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Preceding NAPSNet Report

I. NAPSNet

1. DPRK Nuclear Program

Agence France-Presse ("US INSPECTORS LEAVE NORTH KOREA FOLLOWING NEGOTIATIONS", Beijing, 2007/10/18) reported that a group of US experts left the DPRK Thursday after a week of negotiations on dismantling the DPRK's atomic facilities, including the key Yongbyon nuclear reactor. Sung Kim, the head of the US State Department's Korea desk, arrived in Beijing following discussions. The PRC's official Xinhua news agency quoted him as saying in Pyongyang before departing that the trip had been "useful." Another team of US experts was expected to return to Pyongyang this week to continue discussions, the US announced previously.

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2. US on DPRK Nuclear Program

Joongang Ilbo (Brian Lee, "BUSH CAUTIONS NORTH KOREA ON 'CONSEQUENCES'", 2007/10/18) reported that President George W. Bush issued a stern warning to Pyongyang that if it does not uphold its end of the bargain to denuclearize by the end of the year, there will be "consequences." "Diplomacy only works if there are consequences when diplomacy breaks down. Both China and South Korea provide substantial aid to North Korea," Bush said. "If they don't fulfill that which they've said, we are now in a position to make sure that they understand that there will be consequences."

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3. ROK on DPRK Nuclear Program

Reuters ("NORTH NUCLEAR PLEDGE CAN SPUR KOREA PEACE TALK: SOUTH ", Seoul, 2007/10/18) reported that peace talks to formally end the Korean War should begin when the DPRK declares the full extent of its nuclear arms program and takes steps to disable it, the ROK's foreign minister said on Thursday. Officials from the PRC and the US have said a peace treaty cannot be signed as long as Pyongyang possesses nuclear arms. "Negotiations for a peace regime should start

when the disablement process is under way and its plutonium is disclosed," Foreign Minister Song Min-soon told parliament.

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4. UN and Korean Peace Treaty

Yonhap (Byun Duk-kun, "TWO KOREAS SEEK U.N. SUPPORT FOR OUTCOME OF SUMMIT BETWEEN THEIR LEADERS", Seoul, 2007/10/18) reported that in a bid to keep alive the momentum for rapprochement between the two Koreas created by a recent summit of their leaders, the DPRK and ROK are seeking U.N. endorsement and support for the outcome of the inter-Korean summit held earlier this month, the ROK Foreign Ministry said. The two Koreas have submitted to the United Nations a joint resolution calling for international support for the peaceful reunification of the Korean Peninsula and also for the agreements ROK President Roh Moo-hyun and DPRK leader Kim Jong-il reached at their summit held Oct. 2-4, according to ministry officials. "The General Committee of the U.N. General Assembly will review the resolution on peace and security on the Korean Peninsula and the reunification of the Koreas on Friday and decide whether to refer the resolution to the General Assembly," a ministry official said.

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5. Inter-Korean Economic Cooperation

Yonhap (Yoo Cheong-mo, "ROH SAYS INTER-KOREAN UNIFICATION NOT BURDENSOME TO SOUTH KOREA ", Seoul, 2007/10/18) reported that President Roh Moo-hyun said inter-Korean unification won't be financially burdensome to the ROK, urging that the ROK's money bound for the DPRK be regarded as a long-term investment instead of unification expense. Roh also said German-style rapid unification, which incurred an astronomical amount of fiscal burdens for West Germany, is unlikely to take place on the Korean Peninsula. The president also said that all ROK investments in the DPRK would eventually help expand the ROK market and offer new business and restructuring opportunities for the ROK's enterprises.

Chosun Ilbo ("THINK TANK MOOTS NEW TAX FOR INTER-KOREAN PROJECTS", 2007/10/18) reported that the state-funded Korea Institute for National Unification has proposed creating an "object tax" as a source of funds for inter-Korean economic projects. The institute estimated the required cost at a maximum of W114 trillion (US$1=W918) from 2006 until 2020. In the confidential document, KINU proposes nine possible sources of funds for inter-Korean economic cooperation projects, including the object tax, the Inter-Korean Cooperation Fund, overseas funds, and the issuance of national and public bonds. To reduce public resistance to the creation of a new tax, the institute proposed dubbing it a "peace tax" and increasing it at an incremental rate of 1.5 percent every year.

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6. Northern Limit Line Issue

Chosun Ilbo ("SEOUL HINTS AT FLEXIBILITY ON NLL ", 2007/10/18) reported that the ROK is apparently wavering in its insistence that a planned joint fishing area in the West Sea should cover two equal areas north and south of the Northern Limit Line, which has functioned as the de facto sea border with the DPRK. Unification Minister Lee Jae-joung made the potentially explosive remark at an audit of his ministry by the parliamentary Unification, Foreign Affairs and Trade Committee. The unification minister's remarks are controversial since they hint that the government may accept the DPRK's perennial demand to put the joint fishing zone south of the NLL, thus effectively moving the border south, at a time when public sentiment runs high at remarks by the president and minister that the NLL is "not a border concept."

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7. DPRK Famine

Joongang Ilbo ("EXPERT SAYS NORTH FACING MORE FAMINES", 2007/10/18) reported that if floods and bad weather aggravate already chronic food shortages, the DPRK may face new famines next year, a leading expert in Seoul warned yesterday. Floods and storms, followed by outbreaks of blight and insect-related damage, deprived the impoverished nation of about 10 percent of its fall harvest this year, said Kwon Tae-Jin, research director of the Korea Rural Economic Institute. "North Korea is likely to face very serious food shortages next year, and barring very generous help from abroad, we may see something like the 1995-98 famine," Kwon told AFP.

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8. Japan SDF Indian Ocean Mission

Agence France-Presse (Harumi Ozawa, "JAPAN OPPOSITION RAMPS UP PRESSURE OVER MILITARY MISSIONS", Tokyo, 2007/10/18) reported that Japan's opposition denounced a bill to extend support for US-led forces in Afghanistan and proposed scrapping an air mission in Iraq as well, ramping up pressure on the government. Fukuda's cabinet on Wednesday sent a new bill to parliament that would extend the mission by one year. In a bid for compromise, the bill would restrict assistance to operations only on the Indian Ocean. Parliament is set to debate the bill next Tuesday, but the opposition immediately signalled it would not back down.

Reuters (Isabel Reynolds, "JAPAN NAVAL MISSION MAY BE HALTED A YEAR", Tokyo, 2007/10/18) reported that a Japanese naval mission in support of U.S.-led military operations in Afghanistan could be halted for up to a year because of opposition stalling in parliament, the defense minister said. Defense Minister Shigeru Ishiba acknowledged that passing the new law before current enabling legislation expires on Nov. 1 looked impossible because opposition parties that control parliament's upper house are against the mission, which they argue lacks formal United Nations authorization. "Even if we can continue the mission, I think there will be a hiatus," Ishiba told Reuters.

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9. Yasukuni Shrine Issue

Agence France-Presse ("JAPANESE MPS VISIT CONTROVERSIAL WAR SHRINE ", Tokyo, 2007/10/18) reported that dozens of Japanese lawmakers prayed at the Yasukuni war shrine that has strained ties with neighbours, but the number was smaller than last year amid the new prime minister's opposition to visits. Sixty-seven parliament members prayed at the Shinto shrine, which venerates 2.5 million war dead and 14 top war criminals from World War II, for its autumn festival. No ministers in Prime Minister Yasuo Fukuda's cabinet took part, but four members of his cabinet without ministerial portfolios, who have lesser rank, visited.

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10. US Troops in Japan

Associated Press (Carl Freire, "U.S. SERVICEMEN IN JAPAN ACCUSED OF RAPE", Tokyo, 2007/10/19) reported that Japanese authorities are investigating the alleged rape of a 19-year-old woman by four U.S. Marines in southwestern Japan last weekend, officials said. The U.S. Embassy said that it was "aware of the reported incident" and, together with U.S. Forces Japan, was cooperating fully with Japanese authorities.

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11. Russo-Japanese Territorial Dispute

RIA Novosti ("KURIL ISSUE SHOULD NOT SPOIL RUSSIA-JAPAN RELATIONS - KAMYNIN", Moscow, 2007/10/18) reported that cooperation between Russia and Japan should not suffer from the unresolved territorial dispute over the Kuril Islands, a spokesman for the Russian Foreign Ministry said. Next week, on October 23, Russian Foreign Minister Sergei Lavrov will arrive in Tokyo on a two-day official visit. "We hope that the forthcoming visit will continue the course assumed by both countries toward the expansion of cooperation on a broad variety of issues, and will help to improve mutual understanding and trust between Russia and Japan," Kamynin said.

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12. PRC-Russia-India Relations

Pravda ("CHINA, INDIA, RUSSIA TO BOOST COOPERATION", 2007/10/18) reported that Russian, PRC and Indian Foreign Ministers are to discuss the ways to boost economic, political cooperation during their meeting next week, the PRC's Foreign ministry said. The meeting scheduled for Wednesday in the northeast PRC city of Harbin will be the third of its kind. The meetings have fueled speculation that the consultations are aimed at forming an alliance to counter the influence of

the United States in the region. The countries have in the past vehemently denied that they were forming a coalition against American dominance.

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13. PRC Economy

The Washington Post (Ariana Eunjung Cha, "CHINA'S BID TO TAME ECONOMY BEGINS A REAL ESTATE BUST", Shenzhen, 2007/10/18) reported that faced with surging inflation, shaky loans and a stock market bubble that has grown more than 400 percent in just two years, the PRC government in recent months has been pulling all policy levers at its disposal to control growth. The PRC's central bank has raised interest rates five times this year and upped reserve requirements for commercial lenders eight times. The tightening measures are alarming some economists who worry that if China slams on the brakes too fast by using communist controls on what is increasingly a capitalist economy, there could be devastating consequences extending far beyond the real estate market in Shenzhen.

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II. ROK Report

14. ROK Troops in Iraq

Hankyoreh ("REGARDING THE ATTEMPT TO EXTEND THE DEPLOYMENT OF KOREAN FORCES IN IRAQ ", 2007/10/19) said in an editorial that there have been similar phenomena regarding troop withdrawal in Iraq for last several years. The ROK government first takes ambiguous actions and makes a decision to prolong their stay and then passes the approval to extend the period of deployment. It looks like the same behavoir will happen this year. The extension of troops in Iraq has no justification or interest. The ROK government has to immediately declare the withdrawal of all troops.

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15. DPRK-Vietnam Relations

Seoul Shinmun (Koo Bong-young , "HANOI AND PYONGYANG ", 2007/10/19) wrote that the visit to the DPRK of the Chief Secretary of Vietnam's Communist Party draws our intention. He could be a messenger that informs us of the change of the DPRK. That is, our focus is on whether DPRK leader Kim Jong-il follows Vietnam's development direction or not. The facts that Kim welcomed the Vietnam official more than Presesident Roh's visit and that the Nodong Shinmun of the DPRK goes into details on the economy development and openness of Vietnam make us guess DPRK's determination to change.

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16. Inter-Korean Economic Cooperation

Kyunghang Shinmun (Choi Won-mook , "FTA BETWEEN TWO KOREAS ", 2007/10/19) wrote that the ROK has given DPRK products the benefits of not imposiing duties. However, this is against WTO regulations. Since the ROK is ready to extend the size of its trade with the DPRK after the second summit, a new process should be pursued. The best way is to conclude an ROK-DPRK FTA agreement. Although there are a number of obstacles to sign an FTA with the DPRK, such a new agreement is necessary. Otherwise, it is hard to procure the international justification of the claim for free trade.

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