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MARKTWO

I. NAPSNet

1. ROK Naval Ship Sinking

Yonhap News ("SERIAL NUMBER FOUND ON TORPEDO FRAGMENTS COLLECTED FROM SUNKEN SHIP SITE", 2010/05/19) reported that the ROK has found a serial number marked on torpedo propeller fragments collected from the scene where one of its naval ships sank, officials said Wednesday, the latest piece of evidence that DPRK attacked the vessel. The number was written in a font used in the DPRK, and investigators have concluded that the 1,200-ton patrol ship Cheonan came under a DPRK torpedo attack, officials said. Foreign experts from the United States, Britain and Australia working as part of an international team looking into the sinking have also agreed to the assessment that a torpedo attack sank the Cheonan, officials said.

Yonhap News ("N. KOREA USED CHINESE-MADE TORPEDO IN ATTACK ON S. KOREAN SHIP: SOURCE", 2010/05/19) reported that investigators have concluded that the DPRK attacked a ROK naval ship in March with a PRC-made torpedo as they found Chinese writing in torpedo fragments collected from the scene, a senior government source said Wednesday. "Chinese- and Russian-made torpedoes, respectively, have the Chinese and Russian languages written inside," the source said. "Chinese was written in torpedo" fragments collected from the scene where the 1,200-ton patrol ship Cheonan broke in half and sank on March 26, he said. The suspected weapon appears to be a heavy acoustic homing torpedo, known as a Yu-3G, the same type that the DPRK imported from the neighboring nation in the 1980s and one of a series of torpedoes the DPRK has deployed.

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2. ROK Response to Naval Ship Sinking

Donga Ilbo ("GOV`T, US TO GET TOUGH ON NK OVER NAVAL ATTACK", 2010/05/20) reported that with evidence clearly showing the DPRK's involvement in the March 26 sinking of the ROK naval ship Cheonan, Seoul decided Wednesday to take full-fledged action against Pyongyang. DPRK vessels will be banned from passing the Jeju Strait and additional investment in the joint industrial complex in Kaesong will be prohibited. In addition, the U.S. 7th Naval Fleet will be deployed to the Yellow Sea to hold an armed protest. A government official in Seoul said, "After the joint civil-military investigation team announces the results of its probe into the cause of the incident Thursday, intense countermeasures will be taken."

Yonhap ("SEOUL VOWS RETALIATION AFTER CONFIRMING N.K. TORPEDO SUNK WARSHIP",

Seoul, 2010/05/20) reported that the ROK promised to sternly punish the DPRK Thursday after a multinational probe found it was behind the deadly sinking of the Cheonan. "(We) will take resolute countermeasures against North Korea and make it admit its wrongdoings through strong international cooperation and return to the international community as a responsible member," ROK President Lee Myung-bak told Australian Prime Minister Kevin Rudd in phone talks, according to Lee's office. The DPRK National Defense Commission immediately issued a statement accusing the ROK of "pointing a dirty accusing finger at us like a thief." It called Lee a "traitor" and claimed the investigation was "sheer fabrication." "Our army and people will promptly react to any 'punishment' and 'retaliation' and to any 'sanctions' infringing upon our state interests with various forms of tough measures including an all-out war," the statement said.

New York Times ("S. KOREA BRIEFS DIPLOMATS ON TORPEDO ATTACK", 2010/05/19) reported that private briefings on Wednesday were given to diplomats from 30 countries and amounted to the beginning of the government's rallying of international support for sanctions against Pyongyang. "The blame is on North Korea," a ROK government official said. "Our focus now is how to muster international support for punishing the North." The ROK is likely to insist that the sinking of its warship deserves punishment — through unilateral and United Nations economic sanctions — because it violates the United Nations charter and the 1953 armistice that ended the Korean War.

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3. US on ROK Naval Ship Sinking

Agence France Presse ("US LAWMAKER SEES CHINA TEST IN KOREAS NAVAL CLASH", 2010/05/19) reported that the United States must use the ROK's charge that the DPRK sank one of its warships to make the PRC "show the world where it stands" on confronting Pyongyang, a US lawmaker said Wednesday. "For all of those who have hoped to see the rise of a 'responsible' China, this is a clarifying moment," Republican Representative Ed Royce said in a statement. "The US should support efforts to take this evidence to the UN Security Council and make Beijing show the world where it stands," said Royce, referring to the PRC's status as a permanent UN Security Council member. And "countries in the region, along with the United States, must have the resolve to stand up to North Korean aggression," he said.

Financial Times ("US AIMS TO RAISE PRESSURE ON N KOREA", 2010/05/19) reported that the US is gearing up for a diplomatic offensive to increase pressure on the DPRK and prevent tensions between Pyongyang and Seoul from running out of control. "We will be talking to China and Japan and Korea in light of the anticipated results of the Cheonan investigation, and we'll collectively chart a path forward," said a state department spokesman. John Park, at the US Institute for Peace in Washington, said the next step would be a move for a new UN Security Council resolution against Pyongyang. "The moment for any response in a military sense is past," he said.

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4. UK on Naval Ship Probe

Yonhap (Lee Chi-dong, "BRITAIN SAY SHIP SINKING PROBE CONDUCTED TRANSPARENTLY", Seoul, 2010/05/20) reported that British Foreign Secretary William Hague stressed Thursday that an international probe into the sinking of the Cheonan was conducted accurately and objectively.

International experts who participated "have been impressed with the objectivity and rigor of the investigative work," the secretary said in a statement released by the British Embassy in Seoul. The experts are "in no doubt as to the veracity of the investigation's findings," he added.

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5. Japan, Australia on ROK Naval Ship Sinking

Kyodo News ("JAPAN, AUSTRALIA VOW SUPPORT FOR S. KOREA OVER SHIP SINKING", 2010/05/19) reported that Japan and Australia reaffirmed Wednesday that they will offer support to the ROK over the sinking of the Cheonan, Foreign Minister Katsuya Okada said. During a meeting of foreign and defense ministers in Tokyo, the two countries also agreed the U.S. military presence in the Asia-Pacific region "remains indispensable" and that they should deepen cooperation with their ally the United States on regional security strategies in a trilateral framework for dialogue, he said. Australian Foreign Minister Stephen Smith told a joint press conference that Tokyo and Canberra share concern over the March 26 sinking of the patrol ship Cheonan and that the two countries are awaiting an "objective and scientific report" on the matter.

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6. US-DPRK Relations

JoongAng Ilbo ("SINKING SCUPPERED NORTH-U.S. BILATERAL", 2010/05/19) reported that the United States and the DPRK had agreed to hold bilateral talks to help restart six-party denuclearization discussions in March, but the sinking of the ROK warship Cheonan on March 26 derailed the plan, a diplomatic source said yesterday. The source also said the U.S. was planning to issue a U.S. visa to Kim Gye-gwan, the chief nuclear negotiator for the DPRK, until the Cheonan incident occurred. "The U.S. government was working to issue the visa for Kim Gye-gwan around late March or early April," the source said. "But when the Cheonan went down on March 26, everything was put on hold."

Donga Ilbo ("US BILL URGES RETURN OF NK TO TERRORISM LIST", 2010/05/19) reported that U.S. Republican congressmen introduced a bill Wednesday to restore the DPRK to the U.S. terrorism list. Republican Rep. Ileana Ros-Lehtinen of Florida, the ranking member on the House Foreign Affairs Committee, presented the bill titled "North Korea Sanctions and Diplomatic Non-recognition Act of 2010." The bill said Washington must hold Pyongyang accountable for its continuous provocations by putting the DPRK back on the terrorism list and imposing sanctions accordingly.

Kyodo News ("U.S. COLLECTING INFO WITH EYE TO RELISTING N. KOREA AS TERROR NATION", 2010/05/19) reported that the U.S. State Department is collecting and analyzing information with an eye to putting the DPRK back on a list of state sponsors of terrorism, U.S. government sources and US-ROK diplomatic sources said. U.S. government sources said it remains unclear whether the information-gathering and analysis will lead to the DPRK being relisted as a terror sponsor nation. But the action is aimed at warning the DPRK by demonstrating U.S.-ROK solidarity, they said.

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7. DPRK Economy

Institute for Far Eastern Studies ("‘PRIVATE’ REAL ESTATE RENTALS APPROVED, DPRK REAL ESTATE MANAGEMENT LAW ENACTED ", 2010/05/19) reported that on November 11, 2009, the DPRK enacted a ‘Real Estate Management Law’ consisting of six sub-sections and 47 articles. The new law revised the terms for sale and use of real estate, banning the unapproved rental of property and allowing the state to collect a ‘usage fee’ (rent). In addition to the law on real estate management, immediately after the DPRK’s currency reforms at the end of last November, the government enacted or revised a total of 11 laws related to the economy, including the Food Administration Law, Agricultural Law, Goods Consumption Standards Law, and the Labor Law. This raises the question of whether the regime is strengthening its economic control mechanisms. According to the Socialist Property Management Law of 1996, only ‘enterprises, institutes, and groups’ were allowed the use of properties, but the latest Real Estate Management Law includes individuals as those allowed to use property.

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8. Inter-Korea Relations

San Francisco Examiner ("NORTH KOREA BRISTLES AT TENSIONS SURROUNDING THE SINKING OF NAVAL VESSEL", 2010/05/19) reported that PRC news agency Xinhua reports that the DPRK accuses the ROK of worsening relations between the two countries, while a KCNA posting states that "the U.S. is wholly to blame for the military tensions escalating in East Asia". The first report refers to "the accident", accusing the ROK of "straining the situation and bedeviling inter-Korean relations ... pushing cooperation to a collapse". They conclude their statement with a threat, stating "the DPRK will never tolerate the confrontation and war moves of South Korea. If the south ignites a war together with the U.S., the DPRK will mete out merciless and resolute punishment to the warmongers."

JoongAng Ilbo ("GOV'T SHUTS OFF SPIGOT FOR CASH FLOWING NORTH ", 2010/05/19) reported that the ROK’s Unification Ministry announced yesterday that it asked government agencies last week to suspend budgets related to inter-Korean exchanges. In a press briefing, spokesman Chun Hae-sung said, “Given the grave state of inter-Korean relations following their seizure of our real estate at Mount Kumgang, we wanted to cooperate with other government agencies in reviewing [the status of inter-Korean exchanges].” Chun declined to further elaborate on the ministry’s request or to describe the type of projects each government agency was carrying out. But he insisted that humanitarian aid, including supply of milk powder or medicine for infants and sick people, will continue to be provided.

Hankyoreh ("TENSIONS ON KOREAN PENINSULA ESCALATE PRIOR TO RELEASE OF CHEONAN REPORT ", 2010/05/19) reported that experts have expressed concern that ROK conservatives are adopting a reckless DPRK diplomacy strategy. “It is impossible to attempt to gauge where this will end,” said one government official. “The administration’s recent measures are an ideologically driven act of self-destruction that tears down infrastructure in inter-Korean relations that was established with great difficulty over two decades following the July 7 Declaration by the Roh Tae-woo administration in 1988,” said Inje University Professor Kim Yeon-chul. “For the sake of peace, a balance must be found between solid security on one side and interchange and cooperation on the

other," said University of North Korean Studies Professor Yang Mu-jin. "Even if the Defense Ministry and Foreign Ministry are calling for pressure on North Korea, the Unification Ministry is the last bulwark for inter-Korean relations, and it must not sever the thread of interchange and cooperation."

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9. Inter-Korean Economic Relations

Daily NK ("KAESONG UNRUFFLED BY CHEONAN WORRIES ", 2010/05/19) reported that company managers working in the Kaesong Industrial Complex believe there will not be serious problems even if the DPRK involvement in the Cheonan incident is confirmed. The CEO of one company said in a telephone interview with the Daily NK, requesting anonymity, "I worry about leaflets being spread in North Korea; the North warned on the 16th that they would block overland passage if leaflets continue to be spread. However, regarding the Cheonan incident, I do not anticipate any disadvantages for the Kaesong Complex." The CEO said he will remain in the Complex after the causes of the incident are revealed.

JoongAng Ilbo ("SAFETY WARNING ISSUED TO SOUTH CITIZENS IN NORTH", 2010/05/19) reported that the ROK yesterday urged its citizens staying in the DPRK to be extra cautious after a ROK worker was expelled from a joint industrial complex last week. A Unification Ministry official yesterday confirmed an earlier media report that ROK worker was expelled last Friday from the Kaesong Industrial Complex. The official, speaking to reporters on the condition of anonymity, said the worker was questioned about his possession of a booklet containing training materials for DPRK workers in Kaesong. The official withheld the identity of ROK employee, who was interrogated for "several hours" before being asked to leave Kaesong. "Given the grave situations of late, we've contacted South Korean businessmen in the North and told them to take extra care of themselves," the official said.

Yonhap News ("S. KOREAN FIRMS IN N. KOREA EDGY OVER FALLING ORDERS AMID SOURED TIES: OFFICIAL", 2010/05/19) reported that ROK manufacturers in the DPRK have expressed anxiety over tense inter-Korean relations and falling demand for their products, but have yet to openly consider withdrawing their businesses, a Seoul official said Wednesday. ROK Unification Ministry spokeswoman Lee Jong-joo said Wednesday Kaesong-based companies have complained of decreasing orders due to tension in recent months, but have not yet discussed with the ministry the possibility of pulling out. Lee also said in a briefing that her government is not preparing any measures that would hamstring the operations in Kaesong, even though it has stopped funding government-level exchanges with Pyongyang.

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10. US on ROK Defense

Chosun Ilbo ("S.KOREA 'NEEDS STRONGER NAVAL DEFENSE'", 2010/05/19) reported that to prevent anything like the sinking of the Navy corvette Cheonan from happening again, the ROK needs to gain the edge over the DPRK by securing enough submarines and naval bases for an appropriate military response, a U.S. defense analyst says. Bruce Bennett of the RAND Corporation made the recommendation in a seminar on the handover of full troop control to Seoul hosted by the

Council on ROK-U.S. Securities Studies at the War Memorial of Korea in Yongsan, Seoul on Tuesday. On the issue of troop control transfer, Bennett said a separate military control system once the Combined Forces Command has been dismantled will be less effective in deterring DPRK attacks and very inefficient militarily.

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11. Japan-Australia Relations

Agence France Presse ("JAPAN, AUSTRALIA SIGN 'HISTORIC' MILITARY DEAL", 2010/05/19) reported that Japan and Australia on Wednesday signed an "historic" military deal in Tokyo, stepping up defence and diplomatic cooperation despite a dispute over Japanese whaling. Japan Foreign Minister Katsuya Okada and Defence Minister Toshimi Kitazawa held talks with Australian counterparts Stephen Smith and John Faulkner in the so-called "two-plus-two" meeting. The two sides signed the Acquisition and Cross-Servicing Agreement (ACSA), under which their armed forces will provide each other with food, fuel and logistical support during peacekeeping and disaster-relief missions. "This is a historic moment for Japan and Australia," Faulkner said at a joint press conference. "Signing the ACSA is symbolic of a new stage in our bilateral defence relationship."

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12. Japan-US Military Relations

United Press International ("NAVY CONTRACTS FOR GUAM FACILITIES", 2010/05/19) reported that the U.S. Navy has selected a dck worldwide and ECC partnership to build facilities in Guam that will support the transfer of troops from Japan. ECC and dck worldwide's joint partnership, referred to as dck-ECC Pacific Guam, received the contract from the Naval Facilities Engineering Command Pacific for the support of construction services for a new Navy installation that is expected to house more than 8,000 Marines.

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13. USFJ Base Relocation

Kyodo News ("JAPAN, U.S. MAY ANNOUNCE NEW ACCORD ON BASE RELOCATION MAY 28", 2010/05/19) reported that Japan and the United States are finalizing arrangements to announce a new agreement on May 28 on the relocation of a U.S. Marine base in Okinawa Prefecture, three days ahead of Prime Minister Yukio Hatoyama's self-imposed deadline on settling the matter, sources close to bilateral ties said Wednesday. The two sides, meanwhile, are likely to postpone finalizing how the facility should be built, given that the U.S. side has expressed reservations about building it on pilings in the sea, which Tokyo proposed to assuage local concerns about the project's impact on marine life.

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14. PRC Sanctions on Iran

Agence France Presse ("US SAYS CHINA, RUSSIA BACK IRAN SANCTIONS", 2010/05/19) reported that the United States said that the PRC has backed a tough draft UN sanctions resolution against Iran, even as Beijing offered support for a deal Tehran signed to stave off such a move. US Secretary of State Hillary Clinton said the draft would be circulated on Tuesday to the UN Security Council, which includes Brazil and Turkey, who brokered a deal for Iran to ship much of its low enriched uranium (LEU) abroad. Clinton said the United States, the PRC and Russia had reached agreement.

"We attach importance to and support this agreement," said PRC foreign ministry spokesman Ma Zhaoxu. "We hope this will help promote the peaceful settlement of the Iranian nuclear issue."

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15. PRC Nuclear Energy

Bloomberg ("CHINA IN TALKS WITH RUSSIA, FRANCE ON 4G REACTORS", 2010/05/19) reported that the PRC is in talks with Russia and France on possible cooperation to build fourth-generation nuclear reactors. China National Nuclear Corp. may cooperate with France on research, with Russia on engineering and construction and with Japan on safety technology, Xu Mi, chief engineer at the China Institute of Atomic Energy said. The PRC wants to build its own brand of atomic technology for export, Xu Yuming, vice secretary general of China Nuclear Energy Association, said today. The PRC plans to master the technology by 2020, Liu Jing, the deputy director of nuclear power at China National Nuclear, said in a separate interview. The company has started an "experimental program for the fast-reactor technology for commercial use."

Bloomberg ("CHINA POWER INVESTMENT TO BUILD MORE NUCLEAR PLANTS ", 2010/05/19) reported that China Power Investment Corp. , one of the nation's five largest electricity producers, plans to build nuclear plants in southern, central and northeastern PRC as domestic energy demand surges, said a company official. China Power is studying plans to build AP1000 nuclear reactors in the provinces of Jilin, Guangxi, Liaoning, Henan and Chongqing, Yu Zhuoping, an adviser at the company, said in an interview today after an industry conference in Beijing.

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16. PRC Tibet Issue

British Broadcasting System ("NEW PHOTOCOPY RULES INTRODUCED IN TIBET ", 2010/05/19) reported that people in the Tibetan capital of Lhasa will have to register their names if they want to make photocopies. City shopkeepers say the authorities are particularly concerned about material printed in Tibetan. Individuals wanting to photocopy documents will have to show their ID cards and have the information recorded. Companies will have to register their names and addresses, the number of copies they want and provide the name of the manager in charge of the work. This appears to be an attempt to prevent ordinary people from printing political pamphlets and other documents.

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17. Cross-Strait Relations

Agence France Presse ("TAIWAN WILL NOT ENTER ARMS RACE WITH CHINA: MA", 2010/05/19)

reported that Taiwan's President Ma Ying-jeou said Wednesday the island will not engage in an arms race with the PRC. Taiwan will maintain a "small but elite" force to defend itself while continuing to promote trade ties with the PRC, Ma told a press conference marking the second anniversary of his inauguration. "We cannot possibly engage in an arms race with China. We won't buy an aircraft carrier just because China is developing one. We have limited national resources, and we have to make the best uses of them," he said.

EarthTimes ("TAIWAN PRESIDENT SEEKS PEACE WITH CHINA IN MID-TERM SPEECH", 2010/05/19) reported that Taiwan President Ma Ying-jeou said Wednesday that he would seek peace with the PRC while safeguarding the island's sovereignty as he marked the middle of his four-year term. But he also stressed he has no timetable for meeting with PRC President Hu Jintao or holding peace talks with Beijing. Ma said at a news conference in Taipei that Taiwan should improve cross-strait ties to achieve reconciliation, cooperation and peace because Taipei needs a peaceful environment to develop its economy. "My goal is to create the time for people on both sides of the Taiwan Strait, who are both the descendants of the Yellow Emperor [the legendary ancestor of all Chinese] and guided by the wisdom of the Chinese nationality, to find the solution to the cross-strait problems," he said.

Taiwan News ("MA PROMISES NO UNIFICATION TALKS WITH CHINA", 2010/05/19) reported that President Ma Ying-jeou said yesterday he would never discuss with the PRC any topic related to unification as long as he was in power. "No matter whether I'm president for four or for eight years, I will not mention the issue of unification in talks with China," Ma said. Discussing political issues with the PRC made no sense as long as basic economic and trade problems had not been solved yet, he said. The president said there was no plan and no timetable to meet with the PRC's President Hu Jintao, though he couldn't exclude such a summit happening.

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