

# NAPSNet Daily Report 24 June, 2009

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**MARKTWO** 

#### **I.NAPSNet**

### 1. Russia on DPRK Nuclear Issue

RIA Novosti ("MOSCOW HOPES N. KOREA STOPS NUCLEAR TESTS, STARTS TALKS - LAVROV", 2009/06/23) reported that Moscow hopes international talks on the DPRK nuclear problem will be resumed shortly and is waiting for Pyongyang to confirm that it will stop all nuclear tests, the Russian foreign minister said. "We are concerned by the deadlock that has evolved, primarily due to North Korea's unacceptable actions," Sergei Lavrov said. He added, however, that the talks could only be resumed "after North Korea confirmed that it will conduct no more nuclear tests."

Yonhap ("S. KOREA, RUSSIA TO PUSH FOR 5-WAY NUCLEAR MEETING WITHOUT N. KOREA", Moscow, 2009/06/24) reported that the ROK and Russia agreed Wednesday to seek concrete steps toward a five-way meeting with the United States, the PRC and Japan as part of efforts to press the DPRK to rejoin disarmament talks. "The two nations reached a common view to support any format (of consultations), including the five-party one for North Korea's return to the six-way talks (on its nuclear program)," Seoul's top nuclear envoy Wi Sung-lac told reporters after meeting with his Russian counterpart Alexei Borodavkin.

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### 2. ROK on DPRK Nuclear Program

Reuters ("CHINA HOLDS KEY TO NORTH KOREA PROBLEM - SEOUL", Seoul, 2009/06/23) reported that the only way the DPRK will give up nuclear weapons is if the PRC finally abandons decades of support for the isolated state, a senior ROK official said. In unusually direct comments, he said there were enough sanctions in place to force Pyongyang back to the negotiating table if the PRC gave them its full backing following a surge in military threats by the DPRK, including last month's nuclear test. "I think they are agonising what to do," the senior presidential official told Reuters.

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### 3. PRC on DPRK Nuclear Talks

Xinhua News ("SIX-PARTY TALKS "BEST WAY" TO DENUCLEARIZE KOREAN PENINSULA", Beijing, 2009/06/23) reported that the PRC believes that adherence to negotiation, dialogue and the six-party talks is the best way to realize the denuclearization of the Korean peninsula, PRC Foreign Ministry Spokesman Qin Gang said. The PRC is willing to keep maintain communication and coordination with the involved parties, Qin told a regular press briefing. Asked about inspecting a DPRK ship suspected of carrying goods banned by a relevant UN resolution, Qin said the inspection should be carried out strictly according to relevant UN resolutions and international and domestic laws. "In the current situation, China calls on the involved parties to avoid actions that may further intensify the tension," he said.

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#### 4. DPRK Missile Launch

The Associated Press (Pamela Hess and Lolita Baldor, "NORTH KOREA INDICATIONS SUGGEST SHORT- TO MEDIUM-RANGE LAUNCH; NO LONG-RANGE MISSILE PREPS YET", Washington, 2009/06/23) reported that an impending missile test threatened by the DPRK is expected to launch short- to medium-range missiles rather than a long-range missile similar to one tested in April, according to U.S. intelligence reports. U.S. defense and counterproliferation officials say intelligence suggests that the DPRK is likely to fire short- and medium-range missiles, based on the splashdown zone referenced in the notice and other activities that are consistent with such launches. They have not seen preparations for the launch of a long-range Taepodong-2 missile similar to that launched on April 5.

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## 5. US on DPRK Missile Program

Yonhap News ("OBAMA TO DO EVERYTHING AGAINST BALLISTIC MISSILE FROM N. KOREA: WHITE HOUSE", Washington , 2009/06/23) reported that the U.S. government will do everything to counter any further missile launches from the DPRK to ensure the safety of Americans, the White House said. "The president and the Pentagon have done and are doing everything humanely possible to ensure the safety of all Americans should the North Koreans decide to test fire another missile," White House spokesman Robert Gibbs said in an interview.

### 6. US Policy Toward the DPRK

Foreign Policy Magazine ("CONFIRMATION LOGJAM BREAKS?", 2009/06/23) reported that the White House expressed concern that Kurt Campbell, its top State Department Asia hand, was not yet confirmed, given the DPRK's latest threats to conduct further nuclear and missile tests. "At a time of rising tensions with North Korea, we think it is important that the Senate have an opportunity to vote to put in place our chief diplomat for Asia," an administration official said. Administration sources said it wasn't clear if Sen. Sam Brownback (R-KS) had placed a hold on Campbell. Brownback, sources say, wants the DPRK put back on the terrorism list.

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### 7. US on Detained Journalists

Yonhap News (Hwang Doo-hyong, "U.S. URGES N. KOREA TO FREE TWO AMERICAN JOURNALISTS", 2009/06/23) reported that the United States urged the DPRK to release two American journalists sentenced to 12 years in a labor camp early this month. "We urge North Korea to grant the immediate release of the two journalists on humanitarian grounds," State Department spokesman Ian Kelly said in a daily news briefing. Kelly said that the Swedish ambassador in Pyongyang, Mats Foyer, met with Laura Ling and Euna Lee earlier in the day in Pyongyang in the fourth such meeting since their detention in March.

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### 8. Japan-DPRK Relations

Kyodo News ("N. KOREA BLASTS JAPAN FOR PROPOSED LAW OVER CARGO INSPECTION", Beijing, 2009/06/24) reported that the DPRK blasted Japan for its moves to enact a new law aimed at enabling its coast guard to inspect DPRK cargo on the high seas. The moves are "aimed to justify their war actions" against the DPRK, its official Korean Central News Agency reported.

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### 9. Inter-Korean Relations

Yonhap News (Byun Duk-kun, "PRESIDENT SAYS SEOUL IS ONLY GOV'T TRULY HELPING N. KOREA", Seoul, 2009/06/23) reported that ROK President Lee Myung-bak urged the DPRK Tuesday to halt its provocative military threats and to work with his country, saying the ROK is the only country in the world that is interested in truly helping the communist state. "Every country in the world is interested in helping North Korea, but there is no other country except South Korea that is interested in helping North Korea stand on its own and be able to survive international competition," the president said in a meeting of some 370 leaders of Korean communities from 65 countries throughout the world. Lee said threats and provocations can buy time for the DPRK, but not its survival, and that the DPRK could become one of the fastest-growing economies if it decides to open up.

### 10. DPRK Military

United Press International ("N.KOREA SEEN DEVELOPING GUERRILLA TACTICS", Seoul, 2009/06/23) reported that the DPRK may be seeking to improve guerrilla warfare tactics to include roadside bombings, the U.S. commander said in Seoul Tuesday. US General Walter Sharp said in the event of a full-fledged conflict on the Koran Peninsula, the DPRK might use such improvised explosive devices or IEDs both against the civilians and ROK and U.S. forces stationed in the country.

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### 11. DPRK Leadership

Yonhap News ("N. KOREAN LEADER HINTS AT POWER SUCCESSION", Seoul, 2009/06/23) reported that DPRK leader Kim Jong-il has reportedly made public remarks indicating the reclusive dictator is in the midst of justifying his alleged plan to transfer power to his youngest son, Jong-un. The Rodong Sinmun, the North's main newspaper published by the Workers' Party, on Tuesday quoted Kim as recently saying, "A revolutionary tradition created by our founding leader (Kim Ilsung) is the strong root of our party and its revolution. Our revolution has been successful because the blood of juche has been inherited by successive generations." The paper said Kim made the remark during his tour of one of the DPRK's revolutionary sites in northern part of the country.

The Las Vegas Sun (Richard N. Velotta, "IRAN-LIKE PROTESTS UNLIKELY IN NORTH KOREA", 2009/06/23) reported that as the DPRK moves closer to becoming a legitimate nuclear threat, its citizens aren't likely to rise in protest against their rulers as Iranians have against theirs, the ROK ambassador to the United States said Monday. Han Duk-soo, who was recently appointed to the diplomatic post, said the iron fist of the Kim Jong-Il regime makes it virtually impossible for people to communicate with one another, much less organize any meaningful opposition to the DPRK's worrisome nuclear program. Han said he has confidence that growing sentiment from the international community against the DPRK's nuclear proliferation will prevail, as in addition to considering the ROK's relationship with the United States and its military, the DPRK would be confronted by the PRC and other Asian nations concerned about its nuclear escalation.

Donga Ilbo ("NK LEADER GIVES SON CONTROL OF SECRET POLICE", Seoul, 2009/06/24) reported that a "well-informed source" on the DPRK said Tuesday Kim Jong Un has received control of the country's secret police in the first step of his succession process. Kim Jong Il and his son were reported to have visited the head office of the National Security Agency around March. The source said Kim Jong Il told key agency officials to consider Kim Jong Un their boss and defend him with their lives. The source said Kim Jong Il made similar comments early last month while visiting National Security Agency University in Pyongyang, a school which trains the agency's elite agents. He is said to have given to agency officials in March five imported luxury cars worth around 80,000 U.S. dollars each as gifts.

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### 12. DPRK Economy

Yale Global ("ANOTHER UNEXPECTED VICTIM OF THE GLOBAL FINANCIAL CRISIS: NORTH KOREA'S RESTAURANTS ABROAD", 2009/06/23) reported that the DPRK's two main front companies in Thailand, Star Bravo and Kosun Import-Export, are still in operation. In the early 2000s, Thailand actually emerged as the DPRK's third largest foreign trading partner after the PRC and ROK. Bangkok developed as a center for such commercial activities and Western intelligence officers based there became aware of the import and sale of luxury cars, liquor and cigarettes, which were brought into the country duty-free by DPRK diplomats. In a more novel enterprise, the North Koreans in Bangkok were reported to be buying second-hand mobile phones – and sending them in diplomatic pouches to Bangladesh, where they were resold to customers who could not afford new ones. The restaurants were used to earn additional money for the government in Pyongyang – at the same time, they were suspected of laundering proceeds from the DPRK's more unsavory commercial activities. Restaurants and other cash-intensive enterprises are commonly used as conduits for wads of bills, which banks otherwise would not accept as deposits.

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#### 13. ROK Politics

Yonhap News (Byun Duk-kun, "PRESIDENT PROMISES MINISTERS GREATER POWER OVER SUBORDINATES", Seoul, 2009/06/23) reported that ROK President Lee Myung-bak said Tuesday he will relegate the management and appointment of senior officials to his Cabinet ministers, a move intended to strengthen the ministers' control over their respective offices. The ministers, in turn, will have to take full responsibility for any reshuffle. Lee also called for stepped up efforts to reform state-owned businesses, noting most public firms did well in a 2008 evaluation, the results of which were released last week, but that they needed to do more.

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### 14. ROK Energy

The Chosun Ilbo ("SPECIAL TAX ON ENERGY-INEFFICIENT, HARMFUL ITEMS PLANNED", 2009/06/23) reported that the government wants to impose special consumption taxes on electronic goods with low energy efficiency such as large air conditioners and refrigerators, and is also considering raising taxes on unhealthy items such as alcohol and tobacco. The tax would extend to any goods falling into levels four and five on a one-to-five scale for energy efficiency. "We are preparing a revised tax system to induce energy saving and develop the environment-friendly sector," a ministry official said.

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### 15. US-Japan Security Alliance

The Yomiuri Shimbun ("U.S. MOVE MAY LEAD TO NIXING OF FUTENMA RELOCATION PLAN", 2009/06/23) reported that a key U.S. congressional committee has added an amendment to the fiscal 2010 defense budget that would make it hard to realize an agreement reached by the Japanese and U.S. governments over the relocation of the U.S. Marine Corps' Futenma Air Station in Ginowan, Okinawa Prefecture. The amendment says the U.S. defense secretary should not give its approval to the alternative facility as long as it fails to comply with minimum flight safety requirements. As a

result, Abercrombie has stated that Camp Schwab is not an appropriate candidate for the alternative facility and that a new transfer location should be sought.

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### 16. Japan GSDF Sudan Dispatch

The Japan Times ("GSDF OFFICERS TO REMAIN ON SUDAN PEACEKEEPING MISSION", 2009/06/23) reported that the Cabinet extended the dispatch of two Ground Self-Defense Force officers to Sudan taking part in U.N. peacekeeping operations. The two left Japan in October to join the U.N. Mission in Sudan (UNMIS) headquarters in Khartoum, where they have engaged in nonmilitary tasks, including database management and transportation scheduling. The officers will continue their roles in the mission, "which is of high significance" and contributes to peace and stability in Africa, the Foreign Ministry said in a statement.

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### 17. Japan Politics

Kyodo News ("LDP ASKS MIYAZAKI GOV. HIGASHIKOKUBARU TO RUN IN GENERAL ELECTION", Miyazani, 2009/06/23) reported that the Liberal Democratic Party asked popular Miyazaki Gov. Hideo Higashikokubaru to run in the upcoming House of Representatives election, but the beleaguered ruling party failed to get the nod and instead received a bold counteroffer. Higashikokubaru told LDP Election Strategy Council Chairman Makoto Koga, who conveyed the offer to the comedian-turned-politician at the Miyazaki prefectural government office, that he would only run on the LDP ticket if the party decides to list him as a candidate for party president, both men told reporters after their meeting.

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### 18. Japan Environment

Agence-France Presse ("JAPAN, GERMANY AGREE TO COOPERATE ON NEW CLIMATE TREATY", Tokyo, 2009/06/22) reported that Japan and Germany on Monday agreed to cooperate in urging major emitters of greenhouse gases, such as the United States, PRC and India to take part in a new climate treaty, the foreign ministry said. Japanese Prime Minister Taro Aso and German Chancellor Angela Merkel held telephone talks ahead of their participation in this year's Group of Eight summit in Italy next month, the Japanese ministry said.

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#### 19. Cross Strait Relations

People's Daily Online ("CHINESE MAINLAND SELLS FIRST HYBRID BUSES TO TAIWAN", 2009/06/23) reported that Beiqi Foton Motor Co., the PRC's biggest commercial-vehicle maker, officially signed a sales agreement for 75 Euro V hybrid passenger buses with Taiwan Master Transportation Bus Manufacturing Ltd on June 20. It is the first time the PRC mainland auto

manufacturer has sold new energy vehicles to the Taiwan market.

Bloomberg Bews ("TAIWAN-CHINA FLIGHTS TO INCREASE AUG. 31, CHINA TIMES REPORTS", 2009/06/23) reported that Taiwan and the PRC will increase flights between the two locations to 270 a week from Aug. 31 compared with 108 currently, the China Times reported, citing an unidentified aviation industry official. The PRC and Taiwan signed an agreement in April to increase flights, according to the report. The change of date to August was proposed by the mainland because it needed time to prepare, the Taipei-based, Chinese-language newspaper said.

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### 20. US-PRC Military Relations

Associated Press (Christopher Bodeen, "US, CHINA PLEDGE EFFORT TO AVOID SEA CONFRONTATIONS", Beijing, 2009/06/24) reported that PRC People's Liberation Army deputy chief of staff Lt. Gen. Ma Xiaotian, said Wednesday that the PRC had reiterated its opposition to U.S. surveillance patrols in the South China Sea , during two days of talks with the U.S. delegation led by Defense Undersecretary Michele Flournoy . "Our two sides agreed to work together to avoid such incidents from happening again since such incidents will surely have a negative impact on our bilateral relations in general," Ma stated. Flournoy stated, "I think there is a strong desire on both sides to reduce the number of incidents as much as possible and when they do occur resolve them as carefully as possible."

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### 21. US-PRC Trade Relations

The Associated Press ("U.S.-CHINA TRADE TENSIONS STARTING TO BOIL", 2009/06/23) reported that long-simmering economic tensions between the U.S. and PRC boiled over Tuesday as the Obama administration filed its first unfair-trade case against Beijing, accusing it of restricting exports of materials needed to produce steel, aluminum and other products. The administration vowed to protect the rights of American companies, and it got backing from the European Union, which filed its own case on the issue. Analysts expect the fight over the PRC's export restrictions will be just one of many trade cases the administration files against the PRC.

Reuters (Susan Cornwell and Darren Ennis, "U.S., EU START WTO CASE AGAINST CHINA ON RAW MATERIALS", Washington/Brussels, 2009/06/23) reported that the United States and European Union on Tuesday began a case against the PRC at the World Trade Organization over its export restrictions on industrial raw materials , saying Beijing was trying to tilt the playing field in favor of its own industries. The action followed failure to persuade the resource-hungry PRC to reduce its export tariffs and raise quotas on a number of key materials such as coke, zinc and yellow phosphorus. The materials are used in steel, microchips, planes and other products, and the trade flows affected are worth billions of dollars, U.S. officials said.

### 22. US-PRC Climate Change Collaboration

Agence France-Presse ("US DRAWS LINE WITH CHINA ON CLIMATE TECHNOLOGY", Washington, 2009/06/23) reported that access to green technology is becoming a growing stumbling block in global efforts to fight climate change , with US lawmakers bristling at what they see as the PRC's attempt to "steal" US know-how. The US House of Representatives this month unanimously voted to make it US policy to prevent the Copenhagen treaty from "weakening" US intellectual property rights on a wind, solar and other eco-friendly technologies. Congressman Rick Larsen , a member of President Barack Obama 's Democratic Party who authored the measure, said the United States was caught between concern both over the climate and its soaring trade deficit with the PRC .

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#### 23. PRC Tibet Issue

The Earth Times ("CHINA JAILS TIBETAN FOR THREE YEARS OVER MESSAGES ABOUT UNREST", Beijing, 2009/06/23) reported that a PRC court sentenced a Tibetan tour guide to three years in prison after convicting him of "inciting separatism" by sending email and text messages about unrest among Tibetans, a US-based rights group said on Tuesday.

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### 24. PRC Energy Supply

Caijing Magazine ("PETROCHINA TO BUILD OIL TERMINAL IN SOUTHERN CHINA", 2009/06/23) reported that PetroChina International Co., a wholly-owned subsidiary of PetroChina, will set up South PRC's largest oil terminal in Guangzhou, a city in southeast PRC's Guangdong Province. The terminal will consist of a refined oil reservoir with a storage capacity of 765,000 cubic meters and a wharf with a loading capacity of 80,000 tons. Operation is expected to start by the end of the year.

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### II. PRC Report

### 25. PRC Civil Society and the Environment

Public Welfare Times (Yu Jiali, "ENVIRONMENTAL PROTECTION SHARING FORUM HELD IN BEIJING", 2009/06/23) reported that Kimberly-Clark (China) and Roots and Shoots (an environmental NGO) have jointly organized students from over 40 primary and middle schools of Beijing, to communicate and share experiences and results of the environmental projects carried out by the two sponsors. The sponsors hope to make more children know the importance of water-saving and cultivate children's environmental awareness.

### 26. PRC Environment

Public Welfare Times ("FORD LAUNCHES ENERGY-SAVING DRIVER TRAINING", 2009/06/23) reported that Ford China has launched 2009 Ford Energy-Saving Driver Training recently. The training will be carried out in 22 key cities of the PRC, providing energy-saving driving skills training for more than 3000 common drivers. The activity will last for three months from June to August.

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