

# NAPSNet Daily Report 24 February, 2009

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## **I. NAPSNet**

### **1. DPRK Missile Program**

Reuters (Jon Herskovitz, "NORTH KOREA SAYS PREPARING ROCKET LAUNCH", Seoul, 2009/02/24) reported that the DPRK said on Tuesday it was preparing to launch a satellite on one of its rockets. "The preparations for launching an experimental communications satellite ... are now making brisk headway," KCNA said. "When this satellite launch proves successful, the nation's space science and technology will make another giant stride forward in building an economic power." "It does not matter if it is a satellite or a ballistic missile because they use similar technology. The Defense Ministry will take it as a threat to our security," ROK Defense Minister Lee Sang-hee told the National Assembly.

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### **2. DPRK Leadership**

Xinhua News Agency ("KIM JONG IL CALLS FOR NEW TECHNOLOGIES TO BOOST INDUSTRIAL

PRODUCTION", 2009/02/23) reported that Kim Jong Il has urged industrial plants to introduce new technologies to increase output. Kim's call came during a visit to the "July 7 Complex" chemical plant in North Hamgyong province, the official Rodong Sinmun daily said Monday, without giving the date of the visit. He praised the plant's efforts to cut down material consumption, and urged that it continue the policy as well as "give economic calculation primary consideration," the newspaper said. He also called on the workers to fully employ "mental power" and "collectivism" to increase output.

Xinhua News Agency (Lee Chi-dong, "DPRK TOP LEADER CALLS FOR CARRYING FORWARD SPIRIT OF SELF-RELIANCE", Pyongyang, 2009/02/21) reported that Kim Jong Il called for giving full play to the spirit of self-reliance when making inspections in two factories in North Hamgyong province, state media said Saturday. He praised the local workers for striving to solve problems they encountered in production through their own efforts and realizing modernization with their own technology. "Self-reliance is the only way out," he remarked. He also called for efforts to raise production capacity by continuing pushing forward technological upgrading and relying upon the socialist planned economy.

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### **3. Japan-ROK-US on DRPK**

Agence France Presse ("JAPAN, S KOREAN LEADERS PLEDGE TO COOPERATE WITH US ON N KOREA", Tokyo, 2009/02/23) reported that Japanese Prime Minister Taro Aso and ROK President Lee Myung-Bak vowed Monday to closely cooperate with the U.S. in solving world problems including DPRK's nuclear arms. "The two leaders agreed anew that close cooperation among Japan, South Korea and the United States is important in tackling pending issues in the international community, including the world economy and the North Korean issue, " the ministry said in a statement.

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### **4. Inter-Korean Relations**

United Press International ("SOUTH KOREA CALLS FOR NUKE-FREE PENINSULA", 2009/02/22) reported that the only way to peace and stability on the Korean Peninsula is to first keep it free of nuclear weapons, an ROK negotiator says. Huh Chul, a director general at Seoul's Foreign Ministry, said Sunday he got no disagreements from DPRK when he made that statement during last week's mini-six-party meeting in Moscow. Neither Pyongyang, Russia nor PRC voiced any objections to Huh's call for nuclear-free Korean peninsula as a pre-condition for peace, he said.

United Press International ("NORTH KOREA SAYS KOREAS AT EDGE OF WAR", Pyongyang, 2009/02/23) reported that DPRK said Monday the Koreas are teetering near war, calling ROK leader Lee Myung-bak a dictator who has escalated confrontation. "The Lee group has pushed the inter-Korean relations to the phase of total collapse and driven the situation to the brink of a war during the first year of its office. This is a thrice-cursed crime against the nation," editorialized Rodong Sinmun, the newspaper of the DPRK's Workers' Party. "Traitor Lee Myung-bak's first year in office were days of treason against the Korean people marked by his sycophancy toward the United States and the era of darkness notorious for his extreme fascist dictatorial rule," a commentary posted on

Uriminzokkiri, DPRK's official Web site said.

Dong A Ilbo ("NK DECLARES 'MERCILESS CONFRONTATION' WITH S.KOREA", 2009/02/23) reported that DPRK yesterday issued another stern warning against ROK. Blasting the Lee Myung-bak administration, the statement said, "We will defeat the group of traitors with the most merciless and firm determination." The warning came in response to President Lee's alleged comment that, "If North Korea's socialism makes its people worry over having three meals a day, it is better for North Korea to abandon its socialist system." The DPRK's Committee for the Peaceful Reunification of the Fatherland said, "It's become clearer that we can no longer expect improvement in inter-Korean relations and reunification and peace on the Korean Peninsula." "While defiling the dignity and regime of its brethren and completely negate the existence of North Korea, how is inter-Korean harmony and co-existence possible?"

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## **5. Inter-Korean Economic Cooperation**

Korea Times (Kang Hyun-kyung, "ASSEMBLY RESOLUTION SOUGHT FOR RESUMING MT. GEUMGANG TOUR", 2009/02/22) reported that twenty lawmakers urged Seoul and Pyongyang leaders to work toward resuming tours to Mt. Geumgang, saying the travel ban has taken a toll on ROK and DPRK citizens heavily dependent on tourism income. "Since the suspension of the program, dozens of South Korean businesses and approximately 1,000 travel agents that offered organized trips to the North have gone to the brink of bankruptcy," said independent lawmaker Song Hun-suk, an architect of the resolution. Song said some 30,000 ROK and DPRK workers are on the verge of losing their jobs due to the travel ban and eighty percent of shops and restaurants in Gosung, Gangwon Province, near the border with the DPRK, have also been forced to shut down as a result of immense business losses. The bipartisan group will submit the non-binding motion calling for the resumption of the tourism program to the National Assembly, Monday.

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## **6. US-DPRK Relations**

Yonhap News (Lee Chi-dong, "PERRY CALLS FOR U.S., ALLIES TO PRESS "RESET BUTTON" ON N. KOREA POLICY", Seoul, 2009/02/23) reported that former U.S. Secretary of Defense William Perry said Monday it is time to "press a reset button" on often-troubled dealings with DPRK, adding "business as usual" will not work to resolve the nuclear problem. "To determine how the United States should deal with North Korea will be one of the first major security decisions of President Obama." Perry said it would be "unwise" for President Barack Obama to simply take a wait-and-see stance amid reports of Kim Jong-Il's illness.

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## **7. ROK Military**

Korea Times (Lee Sang-hee, "ADVANCED KOREAN MILITARY REACHES OUT TO THE WORLD", 2009/02/24) reported that the Lee Myung-bak administration seeks to realize a "Global Korea" that fulfills its roles and responsibilities in the international community. The administration's basic

principle in national security strategy is to create "an advanced security posture that reaches out to the world," expanding the scope of our security beyond the Korean Peninsula to encompass the world. First, stable management of the security situation on the Korean Peninsula is of the highest priority in ROK's defense policy. Second, the ROK-U.S. Alliance, the backbone of our security, is being developed in a future-oriented manner. Third, cooperative military relations with neighboring nations are being expanded for shaping security environments in favor of peace and stability both on the Korean Peninsula and in the region. Fourth, our military will increase its participation in peacekeeping operations to lead the way toward a "Mature Global Korea."

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## **8. ROK Pirate Abductees**

Yonhap News ("ABDUCTED S. KOREAN SAILORS RETURN HOME", Incheon, 2009/02/23) reported that five ROK sailors released by Somali pirates after nearly 90 days in captivity thanked their government upon returning home Monday. ROK's legislature is expected to approve a government motion this week to dispatch a destroyer to Somali waters to fight piracy.

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## **9. ROK Economy**

Yonhap News ("SUPRA-SECTOR PANEL AGREES ON COMPROMISE MEASURES TO SAVE JOBS", Seoul, 2009/02/23) reported that a multilateral panel involving a major union, management, civic groups and the government agreed Monday on a set of measures to help save jobs and expand social safety networks amid a deepening global economic recession. The labor sector conceded to a wage freeze or wage cuts at troubled businesses, while management pledged to refrain from layoffs. The companies will introduce workshifts and a peak wage system and operate vocational training and unpaid leave to enable job sharing, the panel said in a statement.

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## **10. ROK Energy Supply**

Yonhap (Byun Duk-kun, "SEOUL, BAGHDAD AGREE ON \$3.55 BILLION DEAL TO REBUILD IRAQ", Seoul, 2009/02/24) reported that ROK President Lee Myung-bak and visiting Iraqi President Jalal Talabani on Tuesday signed a US\$3.55-billion deal to help rebuild Iraq and set up various forms of social infrastructure in exchange for nearly 2 billion barrels of Iraqi oil. "With this agreement, our side can now acquire rights to develop oil reserves in Iraq's Basra region, where most Iraqi oil is produced," the ROK presidential office said in a press release. "This, of course, is not a small deal because it entitles us to over two billion barrels of oil, which will be enough to supply the entire nation for nearly the next three years," Lee Dong-kwan, a spokesman for the office said.

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## **11. ROK Government**

Dong A Ilbo ("MICROCREDIT LOANS TO GO TO LOW-INCOME EARNERS", 2009/02/24) reported that low-income families and people with poor credit can apply for government-sponsored and low-credit microcredit up to 20 million won (13,400 U.S. dollars) per person to start their own businesses. "People from low-income families are among those eligible for loan applications, so this will significantly boost the campaign to help households eliminating debt, a campaign co-sponsored by The Dong-A Ilbo and Hana Financial Group," a ministry source said.

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## **12. ROK-Japan Economic Cooperation**

Yonhap News ("S. KOREA, JAPAN EXPECTED TO EXTEND CURRENCY SWAP LINE: OFFICIAL", Phuket, 2009/02/23) reported that Japan will likely extend its bilateral currency swap facility with ROK, helping Seoul secure a tightened safety net for a possible financial crisis, a top Seoul financial policymaker said Monday. ROK and Japan have a US\$20 billion won-yen currency swap pipeline, a 38 trillion won (\$25.1 billion) three-year swap arrangement with PRC and recently extended a \$30 billion swap deal with the U.S. by six months until October.

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## **13. Japan in Afghanistan**

Yomiuri Shimbun ("GOVT TO PAY SALARIES FOR 80,000 AFGHAN COPS", 2009/02/24) reported that the government will pay the salaries of 80,000 Afghan police officers for six months to help stabilize security in Afghanistan and build hundreds of hospitals and schools there under a new aid plan. The government has announced a livelihood aid plan for the Afghan people for the next three years, which includes building and repairing 200 schools, training 20,000 teachers and building 100 hospitals. The aid measures also include polio and BCG vaccinations for 7.6 million children.

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## **14. PRC Energy**

Telegraph (Richard Spencer, "CHINA PLANS FUND TO BUY FOREIGN ENERGY COMPANIES", Beijing, 2009/02/24) reported that PRC is preparing to start a new phase in its race for the world's resources by using its huge currency reserves to buy foreign energy companies. Officials from the country's National Energy Administration agreed to consider establishing a fund for state-owned companies to buy oil and gas firms overseas. "Firms will benefit from low-interest loans and, in some cases, direct capital injections," according to PRC Petroleum Daily. Which foreign firms, if any, have been identified for takeover was not disclosed.

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## **15. PRC Environment**

Associated Press ("WATER PLANTS REOPEN AFTER CHEMICAL LEAK IN CHINA", Beijing, 2009/02/23) reported that two water plants shut for three days after a massive chemical leak in

eastern PRC resumed operation Monday. Authorities have arrested two officials from the Biaoxin Chemical Company and closed the factory. The plant had been illegally discharging the chemical compound phenol into the Xinyanggang River. Police are conducting a criminal investigation into the contamination of water supplies for the city's 1.5 million residents.

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## **16. PRC Climate Change**

SciDev.Net (Lin Shujuan, "CHINA'S WATER DEFICIT 'WILL CREATE FOOD SHORTAGE'", Beijing, 2009/02/23) reported that a leading climate change expert has warned that water shortage is the greatest threat to PRC's agricultural sector this century. "China will see a food shortfall of 5-10 per cent — a disastrous outcome in a country of 1.3 billion people — unless effective and timely measures are taken," said Lin Erda, one of PRC's top climate change experts. Climate change is affecting an increasingly large area of crop-growing land in PRC — up from 3,882 hectares hit by natural disasters in 2005 to 4,899 hectares in 2007, Lin said.

UK Guardian (Duncan Clark, "CHINA'S INCREASING CARBON EMISSIONS BLAMED ON MANUFACTURING FOR WEST", 2009/02/23) reported that the full extent of the west's responsibility for PRC emissions of greenhouse gases has been revealed by a new study. The report shows that half of the recent rise in PRC's carbon dioxide pollution was caused by the manufacturing of goods for other countries. Around 9% of total PRC emissions are now the result of manufacturing goods for the US, and around 6% for Europe. Academics and campaigners increasingly say responsibility for these emissions lies with the consumer countries.

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## **17. PRC Mining Accident**

Reuters (Tom Miles, "BLAST IN CHINA COAL MINE KILLS 74", Beijing, 2009/02/23) reported that an explosion in a mine belonging to PRC's biggest coking coal producer killed 74 miners in Shanxi province on Sunday and scores more were rescued after being trapped underground for hours. The gas blast happened the day after senior provincial officials held a conference about mine safety when they pledged to try to put an end to fatal mining accidents.

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## **18. PRC Food Safety**

New York Times (Michael Wines, "TAINTED PIG ORGANS SICKEN 70 IN CHINA", Beijing, 2009/02/23) reported that seventy residents of southern PRC have been sickened after eating pig organs contaminated by a steroid, banned in PRC and most other nations as an additive to animal feed. It is sometimes used illegally to produce animals with more and leaner meat. The Internet portal Netease.com announced plans to raise up 10,000 pigs on webcam-equipped organic farms in Zhejiang Province. The company said it was jumping into pig farming because the Internet offered an ideal way to reassure PRC consumers unnerved by recent food-safety scandals.

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## 19. PRC Human Rights

Agence France-Presse ("CHINA SAYS 'RELICS FOR RIGHTS' OFFER RIDICULOUS", Beijing, 2009/02/24) reported that Pierre Berge, the former partner of late fashion designer Yves Saint Laurent, told French radio on Friday that he is prepared to return to the PRC two 18th century Qing dynasty bronzes from Laurent's collection that are scheduled to be auctioned off on Wednesday. The two bronzes are part of a collection looted 150 years ago by British and French troops from the Summer Palace. Berge stated, "The only thing I ask is for China to give human rights, liberty to Tibet and to welcome the Dalai Lama ." PRC foreign ministry spokesman Ma Zhaoxu responded, "To infringe upon Chinese people's cultural rights on the pretext of human rights is just ridiculous." "In modern history, Western imperial powers have looted a lot of Chinese cultural relics, including those in the Summer Palace, and these cultural relics should be returned to China," he said.

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## 20. Sino-US Trade Relations

Agence France Presse (D'arcy Doran, "CHINA TO HEED CLINTON'S CALL ON BUYING US BONDS: ECONOMISTS", Shanghai, ) reported that PRC has little choice but to follow Hillary Clinton's call and continue buying US Treasuries, as reversing course would lead to the value of its investments plunging, economists said Monday. Clinton urged PRC on Sunday to keep buying US debt, saying it would help jumpstart the flagging US economy and stimulate demand for PRC exports. In fact, PRC has to keep investing in the United States if it wants to protect the value of its trillions in dollar holdings, said Lu Feng, an economist at Peking University's PRC Center for Economic Research.

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## 21. PRC Earthquake Reconstruction

Associated Press ("CHINA: VILLAGERS BEAT OFFICIAL OVER QUAKE RELIEF", Beijing, 2009/02/23) reported that farmers in earthquake-devastated southwest PRC beat a village chief and clashed with police this week after they claimed they were cheated out of quake relief subsidies, state media said. Wednesday's clash in Anxian county left an unspecified number of farmers and police injured and calm was restored after 100 police were brought in. Farmers were dredging sand from a river bed for construction and when local officials tried to stop them, they raised the issue of quake subsidies.

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## 22. PRC Earthquake

Xinhua News Agency ("EARTHQUAKE LEAVES 331 FAMILIES HOMELESS IN NW CHINA", Beijing, 2009/02/23) reported that at least 331 families have been left homeless by a 5.2-magnitude earthquake that hit northwest PRC's Xinjiang Uygur Autonomous Region on Friday, the government announced Monday. The Ministry of Civil Affairs said the quake damaged the homes of another 5,613 households and caused total direct losses of 148 million yuan (21.76 million U.S. dollars).



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## **23. Sino-Vietnam Relations**

United Press International ("VIETNAM, CHINA OFFICIALLY DEMARCATÉ BORDER", Lang Son, Vietnam, 2009/02/23) reported that the final demarcation of the border between PRC and Vietnam will help ensure peace and stability between the two countries, officials said Monday. "This is a vivid manifestation of the comprehensive and strategic cooperative partnership between the two countries," Khiem said. "It also delivers a message to the world that the relationship between Vietnam and China is developing well." PRC's foreign ministry said the completion of the demarcation would be conducive to peace and stability, promote trade and exchanges and foster the strategic partnership between the two countries.

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## **24. Sino-Finland Military Cooperation**

Xinhua News Agency ("CHINA VOWS TO ENHANCE MILITARY EXCHANGES WITH FINLAND", 2009/02/23) reported that the PRC armed forces are willing to enhance the military exchanges with Finland, PRC Defense Minister Liang Guanglie said in Beijing Monday. Liang, also a state councilor, made the remarks when meeting with visiting Chief of General Staff of the National Defence Forces of Finland, Ari Puheloinen. Liang said, "Finland is one of the first western countries that established diplomatic ties with China. The two countries have made great achievements in their cooperation."

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## **25. Sino-Thailand Military Cooperation**

Xinhua News Agency ("CHINA VOWS TO FURTHER MILITARY TIES WITH THAILAND", 2009/02/23) reported that PRC Defense Minister Liang Guanglie met visiting Thai Army Commander-in-Chief Anupong Paochinda, and vowed to further promote bilateral military ties Monday. Liang, also a state councilor, spoke highly of Thailand's support for PRC on the Taiwan and Tibet issues as well as the Beijing Olympic Games.

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## **II. PRC Report**

### **26. PRC Corporate Responsibility**

Huicong Beauty & Hair Network (Xiao Cao, "NATIONAL ANTI-COUNTERFEITING FUND OF COSMETICS ESTABLISHED", 2009/02/23) reported that National Anti-Counterfeiting Fund of Cosmetics was formally unveiled in Great Hall of the People yesterday afternoon. Inspection Commissioner of the State Council Liuji, Secretary-General of China Consumer Protection Foundation Hou Guiliang, Executive Vice President of China International Cosmetics Industry

Association Wu Shengli and other representatives of relevant fields participated in the ceremony. The Fund aims at promoting the healthy development of trusty enterprises, protecting the health of consumers and the safety of cosmetic-using, and maintaining good order of the market of the industry.

Guangzhou Daily (Liu Chang, "PUBLIC INNOVATION FUND FOUND IN GUANGZHOU", 2009/02/23) reported that the Shenzhen Charity Association and Shenzhen Leather Industry Association jointly launched "Belle International Public Innovation Fund and China First Leather Creative Design Competition" yesterday in Shenzhen city of Guangdong province. The Fund focuses on independent innovation and industrial upgrading, and the initial fund reaches 8 million RMB. The Design Competition funded by the Fund will award winners up to 100,000 RMB and provide them opportunities to study in Hong Kong or Italy.

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## **27. PRC Philanthropy**

Xinhua Net (Ye Feng, "SHANGHAI TO EXPLORE VARIOUS CHARITY DONATION METHODS", 2009/02/21) reported that Director of Shanghai Bureau of Civil Affairs Ma Yili said at the "2009 Inter view of Shanghai Citizen's Livelihood" that Shanghai will design various methods of donation such as public trust investment, special fund, online donation and others, to further tap private charity resources. "We hope to make the donation process pleasant", he said.

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## **III. ROK Report**

### **28. DPRK-PRC Relations**

Yonhap News ("CELEBRATING 60TH ANNIVERSARY OF RELATIONS, 'YEAR OF FRIENDSHIP,' ATTENTION ON DPRK-CHINA EXCHANGES", 2009/02/24) wrote that according to Liu Xiaoming, PRC ambassador to the DPRK, it the two countries are celebrating the 60<sup>th</sup> anniversary of relations and marking it as "the year of friendship," which stresses the special meaning of their relationship. It is notable to watch how the high-ranking officials of the two countries will cooperate in the future. In case exchange visits occur, there is big possibility they might discuss the six-party talks.

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### **29. U.S. Policy toward DPRK**

Munhwa Ilbo (Deokmin Yoon, "CLINTON'S 'BLOCK SOUTH, ENGAGE US' PRINCIPLES", 2009/02/23) wrote that Hillary Clinton, the U.S. Secretary of State, stated in the flight to ROK that "the U.S. is presuming the DPRK might face crisis regarding the succession." In other words, the U.S. believes DPRK's brinkmanship policy is related with the successor issue. Such a statement

signifies that the U.S. will never step back. Clinton also made sure that as long as DPRK applies a hard-line policy toward the ROK, the relationship between the U.S. and DPRK will not be able to improve; only if the DPRK cooperates with the ROK will they be able to cooperate with the U.S. Originally, the main purpose of Clinton's visit to ROK was to hear the standpoint of the ROK as an ally. Clinton's visit to the ROK was a good start for Obama administration in developing DPRK policies.

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