

NAPSNet Daily Report Wednesday, August 08, 2007

Recommended Citation

"NAPSNet Daily Report Wednesday, August 08, 2007", NAPSNet Daily Report, August 08, 2007, https://nautilus.org/napsnet/napsnet-daily-report/napsnet-daily-report-wednesday-august-08-2007/

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I. NAPSNet

1. Six Party Energy Working Group

Korea Times ("NORTH KOREA WANTS INVESTMENT-BASED AID AT 6-PARTY TALKS", 2007-08-07) reported that the DPRK asked for investment-based aid at a working-group meeting of the six-party talks. For the first time the DPRK brought up the concept that energy aid is divided into two kinds - investment and consumption. Consumption-based aid would be deliveries of heavy fuel oil and coal that is gone once used; while investment-based aid is that which helps continued production of energy. DPRK negotiators produced detailed documents outlining investment-type assistance.

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2. Inter-Korean Summit

Xinhua ("S KOREA, DPRK AGREE TO HOLD SUMMIT IN LATE AUGUST", 2007-08-08) reported that the Koreas have agreed to hold the second Inter-Korean Summit in Pyongyang in late August. Under an agreement between President Roh Moo-hyun and Kim Jong-il, the two leaders will hold the second Inter-Korean Summit in Pyongyang on Aug. 28-30, said Baek Jong-chun, national security adviser to Roh Moo-hyun, at a news conference held in the Presidential Office.

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3. Shinuiju Special Economic Zone

Institute of Far Eastern Studies ("DEVELOPMENT KICKS OFF IN DPRK'S SHINUIJU SPECIAL ECONOMIC ZONE", 2007-08-07) reported that development of the DPRK's Shinuiju city as special economic zone has commenced in earnest. Real estate prices have skyrocketed and residents living in the vicinity of the Sinuiju train station were removed and barbed wire and dirt walls were set up around the outskirts of the area. Rumor has it that Sinuiju police and security forces have begun identifying residents with "problematic blood lines" and those considered to have ideological problems and announcing lists of 'purgees'. One DPRK source in Dandong stated, "The past plan for the Sinuiju Special Economic Zone promoted by Chinese [businessman] Yang Bin aimed to make money through a casino and entertainment facilities, but this time, according to the directives of Chairman of the National Defense Commission Kim Jong II, a city is to be constructed that can fulfill the role of Kaesong Industrial Complex as well as Rajin-Sunbong."

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4. ROK Hostages in Afghanistan

Korea Times ("TALIBAN TO REJECT TRIBAL ELDERS' ORDER", 2007-08-08) reported that Taliban militants said that they will not follow any order to release their 21 Korean hostages given by a tribal council meeting, dubbed "jirga," slated for Aug. 9-11 in Kabul. The Afghan government said again that it will not strike any clandestine deal with the Taliban for the release of the hostages. Face-t-face negotiations between a ROK delegation and the Taliban have made no progress as they have yet to agree on a venue and an agenda. The spokesman said that talks are still underway between the two sides.

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5. ROK-Mexico Trade Relations

Yonhap News ("SOUTH KOREA, MEXICO AGREE ON RESUMPTION OF FREE TRADE TALKS", 2007-08-08) reported that the ROK and Mexico said they have agreed to resume free trade talks that are stalled over the level of tariff elimination on merchandise. Both sides held a series of meetings last month and "agreed that it is mutually beneficial to resume the bilateral process under a full FTA negotiation," the two sides said in a joint statement, released by the ROK's Ministry of Foreign Affairs and Trade.

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6. Russo-Japanese Maritime Relations

BBC News ("RUSSIA ORDERED TO FREE JAPAN BOAT", 2007-08-08) reported that an international tribunal has ordered Russia to release a Japanese fishing vessel seized off Russia's Kamchatka peninsula two months ago. The ruling, by the Law of the Sea tribunal, based in Germany, came in response to a complaint by Japan. The Russians alleged that the boat had exceeded its allowed catch. The tribunal ordered the Japanese side to pay a bond equivalent to about \$400,000 (£197,000) to secure the vessel's release.

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7. Japan MSDF Mission

Kyodo ("DPJ REJECTS SCHIEFFER'S REQUEST TO EXTEND ANTITERRORISM OPERATIONS", 2007-08-08) reported that Democratic Party of Japan President Ichiro Ozawa rejected a request by US Ambassador to Japan Thomas Schieffer to agree to extending a law allowing Japan's Maritime Self-Defense Force to continue refueling operations for US-led antiterrorism operations in the Indian Ocean beyond its Nov. 1 expiration. "Our interpretation of the Constitution is that the right to self-defense is made only when Japan is attacked," Ozawa said in the open-door meeting with Schieffer in Tokyo.

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8. Japan Ballistic Missile Defense

PR Newswire ("LOCKHEED MARTIN AWARDED \$33 MILLION TO PROVIDE AEGIS BALLISTIC MISSILE DEFENSE TO JAPANESE DESTROYER", 2007-08-08) reported that Lockheed Martin today received a \$33 million contract to provide Aegis Ballistic Missile Defense (BMD) capability to the Aegis-equipped Japanese Maritime Self Defense Force destroyer JDS Chokai. JDS Chokai is the second of four Japanese destroyers to be outfitted with the Aegis BMD Weapon System. Aegis BMD is currently being installed on JDS Kongo, which is scheduled to return to sea and conduct its first BMD missile firing in late 2007.

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9. Japan IAEA Inspection

Kyodo News ("IAEA TO PRESENT DRAFT REPORT ON QUAKE-HIT NUCLEAR PLANT TO JAPAN", 2007-08-08) reported that an International Atomic Energy Agency team of experts will present to

Japan and Tokyo Electric Power Co. a draft report on its assessment of a Niigata Prefecture nuclear power plant that leaked a small amount of radiation following a powerful earthquake last month, team leader Philippe Jamet said. "We are going to present the report...the draft of the report we present on Friday with NISA, NSC and TEPCO," Jamet told Kyodo News.

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10. Cross Strait Relations

Reuters ("ISOLATED TAIWAN SEEKS TO WOO CENTRAL AMERICA", 2007-08-08) reported that Taiwan President Chen Shui-bian is to visit Central America to shore up diplomatic ties as the PRC pressures countries in the region to abandon an island Beijing claims as its own. Chen would attend the Taiwan-Central American and Dominican Republic Leaders Summit in Honduras to discuss energy and environmental issues, said ministry spokesman David Wang.

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11. Sino-Indian Relations

Reuters ("CHINA IN MIND, INDIA TO BOOST EASTERN AIR POWER", 2007-08-08) reported that India will embark on a major effort soon to boost air power on the eastern front, a top military commander said, adding new fighter jets among others, in an apparent move to guard against the PRC. "The perception of east India has changed and our defences are at their peak to thwart any misadventure now, especially after what happened in 1962," Air Marshal P.K. Barbora told Reuters, referring to India's border war with the PRC.

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12. Shanghai Cooperation Organization Drill

The Times ("'RIVAL TO NATO' BEGINS FIRST MILITARY EXERCISE", 2007-08-08) reported that Russian and PRC troops are joining forces this week in the first military exercises by an international organisation that is regarded in some quarters as a potential rival to Nato. Thousands of soldiers and 500 combat vehicles will take part in "Peace Mission 2007", organised by the Shanghai Cooperation Organisation (SCO) in the Chelyabinsk region of Russia. Russian officials have also proposed an alliance between the SCO and a body representing most of the former Soviet republics.

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13. US-PRC Trade Relations

Agence France-Presse ("CHINA DOLLAR ATTACK WOULD BE "FOOLHARDY": BUSH ", 2007-08-08) reported that President George W. Bush said the PRC would be "foolhardy" to attempt to push down the dollar in retaliation for US pressure over Beijing's alleged currency manipulation. Bush said he had not seen the report that Beijing was hinting at such a move but warned against any attempt by Beijing to hit back at Washington using vast foreign currency reserves. US Treasury Secretary Henry Paulson meanwhile said on CNBC that suggestions that the PRC was considering selling off dollar denominated assets to hammer the already weakened US dollar were "absurd."

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14. PRC Minority Rights

Associated Press ("CHINA LAUDS MINORITY RIGHTS ON KEY ANNIVERSARY", 2007-08-08) reported that the PRC lauded the 60th anniversary of the founding of Inner Mongolia, its first self-proclaimed region run by ethnic minorities, saying the fate of minorities and the Han Chinese was inextricably linked. The PRCset up Inner Mongolia in 1947, two years before seizing power at the end of the Chinese civil war. It has served as a model for other "autonomous regions" with large minority populations, like Tibet and Xinjiang.

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15. PRC Anti-Corruption Drive

The Associated Press ("CHINA OFFICIAL JAILED FOR LIFE FOR GRAFT", 2007-08-08) reported that a PRC provincial official accused of accepting more than \$5.3 million in bribes before fleeing to Singapore was sentenced to life in prison for corruption, state media reported. Hu Xing, the former deputy director of Yunnan province's transport department, was convicted of abusing his authority in taking the bribes, which included an apartment valued at nearly \$33,000, the official Xinhua News Agency reported. Hu was deprived of his political rights for life and had all his personal property confiscated.

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