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I. United States

1. US Democrats on Bush Nuclear Bomb Plans

Reuters ("DEMOCRATS TARGET BUSH NUCLEAR BOMB PLANS," Washington, 09/15/03) reported that US Senate Democrats on Monday again took aim at President Bush's plans to study new types of small nuclear weapons, which they say could spur a new arms race and heighten the risks of nuclear war. Sen. Edward Kennedy of Massachusetts and Sen. Dianne Feinstein of California sought to block funding for the development of so-called mini nukes as the Senate considers a $27 billion annual spending bill for energy and water programs, including the US nuclear stockpile. A similar effort failed in May, when the Senate allowed the repeal of a decade-long ban on the study and development of low-yield nuclear weapons, though it did require Bush to get congressional approval before building any. The Bush administration says it is only interested in researching smaller nuclear weapons, not in deploying them. But Democrats say even the prospect of such weapons eventually being added to the US arsenal will spur other countries to also start developing them. "There should be no doubt in anyone's mind that this administration is reopening the nuclear door," Feinstein said. "We may very well be encouraging the very same nuclear proliferation that we seek to prevent." The Democratic amendment would cut from the spending bill the $6 million Bush has sought for research into nuclear weapons with a yield of less than 5 kilotons, a little under half the size of the bomb the US dropped on Hiroshima. Critics argue such small weapons are dangerous because policymakers might be more likely to use them as an adjunct to conventional weapons, heightening risks of nuclear escalation. The amendment would also cut an additional $15 million that the Pentagon wants to develop an earth-penetrating nuclear warhead for use against deeply buried bunkers. Opponents say such a bomb could not burrow deep enough to avoid throwing huge quantities of radioactive fallout into the atmosphere. A vote is expected on Tuesday. Although the Senate has previously backed Bush's plans, the Republican-led House of Representatives has taken a very different tack. It cut almost all of the funding for low-yield nuclear weapons from its version of the spending bill and also slashed more than $300 million from Bush's larger budget request for the federal agency that oversees US nuclear weapons programs.

2. DPRK on US-led Naval Drill

Agence France-Presse ("NORTH KOREA DENOUNCES US-LED NAVAL DRILL," Seoul, 09/16/03) reported that the DPRK on Tuesday denounced a US-led multi-national naval drill held off Australia to stop trade in banned weaponry as "a prelude to a nuclear war" targeting the communist state. The Korean Central News Agency (KCNA) warned Pyongyang would "further increase its nuclear deterrent force" to cope with what it called the US blockade strategy. The US, Japan, Australia and France conducted the maneuvers featuring a simulated seizure of a vessel carrying weapons in the Coral Sea off Australia's east coast over the weekend in a veiled warning to the DPRK. "This is a wanton violation of the sovereignty of the DPRK (North Korea) and intolerable military provocations as it was a prelude to a nuclear war," KCNA said in a commentary monitored here. "The US is putting its international blockade strategy into practice." The naval exercise, dubbed "Pacific Protector," was the first of 10 air, ground and sea drills to be launched by the 11-nation proliferation Security Initiative (PSI), a US-led grouping set up earlier this year to stem the illicit trade in the weapons of mass destructions.

3. US Press Release on KEDO Funding

The White House Office of the Press Secretary ("STATEMENT BY THE PRESS SECRETARY: PRESIDENTIAL DETERMINATION REGARDING KEDO FUNDING," Washington, 09/15/03) carried the following press release that read: The President yesterday determined that it is in the vital US national security interest to provide up to $3.72 million in assistance to the Korean Peninsula Energy Development Organization (KEDO) for administrative expenses for Fiscal Year 2003. The President thereby waived the restriction on assistance to KEDO in section 562 of Title II of the Foreign

Operations, Export Financing and Related Programs Appropriations, 2003, Division E of the Consolidated Appropriations Resolution, 2003 (P.L. 107-7). No part of the FY 2003 US contribution will be used for construction of light-water nuclear reactors in North Korea, which was premised on North Korea's abandonment of its nuclear arms program. The members of the KEDO Executive Board will convene soon and the US believes it should then agree formally to stop work on the LWR project. Our contribution also will not be used to finance heavy fuel oil shipments to North Korea, which KEDO suspended in November 2002. The US seeks the complete, verifiable, and irreversible elimination of North Korea's nuclear weapons programs. While all options remain on the table, we are pursuing a multilateral diplomatic approach to achieve that end. The US is working especially closely with regional powers, allies and friends, which share the conviction that the Korean Peninsula must be free of nuclear weapons.

4. US ROK Anti-Missile System

Reuters ("US UPGRADES ANTI-MISSILE SYSTEM IN SOUTH KOREA," Seoul, 09/16/03) reported that the US, at loggerheads with the DPRK over its nuclear weapons aims, has deployed an anti-missile system in the ROK that can hit ballistic missiles, cruise missiles and aircraft, the US army said Tuesday. It said the Patriot Advanced Capability-3 (PAC-3) system was part of an $11 billion plan to enhance US defenses in the ROK where 37,000 US troops are stationed to help deter any DPRK attack. "The upgraded Patriot system will bring enhanced defensive capabilities to the peninsula as well as contribute to the overall deterrence US forces bring to the alliance (with South Korea)," the 8th US Army said in a statement. "Part of the upgrade and new enhanced capabilities include the hit-to-kill technology to destroy incoming ballistic missiles, cruise missiles and aircraft," it said. An army public affairs official said the system had been deployed in July but had not been publicized until now because troops were being trained to operate the mobile air defense system. They are now trained. The PAC-3 fits 16 missiles into a launcher, compared with four on earlier versions. Each missile destroys its target through force of impact but also includes a conventional warhead that blasts fragments to destroy aircraft and cruise missiles.

5. ROK US Iraq Troop Request Review

Agence France-Presse ("SOUTH KOREA REVIEWING US REQUEST FOR TROOPS FOR IRAQ," 09/16/03) reported that ROK President Roh Moo-Hyun said he was reviewing a politically-sensitive US request for ROK combat troops to join US-led forces in Iraq. Roh indirectly confirmed Tuesday the demand had been made, but gave no further details. Media reports said Seoul was under pressure to send a brigade of about 3,000 troops. Roh spoke as anti-war activists threatened to ignite nationwide protests to dramatize their opposition to the dispatch of South Korean troops. "This is a very sensitive issue, so we must make a very careful review," Roh told a cabinet meeting, according to government spokesman Cho Young-Dong. The issue of sending troops overseas is a politically charged one in the ROK, sharply divided between proponents and opponents of the US-led war in Iraq. Civic groups said they would stage a mass anti-war rally next week in Seoul, while conservative groups urged the government to comply with the US request. "Don't dispatch combat soldiers," read one placard during a rally by 50 activists near the offices of President Roh. The protestors shouted anti-US slogans as riot police and security guards formed a human barricade to stop the march some 100 meters (yards) away from the president's office. They scattered copies of a statement accusing US President George W. Bush of dragging South Korea into "a war of aggression" in Iraq. The DPRK also denounced the US request as "an intolerable criminal act" and urged the ROK to resist US pressure.

6. US ROK Typhoon Sympathy

Agence France-Presse ("US SENDS SYMPATHY TO SOUTH KOREA OVER TYPHOON DISASTER," 09/16/03) reported that the US expressed sympathy and offered 50,000 dollars in disaster relief to the ROK after Typhoon Maemi swept ashore, leaving 121 people dead or missing. "We extend our deepest sympathies and condolences to the victims of this unfortunate natural disaster," said State Department deputy spokesman Adam Ereli in a statement. "We stand ready to support Korea in its efforts during this difficult period." Ereli said the US Agency for International Development (USAID) had approved the provision of 50,000 dollars to the Korean Red Cross for disaster relief and rehabilitation work. Maemi carved a path of devastation through southeastern South Korea for several hours overnight Friday before veering out to sea on Saturday and blowing itself out.

7. US on DPRK Food Aid

Agence France-Presse ("US WARNS ON FOOD SHIPMENT TO NORTH KOREA," Washington, 09/15/03) reported that the US warned it was considering whether to go ahead with a new 60,000 metric ton food shipment to the DPRK amid concern the DPRK may be preventing aid from reaching those in most desperate need. "We remain concerned that North Korea has not allowed the World Food Program access to all vulnerable North Koreans, and that it has restricted the World Food Program's ability to monitor the distribution of food aid," said State Department deputy spokesman Adam Ereli. The US has already delivered most of a 40,000 metric ton donation to North Korea promised this year, but was considering a further offering of 60,000 tons, Ereli said. But the donation is contingent on the extent to which food aid is proven to reach those in need, he said. "We have discussed these concerns directly with North Koreans, as well as with the World Food Program and other donors. Unfortunately, the DPRK continues to restrict access and monitoring." The State Department first said in May that it was ready to offer the DPRK an additional 60,000 tons of food aid. Washington has insisted that its status as a major food donor to the DPRK are separate from its clash with Pyongyang over its nuclear programs. "The US provides food aid an entirely humanitarian basis. It is not linked to political issues," Ereli said.

8. PRC on PRC Troops at DPRK Border

Reuters ("CHINA SAYS TROOPS NOT MASSED AT NORTH KOREA BORDER," Beijing, 09/16/03) reported that the PRC dismissed on Tuesday reports that its troops had massed at the border with the DPRK, where thousands of refugees from the hermit country have slipped across in recent years. "PRC troops have indeed not massed at the PRC-DPRK border," Foreign Ministry spokesman Kong Quan told a news conference. Kong said on Monday he had not heard of any deployment of up to 150,000 troops on the PRC's border with the DPRK, as Hong Kong newspapers have reported in recent weeks. The Sunday Morning Post said the deployment aimed to stem increasing violence by rogue DPRK soldiers. Kong said the 2.5-million-strong People's Liberation Army took over responsibility for guarding the borders with North Korea and Myanmar from border police early in September. Kong said it was a routine change of guard to unify border controls nationwide after years of deliberation. Analysts said the change was aimed at pressuring the DPRK to end a nuclear standoff with the US, stemming any exodus of hungry refugees in the event of conflict and intensifying a crackdown on drug trafficking.

9. Japan Domestic Politics

The Associated Press (Gary Schaefer, "JAPAN FINANCE MINISTER MAY QUIT POST," Tokyo,

09/16/03) reported that citing health concerns, Japanese Finance Minister Masajuro Shiokawa hinted Tuesday he may not seek to retain his job after an expected Cabinet reshuffle and said he will not attend an upcoming Group of Seven meeting in Dubai. The 81-year-old minister, who was hospitalized two weeks ago with an inflamed gallbladder, said he has no plans to resign. But when asked at a morning news conference whether it would be difficult for him to continue his duties after a Cabinet reshuffle expected later this month, he told reporters "yes." Prime Minister Junichiro Koizumi will likely reshuffle his Cabinet shortly after a party leadership election on Sept. 20 that polls suggest he will win, earning him a new three-year term at Japan's helm. Media reports have suggested that Koizumi had no plans to keep Shiokawa in the job because of health concerns, and the finance minister's comments Tuesday were widely interpreted as meaning he wouldn't accept the job even if asked.

10. Japan Domestic Economy

Agence France-Presse ("BANK OF JAPAN UPGRADES ECONOMIC ASSESSMENT A NOTCH," 09/16/03) reported that the Bank of Japan upgraded its economic assessment in its monthly report by one notch, saying exports -- the engine of the nation's economy -- appear to be improving. "Economic activity still continues to be virtually flat as a whole, although signs of improvement have been observed in such areas as the environment for exports," the central bank said in the report Tuesday. Last month, the central bank said "economic activity remains virtually flat" as private consumption and housing investment remained weak. Japan's current account surplus surged 34.6 percent in July, with exports up 5.4 percent, the first year-on-year gain in two months, thanks to brisk demand for audio-visual equipment and semiconductor parts, the finance ministry said last week. The tone of the central bank's assessment was more cautious than the government's verdict on the economy.

11. ROK Farmer Suicide Protest

The New York Times (James Brooke, "FARMING IS KOREAN'S LIFE AND HE ENDS IT IN DESPAIR," 09/15/03) carried a story that reported that before Lee Kyung Hae left for Mexico on his final mission to defend ROK farmers, he climbed a hill behind his old apple orchard here. In the quiet solitude of his former farm, he cleaned up around his wife's tomb. "He cut all the grass before departing," Lee Kyang Ja, his older sister, said with surprise today, coming upon the site after climbing a dirt road behind the farm. On Wednesday in Cancún, Mexico, Lee, a 55-year-old farm union leader, scaled a barricade outside a meeting of the World Trade Organization and then fatally plunged his Swiss Army knife into his heart. The big news out of Cancún this week was the breakdown in the World Trade Organization talks, as the developing nations walked out in frustration over farm subsidies. To most of the world, Lee's act may have seemed like a sideshow, the latest face of extreme antiglobalist protest, perhaps, just a final desperate measure by a disturbed man. But in rural communities like this one in southern ROK, Lee, a three-time member of the provincial assembly, was seen as a heroic figure, a defender of debt-ridden farmers struggling to maintain an age-old agrarian tradition in a fast-developing country where manufacturing is king. "Lee committed suicide to save the farmers," said An Sung Hyun, 65, a neighbor. "He sacrificed himself for farmers like me." That sentiment is echoed in a new banner that greets drivers as they enter Jangsu. "The late Lee Kyung Hae, patriot and hero, we will follow your goal," it reads. "We strongly oppose W.T.O. globalization." To protect farmers, the ROK has tariffs of over 100 percent on 142 farm products-- consumers here pay about four times US prices for rice - helping support 6 million farmers in a nation of 47 million people. But the ROK's real money is made selling cars, ships and cellphones around the world. To keep markets open for its economy, the world's 12th largest, the ROK has recently made concessions on food imports, in bilateral talks and in preliminary

negotiations in the W.T.O. With each concession, life gets a little harder for the farmers. "It is not hard to guess why he chose to terminate his life," said La Jung Han, an official in Seoul at the the Korean Advanced Farmers Federation, a group Lee headed for many years. "Probably, the main motivation was despair." He continued, "It was a despair deeply imbedded in the conditions of the farmers, the agriculture industry and the rural communities."

12. East Asia Internet Connectivity

The Associated Press (Alexander G. Higgins, "S. KOREA, JAPAN LEAD IN INTERNET SPEED," Geneva, 09/16/03) reported that the ROK holds a large lead over the rest of the world in the percentage of people who have high-speed Internet connections, the U.N. communications agency said Tuesday. Between 60 and 70 percent of all households in the ROK have a broadband connection, and cybercafes where students play online games are "almost on every corner," said Taylor Reynolds, one of the authors of a report by the International Telecommunication Union. "Broadband is just an essential part of everyday life. They use it for e-mail, they use it for chat, for music, all sorts of things," Reynolds said. The ITU's 196-page report found 63 million broadband subscribers - mainly through digital subscriber lines (DSL) or cable TV connections - worldwide at the start of 2003. The report also found more mobile phone users - 1.16 billion - than people with fixed-line phones, 1.13 billion. The ITU first estimated that wireless phones had begun outnumbering landlines in May 2002. More than 10 million of the world's high-speed Internet users are in the ROK alone, a rate of 21.3 broadband subscribers per 100 inhabitants. Hong Kong was in second place with 14.9 percent and Canada was third at 11.2 percent. The US was in 11th place in the per-capita broadband rankings at 6.9 percent, though it had the highest overall total with 19.9 million subscribers. Japan was in 10th place, with 7.1 percent broadband use. But ITU experts expect Japan to move up because it is now offering the world's fastest speeds and lowest prices. Broadband service that is about 520 times faster than a dial-up modem is available in Japan for about $24.19 a month. At that speed, Japanese broadband customers can download an entire movie over the Internet in 20 minutes. The ROK is almost as fast - 26 minutes. Reynolds said a key reason why Japan and South Korea are so far ahead is because of heavy competition among broadband providers. The Japanese and South Korean governments have taken steps to encourage the use of broadband, such as requiring telephone companies to let competitors use existing lines at low cost. Overall, monthly subscriptions are generally between $30 and $50, but run as high as $165.89 in Finland, the report said. The average US cost was $53.

13. US Falun Gong Jiang Zemin Lawsuit

Agence France-Presse ("JUDGE TOSSES US LAWSUIT AGAINST JIANG ZEMIN," 09/16/03) reported that a US district judge has tossed out a lawsuit accusing former PRC president Jiang Zemin of torture and genocide on the grounds that he enjoys diplomatic immunity from prosecution. In a ruling filed Friday, Judge Matthew Kennelly of the northern district of Illinois tossed out the civil suit filed in October 2002 on behalf of six unnamed Falun Gong members, saying the court recognized Jiang's head-of-state immunity. The judge also dismissed claims of human rights violations against the notorious Falun Gong Control Office, otherwise known as 6/11, saying it did not have jurisdiction over the agency. In dismissing the suit, Kennelly sided with the US government which filed an amicus, or friend of the court, brief in the case, arguing that Zemin was protected by virtue of his former position. Thirty-eight members of the US Congress also submitted amicus briefs, urging the court to exercise its jurisidiction over Jiang and the Control Office. Frederick Rhine, one of the lawyers involved in the case, said the plaintiffs whose names were not released in order to protect family members in the PRC, were considering appealing the ruling. The New York office of the Falun Dafa Information Center issued a statement in which it said it hoped the plaintiffs would prevail on

appeal. "This case is far from over. In fact, it is just beginning."

14. Op-Ed: Negotiating with North Korea

The Washington Times (Paul Chamberlin and Bill Taylor, "NEGOTIATING WITH NORTH KOREA," 09/14/03) carried an Op-Ed that read that the Bush administration's coercive multilateral strategy to stop the DPRK's nuclear proliferation seems destined to fail, because it is unwilling to plausibly address the DPRK's stated security needs. Thus, Pyongyang stated on Aug. 30 after multilateral talks in Beijing that it sees no benefit in further dialogue with Washington. Two questions now merit examination: (1) what went wrong and (2) where should we go from here? The first question is easy to answer. The Bush administration, beset by internal struggles in the National Security Council, never crafted effective policy to accomplish US national security objectives concerning the DPRK. The administration did properly identify key objectives that include stopping Pyongyang's development and proliferation of weapons of mass destruction and technology transfer but never accepted the reality that the US lacks levers to force compliance by Chairman Kim Jong-il, the DPRK's de facto head of state. "Pre-emptive" war is not a credible option for reasons outlined below. The only practical way to achieve US objectives is through mutually beneficial diplomacy - not the zero-sum approach favored so far by the administration. Second, where should we go from here? The answer to this question is also relatively easy, although implementing the solution may be difficult. Bush administration officials should acknowledge its DPRK policy requires calibration to achieve its major DPRK security objectives and maintain credibility as a regional leader. Some suggestions: (1) Put forward a confidence-building package of long-term security and economic benefits that will persuade the DPRK to verifiably give up its major nuclear bargaining chip. (2) Engage in direct dialogue with the regime it publicly reviles. Multilateral coordination with regional states is important, but any forum that places a single party wholly on the defensive is bound to fail. Use multilateral talks to craft principles to guide bilateral dialogue among participants, including the US and the DPRK. (3) Discard two fallacious assumptions that apparently underwrite US-DPRK policy: Fallacy No. 1 is that an aggressive, hard-line policy can promote near-term regime change in the DPRK. Absent war, success is unlikely. And a second Korean War is not a credible option, especially if the PRC and Russia perceive it to threaten their national security interests. To be sure, the combined forces of the US and the ROK could obliterate the DPRK's command, control and war-fighting capabilities over time, but probably not before the DPRK kills hundreds of thousands, if not millions, of South Koreans, Japanese and Americans living in these two allied states through either pre-emptive or retaliatory attacks. The DPRK fields the world's fifth-largest military on highly defendable terrain and one of the world's largest special operations forces. It possesses thousands of well-protected cannons and rockets, and hundreds of ballistic missiles that can deliver conventional and chemical, if not biological and nuclear, weapons against targets throughout densely populated ROK, much of Japan, and possibly parts of the Western US War could devastate regional economies and require hundreds of billions of dollars for reconstruction. The second fallacious assumption is that the US cannot negotiate directly with the DPRK to achieve US objectives. Three examples prove that negotiating with the DPRK is doable, albeit difficult. These are the 1953 Armistice Agreement, which stopped Korean War combat and has kept an uneasy peace for 50 years; the 1994 US-DPRK nuclear Agreed Framework, which verifiably prevented the DPRK from acquiring enough material to build 50-100 nuclear weapons for eight years from November 1994 through December 2002; and a bilateral 1999 ballistic missile test moratorium agreement. In going forward, the Bush administration would be wise to honor history's lessons by adding the following measures to its DPRK approach: * Establish clear political objectives before entering negotiations. What are the administration's goals - stopping nuclear proliferation or displacing Kim Jong-il (or a like-minded successor)? If the latter, we should mobilize military forces to achieve the inevitable "pyrrhic victory" and massive financial resources for reconstruction. * Offer something of clear tangible value

to North Korea. Flesh out vague promises of a "bold" approach to attract Pyongyang's serious attention, because North Koreans do not believe Washington has fully honored its commitments under the Agreed Framework and ballistic missile test moratorium agreement, for example. * As any powerful nation (or person) can do, be humble and respectful to all parties in the negotiations. Paranoid North Koreans need no reminder the US is the world's sole superpower. Neither do the other major actors in Northeast Asia. Macho name-calling will not achieve our objectives. Overly aggressive, arrogant behavior is counterproductive, as it stimulates Pyongyang's efforts to put the US in its place - from North Korea's perspective. This is especially true in light of denunciations of North Korea's government by US neoconservatives, including some administration officials. We have a crisis on our hands with the DPRK nuclear issue and time is of the essence. Historically, wars start more often than not by accident or miscalculation at times of high tension. Tensions are high now. Now is the time for the Bush administration to quickly craft an effective, diplomatic solution. Paul Chamberlin, a Korea specialist since the 1970s, is the author of "Korea 2010." Bill Taylor is an adjunct professor at Georgetown University's School of Foreign Service.

II. Republic of Korea

1. US-PRC on DPRK Military Technology

Donga Ilbo (Kwon Sun Taek, "US AND CHINA TO BLOCK NORTH KOREA FROM OBTAINING SENSITIVE MILITARY TECHNOLOGIES," 09/13/03) Reported that James Kelly, U.S. Deputy Secretary of State, said Sept 11 that the U.S. and PRC governments have been working on measures to prevent DPRK from obtaining military technologies needed to produce nuclear weapons and missiles from other countries. U.S. official gave a detailed explanation on the Sino-U.S. bilateral relations to a U.S. Senate committee for foreign relations on that day. "The two governments have been exchanging opinions on how to block DPRK from obtaining technologies needed to build nuclear weapons, missiles, and weapons of mass destruction from other countries," he said. James Kelly added that the two nations have discussed these matters over the last two weeks. Even PRC government has recently issued a ban on shipments of vessels bound for the Stalinist country to prevent sensitive military technologies from being transferred to DPRK, he said. He also told the Senate committee that the U.S. government has called on PRC government to regulate DPRK airplanes used for transferring technologies required to produce weapons. "PRC is the last resort and a major supplier to provide fuels and foods for DPRK. And PRC government is offering a 500 million dollar worth of foods and fuels every year," he estimated.

2. DPRK Nuclear Plant Temporary Halt

Donga Ilbo (Kwak Min Young, "N.K RECENTLY HALTED NUCLEAR REPROCESSING," 09/13/03) Reported that DPRK recently appeared to have halted reprocessing nuclear fuel rods at its Yongbyon complex, North Pyeongan Province, major news agencies reported, citing U.S. high-ranking government officials. Japanese Kyodo News said Friday that U.S. intelligence satellites have failed to capture the steam coming out of the nuclear fuel rods at a Yongbyon complex and the U.S. government has decided that DPRK stopped operating the nuclear reprocessing facility, citing sources from the U.S. congress. A senior official of the State Department was known to have told this before an unofficial hearing of the Senate. In addition, Reuters also reported Friday that a U.S. official said there have been no recent reports of krypton gas, a reprocessing byproduct, coming from Yongbyon. U.S officials, however, are unsure of whether DPRK halted reprocessing nuclear fuel rods or moved onto the next nuclear development stage, foreign news agencies said. Some point out that the inactivity of the Yongbyon facility could be aimed at resuming talks with the U.S. or caused

by technical problems. Otherwise, DPRK may simply continue reprocessing fuel rods at other places. U.S officials lately said that higher-density krypton gas was found in another area. "The official stressed that the apparent decline in activity was not being interpreted by the U.S. government as an indication of any shift in DPRK intentions," said LA Times Thursday. "They can start and stop fairly easily and the facility could be restarted on short notice," an official told the newspaper. "A congressional source said information on DPRK provided by the Bush administration was viewed with suspicion among many on Capitol Hill," it added.

3. DPRK Six-Way Talks

Donga Ilbo (Cho Hun-Joo Cho, "NORTH AGREED TO HOLD ANOTHER SIX-WAY TALKS IN NOVEMBER," 09/13/03) Reported that DPRK has agreed in principle to hold a second round of multilateral talks on its nuclear weapon development program in Beijing in early November, a Japanese news agency reported Thursday. Quoting unidentified diplomatic sources in Moscow, Kyodo News said DPRK gave notified Russia and other regional players involved in the first round of nuclear talks. The other four countries were ROK, U.S., PRC and Japan. At the end of the negotiations, the participants agreed to meet again, but failed to determine the exact date or venue. In a related news, the Nekkei Simbun newspaper reported Wednesday that high ranking officials from US, Japan, and ROK are expected to meet in Beijing at the end of this month to discuss follow-up talks to their first round meeting. The Japanese daily said that the decision came after DPRK didn't make any provocative action on its 55th anniversary of founding its regime on Sept 6 to show off its military capability by declaring itself a nuclear state or by displaying new missiles.

4. DPRK Reform

Joongang Ilbo (Lee Dong-hyun, Ko Soo-suk, "NORTH CHANGES CALLED REFORM STEP," 09/15/03) Reported that At the 11th session of the Supreme People's Assembly earlier this month, DPRK reworked the leadership structure of the Kim Jong-il regime. While top military brass remained largely unchanged, the cabinet saw a large overhaul, reflecting Pyeongyang's will to succeed in its attempts at economic reform. At the center of the leadership was the National Defense Commission, chaired by Mr. Kim. Vice Marshal Jo Myong-rok, first vice chairman, and Vice Marshal Kim Yong-chun, chief of staff of the People's Army, retained their posts at the defense commission, which controls the North's 1.17 million-member force. By maintaining the structure of its military leadership, North Korea demonstrated its intention to stay its current course in tackling nuclear issues, experts in Seoul said. In contrast, a major reshuffle took place in the cabinet. Pak Bong-ju, a pragmatist who had been serving as chemical industry minister, was appointed as prime minister, replacing Hong Song-nam. Mr. Park, 64, began his career in 1962 as manager of a food plant. In 1980, he made his public debut when he was elected a member of the central committee of the Workers' Party. He developed his career in the party while working for 10 years for a party secretary in charge of a chemical plant in South Pyeongan province. In 1994, he was ranked 188th on the communist state's list of its most powerful officials. In 1998, he was elected to the Supreme People's Assembly, DPRK's most powerful legislative body, and was also appointed minister of chemical industry that year. He received a Kim Il Sung medal in March last year for his achievements. Mr. Park visited ROK in October 2002 as a member of an economic survey team. ROK officials said he seemed an honest and numbers-savvy person.

5. Japan DPRK Sanctions

Donga Ilbo (Park Won Jae, "Japan, TO APPLY SANCTIONS ON NORTH KOREA`S NUCLEAR

WEAPONS TESTING", 09/15/03) Reported that The Yomiuri reported on September 15 that the Japanese government is determined to take steps to apply sanctions on DPRK, such as limiting personnel interchanges and prohibiting remittance, should DPRK test its nuclear weapons. The newspaper explained that although DPRK is not showing immediate signs of conducting tests, the government sought to urge DPRK the restrain itself, considering the fact that it had shown intentions on testing its nuclear weapons at the six party talks in Beijing. Sanction measures prepared by the Japanese government include; at the first phase, limiting personnel interchanges by disapproving entrance of DPRK ships and crew in Japanese ports; second, suspending all remittance to DPRK through Japanese financial institutions; third, playing a leading role in the UN Security Council in criticizing DPRK and applying economic sanctions. At present, Japan is against putting economic sanctions through UN resolutions on DPRK, but it is now claiming that it could ask for the UN to apply sanctions on DPRK, since the nuclear testing would go beyond the extent to which Japan could tolerate.

III. Japan

1. 4-Nation Maritime Exercise

Asahi Shinbun (Takushi Ono and Yoshihiro Makino, "JAPAN NERVOUS AS STAR OF WMD EXERCISE," 09/15/03) reported that Japan played the starring role in a four-nation maritime exercise to intercept and board vessels suspected of smuggling weapons of mass destruction (WMD) over the weekend. Participating in the one-day exercise Saturday in the Coral Sea was a Japan Coast Guard patrol ship and naval ships from the US, France and Australia, plus observers from seven other members of the US led-Proliferation Security Initiative. The Foreign Ministry feared the drill could provoke Pyongyang and aggravate efforts to bring DPRK to the table for talks. DPRK's state-run newspaper Rodong Sinmun, as quoted by the Korean Central News Agency monitored in Tokyo, condemned the drill as "a militaristic provocation." It said DPRK would strengthen its self-defense capabilities. The exercise called "Pacific Protector" was conducted off the coast of Queensland state. Some 800 personnel, ships and aircraft participated in a drill to intercept a cargo ship-dubbed Tokyo Summer-that according to the exercise scenario was carrying materials for weapons of mass destruction and traversing international waters. The drill started with the crew of the Japan Coast Guard patrol ship Shikishima receiving word that a "suspect ship" had been spotted. The 6,500-ton patrol ship joined in the pursuit of the ship and blocked its escape. Two helicopters from the Shikishima then hovered over the ship and lowered 12 commandos who searched the vessel and secured the "suspected cargo." Australian Defense Minister Robert Hill hailed the exercise as a success at a news conference the same day, saying he thought the drill served to send a strong "message" to countries conspiring to smuggle or proliferate weapons of mass destruction. Entering the drills, participants held differing opinions over whether the exercise should be conducted under a scenario that saw them apprehending a DPRK vessel. US officials eyed the event as a step to establishing a framework for inspecting ships on the open sea in peace time, and intended to designate DPRK as a country suspected of proliferating WMDs. The Japanese government initially expressed reluctance to actively participate. Foreign Ministry officials said they feared participation would "needlessly provoke DPRK." PRC authorities also raised concerns that the drill could upset follow-ups to the six-nation talks held in Beijing last month. Another problem was that under Japanese law in international waters, coast guard ships in principle can only intercept and inspect ships flying the Japanese flag. In addition, Maritime Self-Defense Forces ships have no mandate to inspect commercial vessels in times of peace. The Australian government solved the problem by designating the target vessel as Japanese and to give the exercise a less militaristic appearance also dispatched a customs vessel as well as convincing Washington to send US Coast Guard ships.

Ironically, Japan, which was less than enthusiastic about the exercise in the beginning, ended up playing the central role in the event. The question of whether inspections can be carried out in international waters remains murky. Defense Minister Hill acknowledged there were still legal constraints to be addressed in the future. Similar drills are set for the Mediterranean Sea and Indian Ocean in the next six months.

2. WTO Ministerial Talks

Kyodo (Yasushi Azuma and Yoichi Kosukegawa, "WTO TALKS BREAK DOWN WITHOUT ACCORD," Cancun, 09/15/03) a World Trade Organization (WTO) conference aimed at crafting a road map for global trade liberalization collapsed without an accord in Cancun on Sunday due to bitter disagreements between rich and poor nations. The breakdown has made it difficult for the WTO members to conclude the current Doha Round of multilateral trade negotiations by the deadline of Jan. 1, 2005. "It's hard for me to believe that we're in the position now where we'll be able to finish on time," US Trade Representative Robert Zoellick told a news conference. The ministers from the 146 WTO member economies released a short statement instead of the originally planned ministerial declaration, and said the WTO will hold a high-level meeting to follow up on the failed talks by Dec. 15. "We have, indeed, made considerable progress. However, more work needs to be done in some key areas to enable us to proceed toward the conclusion of the negotiations in fulfillment of the commitments we took at Doha," the ministers said in the statement summing up five days of talks in the Mexican resort town of Cancun. It was the second time WTO talks have collapsed, following talks in Seattle which unraveled amid violent protests in 1999. Two years later in the Qatari capital Doha, the WTO launched the current global trade round. "We cannot allow the round to be derailed. We have to put it back on track," said WTO Director General Supachai Panitchpakdi. Japanese Economy, Trade and Industry Minister Takeo Hiranuma vowed efforts to resume talks while cooperating with other WTO members. "Despite the failure, the importance of the WTO remains intact," he told reporters. European Union (EU) Trade Commissioner Pascal Lamy proposed that the WTO reform its consensus-based decision-making system. "The WTO remains a medieval organization," Lamy said. "There is no way to structure and steer discussions amongst 146 members in a manner conducive to consensus. The decision-making needs to be revamped." Through the end of the Cancun meeting, rich and poor countries were unable to bridge differences on the so-called "Singapore issues," a set of new trading rules. Developing nations reacted sharply against a proposal by Japan and the EU to launch negotiations on the four rules -- cross-border investment, competition policies, trade facilitation and transparency in government procurement -- in Cancun. "We failed because the gap was too wide on the Singapore issues between the two positions at the end of the spectrum," said Canadian International Trade Minister Pierre Pettigrew, who served as facilitator of the working group on the issues. Japan and the EU hoped to immediately begin negotiations on all four areas but many developing countries opposed the launch of talks on any of the four. Rich and poor nations were also sharply divided over agriculture, the most contentious issue at the meeting. A group of more than 20 developing countries, led by Brazil and India, urged the US and the EU to further cut farm subsidies and rejected a draft declaration crafted by Mexican Foreign Minister Luis Ernesto Derbez, who chaired the meeting. Brazilian Foreign Minister Celso Amorim said the Cancun meeting was a victory for developing countries as they were united against the US and the EU in rejecting their demands. "We were able to show that unity by a group of developing countries might -- not only on political banner but on concrete issues -- present pressure on reform in agriculture," Amorim said. The draft declaration included a proposal for capping agricultural tariffs or expanding import quotas. At the Cancun meeting, Japan and nine other WTO members, including ROK, Switzerland and Taiwan, formed the Group of 10 (G-10) and called for removal of the proposal from the final text. Taking into account concerns held by the G-10 members, the draft included a clause calling for "additional flexibility" in tariff reductions for a "limited number" of farm products. The clause was

apparently designed to make it easier for WTO members to deal with politically sensitive products, such as rice in Japan, but developing countries demanded that it be removed. Japanese farm minister Yoshiyuki Kamei said Japan will continue to cooperate with other G-10 members in removing the idea of tariff capping from farm trade liberalization.

IV. Can-Kor E-Clipping Service

1. Issue #133

On September 9, 2003, the DPRK marked the 55th year of its founding. Fears that celebrations might be accompanied by a nuclear test or missile launch -- thereby further increasing tensions -- proved premature. The celebrations are less militaristic than expected. Even the customary display of military hardware is lacking, leading to speculation that Pyongyang may be avoiding the appearance of belligerence in preparation for the next round of Beijing talks. Both White House and State Department deny reports of a shift in US policy in favour of a more flexible approach for the next 6-nation talks. As the lead agency of the Canadian Foodgrains Bank dealing with the DPRK, Presbyterian World Service and Development has announced that together with eight other members it is sending 2,000 tons of wheat flour to the DPRK, to be consigned to the UN World Food Program for in-country production of micro- nutrient-enriched food products for schoolchildren and hospitals. Naval exercises simulating interception of DPRK arms shipments will begin in the Western Pacific as part of the Proliferation Security Initiative (PSI) marking the beginning of military co-operation among the participating countries. Canada is conspicuously absent from the 11-nation initiative, despite Canada's global leadership in matters of naval law and arms-control. The four nations taking part in the exercize are USA, Australia, Japan and France. The DPRK airline Air Koryo begins the first ever inter-Korean commercial flight. This week's FOCUS shows that despite the chill of the nuclear standoff, the DPRK continues its cautious but persistent forays into the world of international commerce and trade. Included is the introduction of the newest study by the Institute for International Economics Senior Fellow Marcus Noland on DPRK economic reforms. See link for full text.

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

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