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I. NAPSNet

- 1. Six Party Talks and Transfer of DPRK Funds
2. Shift in US DPRK Policy and BDA
3. ROK on Permanent Peace Mechanism
4. New Zealand on Energy Aid to DPRK
5. EU-DPRK Relations
6. ROK-US Trade Relations
7. US-ROK Joint Military Drill
8. ROK Memorial
9. US-Japan Security Alliance
10. India-Japan Security Alliance
11. Sino-US Relations
12. Sino-Japan Relations
13. PRC Latin American Diplomacy
14. PRC Protest
15. PRC Demographics

II. CanKor

- 16. Report #276

Preceding NAPSNet Report

I. NAPSNet

1. Six Party Talks and Transfer of DPRK Funds

Associated Press ("NORTH KOREAN NUCLEAR TALKS BREAK DOWN, NO RESTART DATE SET", 2007-03-22) reported that the six parties involved in denuclearization talks agreed to take a recess, throwing into doubt efforts to meet deadlines next month for U.N. inspectors to verify the closure of Pyongyang's main nuclear reactor. The latest round of talks never got off the ground this week because of the transfer of DPRK money that had been frozen in Macau bank accounts had not yet occured – a prerequisite to negotiating the next phase. The funds were to have been sent to a bank account at the Bank of China in Beijing but officials said that was held up because of the Chinese bank's worries that accepting the money would cause problems because the funds had been the center of criminal investigations. Adding to the confusion over the matter, the Bank of China denied Thursday that it was told to accept the money.

(return to top)

2. Shift in US DPRK Policy and BDA

Financial Times ("RICE HELPED UNFREEZE N KOREAN FUNDS", 2007-03-22) reported that Condoleezza Rice, US secretary of state, orchestrated a significant shift in US policy towards the DPRK by persuading the US Treasury to agree to Pyongyang’s demands to release $25m frozen in a Macao bank since 2005. Current and former officials say Christopher Hill convinced Ms Rice that the US should sacrifice the issue of the frozen funds to push forward the broader goal of implementing last month’s six-party accord on denuclearising the Korean peninsula. Several people familiar with the debate said Hank Paulson, Treasury secretary, agreed to overrule officials responsible for terrorism financing, who objected to the move, after Beijing warned that a failure to return the funds would hurt the Sino-US strategic economic dialogue.

(return to top)

3. ROK on Permanent Peace Mechanism

Joongang Ilbo ("LEE BREAKS SILENCE ON SUMMIT, PROPOSES MEETING", 2007-03-22) reported that former RO Korean Prime Minister Lee Hae-chan on Wednesday floated the idea of a meeting between the leaders of the two Koreas, the United States and PRC to discuss permanent peace on the Korean Peninsula after the DPRK completes initial steps toward nuclear disarmament. Mr. Lee said the four-country meeting would pave the way for the establishment of an E.U.-style mechanism that could also promote economic cooperation and exchanges in Northeast Asia.

(return to top)

4. New Zealand on Energy Aid to DPRK

Yonhap ("NEW ZEALAND PREPARED TO SUPPORT ENERGY AID TO NORTH KOREA", 2007-03-21) reported that New Zealand Prime Minister Helen Clark is prepared to contribute energy aid to the DPRK as part of the six-party agreement on denuclearizing the Korean Peninsula. Speaking after talks with U.S. President George W. Bush, Clark expressed her support for counter-proliferation.

New Zealand was also a contributor to the now-defunct Korean Peninsula Energy Development Organization, a multinational consortium established in a 1994 agreement to build a set of reactors in the DPRK in return for Pyongyang freezing its nuclear activities.

(return to top)

5. EU-DPRK Relations

Yonhap ("EUROPEAN PARLIAMENT MEMBER TO VISIT N. KOREA IN JUNE", 2007-03-20) reported that Hubert Pirker, the chairman of the European Parliament's subcommittee on relations with the Korean Peninsula, said Tuesday that he plans to visit the DPRK in June for discussions on sending an EU parliamentary delegation this fall. He said details of his planned North Korea visit have yet to be fixed. The EU's parliamentary visit, if realized, is expected to help accelerate talks on normalizing bilateral diplomatic relations, diplomats here said. Following a working-level EU delegation's visit to Pyongyang earlier this month, Germany's Foreign Ministry said in a statement that the EU has promised to consider steps towards strengthening its ties with the DPRK if the state faithfully implements the Feb. 13 six-nation agreement on its nuclear disarmament.

(return to top)

6. ROK-US Trade Relations

International Herald Tribune ("KEY ISSUES SET ASIDE IN US-SOUTH KOREAN TRADE NEGOTIATIONS", 2007-03-22) reported that trade negotiations taking place simultaneously in the ROK and the US have set aside the most sensitive issues on the agenda agriculture, autos and textiles leaving them for a make-or-break set of talks next week. ROK and US officials failed to narrow gaps on agriculture and beef, considered major obstacles to an ambitious free trade deal. Such a deal would not only add billions of dollars a year to bilateral trade but also help two allies strengthen a recently strained security relationship. The two sides are trying to wrap up an agreement by March 31 because of the approaching end of President George W. Bush's special trade promotion authority.

(return to top)

7. US-ROK Joint Military Drill

Associated Press ("U.S. CARRIER IN S KOREA FOR ARMY EXERCISES", 2007-03-22) reported that a US aircraft carrier has arrived in the ROK for joint military exercises. The DPRK warned the drills would harm progress at international talks on its nuclear program. The US and the ROK characterize the annual drills as purely defensive, but the DPRK has condemned them as a rehearsal for an invasion.

(return to top)

8. ROK Memorial

Associated Press ("S KOREA TO BUILD NO GUN RI PARK MEMORIAL ", 2007-03-22) reported that the ROK said it would build a park in memory of victims of the US Army's mass killing of ROK refugees at the village of No Gun Ri. The park will be built at the scene of the 1950 attack during the Korean War. The facility will be named "No Gun Ri History Park" and will include a memorial for the victims and a museum. Estimates vary on the number of dead. US soldiers' estimates ranged from

under 100 to "hundreds" dead. ROK survivors say about 400, mostly women and children, were killed.

(return to top)

9. US-Japan Security Alliance

The Yomiuri Shimbun ("GOVT MAY ASK US FOR DETAILS OF NUCLEAR DEFENSE STRATEGY", 2007-03-22) reported that the Japanese Defense Ministry is likely to ask the US government to come up with an outline on how its nuclear umbrella to protect Japan will function, so that Japan can prepare for any nuclear threat from DPRK. The ministry would ask the US government how it will determine the use of nuclear weapons and convey information about such weapons to the Japanese government. The request is aimed at securing the reliability of the US nuclear umbrella. To map out a sound joint Japan-US operation plan, Japan has to ask the US if and when it would really use nuclear weapons.

(return to top)

10. India-Japan Security Alliance

Agence France Presse ("JAPAN, INDIA PLEDGE COOPERATION ON MARITIME SECURITY", 2007-03-22) reported that India and Japan reaffirmed their commitment to secure sea lanes in the Indian Ocean from piracy to ensure safe passage for oil tankers and other vessels. Japan, which has sought to boost ties with India to counter frequent tensions with the PRC, agreed in December to hold naval exercises with New Delhi this year. Japan imports nearly all of its oil from the Middle East so its oil tankers must pass through the Indian Ocean. The Indian minister is also expected to use his trip to discuss possible cooperation in the field of nuclear energy for civilian use.

(return to top)

11. Sino-US Relations

Agence France Presse ("US MILITARY CHIEF IN CHINA FOR TALKS", 2007-03-22) reported that the chairman of the US Joint Chiefs of Staff, Peter Pace, has arrived in Beijing to hold talks with PRC's top military leaders. The Pace visit also follows a US announcement last month that it plans to provide over 400 missiles to Taiwan, the island that the PRC considers a part of its territory.

(return to top)

12. Sino-Japan Relations

Reuters ("CHINA HOPES WEN'S JAPAN TRIP WILL NARROW DIFFERENCES", 2007-03-22) reported that the PRC hopes that Premier Wen Jiabao's upcoming Japaese visit will be a success in narrowing differences between the two countries. Wen is expected to visit Japan in the middle of next month, the first visit by a PRC prime minister in seven years, following a trip to the PRC by Japanese Prime Minister Shinzo Abe last year. A delegation of senior PRC legislators left Beijing on Thursday for Tokyo on a visit to prepare the way for Wen's visit. Foreign Ministry spokesman Liu Jianchao said that Wen's visit would be shortened as a result of Abe's recent comments on the Comfort Women Issue.

(return to top)

13. PRC Latin American Diplomacy

Xinhua ("LI CHANGCHUN VISITS FIVE NATIONS", 2007-03-22) reported that Li Changchun, a PRC senior official, said that the PRC is ready to work with Mexico to lift their bilateral strategic partnership to a new level. Mexico has become the second largest trade partner of the PRC in Latin America. The two countries forged a strategic partnership in 2005. Mexico is the first leg of Li's visit to Latin America. He will also visit Venezuela, Suriname and Peru.

(return to top)

14. PRC Protest

The Associated Press ("REPORT: RAILWAY TRACKS BLOCKED CHINA", 2007-03-22) reported that disgruntled residents blocked railway tracks in southern PRC for almost six hours to protest a government redistricting plan that they fear could reduce social welfare benefits, state media said. A crowd descended on a railway station in Guixi in the Jiangxi province shortly before noon Wednesday, voicing anger over a proposal to place part of the city under the jurisdiction of a neighboring district. "They worried that the re-division would affect their salaries and welfare," the report said.

(return to top)

15. PRC Demographics

The Associated Press ("CHINA SCRAMBLES FOR STABILITY AS ITS WORKERS AGE", 2007-03-22) reported that while second careers are common in the West and are often embraced as a chance to satisfy long-held ambitions, for huge numbers of PRC city dwellers eking out another decade or two of paid work is more a matter of survival. The proportion of people 60 and older is growing faster in the PRC than in any other major country, with the number of retirees set to double between 2005 and 2015, when it is expected to reach 200 million. That increase will place enormous demands on the country's finances and could threaten the underpinnings of the PRC economy, which has thrived for decades on the cheap labor of hundreds of millions of young, uneducated workers from the countryside.

(return to top)

II. CanKor

16. Report #276

CanKor ("CURRENT EVENTS", 2007-03-16) A busy week for the Six-Party process, as working groups assemble (a) on energy and economic cooperation, (b) on peace and security in Northeast Asia, (c) on the denuclearization of the Korean Peninsula, (d) on normalizing relations between the USA and DPRK, to be followed by a plenary session on how to shut down DPRK nuclear facilities. An optimistic IAEA Chief Mohamed ElBaradei returns from a "quite useful" visit to Pyongyang, saying that the DPRK is ready to "fully cooperate" with IAEA, and work with the agency to shut down the Yongbyon nuclear facilities. DPRK-Japanese relations go from bad to worse when Japanese Prime Minister Shinzo Abe denies coercion by the Japanese Imperial military in recruiting "comfort

women" for military brothels during World War II while continuing to berate North Korea over the abduction of Japanese civilians.

(return to top) CanKor ("OPINION", 2007-03-16) In the OPINION section of this issue of the CanKor Report, Don Oberdorfer examines what is really behind the Bush administration's course reversal on North Korea. He concludes that in addition to factors such as the changing security environment in Northeast Asia, the electoral defeat of Republicans in congressional elections, the resignation of John Bolton and other foes of engagement, and the influence of China, the work of Assistant Secretary of State Christopher Hill stands out as a central factor in the change of US policy. Former Australian diplomat Gregory Clark argues that Pyongyang may be eager to embrace Washington as a way to distance itself from Beijing and possibly even from Seoul. (return to top)

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