

# NAPSNet Daily Report 23 July, 2008

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#### Contents in this Issue:

#### • I. NAPSNet

- 1. DPRK Nuclear Program
- o 2. PRC, Japan on DPRK Nuclear Issue
- 3. US-DPRK Relations
- 4. Inter-Korean Economic Cooperation
- 5. Inter-Korean Relations
- o 6. Mt. Kumgang Shooting
- 7. Sino-DPRK Relations
- 8. DPRK-Mongolia Trade Relations
- o 9. US-ROK Security Alliance
- 10. ROK Bird Flu Measures
- 11. ROK-Japan Territorial Dispute
- 12. Japan Politics
- 13. Japan SDF Structure
- 14. ASEAN Regional Cooperation

- 15. Sino-Vietnamese Territorial Dispute
- 16. PRC Civil Society
- ∘ 17. PRC Unrest
- 18. PRC Income Disparity
- II. PRC Report
  - 19. Sino-Russian Relations
  - o 20. PRC Security
  - ∘ 21. PRC Energy
- III. ROK Report
  - 22. DPRK Denuclearization
  - 23. Inter Korean Relations
  - 24. DPRK Internal Situation

**Preceding NAPSNet Report** 

#### I. NAPSNet

# 1. DPRK Nuclear Program

Korea Herald ("U.S. HOPES TO DISCUSS N. KOREA'S URANIUM, PROLIFERATION AT ARF: RICE", 2008/07/22) reported that foreign ministers of six countries involved in the DPRK's denuclearization will discuss the DPRK's alleged uranium enrichment and nuclear proliferation in Singapore at a regional security forum, the top US diplomat was quoted as saying. "It has to be a verification protocol that can give us confidence that we are able to verify the accuracy of the North Korean declaration, and that we have a way to address proliferation as well as all nuclear programs, including highly enriched uranium," Rice said.

Associated Press (Matthew Lee, "RICE MEETS TOP NKOREAN DIPLOMAT", Singapore, 2008/07/23) reported that US Secretary of State Condoleezza Rice met DPRK Foreign Minister Pak Ui Chun and their counterparts from the four other nations of the six-party talks on Wednesday. "I think this is quite significant," said PRC Foreign Minister Yang Jiechi. "It shows the six parties have the political will to move forward with the six party process." DPRK spokesman Ri Tong-il told reporters that Pyongyang hoped the meeting would build momentum toward ending the declaration and verification stage and move toward a formal end to the Korean War. "What is important in the next stage is that these measures should lead to a complete abandonment of hostile (U.S.) policies toward our republic," he said.

(return to top)

# 2. PRC, Japan on DPRK Nuclear Issue

Kyodo News ("JAPAN, CHINA AGREE TO DEEPEN DISCUSSIONS ON N. KOREA NUKES WED.", Singapore, 2008/07/22) reported that Japan and the PRC agreed to discuss details on verifying the DPRK's nuclear activities at an informal meeting with other members of the six-party talks on the sidelines of ongoing ASEAN-related dialogue in Singapore, Japanese Foreign Minister Masahiko Komura said after talks with his PRC counterpart. PRC Foreign Minister Yang Jiechi was quoted by a Japanese Foreign Ministry official as saying that Beijing hopes the six nations will work together for a "balanced" approach as the negotiations on the DPRK's denuclearization have come to an "important turning point" and are faced with the opportunity of making new progress.

(return to top)

#### 3. US-DPRK Relations

JoongAng Ilbo ("NORTH KOREA, IRAN STILL IN THE 'AXIS OF EVIL': U.S.", Washington, 2008/07/22) reported that the White House said it will continue to consider the DPRK and Iran part of an "axis of evil" until they abandon their nuclear weapons programs. "I think that until they give up their nuclear weapons programs completely and verifiably, I think that we keep them in the same category," spokeswoman Dana Perino told a daily press briefing.

(return to top)

# 4. Inter-Korean Economic Cooperation

Chosun Ilbo ("NO PLAN TO HALT KAESONG TOURS, BUSINESS", 2008/07/22) reported that despite tense relations with the DPRK over the fatal shooting of a ROK tourist at Mt.Kumgang, the ROK government is not minded to suspend tours to the DPRK border city of Kaesong and business operations at the Kaesong Industrial Complex, Prime Minister Han Seung-soo said. Taking questions in the National Assembly, Han said, "Because tours to Kaesong are significant for inter-Korean relations, the question whether to suspend them or not has to be considered carefully."

(return to top)

#### 5. Inter-Korean Relations

Yonhap (Shin Hae-in, "MINORITY PARTY CALLS FOR ENVOY TO N. KOREA", Seoul, 2008/07/22) reported that Seoul's left-leaning minority party on Tuesday called on the government to send a special envoy to Pyongyang to break the ice between the divided countries following the recent shooting death of a ROK tourist. A DPRK soldier shot dead a female ROK tourist at its mountain resort last week, leading Seoul to suspend the decade-old tour which was seen as a symbol of reconciliation efforts between the two countries.

Xinhua ("DPRK NEWSPAPER HAILS CHINA'S "ONE COUNTRY, TWO SYSTEMS" POLICY", Pyongyang, 2008/07/22) reported that the Chinese Communist Party (CPC) and the PRC government have made progress in the country's reunification process by implementing the "One Country, Two

Systems" policy, the DPRK's Rodong Sinmun daily said in an article. The icy ties between the PRC and Taiwan have begun to thaw this year, said the article, noting that the turning point was the election of Taiwan leader Ma Ying-jeou, who aspires to have better relations with the PRC.

(return to top)

#### 6. Mt. Kumgang Shooting

Agence France-Presse ("SKOREA PM REGRETS NORTH'S REFUSAL ON SHOOTING PROBE", Seoul, 2008/07/22) reported that the ROK again urged the DPRK to let it investigate the fatal shooting of a Seoul tourist, saying southerners are "outraged and shocked" by the killing. "North Korea has not yet taken any reasonable and sincere steps, as 10 days have already passed since the fatal shooting," Prime Minister Han Seung-Soo told a cabinet meeting. "It's very regrettable." Han reaffirmed that the tours would not resume until the ROK secures a firm guarantee of safety.

Yonhap News (Lee Chi-dong, "S. KOREA BRINGS SHOOTING DEATH IN N. KOREA TO INTERNATIONAL STAGE", Singapore, 2008/07/22) reported that the ROK sought to internationalize the recent shooting death of its citizen in the DPRK, as top-level diplomats from Southeast Asian nations and regional powers gathered here for an annual security forum. ROK Foreign Minister Yu Myung-hwan raised the issue in a group meeting with his counterparts from the member states of the Association of Southeast Asian Nations (ASEAN). "Minister Yu explained that the South Korean government is pressing North Korea to allow its investigation team to visit there to find facts and prevent the reoccurrence of such an incident," Deputy Foreign Minister Lee Yong-joon said.

(return to top)

#### 7. Sino-DPRK Relations

Xinhua ("FM: CHINA-DPRK BORDER REMAINS NORMAL", Beijing, 2008/07/22) reported that the border between the PRC and the DPRK remained normal, said PRC Foreign Ministry spokesman Liu Jianchao. He made the remarks when commenting on a report saying the PRC would shut down some bridges across the border between the PRC and the DPRK. Liu told a regular press conference that the report was groundless and the border was as normal as usual.

(return to top)

#### 8. DPRK-Mongolia Trade Relations

Daily Business News Mongolia ("MONGOLIA IS TO EMPLOY WORK FORCE FROM NORTH KOREA", 2008/07/22) reported that at the submission of the Government of Mongolia, the Parliament ratified Mongolia-DPRK Inter-governmental Agreement on exchanging work forces on the 20 <sup>th</sup> of July, 2007. According to the Agreement, Ministry of Social Welfare and Labor of Mongolia is to negotiate in the near future with Foreign Trade Ministry on realizing the agreement and exchange of work force.

(return to top)

# 9. US-ROK Security Alliance

Korea Times (Jung Sung-ki, "WASHINGTON URGES SEOUL TO PAY MORE FOR TROOPS", Washington, 2008/07/22) reported that the ROK and the US have failed to narrow differences over how to share joint defense costs to maintain 28,000 US troops on the Korean Peninsula, a government official said. During the one-day meeting, the US called on the ROK to pay more to reach the 50-50 level in tune with Seoul's growing economy and increased responsibility for national defense. Seoul officials, however, were skeptical about the proposals. They wanted to provide military equipment and materials to the US military instead of offering host-nation funds in cash.

(return to top)

#### 10. ROK Bird Flu Measures

JoongAng Ilbo (Joongang Ilbo, "BIRD FLU CHECKS NOW YEAR-ROUND", 2008/07/22) reported that the ROK will implement a system to monitor poultry farms and bird habitats year-round. It will also set up new operating procedures to quickly contain any bird flu outbreaks, the government said. The Ministry for Food, Agriculture, Forestry and Fisheries said the monitoring of migratory and resident wild birds will be carried out on a regular basis, and all chicken and duck farms are to be inspected every other week for both the virulent and less-contagious strains of avian influenza.

(return to top)

# 11. ROK-Japan Territorial Dispute

Agence France-Presse ("JAPAN WARNS SKOREA NOT TO STIR 'MILITARY TENSION' ", Tokyo, 2008/07/22) reported that Japan criticised the ROK's plans to hold military exercises near disputed islands, warning Seoul that the move would stir up tension and further hurt relations. "Increasing military tension would do no good in the goal of strengthening bilateral relations," Chief Cabinet Secretary Nobutaka Machimura, the government's spokesman, told a news conference. "Under such circumstances, both sides should handle the issue cool-headedly, as we have repeatedly been saying," Machimura said.

Kyodo News ("JAPAN, S. KOREA FMS HAD 'SHORT BUT MEANINGFUL' EXCHANGE ON ISLET ROW", Singapore, 2008/07/22) reported that Japanese Foreign Minister Masahiko Komura and ROK Foreign Minister Yu Myung Hwan had an "extremely short but very meaningful exchange of views" including on a dispute over ROK-held islets in the Sea of Japan, Komura said. Komura, who was seated next to Yu during an annual ministerial meeting between ASEAN and key dialogue partners in Singapore, refused to provide details about their discussions.

(return to top)

#### 12. Japan Politics

The Asahi Shimbun ("FUKUDA MULLS RESHUFFLE TO SHORE UP HIS RATINGS", 2008/07/22) reported that Prime Minister Yasuo Fukuda will probably reshuffle his Cabinet ahead of an

extraordinary Diet session expected to start in late August at the earliest, sources said. Fukuda had instructed staffers to draw up plans for measures in five areas, including policy for the elderly and medical care, to help create a heightened sense of security among the public, sources said. Those plans are due to be announced late this month. A Cabinet reshuffle could follow soon after, the sources said.

(return to top)

### 13. Japan SDF Structure

The Yomiuri Shimbun ("MINISTRY MULLS END OF 5-ZONE GSDF HQS / STRUCTURE TIED TO OUTDATED COLD WAR IDEAS", 2008/07/22) reported that the Defense Ministry started formal deliberations on whether to abolish the separate command headquarters of the five regional armies of the Ground Self-Defense Force and set up a new organization to integrate army command functions. The ministry aims to enhance the GSDF's mobility by integrating command functions to better respond to terrorist and guerrilla attacks, which seem more of a threat these days. The ministry likely will include these measures in its next National Defense Program Outline, due to be reviewed in 2009.

(return to top)

### 14. ASEAN Regional Cooperation

Xinhua ("CHINA CALLS ON ASEAN+3 TO CEMENT TIES TO TACKLE FOOD CRISIS", Singapore, 2008/07/22) reported that PRC Foreign Minister Yang Jiechi said here on Tuesday that ASEAN Plus Three must strengthen their cooperation in order to better tackle the global food crisis. "We should give greater priority to 10+3 cooperation in agriculture", said the PRC foreign minister.

Yonhap News (Lee Chi-dong, "S. KOREA TO JOIN REGIONAL COOPERATIVE FUND", Singapore, 2008/07/22) reported that Southeast Asian nations and regional powers will launch a cooperative fund and discuss ways to cement their ties in a pair of high-level talks slated to kick off in the run-up to Asia's largest security forum, officials said. "The countries involved will declare the creation of the ASEAN Plus Three cooperative funds," ROK Foreign Ministry spokesman Moon Tae-young said. "The (ROK) government will express its willingness to contribute to the funds... High on the agenda will be food and energy security, international finance, and other issues related to ways of bolstering regional cooperation," Moon said.

(return to top)

#### 15. Sino-Vietnamese Territorial Dispute

Xinhua ("CHINA OPPOSES ANY ACT VIOLATING ITS SOVEREIGNTY, SAYS FM", Beijing, 2008/07/22) reported that the PRC opposes any act violating the country's territorial sovereignty, sovereignty rights or administrative rights in the South China Sea, the Foreign Ministry said. Spokesman Liu Jianchao made the remarks when asked by a journalist to confirm a report that the PRC has warned US-based oil giant Exxon Mobil to drop an exploration deal with Vietnam as the PRC claims the deal infringes upon PRC territorial waters.

#### 16. PRC Civil Society

The Financial Times (Geoff Dyer, "CHINA PRESSURE GROUPS LEARN TO TREAD CAREFULLY", Rushan, 2008/07/22) reported that beneath the surface of the PRC's communist political system, there are stirrings from a society that wants to be more engaged in decision-making. According to official figures, there are 354,000 registered non-government organisations. But thousands more NGOs are not registered and, collectively, the groups are playing an ever-growing role. "They are a lot more diverse and numerous than many people realise," says Shawn Shieh, a professor at Marist College, in Poughkeepsie, New York, who is writing a book on PRC NGOs. "But despite all the activity, a lot of them are fragile and want to stay beneath the radar."

(return to top)

#### 17. PRC Unrest

The Financial Times (Geoff Dyer, "STIRRINGS IN THE SUBURBS", 2008/07/22) reported that places such as Green Garden New World will play an important role in determining which political direction the PRC takes over the next couple of decades. The biggest potential threat to the party comes from the educated urban middle class. Although there are daily protests by poor farmers who claim their land has been stolen or poisoned by a nearby factory, rural protests tend to be isolated and local police are often not afraid to crack heads. A restive middle class in the country's international cities is a different matter. If company executives, lawyers and university professors start challenging the political status quo, the party's hold will become much less secure.

(return to top)

# 18. PRC Income Disparity

Reuters (Alan Wheatley, "CONFRONTING INCOME INEQUALITY IN CHINA", Beijing, 2008/07/22) reported that alongside growing numbers of wealthy people, there were still 204 million Chinese in 2005 living on less than \$1.25 a day, according to the latest available data from the World Bank. This disparity is one of the PRC's greatest social and political challenges. The issue is addressed in a new essay by the World Bank's chief economist, Justin Yifu Lin. Lin criticizes a basic Communist Party economic tenet that puts, in the name of "efficiency," the interests of corporations before those of workers and leaves it to government redistribution policies to deal with the ensuing inequalities.

(return to top)

#### II. PRC Report

#### 19. Sino-Russian Relations

Xinhua News Agency ("HU: RELATIONSHIP WITH RUSSIA AS DIPLOMATIC PRIORITY", Beijing,

2008/07/22) reported that President Hu Jintao said that the relationship with Russia has been the PRC's diplomatic priority. He made the comment while meeting with Russia's Minister of Foreign Affairs, Sergei Lavrov. "We will work with Russia to deepen strategic coordination and upgrade the partnership to new heights," said Hu. Describing current Sino-Russian relations as stable and healthy, Hu mentioned his two meetings with Russian President Dmitri Medvedev and comprehensive cooperation and consultation in international affairs. Hu particularly expressed thanks for the support of Russia on the Taiwan, Tibetan and Olympics issues, as well as its assistance after the May 12 earthquake in Sichuan Province.

(return to top)

# 20. PRC Security

China Daily ("TERROR GROUPS STILL POSE A 'THREAT' TO GAMES", 2008/07/21) reported that the Eastern Turkistan Islamic Movement (ETIM) poses a real threat to the Beijing Olympics because investigations show it has been plotting terror attacks on venues, a senior security official has said. "It's not imaginary. We have been focusing on the ETIM and it has been labeled a terrorist group not only by our country, but also the international community," Ma Zhenchuan, director of the security command of the Beijing Games, said. "Intelligence reports show the group has been planning to carry out terrorist attacks during the Games," Ma told China Central Television (CCTV) over the weekend, stressing that his command had already worked out detailed counter-terrorism plans.

(return to top)

### 21. PRC Energy

Xinhau Net ("SHANGHAI'S COOL WEEK AIMS TO SAVE 500,000 KWH", 2008/07/21) reported that professionals in Shanghai left their formal suits in the closet Monday, choosing instead T-shirts and sneakers for the coming Cool Week activity. White-collar workers in the Lujiazui financial district of the Pudong area will work at 26? rather than 24? in a five-day effort to reduce energy consumption. The Lujiazui Building Association, organizer of the temporarily relaxed dress code, said its purpose is to save energy at a time when consumption is a big demand. A total 500,000 kWh of electricity will be saved during the initiative, equal to the combined monthly electricity bills of almost 30,000 households, Xinhua News Agency said.

(return to top)

#### III. ROK Report

# 22. DPRK Denuclearization

Pressian ("BLUEPRINT FOR DENUCLEARIZATION", 2008/07/23) wrote that Suh Choo-suk, researcher at the Korea Institute for Defensive Analysis(KIDA), suggested that the final 3  $^{\rm rd}$  step of denuclearization should be done in order of "nuclear material transfer and dismantlement - nuclear facility dismantlement - nuclear weapon disarmament." The researcher also suggested that conversion of the DPRK nuclear industry to civilian industry should be promoted together. Suh

added that actual performance of this step should be realized through the six party foreign minister's forum, as soon as possible.

(return to top)

#### 23. Inter Korean Relations

The Peace Foundation ("POLICY TOWARD THE DPRK SHOULD BE RECONSIDERED", 2008/07/22) wrote that the ROK government seems to be pushing a hard line toward the DPRK, which is continuously refusing the investigation of the Mt. Kumgang incident. The card of the ROK is suspension of Kaesong tourism. However, after the 10 years of inter-Korea cooperation, the DPRK also has cards to push the ROK. Inter-Korea relations will get even worse if they become a race of diplomatic offensives. The ABR (Anything But Roh) policy, devoted to offensives, should be reconsidered.

Pressian ("CHANGE THE COMPASS", 2008/07/23) wrote that the real crisis of inter-Korea relations is not the recent critical situation, but the absence of a diplomatic security line to solve the problem. The Ministry of National Unification should admit the distinct characteristics of inter-Korean relations and start to deal with the crisis. The Ministry of National Unification, in the end, alone has the experience to solve large and small problems of inter-Korean relations.

(return to top)

#### 24. DPRK Internal Situation

Goodfriends ("FOOD CRISIS INCREASES CHILD THIEVERY", 2008/07/23) reported that as the DPRK's food crisis deepens, the number of child thieves is increasing. Especially when parents get caught while stealing food and sent to jail, children usually becomes thieves.

(return to top)

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