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### I. United States

#### 1. DPRK Uranium Program

The Associated Press (Hans Greimel, "S KOREA OFFICIALS: NORTH STILL DENIES URANIUM PROGRAM, WORKING GROUP AGENDA UP IN AIR," Seoul, 03/04/04) reported that despite reported progress in recent DPRK nuclear talks, ROK officials said Thursday that the DPRK still denies having a secret uranium-based program and that other crucial issues - including an agenda for working-group meetings - are up in the air. The agreement for lower-level officials to meet in working groups to nail down details of a possible deal was seen as a step forward at the six-nation talks that ended Saturday in Beijing. Diplomats say they are crucial in striking common ground before the next round of six-way talks, expected before July. But a ROK diplomat familiar with the talks said the countries have yet to decide when those meetings will take place or what will be discussed. That will require more haggling through diplomatic channels, he said. "We don't know what the working group will really deal with," he said on condition of anonymity. "It's very difficult to predict what sort of job the working group will do." Lee Soo-hyuck, the ROK's chief negotiator, said the DPRK's stance had hardly shifted since the first round of talks last August. "Overall, the DPRK delegation's positions have not changed from those they expressed in the first round," Lee said this week in an interview with South Korea's CBS Radio. "They firmly denied that they have a

uranium-based nuclear program, and they also did not change their position on security guarantees."

## **2. Japan on DPRK Economic Sanctions**

Asahi Shimbun ("KOIZUMI SAYS SANCTIONS A WEAPON FOR LATER USE," Tokyo, 03/04/04) reported that Japan Prime Minister Junichiro Koizumi fought off calls Wednesday to impose economic sanctions against the DPRK over lack of progress on the abduction issue. "We must calmly consider whether showing off a glittering sword taken out from its sheath is actually effective," Koizumi said in response to Jin Matsubara, a Minshuto (Democratic Party of Japan) lawmaker wanting to know if the government would suspend trade and remittances to the DPRK under the revised Foreign Exchange and Foreign Trade Control Law. Wednesday's Lower House Budget Committee meeting was marked by debate on the DPRK's nuclear development program and the abduction issue. "I am aiming at peaceful solutions," Koizumi said. "It is good to solve such issues through dialogue, without resorting to measures like economic sanctions." Yoshio Urushibara of junior ruling coalition party New Komeito asked Koizumi how he planned to deal with a proposed bill that would deny port calls by DPRK ships. "It is dangerous to embark on diplomatic negotiations based on temporary emotions," he said. "I will consider calmly and cautiously how I should deal with the bill." Minshuto's Yukio Hatoyama asked Koizumi what it would take for him to impose sanctions. "If North Korea makes the situation worse, I will make appropriate judgments," he said. "It is diplomatic principle not to say that we will or will not use economic sanctions under these conditions."

## **3. Russia on DPRK 'Right' to Nuclear Development**

Korea Times ("RUSSIAN AMBASSADOR: 'NK HAS RIGHT TO NUCLEAR DEVELOPMENT,'" 03/04/04) reported that the international community should show more flexibility toward the DPRK's peaceful nuclear program, Russian Ambassador to Seoul Teymuraz O. Ramishvili said on Thursday. The international community should show more flexibility toward North Korea's peaceful nuclear program, Russian Ambassador to Seoul Teymuraz O. Ramishvili said on Thursday. "International law does not permit the international community to restrict North Korea's right to develop nuclear resources for peaceful purposes," the Russian diplomat said in a press conference held in his embassy. Regarding the debate on the North's nuclear program for peaceful purposes, Ramishvili pointed to the failure of the Korean Peninsula Energy Development Organization (KEDO) to build light-water reactors (LWRs) in the North. If KEDO finished building the LWRs as promised, the international community would have good reason for arguing the DPRK should give up its nuclear bid for peaceful purposes as well as for arms purposes," he explained. "The goal of KEDO's construction project of two LWRs was to deter the North from developing [its own] nuclear program." The Russian ambassador also supported energy provisions to the DPRK, which ROK negotiators put forward in last week's six-way talks. He said that energy support for the DPRK would be included in a package to resolve the country's nuclear crisis.

## **4. DPRK on US Kerry Presidential Nomination**

Financial Times (Andrew Ward and James Harding, "NORTH KOREA WARMS TO KERRY PRESIDENCY BID," Seoul, 03/04/04) reported that the DPRK's state-controlled media are well known for reverential reporting about Kim Jong-il, the country's dictatorial leader. But the Dear Leader is not the only one getting deferential treatment from the communist state's propaganda machine: John Kerry, the presumptive Democratic candidate, is also getting good play in Pyongyang.

In the past few weeks, speeches by the Massachusetts senator have been broadcast on Radio Pyongyang and reported in glowing terms by the Korea Central News Agency (KCNA), the official mouthpiece of Kim's communist regime. The apparent enthusiasm for Kerry may reflect little more than a "better the devil you don't know" mentality among the DPRK apparatchiks. Rather than dealing with President George W. Bush and hawkish officials in his administration, the DPRK seems to hope victory for the Democratic candidate on November 2 would lead to a softening in US policy towards the country's nuclear weapons program. But both Kerry and Bush are committed to DPRK disarmament. Kerry, however, would renew bilateral negotiations between the US and the DPRK, while Bush has sought to manage the conversation with the DPRK through multilateral talks. Kerry has also been more forthright about setting out the economic rewards for the DPRK if it disarms. If the DPRK is hoping that a Democratic victory would herald a return to Bill Clinton's policy of engagement with Pyongyang, then Gordon Flake, head of the Mansfield Centre for Pacific Affairs in Washington, cautions Kim against expecting too much from Kerry. "It would be harder for a Democratic president to do a deal because there would be a lot of pressure on him not to be a soft touch," he says.

## **5. Inter-Korean Relations**

Korea Times ("TWO KOREAS HOLD LAST-MINUTE TALKS ON S-N PROJECTS," 03/05/04) reported that working-level officials from the ROK and DPRK formally met on Thursday to clinch a deal over a set of economic projects. On the third day of the South-North Economic Cooperation Promotion Committee, the ROK and DPRK tried to issue a joint statement highlighting additional inter-Korean projects. The two delegates, however, were at odds over a few major issues. Delegates disagreed over the timeframe of reconnecting the cross-border roads and an industrial complex to be built at Kaesong, the DPRK's border town. The DPRK had long loudly complained that the Kaesong industrial complex had been slowed by the US' influence, which inhibited its construction. In a shift from its original stance, the DPRK said it would be difficult to complete its portion of road construction within the first half of this year citing technical problems. The two sides also conflicted on the establishment of a liaison office for direct bilateral trade at the envisioned industrial complex in Kaesong. The development of a joint flood prevention system for the Imjin River, which runs through the Demilitarized Zone that separates the two Koreas was another contentious issue. Wrapping up its four-day visit, the 27-member DPRK delegation will today leave Incheon International Airport for Pyongyang via Beijing.

## **6. ROK Security Initiatives**

Korea Times ("SEOUL SOFTENS 'BALANCED DIPLOMACY' IN SECURITY INITIATIVES," 03/05/04) reported that will continue to strengthen cooperation with its allies including the US to resolve the lingering crisis over DPRK nuclear program and efficiently deter possible attacks from the North. The National Security Council (NSC) on Thursday came up with a package of initiatives aimed at maintaining peace and prosperity in Northeast Asia and on the Korean peninsula. The booklet of initiatives features balanced pursuit of "cooperative security ties" with key allies and focuses on national self-defense, which is expected to soften its so-called "independent diplomacy" policy aimed at bringing more equality to the relationship between the US and the ROK. The independent diplomacy stance has been a controversial issue after the foreign affairs and trade minister was sacked for his subordinates' disparaging remarks regarding President Roh Moo-hyun's attempts to devolve the nation from US orbit. "The national diplomacy will also be carried out in a balanced and pragmatic manner to achieve the national interests and tackle the differing interests of the parties concerned," according to the booklet, published to mark the first anniversary of the Roh government. It is the first time that the government has officially issued a booklet regarding the

nation's overall security.

## **7. ROK Domestic Politics**

Agence France-Presse ("SKOREAN PRESIDENT REBUKED OVER ELECTION LAW VIOLATIONS," 03/04/04) reported that ROK President Roh Moo-Hyun has received an unprecedented rebuke from election watchdogs for speaking out in favor of a pro-government party ahead of parliamentary polls, officials said. The National Election Commission (NEC) said it sent a letter late Wednesday urging President Roh to be "politically neutral" before the polls, the first time a ROK president has been warned for violating electoral laws. "An NEC official delivered the official letter to the presidential Blue House at 11:00 pm Wednesday," NEC spokesman Seo In-Dog told AFP. "The letter contains a call for President Roh to abide by the provision of the election laws requiring all civil servants to be politically neutral before and during the elections." The NEC said Roh violated the election laws by telling a news conference last month that he "would like to do everything legal if it could help the Uri (Our) Party win votes" during next month's parliamentary polls. It is the first time state election watchdogs have acted against an incumbent president in the ROK. The Uri Party, a minority parliamentary force consisting of Roh's pro-government loyalists, is struggling ahead of the elections set for April 15.

## **8. PRC on DPRK Refugees**

JoongAng Ilbo ("CHINA MORE FLEXIBLE ON NORTH'S ESCAPEES," 03/04/04) reported that according to the Commission to Help DPRK Refugees, a ROK civic group helping DPRK defectors to escape, the PRC government has recently softened its standards for arresting escapees. A spokesman for the civic group said yesterday, "China has decided not to forcibly extradite DPRK defectors who have no criminal background, and who are leading a relatively stable and settled life." In addition, he said that "according to the new policy, defectors who are married to or cohabit with Korean-PRC or PRC persons who live in agricultural areas to sustain their living will not be arrested by the PRC authorities."

## **9. US-Japan Tax Treaty**

Dow Jones ("SENATE PANEL APPROVES US-JAPAN TAX TREATY," Washington, 03/04/04) reported that the Senate Foreign Relations Committee on Thursday unanimously approved the first major rewrite of the US-Japan tax treaty in more than three decades. The committee voted 19-0 to approve the tax treaty, designed to reduce trade barriers between two of the world's largest economies. One expert estimated the treaty's zero withholding tax could affect about \$1 billion in taxes faced by companies in both countries. That figure is before companies receive any foreign tax credits to offset the overseas taxes paid. Tax treaties are an important tool to eliminate double taxation for businesses and individuals engaged in trade. It is the first update of the treaty since the current pact, which was signed in 1971.

## **10. Australia-PRC Free Trade Agreement?**

Dow Jones ("CHINA AMBASSADOR TO NEW ZEALAND TALKS UP FTA PROSPECTS," Wellington, 03/04/04) reported that New Zealand has a "strong chance" of becoming the first Western nation to sign a free-trade agreement with the PRC, the communist state's ambassador to New Zealand has told a local newspaper. There is an excellent level of goodwill between the two nations and New Zealand's firm adherence to the One China policy is "very important to us," PRC Ambassador Chen

Mingming said in an interview published in the New Zealand Herald newspaper Thursday. "If it pushes hard enough and really takes full advantage of the momentum there is a strong chance New Zealand will be the first Western nation to get a free-trade deal with China," Chen said. "My impression is that the (New Zealand) government is giving a lot of priority to it," he said, but warned that New Zealand's dairy, pastoral farming and forestry industries don't appear to be lobbying the government hard enough. New Zealand's bilateral free-trade hopes were previously pinned on an agreement with the US but any prospect of negotiations has foundered on New Zealand's opposition to the war on Iraq and stiff opposition from US dairy farmers who fear competition from New Zealand's highly competitive dairy industry.

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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