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I. United States

1. PRC-US Naval Collision

Reuters ("BEIJING PROTESTS US NAVY SHIP'S COLLISION WITH CHINESE FISHING VESSEL," 09/27/02) and Reuters ("CHINA SNARLS AT U.S. NAVY AS SUMMIT NEARS," Beijing, 09/26/02) reported that the PRC said it had protested to the US following a reported collision between a US navy ship and a PRC fishing vessel in the PRC's exclusive economic zone. The incident involving the US survey vessel and the PRC fishing vessel occurred September 19 some 60 miles (100 kilometers) off the PRC's coast in the Yellow Sea, according to a report. PRC foreign ministry spokeswoman Zhang Qiyue on Thursday did not deny a collision happened when asked about it during a regular news briefing, but declined to give details. She did, however, say that the US naval ship was in the waters of the PRC's exclusive economic zone without authorization. "The US Navy ship (USNS) Bowditch made activities in China's exclusive economic zone without China's permission and we

think it violates the International Maritime Law and it also violates the jurisdiction and interests of China in the exclusive economic zone," Zhang told reporters. Zhang said the PRC has made repeated protests to the US about the incident. "We've made several representations to the US side and we call for the US side to abide by the relevant international laws and stop activities in the PRC's exclusive economic zones by its navy ships," Zhang said. The report said the fishing vessel rammed into and damaged the US surveillance ship's towed sonar equipment, after the ship failed to respond to warnings to leave the waters by Chinese jets flying directly overhead. It remained unclear whether the fishing vessel hit the sonar deliberately, the report quoted defense officials saying. The Bowditch, an unarmed hydrographic survey ship, maps the ocean floor, but also listens underwater with its sonar system.

2. ROK-DPRK Secret Fund

Agence France-Presse ("STORM ERUPTS OVER ALLEGED SECRET FUND FOR INTER-KOREAN SUMMIT," 09/26/02) reported that a political storm erupted over allegations that the ROK sent a US$327 million secret fund to the DPRK to secure a historic inter-Korean summit in 2000. Rival political parties in the ROK traded accusations after an opposition lawmaker said late Wednesday that the secret loan was delivered through the Hyundai group to the DPRK. The claim, if confirmed, could seriously hurt the image of ROK President Kim Dae-Jung who won the Nobel Peace Prize after his summit with North Korea's reclusive leader Kim Jong-Il in June, 2000. The Hyundai group played a key role in the inter-Korean rapprochement by sinking a huge amount of corporate money into a tourism project at the DPRK's scenic Mount Kumgang resort. The ruling Millennium Democratic Party (MDP) accused the opposition Grand National Party (GNP) of mounting a smear campaign aimed at grabbing the upper hand ahead of a presidential election in December. "The opposition party is fanning ungrounded rumours about our North Korea policy," MDP chairman Hahn Hwa-Kab said. The opposition party, which has a majority in the National Assembly, called for a parliamentary probe and demanded Kim Dae-Jung make a public apology. "The claim leads us to believe President Kim bought the summit," GNP leader Suh Chong-Won said. At a National Assembly subcommittee session Wednesday, GNP lawmaker Eom Ho-Sung alleged that Hyundai Merchant Marine Co. took out a 400 billion won overdraft from the state-run Korea Development Bank (KDB) right before the summit. The shipping unit, engaged in the Kumgang tour project with its sister company, Hyundai Asan, borrowed an addition loan of 90 billion won from the same bank later. All of the money was taken out at the request of top government officials and delivered to North Korea through Hyundai Asan, he argued. Hyundai Merchant said it borrowed 490 billion won from Korea Development Bank in 2000 not for the DPRK but for its operating funds.

3. DPRK-US Relations

The Associated Press (George Gedda, "U.S. TO SEND AN ENVOY TO NORTH KOREA FOR TALKS ON SECURITY ISSUES," Washington, 09/26/02) reported that US envoy James Kelly will travel to the DPRK next month to discuss President George W. Bush's concerns about the DPRK's possession of ballistic missiles and weapons of mass destruction. Kelly, assistant secretary of state for east Asian affairs, will travel to Pyongyang October 3-5 to "explain U.S. policy and seek progress on a range of issues of long-standing concern to the US and the international community," said a statement by White House press secretary Ari Fleischer. An attempt this past summer by the US and the DPRK to reopen security talks collapsed after a deadly clash at sea between DPRK and ROK vessels. The State Department decided the atmosphere for talks was not suitable after the incident. Bush notified ROK President Kim Dae-jung of his decision to send an envoy during a telephone call Wednesday. Bush and Kim "agreed that real progress with the North depends on full resolution of the security issues on the Korean Peninsula, including the North's possession and pursuit of

weapons of mass destruction and ballistic missiles," White House press secretary Ari Fleischer said. Kelly was to have gone to Pyongyang in early July but the visit was postponed, partly because of the sea battle between the two Koreas.

4. Cross-Straits Espionage

Agence France-Presse ("FORMER TAIWAN OFFICER, SON INDICTED OVER SPYING FOR CHINA," 09/26/02) reported that a former Taiwan army captain and his son, a naval petty officer, have been indicted on charges of passing military secrets to the PRC, a prosecutor said. Prosecutor Cheng Wen-kui in the southern city of Kaohsiung said he had sought life imprisonment for Liu Chen-kuo, 54, a former captain of an army airbone unit. "Our investigation showed Liu had passed on confidential military secrets to Chinese communist agents. Given the hostility between the two sides of the Taiwan Strait, he should be given a severe punishment," the prosecutor told Kaohsiung District Court. Liu was arrested in the PRC in 1988 on smuggling allegations, and released in 1990 only after he agreed to spy for the PRC, the court heard. And since 1994, Liu had been rewarded by the PRCwith at least 10,000 Hong Kong dollars each month after providing the PRC with Taiwan's air force secrets. The Liberty Times said the son, Liu Yueh-lung, has also been indicted and could face the death penalty if convicted in an army court martial. The prosecutor's findings showed Liu in 2000 asked his son, a petty officer first class and a radio operator, to copy the confidential secrets of the naval vessel he served onto computer discs. Some of the secrets were passed to the PRC by e-mail while others were taken to the mainland by Liu Chen-kuo, the court heard.

5. ROK-DPRK Flag Issue

The Associated Press (Phil Brown, "SOUTH KOREA EASES BAN ON NORTH KOREAN FLAG DURING ASIAN GAMES," Busan, 09/26/02) reported that as host of the Asian Games, the city Busan has become the first ROK place to allow display of the DPRK flag. Amid recent reconciliation efforts, the DPRK is sending a team to an international sports event in the ROK for the first time. Busan's games organizing committee is allowing the DPRK flag, ordinarily banned in the ROK, to fly at games' stadiums, the athletes' village and a few other places such as the main media center. The DPRK flag and anthem also will be part of victory ceremonies if DPRK athletes win any of the 420 gold medals at stake.

6. ROK on DPRK-US Relations

The Associated Press (Lee Soo-jeong, "S.KOREA WELCOMES U.S. MOVE ON," Seoul, 09/26/02) reported that ROK officials welcomed a US decision to send an envoy to the DPRK, saying Thursday that recent signs of changes in the DPRK could mean an improved dialogue between the US and the DPRK. US President Bush notified ROK President Kim Dae-jung of his decision to reopen security talks with the DPRK in a telephone call Wednesday. A senior ROK government official said the envoy is likely to be sent before the Asia-Pacific Economic Cooperation forum, better known as APEC, scheduled to be held in Mexico late October. "It is not easy to foresee how North Korea-U.S relations will develop following the dispatch of the US envoy to North Korea," said Yim Sung-joon, senior secretary to the president for foreign policy and national security. "For a long term, there has been an international concern on North Korea's weapons of mass destruction, and it won't be easy to resolve the issue at once," he said. "But North Korea is showing various signs of changes and I think such changes will have a positive effect on U.S.-North Korea dialogue."

7. PRC on US Electronic Dumping

The Associated Press ("CHINA REFUSES U.S. ELECTRONIC TRASH," Beijing, 09/26/02) reported that bristling at being used as a dump for scrap electronics, the PRC has moved to send back more than 400 tons of computers and office equipment that it said arrived from the US and went unclaimed for more than two weeks. Customs officers in Wenzhou, in eastern Zhejiang province, sent the 22 containers, each 40 feet long, away on a ship this week and said they want to make sure the shipment was returned to where it came from, the official Xinhua News Agency reported. "As the address and telephone number on the shipping bills are fake, we believe this is most likely a deliberate move to transfer electronic garbage," said one officer, quoted by Xinhua. The containers, dubbed "electronic products," arrived in Wenzhou on September 11 from the United States, Xinhua said. When nobody claimed them, customs officers opened the containers and found scrap computer monitors, keyboards, copiers and color TV sets, Xinhua said. It said such items were both harmful and, under PRC law, banned from entering the country.

II. Republic of Korea

1. DPRK's Economic Change

Joongang Ilbo (Lee Young-jong, "NORTH RECRUITS FROM ABROAD," Seoul, 09/25/02) reported that the North Korean agency for economic diplomacy signed a deal with a Chinese-Dutch businessman Monday, giving his company the job of developing and managing its most ambitious economic project in more than a decade. DPRK's state-run Central News Agency reported Tuesday that the deal had been signed in Pyongyang by Yang Bin, who heads the Netherlands-based Euro-Asia Group, and the head of the Committee for the Promotion of Economic Cooperation, Kim Yong-sul. Reports originating from Pyongyang and Hong Kong also named Yang as having been confirmed to head the district's autonomous administration as the first minister. The DPRK state news agency confirmed the appointment late Tuesday evening. Mr. Yang told the foreign press corps in Pyongyang that he was to be named first minister of the district. "The first justice minister will be a European," he was also reported to have said. "More than half of the 15-member preliminary legislature will be filled by foreigners." He told the US cable network CNN that the project would be strictly a capitalist operation, unlike the socialist system of DPRK. Its currency will be the US dollar. Korean, English and Chinese will be the official languages, he added.

2. Inter Korean Direct Flight Connection

Joongang Ilbo ("INTER-KOREAN FLIGHT FROM YANGYANG TO SEONDOK TAKE OFF ON MID-OCTOBER," Seoul, 09/25/02) reported that the direct inter-Korean flight route established in July 2002 will officially start its operation in mid-October to transport people working on a light-water construction project in DPRK, officials in Seoul said Wednesday. A DPRK plane carrying over 60 construction workers and staff members will arrive at Yangyang Airport in Gangwon Province from Seondok Airport on October 15. The members expected to arrive will be those who have completed their given task in DPRK's construction site. The plane will carry new workers back to Seondok. The authority of the two sides is yet to agree on the time schedule for the take off and arrival plus the model of the plane to be launched.

3. Inter Korean Economic Trade

Joongang Ilbo ("INTER-KOREAN TRADE UP 11%," Seoul, 09/25/02) reported that Inter-Korean trade from January to August this year increased 10.9 percent year-on-year to 288.1 million, the

Unification Ministry reported Wednesday. ROK's imports from the North totalled 119.87 million won, a 30.9 percent increase from last year, but its exports dropped to 160 million won, a 0.4 percent decrease. During the same period, commercial trade increased by 24.4 percent or 164.52 million won making up 56.8 percent of the total transactions between the two Koreas. The non-commercial trade including fees for light water reactor project and goods for inter-Korean Gumgang tours recorded 116.29 million won, a decrease by 3.8 percent from last time. So far a total of 361 businesses are involved in inter-Korean transactions trading 494 items. Separately another financial report submitted to the National Assembly said ROK has used a total of 1.76 trillion won from the inter-Korean cooperation fund since March 1991 to assist in 90 projects. Of the sum, 789.6 billion won was handed out in the form of donations.

4. East Asian Regional Peace

Joongang Ilbo ("KOREAN PENINSULA IN CRUCIAL STAGE FOR REGIONAL PEACE, SAYS KIM," Seoul, 09/25/02) reported that President Kim Dae-jung said Wednesday he will act in close consultation with US President George W. Bush to bring a positive dialogue between DPRK and US. "To maintain peace and stability on the Korean Peninsula and the Far East, inter-Korean, North Korea-Japan and North Korea-U.S. relations must all improve," Kim said upon returning Wednesday from Denmark, where he attended the fourth Asia-Europe Meeting. "Right now the Korean Peninsula is at a very crucial point in realizing peace and reconciliation in the region, which could lead to a unified nation in the long run. We have to deal with these changes more actively," the president said. "If the North gives up its weapons of mass destruction and opens up to reform there will be a remarkable development in the existing inter-Korean ties and regional peace. On the achievements at the ASEM meeting, the president said he won full support form the EU to establish what he calls the "iron silk road," a rail link from the peninsula to Europe, and the "digital silk road," a high-speed digital network that would link the peninsula to the continent.

5. DPRK's Call for Technology

Joongang Ilbo ("NORTH CALLS FOR TECHNOLOGY COOPERATION, BIGGER ROLE FOR UN," New York, 09/25/02) reported that Choe Su-hon, DPRK's vice foreign minister, emphasized Wednesday the importance of cooperation between developing countries in sectors of technology and the injustice of globalization at an annual United Nations meeting in New York. Arguing that technology has widened the development gap between countries, Choe called for developing nations to establish a regime for stimulating international science and technology cooperation. He went on to express hope that a high-level UN meeting on science and technology to be held in the United Arab Emirates in October can successfully work out a program and a strategy to forge better ties between developing countries. Further underscoring the importance of the UN in restoring a multilateral negotiation system for the transfer of technology, Choe also called for the need to empower the UN in order to "strictly guard against the World Trade Organization" and other international monetary institutions from monopolizing the world economy.

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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