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MARKTWO

I. NAPSNet

1. DPRK on ROK Naval Ship Sinking

The Associated Press ("NKOREA WARNS OF WAR IF PUNISHED FOR SHIP SINKING", 2010/05/20) reported that the DPRK said that the ROK fabricated evidence implicating the North in a torpedo attack in order to pick on the DPRK and any attempt at retaliating for the warship's sinking would be answered with "all-out war." "If the (South Korean) enemies try to deal any retaliation or punishment, or if they try sanctions or a strike on us we will answer to this with all-out war," Col. Pak In Ho of the DPRK's navy told broadcaster APTN.

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2. ROK on Naval Ship Sinking

Yonhap News ("RIVAL PARTIES TO LAUNCH FACT-FINDING PANEL ON SHIP SINKING", 2010/05/20) reported that rival parties agreed to set up a parliamentary fact-finding committee to look into the sinking of the ROK warship Cheonan and discuss other joint measures, following an earlier announcement by international investigators that the DPRK is responsible for the attack that killed 46 sailors. The agreement was reached by floor leaders of the ruling Grand National Party (GNP) and the main opposition Democratic Party (DP), though the parties reacted differently to the findings of the international investigation team.

Yonhap News ("S. KOREA WORKING ON DIPLOMATIC, MILITARY OPTIONS AGAINST N. KOREA", Seoul, 2010/05/20) reported that the ROK is seeking to punish the DPRK after a probe found the nation responsible for the deadly sinking of one of its warships, but few options appear handy that

could cause Pyongyang real pain, analysts said. Analysts agree that a retaliatory military strike is not a viable option because it could escalate into a full-scale war or hurt the ROK's fast-recovering economy. Other military or diplomatic options would be hardly more than symbolic steps with little teeth, such as orchestrating a shower of international opprobrium on Pyongyang, or staging a show of force aimed at warning against a similar provocation. Prospects are dim for getting the UN Security Council to adopt fresh sanctions or even toughen existing ones against the DPRK because the PRC could oppose such a move.

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3. ROK Response to Naval Sinking

Yonhap (Lee Chi-dong, "LEE SAYS N.KOREA BREACHED U.N. CHARTER, INTER-KOREAN ARMISTICE", Seoul, 2010/05/21) reported that ROK President Lee Myung-bak on Friday ordered "resolute and systematic" countermeasures against the DPRK. It was a "surprise military attack from North Korea (that came) while South Korean people were resting late at night," Lee said, according to spokeswoman Kim Eun-hye. "It constitutes a violation of the U.N. Charter, the armistice agreement, and the South-North Basic Agreement."

Yonhap News ("LEE CONVENES NSC MEETING FOR COUNTERMEASURES AGAINST N. KOREA", Seoul, 2010/05/20) reported that ROK President Lee Myung-bak called an emergency meeting of his National Security Council (NSC) Friday morning to discuss punitive measures against the DPRK for its torpedo attack on a ROK warship.

Yonhap ("S. KOREA, U.S. CONSIDER RAISING ALERT LEVEL ON NORTH: DEFENSE MINISTER", Seoul, 2010/05/21) reported that ROK Defense Minister Kim Tae-young said Friday the ROK and the United States are considering upgrading their alert level on the DPRK. Asked by a reporter about the possibility of "Watchcon" being elevated to the second-highest level, Kim replied, "As we are monitoring North Korea's movements, we are reviewing it."

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4. US on ROK Naval Ship Sinking

Agence France-Presse ("US LAWMAKERS CALL FOR NEW NORTH KOREA SANCTIONS", Washington, 2010/05/20) reported that US lawmakers united behind the ROK as Seoul accused the DPRK of sinking one of its warships in a torpedo strike that left 46 sailors dead, urging new sanctions on Pyongyang. "As allies, South Korea and the United States are fully prepared to meet any and all threats posed by North Korea and to deter further acts of aggression," warned Senate Foreign Relations Committee chair John Kerry, a Democrat. Seoul and Washington will work closely on "the appropriate next steps" including referral to the UN Security Council and possible new sanctions on the DPRK based on a formal probe by international investigators, he said.

Yonhap (Kim Deok-hyun, "U.N. COMMAND TO PROBE WHETHER N. KOREA VIOLATED ARMISTICE", Seoul, 2010/05/21) reported that the United Nations Command (UNC) said Friday it will investigate whether the DPRK attack on the Cheonan was in violation of an armistice

agreement. The UNC and the Neutral Nations Supervisory Commission (NNSC) will "review the findings of the investigation and determine the scope of the armistice violation that occurred in the sinking of the Republic of Korea Ship Cheonan," the UNC said in a statement. The UNC's special investigation team will be comprised of representatives from the ROK, Australia, Canada, Denmark, France, New Zealand, Turkey, Britain and the United States, as well as Sweden and Switzerland, members of the NNSC, the statement said.

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5. PRC on ROK Naval Ship Sinking

Deutsche Presse Agentur ("CHINA CALLS FOR CALM OVER SINKING OF SOUTH KOREAN WARSHIP", 2010/05/20) reported that the PRC called for calm as the ROK accused the DPRK of deliberately sinking one of its warships. 'China has taken note of the result of the investigation by the South Korean side,' Foreign Ministry spokesman Ma Zhaoxu said. 'We hope the parties concerned can remain calm and restrained, properly handle the issue and avoid escalating the situation.' The PRC also shied away from confirming the result of an international investigation that found that the March 26 sinking was caused by a DPRK torpedo. 'China is carrying out its own assessment,' Ma said.

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6. Japan on ROK Naval Ship Sinking

The Associated Press ("JAPAN PM SAYS WOULD BACK NORTH KOREA U.N. RESOLUTION", 2010/05/20) reported that Japan's prime minister said he would back the ROK if it sought a U.N. Security Council resolution against the DPRK over the sinking of one of its warships, and urged the PRC to take a firmer stance. "If South Korea seeks a resolution at the U.N. Security Council, Japan should in a sense be at the forefront of that," Prime Minister Yukio Hatoyama told reporters. "I want to work hard in that direction." "To ensure that such an unbelievable act will not occur again, we must firmly tackle this in an international arena. I also hope China will do this," he added.

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7. Russia on ROK Naval Ship Sinking

Voice of Russia ("RUSSIA STAYS MUM ON N.KOREAN TORPEDO ATTACK ", 2010/05/20) reported that Russia will refrain from speculating on the DPRK's attack on a ROK Navy ship that killed 46 sailors in March pending a full-blown investigation, Foreign Ministry Spokesman Andrei Nesterenko said on Thursday. "We regret the mass loss of life but we need time to deal with the results of the probe into the incident", Nesterenko told a news briefing in Moscow earlier in the day.

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8. Inter-Korean Relations

Chosun Ilbo ("FOG FOILS PLAN TO FLOAT PROPAGANDA LEAFLETS TO N.KOREA", 2010/05/20)

reported that activists failed to carry out a plan to float 500,000 propaganda leaflets to the DPRK from the site where the Navy corvette Cheonan sank on March 26 off Baeknyeong Island. Choi Sung-yong, the leader of the Family Assembly Abducted to the DPRK, said severe fog led to the cancelation of a ferry that was supposed to leave Incheon for Baeknyeong Island. But even if the activists reach Baeknyeong Island later Thursday, their plan will still be difficult to execute since maritime patrols have banned loading high-pressure gas tanks used for disseminating leaflets. "If maritime patrols continue to prevent us, we're going to send the leaflets overland."

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9. Sino-DPRK Trade Relations

Xinhua News ("CHINESE ENTERPRISES SHINE AT PYONGYANG TRADE FAIR ", 2010/05/20) reported that PRC enterprises did plenty of business at the 13th Pyongyang Spring International Trader Fair, which ended Thursday. More than 130 PRC enterprises were represented at the fair. PRC enterprises signed up 240 new clients at the fair, including 123 potential clients, with deals totalling 4.46 million US dollars, according to Luo Lei, deputy director of the Exhibition Department of the China Council for the Promotion of International Trade. The fair was a good opportunity to promote trade and cooperation between the two countries, Luo said.

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10. DPRK Economy

Time ("CAN NORTH KOREA BE SAFE FOR BUSINESS?", 2010/05/20) reported that for some companies, the stigma of a "Made in North Korea" label matters less than the competitive edge gained from having low overhead costs and a diligent workforce whose wages remain less than outsourcing powerhouses like the PRC, Vietnam and India. In the past, the DPRK has attracted the interest of multinational corporations looking for cheap labor in fields as diverse as electrical machinery and cartoon animation. For a country so poor, the DPRK has churned out a remarkable number of talented engineers and scientists who fuel some of these small sectors (along with its controversial nuclear weapons program).

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11. ROK Nuclear Energy

Chosun Ilbo ("KEPCO DISCOVERS URANIUM OVERSEAS", 2010/05/20) reported that Korea Electric Power Corp. has become the first Korean firm to successfully explore for uranium overseas. The company announced that it has found a large volume of high-quality uranium in Canada. The exact volume of the discovery is still unknown but the consortium has the right to obtain half of it. KEPCO plans to conduct additional exploration to evaluate its profitability. KEPCO said, "We discovered high-quality and economically viable uranium, and we expect to be able to secure a large volume of it, which will help our nuclear power plant business."

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12. Russo-Japanese Energy Cooperation

The Yomiuri Shimbun ("ENERGY FIRMS SEEKING SIBERIAN RICHES", 2010/05/20) reported that major Japanese trading houses and energy-related firms have been pushing ahead with plans to move into Siberia with a view to clinching deals on crude oil and liquefied natural gas from Russia's Far East. Russia, for its part, is said to be eager to boost its domestic economy by increasing oil and gas exports on the strength of Japan's funds and technologies for tapping Russia's plentiful energy resources. Analysts, however, have pointed out the need for a Japanese government role in such projects to minimize the "Russia risk," the risk involving investments in Russian projects.

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13. Australia-Japanese Relations

Kyodo News ("AUSTRALIA, JAPAN REMAIN APART OVER WHALING, FTA TALKS", 2010/05/20) reported that Australia and Japan remained apart on the issue of whaling and bilateral negotiations to sign a free trade agreement during a meeting between Japanese farm minister Hirotaka Akamatsu and Australian Foreign Minister Stephen Smith. On whaling, Akamatsu told Smith that eating whale meat is part of Japanese "food culture." But Smith repeated Canberra's call on Japan to cease whaling in the Antarctic Ocean, according to Japanese officials. On FTA negotiations, Akamatsu requested that Australia pay due attention to "sensitivity" with regard to Japan signing such a pact, but Smith said his country hopes to conclude the accord as soon as possible to ensure the two countries' interests, they said.

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14. US-Japan Relations

Kyodo ("JAPAN, US REAFFIRM COOPERATION ON S. KOREAN SHIP, BASE ROW", Tokyo, 2010/05/21) reported that Japanese Foreign Minister Katsuya Okada and U.S. Secretary of State Hillary Clinton confirmed Friday their unity in responding to the sinking of the Cheonan and cooperation in trying to settle the issue of where to relocate a U.S. Marine Corps base in Okinawa by the end of May. They also shared concerns over Iran's uranium enrichment, Okada told a joint press conference.

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15. USFJ Base Relocation

Agence France-Presse ("JAPAN, US 'TO END BASE ROW' BEFORE CLINTON VISIT", Tokyo, 2010/05/20) reported that Japan and the United States plan to settle a row over a US airbase this month, largely in line with Washington's wishes, reports said Thursday, a day before Secretary of State Hillary Clinton visits Tokyo. Under the deal, expected to be officially announced Friday next week, the base would be relocated within Okinawa island rather than moved elsewhere, as agreed by previous conservative governments in Tokyo and Washington. Under the deal, Japan and the United States will agree to move the US Marine Corps Air Station Futenma from an urban area to the coastal location of Henoko.

Reuters ("CLINTON TO PLAY DOWN JAPAN BASE DISPUTE IN PUBLIC", 2010/05/20) reported that Secretary of State Hillary Clinton is likely to play down a military base dispute when she visits Japan, mindful that public pressure only aggravates Prime Minister Yukio Hatoyama's domestic woes. Mindful of his political troubles with an upper house poll looming, Clinton is likely to push the issue in private but not in public, where analysts and officials said she would try to temper the view that the dispute has tainted the alliance.

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16. Japan Space Program

Agence France-Presse ("JAPAN ROCKET BLASTS OFF WITH 'SPACE YACHT' AND VENUS PROBE", 2010/05/20) reported that a Japanese rocket blasted off carrying a Venus probe and a kite-shaped "space yacht" designed to float through the cosmos using only the power of the sun. The launch vehicle, the H-IIA rocket, took off from the Tanegashima space centre in southern Japan on schedule at 6:58 am (Thursday 2158 GMT), three days after its original launch was postponed by bad weather. "The rocket is flying normally," JAXA said 20 minutes after blast-off.

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17. Sino-Pakistani Nuclear Cooperation

Washington Post ("QUESTIONABLE CHINA-PAKISTAN DEAL DRAWS LITTLE COMMENT FROM U.S.", 2010/05/20) reported that the PRC confirmed that one of its state companies had signed an agreement to supply Pakistan with two new nuclear reactors. The lucrative deal, if consummated, appears to be a clear violation of international guidelines forbidding nuclear exports to countries that have not signed onto the nuclear Non-Proliferation Treaty or do not have international safeguards on reactors. Mark Hibbs, a nuclear specialist at the Carnegie Endowment for International Peace, wrote an analysis on the issue in which he said that members of the Nuclear Suppliers Group "expect that the Obama administration will accept a limited amount of additional Chinese nuclear commerce with Pakistan as a price for getting Chinese support on U.N. Security Council sanctions against Iran in weeks ahead."

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18. Cross-Strait Relations

Xinhua News ("TAIWAN LEADER SAYS ECONOMIC PACT ONLY START FOR CLOSER TIES", 2010/05/20) reported that Taiwan leader Ma Ying-jeou said the inking of an economic pact between the island and the PRC is only the start for a series of negotiations over coming years. "Cross-Strait economic and trade ties will be closer after the Economic Cooperation Framework Agreement (ECFA) is reached," Ma said at a press conference. He said he hopes people on both sides of the Taiwan Strait, who are all descendants of the same ancestors, will solve cross-Strait issues with the wisdom of the Chinese nation. "This goal might not be achieved overnight, ... we hope to find solutions step by step," he said. "This will be beneficial for both sides."

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19. PRC Civil Society

Global Times ("NGOS FEEL THE SQUEEZE", 2010/05/20) reported that Yu Fangqiang didn't expect he would be cut off from his own bank account for choosing to register his organization as "enterprise" four years ago. Yu's Beijing Yirenping Information & Counseling Center Co. Ltd., given its name, appears like a for-profit venture. "We are a non-profit organization promoting social justice. Ten million Hepatitis B Virus (HBV) carriers in China have benefited from efforts in fighting discrimination," Yu told the Global Times. "However, it was impossible for us to register and be recognized as a non-profit organization (NPO) under the regulations on social group management." The category of registration is critical for access to funds. The center, according to Yu, receives 80 percent of its 1,000,000 yuan (\$146,436) annual funds from foreign sources. A regulation, effective from March 1, bars entities like Beijing Yirenping Center - categorized as "domestic enterprises" - from overseas contributions.

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20. PRC Ethnic Unrest

The Associated Press ("CHINA HOPES DEVELOPMENT SOLVES REGION'S TENSIONS", 2010/05/20) reported that the PRC's leaders said faster economic development is the needed medicine for one of its most restive regions, announcing a plan Thursday that resembles efforts already under way in equally tense Tibet. The Xinjiang region was the site of last July's deadly rioting that was the PRC's worst ethnic violence in decades and left nearly 200 dead. "Only by resolving the issues of the people's livelihood can we better bring together the hearts, the knowledge and the strength of the people for Xinjiang's long-term economic development," said a People's Daily editorial.

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21. PRC Energy Security

Xinhua News ("GAS RESERVES NEEDED FOR SECURITY: GOVT ", 2010/05/20) reported that a government official announced Tuesday at a China Gas Association Meeting that the National Energy Commission has large-scale liquefied natural gas (LNG) and natural gas storage projects in the works, as it looks to improve urban energy security. "At present, the city gas supply system has not been under full development. It is necessary to improve the gas supply system to ensure urban energy security and public safety," said Liu Heming, deputy director of the Urban Construction Division with the Ministry of Housing and Urban-Rural Development. "(China) should establish natural gas reserves for national strategic and city emergency purposes."

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22. PRC Environment

Xinhua News ("ECO-FRIENDLY DEVELOPMENT STRESSED FOR EASTERN JIANGSU", 2010/05/20) reported that Senior PRC leader He Guoqiang has stressed the importance of adjusting economic growth pattern to reduce energy waste and pollution. He, a Standing Committee member of the

Political Bureau of the Communist Party of the PRC Central Committee, made the remarks during his visit to east China's Jiangsu Province from May 14 to 19. During his trip to Taihu lake, he called for more efforts to develop the recycling, low-carbon and green economy to strengthen environmental protection and to ensure people "have clean drinking water and clean air to breathe."

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II. PRC Report

23. PRC Earthquake Reconstruction

Jingchu Net ("PLAN TO REBUILD YUSHU IN 3 YEARS", 2010/05/20) reported that the PRC government has given priority to the rebuilding and repairing of residential houses during post-quake reconstruction in northwestern Yushu. "Houses that are repaired must be repaired in a timely manner. For those that are to be rebuilt, residents' wishes regarding house style must be respected," the statement released after a regular State Council meeting on Wednesday said.

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24. PRC Environment

Xinhua News ("CHINA TO TRAIN GIANT PANDAS TO SURVIVE IN WILD", 2010/05/20) reported that the PRC will start building a center at the end of May to train giant pandas born in captivity to live in the wild, experts said Wednesday. The center would be located in Dujiangyan City of Sichuan Province, the home province of giant pandas, said Zhang Zhihe, the head of the Chengdu Research Base of Giant Panda Breeding. The center will accommodate the first batch of three to five giant pandas after the center's construction is completed in three to five years.

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