

# **NAPSNet Daily Report Tuesday, June 26, 2007**

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## **I. NAPSNet**

# 1. DPRK Nuclear Program

Yonhap ("IAEA DELEGATION IN PYONGYANG FOR TALKS ON REACTOR SHUTDOWN", 2007-0-26) reported that international nuclear watchdog officials arrived in the DPRK to discuss the shutdown of the DPRK's key nuclear facilities, the DPRK's official news agency reported. Tuesday's visit by IAEA negotiators comes at the invitation of the DPRK's General Department of Atomic Energy, whose Director General Ri Je-son said on June 16 that the country looks forward to discussing "the procedures of the IAEA's verification and monitoring" of the Yongbyon facility shutdown.

[\(return to top\)](#) Korea Herald ("NORTH KOREA COULD DISABLE REACTOR BY YEAREND, HILL SAYS", 2007-06-26) reported that the top US nuclear negotiator on the DPRK said the state could disable its nuclear facilities by the end of the year. Assistant Secretary of State Christopher Hill also said six-party ministerial talks could take place later next month, but that there could be other as yet unforeseen problems. Hill told reporters that his 22-hour visit to the DPRK aimed to reconfirm that the DPRK was aware of and is committed to the crucial steps that need to follow the initial action of shutting down the reactor. [\(return to top\)](#)

# 2. US on DPRK HEU Program

Agence France-Presse ("N. KOREA AGREES TO ADDRESS SECRET NUCLEAR PROGRAM: US", 2007-06-26) reported that nuclear-armed DPRK has agreed to address questions over its controversial highly enriched uranium program that had triggered the nearly five-year atomic standoff with Washington, US envoy Christopher Hill said. "We had a very good discussion about it, I am not going into the specifics of it except to say that they acknowledged that this issue must be resolved to mutual satisfaction," Hill told reporters in Washington.

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# 3. ROK Aid to the DPRK

Joongang Ilbo ("FIRST SHIPMENT OF A TOTAL OF 400,000 TONS TO GO BY BOAT TO NORTH", 2007-06-26) reported that the ROK will start sending 400,000 tons of rice aid to the DPRK at the end of this week, bringing an end to a one-year freeze, Seoul's top policy maker to Pyongyang said yesterday. Lee indicated that Seoul will continue to link its rice aid to progress in the six-party talks. "The people hope to see a nuclear-free Korean Peninsula and the complete resolution of the nuclear crisis," Lee said. "Therefore, I hope the six-party talks members' joint efforts will bring about a fruitful outcome toward denuclearization so the rice aid can be provided without any obstructions."

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# 4. Inter-Korean Economic Cooperation

Yonhap ("KAESONG COMPLEX FACTORY-APARTMENT TO OPEN IN SEPTEMBER ", 2007-06-26) reported that a factory-apartment being built in the inter-Korean industrial complex in Kaesong, DPRK will be opened to ROK clothing and stuffed goods manufacturers in September, a state-run industrial complex operator said. The 21 billion won (US\$22.6 million) manufacturing and residential facility will house 33 companies and 2,500 workers from both the ROK and DPRK, the Korea Industrial Complex Corp. (KICOX) said.

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## 5. US-ROK Trade Relations

Korea Times ("KOREA LIKELY TO ACCEPT US FTA DEMANDS", 2007-06-26) reported that Cheong Wa Dae hinted that the government is moving toward accepting additional demands by the US, regarding a bilateral free trade agreement. On Monday, he said the government will decide whether to launch the additional talks after sufficiently reviewing the US demands. He said Trade Minister Kim Hyun-chong is visiting Washington, D.C. to offer the ROK's demands as a countermeasure.

[\(return to top\)](#) The Associated Press ("S.KOREA: U.S. BEEF COMPANIES CAN EXPORT ", 2007-0-26) reported that the ROK lifted a suspension on imports of American beef from two US meat companies Tuesday after the US confirmed that three shipments meant for domestic consumption were exported by mistake, officials said. The Agriculture Ministry said Tuesday that it had received confirmation from the US Department of Agriculture that two US companies — identified by ROK officials as Am-Mex International and Midamar Corp. — shipped the meat to the ROK after purchasing it from both Cargill and Tyson. [\(return to top\)](#)

## 6. Comfort Women Issue

Kyodo ("ABE WITHHOLDS COMMENT AHEAD OF US 'COMFORT WOMEN' RESOLUTION VOTE", 2007-06-26) reported that Japanese Prime Minister Shinzo Abe remained rather tight-lipped ahead of an expected US Congress committee vote on a resolution over Japan's wartime sexual exploitation of Asian and other women, only saying he has "nothing to add" and that Japan-US relations will not be affected. "I have nothing to add to that...this is for the U.S. Congress to decide and vote on, and not something I should be commenting about," Abe told reporters.

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## 7. PRC-Japan East Sea Gas Dispute

Kyodo ("JAPAN, CHINA TO HOLD EAST CHINA SEA GAS TALKS NEXT TUES.", 2007-06-26) reported that Japan and the PRC will resume their talks in Tokyo on a dispute over gas exploration rights in the East China Sea next Tuesday, the Japanese Foreign Ministry said. The key issue in the ninth round of gas talks will be on the joint development of gas fields in the sea, the ministry said. Both sides agree on resolving their row over energy resources by jointly developing gas fields but differ on the location of the projects.

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## 8. PRC Africa Diplomacy

Agence France-Presse ("CHINA SAYS NEW AFRICA FUND MEANT TO BOOST TIES", 2007-06-26) reported that the PRC formally launched a fund to encourage PRC firms to invest in Africa, claiming its aim was not to make profit but to boost a "new type of strategic partnership" with the continent. "The China-Africa Development Fund will aim mainly at supporting the strategic cooperation in the political, economic and diplomatic fields," Gao Jian, chairman of the fund, told reporters. "Unlike other profit-making organisations which seek to maximise profits, the objective of the fund is ... to avoid losses and earn just enough profit to enable the running of the fund."

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## 9. Cross Strait Relations

The Financial Times ("TAIWAN'S KMT BACKS AWAY FROM UNITY WITH CHINA", 2007-06-26) reported that Taiwan's main opposition party has watered down its commitment towards unification with the PRC in a cautious attempt to adjust to the island's political realities ahead of the presidential elections early next year. Yesterday's move by Kuomintang party members at a congress in Taoyuan, highlights the limited room for manoeuvre for politicians viewed as more friendly towards the PRC than the Taiwanese government.

[\(return to top\)](#) Xinhua ("HU URGES OVERSEAS CHINESE TO SPEAK UP AND SUPPORT REUNIFICATION OF CHINA", 2007-06-26) reported that President Hu Jintao has urged overseas Chinese to speak up and support the PRC's stance on reunification. He made the call in a meeting with overseas Chinese delegates in Beijing. Hu Jintao said the overseas Chinese have played a significant role in the PRC's opening-up and reform. Hu Jintao also said, "The reunification of China has long been a wish for all Chinese people living abroad and requires the efforts of every Chinese."  
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## 10. PRC Wealth and Corruption

The Associated Press ("CHINA'S LEADER STRESSES SPREADING WEALTH ", 2007-06-26) reported that the PRC must urgently tackle corruption and spread wealth more fairly among its 1.3 billion people, but political reform will be gradual and only under continued one-party communist rule, President Hu Jintao said. In a major speech laying out his future agenda, Hu told Communist Party leaders they must meet a 2020 target for achieving a "basically well-off society," a key motif of his nearly five years as head of state and party chairman.

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## 11. PRC Economic System

Washington Post ("IN CHINA, CASH CARRIES THE WEIGHT", 2007-06-26) reported that the PRC's state-owned banks rank among the highest-valued in the world, with stock market capitalizations in the billions of dollars, but they are widely considered the weakest part of the country's booming economy. Although the PRC has made strides in reforming its banking system over the past five years -- cracking down on corruption, buying out many troubled loans and allowing foreign banks into the market -- retail banking remains stuck in an earlier era. The problem isn't new, but the number of people in China who have enough money to need modern banking services is soaring. The system hasn't kept up.

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