

# NAPSNet Daily Report 16 January, 2009

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## **I. NAPSNet**

### **1. DPRK Leadership**

Reuters (Jack Kim, "DPRK LEADER PICKS 3RD SON AS HEIR: MEDIA", Seoul, 2009/01/15) reported that DPRK leader Kim Jong-il has picked his third and youngest known son to succeed him, an ROK news report said on Thursday. "We believe Chairman Kim Jong-il has picked the son Jong-un he had with third and late wife Ko Yong-hui and given instructions to the Workers' Party Organization and Guidance Department around January 8," Yonhap news agency quoted an intelligence source as saying.

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### **2. DPRK Nuclear Program**

The Yomiuri Shimbun (Takeo Miyazaki, "CONCENTRATED URANIUM DETECTED IN DPRK SAMPLES", Washington, 2009/01/16) reported that particles of highly enriched uranium have been detected from a high-strength aluminum pipe the DPRK submitted to the U.S. government as a sample, senior U.S. officials and other sources said. The aluminum pipe is a component the U.S. government believes the DPRK imported from Russia as part of a centrifuge separator to concentrate uranium in Pyongyang's nuclear weapons development program.

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

Associated Press (Foster Klug, "HILL SAYS TALKS HAVE PRESSURED DPRK TO SCRAP

PLUTONIUM PRODUCTION", Washington, 2009/01/15) reported that in an interview Wednesday with The Associated Press, Christopher Hill, the top U.S. diplomat for Asia, said the Bush administration's hard-fought diplomacy with the DPRK in six-nation nuclear talks — "slugfests," he called them — has made progress, pressuring Pyongyang to shut down its plutonium production. "Now, that is not the whole game, because obviously we need to get them to give up what they've already produced, but the first thing you want to do is to keep the problem from getting bigger," Hill said.

Reuters (Paul Eckert, "EXPECT DPRK CHALLENGE, BUSH AIDE ADVISES OBAMA", Washington, 2009/01/15) reported that the incoming Barack Obama administration should be ready for early challenges from DPRK, Dennis Wilder, senior adviser for Asia on the US National Security Council, said on Wednesday. "The North's best act is to try to create the conditions of crisis in order to renegotiate with the United States and the new team will have to be ready for that," he told reporters. "Part of the North's goal will be to see if they can split this five-party consortium that has been created," said Wilder.

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## **4. Inter-Korean Relations**

Reuters (Jack Kim, "ROK EX-LEADER TELLS DPRK TO STOP LEE ATTACKS", 2009/01/15) reported that ex-ROK President Kim Dae-jung Thursday told the DPRK its angry attacks on the current ROK government were going too far. "North Korea should stop speaking ill of the South Korean government, especially President Lee Myung-bak," said Kim. He said Lee can help reopen dialogue by making sure the leaflets stop and by pledging to honor two agreements with the DPRK signed before he came to power. "Unless these two important declarations are respected, it will not be easy to resuscitate inter-Korean dialogue," Kim said.

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## **5. ROK on US DPRK Policy**

Agence France Press ("OBAMA SHOULDN'T PUT DPRK ISSUE BEHIND IRAN - KIM DAE-JUNG", Seoul, 2009/01/15) reported that former ROK President Kim Dae-jung urged the next US president not to put the DPRK nuclear issue on the back burner while focusing on Iran's atomic activities. Kim said President-elect Barack Obama should pursue an "all-at-once package deal" with the U.S., giving the DPRK a security guarantee and diplomatic recognition in return for nuclear disarmament. "The North Korean issue already has made a lot of progress through the six-party process, making it less intractable than the Iranian nuclear issue," he told journalists.

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## **6. Inter-Korean Economic Cooperation**

Yonhap News ("S. KOREAN IT EXPERTS TO VISIT N. KOREA", 2009/01/16) reported that a group of ROK information technology experts and businessmen will visit the DPRK next month, organizers

said. The 80-member group is scheduled to tour the DPRK's major IT centers and hold a joint software exhibition during its Feb. 7-11 visit, said the non-governmental South-North Cooperation for IT Exchange. They also plan to donate 5,000 IT books and journals to the DPRK.

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## **7. ROK PSI Role**

Korea Herald (Jin Dae-woong, "IT'S TIME FOR ROK TO JOIN PSI: THINK TANK ", 2009/01/15) reported that a state-run think tank yesterday called for ROK's full participation in a U.S.-led anti-proliferation regime, to curb the DPRK's possible attempt to sell nuclear technology and materials. "Our country, which has shunned its active role in the PSI despite threats of North Korea's nuclear proliferation, should reconsider its policy on the PSI toward official participation," professor Lee Seo-hang at the Institute of the Foreign Affairs and National Security, which is affiliated with the Foreign Ministry.

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## **8. DPRK Economy**

Institute for Far Eastern Studies ("DPRK WON EXCHANGE RATE CONTINUES TO CLIMB ", 2009/01/15) reported that the exchange rate for the DPRK won shot up approximately 13-15 percent at the end of last year, and has maintained this high rate into January, according to an article in the on-line newsletter, "Open News for North Korea," on January 12. According to traders who import and export between DPRK and PRC, "The sudden rise in the exchange rate appears to be related to trade regulations on goods imported from the North," and they stressed, "After North Korea protested to China about inferior Chinese goods leading to accidents around the country, China decided to set an example, and unilaterally imposed [trade] restrictions."

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## **9. ROK Climate Change**

Korea Herald (Kim Ji-hyun, "SEOUL TO INTRODUCE LOW CARBON LAW ", 2009/01/15) reported that companies emitting greenhouse gases above acceptable levels are expected to be slapped with heavier taxes as a part of new plans to promote healthier economic growth, the Prime Minister's Office said yesterday. To promote investment in ecologically-friendly corporations, the government also will set up "green industry investment companies" and "green industry funds." Seoul will be submitting the bill for the related legislation in February following a public hearing and Cabinet meeting.

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## **10. ROK Government**

Reuters (Cheon Jong-woo and Kim Yeon-hee, "ROK STATE-RUN FIRMS TO SELL STAKES IN

COMPANIES", Seoul, 2009/01/15) reported that ROK hopes to raise 4.6 trillion won (\$3.4 billion) via state-run firms selling stakes in domestic companies, including Korea Life and GM Daewoo, in its latest move to reform state-run institutions. The government is aiming to complete the sales by 2012, as it plans to scale back the role of the public sector in the national economy, under President Lee Myung-bak's economic reform plans.

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

Yonhap News ("STEPHENS SAYS SEOUL'S DEFENSE COST SHARING IS 'INVESTMENT' IN ALLIANCE ", 2009/01/16) reported that the top U.S. envoy in the ROK said that the latest agreement between the allies on sharing the cost of stationing American troops here is a "worthwhile investment" for the future alliance. "This agreement supports the efforts of both of our nations to defend the Republic of Korea for years to come," Ambassador Kathleen Stephens said in a ceremony to sign the Special Measures Agreement (SMA) along with Foreign Minister Yu Myung-hwan. "I can't think of a more worthwhile investment than that."

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## **12. Japan Nuclear Power**

Agence France Press (Harumi Ozawa , "JAPAN EYES RESTARTING CONTROVERSIAL 'DREAM NUCLEAR REACTOR'", Tsuruga, Japan , 2009/01/14) reported that Japan is eyeing restarting its "dream nuclear reactor" this year after a raft of safety scares closed the plant for more than 13 years. The state-run Japan Atomic Energy Agency is putting the final touches to Monju, the nation's only fast-breeder reactor. "Monju is far from being in a condition that would make local residents feel safe to run it again," said Miwako Ogiso, leader of a group opposed to the gigantic plant.

Yonhap News Service (Sam Kim, "US READY FOR JOINT PRESENTATION OF DEFENSE PRIORITIES WITH ROK", Seoul, 2009/01/15) reported that the top U.S. military public relations officer in ROK has expressed hope that the two allies will coordinate their defense priorities here this year and unveil them in an open forum. Col. Jane Crichton of U.S. Forces Korea (USFK) also said that her commander and the ROK chairman of the Joint Chiefs of Staff (JCS) could hold a joint press meeting to voice their support for the changing status of U.S. troops here to normalize tours. "The combined, or ROK and U.S. priorities are something that we need to address together," she said, adding the two sides could "present them in a public forum."

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## **13. Japan Politics**

Kyodo News ("WATANABE TO FORM NEW GROUP WITH INDEPENDENT LAWMAKER, SCHOLARS ", Tokyo, 2009/01/16) reported that former Cabinet minister Yoshimi Watanabe, who left the ruling Liberal Democratic Party, has decided to form a new political group with independent lawmaker Kenji Eda and some scholars, his office said. Watanabe, 56, who served as administrative reform minister in the two previous administrations, plans to make the group realize a less bureaucratic and

more decentralized Japan.

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## **14. Japan Climate Change**

Associated Press ("JAPAN, IRELAND TO WORK CLOSELY IN TACKLING CLIMATE CHANGE", Tokyo, 2009/01/16) reported that Japanese Prime Minister Taro Aso and Irish Prime Minister Brian Cowen agreed Thursday to launch working-level negotiations to discuss what they can do in a bilateral framework to deal with climate change, a Japanese government official said. The two leaders made the agreement at their summit talks held Thursday evening at the Japanese prime minister's office in Tokyo. To create a new effective framework for tackling climate change, "Japan has advocated the reduction of carbon dioxide on a global basis" through a sector-basis approach and differentiation of the reduction responsibilities between developing and developed countries, Aso was quoted by the official as saying during the talks.

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## **15. Japan SDF Anti-Piracy Operations**

Agence France Press ("JAPAN TO SEND WARSHIP OFF SOMALIA - REPORT", Tokyo, 2009/01/15) reported that Japan will send a warship to the pirate-infested waters off Somalia as early as April, a newspaper said Thursday, as shipping industry leaders pressed the government to take immediate action. Prime Minister Taro Aso will authorize a plan within the month for a destroyer to head to the waters off the lawless African nation, the Nikkei business daily said, citing unnamed sources.

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## **16. Sino-US Relations**

Washington Post ("US AMBASSADOR TO PRC LAUDS TIES", Beijing, 2009/01/15) reported that the departing U.S. ambassador to PRC said Wednesday that bilateral relations with Beijing have expanded and matured during his tenure. "I am pleased to be leaving with the U.S.-China relationship in good shape. People tell me it's as good as it's ever been and I'm proud of that fact," said Ambassador Clark T. Randt Jr. during a farewell address. Bilateral trade between the two countries has soared to more than \$400 billion — up from \$2.5 billion in 1979 when the U.S. and PRC first established formal diplomatic ties. U.S. investment in PRC has gone from \$9.6 billion in 2000 to \$60 billion today, he said.

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## **17. PRC-Iran Energy Cooperation**

Xinhua News ("PRC, IRAN SIGN OIL DEAL", Tehran, 2009/01/14) reported that Iran and PRC have signed a \$1.76 billion deal here for the development of an oil field in Iran, media reports said. The North Azadegan oil field, which located in Iran's western province of Khuzestan, has an estimated

reserve of six billion barrels of oil and can produce 75,000 barrels per day for 25 years, Nozari was quoted as saying.

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## 18. Cross-Strait Relations

Agence France Press ("TAIWAN GOVT OFFICIAL, MP'S AIDE ARRESTED FOR SPYING FOR PRC", Taipei, 2009/01/14) reported that a Taiwanese government official and a legislator's aide were arrested Thursday for allegedly leaking state secrets to PRC, officials and reports said. Wang Ren-bing, a specialist in the presidential office, and Chen Ping-ren, aide to a ruling Kuomintang lawmaker, were taken into custody early Thursday on suspicion of violating national security laws, said a spokesman at Taipei district court. The United Daily News, citing unnamed sources, reported Thursday that Wang photocopied documents pertaining to the handover of power to Ma from his predecessor Chen Shui-bian as well as the presidential office organisational charts and division phone numbers.

Dow Jones ("TAIWAN POLICY MAKER EXPECTS TO SIGN FINANCIAL MOU WITH CHINA 2Q", Taipei, 2009/01/16) reported that Taiwan expects to sign a memorandum of understanding with the PRC on cross-strait supervision of banks and securities companies in the second quarter, Shin-Yuan Lai, chairwoman of the Mainland Affairs Council, said. Lai said she expects to start technical talks on the issue after the Lunar New Year holidays.

Reuters ("EMPTY SEATS SHOW GLITCHES IN CHINA-TAIWAN FLIGHTS", Taipei, 2009/01/16) reported that planes are flying with many empty seats a month after daily direct flights began between political rivals Taiwan and the PRC, and travel officials are urging that some of the restrictions in the landmark deal be loosened. But restrictions on destinations and rowdy receptions to visiting PRC envoys to Taiwan amid deepening financial gloom have thrown turbulence around the historic air links. Flights are filling to only 71 percent of capacity, while PRC tourism arrivals reached only 10 percent of projections last month, the Taiwan government said.

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## 19. PRC Government

Bloomberg (James Peng, "PRC VOWS TO FIGHT CORRUPTION TO 'ENSURE STABILITY' ", 2009/01/15) reported that PRC's ruling Communist Party vowed to intensify probes into corruption in 2009 as it moves to cement the trust of the people and avoid social unrest. "No corrupt official should be able to escape punishment under the law," the party said yesterday, the official Xinhua News Agency reported. An anti-corruption system will be built to target prevention and punishment in order to "gain trust from the public and ensure stability and development." The crackdown will focus on cases involving food and work safety, environmental protection, land utilization, oil prices and the use of government special funds, the party said in a communiqué after a three-day session of the Central Commission for Discipline Inspection.

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## 20. PRC Public Health

Asia Times Online (Alexander Casella , "RURAL PRC MISSES 'BAREFOOT DOCTORS'", 2009/01/15) reported that although PRC's "barefoot doctors" scheme relied on primitive supplies and under-trained doctors, it was an iconic institution during the troubled times of the Cultural Revolution. The rural health system started to collapse in the late 1970s and early 1980s as a result of PRC's economic liberalization and the privatization of agriculture. Local medical facilities that had been financed collectively by the communes lost their source of income and had to close down. This in turn led to a collapse of primary healthcare and inoculation facilities and the result was that many diseases that had been eradicated re-emerged in the countryside. Primary care, even in the cities, is now almost non-existent and with no independent doctors or neighborhood clinics, people have to go to hospitals even for simple healthcare needs. With hospitals told to finance their own costs and 79% of the population having no health insurance, with the result that many simply cannot afford any healthcare at all.

McClatchy Newspapers (Tim Johnson, "RABIES 'EXPLODES' IN PRC", 2009/01/14) reported that there's an "explosion" of rabies in PRC . That determination is from the U.S. Centers for Diseases Control and Prevention, and anybody traveling in rural PRC, particularly in the south, should take heed. In 1996, PRC tallied 159 human rabies cases. By 2006, the number had soared to 3,279.

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## II. PRC Report

### 21. PRC Civil Society

Xinhua Net (Deng Ninghua, "JIANGSU FOUNDATIONS SPEND 0.45 BILLION YUAN ON PUBLIC WELFARE 2008", 2009/01/16) reported that according to Jiangsu provincial Office of Civil Affairs, as at the end of 2008, the number of foundations in Jiangsu province reaches 208, among which 94 are public and 114 are private. The total expenditure of these 208 foundations in 2008 is about 0.45 billion yuan. In recent years, the cultivation of foundations in Jiangsu province has made remarkable achievements. The number of foundations has grown from a national NO.5 to No.1.

Xinhua Net (Cui Jing, "SIMLE TRAIN FOUNDATION PLANS TO HELP CHINA ELIMINATE CLEFT LIP AND PALATE IN FIVE YEARS", 2009/01/14) reported that the global biggest Foundation for cleft lip and palate - Smile Train Foundation in the U.S.A announced in Beijing January 14 that it would raise money to carry out charitable repair projects for cleft lip and palate in five years, to help the PRC become the world's first developing country who has no untreated cleft lip and palate patients. Since 1999 when the Foundation came in the PRC, it has operated freely on 16,000 cleft lip and palate patients, and also provided free and professional training to PRC medical workers.

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### 22. PRC Industrial Associations



Guangming Daily (Wang Xiaoying, Wei Yueheng, "HAIKOU CITY GIVES DELEGATES POWER TO INDUSTRIAL ASSOCIATIONS", 2009/01/14) reported that Haikou Municipal Government recently decided to transform governmental functions and allocated some social resources to social organizations, to better play the role of social organizations in social public affairs. The functions of industrial management and coordination, social affairs management, technical service and market supervision will be given to industrial associations by way of commission and authorization.

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