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I. United States

1. DPRK Kim Re-election

The Associated Press (Sang-hun Choe, "NORTH KOREA TO RAISE NUCLEAR CAPABILITIES," Seoul, 09/03/03) reported that the DPRK's parliament re-elected Kim Jong II the communist country's leader Wednesday and endorsed Pyongyang's decision to "increase its nuclear deterrent," spurring orchestrated celebrations by dancing housewives and loyal soldiers. The bespectacled Kim, 61, nodded nonchalantly from a platform as 670 legislators stood in unison, wildly clapped their hands and shouted hurrays to voice unanimous support for his new five-year term as chairman of the North's highest governing body, the National Defense Commission. Tens of thousands of olive-clad soldiers stood in neat lines at a Pyongyang rally as a speaker called for increased "battle readiness against American imperialists." Women in colorful dress and children wearing red scarves sang songs and danced on streets decorated with flags and flowers. The festivities, carefully choreographed by the Stalinist regime, came as Kim upped the stakes in negotiations with the US and other countries over the North's nuclear weapons program. The DPRK says it will give up its program only if the US guarantees the DPRK regime's security by signing a non-aggression treaty and providing badly needed economic aid. The DPRK has been careful in describing its nuclear capabilities, saying it has a "nuclear deterrent force" but not elaborating.

2. DPRK Cabinet Reshuffle

Agence France-Presse ("NORTH KOREA LAUNCHES MAJOR CABINET RESHUFFLE," 09/03/03) reported that DPRK leader Kim Jong-Il formed a new cabinet in a sweeping reshuffle of the government's economic team that also affected key military posts. Kim appointed technocrat Pak Pong-Ju, a light-industry specialist, as prime minister, replacing Hong Song-Nam, according to DPRK media monitored by Yonhap news agency. Kim also replaced two of three vice premiers and sacked five ministers in charge of the state planning commission, and other key economic posts. Jo Myong-Rok, one of Kim's closest confidants, retained his job as first vice chairman of the DPRK' most powerful body, the National Defense Commission, which controls the North's 1.1-million military, the world's fifth largest. Kim, himself, was re-elected to a third five-year term as chairman of the allpowerful commission. Kim Yong-Nam was reappointed head of the presidium of the Supreme People's Assembly, North Korea's nominal head of state. Marshal Ri Ul-Sol and Vice Marshal Paek Hank-Rim were dropped from the commission. The two comrades-in-arms of North Korea's late founding father Kim Il-Sung had served in key military posts for decades. Kim promoted young followers in the military and party, sidelining a group of seniors in their 80s in a generational shift to consolidate his leadership, Yonhap said. The ROK agency said 52 percent of North Korea's new power elite was now aged under 55.

3. PRC Nuclear Test Ban Treaty Ratification

Agence France-Presse ("SIGNS THAT CHINA COULD RATIFY TEST BAN BUT US, NORTH KOREA SNUB TREATY," reported that the PRC may soon ratify a global nuclear test ban brought some hope to a conference on the 1996 treaty as diplomats urged the US and the DPRK to stop blocking its enforcement. The PRC "seems ready to ratify" the Comprehensive Test Ban Treaty (CTBT) Wolfgang Hoffmann, the secretary general of the three-day meeting, told AFP. "They seem ready to ratify. I got this impression from talks I had last July in Beijing with both sides, civilian and military," he added. The PRC is one of 12 countries, including the world's biggest nuclear power the US, whose refusal to sign or ratify the treaty is preventing it from entering into force. "The question is no longer whether China will sign the ratification document, but when," a source close to the conference told AFP. "If they do this, it will be a big step towards ensuring that the treaty enters into force." But also diplomats warned that the treaty could yet collapse if the DPRK and the US -- neither of whom sent delegates to the conference -- continue to snub it. The meeting opened with a plea from UN Secretary General Kofi Annan for "all these states that have yet to sign or ratify the treaty to do so without delay."

4. PRC-Japan on Chemical Weapons

Agence France-Presse ("CHINA, JAPAN DISCUSS WAR, CHEMICAL WEAPONS," 09/03/03) reported that the PRC's Defense Minister Cao Gangchuan urged Japan to quickly and properly handle a recent chemical weapons incident that killed one and injured 32, state press reported. Cao made his remarks in a meeting with a Japanese delegation headed by Shigeru Ishiba, minister of state of the Japan Defence Agency, a day after the 58th anniversary of Japan's World War II surrender, the China News Service said. "The chemical weapons left by the invading Japanese armies still remain a threat to the safety of the PRC people and China's environment," Cao was quoted as saying in the talks. "The Japanese government must pay a high level of importance to this and adopt effective measures to quickly resolve the issue." Cao was referring to an August 4 incident in the northeastern city of Qiqihar, Heilongjiang province, where workers discovered five barrels of mustard gas at a construction site left by retreating Japanese armies nearly 60 years ago. According to Japan's Yomiuri Shimbum, the Japanese government is planning to pay about 100 million yen (859,000 dollars) in "sympathy money" to the relatives of the PRC man who died and others injured by the gas. Japan is also considering paying hospital bills and the cost of sealing the gas containers to

prevent further leaks, the daily said. Japan estimates about 700,000 chemical weapons were abandoned by its retreating armies at the end of the war, although PRC experts say that as many as two million such weapons are still buried. During talks Wednesday, Cao also took the opportunity to revisit China's long-time animosity over Japan's refusal to face up to its war-time past. He also expressed China's dissatisfaction over the recent visits by Japanese government officials to the Yasukuni Shrine, a Japanese war memorial where class A war criminals are memorialized. "The question of history is an issue that can't be avoided when dealing with bilateral relations," Cao said. "The problems brought about by the Yasukuni Shrine and other issues not only influences the bilateral relations, but also has an impact on the feelings of nationalism between the peoples of both sides."

5. Koizumi Post-Surgery Recovery

Agence France-Presse ("JAPANESE PM HAS BENIGN POLYP REMOVED," 09/03/03) reported that Japan Prime Minister Junichiro Koizumi had a benign polyp removed from his colon following a health check, the government said. A statement issued by the office of the prime minister's secretary said the prime minister underwent surgery to remove a two-centimetre (four fifths of an inch) colon polyp at the International Medical Centre of Japan. "According to the assigned physician, as a result of the checkup, a benign pedunculated (stalk-shaped) polyp was found in the sigmoid colon. After a discussion between the prime minister and the physician, the polyp was removed," the statement said. "The removal was conducted safely and perfectly. There was no sign of hemorrhaging after the procedure." Koizumi's appointments for the rest of the day were cancelled to allow him to recuperate, but he was to resume his duties on Thursday, the statement added.

6. PRC Yuan Revaluation

Dow Jones ("APEC DRAFT STATEMENT URGES CHINA TO REVALUE YUAN," Washington, 09/03/03) reported that a draft statement of the finance ministers' meeting of the Asian Pacific Economic Cooperation forum includes words effectively urging the PRC to revalue its currency, the Japanese daily Yomiuri Shimbun reported on its Web site Wednesday. The PRC, however, is demanding the foreign exchange part be dropped from the statement, and the country's currency issue will likely be the central topic at the meeting, the daily said. The Yomiuri story didn't quote any sources and is datelined from Phuket, Thailand, where the APEC finance ministers meet Thursday and Friday. US Treasury Secretary John Snow visited Beijing on his way to the APEC meeting Tuesday and Wednesday, but refrained from putting much pressure on the PRC, whose currency is now virtually pegged at around 8.28 yuan to the dollar, to liberalize its exchange rate system. But exporters in the US and Japan, who are losing their markets to PRC products, have become increasingly vocal in their demand for revaluation of the yuan.

The Associated Press (Christopher Bodeen, "CHINA BRUSHES OFF FREE CURRENCY PRESSURE," Beijing, 09/03/03) reported that brushing off American pressure for a freer currency, China's premier offered US Treasury Secretary John Snow no promises Wednesday and reiterated his assertion that a stable yuan benefited both nations. The outcome Wednesday of Snow's two-day trip to Beijing offered little concrete hope for manufacturers in the US and elsewhere, who believe the yuan is being deliberately undervalued to keep the PRC's exports competitive. The PRC says it's simply good financial sense for all involved. While saying he had been assured that progress would come, Snow indicated the PRC offered no timetable and wouldn't likely be moving soon. "I was repeatedly assured that interim steps are being taken and there will be further progress," Snow told reporters. When asked whether President Bush was disappointed in the PRC stance, White House spokesman Scott McClellan said: "I think it was important just in an of itself that we're bringing this

7. Op-Ed: Limited Success of DPRK Talks

South China Morning Post (Nina Hachigian, "WORLD VOICES: A LIMITED SUCCESS," 09/03/03) carried an editorial that stated all in all, the talks on the DPRK's nuclear program that ended in Beijing last week went as well as could be expected. There were no breakthroughs, but neither did the talks end ruinously. The challenge now for the countries involved will be ensuring that another round of talks follows, especially given Pyongyang's latest announcement that further talks would be "useless". The format of the Beijing meeting - three days, six countries and dozens of translators made any significant substantive progress very unlikely. If anything, given what Russia's deputy foreign minister called the "abyss of distrust", between the DPRK and the US, and their sharply articulated divergent positions, the possibility that talks would simply break down loomed large. Moreover, to put it mildly, negotiations with "the hermit kingdom" can always veer into unexpected territory. Last October, the DPRK made the unanticipated admission of its uranium enrichment program, triggering the current crisis. In Beijing, to the surprise and consternation of all the countries involved, North Korea's deputy foreign minister declared plans to test an atomic weapon. Despite this jolt, there were some positive developments. US officials lauded the remarkable concurrence among "the five", as they call themselves - including the ROK, Japan, the PRC and Russia - as to the nature of the problem. Moreover, US Assistant Secretary of State James Kelly and North Korea's representative, Kim Yong-il, did have a short, informal bilateral meeting, thus confirming that the structure of the talks could satisfy both the US' call for a multilateral approach and North Korea's insistence on bilateral meetings. The multilateral format clearly showed the DPRK the full extent of its isolation, and officials reportedly did state that, in principle, they would be willing to dismantle their nuclear weapons program in exchange for a variety of concessions. Finally, while the countries did not issue a formal joint declaration, as planned, the five did reach a consensus on the need for future talks, likely to convene within two months. Continuing negotiations are certainly the best of the bad alternatives to resolving the DPRK nuclear crisis. Some in the US have advocated military action against plutonium reprocessing and uranium enrichment sites, but the dangers to the ROK of a DPRK retaliatory attack make such an option extraordinarily risky. In addition, the DPRK targets of such a strike would be hard to find, because their nuclear programs are clandestine, and reliable intelligence is scarce. Making sure the next round of negotiations takes place as planned will not necessarily be a cakewalk. Provocative behavior by the DPRK and a potential policy shift in the US, or one followed by the other, could derail the process. US officials have announced their intention to "stay the course". However, each round of talks that does not produce visible progress, and each new threat from the DPRK, strengthens the arguments of those Americans who assert that negotiating with the DPRK is pointless and that the US should instead opt for a policy of regime change that would begin with an economic squeeze, even a blockade. This group may argue for increased and more robust programs of interdictions and military exercises leading up to the next set of talks. For its part, the DPRK could also scuttle the diplomatic track by refusing to meet again or, worse, by testing a nuclear weapon, as it claimed it would in Beijing. Many analysts doubt the North could actually conduct such a test. The DPRK is probably hoping that the threat of testing will create another bargaining chip its negotiators can work with. While a nuclear test would not change much factually - the CIA already estimates that the DPRK has one or two nuclear weapons - it would dramatically change the politics of the DPRK policy in the US, and would likely end any hope of a co-operative solution. The DPRK may assume that until the next presidential election, and given the state of affairs in Afghanistan and Iraq, the US is unlikely to venture into another military action. But history tells us that it is dangerous to make predictions based on American politics. Even if their calculation is correct, an economic chokehold agreed to by all its trading partners would put severe pressure on DPRK leader Kim Jong-il. Last week's talks

were a limited success, but the real test of whether diplomacy can resolve this crisis will play out over the coming months. Two months can be a long time. Nina Hachigian is director of the Centre for Asia Pacific Policy at Rand, a non-profit research institute based in Santa Monica, California.

The NAPSNet Daily Report aims to serve as a forum for dialogue and exchange among peace and security specialists. Conventions for readers and a list of acronyms and abbreviations are available to all recipients. For descriptions of the world wide web sites used to gather information for this report, or for more information on web sites with related information, see the collection of other NAPSNet resources.

We invite you to reply to today's report, and we welcome commentary or papers for distribution to the network.

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