

NAPSNet Daily Report Monday, March 12, 2007

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I. NAPSNet

1. DPRK on Six Party Agreement

Associated Press ("REPORTS: NORTH KOREA INSISTS U.S. LIFT SANCTIONS BEFORE IT SHUTS DOWN NUCLEAR REACTOR", 2007-03-09) reported that DPRK Vice Foreign Minister Kim Kye Gwan, making a brief, surprise stopover at Tokyo's main international airport en route to Beijing from New York, said Pyongyang would be watching Washington's moves closely. "The United States promised to resolve the problem of sanctions against our country within 30 days. If this promise is kept, then we will shut down our nuclear facilities in 60 days," said Kim, the chief negotiator to the disarmament talks, the Yomiuri reported. The Asahi newspaper and Kyodo News agency carried similar reports.

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2. ROK on LWR for DPRK

Joongang Ilbo ("NORTH STILL HOPES FOR REACTORS", 2007-03-10) reported that ROK Foreign Minister Song Min-soon said yesterday that providing Pyongyang with a light-water reactor could be discussed after the country finishes disabling its nuclear weapons program. In ongoing negotiations, the DPRK has said it wanted the reactor for eventual denuclearization, but Washington has been reluctant to discuss providing one so far. An agreement reached in September of 2005 states that the issue of providing a light-water reactor will be discussed "at an appropriate time," without specifying what measures the DPRK must take before discussions begin.

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3. DPRK on PRC Influence

Chosun Ilbo ("PYONGYANG'S NUKE ENVOY SAYS CHINA USING N.KOREA", 2007-03-10) reported that the DPRK's Vice Foreign Minister Kim Kye-gwan reportedly told specialists in the United States that the PRC is "only trying to use" the DPRK. According to a diplomatic source, Kim made the remark during a seminar sponsored by the National Committee on American Foreign Policy (NCAFP) and the Korea Society. Over the last six years, the US has relied on the PRC for the solution to the nuclear issue. "What has it achieved? We have test-fired missiles and conducted a nuclear test, doing what we wanted to do. China has solved nothing," the source quoted him as saying. Pundits say Kim apparently wanted to stress to U.S. officials the importance of bilateral talks between Washington and Pyongyang. One North Korea expert in the PRC said Kim finally got a chance to say what the North has long wanted to tell the U.S. about the PRC. "This was a strong message that North Korea wants direct talks with the U.S.," the expert said. Still, experts say Kim would not have made the remarks if the DPRK didn't have reason to be miffed at the PRC, possibly because Beijing consulted Washington first in preparing the six-party agreement reached on Feb. 13 and for having cooperated with the U.S. in freezing DPRK assets worth \$24 million in Banco Delta Asia accounts.

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4. Macao Inquiry

International Herald Tribune ("MACAO INQUIRY CLEARS BANK OF MONEY LAUNDERING FOR N. KOREA", 2007-03-12) reported that the investigation ordered by the Macao government of a bank accused by the United States of helping the DPRK launder the proceeds of illicit activities has found no evidence of criminal misconduct by any bank employees. In letters that were sent to the U.S.

Treasury Department and made available by the department, the American lawyers of Banco Delta Asia said that a review of all the bank's accounts related to the DPRK failed to turn up anything other than lax record-keeping. Joseph McLaughlin, of the law firm Heller Ehrman, in San Francisco, wrote to Treasury officials last October that the Macao government "has not yet found evidence of money laundering" and was "not currently planning to bring any criminal proceedings for money laundering."

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5. PRC-DPRK Trade Relations

Asia Pulse ("FIRMS VENTURE INTO NORTH KOREA", 2007-03-12) reported that chinese auto maker Brilliance Auto recently signed an agreement with PMC of the RO Korea on jointly launching an assembly plant in the DPRK. The facility will be Brilliance Auto's third after its operations in Egypt and Vietnam.

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6. Australia-DPRK Relations

Korea Times ("AUSTRALIAN DELEGATION ARRIVES IN NORTH KOREA", 2007-03-12) reported that an Australian government delegation arrived in Pyongyang on Sunday to call for the abandonment of its nuclear weapons program. Australia's Department of Foreign Affairs and Trade (DFAT) said the delegation, led by First Assistant Secretary Peter Baxter, is scheduled to stay in Pyongyang until Wednesday for denuclearization talks with ranking DPRK officials. The delegation is expected to make clear the country's intention to offer economic assistance in exchange for its decision to completely scrap its nuclear program, it noted, adding Australia has strong interest in peace on the Korean Peninsula.

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7. US-ROK Trade Relations

Chosun Ilbo ("KOREA-U.S. AGREE IN TWO MORE AREAS IN FTA", 2007-03-12) reported that ROK and US trade negotiators reached agreement on the customs and government procurement at their eighth round of bilateral free trade talks, which is under way in Seoul. Including antitrust measures, where the two sides agreed Thursday, they have now concluded negotiations in three out of 19 areas under discussion. But thorny issues like agricultural market and auto taxes remain a stumbling block, and the two sides plan to settle them in two rounds of high-level negotiations after this round wraps up.

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8. Japan-Australian Security Relations

Agence France-Presse ("AUSTRALIA'S HOWARD TALKS SECURITY IN JAPAN ", 2007-03-12) reported that Australian Prime Minister John Howard held talks in Japan on sealing a landmark security pact that analysts say is a move to address risk linked to the PRC's military power, officials said. Howard and Prime Minister Shinzo Abe are expected to sign a security agreement on boosting cooperation in peacekeeping, emergency relief and counter-terrorism. Experts say the security pact would reassure Japan, which is worried about the PRC's rapidly growing military spending.

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9. Japan Comfort Women Issue

Agence France-Presse ("JAPAN PLAYS DOWN SIGNIFICANCE OF US COMFORT WOMEN RESOLUTION", 2007-03-12) reported that Japanese politicians played down the significance of a US proposed resolution demanding Japan apologise over use of sex slaves, many of them Chinese and Korean women, during World War II. "Japan should not act so sensitively to such moves," said Hidenao Nakagawa, secretary general of the Liberal Democratic Party. Foreign Minister Taro Aso also shrugged off the proposal and speculated that its submission might be a result of efforts to weaken the Japan-US alliance, possibly by the PRC or DPRK.

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10. Cross Strait Relations

The Associated Press ("CHINESE LAWMAKERS IGNORE TAIWAN REMARKS", 2007-03-12) reported that the PRC's lawmakers are ignoring unusually strong pro-independence remarks from the Taiwanese president, saying that any response will only encourage him. Although Chen Shui-bian rankles the PRC with his pro-independence rhetoric, PRC leaders apparently now see him as increasingly marginalized by plummeting popularity and corruption scandals involving his family.

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11. PRC Africa Diplomacy

Reuters ("CHINA DEFENDS OIL TRADE WITH AFRICA", 2007-03-12) reported that the PRC defended its booming oil trade with Africa, and said Europe and the US should look at their own engagement on the continent before criticizing Beijing. "An important criticism is that China is taking oil from Africa, but according to statistics, last year, of Africa's total oil exports, China took 8.7 percent," Commerce Minister Bo Xilai said. "Europe took 36 percent and the United States 33 percent. If importing 8.7 percent means exploitation, how about 36 percent and 33 percent?" he asked.

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12. PRC Currency Issue

Reuters ("CHINA SET TO LOOSEN EXCHANGE RATE OF YUAN", 2007-03-12) reported that the People's Bank of China, the central bank, said that it would gradually increase the flexibility in the exchange rate of the yuan, the national currency. The statement, distributed ahead of a news conference by Zhou Xiaochuan, the central bank governor, provided no details on the degree of flexibility the bank would permit.

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