

NAPSNet Daily Report 24 June, 2008

Recommended Citation

"NAPSNet Daily Report 24 June, 2008", NAPSNet Daily Report, June 24, 2008,
<https://nautilus.org/napsnet/napsnet-daily-report/napsnet-daily-report-24-june-2008/>

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I. NAPSNet

1. DPRK Nuclear Program

Yonhap News (Lee Chi-dong, "N. KOREA DEMANDS CASH FOR DESTROYING YONGBYON COOLING TOWER: OFFICIALS ", Seoul, 2008/06/23) reported that the DPRK is asking for cash in return for its planned demolition of a cooling tower at its main nuclear complex north of Pyongyang, government officials said. The DPRK is reportedly planning to blow up the outdated Yongbyon cooling tower as soon as the US moves to remove it from the list of terrorism-sponsoring nations.

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2. DPRK Nuclear Declaration

Agence France-Presse (Lachlan Carmichael, "RICE HEADS TO ASIA FOR CRITICAL NKOREA NUCLEAR TALKS ", Washington, 2008/06/23) reported that US Secretary of State Condoleezza Rice departed Washington en route to talks in Asia that US officials hope will result in a major milestone in the DPRK's nuclear disarmament. Rice will travel to Japan and the ROK before wrapping up her Asia tour on June 30 in the PRC. During her stopover in Beijing, US officials see a chance for the DPRK to hand over a long-awaited declaration of its past nuclear activities.

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131072 0;} /* Style Definitions */ p.MsoNormal, li.MsoNormal, div.MsoNormal {mso-style-parent: ""; margin:0in; margin-bottom:.0001pt; mso-pagination:widow-orphan; font-size:12.0pt; font-family:"Times New Roman"; mso-fareast-font-family:"MS Mincho"; mso-fareast-language:JA;} span.yshortcuts {mso-style-name:yshortcuts;} @page Section1 {size:8.5in 11.0in; margin:1.0in 1.25in 1.0in 1.25in; mso-header-margin:.5in; mso-footer-margin:.5in; mso-paper-source:0;} div.Section1 {page:Section1;} -->

Reuters ("NORTH KOREA TO GIVE NUCLEAR REPORT THIS WEEK: KYODO ", Tokyo, 2008/06/23) reported that the DPRK will hand over a long-delayed report of its nuclear activities on June 26 in a step toward disarmament, Kyodo news agency said in a report from Beijing, citing sources close to six-party talks on the issue. In response, the US will begin the process of removing Pyongyang from a list of nations Washington sees as sponsors of terrorism, the report said, a move that would ease trade sanctions. In Washington, US State Department spokesman Tom Casey told reporters the US had no firm date on which to expect the the long overdue declaration.

Associated Press ("NKOREA NUKE DECLARATION WILL NOT INCLUDE WEAPONS: US OFFICIAL", Beijing , 2008/06/24) reported that Christopher Hill, the US assistant secretary of state for East Asia and Pacific Affairs, said Tuesday that the DPRK's nuclear declaration will outline the communist nation's nuclear programme but not its atomic weapons. "The weapons are to be determined at a subsequent phase. The declaration, at this point, the purpose of it, is to list all of their nuclear materials and all their nuclear facilities and programmes," a US embassy spokeswoman quoted Hill as saying. "So with regard to weapons, that has always been envisioned for the subsequent phase.... The North Koreans acknowledged that we have to deal with the weapons, but not in this phase."

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3. DPRK on DPRK-Japan Relations

Xinhua ("DPRK URGES NORMALIZATION OF RELATIONS WITH JAPAN", Pyongyang, 2008/06/23) reported that the official DPRK news agency, the KCNA, said the normalization of ties with Japan is in the interests of both countries and peoples. It blamed the Japanese rightists' attempts to blockade the establishment of the DPRK-Japan relations and warned Japan not to be a "trouble" as the six-party talks are making progress. DPRK has agreed to reopen an investigation into abductions of Japanese citizens, and Japan agreed to lift some sanctions imposed on the DPRK because of its nuclear programme after both sides held governmental talks in Beijing on June 11 and 12.

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4. Inter-Korean Relations

Korea Herald ("N. KOREA SAYS INTER-KOREAN PROJECTS IN JEOPARDY", 2008/06/23) reported that the DPRK said Sunday that inter-Korean economic projects have been jeopardized due to a "hostile policy" by a new ROK government. In a statement carried by its official news agency, the DPRK claimed that the Lee Myung-bak administration is intentionally dragging its feet on an agreement signed by its predecessor to facilitate "communication, passage, and customs" for the joint ventures between the two Koreas. " The ROK's Defence Ministry hoped that the two sides could resolve the issues as soon as possible but expressed regret with the DPRK's remark.

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5. Inter-Korean Trade

Yonhap News ("INTER-KOREAN TRADE RISES IN MAY DESPITE POLITICAL CHILLS ", Seoul, 2008/06/23) reported that the ROK's trade with the DPRK in May surged 14 percent on-year thanks to brisk industrial exchanges that offset a sharp drop in humanitarian aid, the Unification Ministry said. Inter-Korean trade volume increased to US\$172.7 million in the past month, up from US\$151.9 million in May last year, according to the ministry data. The increase was notable in the commercial sector, which posted US\$153.1 million worth of trade last month, up 46 percent from US\$104.8 million on the same month last year.

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6. US-DPRK Cultural Exchange

Joongang Ilbo (Jung Ha-won , "NORTH KOREA PHILHARMONIC MAY PLAY U.S.", 2008/06/23) reported that Washington is mulling a plan to let the DPRK's national philharmonic orchestra hold a concert in the United States in return for the New York Philharmonic's historic February concert in Pyongyang, according to Lee Yong-jin, a senior official of the National Unification Advisory Council. Lee, who heads the Washington unit of the state-run ROK agency that promotes inter-Korean reconciliation projects, has been leading efforts to arrange the concert. The DPRK mission to the United Nations gave the council the nod to go forward with the planning earlier this year.

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7. DPRK Education

Yonhap News (Shim Sun-ah, "N.K. RENOVATING SCHOOLS WITH FOREIGN DONATIONS ", Seoul, 2008/06/23) reported that the DPRK has stepped up efforts to improve educational facilities across the country with help from foreign countries and overseas Koreans, a pro-Pyongyang Korean-language daily in Japan said. The program is being actively supported by Australian, Swiss, Vietnamese and Finnish charitable funds as well as Korean residents in Canada, said the daily of Chongryon, or the pro-Pyongyang Association of Korean Residents in Japan. Much of the funding is being used to construct a new building for Koryo Songgyungwan, a university of light industry in Kaesong, south of Pyongyang, and modernize educational facilities at Kimchaek University of Technology with a history of 60 years in Pyongyang, according to the report.

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8. DPRK Food Shortage

BBC ("UN ASSESSES N KOREA FOOD SUPPLY ", Seoul, 2008/06/17) reported that staff from the UN World Food Programme have been given rare access to the DPRK countryside to assess the seriousness of food shortages there. The audit, being carried out across more than 50 counties, comes at a critical time. Some recent reports suggest that the country may be on the brink of famine. The United States government recently agreed to supply half a million tonnes of grain

through the World Food Programme (WFP), but the offer came with the condition that the agency should be allowed to carry out a proper assessment of need.

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9. ROK-Vietnam Environmental Relations

Viet Nam News ("VIET NAM, S KOREA TO BOOST ENVIRONMENTAL CO-OPERATION", 2008/06/23) reported that Viet Nam and the RoK have agreed to broaden bilateral co-operation in environmental protection, which has concerned both governments. Apart from signing a number of agreements, the two sides initiated some large-scale projects, including the building of an environmental training centre in Viet Nam with RoK's ODA, the setting up of an air environment observing system, and the development of an E-manifest system to manage electronic waste in Viet Nam. The two delegations to the conference also pledged to join efforts at international, regional and sub-regional environment-related forums, exchanging viewpoints and consulting each other on environment-related issues of mutual concern.

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10. Japan Politics

Agence France-Presse ("JAPAN PM REJECTS CALLS FOR EARLY ELECTION", Tokyo, 2008/06/23) reported that Japanese Prime Minister Yasuo Fukuda, holding a news conference at the end of a turbulent parliament session, rejected calls to hold an early election or reshuffle his cabinet. "I'm always asking myself if it's time for dissolution" of the lower house for early elections, Fukuda said. "But first we have to implement policies rather than troubling people. That's my duty," he said.

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11. Cross Strait Relations

The Associated Press ("TAIWAN WAR GAME SIMULATES ATTACK FROM CHINA", 2008/06/23) reported that Taiwan began its annual computer-simulated war game that anticipates an invasion by the PRC, despite warming ties between the island and its mainland rival. Taiwan's Ministry of National Defense Spokeswoman Lisa Chi said the Hankuang war game will last five days, but she declined to offer further details. Hankuang means Chinese glory. Major General Huang Kun-tsung, director of military training affairs, said in March the computer-simulated war game, like past ones, will focus on the PRC military threat to Taiwan. He said there will also be extensive military exercises in September.

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12. PRC Corruption

Reuters ("CHINA SAYS 43 OFFICIALS PUNISHED OVER QUAKE RELIEF", 2008/06/23) reported that Chinese authorities have punished 43 officials for misconduct over disaster relief efforts following last month's devastating Sichuan earthquake, including 12 who were sacked. Supervision

Minister Ma Wen, also the head of the National Bureau of Corruption Prevention, said the punishments were meted out after more than 1,000 complaints from the public following the 7.9 magnitude quake in southwest PRC, which killed almost 70,000 people. The government has previously warned it would come down hard on anyone who stole, misappropriated or misused the billions of yuan in aid which has flowed to the southwest following the earthquake.

Xinhua ("CHINA WARNS OFFICIALS AGAINST CORRUPTION, CHAMPIONS TRANSPARENCY OF QUAKE FUND DISTRIBUTION ", Beijing, 2008/06/22) reported that the PRC is warning officials at all levels to protect the billions in quake-relief funds from improper handling. At a nationwide live press conference, the Ministry of Supervision's top official reaffirmed the importance of a recently-issued regulation by the Communist Party of China (CPC) Central Commission for Discipline Inspection to avoid the misuse of the funds. The regulation, outlining detailed rules for the management and usage of the quake-relief funds, will punish violators in any position as well as those who cover up corruption.

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13. PRC Environment

China Daily (Wu Jiao, "GOVT TARGETS LAND POLLUTION TO ENSURE FOOD SECURITY", 2008/06/23) reported that the Ministry of Environmental Protection is strengthening measures to hold polluting companies accountable for land pollution amid increasing public health hazards triggered by soil pollution. According to the directive, "the company which inherits the debts and rights (of the polluter) should shoulder the responsibility" for providing financial assistance to restore the productivity of polluted land. Land pollution is an increasing concern, as it poses a threat to food security. "Land pollution has directly led to declining food quality," Sun Tiehang, an ecologist and member of the Chinese Academy of Sciences, told the Guangzhou-based Nanfang Daily.

The Associated Press ("BEIJING TAKES CARS OFF ROAD IN EFFORT TO CLEAN AIR ", Beijing, 2008/06/23) reported that an effort to clean Beijing's air ahead of the Olympics by removing cars from its clogged roads began Monday, but there was no immediate difference in the capital. Skies remained smoggy and traffic was bumper-to-bumper during afternoon rush hour on freeways and Chang An Avenue, which cuts through the heart of the city. Under the edict, half of all government and Communist Party cars were not being used from Monday until July 19, the city said in a notice on its Web site.

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14. PRC on Sustainable Energy

Xinhua ("VICE PRESIDENT: CHINA STICKS TO SUSTAINABLE ENERGY STRATEGY ", Jeddah, 2008/06/22) reported that Chinese Vice President Xi Jinping said the PRC will stick to the a sustainable energy strategy and make active contributions to the sustainable energy development and energy security in the world. China will put emphasis on both energy exploitation and conservation with priority given to economizing on energy consumption, Xi said at the ongoing International Energy Conference held in the western Saudi port city of Jeddah. The Vice President also called on nations to step up in-depth energy cooperation, exploration of clean energy and maintenance of a healthy energy market, to solve the current energy problems.

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15. PRC Economy

Los Angeles Times ("BUSINESSES IN CHINA TAKE A PRE-OLYMPICS HIT", Yiwu, 2008/06/23) reported that the Beijing Olympics in August may be the PRC's biggest international event in decades, but the Games have hardly been a windfall for many businesses in Yiwu, about 200 miles south of Shanghai, and in other cities that rely heavily on foreign customers. The main issue: the PRC's recently tightened visa restrictions, imposed ostensibly for public security reasons ahead of the Olympic Games. Leisure travel is also taking a pre-Olympics hit in the PRC, with the recent earthquake in Sichuan province and the unrest in Tibet adding to the industry's woes.

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II. PRC Report

16. PRC Investment

Sina Website, <http://finance.sina.com.cn/> ("BEIJING EQUITY INVESTMENT FUND ASSOCIATION ESTABLISHED", 2008/06/23) & <!-- /* Font Definitions */ @font-face {font-family:SimSun; panose-1:2 1 6 0 3 1 1 1 1; mso-font-alt:"Arial Unicode MS"; mso-font-charset:134; mso-generic-font-family:auto; mso-font-format:other; mso-font-pitch:variable; mso-font-signature:1 135135232 16 0 262144 0;} @font-face {font-family:"@SimSun"; panose-1:0 0 0 0 0 0 0 0 0; mso-font-charset:134; mso-generic-font-family:auto; mso-font-format:other; mso-font-pitch:variable; mso-font-signature:1 135135232 16 0 262144 0;} /* Style Definitions */ p.MsoNormal, li.MsoNormal, div.MsoNormal {mso-style-parent:""; margin:0in; margin-bottom:.0001pt; text-align:justify; text-justify:inter-ideograph; mso-pagination:none; font-size:10.5pt; mso-bidi-font-size:12.0pt; font-family:"Times New Roman"; mso-fareast-font-family:SimSun; mso-font-kerning:1.0pt; mso-fareast-language:ZH-CN;} @page Section1 {size:8.5in 11.0in; margin:1.0in 1.25in 1.0in 1.25in; mso-header-margin:.5in; mso-footer-margin:.5in; mso-paper-source:0;} div.Section1 {page:Section1;} -& &g reported that on June 21, the Beijing Equity Investment Fund Association was formally established. It is the second self-regulatory organization for the equity investment fund industry in the PRC, following the Tianjin Equity Investment Fund Association. Beijing Vice Mayor Jilin said in his speech that the Beijing government has organized relevant people to study and formulate preferential policies to support the development of PE institutions, including rapid registration for PE institutions, avoidance of double taxation, setting up equity investment-leading fund (FOF), providing policy support for the establishment of PE central building, etc. According to an internal source of the industry, in the future, the equity investment fund will be placed under the charge of the State Development and Reform Commission.

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17. PRC Environment

Yunnan Daily ("YUNNAN: SEWAGE DISCHARGED INTO LAKES, DALI ERHAI FACING CYANOBACTERIA CRISIS", 2008/06/19) & <!-- /* Font Definitions */ @font-face {font-

family:SimSun; panose-1:2 1 6 0 3 1 1 1 1 1; mso-font-alt:"Arial Unicode MS"; mso-font-charset:134; mso-generic-font-family:auto; mso-font-format:other; mso-font-pitch:variable; mso-font-signature:1 135135232 16 0 262144 0;} @font-face {font-family:"@SimSun"; panose-1:0 0 0 0 0 0 0 0 0 0; mso-font-charset:134; mso-generic-font-family:auto; mso-font-format:other; mso-font-pitch:variable; mso-font-signature:1 135135232 16 0 262144 0;} /* Style Definitions */ p.MsoNormal, li.MsoNormal, div.MsoNormal {mso-style-parent:""; margin:0in; margin-bottom:.0001pt; text-align:justify; text-justify:inter-ideograph; mso-pagination:none; font-size:10.5pt; mso-bidi-font-size:12.0pt; font-family:"Times New Roman"; mso-fareast-font-family:SimSun; mso-font-kerning:1.0pt; mso-fareast-language:ZH-CN;} @page Section1 {size:8.5in 11.0in; margin:1.0in 1.25in 1.0in 1.25in; mso-header-margin:.5in; mso-footer-margin:.5in; mso-paper-source:0;} div.Section1 {page:Section1;} -&g reported that according to a Dali EPA official: Erhai Lake is now in a critical period of transiting from nutrition to eutrophication. It has had the conditions for a large outbreak of cyanobacteria. As long as induced by external conditions, particularly if there is high temperature, little rain, low water level, the lake is extremely likely to face the threat of a large area of frequent outbreak of cyanobacteria.

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18. PRC Energy

Xinhua Net ("CHINESE VICE PRESIDENT XI JINPING ATTENDED INTERNATIONAL ENERGY CONFERENCE", 2008/06/23) <!-- /* Font Definitions */ @font-face {font-family:SimSun; panose-1:2 1 6 0 3 1 1 1 1 1; mso-font-alt:"Arial Unicode MS"; mso-font-charset:134; mso-generic-font-family:auto; mso-font-format:other; mso-font-pitch:variable; mso-font-signature:1 135135232 16 0 262144 0;} @font-face {font-family:"@SimSun"; panose-1:0 0 0 0 0 0 0 0 0 0; mso-font-charset:134; mso-generic-font-family:auto; mso-font-format:other; mso-font-pitch:variable; mso-font-signature:1 135135232 16 0 262144 0;} /* Style Definitions */ p.MsoNormal, li.MsoNormal, div.MsoNormal {mso-style-parent:""; margin:0in; margin-bottom:.0001pt; text-align:justify; text-justify:inter-ideograph; mso-pagination:none; font-size:10.5pt; mso-bidi-font-size:12.0pt; font-family:"Times New Roman"; mso-fareast-font-family:SimSun; mso-font-kerning:1.0pt; mso-fareast-language:ZH-CN;} @page Section1 {size:8.5in 11.0in; margin:1.0in 1.25in 1.0in 1.25in; mso-header-margin:.5in; mso-footer-margin:.5in; mso-paper-source:0;} div.Section1 {page:Section1;} --> reported that PRC Vice President Xi Jinping delivered a speech at the ongoing International Energy Conference held in the western Saudi port city of Jeddah June 22, 2008. The major content he said is that the PRC will put emphasis on both energy exploitation and conservation with priority given to economizing on energy consumption; the PRC has drafted a plan to reduce the energy consumption in per unit gross domestic product by about 20 percent by 2010 from the 2005 level; the PRC will try to meet the demands for economic growth and the improvement of people's life by increasing domestic energy supply; the PRC still has great potential for domestic energy supply, as the country has abundant reserves in coal, the major source for its energy; the PRC will pursue diversified development of energy supplies.

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III. ROK Report

19. ROK Food Policy toward DPRK

The Peace Foundation (Bubryun Peace Foundation chief director, "WE SHOULD HELP DPRK", 2008/06/23) wrote that DPRK people are dying of hunger. Some say 'the food crisis seems not serious, as they do not request for help.' We should keep that word for the DPRK government. The ROK government and DPRK government, international society, and private organizations should support provisions as soon as possible. The ROK government, especially as it is preparing for unification, should provide humanitarian aid to prevent further death by starvation.

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20. Inter-Korean Relations

Yonhapnews (Baek Seung Joo, "DEVELOP SIX PARTY TALKS TO NORTHEAST ASIA COOPERATION", 2008/06/24) wrote that Baek Seung Joo, researcher of Korea Institute for Defense Analysis, asserted that the ROK and the U.S. should discuss how to develop the six party talks into a North East Asia regional security cooperative organization in the long term. Baek suggested a DPRK-U.S. agreement to create Korean Peninsula peace structure and North East Asia multiparty security cooperative structure when DPRK nuclear problem is solved, should be actualized in 2nd conference. Baek also emphasized the ROK should inform the U.S. that its final goal is unification, and should include 'international basis for unification of Korea' in the ROK-U.S. agenda, to constitute basis for unification.

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21. DPRK Nuclear Program

Kyunghyang Newspaper ("ROK'S ROLE IN DPRK NUCLEAR CRISIS", 2008/06/24) reported that the DPRK nuclear crisis is rapidly going towards a conclusion this week. Expectations for settlement of the problem and improvement in DPRK-U.S. relations are reaching a peak. The ROK government should actively engage in this situation. For example, the ROK government can request DPRK-U.S. foreign minister talks, or the Secretary of State Condoleezza Rice to visit DPRK, as the DPRK expects. This would help strengthen the ROK's influence and rehabilitate inter-Korea relations. The ROK can take an important role if it is willing to.

Hankuk Ilbo ("DISMANTLEMENT OF COOLING TOWERS, TURNING POINT FOR NUCLEAR ISSUE", 2008/06/24) reported that the cooling towers has been a symbol of the DPRK nuclear facility and dismantlement of the cooling towers is very meaningful as a first step to denuclearization. However, it is still a long way to reach perfect denuclearization, including dismantlement of already developed nuclear weapons. Thus the six-party participant states should keep conversation open with perseverance and trust. The ROK should change its attitude of an onlooker and become more active in the six-party talks. The ROK government should also prepare for dynamic changes on the Korean peninsula.

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22. ROK Policy Toward DPRK

Ohmynews ("ROK SHOULD FIND ITS ROLE IN DPRK NUCLEAR ISSUE",) wrote that the Lee Myung Bak administration should declare the importance of 6.15 joint declarations and 10.4 declarations and review the 'denuclearize, open 3000 project'. The Lee administration should take the opportunity to actively engage in DPRK related issues. The policy toward the DPRK should be reviewed.

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