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I. United States

1. DPRK Economic Reform

Reuters (George Nishiyama, "N.KOREANS SAY REFORMS ARE PERFECTION OF COMMUNISM," Pyongyang, 08/22/02) reported that in the DPRK, salaries have soared, prices skyrocketed and the currency been slashed in value. The DPRK say this isn't reform, this the perfection of communism. But the DPRK's unprecedented move to boost wages, hike the price of rice and other staples and charge rent seems to sit uneasily residents who for years have been guided by Stalinist-style central planning. "The recent changes are aimed at giving incentives for producers to produce more," said one official. "Having competition among the workers leads to increased productivity. Is that a bad thing?" said the official, who declined to be identified. Rice prices in the DPRK jumped by 50 times in July and ration coupons used for decades were abruptly scrapped in unannounced changes that narrowed the gap between official prices and those on the black market. "Outsiders seem to be making a big fuss of the recent changes, calling them the 'beginning of reform', but the Republic has been reforming ever since it was founded," he said.

Reuters ("N.KOREA SHORTAGES FORCED ECONOMIC CHANGE, SOUTH SAYS," Seoul, 08/22/02) reported that the ROK's central bank said on Thursday stated that the DPRK's unprecedented move to boost prices on rice and other staples, raise wages and charge rent was driven by dire shortages

that will raise prices further. The report by the Bank of Korea marks the most significant public reaction yet from the ROK. "This is a first step towards adopting a market economy," the Bank of Korea said. "Inflationary pressure will deepen as prices and wages have risen sharply." It said "chronic supply shortages" had forced the DPRK to raise prices and the trend would continue.

2. DPRK Defectors Arrival in ROK

Reuters ("TWO NORTH KOREAN DEFECTORS ARRIVE IN SOUTH KOREA AFTER TRANSITING IN PHILIPPINES," Seoul, 08/22/02) reported that two DPRK defectors who sought asylum at the Albanian Embassy in Beijing arrived in the ROK on Thursday after flying via the Philippines, an official said. The men flew to Incheon International Airport west of Seoul aboard an Asiana Airlines flight from Manila, said an airport official who requested anonymity. Government officials took them away for debriefing. The men, who say they are brothers, had lived in the northeastern PRC province of Jilin for the past four years and worked as farmers, according to Kujtim Xhani, Albania's ambassador to Beijing. Philippine officials identified them as Lee Soo Chul, 26, and Lee Soo Hyuk, 22.

3. ROK DPRK Repatriation

The Associated Press ("SOUTH KOREA TO REPATRIATE NORTH KOREAN WHO ARRIVED WITH DEFECTORS," Seoul, 08/22/02) reported that the ROK said Wednesday that it would repatriate a DPRK citizen who alleged he had been forced to travel with a group of defectors to the ROK this week. Local media said Ri Kyong Sung, a 33-year-old boat engineer, was found tied up inside the engine room of a 20-ton fishing boat that carried him and 20 DPRK defectors to the ROK on Monday. The ROK announcement that Ri would be repatriated came after the DPRK's Red Cross chief, Jang Jae On, urged his immediate return in a telephone message. "We urge you to immediately and unconditionally return Ri Kyong Sung to where his parents, wife and child are," Jang said. In a statement, the ROK's Red Cross said Ri told authorities that he wanted to return to the DPRK. The ROK planned to send him back Wednesday afternoon through the border village of Panmunjom.

4. Japan-DPRK Kidnapping Issue

The Associated Press (Kenji Hall, "JAPAN AND NORTH KOREA DISCUSS KIDNAPPING ALLEGATIONS," Tokyo, 08/22/02) reported that Japan and the DPRK concluded two days of talks Monday with a vow by the DPRK to broaden an investigation into the whereabouts of dozens of Japanese nationals, including 11 whom Japan claims were kidnapped by DPRK spies, and a similar promise for Japan to locate missing Koreans. During the talks, held under the auspices of the Red Cross in Pyongyang, the DPRK provided details on six of 49 Japanese nationals that Japan believes may be still be in the DPRK. The DPRK also pledged to broaden the scope of its search for others. Of the six on whom it provided information, two were alive but the remaining four had died, according to Atsuhiko Hata of the Red Cross In Tokyo. He refused to provide any further details.

5. ROK US Military Helicopter Crash

The Associated Press (Lee Soo-jeong, "US MILITARY HELICOPTER WITH TWO AMERICAN PILOTS MISSING IN SOUTH KOREA," Seoul, 08/22/02) reported that a US military helicopter with two US pilots on board disappeared during a night training flight, the US military said Thursday. ROK police said rain and heavy fog were hindering the search. The US and ROK authorities were combing a mountainous area for the AH-64A Apache helicopter, which was declared missing at 12:25 a.m.

Thursday (1525 GMT Wednesday), said US military spokesman Lt. Col. Steven Boylan. He said the attack helicopter had left Camp Page, a US military base at Chuncheon, 80 kilometers (50 miles) east of Seoul, and was heading to Camp Humphreys at Pyongtaek, south of the capital. Chuncheon is 50 kilometers (32 miles) south of the Demilitarized Zone separating North and South Korea (news - web sites). "The search will go on through the night on the ground," said Boylan. The National Police Agency in Seoul ordered regional police stations to search for the helicopter. The area is mountainous. "With an American request, we searched our area and asked villagers to report if they see anything, but so far nothing has turned up," said police officer Sohn Won-jin in Pochun, 50 kilometers (32 miles) west of Chuncheon.

6. PRC HK Liaison Office

Reuters ("CHINA NAMES NEW HEAD FOR HONG KONG LIAISON OFFICE," Hong Kong, 08/22/02) reported that PRC has appointed a former official from Guangdong province to head the PRC's main representative office in Hong Kong, a move touted by pro-PRC newspapers as good for economic ties between the city and southern PRC. The PRC's State Council named Gao Siren to take over from Jiang Enzhu as the director of the Liaison Office of the Central People's Government in Hong Kong, Xinhua news agency said late on Wednesday. Liaison official, Ta Kung Pao, said on Thursday Gao had worked for the government in southern Guangdong province for more than 30 years before joining the Liaison Office in 2000 as vice director, the position he now holds. The newspaper said the new appointment will take effect on September 16, when Jiang finishes his five-year tenure.

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