

NAPSNet Daily Report Monday, February 12, 2007

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I. NAPSNet

- 1. [Six Party Talks Deal](#)
- 2. [Six Party Talks](#)
- 3. [US-DPRK Bilateral Talks](#)
- 4. [Japan on Six Party Energy Assistance](#)
- 5. [US-ROK Trade Relations](#)
- 6. [US Stealth Deployment to Japan](#)
- 7. [US-Japan Relations](#)
- 8. [G-7 on Japan Currency](#)
- 9. [Cross Straight Relations](#)
- 10. [PRC ASAT Test](#)
- 11. [PRC Economic Growth](#)

[Preceding NAPSNet Report](#)

I. NAPSNet

1. Six Party Talks Deal

Associated Press ("TENTATIVE DEAL IN N. KOREA NUCLEAR TALKS TENTIVE AGREEMENT REACHED IN NORTH KOREA NUCLEAR TALKS, U.S. ENVOY SAYS", 2007-02-12) reported that a tentative agreement has been reached between the six parties. "I'm encouraged by this that we were able to take a step forward on the denuclearization issue," Assistant Secretary of State Christopher Hill said. He declined to give details of the draft, but said it outlined specific commitments for Pyongyang and would set up working groups to implement those goals to begin meeting in about a month. Hill said the draft still needed to be reviewed by the home governments of the six countries at the talks, but he was positive about its contents. "We feel it's an excellent draft, I don't think we're the problem," a weary-looking Hill told reporters after a fifth day of negotiations at the talks in Beijing that lasted more than 16 hours.

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

2. Six Party Talks

Joongang Ilbo ("ENERGY AID IS CALLED KEY TO 6-WAY TALKS", 2007-02-12) reported that the Six Party Talks deadlocked over the scope of aid and how such benefits would be shouldered by the participants involved in the talks. Envoys involved in the talks have suggested that the differences have been narrowed to one or two issues. Kyodo News Agency reported earlier that Pyongyang had demanded 2 million tons of heavy fuel oil annually and 2 million kilowatts of electricity as the price for taking some initial steps in implementing a deal reached in September 2005. Who pays the aid bills has become an important question. A source said that Beijing had suggested donations of fuel oil by the five other parties of about 50,000 tons of oil annually, while Seoul wanted that amount doubled depending on what actions Pyongyang was willing to take. Japan, whose government has been pressed by outraged public opinion, reportedly says it will provide no aid until Pyongyang makes a full accounting of the fates of its citizens abducted by agents and taken there several decades ago.

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

3. US-DPRK Bilateral Talks

Yonhap News ("U.S., N. KOREA HOLD BILATERAL TALKS ON FINAL DAY OF NUCLEAR NEGOTIATIONS", 2007-02-12) reported that the top U.S. and DPRK nuclear envoys met Monday. "A bilateral meeting between North Korea and the United States is being held as we speak," the source said, asking that he not be identified. The meeting came after the top U.S. nuclear negotiator earlier said the nuclear negotiations would come to an end on Monday regardless of whether there is progress or not. A Japanese news outlet reported the North's chief negotiator in the talks, Kim Kye-gwan, also met with his Japanese counterpart Kenichiro Sasae for the first time since the new round of negotiations began Thursday. According to a RO Korean source, The PRC was to host a late evening meeting of the six chief negotiators at the Daioyutai State Guesthouse following dinner.

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

4. Japan on Six Party Energy Assistance

Asahi Shimbun ("JAPAN LEAVES OPTIONS OPEN ON INDIRECT AID", 2007-02-12) reported that officials in Tokyo hinted Japan is open to providing indirect energy and economic assistance to

Pyongyang. In Tokyo, Foreign Minister Taro Aso said Japan would provide indirect assistance if progress was made on the nuclear weapons development program. Aso said that, while Japan could not currently provide direct energy assistance to the DPRK, it could provide experts to help identify exactly what the energy needs are. Prime Minister Shinzo Abe has repeatedly said no assistance will go to the DPRK until progress is seen on the issue of Japanese abductees. However, Japan also wants to work closely with the United States to seek compromise with the DPRK. Indirect assistance is one possibility, sources said. Such indirect assistance could be provided through a working group to discuss energy assistance for Pyongyang. In a draft agreement being worked out at the talks, host China included a provision to set up five working groups on the major issues.

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

5. US-ROK Trade Relations

Yonhap ("S. KOREA, U.S. LIKELY TO ATTEMPT "PACKAGE" DEAL IN FTA TALKS ", 2007-02-12) reported that racing against time, ROK-US free trade agreement talks moved into a second day, with both sides expected to try to make a "package deal" on key pending issues, including anti-dumping remedies and cars. The two countries have so far made significant headway in the nine-month-old negotiations but wide gaps still remain in some sensitive areas which also include pharmaceuticals.

[\(return to top\)](#) Korea Herald ("ANTI-FTA PROTESTERS TAKE TO STREETS DESPITE POLICE BAN", 2007-02-12) reported that hundreds of farmers and workers defied a police ban and waged a street rally yesterday opposing a proposed free trade agreement between the ROK and the US. About 800 members of the Korea Alliance Against the ROK-US FTA - a coalition of about 300 civic groups - gathered in Jongno, central Seoul, around 2 p.m. and marched down the city streets to Gwanghwamun. Some 5,000 policemen were mobilized to prevent disruptions. [\(return to top\)](#)

Korea Times ("KOREA, US FIGHT OVER RICE IN FTA TALKS", 2007-02-12) reported that the ROK and the US rattled the sabers on the first day of the last scheduled round of talks for a free trade agreement in Washington, D.C. The issue that set them apart was rice. Kim Jon-hoon, chief of the ROK delegation told reporters that rice is too sensitive to be resolved in the ongoing seventh round, adding that the two sides will continue to discuss it afterwards. Wendy Cutler, Kims US counterpart, said that the opening of Koreas agricultural market is a top priority. [\(return to top\)](#)

6. US Stealth Deployment to Japan

The Associated Press ("ARRIVAL OF U.S. STEALTH FIGHTERS IN JAPAN DELAYED", 2007-02-12) reported that 12 US F-22 stealth fighters were to arrive at Kadena Air Base in southern Japan on Saturday but had to turn back after leaving Hawaii. Officials at Kadena and at Hickam Air Force Base in Hawaii were unable to immediately confirm why the arrival was delayed, or when they were rescheduled to reach Kadena. Bringing the planes to Japan is a way of showing off the fighter's strengths in a region with a complex security balance that is being challenged by the rapid growth of PRC and DPRK military power.

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

7. US-Japan Relations

Kyodo News ("CHENEY MAY SNUB OUTSPOKEN JAPAN DEFENSE CHIEF: REPORT", 2007-02-12) reported that The US has asked Japan not to arrange a meeting between Vice President Dick Cheney and Defense Minister Fumio Kyuma, an apparent response to Kyuma's criticism of US policy. Cheney is scheduled to meet top officers of Japan's Self-Defence Forces during a visit to Japan from January

20, but a meeting with Kyuma may not be arranged because of "strong displeasure" over his remarks. Last month, Kyuma irked the US administration by saying the US was wrong to start the war in Iraq.

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

8. G-7 on Japan Currency

Kyodo News ("G-7 COMPROMISES ON YEN EXCHANGE RATE", 2007-02-12) reported that the strong concern expressed by euro-zone financial leaders moved the G-7 nations to suggest the yen's weakness against the euro should be corrected to reflect the expectations that Japan's economic recovery will continue. The yen's fall to record lows against the euro has emerged as a major focus of attention, with euro-zone politicians voicing concern that the Japanese currency's further fall will dampen the competitiveness of European exports. The yen weakened against the euro by 13 percent in the past year.

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

9. Cross Straight Relations

China Post ("DPP BRUSHES ASIDE U.S. OBJECTIONS", 2007-02-12) reported that Chairman Yu Shyi-kun of the ruling Democratic Progressive Party said that the US has no right to meddle in Taiwan's internal matters like the ongoing name-change campaign for state-run companies, saying the drive is very helpful in galvanizing the people's identification with Taiwan. Yu called for a customized constitution to make Taiwan a "normal" country and allow for joining the United Nations under the name "Taiwan."

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

10. PRC ASAT Test

The Associated Press ("REPORT: CHINA HAS NO PLANS FOR NEW TESTS", 2007-02-12) reported that the PRC has no plans to carry out another test of an anti-satellite weapon, according to Japan's former defense chief, citing a conversation with the PRC defense minister. Since the test, the PRC has indicated it remains willing to work with other countries on an agreement to prevent an arms race in space. Washington and Tokyo have said the PRC test undermined efforts to keep weapons out of space. President Bush signed an order in October tacitly asserting the US right to space weapons and opposing the development of treaties or other measures restricting them.

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

11. PRC Economic Growth

BBC News ("CHINA'S TRADE SURPLUS JUMPS 67%", 2007-02-12) reported that the PRC's trade surplus jumped 67% in January, a development that is likely to increase pressure on the PRC to allow its currency to float freely. Last month the PRC exported \$15.9bn (£8.2bn) more goods and services than it imported, compared with \$9.5bn for the same month a year earlier. On Friday, the G-7 finance minister from the world's leading industrial countries called on the PRC to increase its currency flexibility.

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

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