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I. United States

1. US DPRK Nuclear Satellite Photos?

The Associated Press (Daniel Cooney, "Official: US Photo Shows North Korea Nukes," Seoul, 05/08/03) reported that the US has given the ROK a satellite photograph showing smoke coming from a DPRK nuclear facility, a possible sign the communist nation has started reprocessing spent fuel rods, a ROK official said Thursday. Reprocessing the rods would be a key step toward producing nuclear weapons. The official, who spoke on condition of anonymity, said other signs of nuclear activity, such as traces of chemicals used in reprocessing or heat signatures, had not been detected from the Yongbyon nuclear complex. He said the smoke was coming from radiation and chemical laboratories in the facility. During nuclear talks in Beijing last month, US officials said the DPRK

claimed it had reprocessed 8,000 spent nuclear fuel rods - a move that could yield several atomic bombs within months. However, US and ROK officials said they could not verify the claim and suggested the DPRK may be bluffing in an attempt to increase its leverage in talks with the US over its suspected nuclear weapons programs. ROK President Roh Moo-hyun travels to the US on Sunday to meet President Bush. They are to discuss a DPRK proposal in which the DPRK is believed to offer to end its nuclear activities in exchange for economic aid and a security guarantee from Washington. Roh's spokesman Yoon Tae-young said officials in Seoul were working closely with the US to determine if the DPRK has started reprocessing. "It is true that signs have been detected in late April, but no additional activities or unusual movement had been confirmed since," he said. A spokesman for South Korea's Unification Ministry, Kim Jung-ro, said Thursday that the renewed activity at Yongbyon did not necessarily mean the DPRK was reprocessing. "We are not sure if they are doing it as an extension of the bluffing or if it is a step to develop nuclear weapons. We need more evidence," he said.

2. US DPRK Nuclear Suspicions

The New York Times (David E. Sanger, "US SUSPECTS NORTH KOREA MOVED AHEAD ON WEAPONS," Washington, 05/08/03) reported that after assuring the White House for months that the DPRK had not begun producing plutonium for nuclear weapons, US intelligence officials changed their assessment last month, concluding that the country may have produced relatively small amounts, according to senior administration and intelligence officials. The new assessment was delivered to the White House in mid-April, after President Bush's national security adviser, Condoleezza Rice, ordered a review of the intelligence. A little more than a week later, DPRK officials, meeting with the US in Beijing, boasted that they had already turned 8,000 spent nuclear-fuel rods into weapons-grade material, and strongly hinted they would export it unless they struck a deal with the US. Intelligence officials say they believe that the DPRK claim was an exaggeration, intended to extract concessions from Bush, who said late last month he would not give in to what he has termed "blackmail." But his aides remain divided about what blend of incentives and threats to use in dealing with the government of Kim Jong Il. Bush's top foreign policy advisers met today to review their next steps on the DPRK, with some officials at the Pentagon urging that Bush move vigorously to intercept missiles and illicit drugs being shipped out of the country. Those exports create much of the hard currency that the DPRK uses to finance its nuclear program. At the same time, officials say they are likely to engage in a second round of talks with the DPRK.

3. ROK on DPRK Nuclear Activity

Reuters ("SOUTH KOREA SEES NO SIGN OF NORTH'S NUCLEAR ACTIVITY," Seoul, 05/08/03) reported that the ROK said on Thursday it had no evidence that the DPRK had started reprocessing nuclear fuel rods for possible weapons use. "For now, we judge it is difficult to say decisively the DPRK has begun reprocessing nuclear fuel rods," a presidential spokesman told reporters. 'Seoul and Washington are exchanging intelligence and are looking into such a possibility.' US officials said on Wednesday intelligence analysts had detected slight 'increases of activity' around a North Korean nuclear plant but had made no 'hard conclusions' on whether the country was reprocessing fuel for potential weapons use. The State Department said last week North Korea had confirmed it possessed nuclear weapons and was reprocessing fuel rods, which the US has not independently confirmed. South Korean President Roh Moo-hyun is scheduled to begin a week-long tour of the US on Sunday. He is due to meet President Bushon May 14 to coordinate a joint position on North Korea. Singapore Prime Minister Goh Chok Tong said on a visit to Washington on Wednesday North Korea seemed to be 'reconsidering' its stance on nuclear weapons after the US victory in Iraq (news - web sites). He said the American military success has made a diplomatic solution with Pyongyang

more likely. Some US officials, convinced Pyongyang can never be trusted, want to cut off hard currency flows, which would hurt and possibly topple the regime. Others, while deeply skeptical of the North, believe Washington should also make a counter-proposal to test if a negotiated deal is possible.

4. FBI PRC Espionage

BBC News ("FBI AGENT 'AIDED CHINESE SPY,'" 05/08/03) reported that a former Federal Bureau of Investigation agent has been indicted on charges of gross negligence and wire fraud for allegedly allowing his mistress access to secrets that she handed over to the PRC. A grand jury indictment returned in Los Angeles charges James Smith over his role in the case of alleged Chinese double agent Katrina Leung. Smith is said to have recruited Leung in 1982 to be an FBI agent providing intelligence on the PRC, and the two began an affair that year. Prosecutors say Leung removed classified material from Smith's briefcase when he visited her home, and passed the information to PRC intelligence agents. The indictment against Smith charges him with two counts of negligence, alleging that he improperly removed two classified documents from FBI offices in Los Angeles and allowed Leung access to them. Four counts of wire fraud allege that he deprived the US of his honest services by failing to disclose an improper relationship with Leung, failing to describe the full extent of her contacts with the PRC, and mishandling classified information. The six counts in the indictment carry a maximum penalty of 40 years in prison, prosecutors say. Smith's attorney has said that he is innocent, while Leung's attorneys say they have not been told that she is about to be indicted and expect her to be exonerated of any charge the government may choose to bring. Smith, 59, spent 30 years in the FBI, most of that time as a Chinese counter-intelligence agent, before retiring three years ago. He was freed on a $250,000 bond shortly after his arrest on 9 April. Leung, 49, a prominent Los Angeles socialite and political activist, has been held without bond since her arrest on the same day. She was considered a highly valuable source by the FBI and was paid $1.7m for her information over the years, court documents say. Smith and Leung are both married to other people.

5. PRC G8 Summit Attendance

BBC News ("CHINA TO ATTEND G8 SUMMIT," 05/08/03) reported that Raffarin said he wished to express solidarity with the PRC. The PRC has said it will attend the G8 summit of leaders in France next month. French Prime Minister Jean-Pierre Raffarin had invited PRC President Hu Jintao during a visit to Beijing in April. The French Government has said Hu would not attend the main meetings of the economic summit but would meet leaders of the club of the world's richest nations and Russia on the sidelines of the conference. "China supports France's initiative and is making active preparations to attend this meeting," said foreign ministry spokeswoman Zhang Qiyue. "We believe this meeting is necessary at this moment and very important." Solidarity The G8 consists of the Group of Seven (G7) rich countries - the US, Japan, Germany, the UK, France, Italy and Canada - plus Russia. Russia has participated in the annual summit for several years, after earlier being invited to talks only on the sidelines. During his trip to the PRC, Raffarin said he wanted the PRC to attend the meeting because it would focus on development issues and because France wanted to express its solidarity over the struggle to deal with the deadly SARS virus. The summits have traditionally had broad agendas including discussions on the prospects for world economic growth, the need to combat terrorism, and help for the world's poor, especially in Africa. Critics say the summits are just talking shops and photo opportunities, while enthusiasts say it is important that the world's leaders keep talking. This year's meet will be held in Evian on 1-3 June.

6. SARS Death Rate Increase

The Washington Post (Rob Stein and Ceci Connolly, "ESTIMATED SARS DEATH RATE RISES TO 15% WHO REVISES METHOD OF CALCULATING MORTALITY; ILLNESS MORE DEADLY TO ELDERLY," 05/08/03) reported that the death rate from severe acute respiratory syndrome has increased sharply since the epidemic began, and the new lung infection is now killing about 15 percent of victims overall, the World Health Organization concluded yesterday. It remains unclear whether the death rate is increasing as the disease spreads, or whether the true death rate is simply emerging as more data become available. In either case, the relatively high death rate underscores the seriousness of the threat, WHO said. "This is a disease that has a high case-fatality rate," said Klaus Stohr, WHO's top SARS scientist. "The case-fatality rate that we're seeing emphasizes even further the need to act decisively now." According to the new calculations, SARS kills less than 1 percent of those 24 or younger, but the death rate jumps to 6 percent at ages 25 to 44, to 15 percent for those 45 to 64 and to more than 50 percent for those 65 and older, WHO said. That means SARS has a death rate far higher than those of most other respiratory infections. The typical flu season has a death rate of less than 1 percent. The devastating Spanish flu of 1918 to 1919 had a death rate of less than 3 percent. SARS does not appear to be as contagious as the flu, but it is the first dangerous new disease that can be spread directly from one person to another to emerge in decades, and it remains untreatable. "We don't want to add to panic," Stohr said. "But we want to show that this disease should not be underestimated." The new estimates are based on an analysis of the most recent data from everywhere SARS has erupted -- Canada, the PRC, Singapore, Vietnam and Hong Kong -- and represent the first attempt to produce a comprehensive picture of the disease's mortality, WHO said.

7. SARS Officials Dismissal

Reuters ("CHINA FIRES LOCAL PARTY BOSS OVER SARS," Beijing, 05/08/03) reported that the PRC has fired a local Communist Party boss in the central province of Henan for incompetence in dealing with a flood of migrant workers returning to his district from SARS-hit cities, local officials said on Thursday. They said 2,000 migrant workers a day were pouring into Shenqiu County and one returned with Severe Acute Respiratory Syndrome from Beijing, currently the worst-hit city on earth. Local Party chief Shu Zicheng and a county magistrate were sacked for failing to quarantine people quickly, they said. Shenqiu has 1.3 million residents, 100,000 of them migrant workers. New Premier Wen Jiabao threatened last month to sack anyone who failed in the battle against SARS, which has now killed 219 people in China, half of them in Beijing, and infected 4,560. Shenqiu officials said strict quarantine measures were now in place in the county, reflecting those taken in many parts of China as fears grow that SARS could surge into the ill-prepared countryside where 70 percent of the 1.3 billion population lives. Sheds had been set up outside each of Shenqiu's 1,000 villages to quarantine migrant workers returning to the area. The semi-official China News Service said 350,000 migrants had already returned to Henan province since the health emergency began, 70 percent of them from highly infected areas.

Reuters ("CHINA PUNISHES 120 OFFICIALS OVER SARS - XINHUA," Beijing, 05/08/03) reported that the PRC has punished more than 120 officials in the past month for covering up the extent of the SARS outbreak or failing to prevent the spread of the flu-like virus, the Web site of Xinhua news agency said on Thursday. Officials in 15 provinces and major cities were sacked, suspended, warned or demoted for deserting their work, delaying reporting or covering up the number of infections and deaths, said the Web site. The most senior officials were Health Minister Zhang Wenkang and Beijing Mayor Meng Xuenong, sacked last month for covering up the extent of the epidemic. An official of the Communist Party's Organization Department said this was the first time so many officials had been punished over one affair. Severe Acute Respiratory Syndrome has killed 219 and

infected 4,560 in China since first surfacing in the southern province of Guangdong late last year.

8. PRC SARS Economic Impact

Agence France-Presse ("CHINA WARNS OF ECONOMIC LOSSES DUE TO SARS," Beijing, 05/08/03) reported that the PRC's State Council, has urged all government officials to minimize economic losses due to the outbreak of SARS (news - web sites), state media said. Senior leaders attending a meeting chaired by Premier Wen Jiabao Wednesday made the appeal to local level governments but added they should not slacken efforts to tackle the disease, the China Daily said Thursday. The council also put forward a package of measures to counter economic damage to the economy from SARS. A major priority was stabilizing agricultural production and accelerating economic restructuring in rural areas. It also called for more investment schemes and faster construction of major projects and suggested the government should issue more treasury bonds and construction funds for projects crucial to the fight against SARS. Recognizing that the epidemic could affect trade in the second quarter, the council demanded efforts to increase shipments. It ordered products for export should be quarantined in an effort to reassure buyers. Government spending should be tightly controlled, except for expenditure on the prevention and treatment of SARS, it added. Priority should be given to helping badly hit industries, such as civil aviation, tourism, catering and taxis, the council said. Fearful of increased unemployment, the council warned that enterprises in SARS-hit areas should not fire employees simply because business has dropped. Local governments should also provide assistance to people whose living standards have slipped below the minimum level due to SARS, it said. Many international economists have knocked 1.5 to 2.0 percentage points off China's 2003 economic growth forecast. The government is targeting growth of 7.0 percent.

9. Japan Domestic Economy

The Associated Press ("JAPAN CONSIDERS STOCK MARKET ASSISTANCE," Tokyo, 05/08/03) reported that the Japanese government's top economic panel on Thursday began considering emergency measures to lift the stock market from near 20-year lows, including calls on the state postal authority and central bank to buy more shares. Prime Minister Junichiro Koizumi's administration has been searching for ways to halt a protracted stock slide, which has left banks and life insurers - among the market's biggest investors - with heavy losses. The panel was examining raising the investment limit for a public stock-buying fund from 2 trillion yen ($17.1 billion), and temporarily halting planned public sales of stakes in Japan Tobacco Inc. and Nippon Telegraph and Telephone Corp. Other measures under consideration would encourage companies to buy back their own shares, lower corporate tax rates, delay a cap on banks' equity investments and revamp public pension fund rules. Among the most controversial of the steps is a recommendation that the Bank of Japan increase stock purchases by 1 trillion yen ($8.55 billion) to 4 trillion yen ($34.18 billion). Central bank officials have said they oppose such a plan. The panel also may ask the postal services corporation to raise its investments in stocks. The postal authority manages 360 trillion yen ($3.08 trillion) in savings and insurance funds. Finance Minister Masajuro Shiokawa said the panel would meet again next week to decide on the proposals. Analysts, however, say the proposed measures won't help the stock market in the long run and fail to address the problems ailing Japan's economy.

10. US PRC SARS Aid

The Washington File ("TEXT: STATE ANNOUNCES INCREASED AID FOR CHINA TO FIGHT SARS," Washington, 05/08/03) reported that pursuant to President Bush's offer to President Hu to support the PRC in its fight against Severe Acute Respiratory Syndrome (SARS), I am pleased to announce

today additional assistance to the PRC to combat this outbreak. This builds on the scientific and epidemiological support we have been providing through Department of Health and Human Services (HHS) researchers working in the PRC and elsewhere since early March. The US Agency for International Development (USAID) has provided this week $500,000 in emergency funds to help China bolster its strained public health system. The money is to be used by the Red Cross Society of the PRC to purchase protective gear and other medical consumables including thermometers and protective goggles, gowns and masks to protect against SARS. The US Embassy in Beijing will work with the PRC Red Cross Society to monitor the procurement of these supplies. In addition to material support, HHS Secretary Thompson has proposed to the PRC Minister of Health this week a multi-year, multi-million dollar effort to expand collaborative work in epidemiological training and development of greater laboratory capacity in the PRC These efforts complement and build on the donations of millions of dollars of equipment and other support already provided by American companies operating in the PRC. These combined gifts of the American people helps to ensure that SARS does not threaten more lives or livelihoods in either country.

II. Republic of Korea

1. New Sign of DPRK Nuclear Activity

Joongang Ilbo (Oh Young-hwan, "US SEES NEW SIGN OF NUCLEAR ACTIVITY," Seoul, 05/08/03) reported that US intelligence has captured what may be an indication that DPRK has started reprocessing spent nuclear fuel, ROK government sources said Wednesday. Smoke was seen coming from the radiochemical laboratory at the Yeongbyeon nuclear complex on April 30, the officials said, based on information they said was from US intelligence. The Washington Post Wednesday also reported indications that reprocessing had begun. A US intelligence official told the newspaper of increased activity at Yeongbyeon. Both governments have reserved final judgment on whether reprocessing has started, an official here said, because there has been no detection of the emission of krypton, a radioactive gas, from the facility. The gas is one of the two major signatures of reprocessing activities; the second is thermal emission from the facility. There was also no detection of thermal emissions. But the emission of smoke from the laboratory building was new, the official said, although it has been seen coming from the coal-fired furnace next to the laboratory on seven occasions since the beginning of the year. That smoke had been seen as a sign that the reprocessing facility was being readied for activation. DPRK in December removed seals placed on the reprocessing facility in the compound at Yeongbyeon that also houses a plutonium reactor and storage facilities for new and spent nuclear fuel rods. US surveillance also saw trucks moving near the reprocessing facility, which may have been a movement of spent fuel rods, but the evidence was not conclusive.

2. ROK Stance on DPRK Unclear

Joongang Ilbo (Kim Young-sae, "AIDE ATTACKS NORTH'S BAD BEHAVIOR," Seoul, 05/08/03) reported that ROK Foreign Minister Yoon Young-kwan said Wednesday that DPRK should think hard about its nuclear bluster. In a rare direct rebuke to DPRK, Yoon said DPRK continues to demand rewards from the international community after violating international commitments. He said DPRK's withdrawal from the Nuclear Nonproliferation Treaty in particular was a challenge to "a value system" shared by 178 countries. Whether that behavior would be accepted in the changed security climate after the terror attacks on US in September 2001 is a question DPRK should ponder, he said. Speaking to the Kwanhun Club, an association of senior journalists, Yoon also repeated that ROK's participation in multilateral talks with DPRK is not as important as whether the talks make

headway. President Roh Moo-hyun and other officials here are trying to counter public criticism of ROK's exclusion from three-nation talks in Beijing last month, during which North Korean officials met with US officials for the first time in six months. Yoon cautioned that further talks are not a foregone conclusion. He also called on DPRK to join the international community, but said that depends mainly on whether US is willing, at some point, to normalize its relations with the DPRK.

3. ROK Long Term Military Plan

Joongang Ilbo (Lee Chul-hee, "MILITARY PLAN BALANCES US TIE, SELF-DEFENSE," Seoul, 05/08/03) reported that Cho Young-kil, minister of national defense, reported to President Roh Moo-hyun Tuesday about ROK's vision for self-defense. The plan, to be implemented over a long term, is intended to build up South Korean military capabilities to replace the US troops' role. "We put our goal as beefing up military power and at the same time developing our alliance with the United States to complete the capability to deter the North Korean threat," said Gwon An-do, director of planning at the Joint Chiefs of Staff. "To take over USFK military capabilities, long-term procurement projects are necessary. We told the president that a budget increase is inevitable." The ministry reported that this year's defense budget, currently set at 2.8 percent of the gross domestic product, should be increased at least to 3 percent of the GDP, a ministry official said. The 2003 defense budget is 17.4 trillion won ($14.5 billion). In talks between ROK and US last month, the two countries agreed that US troops here would hand over some selected missions to ROK.

4. Unchanged Goal on DPRK Unclear

Chosun Ilbo (Joo Yong-jung, "US SAYS NUKE-FREE PENINSULA STILL THE GOAL," Seoul, 05/08/03) reported that US Secretary of State Colin Powell on Monday downplayed this week's New York Times report that US would change its policy on DPRK from stopping its nuclear development program to restricting its exports of nuclear materials. Powell said that US would continue its efforts with the Northeast Asian countries to make DPRK understand it should abandon its nuclear weapons ambitions. The State Department spokesman Richard Boucher said that US's goal was still the complete, verifiable, and irreversible removal of DPRK's nuclear program. Boucher also denied that US had settled on a policy to tolerate DPRK's possession of nuclear weapons, and said that a nuclear-free peninsula was a goal US shared with other members of the international community.

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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