy to defuse Pyongyang's standoff with the US.

Chinese intelligence services have concluded in recent weeks that N Korea is producing weapons-grade plutonium in sufficient quantities and has all the necessary components to assemble nuclear-tipped missiles, according to diplomats in Beijing and a European official.

The diplomats and the official, who have seen internal Chinese reports on the finding or were briefed on their contents, said the reports estimate that the reprocessing is enough to make at least one nuclear device, though the European official

says Pyongyang hasn't fashioned the plutonium, triggering devices and other components into a bomb.

South Korea's National Intelligence Service said on July 9 that North Korea has begun reprocessing a "small number" of the rods. Beijing's finding suggests the programme is more advanced, because

## Special From

## The Wall Street Journal

experts say that 1,000 or so spent fuel rods are needed to produce enough plutonium for one bomb.

Chinese officials refused to confirm the finding. The Foreign Ministry says "the Chinese side doesn't know about this matter." But the official silence underscores how the assessment is complicating the task Beijing has set itself in the impasse: mediating a diplomatic solution and

avoiding hostilities. "The Chinese are scared," said a Western diplomat in Beijing. "It's in their interests to keep open the process of negotiations for as long as possible."

Confirmation that Pyongyang is making steady progress in developing nuclear weapons is likely to strengthen calls among hawks within the Bush administration to take an even harder line with N Korea, possibly scuttling Chinese diplomatic efforts.

China's most experienced interlocutor with N Korea, Vice Foreign Minister Dai Bingguo, arrived in Washington Thursday for two days of talks. Dai is the second Chinese official in a month to travel to Washington expressly to discuss the N Korea. Dai is fresh from a visit to Pyongyang, where on Monday he held a rare meeting with N Korean leader Kim Jong Il, handing over a letter from Chinese President Hu Jintao.

# Hu leaves on first foreign trip

*China Daily*  
**BEIJING, MAY 26.** The Chinese President, Hu Jintao, today left China on his first foreign trip as State leader, a four-nation tour that is expected to include talks with the Russian President, Vladimir Putin, the U.S. President, George W. Bush, and the Japanese Prime Minister, Junichiro Koizumi.

Mr. Hu plans to visit Russia, France, Kazakhstan and Mongolia from May 26 to June 5, in his first official overseas trip since becoming President in March.

He will take part in a Moscow summit of the Shanghai Cooperation Organisation, which groups China, Russia and Central Asian nations, and focuses on fighting cross-border terrorism, separatism and religious extremism. Mr. Hu will also attend celebrations to mark the 300th anniversary of St. Petersburg, the Foreign Ministry said.

He will travel from Russia to a Group of Eight (G-8) "North-South" informal dialogue between leaders of developed and developing nations in the French spa town of Evian on June 1.

Mr. Bush and Mr. Koizumi also plan to attend the G-8 summit and they and the French President, Jacques Chirac, are all expected to hold bilateral talks with Mr. Hu during the event.

The G-8 includes the seven most industrialised countries — the United States, Canada, Britain, France, Italy, Germany and Japan — plus Russia.

## Report denied

China today denied Japanese media reports that the purged Communist Party chief, Zhao Ziyang, had died. "There's no such thing," a Cabinet spokesman said when asked to comment on the April 29 reports. He declined further comment.

Mr. Zhao (83), pioneered bold capitalist-style economic reforms and wielded power second only to Deng Xiaoping before being purged in 1989 for opposing the army crackdown on student-led demonstrations for democracy centred on Tiananmen Square.

He has been under house arrest ever since.

Mr. Zhao has no influence on the day-to-day world of politics, but the party is still nervous about him, fearing the icon of reform and democracy could emerge as a rallying point for reformists and workers disgruntled about soaring unemployment and the widening gap between the rich and poor. — Reuters, DPA



The Chinese President, Hu Jintao, and his wife, Liu Yongqing, at the airport in Moscow on Monday. — AFP

Motorola shuts down Beijing offices after staffer is infected

# China unleashes virus army

**Beijing, May 6** (Reuters): The worst-hit district of China's capital sent thousands of investigators on a hunt for SARS today as the World Health Organisation said the outbreak of the virus had yet to peak in the world's most populous nation.

The army of SARS investigators was the latest sign of China's desperate fight to contain Severe Acute Respiratory Syndrome, a disease which has triggered riots by villagers furious that people from infected areas have been put among them.

Motorola, the world's second biggest mobile phone maker and one of the biggest foreign investors in China, closed its China headquarters in Beijing until Monday after a staff member there caught the disease.

"We have not seen a peak in China yet. We still have a considerable size of outbreak in Hong Kong," UN health chief Gro Harlem Brundtland said in Brussels, adding that it was too early to say whether the outbreak was receding worldwide.

Brundtland met EU health commissioner David Byrne ahead of an emergency meeting of EU health ministers later to discuss how to prevent SARS spreading Europe.

Chinese Premier Wen Jiabao said yesterday the crisis remained "grave" despite stepped-up prevention, detection and treatment of the disease which has struck hardest in Beijing, where 1,960 cases have now been confirmed.

"A great deal of arduous work has to be done to bring the epidemic under control at an early date," the official Xinhua



Medical workers participate in an exercise involving 600 people to improve their efficiency in the fight against SARS in Shenyang, Liaoning province, China. (Reuters)

news agency quoted Wen as saying. China's health ministry announced 138 new cases of SARS today. It also reported eight more deaths, taking the toll in the world's most populous and worst-hit nation to 214.

In Haidian, the Beijing district with more SARS cases than any other, some 30,000 investigators in 4,000 teams made rolling inspections of businesses, neighbourhoods and work sites, district official Zhou Liangluo said.

Twenty patrols have the job

of making continuous examinations of the many construction sites in the district, China's high-technology hub where many uninsured migrant labourers work.

"For those who do not meet proper standards, they are put into overhaul and we'll suspend their operations," said Zhou, who took no questions and did not go into detail.

Households in the district of 2.2 million people have been given a thermometer and emergency contact numbers. Offices

and businesses must install temperature-monitoring systems.

The flu-like disease has infected 4,409 people across China. Half of the deaths, 107 out of 214, have occurred in Beijing. Nearly 7,000 people have been infected worldwide.

Hong Kong said today the virus had killed six more people and infected a further nine. The death toll there is 193. Elsewhere, there were signs the disease, which has caused panic and hurt the travel industry, may be coming under control.

The Philippines reported seven more cases, taking its total to 10, but said they were all on their way to recovery.

Singapore reported its first case in three days as its death toll rose to 27. The tourism board said a damaging drop in visitor arrivals due to SARS had probably bottomed out after a record plunge of 67 per cent in April from a year earlier.

But the government said growth in Singapore and elsewhere in Asia remained hostage to the spread of SARS in China.

Thailand said health ministers from the Asia Pacific Economic Cooperation (APEC) forum, which includes China and the US, would meet in Bangkok on June 28 to assess efforts to combat SARS and revive business confidence.

In China, Motorola told about 1,000 employees to work from home until next Monday after 27 workers had close contact with the infected employee, spokeswoman Mary Lamb said. Other foreign firms have closed offices or pulled employees out of China, reflecting a fear of the little-understood disease.

7 MAY 2003

THE TELEGRAPH

# China overtakes UK in trading: WTO

Gary Duncan, The Times, London

LONDON, April 24. — Britain has been relegated by China to sixth place in the league table of global trading nations, official figures from the World Trade Organisation show.

China's move into the WTO's global trading club at the end of 2001 saw its export and import activity surge last year, allowing it to swiftly displace the UK from fifth place in the league table.

The WTO's figures, in its annual spring report, showed that China's goods exports leapt by 22 per cent in 2002, to \$325.6 billion (£205.75 billion) — or more than five per cent of the world export market.

In contrast, Britain's exports rose by only one per cent to \$275.9 billion as UK companies spent most of the year struggling under the weight of the strong pound — although sterling has since weakened.

The UK held 4.3 per cent of the world export market, the statistics showed. The US retained first place, with a 10.8 per cent share, followed by Germany, Japan and France.

British consumers' relentless appetite for foreign products meant that it remained the world's third largest importer, behind the USA and Germany, however. The UK bought \$339.8 billion of goods abroad in 2002, accounting for five per cent of world import business. The US bought 18 per cent of world imports; China accounted for 4.4 per cent, or \$295.2 billion of goods.

Britain's traditionally strong presence in the world market for "invisibles" remained in place. It came second in the league of world exporters of commercial services, selling \$121 billion of these overseas last year, behind only the USA.

The WTO's report sounded a strong warning that growth in world trade is likely to remain minimal this year, as the fallout from war in Iraq,

and weak growth weigh on activity.

Rapid trade expansion has been a motor for job and wealth creation through recent decades, but world good exports last year rose by only 2.5 per cent to \$6.25 billion, marking a growth rate of less than half the average seen during the Nineties. That followed a one per cent drop in trade in 2001 — the first such decline for 20 years.

The WTO said that initial signs pointed to a rise in world trade this year of under three per cent. "Considerable uncertainty clouds trade growth prospects for 2003," it said, adding that even the expected rise hung on a rebound in the world economy.

Mr Supachai Panitchpakdi, the WTO's Director-General, urged governments to accelerate efforts to complete trade liberalisation talks launched in Doha, in Qatar, in November 2001 and to secure a new world trade treaty by the planned deadline of 1 January 2005.

China @

# China's hand behind meet on North Korea

110-15  
1997

By P. S. Suryanarayana

**SINGAPORE, APRIL 17.** China is understood to have played a pivotal role behind the scenes in arranging the tripartite talks on the North Korean nuclear issue. The parleys, involving the U.S. and China besides the Democratic People's Republic of Korea (DPRK), may take place in Beijing as early as April 23, though the parties concerned have not yet confirmed a mutually acceptable date.

China's intervention appears to have been a qualitative response to the move by the United States to seek a negotiated settlement of the DPRK's nuclear arsenal issue through multilateral discussions involv-

ing Pyongyang's neighbours as well, according to regional diplomatic observers. In a sense, China, whose foreign policy has remained centred on the U.S. for some time now, responded to the U.S.' overtures.

For the U.S., the bottomline was its accord with China, reached during the Crawford Summit last year, that both would prefer to see the Korean peninsula become a nuclear-weapons-free zone (whatever might be the considerations of Beijing and Washington).

While China and the DPRK have not yet said much about the likely Beijing meeting, the U.S. has confirmed the likelihood of the trilateral parleys as a 'preliminary' step towards

multilateral talks. South Korea and Japan, besides Russia, have been taken into confidence by the U.S. in this connection.

South Korea, which broke the news on Wednesday, maintained today that it would be invited for "substantive talks" at a later date if the 'preliminary' meeting were to make progress. With this caveat, the South Korean President, Roh Moo-hyun, said in Seoul today that a forward movement towards the resolution of the DPRK's nuclear issue was more important than his country's participation (euphemism for exclusion) in the meeting. Japan, too, viewed the issue in a more or less similar perspective.

China's hand behind  
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110  
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18 APR 2003

THE HINDU



# China renews appeal

By P. S. Suryanarayana

BEIJING, MARCH 21. China has renewed its appeal to the U.S. to halt its ongoing military attack on Iraq at precisely the moment of a decisive escalation. Beijing conveyed its second appeal in as many days when the U.S. Secretary of State, Colin Powell, telephoned China's new State Councillor, Tang Jiaxuan, to congratulate him on his elevation from the post of Foreign Minister and to discuss Iraq.

Mr. Powell's call came after China shifted its diplomatic gear and asked the U.S. to abandon the war even as open hostilities had just begun. Until the U.S. launched the military strike on Iraq on Thursday, China refrained from threatening to exercise its veto power in the U.N. Security Council as regards an explicit war-mandate that Washington was thinking of seeking from the Council. Mr. Tang told Mr. Powell that China was seriously concerned about the new U.S.-led war against Iraq on account of the likelihood of a humanitarian disaster

in addition to a major wave of regional political and strategic turbulence.

China, therefore, wanted the U.S. to retrace its steps and "return to the right path of seeking a political solution". In a separate development, China's National People's Congress (NPC), or Parliament, today expressed its "grave worries". The U.S. should "comply with the will of the international community" and call off the ongoing military campaign, the NPC's Foreign Affairs Committee said. On Beijing's soft line towards the U.S. until it declared war, authoritative Chinese sources told *The Hindu* that China's first priority was to look at the overall complexity of the current Iraqi crisis. As the sources noted, China did not reveal its mind categorically until it became necessary to speak and be counted.

Echoing the views of the ruling Communist Party of China, the *People's Daily* today underlined that the current U.S. military operations against Iraq lacked both a legal sanction and the moral justification.

# China still for peaceful solution

By P. S. Suryanarayana

**BEIJING, MARCH 18.** China today initiated a move to try and prevent an almost imminent U.S.-led war on Iraq even at this late stage.

The new Chinese Prime Minister, Wen Jiabao, and the Foreign Ministry spokesman, Kong Quan, did not, however, spell out any new road-map towards peace. The new Chinese administration merely indicated that its initiative would, for most part, consist of some urgent consultations with all the countries concerned, including the

U.S., which was described as being fully aware of Beijing's priorities and perceptions.

The Chinese spokesman refused to respond to a question whether Beijing would be prepared to give sanctuary to the Iraqi leader, Saddam Hussein, so that the U.S. move could be stopped. Nor was there any response from the Chinese authorities to the suggestions from the international media that resolution 1441, which Beijing described as a 'milestone' even today, had already collapsed following Mr. Bush's ultimatum.

Mr. Wen said, during his first press conference as China's Prime Minister, that "every effort must (still) be made to avoid war". Urging all countries to adhere to resolution 1441, he said Iraq should destroy its weapons of mass destruction thoroughly.

## Jamali to meet Wen

Meanwhile, China announced that the Pakistan Prime Minister, Zafarullah Jamali, would be the first foreign leader to call on Mr. Wen.

Mr. Jamali will begin his visit to Beijing on March 24.

19 MAR 2003

**THE HINDU**

# Jiang gives up posts, retains influence

By P. S. Suryanarayana *Handwritten initials*

**BEIJING, MARCH 16.** The outlines of China's power-equilibrium in the "post-Jiang Zemin era" which is generally reckoned to begin now, have been drawn during the ongoing session of the National People's Congress (NPC), or Parliament.

However, Mr. Jiang's presence will continue to be felt, not so much as a political shadow but as a 'live reality', if the current mood at the NPC itself and outside can be taken as a guide for the foreseeable future or at least the more immediate period ahead.

The procession of leaders into the huge deliberative chamber of the impressive Great Hall of the People in Beijing was led today by Mr. Jiang, whose only current position is that of the Chairman of the Central Military Commission and the helmsman of the mirror-image military commission at the level of the Communist Party of China (CPC).

## Military panel

The party's military panel wields the authority that matters the most, and this aspect has not served to resolve the issue whether China is poised to shed its image

*Handwritten: HJ-15 17/7*  
as a party-state and, if so, when. Hu Jintao, new President and the first among equals, walked behind Mr. Jiang as the leaders entered the chamber. According to China observers and foreign diplomats, it appears, though, that Mr. Hu's action was a matter of deference to Mr. Jiang's political stature despite the former President's known sense of political correctness.

The new collective leadership will consist of Mr. Hu, in his dual capacity as General Secretary of the Communist Party of China and President, Wu Bangguo, new NPC Chairman, and Wen Jiabao, Prime Minister-elect, plus the other members of the Standing Committee of the CPC's Political Bureau.

In this situation, the new Vice-President, Zeng Qinghong, will be no less a key player, given his membership of the Politburo Standing Committee and his close identification with Mr. Jiang. Overall, though, Mr. Jiang's stature in the party will mean that he might still be able to straddle the centre-stage.

There is, as yet, no official indication about the question whether and, if so, when Mr. Hu himself might be seen as the prime player at the 'core' of China's new collective leadership.

The idea of a 'core' leadership took shape during Mr. Jiang's stewardship of the party, while his famous predecessors, Deng Xiaoping and Mao Zedong, were known as the paramount leader and the supreme Chairman or the Great Helmsman respectively at the zenith of their power.

## Working relationship?

While it will be hazardous to classify the emerging leaders of China in terms of known political models other than a generalised version of collective leadership, a question that goes beyond the realm of mere speculation is whether and, if so, how Mr. Hu and Mr. Jiang could fashion a new working relationship in these new circumstances.

If, as some China analysts and foreign diplomats suggest, Mr. Jiang has played a Communist King Canute in controlling the waves of political change in Beijing at this stage, the more important reality is that of a smooth transfer of power.

A related question is whether, as suggested by China analysts like He Baogang and some others, the new leadership here will come under "international pressure" to 'democratise' China in a conventional sense.

17 MAR 2003

THE HINDU

## China stress on peaceful solution

By P. S. Suryanarayana

BEIJING, MARCH 10. China today joined two other permanent members of the United Nations Security Council in reaffirming the diplomatic imperative of peacefully resolving the current crisis over the United States' insistence on using military force, if necessary, to disarm Iraq of its suspected potential to produce weapons of mass-destruction.

China, the only veto-powered Asian country in the Security Council, today made common cause with France and Russia in reiterating the importance of a peaceful solution to the Iraq crisis, ahead of the moves by the U.S. to hustle the U.N. into serving an ultimatum on Baghdad to show "credible" signs of disarming voluntarily or face war.

However, there is no conclusive sign at this stage, in the official and diplomatic quarters in Beijing, about how China might respond if the U.S. decides to press for a division in the Security Council on the issue of using force. As seen from Beijing, there is still some ambiguity about how the U.S. might play its hand at the U.N. This accounts for China's style of playing this diplomatic poker game with its cards close to the chest.

China's final decision will be a choice between exercising its veto and merely abstaining from any voting on a possible U.S.-piloted war mandate. Beijing's relative circumspection, despite the country's open pro-peace stance, is determined by a subtle consideration. It simply is that the anti-war powers at the U.N. should first be able to stop the U.S. in its tracks in the race to prevent hostilities.

While these diplomatic niceties are discernible behind the scenes here, the Chinese President, Jiang Zemin, has told the British Prime Minister, Tony Blair, that the international community's view in favour of a peaceful resolution might take a longer time than a U.S.-led war, to disarm Iraq.

11 MAR 2003

THE HINDU

# N. Korea: China for multilateral efforts

MD-19 9/12 By P. S. Suryanarayana China

**SINGAPORE, FEB. 8.** China is not only judging North Korea by the non-proliferation standards of the five-member Nuclear Club but also beginning to explore the possibilities of settling the issues concerning Pyongyang's atomic weapons programme through "joint efforts" by "all parties" concerned.

In this subtle reinterpretation of an earlier position by China, now articulated by its President in his telephonic conversation with his American counterpart, Beijing has indicated its willingness to go beyond the stand of the Democratic People's Republic of Korea (DPRK) that its nuclear profile is an issue to be sorted out bilaterally with the U.S. without any multilateral involvement.

Until now, China had generally endorsed the North Korean line of that order by insisting that Pyongyang's suspected nuclear weapons programme could best be addressed with reference to the U.S.-DPRK Agreed Framework of 1994.

The new hint about China's willingness to play a part in multilateral efforts at a "peaceful" resolution of the North Korean nuclear arms issue comes, significantly, in the context of Beijing's diplomatic nuances about its readiness to consider being accommodative of Washington's concerns over Iraq's suspected plans to make and deploy weapons of mass destruction.

On Iraq, China has made its intentions clear about being firm with the U.S. over its unilateral tendencies even while making common cause with Washington as regards their shared global agenda of nuclear non-proliferation wherever such action might be feasible.

9 FEB 2003

# China, N. Korea & the nuclear issue

By Raviprasad Narayanan

*China's policy on the North Korean nuclear issue has been torn between its desire to support an ally and its desire for peace and stability on the Korean peninsula.*

WITH ITS admission on October 4 last year, that it had an ongoing nuclear weapons development programme utilising highly enriched uranium, North Korea triggered a crisis that while raising the spectre of nuclear proliferation on the Korean peninsula also shook the very foundations of security in north-east Asia.

Contrarily, North Korea's withdrawal from the Non-Proliferation Treaty (NPT) on January 10 this year, as a logical corollary to the "admission", signals a bargaining position. Earlier, in 1993, Pyongyang had withdrawn from the NPT, setting the stage for the Agreed Framework of 1994. If the past is any indicator, the current impasse should give way to a new agreement in the coming months. By reneging on its multilateral commitments and increasing the stakes, North Korea has brought to the fore its core concerns vis-a-vis the United States, namely, recognition of North Korea's sovereignty by the U.S., a non-aggression pact, and no obstacles in its path of economic development.

Despite the all-too-visible indications of public diplomacy involving, on the one hand, South Korea, Japan and the U.S., and, on the other, the subtle influence of Russia and China, the significant aspect that needs to be highlighted is the special equation China has with North Korea, and why it is imperative for active Chinese participation in any settlement of the dispute on the Korean peninsula.

A relationship, that in the 1960s and 1970s was described as "as close as lips and teeth", is going through a very severe test with the strain most revelatory in China's official statements since the crisis unfolded in early October last year. A clear indication of China's official position on North Korea's nuclear programme was articulated by the Chinese Ministry of Foreign Affairs (MFA) spokesman during the summit of Asia Pacific Economic Cooperation (APEC) leaders in Los Cabos, Mexico in late October. "(We) emphasise that the Korean peninsula should be nuclear-free, and we hope peace and stability can be maintained on the Korean peninsula. We will use vari-

ous means to express our position. This includes exchanges with North Korea where we will make clear our position," the spokesman, Kong Quan, said. Mr. Kong made these remarks after the Chinese President, Jiang Zemin, met his South Korean counterpart, Kim Dae-Jung, for talks where Pyongyang's secret nuclear programme topped the agenda. As far as China is concerned, the statement was unusual, as Beijing usually prefers not to criticise North Korea by name in order not to anger the unpredictable regime in Pyongyang. Mr. Kong added that "(As) a neighbour of the Korean peninsula, our view is that the problem should be solved through peaceful means and dialogue in order to protect the peace and stability of the area."

There is probably no aspect of China's external relations where the actual policy diverges from the declaratory policy as in the case of North Korea. The difference in large measure is due to the difficult character of the North Korean leadership and the strategic importance of the Korean peninsula. Conservative sections make out a case that in the event of the Sino-Soviet relationship becoming tense again, it would be very important for Beijing that Pyongyang does not "tilt" towards Moscow. The actual Chinese policy, clearly perceived as such by the North Korean leadership, is that Pyongyang should neither move militarily against Seoul, nor politically gravitate towards Moscow. Ironically, for the maintenance of these conditions, Beijing relies on the U.S. commitment to, and military presence in South Korea. Also, in a doomsday scenario, were North Korea to attack South Korea, a contingency the Chinese regard as unlikely, Beijing would "oppose" such a move: whatever that means, it clearly does not mean support.

On the other hand, Beijing plays an important role in "sustaining" North Korea economically with regular sup-

plies of fuel, grain and other goods that in part redress the chronic shortages. Politically, China endorses Pyongyang's demand for an American withdrawal from South Korea and for a tripartite conference between the two Koreas and the U.S., on the question of unification of the peninsula.

China's policy on the North Korean nuclear issue has been torn between its desire to support an ally and its desire for peace and stability on the Korean peninsula. As one of its few allies during the Cold War, China traditionally supported North Korea in its ongoing confrontation with South Korea and the U.S. However, with the changed realities after the Cold War, China has shown a reluctance to come to North Korea's aid especially when it challenges international norms, particularly on nuclear proliferation. Some analysts believe this reluctance is based not only on China's desire to be perceived as a responsible international power, but also on the greater importance it now attaches to good relations with the U.S. and South Korea. Yet another reason is China's concern over the instability on the Korean peninsula, which might threaten its security interests.

China's dilemma on the current crisis is further revealed by its divergent views on Iraq and North Korea. On Iraq, China has laid stress on the importance of the U.N. Security Council, while in the case of North Korea, it has repeatedly called for direct dialogue between Pyongyang and Washington. While China and North Korea have engaged in some nuclear cooperation, its nature and comprehensiveness remain shrouded in secrecy. Even as early as the 1960s, China had refused to assist North Korea in developing a nuclear weapon. In 1987, it pulled out its nuclear technicians from North Korea when it discovered that Pyongyang was aggressively pursuing a nuclear weapons programme. In 1989, both

China and the Soviet Union refused to assist the North Koreans in developing a nuclear reprocessing facility. During the 1993-94 North Korean nuclear crisis, in which North Korea refused to allow International Atomic Energy Agency (IAEA) inspections of its reactors and moved to withdraw from the NPT, China initially opposed the use of sanctions or other coercive measures to bring Pyongyang back in line with its NPT obligations. However, Beijing soon changed its position on stating that it "would oppose" sanctions to saying it "would not support" sanctions — meaning that it would abstain rather than veto a U.N. Security Council resolution against North Korea.

This shift is widely believed to have been instrumental in bringing North Korea around to accept the 1994 U.S.-DPRK Agreed Framework, in which Pyongyang agreed to suspend its nuclear programme, shut down its graphite moderated reactors and related facilities, allow IAEA inspections, and abide by the NPT in exchange for light water reactors and heavy fuel oil from the

U.S., Japan and South Korea. Of interest is the detail that China was not directly involved in the Agreed Framework, nor is it a member of the Korean Energy Development Organisation, the multilateral body created to implement the Agreed Framework.

While China has reason to be concerned at the current tensions on the Korean peninsula, its position on the issue can be inferred from a comment made by its ambassador for Arms Control and Disarmament Affairs, Sha Zukang, in 1999: "Dialogue and consultation is the best way to reach consensus on problem matters. In the case of North Korea, which is a very proud country, sanctions can only prove counterproductive. We should recognise that North Korea has legitimate security concerns. We need to continue the dialogue and practice more patience... But as for initiatives on the part of China, we can't go into the kitchen and do the cooking when we don't know how to cook."

(The writer is a doctoral scholar at the Centre for East Asian Studies, School of International Studies, JNU.)

8 FEB 2003

# China offers to host US-N. Korea talks

**Beijing:** China offered on Tuesday to host talks between the United States and North Korea over their nuclear standoff and Russia said it planned to send a top official to key capitals to help find a diplomatic solution.

As international efforts to defuse the crisis speeded up, an Australian delegation flew to Pyongyang to discuss possible steps while senior U.S. envoy James Kelly arrived in the Chinese capital after talks in Seoul with South Korean leaders.

Earlier, North Korea reiterated a demand for bilateral talks with the United States, a statement that appeared to hint that it, too, was looking to defuse the crisis after weeks of fiery anti-American rhetoric. Washington accuses Pyongyang of covertly developing nuclear weapons, a charge it denies.

"If the relevant sides are willing to hold dialogue in Beijing, I think we would have no difficulties with that," Foreign Ministry spokeswoman Zhang Qiyue told reporters.

"We hope the United States and North Korea can resume dialogue swiftly because we think that talks are the most

effective channel for resolving this problem," she said.

China, Pyongyang's closest ally, has taken a relatively balanced approach to the nuclear dilemma, calling on the United States and North Korea to talk their way through the problem and keeping in regular contact with all the sides.

Meanwhile Russia's defence minister said President Vladimir Putin planned to send a special envoy to Pyongyang, Beijing and Washington.

"In the last few days certain hopeful steps and statements have emerged which I would say look to return the situation to what it was before the current crisis," Defence Minister Sergei Ivanov said.

He said the man Putin was sending was Deputy Foreign Minister Alexander Losyukov, one of the ministry's top Asian experts.

U.S. Secretary of State Colin Powell told "The Wall Street Journal" in an interview that if the North agreed to abandon its nuclear ambitions, Washington still would need "a new arrangement" that would better constrain Py-

ongyang's ability to produce nuclear weapons.

His words appeared to support hints that Washington may be softening its position on the standoff since Pyongyang last month threw out U.N. inspectors and effectively scrapped the 1994 Agreed Framework under which it had frozen development of materials for nuclear arms.

While that pact halted production of fissile material, it "left intact the capacity for production", the Journal quoted Powell as saying. "I think, therefore, that we need a new arrangement and not just go back to the existing framework."

Senior Australian diplomats passed through Beijing en route to North Korea looking for a solution to the nuclear impasse.

"The purpose of our visit is, of course, to express our strong views regarding recent developments on the nuclear issue in North Korea," said foreign ministry official Murray McLean.

Australia is one of the few Western countries to have diplomatic relations with the North. Reuters

15 JAN 2003

# The economy: is China ahead?

By Subramanian Swamy

*If India manages to raise its rate of investment, either by increasing its saving rate or by getting more foreign investment, we can even at the present levels of efficiency grow faster than China.*

✓ H9-10 14/1  
**T**HERE IS no dearth of articles and opinions in the Indian media about how well China is doing compared to India, and how much ahead the Chinese economy is of India's. From effusive business delegations to pontificating visiting Nobel Laureates, India has been lectured on how to copy China for our own good.

For the suffering Indians, further there is no accountability for such opinion and advice. When after three decades of planning, it appeared in retrospect that by not adopting the Chinese way, India was better off, there was no way we could bring the intellectual freebooters to book and ask for an explanation. For example, for years in the 1960s and 1970s, Amartya Sen lectured to Indians during his short annual winter migration to India on how well and how much better the Chinese authoritarian socialist system was doing compared to India. There was no poverty, inflation or unemployment in China, he informed us. China was growing at 8 per cent per year while we were stuck with the Hindu rate of 3.5 per cent. He pontificated that it was because we were not socialist the way China was. When as a professor I challenged this view with statistics and calculated that China was not doing better than India in every respect, and that there was poverty, shortages and unemployment there too, the Left intellectual establishment was enraged. It became even more horrified that I had held India's failure to adopt the market system as the cause for us not overtaking the Chinese in economic performance.

Then, in 1980, came the Deng Xiaoping revolution in China. All that I had estimated rigorously was confirmed by the new official statistics of China. India and China over the three decades 1950-80 had indeed grown at the same rate of 3.5 per cent, and their per capita incomes were in 1980 about the same! There had been a terrible food shortage in China during 1959-61 due to commune formation, and about 30 million people died in a famine. No such thing had happened in India. We had democracy, and China did not. China had labour camps to which intellectuals with wrong ideas were sent to dig ditches. India

did not. But Prof. Sen and his likes were unfazed. Soon enough they began telling us again how well and better China was doing because of Deng's reforms. Indian Ministers came back from short tours to China all too easily impressed. Hearing and reading again all this cacophony about China, I decided to do a follow-up study, and look again at the statistics since 1980. The questions that I pose here are: has China since 1980 got ahead of India economically? If so, why and how much? And can India close that gap in the foreseeable future?

The answer to the first question is a qualified or conditional yes. China has been growing faster than India, but not as fast as those who deprecate India say. Chinese statistics need reworking since their compliance with the U.N. Statistical System of dos and don'ts is partial while the Indian compliance is near total. Thus, for example, we do not include potatoes in foodgrains while the Chinese do. China calls paddy rice while we do so only after removing the husk. This makes for a 25 per cent difference!

After bringing Chinese and Indian data in conformity, it turns out that the Chinese GDP growth rate since 1980 is 7.4 per cent a year, and not 10 per cent a year as the CII crunches out or the intellectual migratory birds tell us at the bashes at the India International Centre, New Delhi. India's is 6 per cent which is lower than China's. If we break up the two decades since 1980 into two periods of a decade each, we find that the China's growth rate has decelerated in the 1990s to become equal to India's accelerating growth of more than 6 per cent a year. During the first two years of the 21st century, the Chinese and Indian growth rates are the same, but for different reasons. China's manufacturing sector has boomed while in India the service sector has been the star performer. Which is a better way

to achieve high growth rates in the future is too big a topic to be dealt with here, but it suffices to say that for any country the manufacturing and service sectors have to grow in harmony to be sustainable. Thus, there is this untenable imbalance that ought to be corrected in both countries by new reforms which both countries are hesitating to implement.

The higher growth rate of two decades since 1980 in China is ascribed to higher investment as a result of high domestic savings and a large foreign investment. The rate of investment in China is about 40 per cent of GNP, which is perhaps the highest in the world. In India it is about 24 per cent. Two points emerge from these numbers: first, despite a much higher rate of investment in China the growth rate has evened out with India's in the 1990s. This implies that China is using resources more inefficiently than India! Yet, we get lectures on how efficient China is. Second, if India manages to raise its rate of investment, either by increasing its saving rate or by getting more foreign investment, we can even at the present levels of efficiency grow faster than China. In fact, by raising the rate of investment to 30 per cent of GDP and becoming a little more efficient, we can grow at 10 per cent a year against China's 6 per cent (on corrected data of course). Of course, China could become more efficient and raise its growth rate too. But that would require major financial reforms which would threaten the hold of the Communist Party on the financial levers of the economy. Banks and financial institutions in China are much more milking cows than in India. In fact, China's public sector enterprises will collapse in bankruptcies if they are not allowed to default on bank loans (China's NPAs are 45 per cent compared to India's 12 per cent).

At present, India's potential for

growth is thus better because there is scope for raising our rate of investment, while Chinese rates are already so high that it cannot be raised much further without an upheaval. If we focus on economic development then we can overtake China in another decade.

Much has been written about China's superior export performance and the huge foreign exchange reserves. China's exports of more than \$200 billion rose from \$20 billion 20 years ago, while Indian exports are about \$33 billion, up from \$15 billion. China's reserves are \$170 billion compared to India's \$62 billion. China has had a positive balance of payments current account, while India's has been negative. These facts almost everyone knows, but what most do not know is how fragile is China's foreign trade system. China's exports and imports when divided into goods and services that emanate from or get consumed in the domestic sector, and those which are imported and then re-exported, reveal this fragility. China has a big deficit in the former and huge surplus in the latter. The latter is due to re-location and outsourcing of production of goods that Taiwan, South Korea, Hong Kong etc., used to make and export directly to the U.S. and Europe but now were getting it processed in China because its labour is cheaper. This cannot be done for long since China's labour is getting expensive and there is a limit to such outsourcing for physical goods. Hence within the coming decade when this levels off and the WTO forces the economy to open up, China will become a balance of payments deficit country, and much more so than India then.

Hence in the new year, let us realise not only our weaknesses but our innate strengths as well. India is a veteran survivor civilisation that has repeatedly disproved all Cassandras. If we can get our act together on the economic front, then we can indeed be the global no.1 as indeed we were three centuries ago. If on the other hand we continue to wallow in religious polarisation, then we shall slide back to ignominy as we did two centuries ago. That choice is once again staring us in the face in the 21st century.



# China calls for dialogue with U.S.

By P. S. Suryanarayana

**SINGAPORE, JAN. 9.** China today raised its profile as a permanent member of the United Nations Security Council and pronounced itself categorically on North Korea and Iraq, the two major global issues of strategic concern. The ongoing visit to Beijing by the Foreign Minister of France, another permanent member of the U.N., served as the backdrop for China's latest burst of activism as regards these sensitive issues.

Beijing made its stand clear in the other related context, too, of a telephonic conversation between the U.S. Secretary of State, Colin Powell, and his Chinese counterpart, Tang Jiaxuan, on these matters. On North Korea, China called for "a direct dialogue" between Pyongyang and Washington as "the best way" to bring about a de-nuclearisation of the Korean peninsula. Outlining this stand during a conversation

with the French Foreign Minister, Dominique de Villepin, Mr. Tang underlined that the "framework agreement", which the U.S. and North Korea had reached in 1994, "should be maintained and (it should) continue to be carried out".

Mr. Tang had, separately, told Gen. Powell that China was appreciative of Washington's latest mood of willingness to resolve the North Korean nuclear issue through dialogue. Beijing's 'hope', it was said, was that the U.S. would adopt "flexible methods" in any parleys with the Democratic People's Republic of Korea (or the North) on this nuclear puzzle. China has clearly drawn a distinction between the DPRK's ambitions of making and deploying nuclear weapons, on one side, and the question of Iraq being disarmed of its capabilities to produce and deploy all categories of weapons of mass destruction.

Beijing's perception on the differential aspects of these two issues was brought in-

to a sharp focus during the Chinese President, Jiang Zemin's talks with Mr. Villepin and during the separate discussions between the latter and Mr. Tang. According to Mr. Jiang, the next move towards the resolution of the current Iraq tangle should be decided by the U.N. Security Council on the basis of opinion from all parties concerned. In his view, Iraq was "generally cooperative" with the international community after the U.N. Security Council adopted Resolution 1441 which provided for a way forward towards the objective of disposing Iraq of its nuclear-armament capabilities. The Chinese President noted further that the ongoing mission of the international weapons inspectors in Iraq should be "continued" so that the issue could be clarified. The work of the U.N. inspectors in Iraq should be supported, the Chinese leader said. On North Korea, Mr. Jiang said China fully endorsed "the non-nuclearisation of the Korean peninsula".

# S Korea, China to work on solving N Korean crisis

The Korea Herald/ Asia News Network

BEIJING, Jan. 2. — South Korea and China today agreed to cooperate in exploring ways for a peaceful solution to the crisis triggered by North Korea's weapons programme.

"The two sides shared a view that the issue should be resolved peacefully through dialogue. We have agreed to work together to prevent the situation from aggravating further," South Korean deputy foreign minister Mr Lee Tae-Shik said after talks with his Chinese counterpart Mr Wang Yi.

During the meeting, the two sides exchanged views on how to peacefully resolve the issue which they felt was threatening peace and stability in the Korean peninsula, official sources said. Following tensions over the North Korean nuclear programme, South Korea has initiated a flurry of diplomatic endeavours with USA, Japan, Russia besides China. Last week

Chinese foreign minister Mr Tang Jiaxuan, who held telephonic conversation with his South Korean counterpart, Mr Choi Sung-Hong expressed Beijing's "deep concern" over the development.

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"China considered that 1994 agreed framework was conducive to the denuclearisation of the Korean peninsula," Mr Tang said, adding that all parties concerned shouldered the responsibility to maintain and abide by the agreement.

Mr Lee's visit to China is considered important since Washington has sought North Korea's neighbours to play a more active role in defusing the crisis.

However, the reclusive communist regime in Pyongyang has stepped up rhetoric, urging its people to build "a powerful nation" under its "army-based policy" and urged South Koreans to join in opposing Washington's moves.

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