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I. NAPSNet

1. US-DPRK Normalization of Relations

Donga Ilbo ("HILL SAYS IMPROVING NORTH KOREAN HUMAN RIGHTS IS PREREQUISITE FOR RELATIONS", 2007-03-28) reported that Christopher Hill said, "To normalize relations between North Korea and the U.S. completely, North Korea should reach an international standard which they are short of in terms of issues such as human rights." This is the first time he has mentioned other conditions such as human rights clearly as a condition for the complete normalization of Pyongyang-Washington relations. The statement was made at an international conference held at Georgetown University under the joint sponsorship of the Hwajeong Peace Foundation of the Dong-A Ilbo, the Ilmin International Relations Institute, Korea University and the Georgetown Center for Asian studies was attended by experts, and the U.S. administration senior officials on March 26.

(return to top) Chosun Ilbo ("N. KOREA 'SOUNDED OUT U.S. ABOUT KEEPING EXISTING NUKES'", 2007-03-28) reported that when the DPRK chief nuclear negotiator Kim Kye-gwan met his U.S. counterpart Christopher Hill in New York on March 5, Kim asked Hill to "treat us the way you treat India," in reference to how U.S. President George W. Bush signed the U.S.-India Nuclear Cooperation Agreement in 2006, which allows sales of nuclear technology to India although the country has developed nuclear weapons and is not a signatory to the Nuclear Non-Proliferation Treaty. The source quoted Hill as replying the DPRK "can never become an India." That suggests Washington will not establish full diplomatic ties with the DPRK so long as the nuclear weapons exist. (return to top)

2. DPRK Funds Transfer Issues

Wall Street Journal ("WALL STREET JOURNAL: U.S. SEE HURDLES TO RELEASING NORTH KOREA FUNDS", 2007-03-27) reported that to support disarmament talks, U.S. officials hope to secure the release of $25 million in frozen DPRK funds from Macau's Banco Delta Asia within days. But officials working with the DPRK point to a major impediment: Pyongyang's unfamiliarity with modern financial rules. DPRK authorities have been reluctant to provide official authorization from 50 account holders approving the release of their funds to a branch of the Bank of China. Another hurdle has been Beijing's and the Bank of China's wariness about receiving the funds that the U.S. charges were raised illicitly. Chinese authorities have been seeking assurances, say U.S. officials, that they won't be held accountable "for any future liability" be receiving the Banco Delta Asia money. A final issue, U.S. officials said, concerns how the money will be used, as the Bush administration has demanded that the $25 million be placed into an account supporting humanitarian projects — not military ones — inside the DPRK.

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3. Aid to DPRK

Reuters ("NORTH KOREA DESPERATE FOR AID AMID NUCLEAR WOES: U.N.", 2007-03-28) reported that the World Food Programme appealed to donors to separate nuclear diplomacy from humanitarian needs and step up assistance to the DPRK to stop millions of people from going hungry. The DPRK is facing a food gap of 1 million tons, or about 20 percent of its needs, of which the U.N. agency can only fill a fraction because of a huge drop in donations over the past two years as tensions surrounding the peninsula rose. Banbury said progress in the talks among the six parties should not influence humanitarian assistance. Banbury also said that although bilateral aid helps, there is little guarantee that it reaches the most vulnerable, and it also reduced the WFP's ability to negotiate with the DPRK to ensure access and monitoring for its assistance.

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4. US-ROK Trade Relations

Yonhap ("RIVAL PARTIES DIFFER ON KAESONG IN KOREA-U.S. FTA ", 2007-03-28) reported that the ROK's major opposition Grand National Party showed flexibility Wednesday in dealing with the US over an inter-Korean industrial park in the DPRK as negotiations for a free trade agreement (FTA) go down to the wire. In a tougher stance, the pro-government Uri Party has put the inter-Korean project as the No. 1 item on its must-have list.

(return to top) Chosun Ilbo ("FTA TALKS TREAD WATER UNTIL PRESIDENTIAL CLINCHER", 2007-03-28) reported that a second day of free-trade talks between trade ministers from the ROK and the US again yielded little common ground on Tuesday. In the agricultural sector, the US insisted that the ROK give a written guarantee on the full resumption of beef imports. That, observers say, leaves little choice but for presidents Roh Moo-hyun and George W. Bush to try to clinch a big deal on the phone before the de-facto deadline at 7 a.m. on Saturday. (return to top)

5. ROK Defense

Joongang Ilbo ("SEOUL FEELS SQUEEZED BY NEIGHBORS' ARMS RACE", 2007-03-28) reported that with both the PRC and Japan increasing their military capabilities, Seoul is feeling squeezed between the regional powers, Defense Minister Kim Jang-soo told visiting Central Intelligence Agency Director Michael Hayden in a meeting earlier this week. The PRC and Japan are each using the other as an excuse to get stronger, the defense chief reportedly told Mr. Hayden, and Washington needs to check the arms race of the two countries before it gets out of hand.

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6. ROK Economy

International Herald Tribune ("KOREAN BUSINESS FEELS THE PINCH BETWEEN CHINA AND JAPAN", 2007-03-28) reported that as the ROK and US negotiators huddle in Seoul for make-o--break free-trade talks this week, corporate ROK is grappling with a troubling question: How can the country avoid being crushed by competition from low-cost PRC and high-tech Japan? Warnings over the country's economic future have taken on an apocalyptic tone in recent months, as the jewels of the ROK's export-driven economy - including Samsung, Hyundai and LG Electronics - all forecast declining earnings and growing competitive threats to their businesses.

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7. Japan Iraq Mission

Kyodo ("LDP APPROVES 2-YEAR EXTENSION OF IRAQ SUPPORT LAW", 2007-03-28) reported that the ruling Liberal Democratic Party approved a bill that will extend the deployment of Japan's Air Self-Defense Force for reconstruction aid in Iraq for two years beyond the current July 31 deadline, LDP lawmakers said. The bill, which will revise the special law authorizing the deployment of Self-Defense Forces in Iraq, was approved at the party's General Council and is expected to be approved by Prime Minister Shinzo Abe's cabinet for possible enactment during the current session of parliament.

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8. Sino-Russian Trade Relations

Agence France-Presse ("CHINESE LEADER VISITS OIL-RICH RUSSIAN REGION", 2007-03-28) reported that PRC President Hu Jintao met industry chiefs in Russia's oil-rich Tatarstan region during a visit aimed at securing energy supplies and smoothing relations between the neighbouring countries. The PRC president began his three-day trip to Russia on Monday by securing an agreement on increasing deliveries of Russian oil by rail.

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9. PRC Energy Supply

The Associated Press ("CHINA REPORTS MAJOR OFFSHORE OIL FIND", 2007-03-28) reported that the PRC has found a huge offshore oil field that could become the energy-hungry country's biggest new oil source in a decade, a state news agency said. PetroChina, which found the field in Bohai Bay off the PRC's east coast, estimated its reserves at 2.2 billion barrels, the Xinhua news agency said, citing unidentified company sources. "The newly found oil field is the largest China has discovered over the past 10 years," the Xinhua report said.

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10. PRC on Weaponization of Space

Reuters ("CHINA URGES BAN ON SPACE WEAPONS", 2007-03-28) reported that the PRC has called for a treaty to stop the spread of weapons in outer space, state media reported on Wednesday, two months after it blew up an aging weather satellite, prompting fears about its own space plans. The PRC's ambassador to U.N. bodies in Geneva, Tang Guoqiang, said a 40-year-old agreement was not enough to ensure peace in space. Tang said states had a "common duty" to create an international treaty banning the "weaponization" of outer space.

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II. CanKor

11. Report #277

CanKor ("CURRENT EVENTS", 2007-03-23) The Six-Party plenary scheduled to review the progress of working groups fails to begin after four days of waiting. The DPRK side insists that the transfer of approximately 25 million dollars of frozen Banco Delta Asia accounts needs to be completed before talks can resume. While there is considerable gnashing of teeth and finger pointing in Washington, an optimistic Assistant Secretary Christopher R. Hill says it is "quite possible" that talks could start again within a week or two once the financial issue has been cleared up. A creative solution to the financial deadlock was found during bilateral USA-DPRK negotiations, but the current hold-up seems to be on the Chinese side. The affected moneys were supposed to be deposited into a North Korean account at the Bank of China. The delays are caused by a concern that accepting funds suspected to be linked to counterfeiting and money laundering could in turn make the Chinese bank vulnerable to US Treasury sanctions.

(return to top) CanKor ("FOCUS: The banking conundrum", 2007-03-23) This week's CanKor FOCUS examines the solution to a conundrum: how to meet the DPRK's demand to regain control of its frozen assets as a way to make progress in the Six-Party talks, while at the same time allowing the US Treasury Department to maintain its judgment on money laundering and counterfeiting. The point of view of Daedong Credit Bank, the largest non-North Korean account holder of the frozen funds, is examined. Rounding out this issue of the CanKor Report is the transcript of a press conference in which Chris Hill and Deputy Assistant Secretary of Treasury for Terrorist Financing and Financial Crimes Daniel Glaser answer questions about the financial deal made with the DPRK before the start of the non-started Six-Party plenary. (return to top)

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