# NAPSNet Daily Report 2 October, 2008

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Preceding NAPSNet Report

# I. NAPSNET

## 1. DPRK Nuclear Program

Yonhap News ("ACTIVITY SPOTTED NEAR N. KOREAN NUCLEAR TEST SITE: SOURCE", Seoul, 2008/10/01) reported that increased activity has been spotted near the site where the DPRK set off a nuclear device two years ago, prompting suspicions Pyongyang could be repairing the facility for a second test blast, an informed source said."We recently witnessed smoke near the nuclear test site in Poongkye-ri, North Hamkyong Province," the source said, asking not to be identified.

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## 2. US on DPRK Nuclear Program

Chosun Ilbo ("HILL HEADS TO PYONGYANG", 2008/10/01) reported that the chief U.S. nuclear envoy is set to visit the DPRK for talks after the DPRK threatened to restart its plutonium reprocessing plant. Christopher Hill says he is not sure how long he will stay in Pyongyang or if he will be able to meet with the DPRK's chief envoy to the six-party nuclear talks, Kim Kye-gwan, once there but says he has already made several requests.

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## 3. Inter-Korean Relations

Yonhap News (Shim Sun-ah, "N. KOREA LASHES OUT AT SEOUL'S CHIEF UNIFICATION POLICY RESEARCHER ", Seoul, 2008/10/01) reported that the DPRK lashed out at the new head of the ROK's state think tank on inter-Korean reunification policy, calling him an "extremely vicious" anti-DPRK hysteric for his recent skeptical remarks about resuming dialogue. Suh Jae-jean, president of the Korea Institute for National Unification (KINU), sparked controversy by saying last month that it

is worthless to have a dialogue with such an "abnormal and wrong regime" like Pyongyang. "The thoughtless confrontational remarks by Suh, an anti-DPRK hysteric, should draw curses and denunciation from the Korean nation. His words are tantamount to a deliberate provocation aimed at driving already catastrophic North-South relations to an end," said Uriminjokkiri.

The New York Times (Choe Sang-Hun, "MISTRUST AND HOSTILITY BETWEEN TWO KOREAS SHAPES LIFE ON AN ISLAND ", Baengnyeong Island, 2008/10/01) reported that less than 10 miles from here, the DPRK has amassed two army divisions, artillery and rockets — pointed directly at the ROK. Should war break out, planes from the DPRK would arrive in less than four minutes. For its part, the ROK's Sixth Marine Brigade, the Black Dragons, would move tanks and shore guns out of bunkers here and unleash a barrage. Then 4,000 ROK marines hunkered down in the hills would charge out.

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# 4. ROK Policy Toward the DPRK

Donga Ilbo ("`LIBERAL GOV`TS GAVE W8.38 BLN TO NORTH KOREA`", 2008/10/01) reported that the liberal Kim Dae-jung and Roh Moo-hyun administrations between 1998 and last year gave 8.38 trillion won to the DPRK in aid and loans, according to a report released by a ruling party lawmaker yesterday. Ruling Grand National Party lawmaker Jin Yeong announced this in an analysis of data submitted by the Unification Ministry and the Export-Import Bank of Korea. Jin said, "South Korea gave a loan with rice first in 2000. Payments on the loan are deferred for 10 years. Thus, we are to receive the first repayment installment in 2010. But most of the 2.4 trillion won in loans seem irrecoverable."

Asia Pulse ("FORMER'S KOREAN PRES CALLS FOR REBUILDING TRUST WITH N KOREA", Seoul, 2008/10/01) reported that the ROK's former President Roh Moo-hyun said that Seoul should rebuild confidence with Pyongyang before resuming reconciliatory talks in a speech marking the first anniversary of his summit with North Korean leader Kim Jong-il. "The Lee Myung-bak government has been disregarding the October 4, 2007 summit declaration. Inter-Korean relations clogged again as a result," Roh said, speaking at a civilian ceremony held at a Seoul hotel to mark the anniversary. "But more importantly, this breaks confidence (between the two Koreas)."

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# 5. ROK Abductees

Yonhap News (Shim Sun-ah, "GOV'T CONFIRMS 14 MORE S. KOREAN FISHERMEN KIDNAPPED BY N. KOREA ", Seoul, 2008/10/01) reported that ROK added 14 former fishermen to its official list of nationals presumed to have been kidnapped by the DPRK decades ago, the Unification Ministry said. The move brought to 494 the total number of ROK citizens believed to have been abducted and held against their will since the 1950-53 Korean War, Ministry spokesman Kim Ho-nyoun told reporters. The 14 fishermen were aboard the South Korean ship "Gilyong" when it was purportedly abducted by the DPRK on waters some 55 kilometers west of Taean on the ROK's west coast in January 1966, according to the ministry.

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# 6. DPRK Population

Kyodo News ("N. KOREA'S FIRST CENSUS SINCE 1994 BEGINS", Pyongyang, 2008/10/01) reported that the DPRK began taking its first census since January 1994, which is also the second ever to be held in the country. Tens of thousands of examiners will carry out the survey until Oct. 15 under cooperation with the United Nations Population Fund, authorities said.

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# 7. ROK Military

The Korea Times (Jung Sung-ki, "MILITARY PARADE BIGGEST IN A DECADE", Seoul, 2008/10/01) reported that the ROK's armed forces displayed their state-of-the-art weapons systems Wednesday in a massive military parade in Seoul to mark the 60th Armed Forces Day. About 60,000 people, including President Lee Myung-bak, took part. The scale of the military parade was the biggest in almost a decade, enough to demonstrate the nation's strong defense readiness against the DPRK, which has one of the largest armies in the world with 1.1 million troops, military officials said. Currently, the ROK maintains 654,000 armed forces. The troop strength is to be downscaled to 500,000 under the Defense Reform 2020 initiative announced in 2005.

Korea Times (Na Jeong-ju, "'DEFENSE CAPABILITIES CRUCIAL FOR PEACE ON PENINSULA'", 2008/10/01) reported that President Lee Myung-bak pledged to increase the ROK's role in the global fight against terrorism, human rights violations and national disasters, saying enhancing defense capabilities is crucial to ensuring peace on the Korean Peninsula. "Only an advanced and strong military can protect our people and our territory,'' Lee said during an event to mark the 60th anniversary of the founding of ROK armed forces. "Our military should be strong enough to counter any security threats, protect people's lives and property and secure a firm status on the international stage.''

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# 8. US, ROK Export Controls

National Nuclear Security Administration ("U.S. AND SOUTH KOREA JOIN FORCES TO STRENGTHEN STRATEGIC TRADE CONTROLS OF WMD-RELATED MATERIALS AND TECHNOLOGY", 2008/09/30) reported that the Department of Energy’s National Nuclear Security Administration (NNSA) and the Republic of Korea’s Ministry of Education, Science and Technology (MEST) signed an arrangement for cooperation on the implementation of strategic trade controls. The arrangement advances bilateral cooperation to prevent the illicit transfer of nuclear-related materials, equipment, technology, and information to countries or terrorist organizations seeking to develop weapons of mass destruction (WMD). “The signing of this arrangement for cooperation reinforces the U.S.-South Korean partnership to prevent nuclear proliferation,” said NNSA Deputy Administrator for Defense Nuclear Nonproliferation William Tobey.

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## 9. ROK Economy

JoongAng Daily (Seo Ji-eun, "US BAILOUT FAILURE SENDS WON DIVING", 2008/10/01) reported that after the dramatic defeat of a $700 billion rescue package to avoid financial calamity in the United States, the ROK won yesterday finished down 18.2 to 1,207 versus the dollar, the lowest in more than five years. Covered by Capitol Hill's cloud of uncertainty, prospects for the won's value and the ROK's dollar shortage are becoming even bleaker. The won has tumbled 13.8 percent this quarter. Lee Sung-kwon, an economist at Goodmorning Shinhan Securities, said, "Fears of a persistent global credit crunch will prompt domestic financial institutions to continue efforts to secure as much dollar liquidity as possible, and export growth momentum could weaken as the financial debacle shows signs of becoming prolonged."

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## 10. Sino-ROK Maritime Dispute

Los Angeles Times (John M. Glionna, "VIOLENCE IN KOREAN WATERS PUTS CHINA RELATIONS AT RISK", Beijing, 2008/10/01) reported that violent clashes in recent days involving PRC fishermen at work off the Korean peninsula have threatened to roil the diplomatic waters between Beijing and two Asian neighbors, experts say. ROK maritime officials have detained 11 PRC suspected of clubbing to death a 48-year-old ROK coast guard officer last week as he tried to board their fishing vessel. In the the last four years the ROK has caught more than 1,750 PRC fishing vessels violating a 2001 fisheries treaty between the two nations, officials say. The current incident has prompted renewed calls in the ROK news media for tougher sanctions against Beijing and stronger action against PRC fishermen caught in ROK waters.

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## 11. Japan Politics

Asahi Shimbun ("OZAWA ADDRESSES DIET AS IF HE WAS PRIME MINISTER", Tokyo, 2008/10/02) reported that Minshuto leader Ichiro Ozawa addressed the Diet on Wednesday, calling on the LDP Party, led by new New Prime Minister Taro Aso, for snap elections, and also outlying his party's platform. He covered Minshuto's pledges on social security, child rearing, employment and support for agriculture and fisheries. On foreign affairs, Ozawa outlined Minshuto's three main principles--maintaining and developing the Japan-U.S. alliance; strengthening Japan's ties with the ROK and the PRC; and participating in U.N.-sponsored peacekeeping operations. His speech was greatly different from previous Minshuto speeches, which focused on challenging the LDP party through a number of questions.

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## 12. Japan Economy

Financial Times (Michiyo Nakamoto , "JAPANESE BUSINESS PESSIMISM GROWS", Tokyo, 2008/10/01) reported that Japanese businesses were pessimistic about their prospects for the first time in five years, according to the Bank of Japan's September Tankan survey, which underscored

the impact of the global downturn on business sentiment. The widely followed Tankan survey for the three months to September showed sentiment among large manufacturers deteriorated for the fourth quarter in a row and was negative for the first time since 2003. Sentiment among large non-manufacturers, small manufacturers and small non-manufacturers was equally depressed with the index for each group showing the worst reading since 2003.

Washington Post (Blaine Harden, "AS JAPAN'S ECONOMY FALTERS, NEW PREMIER VOWS SWIFT ACTION", Tokyo, 2008/10/01) reported that as Wall Street gyrated this week between panic and hope, dismal new data in Japan showed that the world's second-largest economy, already contracting, has almost certainly fallen into recession. In Tokyo, worse-than-predicted government figures showing that factory output and consumer spending fell sharply in August, as unemployment rose to a two-year high of 4.2 percent. The ability of Aso's government to pass major legislation on the economy or on any major issues remains in doubt.

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## 13. Sino-US Military Relations

Agence France-Presse ("US URGED TO BOLSTER MISSILE, SPACE DEFENSES AGAINST CHINA: PAPER", 2008/10/01) reported that a draft report recommends that the United States build new missile, sea-based and space-based defenses to deal with PRC's growing nuclear and conventional forces, The Washington Times said. The draft by a State Department advisory board said PRC aims to build forces that are not just capable of retaking Taiwan but also of projecting power beyond east Asia. The report warned of gaps in US missile defenses, dependence on space for communications, reliance on aircraft carriers to project power to PRC's shores, and "fragile electronics and the Internet," the newspaper said.

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## 14. Cross Strait Relations

Taipei Times (Flora Wang, "PREMIER DEMANDS APOLOGY FROM CHINA OVER MALAMINE", Taipei, 2008/10/01) reported that Premier Liu Chao-shiuan demanded an apology from the PRC for allowing products contaminated with melamine to be exported to Taiwan. “I hereby demand that the Chinese government apologize to us for the panic that the food safety problem in China has caused in Taiwan,” the premier said during a question-and-answer session at the legislature.

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## 15. PRC National Day

Xinhua ("CHINESE LEADERS OFFER FLOWERS, RESPECT AT HEROES' MONUMENT", Beijing, 2008/10/01) reported that the PRC's top leaders laid flower baskets at the Monument to the People's Heroes in the heart of Beijing to mark the 59th anniversary of the country's founding. Led by President Hu Jintao, the members -- including Wu Bangguo, Wen Jiabao, Jia Qinglin, Li Changchun, Xi Jinping, Li Keqiang, He Guoqiang and Zhou Yongkang -- laid the baskets, accompanied by 18 military honor guards. Liu Zhigang, a 36-year-old doctor from southwest PRC's Sichuan Province, said "We won the fight against the snow and earthquake disasters, which gives us great

encouragement and inspiration. The successful hosting of the Beijing Olympic Games and the Shenzhou-7 space mission also promote our country's international status."

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## 16. PRC Public Health

Kyodo News ("HK RECALLS MORE PRODUCTS BECAUSE OF MELAMINE CONTAMINATION ", 2008/10/01) reported that a cake manufactured in the PRC by the Japanese-ROK confectionery maker Lotte was found to have contained melamine, the toxin behind a PRC milk contamination scandal, Hong Kong authorities said. The Center for Food Safety said the Lotte Cream Cheese Cake sample, with a best-before date of July 17, 2009, tested positive for melamine at a level of 3.4 parts per million, exceeding the legal limit of 2.5 ppm.

Dong-A Ilbo ("'CHINA COVERED UP MELAMINE OUTBREAK DUE TO OLYMPICS'", 2008/10/01) reported that a Taiwanese daily said that the PRC government knew about melamine-tainted milk power before the Beijing Olympics, but covered it up. United Daily News said the PRC weekly Southern Weekend found in late July infants who contracted kidney stones by eating the milk powder products of San Lu, the infamous company which triggered the melamine scare. The weekly was about to report the case. Reporter Fu Jianfeng, who had looked into the case along with one of his colleagues since July, wrote a post on his blog (blog.sina.com.cn/fujianfeng) alleging a slew of infants in Hubei, Hunan and Jiangxi provinces got kidney stones from eating San Lu’s milk powder in June and July this year. Fu's post has since been cut out from his blog.

Associated Press (Gillian Wong, "PARENTS FILE LAWSUIT IN CHINA AGAINST DAIRY FIRM", 2008/10/01) reported that the parents of a baby allegedly sickened by tainted infant formula are suing the dairy at the heart of the PRC's contaminated milk scandal, state media reported. The case is believed to be the first civil lawsuit filed in response to the malamine contamination in milk products. Thus far, more than 13,000 children have been hospitalized and 27 people arrested in connection with the contamination.

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## 17. PRC Civil Society

Xinhua ("CHINESE FM: NOBEL PEACE PRIZE SHOULD GO TO THE 'RIGHT PERSON'", Beijing, 2008/09/25) reported that PRC Foreign Ministry spokesman Liu Jianchao said that the Nobel Peace Prize should be awarded to the "right person". Liu made the remarks at a regular news briefing in response to a question that the Nobel Peace Prize this year could go to Hu Jia, a PRC national, who is now in jail for subverting the state. "If the Nobel Peace Prize is to be awarded to the people who indeed safeguard world peace, we think it should go to the right person," he said.

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## 18. Russian Far East Economic Growth

The World Bank ("TRADE AND INTEGRATION KEY TO RUSSIAN FAR EAST GROWTH, SAYS

WORLD BANK", Khabarovsk, Russia, 2008/10/01) reported that the World Bank today urged the Russian Far East to boost its growth and achieve higher standards of living for its 6.5 million people by expanding its trade and integration with dynamic markets within Russia and across the Asia-Pacific Region, according to World Bank Vice President for Europe and Central Asia Shigeo Katsu. He also pointed out that hosting the APEC summit in 2012 is a sign of the enormous potential of the Russian Far East. "The Far East Okrug accounts for more than a third of the territory of the Russian Federation. The proven gas reserves at the Kovykta in the neighboring Irkutsk region are one of the largest in the world – with 2 trillion cubic meters. And there are also additional, large oil reserves in Chukotka, Kamchatka, and Sakhalin that are presently surveyed."

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# II. ROK Report

## 19. ROK Policy Toward DPRK

PRESSian ("ROH CRITICIZES MB, 'IS THIS PRAGMATISM?'", 2008/10/01) wrote that former ROK President Roh Moo-hyun made unreserved remarks about the Lee Myung-bak Administration's DPRK policy for the first time since his retirement. While giving a special speech at a ceremony to celebrate tje one-year anniversary of the 10.4 agreement, Roh said that Lee Administration does not acknowledge the 10.4 declaration, which might result in breaking off the mutual trust between the two Koreas. He also argued that MB's DPRK policy needs fundamental change. Coincidently, Park Ji-won, one of the most crucial authorities of Kim Dae-jung Administration, said that Roh did not fulfill the promise made in the early 2003 to exchange special envoys for inter-Korean summit talks with the DPRK.

TongilNews ("MB SHOULD IMPLEMENT 10.4 DECLARATION RIGHT AWAY", 2008/10/01) reported that ROK progressives urged the Lee Administration to implement the 10.4 agreement right away. The 10.4 declaration one-year anniversary ceremony's preparation committee, comprised of five civic organizations, asserted that the government should carry out promises made during the 6.15 and 10.4 summit talks. They also insisted the anti-DPRK National Security Law be abandoned and hostile military exercises which are against the peace be suspended immediately. Meanwhile, the committee is also planning to run a 1004 Train to celebrate the 10.4 declaration's one-year anniversary.

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## 20. Inter-Korea Relations

Yonhap News ("DPRK SHOULD NOT DENY WAY FOR MUTUAL-PROSPERITY", 2008/10/01) said in a column that the current inter-Korean relationship is entangled. The DPRK itself is the direct reason. The DPRK should look at their standing in global society. In that sense, the example of Libya could be a good lesson for them. The ROK, too, has to devote more attention on how to improve our DPRK policy which aims to achieve mutual prosperity, and diversify methods. It was appropriate for the government to allow large-scale civic organizations to visit the DPRK and show their willingness to provide humanitarian aid for the DPRK, since they can facilitate inter-Korean dialog.

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