# NAPSNet Daily Report Monday, June 12, 2006

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I. NAPSNet


- 1. DPRK Missile Test
2. DPRK on US Spy Flights
3. Ex US Official on Incentives for DPRK
4. Kim Dae-jung's DPRK Visit
5. Inter-Korean Summit Anniversary
6. Inter-Korean Cultural Cooperation
7. Inter-Korean Broadcasting Cooperation
8. Survey on Korean Unification
9. US Visit to Kaesong Industrial Complex
10. DPRK-Venezuela Relations
11. DPRK-Japan Trade
12. UNESCO-Kim Jong-chol Connection
13. ROK-Japan Territorial Dispute
14. Japan Defense
15. Japan Education
16. PRC-Japan Relations
17. PRC-India Trade Relations
18. Taiwan Leadership
19. PRC Arms Sales
20. US Terror Warning in the PRC
21. PRC Energy Demand

II. CanKor

- 22. Report #252

Preceding NAPSNet Report

# I. NAPSNet

## 1. DPRK Missile Test

Agence France-Presse ("NORTH KOREA FLEXES MISSILE MUSCLE TO GRAB US ATTENTION", 2006-06-12) reported that a senior US official said in a weekend report that there were "enough indications" to suggest that the DPRK was getting ready to test-fire an intercontinental ballistic missile, eight years after sending a missile over northern Japan. "It is very likely that North Korea believes that with Iran being offered a very reasonable package of incentives to abandon their nuclear program, they too would like to ensure that they are getting the appropriate attention and incentives from the United States," said Jon Wolfsthal, a weapons expert at the Washington-based Center for Strategic and International Studies.

(return to top)

## 2. DPRK on US Spy Flights

Agence France-Presse ("NORTH KOREA THREATENS TO "PUNISH" US OVER SPY FLIGHTS", 2006-06-11) reported that the DPRK's Air Force Command has threatened to "punish" the US for its spy flights over the state. In a statement carried by the Korean Central News Agency, the air force said that a US RC-135 reconnaissance plane had made flights over its territorial waters on June 6, 8 and 10. Describing the alleged US espionage flights as "openly crying out for a preemptive attack" on the state, the command warned of a possible repeat of 1969, when it shot down another US Navy plane, killing all 31 crew.

(return to top)

## 3. Ex US Official on Incentives for DPRK

Kyodo ("ARMITAGE CALLS FOR IRAN-STYLE INCENTIVES IN TALKS WITH N. KOREA", 2006-0--12) reported that the US should offer the DPRK a "credible" incentive package similar to the one offered to Iran to jump start the stalled six-party talks on Pyongyang's nuclear program, former US Deputy Secretary of State Richard Armitage said. "If we don't then talk to North Korea in a similar fashion, I think we look a little silly because here we're talking to the Iranians," Armitage said, referring to the package offered by world powers to Iran on Tuesday. "I think what's going on in Iran will actually have a positive effect on North Korea, they may actually come back to the table," Armitage said in a recent interview with Kyodo News.

(return to top)

## 4. Kim Dae-jung's DPRK Visit

JoongAng Ilbo ("PROMISED MEETINGS UNSCHEDULED", 2006-06-09) reported that even though the DPRK promised to hold a third round of meetings by the end of this week in preparation for a visit by former President Kim Dae-jung to Pyongyang, no such discussions have taken place. According to the ROK government, it recently sent a telephone message to the DPRK to schedule the talks, but received no reply. The last round of meetings about Mr. Kim's trip took place in Kaesong on May 29. During that meeting, the two Koreas agreed that Mr. Kim will visit the DPRK on June 27 for four days. They, however, deferred discussions on specifics about the trip, including the means of transportation, to a meeting this week.

(return to top)

## 5. Inter-Korean Summit Anniversary

Yonhap ("UNIFICATION MINISTER TO ATTEND JOINT COMMEMORATION OF INTER-KOREAN SUMMIT", 2006-06-12) reported that the ROK's point man on DPRK affairs Unification Minister Lee Jong-seok is to head the government's delegation to a joint celebration of the anniversary of the historic inter-Korean summit, the Unification Ministry said Monday. A DPRK delegation, headed by Kim Yong-dae, vice president of the presidium of the Supreme People's Assembly, is expected to arrive here early Wednesday, ministry officials said.

(return to top)

## 6. Inter-Korean Cultural Cooperation

Yonhap ("S. KOREAN MUSEUM UNVEILS 90 TOP RELICS FROM N. KOREA", 2006-06-12) reported that the National Museum of Korea on Monday unveiled 90 key artifacts from Pyongyang, offering a comprehensive look into the other half of the peninsula's cultural legacy. The exhibition presents the best cultural properties of the DPRK that are known but have never been exhibited in the ROK, museum officials said. They were brought over from the DPRK's Korean Central History Museum last month under an agreement between the leading museums of the two Koreas.

(return to top)

## 7. Inter-Korean Broadcasting Cooperation

Reuters ("SOUTH KOREA SENDS WORLD CUP BROADCASTS TO NORTH", 2006-06-12) reported that the ROK has begun sending TV signals of soccer's World Cup finals to the DPRK for delayed broadcasts, a ROK official said on Monday. "Following a test signal relay on Sunday, the main signal transmission started today by satellite," the broadcasting commission official said by telephone.

(return to top)

## 8. Survey on Korean Unification

Korea.net ("85% OF COLLEGIANS WANT UNIFICATION OF KOREAN PENINSULA: SURVEY ", 2006-06-10) reported that eighty-five percent of ROK collegians want their divided country unified sooner or later and 52.8 percent regard their government's handling of the DPRK nuclear issue approvingly, according to a survey by the National Unification Advisory Council (NUAC) released on

Thursday.

(return to top)

## 9. US Visit to Kaesong Industrial Complex

Agence France-Presse ("US AND FOREIGN ENVOYS VISIT NORTH KOREA'S INDUSTRIAL SITE", 2006-06-12) reported that US Ambassador Alexander Vershbow and other foreign envoys to Seoul have made a maiden visit to a ROK-built industrial complex in the DPRK, officials said. The visit, arranged by the ROK's foreign ministry, came amid differences between Seoul and Washington over the project seen in Seoul as a flagship for inter-Korean cooperation. The foreign ministry said it hoped the trip would "enhance international understanding of the Kaesong Industrial Park" which has been criticized in Washington on human rights grounds.

(return to top)

## 10. DPRK-Venezuela Relations

Reuters ("VENEZUELA'S CHAVEZ TO VISIT NORTH KOREA, IRAN", 2006-06-11) reported that Venezuelan President Hugo Chavez announced on Sunday that he will visit Iran and the DPRK, two nations at odds with Washington over nuclear development, at a time when Chavez is seeking to distance Venezuela from the US. "We will soon be in North Korea, we will soon be in Tehran, deepening our ... strategic alliances," Chavez said during his weekly Sunday broadcast.

(return to top)

## 11. DPRK-Japan Trade

Asia Times ("JAPAN'S TRADE WITH NORTH KOREA DWINDLES", 2006-06-12) reported that Japan's trade with the DPRK more than halved last year from three years ago, due mainly to strained ties between the two countries, a Japanese newspaper reported Saturday. Two-way trade amounted to 21.4 billion yen (US$188 million) in 2005, down from 45.9 billion yen in 2002, the Mainichi Shimbun said, quoting a report by the Japan External Trade Organization (JETRO).

(return to top)

## 12. UNESCO-Kim Jong-chol Connection

Chosun Ilbo ("KIM JONG-IL'S SON REGISTERED WITH UNESCO", 2006-06-12) reported that the second son of DPRK leader Kim Jong-il is reportedly registered as an employee with the country's liaison office of UNESCO in Paris. Sources say Kim Jong-chol has been using the alias Kim Chol-song since 1999, and he registered with UNESCO to make it easy for Kim to travel around Europe.

(return to top)

## 13. ROK-Japan Territorial Dispute

Kyodo ("JAPAN, S. KOREA HOLD EEZ DEMARCATION TALKS AMID ISLETS ROW", 2006-06-12) reported that Japan and the ROK held the first day of a two-day meeting Monday in Tokyo with "serious discussions" aimed at demarcating their exclusive economic zones around a pair of disputed islets, resuming negotiations after a six-year suspension. Neither of the delegation heads of Japan

and the ROK gave any details of their talks.

(return to top)

## 14. Japan Defense

The Associated Press ("JAPAN MOVES TO UPGRADE DEFENSE UNIT ", 2006-06-09) reported that the Japanese cabinet on Friday endorsed a bill to upgrade the Defense Agency to a full-fledged ministry, reflecting the growing role of the country's military at home and abroad. The proposal, one of several government measures aimed at shedding Japan's staunch pacifism in the decades since World War II, was expected to be submitted to Parliament later in the day.

(return to top)

## 15. Japan Education

The Associated Press ("JAPAN'S CONSERVATIVES PUSH PREWAR 'VIRTUES' IN SCHOOLS", 2006-06-10) reported that the Japanese government is now moving toward revising the Fundamental Law of Education, which was drafted in 1947 during the American occupation to prevent a revival of prewar nationalism. The revision proposed by the governing Liberal Democratic Party would emphasize patriotism, tradition and morality, and hand greater control over schools to politicians.

(return to top)

## 16. PRC-Japan Relations

Agence France-Presse ("JAPAN SAYS IT WOULD WELCOME HU ", 2006-06-12) reported that Japan has said it would welcome PRC President Hu Jintao, who indicated he wants to pay a maiden visit to repair sour relations amid a leadership change here. "The door is always open for Japan. We would like to welcome President Hu Jintao," said Chief Cabinet Secretary Shinzo Abe.

(return to top)

## 17. PRC-India Trade Relations

Reuters ("WARILY, INDIA AND CHINA TO REOPEN SILK ROUTE TRADE ", 2006-06-12) reported that India and the PRC plan to reopen the Nathu-la pass in June after more than 40 years, a potent symbol of rapprochement between Asian giants who fought a Himalayan war in 1962. For an initial five-year period the pass, at an altitude of 14,200 feet, will handle limited border trade between the tiny northeast Indian state of Sikkim and southern Tibet. It will be a modest start, but it promises much more.

(return to top)

## 18. Taiwan Leadership

Agence France-Presse ("TAIWAN LAWMAKERS MULL CHEN REFERENDUM ", 2006-06-12) reported that Taiwan's parliament agreed to hold an additional session to decide whether to call a referendum on ousting President Chen Shui-bian amid corruption allegations involving his family. But the main opposition Kuomintang (KMT) party and the smaller People First Party (PFP) face an uphill battle if they are to succeed in persuading parliament to back a popular vote to decide if Chen

should go.

(return to top)

## 19. PRC Arms Sales

The Associated Press ("ACTIVISTS SAY CHINESE ARMS FUEL CONFLICTS ", 2006-06-12) reported that the PRC's sales of military vehicles and weapons to Sudan, Nepal and Myanmar have aggravated conflicts and abetted violence and repressive rule in those countries, Amnesty International said in a report. The London-based rights group's report sheds light on an area of PRC foreign policy its government does not disclose: assistance to regimes embroiled in internal conflicts and often shunned by the West.

(return to top)

## 20. US Terror Warning in the PRC

Reuters ("US WARNS OF TERROR THREAT IN CHINA ", 2006-06-12) reported that the US warned on Friday of a possible terrorist threat against its interests in the PRC, especially in the three major cities of Beijing, Shanghai and Guangzhou. "This threat also may exist for places where Americans are known to congregate or visit, including clubs, restaurants, places of worship, schools or outdoor recreation events," the US embassy said in a notice on its Web site.

(return to top)

## 21. PRC Energy Demand

The Associated Press ("CHINA'S THIRST FOR OIL RATTLES OLD ORDER ", 2006-06-12) reported that Zhenhai is at the heart of a global energy revolution. As the PRC's leading oil receiving center, the city provides this nation of 1.3 billion people with hundreds of thousands of barrels of crude per day to feed its galloping economy. The shifting pattern of energy consumption is rattling Washington and aggravating an already intense rivalry with neighboring Japan over access to oil and gas supplies, adding to tensions in an already volatile region.

(return to top) Agence France-Presse ("CHINA REITERATES AMBITIOUS PLAN FOR MORE YANGTZE RIVER POWER ", 2006-06-12) reported that the PRC plans to build a dozen hydroelectric power plants in the next 20 years with an installed capacity totalling 90.2 million kilowatts, state media reported. The projects will be built on the upper reaches of the Yangtze River, known as the Jinsha River, and on two upstream Yangtze River tributaries, known as the Yalong and Dadu Rivers, Xinhua news agency reported. (return to top)

# II. CanKor

## 22. Report #252

CanKor ("CURRENT EVENTS", 2006-06-09) Last September, the US Treasury launched an action against the Banco Delta Asia in Macau related to alleged DPRK counterfeiting and money laundering, and sanctioned six North Korean trading companies for engaging in proliferation activities. In response, the DPRK has withdrawn from further participation in the Six-Party Talks.

And a shadow has been cast on the credibility of businesses operating in the DPRK. This week's edition of CanKor features a conversation with three business people undaunted by recent events. "By engaging in legitimate business and utilizing a code of ethical conduct as Phoenix and Daedong Credit Bank do, they show that one can be moral and still make a profit," says Richard Barr, Director at Citadel Advantage. "On a humanitarian level, increasing business in the DPRK creates employment which clearly reduces poverty and hunger." Using adjectives such as "secretive", or "reclusive" with regards to the DPRK perpetrates an air of mystery and obfuscation, says Nigel Cowie, General Manager of Daedong Credit Bank. "Our aim is to de-mystify all of this, and just get on and do successful business in an ethical, transparent way." "Engagement through trade and diplomatic contacts brings about interaction, and a better understanding of a country's way of life and belief system; it also brings about growth and prosperity," says Ken Frost, Executive Director of Phoenix Commercial Ventures. "We believe that legitimate businesses working with reputable organizations should not be ashamed of their work... We are proud to have developed and implemented a code of ethical conduct."

(return to top)

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