

# NAPSNet Daily Report 7 October, 2008

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Contents in this Issue:

- I. NAPSNet
  - [1. US-DPRK Military Talks](#)
  - [2. DPRK on Nuclear Program](#)
  - [3. DPRK Nuclear Program](#)
  - [4. ROK on DPRK Nuclear Program](#)
  - [5. US Food Aid to the DPRK](#)
  - [6. Russo-DPRK Rail Link](#)
  - [7. US-ROK Security Alliance](#)
  - [8. US Arms Sales to the ROK](#)
  - [9. US-ROK Military Cooperation](#)
  - [10. ROK-Japan Territorial Dispute](#)
  - [11. Japan Politics](#)
  - [12. Japan-India Relations](#)
  - [13. Japan SDF Afghanistan Role](#)
  - [14. Japan SDF Anti-Piracy Role](#)

- [15. Japan-Mongolia Energy Trade](#)
- [16. Sino-Indian Territorial Dispute](#)
- [17. US Arms Sales to Taiwan](#)
- [18. PRC Environment](#)
- [19. PRC Finance](#)
- [20. PRC Land Rights](#)
- II. ROK Report
  - [21. Nuclear Disarmament](#)
  - [22. DPRK Nuclear Program](#)
  - [23. U.S.-PRC Relations](#)

[Preceding NAPSNet Report](#)

## **I. NAPSNet**

### **1. US-DPRK Military Talks**

Kyodo News ("N. KOREA PROPOSES MILITARY TALKS WITH U.S.: REPORT", Seoul, 2008/10/06) reported that the DPRK last week proposed holding high-ranking military talks with the United States to discuss peace and security on the Korean Peninsula, a Seoul daily reported. The proposal was made during a two-day visit by top U.S. nuclear envoy Christopher Hill to Pyongyang, the Korea Times reported, citing an ROK diplomatic source.

[\(return to top\)](#)

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

Agence-France-Presse ("NKOREA GAVE ULTIMATUM ON NUCLEAR DEAL: PRO-PYONGYANG PAPER", 2008/10/06) reported that the DPRK has given the United States an ultimatum to accept its proposed solution to the latest nuclear row between the two sides, a pro-Pyongyang newspaper said. "The North Korean side appears to have suggested ways to peacefully resolve the nuclear dispute, through the top US negotiator (Christopher Hill) to six-party talks and issued an ultimatum related to this," said Choson Sinbo, newspaper of a pro-Pyongyang Korean group in Japan. It gave no details but predicted a breakthrough if Washington responds positively to the proposals.

[\(return to top\)](#)

### **3. DPRK Nuclear Program**

Chosun Ilbo ("SOME SIGNS OF PROGRESS IN HILL'S N.KOREA TALKS", 2008/10/06) reported that there are signs that chief US nuclear negotiator Christopher Hill's talks with DPRK officials produced some results. U.S. Special Envoy on DPRK Affairs Sung Kim is staying in Seoul rather than returning to Washington. That could suggest he is keeping himself ready for follow-up talks. The DPRK has not taken any further action to its threat to reintroduce nuclear materials to a disabled nuclear reprocessing plant, despite warning it would do so, suggesting the DPRK is watching developments.

Yonhap News (Lee Chi-dong, "NEGOTIATORS SILENT AS NUCLEAR TALKS REACH SENSITIVE STAGE ", 2008/10/06) reported that ROK nuclear negotiators have described the current situation on the DPRK nuclear issue as "very sensitive and unpredictable," even by the standards of often tumultuous negotiations marked by repeated stalemates and dramatic compromises. "We were ordered not to speak to media about related details, as the current situation is so sensitive and difficult to predict," a senior Foreign Ministry official said on the condition of anonymity. "Let's wait and see until the U.S. or North Korea announces specifics."

[\(return to top\)](#)

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

Korea Times (Kim Sue-young , "LAWMAKERS CALL FOR TRANSPARENCY IN NK AID", 2008/10/06) reported that during a parliamentary inspection of the Ministry of Unification, Rep. Yoon Sang-hyun of the governing GNP stressed the need for establishing an organization to supervise spending from the Inter-Korean Cooperation Fund (IKCF), claiming some of the money had been used by the DPRK for its nuclear weapons programs. "Nearly \$1.2 billion from the fund has been handed over to the North but the South received no information on how it was spent," he said. ``The problem is that the cash is highly likely to have been used to develop nuclear weapons."

Reuters (Jon Herskovitz and Kim Junghyun, "SOUTH KOREA DISMISSES NORTH'S NUCLEAR 'ULTIMATUM'", Seoul, 2008/10/07) reported that ROK Foreign Minister Yu Myung-hwan played down on Tuesday the notion that the DPRK delivered an ultimatum to U.S. Assistant Secretary of State Christopher Hill last week. "Reports on North Korea having made a very important suggestion or issued an ultimatum seem to be grounded on matters in the past. It is different from what was discussed at Hill's recent visit, which was a verification protocol," Yu told a parliamentary committee. Yu said the DPRK would try to evade verification as much as it can. "What we need to do is to make it impossible for the DPRK to run away."

[\(return to top\)](#)

### **5. US Food Aid to the DPRK**

Yonhap News ("LATEST U.S. GRAIN SHIPMENT TO ARRIVE IN N.K. NEXT MONTH", Seoul, 2008/10/03) reported that the latest food aid from the US to the DPRK, comprising 25,000 tons of corn and other grains, is scheduled to arrive in the DPRK next month, a U.S. radio station reported Friday. The Mary-Ann Hudson, a U.S. cargo vessel which will carry 20,000 tons of corn and 5,000

tons of beans, is scheduled to depart from a port in Virginia next Thursday and arrive at the DPRK's western port of Nampo, Radio Free Asia reported, citing an unnamed source close to the matter.

[\(return to top\)](#)

## **6. Russo-DPRK Rail Link**

RIA Novosti ("RUSSIA, NORTH KOREA BREAK GROUND ON RAIL LINK PROJECT", Vladivostok, 2008/10/06) reported that Russia and DPRK began Saturday the reconstruction of a railroad from Russia's Khasan to DPRK's sea port of Rajin, a project estimated at 150 million euros (\$207 million). Russian Railways (RZD) CEO Vladimir Yakunin and DPRK Railways Minister Chon Kil Su attended a groundbreaking ceremony in Tumangang on the border.

[\(return to top\)](#)

## **7. US-ROK Security Alliance**

Korea Times (Kim Ji-hyun , "U.S., SOUTH KOREA TO KEEP SHARING MILITARY PLANS AFTER 2012", 2008/10/06) reported that the Joint Chiefs of Staff yesterday said the United States and ROK forces are likely to share military plans even after Washington hands over wartime operational control to Seoul in 2012. "It is an unprecedented concept, but we believe that the two militaries will be able to support each other to uphold a single military plan even after the two forces go separate ways," said Kim Tae-young, the JSC chairman, during a parliamentary audit yesterday.

[\(return to top\)](#)

## **8. US Arms Sales to the ROK**

Korea Times (Jung Sung-ki, "US SENATE APPROVES SEOUL'S PRIVILEGED ARMS PURCHASE", 2008/10/06) reported that the US Senate passed Thursday a bill aimed at granting the most preferential treatment to the ROK in government-to-government sales of US weapons systems, a Cheong Wa Dae official said. He called it a ``symbolic move" to signal further strengthening the ROK-U.S. alliance. The House of Representatives already passed similar legislation Sept. 24 that would give the ROK the same privileged foreign military sales (FMS) status as members of the North Atlantic Treaty Organization (NATO) and three other nations ? Australia, Japan and New Zealand ? known as NATO+3.

[\(return to top\)](#)

## **9. US-ROK Military Cooperation**

Reuters ("U.S. CARRIER IN SOUTH KOREA, LIKELY TO IRK NORTH", Seoul, 2008/10/06) reported that a US aircraft carrier group arrived in ROK waters on Monday for a visit likely to upset the DPRK, which has said it sees such events as military provocations that undermine nuclear disarmament talks. The carrier group was anchored just outside the southern port of Busan for an international fleet exhibit, ROK navy officials said. It will come into port on Tuesday and leave on Friday.

[\(return to top\)](#)

## 10. ROK-Japan Territorial Dispute

Donga Ilbo ("JAPANESE CABINET LAYS CLAIM TO DOKDO", 2008/10/04) reported that the Japanese Cabinet yesterday defended a new handbook for middle school education that claims the Dokdo islets as Japanese territory. The Cabinet in a meeting presented a document saying, "The description on the handbook makes it clear that Takeshima (the Japanese name for Dokdo) is Japan's sovereign territory, as is the northern territory of the Kuril Islands.

Asia-Pulse ("S KOREAN PRESIDENT RENEWS DETERMINATION TO SAFEGUARD DOKDO", Seoul, 2008/10/06) reported that ROK President Lee Myung-bak said his administration won't yield to Japan under any circumstances as far as the territorial ownership of Dokdo is concerned. "I'm determined not to make any concession regarding the territorial ownership of Dokdo," Lee said while meeting with a group of visiting Korean residents living in Japan. Lee has vowed to take "quiet but strong" measures to thwart Japan's attempt to turn the ROK islets of Dokdo into an area of international territorial dispute.

[\(return to top\)](#)

## 11. Japan Politics

The Asahi Shimbun ("SUPPORT FOR ASO CABINET DROPS SHARPLY; MINSHUTO INCHES UP", 2008/10/06) reported that support for the Cabinet of Prime Minister Taro Aso has dropped to 41 percent, down 7 points from when he took office and named his ministerial lineup less than two weeks ago, an Asahi Shimbun survey shows. Asked to name a party they would vote for under the proportional representation system if a Lower House election were to be held now, 33 percent cited Aso's Liberal Democratic Party, down from 36 percent in the previous poll. Meanwhile, 34 percent said they would vote for the main opposition party Minshuto (Democratic Party of Japan), up from 32 percent in the previous survey.

[\(return to top\)](#)

## 12. Japan-India Relations

Agence-France-Presse ("INDIAN PM TO VISIT JAPAN FOR NUCLEAR TALKS: OFFICIAL ", Tokyo, 2008/10/06) reported that Indian Prime Minister Manmohan Singh will visit Japan this month for talks on nuclear energy cooperation and a free-trade deal as the two countries expand ties, officials said. Aso, a former foreign minister who became Prime Minister last week, is a strong supporter of cementing Japan's relationship with fellow democracy India, partly to balance Tokyo's often uneasy ties with the PRC.

[\(return to top\)](#)

## 13. Japan SDF Afghanistan Role

Reuters ("U.S. TO ALLIES: FIGHT IN AFGHANISTAN OR WRITE CHECK ", Washington, 2008/10/06) reported that the US has asked Japan and NATO allies who have refused to send troops to Afghanistan to pay the estimated \$17 billion needed to build up the Afghan army, according to U.S. defense officials. Gates in February said NATO risked a split between allies willing to "fight and die" and those who were not. Morrell last week cast it as "those who fight and those who write checks."

[\(return to top\)](#)

## **14. Japan SDF Anti-Piracy Role**

Kyodo News ("JAPAN EYED SENDING DESTROYER OFF AFRICA TO GUARD LUXURY CRUISE SHIPS", Tokyo, 2008/10/06) reported that the Japanese government considered issuing a rare security order in April to send a Japanese destroyer to escort two Japanese luxury liners carrying nearly 1,600 passengers off Somalia to protect them from possible attacks by pirates, government sources said. The government, however, concluded that protecting civilian cruise ships is out of the scope for the destroyer that was then operating in the Indian Ocean for Japan's refueling mission for multinational antiterrorism forces, according to the sources.

[\(return to top\)](#)

## **15. Japan-Mongolia Energy Trade**

Bloomberg News (Michio Nakayama and Shigeru Sato, "JAPAN SEEKS MONGOLIAN URANIUM SUPPLY, TO HOLD TALKS THIS WEEK ", 2008/10/06) reported that Japan, the world's third-biggest uranium consumer, will hold talks this week with Mongolia on jointly developing ore reserves as part of efforts to secure additional supplies of the nuclear fuel. Japan is stepping up efforts to acquire uranium assets as competition for the fuel intensifies with the PRC and India. "The development of new uranium mines is vital as concerns are growing that production at several existing mines may start rapidly declining from 2020 onward," said Yuji Tanoue, head of Trade Tech in Tokyo, a nuclear-fuel consulting firm.

[\(return to top\)](#)

## **16. Sino-Indian Territorial Dispute**

IANAS ("INDIA TO REVIVE AIRBASE ON INDIA-CHINA FRONTIER", 2008/10/06) reported that India is set to revive another air base on the India-PRC frontier, nearly four months after landing an aircraft at one of the world's highest airstrips at Daulat Beg Oldie (DBO) in Ladakh, officials said. The Fukche airbase in eastern Ladakh, which is only 2.5 km away from the Line of Actual Control (LOAC) - the de-facto border between India and the PRC - will be made operational in a month. Defence sources said the base will enable India to boost its communication network and improve supplies to the troops positioned in this region.

[\(return to top\)](#)

## **17. US Arms Sales to Taiwan**

The Financial Times (Kathrin Hille and Mure Dickie, "CHINA ATTACKS US ARMS SALES TO TAIWAN", 2008/10/06) reported that Beijing has denounced US plans to sell Taiwan more than \$6bn worth of weapons as a "crude interference" in the PRC's internal affairs that would harm its national security and put obstacles in the way of peace. However, the PRC's foreign ministry stopped short of threatening any retaliation over the arms package, Washington's biggest for Taiwan in more than 15 years, saying only that Beijing "reserved the right" to respond further.

The Washington Post (Jane Rickards, "TAIWANESE LEADER HAILS WEAPONS DEAL WITH U.S.", Taipei, 2008/10/06) reported that Taiwanese President Ma Ying-jeou welcomed U.S. plans to sell the island almost \$6.5 billion in weaponry, a move that appeared to repair years of frayed ties between Taiwan and the administration. "We think this announcement from the U.S. government is a sign that the past eight years of discord are over," Ma said in a statement.

[\(return to top\)](#)

## **18. PRC Environment**

Reuters (Rujun Shen, "SHANGHAI HIGHRISES COULD WORSEN RISING SEAS THREAT", 2008/10/06) reported that Shanghai, the PRC's most populous city and an aspiring global financial centre, is also among the world's most vulnerable urban areas to a rise in sea levels as global warming melts polar ice. Its location on a low-lying alluvial plain near the mouth of Asia's longest river, the Yangtze, had already left it prone, but researchers warn that forests of skyscrapers sprouting across the ambitious metropolis could compound the threat by causing its marshy ground to sink.

[\(return to top\)](#)

## **19. PRC Finance**

China Daily (Wang Lan , "MICROCREDIT LENDERS EMERGING IN CHINA", 2008/10/06) reported that microcredit lenders, once the quaint peripheral players in the PRC's mammoth financial system, are emerging from the shadows of the State-owned banks as white knights to thousands of small, cash-strapped manufacturers around the nation. Xu Xiaonian, a professor of economics and finance at the China Europe International Business School, said at the same forum: "It is urgent for us to recognize the increasing importance of commercial credit, which can help improve financing efficiency to help companies grow."

[\(return to top\)](#)

## **20. PRC Land Rights**

Reuters ("CHINA TO ALLOW TRANSFER OF LAND-USE RIGHTS: HU", 2008/10/06) reported that the PRC's farmers will be allowed to transfer their land-use rights, PRC President Hu Jintao said this week, signalling an important shift in the country's land management system. The PRC's rural citizens, who number more than 730 million according to a 2006 census, own the product of their land but not the land itself, and are barred from trading their land-use rights under current laws. "Farmers will be allowed to transfer land contract and management rights by various means, in accordance with their will," Hu said.

[\(return to top\)](#)

## **II. ROK Report**

### **21. Nuclear Disarmament**

PRESSian ("NEIGHBORING NATION'S NUCLEAR POWER SHOULD BE REMOVED", 2008/10/07) said in a column that the nuclear problem of the Korean Peninsula is facing another crisis. What we pursue is to establish peace and to survive. The neighboring countries of the peninsula are the U.S., PRC, and Russia, and Japan who is capable of developing nuclear weapons whenever they want with the 40 tons of plutonium and reprocessing facilities they possess. One thing common about the four nations is that none of them wants the two Koreas to be unified. Rather, they want the current status to be continued, so that they can take advantage of the 'separation' and resulting tension of the peninsula. For those who love to establish peace on the Korean peninsula, removing nuclear power of those nations is another important task along with that of the DPRK.

[\(return to top\)](#)

### **22. DPRK Nuclear Program**

Tongil News ("WHAT DID DPRK SUGGEST TO HILL?", 2008/10/07) reported that the DPRK expressed that they want the nuclear matter to be solved peacefully and notified Christopher Hill, the U.S. representative of the six-party talks, of the very last resolution. Their suggestion seems to imply that they have no reason to suspend nuclear programs unless the U.S. hostile attitude toward them is changed. Another reason of their resumption of the nuclear facilities in Yongbyeon is because that they do not want to pay for the loss that the suspension might bring. Further, the resurrection of the facilities also strengthened their position when negotiating with the next U.S. government by widening their scope of policies to select from. Anyhow, the ball is now passed to the U.S. What we can do is to watch whether the Bush Administration is willing to accept the DPRK's suggestion.

Yonhap News ("NEED TO BE MORE CAUTIOUS ABOUT DPRK'S COUNTERPROPOSAL", 2008/10/06) said in a column that concerning the DPRK nuke verification issue, Christopher Hill, the U.S. Assistant Secretary of State was suggested a sort of 'reversed proposal' during his visit to the DPRK. It is known that the U.S. is now considering whether to accept their proposal. However, the best way to pursue a mutual win-win is to grasp the DPRK's hidden agenda while maintaining a collaborative relationship with the U.S. Since the DPRK's nuclear problem is directly linked to the peace and the safety of the Korean Peninsula, it is unimaginable for the ROK to be excluded from the matter.

[\(return to top\)](#)

### **23. U.S.-PRC Relations**

Ohmynews (Chung Wook-shik, "U.S. TO SELL WEAPONS TO TAIWAN, PRC WILL NOT OVERLOOK",



2008/10/07) reported that Bush Administration's decision to sell weapons to the ROC (Taiwan) will bring numerous problems to the U.S.-PRC-ROC relationship, due to the PRC's belief calculation that the ROC will be virtually included in the East Asian missile defense (MD) system if they import MD weapons from the U.S. Since the conflict between the U.S. and the PRC may increase the uncertainty of the Korean Peninsula, it is worth paying more attention and putting more specific efforts on the issue. The wisest way to minimize the influence of the two countries on the Peninsula is to improve the inter-Korean relationship. To do so also strengthens our position in the global community, and enables us to deal with the dilemma created among maintaining relationships with both the U.S. and the PRC simultaneously.

[\(return to top\)](#)

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