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Preceding NAPSNet Report

I. NAPSNet

1. US-DRPK Relations

Reuters (Michelle Nichols, "U.S., NORTH KOREA MEET FOR LESSON ON FINANCIAL NORMS", New York, 2007/11/18) reported that the US began two days of talks with the DPRK in what Washington describes as a bid to educate the DPRK about international financial norms. A State Department official said the talks "provide an opportunity to familiarize the North Koreans with accepted international banking practices and problems that have affected North Korea's access to international financial systems." The meeting also provided an opportunity for the US to discuss with the DPRK steps it can take over the long term to address the concerns of the international financial community and eventually be re-integrated into the international financial system, he said.

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2. US on Alledged DPRK-Syrian Nuclear Cooperation

Joongang Ilbo ("U.S. PUSHES NORTH ON POSSIBLE SYRIA TIES", Washington, 2007/11/20) reported that an off the record meeting turned tense when U.S. officials pressed the DPRK to explain its suspected nuclear ties with Syria when the DPRK declares its atomic stockpile, sources who participated in the meeting said. “A lot of us at the meeting were very clear to the North Koreans that if their declaration doesn’t include what is going on in Syria, it’s really going to be a problem,” one source said, declining to be named. The meeting was sponsored by the National Committee on American Foreign Policy, called a “track two” channel for private level talks between the two countries, which have yet to establish formal relations.

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3. Inter-Korean Economic Cooperation

Newsweek (Christian Caryl and B. J. Lee, "SUNSHINE IN THE DMZ", 2007/11/19) reported that economic ties are creating a sense of Korean solidarity in the face of global competition, and help allay fears that the ROK is being "sandwiched" by low-wage PRC and high-tech Japan. Kaesong workers speak Korean, investors there get tax breaks from Seoul and factories are an hour's drive to Seoul (though border checks slow the trip considerably). So far, most goods made in Kaesong are for

export, but southerners like Park Chong Hwa see a future for sales to the DPRK. Opening the DMZ further will be crucial. A key to the summit projects is the rail link across the DMZ, which could open as early as this year, and will reconnect the ROK by rail to the Asian mainland for the first time since the Korean War. Seoul estimates it now takes 35 days to ship a 20-foot cargo container from Busan to Moscow by sea, at a cost of $3,800. By train it would take 10 days and cost $2,800. By linking the trans-Korea, Siberian and China railways, "South Korea can become a logistics hub of East Asia," says Chung Young Soo, at the state-run Korea Trade Promotion Corp.

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4. DPRK Economy

The Financial Times (Anna Fifield, "SELLING TO SURVIVE: AD HOC MARKETS TAKE ROOT IN NORTH KOREA'S PARCHED SOIL", 2007/11/19) reported that the DPRK remains the most tightly controlled state in the world. But recent escapees tell of the changes that are being driven by necessity in areas near the PRC, especially in the cities of Rajin and Hoeryong in the north and Sinuiju at the southern end of the border. While it would be an overstatement to say that this represents the type of nascent transition to free-market reforms that has occurred in countries such as Russia and the PRC, the worsening state of the DPRK economy is leading to widespread trading and the emergence of a fledgling merchant class crossing into the PRC. Ad-hoc markets have since sprung up around the country with the tacit approval, if not the encouragement, of the regime. These markets are now the backbone of the DPRK's creaking economy as the regime provides almost nothing by way of rations any more.

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5. EU-ROK Trade Relations

Yonhap (Park Sang-soo, "S. KOREA, EU TO HOLD 5TH ROUND OF FREE TRADE TALKS ", Brussels, 2007/11/19) reported that the ROK and the European Union (EU) are set to launch their fifth round of free trade negotiations with both sides intending to make a breakthrough on some sticky issues, including a dispute over auto trade, officials here said. Kim Han-soo, the ROK's chief negotiator for the trade negotiations, said Seoul has sweetened offers to Brussels in an attempt to make a breakthrough, stressing that Brussels should make a new proposal on tariffs and other issues to the same extent that Seoul did.

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6. Japan SDF Indian Ocean Mission

The Asahi Shimbun ("OZAWA SNUBS 2ND DIET EXTENSION", 2007/11/19) reported that opposition leader Ichiro Ozawa indicated on a TV news show Sunday that his party would oppose any plan for more extensions of the current Diet session to pass the government's refueling bill. "The LDP's strategy of just wasting Diet time is basically no good when substantial debate cannot take place so close to the year's end," he said. "Japan-U.S. relations will not be affected (if the MSDF doesn't refuel). The LDP should cool off and start anew," Ozawa said.

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7. Japanese Defense Ministry

Agence France-Presse ("JAPAN TO DISCUSS REFORMING SCANDAL-PLAGUED DEFENCE MINISTRY", Tokyo, 2007/11/19) reported that the Japanese government announced it will set up a special committee to discuss ways to reform the Defence Ministry, which has been plagued by bribery scandals involving high-ranking bureaucrats. Prime Minister Yasuo Fukuda initiated the plan last week during talks with Defence Minister Shigeru Ishiba and Machimura, and following corruption allegations involving former vice minister Takemasa Moriya and two former defence chiefs.

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8. Japan-ASEAN Trade Relations

Kyodo ("JAPAN, ASEAN MINISTERS FINALIZE FTA, SIGNING TO BE DELAYED", Singapore, 2007/11/19) reported that Japan and the 10-member Association of Southeast Asian Nations finalized negotiations for a free trade agreement, although fine-tuning of the accord's wording and domestic legal procedures will delay the actual signing of the deal by their leaders, Japanese officials said. Japanese Economy, Trade and Industry Minister Akira Amari said he and his counterparts from ASEAN plan to report the final draft to their leaders, who are expected to endorse and welcome the agreement at a summit in Singapore on Wednesday. Amari said the nations aim for the accord to take effect next year.

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9. Japan Whaling Issue

The Associated Press ("JAPANESE WHALERS TO KILL HUMPBACKS", Shimonoseki, 2007/11/19) reported that a Japanese whaling fleet left port today for a hunt that will include humpback whales for the first time in decades. The whalers planned to kill as many as 50 humpbacks in what is believed to be the first large-scale hunt for the species since a 1963 moratorium put the giant marine mammals under international protection. Japan's annual research whaling mission is permitted by the International Whaling Commission, but anti-whaling activists call it a coverup for a commercial hunt.

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10. Cross Strait Relations

Reuters (Jonathan Lynn , "TAIWAN BLOCKS APPOINTMENT OF CHINESE JUDGE AT WTO", Geneva, 2007/11/19) reported that Taiwan blocked the appointment of the PRC's first judge on the World Trade Organization's highest court on Monday, in a surprise move likely to aggravate relations between the two rivals. The WTO dispute settlement body had been due to approve the appointment of four new members of the WTO's appellate body, but Taiwan asked for that item to be removed from the agenda, WTO officials said. Taiwan -- according to a copy of its statement made available by its WTO mission -- said it could not agree to the agenda "because we have deep concerns on the question of impartiality and qualification of one of the recommended candidates to

serve the Appellate Body."

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11. PRC Energy Supply

The Financial Times (Isabel Gorst , "KAZAKHSTAN IN NUCLEAR DEAL WITH BEIJING", Almaty, 2007/11/19) reported that Kazakhstan has agreed to share its uranium resources with the PRC in exchange for equity in PRC nuclear power facilities in a strategic deal that brings together the world's fastest growing uranium and nuclear electricity producers. Moukhtar Dzhakishev, the president of Kazatomprom, Kazakhstan's state-owned nuclear power company, said: "We will swap shares in uranium production for shares in Chinese atomic facilities ... This is the first time China has allowed any foreign company to become a shareholder in its atomic power industry enterprises."

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12. PRC-Singapore Environmental Cooperation

Agence France-Presse ("CHINA, SINGAPORE SIGN ECO-CITY DEAL ", Singapore, 2007/11/19) reported that the PRC and Singapore on Sunday signed a pact to build a joint "eco-city" in northern PRC, as visiting Prime Minister Wen Jiabao launched a five-day visit to the city-state. Wen, making the first visit to Singapore by a PRC premier in eight years, and his counterpart Lee Hsien Loong signed several cooperation agreements including the deal for the eco-city in Tianjin. The eco-city will "adopt good environmental technologies and practices so as to create an attractive quality living environment," the Singapore government said in a statement.

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13. PRC Environment

The New York Times (Jim Yardley, "CHINESE DAM PROJECTS CRITICIZED FOR THEIR HUMAN COSTS", Jianmin Village, 2007/11/19) reported that last year, PRC officials celebrated the completion of the Three Gorges Dam by releasing a list of 10 world records. As in: The Three Gorges is the world's biggest dam, biggest power plant and biggest consumer of dirt, stone, concrete and steel. Ever. Even the project's official tally of 1.13 million displaced people made the list as record No. 10. Today, the Communist Party is hoping the dam does not become the PRC's biggest folly. In recent weeks, PRC officials have admitted that the dam was spawning environmental problems like water pollution and landslides that could become severe. Equally startling, officials want to begin a new relocation program that would be bigger than the first.

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II. ROK Report

14. DPRK Denuclearization

Yonhap ("DPRK DENUCLEARIZAION REPORT NOT SUBMITTED ON SCHEDULE ", Seoul, 2007/11/19) reported that Cho Hee-yong, the spokesperson of the ROK Ministry of Foreign Affairs, said on Nov. 19 that even though the DPRK's denuclearization is proceeding smoothly, they did not officially report the abandonment of the nuclear program. The reason why this official report is considered important is because it is closely related with the U.S. removing the DPRK from the list of terrorist-supporting nations. The report is likely to be done during this weekend or early next month.

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15. Six-Party Talks

Yonhap (Sung Ki-hong, Lee Sang-hun, "SONG MIN-SOON, 'SIX-PARTY TALKS, TO BE HELD EARLY NEXT MONTH'", Singapore, 2007/11/20) reported that ROK Minister of Foreign Affairs Song Min-soon told U.S. Secretary of State Condoleeza Rice that the next round of six-party talks would be held early next month at the earliest. He said that he discussed issues about DPRK's denuclearization with Rice. He added that there are still problems such as how to deal with what is happening after the denuclearization, and that is why he urges to holding the next round as soon as possible.

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16. Inter-Korean Meetings

Hankyoreh (Kwon Hyuk-chul, "LEE: 'KIM NOT LIKELY TO COME WITHIN THIS YEAR' ", Seoul, 2007/11/19) reported that ROK Unification Minister Lee Jae-jung said on Nov. 19 that there is very low possibility that Kim Young-nam, the DPRK's official head of state, will visit Seoul within this year. He also made a remark on the subtle relationship between declaring the end of the national war and the institution of a peace regime. He said that even though it is not appropriate to count which should precede which, declaring the end of the war can facilitate the denuclearization of the DPRK to a great extent. He expected the declaration to be done as soon as possible; however it would be early next month even at an accelerated rate. He also added that there won't be fundamental change about the NLL at the talks between the two Koreas' Defense Ministers.

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