

# NAPSNet Daily Report 23 March, 2010

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## **I. NAPSNet**

### **1. US-DPRK Relations**

Agence France Presse ("NORTH KOREA TO PUT US CITIZEN ON TRIAL", Seoul, 2010/03/22) reported that the DPRK will put on trial a US citizen who entered the country illegally, state media said, giving few details on the case. The Korean Central News Agency identified the man as Aijalon Mahli Gomes, 30, from Boston. It said Gomes, who illegally entered the country, would be indicted for trial "as his crime has been confirmed". The one-paragraph report gave no further details and did not specify the charges against Gomes.

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### **2. Six-Party Talks**

Yonhap (Byun Duk-kun, "JIMMY CARTER CALLS ON SEOUL, U.S. TO TALK DIRECTLY WITH N.KOREA", Seoul, 2010/03/23) reported that former U.S. President Jimmy Carter urged Washington and Seoul on Tuesday to engage the DPRK both in bilateral and multilateral talks. "No one can predict the final answers from Pyongyang, but there is no harm in making a major effort, including unrestrained direct talks. The initiative must be from America and South Korea," Carter said in a special lecture at Korea University. "The alternative is a continuation of the present path of estrangement, isolation, additional suffering of innocent North Korean private citizens and ever-expanding conventional and nuclear arsenals, perhaps leading to a catastrophic war," he said. "This must be avoided by political courage and wise diplomacy," he added.

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### **3. DPRK Leadership**

JoongAng Daily ("MORE INDICATORS OF NORTH SUCCESSION", 2010/03/22) reported that the DPRK has once again stressed the importance of and justification for a direct-lineage family succession, government sources said here. The DPRK last Friday held a ceremony to commemorate the centennial of the birth of Kim Il, former No. 2 man in the North Korean hierarchy and independence fighter against Japan. In a speech, Yang Hyong-sop, vice president of the Presidium of the Supreme People's Assembly, relayed Kim Il's words that, "We are all so lucky to have Kim Jong-il as the leader and our future lies in our loyalty to future generations of the Kims." One analyst in Seoul said Yang's speech indicated that handing over the reins to the junior Kim may soon take place. "With the emphasis on the loyalty to the Kim family, it is clear that the North is seriously considering family succession," the analyst said.

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## 4. DPRK Defector Radio

Agence France Presse ("RIGHTS GROUP USES SATPHONES FOR N. KOREAN NEWS", 2010/03/22) reported that a Seoul-based rights group said it has supplied contacts in the DPRK with satellite phones to expand news coverage of the secretive communist state and minimise the use of riskier cellphones. Free North Korea Radio, run by DPRK defectors, said it gave satphones to "correspondents" in the DPRK five months ago to try to break down the wall of secrecy. Several rights groups in the ROK have contacts who relay news via PRC cellphones with pre-paid cards, but these work only in border areas. Free North Korea Radio, which broadcasts to the DPRK on short wave as well as running an Internet service, said the satphones give it access to information from more parts of the country.

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## 5. DPRK Economy

Institute for Far Eastern Studies ("FOREIGN EXCHANGE AND SMUGGLING AGAIN PREVALENT IN NORTH KOREA ", 2010/03/22) reported that foreign currency swaps and illegal trade are again prevalent in the DPRK, despite recent currency reforms and bans on money exchanges. Following last November's currency reform, there has been a significant crackdown on the use of foreign currency and cross-border trade by individuals. However, reports indicate that DPRK traders continue to conduct business with outside entities, despite new regulations requiring them to remit profits through the Korean 'Kwangson' Bank. There has been a crack-down on unauthorized transactions, but it appears to have been ineffective.

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## 6. Inter-Korean Economic Relations

Yonhap News ("N. KOREA MAY SURPASS SOUTH IN TERMS OF ECONOMICALLY ACTIVE ADULTS: THINK TANK", 2010/03/22) reported that the ratio of economically-active population aged between 15 and 64 to total population in the DPRK is likely to surpass that of the ROK in 2020, a private research showed. The ratio of DPRK citizens may stand at 71.3 percent in 2020, compared with an estimated ratio of 71.2 percent in the ROK for the year, Hyundai Economic Research Institute said in a report. As the ROK's birthrate drops to one of the world's lowest in a fast-aging

society, the ROK's economy could face a slowdown by then, it said. "To cope with an economic slowdown, the South needs to actively use the North's laborers," said Lee Hae-jeong, a researcher at the institute.

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## **7. Inter-Korean Trade Relations**

Yonhap News ("S. KOREA CUTS IMPORT QUOTAS FOR N. KOREAN FARM PRODUCTS", 2010/03/22) reported that the ROK has significantly reduced import quotas for eight DPRK agricultural goods, government officials said amid the enforcement of strong U.N. economic sanctions on the communist nation. According to a public notice posted by the Unification Ministry, the amounts of six DPRK goods allowed to be shipped to the country, including crab, shrimp and peanut products, have been reduced to half from those of last year while the import quota for sesame seed has been reduced from 300 tons to 100 tons. An official at the ministry, Seoul's key office on DPRK affairs, said the move had little to do with the U.N. sanctions. "The items, whose import quotas have been reduced this year, are the ones we had little imports of in the past five years," the official said, asking not to be identified. "The change was only to reflect the actual amount of imports."

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## **8. ROK-US Military Relations**

Korea Times ("SEOUL SAYS 'NO NEED' TO BUY USFK BUNKER ", 2010/03/22) reported that the Ministry of National Defense said that it would not buy a wartime command-control bunker in Seoul from the U.S. Forces Korea (USFK), which will relinquish operational control of ROK armed forces during wartime to ROK commanders over the next few years. The response came after The Korea Times reported that USFK Commander Gen. Walter Sharp proposed the ROK military purchase of the "CP TANGO" underground facility, the main command and control center from which U.S. military commanders would direct any war against the DPRK. Spokesman Won Tae-jae said, "The Korean military has persistently been upgrading its military facilities, so we do not see any need to buy U.S. facilities."

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## **9. ROK-Japan Relations**

Bernama ("SOUTH KOREA REJECTS JAPAN'S CLAIM OVER DIMINISHED RIGHTS OF SAKHALIN LABOURERS", 2010/03/22) reported that the ROK rejected a claim by Japan that a 1965 compensation pact for Japan's colonisation of the ROK addressed reparations for all affected ROK citizens, including ethnic Koreans sent to Russia who won ROK citizenship decades after the deal. Yonhap News Agency has learned that the Japanese government made the claim last year in a lawsuit raised by a group of 11 ethnic Koreans who were taken to Russia's Sakhalin island for hard labour during Japan's 1910-45 colonial rule of the Korean Peninsula. "It is simply not a legally sound claim that the agreement must be retroactively applied to those who were not South Koreans at the time the agreement was signed just because they are now South Koreans," an official at Seoul's Foreign Ministry said, asking not to be identified, reports Yonhap.

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## 10. Sino-Japan, ROK Relations

Kyodo News ("HATOYAMA EXPECTS BETTER-THAN-EVER RELATIONS WITH CHINA, S. KOREA ", 2010/03/22) reported that Prime Minister Yukio Hatoyama has said he expects Japan's relations with the PRC and the ROK to become better than ever because his government is calling for the public to be more willing to acknowledge the country's history of colonial rule and aggression.

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## 11. USFJ Base Relocation

Kyodo News ("U.S. NOT ADAMANT ABOUT EXISTING FUTEMMA RELOCATION PLAN: HATOYAMA", 2010/03/22) reported that Prime Minister Yukio Hatoyama said he does not think the United States is adamant about pursuing the existing plan for relocating the U.S. Marine Corps' Futenma Air Station in Okinawa Prefecture. "I think the United States is quite firm in thinking the current plan is the best, but I think they have a wide range of views so as not to be hung up on that alone," Hatoyama, told reporters in Tokyo. He said Japan will compile its views on the matter and make efforts to gain U.S. acceptance, adding he is not aware of how Washington will respond. "We have not even started" the process of presenting Japan's proposal to the United States, Hatoyama said.

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## 12. Japan Nuclear Energy

Agence France Presse ("JAPAN PLANNING 14 NUCLEAR PLANTS: REPORT", 2010/03/22) reported that resource-poor Japan is planning to build at least 14 nuclear power plants over the next 20 years to reduce its reliance on other countries for its energy needs, a report said. The world's second biggest economy, which wants to double its provision for its fuel consumption, will make an announcement in June on whether it intends to press ahead with the plants, the Nikkei business daily said. The government is looking to build eight nuclear plants by 2020 and at least six more by 2030 to double the figure to 70 percent. It will provide funding to companies looking to work on nuclear power projects overseas, the report said.

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## 13. Japan Politics

Agence France Presse (Kyoko Hasegawa , "JAPAN LOCAL VOTE PLAN FOR FOREIGNERS TRIGGERS BACKLASH", 2010/03/22) reported that a plan by Japan's centre-left leaders to give foreigners the vote in local elections has sparked a conservative backlash, showing ethnic minority issues can touch a raw nerve in the island-nation. When the Democratic Party of Japan (DPJ) under Prime Minister Yukio Hatoyama floated the idea for the current parliamentary session, a key coalition partner quickly managed to derail the plan, at least temporarily. Siding with protests from the conservative opposition, the maverick leader of the tiny People's New Party, Financial Services

Minister Shizuka Kamei, this month threatened to quit the government over the issue. "The coalition will collapse" said Kamei, warning that letting foreigners vote would "stir ethnic sentiments and risk generating confrontation."

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## **14. Sino-US Relations**

Reuters (Chris Buckley and Aileen Wang , "CHINA PUSHES MAY MEETING TO EASE STRAINS WITH U.S.", 2010/03/22) reported that a top-level meeting between the PRC and the United States in May will be "very important" for defusing strains between the two big economies, PRC Premier Wen Jiabao said in conciliatory comments. A "Strategic and Economic Dialogue" of senior Washington and Beijing officials in May would be an important forum for addressing strains between the two powers, said Wen.

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## **15. Sino-US Trade Relations**

Washington Post (John Pomfret, "CHINA'S COMMERCE MINISTER: U.S. HAS THE MOST TO LOSE IN A TRADE WAR", 2010/03/22) reported that the PRC's commerce minister warned the United States that if it launches a "trade war" against the PRC by levying punitive tariffs on PRC imports, the United States will suffer the most. Chen Deming also said the U.S. government's "obsession" with the PRC's exchange rate could not be seriously addressed until it stopped blocking the export of high-tech products, such as supercomputers and satellites, to the PRC. "If the United States uses the exchange rate to start a new trade war, China will be hurt. But the American people and U.S. companies will be hurt even more."

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## **16. Sino-US Defense Relations**

New York Times ("ACADEMIC PAPER IN CHINA SETS OFF ALARMS IN U.S.", 2010/03/22) reported that Larry M. Wortzel , a military strategist and PRC specialist, told the House Foreign Affairs Committee on March 10 that it should be concerned because "Chinese researchers at the Institute of Systems Engineering of Dalian University of Technology published a paper on how to attack a small U.S. power grid sub-network in a way that would cause a cascading failure of the entire U.S." When reached by telephone, Mr. Wang said he and his professor had indeed published "Cascade-Based Attack Vulnerability on the U.S. Power Grid" in an international journal called Safety Science last spring. But Mr. Wang said he had simply been trying to find ways to enhance the stability of power grids by exploring potential vulnerabilities.

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## **17. PRC-Afghanistan Relations**

Reuters (Emma Graham-Harrison , "BEIJING-BOUND KARZAI SEEKS CHINA HELP IN PEACE

PUSH", 2010/03/22) reported that Afghan President Hamid Karzai will ask the PRC to use its diplomatic clout to help rein in a growing insurgency when he arrives for a state visit on Tuesday, putting security concerns ahead of his economic wishlist. Karzai, who will meet Premier Wen Jiabao and President Hu Jintao, is trying to muster international support for peace talks with the Taliban and other insurgents. He wants the PRC to weigh in with its ally, Pakistan, a vital regional player. "The main goal is to ask China, as a close friend to Pakistan, to take part in a solution to the problems in Afghanistan," said a source with knowledge of Karzai's agenda.

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## **18. PRC, Regional Climate Change**

Bloomberg ("HONG KONG, TAIWAN POLLUTION AT RECORDS AFTER STORM ", 2010/03/22) reported that Hong Kong and Taiwan told residents to reduce outdoor activities as air pollution hit records in the wake of a weekend sandstorm that swept across northern PRC. Hong Kong's Air Pollution Index rose to 500 -- the top reading possible -- at seven stations as of 5 p.m., according to the Environmental Protection Department's Web site . The pollution, at the worst levels since the government began keeping records in 1995, should dissipate in one or two days, the Hong Kong Observatory said. In Taiwan, concentrations of particulates hit the highest level in 25 years, according to the Environmental Protection Administration.

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## **19. PRC Internet**

British Broadcasting System ("GOOGLE STOPS CENSORING SEARCH RESULTS IN CHINA", 2010/03/22) reported that Google has stopped censoring its search results in the PRC, ignoring warnings by the country's authorities. The US company said its PRC users would be redirected to the uncensored pages of its Hong Kong website. Google's chief legal officer, David Drummond, said that providing "uncensored search" from Google.com.hk was "a sensible solution to the challenges we've faced—it's entirely legal and will meaningfully increase access to information for people in China". "We very much hope that the Chinese government respects our decision, though we are well aware that it could at any time block access to our services," Mr Drummond wrote. "We will therefore be carefully monitoring access issues, and have created this new web page, which we will update regularly each day, so that everyone can see which Google services are available in China."

Reuters (Chris Buckley and Melanie Lee, "GOOGLE RISKS CHINA'S IRE WITH SLAP TO CENSORSHIP", Beijing/Shanghai, 2010/03/24) reported that, "Google has violated the written promise it made on entering the Chinese market," said an unnamed official from the PRC's State Council Information Office, which helps oversee Internet rules, according to Xinhua news agency. "We firmly oppose politicizing commercial issues, and express our dissatisfaction and anger at Google Inc's unreasonable accusations and practices," said the official. Foreign Ministry spokesman Qin Gang told a regular news conference that Google's move was an isolated act, and that relevant government departments would handle it in accordance with the law. "The Google incident is the individual act of a commercial company. I don't see that it would have any impact on China-U.S. relations, unless some people want to politicize it," Qin said.

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## **20. PRC Media**

New York Times ("CHINESE OFFICIAL'S THREAT SETS OFF A MEDIA FUROR", 2010/03/22) reported that in another era, the brusque response of Li Hongzhong , the governor of Hubei Province, to a reporter's question about a scandal on his home turf might have been the end of it. Infuriated that the reporter would even ask about the case — in which a waitress at a karaoke bar killed a government official in self-defense — he threatened to go to her boss, seized her audio recorder and marched off, according to reports of the encounter. But instead of fizzling out, the March 7 episode has blossomed into a cause célèbre for free-press advocates in the PRC. In a rare display of unity, journalists, lawyers, academics and activists posted a letter of protest on the Internet demanding the governor's resignation.

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## **II. PRC Report**

### **21. Sino-US Nuclear Energy Cooperation**

The Oriental Morning Post ("1000 CHINESE SENT TO THE USA FOR NUCLEAR RESEARCH", 2010/03/22) reported that the PRC and the the USA have signed a framework agreement for further development of nuclear energy recently. The PRC will send 1000 researchers to American corporations to explore joint research, sources with Wang Binghua, Chairman of the State Nuclear Power Technology Corporation Ltd said today.

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### **22. PRC Climate Change**

International Online (Sun Yaping, "SAND STORM HITS CHINA", 2010/03/22) reported that strong sand storms have hit the PRC from north to south several times since the 19th of this month. The storm has already caused havoc in Xinjiang, Shanxi, Shaanxi and Hebei regions and an expected 270 million people are suffering from it.

China Central Television ("OVER 60% CITIES LACK WATER IN CHINA", 2010/03/22) reported over 60% of PRC cities are facing a water shortage problem, equaling an economic loss of over 200 billion RMB per year, said Wanghao, Director of Water Resource Center of The Institute of Water Resources and Hydropower Research today at a press conference

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