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# NAPSNet Daily Report Wednesday, June 13, 2007

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## I. NAPSNet

## **1. DPRK Frozen Funds**

Stratfor ("NORTH KOREA: SOME FROZEN FUNDS WITHDRAWN", 2007-06-13) reported that the DPRK has withdrawn a portion of the previously frozen \$25 million from Macau's Banco Delta Asia. Citing unnamed sources, Japanese newspaper Asahi Shimbun reported that two unnamed businessmen each took out \$128,000 in cash, marking the first withdrawals since the funds were originally frozen. According to the report, the remaining funds have been converted into U.S. dollars and put into a single account.

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## **2. Russia on DPRK Funds**

RIA Novosti ("RUSSIA PREPARING TO HELP N. KOREA TRANSFER FUNDS FROM MACAO", 2007-06-13) reported that Russia is preparing to broker the DPRK transfer its previously-frozen \$25 million from a Macao bank, to encourage the state to honor its nuclear commitments. There are still technical issues related to Russia's legal rights under international law to be resolved, said a Russian Finance Ministry source. Further information will be made public as the problems are resolved, the source added.

[\(return to top\)](#) Itar-Tass ("MONEY TRANSFER FROM MACAO TO N KOREA A MATTER OF DAYS - RUSSIAN DEPUTY FOREIGN MINISTER", 2007-06-13) reported Russian Deputy Foreign Minister Alexander Losyukov said the money transfer from Macao to the DPRK is a matter of days. At the beginning of June Washington requested Moscow's assistance in solving the problem. [\(return to top\)](#)

## **3. US Lawmakers on DPRK Frozen Funds**

Associated Press ("LAWMAKERS QUESTION DEAL WITH NORTH KOREA", 2007-06-12) reported that republican lawmakers asked investigators to examine whether Bush administration efforts to transfer \$25 million from a DPRK account would violate money laundering and counterfeit laws. Six members of Congress asked that the Government Accountability Office investigate whether moves by the State and Treasury departments to facilitate the transfer broke the law.

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## **4. ROK Abductee Families**

Yonhap ("FAMILIES OF ABDUCTEES IN N. KOREA DEMAND UNIFICATION MINISTER'S RESIGNATION", 2007-06-13) reported that an association of families whose relatives are believed to be held in the DPRK called for the resignation of ROK's unification minister, accusing him of harboring pro-communist views.

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## **5. Inter-Korean Naval Clash**

Associated Press ("NORTH KOREA WARNS OF POSSIBLE NAVAL SKIRMISH OVER SEA BORDER", 2007-06-13) reported that the DPRK warned the ROK of a possible armed clash in waters off their divided peninsula's west coast. The DPRK navy command issued the warning, claiming that the ROK "infiltrated about 10 battleships into our territorial waters on Tuesday alone," according to the

DPRK's Korean Central News Agency. The office of Joint Chiefs of Staff rejected the accusations as "not worthy of a response."

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## **6. Pfizer Visit to DPRK**

Chosun Ilbo ("PFIZER CEO TO VISIT NORTH KOREA", 2007-06-13) reported that the CEO of pharma giant Pfizer, Jeffrey Kindler plans to visit the DPRK. The CEO plans to visit the hospital in the Kaesong Industrial Complex with 40 executives on Thursday if he gets approval from the DPRK. A Pfizer's spokesman said Kindler was invited by Kim Dong-keun, the chairman of the Kaesong Industrial Complex committee. The CEO will "inspect medical services in the industrial complex but has no plans to invest in or support North Korea."

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

Yonhap ("SEOUL AIMS TO SEAL FTA WITH U.S. BY END OF JUNE: CHEONG WA DAE", 2007-0-13) reported that the ROK government has yet to receive a formal US request for additional negotiations on a tentative bilateral free trade agreement (FTA) and will push to finalize the deal by the end of this month, the office of President Roh Moo-hyun said. "The government will take steps to have the president seal the FTA deal with the US by June 30 after the Ministry of Government Legislation and the Cabinet take relevant procedures," Roh's spokesman Cheon Ho-seon said.

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## **8. Japan on the Militarization of Space**

The Japan Times ("RULING COALITION TO OUTLINE BILL ALLOWING MILITARY USE OF SPACE", 2007-06-13) reported that the ruling bloc — the Liberal Democratic Party and New Komeito — will outline a bill to allow military use of space solely for purposes of defense. The LDP argued that the general recognition of international conventions concerning the limits of space use is not for "nonmilitary" but for "nonaggressive" purposes, and so Japan should expand its space use accordingly.

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## **9. Sino-Japanese Military Relations**

Mainichi Daily News ("CHINA, JAPAN TO STEP UP MILITARY EXCHANGES, AMID THAWING RELATIONS", 2007-06-13) reported that Japan and the PRC plan to step up military exchanges with a visit to Japan by the PRC defense minister and the first-ever port call by a PRC naval vessel, an official said, amid signs of warming ties between the neighbors. Both sides are trying to arrange a visit by PRC Defense Minister Cao Gangchuan at an early date and are also making preparations for the naval port call, a Defense Ministry spokeswoman said.

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## **10. US-Japan Missile Defense Cooperation and Cross Strait Relations**

Kyodo ("TAIWAN HOPES TO JOIN U.S.-JAPAN MISSILE DEFENSE PROJECT", 2007-06-13) reported that Taiwan hopes to join a joint missile defense project promoted by Japan and the US in the future even though it understands the "realistic difficulties" of doing so in view of problems with the PRC, Taipei's de facto envoy to the US said. Jaushien Joseph Wu also said Taiwan is very worried about the PRC's increasing military advantage, stressing that the missile threat is "very serious."

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## **11. Cross Strait Relations**

Kyodo ("CHINA ATTACKS TAIWAN U.N. REFERENDUM PLAN", 2007-06-13) reported that the PRC's government has strongly criticized a proposal in Taiwan to hold a referendum on joining the United Nations, state-run media reported. Yang Yi, a spokesman for the Taiwan Affairs Office, said any vote would be an important step toward the island declaring independence, the official Xinhua News Agency reported.

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## **12. PRC on Military Development**

China Daily ("MILITARY MIGHT TALLIES WITH NATIONAL INTEREST", 2007-06-11) reported that building a strong military force while sticking to a defensive military strategy constitutes an important component of the PRC's peaceful development. The PRC's military might does not serve as an expansionist instrument. It will not be used, unprovoked, to settle international disputes. This does not mean that the PRC has no right to develop a military capacity which is offensive by nature. Such capacity can deter any potential adversary should China's national interests be encroached upon.

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## **13. US-PRC Trade Relations**

The Associated Press ("WHITE HOUSE WON'T CITE CHINA ON CURRENCY ", 2007-06-13) reported that despite pressure from Congress, the Bush administration on Wednesday refused to cite the PRC as a country that manipulates its currency to gain unfair trade advantages. The Treasury Department said while it was obvious that the PRC government was controlling the value of its currency against the dollar, it could not determine that this action was being done for the purpose of "gaining unfair competitive advantage in international trade." That is the standard set in the law.

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## **14. PRC Environment**

China Daily ("DESALINATION PLANT AWAITING NOD", 2007-06-13) reported that the country's largest seawater desalination plant is to be built in the coastal county of Xiangshan, in East China's Zhejiang Province. On completion, the facility will have a daily processing capacity of 100,000 tons and will supply safe drinking water to more than 500,000 people across the county. Xiangshan

county, which comprises the Xiangshan Peninsula and 608 other islands, suffers from a chronic shortage of freshwater, with both its permanent water storage capacity and water per capita levels far below the national averages.

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