

# NAPSNet Daily Report 4 January, 2008

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## **I. NAPSNet**

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

Associated Press (Jae-soon Chang, "NKOREA TO BOLSTER 'WAR DETERRENT'", Seoul, 2008/01/04) reported that the Rodong Sinmun warned Friday that the DPRK would bolster its "war deterrent," accusing the United States of plotting a nuclear war. The newspaper claimed that the U.S. is modernizing its nuclear arsenal under its "aggression strategies." "Our republic will continue to harden its war deterrent further in response to the U.S. stepping up its nuclear war moves," the paper said in a commentary, carried by the country's official Korean Central News Agency.

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

Reuters (Lindsay Beck and Paul Eckert , "CHINA SAYS NORTH KOREA DELAY 'NATURAL'", Beijing, 2008/01/03) reported that the PRC described the DPRK's failure to meet a deadline to account for its nuclear activities as a natural delay. "The pace is faster in some areas and slower in some areas. This is natural," PRC Foreign Ministry spokeswoman Jiang Yu told a news conference, urging all sides to fulfill their respective pledges. "We believe the comprehensive implementation of actions will open broader prospects for the six-party talks."

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

The Associated Press (Foster Klug, "US TO PRESS NORTH KOREAN DISARMAMENT", Washington, 2008/01/03) reported that the chief US envoy at DPRK nuclear disarmament talks is heading to Asia to discuss efforts to spur the DPRK to fulfill a key pledge to declare all its nuclear programs, the State Department said. Christopher Hill, assistant secretary of state for East Asia, will leave for meetings next week in Tokyo, Seoul, Beijing and Moscow. Asked if the US is expected to get the declaration during Hill's trip, McCormack said that the DPRK "can produce it at any time, and we're going to encourage them to do so as soon as possible, but also they should not sacrifice completeness for speed."

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## 4. DPRK Economy

IFES NK Brief ("DPRK HOLDS ANNUAL LOTTERY FOR GOVERNMENT BOND REPAYMENTS ", 2008/01/03) reported that the DPRK has announced the winners of its sixth drawing for payouts of 'People's Life Bonds', through which it provides ticket buyers with not only payment of principal, but also additional lottery winnings. From July to November of 2003, the DPRK sold 10-year bonds worth 500, 1000, and 5000 won, and since then has held drawings once or twice per year repaying the bonds and lottery winnings as a way to pull in idle cash from the people. Korean Central TV reported that the 6th People's Life Bond drawing had taken place and provided some numbers regarding the payments. In the latest drawing, thirteen 5000 won, eight 1000 won, and ten 500 won tickets were drawn.

Agence France-Presse ("'LABOUR HERO' EXECUTED IN NKOREA: AID GROUP", Seoul, 2008/01/03) reported that a cooperative farm chief who was once honoured by the DPRK's founding president has been publicly executed for starting a private farm to support his luxurious lifestyle, a ROK aid group said. The unidentified man -- said to be a member of the national legislature -- and two colleagues were put to death by firing squad on December 5 in Pyongsong City, 30 kilometres (20 miles) north of Pyongyang, the Good Friends group quoted sources as saying. The farm chief, his accountant and the local county's party secretary were accused of selling produce from an unauthorised farming operation to lead a luxurious lifestyle.

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## 5. Inter-Korean Relations

Yonhap (Lee Chi-dong, "POWER LIKELY TO SHIFT TO DIPLOMATS FROM OFFICIALS SPECIALIZING IN N. KOREA", Seoul, 2008/01/03) reported that the Unification Ministry held sway over security-related matters during the Kim and Roh administrations that critics say favored inter-Korean relations over Seoul-Washington ties. President-elect Lee Myung-bak's power transition team is talking about disbanding the ministry or merging it with the Foreign Ministry as part of a drive to streamline government. "Many officials in the transition team take a negative view of the role and function of the Unification Ministry," said Korea University professor Nam Sung-wook, key advisor to the ad-hoc body. "They are looking at various options on the future of the ministry." One option is to fold it under the wing of the Foreign Ministry, empowering diplomats to coordinate security-related policies.

Associated Press (Jae-soon Chang, "SKOREAN SPY CHIEF VISITED NKOREA", Seoul, 2008/01/03) reported that Kim Man-bok, head of the ROK National Intelligence Service, made an unannounced visit to the DPRK on the eve of his country's presidential election last month, an official said Friday. He made the one-day trip to Pyongyang on Dec. 18 to install a commemorative stone in front of a pine tree that President Roh Moo-hyun planted during the summit in October, an NIS spokesman said. Local media speculated that Kim might have also discussed inviting the DPRK's No. 2 leader, Kim Yong-nam, to visit Seoul before Roh's term ends next month, but the NIS spokesman dismissed the speculation as groundless.

Yonhap ("NEW ADMINISTRATION TO CREATE \$40 BILLION FUND TO HELP N. KOREAN ECONOMY", Seoul, 2008/01/04) reported that the incoming Lee Myung-bak government plans to

earmark US\$40 billion for an international cooperative fund to support DPRK economic growth, Lee's transition team said Friday. The planned fund is in line with Lee's plan to help increase the DPRK's per capita income to \$3,000 within a decade if it makes the decision to abandon its nuclear program and open its market, said the team's spokesman Lee Dong-gwan. He said detailed ways of raising the fund will be discussed later but other insiders said the World Bank and the Asia Development Bank can provide help.

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## **6. US-ROK Relations**

Korea Times (Kang Hyun-kyung, "LEE STRESSES STRONGER KOREA-US ALLIANCE", Seoul, 2008/01/04) reported that ROK President-elect Lee Myung-bak said Friday that Seoul and Washington should work together more closely to bolster the ROK-U.S. alliance and build peace on the peninsula. Lee made the remark in a meeting with U.S. experts including William Perry, former secretary of the Department of Defense; Robert Gallucci, dean of the Edmund A. Walsh School of Foreign Service at Georgetown University; Paul Wolfowitz, former president of the World Bank; and Robert A. Scalapino, professor emeritus at UC Berkeley. Rep. Joo Ho-young, a spokesman for Lee, said the President-elect will seek to hold a summit with President George W. Bush immediately after he takes office.

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## **7. ROK Missile Defense System**

The Korea Times (Jung Sung-ki, "S. KOREA OPPOSES JOINING US MISSILE DEFENSE SYSTEM", 2008/01/03) reported that Defense Minister Kim Jang-soo expressed his objection to the idea of joining the U.S.-led global missile defense network aimed at intercepting high-altitude ballistic missiles, citing financial problems. "To participate (in the U.S. missile defense shield), we have to purchase state-of-the-art early warning 'systems' and missile interceptors that require a big budget," Kim told a press briefing at the ministry in Seoul. "Our military is building a low-altitude missile intercept shield." Kim also opposed Seoul's participation in the U.S.-led Proliferation Security Initiative (PSI), aimed at interdicting DPRK ships suspected of carrying material that could be used for weapons of mass destruction (WMDs).

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## **8. Japan Missile Defense System**

Reuters ("LOCKHEED GETS FRESH JAPAN MISSILE-DEFENSE DEAL", Washington, 2008/01/02) reported that Japan is boosting its fledgling shield against ballistic missiles, Lockheed Martin Corp said, reflecting moves at sea to defend against a perceived threat from the DPRK. Lockheed won a \$40.4 million deal to add missile-defense capability to a third of four Japanese Kongo-class destroyers, the Myoko, the U.S. Defense Department said. In addition, Bethesda, Lockheed hopes Japan eventually will add similar capabilities to its two newest destroyers, just as the U.S. Navy is planning, he said.

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## **9. Japan SDF Indian Ocean Mission**

Kyodo ("U.S. REJECTS JAPAN'S CALL TO LIMIT FUEL USE TO TERROR OPERATIONS", Tokyo, 2008/01/03) reported that the US has frustrated Japan's designs that its Maritime Self-Defense Force would provide fuel in the Indian Ocean only to vessels which participate in operations to interdict terrorist activities at sea, sources close to Japan-US relations said. It would impose restrictions on antiterrorism operations of U.S. forces if Japan's government-sponsored bill to resume the MSDF refueling mission clearly states that the fuel should not be used for purposes other than the original intent, the US side told Japan, according to the sources. The Japanese government and ruling coalition aim to have the bill passed by the Diet and the related law enacted sometime this month, but given Washington's stance, they would have no choice but to give up clearly specifying in a bilateral document about for what purposes the Japan-provided fuel should be used, the sources said.

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## **10. Sino-Japanese Environmental Cooperation**

The Yomiuri Shimbun ("JAPAN TO BUY CHINA RIGHTS ON EMISSIONS / ODA PROJECTS TO HELP FULFILL KYOTO TARGETS", 2008/01/03) reported that the Japanese and PRC governments reached a basic agreement under which the Japanese government and domestic firms would purchase a portion of the PRC's greenhouse gas emissions quotas that fall under reductions achieved by the country through Japanese yen-loan projects, The Yomiuri Shimbun has learned. The two nations will seek formal agreement on the matter during the PRC President Hu Jintao's visit to Japan, scheduled for late March. The move is seen as a major boost for Japan's efforts to meet its emissions targets under the Kyoto Protocol.

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## **11. Taiwan Diplomacy**

Associated Press (Debby Wu, "MALAWI OFFICIALS SHUN TAIWAN OFFICIAL", Taipei, 2008/01/04) reported that Malawi snubbed Taiwanese Foreign Minister James Huang on an aborted visit to the African nation aimed at persuading it to resist switching diplomatic ties from Taiwan to the PRC. Huang left for Malawi on Wednesday after two senior Malawian government ministers visited Beijing. "After (Huang) took off, Malawi informed us that President Bingu wa Mutharika was still on holiday and Minister of Foreign Affairs Joyce Banda left the capital due to an unforeseen incident," the Taiwan Foreign Ministry said in a statement. Acting Taiwanese foreign ministry spokeswoman Phoebe Yeh said Taiwan was closely monitoring ties with Malawi. She acknowledged "it was not normal" that Malawian officials canceled meetings with Huang. The ministry said Banda reassured Huang by phone, however, that "mutual ties remain unchanged."

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## **12. Sino-Indian Relations**

Agence France-Presse ("INDIA PM SINGH TO VISIT, CHINA SAYS", Beijing, 2008/01/03) reported

that Indian Prime Minister Manmohan Singh will visit PRC this month as the two nations seek to end a decades-old border dispute and push forward warming ties, Beijing said. Singh will visit the PRC from January 13 to 15, PRC foreign ministry spokeswoman Jiang Yu told reporters, offering few specifics on the trip. However, she said the two sides planned to continue efforts to sort out the dispute over the location of their border in the Himalayan region that led to a brief war in 1962.

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## **13. US Technology Exports to the PRC**

VOA News ("STUDY SAYS BUSH POLICY ON TECH EXPORTS TO CHINA THREATENS NATIONAL SECURITY", 2008/01/03) reported that a Washington-based research group says a new U.S. policy on technology exports to the PRC should be suspended because it threatens national security. The group - called the Wisconsin Project on Nuclear Arms Control - made the claim in a report. The report criticizes a change last October to U.S. rules on the export of sensitive technologies to the PRC. The policy makes it easier for PRC firms to receive such technology if the US government says they are trusted to use it for civilian and not military purposes. But the report says two firms benefitting from the policy have ties to the PRC military, which could use the technology to modernize.

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## **14. Sino-Venezuelan Energy Cooperation**

The Christian Science Monitor (Sara Miller Llana and Peter Ford, "CHÁVEZ, CHINA COOPERATE ON OIL, BUT FOR DIFFERENT REASONS", 2008/01/03) reported that a new oil exploration deal between the PRC and Venezuela - the PRC's largest single investment in an overseas energy project to date - makes US officials nervous. But with PRC and Venezuelan goals in such stark contrast, say most observers, Washington has little cause to fear a new anti-American axis stretching from the Pacific to the Caribbean. Venezuelan President Hugo Chávez has cast the \$6 billion deal as another punch in his campaign against US political and economic hegemony in world affairs. Beijing takes a more practical view of the deal. "Wherever there is oil there are Chinese," says Jiang Shixue, deputy director of the Institute for Latin American Studies at the China Academy of Social Sciences, a government-run think tank in Beijing. "China wants more oil and it is going all over the world" to find it.

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## **15. PRC Economy**

Reuters (Ben Blanchard, "CHINESE FARMERS 'HAPPIER' BUT WEALTH GAP GROWS", Beijing, 2008/01/03) reported that the PRC's more than 700 million farmers are happier than before despite a growing wealth gap, while poor urban residents are being squeezed by rising food and property prices, a top government think tank said. The PRC farmers' satisfaction level has risen but that of urban dwellers has dropped, both due to a jump in food prices, which has driven up rural incomes but means people in towns and cities have to spend more, researchers say. Annual consumer inflation is running at the quickest pace in over a decade, driven largely by a spike in food prices, which has pushed a government fearful of social unrest to pump up agricultural subsidies and

tighten food exports.

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## 16. PRC Media Control

The Associated Press (Min Lee, "CHINA LIMITS PROVIDERS OF INTERNET VIDEO", Hong Kong, 2008/01/03) reported that the PRC has decided to restrict the broadcasting of Internet videos — including those posted on video-sharing Web sites — to sites run by state-controlled companies and require providers to report questionable content to the government. The new regulations, which take effect Jan. 31, were approved by both the State Administration of Radio, Film and Television and the Ministry of Information Industry and were described on their Web sites. Under the new policy, Web sites that provide video programming or allow users to upload video must obtain government permits and applicants must be either state-owned or state-controlled companies.

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