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I. NAPSNet

1. Inter-Korean Economic Talks

Chosun Ilbo ("S.KOREA TO SUPPLY NORTH WITH US\$80 MILLION IN MATERIALS", 2006-06-06) reported that the 12th meeting of the inter-Korean Committee for the Promotion of Economic Cooperation ended Tuesday in Jeju with an agreement whereby the ROK will provide US\$80 million worth of materials to manufacture shoes, soap and garments to the DPRK within this year. The agreement will take effect only "when the necessary conditions are met," but Seoul was unable to make it one of those conditions in the accord that the two Koreas complete the repeatedly cancelled test runs of cross-border trains. Instead, the head of the ROK delegation Bahk Byong-won made a verbal statement saying the supplies would come when the test run goes ahead once the DPRK military guarantees safe passage.

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2. DPRK Foreign Minister's PRC Visit

Yonhap ("N. KOREAN FOREIGN MINISTER FINISHES CHINESE VISIT", 2006-06-06) reported that DPRK Foreign Minister Paek Nam-sun returned to Pyongyang on Tuesday after wrapping up an eight-day trip to the PRC, according to diplomatic sources. During the trip, Paek looked around the PRC's economic heartland and sought ways to break the impasse in the six-nation talks on his country's nuclear weapons program in a series of meetings with PRC leaders. In talks with his PRC counterpart Li Zhaoxing, he explained Pyongyang's position on efforts to resolve the nuclear crisis. The details of the meeting have yet to be disclosed.

[\(return to top\)](#) Chosun Ilbo ("CHINA CALLS FOR BREAKING DEADLOCK IN NUKE TALKS", 2006-06-06) reported that the PRC's State Councilor Tang Jiaxuan has urged the participating nations in six-party talks on the DPRK's nuclear program to break the current deadlock and promote early resumption of the negotiations. According to the PRC's state-run Xinhua news agency on Monday, Tang told visiting DPRK Foreign Minister Paek Nam-sun that the nuclear issue not only concerns peace and stability on the Korean Peninsula but also of Northeast Asia. [\(return to top\)](#)

3. US on DPRK, PRC Human Trafficking

Kyodo ("U.S. CRITICIZES N. KOREA, CHINA IN HUMAN TRAFFICKING REPORT", 2006-06-06) reported that the US again harshly criticized the DPRK and the PRC for their continuing complacency in the face of human trafficking within and across their borders in an annual report released Monday. In the State Department's sixth annual Trafficking in Persons Report, the PRC remained on the Tier 2 Watch List, and the DPRK made no headway out of its Tier 3 classification, a place reserved for countries with the worst human trafficking records.

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4. US on Kaesong Wages

Korea Times ("US QUESTIONS LEGITIMACY OF KAESONG WAGE SYSTEM", 2006-06-06) reported that the US is concerned wages intended for DPRK employees working for ROK companies in the Kaesong Industrial Complex may be going to the DPRK government instead. "The DPRK regime reportedly provides workers for foreign investors operating in North Korean industrial parks," a US State Department report on global human trafficking released on Monday said. "There are concerns that this labor may be exploitative, with the DPRK government keeping most or all of the foreign

exchange paid and then paying workers in local, non-convertible currency," it said.

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5. Japanese Sanctions on DPRK

Kyodo ("N. KOREA SANCTIONS BILL MAY PASS DIET FOLLOWING COMPROMISE", 2006-06-06) reported that Japan's governing and opposition parties reached a basic agreement Tuesday to work to jointly submit a bill requiring the government to impose economic sanctions on the DPRK if it fails to make progress in its human rights situation, notably the abductions of Japanese nationals, lawmakers said.

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6. DPRK-PRC Oilfield Development

Interfax ("CHINA, NORTH KOREA AGREE TO JOINTLY DEVELOP OILFIELDS IN BOHAI BAY", 2006-06-06) reported that the PRC and the DPRK have signed a treaty on cooperation in the joint extraction of oil in Bohai Bay, PRC Foreign Ministry spokesman Liu Jianchao told a Tuesday briefing. "China and North Korea, through amicable consultations on an equal basis, have agreed on the joint development of reserves in Bohai Bay and signed the corresponding intergovernmental agreement," he said.

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7. US-ROK Trade Relations

Chosun Ilbo ("KOREA, U.S. STICK TO GUNS ON FIRST DAY OF FTA TALKS ", 2006-06-06) reported that the first day of negotiations for a free trade agreement between the ROK and the US saw little progress on Monday, with both sides sticking to their original demands. The differences in position on agricultural products, one of the key stumbling blocks, remained wide, according to, the ROK's chief FTA negotiator Kim Jong-hoon. That means "a large portion of agenda will be carried over into the next round," Kim added.

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8. ROK Investment in the PRC

Chosun Ilbo ("NORTHEAST CHINA EXERTS PULL ON KOREAN FIRMS", 2006-06-06) reported that ROK companies are rushing to Liaoning, Jilin, and Heilongjiang provinces in northeastern PRC, to get a piece of the development pie there. The region is seeing massive investment in ports, highways and other infrastructure thanks to huge development projects the PRC government is carrying out there.

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9. Japanese Development Assistance to the PRC

Kyodo ("JAPAN TO LIFT FREEZE ON ODA TO CHINA ", 2006-06-06) reported that Japan will soon lift a freeze on the disbursement of about 74 billion yen (\$660 million) in low-interest loans to the PRC for Japan's fiscal 2005, which ended March 31, amid signs of an improvement in bilateral ties,

government officials said Tuesday. Yen loans comprise the bulk of Japan's official development assistance to the PRC, with the rest being grants in aid and technical cooperation.

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10. US Arms Sales to Japan

Reuters ("US AGREES TO SELL JAPAN SM-2 MISSILES WORTH \$70 MLN", 2006-06-06) reported that the US government told Congress it had agreed to sell Japan up to 44 SM-2 Block IIIB missiles built by Raytheon Co. , and related equipment, in a deal valued at up to \$70 million. The Pentagon's Defense Security and Cooperation Agency said the missiles would be used aboard Japanese combat ships, helping Japan to better defend critical sea-lanes of communication.

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11. PRC Military

Agence France-Presse ("CHINA SAYS US MILITARY CRITICISM UNACCEPTABLE ", 2006-06-06) reported that the PRC said US Secretary Defense Donald Rumsfeld's criticisms about a lack of transparency in the PRC military were unacceptable. "We cannot accept the constant criticism from the country which has the largest military spending in the world," foreign ministry spokesman Liu Jianchao told journalists. "The development of China's national defense is peaceful development and does not pose a threat to any country."

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12. PRC Air Defense

International Herald Tribune ("CHINA'S BID TO EXPAND AIR DEFENSE TAKES HIT ", 2006-06-06) reported that the PRC's efforts to field an early-warning aircraft that could help it project power far beyond its borders and challenge US intervention in any conflict with Taiwan were dealt at least a temporary blow by the crash of a surveillance aircraft Sunday, defense specialists in the region said. The two newspapers in Hong Kong, Ta Kung Pao and Wen Wei Po, did not identify the model of the plane, but regional experts suggested it was most likely the KJ-2000, an early-warning aircraft the PRC has developed using mostly indigenous technology.

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13. PRC Three Gorges Dam

The Associated Press ("CHINA UNLEASHES YANGTZE RIVER ON NEW DAM ", 2006-06-06) reported that PRC engineers Tuesday blew up a temporary barrier used during construction of the Three Gorges Dam, unleashing the full force of the Yangtze River upon the world's largest hydroelectric project. The 1.4-mile-long Three Gorges Dam now assumes its role in controlling the deadly floods that have regularly ravaged the PRC's farming heartland.

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14. PRC Environment

The Los Angeles Times ("POLLUTION GETTING WORSE, CHINA ADMITS", 2006-06-06) reported

that despite steady efforts to protect the environment in recent years, the PRC's pollution continues to worsen in the face of relentless industrial growth, the PRC government acknowledged Monday. The report issued by the State Council, the PRC's Cabinet, is the latest in a string of rare admissions by the Communist Party leadership that it has not done enough to prevent environmental damage.

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15. Tiananmen Anniversary

Financial Times ("THOUSANDS GATHER TO MARK TIANANMEN MASSACRE", 2006-06-06) reported that more than 40,000 people gathered in Hong Kong's Victoria Park last night to mark the 17th anniversary of the Tiananmen massacre, in a show of defiance that is inextricably linked to the territory's own frustrated democratic aspirations. Safe from the collective amnesia enforced on the mainland by the Chinese Communist Party on June 4 of every year, Hong Kong's pro-democracy camp gathers annually on the park's football pitches to remember those who died when PRC troops cleared student demonstrators from Tiananmen Square in 1989.

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