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I. NAPSNet

1. DPRK Nuclear Program

Kyodo News ("N. KOREA'S NO.2 SAYS STEPS AT NUCLEAR REACTOR AIMED AT U.S.", Pyongyang, 2008/09/10) reported that the DPRK's No. 2 leader said the recent halt in disablement work at the country's main nuclear complex and moves seen as recovery work there were steps aimed at pressing the US to take the country off its blacklist of terror sponsors. Kim Yong Nam, president of the Presidium of the Supreme People's Assembly, also said current problems in the six-party denuclearization process can eventually be overcome, but that will also be impacted by US politics. "I think this is also linked to domestic situation in the United States," Kim added, in what was believed to be a reference to the U.S. presidential election. "Let us see."

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2. Six Party Talks

Interfax ("BEIJING SPEEDS UP CONSULTATIONS ON RESUMPTION OF N. KOREA SIX-PARTY TALKS", Beijing, 2008/09/10) reported that the PRC has begun active consultations on the swiftest possible resumption of six-party talks on the denuclearization of the Korean peninsula, PRC Foreign Ministry spokesperson Jiang Yu told a briefing in Beijing on Sept. 9.

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3. Russo-DPRK Relations

The Moscow Times ("MEDVEDEV TOUTS TIES WITH NORTH KOREA", 2008/09/10) reported that President Dmitry Medvedev congratulated the DPRK's leader Kim Jong Il on the 60th anniversary of the creation of his country, saying close ties between the two nations had benefited both. "On Sept. 9, 1948, a new sovereign state was born on Korean territory, intimately tied to our country geographically and historically," Medvedev wrote in a letter posted on the Kremlin's web site Tuesday. "For decades since that remarkable day, we have built up an extremely positive experience of cooperation and realized a multitude of joint projects to the benefit of our peoples."

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4. Inter-Korean Relations

Yonhap News (Lee Chi-dong, "N. KOREA FOUND TO HAVE CANCELLED TALKS WITH S. KOREA IN AUGUST", Seoul, 2008/09/10) reported that the DPRK proposed a meeting with Seoul officials last month to discuss energy assistance agreed under a multilateral nuclear deal but Pyongyang abruptly called it off, a South Korean negotiator said Wednesday. "North Korea asked us to set a schedule for the talks and we gave a date. And then, the North suddenly cancelled them without clarifying a reason," said a senior ROK Foreign Ministry official.

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5. KEDO LWR Project

Donga Ilbo ("KEPCO TO DITCH EQUIPMENT FROM N. KOREA REACTOR PROJECT", 2008/09/10) reported that the Korea Electric Power Corp., or KEPCO, will ditch equipment that it took over in exchange for assuming the costs to clear up the light-water reactor project in the DPRK. According to an internal report on ending the Korea Peninsula Energy Development Organization project and handling the equipment KEPCO signed a contract with the organization to handle clearing costs in exchange for taking over critical equipment worth 830 million U.S. dollars after the project was ended in May 2006. KEPCO, however, said it will abandon the equipment due to mounting storage costs.

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6. DPRK Leadership

Reuters (Jon Herskovitz and Jack Kim , "NORTH KOREA DISMISSES REPORTS LEADER KIM IS ILL", Seoul, 2008/09/10) reported that the DPRK dismissed reports that leader Kim Jong-il might be seriously ill, a development that could trigger a power shift in Asia's only communist dynasty. "(There is) no problem," North Korea's nominal number two leader, Kim Yong-nam, told Japan's Kyodo news agency in Pyongyang. Senior DPRK diplomat Song Il-ho told Kyodo earlier: "We see such reports as not only worthless, but rather as a conspiracy plot."

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7. ROK on DPRK Leadership

Washington Post ("NORTH KOREAN LEADER'S ILLNESS NOT CRITICAL, OFFICIAL IN SEOUL SAYS", Tokyo, 2008/09/10) reported that the chief of the ROK National Intelligence Service said that DPRK leader Kim Jong Il probably suffered a cerebral hemorrhage last month but that his condition is not critical and there is "no power vacuum" in the DPRK. The intelligence chief, Kim Sung Ho, said that Kim Jong Il's condition is "manageable" and that he can be expected to recover, according to Won Hye Young, a member of the assembly who listened to the briefing. "Although he is not in a state to walk around, he is conscious. . . . We understand that he can control the situation and he is not in an unstable condition," the intelligence chief told the lawmakers.

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8. DPRK Succession

Yonhap News (Yoo Cheong-mo, "SEOUL SKEPTICAL OF HEREDITARY POWER TRANSFER IN N. KOREA", Seoul, 2008/09/10) reported that a senior national security secretary to President Lee Myung-bak said that another hereditary transfer of power following DPRK leader Kim Jong-il's retirement or demise is unlikely. The presidential secretary told reporters on condition of anonymity that Kim's possible attempt to name one of his three sons as his successor may run into "systemic" difficulties due to lack of preparation. "A father-to-son power transfer is unlikely this time, because the North's situation is different from that of 1994," said the presidential secretary.

JoongAng Ilbo ("EXPERT SAYS MILITARY MOST LIKELY TO SUCCEED KIM", 2008/09/10) reported that with news reports confirming that the DPRK's Dear Leader is on the sickbed, questions about leadership in a post-Kim Jong-il DPRK are surfacing. Among possible scenarios, rule by a military collective is most likely, some observers said. DPRK expert L. Gordon Flake, executive director of the Maureen and Mike Mansfield Foundation, said in an interview in Washington D.C. that if Kim Jong-il becomes incapable of ruling the DPRK, it will be ruled by a military junta because of the military's strong influence in the DPRK.

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9. DPRK Espionage

Korea Times (Kim Rahn, "N. KOREAN SPY SUSPECT PLEADS GUILTY IN TRIAL", 2008/09/10) reported that the DPRK female indicted for violating the National Security Law pleaded guilty to espionage charges. Won Jeong-hwa, 34, said she renounced her faith in communism and submitted a written conversion to the ROK authorities, during her first trial at Suwon District Court, south of Seoul. She was arrested at the end of August for allegedly relaying secrets to the DPRK military. She obtained these secrets from Army officers with whom she had sexual relations over the past five years.

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10. Inter-Korean Soccer Match

RIA Novosti ("NORTH, SOUTH KOREA INSEPARABLE IN WORLD CUP QUALIFIER", Moscow, 2008/09/10) reported that the DPRK and ROK battled to a 1-1 draw on Wednesday in one of the more eye-catching, albeit not for purely sporting reasons, fixtures in the latest round of World Cup qualifiers. The match, originally scheduled to take place in the DPRK capital of Pyongyang, was moved to the PRC city of Shanghai due to the refusal of the DPRK authorities to allow the South Koreans to fly their flag or play their anthem on the territory of the DPRK.

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11. ROK Trade Relations

JoongAng Ilbo (Cho Jae-eun, "KOREA WANTS TURKEY, PERU FTAS", 2008/09/10) reported that the

ROK is planning to push forward a free trade agreement with Turkey as well as Peru. According to the Ministry of Foreign Affairs and Trade yesterday, the ROK and Turkey have requested preliminary research on the impact of a Korea-Turkey FTA. Preliminary research for the ROK-Peru FTA was finalized in May and talks are expected to begin soon.

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12. Japan Politics

Kyodo News ("OPPOSITION REMAINS COOL TOWARD LDP PRESIDENTIAL RACE", Tokyo, 2008/09/10) reported that opposition parties showed a cool stance toward the ruling Liberal Democratic Party's presidential election campaign, which started Wednesday, with Democratic Party of Japan Secretary General Yukio Hatoyama saying, "They just seem to play at election campaigning." "They share responsibility for expanding disparities among people, and none of them will be able to offer brighter prospects for Japanese politics," Shii told reporters.

Reuters (Chisa Fujioka , "FIVE LINE UP TO BE JAPAN PM; AIM FIRE AT OPPOSITION ", Tokyo, 2008/09/10) reported that five ruling party candidates vying to become Japan's next prime minister differed on Wednesday over how to boost a faltering economy, but they united in an unusually harsh attack on the opposition as they eyed a likely election. With Aso's victory largely assured, analysts say the leadership race is intended mainly to repair the LDP's support among voters worried about a faltering economy and fed up with the ruling bloc after outgoing Prime Minister Yasuo Fukuda abruptly quit, the second leader to do so in less than a year.

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13. Cross Strait Relations

Kyodo News ("RULING PARTIES OF CHINA, TAIWAN TO HOLD INTER-PARTY FORUM IN DEC.", Beijing, 2008/09/10) reported that the ruling parties of the PRC and Taiwan will hold an inter-party forum in December, state-run media reported. The meeting will be held between the Communist Party of the PRC and Taiwan's ruling Nationalist Party (KMT), the official Xinhua News Agency quoted State Council Taiwan Affairs Office spokesman Li Weiwei as saying.

The Associated Press ("CHINA TO DELIVER 2 PANDAS TO TAIWAN BY YEAR'S END ", Beijing, 2008/09/10) reported that the PRC said it is ready to send two long-promised pandas to Taiwan by the end of the year in the latest sign of improved ties between the rivals. The PRC first offered the pandas in 2005 when relations were at a low. Their acceptance was delayed, supposedly because of concerns that they couldn't flourish on the island. "Both sides have begun making necessary preparations for the pandas to arrive in Taiwan safely and healthily," Li Weiwei, a spokesman for the State Council Taiwan Affairs Office, told a news conference.

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14. Sino-Indian Relations

Reuters (Nigam Prusty, "CHINA SAYS INDIA BORDER SOLUTION AN "ARDUOUS" TASK", New

Delhi, 2008/09/09) reported that the PRC said on Tuesday negotiating a settlement of its border disputes with India was an "arduous and complex" task, but added it was willing to work for a wider regional cooperation to achieve peace in South Asia. In addition to solving the border dispute, the Asian giants are seeking to push bilateral trade beyond its present \$30 billion.

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II. PRC Report

15. PRC Environment

China Youth ("XINJIANG BAYINBULUKE GRASSLAND FACES ECOLOGICAL CRISIS", 2008/09/09) reported that the PRC's second largest grassland - Xinjiang Bayinbuluke Grassland is facing the danger of becoming "bald". These years, affected by heavy grazing, prolonged drought, locusts and rats, and other factors, the Bayinbuluke Grassland has showed the trend of pastoral area impoverishment. The degraded area of the grassland has reached 4.572 million mu, accounting for 67.3% of the total area. For solving the Bayinbuluke issue, the government decided to emigrate 1400 families, 6738 people to the farm region, and reduce 1.39 million sheep to mitigate the overgrazing phenomena.

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16. PRC Social Welfare

China News online ("OVER 80 MILLION DISABLED PEOPLE HAVE SOCIAL SECURITY", 2008/09/09) reported that according to the "China Disabled People's Career Development Situation" news release conference, Director General of Employment Promotion Department, Ministry of Human Resource and Social Security Yu Faming said all of the PRC's over 80 million disabled people have been included into social security system. Referring to the employment issue, Yu said the government has taken more efforts for disabled people than for other vulnerable groups. A special law was issued on May 11th last year including a series of preferential policies for the employment of disabled people.

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17. PRC Economy

Shenzhen Business Paper (Zhu Lihua, "CHINA FIRST CREDIT RATING ASSOCIATION ESTABLISHED IN SHENZHEN", 2008/09/09) reported that recently, the China First Credit Rating Association was established in Shenzhen. Credit rating is an important part of the social credit system. In the past decade, with the rapid development of the PRC's capital market, credit rating has experienced a process from expansion, straightening out to competition and integration. At present, the PRC has over 50 credit rating institutions and more than 10,000 enterprises have been rated.

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