

# NAPSNet Daily Report 20 November, 2008

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**Preceding NAPSNet Report** 

### I. NAPSNet

## 1. DPRK Nuclear Program

Yonhap News (Lee Chi-dong, "N. KOREA TO ALLOW SAMPLING ONLY IN NEXT DENUCLEARIZATION PHASE: NEWS REPORT", Seoul, 2008/11/19) reported that the DPRK has agreed to allow international inspectors to take samples from its main nuclear complex, but only after it enters the next phase of the denuclearization process, a news report said. The DPRK and the US reached the verbal deal early last month when Washington's chief nuclear envoy Christopher Hill visited Pyongyang, according to the Kyunghyang Shinmun.

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### 2. US-DPRK Relations

The Korean Herald ("KOREA: OBAMA TO ENGAGE NORTH KOREA DIRECTLY, NO PRE-CONDITIONS", Seoul, 2008/11/19) reported the incoming Barack Obama administration will engage the DPRK directly without pre-conditions, Yonhap News Agency reported citing a policy plan issued by the presidential team. "Obama and Biden will pursue tough, direct diplomacy without

preconditions with all nations, friend and foes," said the Obama-Biden Plan posted in the web site of the transition team.

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## 3. Russo-DPRK Relations

RIA Novosti ("RUSSIAN UPPER HOUSE SPEAKER TO VISIT NORTH KOREA", Moscow, 2008/11/18) reported that the speaker of Russia's upper house of parliament met with his DPRK counterpart in Moscow on Wednesday, and accepted an invitation to visit the DPRK. The date of the visit has yet to be agreed. Federation Council Speaker Sergei Mironov and DPRK Supreme People's Assembly Chairman Choi Tae-bok discussed means of strengthening ties between the countries' parliaments, as well as economic and humanitarian cooperation, the Federation Council press service said.

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### 4. Inter Korean Relations

Yonhap News Service (Lee Chi-Dong, "GOV'T VOWS TO GET TOUCH ON ANTI-NORTH PROPAGANDA LEAFLETS", Seoul, 2008/11/19) reported that ROK authorities decided Wednesday to crackdown on local activists spreading anti-DPRK propaganda leaflets across the inter-Korean border, according to Unification Ministry spokesman Kim Ho-nyoun. Undaunted by the ROK government's move, however, civic groups announced they will fly another set of 100,000 leaflets into the DPRK on Thursday from a border town in Gyeonggi Province.

Reuters (Jack Kim, "NORTH AND SOUTH KOREANS FIND CAUSE FOR UNITY: JAPAN", Pyongyang, 2008/11/19) reported that the ROK and DPRK agreed that they had common grievances against Japan. This consensus was developed at a conference in Pyongyang. Individuals from both sides of the DMZ agreed that Japan's colonial rule still casts a shadow over the peninsula. And both agreed that Japan should relinquish its territorial claims to Dokdo/Takeshima. The head of a DPRK academy of historical studies, Ho Jong-ho, told the 90-minute seminar that Japan was running "reckless in its scheming against the North."

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## 5. US-ROK Security Alliance

The Korea Herald (Jin Dae-woong, "KOREA, U.S. TO DISCUSS TROOP COST", 2008/11/19) reported that senior diplomats from the ROK and the US met in Honolulu on Wednesday to discuss how to split the cost for maintaining U.S. troops stationed in Korea, Seoul's Foreign Ministry said. During

this fifth round of talks the two sides will focus on how to fix the total amount of and Seoul's share of payment to fund the upkeep of U.S. Forces Korea over the next few years, the ministry said. Washington has asked Seoul to increase its share by between 6.6 percent and 14.5 percent. It wants Seoul to gradually increase the burden to 50 percent of the total, citing the principle of fair cost-sharing.

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### 6. ROK Peace Index

Chosun Ilbo ("KOREA SCORES MIDDLING ON PEACE INDEX", Seoul, 2008/11/19) reported that the ROK ranked 37th of 76 countries in the peace index last year, up five places from 2006, according to the World Peace Forum on Tuesday. The Forum calculates the index based on political, defense, and diplomatic and socioeconomic factors. Korea scored 74.1 points, a little higher than the average of 73.6 among the 76 countries. The ROK hit bottom in 54th place during the second DPRK nuclear crisis in 2002, but since then has stood around 40, from 43rd in 2003 to 42nd in 2006. The reported cited the ongoing standoff between the ROK and DPRK and political and defense tensions arising from it have been holding the country back. The DPRK was excluded from the survey due to insufficient data.

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## 7. ROK Textbook Controversy

The New York Times (Choe Sang-Hun, "TEXTBOOKS ON PAST OFFEND SOUTH KOREA'S CONSERVATIVES", 2008/11/19) reported that to conservative critics, a widely used textbook's version of how American and Soviet forces took control of Korea from Japanese colonialists in 1945 shows all that is wrong with the way ROK history is taught to young people today. It contends that the Japanese occupation was followed not by a free, self-determining Korea, but by a divided peninsula dominated once again by foreign powers. On Oct. 30, the Ministry of Education, Science and Technology demanded that the authors of the Kumsung book and five other textbooks used in high schools delete or revise 55 sections that it said "undermine the legitimacy of the South Korean government."

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## 8. Japan Whaling Issue

Agence France-Presse ("JAPAN, AUSTRALIA AGREE ON DIPLOMACY TO SOLVE WHALING ROW", Lima, 2008/11/19) reported that Japan and Australia said Wednesday they were doing everything

they could to diplomatically resolve an emotionally charged dispute over whaling, though officials' remarks showed divisions remained deep. Australian Foreign Minister Stephen Smith discussed the issue with his Japanese counterpart Hirofumi Nakasone ahead of a meeting of Asia-Pacific ministers and leaders in Peru's capital Lima. Smith said "it is a difficult issue between our two countries" but stressed that "we continue to apply all diplomatic means" to address the disagreement.

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## 9. Japan Government Reform

Kyodo News ("ASO TO REVIEW POSTAL PRIVATIZATION PLAN INITIATED BY KOIZUMI", Tokyo, 2008/11/19) reported that Prime Minister Taro Aso said he intends to review the privatization process of Japan's postal services, which was initiated by former Prime Minister Junichiro Koizumi, and that he plans to freeze the planned sale of state-owned shares in companies under Japan Post Holding Co. "We should revise the privatization plan so as to make the privatized entities profitable," Aso told reporters. Aso also said the government "may well unload its shareholdings when share prices are high. It is better to freeze (the plan)."

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## 10. Japan on Dual Nationality

Chosun Ilbo ("JAPAN CONSIDERS LEGALIZING DUAL NATIONALITY", Tokyo, 2008/11/19) reported that Japan's Nihon Keizai Shimbun reportedly said Tuesday that the Liberal Democratic Party is considering validating dual nationalities in order to promote a resurgence of intellectualism. The ruling party has begun to revise the law that prevents the holding of dual nationalities, while discussions continue. Act 11 of Japan's current law prevents dual nationalities. Japanese who hold dual nationalities must choose either territory until they reach the age of 22. After Yoichiro Nambu, an emeritus professor at the University of Chicago who won the Nobel Prize in Physics, previously dumped his Japanese nationality in favor of U.S. citizenship, consensus began building that dual nationality will eventually benefit Japan.

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### 11. PRC-Cuban Relations

Associated Press ("CHINA'S HU EXTENDS CREDIT, DONATIONS TO CUBA", Havana, 2008/11/19) reported that PRC President Hu Jintao has promised Cuba at least \$78 million in donations, credit and hurricane relief to one of the few communist allies the PRC has left. Hu also met with a thinlooking Fidel Castro before leaving for the Asia-Pacific economic summit in Peru. The PRC agreed to

donate \$8 million to Cuba and extend the second, \$70 million phase of \$350 million in previously agreed-upon credit to renovate Cuban hospitals. Cuba has already borrowed extensively from the PRC and it is unclear if Beijing ever expects to be paid back.

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## 12. PRC-US Product Safety Cooperation

Los Angeles Times (John M. Glionna, "IN CHINA, THE U.S. OPENS FOOD-INSPECTION OFFICE", Beijing, 2008/11/19) reported that amid recurring PRC product-safety scares, the U.S. Food and Drug Administration today opened an inspection office in Beijing that officials said would help the PRC to export safer products to America and the world. The new FDA field office, one of three to be launched nationwide here, is the first outside the U.S. and comes during a nadir in U.S. consumer confidence in PRC-made products following reports of counterfeit drugs, melamine-laced milk and toys covered in potentially lethal lead paint. News of the FDA's new presence in the PRC asparked Internet debate here, with reaction decidedly mixed. Some Web users said the move was an insult to the PRC and its ability to police itself -- but a boon to consumers. U.S. Department of Health and Human Services Secretary Mike Leavitt told a gathering of PRC product manufacturers that the U.S. hopes to have similar inspection offices in India, South America, Europe, and the Middle East.

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## 13. PRC Economy

BBC News ("CHINA MOVES TO STEM MASS LAYOFFS", 2008/11/19) reported that companies in two PRC provinces, Shandong and Hubei, have been told they must seek official consent if they want to lay off more than 40 people. The order highlights the PRC authorities' concern over mounting job losses. As the PRC's main external markets plunge into recession and export orders shrink, layoffs have multiplied in the country's big manufacturing regions. In Shandong alone, nearly 700,000 people have lost their jobs this year. In southern Guangdong, tens of thousands of firms have closed, sparking off reverse migration to the countryside by redundant workers. The human resources controls imposed in Shandong and Hubei are an attempt to put bureaucratic obstacles in the way of mass layoffs. But it is unclear how effective they will be, given the drop in orders.

Reuters (Chua Baizhen, "CHINA TO IMPOSE FUEL TAX "VERY SOON": PAPER", Beijing, 2008/11/19) reported that the PRC will impose a long-awaited fuel tax "very soon," the head of National Development and Reform Commission's (NDRC) Energy Research Institute said in comments reported on Tuesday by the China Daily. More than a decade in the works, the fuel tax -- experts expect 25 percent or more will be heaped upon retail pump prices -- is meant to replace road tolls as a means to fund highway construction. The tax would be slightly above 1 yuan (\$0.147) a liter and January, or earlier, would be a good time to roll out the change, Jiang Kejun, a NDRC Energy Research Institute member involved in formulating the fuel tax scheme, told the newspaper.

## 14. PRC Automobile Industry

New York Times (Keith Bradsher, "FACING A SLOWDOWN, CHINA'S AUTO INDUSTRY PRESSES FOR A BAILOUT FROM BEIJING", Guangzhou, 2008/11/19) reported that the PRC's car industry is quietly pressing Beijing for government help as it copes with a jarring slowdown, top PRC auto executives said in interviews here on Tuesday. This autumn, after six years of 20 percent or more annual growth, vehicle sales were flat or slightly negative, a shock to an industry that has borrowed heavily to build ever more factories for a market that had once seemed insatiable. Automakers are seeking lower taxes on new cars, lower fuel prices and increased grants for research into hybrid cars and new technology. "If G.M., Ford and Chrysler get a lot of support from their government, it's not fair," said Gordon Chen, the international business manager of Changfeng Motor, which has displayed cars at the

21st Century Business Herald ("CHINESE AUTOMAKERS MAY BUY GM AND CHRYSLER", Beijing, ) reported that PRC carmakers SAIC and Dongfeng have plans to acquire GM and Chrysler. Citing a senior official of China's Ministry of Industry and Information Technology– the state regulator of China's auto industry– who dropped the hint that "the auto manufacturing giants in China, such as Shanghai Automotive Industry Corporation (SAIC) and Dongfeng Motor Corporation, have the capability and intention to buy some assets of the two crisis-plagued American automakers." The current economic crisis could make such an acquisition much easier now for certain Chinese automakers, thereby exposing them further to global markets.

Xinhua News ("OFFICIAL: BEIJING WON'T RESTRICT PRIVATE CAR PURCHASE TO EASE TRAFFIC, POLLUTION", Beijing, 2008/11/19) reported that Beijing will not restrict the purchase of private cars, as was purposed by residents, to help ease traffic jams and stem pollution, senior official Wamg Haiping said on Wednesday. He said it would be an irresponsible move while the PRC is trying to boost domestic consumption to offset impacts from the global financial crisis. Instead, city authorities would rely on boosting construction of the urban mass transit system and other forms of public transport to solve Beijing's traffic issues, he said, by investing RMB 90 Bn (US\$13.2 Bn) in the next two years. This would boost the total length of track from 200km to 300km.

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### 15. PRC Public Health

Wall Street Journal (Nicholas Zamiska and Geoffrey A. Fowler, "A BIG SHIFT FOR CHINA'S AIDS FIGHT: CONDOMS FOR THOSE WHO NEED THEM", Beijing, 2008/11/18) reported that AIDS, which has long thrived quietly on the fringes of PRC society among drug addicts and recipients of tainted blood donations, is on the verge of going mainstream here. Furthermore, despite a government regulation that requires hotel to supply condoms to their guests, a recent survey of six major PRC cities by a Joint United Nations Program on HIV/AIDS, known as UNAIDS, found that just 54% of PRC citizens would use a condom if they had sex with a new partner. UNAIDS estimates that about 700,000 people in the PRC carry the HIV virus, though accurate figures are difficult to come

by. "The epidemic is starting to generalize," says Li Dongliang, a district director of the AIDS program of the Center for Disease Control and Prevention in Beijing.

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### 16. PRC Media Control

The Age (John Garnaut, "EX-CHINESE LEADER RUFFLED AS MAGAZINE BREAKS TABOO", 2008/11/19) reported that a retired PRC leader has picked a fight with the country's most forthright magazine, shedding rare light on the feuds and insecurities that shape the political landscape. An official from the Culture Ministry visited the editor-in-chief of Yanhuang Chunqiu magazine at his home on Friday, seeking his resignation. The official told editor Du Daozheng that a retired leader had taken offence at the magazine's favourable treatment of Mr Zhao, whose name has been taboo in the media for 19 years. "I said the Government's official retirement age doesn't apply to non-government enterprises like us; if I work until I'm 120, that's got nothing to do with you." Du said the matter had become a major issue and may trigger intervention from senior party officials.

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### 17. PRC Environment

Washington Post (Ariana Eunjung Cha, "CHINA'S ENVIRONMENTAL RETREAT", Shanghai, 2008/11/19) reported that with the global economy at the edge of recession, the PRC appears to be turning away from previous pledges to improve its record on environmental protection. The impact of the PRC's pullback from environmental protection efforts could be extremely far-reaching. "With the poor economic situation, officials are thinking twice about whether to close polluting factories, whether the benefits to the environment really outweigh the dangers to social stability," said Peng Peng, research director of the Guangzhou Academy of Social Sciences, a government-affiliated think tank. For example, for the past two years, Guangdong province, the country's richest and the cradle for the PRC's export manufacturing industry, was among the most enthusiastic supporters of the PRC's anti-pollution campaign. Now academics, company representatives and industry associations say that it may be pulling back its support.

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## 18. East Asian Stability

Washington Post (Tim Johnson, "U.N. OFFICIAL WARNS OF SOCIAL STRIFE IN ASIA", Bangkok, 2008/11/19) reported that a senior U.N. official warned Tuesday of the prospect of social unrest as the export-driven economies of Asia start to slow in response to the fallout from the global financial

crisis. Ajay Chhibber, head of the U.N. Development Program's regional bureau for Asia and the Pacific, said in an interview here that the slowdown in major markets such as the United States and Europe poses fundamental problems for Asian economies that have used exports to fuel their extraordinary growth. There are still 900 million Asians living below the World Bank poverty line, defined as an income of less than \$1.25 a day, Chhibber said, adding, "There are another 300 million who just came out of that group, so they are literally on the margin."

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## 19. Asian Climate Change

The Yomiuri Shimbun ("STUDY: BIG CO2 CUTS POSSIBLE WITH CHINA, INDIA, U.S. HELP", 2008/11/16) reported that an estimate by the Research Institute of Innovative Technology for the Earth found that if up to 50 dollars was spent per ton on reducing CO2 emissions-by, for example, installing energy-efficient infrastructure--53 percent of the potential reduction could be realized by the three countries, which are not obliged to cut emissions under the Kyoto Protocol between 2008 and 2012. The data compiled by the institute, administered by the Economy, Trade and Industry Ministry, demonstrated the importance of the inclusion of the PRC, India and the United States in a new, post-Kyoto framework to cut CO2 emissions, which are blamed for global warming. The estimate also found that emissions by the PRC, which totaled 5.1 billion tons in 2005, could be held at 4.8 billion tons in 2020 from the figure of 11.3 billion tons that would result if the 50 dollars-pe-ton method were not used.

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## II. PRC Report

## 20. PRC Environment

China Environment News ("CHERISH CHANGJIANG RIVER, PROMOTE HUMAN AND WATER HARMONY", 2008/11/19) reported that as the Three Gorges Project is about to be fully completed, "International Workshop of Three Gorges Project and Changjiang River Development and Protection" was held in Yichang of Hubei province. Experts summarized the existing problems of Changjiang River causing by excessive development, such as water ecosystem degradation, species biodiversity decline, lake shrink, over exploitation of underground water and so on. They suggested to improve water use efficiency and water protection to solve the problems.

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## 21. PRC Civil Society and Elder Care

Friends of Rabbits Network (Zhou Zhou, "NETIZENS BECOME WEEKEND VOLUNTEERS FOR ELDER CARE", ) reported that early in the Sunday morning, netizens of Love Network came to Xiangshan Old Apartment as usual to provide company to the grandpas and grandmas there. The volunteers read news, told stories, chatted with the elderly people, and had a happy day together. Now there are over 1000 volunteers of the Love Network. Their voluntary activities have gotten recognition and praise from service units and other NGOs.

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## 22. PRC Energy Supply

Beijing Business News (Ma Li, "ENTERPRISES MAKING STRAW INTO ENERGY TO GET FINANCIAL SUBSIDY", 2008/11/19) reported that in recent years, setting fire to straw becomes more common in rural areas of our country. This not only pollutes the environment and threatens transportation safety, but also wastes resources. The Ministry of Finance said yesterday that the enterprises which make straw into energy can get a subsidy from the government. The enterprises which apply for the subsidy must have a registered capital over 10 million yuan and their annual consumption of straw is over 10,000 tons.

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## III. ROK Report

### 23. Inter-Korea Relations

Ohmynews ("DEMOCRATIC LABOR PARTY'S DPRK VISITORS, "DPRK POLICY NEEDS CHANGE"", 2008/11/20) reported that members of the Democratic Labor Party who visited the DPRK said that Lee Myung-bak Administration should shift their DPRK policy if they want to break the ice on the Korean peninsula. The representative of the team said that the atmosphere in the DPRK was more serious than they expected it to be. They seemed to be upset pretty seriously, he added.

Hankyoreh ("10TH ANNIVERSARY OF GUMGANG TOURISM SHOULD BE CHANCE TO SHIFT DPRK POLICY", 2008/11/18) reported that it is difficult to predict when tourism in Mt. Gumgang will resume. The Major reason is because of Lee Myung-bak Administration's firm attitude toward the DPRK and its related policies. The Lee Administration's DPRK policy has revealed its limitations from the beginning. They should acknowledge their fault and shift it as soon as possible.

Segye Ilbo ("PROPAGANDA BILLS TOWARD DPRK NEEDS CONVERSATION THAN LAW", 2008/11/20) wrote that the ROK government finally decided to respond actively to civil organization's releasing of propaganda bills to the DPRK. Though the government's decision is understandable, a hasty legal response should not follow. The best way to solve the problem is to

persuade and instruct them. Both the government and the organizations need to consider the problem more seriously. The government has done nothing for those who were kidnapped to the DPRK for the past decades. The organizations need to take a step backward if they want to normalize the inter-Korean relationship.

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### 24. ROK-U.S Relations

PRESSian ("US SHOULD NOT ABUSE DEFENSE EXPENSE", 2008/11/20) reported that several civic organizations of the ROK expressed dissatisfaction toward the US Army's continued request for the ROK to pay additional expenses while the USFK abuses what has been provided already. 125 people including representatives of civil organizations released a declaration on November 19.

DongA Ilbo ("KOREANS' VISA-FREE TRAVEL TO U.S. BEGINS", Seoul, 2008/11/18) reported that Visa-free travel to the United States began Monday for ROK citizens, though this requires an electronic passport and travel authorization online that many say is not easy to get. Citizens must apply for travel authorization on the Electronic Systems for Travel Authorization website, which is in English only. A Korean-language version of the site will open next month. Meanwhile Incheon International Airport held an event to celebrate the first day of visa-free travel to the United States. The event was attended by the US Ambassador to the ROK, Kathleen Stephens, and Incheon Airport CEO Lee Chae-wook.

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## 25. U.S. Global Warming Policy

Kyunghyang Shinmun ("US GLOBAL WARMING POLICY NEEDS SHIFT", 2008/11/20) wrote that the only nation that is both technically and financially capable of fighting against global warming is the U.S. However, though President-elect Barack Obama is philosophically prepared, to do so is not a simple matter. The US and the global community cannot overlook the current crisis in finance and economy. The US provided enormous amounts of subsidy for ethanol to produce energy, which led to the rise of grain prices, which resulted in making the poor suffer even more. This is why the global society should consider the problem more seriously.

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## 26. U.S. Policy toward DPRK

TongilNews ("US SCHOLAR, 'OBAMA SHOULD LEARN FROM DJ'S SUNSHINE POLICY",

2008/11/18) wrote that there is a possibility that the next US Administration might adopt the ROK's sunshine policy to build a constructive relationship with the DPRK, according to Edward Orson, chair-professor of the US Naval College. Orson said there is much for the Obama Administration to learn from Kim Dae-jung Administration.

DongA Ilbo ("OBAMA-BIDEN'S DIPLOMACY PLAN STICKS, RATHER THAN CARROTS", 2008/11/20) reported that while Barack Obama's remark about the DPRK nuclear issue means that he would utilize carrots and sticks on the surface, it is also interpreted as a warning toward the DPRK that he would not let the DPRK misunderstand the US. Han Seung-joo, former ambassador to the US analyzed that Obama does not want the DPRK to consider the US as 'easy'.

Seoul Shinmun ("EXPECTATIONS AND CONCERNS ABOUT OBAMA-BIDEN PLAN", 2008/11/20) wrote that Obama-Biden plan might isolate the ROK from the DPRK nuclear issue, while holding direct meetings with the DPRK. The fact that the transition team puts more priority on issues about Afghanistan than the DPRK nuclear issue is also cause for concern. Meanwhile, emphasis on stronger diplomacy which requires incentive and pressure is encouraging.

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