

# NAPSNet Daily Report 19 May, 2009

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**MARKTWO** 

#### I. NAPSNet

#### 1. US on DPRK Nuclear Talks

Bloomberg News ("CLINTON SAYS NORTH KOREA WON'T GET CONCESSIONS TO RESUME TALKS", 2009/05/15) reported that U.S. Secretary of State Hillary Clinton called on the DPRK to abide by its commitments to disarm. "The ball is in the North Korean court," Clinton told reporters. "We are not concerned about chasing after North Korea, about offering concessions to North Korea." Clinton said members of the six-party forum were "united in our belief that we have to be patient" and intend to "have an open door for a return" to the six-party talks.

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#### 2. US on DPRK Missile Program

Chosun Ilbo ("U.S. POSITIONS INTERCEPTORS FOR N.KOREAN MISSILES", 2009/05/18) reported that the head of the Pentagon says that the US has 30 ground-based interceptors in place targeting potential missiles from the DPRK. US Secretary of Defense Robert Gates said at a Senate hearing of the interceptors that the "system really is only capable against North Korea, and that 30 interceptors in fact provide a strong defense against Pyongyang."

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#### 3. US-DPRK Relations

United Press International ("NUKE TALKS HANG ON JOURNALISTS' FREEDOM", 2009/05/17) reported that the DPRK must release two journalists before a U.S. envoy visits Pyongyang to revive stalled talks on nuclear disarmament, a diplomat said. U.S. special envoy Stephen Bosworth is concerned the DPRK will use the journalists as a bargaining chip if he tries to restart nuclear talks before they are freed, an unidentified ROK diplomat told Yonhap news agency.

The Associated Press (Kelly Olsen, "BILL CLINTON: INTERNAL POLITICS DRIVE NORTH KOREA", 2009/05/18) reported that the DPRK's combative behavior is a symptom of the political turmoil inside the country, former President Bill Clinton said, urging the United States and the ROK to be careful not to overreact. Clinton called the DPRK's recent actions "disruptive conduct" related to concerns over political infighting and the health of its leader, Kim Jong Il . Clinton said that the DPRK had been "on the verge of adopting a different development model" at the end of his second term in office. He expressed confidence it is possible for the country to become a part of the international community.

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### 4. Inter-Korean Economic Cooperation

Yonhap News (Byun Duk-kun, "SEOUL CALLS FOR 'UNCONDITIONAL' TALKS WITH N. KOREA OVER KAESONG", Seoul, 2009/05/18) reported that the ROK urged the DPRK to unconditionally return to the dialogue table to discuss the fate of Kaesong. An official, speaking on condition of anonymity, said Seoul was willing to discuss the issues with the DPRK, but noted the DPRK's demands for a wage increase and land use fees will have to be reasonable. He said the DPRK must be willing to openly discuss all related agenda items, including a ROK worker detained at the complex, if they are sincere in trying to save the project.

Yonhap ("CONSERVATIVES CALL FOR PULLOUT FROM KAESONG JOINT PARK", Seoul, 2009/05/19) reported that Lee Hoi-chang, chairman of the minor opposition Liberty Forward Party, urged the ROK government to prepare to pull out from the Kaesong industrial park. "Our government should first lay out the bottom line, and in case that doesn't work with North Korea, it should be prepared to pull out," Lee said. "Only after it's prepared for a pullout should the government engage in negotiations. It should not be dragged along at North Korea's whim and must be able to lead the negotiations to protect our business interests," Lee said.

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#### 5. Inter-Korean Relations

Yonhap News ("N. KOREA'S POINTMAN ON INTER-KOREAN RELATIONS EXECUTED: SOURCES", Seoul, 2009/05/18) reported that the DPRK executed its pointman on the ROK last year, holding him responsible for wrong predictions about Seoul's new conservative government that has ditched a decade of engagement policy toward Pyongyang, sources said. Choe Sung-chol, who as vice chairman of the DPRK's Asia-Pacific Peace Committee disappeared from public sight early last year amid reports that he was fired. A number of sources privy to DPRK internal affairs told Yonhap News that Choe was executed last year to shoulder the blame for his judgments on Seoul that proved wrong.

### 6. DPRK Economy

JoongAng Ilbo ("NORTH'S TRADE HITS RECORD \$3.8 BILLION", 2009/05/18) reported that DPRK trade with the outside world, excluding the ROK, hit a record \$3.8 billion last year despite rising tensions on the Korean Peninsula. Trade jumped 29.7 percent compared with 2007, the Korea Trade-Investment Promotion Agency, a ROK trade agency, said in a report. Last year, the DPRK's exports rose 23 percent to \$1.13 billion, while imports climbed 32.7 percent to \$2.69 billion, the report said. The country still posted a trade deficit of \$1.56 billion for the year.

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#### 7. Sino-DPRK Trade Relations

Agence France-Presse ("CHINA'S ECONOMIC INFLUENCE OVER NORTH KOREA GROWS - REPORT", 2009/05/18) reported that the PRC accounted for almost three-quarters of the DPRK's total trade last year and its economic influence over the impoverished state is expected to grow still further, data showed. Trade with the PRC accounted for 73% of the total compared to just 33% in 2003. In terms of PRC trade, the DPRK exported goods worth \$750 million while imports were worth \$2.03 billion.

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### 8. DPRK Chemical Weapons

Korea Herald ("N. K DISAPPOINTMENT IN FIGHT AGAINST CHEMICAL WEAPONS: WORLD BODY", 2009/05/15) reported that the top world body on the use of chemical weapons expressed disappointment at the DPRK, which remains one of only two Asian countries that refuse to join an international treaty banning such arms. The Hague-based Organization for the Prohibition of Chemical Weapons (OPCW) also appealed to Pyongyang to sign the 1997 treaty "as a matter of urgency and without preconditions." The organization has yet to secure the right to inspect the DPRK stockpile of chemical weapons, but voiced optimism the country will eventually become a member of the CWC.

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## 9. ROK Defense

Korea Herald ("KOREA TO TIGHTEN SECURITY AGAINST CYBER ATTACKS", 2009/05/18) reported that the ROK will tighten measures against cyber attacks on its financial and economic policymaking bodies in a bid to stem the leak of valuable information, Yonhap News reported The government will set up a cyber security center earlier next year which will be in charge of monitoring any attempts by hackers to infiltrate databases of the Finance Ministry, the Bank of Korea or the National Tax Service, according to the ministry officials.

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# 10. ROK Navy

Defense Industry Daily ("ASIAN SHIFT: \$60B FOR ASIAN NAVIES OVER NEXT 5 YEARS", 2009/05/18) reported that the PRC, Japan, and the ROK are expected to lead spending. The ROK has taken steps to maintain its world-class shipbuilding and shipping capabilities despite the global downturn – capabilities that have become a national asset, translating into on-time, on-budget delivery of very advanced navy ships.

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# 11. Japan SDF Anti-Piracy Operations

Xinhua News ("JAPAN TO SEND P-3C AIRCRAFT ON ANTIPIRACY MISSION OFF SOMALIA", 2009/05/15) reported that Japanese Defense Minister Yasukazu Hamada ordered two P-3C patrol aircraft on an anti-piracy mission off Somalia. It is the first time that Japan has ordered the deployment of P-3C patrol aircraft on an overseas mission. The two antisubmarine and maritime surveillance planes will be deployed in Djibouti to provide patrols in support of the two Maritime Self-Defense Force (MSDF) destroyers escorting Japanese-related ships in the pirate-infested Gulf of Aden.

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# 12. Japan Nuclear Power

Agence France Press (Omaezaki, "PROTESTS AS NUCLEAR FUEL SHIP DOCKS IN JAPAN", 2009/05/18) reported that an armed vessel with a load of recycled nuclear fuel from France arrived amid heavy security Monday at a Japanese port where it was greeted by dozens of protesters. The Pacific Heron -- carrying a British police team to head off possible hijackers on its secretive two-month voyage -- delivered a load of mixed-oxide or MOX fuel, a blend of plutonium and reprocessed uranium. Several dozen anti-nuclear activists and concerned residents rallied at a pier of the Omaezaki fishing port as the ship docked under heavy police guard and cranes unloaded metal containers of the nuclear fuel.

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## 13. Japan Climate Change

Agence France-Presse ("JAPAN MUST SET AMBITIOUS EMISSION TARGET: DENMARK", Tokyo, 2009/05/18) reported that Japan must set an ambitious mid-term target for cutting greenhouse gas emissions to help global talks on drafting a new climate treaty, the Danish minister for climate and energy said. "Japan can make a positive push to negotiations by coming up with an ambitious target," said Connie Hedegaard, who earlier met Prime Minister Taro Aso . Japan argues that setting national targets should take into consideration that Tokyo has already improved energy-efficiency so that it is more expensive for it to slash emission further.

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# 14. Japan Politics

The Asahi Shimbun ("MINSHUTO UNDER HATOYAMA REGAINS SOME GROUND, POLL FINDS", 2009/05/18) reported that a leadership change has apparently allowed opposition Minshuto (Democratic Party of Japan) to regain much of the support it lost after a scandal over donations embroiled former President Ichiro Ozawa. According to an Asahi Shimbun survey taken over the weekend, 38 percent of voters would cast their ballots for Minshuto under the proportional representation system if a Lower House election were called today, up from 32 percent in a similar poll conducted April 18 and 19. Meanwhile, 25 percent said they would vote for the ruling Liberal Democratic Party, down from 27 percent in the previous survey.

Kyodo News ("HATOYAMA EAGER TO FACE OFF WITH ASO IN DIET DEBATE", Tokyo, 2009/05/18) reported that New Democratic Party of Japan chief Yukio Hatoyama will likely be given a chance to square off with Prime Minister Taro Aso in parliament next week in their first one-to-one debate. "I'd like to have an active debate (with Prime Minister Taro Aso)," Hatoyama said, looking ahead to the showdown. "I will pursue a form of politics in which people become the central players," Hatoyama said, noting that he will strive to bring the DPJ together to fight against the old-fashioned ruling Liberal Democratic Party and bureaucracy-oriented policymaking.

The Financial Times (Mure Dickie, "JAPAN'S OPPOSITION APPOINTS OZAWA STRATEGIST", Tokyo, 2009/05/18) reported that the new president of Japan's biggest opposition party has appointed his scandal-hit predecessor to lead its electoral strategy ahead of a general election at which it hopes to topple the long ruling Liberal Democrats. Mr Hatoyama said the DPJ still needed the services of his predecessor and veteran political heavyweight Ichiro Ozawa, who had led DPJ to "splendid showings" in Diet upper house and local elections. "When it comes to elections, he's a prodigious talent ... I want to make 100 per cent use of such a talent," Mr Hatoyama told local TV.

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#### 15. Cross Strait Relations

Bloomberg News (Lee Spears, "CHINA ADDS 5 MORE MAINLAND PORTS FOR DIRECT TAIWAN SHIPPING", 2009/05/18) reported that the PRC approved five additional ports for direct shipping with Taiwan, bringing the total to 68, the state-run Xinhua News Agency reported, citing the PRC's transportation ministry. The addition of ports Tongling, Shidao, Laizhou, Taizhou Damaiyu and Ningbo-Zhoushan were announced today at a meeting on cross-Straits direct shipping in the southern city of Xiamen. Agreement to expand shipping cooperation comes as the PRC and Taiwan prepare to hold the Straits Forum, a week-long event in the PRC aimed at strengthening business exchanges.

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#### 16. Cross Strait Relations

Agence France-Presse ("TAIWAN DPP PARTY VOWS REFERENDUM ON CHINA TRADE PACT", Taipei, 2009/05/18) reported that the leader of Taiwan's pro-independence Democratic Progressive Party, or DPP, on Monday vowed to launch a referendum in a bid to stop the signing of a major trade

pact with the PRC. "The DPP will get the endorsement of 1 million people in order to push for a referendum against the (Economic Cooperation Framework Agreement)," DPP Chairwoman Tsai Ingwen told a crowd in front of the presidential office. "It will be our best weapon to balance the government and to oppose its pro- China (stance) and protect Taiwan," she said.

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## 17. Sino-Russian Energy Trade

People's Daily Online ("CONSTRUCTION OF CHINESE SECTION OF CHINA-RUSSIA OIL PIPELINE STARTS", 2009/05/18) reported that Wang Qishan, Vice-Premier of the PRC's State Council, attended the opening ceremony of the PRC section of the PRC-Russia oil pipeline in the town of Xingan in Mohe County, Heilongjiang Province on the morning of May 18, and announced the start of construction of the pipeline. On May 18, China Central Television (CCTV) also reported on the official start of the construction of the PRC section of the PRC-Russia oil pipeline in Xingan Town of Mohe County in Heilongjiang Province.

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# 18. PRC Military

Agence France-Presse ("CHINA CRACKS DOWN ON MILITARY GRAFT, EXTRAVAGANCE", Beijing, 2009/05/18) reported that PRC President Hu Jintao has called for a crackdown on graft and extravagance in the military, kicking off a campaign to bring discipline to the world's largest army, state press said. In a recent circular he ordered the end to "prominent problems" in the military and reiterated the need to maintain a clean and honest defence force , the People's Liberation Army Daily reported. "Faced with a severe and complex ideological struggle, senior and mid-level officers must maintain staunch ideological conviction and resolutely uphold political steadfastness," the paper quoted the order as saying.

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# 19. PRC Swine Flu Issue

Bloomberg News (John Liu, "CHINA REPORTS THIRD SWINE FLU INFECTION IN BEIJING", 2009/05/18) reported that the PRC reported its third swine flu infection yesterday in an 18-year-old woman who had recently returned from studying in New York. The woman, who arrived in Beijing May 11, is currently in stable condition and her body temperature is normal, the Ministry of Health said yesterday. All the PRC's swine flu patients have been students returning from studies in North America.

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# 20. PRC Energy Supply

China Daily ("RURAL HYDROPOWER TO GET A BOOST", 2009/05/18) reported that the PRC will boost the development of small hydropower resources in rural areas with priorities given to improve

farmers' well-being, power rural economy and prevent local ecosystems from being damaged. Chen Lei, minister of water resources, called upon water authorities "to turn the country's water energy resources especially small hydropower potential into power supply to advance rural economy and improve people's living conditions in remote areas having no access to the national power grid but being rich in hydroelectric resources."

Bloomberg News (Eugene Tang and John Duce, "CHINA TO BOOST OIL REFINING UNDER STIMULUS PLAN", 2009/05/18) reported that the PRC, the world's second-biggest energy user, will increase its annual oil refining volume by 18 percent by 2011, boost fuel stockpiles and encourage petrochemical companies to merge as long-term demand rises. The measures followed the government's 4 trillion-yuan (\$586 billion) spending to boost the economy announced in November, and complement policies including preferential lending rates for oil investments overseas introduced in February. "These measures are to prepare China for when the slowdown is over and demand for oil products starts to pick up again," Simon Wong, an energy analyst at Fitch's Ratings, said by telephone from Singapore.

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# 21. Civil Society in the PRC

China Business Review (Matthew Erie, David Livdahl, Jacelyn Khoo, and Henry Li, "SETTING UP INTERNATIONAL NONPROFIT ORGANIZATIONS IN CHINA", 2009/05/15) reported that the PRC official designations warrant several observations. First, the regulations that establish popular nonenterprise work units and social organizations are now more than a decade old. They have failed to keep up with the social and economic needs of a quickly modernizing PRC in areas related to the environment, labor, natural resources, and disaster relief. Second, the 2004 regulation that allows for the establishment of foundations is the only one that mentions foreign associations. By law, only PRC nationals or entities may establish popular non-enterprise work units and social organizations.

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# 22. East Asian Energy Cooperation

Dow Jones ("ASEAN+3 CONSIDER STOCKPILING OIL AS PART OF SECURITY PLAN", Bangkok, 2009/05/18) reported that members of the Association of South East Asian Nations - as well as the PRC, ROK and Japan - are drafting an "oil stockpiling roadmap" as part of a regional energy security plan, a Thai government official said. The roadmap, to be established by 2010, will be implemented on a voluntary and non-binding basis, and will allow individual nations of Asean+3 to also negotiate bilateral agreements on oil supply security, said Weerawat Chantanakome, councilor on energy policy planning at Thailand's Ministry of Energy.

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### II. PRC Report

#### 23. PRC Public Health

Jinghua Times ("MAXIMUM PENALTY TO PUBLIC SMOKERS IN BEIJING TO BE A FINE OF 200 YUAN", 2009/05/17) reported that according to Beijing Smoking and Health Association, the city is expected to revise the Rule of Smoking in Public Places. The drafter of the revised rule plans to raise the current penalty fine from 10 yuan to a maximum of 200 yuan.

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# 24. PRC Civil Society and the Disabled

Xinhua Net (Wang Haiying, "SHANDONG CHARITY FEDERATION DONATES 400,000 YUAN ON DEAF CHILDREN TRAINING SCHOOL", 2009/05/18) reported that for the coming 19 <sup>th</sup> National Day of Disabled Persons, Shandong provincial Charity Federation has raised 400,000 yuan to improve the language training facilities of a deaf children training school in Xiajin county of Shandong province. The school has helped 560 deaf children walk out of silent world in 17 years. Now it has over 160 students coming from all around the country.

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#### 25. PRC Environment

Xinhua Net (Cai Jian, "YINCHUAN SETS UP ENVIRONMENTAL PROTECTION SCHOOL FOR CITIZENS", 2009/05/17) reported that the first environmental protection school for citizens in Yinchuan city, capital of Ningxia Autonomous Region was set up recently. Over 150 citizens have attended the first listen. The school is set up by Yinchuan Environmental Protection Bureau, Education Bureau and other sectors, and will teach the citizens how to do green decoration, how to distinguish green food and other environmental protection knowledge.

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