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I. NAPSNet

1. DPRK Frozen Funds Issue

Associated Press ("US TRYING TO RESTART NORTH KOREA TALKS", 2007-06-11) reported that the United States and Russia are working on a plan to transfer \$25 million in once frozen DPRK funds held at an Asian bank, a move aimed at reviving stalled nuclear disarmament efforts.

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2. US on UNDP DPRK Program

Agence France-Presse ("US UNVEILS NEW CHARGES THAT NORTH KOREA MISUSED UN AID", 2007-06-09) reported that US diplomats have confronted the UN Development Program (UNDP) with new allegations that its funds were misused and improperly diverted by the DPRK. The US mission to the UN essentially confirmed a report in Saturday's Washington Post citing US charges that nearly three million dollars in UNDP aid was used by the Pyongyang regime to buy property in France, Britain and Canada. But in a statement released by its spokesman David Morrison Saturday, UNDP said : "the allegations do not correspond to our records, which we have examined very carefully over the past six months."

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3. Inter-Korean Relations

Hankyoreh ("S. KOREAN OFFICIALS NOT INVITED TO SUMMIT ANNIVERSARY EVENT IN N. KOREA", 2007-06-11) reported that the ROK will support the participation of civic delegations but will not send a delegation of officials to take part in planned joint events in Pyongyang to mark the seventh anniversary of the historic inter-Korean summit. The ROK has requested an invitation for official participation, but has so far received no response. During the latest high-level talks, the DPRK lodged a strong protest over the ROK's withholding of promised rice aid until it shuts down its main nuclear reactor under a February nuclear deal.

[\(return to top\)](#) AHN ("NORTH KOREA ACCUSES SEOUL OF ARMS BUILDUP", 2007-06-10) June 10, 2007 1:10 p.m. EST Komfie Manalo - AHN News Writer Pyongyang, North Korea (AHN) - reported that the DPRK accused the ROK of speeding up its arms buildup with the deployment of new warships and the purchase of new fighter planes from the United States. The statement adds, "Their behavior is a treacherous criminal act. It will also adversely affect the process of settling the nuclear issue of the Korean Peninsula." In the same statement, Pyongyang confirmed that it conducted a test of its short-range missile recently. [\(return to top\)](#)

4. DPRK Population Growth

Chosun Ilbo ("N.KOREA'S POPULATION, LIFE EXPECTANCY INCH UP", 2007-06-11) reported that the total population of the DPRK as of July 2007 will be 23,301,725 and average life expectancy 71,92 years, according to estimates by the CIA. The population grew 0.79 percent compared to 23,113,019 last year, and the increase has been steady since 2003. The average life span has also inched up from 70.79 years in 2003. Infant mortality decreased from 25.66 deaths out of 1,000

infants in 2003 to 22.56. The CIA estimates the economic growth rate at 1 percent and per capita GDP at US\$1,800.

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5. USFK Base Relocation

Joongang Ilbo ("NEW U.S. BASE MOVE DATE IS 2012", 2007-06-11) reported that the relocation of US military installations to a base in southern Gyeonggi Province is expected to be completed by November 2012, about a year earlier than previously expected, a ROK Defense Ministry official said. The business plan submitted by Kunwon-CH2M HILL, the consortium in charge of the project, includes that timeline, according to a release from the USFK Base Relocation Project Management Group, which is under the ministry.

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6. Japan Trade Relations

Kyodo ("JAPAN TO BEGIN PRIVATE-SECTOR STUDIES ON FTAS WITH U.S., EU IN FALL", 2007-0-11) reported that Japan plans to launch private-sector joint studies with the US and the EU as early as September aimed at forming free trade agreements with them, sources close to the matter said. Japan aims to conclude the private-sector studies with the United States and the European Union by summer next year and then elevate the studies to an intergovernmental level. It would then enter intergovernmental negotiations around the fall in 2009, the sources said.

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7. Japan-US Missile Defense Cooperation

Agence France-Presse ("JAPAN REQUESTS MISSILE DEFENSE UPGRADE, INTERCEPTOR MISSILES", 2007-06-11) reported that Japan has requested the possible missile defense upgrade to one of its sea-based Aegis air defense systems and nine SM-3 interceptor missiles, the Pentagon said Friday. Deployed on Japanese ships, the upgraded Aegis system and SM-3 Block IA missiles will provide "the initial ballistic missile defense for mainland Japan," the agency said in a statement.

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8. Japan, PRC Military Expenditures

The Associated Press ("ARMS REPORT: U.S. WORLD'S BIGGEST MILITARY SPENDER; CHINA OVERTAKES JAPAN", 2007-06-11) reported that the US remained the world's biggest military spender last year, devoting about US\$529 billion to arms, while the PRC overtook Japan as Asia's top arms spender, a Swedish research institute said. The Stockholm International Peace Research Institute said the United States spent the most on arms, the PRC's growing military expenditures reached nearly \$50 billion, making it the fourth-biggest arms spender in the world, SIPRI said in its annual report. Japan was fifth with \$43.7 billion.

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9. Cross Strait Relations

The International Herald Tribune ("CHINA APPEARS TO CONFRONT U.S. DEFENSE OF TAIWAN", 2007-06-11) reported that an increasingly wealthy PRC is now building a military force tailored specifically to challenge any attempt by the US to intervene in a conflict over Taiwan, Western and PRC military analysts say. Without attempting to match the overwhelming U.S. military might, experts say, the army has developed a strategy of "area denial," where an array of precision weapons would be deployed in an attempt to keep US forces, particularly aircraft carriers, at a distance for long enough that the PRC could overwhelm Taiwan's defenses.

[\(return to top\)](#) Agence France-Presse ("TAIWAN'S LEE FIRES SHOTS AT CHINA FROM JAPAN ", 2007-06-11) reported that Taiwan's former president Lee Teng-hui on Saturday fired a defiant shot at the PRC during a visit to Japan, urging Tokyo to take a harder line in an emotive row over a war shrine. "I believe the problem of the Yasukuni shrine was created as a result of China and South Korea not being able to handle their own domestic issues," Lee told a news conference before heading to the airport. "Even so, the Japanese government has been too soft in dealing with them."

[\(return to top\)](#) Xinhua News ("CHINA, TAIWAN LAUNCH FIRST CROSS-STRAIT FLIGHTS", 2007-06-11) reported that for the first time, the PRC and Taiwan will launch cross-Strait charter flights for the Dragon Boat Festival, which falls on June 19 this year. Five mainland airlines including Air China, and six Taiwan companies including China Airlines will undertake 21 round-trip flights from June 15 to June 22, according to the Civil Aviation Administration of China (CAAC). [\(return to top\)](#)

10. Sino-Indian Territorial Dispute

The Financial Times ("CHINA RAISES TENSION IN INDIA DISPUTE", 2007-06-11) reported that India's strengthening ties with the US are the cause of the PRC's increasingly aggressive position over the disputed India-PRC border in the eastern Himalayas, according to security affairs analysts in both countries. The PRC seemed to harden its stance over the territorial dispute. "[The Chinese claim] came as a big surprise to New Delhi," says Brahma Chellaney, an Indian security affairs analyst. "The new shrillness in China's rhetoric on territorial issues is a reflection of its anger at India gradually getting co-opted into the US league."

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11. PRC Leadership

Agence France-Presse ("CHINESE VICE PRESIDENT ZENG TO STEP DOWN FROM PARTY POLITBURO: REPORT", 2007-06-11) reported that PRC Vice President Zeng Qinghong intends to step down from his powerful position as a top Communist Party leader at a party congress this autumn, the Mainichi Shimbun reported. By accepting Zeng's intention to step down, Hu would be freed up to make new personnel arrangements that would likely bolster his own political power, the newspaper quoted "reliable party sources" as saying in a report from Shanghai.

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12. PRC Energy Supply

Xinhua ("CHINA MAY HALT PRODUCTION OF LIQUEFIED COAL", 2007-06-11) reported that the PRC, which is rich in coal but poor in petroleum and gas, may put an end to projects which are designed to produce petroleum by liquefying coal, an official with the country's top economic

planning agency has said. The consideration came after evaluation of the nation's limited energy resources and its ecological environment, a deputy director of the industry department of the National Development and Reform Commission (NDRC) told a seminar on the PRC's fuel ethanol development, held in Beijing on Saturday.

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13. PRC PRRS Outbreak

Xinhua ("CHINA URGES INTENSIFIED PREVENTION AND CONTROL OF BLUE-EAR PIG DISEASE", 2007-06-11) reported that the PRC's Ministry of Agriculture issued a notice to call for intensified prevention and control of blue-ear pig disease as the country is entering the peak season for the disease. The highly pathogenic blue-ear disease, also known as Porcine Reproductive and Respiratory Syndrome (PRRS), has already killed 18,000 pigs this year. The notice said local governments should improve the emergency plans for the disease outbreak and section off and cease pork trading in affected areas at the time of an outbreak.

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II. CanKor

14. Report #283 - Special Edition

CanKor ("FOCUS: Inside DPRK Part 1", 2007-06-01) Subscribers consistently name stories about life inside the DPRK as their top interest when reading CanKor. Unfortunately, current events often sideline these stories in our Reports. Occasionally, we therefore publish a special edition of CanKor assembling such "Inside DPRK" stories. Not all these stories are current, and in some cases may already be outdated. Readers are therefore advised to note the date each story was first published. The stories included in this full-edition FOCUS, "Inside DPRK Part 1": A study by the College of Human Ecology at Seoul National University outlines some conspicuous changes happening in the DPRK, affecting income levels, education, food and housing. The DPRK government says that a major goal is to raise the standard of living, but little progress is seen thus far among people whose average monthly salary is \$3 to \$6. An explicitly Christian university, the Pyongyang University of Science and Technology (PUST), is under construction in Pyongyang. A conservation group says that the DPRK has taken a first step toward creating a wildlife preserve in the heavily armed demilitarized zone (DMZ). The DPRK says it is directing major effort toward the environmental protection of water and the protection of the ozone layer. A relatively little-known fact: the DPRK is a major outsourcing mecca for the international animation industry, producing such well-known movies as "The Lion King". Finally, stories continue to surface on how the DPRK cracks down on troubled youth, unseemly dress styles and men's long hair.

[\(return to top\)](#) CanKor ("WHAT READERS SAY ABOUT THE CANKOR REPORT", 2007-06-01) "I am more than happy for having CanKor. The information provided by CanKor will be invaluable to my professional academic research. With my sincere appreciation for the CanKor team's dedication." Anne H. Lee, MBA/Collaborative International Development Studies candidate College of Management and Economics Macdonald Institute, University of Guelph, Ontario, Canada [\(return to top\)](#)

15. Report #284

CanKor ("Current Events", 2007-06-08) For the second time in a month, the DPRK test launches short-range missiles off its west coast as part of what it claims are routine military exercises. The timing - during the G8 leaders summit in Heiligendamm, Germany, and shortly after an announcement that President Vladimir Putin had signed a decree committing Russia to UN sanctions against the DPRK - leads observers to suspect that these tests have more political than military intent. The Republic of Korea is set to tear down some 97km of a total of 644km barbed security fences along the shores of rivers and coastlines that were erected to prevent DPR Korean infiltration. An additional 41km of barbed wire will be removed by the end of 2009 and the rest in phases after that. The fences will be replaced by modern surveillance equipment. The DPRK restarts its Yongbyon nuclear reactor after a ten-day maintenance shutdown.

[\(return to top\)](#) CanKor ("FOCUS: Continuing Humanitarian Concerns", 2007-06-08) This week's CanKor FOCUS is on continuing humanitarian concerns. The independent auditors charged with examining UNDP operations in the DPRK find little evidence of wrongdoing, but do point to some "difficulties" faced by all UN and NGO operations in Pyongyang. The UN World Health Organization launches a five-year \$20-million United Nations project funded by the ROK and intent on improving the health of 5 million DPR Korean women and children. On the other hand, the 400,000 tons of South Korean rice promised to the North is once again put on hold until the DPRK closes its Yongbyon nuclear plant. Two recent NGO visits attest to the continued difficulties faced by ordinary people in the DPRK: On behalf of Mercy Corps International, former Congressman and US Ambassador Tony Hall warns that politics between the DPRK and food donor countries threaten the wellbeing of the Korean people, and could contribute to a humanitarian crisis. Professor Donald Clark of Trinity University in Texas engages in some historical reflections during a monitoring visit as a member of a Christian Friends of Korea delegation over Easter 2007. [\(return to top\)](#) CanKor ("WHAT READERS SAY ABOUT THE CANKOR REPORT", 2007-06-08) "CanKor is an indispensable source of balanced news about key developments regarding the Korean Peninsula. I rely on it to keep my students in Japan and myself informed about Korea-related events." C. Kenneth Quinones, Professor of Korean Studies, Akita International University, Japan. [\(return to top\)](#)

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