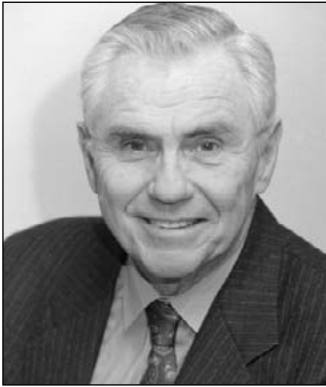


## Letter from President & Chairman



The stunningly successful World Cup tournament, jointly hosted by the Republic of Korea and Japan, was clearly the highlight of 2002 in Northeast Asia. That these two traditionally suspicious and hostile countries could work together so successfully, and perform so well, was a triumph for their people and a great thing for the sport.

I was invited to attend the opening ceremonies in Seoul, which were stunning. The rising tide of Korean support for its team was wonderful to see at close hand. One thoughtful Korean woman in her late sixties said that the national euphoria over the success of the World Cup had been more liberating for her than the end of the Japanese occupation in 1945. This was clearly a signal event for millions of Koreans, and opened up a new era of relations with Japan.

Relations between North Korea and the U.S. deteriorated during the year. President George Bush's naming of North Korea as part of an "axis of evil" was hated in P'yongyang and resented in Seoul. The afterglow of the 2000 P'yongyang summit faded, and in South Korea resentment toward the U.S. emerged, as Washington increasingly was seen as an obstacle to North-South reconciliation.

I paid two visits to P'yongyang during 2002, first in April and then again in November. I was treated with respect and had intensive talks with both civilian and military leaders. I reported fully on my trips to both Washington and Seoul, urging that direct dialogue between Washington and P'yongyang be resumed. The one meeting held between officials of the Bush administration and North Korean officials was little more than a confrontation over an illegal North Korean uranium enrichment program indicated by intelligence information. At year's end, the stage was set for a drawn-out crisis, with North Korea out of the NPT, IAEA inspectors evicted, and the stage set for renewed reprocessing of plutonium.

In late 2002, to the surprise of many, Roh Moo-hyun was elected president of the Republic of Korea, and a new chapter of American relations with the Korean peninsula opened under highly mixed circumstances.