

# NAPSNet Daily Report 11 December, 2008

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## Recommended Citation

"NAPSNet Daily Report 11 December, 2008", NAPSNet Daily Report, December 11, 2008,  
<https://nautilus.org/napsnet/napsnet-daily-report/napsnet-daily-report-11-december-2008/>

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## **I. NAPSNet**

### **1. Six-Party Talks**

Reuters (Chris Buckley, "NORTH KOREA NUCLEAR TALKS HIT IMPASSE", Beijing, 2008/12/10) reported that the six-party talks failed to break an impasse over rules for verification, negotiators said on Wednesday. The chief U.S. negotiator, Christopher Hill, said there was no sign of agreement with Pyongyang after the third day of the latest negotiations. And he offered little prospect of a breakthrough in the talks, which could extend another day. "North Korea is putting its own conditions on verification, because it hasn't made the fundamental choice to abandon nuclear weapons," said Zhang Liangui, a PRC expert on the North at the Central Party School, a leading thinktank in Beijing.

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### **2. US-DPRK Relations**

Xinhua News ("DPRK NEWSPAPER LASHES OUT AT U.S. ARMS BUILDUP IN ASIA-PACIFIC ", Pyongyang, 2008/12/10) reported that the official Rodong Sinmun daily of the DPRK accused the United States of building forces in the Asia-Pacific region, a move which it said would plant a "time-bomb in the six-party talks." The U.S. was planning to deploy three squadrons of F-22s and Global Hawks in the Asia-Pacific region, in a move aimed at maintaining its military edge and carry out preemptive attacks in the region, the Rodong Sinmun said.

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### **3. US on DPRK Terror List Status**

Xinhua News ("U.S. INDICATES TO PUT DPRK BACK ON TERRORISM LIST", Washington, 2008/12/10) reported that the US does not rule out the possibilities of putting back the DPRK to the list of state sponsors of terrorism, a senior official said. "I suppose these things are always possible," State Department spokesman Sean McCormack said. "I don't know the ins and outs of the law, but I think that it's based on behavior. And we'll see what behavior North Korea engages in," said the spokesman.

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### **4. DPRK Economy**

The Financial Times (Sundeep Tucker and Andrea Felsted, "N KOREA STATE INSURANCE GROUP WINS CASE ", 2008/12/10) reported that the DPRK's state-owned insurance company has won a long-running legal battle against a group of London market reinsurers that had refused to pay out a claim relating to a helicopter crash in Pyongyang. Court proceedings in London have ended after a group of reinsurers, including Allianz of Germany, Generali of Italy and three Lloyd's of London syndicates, agreed to pay 95 per cent of the reinsurance claim, or €39.2m (\$58.2m). The reinsurers also agreed to retract and withdraw all allegations of fraud and impropriety made against the Korea National Insurance Company. One member of the reinsurance consortium, Aviabel of Belgium, has refused to accept the settlement and legal proceedings are continuing.

Bloomberg News (Tarek Al-Issawi, "ORASCOM TO INVEST IN NORTH KOREAN PHONE VENTURE ", 2008/12/10) reported that Orascom Telecom Holding SAE of Egypt will offer mobile-phone services in the DPRK starting next week, the first foreign telecommunications company to invest in the DPRK. The Egyptian phone company, trying to offset a slowdown in Pakistan and Bangladesh, estimates it will spend \$400 million on a cellular license and investment over three years. "Growth will be limited, but even if the service is only offered to government officials, in a military state like North Korea, that is a substantial number," El-Derini said.

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### **5. US-ROK Trade Relations**

Washington Post (Blaine Harden, "S. KOREANS HAVE NEW REGARD FOR U.S. BEEF", 2008/12/09) reported that the ROK's beef over U.S. beef is finally over. Because of the growing economic downturn, anti-beef rallies and riots have subsided, as have the human chains of concerned housewives and the beef-focused apologies of President Lee Myung-bak. Low-priced U.S. beef has appeared in supermarkets here in recent days, after a decision by three major retailers to start selling it again, and the reaction has been brisk business with no political fuss. Fifty tons of U.S. beef disappeared from shelves the first day it was offered for sale. "It is our national character to get upset easily and then to forget all about it," said Park Eun-ah, 48, a romance novelist who lives in Seoul and Paris.

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## 6. ROK Nationalism

Chosun Ilbo ("KOREANS THE MOST INSECURE IN THE REGION", Seoul, 2008/12/10) reported that ROK citizens have the lowest pride in their country compared to Japanese and PRC citizens, a survey suggests. More Koreans than Chinese or Japanese said their country's relations with neighboring nations are not good. Some 93.6 percent of PRC respondents said they were proud of their country, compared to 89.4 percent in Japan and 86.2 percent in Korea. Also, Baik Young-seo, a professor at Yonsei University who analyzed the survey, said, "The younger the people in the three countries are, the more negative they tend to become in their views of each other. This is a factor that could worsen relations between the three countries."

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## 7. ROK Bird Flu

Chosun Ilbo ("KOREANS WARNED OF ASIAN BIRD FLU WAVE", 2008/12/10) reported that  the Korea Centers for Disease Control and Prevention warned of bird flu spreading in some Asian countries including Hong Kong, and advised tourists leaving for these countries to take extra caution. According to the Korea Centers for Disease Control and Prevention, patients came down with avian influenza in Vietnam on Oct. 30, in Laos on Nov. 8, in Thailand on Nov. 10, in India on Nov. 21, in Bangladesh on Dec. 2, and in Hong Kong on Dec. 9. So far, a total of 38 people contracted bird flu overseas this year, and 29 of them died.

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## 8. Japanese Environment

National Geographic (Julian Ryall, "'MY NEIGHBOR TOTORO' ECOSYSTEM DECLINING IN JAPAN", 2008/12/09) For birds, dragonflies, and maybe even forest spirits, Japan's agricultural ecosystem known as satoyama is a place where humans and nature have coexisted for centuries. In addition to supporting villages and small farms, satoyama serves as key habitat for thousands of native wildlife species. But for the past few decades the pressures of modernization and Japan's aging population have seen rural landowners giving their farms over to developers, and satoyama habitat has been on the decline. Since the 1960s an increasing percentage of ancient satoyama landscape has been transformed into golf courses, factories, and housing—threatening many species.

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## 9. Japan Politics

The Yomiuri Shimbun ("POLL: 65% OK WITH LETTING DPJ RUN GOVT", 2008/12/10) reported that sixty-five percent of eligible voters say they are ready to see the main opposition Democratic Party of Japan assume the reins of government, up seven percentage points from October's survey, according to the latest Yomiuri Shimbun opinion poll. The latest survey, carried out Saturday and Sunday, also found 31 percent, down seven percentage points from the previous figure, said they were opposed to a scenario in which the DPJ took over government.

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## **10. Japan SDF Governance**

Kyodo News ("UNIFORMED OFFICERS' AUTHORITY OVER SDF OPS TO BE STRENGTHENED ", Tokyo, 2008/12/10) reported that the authority of uniformed officers will be strengthened in operating Self-Defense Forces units as was previously proposed, according to the Defense Ministry's basic policy on ministry reform, the text of which was obtained by Kyodo News on Wednesday. To curb the roles bureaucrats have played in managing SDF units and enable other changes, the ministry hopes to submit related bills to a regular session of the Diet in 2010.

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## **11. Sino-Russian Military Cooperation**

RIA Novosti ("RUSSIA, CHINA TO STRENGTHEN TIES IN MILITARY AIRCRAFT PRODUCTION ", 2008/12/10) reported that Russia and the PRC are set to boost cooperation in the sphere of combat aircraft production, the director general of Russia's Sukhoi aircraft manufacturer said. Pogosyan is on a visit to the PRC with Russia's Defense Minister Anatoly Serdyukov and is attending the 13th session of the Russian-PRC mixed commission on military and technical cooperation.

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## **12. Sino-Mongolian Relations**

Xinhua News ("CHINA, MONGOLIA VOW TO STEP UP INTER-PARLIAMENTARY COOPERATION", 2008/12/10) reported that the PRC top legislator Wu Bangguo met here Wednesday with visiting Mongolian Parliament Chairman Damdin Demberel. "I hope the two parliaments will continue further cooperation and exchanges at various levels in an aim to inject new vigor to the development of the bilateral relations," said Wu, chairman of the Standing Committee of the National People's Congress (NPC). He proposed the two sides join hands to intensify cooperation in fields such as trade, energy, and natural resources.

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## **13. PRC Democracy**

National Public Radio (Anthony Kuhn, "POLITICAL IDEAS PROPOSED FOR CHINA'S SHENZHEN", Shenzhen, 2008/12/10) reported that now, some people in the PRC are proposing that Shenzhen begin political experimentation. Mao Shoulong, a public administration expert at People's University in Beijing, said that Shenzhen's leaders have clearly stated how they want to reform the city's government. "Their aims are very clear: limited government; rule of law; scientific and democratic policymaking; government transparency; and the separation and balancing of the government's powers of policymaking, administration and oversight," Mao said. These changes could open the door to more political freedom for its citizens, according to Liu Kaiming, director of Institute of Contemporary Observation, a Shenzhen-based nongovernmental organization advocating for the rights of migrant laborers.

Financial Times (Kathrin Hille, "CALL SOUNDS FOR CHINESE DEMOCRACY", Beijing, 2008/12/10) reported that more than 300 Chinese intellectuals called yesterday for the creation of a new democracy movement in a sign of growing dissatisfaction with the Chinese Communist party's strategy of encouraging economic reform without meaningful political liberalization. The Chinese Human Rights Defenders, a group of lawyers largely organised through the internet, published a document named Charter 08 demanding constitutional reforms, multi-party democracy and the rule of law. The charter has the support of writers, lawyers and university professors from all over the PRC. Charter 08 does not call for the overthrow of the ruling Communist Party, aiming instead to encourage a broader, more open debate on human rights and democracy.

The Times of London (Jane Macartney, "LEADING CHINESE DISSIDENT, LIU XIAOBO, ARRESTED OVER FREEDOM CHARTER", Beijing, 2008/12/10) reported that Liu Xiaobo, leading dissident who organized a charter signed by hundreds of Chinese thinkers, academics and writers calling for dramatic political and legal reforms was under arrest yesterday. He was taken from his home in Beijing late on Monday by a dozen police officers and was asked to sign a document acknowledging his detention. They searched his flat and took away three computers, mobile phones and documents, friends told The Times. His arrest came hours before the release on the internet of the "08 Charter."

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## **14. PRC Unrest**

BBC News ("CHINESE POLICE DETAIN PROTESTERS", Beijing, 2008/12/10) reported that police in Beijing have detained dozens of protesters gathered at the foreign ministry on the 60th anniversary of the UN Declaration of Human Rights. The protesters held up letters of complaint and called for action on illegal detentions and other abuses. The PRC is planning to publish a major assessment of human rights in the coming months. But the people outside the ministry complained that ordinary citizens would not be allowed to contribute to it. To deal with the demonstrations, the police arrived quickly to stem the protest, cordoning off the demonstrators and later flagging down a public bus to take them away.

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## **15. PRC Economy**

Science Christian Monitor (Simon Montlake, "IN CHINA, EMPTY OFFICE SPACES FILL THE SKY", Shanghai, 2008/12/08) reported that the global credit meltdown and a slowing domestic economy are resulting in high vacancy rates for many of Shanghai's newest office buildings, including the new Shanghai World Financial Center. New homes lack buyers and high-rise offices lack renters, depressing prices and forcing developers in Shanghai and other cities to mothball projects as financing dries up. "Some developers will definitely go bankrupt. It happened before. The government will probably want bigger companies to take the [failing] companies over," says Vincent Gu, assistant general manager of property sales at K Wah Investment, a real-estate developer in Shanghai.

Artinfo ("IN SPITE OF GLOBAL ECONOMY, SHANGHAI TOWER BREAKS GROUND", Shanghai, 2008/12/04) reported that the 2,074-foot-tall Shanghai Tower, set to be the tallest building in the PRC, broke ground last Friday, despite an increasingly bleak global economic picture. It will

reportedly contain the world's highest unenclosed observation deck, and will employ green features such as a series of windmills on top that generate energy for the building as well as rainwater collection facilities.

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## **16. PRC Green Energy Club**

ChinaCSR ("CHINA RENEWABLE ENERGY ENTREPRENEUR CLUB ESTABLISHED IN BEIJING", Beijing, 2008/11/17) reported that the China Renewable Energy Entrepreneur Club, initiated by World Wildlife Fund, officially announced its establishment at the Renewable Energy and Low-Carbon Economy Forum held by the WWF and the Energy Research Institute of the National Development and Reform Commission (NDRC). The club will promote the application of renewable energy, lobby for related incentive policies, encourage technological progress, and foster the market environment of healthy competition and development through effective operations and management. Leaders of 11 renewable energy companies, including Himin Solar Energy Group, Suntech Power, Vestas Wind Systems A/S, and Linuo Group, have been nominated the founding members of the club.

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## **17. PRC Green Foreign Direct Investment**

World Wildlife Fund ("GREEN HIGH-TECH CHAMPIONS SLOW TO TAKE UP CHINA OPPORTUNITIES", Beijing, 2008/12/09) reported that a new WWF report estimates that companies with environment friendly solutions are looking at market possibilities ranging from between US\$1.5 and US\$1.9 trillion to be invested in the PRC in the period up to 2020. But a case study of Norway shows that the Western rhetoric of green investing in the PRC is outpacing the reality, "In spite of high goals for environmental cooperation with China, Norway's current engagement is fragmented and dominated by small and medium-sized enterprises. OECD countries need to scale up and aim for ambitious partnerships with China fields where they have leading green technology," said Rasmus Reinvang of WWF Norway, lead author of the report.

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## **18. PRC Energy Supply**

China Daily (Yu Tianyu , "CHINA TO REMOVE CAPS ON COAL PRICES", 2008/12/10) reported that the National Development and Reform Commission (NDRC) said yesterday it would remove the pricing caps on coal from next year and adopt a market-oriented pricing mechanism. The PRC had established pricing caps on coal to prevent prices from rising higher than the price on June 19. "The removal of pricing caps would come into effect from next year," the NDRC said in a statement on coal production and demand for 2009.

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## **19. PRC Migrant Labor**



CRI ("13 PROVINCES ABOLISH RURAL-URBAN HUKOU BARRIERS", 2008/12/10) reported that thirteen provinces, autonomous regions and municipalities in the PRC have so far abolished a significant Hukou or residential division, according to a latest announcement revealed Tuesday by the website of the Ministry of Public Security. The abolishment of the divisive system means that the barrier between rural and urban areas has been pulled down. All residents living in these regions, no matter whether they were born in city or the country, can enjoy equal social access to medical services, education and housing.

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## **20. NE Asian Currency Stability**

Bloomberg (Kim Kyoungwha, "CHINA, JAPAN, KOREA TO MEET ON CURRENCY STABILITY", 2008/12/10) reported that the central banks of the PRC, ROK and Japan agreed to meet in 2009, starting regular consultations to ensure currency stability in Asia, the People's Bank of China said. "The region as a whole sits on significant reserves and they could be deployed to help stabilize financial sentiment as well as exchange rates," said Frederic Neumann, an economist at HSBC Holdings Plc in Hong Kong. The agreement is "with a view to build a long-term financial architecture in Asia that helps prevent the return of extreme financial volatility." The talks will be attended by heads of state Aso, Lee, and Hu.

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## **II. PRC Report**

### **21. PRC Environment**

Yesky.com (Rui Ji, "FIRST CHILDREN INTERACTIVE ENVIRONMENTAL EDUCATION WEBSITE IS ONLINE", 2008/12/09) reported that World Wild Fund for Nature (WWF) and Canon (China) Co.Ltd. jointly announced that China's first interactive environmental education website - "Save the Earth" ([www.delightearth.org](http://www.delightearth.org)) was formally online on December 8. This website is specially set up for children. It takes use of interactive games to stimulate children's environmental awareness, and provides them a network platform to learn and share environmental knowledge.

Xinhau Net ("CENTRAL DISTRICTS OF BEIJING ADOPT CLEAN ENERGY FOR HEATING TO BENEFIT RESIDENTS", 2008/12/10) reported that according to Beijing Environmental Protection Bureau, Beijing has adopted clean energy heating project since the end of 2001, changing traditional coal-fired heating means to gas heating and electric heating for residents who live in single store buildings of protection areas. It is expected that the whole project will be completed in 2009 and benefit 100,000 residents.

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### **22. PRC Civil Society and the Environment**



China Iron and Steel News Network (Wang Huiyong, "FIRST ANNUAL MEETING OF HEBEI ENVIRONMENTAL PROTECTION FEDERATION HELD IN HANDAN", 2008/12/10) reported that on December 5, "2008 Annual Meeting of Hebei Environmental Protection Federation" was held in Handan city, Hebei province. It was co-sponsored by Hebei Provincial Environmental Protection Bureau and Hebei Environmental Protection Federation. Vice-chairman of the Federation Li Lianping reported at the meeting that during 2001-2007, Handan has completed 73 energy-saving and emission reduction projects, with a total investment of 1.78 billion yuan. These projects have greatly improved resource efficiency and environment quality.

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### **III. ROK Report**

#### **23. ROK Policy toward DPRK**

TongilNews ("134 DPRK EXPERTS URGE DPRK POLICY SHIFT", 2008/12/11) reported that 134 experts of inter-Korean relationship urged the Lee Myung-bak Administration to shift its DRPK policy. They asserted that the government should propose meetings among high-ranking officials to implement the 6.15 and 10.4 joint declaration, show programs to support inter-Korean economic cooperation, and give food aid to the DPRK.

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#### **24. PRC on DPRK Nuclear Program**

Hankyoreh (Woo Su-keun, "HOW PRC VIEWS SIX-PARTY TALKS", 2008/12/11) reported that the PRC analyzed that the DPRK's denuclearization process will be difficult to achieve, according to several experts' remarks made at an academic forum held in Shanghai in late November. They also said that since the denuclearization process is not aimed at the PRC, it does not really matter to them. However, the experts added that the DPRK nuclear weapons can threaten the ROK. Even so, the ROK, which should be eager to solve the problem, has rather started provoking the DPRK ever since the Lee Administration came into the office. They are seriously concerned about the Lee Administration's attitude. One of their biggest concerns was that though there seemed to be several able experts who are devoted to solving the DPRK issue, their opinions were not conveyed to the Blue House effectively.

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