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I. United States

1. DPRK-PRC Diplomatic Relations

The Associated Press ("LEADER, PRC AIDE DISCUSS ARMS," Seoul, 03/25/04) reported that Kim Jong Il hosted a rare meeting Wednesday with the PRC's foreign minister to discuss the region's

nuclear dispute. The PRC described the visit as a "very important contact." Li Zhaoxing, who arrived Tuesday in the DPRK capital of Pyongyang, became the first foreign minister from the PRC to visit the DPRK in five years. The PRC diplomat and DPRK officials were expected to discuss a date for the crucial working group meetings, which will seek to nail down details before the next full round of talks, sometime before July, according to the ROK's Foreign Minister Ban Ki Moon. In Pyongyang, Li's delegation met Kim Jong Il and DPRK dignitaries in a "warm atmosphere," according to North Korea's official KCNA news agency. Li presented greetings from PRC President Hu Jintao, KCNA reported. Before Li departed for Pyongyang, PRC Foreign Ministry spokeswoman Kong Quan described the trip as a "very important contact between our two sides."

2. Russia on Six-Way DPRK Talks

The ITAR-TASS News ("RUSSIA PROMOTES NEW ROUND OF TALKS OF SIX ON NORTH KOREA," Moscow, 03/25/04) reported that Russia is "stepping up efforts to prepare for a new round of the six-party talks on the Korean issue," an informed Russian expert on Northeast Asia security issues has told ITAR-TASS. The situation in the Korean peninsula "will become one of the main issues for discussion at the forthcoming talks between Russian Foreign Minister Sergey Lavrov and his PRC counterpart, Li Zhaoxing", the source said. The PRC foreign minister "intends to visit Moscow in late April to attend a ministerial meeting of the Shanghai Cooperation Organization", he added. Moscow "fully supports China's active efforts to set up a working group that will gather in-between full-scale meetings of the delegations to address ongoing issues", he said. The group will be comprised of "seven to ten experts from each country taking part in the talks". A date for their first meeting "will be set after the PRC colleagues have ended consultations with all the partners and have received their approval". Russia "is planning to hold talks with Seoul at the foreign minister level" soon, the source said. These talks will also focus of the DPRK nuclear programme. "Preparations for Russian-Japanese consultations which may be held in Moscow in the next few weeks are also under way," the source said.

3. UN Resolution on Weapons Proliferation

The Washington Post (Colum Lunch, "US URGES CURB ON ARMS TRAFFIC; U.N. IS GIVEN DRAFT RESOLUTION TO BAN TRANSFERS TO TERRORISTS," United Nations, 04/25/04) reported that the Bush administration presented the U.N. Security Council on Wednesday with a draft resolution that would outlaw the transfer of nuclear, chemical and biological weapons to terrorists and mercenary organizations. The move comes nearly six months after President Bush appealed to the U.N. General Assembly to adopt a resolution that would "criminalize the proliferation of weapons." It follows an agreement on the text this week by the representatives of the world's five original nuclear powers -the US, Russia, Britain, France and the PRC. The five-page resolution would require the United Nations' 191 members to "adopt and enforce appropriate effective laws" to prevent "any non-state actor" from being able to "manufacture, acquire, possess, develop, transport or use nuclear, chemical or biological weapons and their means of delivery." It is to be adopted under Chapter 7 of the U.N. Charter, a provision that permits the council to use sanctions or military force to compel states to abide by its demands. The draft was agreed upon after the US accepted a demand from the PRC to drop a provision authorizing the interdiction of vessels suspected of transporting weapons of mass destruction, a cornerstone of the Bush administration's nonproliferation strategy. But China's ambassador to the United Nations, Wang Guangya, said Tuesday that "this interdiction [provision] has been kicked out" of the resolution. US officials defended the concession, saying that an existing program, the Proliferation Security Initiative (PSI), provides sufficient legal authority to board ships suspected of transporting such weapons. But only 14 countries have agreed to participate in the PSI.

4. Mongolia DPRK Refugee Town

Yonhap ("S KOREAN GROUP SEEKS TO BUILD NORTH REFUGEE TOWNS IN MONGOLIA," Seoul, 03/25/04) reported that an ROK Christian association is seeking to build refugee towns in Mongolia for North Koreans fleeing their country, the association said Thursday (25 March). The Christian Council of Korea, a conservative organization of 44,000 churches nationwide, held an inauguration ceremony in central Seoul, announcing its campaign, named "Save North Korea", to help North Koreans leave their country and settle in refugee towns it plans to build in neighbouring regions as early as this year. The towns are projected to be in Mongolia and Russia, it said. "We will be no more sitting back and staring at the suppression of North Koreans' human rights," said Kim Sang-chul, former Seoul mayor and head of the council's North Korea aid team. "We will stage an extensive campaign for the human rights and freedom of religion of North Koreans," he said.

5. Japan Preemptive Strike Ability

Donga Ilbo (Won-Jae Park, "JAPANESE AGENCY SAYS JAPAN SHOULD BE EQUIPPED WITH PREEMPTIVE STRIKE ABILITY," 03/25/04) reported that the Japanese Defense Research Center has asserted that Japan should be equipped with the ability to start an assault in order to prepare for missile launches from the DPRK. In a report titled "2004 East Asia Military Strategies" issued by the research center on March 24, it said that "North Korea will get ready to manufacture more than two uranium enriched nuclear bombs next year," suggesting the logic of a preemptive strike. This is the first time a Japanese governmental agency has dealt with the subject of a preemptive strike, officially. As this assertion is directly opposite to the principle of the Japanese constitution, which was designed in accordance with the self-defense rule, heated conflict is being expected.

6. PRC-US Human Rights Issue

Agence France-Presse ("CHINA HITS BACK AT US MOVE TO CONDEMN HUMAN RIGHTS VIOLATIONS," 03/26/04) reported that the PRC hit back at a US move to condemn human rights violations in the country and accused the Bush administration of using the United Nation's top human rights body for its re-election campaign. The charge followed Washington's decision on Monday to file a resolution asking the 53-member UN Human Rights Commission to censure abuse in China. "The submission of an anti-China draft resolution by the US after a lull of two years has been entirely prompted by the need of general elections and has nothing to do with China's human rights," PRC's ambassador Sha Zukang told the Commission. "Such attempts at 'privatisation' of the Commission at once blemish the sacred mission of the Commission and exacerbate confrontations," he added. The PRC had already formally protested at the US move, describing it as serious interference in its internal affairs and breaking off its dialogue with Washington on human rights.

7. PRC Anti-Japan Protest

Agence France-Presse ("JAPAN FLAG BURNED AS CHINA SEETHES OVER ARREST OF ISLAND ACTIVISTS," 03/25/04) reported that some 20 PRC protestors burned and stamped on the Japanese flag here in anger at Japan's arrest of seven activists on a disputed island chain in the East China Sea. The activists were detained Wednesday from Uotsuri-jima, the largest of the Senkaku Islands, which lie between Taiwan and the southern end of Japan's Okinawan chain, and are claimed by the PRC, Japan and Taiwan. On Wednesday, a similar number of protestors demonstrated outside the Japanese embassy in Beijing, remaining late into the night. Many of them returned Thursday to the gated compound. Two of the protestors, who are mostly patriotic scholars from universities with

permission to protest, stamped on the Japanese flag while others burned it to ashes.

8. PRC on Taiwan Presidential Election

Agence France-Presse ("CHINA CLOSELY WATCHING UNFOLDING DRAMA IN TAIWAN AS PRESS BREAKS SILENCE," 03/25/04) reported that State Councillor Tang Jiaxuan says the government in Beijing is closely watching the unfolding drama in Taiwan, as state-run press broke days of silence on the turmoil gripping the island. "We are following the development of the situation closely," said Tang, the former foreign minister and a key policymaker, in the highest level comments so far on the narrow re-election of incumbent President Chen Shui-bian. When asked if the PRC government thought Taiwan was in crisis, he replied: "The Taiwan compatriots should draw their own conclusion." He was speaking on the sidelines of a UN symposium on its Millenium Goals agenda here. His comments came as a news blackout on the Taiwan elections was lifted, with reports in several leading newspapers on four days of protests in Taiwan over the "alleged unfair election" of Chen, the pro-independence president.

9. ROK Presidential Party Balance Sheets

Asia Pulse ("S KOREAN ELECTION WATCHDOG REVEALS 2003 PARTY BALANCE SHEETS," Seoul, 03/25/04) reported that the ROK's two current major opposition parties were found to have retained 34.5 billion won (US\$31 million) from the presidential election year of 2002 and carried it forward to the following year, the country's election oversight body said today. The National Election Commission reported that political parties earned a total of 175.8 billion won last year. The figure breaks down into 78.1 billion won taken in by the main opposition Grand National Party (GNP), 64 billion won by the former ruling Millennium Democratic Party (MDP), 6.3 billion won by the progovernment Uri Party and 18.2 billion won by others. The aggregate sum in 2003 decreased 121 billion from that of 2002 mainly on account of a reduction in political contributions and state subsidies. By source of income, the balance carried forward topped the list in 2003 with 40 billion won, or 23 per cent, followed by party membership fees with 36.2 billion won, or 21 per cent, and political donations from supporters with 30.4 billion won, or 16 per cent. In particular, the GNP and the MDP carried forward 18.3 billion won and 16.2 billion won, respectively, from 2002 to 2003. The political parties received 36.4 billion won in state subsidies last year, while borrowing 10.2 billion won from financial service firms. Political observers say the amounts are quite huge, given the fact that the two former rivals staged an uphill fight during the 2002 presidential election.

10. US-ROK DMZ Military Drills

Agence France-Presse ("US, ROK MARINES IN OPERATIONS NEAR TENSE BORDER," 03/25/04) reported that US and ROK marines have been engaged in live-fire training close to the tense border with the DPRK as part of drills denounced by the DPRK as preparations for a preemptive strike. The allies have launched standard live-fire operations in Uncheon, 18 kilometers (11 miles) south of the demilitarized zone which has divided the Korean peninsula since the 1950-53 Korean War, US military officials said. The training exercise, which focuses on "maneuver tactics," involves about 1,000 US marines, they said, refusing to disclose the number of ROK marines taking part. The US military newspaper Stars and Stripes said the US marines have brought in new equipment such as SMART-T, a communications system that allows secure voice and data communications. "This year we have the most marines on this peninsula since 1994, and that's with a good amount of our marines deployed to the Gulf and Afghanistan." Lieutenant General Wallace Gregson, commander of the Marine Forces Pacific, was quoted as saying. The drill in Uncheon is part of massive US-South

Korea war games that began on Monday.

11. US Vice President Asia Tour

Bloomberg ("CHENEY TO VISIT ASIAN NATIONS TO DISCUSS NORTH KOREA," 03/25/04) reported that US Vice President Dick Cheney intends to visit Japan, South Korea and China next month to discuss North Korea's nuclear weapons program, the war in Iraq and trade policy, the New York Times reported, citing White House officials. The DPRK's nuclear program will lead discussions in all three countries, the Times reported. The Bush administration wants the DPRK to agree to dismantle its program before the US provides security guarantees or economic and energy aid, the newspaper said. Cheney's trip will highlight the administration's relationship with the PRC, which the White House now considers successful after a Navy surveillance plane collided with a PRC fighter jet in 2001, the Times reported. Cheney may try to convince PRC officials to buy US- made Westinghouse nuclear power plants for \$2 billion each, the newspaper said, citing nuclear energy industry officials.

12. DPRK Economic Budget

The Associated Press ("NORTH KOREA APPROVES INCREASED BUDGET FOR 2004," Seoul, 03/25/04) reported that the DPRK's legislature on Thursday unanimously approved a 2004 budget, which increased by 8.6% from the previous year. Finance Minister Mun Il Bong reported this year's spending plans to the Supreme People's Assembly, and the 687-member parliament approved the budget unanimously, the North's state-run KCNA news agency said. KCNA, however, didn't reveal the amount of either the 2003 or 2004 budget. Mun told the legislature that the government expects expenditures to increase 8.6%, and that 15.5% of the 2004 budget has been earmarked for national defense - down slightly from 15.7% in 2003 - according to KCNA. Mun said the defense spending is aimed at "completing the combat preparations of the People's Army, increasing the independence of the defense industry, stepping up modernization and informationalization and thus consolidating the country's defenses as firm as an iron wall."

13. DPRK Corporate Lending

Asia Pulse ("NORTH KOREA'S CORPORATE LENDING COULD TURN SOUR: BOK REPORT," Seoul, 03/25/04) reported that the DPRK could suffer a potential bad-loan problem due to the lack of proper loan-screening procedures, South Korea's central bank said in a report today. "North Korea is believed to be lending money to cash-strapped companies without considering their creditworthiness," said Ahn Ye-hong, head of the DPRK economic team at the Bank of Korea (BOK). "There is a possibility of such loans turning sour." The DPRK's central bank, or the Central Bank of the Democratic People's Republic of Korea, seems to be extending short-term loans to state-owned companies without checking their ability to repay them properly, he said. "Such loose loan-screening could result in moral hazards and subsequent problem loans," Ahn said. "Such a phenomenon was witnessed in the former Soviet Union and Eastern European countries." According to the report, the Central Bank of the Democratic People's Republic of Korea doubles as a central bank and a commercial bank. The DPRK's central bank extends limited short-term loans, which mature in three to four months, to state-run companies. Central bank loans are usually extended to loss-making companies or firms which suffer short-term cash shortages. The report said the DPRK's central bank receives deposits, whose interest is estimated at around 3 per cent, from residents but does not make loans to individuals. DPRK residents, however, are reluctant to put their money in the central bank because of high inflation in the country, it said.

14. Inter-Korean Trade

Yonhap ("INTER-KOREAN TRADE DOWN 26.4 PER CENT SO FAR THIS YEAR," Seoul, 03/25/04) reported that the trade between the ROK and the DPRK declined 26.4 per cent on the year to 65m US dollars in the first two months of 2004 the ROK's Unification Ministry said Thursday. The ROK imported 39m dollars worth of goods from the DPRK, mostly agricultural & fishery and textile products, while shipping 26m dollars worth of goods, mostly textile products and steel, to the DPRK. The ministry attributed the decline to a steep reduction in bilateral non-trade transactions, which dipped by 62.4 per cent in the first two months from the corresponding period last year to 15m dollars. Commercial transactions, including processing-on-commission trade, totaled 49.5m dollars in the first two months, up 5.9 per cent from a year earlier. During the same period, the DPRK posted a trade surplus of 13,000 dollars with the South. Excluding non-trade transactions from the calculations, the DPRK recorded a surplus of 28,800 dollars with the ROK. As of February, 200 firms from the ROK, including 65 companies involved in processing-on-commission business, are engaged in inter-Korean commerce, trading 258 different types of items. Last year, bilateral trade totaled 724m dollars, up 12.9 per cent from 2002.

15. US-Japan Historic Treaty Display

The Associated Press (Carl Hartman ("COPIES OF US-JAPAN TREATY ON DISPLAY," Washington, 03/25/04) reported that copies of the first treaty between the US and Japan, the one that ended the island kingdom's seclusion from the rest of the world, went on display Thursday to celebrate the 150th anniversary of the signing. The Treaty of Kanagawa was signed March 31, 1854, but the show was opened early because Washington's cherry blossom festival starts Saturday. The cherry trees were a gift from Japan. The treaty exhibit is at the National Archives, in the same building that is showing a new installation of the originals of the Declaration of Independence and the Constitution. The exhibit will be open through Sept. 6. Admission is free.

II. Japan

1. Japan Iraq Troops Dispatch

The Japan Times (Reiji Yoshida, "KOIZUMI, FUKUDA REPEAT IRAQ RESOLVE," 03/20/04) reported that, one year after the start of the US-led war against Iraq, top Japanese officials are determined to keep ground troops in Iraq despite growing fears of terrorist attacks both at home and abroad. "I'm prepared for the reality that the fight against terrorism will take a long time," Prime Minister Junichiro Koizumi told reporters, a day before the March 20 anniversary of the war's start. Koizumi denied that doubts over the legitimacy of the US-led war are growing even among countries that have stood by the US. Chief Cabinet Secretary Yasuo Fukuda said he still believes weapons of mass destruction may be found in Iraq, restating one of Japan's justifications for throwing its full support behind the war.

The Japan Times ("IRAQ GOVERNING COUNCIL HEAD TO VISIT," 03/21/04) reported that the chairman of Iraq's Governing Council will come to Tokyo for security and reconstruction talks, Japanese government sources said Friday. Seyyid Muhammed Bahr ul-Uloom, a respected Shiite cleric, is making the trip at the council's request instead of an invitation by the Japanese government, the sources said. He is expected to meet with Prime Minister Junichiro Koizumi.

Kyodo ("MORE TROOPS ENTER IRAQ," Samawah, Iraq, 03/21/04) reported that about 130 Ground

Self-Defense Force (GSDF) troops entered Iraq on Saturday from Kuwait, crossing the border to participate in reconstruction operations in Samawah. They are part of a 190-member second GSDF unit that arrived in Kuwait on March 14. The troops were on alert on the first anniversary of the start of the US-led war against Iraq. It is the fourth arrival of GSDF troops headed to Iraq since the advance contingent arrived in mid-January.

2. Japan-US SOFA Revision

The Japan Times ("DEAL REPORTEDLY REACHED ON U.S. MILITARY SUSPECTS," 03/21/04) reported that Japan and the US are expected to agree soon to US officials being present during interrogations of US military personnel suspected of serious crimes such as murder or rape, negotiation sources said Saturday. During unofficial talks on revising the criminal procedures for US military personnel in Japan under the Status of Forces Agreement (SOFA), the US withdrew an initial demand for its presence in the questioning of all arrested US military personnel. Japan was at first reluctant to allow any US presence during questioning, but compromised on serious cases. In Japan, the presence of lawyers or other officials is not permitted when police question suspects who have been placed under arrest. Toshimitsu Motegi, minister in charge of Okinawa, told reporters during his visit to Okinawa on Saturday that unofficial talks are "going in the right direction."

3. Bush on Japan's War Effort

Kyodo ("BUSH MENTIONS SLAIN JAPANESE DIPLOMAT IN IRAQ WAR SPEECH," Washington, 03/21/04) reported that US President George W. Bush concluded his speech on March 19 to mark the first anniversary of the start of the US-led war on Iraq with remarks on the diary written by a Japanese diplomat killed there in November. "With Afghanistan and Iraq showing the way, we are confident that freedom will lift the sights and hopes of millions in a greater Middle East," Bush said in the White House speech. "One man who believed in our cause was a Japanese diplomat named Katsuhiko Oku." Bush stressed the need for the international community to unite against terrorism. "We must join hands with the Iraqi people in their effort to prevent Iraq from falling into the hands of terrorists. This is also our fight to defend freedom," Bush quoted Oku as writing. "Ladies and gentlemen, this good man from Japan was right," Bush said. "The establishment of a free Iraq is our fight. The success of a free Afghanistan is our fight. The war on terror is our fight." In the speech, Bush mentioned Japan several times as a key partner of the US-led war on terrorism. He said Japan made "historic commitments" by sending troops to Iraq. Bush also cited Japan as a member of his Proliferation Security Initiative, which is intended to block the spread of weapons of mass destruction and related materials by seizing them in transit.

4. US on Japan's Anti-Trafficking Measures

Kyodo (Lisa Yuriko Thomas, "JAPAN CRITICIZED OVER POOR EFFORT TO PREVENT HUMAN TRAFFICKING," Washington, 03/20/04) reported that Japan needs to redouble its efforts to fight human trafficking and assume a leadership role in the international community that matches its economic power, a senior US administration official said in a recent interview. "I was disappointed," John Miller, director of the US State Department's Office to Monitor and Combat Trafficking in Persons, said of Japan's response to the issue. "Japan is a leader, a leading democracy in the world, one of the wealthiest democracies with tremendous resources and I think there was a gap, a huge gap, between the level of the challenge and the resources and efforts that were being devoted to the challenge," he told Kyodo News. Miller said Japan has been providing financial support to help poor countries prevent people from being trafficked into sexual exploitation and forced labor. But

domestic measures taken by the government to combat human trafficking are not sufficient, he said. "There are very few arrests, prosecutions and convictions of traffickers," he said. One of the reasons for the authorities' inactivity is the lack of an anti-trafficking law, but Japan should not use this as an excuse, Miller said. Miller said there are only two NGO-backed shelters in Japan for foreign women who were trafficked. He said he visited both of them during his visit to Japan. Miller said those women who manage to escape their perpetrators are often quickly deported, without questioning, after being labeled as visa violators. He voiced concern that Japan's "entertainment" visa legally provides a loophole for sexual exploitation by underworld networks.

5. Japan MOX Fuel Go-Ahead

Kyodo ("KEPCO GETS FORMAL NOD TO PIONEER MOX FUEL," Fukui, 03/21/04) reported that Kansai Electric Power Co. (KEPCO) was given formal, final approval Saturday to restart a stalled program using reprocessed spent nuclear fuel in nuclear power reactors. In a meeting with the utility's president, Fukui Governor Issei Nishikawa announced a decision to follow the national government and the Takahama Municipal Government in allowing KEPCO to use mixed uranium-plutonium oxide (MOX) fuel at its Takahama plant. Local opponents, though, still express concern about the safety of the project, which advocates say will help address Japan's energy needs. Takashi Watanabe, a town assembly member, said: "We cannot trust the claim by the government and Kansai Electric Power that pluthermal is safe. The data falsification scandal has proved this."

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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