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I. NAPSNet

1. DPRK Nuclear Test Site

JoongAng Ilbo ("TUNNELS CALLED READY FOR NUCLEAR TEST", 2006-09-21) reported that the DPRK has constructed an underground tunnel for possible use in a nuclear weapons test, a Grand National Party lawmaker with close ties to the intelligence community said yesterday. Chung Hyung-keun cited sources in the National Intelligence Service for his claim. He said a shaft 700 meters (0.4 miles) deep has been sunk into Mount Mantap in North Hamkyong province with a horizontal tunnel running nearby. Pointing out similarities between the suspect site and those for underground nuclear tests in the US state of Nevada and in India and Pakistan, he said that Pyongyang seemed to be preparing for a similar test.

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2. International Talks on DPRK

Chosun Ilbo ("S.KOREAN, U.S. NUCLEAR ENVOYS DISCUSS N.KOREA", 2006-09-21) reported that top nuclear envoys from the ROK and the US sat down on Wednesday in New York to discuss a so-called "common and comprehensive approach" to persuading the DPRK to renounce its nuclear ambitions. After a two-hour meeting, Seoul's Chun Yung-woo told reporters that the two allies intend to agree on an approach first, and then notify the other parties of their plan. In a separate move, efforts by the US to hold a 10-nation nuclear discussion among foreign ministers on the sidelines of the UN General Assembly on Thursday are facing difficulties. The PRC and Russia have declined to join the broader forum. Britain and France are also reportedly reluctant to attend the meeting.

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3. Libya on DPRK Nuclear Talks Mediation

Dong-a Ilbo ("QADDAFI TO MEDIATE FOR N. KOREA AGAIN", 2006-09-21) reported that Muammar al-Qaddafi, Libya's leader, said on September 20, "I have been trying to mediate for the nuclear issue of North Korea, with no clear result. But, I will try again." He told ROK Prime Minister Han Myeong-sook, who is visiting the country, at his palace in Tripoli, Libya's capital at 7:30 p.m. local time. Mr. Qaddafi also said, "Libya abandoned the development of Weapons of Mass Destruction to contribute to world peace. I expected a variety of support and compensation for the abandonment from the international community, but so far we have not received much," implying that support is needed to resolve the DPRK's nuclear issue.

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4. DPRK-US Trade

Dong-a Ilbo ("N.KOREA-U.S. TRADE AT A STANDSTILL", 2006-09-21) reported that not a single trade has been conducted between the DPRK and the US for nine months from November last year to July this year. According to the trade statistics released by the US Department of Commerce on Wednesday, the US continued its trade with the DPRK until October 2005 when it began to impose financial sanctions on Banco Delta Asia in Macau. However, considering the fact that the October trade figure includes trade items whose negotiations have ended by September, the US-DPRK trade seems to have stopped in effect since October when the six-party talks over the DPRK's nuclear issue went into a stalemate.

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5. Kaesong Industrial Complex

Associated Press ("SKOREA HALTS APPLICATIONS FOR JOINT-KOREAN INDUSTRIAL PARK AFTER NKOREA MISSILE TEST", 2006-09-21) reported that the ROK has suspended accepting applications from domestic firms to operate in an industrial park jointly run by the two Koreas after the DPRK's recent missile launches, a top Seoul official said Thursday, in the latest blow to reconciliation of the divided peninsula. The application postponement, however, does not suggest that development of the entire project is on hold, Unification Minister Lee Jong-seok told reporters. "The general development of the Kaesong complex is continuing," Lee said. Lee said the plan to accept applications — which were scheduled to start around the time the DPRK test-fired seven missiles in July — was "naturally postponed."

[\(return to top\)](#) JoongAng Ilbo ("BANKBOOKS AT KAESONG: FUROR STARTS TO SUBSIDE", 2006-09-21) reported that the "scandal" over Woori Bank accounts given to a DPRK entity seemed to lose considerable steam late Wednesday night and yesterday, when government documents and explanations by officials clarified, at least partly, the ownership of the accounts and their purpose. In its late city edition yesterday morning, the JoongAng Ilbo reported that a letter in March from the Unification Ministry to Woori Bank, which allowed a DPRK agency to open an account at Woori's Kaesong branch, was less incriminating than it appeared. [\(return to top\)](#)

6. ROK Missile Arsenal

Reuters ("S.KOREA DEVELOPS ITS LONGEST RANGE MISSILE", 2006-09-21) reported that the ROK has developed and hopes to deploy soon a new cruise missile that is capable of hitting almost all of the DPRK, a defense ministry official said on Thursday. The new ROK cruise missile, with a range of 500 km (310 miles), will be the longest-range missile in its arsenal and is capable of hitting all of the DPRK's ballistic missile bases, the official said on condition of anonymity.

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7. ROK on Thailand Military Coup

People's Daily ("S. KOREA CALLS FOR PEACEFUL SOLUTION TO CRISIS IN THAILAND", 2006-0-21) reported that the ROK government urged Thailand to resolve the instability caused by a military coup in a peaceful and legitimate way on Wednesday. "The South Korean government hopes that the change in the situation by the Thai military will be resolved peacefully and legitimately," Vice Foreign Minister Lee Kyu-hyung said. However, he refused to comment more over the military coup

in Thailand.

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8. IMF on ROK Job Security

Chosun Ilbo ("IMF SLAMS KOREA'S FAILURE TO GENERATE STABLE JOBS", 2006-09-21) reported that the International Monetary Fund has slammed the ROK for failing to generate more permanent jobs. A report titled "Asia and Pacific Regional Economic Outlook" published Thursday in effect suggests that the ROK economy's driving force has stopped working amid the country posting growth below its potential growth for several years. The ROK economy has "a staggering 37 percent of salaried employees now under fixed-term contracts -- 10 percentage points higher than four years ago and two-and-a-half times the OECD average," the IMF says. "If Korea is faring worse than other advanced countries, it is partly because job precariousness is greater."

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9. Japan-Persian Gulf Free Trade Talks

Associated Press ("JAPAN, PERSIAN GULF NATIONS TO HOLD FIRST FTA MEETING THIS WEEK", 2006-09-21) reported that Japan and six Middle Eastern countries will hold the first round of talks on a free trade agreement this week in Tokyo, officials said Tuesday. Japan and the Gulf Cooperation Council, or GCC, consisting of six Persian Gulf nations will meet for two days beginning Thursday, according to Foreign Ministry official Daisuke Tsubaki. The GCC includes Bahrain, Saudi Arabia, Kuwait, Oman, Qatar and the United Arab Emirates.

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10. Japan-Chile Free Trade Pact

Associated Press ("JAPAN, CHILE AGREE ON TRADE DEAL", 2006-09-21) reported that Japan and Chile have reached basic agreement on a bilateral free trade pact, a Foreign Ministry official said Thursday. The two sides have been discussing a possible economic partnership since February, including the most recent round of talks last week in Tokyo. Tokyo plans to announce the agreement Friday after cabinet approval, ministry official Yoshihiro Higuchi said. The two countries will then sign the agreement early next year.

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11. Japan Dolphin Hunt

United Press International ("JAPAN URGED TO END CRUEL DOLPHIN HUNTS", 2006-09-21) reported that an international consortium of scientists is organizing a campaign to halt the annual Japanese dolphin hunts that are said to be extremely cruel. The 'Act for Dolphins' campaign seeks to end the practices by appealing to the Japanese government. Occurring annually between September and April, Japanese fishermen herd hundreds of dolphins and small cetaceans into shallow bays by banging on partially submerged rods that create a sonic barrier.

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12. Japan-PRC Relations

Xinhua ("CHINA, JAPAN TO HOLD 6TH ROUND OF STRATEGIC DIALOGUE", 2006-09-21) reported that the PRC and Japan will hold the sixth round of strategic dialogue in Tokyo on Sept. 23 and 24, a Chinese Foreign Ministry spokesman announced Thursday. Chinese Vice Foreign Minister Dai Bingguo and Japanese Vice Minister for Foreign Affairs Yachi Shotaro would head the two delegations to the meeting, spokesman Qin Gang said. "China would like to take this opportunity to exchange views with Japan on bilateral ties and other issues of common concern," Qin said. It was still unknown whether Dai would meet with Shinzo Abe, the newly-elected President of Japan's ruling Liberal Democratic Party, Qin said.

[\(return to top\)](#) Xinhua ("JAPAN URGED TO REMOVE OBSTACLES TO SINO-JAPANESE TIES", 2006-09-21) reported that Chinese Ambassador to Japan Wang Yi Thursday called on Japan to consider how to remove political obstacles in the way of the Sino-Japanese relations, which are at a crossroads. "The political relations between the two countries have been impaired and are in an abnormal state for widely known reasons. The situation must not continue," Wang said at a meeting of Japan's Association for the Promotion of International Trade. "The Chinese government has always attached importance to relations with Japan. Both sides should work together to build their new, future-oriented relations and a prosperous Asia, while taking the history as a mirror," Wang said in a speech at the meeting. He pointed out that it's time for Japan to "seriously consider how to overcome the political obstacles and start new relations." The ambassador said that "China will actively respond to Japan's wise decisions." [\(return to top\)](#)

13. PRC-US Economic Summit

Associated Press ("PAULSON URGES CHINA TO OPEN ITS MARKETS", 2006-09-21) reported that the PRC should open its financial markets wider to foreign competition, US Treasury Secretary Henry Paulson said Thursday, adding that such moves would help the Chinese economy as well as average Chinese families. "One of the most important, fundamental things this country could do is to develop very strong capital markets. And the right way to do that is to open up to competition," Paulson told a student audience at elite Tsinghua University.

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14. US Tariffs on PRC

Reuters ("US SENATE LIKELY TO PASS CHINA TARIFF BILL-SENATOR", 2006-09-21) reported that the Senate is likely to pass a bill aimed at forcing Beijing to change its currency policies by threatening a 27.5 percent tariff on Chinese exports to the US, a top Republican senator said on Thursday. "I would expect it to pass and I'm sorry for that," Senate Finance Committee Chairman Charles Grassley, of Iowa, told reporters. Sens. Charles Schumer, a New York Democrat, and Lindsey Graham, South Carolina Republican, are seeking a vote next week on their bill threatening the PRC with punitive tariffs.

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15. EU on PRC Development

Xinhua ("EUROPEAN PARLIAMENT SEES CHINA'S DEVELOPMENT AS GOOD NEWS FOR ALL", 2006-09-21) reported that European Parliament President Josep Borrell said Thursday that the PRC's

development is good news both for the PRC and for the rest of the world. "China is waking up. But we should not be fearful of China," Borrell told Chinese reporters after a luncheon with the Chinese ambassador to the European Union. "On the contrary, the development of China is good news for the Chinese first of all, particularly for those who still live in poverty conditions. But it is also good news for the rest of the world," he said through an interpreter.

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16. Amnesty International on PRC Human Rights

Reuters ("AMNESTY SLAMS CHINA OVER RIGHTS IN OLYMPICS RUN-UP", 2006-09-21) reported that the PRC's human rights record has deteriorated in the run-up to the 2008 Olympics, with thousands of people being executed after unfair trials, Amnesty International said on Thursday. The human rights watchdog sent its latest findings to the International Olympic Committee (IOC) and said Chinese authorities would have to act quickly if they were to fulfill their pledges to improve matters. "The serious human rights abuses that continue to be reported every day across the country fly in the face of the promises the Chinese government made when it was bidding for the Olympics," Amnesty's Catherine Baber said in a statement.

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17. PRC on African Loans

People's Daily ("CHINA DENOUNCES FOREIGN ACCUSATION OF COSTLY LOANS TO POOR NATIONS", 2006-09-21) reported that the PRC on Thursday denounced the accusation that it had extended high-interest loans to poor countries, saying the criticism is "sensationalist". "The criticism, which seeks to link the poverty of those countries to China, is pure sensationalism," said Chinese Foreign Ministry spokesman Qin Gang. Qin's comments came in response to criticism by foreign officials. As a developing country, the PRC has done a lot to help African countries eradicate poverty, Qin said.

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18. PRC Population Aging

Xinhua ("CHINA TO HAVE 174 MLN OLD PEOPLE IN 2010", 2006-09-21) reported that the PRC will have 174 million senior citizens aged over 60 in 2010, or 12.78 percent of the entire population, according to a document on the aging population published on Thursday. According to the document issued by the China National Committee on Aging with the approval of the State Council, 21.32 million of those senior citizens will be aged over 80. The PRC's aging population, the largest in the world, is putting great pressure on the PRC's economic and social development.

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19. Taiwan on PRC-Costa Rica Relations

Taipei Times ("DIPLOMATIC TIES WITH COSTA RICA `STABLE' ", 2006-09-21) reported that Taiwan's Ministry of Foreign Affairs spokesman Michel Lu said yesterday that the nation's diplomatic ties with Costa Rica were stable and that they were not threatened by an upcoming meeting between Costa Rican President Oscar Arias and Chinese Foreign Minister Li Zhaoxing. "Our relations with Costa Rica are stable. We are aware that China has managed to have its officials meet

President Arias in its continuing efforts to woo allies away from Taiwan," Lu said. "We will closely monitor the meeting and be alert to China's actions," Lu added. Lu said the PRC had not only attempted to engage in a dialogue with the Costa Rican president at the UN General Assembly, but had also sought -- via Mexico's foreign minister -- talks between Chinese leaders and the leaders of all five of Taiwan's Central American diplomatic allies -- Costa Rica, Nicaragua, Guatemala, Honduras and El Salvador.

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II. CanKor

20. Report #260

CanKor ("CURRENT EVENTS", 2006-09-15) Assistant Secretary of State Christopher Hill, chief US negotiator in the Six-Party Talks travels to China, Japan and the ROK amid speculation that the DPRK is preparing to test a nuclear device. As usual, China cautions all parties to be "cool-headed and exercise restraint," saying that sanctions could prove to be counterproductive. China also denies rumours of an imminent second visit by DPRK leader Kim Jong Il this year. China's new ambassador to the DPRK, Liu Xiaoming, a US-educated diplomat with eight years experience in the USA, takes up his post in Pyongyang on 11 September. Following a visit by ROK President Roh Moo-hyun to the White House, the two leaders downplay their differences in several key areas. Both insist that the six-party framework continues to be the appropriate forum to curb the DPRK's nuclear programme, although Roh tells reporters the two had "not yet reached a conclusion" on the complex issue of how to deal with the DPRK. Amid conjecture about an impending North Korean nuclear test, a senior DPRK party official points to the recent "sub-critical" underground nuclear test -- the 23rd since 1997 -- at the US Nevada test site. The commentary accuses the USA of nuclear proliferation and the development of weapons suitable for pre-emptive nuclear strikes. A group of British bankers purchases 70 percent of the only joint-venture bank in the DPRK. The new owners will attempt to challenge US Treasury Department sanctions in order to unfreeze their \$6 million assets in Macao, more than half of which belongs to British American Tobacco. The DPRK celebrates the spectacular win of their women's football (soccer) team at the FIFA Under-20 Women's World Championship. Competing for the first time, the team of young women win all seven games played, shutting out the Chinese team 5-0 in the final.

[\(return to top\)](#) CanKor ("OPINION", 2006-09-15) In this issue's OPINION section, retired World Bank official Bradley O. Babson outlines initial steps that need to be taken if international financial institutions are to become involved in the economic development of the DPRK. [\(return to top\)](#)

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