



NAPSNet Daily Report Monday, February 26, 2007

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I. NAPSNet

1. Six Party Agreement

Reuters ("NORTH KOREA READY TO STOP MAKING PLUTONIUM: SEOUL", 2007-02-23) reported that the DPRK appears ready to abandon the source of its weapons-grade plutonium but there is still a long way to go before Pyongyang scraps its entire nuclear arms program, a top RO Korean nuclear envoy said on Friday. Envoy Kim Kye-gwan may visit New York in early March and discuss with U.S. officials benefits the reclusive state would receive for scrapping its nuclear arms plans, such as setting up diplomatic ties with Washington, Yonhap cited diplomatic sources as saying.

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2. Heavy Fuel Oil for DPRK

Xinhua ("50,000 TONNES OF HEAVY FUEL OIL FOR NORTH KOREA", 2007-02-26) reported that the ROK has begun internal preparations to provide 50,000 tonnes of heavy fuel oil worth 20 billion won (\$21.3 million) to the DPRK as part of a recent nuclear agreement. Details will be worked out during the upcoming meeting of a working group on energy aid. The government will commission the Public Procurement Service to choose a local oil refinery for the project. It will cost about \$350 per metric ton, and incidental charges of delivery will constitute about 20 percent, the Unification Ministry said.

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3. Financial Investigation into BDA

International Herald Tribune ("U.S. WRAPS UP ITS INVESTIGATION OF NORTH KOREAN FINANCIAL CHARGES ", 2007-02-26) reported that a delegation of U.S. officials at a meeting in the Chinese territory of Macao told local government and banking authorities that an investigation into allegations against Macao-based Banco Delta Asia, which led to the freezing of about \$25 million in accounts linked to the DPRK, was drawing to a close. Daniel Glaser, the deputy assistant secretary handling terrorist financing and financial crimes at the Treasury Department, did not indicate what the investigation had discovered. But he said the time-consuming review of some 300,000 documents from Banco Delta Asia had "confirmed our suspicions" about the activities of the bank. This indicated that at least some of the \$25 million would remain frozen. Discussions with DPRK officials and the work of U.S. investigators since then had reached the point "where we can begin to take steps to resolve the Banco Delta Asia matter," said Glaser. No details on what "steps" were mentioned.

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4. IAEA Visit to DPRK

Associated Press ("IAEA: NORTH KOREA INVITES ELBARADEI TO DISCUSS DENUCLEARIZATION", 2007-02-23) reported that Chief U.N. nuclear inspector Mohamed ElBaradei said the DPRK had invited him to visit within the next few weeks to discuss details of dismantling the country's nuclear program. ElBaradei, chief of the International Atomic Energy Agency, said he and DPRK authorities would discuss how to "implement the freeze of (nuclear) facilities" and "eventual dismantlement of these facilities." While ElBaradei offered no details, his announcement was significant because it signaled the DPRK's further willingness to subject its nuclear program to

outside perusal for the first time since withdrawing from the Non-proliferation Treaty three years ago and ordering agency inspectors to leave. IAEA spokeswoman Melissa Fleming said ElBaradei would probably visit in the second week of March, after the agency board meets on DPRK and Iran, the other country of international nuclear concern.

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5. Alleged DPRK Uranium Program

Reuters ("U.S. ACKNOWLEDGES GAPS ON N.KOREA NUCLEAR PROGRAM", 2007-02-22) reported that the United States acknowledged gaps in its knowledge about the alleged uranium enrichment program it has long accused Pyongyang of pursuing. Chief U.S. negotiator Chris Hill, speaking at the Brookings Institution, said such a program, which could produce fuel for nuclear weapons, would require "a lot more equipment than we know that they have actually purchased" as well as "some considerable production techniques that we're not sure whether they have mastered." He also raised the possibility that aluminum tubes the United States believes the DPRK acquired for an enrichment program several years ago may have gone "somewhere else." A former U.S. official told Reuters the data gaps cited by Hill have existed since 2002 when the Bush administration first disclosed the enrichment program but this may be the first time they have been publicly acknowledged. Physicist David Albright on Wednesday urged a reassessment of what he called a questionable U.S. charge about a covert enrichment program.

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6. Rice to Visit DPRK

Kyodo News Service ("U.S. SECRETARY OF STATE RICE MAY VISIT N. KOREA: REPORT", 2007-02-23) reported that the United States and DPRK have agreed that the two countries will consider a visit by U.S. Secretary of State Condoleezza Rice to Pyongyang once initial steps toward denuclearization have been undertaken. The agreement was reached at a meeting between U.S. Assistant Secretary of State Christopher Hill and DPRK Vice Foreign Minister Kim Kye Gwan in Berlin in January, reported the Kyunghyang Shinmun, quoting diplomatic sources in Beijing, Tokyo and Washington. The diplomatic sources said that the timing for Rice's visit to Pyongyang would be around the 60-day deadline for the DPRK to take "the initial step."

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7. DPRK Nuclear Capability

Yonhap ("N. KOREA'S NUCLEAR ENVOY INDICATED ABILITY TO MOUNT NUCLEAR WARHEADS ON MISSILES: RFA", 2007-02-23) reported that Kim Kye-gwan strongly indicated that the DPRK had the ability to mount nuclear warheads on medium-range ballistic missiles, during the meeting with David Albright, president of the Washington-based Institute for Science and International Security (ISIS), when Albright questioned the DPRK's nuclear delivery ability. Albright, together with former State Department official Joel Wit, visited from Jan. 30 to Feb. 4 at the DPRK's invitation. Radio Free Asia quoted Albright as saying: "Kim said, 'Did you see we exploded something only underground? Does the underground explosion signify much?'" Kim added that it is foolish for a country not to have nuclear delivery capabilities if it has proven its nuclear weapon ability, according to Albright.

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8. US-ROK Security Alliance

Chosun Ilbo ("KOREA, US AGREE ON TROOP CONTROL 'TRANSITION' BY 2012", 2007-02-26) reported that the transition of full operational control of forces from the US to ROK will be complete by April 17, 2012. Combined Forces Command will be dissolved. Opponents worry about ROK's security once the single wartime command structure is dismantled. Some fear the US could br its hands of its ally and withdraw from the Korean Peninsula before the DPRK nuclear crisis has been resolved. ROK forces lack the intelligence-gathering capability to carry out operations against the DPRK on their own. Even when the ROK has full operational control of its own forces, it will depend on the US Forces Korea and reinforcements from the US mainland for a considerable time. ROK will have to work out an entirely new strategy for an emergency. The government insists there will be no security vacuum after operational control is transferred to ROK.

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9. Japan Spy Satellite Launch

New York Times ("JAPAN LAUNCHES ITS 4TH SPY SATELLITE", 2007-02-26) reported that Japan has launched its fourth spy satellite into orbit, increasing its ability to independently gather intelligence. The satellite will allow Japan to monitor any point on Earth once a day. In addition to anxiety over DPRK's missile and nuclear programs, Japan also expressed concern after PRC shot down a satellite last month with a ballistic missile.

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10. Japan Middle East Visit

Kyodo News ("ABE PLANNING TRIP TO MIDDLE EAST DURING GOLDEN WEEK", 2007-02-26) reported that Prime Minister Shinzo Abe is considering visiting the Middle East during Japan's Golden Week holiday season from late April through early May. The trip will follow Abe's planned visit to the US.

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11. Japan-Russia Energy Trade

Bloomberg ("JAPAN, RUSSIA MINISTERS AGREE TO BOOST ENERGY TIES, TRADE", 2007-02-26) reported that Russian Energy Minister Viktor Khristenko and Japanese Foreign Minister Taro Aso agreed to strengthen cooperation in oil and natural gas trading. The two ministers reportedly discussed Russia projects on Sakhalin Island and the Eastern Siberia-Pacific Ocean pipeline project. Japan imports 89 percent of its oil from the Middle East and is seeking to diversify its energy imports by trading with Russia for natural gas, uranium and oil.

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12. Yasukuni Shrine Issue

The Associated Press ("S. KOREANS SUE OVER JAPAN'S WAR SHRINE", 2007-02-26) reported that a group of ROK citizens filed a lawsuit against the Yasukuni Shrine, demanding it remove relatives' names from the list of war dead honored there. The 11 plaintiffs, including a former soldier and 10

others whose fathers were impressed into the Japanese military during World War II, said their names have been enshrined against their will. The plaintiffs are demanding a public apology and less than \$1 each in compensation.

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13. US on PRC Military

The Associated Press ("CHENEY CRITICIZES CHINA'S ARMS BUILDUP", 2007-02-26) reported that the PRC's recent anti-satellite weapons test and its continued military buildup are "not consistent" with its stated aim of a peaceful rise as a global power, Vice President Dick Cheney said Friday. "Last month's anti-satellite test, China's continued fast-paced military buildup are less constructive and are not consistent with China's stated goal of a peaceful rise," he said.

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14. PRC Politics

Agence France-Presse ("CHINESE ENTREPRENEURS EAGER FOR POLITICAL ROLE", 2007-02-26) reported that the PRC's entrepreneurs are becoming more eager to play a role in politics, as the elite replace traditional workers as the dominant force in private business, state media said. Nearly one third of private business owners would like to get a seat in either law-making or advisory assemblies, according to a recent survey carried out by the Communist Party and other agencies, the China Daily reported.

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II. CanKor

15. Report #273

CanKor ("FOCUS: Six Party Agreement", 2007-02-26) This week's CanKor Report presents a full-edition focus on -- (what else?) -- the recently concluded agreement at the third phase of the fifth round of Six-Party Talks in Beijing. The deceptively artless title "Initial Actions for the Implementation of the Joint Statement" (referring to the September 2005 agreement) conceals what most commentators consider to be a significant change of tone and methodology in the Six-Party process. The collection of opinions presented in this issue attest to the controversy that this document aroused, before the ink on the signatures had a chance to dry. Following the full text of the document is a short article that appeared in the English-language edition of North Korea's Central News Agency already hinting at a differential interpretation of what had in fact been agreed. Not that ordinary DPR Koreans would have paid undue attention to this agreement in the midst of celebrating Kim Jong Il's 65th birthday! Critics on both sides of the engagement divide have had a field day evaluating whether this agreement represents a breakthrough in diplomacy, or capitulation to the DPRK's uncanny ability to extract rewards for bad behaviour. Choosing among too many excellent commentaries and analyses has been a challenge. Robert Carlin and John W. Lewis educate us on "What North Korea really wants." The Nautilus Institute's Australian Executive Director Peter Hayes calls the Beijing deal "one small step in the right direction," calling those who denounce it as a revival of the old Agreed Framework "completely wrong." Canadian David Frum, who as a former White House speechwriter was credited with inventing the "axis of evil" sees the

nuclear deal as a demonstration of the "lethal failure of strategic vision" in the second Bush administration. Former State Department North Korea director Ken Quinones sees the deal creating numerous new problems without solving any fundamental issues, saying, "Paradoxically the strongest advocate appears to be President Bush, along with China and South Korea." Robert Gallucci, chief US negotiator during the 1994 nuclear crisis says that it is plausible, though not a certainty, that the DPRK will follow through with gradual disarmament and full disclosure of North Korea's nuclear stockpiles, if they "believe they're getting the political relationship they want with the United States and that they can rely on that relationship." "Its about time" say James Goodby, former US ambassador to Finland and senior Finnish diplomat Markku Heiskanen. The agreement "could mark the first step towards a new era in Northeast Asia." Without expecting miracles, the authors say, "This approach deserves support. It is perhaps the last best hope for averting catastrophe."

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Nautilus Institute

608 San Miguel Ave., Berkeley, CA 94707-1535 | Phone: (510) 423-0372 | Email:

nautilus@nautilus.org