

# **NAPSNet Daily Report Wednesday, June 30, 2004**

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# **I. United States**

## **1. DPRK Nuclear Freeze**

The Associated Press ("N KOREA WANTS US AID WORTH 2 MLN KW TO FREEZE NUCLEAR OPS", 2004-06-30) reported that the DPRK is demanding that the US provide aid worth 2 million kilowatts before the DPRK freezes its nuclear program, the DPRK ambassador to Moscow said Wednesday. "Before North Korea starts freezing its nuclear program, the U.S. must provide our country with compensatory energy assistance in the amount equivalent to 2 million kilowatts, remove North Korea from the list of countries facilitating terrorism, and lift sanctions and the economic blockade from our country," the Interfax news agency quoted Ambassador Pak Ui Chun as saying. "The freeze will begin when the granting of compensation begins."

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## **2. DPRK - US Relations**

Agence France-Presse ("NORTH KOREA WILLING TO MEET POWELL ON SIDELINES OF JAKARTA FORUM", 2004-06-30) reported that DPRK Foreign Minister Paek Nam-sun is willing to meet his U.S. counterpart Colin Powell on the sidelines of a regional security forum in the Indonesian capital this week, a senior DPRK foreign ministry official said on Wednesday. "We have no plans to meet Colin Powell on the part of the DPRK (North Korea) but if there is a proposal from the U.S. side to meet with my minister, then my minister is ready to have a talk with Colin Powell," said the official, Chung Sung-il.

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## **3. Kaesong Industrial Complex**

Asia Pulse ("N KOREAN INDUSTRIAL COMPLEX MADE READY FOR SEOUL'S INVESTMENT", 2004-06-30) reported that the ROK and DPRK Wednesday celebrated the completion of an industrial complex in Kaesong, a city only a few kilometers north from the heavily armed inter-Korean border, in a concrete step toward much-touted economic cooperation. The industrial complex will shift into full gear starting from November, when the ROK companies switch production to the complex along with 5,000 DPRK workers, according to officials. More than 1,000 ROK garment and other labor-intensive companies are expected to seek to relocate there to take advantage of cheap but skilled DPRK labor. "Our dream will finally be realized that South Korea's capital and technology will combine with North Korea's labor to manufacture goods. We will develop the Kaesong industrial complex into a globally competitive one," a Korea Land official said.

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## **4. North - South Naval Communications**

Donga Ilbo ("HOTLINE BETWEEN SOUTH-NORTH VESSELS MAY BE BLOCKED WHEN IN NEED ", 2004-06-30) reported that a small DPRK fishing boat crossed the Northern Limit Line (NLL) and

sailed down to the south in the morning of June 30. However, it is reported that the hotline between the vessels of the West Sea, which the ROK and DPRK have recently agreed on, did not work properly. The Joint Chiefs of Staff said, "A powerboat of North Korea drifted nearby Yeonpyung-do and crossed about 0.3 miles (approximately 550 meters) to the south of the NLL," and added, "Our naval vessel tried to contact the vessel in the North to notify them of this through the common frequency network of the international vessel of commerce, but didn't get a reply." Our navy provided a portable compass to the three DPRK citizens on board and guided them to return to the DPRK as they explained, "The fog drove the boat out of its course and we came into the sea area of the South." During this process, the naval vessels of the ROK tried to communicate with those of the DPRK three times through the common frequency of the international vessels of commerce, which the ROK and the DPRK recently agreed on, but the attempts were not successful.

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## **5. Inter-Korean Infrastructure**

Yonhap ("TWO KOREAS DISCUSS TECHNICAL DETAILS ON CROSS-BORDER PROJECT ", 2004-0-30) reported that the ROK and DPRK kicked off talks this week on the reconnection of cross-border railways and roads severed more than a half-century ago. During the talks, scheduled to run from Wednesday through Friday at Mount Geumgang, a scenic resort on the DPRK's east coast, working-level officials are expected to discuss the issue of the ROK's assistance in building the DPRK's southernmost train stations in eastern and western sections of the heavily fortified border

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## **6. PRC - DPRK Relations**

Channel NewsAsia ("CHINA, NORTH KOREA SIGN BORDER AGREEMENT TO ENSURE STABILITY", 2004-06-30) reported that the PRC and DPRK have signed a military agreement to "safeguard security and stability" along their common 1,400-kilometer (840 mile) border. The move follows Beijing's decision late last year to replace military police border guards with regular soldiers. The agreement was signed by Lieutenant General Li Yu, assistant to the People's Liberation Army's (PLA) chief of general staff, who headed a delegation to Pyongyang on June 26, the People's Liberation Army Daily said. During his visit a "Border Cooperation Agreement" between the PRC's defense ministry and the People's Armed Forces of DPRK's defense ministry was signed, the paper said. "The agreement is of important significance to the continued safeguarding of security and stability along the Sino-North Korean border region and to the strengthening and development of good neighborly relations," the paper said.

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## **7. DPRK Technology Transfer**

FCNL ("MARKEY-COX AMENDMENT TO STOP TRANSFER TO NORTH KOREA, IRAN OF ALL NUCLEAR TECHNOLOGY, MATERIALS ", 2004-06-25) reported that Representative Edward J. Markey (D-MA), a senior Member of the House Energy and Commerce Committee, the Select Committee on Homeland Security, and Co-Chair of the Bipartisan Task Force on Nonproliferation, today expected House passage of an amendment he, along with Representative Chris Cox (R-CA), included in the Energy and Water Appropriations bill (H.R. 4614). The amendment stops all transfers by the U.S. government of any nuclear technology or materials to the DPRK, Iran, or other countries on the State Department's list of countries that support terrorism. "Adoption of this amendment by

the House sends a strong signal to North Korea that the U.S. Congress will not support any resumption of plans to build two light water reactors in North Korea," said Rep. Markey, adding "that it also signals to Iran and other state sponsors of terrorism that they will be cut off from receiving any exports of nuclear-related technologies or materials from the U.S."

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## **8. DPRK - Japanese Relations**

Yomiuri Shimbun ("KOIZUMI WANTS NORMAL NORTH TIES IN 2 YRS", 2004-06-30) reported that Prime Minister Junichiro Koizumi said Tuesday he wanted diplomatic relations with the DPRK to be normalized within about two years, before the end of his tenure in office in September 2006. The prime minister said he would do his utmost to realize the normalization of diplomatic relations with the DPRK and the conclusion of a peace treaty with Russia. Koizumi emphasized that such a goal should be achievable if the two countries sincerely abide by the Pyongyang Declaration, which he signed with Kim on Sept. 17, 2002. The joint document says abductions of Japanese will cease, the two countries will abide by all international agreements related to the DPRK's nuclear programs and the moratorium on testing ballistic missiles will continue.

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## **9. ASEAN on DPRK Nuclear Crisis**

The Associated Press ("ASEAN URGES PEACEFUL SOLUTION TO N KOREA NUCLEAR STANDOFF", 2004-06-30) reported that Southeast Asian foreign ministers on Wednesday urged nations involved in the DPRK nuclear dispute to work toward a peaceful solution through dialogue. At an annual meeting, the 10-member Association of Southeast Asian Nations, or ASEAN, said it welcomed the convening of nuclear talks in Beijing that ended Saturday. "We urged all parties concerned to continue their efforts in order to seek a lasting solution to achieve peace and stability on the Korean Peninsula," the ASEAN ministers said in a joint statement. "On its part, ASEAN stands ready to assist the parties concerned to achieve these objectives," the statement said. The full joint statement is available here: <http://www.aseansec.org/testamm.pdf>

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## **10. Australia on DPRK Nuclear Crisis**

MATP ("CANBERRA URGES ASIA N-CURBS ", 2004-06-30) reported that Australia will push at a high-level regional security conference in Jakarta for a statement on nuclear non-proliferation directed at the DPRK, after six-nation talks in Beijing foundered at the weekend. Following threats last week from the DPRK that it would test a nuclear device, a senior Australian official said yesterday he hoped the statement would be endorsed on Friday by ASEAN regional forum members including the US and the PRC, traditionally a supporter of the DPRK. "For Australia, one of the important issues is North Korea at present, and we're hoping the (forum) will continue to send clear messages of concern about the threat of proliferation of nuclear weapons," the Foreign Affairs and Trade official said.

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## **11. DPRK Defectors**

Chosun Ilbo ("N. KOREAN DEFECTORS SEEK REFUGE IN BEIJING GERMAN SCHOOL", 2004-0-30) reported that four DPRK defectors broke into a German school in Beijing. Consisting of three men and one woman, the defectors attempted to enter the school by climbing a wall at 6:15 p.m. (7:15 p.m. Korean time). During the attempt, however, the woman was captured by PRC police. It has been learned that the four defectors are demanding to be sent to the ROK.

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## **12. ROK Hostage Death**

The Associated Press ("SOME 3,000 MOURN SLAIN S. KOREA HOSTAGE ", 2004-06-30) reported that the ROK man beheaded in Iraq was buried Wednesday, and his family asked 3,000 mourners to support the troubled nation where he was killed. Kim Sun-il, a 33-year-old translator at a company supplying the U.S. military, was killed by Islamic militants on June 22, after the ROK refused to bow to his captors' demand to cancel plans to send 3,000 troops to Iraq beginning in August.

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## **13. ROK Cabinet**

Chosun Ilbo ("ROH CONDUCTS CABINET RESHUFFLE", 2004-06-30) reported that President Roh Moo-hyun carried out a small-scale cabinet reshuffling Wednesday, appointing new ministers of unification, health and welfare, and culture and tourism. Cheong Wa Dae personnel chief Jeong Chan-yong announced that former Uri Party head Chung Dong-young would become the new unification minister, former Uri Party floor leader Kim Geun-tae the new health and welfare minister, and Chung Dong-chaeh the new culture and tourism minister. With Lee Hai-chan assuming the title of prime minister Wednesday, the second Roh cabinet will officially begin. Roh's cabinet lineup is thought to be a move to give those men thought to be presidential material training as possible successors to Roh, and to create a "strong cabinet" composed of the "real powers" in government that can conduct politics responsibly while exercising discipline on official society through government reform.

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## **14. US - ROK on Disease Vaccinations**

Reuters ("PENTAGON EXPANDS ANTHRAX, SMALLPOX VACCINATIONS", 2004-06-30) reported that the Pentagon plans to expand the number of troops receiving anthrax and smallpox vaccinations to forces based in the ROK, officials said on Wednesday. Deputy Defense Secretary Paul Wolfowitz, in a memo released on Wednesday, called the Pentagon's vaccination programs to protect troops against exposure to these germ warfare agents "a success." "Building on that success and the continued threat of biological attack, it is prudent to expand our immunization programs now," Wolfowitz said in the memo. The memo said the expansion affected U.S. forces in the ROK and added to the numbers of troops deployed in the Middle East getting the shots.

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## **15. Asian Energy**

Christian Science Monitor ("ASIA HUNGRY FOR NUCLEAR POWER ", 2004-06-30) reported that On the 50th anniversary of nuclear power, the PRC and India are pursuing ambitious nuclear plans. While dark memories of nuclear accidents at Three Mile Island and Chernobyl have virtually frozen nuclear-power development in the West, energy-hungry Asia is increasingly embracing the nuclear option. On the 50th anniversary of the birth of nuclear power, analysts say it will be the example of fresh nuclear success in Asia - where 18 of 27 new plants worldwide are being built - that may determine the future of atomic power in the West. Industry sources say the PRC is aiming for a total of 30 plants in 15 years.

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## **16. Russian - Japanese Relations**

New York Times ("GAS AND OIL BRING JAPANESE MONEY TO RUSSIA'S FAR EAST ", 2004-06-30) reported that far below the edge of a cavernous dry dock, hundreds of workers in orange jumpsuits and hard hats labored in a forest of steel reinforcing bars, laying the gray concrete bases for two gas- and oil-producing platforms that will soon rise 20 stories. "The Japanese participation is huge," David J. Greer, the Sakhalin Energy Investment Company project director said on Monday, shortly before Russian officials formally inaugurated the dry dock, part of a \$150 million project in this port. Two Japanese companies, Mitsui & Company, and the Mitsubishi Corporation, own a total of 45 percent of Sakhalin Energy. Ensuring the viability of a project that could cost \$10 billion, four electricity and gas companies in Japan have signed long-term contracts to buy the liquefied natural gas from Russia. Japan's \$820 million of investments, largely in Sakhalin, dwarfed those of the nearest country, the United States with \$100 million. At the same time, Japanese trade with Russia jumped 42 percent last year, with Japanese exports nearly doubling.

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## **17. US - PRC Relations**

Singapore Straits Times ("US PLANS HUGE SHOW OF FORCE IN PACIFIC ", 2004-06-30) reported that the US is planning a massive show of force in the Pacific near the PRC to register a point with Beijing. In an exercise code-named Operation Summer Pulse 04, an unprecedented seven aircraft carrier strike groups will rendezvous in waters well off the PRC coastline but still within striking distance after mid-July.

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

The Associated Press ("U.S. CARRIERS CLAMOR FOR CHINA CARGO SLOTS ", 2004-06-30) reported that in a sign of confidence in the PRC's export boom, U.S. carriers have requested twice as many slots for cargo flights to the PRC as will be available under a new aviation agreement between the two countries. Applications submitted as of Monday by companies including UPS, FedEx and Polar Air to the U.S. Department of Transportation lay out a range of ambitious strategies for the rights to 39 new weekly cargo flights between the US and the PRC. The U.S.-PRC air-services agreement concluded earlier this month allows for 111 new weekly cargo flights by airlines in each country over the next six years.

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## 19. PRC Pro-Democracy Protest

The New York Times ("CHINA TRIES TO BLOCK NEWS ON HONG KONG'S PRO-DEMOCRACY MARCH", 2004-06-30) reported that with two days remaining before what is expected to be a huge pro-democracy march on Thursday, PRC authorities are clamping down to prevent news of the demonstration from spreading on the mainland, while leading democrats here have split over tactics. Mainland tourists have flooded Hong Kong in the past year, taking advantage of a relaxation of Chinese exit-visa rules that was intended to help the economy here. But travel industry officials say China has cut back very sharply this week on the number of mainlanders allowed to be in Hong Kong during the march on Thursday, which will protest the PRC's decision not to allow general elections here. Charles Ng, the vice chairman of the Hong Kong Inbound Tour Operators Association, said Tuesday that relatively few tour groups were scheduled to enter this Chinese territory for the rest of the week. Organizers of the march are predicting that 300,000 people will attend, and the police have said they are basing their preparations on that number.

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## 20. PRC Energy Supply

The Associated Press ("CHINA CONSIDERS RATIONING POWER TO HOTELS", 2004-06-30) reported that the PRC capital is considering a plan to ration electricity to luxury hotels in an increasingly urgent effort to conserve energy, a government newspaper reported Wednesday. The PRC has been struggling to meet the power needs of its booming economy, and some areas already have scheduled power cuts. The city of Beijing, which has so far avoided regular brownouts, may ask large hotels to cut their power use by 20 percent, the China Daily newspaper reported. Under the plan, electricity would be switched off when a hotel exceeded its quota, the paper said. The report cited an unnamed official at the Beijing Municipal Bureau of Tourism. The government has already ordered factories to use power more efficiently, and shopping centers have been told to curtail air conditioning, escalators and lighting.

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