

# NAPSNet Daily Report 23 January, 2008

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## Recommended Citation

"NAPSNet Daily Report 23 January, 2008", NAPSNet Daily Report, January 23, 2008,  
<https://nautilus.org/napsnet/napsnet-daily-report/napsnet-daily-report-23-january-2008/>

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## **I. NAPSNet**

### **1. DPRK Nuclear Program**

Agence France Presse ("US DENIES NKOREAN CHARGES ON DENUCLEARIZATION", Washington, 2008/01/23) reported that the United States denied charges it was failing to live up to its part of six-country deal aimed at the DPRK's denuclearization. "The US has met and is meeting its commitments," Gonzalo Gallegos, a State Department spokesman, told reporters when asked to comment on the charges. "US action related to the terrorism designation and the Trading with the Enemy Act application are dependent on North Korea's fulfillment of the requirements of US law and its progress on addressing concerns on a nuclear issue and meeting its denuclearization commitments," he said.

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### **2. US on DPRK Terror List Status**

Reuters ("NORTH KOREA SEEMS TO MEET U.S. CRITERIA ON TERROR LISTING", Washington, 2008/01/22) reported that the DPRK appears to have met the legal criteria to be taken off the U.S. state sponsors of terrorism list although its removal depends on progress on denuclearization agreements, a U.S. official said. "It appears that North Korea has complied with those criteria," Dell Dailey, the State Department's coordinator for counterterrorism, told a group of reporters. Dailey said resolving the matter of Japanese citizens abducted by the DPRK during the 1970s and 1980s did not appear to be an obstacle to taking Pyongyang off the terrorism blacklist.

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### **3. US on Six Party Talks**

The Associated Press (Foster Klug, "RICE SLAMS US ENVOY'S NKOREA CRITICISM ", Washington, 2008/01/22) reported that U.S. Secretary of State Condoleezza Rice sharply rebuked a fellow member of the Bush administration who criticized international negotiations aimed at persuading the DPRK to scrap its nuclear weapons program. Rice said that Jay Lefkowitz, President Bush's special envoy on DPRK human rights, "doesn't know what's going on in the six-party talks, and he certainly has no say on what American policy will be in the six-party talks." Rice said that Bush "has spoken as to what our policy is in the six-party talks. I know where the president stands, and I know where I stand, and those are the people who speak for American policy."

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## 4. DPRK on USS Pueblo Incident

The Associated Press (Kelly Olsen, "N. KOREA RECALLS SEIZURE OF US SPY SHIP", Seoul, 2008/01/22) reported that the DPRK said that the United States should remember the "bitter lesson" of the DPRK's seizure of the American spy ship USS Pueblo four decades ago. "The U.S. should not forget the bitter lesson drawn from the incident," an unidentified spokesman for the DPRK's Korean National Peace Committee was quoted as saying on the eve of the 40th anniversary of the seizure. "The incident was a product of the U.S. gangster-like policy of aggression" against the DPRK, the statement said.

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## 5. DPRK Economy

The Financial Times (Andrew Wood, "FUND MANAGEMENT: OPENING UP - DOING BUSINESS IN NORTH KOREA", 2008/01/22) reported that the DPRK presents a big challenge for fund managers: how to invest in the world's longest surviving Communist state? To a handful of investors, it is one of the purest, and perhaps most challenging, frontier markets on the planet. The Chosun Development & Investment Fund, based in London, started subscriptions after receiving approval from the UK regulators in 2006. Another London-based manager that specialises in emerging markets, Fabien Pictet & Partners, is planning a fund to invest in joint ventures in the DPRK. "You are talking about projects that would be around a million or even a few hundred thousand dollars to make work," says Ken Frost, finance director of Phoenix Commercial Ventures, which runs several joint ventures in the DPRK. Phoenix has stakes in several companies in the Pyongyang area. One sells such essentials as soap powder and personal computers. Another develops software using Linux. Another company makes artificial flowers for export.

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## 6. DPRK-Australia Relations

Joongang Ilbo ("NORTH TO CLOSE EMBASSY IN AUSTRALIA NEXT MONTH", Canberra, 2008/01/22) reported that the DPRK can't afford the bills anymore, so it will close its embassy here, Australia's foreign ministry said yesterday. DPRK diplomats informed Australian officials in November that the four-person embassy, located in a diplomatic quarter of Australia's capital Canberra, would shut in February. "The embassy advised that they plan to continue with non-resident diplomatic accreditations from Jakarta," a foreign ministry spokesman told Reuters. The mission said in a letter it was closing due to "financial reasons."

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## 7. DPRK Environment

Yonhap ("N. KOREA IS NO. 1 IN DISASTER DEATHS: REPORT", Seoul, 2008/01/22) reported that the DPRK has had the largest number of people in the world killed by natural disasters over the past

decade, the international Red Cross said in its latest annual report. Over 458,000 people died in the natural disasters that hit the DPRK from 1997 to 2006, the International Federation of Red Cross and Red Crescent Societies (IFRC) said in its World Disasters Report 2007 released. The figure accounts for about 38 percent of some 1.2 million natural disaster-caused deaths reported in 220 countries across the world during the same period, the report said.

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## 8. DPRK Human Rights

Chosun Ilbo ("HUMAN RIGHTS MEET TO FLOAT 'HELSINKI PROCESS' FOR N.KOREA", 2008/01/22) reported that the 8th International Conference on DPRK Human Rights and Refugees starts at Chatham House in London on Tuesday under the theme "North Korea: New Approaches." The international conference will seek ways to bring the DPRK into the international community economically and socially, and propose a kind of Northeast Asian version of the "Helsinki Process" -- a formula linking security with human rights. The conference is organized jointly by the Citizens' Alliance for North Korean Human Rights in the ROK, Korea University's Graduate School of International Studies, Chatham House, and the Rafto Foundation for Human Rights in Norway.

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## 9. ROK-GCC Trade Relations

Joongang Ilbo ("THINK TANK BACKS GULF FTA", 2008/01/22) reported that the ROK could enjoy an additional .54 percent increase in gross domestic product if it seals a free trade deal with the Gulf Cooperation Council, a state-run think tank said yesterday. The ROK plans to conduct free trade negotiations with the Gulf states in April. The bloc is composed of Saudi Arabia, the United Arab Emirates, Bahrain, Qatar, Oman and Kuwait. A free trade agreement is expected to create some 8,000 new jobs annually in the ROK and increase exports to the Middle East by an additional 4.9 percent, the Korea Institute for International Economic Policy said.

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## 10. Japan Politics

The Los Angeles Times (Bruce Wallace, "JAPAN'S DYNASTY POLITICS LOSING FAVOR AMONG THE PUBLIC", Tokyo, 2008/01/22) reported that America has its Bushes and its Kennedys, but it does not come close to matching the pervasiveness of family ties in Japanese politics, where local party machines are handed down like heirlooms from father to son -- and very occasionally to a daughter. The percentage of the *seshuu giin* (hereditary members of the Diet, or parliament) is even higher within Fukuda's long-ruling Liberal Democratic Party. Nearly 40% of the LDP's 308 members of the lower house are the sons, daughters or in-laws of politicians. "The Japanese public sees the [ *seshuu giin* ] as a big problem and the reason that politics is so stagnant," said Furuyama, whose institute was established to boost the careers of aspiring leaders who lack family connections. "Relying so much on second-generation politicians means there is a limited pool to draw from, and the quality of leadership reaches a limit."

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## **11. PRC Energy Supply**

The Financial Times (Virginia Marsh and Richard McGregor, "AUSTRALIA LOSES MARKET SHARE IN CHINA'S COAL", Sydney/Beijing, 2008/01/22) reported that Australia has lost substantial market share in the PRC in coal, its biggest export commodity, partly because of the severe infrastructure bottlenecks in ports and rail, which have plagued its overheating economy in recent years. The PRC, the world's largest consumer of the fuel, reduced its coal imports from Australia by 34 per cent to 4.52m tonnes last year, according to figures released yesterday in Beijing by the PRC customs authorities. The data will add to an already intense debate in Australia, the world's biggest coal exporter, over the best way to solve infrastructure capacity constraints that is preventing its resources companies from capitalising fully on booming global demand.

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## **12. Sino-Mongolian Trade Relations**

Xinhua ("CHINA REMAINS MONGOLIA'S LARGEST TRADE PARTNER IN 2007", 2008/01/22) reported that the PRC remained Mongolia's largest trading partner for nine years in a row in 2007, with the two-way trade accounted for 51.9 percent of Mongolia's total overseas trade. Total trade between the two countries last year reached 2.077 billion U.S. dollars, up 43.24 percent from the previous year, the Mongolian State Statistics Bureau said Monday. Mongolia's exports to the PRC rose by 35.19 percent to 1.406 billion dollars, and its imports from the PRC increased by 63.66 percent to reach 671 million dollars.

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## **13. PRC One Child Policy**

The Associated Press ("BEIJING TO RAISE FINES ON ELITES WHO VIOLATE THE ONE-CHILD RULE", Beijing, 2008/01/22) reported that celebrity has its perks, but in Beijing, large families are not one of them. Family planning authorities in the city intend to increase fines for the rich and famous in an attempt to stem growing violations of the Communist government's strict limits on the number of children the Chinese are permitted to have, the official Xinhua news agency reported. Fines for violating the policy can bankrupt an average family. But they are easily paid by the wealthy and famous, who in some cases can use their influence to avoid paying fines entirely. While the exact amounts were still being debated, fines for the wealthy will be set many times higher than the fines for other Chinese, Xinhua said.

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## **14. PRC Protests**

Xiamen (Michael Bristow, "CHINA'S RISING PEOPLE POWER ", Xiamen , 2008/01/22) reported that a nondescript plot of industrial land on the outskirts of the southern PRC port city of Xiamen has become the focus of a new political movement. The site was supposed to be the home of a new chemical plant, but protesters have forced the city government to put the project on hold. The Xiamen protest was different to the thousands of others that take place across the PRC because of

who was involved. The customary groups of poor, uneducated farmers were joined by young, motivated environmentalists, such as Wu Xian. Also joining the protest were Xiamen's rising middle classes, who are educated, wealthy and less willing to meekly accept government orders.

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## 15. PRC Environment

Washington Post (Maureen Fan, "CREATING A CAR CULTURE IN CHINA", Washington, 2008/01/22) reported that as the PRC's middle class expands, hundreds of thousands of new car owners are hitting the roads each year, driving up imports of luxury cars, snarling traffic, creating a car culture and reveling in what many Chinese describe as a newfound sense of freedom. In the PRC today, owning a car is what owning a television set was in 1950s America. Most people in this country of 1.3 billion still do not own a car. For example, in Beijing, a city of 16 million people, there are just slightly more than 3 million cars. But car ownership in the PRC has grown by 300 percent in just six years. The capital's roads and intersections were not designed to cope with such an influx. The air is thick with pollutants, many from the emissions of the more than 1,000 cars being added to the streets each day.

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