

# NAPSNet Daily Report 27 June, 2008

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## Recommended Citation

"NAPSNet Daily Report 27 June, 2008", NAPSNet Daily Report, June 27, 2008,  
<https://nautilus.org/napsnet/napsnet-daily-report/napsnet-daily-report-27-june-2008/>

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## **I. NAPSNet**

### **1. DPRK Nuclear Declaration**

The Wall Street Journal (Evan Ramstad, "PYONGYANG SUBMITS NUCLEAR DECLARATION", Seoul, 2008/06/26) reported that after keeping the US and other countries waiting for 15 months, the DPRK delivered a description of its efforts to develop nuclear weapons, setting up the next - and more difficult - stage in an international effort to disarm and reshape the DPRK. DPRK diplomats gave a declaration of its nuclear-weapons program to PRC counterparts in Beijing who have been coordinating the six-nation talks. Under the February 2007 deal, the DPRK also agreed to disable a nuclear plant that provided fuel for its nuclear weapons, a step that's also nearly complete. On Friday, it plans to blow up the cooling tower at the nuclear plant and invited TV crews from several countries, including the U.S. and the ROK, to record the event.

Yomiuri Shimbun ("REPORT LISTS N-FACILITIES, URANIUM STOCKS", Seoul, 2008/06/27) reported that the nuclear report submitted by Pyongyang on Thursday runs to about 60 pages, comprising three sections--a list of nuclear facilities, the amount of produced and extracted plutonium and how it was used, and the volume of its uranium stocks, ROK government sources said. The report contains no information concerning the number of nuclear weapons that Pyongyang has produced and facilities related to nuclear arms, according to the sources. The sources said the report also failed to offer any information on uranium enrichment or any assistance given to Syrian nuclear development.

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### **2. US on DPRK Nuclear Program**

Xinhua ("U.S. OFFICIAL SAYS DPRK AGREES TO INTENSIVE U.S. VERIFICATION", Washington,

2008/06/26) reported that a US official said the DPRK has agreed to intensive US verification of its plutonium production for nuclear weapons, US media reported. The US will "check the DPRK's math through a combination of documents, interviews and visits to its nuclear reactor," said the official, who spoke on condition of anonymity.

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### **3. G8 on DPRK Nuclear Program**

Associated Press (Eric Talmadge, "G8 FOREIGN MINISTERS FOCUS ON NORTH KOREA", Kyoto, 2008/06/27) reported that foreign ministers from the Group of Eight welcomed the DPRK's declaration of its nuclear capabilities but warned Friday there remains a long way to go before it can rejoin the international community. US Secretary of State Condoleezza Rice noted that although the declaration covered thousands of pages, it did not clear up questions about the DPRK's enrichment of uranium and other concerns. "We know North Korea has a record of not living up to its obligations," she said, stressing the need for full verification. Japanese Foreign Minister Masahiko Komura stated, "The abduction issue is not only Japan's problem, but it is also a humanitarian and human rights issue that the entire international community shares."

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### **4. ROK on DPRK Nuclear Declaration**

Korea Herald (Kim Ji-hyun, "SEOUL MUTE ON PYONGYANG NUCLEAR DATA SUBMISSION", Seoul, 2008/06/27) reported that ROK Foreign Minister Yu Myung-hwan welcomed the DPRK's move to declare its nuclear programs, but said it would have been better if Pyongyang had included an exact inventory of its nuclear weapons. "The government is quietly waiting for North Korea to complete the denuclearization process," said Kim Tae-woo, a senior research fellow with the state-run Korea Institute for Defense Analyses. Yu's response appeared to be "a gesture to assure that North Korea honors its promises and nothing more," Kim added.

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### **5. DPRK Terror List Status**

The Los Angeles Times (Barbara Demick and Robert Ourlian, "BUSH WILL TAKE NORTH KOREA OFF TERROR LIST", Washington, 2008/06/26) reported that the DPRK turned over a long-awaited inventory of its nuclear program today as part of a deal that will allow the lifting of some US sanctions. President Bush, appearing in the Rose Garden, said the declaration puts the DPRK "a step closer" to denuclearization, and announced he would reciprocate by removing the DPRK from the US list of state sponsors of terrorism. Bush also will scale back other US sanctions. Although largely symbolic, the lifting of the sanctions represents a major turning point in the Bush administration's tortuous relationship with the DPRK.

Donga Ilbo ("NORTH KOREA'S CREDIT RATING TO GO UP", Seoul, 2008/06/27) reported that with the removal of US sanctions, it is expected that the DPRK's sovereign credit rating will increase and its economic conditions will improve. A senior official of the ROK Ministry of Foreign Affairs and Trade said, "While participating in the talks, North Korea has a greater interest in freeing itself from

the political dishonor of being called a state sponsor of terrorism than in economic issues." A diplomatic source said, "The fact that some sanctions on North Korea will be lifted does not mean the communist state can be totally freed from U.S. regulations immediately. But, it is meaningful in that North Korea can have a chance to restore international confidence."

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## **6. US-DPRK Relations**

The Associated Press (Matthew Lee, "RICE: NO. KOREA MUST DO MORE TO EARN NORMAL TIES ", Kyoto, 2008/06/26) reported that Secretary of State Condoleezza Rice said that the DPRK's nuclear declaration is not enough for the US to begin normalizing ties with the state. Rice said the declaration submitted was a "good first step" in getting the DPRK to abandon nuclear weapons, but stressed that process must be completed before Washington considers moving beyond a preliminary easing of some sanctions. Rice also said the time was not yet right for her to visit the DPRK. "It is not time to contemplate that at this point," she said. "There is a long way to go here."

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## **7. US, Japan on DPRK Terror List Status**

Kyodo ("JAPAN-U.S. TIES TO RESOLVE N. KOREA NUCLEAR, ABDUCTION ISSUES: FUKUDA ", Tokyo, 2008/06/26) reported that Prime Minister Yasuo Fukuda said that continued close cooperation between Japan and the US will pave the way for resolving the issues of the DPRK's nuclear ambitions and abduction of Japanese nationals. Fukuda brushed off concerns that the planned U.S. removal of the DPRK from Washington's list of state sponsors of terrorism may negatively affect Tokyo's future negotiations with Pyongyang on the abductions and other outstanding issues. Bush said in Washington that the US "will never forget" the DPRK's abduction of Japanese and will continue to press Pyongyang to "swiftly resolve" the issue.

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## **8. DPRK Nuclear Reactor**

Associated Press (Burt Herman, "REPORT: NORTH KOREA DESTROYS NUCLEAR REACTOR TOWER", Seoul, 2008/06/27) reported that the DPRK destroyed the 60-foot-tall cooling tower at its main reactor complex in Yongbyon on Friday, MBC news reported. The reactor blast occurred shortly after 4 p.m. local time before an audience of international TV cameras. There were no other immediate details.

Kyodo ("DEMOLITION OF N. KOREAN COOLING TOWER UNCONFIRMED: S. KOREAN TV", Seoul, 2008/06/27) reported that MBC television reversed its earlier statement, saying that whether or not the demolition of the DPRK's cooling tower at Yongbyon took place was unconfirmed. Officials of the television station told Kyodo News the station had sent out the news flash without confirming with its crew on the scene whether the demolition had gone ahead as scheduled.

Korea Times (Na Jeong-ju, "PYONGYANG YET TO DECLARE NUCLEAR BOMBS", Seoul, 2008/06/27)

reported that critics said that the meaning of the destruction of the DPRK's cooling tower should not be exaggerated, as the cooling tower, a part of an already disabled reactor, was just derelict. "Many people say the cooling tower demolition is a mere show for the international media and the North will break the promise again to dismantle its nuclear programs," said Lee Bong-jo, a former vice minister of unification and now president of the Seoul-based Institute for National Unification. "However, I rather view it as an encouraging sign showing Pyongyang's willingness to drop its nuclear ambitions and improve relations with Washington." However, an official at the Ministry of Foreign Affairs and Trade said the DPRK's refusal to reveal the core information about its atomic programs has raised doubts about what it really wants. "There are still many crucial questions unanswered," the official said asking not to be named.

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## **9. ROK Aid to the DPRK**

Yonhap News (Lee Joon-seung, "S. KOREA SHIPS ANTI-MALARIA SUPPLIES TO N. KOREA", Seoul, 2008/06/26) reported that the ROK has shipped US\$1.22 million worth of anti-malaria supplies to the DPRK to help prevent the spread of the disease over the summer months, the Korea Centers for Disease Control and Prevention (KCDC) said. It said a ship carrying the supplies left Incheon, 40 kilometers west of Seoul, earlier in the day and is expected to reach Nampo, the DPRK's main sea port on the Yellow Sea, within the day. KCDC said medicine for 50,000 people, 100,000 mosquito nets, insecticides and test kits to check for infection have been sent.

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## **10. Inter-Korean Economic Cooperation**

Korea Herald ("N.K. LIMITS GAESEONG BORDER CROSSINGS", Seoul, 2008/06/27) reported that the DPRK has been partially limiting the passage of ROK people and materials from the Gaeseong joint industrial complex into the ROK, citing "outdated communication facilities," government sources here said on Friday. "North Korea has been allowing South Koreans to carry materials or return to the South only in afternoons since Monday, saying it is difficult to allow normal passage because the communications line necessary to manage cross-border passage is too old," they said.

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## **11. DPRK Economy**

IFES NK Brief ("PRICE OF DPRK RICE DROPS ", 2008/06/26) reported that one kilogram of rice in the DPRK, the price of which shot up to as much as 4,500 DPRK won last month, has reportedly fallen in price this month by up to 2000 won. According to a DPRK source, on June 10, one kilogram of rice was selling for between 2,500 - 2,700 across the country. However, the source stressed, "While the price is falling, food prices are still more than three times what they were last year, so citizens with no money have a hard time feeding themselves...in agricultural regions with no money, famine is spreading regardless of falling grain prices."

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## 12. US-ROK Trade Relations

Associated Press (Kwang-tae Kim, "SOUTH KOREA BEGINS INSPECTION OF US BEEF", Seoul, 2008/06/27) reported that the ROK began inspecting U.S. beef Friday as hundreds of labor activists blocked customs storage facilities for a second day. The quarantine inspection of some of the 5,300 tons of U.S. beef from earlier shipments was under way in eight of 17 storage facilities across the country, said the state-run National Veterinary Research & Quarantine Service. The inspection may take a few days and the beef could be on store shelves in about a week, agency spokesman Lee Byung-kwon said, adding that fresh U.S. beef shipments were expected to arrive in about a month. Woo Moon-sook, a spokesman for the Korea Federation of Trade Unions, stated, "We will stop the distribution of U.S. beef because it poses danger of mad cow disease."

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## 13. US-Japan Security Alliance

Agence France-Presse ("JAPAN COURT ORDERS COMPENSATION FOR NEIGHBOURS OF US BASE", Tokyo, 2008/06/26) reported that a Japanese court ordered the government to compensate local residents for noise pollution from a US air base on the southern island of Okinawa. The Naha District Court awarded a total of 146 million yen (1.35 million dollars) to 396 plaintiffs living near the Futenma Air Station who had complained about noise and the risk of accidents involving US helicopters. The Japanese government had "infringed on the rights of residents by sharing the air station," said presiding Judge Yoshimitsu Kawai, Jiji Press reported.

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## 14. US, Japan, Australia Trilateral Relations

Dow Jones ("AUSTRALIA TO HOLD TRILATERAL TALKS WITH JAPAN, US - MIN", Canberra, 2008/06/25) reported that Australian Foreign Affairs Minister Stephen Smith said he will attend a trilateral meeting between Australia, Japan and the U.S. in Kyoto, Japan on Friday. The meeting, to be held following a Group of Eight foreign ministers' summit Friday, is aimed at strengthening "practical cooperation in the region", Smith said. It will provide an "important opportunity to further advance Australia's significant engagement with their countries across the range of strategic political and economic interests," Smith said.

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## 15. Sino-Japanese Military Relations

Yomiuri Shimbun (Toshimitsu Ishima and Chikara Shima, "JAPAN, CHINA DIFFER OVER MILITARY EXCHANGE", 2008/06/26) reported that as diplomatic relations between Tokyo and Beijing gradually warm, the first visit to the PRC by a Maritime Self-Defense Force warship has shed light on some questions relating to military exchanges between the two countries. Political observers say that by playing host to the Sazanami, Beijing hopes to give the impression of being forward-looking vis-a-vis information disclosure. The Japanese side is hopeful progress made via the defense exchanges will help prevent an escalation of conflict with the PRC if an unpredicted incident occurs

in the East China Sea--parts of which are disputed by the two countries. Tokyo also hopes to foster greater trust among rank-and-file personnel of the SDF and PRC military.

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## **16. Japan Sudan Dispatch**

Kyodo (Taro Karasaki, "JAPAN STALLS ON SDF DISPATCH TO SUDAN", 2008/06/26) reported that despite behind-the-scenes moves for an announcement that Japan will join peacekeeping efforts in Sudan, the government has let the opportunity slide. Plans were afoot ahead of next month's Group of Eight summit in Hokkaido to put Japan at the vanguard of nations leading peace-building activities in the African country torn by conflict. But plans remain uncertain while the government and the Defense Ministry wrangle over concerns about the safety of such a mission.

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## **17. PRC Environment**

The Associated Press (Henry Sanderson, "GROUP CRITICIZES BEIJING WATER DIVERSION PLAN ", Beijing, 2008/06/26) reported that plans to divert water to Beijing for the Olympic Games are shortsighted and will not ease the city's severe water crisis, a Canadian-based development policy group said in a study released Thursday. Channeling water from neighboring provinces for an event billed as the "Green Olympics" is not a "fundamental solution," Probe International said in its report, compiled by a team of experts in Beijing who requested anonymity. Such diversions are expensive and damage the environment, the report said.

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## **18. US on PRC Military**

Chosun Ilbo ("U.S. DEFENSE OFFICIALS TESTIFY ON CHINA MILITARY ", 2008/06/26) reported that two U.S. defense officials have testified before Congress on the PRC's military buildup and future potential. James Shinn, Assistant Secretary of Defense for Asian and Pacific Security Affairs, says the PRC has engaged in a sizable and sustained increase in defense spending, estimates of which range upward from an official figure of \$60 billion. Among other things, he says this has continued to shift the military balance in the Taiwan Straits in Beijing's favor, and places U.S. and allied forces in the region at risk.

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## **II. PRC Report**

## **19. Sino-Japanese Relations**

Global Times (Sun Xiuping, "JAPANESE THINK TANK SAID 'MATURE CHINA' BENEFITED JAPAN



MOST", Beijing, 2008/06/25) reported that Japanese think tank-PHP Research Institute finally completed a "Final Report of Japan's Comprehensive Strategy to China", which had taken about two years. The report assumes that in 2020 the PRC may be in five kinds of situations, which are "mature", "hegemonic", "immature", "unstable" and "disordered". They think a "Mature China" is the most beneficial to Japan. The report said that to guide the PRC to become "mature", the Japanese government should deal with Sino-Japanese relations in 16 aspects, such as regularly holding summit talks among Japan, the PRC, and the US; actively promoting regional cooperation in East Asia; developing long-term peace goals in East Asia; strengthening the government's external publicity and so on.

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## 20. PRC Environment

China Environment News (Li Yufang, Gao Jie, "", Beijing, 2008/06/24) reported that Taihu Lake region is densely covered by a net of rivers. The water system is complex, with rivers flowing into the lake mostly crossing different administrative regions. So the Jiangsu Provincial Government decided to implement a "Two River Heads System" for the 15 rivers that flow into Taihu Lake. Each river is put under the charge of a provincial level leader and a local leader. Their primary responsibility is to organize the preparation and implementation of a comprehensive water environment treatment plan, to coordinate on solving problems, to make sure of plans, projects, funds, and responsibility, and to promote water pollution prevention.

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## 21. PRC Energy Supply

Beijing News ("RISING OIL PRICE IS A GOOD OPPORTUNITY TO PROMOTE ENERGY CONSERVATION", Beijing, 2008/06/26) reported that the National Development and Reform Commission last week announced policies related to the rise in oil prices. The rising price may create pressure, but overall, its positive role is much greater than its negative role. Earlier, the state used financial subsidies to maintain low prices. This causes the people to pay for a small number of big energy consumers, which made it difficult to reverse of the high growth trend of domestic oil consumption. Now oil prices are gradually returning to the market mechanism. The resource price will reflect their true value. Let the price control the quantity, thereby enhancing energy efficiency.

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