

## NAPSNet Daily Report 18 March, 2010

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#### I. NAPSNet

#### 1. DPRK-US Relations

Yonhap News ("SCHOLAR: NO ALTERNATIVE TO STALLED SIX-PARTY TALKS", 2010/03/18) reported that the DPRK's nuclear ambitions have nearly stalemated the United States, with no viable alternatives to the stalled six-party talks in sight, a scholar said. "There is an increasing pessimism about the prospect of diplomacy as a viable vehicle for denuclearization," Scott Snyder, director of the Center for U.S.-Korea Policy at the Asia Foundation, said on the Web site of the Council on Foreign Relations. "But there's also ... not much support for alternatives. That's the core dilemma. Alternatives to diplomacy are hard to muster, and yet hope for diplomacy to be successful is quite limited."

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### 2. DPRK Missile Program

Reuters ("NORTH KOREA HAS 1, 000 MISSILES, SOUTH SAYS", 2010/03/17) reported that the DPRK has increased its missile arsenal by 25 percent in the past two years to about 1,000, expanding the threat the state poses to the region, the ROK's defense chief said Wednesday. Pyongyang's arsenal includes intermediate-range missiles that can hit targets at up to 3,000 km (1,860 miles) away, Yonhap news agency quoted Kim Tae-young as telling a forum of business leaders. The ROK's last estimate of the DPRK's missile stockpile was 800 done in 2008, Yonhap said.

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#### 3. DPRK Food Security

Bloomberg (Bill Varner, "NORTH KOREA'S CURRENCY REVALUATION LED TO FOOD CRISIS, UN SAYS", 2010/03/17) reported that the DPRK government's revaluation of its currency last year caused severe inflation and, combined with a poor harvest, produced "widespread suffering," a United Nations human rights analyst said. The 2009 harvest, hindered by lack of fertilizer and fuel, a drought, and declining soil fertility, yielded a cereal shortfall of 836,000 tons, Vitit Muntabhorn said. The DPRK's leaders should "rectify the distorted pattern of food distribution" and cooperate with UN agencies trying to deliver aid, Muntabhorn said. The government should also "allow people to undertake economic activities to satisfy their basic needs and supplement their livelihood without state interference," he said.

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### 4. DPRK Demographics

Hankyoreh ("NORTH KOREA CENSUS 2008: CENSUS DATA GIVES CONCRETE PICTURE OF N.KOREAN LIVING ENVIRONMENT", 2010/03/17) reported that the result of the DPRK's 2008 population census, carried out with assistance from the United Nations Population Fund (UNFPA), however, gives a concrete picture of lthe iving environment of the average DPRK resident. The average DPRK citizen lives in a row house or detached house slightly over 20 pyeong in area with two rooms and a bathroom and uses coal or wood for fuel. According to the 2008 census, there are 5,887,471 households in the DPRK. By housing type, 2,534,435 households (43 percent) live in row houses, while 1,988,415 (34 percent) live in detached houses and 1,264,435 (21 percent) live in apartments.

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#### 5. DPRK Internal Situation

Chosun Ilbo ("N.KOREANS 'FILLED WITH NOSTALGIA FOR KIM IL-SUNG' ", 2010/03/17) reported that DPRK citizens are feeling nostalgic for the days of nation founder Kim Il-sung at a time of economic hardship in the wake of a disastrous currency reform, NGO Good Friends said. According to Good Friends, DPRK citizens miss the high economic growth rates and comparatively good life of the 1960s and 70s, for which they credit Kim senior. In those days the government in true Stakhanovite fashion gave innovative workers political rewards such as hero titles and national prizes as well as cash rewards, boosting their self-esteem and stimulating their enthusiasm for work. The "military first" ideology and concomitant pouring of massive resources into defense is widely unpopular, Good Friends claimed. "Public sentiment has deteriorated because the government has spent little on, and paid little attention to, ordinary people's livelihoods for a long time," it added.

Associated Press ("REPORT: NORTH KOREAN EXECUTED OVER CURRENCY REFORM", Seoul, 2010/03/18) reported that Pak Nam Gi, the ruling Workers' Party finance and planning department chief who spearheaded the currency reform, was executed by a firing squad in Pyongyang last week, Yonhap news agency reported, citing unidentified sources. Pak was accused of ruining the nation's economy in a blunder that also damaged public opinion and had a negative impact on leader Kim Jong-il's plan to hand power over to his youngest son, Yonhap said.

### 6. DPRK Economy

Institute for Far Eastern Studies ("DPRK REVISES LAW ON RASON ZONE AND ENACTS LAW ON COAL TO ATTRACT FOREIGN INVESTMENT", 2010/03/17) reported that following the DPRK's decision to raise the status of the Rajin-Sonbong region to the 'Rason Special City', it has revised the 'Law on the Rajin-Sonbong Trade Zone', considerably boosting the likelihood that the region will attract the foreign investment necessary to develop the free trade zone, as the revised law further protects investor activities in Rason. The Rajin-Sonbong region was designated a 'Free Economic and Trade Zone' in 1991, but had very little economic impact. With the revision of the law on Rason, DPRK authorities are again focusing their attention on the region, with the goal of 'opening the door to a strong and prosperous nation' by 2012.

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#### 7. Inter-Korean Trade Relations

Yonhap News ("INTER-KOREAN TRADE JUMPS 52 PERCENT IN FEB.", 2010/03/17) reported that trade between the ROK and the DPRK rose sharply last month on the back of an economic turnaround, a government report showed Wednesday. Inter-Korean trade soared 52.1 percent from a year ago to US\$153.49 million in February, according to the report by the Korea Customs Service. The ROK's outbound shipments came to \$77.14 million while its imports from the communist country amounted to \$76.35 million for the ROK's trade surplus with the DPRK reaching \$792,000, the report said.

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#### 8. Sino-ROK Relations

EarthTimes ("SEOUL'S QUICK APPROVAL ON CHINESE ENVOY TIGHTENS DIPLOMATIC KNOT", Seoul, 2010/03/17) reported that the ROK government on Wednesday speedily approved Zhang Xinsen as the PRC's new ambassador to Seoul amid signs of improving relations between the two countries. Seoul's approval of the new PRC envoy, a process that usually takes about a month, came 11 days after local media reported that Beijing had nominated Zhang for the post. In addition, Zhang, a top diplomat at the PRC's Foreign Ministry, has a higher rank than ambassadors the PRC has previously sent to the ROK. Beijing had earlier been dispatching higher-level diplomats to its ally and fellow communist country the DPRK while sending lower-ranking envoys to Seoul.

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#### 9. ROK-US Defense Relations

Asahi Shimbun ("S. KOREA SOUGHT IN MISSILE DEFENSE", 2010/03/17) reported that the United States has asked the ROK to put a regional defense system against ballistic missiles on the agenda for regular security talks between the two countries, sources in Seoul said. Such talks could lead to the ROK's participation in the U.S. ballistic missile defense (BMD) system, prompting Japan to

change its own security policies. Some in the ROK say the government of President Lee Myung-bak, which places importance on the U.S. alliance, may participate on an experimental basis in joint studies on technologies and other issues.

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#### 10. ROK-Russia Relations

Spero News ("RUSSIA - SOUTH KOREA RUSSIAN RACISM AGAINST YOUNG KOREANS", 2010/03/17) reported that the ROK Embassy called on Russian authorities to protect the 2,000 ROK citizens studying in Russia. Too often, they are beaten, some even killed. Russian Prime Minister Putin calls the situation "tragic". The usual targets are people from the Caucasus, Tajikistan or Africa; but increasingly, young ROK students studying in Russia in exchange programmes are the victims of the same racist violence.

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#### 11. ROK-Japan Relations

Yonhap ("JAPAN SAYS NO INDIVIDUAL REPARATIONS TO KOREAN VICTIMS OF COLONIAL RULE", Tokyo, 2010/03/18) reported that Japan's foreign ministry said Thursday there won't be any individual reparations to victims of the country's colonial rule of Korea. Japan's foreign ministry insisted Thursday in response to questions from Yonhap News that the 1965 peace treaty with the ROK put a final end to all compensation issues "completely" and that claims of individual compensation will be rejected even if lawsuits are filed.

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#### 12. USFJ Base Relocation

Yomiuri Shimbun ("GOVT TO OFFER 2 FUTENMA ALTERNATIVES", 2010/03/17) reported that the government has decided to propose to the United States two plans to relocate the U.S. Marine Corps' Futenma Air Station within Okinawa Prefecture, hoping that the final choice will be one of the two options, several government sources said Wednesday. One alternative would involve building a short runway or a 1,500-meter runway in Camp Schwab spanning Nago and Ginozason, while the other would be the reclamation of an ocean area off a U.S. Navy facility at White Beach in Uruma, the sources said. At the earliest, the government will officially convey the two alternatives at a meeting between Foreign Minister Katsuya Okada and U.S. Secretary of State Hillary Clinton scheduled for later this month, they said. With either plan, however, the administration of Prime Minister Yukio Hatoyama likely will disappoint the people of Okinawa Prefecture as the Futenma base functions would remain within the prefecture.

Kyodo News ("RELOCATING FUTEMMA TO AREA OFF URUMA 'EXTREMELY DIFFICULT': NAKAIMA", 2010/03/17) reported that Okinawa Gov. Hirokazu Nakaima said Wednesday it would be "extremely difficult" to go ahead with an idea to relocate the U.S. Marine Corps' Futemma Air Station in Ginowan to an area to be reclaimed off a U.S. Navy facility at White Beach in Uruma. "There have been discussions on such a plan in the past, and I think it is an extremely difficult plan because we need to gain understanding, cooperation and consent from local fishermen," Nakaima

said. Nakaima also expressed opposition to another option to build a 1,500-meter runway overland at the Marines' Camp Schwab in Nago, saying, "The sea will die" if the plan goes through due to red soil runoff the construction work will likely cause.

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### 13. Japan-US Security Alliance

Jiji Press ("JAPAN COULD HOST U.S. NUKES IN CRISIS, FOREIGN MINISTER SAYS", 2010/03/17) reported that Japanese Foreign Minister Katsuya Okada said today it was possible that U.S. nuclear weapons could be brought into his country's territory in the event of a security crisis, Kyodo News reported "In a case in which Japan's security cannot be protected unless we accept temporary port calls by U.S. ships carrying nuclear weapons, the government at that time would make a decision even if it may affect its political fortunes," Okada told lawmakers. He reaffirmed, though, Tokyo's long-established principles banning the production, presence and possession of nuclear weapons in Japan.

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### 14. Japan-US Security Relations

Agence France Presse ("US FORCES SUSPECTED IN NEW HIT-AND-RUN IN JAPAN", Tokyo, 2010/03/17) reported that the latest hit-and-run accident involving US troops in Japan has sparked anger on an island that has become a flashpoint in a row over the American troop presence in the country. In the second such crash on the southern island of Okinawa in five months, a US military Humvee slammed into a passenger car near a US base late on Tuesday, leaving two children with minor injuries, before the driver allegedly sped off. "The accident is very regrettable," said Japan's top government spokesman Hirofumi Hirano about the crash. Nago mayor Susumu Inamine said: "We will certainly protest if it emerges the US military was involved," according to Okinawa's Ryukyu Shimpo daily.

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### 15. Japan Self-Defense Force

Kyodo News ("HATOYAMA NOT TO REVIEW WEAPONS USE RULE IN U.N. PEACEKEEPING OPS", 2010/03/17) reported that Prime Minister Yukio Hatoyama said Wednesday that he has no intention of reviewing the country's restrictions on weapons use for the Self-Defense Forces deployed on U.N. peacekeeping operations abroad. One of the country's five principles associated with a law enabling the deployment of the SDF and others for U.N. peacekeeping activities says use of weapons must be kept to the minimum necessary to protect the lives of those deployed. Hatoyama noted the need for the government to consider reviewing the rule "if necessary," but told reporters, "At this point, I personally have no intention of changing the stance." "I have been saying that as long as force is not used at its own discretion or that of other countries and (the SDF is engaged in) peacekeeping operations approved by the United Nations, we may change the degree to which weapons can be used," he said at a news conference.

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## 16. Japan Government

Mainichi ("NEW FOREIGN MINISTRY DIVISION TO CONTROL DIPLOMATIC PAPER RELEASE AFTER SECRET PACT SCANDAL", 2010/03/17) reported that a new Foreign Ministry department to manage and publicly release ministry documents and headed by Foreign Minister Katsuya Okada held its inaugural meeting. The formation of the new department comes as the ministry continues its investigation into a number of secret agreements concluded with the United States during the Cold War, and was created in line with recommendations by an expert committee studying the secret pacts. Okada revealed that he is preparing a ministerial order for around June stating that as a general rule Foreign Ministry documents will be made public after 30 years, and that the ministry's political leadership, not bureaucrats, will be tasked with judging what will be disclosed. Furthermore, a permanent committee of experts and senior ministry bureaucrats for releasing diplomatic documents will be created.

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### 17. Japan Politics

Kyodo News ("HATOYAMA SAYS AGREEING ON LOCAL SUFFRAGE BILL HARD, BUT NOT GIVING UP", 2010/03/17) reported that Prime Minister Yukio Hatoyama said Wednesday he has found it tough to build a consensus within the ruling coalition to submit a bill during the ongoing Diet session to grant local suffrage to permanent foreign residents, but added he has not given up on the matter. "I understand that we are in a severe climate even within the ruling coalition over whether to submit the bill," Hatoyama told reporters in the evening. Hatoyama's ruling Democratic Party of Japan is eager to submit the bill to enable permanent foreign residents, many of whom are of Korean descent, to vote in elections to pick heads of local governments and assembly members, and so is the Social Democratic Party, one of the DPJ's two coalition partners.

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### 18. Japan on Climate Talks

Bloomberg (Alex Morales and Jeremy van Loon, "GLOBAL CARBON-EMISSIONS ACCORD UNLIKELY IN 2010, JAPAN, EU SAY", 2010/03/17) reported that a global accord to limit emissions is unlikely in 2010 and officials shouldn't raise expectations for a deal, Japanese and European Union delegates said. "We will not likely have in Cancun a comprehensive legal agreement," Jos Delbeke, director-general of climate action for the European Commission said. "We shouldn't raise too high the expectations for Cancun," said Japan's Kunihiko Shimada, principal international negotiator at the Japanese Ministry of the Environment.

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### 19. US on PRC Human Rights

Agence France Presse ("US HOUSE PRESSES CHINA ON FALUNGONG", 2010/03/17) reported that the US House of Representatives urged the PRC to end its "persecution" of the Falungong and rejected Beijing's charge that the banned spiritual movement is an "evil cult." In a nearly unanimous

vote, the House called on the PRC to free thousands of practitioners who are said to be imprisoned and to abolish an office tasked with fighting the Falungong. The House expressed "sympathy to Falungong practitioners and their family members who have suffered persecution, intimidation, imprisonment, torture and even death for the past decade solely because of adherence to their personal beliefs."

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### 20. Sino-US Trade Relations

Reuters ("CHINA DIGS IN HEELS ON YUAN AS U.S. RAISES PRESSURE", 2010/03/17) reported that the PRC said on Wednesday it "could not be any clearer" in its repeated commitment to a stable exchange rate after the U.S. Congress threatened to levy duties on some PRC exports unless it revalues its currency. The temperature in the long-running dispute over the PRC's exchange rate regime is rising quickly, with a bipartisan bill introduced on Tuesday in the U.S. Senate that aims to get Beijing to let the yuan rise. Focusing on the yuan will not help to solve problems in the Sino-U.S. bilateral trade relationship, a PRC Commerce Ministry official told Reuters. "The yuan's exchange rate is not a magic potion for solving global economic imbalances."

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#### 21. Sino-Australia Relations

Agence France Presse ("RIO TINTO STAFF FACE TRIAL IN CHINA ON MONDAY", 2010/03/17) reported that an Australian executive faces trial in the PRC next week in a case that has badly strained relations, the government in Canberra and a PRC lawyer involved in the case said Wednesday. Rio Tinto executive Stern Hu, an Australian passport holder, and three PRC employees of the Anglo-Australian mining giant will go on trial in Shanghai on Monday, they said. Australia said it was pleased the case was moving to trial, eight months after the four were arrested in Shanghai. Australia said consular officials would attend sessions of the trial relating to the receiving of bribes and that Canberra had asked that the PRC reconsider a ban on attending closed proceedings on the trade secrets charge. "Australian officials have asked for this to be reconsidered."

Agence France-Presse (Talek Harris, "AUSTRALIA WARNS CHINA 'WORLD WATCHING' RIO CASE", Sydney, 2010/03/18) reported that Australian Prime Minister Kevin Rudd on Thursday warned the PRC the "world will be watching" the trial of a Rio Tinto mining executive. "It will not and should not be politicised," PRC foreign ministry spokesman Qin Gang said of the trial. He told reporters in Beijing the case "should not have a negative impact on China-Australia relations."

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#### 22. PRC Environment

Agence France Presse ("CHINA DROUGHT LEAVES MILLIONS SHORT OF WATER", 2010/03/17) reported that millions of people face drinking water shortages in southwestern PRC because of a once-a-century drought that has dried up rivers and threatens vast farmlands, state media reported Wednesday. The drought has gripped huge areas of Guizhou, Yunnan, and Sichuan provinces, the Guangxi region, and the mega-city of Chongqing for months, with rainfall 60 percent below normal

since September, the Global Times said. Guizhou province has been particularly hard-hit, with 86 out of its 88 cities within the drought zone and more than 17 million people short of drinking water, the report said. Meteorologists have predicted the situation could worsen in coming months as hot and dry weather was expected to continue and water demand rises as farmers turn soon to their spring planting.

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#### 23. Cross-Strait Relations

Central News Agency ("SECURITY BUREAU PUSHES FOR TALKS ON RELEASE OF TAIWAN AGENTS IN CHINA", 2010/03/17) reported that the Straits Exchange Foundation (SEF) will conduct negotiations with its mainland counterpart on the release of Taiwanese intelligence agents imprisoned in the PRC, if it receives authorization from the government to do so, an SEF official said Wednesday. SEF Deputy Secretary General Ma Shao-chang was responding to a request by National Security Bureau chief Tsai Teh-sheng. Tsai suggested that with the easing of cross-Taiwan Strait relations, the two sides could negotiate on the release of intelligence agents, through the SEF and the PRC's Association for Relations Across the Taiwan Straits (ARATS).

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#### II. PRC Report

### 24. PRC Civil Society

Xinhua Net ("QINGDAO LAUNCHES CHARITY FUND WITH PERSONAL TITLE SPONSORSHIP,", 2010/03/17) reported that Qingdao Charity Federation has launched a new kind of fund which permits individuals or families to have a fund named after them with a minimum donation amount of 10,000 RMB. The Federation hopes this kind of fund may build a charity platform for more people and raise more funds for charity.

Xinhua Net ("ZHANG ZIYI RESPONSES TO CHARITY FRAUD EVENT", 2010/03/17) reported that Zhang Ziyi, the internationally-celebrated PRC actress - for the first time - answered some 100 questions to the media yesterday, most of which involved details about the money she gave to charity or collected for her own foundation. She admitted her mistakes of lacking of charity experience, but denied she has participated in charity fraud or other illegal behavior.

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