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MARKTWO

I.NAPSNet

1. PRC on DPRK Nuclear Talks

Xinhua News ("CHINA AGAIN STRESSES ADDRESSING KOREAN PENINSULA NUCLEAR ISSUE VIA SIX-PARTY TALKS ", 2009/06/30) reported that the PRC on Tuesday reaffirmed its desire to seek Korean peninsula denuclearization through the six-party talks. "China will continue to keep communication and consultation with all parties on how to promote the six-party talks," PRC Foreign Ministry spokesman Qin Gang told the regular briefing on Tuesday. Qin's remarks came in response to the question on whether the five parties without the DPRK should meet to discuss the Korean peninsula nuclear issue.

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2. UN on DPRK Nuclear Program

Agence-France Presse ("UN CHIEF URGES N.KOREA TO SHOW RESTRAINT", Tokyo, 2009/06/30) reported that UN Secretary General Ban Ki-moon urged the DPRK to refrain from further steps which may worsen a "very serious situation" after its recent nuclear and missile tests. "I urge North Korean authorities to refrain from taking any further measures which may deteriorate the already very serious situation," Ban told a joint press event with Japanese Foreign Minister Hirofumi Nakasone . Ban called on UN members to implement the resolution passed in response to the

nuclear test which authorises tougher inspections of DPRK shipments suspected to contain nuclear- and missile-related materials.

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3. US on DPRK Missile Program

Bloomberg (Viola Gienger, "MILITARY PREPARED FOR N. KOREA, KEATING SAYS", Washington, 2009/06/30) reported that Adm. Timothy Keating, the U.S. commander in the Pacific region, said the military is ready to handle any orders it might receive in response to the DPRK's threatened missile launches and potential illicit shipments. The military is prepared to protect "American property, American citizens and American territory," Keating said.

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4. US Sanctions on the DPRK

Associated Press (Jeannine Aversa, "TREASURY CRACKS DOWN ON FIRM LINKED TO NORTH KOREA", Washington, 2009/06/30) reported that the Obama administration on Tuesday imposed financial sanctions on a company accused of involvement in the DPRK's missile proliferation network. The Treasury Department moved against Hong Kong Electronics, a company located in Kish Island, Iran. The action means that any bank accounts or other financial assets found in the United States belonging to the company must be frozen. Americans also are prohibited from doing business with the firm. Specifically, Treasury alleged that Hong Kong Electronics "has transferred millions of dollars of proliferation-related funds" to the DPRK's Tanchon Commercial Bank and Korea Mining Development Trading Corp. Hong Kong Electronics "has also facilitated the movement of money from Iran to North Korea" on behalf of Korea Mining, an arms dealer and main exporter of goods and equipment related to ballistic missiles and conventional weapons, Treasury said.

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5. ROK Military Readiness

Joong-Ang Daily (Yoo Jee-ho, "IN WARTIME, CIVILIAN OPS TROOPS WILL BE DEPLOYED TO THE NORTH", 2009/07/01) reported that the ROK will deploy about 100,000 reserve troops to the DPRK to carry out civilian operations in wartime, according to government sources. One such source said the reserves will be mobilized for civilian operations, for missions such as "controlling and protecting DPRK residents and preventing formations of any guerilla forces to combat the ROK forces." The source said the measure was part of the revisions to the Defense Reform 2020 project announced last Friday.

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6. ROK Interdiction of DPRK Ships

The Korea Times (Jung Sung-ki, "DRAWING-UP OF NK SHIP-INTERDICTING PLAN UNDERWAY", 2009/06/30) reported that the Ministry of National Defense is drawing up operational guidelines for

interdicting DPRK ships suspected of carrying materials that could be used for weapons of mass destruction. The ministry reported the plan to a National Assembly committee. Discussions over the roles of the Navy, the Maritime Police and the customs under PSI operations will also had, it said.

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7. Japan on DPRK Sanctions

Bloomberg (Sachiko Sakamaki and Takashi Hirokawa, "ASO CALLS FOR PRESSURE ON NORTH KOREA, CRITICIZES DPJ", 2009/06/30) reported that Japan's Prime Minister Taro Aso said the international community needs to put "strong pressure" on the DPRK to persuade the communist country to abandon its nuclear weapons program. "Japan will take concrete steps to implement the resolution including financial measures and cargo inspection," Aso said. He said that Japan, the U.S., ROK, PRC and Russia need to apply strong pressure against the DPRK.

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8. Interdiction of DPRK Vessel

Associated Press ("NORTH KOREAN SHIP TURNING AROUND", 2009/06/30) reported that the DPRK ship Kang Nam has turned around and is heading back toward the south coast of the PRC. "If the ship is on its way back, it would mean that Resolution 1874 is taking effect and causing the DPRK to retreat," Kim Tae-woo, vice president of the Korea Institute for Defense Analyses, told the Korea Herald.

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9. DPRK Foreign Relations

Xinhua News ("DPRK TOP LEGISLATOR VOWS TO STRENGTHEN CO-OP WITH AU ", 2009/06/30) reported that the top legislator of the DPRK has said the DPRK will strengthen the friendship and cooperation with the African Union (AU), official media reported Tuesday. Kim Yong Nam, president of the Presidium of the Supreme People's Assembly, made such remarks in a congratulatory message to the 13th AU summit, the official Korean Central News Agency reported. He vowed to continue to support the African people in building an independent and prosperous continent.

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10. DPRK Economy

Chosun Ilbo ("N.KOREAN ECONOMY GROWS FASTER THAN S.KOREA'S", 2009/06/30) reported that for the first time in a decade, the DPRK's economy grew more than the ROK's. The central bank says the DPRK's gross domestic product grew 3.7 percent in 2008 from the previous year while the ROK's only grew a little over 2 percent. However, the DPRK's GDP growth comes after two years of contraction, apparently thanks to a boost in crop production due to better weather and economic and energy aid to the DPRK by countries in six-party nuclear talks in return for nuclear dismantlement. The Bank of Korea says since these are short-term factors, the growth does not

mean the DPRK's economic conditions have improved.

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11. Inter-Korean Economic Cooperation

Yonhap (Kim Eun-jung, "KAESONG INDUSTRIAL PARK CAN BE VEHICLE FOR OPENING UP N. KOREA: CHINESE SCHOLAR ", Seoul, 2009/06/30) reported that a joint industrial complex could serve as a viable vehicle to open up the DPRK as ROK and the international community try to change its aggressive behavior, a PRC scholar suggested. "North Korea may be creating the external crisis to divert internal pressure for reform and change," Qiao Yuzhi, a professor at Peking University, said in a Seoul forum. Qiao said economic exchanges can play an important role in opening up DPRK society and cited the ROK-developed industrial complex in the DPRK's border town of Kaesong as a towering example.

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12. Inter-Korea Relations

Yonhap ("N. KOREA OFFERS NON-GOVERNMENTAL MEETING WITH S. KOREA ", Seoul, 2009/06/30) reported that the DPRK has proposed a rare non-governmental meeting with a ROK organization to discuss joint projects amid chilled ties, activists in Seoul said Tuesday. The North Korean Committee for the June 15 Joint Declaration, which was established after the first inter-Korean summit in 2000 to promote the implementation of the summit accords, sent a letter to its ROK counterpart to propose a meeting between late July to early August in Shenyang, PRC. The offer came as a rare gesture from the DPRK, but it remains to be seen whether the ROK government will approve the trip.

Yonhap ("AMNESTY CALLS FOR 'URGENT ACTION' FOR S. KOREAN WORKER DETAINED IN N. KOREA", Seoul, 2009/06/30) reported that Amnesty International urged its members around the world to send appeals to DPRK leader Kim Jong-il to release a ROK worker who has been detained incommunicado for months. Amnesty said the DPRK appears to be using the worker as a "pawn" in its negotiations with the ROK over the future operation of the joint park at Kaesong. It also demanded that the DPRK reveal where he is being detained and give him access to his family and a lawyer.

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13. DPRK Leadership

Associated Press (Kwang-tae Kim, "SKOREAN OFFICIAL: KIM SUCCESSOR NOT FINAL IN NORTH", Seoul, 2009/06/30) reported that the decision on who will become the DPRK 's next leader may not be final yet despite reports that Kim Jong Il has tapped his youngest son to succeed him, ROK's defense chief said Tuesday. Defense Minister Lee Sang-hee told the National Assembly that current intelligence suggests that a final decision has not been made. Lee also said it's clear that the DPRK — which conducted two underground nuclear tests in 2006 and in May this year — was pursuing an uranium enrichment program, which can be more easily hidden than a plutonium-producing reactor.

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14. ROK-Japan Joint Military Exercise

Yonhap (Sam Kim, "S. KOREA, JAPAN TO HOLD JOINT RELIEF DRILL IN EAST SEA: NAVY", Seoul, 2009/06/30) reported that the navies of the ROK and Japan will hold a joint biennial relief exercise in the East Sea starting this week. The Search and Rescue Exercise, or SAREX, will take place in the waters between the ROK islets of Dokdo and Japan's Oki Islands from July 2-10, the ROK Navy said in a release. The two sides will each deploy destroyers, helicopters and aircraft to conduct the exercise. Japanese ships will dock at a ROK naval port on the east coast following the exercise for their crews to attend ceremonies designed to promote the relations between the two navies, it added.

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15. ROK Environment

Chosun Ilbo ("LEE DENIES 4 RIVERS PROJECT LINK TO CROSS-KOREA CANAL ", 2009/06/30) reported that ROK President Lee Myung-bak in a radio address on Monday denied growing suspicions that the four-rivers mega project is his abortive plan to build a cross-country canal in a new guise. "The core aim of the Grand Canal Project is to connect the Han and Nakdong rivers," he said. "The government has no plans for such a project and will not pursue such a project during my presidential term." Lee said the four-rivers project would enable the ROK to "secure ample water resources, improve water quality and benefit the ecology and enhance cultural assets," creating value that is worth far more than the massive budget.

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16. Japan SDF Anti-Piracy Operations

Agence-France Presse ("JAPAN TO SEND NEW DESTROYERS TO SOMALIA", Tokyo, 2009/06/30) reported that Japan would dispatch two destroyers to an anti-piracy mission off Somalia in July with expanded rules of engagement including scope for greater use of force. The two warships, with a combined crew of 420, will set sail next Monday to replace two destroyers that have been in the Gulf of Aden since March. Japan's destroyers there now have no mandate to use force except to protect Japanese interests or when acting in self-defense.

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17. Japan Iraq Role

Agence-France Presse ("JAPAN WELCOMES US TROOP PULLOUT FROM IRAQ CITIES", Tokyo, 2009/06/30) reported that Japan on Tuesday welcomed the withdrawal of U.S. troops from Iraqi cities and towns and pledged further aid and loans to help rebuild the country. Nakasone pledged that Japan would continue "making efforts for reconstruction of Iraq through yen loans and technical assistance."

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18. Japan on UN Diplomacy

Yonhap ("JAPANESE ENVOY DEFENDS U.N. CHIEF, SAYS CRITICISMS 'INACCURATE' ", New York, 2009/06/30) reported that Japan's ambassador to the United Nations defended U.N. chief Ban Ki-moon against criticism from several media outlets about his low-profile leadership, claiming that Ban's "quiet diplomacy" is more effective in the long term. Ban is seen by many as more diligent and hard working than his predecessors but has also faced criticism from several Western media outlets that he is too low-profile and uncharismatic to lead in these difficult times. Takasu gave credit to Ban's "quiet diplomacy," or "behind-the-scene contacts," saying that such methods are what are ultimately required in a world with no "quick-fix solutions."

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19. Japan Politics

Kyodo News ("ASO MAY RESHUFFLE KEY LDP POSTS, CABINET ON THURSDAY ", Tokyo, 2009/06/30) reported that Prime Minister Taro Aso suggested Tuesday he is considering reshuffling key posts in his ruling Liberal Democratic Party and his Cabinet ahead of a general election to be held by October. The reshuffles could be conducted as early as Thursday in an effort to give the LDP a boost amid slumping popularity for the Aso Cabinet, with the premier eyeing holding the House of Representatives election in early August, according to senior party lawmakers. Aso is likely to make a final decision after checking the situation within the LDP, the lawmakers said.

Agence-France Presse ("JAPAN OPPOSITION LEADER SORRY FOR SLOPPY DONATIONS RECORDS", Tokyo, 2009/06/30) reported that Japan's opposition leader Yukio Hatoyama on Tuesday apologised for the sloppy accounting records of his fund-raising body, the latest blow to his party in an election year. Media had questioned the accounting records of the group which manages political donations to Hatoyama, saying the donors' list included names of dead people and those who had denied giving money. Hatoyama said a total of 21 million yen (220,000 dollars) had been recorded incorrectly since 2005.

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20. Cross Strait Relations

Dow Jones Newswires ("TAIWAN OKS CHINA INVESTMENT IN MANUFACTURING, SERVICES, INFRASTRUCTURE", 2009/06/30) reported that Taiwan's government said Tuesday it will allow PRC companies to invest in some sectors on the island, as part of efforts to boost the economy and normalize business ties with the PRC. Effective immediately, PRC companies can invest in 64 sectors of the manufacturing industry, 25 sectors in the service industry, and 11 infrastructure projects in Taiwan, the Ministry of Economic Affairs said in a statement.

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21. Sino-Russian Energy Trade

Bloomberg News ("RUSSIA, CHINA MAY JOINTLY INVEST IN OIL, NATURAL GAS PROJECTS", 2009/06/30) reported that Russian companies may invest in oil exploration and natural gas distribution in the PRC after the two nations signed an agreement to expand trade, the PRC government said. Russian companies may participate in the construction of underground natural gas storage tanks in the PRC, the National Development and Reform Commission said on its Web site today, citing a Sino-Russian cooperation plan approved on June 17. PRC companies are encouraged to develop oil and gas fields and build gas liquefaction plants in Russia, the commission said.

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22. Sino-Russian Trade Relations

Agence France-Presse ("CHINA TRADERS HIT BY RUSSIA SMUGGLING CRACKDOWN - STATE MEDIA", 2009/06/30) reported that Russian plans to destroy a huge haul of goods smuggled in from the PRC will cause PRC traders massive losses, state media reported, in a rare snag in warming ties between the two giants. Russian media have reported that the merchandise, worth \$2 billion, was seized last September as part of a crackdown on Moscow's Cherkizovsky Market, a massive trading center. Nearly 80,000 PRC merchants trade at the market and the crackdown will force many out of business, the PRC's state-run Global Times newspaper said, quoting experts warning the row could stymie PRC investment in Russia.

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23. PRC-Arab Trade Relations

AsiaNews ("CHINA IS MAIN TRADING PARTNER OF THE ARAB WORLD", 2009/06/30) reported that in the Arab world there is a real boom for PRC goods and experts believe that Beijing for the first time has surpassed the United States for exports to the region. Across the Middle East traders are interested replacing western brands with PRC products. This market has been less affected by economic crisis and the PRC goods allow them greater profits. The most popular are the electronic products, but industrial equipment is also doing well. Moreover, the PRC penetration in the Arab economy is first and foremost the work of the State, keen to sell its products to offset the heavy purchases of oil and energy.

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24. PRC Energy Supply

The New York Times ("AS IRAQ STABILIZES, CHINA EYES ITS OIL FIELDS", 2009/06/30) reported that as the world's second-largest and fastest-growing consumer of oil, the PRC is showing increasing interest in oil fields in a country that has until very recently seemed to be firmly in the American sphere of influence for natural resources: Iraq. PRC oil companies are expected to bid for the rights to develop Iraq's oil fields in auctions that are set to start Tuesday, although Sinopec, the China National Petroleum Corporation and the China National Offshore Oil Corporation all declined to comment Monday about their bidding strategies.

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25. PRC Anti-Corruption Measures

Agence France-Presse ("CHINA'S NEW CORRUPTION HOTLINE OVERLOADED", Beijing , 2009/06/30) reported that the PRC's new government corruption hotline was overwhelmed in its first week with more than 17,000 tips and an unknown number unable to get through on overloaded lines, state media has reported. The government invited the public and government insiders to help ferret out widespread corruption by anonymously reporting tips to the telephone and Internet hotline launched on June 22, the China Daily reported.

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26. PRC Environment

Agence France-Presse ("CHINA BRACES FOR EXTREME WEATHER: STATE MEDIA", 2009/06/30) reported that the PRC is bracing for extreme weather , with strong gales and scorching heat in recent weeks serving as harbingers of disasters to come, state media has said. Last year, the administration responded to 16 weather-related emergencies, the highest number in six decades, according to the paper. This year could prove equally hazardous, with weather in different parts of the PRC registering various forms of extremes in recent weeks, the paper reported.

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27. PRC Internet

Associated Press (Joe McDonald, "CHINA BACKS DOWN FROM REQUIREMENT FOR WEB FILTER ", Beijing, 2009/06/30) reported that the PRC gave in to domestic and international pressure and backed down Tuesday from a rule that would have required personal computers sold in the country to have Internet-filtering software. Just hours before the rule was to have taken effect, the government said it would postpone the requirement for the "Green Dam" software. The Ministry of Industry and Information Technology said it made the decision partly because some PC markets were having difficulty meeting the deadline. It did not say whether the plan might be revived.

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28. PRC Media

Agence-France Presse ("CHINA STATE NEWS AGENCY TO AIR IN EUROPE: OFFICIAL", Beijing, 2009/06/30) reported that the PRC's official news agency said Tuesday it will begin offering a television service in Europe this week, in the country's latest bid to project its " soft power " through an overseas media blitz. The state-run Xinhua news agency's English-language service will launch in Europe starting Wednesday, saying that the service will be shown in supermarkets and PRC embassies.

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