

# NAPSNet Daily Report 20 May, 2008

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## **I. NAPSNet**

### **1. US on DPRK Nuclear Program**

Reuters (Arshad Mohammed, "N.KOREA CLOSE TO MAKING NUCLEAR DECLARATION: HILL ", Washington, 2008/05/19) reported that US Assistant Secretary of State Chris Hill said the DPRK was near the point where it would produce an overdue declaration of its nuclear programs but he declined to predict when this might happen. "We are getting to the point where the declaration is coming," Hill told reporters. "I can't tell you precisely days or weeks but I think we are getting to the point where we are going to be, possibly, getting to this declaration." "We expect to have, kind of, a quickening pace in the next few weeks," he told reporters.

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### **2. US Food Aid to the DPRK**

Xinhua ("U.S. EXPERTS TO VISIT DPRK IN PREPARATION FOR FOOD ASSISTANCE ", Seoul, 2008/05/19) reported that a group of US experts will travel soon to the DPRK in preparation for Washington's planned food assistance delivery, said U.S. Ambassador to Seoul Alexander Vershbow. "Experts' meeting will be held in Pyongyang in the very near future for operational details," Vershbow said here. "Both the U.S. and South Korea are worried about the DPRK's dire food situation," he added, without giving a specific date for the visit.

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### **3. Japan on DPRK Terror List Status**

Washington Post (Blaine Harden, "JAPAN FEELING LEFT OUT AS U.S. TALKS TO PYONGYANG", Tokyo, 2008/05/17) reported that the Japanese government appears resigned to the possibility that the US may reach an agreement with the DPRK -- and remove it from a list of outlaw countries that

sponsor terrorism -- without addressing issues that Japan regards as fundamental to its national interest. A deal based on nuclear issues alone "would not solve the matter" for Japan and it would refuse to normalize relations with the DPRK, Prime Minister Yasuo Fukuda said in a recent interview with The Washington Post. "The nuclear issue, the missile issue that imposes a threat to Japan and the abduction issue would come as a set of three -- called a trilogy," Fukuda said in the interview. "Lacking any one of the three would not solve the matter."

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## **4. Trilateral Coordination and Oversight Group**

Yonhap ("S. KOREA, U.S. TO REQUEST JAPANESE ENERGY AID FOR N.K. ", Seoul, 2008/05/19) reported that the ROK's chief nuclear envoy left for Washington to hold talks with his American and Japanese counterparts on ways of advancing efforts to rid the DPRK of its nuclear programme. In particular, the ROK and the US reportedly plan to use the bilateral and trilateral talks to coax Japan to provide energy and other economic aid to the DPRK in accordance with the aid-for-denuclearization deal signed last year. "The US will also seek the understanding of the Japanese government on its move to remove North Korea from the list of state sponsors of terrorism despite no progress in efforts to resolve the abduction issue," a government source said.

Kyodo News ("JAPAN, S. KOREA AGREE TO WORK TOGETHER ON N. KOREA NUKE ISSUE", Washington, 2008/05/19) reported that Japanese and ROK chief nuclear negotiators agreed Sunday that their countries will closely cooperate with the United States in helping to disband the DPRK's nuclear arsenal. During the talks over dinner, Kim threw Seoul's support behind Tokyo's efforts to quickly resolve the long-standing issue of Pyongyang's abductions of Japanese nationals, Saiki said. They compared notes on how to proceed with the six-party negotiations on DPRK's denuclearization, following Pyongyang's recent submission of documents to the US detailing its plutonium-based nuclear program dating back to 1986.

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## **5. Inter-Korean Economic Cooperation**

Chosun Ilbo ("HYUNDAI ASAN LOSSES FROM N.KOREA TOURS MOUNTING", 2008/05/19) reported that Hyundai Asan is in trouble as losses mount from its package tours to DPRK. According to the Financial Supervisory Service on Sunday, Hyundai Asan suffered a net loss of W9.64 billion (US\$1=W1,041) in the first quarter this year, three times greater than the W3.34 billion in the corresponding quarter last year. The reason for such struggle is the weakness of the won against the U.S. dollar, since the DPRK charges admission fees to Kaesong and Mt. Kumgang in dollars -- US\$ 100 for one and \$80 for the other per person for three days and two nights. Despite these troubles, the company does not plan to raise fees for its DPRK tour programs, fearing it would decrease the number of customers.

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## **6. DPRK Economy**

IFES NK Brief ("DPRK HOLDS IT'S LARGEST EVER PYONGYANG INTERNATIONAL PRODUCT

EXHIBITION", 2008/05/19) reported that from May 12th to the 15th, the DPRK held the eleventh annual Pyongyang International Summer Product Exhibition in the Three-Revolution Exhibition Center. The trade show hosted over 180 foreign businesses, making it the largest convention to date. With more than 120 PRC companies and more than 30 vendors from Taiwan, the DPRK's largest-ever convention was host to over 50 vendors more this year than the previous record of over 130, set last year. In particular, there were several booths selling the wares of large PRC industries, as well as several affiliates of the Haier Group Co. Ltd., representatives from TCL Electronics Co. Ltd. , sales staff from the PRC Hong Kong Manufacturers Co. Ltd. and other main offices directly participating in the event.

Yonhap ("N. KOREA RESUMES CONSTRUCTION OF LUXURY HOTEL ", Shenyang, 2008/05/19) reported that the DPRK resumed the construction of a highrise hotel building in Pyongyang last month, which was suspended for nearly 20 years due to funding problems, informed sources here said. Orascom Telecom Holding of Egypt is North Korea's partner for the construction, the sources said. "If completed, the hotel will be used as an accommodation for foreign investors and visitors, a business center and an international convention center among others," a source said. The 330-meter hotel is expected to be the world's tallest when completed.

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## **7. Mobile Phone Service in the DPRK**

Yonhap ("ORASCOM SUCCEEDS IN TRIAL N.K. MOBILE SERVICE ", Washington, 2008/05/19) reported that Orascom Telecom Holding, a Cairo-based phone operator, said Monday it succeeded in making its first mobile call in the DPRK in preparation for the full launch of its commercial service later this year. Orascom won the first commercial license to provide mobile telephone services in the DPRK in January of this year. The license was given to a company subsidiary, CHEO Technology, of which the DPRK's state-owned Korea Post and Telecommunications Corporation owns 25 percent.

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## **8. Sino-DPRK Relations**

The Associated Press ("NORTH KOREA OFFERS US\$100,000 IN AID FOR CHINESE EARTHQUAKE SURVIVORS", 2008/05/17) reported that the DPRK is offering the PRC US\$100,000 to help earthquake survivors. The DPRK's KCNA said the country made the offer to the PRC's government, which is scrambling to cope with the aftermath of Monday's magnitude 7.9 quake. It did not elaborate. It is rare for the impoverished nation to offer help to another country, but the PRC is its only major ally and has been a main aid donor.

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## **9. US-ROK Trade Relations**

Korea Times (Jung Sung-ki, "VERSHBOW EXPECTS US CONGRESS TO RATIFY FTA BY YEAR-END", 2008/05/19) reported that US Ambassador to Seoul Alexander Vershbow cautiously expected the US Congress to approve the ROK-US free trade agreement (FTA) by the end of the year. During a lecture at Sungshin Women's University in Seoul, Monday, the top US envoy said the Bush

administration is working hard to persuade the Congress to approve the landmark trade deal at an early date. "We worked too hard and too long to lose this historic opportunity," he said. Vershbow also said the US administration would fully cooperate with the ROK on efforts to dispel public concerns about the safety of US beef, which he said are based on unscientific information.

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## **10. ROK-Japan Maritime Dispute**

The Associated Press ("SOUTH KOREAN, JAPANESE COAST GUARDS END CONFRONTATION OVER ALLEGED INTRUSION", Seoul, 2008/05/17) reported that a standoff between the Japanese and ROK coast guards ended peacefully after a joint investigation found a ROK fishing boat did not violate Japanese waters, an official said. The six-hour confrontation ended late Friday evening when four Japanese patrol vessels withdrew. The incident began when the 134-ton fishing boat sent an emergency radio message to the ROK's coast guard saying it was being chased by Japanese patrol vessels. The ROK's coast guard dispatched five patrol boats and a helicopter to protect the fishing vessel, which was located 44 nautical miles (80 kilometers) off Tongyoung, about 480 kilometers south of Seoul.

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## **11. Japan Politics**

The Yomiuri Shimbun ("CROSS-PARTY GROUPS MAY SPUR UPHEAVAL / GROWING NUMBER OF INTERPARTY GROUPINGS SEEN PRECURSOR TO POSTELECTION REALIGNMENT", 2008/05/19) reported that moves to form cross-party leagues or policy study groups have been gathering momentum, possibly paving the way for a realignment of the political parties. Since Dec. 13, new cross-party groupings have been set up, including two to be launched by the end of this week. The new groups are ostensibly aimed at breaking the current political impasse. But the main motivation for ruling party lawmakers' participation in the cross-party groups seems to be the possibility of a political realignment taking place after the next general election. For Diet members of the major opposition Democratic Party of Japan, however, the main motivation for joining supraparty groups is gaining the upper hand in internal party struggles, analysts say.

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## **12. Japan Aid to Africa**

The Yomiuri Shimbun ("JAPAN TO DOUBLE ODA FOR AFRICA", 2008/05/17) reported that the government will double its official development assistance to African countries over the next five years, The Yomiuri Shimbun has learned. Prime Minister Yasuo Fukuda likely will announce the government's plan at the Fourth Tokyo International Conference on African Development (TICAD IV) to be held in Yokohama from May 28 to 30. By increasing its development aid, the government is aiming to support the agricultural and economic development of African countries, especially sub-Saharan nations in which serious conflict abounds and citizens suffer from extreme poverty.

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## 13. PRC Earthquake

The Associated Press (Anita Change, "CHINA ON ALERT FOR NUCLEAR ACCIDENTS AFTER QUAKE ", Beijing, 2008/05/19) reported that the PRC's nuclear safety agency had ordered staffers to be prepared for an environmental emergency the day after a massive earthquake jolted a region that includes several key atomic sites. France's nuclear watchdog has said some of the PRC's nuclear facilities sustained minor damage in Monday's magnitude 7.9 earthquake, though no PRC government Web sites viewed Saturday mentioned any damage. The PRC's Nuclear and Radiation Safety Center, part of the Ministry of Environmental Protection, activated emergency plans the day after the quake and told all emergency personnel to be on standby in case of nuclear accidents, the center said in an announcement on its Web site.

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## 14. Cross Strait Relations

Agence France-Presse (Benjamin Yeh, "TAIWAN'S MA EYES INAUGURATION AS CHANCE FOR CHINA THAW ", Taipei , 2008/05/19) reported that Taiwan's Ma Ying-jeou takes the presidential oath of office Tuesday pledging to lead the island into a new era, but faces a difficult task to mend fractured ties with the PRC and revive the economy. Ma, of the PRC-friendly Kuomintang party, succeeds Chen Shui-bian, whose pro-independence rhetoric during eight years in power irked not only Beijing but also the United States for the way it spiked regional tensions. In a recent interview with AFP, he said he wanted to lay the foundations of a century of peace and prosperity.

Agence France-Presse (Hsin-hsin Yang, "TAIWAN'S NEW PRESIDENT CALLS FOR CHINA TALKS", Taipei, 2008/05/20) reported that Taiwan's new president Ma Ying-jeou took the oath of office Tuesday and called for a resumption of high-level dialogue with the PRC. In his inauguration address, Ma said both sides should "reconcile and cease fire" to mend their own fragile relations and bolster regional stability. "Taiwan and China in 1992 reached a guideline for bilateral talks -- that each side can interpret the term 'One China' in its own way. I hope we can resume dialogue as soon as possible on the 1992 consensus," Ma said.

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## 15. PRC-SCO Relations

Xinhua ("CHINESE DEFENSE MINISTER MEETS SCO COUNTERPARTS ON COOPERATIVE TIES ", Dushanbe, 2008/05/19) reported that visiting PRC Defense Minister Liang Guanglie and his counterparts within the Shanghai Cooperation Organization (SCO) agreed to enhance defense cooperation among the member states and to contribute to regional peace and prosperity. During their meeting, Liang, also PRC state councilor, spoke highly of the PRC's bilateral cooperation with other SCO members, especially in the defense field. He said that the PRC gave priority to its defense and security cooperation with SCO members in its military cooperation with other countries.

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## II. PRC Report

### 16. PRC Earthquake

Xinhua ("CHINA'S 512 EARTHQUAKE", Beijing, 2008/05/18) reported that the death toll from magnitude 8.0 earthquake that jolted southwest PRC's Sichuan Province on May 12, had risen to 32,476 nationwide as of 2 p.m. Sunday, the emergency response office under the State Council said Sunday evening. The number of injured reached 220,109, it said. The PRC's armed forces had dispatched 113,080 soldiers and armed police to help with rescue operations in earthquake-hit areas as of 8 a.m. on Sunday. The PRC's Ministry of Health on Sunday said no disease outbreaks or emergency public health incidents had been reported by midnight on Saturday in areas affected by the deadly earthquake.

Nandu Foundation <http://www.naradafoundation.org/> ("FOUNDATIONS' QUICK ACTION AFTER 512 EARTHQUAKE", 2008/05/18) reported that Nandu Foundation, a non-public fundraising foundation focusing on education and innovation in civil society of the PRC, responded quickly after the Wenchuan Earthquake. It invested 10 million yuan to support charity organizations in disaster relief and reconstruction. On May 13, Nandu Foundation together with several foundations and other NGOs, launched the "*Earthquake Relief, Premiere Urgency, Reconstruction, Surmount by All*" - *the Joint Declaration of Civil Society Organizations' Earthquake Relief Operations*. This activity was positively supported by many civil society organizations. More than 120 NGOs responded to it.

NGOCN <http://www.ngocn.org/> ("URGENT APPEAL BY NGOS IN CHINA", 2008/05/18) reported that soon after the 512 Earthquake, NGOCN (Non-governmental Organization Communication Net) and *1Kilo More* (a non-official cause of charity crossing over travel) have called on a joint action for disaster relief operation. As of 19 May, there were more than 60 NGOs responded to this appeal. The main appeal was: For those NGOs who are in the disaster areas, please collect local disaster information, joint local NGOs, coordinate with the government and help it carry out the relief work in the affected areas; For those NGOs who have project sites or projects under development in the disaster areas, please register the disaster information at the affected project sites, and do a feedback on a 512 Earthquake Assistance Forum, to facilitate the access for qualified institutions to work; For those NGOs who have requested condition for the relief work, please prepare for the reconstruction work and carry it out at the appropriate time.

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## III. ROK Report

### 17. Inter-Korea Relations

Peace Foundation (Cho Min, "ROK AND DPRK, THE ONE WHO YIELDS, WINS! ", 2008/05/19) carried an article by the Chief researcher of Unification Policies at the Korea Institute for National Unification, who wrote that food aid to the DPRK on humanitarian level does not relate to economic

cooperation, nor does it damage the principles of inter-Korean economic cooperation. The one who yields now is guaranteed of the future. How the food will be provided should also be done as the DPRK wants. If the aid is truly humanitarian, the current administration should spend more than did the former one. The Lee Myung-bak administration's difference should begin from this.

Pressian ("HANNARA PARTY UNEASINESS OVER GOVERNMENT HAVING DIFFICULTIES WITH 'AID TO DPRK' GOVERNMENT AND POLITICAL PARTY TALKING DIFFERENT THINGS", 2008/05/19) wrote that it is predicted that coming up with a measure for DPRK food aid will have difficulties due to the difference in eagerness of the government and political parties on the issue. Although the Grand National Party party, recognizing the current situation, urgently suggested unconditional food aid to DPRK without DRPK's demand, the government replied "the situation is not as serious as the days of the arduous march" and added that it will reconsider.

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## **18. DPRK Nuclear Program**

Yonhap News ("EASY TRAVEL' TO DPRK NUCLEAR REPORT PREDICTED IN THE MIDST OF US-DPRK RECONCILIATION ATMOSPHERE", 2008/05/20) wrote that it is predicted that the DPRK nuclear report issue that has taken the last five months to solve will soon reach a conclusion. Assistant Secretary of State Christopher Hill expressed optimism on the DPRK nuclear report after meeting personnel from the ROK and Japan in charge of the DPRK nuclear issue, suggesting that sufficient information exchange and understanding were achieved. How the Japanese hostage issue will affect the nuclear report and removal of the DPRK from the lists of state sponsors of terrorism intrigues the others.

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Nautilus Institute

608 San Miguel Ave., Berkeley, CA 94707-1535 | Phone: (510) 423-0372 | Email:

[nautilus@nautilus.org](mailto:nautilus@nautilus.org)