

# NAPSNet Daily Report Wednesday, July 26, 2006

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#### I. NAPSNet

## 1. DPRK on Weapons Program

Associated Press ("NORTH KOREA SAYS IT WILL BOLSTER ITS NUCLEAR WEAPONS PROGRAM", 2006-07-26) reported that the DPRK's defence minister said his country will strengthen its nuclear weapons program in response to UN sanctions and American hostility, the DPRK's official news agency reported Wednesday. The DPRK will upgrade its arsenal "in every way by employing all possible means and methods" and will greet any aggressors with "all-out do-or-die resistance and unprecedented devastating strikes," Kim Il Chol said, according to the Korean Central News Agency.

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## 2. Japan on Preemptive Strike on DPRK

Yonhap ("U.S. CAN PREEMPTIVELY STRIKE N.K. UNDER TREATY WITH JAPAN:JAPANESE SOLON", 2006-07-26) reported that a senior Japanese legislator denied Tuesday his country can preemptively strike the DPRK under its constitution but said under its defense treaty with the US, the US can consider such an option. Taku Yamasaki, former vice president of the Liberal Democratic Party who visited the DPRK on a number of occasions as Tokyo's envoy, said Washington has an important role to play in dealing with the DPRK. He urged that the US "not completely close door" to direct talks with Pyongyang.

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## 3. DPRK Talks Proposals at ASEAN Forum

Chosun Ilbo ("FIVE-PARTY TALKS: IMPOSSIBLE, EIGHT-WAY TALKS: MAYBE", 2006-07-26) reported that the opportunity provided by the ASEAN Regional Forum (ARF) in Kuala Lumpur to discuss reviving talks on the DPRK nuclear weapons programs without the reclusive state looks now remote. The ROK and the US have on Friday decided to seek an eight-party meeting that would include the original participants except the DPRK as well as ARF host Malaysia, Canada and Australia. The eight-way talks are not a replacement for the six-way talks but rather a different forum to discuss the DPRK's missile tests on July 5, and come apparently at the urging of Canada and Australia, which are concerned that they come within the range of the Taepodong-2 missile the DPRK failed to launch that day.

(return to top) Agence France-Presse ("CHINA 'SERIOUSLY CONCERNED' OVER NORTH KOREA STALEMATE", 2006-07-26) reported that the PRC said it was "seriously concerned" about the situation on the Korean peninsula as it campaigned for the DPRK to rejoin stalled six-nation talks on its nuclear program. "As North Korea's neighbour, China is seriously concerned about the emergence of new, complex elements in the peace and stability of the Korean peninsula situation," said PRC Foreign Minister Li Zhaoxing. "We are keeping our fingers crossed that, with good conditions, we can have the six-party talks resume," he told reporters after meeting Association of Southeast Asian Nations (ASEAN) foreign ministers and his counterparts from Japan and the ROK. (return to top) Yonhap ("RICE CAN TALK BILATERALLY WITH N. KOREAN MINISTER WITHIN SIX-WAY PROCESS: HILL", 2006-07-26) reported that US Secretary of State Condoleezza Rice can have a bilateral meeting with her DPRK counterpart Paek Nam-sun on the sidelines of this week's

regional security forum if Paek joins a six-way process, Washington's chief nuclear envoy said on Wednesday. Assistant Secretary of State Christopher Hill said that his country does not want to create a five-way meeting to replace a six-way process. (return to top) Yonhap ("N. KOREA REMAINS QUIET ON SIX-WAY TALKS IN MALAYSIA: REPORT ", 2006-07-26) reported that Washington's chief negotiator in international negotiations over the DPRK's nuclear weapons program said Wednesday that there has been no sign of the DPRK wishing to join an informal round of the nuclear talks on the sidelines of a regional security forum here, a report said. "As yet we don't have any signals from the DPRK that they intend to participate in any six-party discussions here in Kuala Lumpur," Assistant Secretary of State Christopher Hill was quoted as telling the Associated Press. (return to top)

#### 4. US Sanctions on DPRK

JoongAng Ilbo ("SANCTIONS ON NORTH ADVANCE IN THE U.S.", 2006-07-26) reported that the US Senate approved Tuesday the proposed North Korea Non Proliferation Act, which would impose sanctions on individuals or companies that sell or transfer technology related to weapons of mass destruction to the DPRK. The bill, which adds the DPRK as a target of an existing law applying to Syria and Iran, would bar foreign companies or persons who engage in prohibited trade with those countries from doing business with the US government or obtaining export licenses for US goods and services requiring a license. Separately, in an interview with the JoongAng Ilbo, a senior US official said he had won political commitments from Singapore and Vietnam to cooperate in isolating the DPRK from international financial channels.

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#### 5. ROK Trade Restrictions on DPRK

Yonhap ("GOV'T WARNS LOCAL COMPANIES NOT TO SHIP STRATEGIC MATERIALS TO N.KOREA", 2006-07-26) reported that the ROK's Ministry of Commerce, Industry and Energy has issued a warning to 80,000 local companies against any shipments of strategic materials to the DPRK, officials said Wednesday. In an e-mail message sent to trading companies, the ministry said international pressure was mounting to prevent Pyongyang from acquiring materials that can be used for weapons of mass destruction.

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## 6. Inter-Korean Economic Cooperation

Yonhap ("SEOUL TO EXPAND INTER-KOREAN ECONOMIC PROJECT DESPITE U.S. CONCERNS: OFFICIAL", 2006-07-26) reported that a ranking ROK official on Wednesday said the government may expand a joint industrial complex in the DPRK's border town of Kaesong at an early date despite concerns that money paid to DPRK laborers there may be used to build missiles. "The Kaesong industrial complex is a project that runs strictly on the mechanism of a market system," Goh Gyeongbin, head of the office for the inter-Korean economic project at the Unification Ministry, told reporters.

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### 7. DPRK-Iran Relations

KCNA ("TALKS HELD BETWEEN PARLIAMENTARY DELEGATIONS OF DPRK AND IRAN", 2006-0-

-26) reported that talks between the delegations of the Supreme People's Assembly of the DPRK and the Parliament of the Islamic Republic of Iran took place at the Mansudae Assembly Hall Tuesday. At the talks both sides exchanged views on the issue of boosting the relations between the two parliaments to keep pace with the friendly and cooperative relations growing stronger in various fields between the DPRK and Iran and a series of issues of mutual concern.

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#### 8. DPRK on Mideast Conflict

Agence France-Presse ("NORTH KOREA CALLS FOR HALT TO ISAREL'S "BARBARIC MAN-KILLINGS"", 2006-07-26) reported that the DPRK has urged Israel to stop attacks on Lebanon and accused the US of hypocrisy in turning a blind eye to "barbaric man-killings" by the Israelis. A foreign ministry spokesman said Israel's attacks were a "dangerous act of harassing regional peace and pushing the Mideast into the crucible of another war." "Israel should immediately respond to the voices of the Arab countries demanding it halt at once barbaric genocide, pull back from the occupied Arab territories and release the Arab prisoners," the spokesman said.

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## 9. DPRK Currency Usage

Chosun Ilbo ("NORTH KOREA NO LONGER TAKES DOLLARS", 2006-07-26) reported that the DPRK has asked Hyundai Asan to pay for the Mt. Kumgang tours it organizes in euros, it emerged Wednesday. The DPRK officially switched from US dollars to euros to settle international accounts in December 2002, but it never enforced this, and the near US\$1 million the DPRK takes in for travel fees every month has been accepted in US or Hong Kong dollars until now.

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#### 10. US-ROK Trade Relations

Chosun Ilbo ("SEOUL COULD DROP KAESONG DEMAND IN FTA WITH U.S.", 2006-07-26) reported that Deputy Finance Minister Chin Dong-soo indicated that the ROK may drop attempts to include products made in the inter-Korean Kaesong Industrial Park in the DPRK in a free trade agreement with the US. Deputy Finance Minister Chin told a PBC program it would be desirable to discuss the Kaesong issue separately since raising it in FTA talks could be "unfavorable" to the ROK.

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#### 11. ROK Overseas Investment

Joongang Ilbo ("KOREAN OVERSEAS INVESTMENT SURGES 83 PERCENT", 2006-07-26) reported that overseas investment by ROK companies and individuals soared 83 percent in the first half of 2006 from a year earlier, a government report showed yesterday. Investment in the PRC, the top ROK investment destination last year, jumped 23 percent year-on-year to \$2.01 billion in the first half.

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## 12. Japan MSDF Mission

Chosun Ilbo ("U.S. WANTS JAPAN TO EXTEND MSDF REFUELING MISSION IN INDIAN OCEAN", 2006-07-26) reported that the US wants Japan to extend again its Maritime Self-Defense Force's mission to refuel US-led coalition vessels in the Indian Ocean that expires in November, visiting senior Japanese lawmaker Taku Yamasaki said. US Assistant Defense Secretary for International Security Affairs Peter Rodman made a request for the extension at a meeting with Yamasaki at the Pentagon, the former vice president of the ruling Liberal Democratic Party told reporters.

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## 13. PRC-Japan Relations

Kyodo ("JAPAN, CHINA TO HOLD FOREIGN MINISTERS' MEETING THURSDAY", 2006-07-26) reported that Japanese Foreign Minister Taro Aso and PRC Foreign Minister Li Zhaoxing will meet in Kuala Lumpur, the Foreign Ministry said Wednesday. They will meet on the sidelines of the annual gathering of the Association of Southeast Asian Nations.

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## 14. Japan-Russian Trade Relations

The Vladivostok News ("PRIMORYE AND AKITA PREFECTURE TO PROMOTE TRANSPORT PARTNERSHIP", 2006-07-26) reported that a delegation of Japan's Akita Prefecture will visit the port of Zarubino in Primorye's Khasansky County to assess its potential for launching a direct cargo shipping line with the port of Akita, was agreed July 21 at the delegation's visit to Vladivostok, a press statement from Primorye's Duma reported.

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## 15. PRC Military

Reuters ("CHINA EYES STRONGER MILITARY AGAINST THREATS", 2006-07-26) reported that the PRC needs stronger military forces as it faces growing instability and threats to national security, the ruling Communist Party's ideological mouthpiece said according to reports in the state media. An essay in the latest issue of Qiushi, or Seek Truth, says the PRC must strengthen its military to guard a peaceful international setting for economic growth. The essay did not specify the threats calling for stronger defense, but it said that Western foes did not want to see a strong PRC.

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## 16. US on PRC Counterfeiting

Reuters ("US MAY FILE WTO CASE VS CHINA OVER COUNTERFEITS", 2006-07-26) reported that the US may bring a World Trade Organization case against the PRC over rampant counterfeiting in the country, but prefers to resolve such issues directly with Beijing, a senior US official said. Franklin Lavin, US Under Secretary of Commerce for International Trade, said Washington continued to favor cooperation with the PRC to help it tackle intellectual property theft.

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#### 17. US-Taiwan Trade Relations

Agence France-Presse ("TAIWAN PRESSES FOR US TRADE PACT", 2006-07-26) reported that Taiwan urged the US to move quickly to forge a free-trade agreement (FTA) with America's eighth biggest trading partner, despite bitter objections from the PRC. Vice Economics Minister Chen Rueylong acknowledged that Taiwan is some way down the queue as the US administration rushes to wrap up FTAs with the ROK and Malaysia before it loses its "fast-track" negotiating powers next year.

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#### 18. PRC Immunization Plan

The Los Angeles Times ("CHINA SEES HEPATITIS B ADVANCES", 2006-07-26) reported that the PRC government claimed dramatic progress Tuesday in a five-year program to immunize children against hepatitis B, a disease that infects nearly 10% of the PRC's population and illustrates the daunting task of providing health services to the vast rural areas where the majority of the nation's 1.3 billion people live.

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Nautilus Institute 608 San Miguel Ave., Berkeley, CA 94707-1535 | Phone: (510) 423-0372 | Email: nautilus@nautilus.org