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Preceding NAPSNet Report

MARKTWO

I. NAPSNet

1. US, Russia on DPRK Nuclear Program

RIA Novosti ("RUSSIA, U.S. AGAINST PRESSURE ON NORTH KOREA OVER NUCLEAR PROGRAM", 2009/05/14) reported that both Russia and the US are against applying pressure on the DPRK as a means of settling the dispute surrounding the country's nuclear program, a Russian diplomat said. Russian ambassador-at-large Grigory Logvinov, representing Moscow at the six-nation talks on the DPRK's nuclear program, and the US special envoy for the talks, Sung Kim, met in Moscow to discuss Pyongyang's recent withdrawal from the talks. "We share the same approach - to search for diplomatic solutions, without applying any pressure, and this approach enjoys support from both the Republicans and the Democrats in the United States," Logvinov said. "What's important is that everybody is willing to continue the talks. We need to preserve what has been gained since 2005," he added.

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2. ROK on DPRK Nuclear Program

Korea Herald ("'STRATEGIC NAVAL FORCES NEEDED TO DETER N.K.'", 2009/05/14) reported that the Navy was advised to promote the establishment of a strategic team of naval forces under the direct command of the president in order to effectively deter the DPRK's nuclear threat. "Our military needs to formulate special strategic forces of up to 10,000 troops, also consisting of Aegis warships and F-15 fighter jets, to secure a certain level of retaliation combat ability," said Kim Tae-woo, vice president of the Korean Institute for Defense Analyses. Kim said that this would give Seoul a deterrent effect that would make the DPRK reticent about initiating attacks.

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3. ROK on DPRK Nuclear Program

The Financial Times ("SEOUL FEARS NORTH NUCLEAR THREAT IS GENUINE", 2009/05/14) reported that the ROK is increasingly concerned that the DPRK's latest threat to process plutonium to expand its nuclear arsenal is no longer a negotiating ploy to gain leverage with the US. Policymakers in Seoul believe that Pyongyang may have decided to pursue a non-negotiable strategy of trying to develop nuclear-tipped ballistic missiles by 2012, in an attempt to bolster the ailing regime with a credible atomic deterrent and secure a domestic propaganda coup. "We hope they will return to negotiations but we are also preparing for the second contingency – that they do not," said one senior ROK official. "A few years ago, many people thought North Korea would give up its nuclear weapons in an exchange. Now, that is not the common view."

Yonhap News (Sam Kim, "N. KOREA TO GAIN LITTLE FROM A SECOND NUKE TEST: LEE AIDE ", 2009/05/14) reported that the DPRK will achieve little if it goes ahead with a second atomic test, a top ROK presidential aide warned, deploring aid given to Pyongyang as it has resumed its nuclear activities. "The international community will no longer concede to North Korea's demand even if it launches a long-range rocket, resumes its nuclear activities and conducts an additional nuclear test," said Kim Tae-hyo, presidential secretary for national security strategy.

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4. Inter-Korean Relations

Yonhap News ("SPECIAL ENVOY TO N. KOREA MAY BE GOOD IDEA, BUT NOT FEASIBLE: SEOUL OFFICIAL", Seoul, 2009/05/14) reported that s ending a special envoy to the DPRK may help win the release of a detained ROK worker, but that option is not available to Seoul, an official shaping inter-Korean policy said. Kim Chun-sig, chief of the Unification Policy Bureau at the Unification Ministry, said Seoul is not considering an envoy because the two Koreas are "not in such a climate." "It is an attractive idea, and there are many things that can be solved by sending a special envoy," Kim said in a forum on inter-Korean relations in Seoul. "Even if we intend to send him, that doesn't mean he can go. There are conditions to be met. (The two Koreas) are not in such a climate. Our government is not considering it."

Yonhap (Kim Hyun, "S. KOREA SEEKS TALKS WITH NORTH NEXT WEEK OVER DETAINED WORKER", Seoul, 2009/05/15) reported that officials of the two Koreas met in Kaesong to try to set up talks next week over a detained ROK worker, but tussling over the agenda doomed their efforts, said ROK Unification Ministry spokesman Kim Ho-nyoun. "North Korea's position remains unchanged," Kim said in a press briefing. "North Korean officials said they were not authorized to discuss the detention issue," Kim said. "But we are hoping North Korea will respond to our new proposal."

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5. Inter-Korean Economic Cooperation

Associated Press (Jae-soon Chang, "NKOREA CALLS CONTRACTS AT KEY FACTORY ZONE INVALID", Seoul, 2009/05/15) reported that the DPRK declared all contracts on the Kaesong joint

industrial complex invalid Friday. The DPRK said it will draw up its own regulations on wages, rent and taxes for Kaesong. "This is a measure that fundamentally threatens the stability of the Kaesong complex, and it is not acceptable at all," ROK Unification Ministry spokesman Kim Ho-nyeon said. "It is irresponsible for the North to say that (companies) should leave unless they unconditionally accept its unilateral measure."

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6. US-DPRK Relations

Washington Post (Blaine Harden, "DETAINED U.S. JOURNALISTS TO FACE TRIAL IN N. KOREA", Tokyo, 2009/05/15) reported that two American journalists detained in the DPRK for nearly two months will be put on trial in early June, the DPRK government said. The announcement led to speculation that television reporters Laura Ling and Euna Lee might also be set free after trial as part of the DPRK's diplomatic gamesmanship with the United States. In one sentence on its state news service, the DPRK said its central court has "decided to try the American journalists on June 4 according to the indictment of the competent organ."

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7. US on DPRK Missile Launch

Mainichi Shimbun ("U.S. GENERAL CALLS N. KOREA ROCKET RESPONSE A SUCCESS", 2009/05/15) reported that the US and Japanese militaries' response to the DPRK's rocket launch last month was "seamless," the commander of American troops in Japan said, calling the monitoring and tracking of the launch a success. Maj. Gen. Francis Wiercinski told The Associated Press on Wednesday his forces were "100 percent ready" for the launch and coordinated well with their Japanese counterparts, ensuring that information was shared quickly and released to the public to avoid confusion or panic.

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8. Japan on DPRK Missile Launch

Kyodo ("N. KOREA'S ROCKET LAUNCH EXTENDED MISSILE RANGE: DEFENSE MINISTRY", Tokyo, 2009/05/15) reported that the DPRK's rocket launch last month has helped extend the range of its ballistic missiles, and the country is likely to make more progress down the road in developing such missiles through a close examination of the latest event, the Japanese Defense Ministry said in a report on Friday. In a separate report released the same day, the ministry has also determined that a succession of mistakes within Japan's defense apparatus resulted in erroneously alerting the public about a rocket launch one day before it actually occurred.

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9. Sino-DPRK Trade

NKeconWatch (Michael Rank, "CHINESE COMPANIES IN FAKE NORTH KOREA DOCUMENTS

SCAM", 2009/05/14) reported that PRC traders are using fake documents to export goods to the DPRK, the PRC embassy in Pyongyang warns on its website. The terse, two-sentence statement dated April 4 gives no details of the forged "[North] Korea export licences" scam, but says the DPRK authorities have confirmed the documents are fake and urges "relevant companies not to be easily deceived."

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10. DPRK Economy

IFES NK Brief ("DPRK PRIDE IN THE RYUGYONG HOTEL GROWING", 2009/05/14) reported that once abandoned, considered a failure and an embarrassment, it now appears that the DPRK's tallest building will be completed by 2012. The Ryugyong Hotel is becoming the largest symbol of the DPRK's plan to construct a 'Strong and Prosperous Nation' by the 100th anniversary of the birth of Kim Il Sung. The hotel, on the bank of the Botong River, stands 105 stories tall. An article in the May 11 copy of the Choson Sinbo proclaimed, "Like a phoenix ceaselessly reaching for the sky, the high-rising Ryugyong Hotel is one emblem of North Korea, which is soundly knocking on the door of [becoming] a Strong and Prosperous Nation."

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11. ROK PSI Role

Chosun Ilbo ("GOV'T COULD JOIN PSI BEFORE KOREA-U.S. SUMMIT", 2009/05/14) reported that t he government is considering joining an initiative aimed at preventing the spread of weapons of mass destruction before a summit with the United States next month. A government source says the ROK cannot continue postponing its full participation in the Proliferation Security Initiative and an announcement could be forthcoming. The leaders of the ROK and the US meet in Washington on June 16.

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12. ROK Anti-Piracy Operations

Yonhap News ("S. KOREA RESCUES EGYPTIAN SHIP FROM SOMALI HIJACKERS", 2009/05/14) reported that a ROK naval unit has rescued a foreign vessel from being hijacked for the fourth time since it began operating in pirate-plagued Somali waters last month, officials said. The Cheonghae unit, which is escorting ROK vessels in the Gulf of Aden, drove away suspected pirates Wednesday night (Korean time) after receiving a distress call from an Egyptian-registered commercial vessel and dispatching a helicopter, the officials said.

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13. ROK Afghanistan Support

Korea Times (Jung Sung-ki, "KOREA MAY HELP FINANCE AFGHAN TROOPS TRAINING", 2009/05/14) reported that the ROK might become a major donor helping the US initiative of

increasing the numbers and training of Afghan troops, a report said, citing a congressional report. It comes amid speculation that the ROK would deploy either combat or engineering troops to the Central Asian nation again at the request of U.S. President Barack Obama's administration. A Seoul official was quoted by Yonhap as saying the government has no additional plan to offer money for training on top of its Official Development Assistance (ODA) funding of $66 million to Kabul.

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14. Japan Politics

Reuters (Yoko Nishikawa and Chisa Fujioka, "JAPAN'S HATOYAMA IN LEAD TO HEAD OPPOSITION PARTY", Tokyo, 2009/05/15) reported that the leading candidate to head Japan's main opposition party ahead of a looming general election unveiled a platform centering on its aim to cut wasteful spending, but sought to distance himself from a rival over debate on the nation' s sales tax . Yukio Hatoyama , a fourth-generation politician, has taken the lead for the top party post, a survey of lawmakers by the Nikkei business daily showed, although more voters prefer younger rival Katsuya Okada , the clean-cut son of a supermarket magnate.

Agence France Press ("COMMUNIST PARTY GAINS AS JAPAN ECONOMY SINKS", Tokyo, 2009/05/14) reported that once banned and long seen as a fringe group, Japan's Communist Party has enjoyed a surge in membership during the country's economic meltdown . In the country at large, Karl Marx 's " Das Kapital " has become a manga comic best-seller and an inter-war tale of worker exploitation has found a new readership as a graphic novel. But disaffection with mainstream political parties and labour unions has seen its membership surge by 1,000 people a month, while its Red Flag daily newspaper now has a readership of over 1.6 million, the party says.

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15. Cross Strait Relations

The New York Times ("EXUBERANCE IN TAIWAN AS TIES WITH CHINA WARM", 2009/05/14) reported that the bulls are running hard in Taiwan as the island prepares to open its doors to PRC investment for the first time since breaking from Beijing in 1949. Optimists see decades of bitter rivalry across the Taiwan Strait fading. The British bank Standard Chartered has dubbed the opening a “great leap across the strait,” and Goldman Sachs has called it a “paradigm shift.” But others are cautioning that the opening to mainland money could take longer than expected — and that in the near future at least, mainland investors will face a daunting maze of regulatory approvals and political concerns.

Caijing Magazine ("MAINLAND TO RECOGNIZE MORE TAIWANESE COURT DECISIONS ", 2009/05/14) reported that t he PRC will recognize more civil case decisions made by Taiwanese courts, encompassing fines and arbitration decisions made by Taiwanese arbitration institutions, according to the Supreme Court. The decision is part of the effort to strengthen cross-Strait cooperation on combating crime, following an agreement signed by the two sides on April 26.

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16. Sino-US Relations

Xinhua News ("CHINA, U.S. HOLD VICE MINISTERIAL LEVEL CONSULTATIONS ON TIES, OTHER ISSUES", 2009/05/14) reported that the PRC and the US held political consultations at the vice foreign ministerial level on bilateral relations and international and regional issues of mutual concern. The consultations were held between visiting PRC Vice Foreign Minister He Yafei and U.S. Deputy Secretary of State James Steinberg. Vice Foreign Minister He said the PRC and the US share extensive common interests not only on how to tackle the current global financial crisis and economic downturn for an early recovery, but also on how to find proper solutions to a series of hot-spot issues and safeguard peace and stability in the Asia-Pacific and the world. Therefore, He said, both sides need to increase dialogue, coordination and cooperation.

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17. PRC on US Espionage Allegations

Agence France-Presse ("CHINA SAYS US SPY ACCUSATION 'TOTALLY MADE UP'", Beijing, 2009/05/14) reported that the PRC said claims that a PRC agent had been involved in espionage carried out by a US defence official were "totally made up." The PRC statement came a day after US officials said a senior Pentagon employee had been charged with conspiracy to pass classified information to an agent of the PRC. "Those accusations that China is spying in the United States are totally made up," foreign ministry spokesman Ma Zhaoxu told reporters in Beijing . "We urge the United States to abandon its Cold War mentality , stop its groundless accusations against China and do more to help mutual trust between the United States and China and the friendship between the people."

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18. PRC Environment

Agence France Press ("160 IN CHINA HOSPITAL OVER POSSIBLE FACTORY POLLUTION: REPORT", Beijing, 2009/05/14) reported that more than 160 people have been hospitalised and hundreds of others have been sickened in northeastern PRC in a suspected case of pollution caused by a chemical plant , local media said. Staff at a plant operated by the Jilin Chemical Fibre Group in Jilin city, as well as residents living nearby, started complaining of headache, nausea, vomiting and general fatigue in late April, the Beijing Times reported. About 1,000 people reported suffering from the symptoms and 161 of them had to be hospitalised, the paper said.

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19. PRC Environment and the Economy

Bloomberg News (Dinakar Sethuraman, "CHINA MAY SHIFT FOCUS AWAY FROM RENEWABLE ENERGY ON RECESSION ", 2009/05/14) reported that the PRC, the world's second-biggest energy consumer, may delay or trim initiatives to promote clean energy technologies amid the global recession, investors said. The latest draft of the PRC's 4 trillion-yuan ($587 billion) stimulus plan, designed to spur growth, had cut the allocation for sustainable environment to 210 billion yuan, said

Andre Loesekrug-Pietri, managing partner of CEL Partners, a private equity fund, in a presentation in Beijing yesterday. An earlier version had 350 billion yuan, he said.

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20. PRC Energy Supply

Xinhau News ("INDONESIA TO START GAS SHIPMENT FROM TANGGUH FIELD TO CHINA IN JUNE", Jakarta, 2009/05/14) reported that Indonesian Energy Minister Purnomo Yusgiantoro said that Indonesia would start export liquefied natural gas (LNG) from Tangguh block in Papua to Fujian, PRC by the end next month. "We expect one cargo of LNG from Tangguh can be shipped by June," Purnomo told reporters. The country has deal to deliver 2.6 million tons of LNG annually to the PRC's Fujian province with a price at 3.35 U.S. dollar per million British thermal units (mmbtu) for 25 years starting this year.

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II. PRC Report

21. PRC Energy

China Business News ("NEW ENERGY REJUVENATION PLAN TO BE UNVEILED", 2009/05/13) reported that new energy rejuvenation plan is to be unveiled soon, said Liang Zhipeng, director of New Energy Division of National Energy Bureau at a forum. The Plan will only make arrangements for the next three years, not the reported 2009-2020. Though the investment amount of the next three years is not sure because of some uncertain figures on the draft, it is expected the PRC will invest over 3000 billion yuan on new energy by 2020.

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22. PRC Environment

Jinghua Times (Xiao Mingqun, "CHINA ADD 2 BLN YUAN ON PLANTING PROTECTION FOREST", 2009/05/14) reported that since this year, the country has newly added 2 billion yuan on Sanbei protection forest system and coastal protection forest system, striving to make forest coverage rate reach 37.3% in coastal areas by 2015, and 12% in Sanbei areas by 2020, thus to control the expansion of land desertification.

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23. PRC Earthquake Reconstruction

Xinhua Net (Chen Kai, "NEW EXPRESSWAY TO QUAKE EPICENTER OPENS", 2009/05/14) reported that a 26-km highway connecting Yingxiu town and Dujiangyan city, both hard-hit by last year's massive earthquake in Sichuan province, was opened Tuesday. The newly finished expressway, with

two lanes in each direction, will help boost transport capacity between Dujiangyan and Yingxiu to better serve reconstruction in quake areas.

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