

# NAPSNet Daily Report Monday, December 11, 2006

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## I. NAPSNet

## 1. Six Party Talks

Reuters ("U.S. SEES NORTH KOREA TALKS STARTING DECEMBER 16-18", 2006-12-10) reported that the US State Department announced that a new round of six-party talks will begin between December 16 and 18 in Beijing. The first session was expected to last for a few days, then break for Christmas.

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## 2. US DPRK Policy

Yonhap News Agency ("ASSISTANT SECRETARY HILL MAY VISIT PYONGYANG AS NORTH KOREA COORDINATOR", 2006-12-10) reported that Assistant Secretary of State for East Asian and Pacific Affairs, Christopher Hill has been gathering much attention since his unofficial nomination as DPRK policy coordinator to examine the Bush Administration's DPRK policy. In line with the "2007 National Defense Authorization Act" which came into effect last October, the DPRK policy coordinator as proposed by the U.S. Congress will assume the responsibilities of examining the Bush Administration's DPRK policy and then submit a report on the investigations. According to law, the appointment of policy coordinator should be made before the 16th. The role of policy coordinator will involve investigating security and human rights issues, and the DPRK policy on the whole - present a reconciliatory policy directed at the DPTK and issues such as nuclear armaments, ballistic missiles and security - assume the duty of offering U.S. guidance at the six party talks and assume duties to fine tune the position of each department, presenting a coherent driven policy. Accordingly, if Assistant Secretary Hill who has been acting as the window to DPRK negotiations does accept the role of policy coordinator, it is forecasted that US-DPRK talks will become more dynamic as displayed recently where China acted as the mediator and Assistant Secretary Hill met with Kim Gye Gwan, the DPRK's Vice Foreign Minister, in Beijing. Conversely, there is criticism that the DPRK will not welcome Assistant Secretary Hill as the unofficial policy coordinator. From the DPRK's position, though Assistant Secretary Hill has understood and attended to situation very well, he is not a figure important enough to accurately relay their status, nor influential enough to change the direction of the Bush Administration's DPRK policy.

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## 3. DPRK Financial Dealings

Financial Times ("MACAO BANK ADMITS N KOREA GOLD DEALS", 2006-12-10) reported that a small Macao bank at the centre of a stand-off between the DPRK and the US has said it did more business with the DPRK than previously admitted. It has emerged that Pyongyang moved gold as well as cash through Delta Asia. The bank's lawyers, US firm Heller Ehrman, said in a recent Treasury filing that "the bank purchased a large share of the gold bullion produced by North Korea during the years prior to [Treasury] notice". Gold is one of the DPRK's biggest exports. The US government's geological survey put production at six tonnes a year during 2004 and 2005, down slightly from previous years. A Macao magazine reported that Delta Asia bought 9.2 tonnes of gold from the DPRK in the three years to September 2005, selling it through Delta Asia Credit, its Hong Kong unit, and charging commission of \$1.50 an ounce. The article said this had raised \$120m for Pyongyang. "Simply buying gold is not a crime," said a person familiar with the bank's operations, confirming that bank officials had visited DPRK mines. Delta Asia's Treasury filing also acknowledged that the bank had provided services to the DPRK's Tanchon Commercial Bank until a few days before the Treasury's announcement. The US had blacklisted Tanchon three months

before, calling it “the main North Korean financial agent for sales of conventional arms, ballistic missiles” and related goods. Delta Asia’s lawyers attributed the oversight to outdated technology, which they also blamed for the bank’s previous inability to generate reports on unusual deposits and possible shortcomings screening retail cash deposits for counterfeit currency. The bank said it relied on HSBC New York to handle screening of deposits to “wholesale accounts”.

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## **4. ROK Spy Case**

Guardian Unlimited ("SEOUL CHARGES FIVE WITH SPYING FOR NORTH KOREA", 2006-12-08) reported that Seoul indicted five suspected DPRK agents in Seoul in what RO Korean prosecutors are calling the biggest espionage case in more than five years. Investigators accused Chang Min-ho, a Korea-American businessman, of leading a spy ring that passed on secrets about a realignment of US forces on the peninsula, as well as profiles of hundreds of politicians. The alleged ring's members include two senior officials in the leftwing Democratic Labor Party, which has a small presence in parliament. From 2002, the five are said to have provided information to Pyongyang and worked as agitators in several large anti-US demonstrations.

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## **5. Inter-Korean Relations - Sports**

Associated Press ("GETTING GOLDS FOR KIM JONG IL: NORTH KOREA EMERGES FROM ITS SHELL FOR ASIAN GAMES", 2006-12-10) reported that hundreds of men in dark gray suits filled the DPRK section of the stadium for the North Korea-versus-South Korea soccer game, clapping and singing in unison and roaring whenever their players got the ball. As soon as the game was over, they vanished just as quickly as they had arrived. For the DPRK, the Asian Games isn't just about sports but about patriotism. "We dedicate everything, our participation and any medals we win, to our nation and our leader," said Ri Kyong Hui, captain of the DPRK softball team. "Without him, there is nothing." Last year, a less-select throng of DPR Korean fans rioted at a World Cup qualifier with Iran that was held in the capital of Pyongyang, throwing bottles and rocks onto the field and forcing the Iranians and match officials to take shelter in the stadium until police and soldiers quelled the violence. The riot prompted the governing body of soccer to relocate a match with Japan that was to be held in Pyongyang to neutral Bangkok. There were to be no such surprises here in Doha — the cheering section kept politely in their seats, and kept their chants strictly apolitical. The DPRK lobbied intensely for both teams to march into the opening ceremonies at Doha together under a "unification flag." RO Korean officials said the plan was nearly scuttled several times, but they acquiesced at the last minute. A South Korean basketball player and a North Korean soccer player carried the flag. Winning over the South for the North's concept of forming a joint team for the 2008 Olympics in Beijing has proven more difficult. RO Korean Olympic officials say a flurry of talks with their DPR Korean counterparts stalled over the DPRK's demand that it get equal representation on any unified Olympic team — especially for soccer. The Koreas have an intense rivalry on the soccer pitch, and choosing a team for the high-profile event involves the difficult task of selecting, mixing and coordinating the players, while avoiding a loss of face for either side. After his team lost to the South 3-0 on Saturday, DPR Korean coach Ri Jong Man said he hoped to see a unified team with an equal number of players from each Korea, but with the starters chosen on the basis of skill.

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## 6. US-ROK Security Alliance

Chosun Ilbo ("U.S. WANTS SEOUL TO TAKE OVER ARMISTICE MANAGEMENT", 2006-12-11) reported that the US has told Seoul that it wants to pass to the ROK most of the 20 functions the United Nations Command has performed in managing the armistice on the Korean Peninsula when it hands over full operational control of Korean troops. Once Seoul takes over functions of the UNC, the secretary of the UN Military Armistice Commission, the body monitoring the armistice, will be filled by the ROK instead of the US military. The DPRK will not like the idea.

[\(return to top\)](#) Chosun Ilbo ("TIMEFRAME FOR TROOP CONTROL HANDOVER 'BY JUNE'", 2006-12-11) reported that the timeframe for the transfer of the wartime operational control to the Korean Army is likely to be set by June next year. A senior official at the Joint Chiefs of Staff said that the ROK and the US will start discussing plans to implement changes in the chain of command between them from January. "We expect that during that discussion, we can set a target year for the transfer by June," he added. [\(return to top\)](#)

## 7. ROK Bird Flu Outbreak

Yonhap ("S. KOREA CONFIRMS NEW CASE OF PATHOGENIC BIRD FLU", 2006-12-11) reported that ROK officials said Monday they discovered a new case of highly pathogenic avian influenza at a quail farm in the southwestern part of the country. The disease was suspected to have recently killed about 1,000 quails at the farm in Gimje, 262 kilometers southwest of Seoul, the Ministry of Agriculture and Forestry said in a press release.

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## 8. US-Japan Security Relations

Kyodo ("JAPAN, U.S. SET TO HOLD '2-PLUS-2' SECURITY TALKS JAN. 13", 2006-12-11) reported that Japan and the US are set to hold ministerial security talks on Jan. 13 in Washington to discuss realignment of US forces in Japan and the development of a joint missile defense scheme, Japanese government sources said. In the so-called "two-plus-two" talks to be attended by Japanese Foreign Minister Taro Aso and Defense Agency chief Fumio Kyuma as well as U.S. Secretary of State Condoleezza Rice and Defense Secretary-designated Robert Gates, bilateral cooperation over Iraqi reconstruction will also be discussed, they said.

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## 9. Sino-Japanese Relations

BBC News ("JAPAN ASKS CHINA LEADERS TO VISIT", 2006-12-11) reported that Japan has formally invited the PRC's top leaders to visit the country next spring, Tokyo's foreign minister says. Taro Aso said PRC President Hu Jintao and Prime Minister Wen Jiabao were welcome to visit the country. Beijing has not given an official response to the invitation, which came after talks between both countries' foreign ministers in the Philippines.

[\(return to top\)](#) Xinhua ("SINO-JAPANESE MILITARY EXCHANGES BENEFICIAL TO BILATERAL TIES: EXPERT", 2006-12-11) reported that increased military exchanges between the PRC and Japan will help ensure the stable development of bilateral relations, said Yang Yi, director of the Institute of Strategy at the PRC's National University of Defense. The Sino-Japanese relationship is very important and is of regional or even global significance. [\(return to top\)](#)

## 10. Sino-Pakistani Military Exercise

IANAS ("JOINT CHINA-PAKISTAN MILITARY EXERCISE BEGINS", 2006-12-11) reported that the PRC's Peoples Liberation Army (PLA) Monday began 'Friendship 2006,' its first joint military exercise with Pakistan Army on Pakistani soil. The 10-day exercises are aimed at 'strengthening the bonds of friendship' between the Pakistani and PRC armies and benefiting from each other's experience in the planning and conduct of anti-terror activities,' the Pakistani defence ministry announced.

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## 11. PRC Government Transparency

Reuters ("CHINA PROMISES FREEDOM OF INFORMATION RULES", 2006-12-11) reported that the PRC's secretive government is drafting rules to promote official transparency, including releasing currently confidential commercial information, officials helping to write the rules said in reports. Proposed freedom of information regulations "will fully ensure citizens' right to know under the precondition of protecting state secrets," the official Xinhua news agency reported. It did not say when the rules would be issued.

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## 12. PRC Judicial Regulations

The Los Angeles Times ("RULES SEEN AS SETBACK TO JUSTICE IN CHINA", 2006-12-11) reported that new rules quietly adopted in the PRC are likely to have a chilling effect on lawyers who represent political protesters, Human Rights Watch warns in a report being released in Hong Kong today. The regulations require that lawyers representing political protesters be "helpful to the government," share otherwise-confidential information about their clients with prosecutors, and be of "good political" quality, generally a euphemism for dedication to the ruling Communist Party.

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## 13. Taiwan Elections

The Los Angeles Times ("TAIWAN'S RULING PARTY DODGES AN ELECTORAL BULLET", 2006-1-11) reported that Taiwan's ruling party defied expectations that it would be trounced in local elections, handing President Chen Shui-bian some breathing room after months of fighting off scandals. In the two most closely watched races, the ruling Democratic Progressive Party narrowly won the mayoral race in the city of Kaohsiung and the opposition Nationalists won handily in Taipei.

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