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I. NAPSNet

1. Six Party Talks

Chosun Ilbo ("PYONGYANG 'WILL COME TO TALKS IF SANCTIONS GO'", 2006-02-09) reported that the DPRK repeated it's willingness to return to the six nation talks only if the United States lifts its financial sanctions, this time through a staunch US ally. Song Il-ho, DPRK's chief delegate to the country's normalization talks with Japan in Beijing, asked his Japanese counterpart to relay the message, adding that the Bush administration might heed such calls if they came from "a friend."

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2. Change in DPRK Diplomatic Establishment

Joong Ang Ilbo ("NORTH KOREA SEEN AS READY TO FOCUS ON BUSINESS", 2006-02-10) reported that after Kim Jong-il's recent economy-heavy tour of the PRC last month, the DPRK leader reportedly has ordered his cabinet and the Workers' Party to name economic specialists to head many of Pyongyang's embassies. A senior government official told the JoongAng Ilbo yesterday that the DPRK government is about to name senior Trade Ministry officials to the posts in Russia and Germany. Observers in Seoul said the upcoming changes will force a generational change in the DPRK's diplomatic establishment.

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3. DPRK and the US-ROK FTA Talks

Yonhap News Agency ("US SAYS KOREAN BORDER CITY GOODS NOT INCLUDED IN SOUTH TRADE TALKS", 2006-02-08) reported that the United States clarified its position that goods manufactured for ROK companies in the DPRK border city of Kaesong are not a subject of its free trade talks with the ROK. The clarification is expected to present another stumbling block to the free trade negotiations between the two nations. The ROK wants the US to recognize products made in Kaesong as ROK goods. Having a free trade pact with the ROK, Asia's fourth-largest economy, will help the US raise its geopolitical profile in the Northeast Asian region, a US Embassy official said.

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4. ROK Politics

Yonhap News Agency ("NUCLEAR ENVOY NAMED SEOUL'S US POLICY CHIEF", 2006-02-09) reported that Cho Tae-yong, deputy head of ROK's delegation to the Six Party Talks, was appointed as head of the North American affairs bureau of the Ministry of Foreign Affairs and Trade.

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5. DPRK Illicit Activities

Donga Ilbo ("KIM JONG IL'S CHIEF OF STAFF ARRESTED", 2006-02-09) reported that Kang Sang Choon (66), Kim Jong Il’s chief of staff and secretary of the Worker’s Party of the DPRK, was

arrested by Chinese police last month for illegally transferring real estate ownership in Macau. Kang was released the following day. According to a number of sources familiar with the DPRK, shortly before Kim Jong Il visited the PRC(from January 10 to 18), Kang was arrested by the police after it was revealed that he had illegally transferred ownership of a patch of land he owned there three or four years before. The ROK government has recently confirmed this fact.

(return to top) Joong Ang Ilbo ("FAKE NOTES FEWER THAN PRESUMED", 2006-02-09) reported that a diplomatic source in Seoul said Washington estimates the amount of DPRK-produced counterfeit US currency to be less than originally believed. Separately, a senior ROK official confirmed reports that during Kim Jong-il's recent visit to the PRC, one of his senior aides was detained in Macao in connection with an investigation into currency counterfeiting. The detention was a signal, the official concluded. "With the arrest and the direct explanation by China to the North about what it thinks of the matter, the North seems to have realized how serious the problem is," he said. An ROK intelligence official said that the DPRK has been faced with a shortage of foreign exchange after US financial sanctions were imposed on some of its trading companies and one bank the government uses in Macao, and has stepped up activities to bring in more foreign currency. (return to top) Mainichi Daily News ("NORTH KOREA VOWS TO JOIN INTERNATIONAL ANTI-MONEY LAUNDERING DRIVE", 2009-02-09) reported that the DPRK said it would join international efforts to fight money laundering amid accusations that it is directly involved in financial crimes. A spokesman from the Foreign Ministry made the announcement, denying allegations that the country has engaged in counterfeiting and money laundering -- an issue that has deadlocked the Six Party Talks. It is apparently the first time the DPRK has publicly voiced its willingness to cooperate with international efforts to crack down on such crimes. (return to top) Today Online ("SOUTH KOREA BANKS BACK US ON NORTH KOREA SANCTIONS", 2009-02-09) reported a second ROK bank has followed the US lead in severing ties with a Macau bank accused by Washington of laundering money for the DPRK. The National Federation of Fisheries Cooperation (NFFC), a bank specializing in transactions with fishermen, severed ties with Banco Delta Asia (BDA) last week, notifying the Macau bank on Friday. Korea Exchange Bank (KEB), controlled by a US equity fund, said last week that it had terminated all transactions with the BDA for the same reason. Officials at Shinhan Bank, another ROK bank, said they too were considering terminating ties with the Macau bank. The US Treasury in September halted all dealings between the Macau bank. The United States has also urged its allies to join its crackdown on the DPRK's alleged illicit financial activities. (return to top)

6. Aid to DPRK

Chosun Ilbo ("MINISTRY CAGEY ABOUT N. KOREAN FERTILIZER REQUEST", 2006-02-09) reported that the ROK's Unification Ministry sat on a DPRK request for fertilizer for eight days before announcing it and then attempted to downplay the amount Pyongyang asked for. The request letter was sent on Feb. 1, and the ministry offered no explanation why it waited until now for the announcement. There is speculation that it did not want the matter to come up in the confirmation hearing for the unification minister-designate Lee Jong-seok. Last year, the DPRK requested 500,000 tons of fertilizer and got 350,000 from Seoul. The cost per ton was around W400,000 (US$400) so the total cost if the South gives the whole 450,000 tons will be some W180 billion (US$180 million).

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7. Russia & Navy Update

ITAR-TASS: News Agency ("RUSSIAN NAVY PLANS TO ORDER 40 CORVETTES", 2006-02-09) reported that Russia's Navy is planning to order some 40, ten for each fleet, corvettes, a new

generation of warship. The first vessel of this class will make the maiden voyage as early as this May, said enior officials at the Severnaya Verf shipyard in St.Petersburg.

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8. PRC & the United Nations

Xinhua ("CHINA: NEXT UN SECRETARY-GENERAL SHOULD BE ASIAN", 2006-02-09) reported that the PRC deems the next UN Secretary-General will be chosen from an Asian country, said PRC Foreign Ministry spokesman Kong Quan.

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9. PRC & USA Bilateral Relations

Xinhua ("PENTAGON PLAYS UP "CHINA THREAT" TO SECURE MORE MILITARY FUNDS", 2006-02-09) reported that PRC military experts reproached the Pentagon's 2006 Quadrennial Defense Review (QDR), which played up "[The PRC's] military threat", in order to secure a larger defense budget.

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10. PRC & Japan Bilateral Relations

Xinhua ("SINO-JAPANESE DIALOGUE "EXPECTS NO BREAKTHROUGH"", 2006-02-09) reported that a new round of sub-cabinet-level talks between the PRC and Japan is expected to open in Tokyo tomorrow, but PRC analysts expect no "breakthroughs" in the frosty ties.

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11. Taiwan & India Bilateral Relations

The China Post ("TAIWAN-INDIA ASSOCIATION TO BE ESTABLISHED FEB. 11", 2006-02-09) reported that a Taiwan-India association will be established Feb. 11 in Taipei to boost bilateral ties between the two countries, a ruling Democratic Progressive Party (DPP) official said.

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12. PRC & Economy

Xinhua ("CHINA MAY ERADICATE POVERTY BY 2050", 2006-02-09) reported that according to a blueprint drawn up by a research team with the Chinese Academy of Sciences in 2050, 1.3 billion Chinese will live in a moderately developed society, with a minimum monthly income of 1,300 U.S. dollars, an average life-expectancy of more than 80 years and social services available to all.

(return to top) Xinhua ("CHINA'S ECONOMY TO GROW 9.2% IN 2006: WB", 2006-02-09) reported that the World Bank projects economic growth of 9.2 percent in 2006 for the PRC, based on the newly revised gross domestic product data and is equivalent to an unchanged forecast of about 8.7 percent based on the old one. (return to top)

13. PRC & Cross Straits Investment

Xinhua ("EAST CHINA PROVINCE ABSORBS 5 BLN USD FROM TAIWANESE INVESTORS", 2006-02-09) reported that the East PRC's Zhejiang Province attracted a total of 5.15 billion U.S. dollars of investment from Taiwanese entrepreneurs by the end of 2005, a rise of 11.42 percent year on year.

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14. PRC & Corruption

Xinhua ("CHINA CLOSES 752 ILLEGAL PRIVATELY-OPERATED PUBLIC SERVICE PROVIDERS", 2006-02-09) reported that the PRC's Ministry of Civil Affairs (MCA) has closed 752 privately-operated public service providers and handled 2,225 cases of illegal operations in them last year.

(return to top) Xinhua ("CHINA SUPPORTS US INDICTMENT AGAINST CORRUPT BANK MANAGERS", 2006-02-09) reported that the PRC applauded the U.S. indictment of two ex-Chinese bank managers. The PRC considers it a warning to the over 4,000 corrupt Chinese officials that flee abroad. (return to top)

15. PRC & Internet

The International Herald Tribune ("YAHOO HAD ROLE IN '03 CHINA CASE, GROUP SAYS", 2006-02-09) reported that a French human rights has accused the PRC of using information obtained from the American Internet company Yahoo in 2003 to convict a PRC citizen of "inciting subversion."

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16. ROK & US Base Closures

The China Post ("MOST U.S. BASES IN KOREA 'POLLUTED'", 2006-02-09) reported that much of the land at U.S. military bases set to be closed in the ROK is seriously polluted with oil and lead.

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17. JAPAN & US Forces Realignment

The Yomiuri Shimbun ("U.S. IWAKUNI TERMINAL VETO HITS CIVIL FLIGHTS PLAN", 2006-02-10) reported that the U.S. has refused to allow the construction of an air terminal for commercial use on the site of the U.S. Marine Corps' Iwakuni Air Station in Yamaguchi Prefecture, despite a basic agreement reached last year to allow civilian flights to land at the airfield.

(return to top) The Asahi Shimbun ("U.S. SEEKS $6 BILLION FOR MARINES IN GUAM", 2006-0--09) reported that The U.S. Defense Department will ask Japan to shoulder 75 percent of the estimated $8 billion (940 billion yen) needed to relocate U.S. Marines from Okinawa Prefecture to Guam. (return to top)

18. JAPAN & Labor Economy

The Japan Times ("KOIZUMI WARY OF FOREIGN SOLUTION TO LABOR SHORTAGE", 2006-02-09) reported that Prime Minister Junichiro Koizumi voiced reluctance about increasing the number of

foreign workers in Japan, citing concerns it would cause more social conflicts and crime.

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