

# NAPSNet Daily Report 2 June, 2010

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**MARKTWO** 

#### I. NAPSNet

### 1. ROK on Naval Ship Sinking

Yonhap News ("S. KOREA WANTS U.N. TO ISSUE SYMBOLIC MESSAGE, RATHER THAN IMPOSING FURTHER SANCTIONS: OFFICIAL", 2010/06/01) reported that the ROK wants the U.N. Security Council to send a symbolic message to the DPRK for the sinking of the Cheonan rather than seeking additional sanctions. "You don't have to think that any Security Council action is for imposing new sanctions," ROK Vice Foreign Minister Chun Yung-woo said Tuesday. "We expect the Security Council to send a political, symbolic and moral message that such acts as the Cheonan incident cannot be tolerated and that North Korea should be held accountable and should not repeat this kind of military provocation." Emerging from a meeting with Deputy Secretary of State James Steinberg, Chun told reporters, "We've just discussed what kind of message the Security Council should deliver, and we have not yet talked about any additional sanctions."

Yonhap News ("LEE CALLS FOR UNIFICATION-ORIENTED POLICY DESPITE SHIP SINKING", 2010/06/01) reported that President Lee Myung-bak instructed his Cabinet Tuesday to come up with a long-term strategy for the reunification of the Korean Peninsula, despite heightened military tensions following the sinking of a ROK warship in March. "National security has emerged as an important task since the Cheonan incident," Lee said at a weekly Cabinet meeting. "With regard to security, people usually think of confrontation. Fundamentally, however, we should draw up a strategy on security bearing reunification in mind."

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### 2. DPRK on Naval Ship Sinking

Xinhua News Agency ("DPRK ACCUSES U.S. OF STRAINING SITUATION ON KOREAN PENINSULA", 2010/06/01) reported that the Democratic People's Republic of Korea (DPRK)

accused the United States of straining the situation on the Korean Peninsula, the official KCNA news agency reported. A commentary carried by Rodong Sinmun said the United States, regarding the sinking of "Cheonan" as "a golden opportunity to ignite the second Korean War," is aimed at "internationalizing sanctions against the DPRK and using South Korea as a servant for carrying out its Asian strategy." "It is clear that the case is a product of the moves to justify the permanent presence of the U.S. forces in South Korea," the commentary said. The case of the warship sinking also helped Washington settle the controversial issue of the U.S. military base in Japan's Futenma, it added.

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### 3. PRC on Naval Ship Sinking

Financial Times ("WEN DEFENDS CHINA ROLE IN KOREAN STAND-OFF", 2010/06/01) reported that PRC premier Wen Jiabao on Tuesday defended the PRC's impartial position over rising tensions on the Korean peninsula , saying the ROK would "suffer the most" in any conflict with the DPRK. "It would be the people of South Korea who would suffer the most in any conflict, and it would also be difficult for China to escape unscathed," Mr Wen told Japanese television on Tuesday. "When the castle gate burns, even the fish in the pond suffer." While refusing to support the ROK publicly, Mr Wen repeated his stance that the PRC would not "unfairly shield" whoever transpired to be responsible.

Yonhap News ("S. KOREA STILL EXPECTS CHINA TO SEND TEAM TO PROBE SINKING", 2010/06/01) reported that last week, the ROK provided the PRC with detailed data on its findings in the Cheonan sinking and proposed an on-site inspection by PRC experts. A ROK newspaper reported earlier Tuesday that the PRC has rejected the offer, but ROK government officials said they have not received any formal response from Beijing, adding the government does not rule out the possibility that the PRC will respond positively, though belatedly.

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### 4. DPRK Defector Issue

Chosun Ilbo ("N.KOREA 'HARASSING FAMILIES OF DEFECTORS", 2010/06/01) reported that DPRK security officers are going house to house to ferret out defectors, the Asahi Shimbun reported from Shenyang, PRC quoting an informed source. The daily said officers have been harassing households after 6 p.m. since early April to check if the registered residents actually live there. If families are unable to explain any absences, they are taken in for interrogation. More than 1,000 people are said to have been taken in as part of the house-to-house raid. Some houses are left empty as all their occupants have been taken into custody, and there are fears that those who remain behind in families where many members are missing will be executed, the daily reported. "An increasing number of families whose members have fled the North are bribing security officials in foreign currencies including Chinese yuan or electric home appliances to avoid arrest," the source was quoted as saying.

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### 5. DPRK Foreign Investment

Financial Times ("ANGLO-IRISH GROUP SEEKS NORTH KOREAN OIL", 2010/06/01) reported that Aminex, an Anglo-Irish oil exploration company, has signed a production-sharing agreement to explore an area of the seabed larger than Switzerland off the coast of the DPRK. Officials from the DPRK's state oil company travelled to London two weeks ago to conclude the 10-year contract. Brian Hall, chairman of Aminex, acknowledged the contract had been concluded at a sensitive time given the rising tensions between Seoul and Pyongyang, but stressed he had opened ties with energy-starved DPRK in 1998. Since then, securing output rights from an exploration block had been "stop-go".

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#### 6. DPRK Internal Situation

Chosun Ilbo ("WHO'S WHO IN N.KOREA'S POWERFUL DEFENSE COMMISSION?", 2010/06/01) reported that the DPRK's powerful National Defense Commission held a rare press conference for the foreign press. To ROK negotiators who were watching, the officials who spoke to the press were familiar faces. They were Maj. Gen. Pak Rim-su, the director of the policy department at the commission, Col. Ri Son-gwon, and Col. Pak Ki-yong. All regularly attended inter-Korean talks in the past. "We've discovered that all of the North Korean officials who attended previous inter-Korean meetings are members of the National Defense Commission," said a Unification Ministry official. "We also discovered the existence of the policy department at the National Defense Commission and the fact that it is tasked with dealing with South Korea." Ryu Dong-ryeol, a researcher at the Police Science Institute, said, "There have been several signs that the National Defense Commission is involved not only in military affairs but also in a wider range of inter-Korean relations, including cross-border business projects. This means that the commission has taken over a significant portion of the duties previously handled by the United Front Department of the Worker's Party."

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### 7. Inter-Korea Relations

Agence France Presse ("N.KOREA IN WARSHIP SINKING CYBER CAMPAIGN: SEOUL OFFICIAL", 2010/06/01) reported that the DPRK has mounted a cyber campaign -- using stolen identities of ROK Internet users -- to spread its claim that Seoul faked evidence on the sinking of a warship, officials said Tuesday. Intelligence officials believe the DPRK hacked into the Internet identities of housewives, students and others for its campaign, the Munhwa Ilbo afternoon newspaper said. The DPRK has put forward the view through websites at home and abroad to give the impression that many RO Koreans do not trust the findings of a multinational investigation team , it said. The paper said ROK intelligence officials are tracking the campaign.

Kyodo News ("N. KOREA URGES S. KOREANS NOT TO VOTE FOR RULING PARTY IN LOCAL POLLS", 2010/06/01) reported that the DPRK urged RO Koreans on Tuesday not to vote for candidates of President Lee Myung Bak's ruling Grand National Party in local elections on Wednesday. The National Reconciliation Council in an appeal carried by the official Korean Central News Agency said the "smear campaign of the pro-U.S. puppet

group to escalate the confrontation" with the DPRK over the sinking of a ROK warship "is bound to go totally bankrupt." "All fellow countrymen in the south, rise up in an all-people sacred struggle for judging the Lee group of traitors, the root cause of misfortune and disasters," it said, calling for "bitterly condemning the group and meting out a final judgment to it."

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#### 8. Inter-Korean Economic Relations

Korea Times ("S. KOREA EASES BAN ON PRODUCTS PROCESSED IN NK", 2010/06/01) reported that the Ministry of Unification lifted ban Tuesday on the shipment of four types of finished products, including 20 tons of garlic and garments, which completed consignment processing in the DPRK, to the ROK. It was the first time for Seoul to allow a shipment of products that had completed the consignment processing in the DPRK since the ministry imposed a ban on their products in May. The government took the measure in the face of mounting complaints from ROK businesses, mostly small manufacturing firms, whose business partners are in the DPRK.

Hankyoreh ("N.KOREA ANNOUNCES STRINGENT EQUIPMENT WITHDRAW REGULATIONS FOR KAESONG", 2010/06/01) reported that the General Bureau for Central Guidance to the Development of the Special Zone, the DPRK institution in charge of administration for the Kaesong Industrial Complex, sent notification to the ROK that it would be continuing efforts to develop the complex and prohibiting the removal of facilities registered as company property within the complex. An official with the Unification Ministry said that this message was delivered verbally to the Kaesong Industrial District Management Committee by an official with the bureau. The General Bureau announced that all facilities and goods within the complex could only be removed after passing through the DPRK revenue office located within the complex. The announcement also stated that the removal of facilities registered as company property would be prohibited as a rule, that companies with financial obligations such as wages would only be able to remove items after first settling their obligations, and that it would be prohibited to idle DPRK employees by removing facilities, raw materials or subsidiary materials. Analysts have interpreted this statement from the DPRK to mean that it does not intend to preemptively close the complex any time soon.

Yonhap News ("S. KOREAN TRADERS WITH N. KOREA SEEK SURVIVAL AMID TENSION", 2010/06/01) reported that a group of ROK business executives convened Tuesday in Seoul to discuss ways to minimize the impact of their government's ban on trade with the DPRK. "We've been on the rack" since the companies were banned from sending raw materials to the DPRK to be assembled into final products, one participant said on the condition of anonymity. Another participant, also asking to remain anonymous, argued that many of the companies are teetering on the edge of shutting down their business operations altogether. More than 500 hundred companies were engaged in such consignment trade before the ban was announced. Their trade accounted for US\$254 million last year.

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## 9. US on Role in East Asia

Korea Times ("'US MUST REMAIN STRONGLY INVOLVED IN EAST ASIA'", 2010/06/01) reported that the United States must enhance its stabilizing role in East Asia, at a time when the region faces

a number of volatile situations and the PRC has yet to show a "sense of responsibility" in dealing with the international community, a U.S. senator said Tuesday. "The presence of the United States in East Asia has been an enormously valuable balancing force since the end of World War II," Sen. Jim Webb (D-Va.) told a forum at the Westin Chosun Hotel in Seoul. "It is vitally important for us to remain strongly involved, not simply military but economically and culturally (as well)." Webb, chairman of the Senate committee on East Asia and Pacific affairs, said volatile situations throughout the region, including those in Thailand, Myanmar and on the Korean Peninsula, call for the United States to take the role of "principled arbiter."

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### 10. ROK-US Military Relations

JoongAng Ilbo ("WARTIME COMMAND DELAY COULD BE DECIDED SOON", 2010/06/01) reported that a high-ranking military source in Seoul said Tuesday that ROK President Lee Myung-bak and U.S. President Barack Obama could announce a delay in the transfer of wartime command from the U.S. to the ROK during their bilateral meeting on the sidelines of the Group of 20 Summit in Toronto, Canada from June 26 to 27. "Our two countries have formed a consensus that the transfer of the wartime operational control, scheduled for April 2012, should be pushed back to effectively handle crises on the Korean Peninsula," the source said. "The Defense Ministry and the U.S. Defense Department have just begun consultations. If they pick up speed, the two presidents should be able to make the call at the summit."

Korea Times ("KOREAN WAR HERO CALLS FOR STRONGER ALLIANCE WITH US", 2010/06/01) reported that the country's first four-star general has called for a stronger combined defense posture in the ROK's alliance with the United States, which he said is the best way to deter continuing DPRK provocations. "The thing is how strong is the combined defense capability of the ROK and U.S. militaries and how solid is their alliance," said Paik Sun-yup, 90, who served as the first chief of staff of the Republic of Korea Army during the 1950-53 Korean War. "We should take stern measures in retaliation for the ship sinking with the invocation of the use of self defense," the war veteran said.

Paik said the planned transition of wartime operational control of ROK troops from the U.S. military to the ROK armed forces in 2012 should be delayed for the time being.

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#### 11. ROK Politics

Yonhap ("EXIT POLLS SUGGEST CLOSE RACE BETWEEN RULING, OPPOSITION PARTIES", Seoul, 2010/06/02) reported that five mayoral and gubernatorial races in the ROK -- Seoul, South Chungcheong Province, North Chungcheong Province, South Gyeongsang Province and Jeju Province -- are too close to call, according to joint exit polls by local TV stations released right after voting was closed at 6 p.m. The ruling Grand National Party (GNP) was forecast to win Gyeonggi Province and its traditional strongholds -- Busan, Daegu, Ulsan and North Gyeongsang Province, while the main opposition Democratic Party (DP) was also expected to secure victories in Incheon and Gangwon Province, in addition to its three traditional power bases -- Gwangju, South Jeolla Province and North Jeolla Province, the polls showed. The minor opposition Liberty Forward Party was expected to win in the mayoral race in Daejeon, the polls forecast.

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## 12. Japanese Politics

Kyodo ("HATOYAMA QUITS BEFORE ELECTION, HIT BY U.S. BASE FIASCO", Tokyo, 2010/06/02) reported that Japanese Prime Minister Yukio Hatoyama said Wednesday he will step down ahead of next month's Upper House election. "The public has gradually refused to hear me. It's a shame and I'm solely to blame for it," Hatoyama said at an urgent general assembly of his Democratic Party of Japan lawmakers. Hatoyama said he has told DPJ Secretary General Ichiro Ozawa, "I will resign from my job. But I must ask you also to step down" from the party's No. 2 post "for the sake of establishing a new and cleaner Democratic Party of Japan," and that Ozawa has agreed to do so. "We can't create a political vacuum. We have to decide on the next leader as soon as possible," Ozawa said. The DPJ will pick Hatoyama's successor Friday, party members said.

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### 13. USFI Base Relocation

Kyodo News ("U.S. ENVOY STRESSES IMPORTANCE OF PROMPTLY PROCESSING FUTENMA MOVE", 2010/06/01) reported that U.S. Ambassador to Japan John Roos emphasized Tuesday the importance of promptly processing the plan to relocate the U.S. Marine Corps' Futenma Air Station in Okinawa Prefecture . "We both believe that it is important to proceed as quickly as possible," Roos told Japanese media representatives in Tokyo, noting that the latest bilateral accord calls for details on the location, configuration and construction methods to be decided by the end of August. Calling the new deal "a significant step in the right direction," he said the Japanese and U.S. governments are committed "to move forward in a collaborative way."

Japan Today ("MARINES' MOVE TO GUAM FROM OKINAWA MAY BE DELAYED UP TO 5 YEARS", 2010/06/01) reported that Japan and the United States have begun considering postponing the planned transfer of about 8,000 U.S. Marines from Okinawa to Guam to be completed three to five years later than the originally scheduled 2014, sources close to Japanese-U.S. ties said. The delay has come to be envisioned as the U.S. government is planning to compile an infrastructure plan worth several billion dollars at maximum for the Pacific island in July to address the shortage of infrastructure there, according to the sources and a U.S. official.

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### 14. Japan on Iran Nuclear Program

Agence France Presse ("JAPAN URGES IRAN TO HALT URANIUM ENRICHMENT", 2010/06/01) reported that Japan urged Iran to halt its controversial uranium enrichment programme, hinting Tokyo might support additional international sanctions against the country, officials said. The move came as Japanese Foreign Minister Katsuya Okada met his Iranian counterpart Manouchehr Mottaki in Tokyo at Tehran's request after the United States presented a draft resolution to the UN Security Council. Okada told Mottaki fresh sanctions would be "unavoidable" if Tehran continued a programme of enriching uranium to about 20 percent, the Japanese foreign ministry said in a statement. Okada urged Tehran to stop the programme "for the benefit of the Iranian people," according to statement.

### 15. Japan Climate Change

Kyodo News ("GOV'T TO USE ALL POLICY TOOLS TO ACHIEVE EMISSIONS CUTS: WHITE PAPER", 2010/06/01) reported that the government approved a white paper on the environment on Tuesday, vowing to employ all policy tools to fulfill Japan's promise to cut greenhouse gas emissions by 25 percent from 1990 levels by 2020. Japan will implement measures to address climate change based on a road map encompassing medium- to long-term policies and numerical targets, and a fundamental law on climate change that is currently pending in the Diet, according to the document. The white paper also notes that technological developments in the environmental sector, such as solar power generation and next-generation "smart" power grids, would lead to economic growth.

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#### 16. PRC Unrest

Associated Press ("CHINA IS FINDING OUT EVEN CHEAP LABOR HAS LIMITS", 2010/06/01) reported that recent protests and the official response to a spate of suicides at Foxconn Technology, a maker of electronics for industry giants such as Apple, Dell and Hewlett-Packard, suggests the PRC's leaders are at least tacitly allowing workers to talk back. Over the weekend, the top communist party leader in Guangdong province visited Foxconn's sprawling factory where 10 workers have committed suicide and urged the company to adopt a "better, more humane working environment" for its mostly young workers, state media reported. "The 80s and 90s generation workers need more care and respect and need to be motivated to work with enthusiasm," said Guangdong party chief Wang Yang, who has backed efforts to shift Guangdong up the industrial ladder away from reliance on exports of low tech, cheap products.

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### 17. PRC Space Program

China Daily ("CHINA MAY BECOME SPACE STATION PARTNER", 2010/06/01) reported that the European Space Agency (ESA) supports the PRC's inclusion in the International Space Station (ISS) partnership, the agency's director -general Jean-Jacques Dordain said. He made the remarks during the ongoing Global Lunar Conference in Beijing, which is organized by the International Astronautical Federation and the Chinese Society of Astronautics. Dordain said international cooperation on space exploration has been progressing slowly. To achieve more, the partnership needs to be expanded, he said. "I am really willing to support the extension of the partnership of the ISS to China and South Korea. Obviously, this should be a decision by all partners, not the decision by one partner," he said.

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## 18. PRC Climate Change

Agence France Presse ("CHINA TO SUBSIDISE PURCHASES OF GREEN VEHICLES", 2010/06/01) reported that the PRC said Tuesday it would subsidise purchases of alternative energy vehicles in five cities amid efforts to reduce emissions, save energy and spur the development of green technology. The government will offer buyers subsidies of up to 50,000 yuan (7,300 dollars) for plug-in hybrid passenger cars and 60,000 yuan for pure electric vehicles, the finance ministry said on its website. The long-awaited subsidy program will be trialed in Shanghai, the northeastern city of Changchun, the southern city of Shenzhen and the eastern cities of Hangzhou and Hefei, the statement said.

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### 19. PRC Human Rights

Associated Press ("CHINA BANS COURT EVIDENCE OBTAINED BY TORTURE", 2010/06/01) reported that the PRC has issued new rules saying evidence obtained through torture and threats cannot be used in criminal prosecutions and said such evidence would be thrown out in death penalty cases that are under appeal. The new regulations make it clear that evidence with unclear origins, confessions obtained through torture, and testimony acquired through violence and threats are invalid. This is the first time Beijing has explicitly stated that evidence obtained under torture or duress is illegal and inadmissible in court. "Since the system was not perfect, the standards on reinforcing the law were not unified and the law executors were not equally competent. Problems occurred in the handling of cases and they should not be ignored," according to a statement on the website. Legal experts in the PRC say the new rules constitute major progress in protecting the legal rights of defendants.

Associated Press ("MORE H.K. PEOPLE BELIEVE CHINESE HUMAN RIGHTS HAVE WORSENED: SURVEY", 2010/06/01) reported that more people in Hong Kong believe that the PRC's human rights conditions have worsened and will continue to do so in the coming years, according to an annual Hong Kong University survey that measures how people feel about the PRC since the Tiananmen Square crackdown 21 years ago. The survey, based on interviews with 1,015 people, found the ratio of respondents who thought the PRC's human rights condition is worse than in 1989 shot up to a record 13 percent from 5 percent in the previous year. The percentage of respondents who thought the human rights condition is better in the PRC has declined to 63 percent from 78 percent last year, Robert Chung, who conducted the survey, said. Less than half of the people surveyed thought the PRC's human rights condition will improve in three years, down from 63 percent, while 10 percent thought it would be worse, up from 4 percent. Also for the first time, more people thought the PRC needs to focus on democratic development rather than on economic development, with 38 percent versus 36 percent.

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### 20. Cross-Strait Relations

Taiwan News ("DPP SHOULD CALL FOR HUMAN RIGHTS CLAUSE IN ECFA: SCHOLAR", 2010/06/01) reported that the opposition Democratic Progressive Party should demand the inclusion of a human rights clause in the proposed Economic Cooperation Framework Agreement with the PRC, an academic said yesterday at a seminar about the 21st anniversary of the Tiananmen massacre. Hsu Szu-chien, an assistant research fellow at the Institute of Political Science at the

Academia Sinica, said the DPP should play a more active role in cross-straits social contacts and demand a clause to clearly delineate the duties of Taiwanese investors in the PRC.

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### II. PRC Report

### 21. PRC Civil Society

Sina.com ("FUND SUPPORTING MIGRANT CHILDREN LAUNCHED", 2010/06/01) reported that the Rixinwangwei Fund was launched on May  $31^{\rm st}$ . The Fund is sponsored by China Women's Development Foundation and Beijing Daohengxingye Development Co., and the original capital is  $1^{\rm mil}$  million RMB. The fund aims to help children of migrant workers resolve the practical difficulties in life and ensure their normal growth and development.

Jinghua Times ("BEIJING COMMUNITY SERVICE CAN BE BOUGHT ONLINE", 2010/06/01) reported that the Beixingiao Street Volunteer Information Net was formally opened Monday. Community residents can make an appointment for maintenance, handicap help, and 10 other kinds of services. Excluding the cost of service parts, all other services are offered for free.

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#### 22. PRC Public Welfare

People's Daily Online ("WOMEN TRAFFIC POLICE SENT INTO BEIJING CAMPUS", 2010/06/01) reported that women traffic police have been sent into 100 primary schools and kindergartens in Beijing, to create a safer traffic environment for children. The traffic policewomen will stand guard at the school gates, and protect the children as they cross the road at school rush-hour everyday.

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