

# NAPSNet Daily Report 20 April, 2010

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**MARKTWO** 

#### I. NAPSNet

### 1. ROK on DPRK Nuclear Program

Agence France-Presse ("S.KOREA SAYS NO SIGN N. KOREA PREPARING NUCLEAR TEST", Seoul, 2010/04/20) reported that the ROK's YTN TV, quoting an unidentified diplomatic source in Beijing, said the DPRK had begun the preparations in February for a test possibly in May or June. YTN said the preparations involved significantly upgraded technology compared with its previous two tests. It said Pyongyang had been receiving technological assistance from Russians and that a senior DPRK official recently visited Beijing to discuss a possible test. But ROK Foreign Minister Yu Myung-Hwan told journalists: "There are no signs of the North preparing for a third nuclear test." Baek Seung-Joo of the Korea Institute for Defence Analyses said the TV report was "like a novel," saying Russia and the PRC were dedicated to global efforts to prevent nuclear proliferation .

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#### 2. DPRK Energy

Korea Times ("HYDROELECTRIC POWER 'MORE ADVANTAGEOUS' THAN NUKE POWER: KIM", 2010/04/19) reported that DPRK leader Kim Jong Il has called for building more hydroelectric power stations in the country, saying a hydroelectric power plant is "more advantageous" than a nuclear power plant, state media reported. "It is difficult to build a hydro-power station but once it is constructed, it is more advantageous than an atomic power plant," Kim was quoted as saying by the official Korean Central News Agency. Kim underlined "the need to build more hydro-power stations in different parts of the country," KCNA said.

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#### 3. DPRK Economy

Kyodo News ("NO DISORDER, BUT SOME INSTABILITY IN N. KOREA MONEY REFORM: EXPERT", 2010/04/19) reported that the DPRK saw "no social disorder" in the country after conducting currency reform last year, although it brought "temporary and partial instability," a senior DPRK economist said. Dismissing news reports that the reform ended in failure and brought social upheaval, Ri Gi Song, a professor at the Economic Institute of the Academy of Social Sciences, said, "There was not any of the social disorder" as reported by the foreign media. "Stores and markets were closed for some days because it took time to adjust prices," Ri said in an interview in Pyongyang. "(The state) was not able to swiftly implement follow-up measures such as price adjustments." Ri said that to ensure smooth economic management after the currency reform, the DPRK has launched measures such as lowering prices for some food items, cutting ineffective expenditures, encouraging women to work in light industry and the service sector, and improving the currency circulation system.

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#### 4. DPRK Internal Situation

Agence France Presse ("RAPID RISE IN N.KOREA MOBILE PHONE USE: REPORT", 2010/04/19) reported that mobile phone subscriptions are spreading fast in the DPRK and could number 600,000 by the end of this year, a report said Monday. The number of mobile phone subscribers in the communist state stood at over 120,000 in April, said the Chosun Sinbo, a pro-DPRK Korean newspaper published in Tokyo. Equipment for mobile service has been set up in more than half of DPRK cities and counties, it said. The regime is expanding its wireless telecom network to accommodate about 600,000 subscribers before the end of this year, the paper said.

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#### 5. DPRK Food Aid

Radio Free Asia ("GIANT RABBITS' FATE 'UNKNOWN'", 2010/04/19) reported that the fate of dozens of giant rabbits sent to the DPRK to start breeding a cheap source of protein for the famine-hit poor is still unknown, leading to speculation that they may already have been eaten by officials. "I am not aware of [exactly] what happened after we sent the rabbits," said Jin Sook Lee, the director of the German charity, the German Overseas Korean Cooperation Association. "I don't even know if they are being used to boost the food supply." The charity, which has received around U.S.\$1.5 million in European Commission assistance funds for the DPRK, said it planned to send a further 200 giant rabbits purchased in neighboring PRC to the DPRK.

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# 6. DPRK-Japan Relations

Kyodo News ("N KOREA URGES JAPAN TO INCLUDE KOREAN SCHOOLS IN TUITION AID", 2010/04/19) reported that a senior DPRK official urged Japan to include pro-Pyongyang schools in Japan in a tuition waiver program for high school students "as early as possible." Song Il Ho,

ambassador for normalization talks with Japan, indicated that the DPRK may resume dialogue with the government of Prime Minister Yukio Hatoyama if it accepts Pyongyang's request. "If the new government launches fresh policy initiatives, we would feel that we should respond to such a change," Song told Kyodo News in Pyongyang.

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#### 7. Inter-Korea Economic Cooperation

Yonhap (Sam Kim, "N. KOREA INSPECTS JOINT FACTORY PARK WITH S. KOREA", Seoul, 2010/04/20) reported that a group of DPRK officials are inspecting the Kaesong joint industrial park state this week, a Seoul official said Tuesday. Eight DPRK officials, including a policy director of the National Defense Commission, were in the Kaesong park for the second day Tuesday, ROK Unification Ministry officials said. "The North Koreans took a tour of South Korean companies and facilities in the complex, saying it was a visit aimed at understanding its operations," an ROK official said.

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## 8. ROK Naval Ship Sinking

Chosun Ilbo ("SEOUL 'SHOULD CONSIDER MILITARY ACTION' OVER SHIPWRECK", 2010/04/19) reported that former defense minister and Grand National Party lawmaker Kim Jang-soo says Seoul should consider military action if the DPRK is found to have been responsible for the sinking of the Navy corvette Cheonan. "If North Korea is found to be responsible, we could consider military options, including a blockade, armed protest or a direct blow," Kim told the Chosun Ilbo. "We will be able to protect peace only if we are ready to respond firmly," Kim said. He added non-military options are also possible in sending the DPRK a stern warning and punishment, including political steps and economic sanctions, as well as seeking the help of the UN and other allies. "In that case, China's cooperation would be key," Kim said.

Associated Press (Kwang-tae Kim, "ACTIVIST: NKOREANS FIRED TORPEDO AT SKOREAN SHIP", Seoul, 2010/04/20) reported that Choi Sung-yong, a Seoul -based activist, alleged Tuesday that a squad of DPRK soldiers was behind the sinking of the Cheonan. Choi cited a DPRK military officer claiming knowledge of the plot as saying a semi-submersible vessel carrying 13 crewmembers fired a torpedo at the Cheonan. Choi said he had spoken to the officer by telephone several times in recent days. The claim could not be verified, and the Joint Chiefs of Staff in Seoul said it could not confirm the allegation.

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#### 9. ROK-US Defense Cooperation

Chosun Ilbo ("U.S. INTELLIGENCE EXPERT VISITED SEOUL AFTER SHIPWRECK", 2010/04/19) reported that an officer in charge of DPRK affairs at the U.S. National Intelligence Agency made a secret visit to the ROK early this month after the Navy corvette Cheonan sank in the West Sea on March 26, it emerged Sunday. Sylvia Copeland reportedly met senior ROK intelligence officers to exchange intelligence on what the DPRK was doing around the time of the sinking and discuss a

possible response. "Copeland is an officer trusted by NIA Director Dennis Blair," an intelligence source said. "She was here right after the Cheonan sank due to the need for cooperation with the South. It seems the two countries re-checked their system of sharing intelligence about the North."

JoongAng Ilbo ("MORE U.S. EXPERTS FOR CHEONAN PROBE", 2010/04/19) reported that the United States has provided extra manpower for the probe into the sinking of the Cheonan warship last month, the Ministry of National Defense in Seoul said. According to the ministry, the U.S. investigation team now has 15 military and civilian experts, up from eight as initially planned. Led by Rear Admiral Thomas J. Eccles, the American delegation includes vessel structure experts and explosives analysts. Three of the 15 experts were part of the U.S. investigation into the suicide bombing of the U.S. Navy destroyer U.S.S. Cole in October 2000.

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### 10. ROK Military

Korea Times ("LEE HINTS AT SWEEPING MILITARY RESHUFFLE", 2010/04/19) reported that President Lee Myung-bak indicated Monday that he would conduct a sweeping reshuffle of top military personnel, saying the recent sinking of the Navy patrol ship Cheonan showed why the country needs a stronger military. Lee's aides said once the cause is found, the President will speak to the nation again in the form of a special address. "In the planned address, Lee will express his resolve on national security as the commander-in-chief of the military and may announce measures to enhance the country's risk management system," said Lee Dong-kwan, the senior presidential secretary for public relations.

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#### 11. ROK Nuclear Exports

Bernama ("SOUTH KOREA TO SUPPORT UAE, JORDAN NUCLEAR INFRASTRUCTURE BUILDING", 2010/04/19) reported that the ROK will support nuclear infrastructure building in the United Arab Emirates (UAE) and Jordan, to meet its obligation as an atomic reactor exporting country, Minister of Education and Science Ahn Byong-man said. "As an exporter of reactors, the country is charged with ensuring the safe construction and operation of nuclear facilities it builds abroad," Yonhap news agency, cited Ahn as saying on Monday.

Yonhap News ("S. KOREA SEEKS IAEA'S COOPERATION IN EXPANDING ROLE IN NUCLEAR SECURITY", 2010/04/19) reported that ROK President Lee Myung-bak asked the U.N. nuclear watchdog Monday to support Seoul's efforts in playing a bigger role in global nuclear security, Lee's office said. In a meeting with Yukiya Amano, director general of the International Atomic Energy Agency (IAEA), Lee appealed for close cooperation with the agency as the ROK expands its role and contribution in the international community on nuclear energy, according to Cheong Wa Dae.

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## 12. ROK Space Program

EarthTimes ("SOUTH KOREA TO ATTEMPT NEW SATELLITE LAUNCH", 2010/04/19) reported that the ROK is planning a new satellite launch in June after their first failed last year, the Ministry of Science said Monday in Seoul. The KSLV-1 rocket is due to blast off June 9 from the Naro space centre in the south of the country. The two-stage rocket, which was built with Russian help, is due to take a research satellite into Earth's orbit.

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#### 13. ROK, Japan, PRC Relations

JoongAng Ilbo ("TRILATERAL FORUM AGREES ON SUCCESSFUL HOSTING OF G-20", 2010/04/19) reported that the two-day long Northeast Asia Trilateral Forum, a meeting of 30 prominent figures from the PRC, Japan and the ROK met here to share the three countries' visions for cooperation and mutual existence yesterday. "To build a new Asia, Japan should discard a policy of aggression, China should discard great-power chauvinism and Korea should discard resentment [han] culture," said Takeshi Umehara, professor emeritus at Kyoto City University of Arts. The leaders of the three countries agreed on the need for a successful G-20 Summit, which is scheduled to be held in November in Seoul, to reflect the global shift in power from the West to Asia.

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# 14. Japan Defense

Financial Times ("CALL FOR JAPAN TO EASE HISTORIC BAN ON ARMS EXPORTS", 2010/04/19) reported that Japan's defence ministry is seeking to ease the nation's ban on arms exports to allow contractors to join the global development of new weapons systems including advanced fighter jets. Akihisa Nagashima, parliamentary vice-minister of defence, told the Financial Times that the move reflected concern about the competitiveness of the country's defence industry and the high prices its military must pay for arms that are often less than cutting edge. Successful easing of the curbs could clear the way for leading contractors to become important partners for western defence suppliers. Any such relaxation, which would require cabinet approval, is likely to face strong opposition from within the Democratic party-led government, particularly from the Social Democratic party, a pacifist-minded junior coalition partner.

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### 15. Japan Politics

Agence France Presse ("POLL PUTS PRESSURE ON JAPAN PM OVER US BASE PLAN", 2010/04/19) reported that more than half of Japanese voters want centre-left Prime Minister Yukio Hatoyama to step down if he fails to resolve a row over a US air base by the end of next month, two polls showed Monday. One of the weekend surveys, by the Asahi daily, also found that Hatoyama's cabinet's approval rating plunged to a new low of 25 percent, from 32 percent last month, while the disapproval rate reached 61 percent. Asahi said its poll of over 2,000 voters found that 51 percent of respondents want Hatoyama to resign if he fails to resolve the dispute by the end of May, his self-imposed deadline.

Kyodo News ("FAILURE TO SETTLE BASE ISSUE WON'T FORCE HATOYAMA OUT: HIRANO ",

2010/04/19) reported that Chief Cabinet Secretary Hirofumi Hirano said Monday he doesn't expect Prime Minister Yukio Hatoyama to be forced from office if he fails to settle the issue of where to relocate the U.S. Marines' Futenma Air Station in Okinawa by May 31 as promised. "If he is still willing to carry out policies that meet people's expectations, it won't be a question of whether or not he should resign," Hirano said at a press conference.

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### 16. USFJ Base Relocation

Financial Times ("TOKYO 'STRUGGLES' TO SOLVE US BASE DISPUTE", 2010/04/19) reported that Tokyo is "struggling" to resolve a dispute over moving a US marine base before a self-imposed May deadline, said Katsuya Okada, Japanese foreign minister. Mr Okada insisted that the seven-mont-old government, led by the Democratic Party of Japan (DPJ), was committed to Tokyo's alliance with the US and determined to come up with a plan for the Futenma air base that would be acceptable to Washington. However, the foreign minister said Yukio Hatoyama, DPJ leader and prime minister, was "not confident" that this could be done. He said Japan faced a "very difficult road" in winning approval for a plan.

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### 17. Japan Nuclear Energy

Bloomberg ("JAPAN MAY RESTART BREEDER REACTOR AFTER 14 YEARS, NIKKEI SAYS", 2010/04/19) reported that Japan may be able to restart its prototype fast-breeder nuclear reactor after a 14-year closure as the governor of Fukui prefecture will approve the decision, the Nikkei newspaper reported. Fukui Governor Kazumi Nishikawa will meet with Cabinet ministers as early as April 23 to announce his approval for restarting the Monju reactor, Nikkei said. That paves the way for the fast-breeder to go back into operation as early as next month, the report said.

Kyodo News ("MINISTRY AIMS TO BUILD OVER 14 NEW ATOMIC POWER PLANTS BY 2030", 2010/04/19) reported that the industry ministry said Monday that Japan should build more than 14 new atomic power plants by 2030 as part of its effort to fight global warming. Japan currently has 54 nuclear power plants nationwide. The Ministry of Economy, Trade and Industry also proposed that the country raise the operating rate of the facilities to the world's top level of some 90 percent in 20 years' time, while the rate has been declining to around 60 percent in recent years due partly to safety checks at some plants. The proposals are in a set of recommendations submitted by the ministry to the Advisory Committee on Energy and Natural Resources, an advisory panel to the METI minister discussing long-term energy policies the government should take in the next 10 to 20 years.

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# 18. Sino-Vietnam Relations

Bloomberg ("CHINA SEIZES VIETNAMESE FISHING VESSEL, LAO DONG REPORTS", 2010/04/19) reported that a Vietnamese boat with 11 crewmembers was seized by the PRC yesterday while fishing around the Paracel Islands, Lao Dong newspaper reported, without saying where it got the

information. On March 22, the PRC seized a Vietnamese fishing vessel with 12 fishermen in the same area. Their status is still unknown, according to Lao Dong. The Paracel and Spratly islands, groups of rocky outcrops in the South China Sea with unproven oil and gas deposits, are claimed in whole or part by the PRC, Vietnam, Taiwan, Brunei, the Philippines and Malaysia.

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#### 19. Sino-US Trade Relations

Agence France Presse ("US SENATORS SEEK CHINA INTELLECTUAL PROPERTY PROBE", 2010/04/19) reported that two leading Senators pressed US trade officials Monday for a full probe into how much the PRC's alleged 'rampant theft' of intellectual property costs the United States in lost jobs and growth. Senate Finance Committee Chairman Max Baucus, a Democrat, and Senator Chuck Grassley, the panel's top Republican, formally asked US International Trade Commission (ITC) Chairman Shara Aranoff to report back on the issue. "American workers, the American economy and American businesses are suffering because of China's failure to curb the rampant theft of American intellectual property," said Baucus. The senators' formal request automatically triggers an ITC investigation.

Reuters ("US WILL ACT IF CHINA DOES NOT REVALUE YUAN-LAWMAKER", 2010/04/19) reported that a U.S. House of Representatives committee chairman on Monday warned the United States will take action if the PRC does not begin steps in coming months to raise the value of its currency. "The G20 are meeting in a couple of months. It's clear to me the (Obama) administration is endeavoring to try to bring about a change" in the PRC's currency, Ways and Means Committee Chairman Sander Levin said at the National Press Club. "They're going to try to use a multilateral process to help bring that about. If it doesn't work, the U.S. will act. I have no doubt about it." the Michigan Democrat said.

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#### 20. Sino-Australia Relations

Bloomberg ("Rio, BHP, Fortescue Hit by China Computer Hackers, ABC Reports", 2010/04/19) reported that the Rio Tinto Group faced cyber attacks from the PRC at about the time of the arrest of four executives in the country, while BHP Billiton Ltd. and Fortescue Metals Group Ltd. have also been hit, Australian Broadcasting Corp. reported. Hackers attacked Rio's computer network last year, ABC said on its 'Four Corners' program, citing former employees and an Australian government official it didn't identify. Rio took its Singapore office offline for almost three days to boost security while its Perth office was also affected, the program said.

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# 21. PRC Energy

PR Newswire ("APOLLO SOLAR ENERGY SIGNS A NON-BINDING LOI TO BUILD AN ALL-SOLAR ENERGY CITY IN ANHUI PROVINCE, CHINA", 2010/04/19) reported that Apollo Solar Energy, Inc., today announced the Company has signed a non-binding Letter of Intent with the Ningguo City Municipal Government to enter into a future joint venture that would build and operate the Ningguo-

Apollo Solar Energy Community, to be located in Anhui Province , PRC. The non-binding Letter of Intent provides Apollo with an opportunity to become a significant shareholder in a future venture with the Ningguo City Investment Company that could demonstrate the cost-efficient use of solar energy on a community-wide scale. The new all-solar energy community will likely cover an area between 30 and 50 square kilometers.

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#### II. PRC Report

### 22. PRC Civil Society

Sinn.com ("BYD DONATES 2 MLN RMB TO YUSHU", 2010/04/19) reported that after the 7.1 magnitude earthquake hit Qinghai on April 14  $^{\rm th}$ , BYD Company (a PRC car manufacturing company) launched an emergency action at once, deciding to donate 20 million RMB, 1000 sets of quilts and 1000 cotton coats for disaster relief in Qinghai.

Narada Foundation website ("NARADA FOUNDATION LAUNCHES DISASTER RELIEF AND RECONSTRUCTION FUND", 2010/04/19) reported that Narada Foundation launched the Disaster Relief and Post-disaster Reconstruction Fund for the Qinghai earthquake on April 15  $^{\rm th}$ . The Fund will be used for giving financial support to the Sichuan NGO disaster preparation center, Friends of Nature, and other grossroot NGOs for their disaster relief actions in Qinghai.

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Nautilus Institute 608 San Miguel Ave., Berkeley, CA 94707-1535 | Phone: (510) 423-0372 | Email: nautilus@nautilus.org