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I. NAPSNet

- 1. DPRK Missile Tests
2. DPRK-US Bilateral Meeting Proposal
3. DPRK Nuclear Reactor Project
4. Kaesong Industrial Complex
5. ROK Ruling Party Leader Resignation
6. World Bank on ROK Development
7. Japan Beef Import Ban
8. Japan Economy
9. Japan Population
10. PRC-Palestine Relations
11. Sino-Arab Trade
12. PRC Economy
13. PRC Natural Disasters
14. PRC Fugitive Issue

Preceding NAPSNet Report

I. NAPSNet

1. DPRK Missile Tests

Associated Press ("PAPER: N. KOREA PREPARING FOR MISSILE TEST", 2006-06-01) reported that the US and Japan have detected signs that the DPRK is almost ready to test-fire a long-range ballistic missile, a Japanese newspaper reported Thursday. Pyongyang is in the final stages of launching a Taepodong-2 ballistic missile, the conservative Sankei newspaper reported, citing unnamed government sources. The US military has dispatched a spy plane and the Japanese Defense Agency has sent a destroyer with advanced reconnaissance equipment and an attack aircraft loaded with radar-jamming electronics to gather information, the report said.

(return to top)

2. DPRK-US Bilateral Meeting Proposal

Agence France-Presse ("NORTH KOREA INVITES US ENVOY, ISSUES "STRONGEST" THREAT", 2006-06-01) reported that the DPRK invited US envoy Christopher Hill to Pyongyang in an apparent bid to renew stalled talks over its nuclear weapons program. But it also threatened to take the "strongest" but unspecified measure if Washington maintained a "hostile policy" towards the DPRK. The country's foreign ministry spokesman said Hill, a US assistant secretary of state, would be welcome in Pyongyang if Washington sincerely wanted to uphold a joint statement agreed last September at six-party talks.

(return to top) Reuters ("US REJECTS NORTH KOREA INVITATION", 2006-06-01) reported that the White House on Thursday rejected an invitation from the DPRK for the chief US envoy to stalled nuclear talks to visit Pyongyang. "The United States is not going to engage in bilateral negotiations with the government of North Korea," said White House spokesman Tony Snow, saying Washington was sticking to its position that any negotiations be conducted through a six-nation format. (return to top)

3. DPRK Nuclear Reactor Project

Chosun Ilbo ("SEOUL TO FOOT THE BILL FOR WINDING UP N.K. REACTOR PROJECT", 2006-0--01) reported that a project to build a light-water reactor in the DPRK's Sinpo was officially terminated on Thursday after some US$1.56 billion was injected into the project. The termination comes 10 years and six months after the DPRK and the Korean Peninsula Energy Development Organization (KEDO) agreed to build two light-water reactors in the DPRK in December 1995. The ROK has footed some 70 percent or $1.14 billion of the bill, Japan 22 percent or $407 million and the EU $18 million.

(return to top) Yonhap ("KEDO OFFICIAL CALLS FOR COMPENSATION FROM N.K. FOR REACTOR PROJECT", 2006-06-01) reported that an international consortium which on Wednesday announced termination of its nuclear reactor project in the DPRK said it will seek compensation from Pyongyang. "We've invested so much in North Korea," Park Byung-yun, deputy executive director of the Korean Peninsula Energy Development Organization (KEDO), told reporters. "We will make sure that we seek compensation from North Korea... we have the right (to do so)," he said. (return to top)

4. Kaesong Industrial Complex

Korea Times ("KAESONG CORNERED ON BOTH SIDES OF BORDER ", 2006-06-01) reported that the inter-Korean industrial complex in the DPRK border town of Kaesong has suddenly been

criticized by both the DPRK and ROK as relations chill between the two Koreas over the failure to test run cross-border trains. The DPRK's military authorities first criticized the complex, which is often touted by the RO Korean government as the symbol of inter-Korean peace and prosperity.

(return to top)

5. ROK Ruling Party Leader Resignation

Associated Press ("SOUTH KOREA'S RULING PARTY CHIEF RESIGNS", 2006-06-01) reported that the leader of the ROK's ruling party resigned Thursday, one day after the conservative opposition won 12 of 16 key regional posts in local elections. "I failed to keep my promise," Uri Party chairman Chung Dong-young said, according to party officials. "The responsibility for the election defeat lies on the party chairman."

(return to top)

6. World Bank on ROK Development

Associated Press ("WORLD BANK'S WOLFOWITZ LAUDS SOUTH KOREA", 2006-06-01) reported that the ROK's successful rise from one of the world's poorest countries half a century ago can be a model for the developing world, particularly Africa, World Bank President Paul Wolfowitz said Wednesday. "Korea is a country with a remarkable story to tell about successful development," Wolfowitz said in a speech at a business dialogue sponsored by the state-run Korea Trade-Investment Promotion Agency.

(return to top)

7. Japan Beef Import Ban

Kyodo News ("JAPAN TO IMPORT U.S. BEEF NOW KEPT IN STORAGE IF CONFIRMED SAFE", 2006-06-01) reported that US beef put in storage at ports in Japan and other places after Tokyo's reinstatement of an import ban in January will be allowed to enter the Japanese market if the ban is removed, possibly this month, and its safety is confirmed through blanket checking, the government said Thursday.

(return to top)

8. Japan Economy

Bloomberg ("JAPAN'S BONDS TUMBLE AS AUCTION DEMAND SLUMPS TO THREE-YEAR LOW", 2006-06-01) reported that Japan's government bonds had their biggest slide in more than two years after an auction of 10-year debt met the lowest demand since 2003. The Ministry of Finance's 1.9 trillion yen ($17 billion) auction drew 1.84 times the amount of bonds sold, the lowest ratio since a sale in July 2003, amid speculation the central bank will raise interest rates as early as next month.

(return to top) Bloomberg ("JAPAN RATING OUTLOOK RAISED TO `POSITIVE' BY MOODY'S ", 2006-06-01) reported that Japan may get a higher debt rating from Moody's Investors Service as the economy heads toward its longest postwar expansion and Prime Minister Junichiro Koizumi's government takes steps to reduce the world's biggest public debt. The yen-denominated debt rating outlook was raised to positive from stable, Moody's said today in a statement that also cited progress Japan had made reorganizing its banking system. (return to top)

9. Japan Population

Reuters ("JAPAN'S FERTILITY RATE HITS RECORD LOW", 2006-06-01) reported that Japan's fertility rate -- the average number of children a woman bears in her lifetime -- fell to an all-time low of 1.25 in 2005, the health ministry said on Thursday, the latest sign of the threat to the world's second-biggest economy from an ageing, shrinking population.

(return to top)

10. PRC-Palestine Relations

Agence France-Presse ("HAMAS' ZAHAR HAILS CHINA TRIP AS A SUCCESS", 2006-06-01) reported that Palestinian foreign minister Mahmud al-Zahar hailed his trip to the PRC -- the first by a member of the new Hamas government -- as a success after meeting his Chinese counterpart Li Zhaoxing. "On a bilateral relationship, yes, it was successful," Zahar told AFP in an interview on the second day of his trip to the PRC for a Sino-Arab forum for foreign ministers. "I met the minister of foreign affairs (Li)... we discussed everything, we addressed our political attitudes."

(return to top)

11. Sino-Arab Trade

Agence France-Presse ("CHINA, ARAB COUNTRIES TARGET ENERGY SECTOR IN AMBITIOUS TRADE PLAN", 2006-06-01) reported that the PRC and the Arab world will target the energy sector as they seek to double their trade volumes over the next few years, the two sides said as they wrapped up a ministerial forum. An agreement signed on the final day of the China-Arab Cooperation Forum said that Beijing and the 22 Arab League members would begin holding meetings on oil issues as part of an expansion of ties, according to Xinhua news agency.

(return to top)

12. PRC Economy

Associated Press ("BANK OF CHINA IPO UP 15 PERCENT IN DEBUT", 2006-06-01) reported that Bank of China has been mired in bad loans. Some of its top executives have been locked away for corruption. But that didn't stop the lender's initial public offering — the world's biggest in six years — from soaring 15 percent on Thursday in Hong Kong.

(return to top)

13. PRC Natural Disasters

Reuters ("CHINA FIGHTS DOUBLE FURY OF FLOODS AND FOREST FIRES", 2006-06-01) reported that the PRC, where natural disasters killed 2,500 people last year, is battling forest fires in its arid north and floods in its center, east and south that have killed 59 and "affected" 19 million, state media reported. The floods had destroyed some 71,000 houses and impacted 1 million hectares of farmland, Xinhua news agency said on Thursday, with direct economic losses reported at more than $1.64 billion.

(return to top)

14. PRC Fugitive Issue

Reuters ("CHINA FUGITIVE GETS STAY ON CANADIAN REMOVAL", 2006-06-01) reported that a Canadian judge agreed on Thursday to delay the planned deportation of accused smuggling kingpin Lai Changxing, one of the PRC's most wanted fugitives. Lai, who fled to Canada in 1999 with his family, had asked for the delay while he challenges a ruling by immigration officials that he would not be subject to torture or execution if returned to the PRC.

(return to top)

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