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Contents in this Issue:

- I. NAPSNet
 - [1. DPRK Nuclear Program](#)
 - [2. US-DPRK Relations](#)
 - [3. ROK on DPRK-Russian Economic Cooperation](#)
 - [4. DPRK Food Supply](#)
 - [5. PRC on Inter-Korean Relations](#)
 - [6. ROK-PRC Relations](#)
 - [7. ROK Relations with US, Japan](#)
 - [8. ROK Military Operational Control](#)
 - [9. ROK Role in Iraq](#)
 - [10. ROK Politics](#)
 - [11. Japan-PRC Relations](#)
 - [12. Japanese Whaling](#)
 - [13. Sino-Indian Military Exercise](#)
 - [14. Sino-Vietnamese Territorial Dispute](#)

- [15. US-PRC Trade Relations](#)
- [16. PRC Economy](#)
- [17. PRC Government](#)
- [18. PRC Labor Regulations](#)
- [19. PRC Anti-Corruption Measures](#)

[Preceding NAPSNet Report](#)

I. NAPSNet

1. DPRK Nuclear Program

The Associated Press ("REPORT: URANIUM FOUND ON NKOREAN TUBES", Washington, 2007/12/21) reported that traces of enriched uranium have been found on smelted aluminum tubing provided to the United States by the DPRK in its effort to prove it was not operating a secret nuclear program, the Washington Post reported. Citing U.S. and diplomatic officials, the Post said the discovery by U.S. scientists apparently contradicts the DPRK's claim that its acquisition of thousands of aluminum tubes were for conventional purposes rather than a nuclear program. The tubing could have been contaminated by exposure to other equipment rather than by an active enrichment program, the Post said, citing unidentified officials.

Reuters (Arshad Mohammed and Sue Fleming, "NORTH KOREA RESISTS DEC 31 DECLARATION DEADLINE", Washington, 2007/12/20) reported that the US is still struggling to get the DPRK to disclose its nuclear programs, a U.S. official said. The senior official told Reuters that reflexively secretive DPRK was reluctant to detail its nuclear proliferation activities -- which it has steadfastly denied -- as well as what it regards as military secrets in its declaration. "It was a very mixed picture because we are not there yet with the declaration after one day. We made some progress but there are some sticking points remaining," the official said. "The disabling of the facilities is going ahead well. They have five of 11 tasks fully done and the others are under way," he said.

Associated Press ("US SAYS NKOREA WON'T MEET DEADLINE", Seoul, 2007/12/21) reported that US Ambassador Alexander Vershbow said Friday that the DPRK is likely to miss a year-end deadline for disabling its nuclear facilities. "We may not meet the end of year deadline, but I think we'll get there in the end," Vershbow stated. "I'm optimistic we'll complete the current stage which calls for the complete disablement of the DPRK's facilities at Yongbyon and the provision of complete and accurate declaration of all North Korean nuclear programs and materials soon," Vershbow said. "We still have a long way to go to achieve the ultimate goal of the complete denuclearization," he added.

[\(return to top\)](#)

2. US-DPRK Relations

Yonhap ("U.S. SAYS LOTS AT STAKE FOR NORTH KOREA OVER NUCLEAR DISCLOSURE", Washington, 2007/12/20) reported that US Secretary of State Condoleezza Rice sternly reminded the DPRK that "a lot is at stake" as she pressed the DPRK to fully disclose its nuclear stockpile. There has been good progress so far, she said, talking to reporters.

Xinhua ("DPRK SLAMS U.S. SENATOR'S HARDLINE REMARKS", Pyongyang, 2007/12/19) reported that the DPRK slammed U.S. Senator Sam Brownback for his remarks that Washington should not soften its policy on Pyongyang. The DPRK's remarks came after Senator Brownback presented a bill, claiming that Washington should not delist the DPRK as a "sponsor of terrorism" and lift the application of the "Trading with the Enemy Act." "Such conservative hardliners as Brownback calculate they can throw a hurdle in the way of the process of the six-party talks (on the Korean Peninsula nuclear issue) and the DPRK-U.S. relations," said the official KCNA. "With no desperate effort can the U.S. conservative hardliners stem the trend of the times towards detente over the nuclear issue on the Korean Peninsula," it added.

Agence France-Presse ("RICE DECLINES TO RULE OUT TRIP TO NKOREA", Washington, 2007/12/20) reported that US Secretary of State Condoleezza Rice declined to rule out traveling to the DPRK before President George W. Bush's term ends early in 2009, saying "nothing is inconceivable." In an exclusive interview with AFP, Rice said the DPRK has "been cooperative" in disabling its plutonium program, but still had to issue a full declaration on its activities by December 31 and then start dismantlement of nuclear facilities. "We'd like very much to move forward to that (dismantling) phase because that's where the real beginnings of political engagement and ultimately normalization would be anticipated," she said.

[\(return to top\)](#)

3. ROK on DPRK-Russian Economic Cooperation

Agence France-Presse ("LEE PUSHES RUSSIAN PROJECT USING NKOREAN LABOUR: REPORT", Seoul, 2007/12/20) reported that the ROK's next leader proposed a joint project to develop natural resources in Russia's Far East using cheap labour from the DPRK, Yonhap news agency said. The president-elect, a former construction executive, told Russian ambassador Gleb Ivashentsov that the project would be a priority after he takes office on February 25. "If we together with Russia carry out the development project, it will be a turning point in economic cooperation in the Northeast Asian region and boost Russia's development as well," Yonhap news agency quoted him as telling the envoy. "I'd like to get on this project right after I assume office."

[\(return to top\)](#)

4. DPRK Food Supply

Yonhap ("N. KOREA SUFFERS 7 PCT. DECREASE IN CROP PRODUCTION: REPORT", Seoul, 2007/12/20) reported that the DPRK's crop production is estimated to have decreased by as much as 10 percent this year. The United Nations Food and Agriculture Organization (FAO) estimated the DPRK's crop yields to have decreased 7 percent from last year to some 3.8 million tons this year, a

U.S. radio station, Voice of America, reported. The ROK's Rural Development Administration has estimated the DPRK's crop production to have shrunk by 11 percent, yielding only some 62 percent of annual consumption.

[\(return to top\)](#)

5. PRC on Inter-Korean Relations

Xinhua ("FM SPOKESMAN: CHINA HOPES INTER-KOREAN RELATIONS IMPROVED", Beijing,) reported that the PRC hopes the two countries on the Korean peninsula will continue to improve ties through dialogue and exchanges, PRC Foreign Ministry spokesman Qin Gang said. Qin made the comment when answering questions on the future inter-Korean relations after people in Republic of Korea (ROK) elected the new president Lee Myung-bak. The PRC hopes that the peace and stability on the Korean Peninsula will be maintained, Qin said, adding that improved ties between the two countries are beneficial to people in both countries. "China is willing to develop the friendly cooperation with the Democratic People's Republic of Korea (DPRK), and at the same time maintain the comprehensive and cooperative partnership with the ROK," he said.

[\(return to top\)](#)

6. ROK-PRC Relations

Yonhap (Kim Hyun, "LEE MYUNG-BAK SEEKS STRONGER TIES WITH ASIAN POWERS TO RESOLVE N.K. NUCLEAR DISPUTE", Seoul, 2007/12/21) reported that ROK President-elect Lee Myung-bak on Friday called for multilateral efforts to push the DPRK to denuclearize in his meeting with the PRC ambassador to Seoul, Ning Fukui. "We appreciate that China has the same thought as us that the disarmament of North Korea is for its own benefit," Lee said. "We have high expectations on China that has a key role to play," he added. "We appreciate that Korean governments so far have taken the correct stance on Taiwan and other issues of Chinese concern. We hope for continued support and cooperation from the next Korean government," Ning said.

[\(return to top\)](#)

7. ROK Relations with US, Japan

Yonhap ("PRESIDENT-ELECT LEE PROMISES CLOSER TIES WITH U.S., JAPAN", Seoul, 2007/12/20) reported that President-elect Lee Myung-bak said his administration will work to restore the ROK's relationship with the US, citing what he called lack of trust between the two allies during the past five years under the Roh Moo-hyun administration. The pledge came at a meeting between Lee and Alexander Vershbow, the U.S. ambassador to the ROK. "A new administration will come into office in February and when that happens the South Korea-U.S. relationship will be reshaped," the 65-year-old Lee told the U.S. envoy. In a separate meeting with Japan's top envoy to Seoul, Toshinori Shigeie, Lee said he will work to improve Seoul's ties with Tokyo, which has recently been embroiled in territorial and historical disputes with Seoul. "I believe not only the relationship between the two nations but the overall relationship between nations in Northeast Asia must be improved," Lee said in the meeting with the Japanese ambassador.

Agence France-Presse (Shaun Tandon, "US, JAPAN WELCOME CONSERVATIVE WIN IN SKOREA",

Tokyo, 2007/12/20) reported that the US and Japan welcomed conservative Lee Myung-Bak's election in the ROK, hoping the next president will be firmer on the DPRK after a decade of liberal rule in Seoul. US President George W. Bush "said he values the relationship between the United States and the Republic of Korea," White House spokesman Gordon Johndroe said in a statement. Japanese Prime Minister Yasuo Fukuda also congratulated Lee and said he hoped to work with him on the "further development in amicable, cooperative relations."

Kyodo ("FUKUDA, LEE AGREE TO BOOST JAPAN-S.KOREA TIES, COOPERATE ON N.KOREA", Tokyo, 2007/12/21) reported that Japanese Prime Minister Yasuo Fukuda and ROK President-elect Lee Myung Bak agreed Friday in a telephone conversation to boost bilateral ties and closely cooperate on DPRK issues, Japanese Foreign Ministry officials said. Fukuda also requested Lee to visit Japan at any early date, and Lee expressed hope to be able to meet the Japanese leader "as soon as possible," the officials said.

[\(return to top\)](#)

8. ROK Military Operational Control

Korea Times (Jung Sung-ki, "US TO TRANSFER COMMAND CONTROL ON SCHEDULE", Seoul, 2007/12/21) reported that U.S. Ambassador Alexander Vershbow said Friday that the transition of wartime operational control of the ROK military from the United States to Korean commanders should be completed by 2012 as planned. "As I said, the strategic transition plan was already agreed upon and it is being implemented," Vershbow said in a security forum, organized by the state-funded Korea Defense Institute for Analyses, in Seoul. He said the agreed five-year framework for the transition is enough to prepare for new command rearrangements between the two militaries, adding Seoul and Washington will keep reviewing the relevant process to prevent a security vacuum on the Korean peninsula.

[\(return to top\)](#)

9. ROK Role in Iraq

Korea Times (Jung Sung-ki, "S. KOREAN TROOPS IN IRAQ HALVED", 2007/12/20) reported that a group of 350 ROK soldiers returned home Thursday from Iraq, downscaling the numbers of the ROK contingent in the Middle East nation to 650, the Joint Chiefs of Staff (JCS) said. The troop cut was part of a government plan to extend the deployment of ROK troops in the war-torn country for another year after reducing the troop-level by half, JCS officials said. A motion for the troops' extended mission is pending in the National Assembly.

[\(return to top\)](#)

10. ROK Politics

Joonang Ilbo ("ROH REBUFFS GNP CALL TO VETO PROBE INTO LEE", Seoul, 2007/12/21) reported that the Grand National Party pressured President Roh Moo-hyun to veto a pending independent counsel probe into the President-elect Lee Myung-bak's alleged corruption, but the Blue House made it clear the probe will move forward. "If the independent counsel finds me not guilty through an investigation, those who raised this issue should be held responsible," Lee told supporters at a

ceremony to close his campaign office at Grand National Party headquarters. "If the laws are executed correctly and fairly, I am pretty confident that the results will be the same [as prosecutors earlier announced]," Lee said.

[\(return to top\)](#)

11. Japan-PRC Relations

Reuters (George Nishiyama, "JAPAN PM TO VISIT CHINA DEC 27-30 AS SUPPORT DROPS", Tokyo, 2007/12/21) reported that Japanese Prime Minister Yasuo Fukuda will make his first visit to the PRC December 27-30, it was announced on Friday. "The visit is to set the tone for future Sino-Japanese relations," said Hiroshi Nakanishi, a professor of international politics at Kyoto University. But an aide to a former prime minister who declined to be named warned, "Fukuda could face criticism that he's not standing up to China, telling them what needs to be told."

[\(return to top\)](#)

12. Japanese Whaling

Associated Press (Carl Freire, "JAPAN TO DROP HUMPBACK WHALE HUNT", Tokyo, 2007/12/21) reported that Japan decided to suspend humpback hunts at the request of the United States, which is currently chair of the International Whaling Commission, Chief Cabinet Secretary Nobutaka Machimura said Friday. "The government has decided to suspend hunts of humpback whales while talks to normalize IWC is taking place," Machimura said. "But there will no changes to our stance on our research whaling itself."

[\(return to top\)](#)

13. Sino-Indian Military Exercise

Reuters ("CHINA AND INDIA LAUNCH ANTI-TERRORISM EXERCISE", Beijing, 2007/12/20) reported that the PRC and India, who fought a brief border war in 1962, have started a week-long anti-terrorism military drill to improve trust and cooperation as the two rising powers seek to put aside decades of frosty relations. The exercise, called "Hand-in-Hand, 2007," is being held in the PRC's southwestern province of Yunnan and involves 100 troops from each country, state media said. "The aim of the joint anti-terror drill is to strengthen mutual understanding and trust between the two countries and the two armies, and also to enhance their cooperation in the anti-terror area," PRC Foreign Ministry spokesman Qin Gang said.

[\(return to top\)](#)

14. Sino-Vietnamese Territorial Dispute

Donga Ilbo ("CLASHES OVER SOVEREIGNTY CLAIMS ON THE NANSHA ISLANDS", 2007/12/20) reported that disputes between the PRC and Vietnam are intensifying over sovereignty claims on the Nansha Islands. Vietnam triggered the clashes. It announced its plan to explore oil fields off the Spratlys and joined hands with BP, a British energy giant, to set up supply pipes for natural gas.

Vietnam has also decided to hold elections to choose members of its parliament representing 24 out of the total 48 islets, which it occupies. In response to Vietnam's move to make Nansha its territory, the PRC immediately launched a counter-offensive. Last month, the PRC newly established the county-level city of Sansha, which is part of Hainan province and encompasses all the islands on the waters spanning 2.6 million square kilometers including Xisha, Nansha, and Zhongsha archipelagos.

[\(return to top\)](#)

15. US-PRC Trade Relations

Dow Jones ("TREASURY DEPT. DECLINES TO PRESS CHINA ON YUAN", Washington, 2007/12/20) reported that the Treasury Department declined again Wednesday to designate the PRC as a currency manipulator, despite the increasing pressure from Congress. In its latest semiannual report to Congress on the currency policies of countries around the world, the department reiterated its complaint that the recent appreciation in the Chinese yuan was "too limited and modest," but said that the government's heavy intervention did not meet the legal definition for currency manipulation. The PRC should "significantly accelerate" the appreciation of the yuan's effective exchange rate "to minimize the risks that are being created for China itself as well as the world economy, of which China is an increasingly critical part," the report said.

[\(return to top\)](#)

16. PRC Economy

International Herald Tribune (Keith Bradsher, "ECONOMISTS DIVIDED OVER WORLD BANK DATA ON CHINA'S OUTPUT", Hong Kong, 2007/12/20) reported that new calculations by the World Bank, suggesting that the PRC economy may not be as large as previously thought, are setting off a debate among economists over whether the calculations are accurate and what they should mean for the West's currency policies toward the PRC. The so-called purchasing power parity calculations, which compare the buying power of citizens around the world, showed that the PRC's output was 40 percent smaller than previous World Bank estimates. But some economists, including the former head of the PRC division at the International Monetary Fund, question whether the World Bank has now overstated prices in the PRC. While describing the estimates as an important step toward making international comparisons of economies, they point out that the bank looked mainly at affluent PRC cities in coastal provinces with big export industries.

[\(return to top\)](#)

17. PRC Government

Yomiuri Shimbun (Hiroyuki Sugiyama, "HU SECURING POWER BASE THROUGH LOCALITIES", Beijing, 2007/12/20) reported that the PRC's ruling Communist Party chose new leaders of its seven directly controlled cities and autonomous regions starting in late November. The lineup for the major posts, which are occupied by party cadres close to President Hu Jintao, shows how far the 65-year-old Hu has expanded his power base into the localities. Hu, who has consolidated his power base in a cautious but steady manner by paying attention to power balances in the party, apparently is diverting his efforts toward localities by assigning his men--who had been handpicked by Hu to ascend the party's promotion ladder on occasions including the 17th Party Congress in October--to

important posts.

[\(return to top\)](#)

18. PRC Labor Regulations

Reuters (Zhou Xin and Jason Subler, "NEW CHINESE LABOUR LAW GIVE EMPLOYERS THE JITTERS", Beijing, 2007/12/20) reported that a new labour contract law will push up business costs in the PRC next year and could force firms that are already struggling with rising expenses to shift production inland or out of the PRC altogether. The law will increase labour costs markedly and reduce the flexibility that has made the PRC the world's factory, businessmen and analysts say. The law requires firms to give open-ended contracts to staff who have worked for 10 years or have completed two fixed-term contracts. These contracts mandate higher company contributions to pension and insurance funds. And firms must pay sacked employees a month's wages for every year they have worked.

[\(return to top\)](#)

19. PRC Anti-Corruption Measures

Agence France-Presse ("CHINA ANTI-GRAFT WEBSITE CRASHES UNDER PUBLIC COMPLAINTS", Beijing, 2007/12/20) reported that the website of the PRC's new anti-graft bureau crashed shortly after going online due to the huge volume of messages from the public complaining about rampant corruption, state media said. The website (yfj.mos.gov.cn) of the National Bureau of Corruption Prevention, which was set up to collect information on corrupt activities, was so popular it crashed on Tuesday, just one day after it was launched. "The enthusiasm that greeted the launch of the website reflects the growing frustration felt by the general public towards corruption at government level," Xinhua news agency said.

[\(return to top\)](#)

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