

# NAPSNet Daily Report 03 July, 1997

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- 1. US-DPRK Bilateral Meeting
- 2. DPRK Food Aid
- 3. DPRK-KEDO Agreement
- 4. PRC View of Four-Party Peace Talks Agreement
- 5. US Underground Nuclear Tests

#### II. Republic of Korea

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- 2. DPRK-KEDO Agreement
- 3. DPRK Threats to ROK Newspaper
- 4. Taiwan Implications of Hong Kong Handover
- 5. ROK-Japan EEZ Dispute
- 6. Volcano Raises Nuclear Plant Safety Questions

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- 2. Japan's Stance on Food Aid to DPRK
- 3. Japan-US Defense Cooperation Guidelines

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#### **I. United States**

## 1. US-DPRK Bilateral Meeting

US State Department Spokesman Nicholas Burns ("STATE DEPT. NOON BRIEFING, JULY 2," USIA Transcript, 7/02/97) said that on Wednesday that US and DPRK officials were holding a bilateral meeting in New York. Issues under discussion included missile nonproliferation, POW-MIAs, and the exchange of liaison offices. Burns provided no additional information about the meeting, which was at the time still ongoing.

US State Department Spokesman Nicholas Burns ("STATE DEPT. NOON BRIEFING, JULY 3," USIA Transcript, 7/03/97) discussed the previous day's US-DPRK bilateral meeting at greater length. Burns stated, "It was a broad gauged meeting that talked about all the issues that are of interest between the United States and North Korea, including the agreed framework, the four-party talks, the issue of food aid. As I said, the bilateral meeting was attended on our side by Chuck Kartman, our acting assistant secretary of state; on the North Korean side by Vice Foreign Minister Kim Gye Gwan. It's part of our ongoing dialogue. In addition to the issues that I raised, we also discussed missile proliferation; the establishment of liaison offices; and obviously the uncovering of the fate of the more than 8,100 American missing in action from the Korean Conflict." Burns would not confirm reports that another US-DPRK bilateral meeting has been scheduled in August. Burns also stated that the US had no plans to change the economic sanctions against the DPRK. "American policy remains constant in that," Burns said.

### 2. DPRK Food Aid

US State Department Spokesman Nicholas Burns ("STATE DEPT. NOON BRIEFING, JULY 3," USIA Transcript, 7/03/97) stated that the second and last US shipment of food aid to the DPRK, worth US\$25 million, is now being delivered. Burns said a US flag vessel unloaded 17,000 tons

PLEASE NOTE: Due to the US national holiday, there will be no Daily Report issued on Friday, July 4. The Daily Report will return on Monday, July 7.

For information or application instructions for the Nautilus Security Program Assistant position opening, please see the <u>Security Program Assistant Position Description</u>.

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#### 1. US-DPRK Bilateral Meeting

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I raised, we also discussed missile proliferation; the establishment of liaison offices; and obviously the uncovering of the fate of the more than 8,100 American missing in action from the Korean Conflict." Burns would not confirm reports that another US-DPRK bilateral meeting has been scheduled in August. Burns also stated that the US had no plans to change the economic sanctions against the DPRK. "American policy remains constant in that," Burns said.

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Reuters ("LAST U.S. FOOD AID ARRIVING IN NORTH KOREA," Washington, 7/03/97) reported US State Department Spokesman Nicholas Burns' announcement that the last planned US food aid shipment has now reached the DPRK. The report noted that on Tuesday, the Rome-based UN

World Food Program (WFP) said it had received almost all the US\$95.5 million it had requested in its latest appeal for the DPRK. Although the DPRK has said it requires still more food aid, the WFP has made no further appeals, and the US has said that it has no plans to provide further aid unless a new appeal is issued, the report said.

# 3. DPRK-KEDO Agreement

US State Department Spokesman Nicholas Burns ("STATE DEPT. NOON BRIEFING, JULY 2," USIA Transcript, 7/02/97) stated that the DPRK and the Korean Peninsula Energy Development Organization (KEDO) earlier that day signed nineteen implementing documents that clear the way for site preparation work to begin on the light-water reactor project in Sinpo, DPRK. Burns stated, "These agreements are the result of intensive negotiations by KEDO and the North Koreans. We think that they are important agreements and we look for them to be carried out faithfully by the North Koreans because KEDO will be faithful in carrying them out on our side. It is another milestone in this project and it allows us to proceed with confidence in our project to continue to freeze North Korea's nuclear program." Asked if the US was satisfied that the DPRK continues to abide by the terms of the 1994 Agreed Framework, which freezes the DPRK's nuclear weapons program in exchange for the new light-water reactors, Burns said, "We monitor on a daily basis North Korea's implementation of the agreed framework and we believe that North Korea is implementing the agreed framework faithfully."

The Associated Press ("N. KOREA GETS NUKE REACTOR GO-AHEAD," New York, 7/02/97), Reuters ("NORTH KOREA NUCLEAR WORK TO START SOON -OFFICIALS," New York, 7/03/97), and United Press International ("N.KOREA, NUCLEAR CONSORTIUM SIGN MOU," New York, 7/02/97) reported that the DPRK-KEDO memorandum of understanding (MOU) signed Wednesday will allow the long-delayed construction project for two light-water nuclear reactors in the DPRK to begin by August, according to DPRK ambassador-at-large Ho Jong, who signed the memorandum. The MOU is a follow-up to an agreement reached in late 1995. Construction at the reactor site, which was to have begun last fall, was suspended due to the DPRK submarine incursion incident. The reactors are expected to be completed by 2003. KEDO Executive Director Stephen Bosworth, who also signed the memorandum, said working out the practical arrangements has been difficult because the project is complicated and highly political. The signing of the MOU, which covers nineteen issues, concluded the third round of working-level talks on the project. "This is the end of the formal negotiations on the issues that we have to resolve before we can begin work," Bosworth told a news conference. "I think that the difficult issues are really now behind us, now it's more a question of keeping the momentum of the project going forward." [Ed. note: See also "DPRK-KEDO Agreement" in the ROK section of this report.]

# 4. PRC View of Four-Party Peace Talks Agreement

Reuters ("CHINA HAILS TALKS AIMED AT KOREA PEACE TREATY," Beijing, 7/02/97) reported that the PRC's official Xinhua news agency on Wednesday quoted Foreign Ministry spokesman Tang Guoqiang as saying, "We approve of establishing a peace mechanism for the Korean peninsula and take a positive attitude toward the four-party talks."

# 5. US Underground Nuclear Tests

Reuters ("U.S. BEGINS UNDERGROUND NUCLEAR TESTS," Washington, 7/03/97) reported that LaTomya Glass, a spokeswoman for the US Energy Department, announced that on Wednesday the US began a round of underground nuclear weapons-related tests in the Nevada desert that have become an object of controversy. The test was the first in a series of six

planned over the next 18 months that are designed to assess weapons materials without triggering the kind of nuclear chain reaction prohibited by the Comprehensive Test Ban Treaty signed last year. Critics blasted Wednesday's "subcritical" experiment, saying it violated the spirit of the test ban. The Clinton administration said the tests, which involve massive supercomputer calculations, comply with the terms of the treaty, and are needed to assess how age will affect the materials in the US nuclear arsenal and to predict weapons performance without actual nuclear explosions. The test involved exploding a total of 160 pounds of chemicals in a tunnel 960 feet underground, to measure the impact on plutonium under high pressure. Critics feared the new US experiments would spur nations such as Russia and the PRC to launch their own underground tests, which would be difficult to track. "These tests can only make the daunting task of verifying the Comprehensive Test Ban Treaty more difficult," said Bruce Hall, nuclear disarmament campaigner for Greenpeace, which has been protesting the tests in Washington and Nevada. "Unless you're really down there in the hole, there's no way to really know what's really going on," he said.

Reuters ("CHINA CALLS FOR ADHERENCE TO NUCLEAR TEST BAN," Beijing, 7/03/97) reported that the PRC on Thursday said it had taken notice of the US start of underground nuclear weapons-related tests, and called on all signatories to abide by the nuclear test ban treaty. "We stress that all countries should faithfully abide by stipulations in the nuclear test ban treaty," Foreign Ministry spokesman Tang Guogiang said.

# II. Republic of Korea

# 1. ROK View of Four-Party Peace Talks Agreement

The ROK government Wednesday cautiously welcomed the DPRK's agreement to attend a preparatory meeting for proposed four-party peace talks between the two Koreas, the US and the PRC. The preparatory meeting, among the same parties, will be held in New York August 5. ROK Foreign Ministry spokesman Lee Kyu-hyung issued a statement expressing hope that the main session of the four-party talks will be held at the earliest possible date. "It is also our expectation that inter-Korean economic cooperation, including assistance in solving the North's food problem, can be discussed within the framework of the four-party talks," he said. However, Seoul officials still are cautious on the future course that the four-party talks might take. A Foreign Ministry official said that the DPRK seems to have judged that it could gain no further concessions from the ROK and the US before attending a preliminary meeting for the proposed four-way talks, and cautioned that the DPRK may make the preliminary meeting another starting point to push demands for an assurance of massive food aid before it agrees to the fourparty talks themselves. DPRK Vice Foreign Minister Kim Gye-gwan reiterated such demands during the New York meeting. Although he did not push the demands to the extent of abandoning the announcement of the preliminary meeting, his request is a clear indication that there is still a long way to go before the convening of the four-party talks proper. The ministry official added that there has been no change in Seoul's position that massive food aid can only be discussed within the framework of the four-party talks and concurrently with taking measures to ease tension and build confidence on the Korean Peninsula. (Korea Herald, "SEOUL CAUTIOUSLY OPTIMISTIC ON PEACE TALKS," 07/02/97)

# 2. DPRK-KEDO Agreement

The DPRK and the Korean Peninsula Energy Development Organization (KEDO) on Wednesday in New York signed a memorandum of understanding that will likely allow groundbreaking for the two 1,000-megawatt nuclear reactors to be built in Sinpo, DPRK, to begin next month. The memorandum finalized agreements on wage levels, communications, medical services, sea

routes and the price of North Korean labor. The agreement was hammered out after three rounds of working-level negotiations this year, two of which took place in the DPRK, and was signed by Stephen Bosworth, executive director of the KEDO, and his DPRK counterpart Ho Jong. Chang Sun-sop, deputy executive director of the KEDO in Seoul, said that under the agreement DPRK workers for the KEDO project will receive US\$110 a month for working for eight hours a day, six days a week in addition to lunch and overtime pay, a wage level similar to the salaries of those working in DPRK joint-venture companies. Chang said that groundbreaking can begin within the next three or four weeks if scheduled follow-up measures go smoothly. These provisions represent the clinching of the preliminary work contract between the KEDO and the main contractor, the Korean Electric Power Corp., which will finance the ground-leveling work for the site. Negotiations for the Individual Service Contract (ISC) are pending. The contract, which will govern working conditions for DPRK construction workers, is not expected to pose a major problem, Chang said. (Korea Herald, "BUILDING OF NORTH KOREA REACTORS TO START IN AUGUST; WAGE LEVELS FOR NORTH KOREAN WORKERS FINALIZED," 07/03/97)

# 3. DPRK Threats to ROK Newspaper

The International Press Institute (IPI) strongly condemned the DPRK for its repeated threats to bomb the "Chosun Ilbo" building over its editorial calling for Kim Jong-il's resignation. Secretary general, Johan Fritz, in a press release sent to the international news media, said that the DPRK's Korean Central News Agency's (KCNA) threat damages the fundamental freedom of the press and should never be tolerated. The ROK's Korean News Editors Association (KNEA) issued a statement Tuesday, in which they criticized the DPRK's threat to destroy the Chosun Ilbo as an unacceptable attack on all ROK media organizations, and vowed to take unified action. The association demanded that the DPRK rescind the threat promptly, issue an apology, and withdraw its decision to ban reporters of the Chosun Ilbo from entering the DPRK. The ROK Ministry of Foreign Affairs (MOFA) said Tuesday that the ROK government had issued a strong complaint over the KCNA's action at the three-party preparatory talks in Washington on Monday. (Chosun Ilbo, "IPI VOICE CRITICISM OF NORTH OVER BOMB THREAT," 07/02/97)

# 4. Taiwan Implications of Hong Kong Handover

Taiwan kept an anxious eye on events in the PRC Tuesday, flatly rejecting a call from Beijing's leadership to reunite on the heels of Hong Kong's return to mainland rule. The "one country, two systems" formula under which Hong Kong will maintain its capitalistic system for 50 years will never be accepted, Taiwanese government spokesman Lee Ta-wei said Tuesday. The rejection came after PRC President Jiang Zemin Tuesday called for Taiwan to take "concrete steps" toward reunification with the mainland and Premier Li Peng said Hong Kong could serve as a blueprint for Taiwan. "The Republic of China (Taiwan) is a sovereign state, not a colony like Hong Kong, whose policies must solicit support from its people," Lee said. "The 'one country, two systems' model for Hong Kong will never be approved by the people, so it will never become a government policy," he said. Taiwan also took its first direct action against PRC-run Hong Kong, banning military and police personnel from traveling to the territory. "For the sake of national security, all the servicemen...must not go to Hong Kong and Macau for sight-seeing," said Taiwanese military spokesman Kung Fan-ding, while police authorities made the same announcement. Authorities said officers wishing to visit Hong Kong for international conferences would have their requests considered on a case by case basis. A military official who declined to be identified said the ban was imposed to prevent the leak of national securityrelated secrets. (Korea Times, "TAIWAN REJECTS PRC'S OFFER AFTER HK HANDOVER," 07/03/97)

Taiwan could now face greater political and economic threats from the PRC, which will use the return of Hong Kong to the motherland to press even harder for integration of the nationalist island, observers said Tuesday. They also warned that corruption, which plagued Hong Kong in the 1960s, would return with a vengeance and ravage the free market system of the former British colony. "Taiwan shares the joy and pride in Hong Kong's return to Chinese sovereignty, but it has also tasted the bitterness of the PRC's expanded power and diplomatic victory," said Chen Chi-nan, executive officer of Taiwan's Yang Shan Foundation for Academic Research. "The techniques and strategies that Beijing demonstrated in negotiating with Great Britain over the Hong Kong issue will certainly put great pressure on this nationalist island in future dialogue with the PRC," he added. "The changes of Hong Kong's status will also damage Taiwan's diplomatic efforts," acknowledged Hsiao Chuan-cheng, director of the public policy and administration institute of Chin Nan University in Taiwan. Some countries, including several Latin American nations, wishing to continue their presence in Hong Kong for business reasons might be forced by Beijing to sever official ties with Taipei, Hsiao said. The PRC actively opposes other countries from maintaining official ties with Taiwan and has striven hard to win over the island's remaining 30 allies. (Korea Times, "TAIWAN FACES GREATER PRC THREAT AFTER HONG KONG HANDOVER," 07/03/97)

# 5. ROK-Japan EEZ Dispute

ROK Foreign Minister Yoo Chong-ha expressed "regret" over Japan's seizure of four ROK fishing vessels allegedly violating its newly expanded territorial water during a meeting with his Japanese counterpart Yukihiko Ikeda in Hong Kong yesterday. According to the ROK Foreign Ministry, Yoo warned Ikeda that the Japanese seizure would have a negative effect on current negotiations for a new fishery agreement, and demanded that Japan withdraw enforcement of its new straight baseline until an agreement is reached between the two countries. Ikeda said that one seized ROK vessel has already been released, and the investigation will be expeditious for the three remaining vessels. (KPS, "KOREA DEMANDS JAPAN IMMEDIATELY RELEASE SEIZED FISHING VESSELS," 07/02/97)

# 6. Volcano Raises Nuclear Plant Safety Questions

A dormant volcano has been discovered near the nuclear power plant in Wolsung. This discovery, along with the fact that the Korean peninsula has been experiencing an increasing number of earthquakes, has sparked serious doubts about the safety of the plant. The ROK's Korean Atomic Energy Research Institute yesterday confirmed a fault exists, and described it as about 10 km long stretching from north to south at Ipshil-ri, Woedong-up in Kyongju City of North Kyongsang Province. The institute said it has named the fault the "Ipshil Fault" after the name of the region. The distance between the fault and the Wolsung nuclear power plant is only 12 km. (Joongang Ilbo, "SAFETY OF WOLSUNG NUCLEAR POWER PLANT UNDER QUESTION," 07/02/97)

## III. Japan

# 1. Japan-ROK Meeting on DPRK Policy

The Asahi Shimbun ("JAPANESE AND ROK FOREIGN MINISTERS AGREE TO PROMOTE FOUR PARTY PEACE TALKS," Hong Kong, 2, 7/2/97) reported that Japanese Foreign Minister Yukihiko Ikeda and ROK Foreign Minister Yoo Chong Ha met at a Hong Kong Hotel July 1 and agreed to help promote the four-party peace talks. Yoo said that although Japan is not part of the four-party peace talks, Japan's support is important. In response, Ikeda said that Japan will continue to consult with the ROK on the Korean Peninsula.

# 2. Japan's Stance on Food Aid to DPRK

The Asahi Shimbun ("LDP DIRECTOR GENERAL MEETS WITH UN UNDERSECRETARY GENERAL," 2, 7/2/97) reported that visiting United Nations Undersecretary General Yasushi Akashi met with the Liberal Democratic Party (LDP) Director General in Tokyo July 2. Akashi, who had visited the DPRK to see the food situation in late June, told Kato that Japan is becoming isolated from the international community for its reluctance about food aid to the DPRK. Kato, in turn, said that whether the inter-governmental level or inter-political party level, Japan-DPRK talks on food aid will not be realized without solving the problem of the DPRK's suspected abduction of Japanese civilians.

The Yomiuri Shimbun ("70% OF JAPANESE ARE CAUTIOUS ABOUT FOOD AID TO DPRK," 1, 7/2/97) reported that 70 percent of the Japanese are cautious about Japan giving food aid to the DPRK, according to a nation-wide survey conducted by the Yomiuri Shimbun June 21 and 22. The report said that only 23 percent support unconditional food aid to the DPRK, while 59 percent support the aid only if the DPRK's suspected abduction of Japanese civilians and other related problems are solved. 46 percent of the supporters of the aid believe that the food aid should be provided from the humanitarian viewpoint, while 50 percent of the respondents believe that humanitarian aid should be separated from diplomacy. In addition, more than 50 percent of the respondents are afraid that the aid may not reach those in real need and more than 70 percent are concerned about the DPRK's political and military situations. Of the 3,000 adults throughout the nation surveyed, 67.6 percent responded with valid answers.

# 3. Japan-US Defense Cooperation Guidelines

The Nikkei Shimbun ("GOVERNMENT- LDP DECIDE TO GIVE PRIORITY TO EMERGENCIES IN AREAS SURROUNDING JAPAN," 1, 7/3/97) reported that the Liberal Democratic Party (LDP) has decided to give priority to areas surrounding Japan, including the Korean Peninsula, rather than the Japanese territories, under the view that, after the end of the Cold War, the possibilities of crises around Japan are higher than those of the Japanese territories being directly attacked. The LDP also decided to postpone emergency legislation until next year, believing that emergency legislation may harm the LDP's ties with its coalition partners--the Japanese Social Democratic Party (SDP) and the New Party Sakigake. With regard to emergency legislation, the LDP still continues to investigate revision of the Self-Defense Forces Law on issues such as inspection of ships, rescue of Japanese civilians living outside Japan, patrol of Japan's off-shore critical facilities, rescue of masses of refugees by the Self-Defense Forces. The report added that the LDP will formally propose the decision in a Ministerial meeting before September, when the on-going revision of the guidelines will be completed, and that the LDP hopes to make work on emergency legislation transparent.

# IV. People's Republic of China

# 1. Four-Party Peace Talks

The PRC is in favor of the establishment of a peace mechanism on Korean Peninsula and takes a positive attitude to the four-party peace talks, PRC Foreign Ministry spokesman Tang Guoqiang said in Beijing on July 2. At a regular news briefing, the PRC spokesman welcomed the agreement reached recently by the US, ROK and DPRK on holding a preliminary meeting for the four-party talks. Tang said the PRC agrees to participate in the four-party talks and will cooperate with parties concerned to play a constructive role in the establishment of peace mechanism on Korean Peninsula. The PRC will make its contributions to the realization of long-term peace and stability on Korean Peninsula, he said. People's Daily ("CHINA AGREES TO

#### 2. PRC-DPRK Relations

An exchange of notes on rendering assistance worth 20 million RMB to DPRK was signed in Pyongyang on June 27. PRC Deputy Minister of Foreign Economic Relations and Trade Liu Shan, who was making a seven-day visit in the DPRK, signed the document on behalf of the PRC Government. People's Daily ("CHINA AND DPRK SIGN DOCUMENTS ON PROVIDING AID TO DPRK," Pyongyang, A7, 6/28/97)

## 3. PRC-Russian Relations

At an international symposium held in Shanghai on June 26, one day before Russian Prime Minister Viktor Chernomyrdin's visit to the PRC, scholars from the PRC and Russia discussed issues concerning Sino- Russian relations. At the meeting, participants agreed that Sino-Russian relations have developed fast in recent years. Although the foundation and structure of Sino-Russian relations have been set up, they said, further efforts should be made to maintain the long- term and stable development of Sino-Russian relationship. Expanding bilateral cooperation on trade and economy is most important to the strengthening of Sino-Russian relations. However, they pointed out that the development of Sino-Russian trade and economic cooperation is much slower than that of their political relations. In addition, they said, Sino-Russian exchanges on science, technology, culture, academy and media should be strengthened. They said, due to historical reasons, there are some prejudices between the two countries' peoples. Increasing unofficial exchanges between the two countries will be beneficial to establish mutual understanding and trust. Jie Fang Daily ("ECONOMIC COOPERATION IMPORTANT TO THE DEVELOPMENT OF SINO-RUSSIAN RELATIONSHIP," A4, 6/27/97)

Developing economic and trade cooperation between the PRC and Russia will substantiate a Sino-Russian strategic partnership, PRC Premier Li Peng and visiting Russian Prime Minister Viktor Chernomyrdin agreed during their meeting in Beijing on June 27, Jie Fang Daily ("CHINA AND RUSSIA SIGN DOCUMENTS TO STRENGTHEN COOPERATION," Beijing, A4, 6/28/97) reported. This was the second meeting between the two premiers since the mechanism for regular meetings was established last December. After the talks, the report said, the two premiers singed an agreement between their governments on establishing meeting between PRC and Russian premiers and principles. They also attended the signing ceremony for six other inter-governmental documents, including agreements on trade, on the preservation of Russia's consulate general in the Hong Kong Special Administrative Region of the People's Republic of China, on cultural cooperation, railway cooperation and on cooperation projects in petroleum and natural gas.

# 4. Russian-Japanese Relations

Russian border guards opened fire on four Japanese boats that entered Russia's territorial waters near disputed islands off northern Japan, China Daily ("GUARDS SHOOT AT JAPANESE BOATS," Vladivostok, Russia, A11, 6/27/97) reported. Moscow has repeated accused Japanese fishing boats of poaching in its waters around the Russian-held Southern Kurile Islands, which Tokyo claims as its Northern Territories. Despite the territorial issue, the report said, relations between Japan and Russia have recently showed signs of thawing. Kremlin spokesman Sergei Yastrzhembsky said on June 25 that Yeltsin and Japanese Prime Minister Ryutaro Hashimoto had agreed to begin regular meetings and said the Denver talks had created a "qualitatively new" spirit in bilateral ties.

## 5. PRC Nuclear Industry

China Daily ("NUCLEAR INDUSTRY ON SHENZHEN LIST," A5, 6/26/97) reported that the PRC's nuclear industry established its first shareholding company in Suzhou, Jiangsu Province, on July 1. Before its formal establishment, Suzhou Valve Co Ltd. of the China National Nuclear Corp. (CNNC) successfully issued 27 million shares on the Shenzhen Securities Exchange on June 16. The stock will be listed on the Shenzhen market in early July. The Suzhou company, of which Suzhou Valve Factory holds the majority shares, is a famous company in the nuclear industry for its expertise in making valves of up to 12,000 varieties. Some of the valves are used in nuclear power plants. According to a source with the PRC National Nuclear Corp., the establishment of the shareholding company and its floating in the bourse marks a milestone for the military industry, which has been a mystery to the public. Listing on the stock market has also revealed a new way of financing for capital-hunger enterprises in the industry. According to the source, CNNC is recommending another company to be listed in the stock market, and another three to four companies are also applying.

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