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I. NAPSNet

1. Korean DMZ

Reuters ("EXPLOSIONS IN NORTH KOREA HEARD IN SOUTH", 2006-12-04) reported that explosions were heard in the DPRK by people in the South on Monday, but military officials said they were likely caused by construction or regular military drills. The explosions, two or three in number, were heard near the centre of the peninsula by the Demilitarized Zone (DMZ) dividing the Koreas and near a DPRK training field, local media reported.

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2. DPRK-Russia Relations

RIA Novosti ("RUSSIA TO WRITE OFF LARGE PART OF NORTH KOREA'S $8BLN DEBT", 2006-1--29) reported that Russia's Finance Ministry plans to launch talks in a few weeks on writing off a major portion of the DPRK's debt. Deputy Finance Minister Sergei Storchak said the country's debt to Russia was estimated at $8 billion.

(return to top) Associated Press ("REPORT: NORTH KOREA OFFERS RUSSIA URANIUM IN RETURN FOR SUPPORT AT NUCLEAR TALKS", 2006-12-03) reported that the DPRK has offered Russia exclusive rights to its natural uranium deposits in exchange for support at the Six Party Talks. The two countries have been in talks since 2002 on a deal for Russia to import uranium, which it wants to enrich and sell as nuclear fuel to the PRC and Vietnam, according to a report in the regional daily, Tokyo Shimbun, citing unnamed Russian officials. Russia, which already exports natural gas and oil, hopes to become a major exporter of nuclear fuel, according to the report.
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3. EU Investigation of DPRK

Fox News ("NORTH KOREA SUSPECTED OF COLLECTING MILLIONS IN REINSURANCE FRAUD", 2006-12-04) reported that a growing number of major underwriters around the world strongly suspect that the DPRK is running an elaborate major insurance and reinsurance scam on them, to the tune of tens of millions of dollars or more. The alleged fraud involves a wide variety of DPRK industrial and personal calamities where insurers have been presented with perfect government-controlled documentation of accidents, including deaths, along with carefully gathered photographic evidence, all compiled in a startlingly brief time. That paperwork is coupled with a resistance to letting foreign insurance adjusters examine some of the most crucial physical evidence, except after long delays and under a watchful eye, if at all. To get the DPRK's side of the story, FOX News approached the regime's official insurance representative in London, Song Ryon Ko, at his home. Song refused to discuss the issue. Britain's Foreign Office says the lack of firm proof of fraud is why it hasn't taken action on the reinsurance issue, although British diplomats say they are aware of it. The lack of an official British reaction could be an attempt not to rock the boat, as well as to protect its diplomatic presence in Pyongyang.

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4. Inter-Korean Relations - Sports

Hankyoreh ("SOUTH, NORTH KOREA MARCH TOGETHER AT OPENING CEREMONY OF DOHA ASIAD", 2006-12-04) reported that South and North Korean athletes marched together at the opening ceremony of the 15th Asian Games in Doha, Qatar, on Friday as Asia geared up for its

greatest sporting event. The two Koreas entered the 50,000-seat Khalifa Stadium under the single country name of "Korea" and flying the blue and white "unification flag," symbolizing unity and the Korean Peninsula. The two countries fielded 270 athletes for the tournament following one of the most elaborate opening ceremonies ever choreographed for an international sporting event. Athletes from the two Koreas have marched together during the opening and closing ceremonies of international sporting events eight times since the 2000 Sydney Olympics.

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5. Inter-Korean Relations - Kumgang

Reuters ("S. KOREA'S PYONGYANG POINTMAN TO VISIT RESORT IN NORTH", 2006-12-04) reported that the ROK unification minister will visit the Kumgang mountain resort but has no plans to meet officials while there. Minister Lee Jong-seok will be the most senior RO Korean official to enter the country since its October 9 nuclear test. Washington's DPRK affairs envoy, Christopher Hill, criticized the resort saying it is apparently "designed to give money to the North Korean authorities." The ROK has said it will not shut down the project despite the nuclear test because there is no direct proof linking the resort to weapons programs. However, it suspended state subsidies for tours there after the test brought criticism at home for the government over its engagement policy with Pyongyang. Lee will speak with business officials who have investment in Kumgang, including the operators of a golf course, hotels and restaurants in the mountain resort just north of the militarized border between the two Koreas, the ministry said in a statement.

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6. DPRK Labor

Donga Ilbo ("DID NORTH RUN LABOR RACKET IN EUROPE?", 2006-12-04) reported that the European Parliament has begun an investigation in response to allegations that the DPRK government dispatched hundreds of workers to European countries and forced them to send their wages home. It is estimated that the number of workers that the DPRK government sent to overseas countries such as the Czech Republic, Poland, Russia, the Middle East, and Africa is anywhere from 10,000 to 15,000. Currently, 400 North Korean workers, mostly women, are staying in the Czech Republic and working in sewing factories in the suburbs of Prague, the capital of the Czech Republic. Their monthly salaries are well above the country's minimum wage of about 285,000 won. However, the European Parliament estimated that a large part of their salaries is deposited into a collective bank account controlled by the DPRK government.

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7. ROK Aid to DPRK in 2006

Yonhap ("S. KOREA'S AID TO N. KOREA REACHES NEW RECORD", 2006-12-03) reported that the ROK gave the DPRK a record amount of aid in the first 10 months of the year but most of it had been shipped before tension spiked over the country's missile and nuclear tests. The ROK has virtually suspended its regular aid shipment to the DPRK, mostly fertilizer, since Pyongyang test-launched multiple missiles in July. From January to October, Seoul supplied 211 billion won (US$227 million) worth of goods, mostly fertilizer, breaking the previous full-year record of 185.4 billion won in 1995, according to the Unification Ministry report. In 2005, the Seoul government shipped aid supplies worth 135.9 billion won. The cumulative value of ROK aid since 1995 reached 1.2 trillion won as of the end of October, the report said. Private donors gave the North 69.4 billion won worth of aid

during the January-October period, pushing their cumulative donations since 1995 to 620.1 billion won.

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8. DPRK-Japan Relations - Pachinko

Associated Press ("KOREAN NUKES LINKED TO JAPANESE PINBALL", 2006-12-03) reported that Pachinko, a form of pinball deeply loved in Japan, is an industry run by ethnic Koreans, and experts have long believed that the revenues are a vital source of hard currency for the impoverished regime in the DPRK. The pachinko connection is facing increased scrutiny as tensions rise following the DPRK's ballistic missile tests in July and its first test of a nuclear device on Oct. 9. Pachinko is an upright pinball game played at tens of thousands of brightly lit parlors across the country. Success is measured in little steel payoff balls, which can be exchanged for cash or other prizes. The machines rake in over $200 billion a year, some of which finds its way to the DPRK. Official figures put the sum of remittances from sources in Japan at $25.5 million, but the bookkeeping is murky and some think the sum is closer to $850 million a year. No one knows how much of it derives directly from pachinko.

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9. DPRK-US Commercial Relations

Yonhap News Agency ("TRADE BETWEEN PYONGYANG, WASHINGTON AMOUNTS TO US $3,000", 2006-12-04) reported that bilateral trade between the United States and DPRK reached a mere US$3,000 in the first nine months of this year, a sharp drop from a year earlier. In the January-September period, the United States registered no imports from the communist country, with the only export item being publications, the Korea Trade Investment Promotion Agency (KOTRA) said in a report, citing the U.S. Commerce Department. The U.S. exported humanitarian food aid to the DPRK worth $5.8 million last year.

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10. Bolton Resignation

New York Times ("BOLTON TO LEAVE POST AS U.S. ENVOY TO U.N.", 2006-12-04) reported that US President Bush announced that John R. Bolton will end his service as the United Nations ambassador when his appointment ends this month. Mr. Bolton became the ambassador last year under a recess appointment made by President Bush, bypassing the usual requirement of Senate confirmation after Democrats blocked a floor vote on the nomination. Because it was a recess appointment, Mr. Bolton's term expires when the current Congress ends its term later this month. Mr. Bush had planned to push during the current lame-duck session of Congress for the confirmation of Mr. Bolton, which would have allowed him to continue as ambassador. But today's announcement suggests that the White House realized it was not going to receive the necessary votes. Bolton had handled negotiations that resulted in Security Council resolutions regarding the DPRK's military and nuclear activities.

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11. US-ROK Security Alliance

Chosun Ilbo ("SEOUL, U.S. COMPROMISE ON N.KOREA CONTINGENCY PLAN", 2006-12-04) reported that the ROK and US defense chiefs in October gave the green light to strategic guidelines known as Concept of Operations Plan 5029, which include outlines for a joint response to sudden changes in the DPRK. Details of the guidelines have not been released, but they reportedly include ways of handling a seizure of DPRK WMD by hypothetical rebel insurgents and their attempt to take them out of the country, and a mass exodus of DPRK refugees.

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12. US-Japan Missile Defense Cooperation

Kyodo ("JAPAN MULLING JOINT MISSILE-DEFENSE FACILITY WITH U.S. IN NAGASAKI", 2006-1--04) reported that the Defense Agency is considering building a joint Japan-US facility for inspection and maintenance of the Standard Missile-3 interceptor system under the missile defense scheme in Nagasaki Prefecture, an agency source said. While it is known that Japan and the US are working on building a joint information network to prepare for the full-fledged operation of the ballistic missile defense system, it is the first revelation of a plan for a weaponry-related joint facility.

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13. Japan Export Control Law Violation

The Associated Press ("4 IN JAPAN ADMIT NUCLEAR-RELATED EXPORTS", 2006-12-04) reported that four ex-employees of a Japanese company admitted illegally exporting measuring devices that can be converted for use in producing nuclear weapons, a company spokesman said. Mitutoyo issued a statement last month admitting the company broke export and foreign exchange laws in the case, which involves the alleged export of three-dimensional measuring devices without proper government authorization. The devices measure cylinders with great precision and can be used on centrifuges employed in uranium enrichment, a process that can produce civilian nuclear fuel or fissile material for a nuclear weapon, government officials say.

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14. Sino-Japanese Relations

Reuters ("CHINA SAYS TIES WITH JAPAN AT "NEW STARTING POINT"", 2006-12-04) reported that the PRC and Japan stand at a "new starting point" in their relations following Japanese Prime Minister Shinzo Abe's visit to Beijing in October, Chinese State Councillor Tang Jiaxuan said in remarks published. Xinhua cited Tang as saying the two should solidify the political and economic foundations of their relationship, and that Japan should "properly handle" its ties with Taiwan and "historical issues", ostensibly over Japan's past militarism.

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