# NAPSNet Daily Report Tuesday, August 29, 2006

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#### I. NAPSNet

#### **1. DPRK Weapons Movement**

Associated Press ("REPORT: NORTH KOREA REMOVES LONG-RANGE MISSILE EQUIPMENT", 2006-08-28) reported that intelligence reports suggest the DPRK may have moved two long-range

Taepodong-2 missiles, believed potentially capable of reaching the United States, to its Musudan-ri launch site on its east coast before test-firing one of them July 5. South Korean officials have said fresh intelligence showed that the remaining missile may have been moved somewhere else. Kim Seung-kyu, head of the ROK National Intelligence Service, said the DPRK "withdrew all equipment related to Taepodong-2" from the site in mid-July, ending "missile activity in the region."

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#### **2. DPRK Financial Sanctions**

Associated Press ("BANKS SAID SEVERING TIES WITH NKOREA", 2006-08-29) reported that banks in Singapore, Vietnam, China, Hong Kong and Mongolia are opting not to do business with the DPRK. The United States is considering tightening economic sanctions, although Levey avoided specifics. "Is there a complete cutoff, so that they can't get banking anywhere? No, that's not the case, but they're having a very difficult time finding banking services," said Stuart Levey, the Treasury Department's undersecretary for terrorism and financial intelligence. "You're seeing a near complete isolation." Some analysts worry that the financial restrictions are only deepening the DPTK's isolation. This, they argue, has allowed the country to push ahead with its weapons programs.

(return to top) Bloomberg News ("U.S. TO TREAT ALL N. KOREAN DEALS AS SUSPECT", 2006-0--27) reported that the U.S. Treasury Department, in a shift in its policy toward the DPRK, has decided to treat all transactions involving the nation as suspect and subject to sanctions while dictator Kim Jong II develops nuclear weapons. Stuart Levey, Treasury's undersecretary for terrorism and financial intelligence, issued a statement to Bloomberg News which departs from Treasury's earlier position that it was targeting only overtly illegal activities by DPRK companies. The policy change, which may impinge on foreign banks, coincides with an effort by President George W. Bush to pressure the DPRK to return to talks. Bush defended using a financial strategy when asked at a press conference this week whether it was interfering with international efforts to limit the country's missile work. (return to top)

## 3. Abe on Japan-DPRK Relations

Japan Times ("ABE MULLING HARDER LINE AGAINST NORTH KOREA", 2006-08-28) reported that Chief Cabinet Secretary Shinzo Abe is considering tougher measures against the DPRK than those adopted by Junichiro Koizumi if he becomes prime minister next month, hoping to help settle the issue of Japanese abductions. As prime minister, Abe would boost the power of a government task force on the abductions and push ahead with new measures for economic sanctions in cooperation with the ruling coalition parties. According to media polls, the 51-year-old Abe is the most popular candidate to succeed Koizumi both among the public and among LDP members, who will actually make the selection.

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#### 4. PRC Internet Users on the DPRK

Daily NK (""KIM JONG IL RETIRE... SOUTH KOREA SEIZE NORTH KOREA" SAY CHINESE INTERNET USERS", 2006-08-28) reported that Chinese internet users are increasingly critical of the DPRK. Inside photos have been successively posted on PRC websites criticizing the Kim Jong II regime with remarks 'North Korea must instigate reform' and 'What generation is this that they are still starving?' In addition crime amongst defectors around the North Korea-China border and home raids by North Korean commanding officers on Chinese soil have incited aversion towards the North Korean regime amidst Chinese people.

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#### 5. US-DPRK Sports

Associated Press ("U.S. SOFTBALLERS BASH NORTH KOREA 7-0 AT WORLDS ", 2006-08-28) reported that Jennie Finch pitched a two-hitter to lead the defending champion United States past DPRK 7-0 at the softball world championships.

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### 6. New ROK Defense Against DPRK Artillery

Antara News ("SEOUL WANTS UNMANNED BOMBERS TO STOP NORTH KOREA'S ARTILERY", 2006-08-30) reported that the ROK's defense ministry has been developing unmanned bombers aimed at incapacitating DPR Korean artillery. The ministry-run Agency for Defense Development hopes to develop the unmanned aircraft within the next four or five years. Unlike unmanned surveillance planes, the aircraft would be able to locate and strike heavy artillery, mostly hidden underground along the inter-Korean border, said military sources. The DPRK is said to have deployed over 1,000 artillery guns along the inter-Korean border, placing Seoul within their range. Some 300 of them can shower the South's capital with 25,000 shells per hour.

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#### 7. US-ROK Security Alliance

The Washington Post ("SEOUL'S PUSH TO REGAIN WARTIME CONTROL FROM U.S. DIVIDES SOUTH KOREANS", 2006-08-29) reported that President Roh Moo Hyun is determined to regain wartime command of the ROK's military as early as possible. He has called reclaiming full command from the US the "core of a self-reliant national defense," adding that South Koreans who believed their military wasn't yet up to the task lacked "self-respect." The Pentagon may be just as eager to see the switch. The transfer of wartime command had been envisioned for sometime around 2012, but an earlier transfer would let the Pentagon focus more on the current crises in the Middle East and allow more administrative cuts in the ROK.

(return to top) Chosun Ilbo ("TROOP CONTROL 'WOULD COST W1 TRILLION IN OPPORTUNITIES'", 2006-08-29) reported that if the government goes ahead with plans to boost defense spending to exercise sole operational control of ROK troops, it will cause more than W1 trillion (US\$1=W964) in opportunity losses to the economy over the next five years, experts estimate. Since defense firms are less productive in terms of creating jobs or added value than other industries, increased defense spending reduces the amount of resources that could go to other, more productive investment areas and hamper growth. (return to top)

#### 8. US Missile Defense Program

Joongang Ilbo ("U.S. TO TEST ITS MISSILE DEFENSE TOMORROW", 2006-08-29) reported that the US plans to launch a missile similar to the one that the DPRK has been testing, then fire a second one that could shoot it down, a senior US military official told the Los Angeles Times. The goal is not to shoot down the target missile, instead the intent is to gauge the capability of the interceptor

rocket, by seeing if it can distinguish between the missile's booster stage and warhead, and also communicate with ground control centers.

(return to top) The Associated Press ("U.S. MISSILE DEFENSE SHIP SAILS TO JAPAN ", 2006-0--29) reported that a US cruiser equipped with an advanced missile defense system docked in Japan on Tuesday, as concerns linger over the DPRK's missile program. The USS Shiloh, a cruiser equipped with Aegis technology, which is geared toward tracking and shooting down enemy missiles, sailed into the port of Yokosuka. (return to top)

### 9. Japan Central Asia Diplomacy

Agence France-Presse ("KOIZUMI IN UZBEKISTAN, RAISING JAPAN PROFILE IN CASIA ", 2006-0--29) reported that Japanese Prime Minister Junichiro Koizumi announced 2.8 million dollars in new educational grants to Uzbekistan, but he and Uzbek President Islam Karimov announced no energy deals after talks expected to focus on the topic. "We see great possibilities and are ready to give our resources to supply Japan with uranium... oil and gas, and other mineral resources," Karimov said at a joint news conference in the presidential palace.

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## 10. Japan Export Controls

The Associated Press ("JAPAN POLICE PROBE POSSIBLE NUKE EXPORTS", 2006-08-29) reported that police are investigating the possibility that a Japanese manufacturer exported equipment to Iran that can be used to make nuclear weapons, an official said. The president and four other executives and employees of Mitutoyo Corp. were arrested Friday on suspicion they violated trade control laws.

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#### **11. PRC-US Trade Relations**

Agence France-Presse ("TOP US TRADE OFFICIAL URGES CHINA TO PROMOTE TRADE TALKS, OPEN UP MARKET ", 2006-08-29) reported that the top US trade envoy has said the PRC should play a greater role in helping to revive stalled global trade talks and do better at opening up its own markets. Speaking to reporters on the last day of her visit, US Trade Representative Susan Schwab said the PRC is arguably the country with the greatest stake in an open global trading system and has much to lose if the WTO talks fail.

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#### 12. Cross Strait Relations

Agence France-Presse ("TAIWAN CONFIRMS BUDGET FOR US FIGHTER DEAL ", 2006-08-29) reported that the Taiwanese military confirmed that it was setting aside funds for the purchase of a fleet of US-made F-16 fighters, a deal that has angered Beijing. Vice Admiral Kao Kuang-chi offered no details of the deal, but local newspapers have said Taiwan is planning to replace its outmoded F-5 fleet with 66 F-16C/D Block 52s at a cost of at least 3.1 billion US.

(return to top) Agence France-Presse ("CHINA STILL WANTS TO SEND OFFICIAL TO TAIWAN", 2006-08-29) reported that the PRC restated its wish to send a senior government official on a landmark visit to Taiwan, despite the island's refusal less than a month ago. Allowing Chen Yunlin,

one of the PRC's top Taiwan policy makers, to attend an agricultural forum would help promote ties between the mainland and Taiwan, said the semi-official Association for Relations Across the Taiwan Straits. (return to top)

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