

# NAPSNet Daily Report Tuesday, February 13, 2007

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## I. NAPSNet

# 1. Six Party Talks Breakthrough

Washington Post ("N. KOREA AGREES TO NUCLEAR DISARMAMENT", 2007-02-13) reported that in a landmark international accord, the DPRK promised to close down and seal its lone nuclear reactor within 60 days in return for 50,000 tons of fuel oil as a first step in abandoning all nuclear weapons and research programs. The DPRK also reaffirmed a commitment to disable the reactor in an undefined next phase of denuclearization and to discuss with the United States and other nations its plutonium fuel reserves and other nuclear programs that "would be abandoned" as part of the process. In return for taking those further steps, the accord said, the DPRK would receive additional "economic, energy and humanitarian assistance up to the equivalent of 1 million tons of heavy fuel oil." Assistant Secretary of State Christopher R. Hill, the chief U.S. nuclear negotiator, qualified the first-step accord as "a very solid step forward." For its part, the United States reiterated an earlier promise to discuss normalizing relations with the Pyongyang government, a longstanding goal of North Korea. Without committing Washington to any decisions, the accord said the discussions would include removing DPRK from the list of state sponsors of terrorism and stopping application of the U.S. Trading with the Enemy Act to North Korea's business enterprises. Separately, Hill said, the United States pledged to the DPRK and to the PRC, as chairman of the six-party process, that it will resolve within 30 days a dispute over U.S. charges that the Banco Delta Asia in Macau has been laundering illicit money from the DPRK. This represented a concession from Washington, which previously had insisted the banking dispute was a matter of law-enforcement that should be treated separately from the nuclear diplomacy.

[\(return to top\)](#) Chosun Ilbo ("N.KOREA AGREES TO DISABLE NUCLEAR FACILITIES", 2007-02-13) reported that the DPRK is to shut down nuclear facilities in Yongbyon within 60 days, which includes halting operation of the 5 mw nuclear reactor and canning spent fuel rods. The DPRK also agreed to admit IAEA inspectors to conduct the necessary monitoring. In return, the ROK will initially provide 50,000 tons of heavy oil worth W20 billion, with the remaining 950,000 tons to be delivered depending on how far it goes on the road to disabling the facilities. The six nations also agreed to share the cost equally, although Japan still maintains that it can contribute only when the issue of Japanese abductees is resolved. North Korea agreed to submit a complete list of its nuclear programs to the IAEA. The official said this will include the North's plutonium-based nuclear program facilities and the amount of plutonium extraction. The six nations agreed that matters regarding the DPRK's existing nuclear weapons and a highly enriched uranium program the US alleges it has are to be discussed later. They also agreed to start negotiating the removal of the DPRK from the US list of states sponsoring terrorism and U.S. economic restrictions under the Trading with the Enemy Act. The six nations will establish within the month five working groups to discuss issues including denuclearization of the Korean Peninsula, a security mechanism in Northeast Asia and the normalization of diplomatic ties between the US and DPRK as well as between Japan and the North. [\(return to top\)](#)

## 2. Six Party Talks

New York Times ("NORTH KOREA TO CLOSE REACTOR IN EXCHANGE FOR RAFT OF AID", 2007-02-13) reported that further negotiations are to begin on March 19 in Beijing. The deal marks the first concrete plan for disarmament in more than three years of six-nation negotiations.

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## 3. Energy Sector in DPRK

Financial Times ("ENERGY CRITICAL POWER SOURCE WITHIN N KOREA", 2007-02-12) reported that the time devoted to energy, rather than nuclear weapons, during the past five days of Six Party Talks, highlights the critical challenge that power shortages present to Kim Jong-il's regime. In the depths of the DPR Korean winter, where temperatures regularly plumb -10°C, government offices and even hospital wards in Pyongyang are so cold that people can see their breath indoors. Lights - not to mention medical equipment - constantly flicker on and off. In the industrial areas along the east coast, the vast majority of factories and mines simply lie idle. "North Korea's power plants were already 40 years out of date [when the Soviet Union collapsed] but they can't repair them because they don't have the energy to make spare parts, which is causing them to deteriorate further," says Timothy Savage of the Nautilus Institute, a think-tank that has done extensive studies of the North's energy sector. "Their whole energy system is held together with chewing gum and baling wire." In its last detailed study, Nautilus estimated that the DPRK actually had the capacity to generate about 2,000MW of power - a fraction of its estimated potential output of about 7,800MW.

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## **4. DPRK Refugee-Defectors**

BBC ("THREE NORTH KOREANS ARRIVE IN USA SEEKING ASYLUM: YONHAP", 2007-02-09) reported that three DPR Korean defectors who were detained in Thailand while seeking asylum entered the United States on Thursday and are in an undisclosed city. The three were among 16 who were held by Thai authorities. They were the first ones in the group to be granted settlement in the US, the sources said. The defectors are the latest to be admitted to the US under the North Korean Human Rights Act of 2004 which eased the conditions for accepting their asylum requests. The first group came in May last year.

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## **5. US on PRC Anti-Satellite Program**

Reuters ("U.S. BLASTS CHINA TEST, SEES "NO ARMS RACE IN SPACE"", 2007-02-13) reported that the United States said that the PRC's recent anti-satellite missile test had endangered hundreds of satellites and left debris in orbit for a century, but reiterated its opposition to a new global treaty on space. Christina Rocca, U.S. ambassador to the Conference on Disarmament, said that a treaty to prevent an arms race in outer space would not have banned the PRC's use of a ground-based missile to destroy a weather satellite on January 11. "Despite the ASAT (anti-satellite) test, we continue to believe that there is no arms race in space and therefore no problem for arms control to solve," Rocca said in a speech to the United Nations-sponsored forum in Geneva. The 65-member forum has tried for years to launch global negotiations on treaties to ban production of nuclear bomb-making fissile material and prevent an arms race in outer space, known as PAROS. The United States has asserted its right to develop weapons for use in outer space to protect its military and commercial satellites and has ruled out any negotiations to limit them, arguing that an existing 40-year-old treaty is adequate.

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## **6. PRC on Anti-Satellite Missile**

Aerospace Daily ("CHINA SAYS NO MORE ASAT TESTS PLANNED", 2007-02-13) reported that the PRC's National Defense Minister Cao Gangchuan says there won't be a repeat of the Jan. 11 anti-satellite weapon test that scattered more than 900 trackable pieces of debris across the most heavily

used satellite orbits in space. Fukushiro Nukaga, the former Japanese minister of state for defense, told reporters in Tokyo that during a meeting in Beijing Cao also repeated past Chinese denials that the test was a hostile act.

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## **7. ROK-US FTA Agreement**

International Herald Tribune ("U.S. SAYS QUICK WORK NECESSARY ON FREE TRADE AGREEMENT WITH SOUTH KOREA", 2007-02-13) reported that U.S. negotiators working to settle a free trade agreement with the ROK sounded a note of urgency Monday and both sides tried to narrow differences on a deal. Deputy U.S. Trade Representative Karan Bhatia said that while negotiators have come a long way in eight months of talks, much work must be done quickly if the countries are to slash tariffs and other trade barriers. A successful deal would be the biggest for Washington since the North American Free Trade Agreement of 1993. The two governments say it would add to the \$72 billion (¥55.44 billion) a year in trade between the countries and boost economic growth. U.S. negotiators, however, have sought to dim expectations for a breakthrough in this seventh round of talks. They do not expect a final agreement to emerge. Choi Seok-young, the RO Korean Embassy's minister for economic affairs, also noted that time is running out if the two sides are to take advantage of U.S. President George W. Bush's trade promotion authority. That so-called "fast track" power is key to making an agreement's eventual ratification easier for the United States. It allows Bush to submit a deal to Congress for a straight yes-no vote with no amendments. It expires July 1, and its renewal is uncertain in a Congress controlled by trade-wary Democrats. A major point of contention in the negotiations is a spat between the two countries over trade in U.S. beef, suspended for almost three years after mad cow disease was found in the United States in 2003. The ROK agreed last year to resume imports of boneless beef, but the first three shipments that arrived were turned away after bone fragments were found.

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## **8. Explosions in US Base in Japan**

UPI ("U.S. BASE IN JAPAN TARGETED BY TWO BLASTS", 2007-02-13) reported that Japanese police and U.S. military investigators said no one was injured when two small explosions targeted a base outside Tokyo. The explosions happened around 11 p.m. Monday near the U.S. Army's Camp Zama, 25 miles southwest of Tokyo, and the Kyodo news service said police found two tubes apparently used as rocket launchers in a nearby park. No one claimed responsibility for the attack, but ABC News said there was a possibility a fledgling al-Qaida movement in Japan had been behind the attack.

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## **9. Sino-Japan Relations**

Xinhua ("CHINA, JAPAN PLEDGE TO STRENGTHEN DEFENSE EXCHANGES", 2007-02-13) reported that Chinese Defense Minister Cao Gangchuan met with visiting former Japanese director-general of Defence Agency Nukaga Fukushiro, and vowed to strengthen bilateral defense cooperation. "China has always kept an active attitude towards developing relations between the two defense departments," said Cao, also vice-chairman of the Central Military Commission and State Councilor. He said the Chinese side is ready to strengthen security dialogue and exchanges with Japan, in accordance with the consensus reached between the leaders of both countries, to enhance

mutual trust and further promote bilateral defense cooperation. Cao also briefed Nukaga on the PRC's defense policy and position on the Taiwan issue, saying the PRC's defense policy is defensive in nature. Nukaga, member of the House of Representatives, said he believed the two countries should enhance dialogue and exchanges in defense and other fields, which will be conducive to a health development of bilateral relations. He noted that the Japanese government has always supported the one-China policy.

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## II. CanKor

### 10. Report #272

CanKor ("Current Events", 2007-02-07) Six-Party Talks are set to resume in Beijing Thursday, 8 February. There are strong expectations of a major move forward. Rumours circulate that US Secretary of State Rice has secretly met with DPRK chief negotiator Kim Gye Gwan. The USA and the DPRK are said to have agreed on what some have dubbed "Clinton Lite" -- the release of the legitimate portion of DPRK funds currently frozen in Macau's Banco Delta Asia in exchange of a halt in the operation of the Yongbyon nuclear reactor under IAEA "monitoring". China's food exports to the DPRK were down sharply in 2006, half the amounts shipped in 2005. However, oil exports have remained stable, up 0.2% from the previous year. A European Union ban on luxury goods sales to Pyongyang conforming to last October's UN Security Council resolution is being delayed because of the unresolved dispute between Spain and the UK over the status of Gibraltar.

[\(return to top\)](#) CanKor ("FOCUS: Scrutiny of UNDP cash payments to DPRK", 2007-02-07) This week's CanKor FOCUS examines the scrutiny being applied to the operations of United Nations agencies in Pyongyang, particularly US State Department accusations that the United Nations Development Programme (UNDP) has made inappropriate cash payments to the DPRK government. UN Secretary General Ban Ki Moon orders a thorough audit of UNDP operations, specifically hard-currency transactions, the independence of locally hired staff, and the agency's ability to monitor ongoing projects. The DPRK Foreign Ministry calls the issue a "US smear campaign," but its representative on the UNDP executive board does not oppose the board's decision to delay approval of the program's 2007-2009 budget until the UN General Assembly's board of auditors determines within three months whether the development agency violated its own guidelines. South Korean news reports claim that North Korea has banned the use of foreign currency in all domestic transactions in an apparent attempt to collect hard currency from individuals. [\(return to top\)](#) CanKor ("OPINION", 2007-02-07) An OPINION piece by Paul Stares, vice president for conflict analysis and prevention at the United States Institute of Peace recommends that Ban Ki Moon initiate a United Nations-sponsored initiative to formally end the Korean War and dismantle the present armistice arrangements as part of a peace treaty that would commit all six parties in the current talks to establish normal diplomatic relations. [\(return to top\)](#)

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