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1. Six Party Talks

Associated Press ("DIPLOMACY IN FULL GEAR OVER NORTH KOREA'S NUCLEAR WEAPONS AMBITIONS", 2006-11-15) reported that Washington has agreed to discuss the financial restrictions directly with the North, but insists they are a law enforcement measure indicating the likely difficulties in reaching any breakthrough at the six-party talks. Nuclear envoys said they were making headway in overcoming their differences to create a united negotiating front for upcoming Six Party Talks. The discussions are threatening to overshadow the economic issues that are supposed to be the focus of this week's annual 21-nation Asia-Pacific Economic Cooperation summit. ROK's Yonhap news agency cited an unidentified diplomatic source in Hanoi as saying that APEC foreign ministers would hold an unofficial meeting Thursday to discuss the Six Party Talks. "There have been discussions whether to include a paragraph or two in the leaders' joint statement or to issue a separate statement on the Korea issue," Indonesian Foreign Minister Hassan Wirayuda told reporters. "Certainly this underlines the importance of the North Korea issue to us."

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2. Budget for Inter-Korean Cooperation

Chosun Ilbo ("2007 BUDGET FOR N.KOREA PROJECTS MOSTLY UNCHANGED", 2006-11-15) reported that the ROK government and ruling party have decided to set aside a similar portion of the budget for aid and inter-Korean economic cooperation for 2007 as this year. The Inter-Korean Cooperation Fund was reduced by 3.5 percent from W1.22 trillion (US$1=W937) this year to W1.18 trillion next year, reaffirming it will largely continue its engagement with Pyongyang. In humanitarian aid, the government plans to send 500,000 tons of food and 350,000 tons of fertilizer next year, the same as this year. It hugely increased financial support for the joint-Korean industrial complex of Kaesong, more than doubling support to W212.5 billion -- W132.8 billion for building infrastructure in the industrial park and W18.2 billion for building dorms for DPR Koreans working there. Next year's budget related to Mt. Kumgang is of similar size to this year's. The government plan includes money for a reunion center for separated families. Additionally, some W80 billion is to be appropriated to reinvigorate the DPRK's light industry, and some W15 billion was set aside for a feasibility study for a power supply project that would cost several trillion won predicated on the DPRK giving up its nuclear program. In reality, not all the appropriated budget is likely to be spent on inter-Korean projects. A government official said, "We don't exactly know how much money will be spent on aid to North Korea and inter-Korean economic cooperation next year amid the North Korean nuclear crisis. But we need to secure a budget in advance on the premise that the inter-Korean relationship improves next year."

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3. DPRK Scarlet Fever Outbreak

Yonhap ("EPIDEMIC IN NORTH KOREA SPREADS DESPITE QUARANTINE EFFORTS: SOURCES", 2006-11-15) reported that scarlet fever has been spreading fast in the DPRK for nearly a month and is showing signs of becoming a full-blown pandemic despite efforts by DPRK authorities to contain the disease. The disease first broke out in the DPRK's northern Yanggang Province last month, but is quickly spreading to other parts of the country. The DPRK government is taking strong measures to stop its spread, such as placing travel bans to or from infected areas, according to the source, but there are few signs of a slowdown.

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4. US-ROK Relations

Joongang Ilbo ("BUSH, ROH WILL MEET IN HANOI", 2006-11-15) reported that a short summit is scheduled this weekend between President Roh Moo-hyun and US President George W. Bush, a top Blue House official said. The two leaders are expected to meet for 40 to 50 minutes on the sidelines of the Asia-Pacific Economic Cooperation leaders' meeting in Hanoi, Vietnam, but would probably only vow mutual cooperation for the upcoming six-party talks. Another source in the US said the ongoing ROK-US free-trade talks will be given more importance.

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5. ROK-Japan Trade Relations

Kyodo ("JAPAN, S. KOREA AGREE TO MOVE TOWARD RESTART OF FTA TALKS", 2006-11-15) reported that Japan and the ROK agreed to move toward the restart of deadlocked negotiations on a bilateral free trade agreement by holding working-level talks, Japanese Economy, Trade and Industry Minister Akira Amari said. Amari said he briefly met with ROK Trade Minister Kim Hyun Chong on the sidelines of the Asia-Pacific Economic Cooperation forum meeting in Hanoi and shared the view that the two countries need informal sessions to bridge the differences in their positions.

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6. Japan on Nuclear Weapons

Kyodo ("CHINA URGES JAPAN TO STICK TO NONNUCLEAR PLEDGE", 2006-11-15) reported that the PRC urged Japan to stick to its nonnuclear principle, a day after Japan said that possessing a minimum number of nuclear arms for self-defense would not violate the country's Constitution. "We hope that Japan, as a signatory of the Nuclear Non-Proliferation Treaty, will carry out its obligations under the pact, as well as abide by its 'three nonnuclear principles,'" the Foreign Ministry said in a statement.

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7. Japan Wartime Labor Lawsuits

The New York Times ("WARTIME CHINESE LABORERS SUE JAPAN", 2006-11-15) reported that seventy-six laborers and relatives came to Japan from the PRC in early November to pursue lawsuits against the Japanese government and companies, which refuse even to pay them their unpaid wartime wages, much less offer compensation. As evidence of Japan's wartime use of forced labor has emerged in recent years, lawsuits against the government and successors to the wartime mining companies have multiplied. Fourteen suits by more than 200 Chinese forced laborers have progressed through the Japanese courts, and three have now reached the Supreme Court.

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8. PRC-Japan East Sea Territorial Dispute

Kyodo ("CHINA SAYS JAPAN'S CONCERNS OVER GAS FIELD ACTIVITIES 'UNNECESSARY'", 2006-11-15) reported that Japan's concerns over PRC activities at disputed gas fields in the East China Sea are unnecessary as they fall within Beijing's sovereign right, a PRC Foreign Ministry

spokeswoman said. Japan has protested to the PRC after it detected earlier this month flames at the Pinghu gas field, signaling the start of production there.

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9. US-PRC Trade Relations

Reuters ("U.S. COMMERCE SECRETARY URGES CHINA TO OPEN MARKETS", 2006-11-15) reported that the PRC must open its motion picture, financial services and other markets to foreign investors, U.S. Commerce Secretary Carlos Gutierrez said during a visit to drum up business for U.S. firms. Gutierrez said the PRC needed to help correct a yawning trade imbalance with the US by letting in more American goods, services and entertainment.

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10. Sino-Canadian Relations

Agence France-Presse ("CHINA SNUBS CANADA AHEAD OF APEC SUMMIT", 2006-11-15) reported that PRC President Hu Jintao's refusal to meet with Canada's Prime Minister Stephen Harper on the sidelines of an APEC summit in Vietnam this weekend has experts speculating Beijing is upset with Ottawa. The PRC had asked to hold bilateral talks, but backed out at the last minute, suggesting a backlash over Harper's fierce human rights criticisms of the PRC, Canadian media said.

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11. Sino-Indian Territorial Dispute

The Associated Press ("INDIA REJECTS CHINA'S CLAIM TO REGION ", 2006-11-15) reported that the PRC's ambassador to India reiterated his country's claim to a wide swath of northeastern India, prompting a sharp rebuke from Indian officials who said the diplomat shouldn't negotiate in the media. The war of words between the two neighbors comes almost a week ahead of a PRC President Hu Jintao visit to India Nov. 20-23 and could overshadow high level meetings he has scheduled with Indian President A.P.J. Kalam and Prime Minister Manmohan Singh.

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12. PRC Wealth Disparity

Agence France-Presse ("CHINA PLANS TO EXPAND LUXURY TAX ", 2006-11-15) reported that the PRC is planning to expand a consumption tax on luxury items and adjust upward other taxes in an effort to even out income distribution and reduce poverty. Ongoing tax reforms should include adjustments to the personal income tax, property tax, and consumption tax in an effort to "strengthen the role of taxation in reducing poverty," the China Business News cited Wang Li, vice head of the State Administration of Taxation, as saying.

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