

# NAPSNet Daily Report 17 March, 2010

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## **I. NAPSNet**

### **1. Hijacking of DPRK Vessel**

The Associated Press ("SOMALI PIRATES FREE NORTH KOREAN CHEMICAL TANKER", 2010/03/15) reported that Somali pirates freed a DPRK chemical tanker and its 28 crew after the owners delivered a ransom, the European Union Naval Force said. The MV Theresa VIII was hijacked last November, northwest of the island nation of the Seychelles. The vessel had not asked for assistance but warships were monitoring the situation, said Cmdr. John Harbour. He could not provide details on the ransom.

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### **2. Sino-DPRK Relations**

Xinhua News ("DPRK PREMIER MEETS NEW CHINESE AMBASSADOR", 2010/03/16) reported that DPRK Premier Kim Yong Il met the PRC's new ambassador, Liu Hongcai, in Pyongyang. During the meeting which was also attended by Vice-Premier Ro Tu Chol at the Mansudae Assembly Hall, the DPRK officials said they highly appreciated the relationship between the DPRK and the PRC. Kim warmly welcomed Liu, saying the DPRK and the PRC held a series of activities last year to mark the two countries' year of friendship and the bilateral relationship had witnessed constant achievements in areas of politics, economy and culture, especially in the commercial sector, from the beginning of this year.

Yonhap ("N. KOREAN LEADER LIKELY TO VISIT CHINA LATER THIS MONTH: SOURCE", Beijing, 2010/03/17) reported that DPRK leader Kim Jong-il is likely to visit the PRC later this month, a

diplomatic source said Wednesday. "Considering the schedules of top Chinese leaders, there is a high possibility of Chairman Kim visiting China sometime between March 25-30," a source said. A senior South Korean politician, who wants to visit China late this month for a meeting with Chinese President Hu Jintao, is expected to put the plan off, possibly because of Kim's trip, the source said.

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### **3. Russo-DPRK Trade Relations**

Itar-Tass ("ALTAI TO BEGIN SUPPLYING FLOUR TO NORTH KOREA", 2010/03/15) reported that the Altai Territory will supply a test batch of flour to the DPRK weighing 2,000 tons. The concern Altaiskiye Melnitsy (Altai Mills) signed a corresponding contract with the foreign trade state amalgamation of the DPRK, ITAR-TASS learnt at the enterprise on Tuesday. "Further increasing of volumes of supplies will mainly depend on the export price of flour," general director Sergei Klinov said. "The currently in force railway tariff from the Altai Territory to the border with the DPRK, about 3,600 roubles per ton, exceeds half the cost of flour in the export price structure. In such a situation, the issue of quality may become secondary for North Korea, and it will continue buying flour in China."

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

Agence France-Presse ("PRO-N.KOREAN SCHOOL MUMS RALLY IN JAPAN", 2010/03/16) reported that hundreds of mothers whose children attend pro-DPRK schools in Japan rallied, demanding that the government include them in plans to make high school tuition free. On Tuesday about 300 ethnic Korean mothers, many walking with toddlers and pushing prams, rallied in Tokyo, urging the centre-left government of Prime Minister Yukio Hatoyama not to discriminate against their children. "We must move the government to include our schools in the tuition-free programme with the power of omoni ('mothers' in Korean)," one woman shouted at the rally organised by a network of Korean mothers in Japan.

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### **5. Inter-Korean Relations**

Yonhap News ("N. KOREA NAMES TRADE EXPERT AS SECOND-HIGHEST OFFICIAL ON S. KOREA: SOURCES", 2010/03/16) reported that the DPRK has named a top trade specialist as one of its second highest officials in charge of relations with the ROK, sources said. The appointment of Ri Kwang-gun, who oversaw the communist state's foreign trade for about three years until April 2004, took place late last year, they said, when the DPRK began to open dialogue with the ROK after drawing new U.N. sanctions for its nuclear test in May.

Joongang Ilbo ("PANEL FAULTS SOUTH'S POLICIES ON NORTH", 2010/03/16) reported that the Lee Myung-bak administration and the Unification Ministry have a long way to go before they make good grades for relations with the DPRK. That, at least, was the verdict yesterday of an independent panel of experts set up to evaluate the performance of the Unification Ministry. The evaluators said the ROK government's efforts to engage the DPRK in social and cultural exchange programs and

agricultural cooperation were "inadequate" last year, and urged the ministry to keep its ears open to different opinions.

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## **6. DPRK Leadership**

Agence France-Presse ("WOES COULD SPARK N.KOREA REGIME COLLAPSE: THINK-TANK", 2010/03/16) reported that tighter international sanctions and a host of domestic problems including chronic food shortages could spark regime collapse in the DPRK, an influential think-tank says. The International Crisis Group (ICG), in a report, said the DPRK's internal problems could have unanticipated implications for regional and international security. "Kim Jong-Il's political machine requires hard currency to operate, and there are several signs that the regime is increasingly desperate to earn it," the ICG said. The DPRK "is facing several domestic problems that in isolation would each be manageable but together could threaten regime survival," said Daniel Pinkston, the group's northeast Asia deputy project director.

Associated Press ("REPORT: NKOREAN LEADER MAY NOT SURVIVE PAST 2013", Seoul, 2010/03/17) reported that Assistant U.S. Secretary of State Kurt Campbell told U.S. Ambassador Kathleen Stephens, an ROK lawmaker and activists in a closed-door session that he doubted Kim Jong-il would live beyond 2013, Chosun Ilbo said. Campbell based his estimate on medical information, the report said, citing unidentified sources. U.S. Embassy spokesman Aaron Tarver said he had no details. Park Sun-young, an opposition lawmaker who attended the Feb. 3 meeting, said Wednesday that she had no comment.

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## **7. DPRK Economy**

Global Times ("KIM KEEPS \$4B EMERGENCY FUND IN EUROPEAN BANKS", 2010/03/16) reported that DPRK leader Kim Jong-il has a \$4 billion "emergency fund" hidden in secret accounts in European banks, in case of US, ROK invasion. ROK intelligence officials told The Daily Telegraph that much of the money was held in Swiss banks until authorities there began to tighten regulations on money laundering. A spokesman for the Luxembourg government said that it was obliged to investigate all transactions involving the DPRK. "The problem is that they do not have 'North Korea' written all over them," he added.

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## **8. DPRK Human Rights**

VOA News ("UN: N.KOREANS LIVE IN PERVASIVE 'STATE OF FEAR'", 2010/03/16) reported that the United Nations special investigator for human rights in the DPRK says the country's government has created a pervasive "State of Fear," which strips the population of all rights and freedoms. The investigator, whose mandate ends in June, has just submitted a report to the UN Human Rights Council, which takes stock of the situation in the DPRK during the past six years. "Such as public executions, such as all kinds of malpractices in prison against women, asylum seekers, collective punishment, torture, etc. of which there are many, many reports," said Vitit Muntarbhorn.

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## **9. ROK Nuclear Reprocessing**

Korea Herald ("ATOMIC ACCORD CRUCIAL FOR BILATERAL TIES", 2010/03/16) reported that revision of a 1974 nuclear energy agreement between the ROK and the US is expected to be a crucial task in the further development of the two countries' alliance as Seoul explores ways to reuse its mounting nuclear waste. A key point of the upcoming talks between the two countries would be whether to adopt Korea's pyroprocessing technology for reprocessing spent nuclear fuel that does not produce plutonium, the main ingredient for nuclear bombs. "Working-level talks with Washington are underway on conducting a feasibility study on pyroprocessing," said Cho Hyun, deputy minister for multilateral and global affairs. The ROK's storage space for spent nuclear fuel is reaching its limit. Some 10,000 tons of spent rods from nuclear plants in Gori, Wolseong, Yeonggwang and Uljin have been stored in temporary water tanks, and the amount of waste is increasing by some 700 tons each year. Experts say there will be no room for storage left by 2016.

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

Korea Herald ("TRANSFER OF OPCON LINGERS AS CONCERN", 2010/03/15) reported that the scheduled transfer of wartime operational control remains a thorny issue for ROK and the United States despite both sides claiming that allied relations have never been better. Politicians here are now raising their voices that in addition to practical defense reasons, the upcoming 2012 elections in both nations pose an obstacle. "There are clauses in the transfer agreement saying that rescheduling may be possible before the last Security Consultative Meeting in 2011," said one military source on the condition of anonymity. "If there is a reason for deferring the transfer, then a reassessment would be necessary, meaning the transfer may be delayed," the source said.

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## **11. Japan-ROK Territorial Dispute**

Yonhap News ("LIGHT AIRCRAFT FIELD CONSIDERED FOR EAST SEA ISLAND", 2010/03/16) reported that the government is considering building a light plane airstrip on Ulleung Island to facilitate tourism to the remote island and the nearby Dokdo islets in the East Sea, officials said. According to the government of North Gyeongsang Province, the finance ministry has recently given the green light to a feasibility study for a landing field on Ulleung Island.

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## **12. USFJ Base Relocation**

Kyodo News ("HATOYAMA DENIES REPORT ON FUTEMMA RELOCATION TO TOKUNOSHIMA ISLAND", Tokyo, 2010/03/16) reported that Prime Minister Yukio Hatoyama denied a report that he has instructed the Defense Ministry and other government entities to study a plan to relocate the US Marine Corps' Futenma Air Station in Okinawa to Tokunoshima Island in nearby Kagoshima

Prefecture. "The report does not go beyond speculation and is not true," the premier told reporters in reference to an article carried by the Sankei Shimbun daily in its Tuesday morning edition. "We have not yet reached a final decision on where" to move the heliport functions of the Futemma facility, he said.

Kyodo ("OKADA UNLIKELY TO PRESENT CLINTON JAPAN'S PLAN ON FUTEMNA: HIRANO", Tokyo, 2010/03/17) reported that Japanese Foreign Minister Katsuya Okada is unlikely to present his U.S. counterpart Hillary Clinton with Tokyo's proposal for relocating a U.S. Marine base in Okinawa when the two meet later this month, the chief Cabinet secretary said Wednesday. 'In my understanding, I don't think a government plan that will serve as the basis (for negotiations) will have been formed by then,' Hirofumi Hirano said at a news conference. "He might explain developments, but I don't think he will present a proposal."

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## 13. US-Japan Relations

Reuters ("U.S. ENVOY'S VISIT NOT CANCELLED OVER BASE ROW: JAPAN PM", 2010/03/16) reported that Japanese Prime Minister Yukio Hatoyama denied that an expected visit by a senior US envoy had been canceled because of a row over the relocation of a Marine base. US Deputy Secretary of State Kurt Campbell had been scheduled to visit Japan this week, but the stop-off was canceled, with US officials blaming a change in his travel schedule. "The reason Mr. Campbell could not come is completely different," Hatoyama told reporters, when asked whether there was a connection with the months-long feud over the relocation of the Futenma Marine base on the island of Okinawa. "I can't necessarily give you the reason, but it is completely different," he added.

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## 14. Japan Politics

The Asahi Shimbun ("HATOYAMA'S APPROVAL RATE DIVES TO 32%", 2010/03/16) reported that horrible and getting worse best describes public opinion of the performance of Prime Minister Yukio Hatoyama and his administration, with 32 percent of voters saying they support the government, down 5 points from last month, according to an Asahi Shimbun survey conducted over the weekend. Those who said they did not support the Hatoyama government rose 1 point from the previous poll conducted Feb. 20 and 21 to 47 percent. Asked if the recent string of political fund mismanagement cases that have hit Hatoyama's Democratic Party of Japan would affect their votes in the Upper House election this summer, 56 percent of respondents said they would "greatly" affect their decision.

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## 15. Japan Climate Change

Japan for Sustainability ("JAPAN LAUNCHES NEW NATIONAL CAMPAIGN TO STOP GLOBAL WARMING", 2010/03/16) reported that a nationwide promotional campaign to curb global warming, called "Challenge 25 Campaign," was officially launched on January 14, 2010, at the Prime Minister's official residence. As a make-over of the previous "Team Minus 6%" campaign, this initiative aims to

reduce greenhouse gas emissions by 25 percent compared to 1990 levels by 2020. The campaign widely encourages efforts to reduce carbon dioxide (CO<sub>2</sub>) emissions by suggesting specific measures that can be implemented at the office and home.

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

Washington Post (John Pomfret, "NEWLY POWERFUL CHINA DEFIES WESTERN NATIONS WITH REMARKS, POLICIES", 2010/03/16) reported that the PRC's government has embraced an increasingly anti-Western tone in recent months and is adopting policies across a wide spectrum that reflect a heightened fear of foreign influence. The PRC's shift is occurring throughout society, and is reflected in government policy and in a new attitude toward the West. The shift does not bode well for US-PRC relations. The Obama administration entered office with an ambitious PRC agenda comprising plans to cooperate on climate change, curbing the nuclear ambitions of Iran and the DPRK, and stabilizing the global financial system. In the PRC, those plans are generally viewed by the party leadership as a trap to overextend and weaken the country, according to a PRC official who spoke on the condition of anonymity.

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## **17. Sino-Australian Relations**

Agence France-Presse ("AUSTRALIA SAYS CHINA TIES 'BACK ON TRACK'", Sydney, 2010/03/16) reported that relations with the PRC are "back on track", Australia said, adding it was optimistic Beijing would behave as a "responsible stakeholder" in global harmony as its power grew. Foreign Minister Stephen Smith said ties would be tested "from time to time, owing to our different political systems, histories and societies," and problems would arise "whether Australia or China both like it or not." "The fact that bilateral relations are now seen to be back on track indicates that both sides have been and are committed to dealing with difficult issues in a straightforward and constructive way," Smith said.

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## **18. Sino-Indian Territorial Dispute**

Xinhua News ("CHINA UNDERSCORES GOOD-NEIGHBOR TIES WITH INDIA DESPITE UNSOLVED BORDER ", 2010/03/16) reported that the PRC reaffirmed its commitment to developing a good-neighbor relationship with India and urged joint efforts to solve the border issue. "We would like to work with India to make a stronger relationship, becoming good neighbors, good friends and good partners forever," PRC Foreign Ministry spokesman Qin Gang told a regular briefing. Saying both countries are major developing nations and neighbors, Qin said it was in the fundamental interests of both nations and the world generally to beef up good-neighbor friendship and cooperation between the PRC and India.

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## 19. Cross-Strait Relations

Agence France-Presse ("TAIWAN NEEDS CHINA TRADE PACT TO SURVIVE: PRESIDENT", 2010/03/15) reported that Taiwan President Ma Ying-jeou defended a proposed controversial trade agreement with the PRC, saying the self-ruled island faced isolation without it. Taiwan's PRC-friendly administration hopes the pact, the Economic Cooperation Framework Agreement, could spur growth and boost employment by easing barriers. "Without the agreement, Taiwan, already politically isolated in the international community, would be isolated economically," Ma said.

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## 20. PRC Military

Xinhua News ("CHINESE PRESIDENT CALLS FOR REINFORCED ARMY BUILDING", 2010/03/16) reported that PRC President Hu Jintao called on the armed forces to strengthen ideological and political development to provide mighty support for safeguarding the PRC's sovereignty, national security and development interests. The People's Liberation Army (PLA) and the armed police shall also promote modernization, and make more contributions to the nation's social and economic development as well as stability, he said. "Ideological and political development is of paramount importance in all work of the army," he said.

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## 21. PRC Energy Supply

BBC News ("CHINESE OIL FIRM BUYING 50% STAKE IN ARGENTINE GROUP", 2010/03/16) reported that China National Offshore Oil Corporation (CNOOC) is paying \$3.1bn for a 50% stake in Argentine oil and gas group Bidas Corporation. CNOOC president Yang Hua said Bidas was "a very good beachhead for us to enter Latin America". "The deal is attractive for CNOOC in the sense that it's going to be strongly accretive in terms of reserves and adds to production in the near term," according to Neil Beveridge, senior oil analyst, Sanford Bernstein.

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## 22. PRC Environment

Washington Post (Steven Mufson, "AS ECONOMY BOOMS, CHINA FACES MAJOR WATER SHORTAGE", 2010/03/16) reported that a decade ago, the PRC's leaders gave the go-ahead to a colossal plan to bring more than 8 trillion gallons of water a year from the rivers of central PRC to the country's arid north. The project would have erected towering dams, built hundreds of miles of pipelines and tunnels, and created vast reservoirs with a price tag three times that of the giant Three Gorges Dam. But the plan's biggest section, which was supposed to break ground this year, has run aground after a group of academics and experts voiced alarm about costs, environmental damage and earthquake dangers. Though a rare victory for ordinary citizens, the halting of that part of the project leaves behind water shortages that could cause the entire PRC economy to founder.

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## II. PRC Report

### 23. PRC Environment

Xinhua News ("SHANGHAI EXPO WILL BE LOW-CARBON, HIGH-TECH EVENT", 2010/03/16) reported that the PRC's Minister of Science and Technology Wan Gang said a lot of new and high technologies will be applied to the Shanghai World Expo, which is designed to highlight the theme of "Better City, Better Life" with the latest technologies. Clean energy will be used to supply electricity for the six-month exposition beginning May 1, said the minister at a press conference.

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### 24. Cross-Strait Relations

Xinhua News ("SEF CHIEF TO VISIT TAIWAN BUSINESSES ON MAINLAND", 2010/03/16) reported that a delegation led by the chairman of Taiwan's Straits Exchange Foundation (SEF), will visit Taiwan businesses on the mainland late this month. The delegation will also tour some local businesses in a bid to build a bridge for exchange and cooperation between Taiwan and mainland businesses.

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