

# NAPSNet Daily Report 13 July, 2010

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## **1. I. NAPSNet**

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## **2. DPRK on Naval Ship Sinking**

Reuters ("NORTH KOREA CALLS OFF TALKS WITH U.N. OFFICERS OVER SHIP", Seoul, 2010/07/13) reported that the DPRK abruptly called off talks set for Tuesday with the United Nations Command. DPRK military representatives asked for a delay "for administrative reasons," the U.N. Command said in a statement. An official there said the DPRK may have decided it was not ready for the talks. No new date has been set.

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## **3. Sino-DPRK Relations**

Joongang Ilbo ("CHINA REMAINS FAITHFUL TO NORTH: CHINA EXPERT", 2010/07/13) reported that the PRC finds the DPRK increasingly pesky, but there's no likelihood it will change its policy toward it as long as Kim Jong-il is in power, a PRC expert said. "Personally, I don't argue that Beijing will make any big change in its North Korea policy as long as Kim Jong-il remains breathing," said Zhu Feng, a professor and DPRK affairs specialist at the School of International Studies at Peking University. "Obviously, China's open condemnation of the DPRK for sinking the warship Cheonan would be a remarkable sign of its abandonment of Pyongyang as a longtime 'socialist' ally," Zhu said. "Its refusal to do this explicitly indicates that Beijing isn't ready yet to give up on the North."

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## **4. DPRK-Japan Relations**

Xinhua News ("DPRK MEDIA URGES JAPAN TO BE CAUTIOUS OVER KOREAN ISSUES ", 2010/07/10) reported that a newspaper of the DPRK published a commentary condemning the speech of the Japanese prime minister at the G8 summit over the Cheonan incident. The Japanese

authorities should keep cautious on the Korean issue and adopt a "restrained position," said the Rodong Sinmun newspaper. The "nonsense" of Naoto Kan was a dangerous move that could bring disaster to Japanese people, the newspaper warned. If a war breaks out on the Korean Peninsula, Japan will surely be involved, the newspaper said.

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## **5. ROK on Naval Ship Sinking**

Xinhua News ("S. KOREA TO KEEP PUNITIVE MEASURES AGAINST DPRK IN PLACE AFTER UN STATEMENT", 2010/07/13) reported that the ROK's Unification Ministry will not withdraw punitive measures put in place against the DPRK that allegedly launched a torpedo attack on a ROK warship, even after the United Nations released a statement condemning the act, the ministry spokesman said. "I reassert that no changes have been made to the ministry's stance that it will continue carrying out measures (against the DPRK)," unification ministry spokesman Chun Hae-sung told reporters in a briefing.

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## **6. Inter-Korean Relations**

Xinhua News ("DPRK MEDIA SLAMS S KOREA OVER "PERSISTING IN ANTI-DPRK POLICY"", 2010/07/13) reported that Rodong Sinmun of the DPRK accused the ROK authorities of "persisting in anti-DPRK policy." The newspaper also said that Seoul took "the resolution of nuclear issues on Korean Peninsula as the precondition of improving north-south relations." The commentary also said that despite the fact that the Lee Myung-Bak administration has failed in the election of local autonomy, "it still continues its road of anti-unification and anti-nationality."

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## **7. Inter-Korean Economic Relations**

Yonhap News ("SEOUL SAYS IT WILL CONSIDER EASING TRAVEL RESTRICTIONS ON WORKERS AT JOINT INDUSTRIAL PARK", 2010/07/13) reported that the Unification Ministry said it will consider easing travel restrictions for ROK workers at a joint inter-Korean industrial park after repeated pleas by businessmen complaining of financial troubles from the restrictions. During a press briefing, ministry spokesman Chun Hae-sung said the ministry is well aware of difficulties faced by ROK firms at the Kaesong industrial park. "We're listening to their concerns and reviewing possibilities (of easing the restrictions)," Chun said. "It would be premature for me to say at this point what specific steps will be taken, but let me stress that the government fully understands the

companies' problems."

The Economic Times ("S KOREAN BANKS END NEW LOANS TO HYUNDAI GROUP", 2010/07/10) reported that creditors stopped providing new loans to the ROK's troubled Hyundai Group, which runs a shipping line and major business projects in the DPRK, officials said. Nine of the group's 12 units will receive no fresh loans "until the group accepts our demands", said a spokesman for Korea Exchange Bank, the largest of 13 creditors. The group was picked by creditors in May as a financially distressed conglomerate. But it has refused to sign a deal to sell non-core assets to reduce debts, insisting its financial health is improving.

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## **9. Israel on DPRK Arms Exports**

Yomiuri Shimbun ("PERES: N. KOREA 'DUTY FREE SHOP' OF ARMS", 2010/07/13) reported that Israeli President Shimon Peres called the DPRK a "duty free shop of missiles and nuclear installations" and warned that nuclear-related equipment and missiles were flowing into the Middle East from that country. "I think North Korea is supplying weapons to Iran. Iran supplies weapons to Syria, and Syria supplies [them] to Hizbollah," Peres said during an interview with The Yomiuri Shimbun.

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## **10. DPRK Development Aid**

Xinhua News ("DPRK TO STRENGTHEN CO-OP WITH U.N. POPULATION FUND ", 2010/07/13) reported that DPRK will strengthen its cooperation with the United Nations Population Fund (UNPF), an official said. Yang Song Il, a section chief of the Population Center, spoke on the occasion of the World Population Day, which falls on July 11, the official news agency KCNA reported. "We will continue surveys in different fields to make contribution to the development of national economy and public health and further strengthen the cooperation with international organizations, including the UNPF," he said.

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## **11. US-ROK Security Alliance**

Yonhap News ("S. KOREA, U.S. TO HOLD 'TWO-PLUS-TWO' SECURITY TALKS", 2010/07/13) reported that the ROK and the US will hold a meeting of their defense and foreign ministers in Seoul next week to discuss key matters of mutual concern, including their alliance and the DPRK, the foreign ministry said. The inaugural "two plus two" security talks, set for July 21, will bring together US Secretary of State Hillary Clinton, Defense Secretary Robert Gates and ROK Foreign Minister Yu Myung-hwan and Defense Minister Kim Tae-young.

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## **12. US-ROK Joint Naval Exercises**

Agence France-Presse ("S.KOREA SAYS LOCATION OF WAR GAMES UNDECIDED", 2010/07/13) reported that the ROK and the US are still deciding where to hold a joint naval exercise intended as a warning to the DPRK, the defence ministry said. A Seoul defence ministry spokesman said the ROK and the US are "fine-tuning the timetable, scale and location" of the manoeuvres. Yonhap news agency, quoting a government source, has said Seoul is considering moving the venue to its south or east coasts rather than the sensitive Yellow Sea.

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## **13. ROK-Burmese Relations**

Xinhua News ("S KOREA TO PROVIDE MORE INFORMATION, TECHNOLOGY ASSISTANCE TO MYANMAR", 2010/07/13) reported that the ROK will provide more information and technology assistance to Myanmar to help the country manage agricultural production, the official daily New Light of Myanmar reported. Among the cooperation projects was also one by the KOICA, which is ROK government's overseas aid agency. It has been providing training to Myanmar government staff in information and technology (IT), industrial and forestry sectors as well as technical expertise and equipment needed for social service organizations' training in related fields.

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## **14. ROK Environment**

Yonhap (Lee Chi-dong, "S. KOREAN CONGLOMERATES TO POUR 22.4 TRILLION WON INTO GREEN BUSINESS BY 2013", Seoul, 2010/07/13) reported that the ROK's 30 largest conglomerates plan to invest 22.4 trillion won (US\$18 billion) into the green-growth sector over the next three

years, a presidential committee said Tuesday. The investment would mark a 48.2-percent increase from the 15.1 trillion won the conglomerates spent during the past three years, the committee said. A breakdown of the investments would include 8.9 trillion won on clean energy, 5.3 trillion won for the development of hybrid or eco-friendly cars, and 4.3 trillion won for next-generational electric device development.

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## **15. Japan Politics**

Agence France-Presse ("JAPAN BUSINESS LEADERS FEAR POLITICAL STALEMATE", 2010/07/13) reported that ratings agency Standard & Poor's urged Japan to get to grips with its public debt as business leaders warned the country faces a lengthy stalemate after the government's rout at weekend polls. Japan's fifth premier in four years, Kan has put fiscal discipline at the core of his agenda to fix the country's finances and slash the world's biggest public debt, which is almost twice the size of the economy. But he now lacks the momentum needed to push the relevant legislation through the Diet, which could delay plans to rein in debt as the party scrambles for new allies.

Kyodo ("KAN CABINET'S DISAPPROVAL RATE SURPASSES APPROVAL RATE", Tokyo, 2010/07/13) reported that the disapproval rate for the Cabinet of Prime Minister Naoto Kan has risen to 52.2 percent, far surpassing the approval rate which has plunged to 36.3 percent, the latest nationwide telephone poll by Kyodo News showed Tuesday. In the poll conducted Monday and Tuesday after the House of Councillors election, 52.8 percent responded that Kan does not need to resign as prime minister, while 52.5 percent said they support a hike in the consumption tax.

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## **17. Japanese Peacekeeping Operations**

Kyodo ("JAPAN WON'T SEND SDF HELICOPTERS TO SUDAN FOR U.N. MISSION: GOV'T ", Tokyo, 2010/07/13) reported that the Japanese government said Tuesday it will not send Self-Defense Force helicopter units to Sudan for a U.N. peacekeeping mission. The decision followed the Defense Ministry's conclusion last month that Japan should not do so, citing in part the possible cost associated with such a deployment.

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## 18. USFJ Base Relocation

Kyodo News ("U.S. DOWNPLAYS IMPACT OF DPJ'S ELECTION DEFEAT ON FUTENMA ISSUE", 2010/07/13) reported that a senior US official dismissed concern that the Japanese ruling party's setback in Sunday's upper house election could negatively affect the implementation of the relocation of a key U.S. Marine base in Okinawa in line with a bilateral accord reached in late May. Asked if there are concerns that Japanese Prime Minister Naoto Kan will not be able to implement the relocation plan of U.S. Marine Corps' Futenma Air Station as he has pledged, State Department spokesman Philip Crowley told a news conference, "No."

The Wall Street Journal ("OKINAWA? MARINES OUT, SAYS BARNEY FRANK", 2010/07/13) reported that Okinawans seeking to oust the US Marines from their midst have a prominent new advocate in Washington: Veteran Democratic Congressman Barney Frank. The liberal Massachusetts Democrat was given the microphone in recent days after penning a widely-cited odd-couple op-ed with libertarian Texas Republican Rep. Ron Paul on July 6 calling for sharp cuts in the Pentagon budget, particularly on spending abroad. "We don't need 15,000 Marines in Okinawa," Mr. Frank told National Public Radio July 10. "They're hanged-over (sic) from a war that ended 65 years ago."

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## 20. Sino-US Relations

Xinhua News ("CHINA REJECTS U.S. FINGER POINTING ON HUMAN RIGHTS, DEMOCRACY ", 2010/07/13) reported that the PRC has achieved obvious results in protecting citizens' rights and freedoms, a PRC Foreign Ministry spokesman said Monday, rejecting a US report that criticized the PRC. Spokesman Qin Gang made the remarks when asked to comment on a US State Department report that criticized the PRC's democracy- and human rights-status. The PRC government protects its citizens' basic rights and freedoms in accordance with law, Qin said, adding that the people-oriented approach has produced obvious results.

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## 21. Cross-Strait Relations

Reuters ("HU HAILS CHINA-TAIWAN TRADE PACT", 2010/07/13) reported that President Hu Jintao hailed a historic trade pact between the PRC and Taiwan when he met with the chairman of Taiwan's ruling Nationalist Party, saying it signals progress on their deepening ties. Hu told Chairman Wu Poh-hsiung during his visit that the trade deal signed last month is an "important achievement" that helps reach the two sides' goal of "peaceful development of relations."

The Associated Press ("TAIWAN PRESIDENT PROMOTES CLOSER CHINA TIES", 2010/07/13) reported that Taiwan's president urged his PRC counterpart to work toward improving historically testy ties following the signing of a landmark trade deal. Ma Ying-jeou said this was an opportunity for the two sides to end decades of mistrust and search for common ground. Ma told reporters Sunday he had asked the honorary chairman of his ruling Nationalist Party, Wu Poh-hsiung, to tell PRC President Hu Jintao during a planned meeting in Beijing on Monday that the two should work together to "build mutual trust, set aside our differences and look for common grounds."

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## **23. PRC Energy Infrastructure**

Reuters ("CHINA PLANS SOME \$30 BILLION ON RURAL GRID CONSTRUCTION", 2010/07/13) reported that the PRC will invest some 200 billion yuan (\$29.53 billion) in the next two and a half years to expand and upgrade its rural power grid network, the PRC's energy officials said on Monday. "There are still 5.3 million people nationwide that have no access to power, and most of them are in Inner Mongolia, Sichuan, Yunnan, Tibet, Qinghai and Xinjiang," Zhang Guobao, head of the National Energy Administration, told a national meeting. "Some rural power grids were also overloaded despite earlier expansion, restricting power consumption."

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## **24. PRC Environment**

Reuters ("CHINA TO START DRAINING DAM THAT THREATENS CITY", 2010/07/13) reported that authorities in a remote western part of the PRC hope to start draining as soon as Tuesday an overfilled, leaking reservoir which is threatening to burst and flood a nearby city, state media said on Monday. The Wenquan reservoir in Qinghai province is holding over 230 million cubic meters of water when it was designed for a maximum of 70 million, the Xinhua news agency said. More than 9,000 people in immediate danger have already been evacuated.

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## **25. PRC Internet Control**

Agence France-Presse ("CHINA EASES CONTROL ON WEB FORUMS", Beijing, 2010/07/13)

reported that the PRC has scrapped a system that required Internet service providers to apply for a special licence before launching forums and chat rooms. Analysts however cautioned that the loosening of controls, announced on the State Council's website late last week, might be brief and could soon be replaced with more stringent regulations. "There may be unified new rules in the future to govern these (services) and other online interactive applications such as social networking and micro-blogs," Liu Dan, a Beijing-based analyst with CCID Consulting, told AFP.

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