# NAPSNet Daily Report Thursday, March 01, 2007

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# I. NAPSNet

## 1. Six Party Working Groups

Yonhap News Agency ("WORKING GROUPS OF SIX-PARTY DEAL LIKELY TO MEET IN BEIJING THE WEEK OF MARCH 12", 2007-02-28) reported that working groups of the six party talks will likely get together in Beijing the week of March 12 to discuss implementing the initial steps outlined in the agreement. The PRC has not yet confirmed either the venue, nor the date. Three of the five working groups that the countries agreed to establish will meet in Beijing during the week of March 12 to discuss the denuclearization, economic incentives and a peace scheme for Northeast Asia, the official said. The other two working groups will deal with bilateral issues between the DPRK and the U.S. and Japan, particularly normalizing their diplomatic relations. The DPRK's top nuclear negotiator, Kim Kye-gwan, will meet with his U.S. counterpart, Assistant Secretary of State Christopher Hill, in New York next week. Another working-group meeting between the DPRK and Japan will take place in Hanoi next week.

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## 2. US on Alleged DPRK HEU Program

Washington Post ("NEW DOUBTS ON NUCLEAR EFFORTS BY NORTH KOREA", 2007-03-01) reported that the Bush administration is backing away from its long-held assertions that the DPRK has an active clandestine program to enrich uranium, leading some experts to believe that the original US intelligence that started the crisis over Pyongyang's nuclear ambitions may have been flawed. Joseph R. DeTrani told Congress that while there is "high confidence" the DPRK acquired materials that could be used in a "production-scale" uranium program, there is only "mid-confidence" such a program exists. Administration officials insist they had valid suspicions at the time about DPRK purchases -- including 150 tons of aluminum tubes from Russia in June 2002 -- to halt any possible cooperative talks with Pyongyang.

(return to top) New York Times ("U.S. CONCEDES UNCERTAINTY ON NORTH KOREAN URANIUM EFFORT ", 2007-02-28) reported that the Bush administration is publicly softening its previous position on the DPRK also pursuing a secret, parallel path to a bomb, using enriched uranium. US intelligence officials are admitting to doubts about how much progress the uranium enrichment program has actually made. The result has been new questions about the Bush administration’s decision to confront the DPRK in 2002. "The question now is whether we would be in the position of having to get the North Koreans to give up a sizable arsenal if this had been handled differently," a senior administration official said this week. The disclosure underscores broader questions about the ability of intelligence agencies to discern the precise status of foreign weapons programs. The original assessment about the DPRK came during the same period that the administration was building its case about Iraq’s unconventional weapons programs, which turned out to be based on flawed intelligence. And the new assessment comes amid debate over intelligence about Iran’s weapons. (return to top)

## 3. US Investigation into BDA

New York Times ("U.S. DISCUSSES RELEASING NORTH KOREAN FUNDS", 2007-03-01) NEW YORK TIMES: by STEVEN R. WEISMAN http://www.nytimes.com/2007/03/01/world/asia/01bank.html WASHINGTON, Feb. 28 — reported that the PRC and the United States are close to an accord to let the DPRK regain some of the $25 million in its funds frozen in a bank in Macao now that it has agreed to start dismantling its nuclear arms program. A deal could be announced in the next few weeks, they said. The expected return of some of the frozen funds to North Korea — officials involved in the discussions say the sum could exceed $12 million — offers a striking case study of how the United States has used its financial laws to extend its reach to foreign banks and isolate a country from the international financial system. Christopher R. Hill, the assistant secretary of state who negotiated the nuclear deal with North Korea, said Wednesday that he had no doubt that freezing the funds compelled North Korea to negotiate. Hill added that the agreement on nuclear matters meant no easing of American concerns over North Korea's illicit activities on drugs, weapons or counterfeiting. "I can assure you that we have not, and will not, trade progress on denuclearization by turning a blind eye to some of these other activities," Hill said, testifying before the House Foreign Affairs Committee.

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## 4. Inter-Korean Relations

Joongang Ilbo ("AID ON INTER-KOREAN TABLE; JOINT STATEMENT TODAY MIGHT NOT TOUCH ON ISSUE", 2007-03-02) reported that as inter-Korean talks conclude today, the draft statement does not yet contain any mention of aid, despite the DPRK's early request for the resumption of rice and fertilizer assistance. Such a mention could be made later this month or next, however. Senior ROK officials close to the talks, confirmed the DPRK's requests, adding that Pyongyang proposed to hold the economic cooperation talks this month in order to receive the aid as soon as possible. The ROK proposed holding the meeting in April, perhaps indicating that it wants to wait for progress in the nuclear crisis.

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## 5. Rise in PRC Exports to DPRK

Kyodo ("CHINA'S FOOD EXPORTS TO N. KOREA UP 13% ON YEAR IN JANUARY", 2007-03-01) reported that the PRC's export of grains to the DPRK rose 13 percent in January compared to a year earlier. According to Chinese customs figures made available on Thursday, exports of maize, rice and wheat flour to the country in the month totaled 13,762 tons. The export of rice shot up 234 percent, while wheat flour rose 41 percent and maize fell 88 percent. The slight rise in grain exports in January follows the halving of the PRC's shipment in the 12 months of 2006. In that year, it shipped 207,250 tons of maize, rice and wheat flour, down 53 percent from a year earlier. The fall led to speculation that the PRC was using its leverage over the DPRK as a food and fuel provider to pressure Pyongyang after the missile test in July and nuclear test in October, despite warnings from the international community.

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## 6. DPRK Refugee-defectors in US

Associated Press ("ACTIVIST: 12 NORTH KOREAN DEFECTORS ARRIVE IN US FOR ASYLUM; LARGEST RECENT GROUP", 2007-03-01) reported that twelve DPR Korean refugees have arrived in the United States to seek asylum. It is the largest group from the communist nation to have recently

defected to the US. Chun Ki-won, who is director of the Durihana Mission group, which has previously arranged North Koreans' travel to the US, told The Associated Press that the latest arrivals brought to 30 the number of DPR Koreans who have sought refuge in the US under a 2004 law.

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## 7. ROK Afghanistan Role

Joongang Ilbo ("DEATH PROVOKES ANTI-WAR PROTESTS", 2007-03-01) reported that following the death of a ROK soldier in Afghanistan during a suicide bomb attack, some politicians and civic groups yesterday urged the Roh Moo-hyun administration to bring back all troops sent overseas to assist the US. Lawmakers Jung Chung-rae of the Uri Party, Lee Young-soon of the Democratic Labor Party and Im Jong-in, an independent, held a joint press conference yesterday, calling for the immediate return of all troops. "As long as the troops were helping the U.S. military, such a tragedy was unavoidable," the lawmakers said.

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## 8. ROK-Japan Relations

Kyodo News ("ROH'S WORDS ON HISTORICAL ISSUES WITH JAPAN 'TOO SHARP': SPOKESMAN", 2007-03-01) reported that Japan's top government spokesman criticized ROK President Roh Moo Hyun's speech Thursday as containing "some expressions that were a bit too sharp" and said Roh's views on history differ from Japan's. "We share the understanding of the importance of Japan-South Korea relations as mentioned in the speech," Chief Cabinet Secretary Yasuhisa Shiozaki said. "On the other hand, I believe he also expressed views on historical issues that are slightly different from our government's position." Shiozaki declined to elaborate further.

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## 9. Japan on Comfort Women Issue

The Associated Press ("JAPAN'S ABE: NO PROOF OF WWII SEX SLAVES ", 2007-03-01) reported that Prime Minister Shinzo Abe said there was no evidence Japan coerced Asian women into working as sex slaves during World War II, backtracking from a landmark 1993 statement in which the government acknowledged that it set up and ran brothels for its troops. Abe's comments to reporters came as a group of ruling party lawmakers urged the government to revise the so-called Kono Statement, which states that Japan's wartime military sometimes recruited women to work in the brothels with coercion.

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## 10. Yasukuni Shrine Issue

Kyodo ("TOP GOV'T SPOKESMAN SAYS VISITING YASUKUNI UP TO ABE", 2007-03-01) reported that Japan's top government spokesman said it is up to Prime Minister Shinzo Abe to decide whether to visit the war-related Yasukuni Shrine. Chief Cabinet Secretary Yasuhisa Shiozaki's remarks came one day after Deputy Chief Cabinet Secretary Hakubun Shimomura said during a television program recording that Abe "will not do something that makes him feel bound by diplomacy and as a result become unable to go (to Yasukuni)."

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## 11. Sino-Japanese Relations

China View ("FM: PROPER HANDLING OF HISTORICAL ISSUE "KEY" FOR HEALTHY CHINA-JAPAN TIES", 2007-03-01) reported that PRC Foreign Ministry spokesman Qin Gang reiterated that the proper handling of historical issue is the "key" factor for a healthy and stable development of Sino-Japan relations. Qin said the two countries reached agreement on getting over obstacles in bilateral ties and promoting healthy development of relations during Japanese Prime Minister Shinzo Abe's ice-breaking PRC trip last October. PRC-Japan ties are back onto the track of sound development, Qin said, calling for both sides to cherish the hard-won achievement.

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## 12. Cross Strait Relations

Agence France Presse ("US TO SELL TAIWAN 421 MILLION US DOLLARS WORTH OF MISSILES", 2007-03-01) reported that the US Department of Defense has notified Congress that it plans to sell Taiwan missiles worth $421 million dollars, which would help boost the island's defenses against rival PRC. The proposed sale will include 218 Advanced Medium Range Air-to-Air missiles (AMRAAM) and 235 Maverick missiles. "The proposed sale will help improve the security of the recipient and assist in maintaining political stability, military balance, and economic progress in the region," the agency said. Acquisition these missiles, a move sure to irk the PRC, will help Taiwan "modernize its armed forces and enhance its defence ability to counter air and ground threats."

(return to top) Reuters ("CHINA'S GROWING MILITARY KEEPS WARY EYE ON TAIWAN", 2007-0--01) reported that trade between Taiwan and the PRC has blossomed and the two economies are increasingly intertwined. The military equation has also changed. Where artillery tubes once stood along the coast of the PRC's Fujian province, now there are launchers for guided missiles -- some 800 of them. PRC's defense spending has risen steadily in recent years and, when parliament convenes in March, it is expected to approve another year of double-digit growth in the military budget. Last year, the National People's Congress announced a 14.7 percent rise in the defense budget over the previous year, to 284 billion yuan ($36.6 billion). Foreign analysts say the true amount of defense spending is 1.5 to three times that. (return to top)

## 13. PRC Military

China View ("CHINESE FM SPOKESMAN REFUTES "CHINA THREAT" THEORY", 2007-03-01) reported that PRC Foreign Ministry spokesman Qin Gang has refuted the so-called "China threat" theory, saying anyone who can understand and recognize PRC's foreign policy would "never regard China as a threat". In reply to criticism that PRC's defense expenditure is opaque, Qin retorted, "What's your response if your neighbour keeps peeking into your house through a crack in the door and yelling 'Open the door, let's see what's inside'? Will you call the police?" The purpose of PRC maintaining a certain amount of defence power is to defend the country's sovereignty and territorial integrity, not for overseas expansion, said Qin.

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## 14. PRC Judicial System

BBC News ("CHINA REVIEWS 'RE-EDUCATION' LAW", 2007-03-01) reported that the PRC's

parliament is set to consider reforming a law allowing police to send crime suspects to labour camps without trial. Adopted as a way of tackling dissidents, the law is now frequently used to punish suspects in minor crimes such as prostitution, drug use and petty theft. Under the proposal, the camps would be re-named "correctional centres", all bars and gates would be removed and the incarceration period shortened from up to four years to less than 18 months.

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## 15. PRC Private Property law

Reuters ("CHINA PARLIAMENT TO PASS LANDMARK PROPERTY LEGISLATION", 2007-03-01) reported that the PRC's parliament hopes to pass a landmark bill next Monday that would protect private property for the first time and see Communist leaders embrace another pillar of free markets. The National People's Congress is likely also to pass a corporate income tax bill that would end preferential treatment for foreign-funded firms, trim the budget deficit and debate measures aimed at tackling rural poverty and pollution.

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## 16. PRC Rural Poverty

Reuters ("CHINA STRUGGLES TO BRIDGE RURAL EDUCATION GAP", 2007-03-01) reported that children are being left behind by the PRC's economic boom as hidden costs, long distances to secondary schools and family needs mean a yawning gap in education opportunities for rural and urban children. After years of focus on urban schools and higher education, basic schooling in rural areas has finally become a priority for a government trying to address a rural-urban wealth gap in the PRC that is contributing to social unrest.

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## 17. PRC Bird Flu Outbreak

China Post ("CHINA CONFIRMS HUMAN CASE OF BIRD FLU", 2007-03-01) reported that the PRC has confirmed a new human case of bird flu on Thursday. The human infection in the PRC occurred in the coastal province of Fujian. It was the PRC's first human case of bird flu since Jan. 10, when the government said a farmer in eastern PRC had contracted bird flu but had recovered.

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## 18. PRC Energy Supply

International Herald Tribune ("CHINA TARGETS 9 COUNTRIES FOR OIL INVESTMENT", 2007-0--01) reported that the PRC identified nine countries as suitable for investment by the nation's oil companies on Thursday, Bolivia, Ecuador, Kuwait, Libya, Morocco, Niger, Norway, Oman and Qatar, according to an announcement by the PRC's top planning agency, the National Development and Reform Commission.

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## 19. East Asia Economic Regionalism

Agence France Presse ("EU-STYLE COMMUNITY FOR ASIA "NOT FEASIBLE": ADB PRESIDENT", 2007-03-01) reported that Haruhiko Kuroda, the president of the Asian Development Bank, has said that trying to set up a grand European Union-style economic community for Asia "does not appear feasible". The focus should be shifted towards setting up sub-regional groups Kuroda told a conference in Manila. "Reaching a broad political and social consensus needed to develop a far-reaching pan-Asian grand plan of regional economic integration does not appear feasible at this stage," he said.

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