# NAPSNet Daily Report 11 January, 2008

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#### I. NAPSNet

#### **1. Six Party Talks**

Kyodo ("NO DATE FOR 6-WAY MEET, U.S. NEGOTIATOR SAYS AFTER TALKS WITH CHINA", Beijing, 2008/01/09) reported that no date for the resumption of a six-party meeting on the DPRK's denuclearization has been put forward, the top U.S. nuclear negotiator said Thursday after talks with his PRC counterpart amid a stall in the process over a missed deadline. Christopher Hill, assistant secretary of state for East Asian and Pacific affairs, said he and Vice Foreign Minister Wu Dawei believe the focus now should be on having the DPRK give a full account of its nuclear programs, as it was supposed to do by Dec. 31.

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#### 2. ROK Policy Toward DPRK

Korea Times (Yoon Won-sup, "LEE VOWS RECONCILIATION POLICY ON N. KOREA", Seoul, 2008/01/11) reported that ROK President-elect Lee Myung-bak pledged to enhance the nation's military strength against the DPRK even though he will continue the peace and reconciliation policy. "Reinforcing defense and strengthening security do not mean ignoring inter-Korean reconciliation," Lee said during a meeting with Defense Minister Kim Jang-soo and other military leaders at the Defense Ministry in Seoul Friday.

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#### 3. Inter-Korean Relations

Yonhap ("N. KOREA'S SPY CHIEF SECRETLY VISITED SEOUL BEFORE SUMMIT: NIS", Seoul, 2008/01/10) reported that the DPRK's chief spy official made a secret visit to Seoul in late September for talks with his ROK counterpart just before the second inter-Korean summit, the ROK's state intelligence agency said. Kim Yang-gon, 69, director of the United Front Department of the Korean Workers' Party, visited Seoul for two days from Sept. 26 to discuss details of the summit with Kim Man-bok, head of the ROK National Intelligence Service (NIS), the agency said.

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## 4. Inter-Korean Economic Relations

IFES NK Brief ("2007 BIGGEST YEAR YET FOR INTER-KOREAN EXCHANGE, AT 1.79 BILLION USD", 2008/01/10) reported that the net worth of inter-Korean exchanges totaled 1,797,890,000 USD in 2007, up 33% from the 1.35 billion USD in the previous year. The almost 1.8 billion dollars in trade recorded in 2007 is the highest to date, and is equal to 65 percent of the DPRK's non-Korean trade volume of 2.996 billion USD in 2006. Overall, commercial trade made up over 80 percent of cross-border exchanges, proving that inter-Korean exchanges continue to grow based on commercial transactions. Commercial trade growth was centered around the mining and fishery sectors (52 percent) and increased production in the Kaesong Industrial Complex (48 percent). Textiles and other goods processed on commission also grew by 30 percent.

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#### 5. ROK Aid to the DPRK

Yonhap (Shim Sun-ah, "FERTILIZER AID, NUCLEAR ISSUE LIKELY TO BE FIRST TESTS OF LEE'S N. KOREA POLICY", Seoul, 2008/01/10) reported that the incoming government is likely to face major decisions on its DPRK policy in February or March, soon after President-elect Lee Myung-bak takes office, which could have long-term implications for inter-Korean ties. Seoul expects Pyongyang will ask for fertilizer aid late this month or next month as it normally does. Lee, who is to take office on Feb. 25, plans to visit the United States as early as March for a summit with President George W. Bush to fine-tune the two countries' DPRK policy. Experts believe Lee's government will face a crucial decision if Pyongyang fails to fully disclose its nuclear weapons programs before the summit talks. Under such a situation, the incoming government will be forced to make a choice between accepting Washington's demand to put pressure on the DPRK or handling the crisis in its own way, they said.

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### 6. ROK Energy Aid for DPRK

Yonhap ("TEAM LEE SEEKS TO RAISE SEPARATE FUND FOR ENERGY AID TO N.KOREA", Seoul, 2008/01/11) reported that the transition committee of ROK President-elect Lee Myung-bak is seeking to set up a special fund to provide energy aid to the DPRK, officials said Friday. "We are positively reviewing the Foreign Ministry's suggestion of establishing a separate fund to provide North Korea the energy assistance that has been promised in return for its denuclearization," an official of the transition team said. "The Foreign Ministry pointed out that it is inappropriate to use the inter-Korean economic cooperation fund to send energy aid to the North, especially as expenses will continue to increase," he added.

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### 7. ROK-US Relations

Korea Herald ("RICE TO ATTEND LEE'S INAUGURATION: U.S. ENVOY", ) reported that US Secretary of State Condoleezza Rice will attend the inauguration of ROK President-elect Lee Myung-

bak next month, an aide to Lee said, quoting a visiting U.S. official, Yonhap News Agency reported. "President George W. Bush plans to send Secretary of State Rice as part of his delegation to congratulate Lee on his inauguration," Lee's spokesperson Joo Ho-young quoted Assistant Secretary of State Christopher Hill as saying during a meeting with Lee earlier in the day.

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## 8. US-ROK Security Alliance

Korea Herald ("U.S. DEFENSE OFFICIALS TO VISIT SEOUL, ADDRESS OPCON TRANSFER", 2008/01/10) reported that US officials, intent on transferring wartime operational control of ROK forces to Seoul in 2012, will travel to the ROK next week to meet President-elect Lee Myung-bak's transition team, sources here was quoted as saying by Yonhap News Agency. David Sedney, deputy assistant secretary of defense for East Asia, will lead the delegation that will be in Seoul from Monday.

Korea Times (Yoon Won-sup, "SEOUL CONSIDERS JOINING US-LED ANTI-WEAPONS PROLIFERATION", Seoul, 2008/01/11) reported that the ROK presidential transition committee is considering whether the ROK should join the U.S.-led Proliferation Security Initiative (PSI) at the request of the Ministry of Foreign Affairs and Trade, according to committee members Friday. A team official stated, "Because full participation can affect inter-Korean relations, the transition team is making careful consideration. We will not be able to make a quick decision on it."

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### 9. US-ROK Trade Relations

Joongang Ilbo ("KOREAN, U.S. BUSINESSMEN TO PUSH FOR FTA RATIFICATION", 2008/01/10) reported that ROK and US businessmen decided to meet Jan. 18 and 19 in Hawaii to urge rapid ratification of the ROK-US free trade agreement. The decision came at a meeting at the Lotte Hotel in Sogong, Seoul yesterday, according to the Federation of Korean Industries. In addition, the Korean businessmen hope to seal other much-anticipated deals between the countries, such as joining the U.S. visa waiver program. Also to be discussed will be efforts to ease regulations that could attract more foreign investment to Korea, the FKI said.

Korea Herald ("SEOUL TO RESOLVE BEEF TRADE SPAT FOR RATIFICATION OF US FTA", Seoul, 2008/01/11) reported that the ROK will ratchet up efforts to resolve a beef trade spat with the United States as early as possible in order to help a free trade deal signed last year between the two countries win parliamentary approval, officials said Friday.

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## **10. ROK-Japan Relations**

Korea Times (Kim Sue-young, "JAPANESE PRIME MINISTER TO ATTEND INAUGURATION", 2008/01/11) reported that Japan's Prime Minister Yasuo Fukuda will likely participate in the inauguration of ROK President-elect Lee Myung-bak on Feb. 25, according to Lee's aides Friday.

"When former Prime Minister Yoshiro Mori paid a courtesy call to Lee as a special envoy from the Japanese government Thursday, he informed the President-elect of the prime minister's intention to attend the inauguration," one of the aides said.

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## **11. EU-ROK Trade Relations**

Korea Herald ("KOREA, EU POSTPONE 6TH ROUND OF FREE TRADE TALKS BY ONE WEEK", 2008/01/10) reported that the ROK and the European Union (EU) will hold their sixth round of free trade talks in the last week of this month, one week later than scheduled, as both sides say they need more time for the negotiations, officials said. The negotiations have moved at a snail's pace as both sides remained reluctant to accept each other's demands on auto trade and auto-related technical standards, one of the most divisive issues in the trade negotiations. "Both sides agreed that more time is needed to review revised offers from each other," said an official at the Ministry of Foreign Affairs and Trade. The coming free-trade negotiations will be held from January 28 to February 1, the official said.

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## **12. Japan SDF Indian Ocean Mission**

Associated Press ("JAPAN PARLIAMENT PASSES ANTI-TERROR BILL", Tokyo, 2008/01/11) reported that ruling coalition forced a bill through parliament Friday to revive a U.S.-backed anti-terror mission in the Indian Ocean. Following the vote, Defense Minister Shigeru Ishiba ordered ships to prepare for dispatch. The fleet should leave port in two to three weeks and resume operations in five to six weeks, the ministry said. The measure enacted Friday will limit Japanese ships to refueling boats not directly involved in hostilities in Afghanistan. The lower house vote, which approved the measure 340 versus 133, followed the upper house's rejection of the bill earlier in the day. Under a Japanese law last used in 1951, the upper house can be overruled by a two-thirds vote in the lower chamber.

Kyodo ("FUKUDA EYES DISPATCHING MSDF TO INDIAN OCEAN BY END OF JAN.", Tokyo, 2008/01/11) reported that Prime Minister Yasuo Fukuda said Friday he plans to have Maritime Self-Defense Force vessels head to the Indian Ocean by the end of January. 'To resume the refueling activities as soon as possible, the government will decide on an implementation plan in the middle of next week,'' Fukuda said in a statement. Fukuda stressed in the statement that Japan needs to contribute to international society and that the refueling mission is an activity Japan can do by using its ability to ''the greatest possible extent.''

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## 13. Japan Space Program

Donga Ilbo ("JAPAN TO DELIVER FIRST MANNED RESEARCH UNIT TO ISS", 2008/01/10) reported that Japan is set to install its first manned experimental module Kibo in the International Space Station(ISS) this year. Kibo, a Japanese word for hope, is a research unit to be installed in the ISS, jointly built by the United States, Russia, Canada and Japan. Asahi elaborated, "Japan's Kibo

signifies the fulfillment of technological requirements for human beings to live safely in the space." After the completion of Kibo in 2009, Japan will annually launch a supply shuttle ship 'HTV' as part of its financial obligation for the ISS. The budget for the project is estimated at around 1 trillion yen by 2015.

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### **14. Taiwan Election**

The Financial Times (Kathrin Hille, "POLL OPENS TAIWAN'S YEAR OF CHANGE", Taipei, 2008/01/10) reported that if Taiwan's warring political parties agree on anything, it is that 2008 will mark a political watershed. Both the ruling Democratic Progressive party and the opposition Kuomintang see the presidential election scheduled for March 22 as a crucial moment for the island. But this Saturday's parliamentary election, in which the KMT is expected to win a majority of seats in a reconstituted legislature, might prove more meaningful for Taiwan's future. Constitutional reforms mean the new assembly will be only half the size of the current legislature and lawmakers will be chosen through a new voting system. The result could see one party win an absolute legislative majority for the first time in more than a decade and produce vastly more efficient lawmaking after years of deadlock.

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### **15. Sino-US Relations**

Xinhua ("CHINA, U.S. TO HOLD 5TH ROUND OF STRATEGIC DIALOGUE", Beijing, 2008/01/10) reported that the PRC and the US will hold the fifth round of strategic dialogue from Jan. 17 to 18 in the PRC with the consents of the two countries, announced by PRC Foreign Ministry spokeswoman Jiang Yu on Thursday. PRC Deputy Foreign Minister Dai Bingguo and the U.S. Deputy Secretary of State John Negroponte will co-chair the dialogue, Jiang told a regular press conference. "The two sides will continue to have an in-depth exchange of the views on Sino-U.S. relations and the international and regional issues of common concerns based on the previous four dialogues," she said.

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#### 16. PRC Government

BBC News (Shirong Chen, "CHINA PLANS NEW 'MEGA-MINISTRIES' ", 2008/01/10) reported that the PRC plans to create "mega-ministries" to improve government efficiency and deal with the more complex issues brought about by its economic reforms. Financial services regulation and agriculture are among the first areas to be considered. But the domination of PRC politics by the Communist Party may outweigh any moves towards restructuring. The PRC has already slashed the number of its ministries from 100 in 1982 to the current number of 28. But this has not been enough to deal with the many complex issues brought about by a fast-moving market-oriented economy. The existing structure can no longer cope effectively.

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## 17. PRC Land Use

The Associated Press (Henry Sanderson, "CHINA SAYS FARMLAND IS FOR CULTIVATION", Beijing, 2008/01/10) reported that the PRC stressed that farmland should be used for cultivation, not gobbled up by construction as the country's rapid development pushes further into the countryside. In a front-page article in the People's Daily newspaper, the Communist Party mouthpiece, said the State Council issued an announcement urging cities to stop using rural land for development. "China has a large population and the supply of farming land is scarce. Now that we are undergoing industrialization and fast urbanization, there have appeared many contradictions in the supply and demand of land for construction," the article said.

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#### **18. PRC Environment**

The New York Times (Jim Yardley, "CONSULTANT QUESTIONS BEIJING'S CLAIM OF CLEANER AIR", Beijing, 2008/01/10) reported that a new study has cast doubts about whether air quality has truly improved in Beijing and has concluded that "irregularities" in the city's system of measuring air pollution have enabled the city to meet environmental targets linked to the coming Olympic Games. The study, written by an American environmental consultant, found flaws in Beijing's "Blue Sky" system of air quality monitoring stations and noted that the city changed its method for measuring pollution in 2006. In particular, officials stopped including readings from two stations in polluted areas and began using readings in three other stations in less polluted locales. Without this switch, Beijing would have fallen far short of its goals in 2006 and 2007 for the number of days that met national air quality standards, according to the study.

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