

# NAPSNet Daily Report 2 July, 2010

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## **1. I. NAPSNet**

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## **2. ROK on Naval Ship Sinking**

CNN ("S. KOREA REJECTS N. KOREA'S CALL FOR JOINT INQUIRY INTO SINKING", 2010/07/01) reported that the DPRK has called for a joint investigation with the ROK into the sinking of a ROK navy vessel last March, but the proposal was quickly rejected by Seoul. ROK Ambassador Park In-kook also rejected the DPRK offer of high-level military talks. He said the mechanism for discussions between Seoul and Pyongyang has already been established. He added that ROK has twice asked for talks on the incident through these pre-established channels, and was twice rebuffed by the DPRK.

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## **3. DPRK on ROK Naval Ship Sinking**

Kyodo News ("N. KOREAN ENVOY IN LAOS DENIES NORTH'S INVOLVEMENT IN SHIP SINKING", 2010/07/01) reported that the DPRK's ambassador to Laos has denied Pyongyang's involvement in the deadly sinking of a ROK warship, Yonhap News Agency reported Thursday from Vientiane, citing a Laotian official who recently met the DPRK diplomat. "The South Koreans say we fired a torpedo, but they don't know where the torpedo came from, or whether the torpedo has been there from before," the Laotian official quoted Ambassador Han Bong Ho as saying in the Yonhap report.

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## **4. UNSC on ROK Naval Ship Sinking**

Kyodo News ("COUNCIL HEAD SAYS N. KOREA CAN BE CONDEMNED FOR SHIP SINKING: SOURCES", 2010/07/01) reported that the president of the UN Security Council, Claude Heller, said the DPRK can be condemned for the March sinking of a ROK warship, U.N. diplomatic sources said. Heller, the Mexican ambassador to the United Nations, expressed the view during informal consultations Wednesday among representatives of the 15-member Security Council, the sources said. However, the PRC, one of the council's five veto powers, remains cautious about the council issuing a resolution or less powerful statement condemning North Korea over the incident.

Yonhap ("U.N. DISCUSSIONS ON SHIP SINKING STALLED: SOURCES ", United Nations, 2010/07/01) reported that U.N. Security Council discussions on the sinking of an ROK warship are stalled as the PRC still balks at naming the DPRK the culprit and refuses even to call the case an attack, sources said Thursday. "Negotiations are not easy as China, which is not included in the G-8, is virtually speaking for North Korea at the Security Council," a source said, suggesting that final language in a Council document would be watered down from the G-8 statement.

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## **6. DPRK on US-ROK Security Alliance**

Xinhua News ("DPRK CRITICIZES U.S. DELAY IN TRANSFERRING OPCON TO SOUTH KOREA", Pyongyang, 2010/07/01) reported that the DPRK criticized the US and ROK for their agreement to extend the "transfer of the wartime operation control (OPCON)" until 2015, saying the agreement was a serious provocation. A spokesman for the DPRK's Committee for the Peaceful Reunification of Korea said the delay of Seoul's retaking of OPCON was "driving the present dangerous situation to a more extreme phase," the official KCNA said. The delay in transferring OPCON revealed the intentions of the US and the ROK in that they did "not to rule out even an all-out war with the DPRK," the spokesman said.

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## **7. US-DPRK Relations**

Yonhap News ("BILL SENT TO OBAMA TO PERMANENTLY AUTHORIZE RFA BROADCASTING TO N. KOREA: LAWMAKER", Washington, 2010/07/01) reported that the House of Representatives has

sent legislation to President Obama to permanently authorize radio broadcasts to bring a message of freedom and democracy to the DPRK and several other countries, a congressman said. The House sent the bill to Obama for his signature Wednesday.

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## **8. DPRK Food Supply**

Christian Science Monitor ("NORTH KOREA FOOD CRISIS PROMPTS LIFTING OF RESTRICTIONS ON PRIVATE MARKETS", 2010/07/01) reported that the DPRK appears to be allowing private enterprise in local markets in a desperate search for an antidote to rising hunger and potential unrest. ROK analysts, with contacts inside the DPRK, report a loosening of state restrictions on the private sales of goods as the DPRK's leader Kim Jong-il smooths the way for the takeover of his youngest son, Kim Jong-un. Private stands selling food and small items are operating with minimal official harassment, according to these reports, though it's not clear whether they are fully legal or simply given tacit acceptance. A guiding factor appears to be the desire to appease conflicting forces, including a small but influential middle class that suffered huge losses from revaluation of the currency.

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## **9. DPRK Economy**

Yonhap News ("IMF WILLING TO HELP N. KOREA ESCAPE FROM ISOLATION: STRAUSS-KAHN ", Washington, 2010/07/01) reported that the International Monetary Fund (IMF) said on June 28 it is ready to provide assistance to the DPRK to help the reclusive DPRK get out of isolation if Pyongyang makes such a request. "We could have (provided) if North Korea was asking some technical assistance or things like this," Dominique Strauss-Kahn, managing director for the IMF, told reporters at the headquarters of the leading global agency. "We could consider having some relationship with them. But until now we have not been asked to do something on this."

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## **10. ROK Export Controls on DPRK Goods**

Bernama ("SOUTH KOREA INSPECTING PORTS TO BLOCK SHIPMENTS FROM NORTH KOREA", 2010/07/01) reported that ROK is inspecting its major ports to keep DPRK products from entering its soil after Seoul banned trade with the state over the sinking of a warship, Yonhap news agency reported. A Unification Ministry official in Seoul said the government began this week to work with port officials to ensure no DPRK products arrive in the ROK via third countries. The official, who

spoke to reporters on the condition of anonymity, said no ROK companies have been found to be trading with the DPRK since the ban, but that the inspection is to enforce the ban more thoroughly.

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## **11. ROK Dispatch to Afghanistan**

Yonhap (Chang Jae-soon, "S. KOREAN PRT BEGINS MISSION DESPITE ROCKET ATTACK", Seoul, 2010/07/02) reported that the ROK's civilian reconstruction team in Afghanistan has begun its mission despite a rocket attack on the construction site of its future base, officials said Friday. Despite the attack, the aid team started work after a ceremony Thursday, foreign ministry officials said. About 220 people, including the ROK ambassador to Afghanistan and senior Afghan officials, attended the launching ceremony, they said. Also Thursday, a second team of about 140 ROK troops tasked with protecting the workers arrived in Bagram, bringing the total number of troops stationed there to about 230. About 90 additional troops are scheduled to join the contingent in late August, officials said.

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## **12. ROK Peacekeeping Operations**

Xinhua News ("S. KOREA LAUNCHES PEACEKEEPING UNIT", 2010/07/01) reported that ROK launched a military unit devoted to UN-led peacekeeping operations overseas, the Army said. Some 1,000 troops will be dispatched abroad within a month upon receiving an order to join peacekeeping operations there, it said. Two other military units consisting of 1,000 special forces and another 1,000 non-combat troops have been also set up to support the peacekeeping unit.

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## **13. ROK-Mongolian Relations**

Xinhua News ("MONGOLIA, S KOREA REACH AGREEMENT ON INTERESTS OF MONGOLIAN MIGRANTS", 2010/07/01) reported that Mongolia and the ROK reached consensus on taking care of the interests of Mongolians who work or live in the ROK, Mongolian official news agency reported. Mongolian Prime Minister Sukhbaatar Batbold called for efforts to enhance bilateral cooperation to protect the interests of 30,000 Mongolians in the ROK when he met with Lee Seog Yeon, ROK minister of government legislation. "South Korea will support prime minister's suggestion, and we also want to collaborate on protecting the interests of Koreans in Mongolia," said Lee Seog Yeon.

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## **14. ROK-PRC Trade Relations**

Chosun Ilbo ("KOREA-CHINA FTA TALKS TO START NEXT YEAR, BEIJING SAYS", 2010/07/01) reported that ROK-PRC free trade talks will start next year, a senior PRC government official said. The PRC's Vice Minister of Commerce Jiang Zengwei made the remark at a press conference after the PRC signed the Economic Cooperation Framework Agreement, a wide-ranging de-facto FTA, with Taiwan in Chongqing on Tuesday, according to the Chinese-language media. It was the first time a senior PRC official has mentioned a specific timeline for the long-awaited FTA talks.

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## **15. ROK-US Trade Relations**

Chosun Ilbo ("CONGRESSMEN LAUNCH U.S.-KOREA FTA WORKING GROUP", 2010/07/01) reported that six US congressmen including Democratic Rep. Diane Watson of California and Republican Rep. Peter Roskam of Illinois launched a ROK-US free trade agreement working group in Congress. The aim is to push for early ratification of the long-delayed FTA bill. U.S. President Barack Obama on Saturday pledged Congress will ratify the FTA after mid-term elections in November.

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## **16. US-Japan Nuclear Pact**

Kyodo News ("ANOTHER U.S. DOCUMENT SHOWS JAPAN KNEW OF SECRET NUCLEAR PACT", 2010/07/01) reported that the Japanese government secretly agreed to exempt US ships and aircraft carrying nuclear weapons from prior consultation required under the bilateral security treaty when they transited through Japan, an internal memo drawn up by the US administration in 1961 showed. According to the memo, the administration of President John F. Kennedy carried over from the administration of President Dwight Eisenhower the recognition that Japan was aware of the existence of a secret agreement at the time the treaty was revised in 1960.

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## **17. USFJ Base Relocation**

Washington Post ("IN JAPAN BUT SURROUNDED BY U.S. INFLUENCE, OKINAWA STRUGGLES WITH SPLIT IDENTITY", 2010/07/01) reported that for the more than 60 years since the end of World War II, native Okinawans and US troops stationed on nearby bases have developed deep, passionate and generation-spanning ties that complicate political and diplomatic debates about the future of the U.S. military here. A generation of biracial Okinawans know about intercultural relationships, writ small. They know about romance and separations, child-support battles and reunions. Okinawa's demographics separate it from mainland Japan. Here, the rates of single-parent households and divorce are twice the national average. At the American-Asian school, 70 percent of the 80 students come from single-parent households, Principal Midori Thayer said.

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## **18. Japan Space Program**

The New York Times ("FAULTY SPACE PROBE SEEN AS TEST OF JAPAN'S EXPERTISE", 2010/07/01) reported that the Japanese are calling it a small miracle. The Hayabusa space probe returned last month from a seven-year, 382-million-mile round trip to an asteroid. Preliminary tests on a capsule retrieved from the probe have shown no signs of the precious samples of the 4.6-billion-year-old asteroid that the Hayabusa was supposed to retrieve — samples that scientists around the globe had hoped would hold new clues about the formation of the solar system.

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## **19. Sino-Japanese Relations**

Mainichi Shimbun ("NEW VISA RULES GIVE CHINA'S MIDDLE CLASS FREER WAYS TO TRAVEL JAPAN", 2010/07/01) reported that Japan eased conditions for granting visas to individual PRC tourists, giving the PRC's growing middle class more diverse chances to travel to the neighboring country. Japan hopes the measure will significantly increase PRC visitors who have rising purchasing power and to help boost domestic demand, especially as Japan's population ages. Japan eased the conditions so that "Chinese middle-class families with certain income level and employment status can also make individual trips to Japan" without joining group tours, said Takahisa Kashiwagi, executive director at the Beijing office of the Japan National Tourism Organization.

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## **20. Sino-Indian Relations**

Indo-Asian News Service ("BOUNDARY, CHINA-PAKISTAN DEAL ON AGENDA IN NSA'S BEIJING TRIP", 2010/07/01) reported that days before Pakistan President Asif Ali Zardari goes to the PRC to

firm up a nuclear deal, Prime Minister Manmohan Singh is sending National Security Advisor Shivshankar Menon as his special envoy to Beijing on a four-day visit during which he is also expected to hold the next round of boundary talks. Menon will meet senior PRC leaders, including Foreign Minister Yang Jiechi and State Councillor Dai Bingguo, and discuss a range of bilateral and regional issues.

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## **21. Sino-Russian Relations**

Xinhua News ("SENIOR CHINESE, RUSSIAN DIPLOMATS HOLD MINISTERIAL TALKS", 2010/07/01) reported that PRC Assistant Foreign Minister Cheng Guoping concluded a four-day ministerial consultations with Russian diplomats. During the talks, Cheng met with Russian First Deputy Foreign Minister Andrei Denisov, Deputy Foreign Minister Alexei Borodavkin and Russian Security Council Deputy Secretary Vladimir Nazarov. Both sides acknowledged the increasing significance of enhancing PRC-Russia strategic partnership of cooperation against the backdrop of complicated international situations, as both countries were in a vital period of development.

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## **22. Hong Kong Government**

Reuters ("HONG KONG MARCHERS LABEL ELECTORAL REFORMS A BETRAYAL", 2010/07/01) reported that tens of thousands of Hong Kong protesters marched for democracy on Thursday, with many accusing the opposition Democratic Party of betrayal for backing an electoral reform bill they dismiss as a sell-out. It was the first time Hong Kong's legislature had passed major reforms to the electoral process since the city reverted from British to PRC rule in 1997. "You have betrayed Hong Kong," shouted some protesters who heckled leaders of the democratic movement as police looked on. "Fight for universal suffrage despite the Democratic Party," one banner read. "We should stay away from the pirates (Communists) as far as possible."

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## **23. PRC Energy Supply**

Washington Post ("RISK-TOLERANT CHINA INVESTING HEAVILY IN IRAQ AS U.S. COMPANIES HOLD BACK", 2010/07/01) reported that as the US military draws down and Iraq opens up to foreign investment, the PRC and a handful of other countries that weren't part of the so-called coalition of the willing are poised to cash in. These countries are expanding their foothold beyond Iraq's oil reserves -- the world's third largest -- to areas such as construction, government services

and even tourism, while American companies show little interest in investing here. In the past two years, PRC companies have walked away with stakes in three of the 11 contracts the Iraqi Oil Ministry has signed in its bid to increase crude output by about 450 percent over the next seven years.

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## **24. PRC Ethnic Unrest**

Associated Press (Cara Anna, "CHINA INSTALLS 40,000 SECURITY CAMERAS IN URUMQUI", Beijing, 2010/07/02) reported that the PRC has installed about 40,000 high-definition surveillance cameras in Urumqi. The security cameras with "riot-proof" protective shells will be monitored by police at more than 4,000 public locations, including on city streets and buses and in schools and shopping malls, city government spokesman Ma Xinchun said Friday. "You can see more police patrolling and carrying rifles," a woman surnamed Jing said by phone Friday from Urumqi's Hongshan New Century Shopping Center, where she works. "If you walk down any street, you see them every once in a while, often in groups."

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## **25. PRC Labor Unrest**

The Associated Press ("ELECTRONICS WORKERS ON STRIKE IN NORTHERN CHINA", 2010/07/01) reported that workers at a Japanese-owned electronics factory in the northern PRC city of Tianjin were on strike over pay and benefits Thursday, stopping work for the third day, a worker and the company said. It was the latest in a spate of work stoppages in the PRC, where laborers who have traditionally accepted low-paying assembly line jobs have recently risen up to demand better pay and conditions. In Tokyo, Mitsumi Electric Co. spokesman Yoshitsugu Murakami said production at its Tianjin factory has been stopped since Tuesday, apparently after factory workers walked out, demanding improved working conditions.

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## **26. Russian Far East Military Drill**

RIA Novosti ("RUSSIAN WARSHIPS HONE ANTI-SUBMARINE WARFARE SKILLS IN SEA OF JAPAN", 2010/07/01) reported that warships from the Russian Pacific Fleet started a series of anti-submarine warfare drills in the Sea of Japan as part of the Vostok-2010 strategic exercises in Russia's Far East. "Ships and aircraft from the Pacific Fleet are practicing anti-submarine search-and-destroy missions to ensure favorable operational conditions in the Primorye joint task force's

zone of control," said Capt. 1st Rank Roman Martov. Gen. Nikolai Makarov, chief of the General Staff of the Russian Armed Forces, stressed on Monday that the drills were not aimed against any one country.

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## **27. II. NAPSNet Schedule**

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## **28. NAPSNet Schedule**

("NAPSNET SCHEDULE", ) There will be no NAPSNet Daily Report on July 5th due to the American Independence Day Holiday. The next NAPSNet will be published on Tuesday, July 6th, 2010.

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