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# NAPSNet Daily Report 1 October, 2008

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## **I. NAPSNet**

### **1. US on DPRK Nuclear Program**

The Associated Press (Jean H. Lee, "US NUCLEAR ENVOY TO BRING NEW PROPOSAL TO NKOREA", Seoul, 2008/09/30) reported that the chief US nuclear negotiator with the DPRK will propose a face-saving compromise during a trip Wednesday to the DPRK to try to salvage the derailed disarmament pact, US officials said. In Washington, a senior U.S. official said Hill is bringing a new face-saving proposal that would have the DPRK agree to a verification program and submit it first to its PRC allies. The official spoke on condition of anonymity because Hill has not presented the proposal. The U.S. would then provisionally remove the DPRK from the terrorism sponsors list.

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### **2. ROK on DPRK Nuclear Program**

Yonhap News ("N. KOREA MUST COMPLY WITH NUCLEAR NON-PROLIFERATION TREATY: OFFICIAL", Vienna, 2008/09/30) reported that the DPRK must take steps to comply with the 2005 Nuclear Non-proliferation Treaty to ensure peace and stability on the Korean Peninsula, a senior ROK official said. In a keynote speech made at the 52nd General Conference of the International Atomic Energy Agency (IAEA) in Vienna, Vice Science Minister Park Jong-koo said keeping a check on the DPRK's nuclear ambition is vital for preventing the spread of nuclear weapons. He said that Seoul is waiting for Pyongyang to comply with the September 19 declaration that calls on the DPRK to give up all of its nuclear weapons and development programs in exchange for economic assistance and other incentives.

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### **3. Inter-Korean Relations**

Korea Herald ("OPPOSITION LAWMAKERS TO VISIT N. KOREA", 2008/09/30) reported that a group

of opposition Democratic Party lawmakers and their aides will visit the inter-Korean joint industrial complex in Kaesong, a DPRK border city, this week, officials were quoted as saying by Yonhap News Agency. The group, including its chairman Chung Sye-kyun, plans to make a one-day trip to Kaesong on Thursday, party officials said. They said the trip is timed to coincide with the first anniversary of the second inter-Korean summit between leaders of the two Koreas, at which then ROK President Roh Moo-hyun and DPRK leader Kim Jong-il agreed to work closely to end military hostilities across the border and revitalize inter-Korean cooperation programs.

Reuters (Jack Kim, "NORTH, SOUTH KOREA TO HOLD MILITARY TALKS", Seoul, 2008/10/01) reported that the two Koreas will hold military talks on Thursday in the first official meeting between the two states since ROK President Lee Myung-bak took office in February, an official said on Wednesday. An ROK Defense Ministry official said colonels from the two sides will meet at Panmunjom.

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## **4. DPRK Energy Supply**

IFES NK Brief ("DPRK STEPS UP EFFORTS TO IMPROVE POWER PLANTS", 2008/09/30) reported that the DPRK is accelerating projects to repair and upgrade power plants throughout the country in order to resolve its electrical shortage problems. Electrical facilities on the Boojeon River, Jangja River, Daedong River, and Nam River, as well as the Taechun, Seodusu, and Samsu Power Plants, are all undergoing upgrades on power generation equipment and water flow systems. The DPRK is also pushing forward with the building of new power production facilities at the Yesung River Power Plant, Wonsan Centennial Power Plant, Urang Power Plant, Youngwon Power Plant, Geumya River Power Plant, Baekdu Mountain Military-first Centennial Power Plant, and the Geumjin River Guchang Power Plant.

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## **5. Japan-DPRK Relations**

The Japan Times (Jun Hongo, "NORTH POLICY UNCHANGED: NAKASONE", 2008/09/30) reported that Japan's policy on the DPRK under Prime Minister Taro Aso will remain focused on resolving the abduction issue, new Foreign Minister Hirofumi Nakasone said. "Japan's position has not changed at all under the new administration," Nakasone said in an interview with The Japan Times and other media organizations. Japan's sanctions against the hermit state will not be lifted while the DPRK continues to suspend a probe into the abduction issue and takes measures to reactivate its nuclear reprocessing facility, he said.

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## **6. ROK, Russia, DPRK Energy Cooperation**

Bloomberg (Shinhye Kang, "RUSSIA TO TALK TO N. KOREA ABOUT PIPELINE TO S. KOREA", Seoul, 2008/09/30) reported that the ROK plans to import \$90 billion of natural gas from Russia via the DPRK, with which it shares one of the world's most heavily fortified borders, to reduce its reliance on more expensive cargoes arriving by sea. "Russia suggested a pipeline via North Korea,

which is expected to be more economical than other possible routes," Lee Jae Hoon, vice minister for trade and energy said in a news briefing. "Russia will contact the North to discuss this." The DPRK could earn \$100 million a year from the gas-pipeline project, the Ministry of Knowledge Economy said.

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## **7. Inter-Korean Rail Link**

Korea Times (Na Jeong-ju, "LEE PROPOSES INTER-KOREAN TALKS ON RAIL LINK", 2008/09/30) reported that President Lee Myung-bak said his administration is willing to talk with the DPRK to start a project to link the trans-Korean railway to Russia's trans-Siberian railway. "I hope North Korea will show interest in the project, which will bring lots of economic benefits to it," Lee said at his meeting with Russian journalists in Moscow Monday. "Russia will ask North Korea first to participate in the venture. South Korea then will propose inter-Korean talks to the North, if it agrees to the idea." Lee said the project will help consolidate peace and prosperity on the Korean Peninsula and in Northeast Asia.

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## **8. Australia on DPRK Nuclear Program**

Xinhua ("AUSTRALIAN FM SAYS TO CONTINUE SUPPORTING DPRK DISARMAMENT", Canberra, 2008/09/30) reported that Australian Foreign Minister Stephen Smith said the DPRK should be "open, honest and up front" about its nuclear program, and allow United Nations inspectors to return to the country. "Well, so far as North Korea is concerned our very strong position is that North Korea should be open, honest and up front about its nuclear program," Smith said in a statement. "It should comply with the Security Council resolutions. And it should comply with the verification measures requested by the International Atomic Energy Agency," he said.

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## **9. ROK on DPRK Refugees**

Reuters ("SOUTH KOREA EYES THAI CENTRE FOR NORTH'S REFUGEES", Seoul, 2008/09/30) reported that the ROK is considering building refugee centers in Thailand, Mongolia and Russia to house North Koreans fleeing their homeland in search of asylum, according to documents seen by Reuters Tuesday. Many refugees end up in Thailand, packing detention facilities. The ROK grants asylum to the North Koreans at a slower rate than they have been arriving, creating a bottleneck that has strained ties between Seoul and Bangkok. According to a presidential order in March, released by ruling party lawmaker Hong Jung-wook, the government should "promptly consider establishing refugee camps, at least in Thailand."

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## **10. Russo-ROK Trade Relations**

Joongang Ilbo (Ser Myo-ja, "RUSSIA TO OFFER EXCLUSIVE KOREAN PORT, FACTORY SITE", Moscow, 2008/09/30) reported that expressing satisfaction after talks with Russia's Prime Minister Vladimir Putin on Monday, President Lee Myung-bak said yesterday that Seoul and Moscow have agreed to build a port at Vladivostok exclusively for the ROK. "The water is deep in that port and the conditions are good," Lee said. "By using it exclusively, Korea will have a highly competitive logistics network to transport goods first to Posiet and then to not only Russia but also Europe via railways from there on."

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## **11. Japan Politics**

Kyodo News ("ASO COULD DELAY GENERAL ELECTION AMID GLOBAL FINANCIAL TURMOIL", Tokyo, 2008/09/30) reported that Prime Minister Taro Aso may decide to delay the date of a general election from Nov. 2 as previously expected as he is likely to carefully assess the economic situation amid the global financial turmoil, political sources said Tuesday. Aso, who is seeking the passage of the fiscal 2008 supplementary budget next week to implement comprehensive economic measures, told reporters Tuesday that he would also like to deal with a number of bills, including on the extension of Japan's refueling mission in the Indian Ocean, before dissolving the House of Representatives for a general election.

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## **12. Japan SDF Indian Ocean Mission**

Kyodo News ("NAKASONE WILLING TO CONSIDER ALTERNATIVE PLANS FOR SDF MISSION ", Tokyo, 2008/09/30) reported that foreign Minister Hirofumi Nakasone showed willingness Tuesday to consider alternative plans, including new activities involving the Self-Defense Forces, in case a bill to extend the current antiterrorism support mission in the Indian Ocean fails to clear parliament. Asked about Aso's recent remarks that hinted at considering changing the government's interpretation of the pacifist Constitution to allow its forces to exercise the right to collective self-defense, Nakasone affirmed in the interview that the current interpretation remains unchanged. However, Nakasone expressed support for the idea that Japan should "engage in thorough discussion" on whether the current interpretation is adequate at a time when the global security environment has changed significantly over the course of postwar Japan.

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## **13. Japan MSDF Annual Drills**

Kyodo News ("MSDF TO REDUCE SCALE OF ANNUAL DRILL BY TWO THIRDS DUE TO FUEL PRICES", Tokyo, 2008/09/30) reported that the Maritime Self-Defense Force will downsize its annual sea drill in fiscal 2008 to a third of the usual scale to save on fuel costs, MSDF chief Adm. Keiji Akahoshi said. The Defense Ministry's Maritime Staff Office said it is believed that such a large-scale downsizing of the exercises will be the first since Japan was faced with a serious energy shortage in the early 1970s.

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## 14. US Nuclear Policy

Kyodo News ("U.S. TO MAINTAIN NUKE ARMS TO DETER ALLIES FROM GOING NUCLEAR: REPORT", Washington, 2008/09/30) reported that the US needs to maintain its nuclear weapons capabilities in part to protect "some nonnuclear allies" from potential threats and keep them from pursuing their own nuclear options, according to a recent government report. The message was incorporated in the 28-page National Security and Nuclear Weapons in the 21st Century report, jointly published by Secretary of Defense Robert Gates and Secretary of Energy Samuel Bodman. The report does not name those "nonnuclear allies," but they seem to include Japan and the ROK to protect the safety of the two nations by any means, including its nuclear deterrence.

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## 15. Sino-US Military Relations

The Yomiuri Shimbun (Chikara Shima and Toshimitsu Ishima , "U.S. SHIP KEEPS TABS ON CHINA / GEORGE WASHINGTON'S DEPLOYMENT SENDS SYMBOLIC SIGNAL TO NEIGHBORS", 2008/09/30) reported that the deployment of the George Washington to Yokosuka can be seen as part of a U.S. military shift in favor of the Pacific with a view to monitoring the PRC's rapid military expansion, and nuclear and military threats posed by the DPRK. In spring this year, a congressional hearing in the United States revealed that the PRC military had approached high-ranking U.S. military officers with the idea of "dividing the Pacific into two spheres of influence" between Beijing and Washington, with the PRC taking charge of the seas off Hawaii and westward. The stationing of the George Washington in Yokosuka clearly implies the United States wants to keep such moves in check.

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## 16. Sino-Indian Relations

The Economic Times ("INDIA MATCHING CHINA IN BORDER INFRASTRUCTURE: PALLAM RAJU", Shillong, 2008/09/30) reported that India is building infrastructure along the Indo-PRC border to match the developments on the other side with the Centre approving a 1,850-km Trans Himalayan Highway in Arunachal Pradesh, Minister of State for Defence Pallam Raju said. "Centre has approved the Trans-Himalayan highway which aims at providing inter basin double lane connectivity," Raju told reporters here. "There is immense scope for development in the Northeast. We are building infrastructure in Arunachal Pradesh to match China's," he said.

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## 17. PRC Space Program

Reuters (Chris Buckley, "CHINA SEES BIG HURDLES FOR FUTURE SPACE GOALS", Beijing, 2008/09/30) reported that the PRC aims to launch an 8-tonne lab into orbit within four years as a stepping stone to grander space feats such as a moonshot, top scientists said, celebrating their country's first space walk while warning of hurdles ahead. The rising space power's next goal was sending aloft the small space lab that could be manned for short periods and used to master complex

docking and other skills needed for long-term tasks. Those goals could include the moon.

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

The Washington Post (Ariana Eunjung Cha, "YOUNG CHINESE RETHINK U.S.-STYLE CAPITALISM", Shenzhen, 2008/09/30) reported that stakeholders in the PRC are watching the trials and tribulations of the massive U.S. economic rescue package, rejected by the House of Representatives, as closely as Americans are. For better or for worse, economists say, the PRC and the United States are like conjoined twins. Once the envy of the nation for its abundant jobs and high wages, Shenzhen -- the birthplace of the PRC's experiment in capitalism -- is experiencing an economic downturn in tandem with the United States. Industry groups estimate that tens of thousands of factories making products from ball bearings to shoes to furniture have closed over the past year.

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## **19. PRC Earthquake**

Xinhua ("OVERSEAS CHINESE DONATIONS EXCEED 1.5 BLN YUAN FOR SNOW, QUAKE ZONES", 2008/09/30) reported that donations for snow-ravaged and earthquake-hit areas of the PRC from overseas Chinese exceeded 1.5 billion yuan (219 million U.S. dollars), said the Overseas Chinese Affairs Office of the State Council on Sunday. Office Director, Li Haifeng, revealed the figure at a meeting honoring outstanding donations for earthquake relief as well as money sent in to help during the severe winter weather in south PRC at the beginning of 2008. Apart from donations of cash and relief supplies, some overseas Chinese voluntarily rushed to the disaster zone to help with relief work, he said.

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## **II. ROK Report**

### **20. ROK Policy toward DPRK**

Hankyoreh ("YEAR PASSED SINCE 10.4 AGREEMENT, SHOULD START IMPLEMENTATION", 2008/10/01) wrote that ceremonies to honor 10.4 inter-Korean agreement's one year anniversary commence from today. It was unsatisfactory for the two Koreas to cancel other events which were supposed to be co-hosted due to the tension on the peninsula. What is even more disappointing is how the ROK government reacts. Kim Ha-joong, the Unification Minister of the ROK, said he would not attend today's ceremony. Even though the government seems to be trying to accept the 6.15 and 10.4 declarations, they still seem to act differently. The government has been pursuing a win-win policy through the DPRK. Implementing the 10.4 declaration is one of the necessary steps to realize such a policy.

Yonhap News ("GOVERNMENT SHOULD FIND WAYS TO LEAD TO DIALOG", 2008/10/01) wrote that the reason ROK President Roh Moo-hyun and DPRK leader Kim Jong-il collaborated actively for the 10.4 declaration was to ensure the inter-Korean relationship. However, all these changes in the past year proved that the fundamentals of the inter-Korean relationship built upon the sunshine policy were more fragile than they seemed to be. The government views the current era of inter-Korean relationship as an age of transition. It would be better to study diverse ways to lead to inter-Korean dialogue by letting them trust our true intention about the 'win-win' policy, rather than merely to wait helplessly until they approach us first.

TongilNews ("LEE JAE-JUNG, FORMER UNIFICATION MINISTER, '10.4 DECLARATION, NOW MATTER OF PRACTICE'", 2008/10/01) wrote that Lee Jae-jung, the former ROK Unification Minister, said that the 10.4 declaration is now a matter of practice. Lee, who was in the office while 10.4 summit talks were held, criticized the Lee Myung-bak Administration's uncertain attitude about implementing the agreements, using the excuse of the financial burden. The former Minister rebutted the government and ruling party's assertion, saying that the financial problem would not be that burdensome since most of the projects would rather be 'investments'. Looking back at the 10.4 declaration, what the DPRK was most interested about was US President George Bush's policy toward the Korean Peninsula, he added.

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