

# **NAPSNet Daily Report Tuesday, March 20, 2007**

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## **1. Six Party Talks**

Associated Press ("ENVOY: NKOREA REFUSES TO JOIN NUKE TALKS", 2007-03-20) reported that the resumption of the Six Party Talks stalled as Pyongyang refused to take part until it receives \$25 million still frozen in the Macao Banco Delta Asia. U.S. Deputy Assistant Treasury Secretary Daniel Glaser said Monday that the money would be transferred into a DPRK account at the Bank of China in Beijing to be "used solely for the betterment of the North Korean people." The Monetary Authority of Macau said in a statement that it will release the funds "in accordance with the instructions of the account holders" but did not elaborate. It is not known if there has been a delay in the transfer or when it could take place.

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## **2. Japan on Unfreezing DPRK Funds**

Yomiuri Shimbun ("DOUBTS OVER DEAL", 2007-03-20) reported that Japan lent its support for the agreement between the United States and the DPRK on lifting the U.S.-imposed sanctions on funds at a Macao bank as a step conducive to progress in six-party talks. Some leading government figures, however, expressed fears the U.S. stance toward the DPRK had softened more than expected, raising concerns that the shift could imply differences between Tokyo and Washington over Japan's demand for progress on the issue of past abductions of Japanese citizens.

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## **3. DPRK on IAEA Membership**

Yonhap ("SOUTH KOREAN OFFICIAL SAYS NORTH OFFERS TO REJOIN IAEA", 2007-03-20) reported that Kim Kye Gwan, DPRK chief nuclear negotiator, said his country will resume its membership in the International Atomic Energy Agency soon after it shuts down its nuclear facilities as agreed upon in the February agreement. Under the 13 February accord, the DPRK is to shut down its nuclear facilities at Yongbyon within 60 days and have the closure verified by IAEA monitors within that timeframe.

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## **4. Closure of DPRK Nuclear Facilities**

Joongang Ilbo ("NORTH TO SHUT FIVE NUCLEAR PLANTS", 2007-03-19) reported that the DPRK has agreed to shut down five nuclear facilities that were reactivated in 2002. The five nuclear facilities were frozen in 1994 but activity resumed there in 2002 after kicking out the inspectors of the International Atomic Energy Agency or IAEA. According to a diplomatic source, the DPRK and ElBaradei, director general of the IAEA, decided to shut down and seal the five nuclear facilities while he was in Pyongyang. The five facilities to be shut down include the 5-megawatt nuclear reactor and nuclear fuel rod production facility in Yongbyon.

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## **5. US-ROK Trade Relations**

Yonhap ("TOP S. KOREAN, U.S. NEGOTIATORS MEET FOR SECOND DAY OF FTA TALKS", 2007-

03-20) reported that the top ROK and US negotiators will meet for the second day of free trade agreement talks in Washington in their last-ditch efforts to strike a deal by the end of March, as planned. After the first day of talks on Monday, Kim Jong-hoon from the ROK and Wendy Cutler from the US reported making headway but refused to disclose details. The Kim-Cutler meeting is aimed at minimizing "as much as possible" differences on the most sensitive issues, including farm goods and cars, before another high-level talks open in Seoul next week.

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## **6. PRC-ROK Trade Relations**

Chosun Ilbo ("KOREA LOOKS TO CHINA AND EU FOR MORE FTAS", 2007-03-20) reported that with the free trade agreement (FTA) talks between Korea and the US winding down, the government is now promoting FTA talks with the PRC and the European Union (EU). The Ministry of Foreign Affairs and Trade (MOFAT) announced Monday that it will hold a conference for joint research among business people, government officials and scholars on an FTA between the ROK and the PRC.

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## **7. USFK Base Realignment**

Joongang Ilbo ("COST OF MOVING U.S. BASES TO GET DIVIDED EVENLY", 2007-03-20) reported that the US and ROK have agreed to split the bill almost evenly for the cost of moving US military installations to the area adjacent to Camp Humphreys, south of the metropolis. The ROK will spend nearly 5.7 trillion won (\$6.05 billion) in relocation costs for the shift to Pyeongtaek, the Ministry of National Defense said. According to the master plan for U.S. forces realignment, the total cost of the move is about 11 trillion won. "At last, the two sides will almost evenly share the total cost," Major General Kwon Haing-keun, the director of the ministry's USFK base relocation office, told reporters.

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## **8. Japan Iraq Mission**

Agence France-Presse ("JAPAN TO EXTEND AIR MISSION TO IRAQ", 2007-03-20) reported that Japan plans to extend its air support mission to Iraq for another two years, Prime Minister Shinzo Abe said Tuesday. "We would like to continue fulfilling our responsibility in the reconstruction of Iraq," Abe told reporters. "Having considered the current situation in Iraq and developments in the international community, I asked for the ruling party's approval on the extension of the air force mission by two years," Abe said.

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## **9. Japan-PRC Joint History Project**

Agence France-Presse ("JAPAN, CHINA AGREE FRAMEWORK FOR JOINT HISTORY STUDY", 2007-03-20) reported that scholars from Japan and the PRC agreed on a framework for a joint study of their past, including sensitive topics such as a controversial war shrine. The joint study group of 10 historians from each country wound up a two-day meeting in Tokyo that aims to overcome longstanding tensions over their shared history. During the meeting, the two sides agreed to discuss how the two countries recognise their history by jointly highlighting key topics, including the Yasukuni Shrine which honours Japanese war dead including top war criminals.

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## **10. Sino-Russian Energy Cooperation**

Xinhua ("RUSSIAN AMBASSADOR: RUSSIA, CHINA MAKE SMOOTH PROGRESS IN ENERGY CO-OP", 2007-03-20) reported that Russian Ambassador to the PRC Sergei Razov said here Tuesday that smooth progress had been witnessed in the energy cooperation between Russia and the PRC. Russia plans to pipe 30 billion cubic meters of natural gas to the PRC for each year, the ambassador disclosed during an interview. "We are continuing a project to provide gas to China and the project includes building a gas pipeline through China's northwest Xinjiang Uygur Autonomous Region," Razov said.

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## **11. Cross Strait Relations**

Agence France-Presse ("TAIWAN TO TEST DEFENCES AGAINST CHINA IN LIVE-FIRE DRILLS", 2007-03-20) reported that Taiwan plans to stage a series of live-fire war games from next month as part of efforts to assess its defence capabilities against bitter rival the PRC, the defence ministry said Tuesday. The planned manoeuvres codenamed "Han Kuang 23" (Han Glory) will be held between April and May, the ministry said. Drills on the islands of Kinmen, Matsu and Penghu and in southern Pingtung county would aim to prevent enemy landings while exercises in the eastern county of Hualien would focus on defence of the airport there, it said.

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## **12. France on PRC Arms Ban**

Reuters ("FRENCH MINISTER SAYS CHINA ARMS BAN UNJUSTIFIED", 2007-03-20) reported that the European Union's arms embargo on the PRC is no longer justified and should be lifted, France's defense minister said on Monday, adding that this did not mean Paris wanted to start selling weapons to the PRC. "The arms embargo has no technical justification because French and EU regulations are already more restrictive than what's in the embargo," Michele Alliot-Marie told a news conference in Beijing. Brussels imposed the ban after PRC authorities killed hundreds of pro-democracy protesters in Beijing's Tiananmen Square in 1989 but some nations, including France, have pushed for an end to the embargo.

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## **13. PRC Foreign Exchange Reserves**

CNN ("CHINA TO HALT ACCUMULATING FOREIGN RESERVES", 2007-03-20) reported that the PRC will stop stockpiling its massive foreign exchange reserves, the PRC's central bank governor Zhou Xiaochuan said in an interview published Tuesday. "We do not intend to go further and accumulate reserves," Zhou said, adding the government will "cut a small piece of reserves" for a new agency to be set up by the PRC's central bank and finance ministry to manage its massive foreign reserves.

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