

# NAPSNet Daily Report 24 June, 2010

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## **1. I. NAPSNet**

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## **2. ROK on Naval Ship Sinking**

Xinhua News Agency ("S. KOREAN PARLIAMENTARY TEAM CONDEMNS PYONGYANG FOR SHIP SINKING ", 2010/06/23) reported that the ROK's parliamentary defense committee unanimously passed Wednesday a resolution condemning the Democratic People's Republic of Korea (DPRK) for sinking a ROK navy warship. Twelve lawmakers from both the ruling and opposition parties participated in approving the resolution, which will be submitted to a full session on June 28, according to local media reports. The resolution, defining the alleged torpedo attack on a patrol ship as a violation of the 1953 armistice and the United Nations Charter, calls on the DPRK to apologize to the ROK for the incident and punish those responsible. It also urges the ROK government to deal resolutely with the incident through both military and non-military means.

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## **3. DPRK Economy**

Radio Free Asia ("NORTH KOREANS SHUN NEW WON", 2010/06/23) reported that the national currency hasn't yet collapsed because there's so little of it circulating, DPR Koreans say. Those who can afford to save their money are ignoring a new currency in favor of the more trusted renminbi yuan from the PRC. "Our money is now called 'the commoners' currency,' used only as a means of exchange when goods are purchased, but not as a means of saving," a resident of Chungjin city in the northern province of Hamgyeong said. "North Koreans [still] hold their savings in Chinese money," the resident said.

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## **4. DPRK Leadership**

Institute for Far Eastern Studies ("KIM JONG IL VISITS SINUIJU, SUCCESSOR KIM JONG EUN TAKES UP ON-SITE GUIDANCE ", 2010/06/23) reported that Kim Jong Il visited Sinuiju on June 17, spending three days inspecting industrial facilities with his third son and possible successor Kim Jong Eun. One visit was to a shoe factory, at which Kim Jong Il observed modernized technology and production equipment. On another stop, at the Sinuiju Cosmetics Factory, Kim Jong Il met with the factory manager and foremen, providing them and the laborers with encouragement. Kim Jong Eun also made an appearance at the meeting, indicating that the effort to install him as the next DPRK leader has progressed to the point at which he is being directly introduced to the people. According to a Daily NK report quoting a source in Sinuiju, noted that "Kim Jong Eun took most of the responsibility for [Kim Jong Il's] protection entourage and for the on-site guidance."

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## **5. DPRK Internal Situation**

Yonhap News ("N KOREA'S FUTURE IN GREATER DOUBT THAN EVER FROM ECONOMIC, LEADERSHIP UNCERTAINTIES: U.S. SCHOLAR", 2010/06/23) reported that the DPRK's future is in greater doubt than ever before with a broken economy and leadership uncertainties spurred by leader Kim Jong-il's health problems, a U.S. scholar said Wednesday. Robert Scalapino, professor emeritus at the University of California, Berkeley, said that the communist nation may survive the current challenges as it has done with past crises, but the gap between the two Koreas in all areas is expected to expand. "The future of the DPRK has rarely been more clouded," Scalapino told a seminar in Seoul. "A fragile economy has descended into conditions causing serious poverty that has affected the health and life expectancy of millions of citizens, with starvation an omnipresent threat." "With the Dear Leader's health problems, the quest for a successor was hastily undertaken with his third son, Kim Jong-un, reportedly chosen. Yet young Kim's youth and inexperience have cast a deep shadow over the future," he said.

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## **6. DPRK Aid**

Yonhap News ("POST-KIM JONG-IL N. KOREA MAY RECEIVE US\$38 BILLION IN AID: REPORT", 2010/06/24) reported that the DPRK may receive tens of billions of dollars in international support after its leader Kim Jong-il dies, but only if it decides to give up its nuclear weapons along with its provocative behavior, a report said Wednesday. Cho Young-key, a professor of DPRK studies at Seoul's Korea University, claimed various countries and international organizations, such as the

World Bank and the International Monetary Fund, may provide post-Kim Jong-il DPRK with up to US\$18.8 billion in aid and development funds in 10 years if the nation maintains a "neutral" or positive stance toward reform and opening.

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## **7. Sino-DPRK Economic Relations**

Kyodo News ("CHINA REPAIRS BRIDGE ON BORDER WITH N. KOREA, GAINS SAFE PORT ACCESS", 2010/06/23) reported that the PRC has repaired a bridge in Hunchun at the PRC and DPRK border, giving it a safer access to the DPRK for use of Rajin port to ship coal to Shanghai, according to Jilin Province officials. The PRC paid 3.6 million yuan (\$528,526) to repair the bridge over the Tumen River, a project jointly pursued with the DPRK, the officials said Tuesday. The bridge serves as a gateway to Pier No. 1 at Rajin port, which a PRC company has obtained the right to use for 10 years.

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## **8. DPRK Espionage**

Agence France Presse ("COURT URGED TO JAIL N.KOREANS OVER BID TO KILL DEFECTOR", 2010/06/23) reported that ROK prosecutors asked a court Wednesday to impose 15-year jail sentences on two DPRK agents who posed as fugitives from the DPRK in a bid to assassinate a top-ranking defector. The two men admitted they had been sent by the DPRK's military reconnaissance bureau with orders to kill Hwang Jang-Yop. One of the defendants, identified only as Kim, appealed for clemency while the other had nothing to say. "If the court grants me leniency, I would like to live a sincere life in the South Korean system," Kim said.

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## **9. DPRK Defectors**

Associated Press (Kwang-tae Kim, "SKOREA QUESTIONS NKOREAN OVER REPORTED CROSSING", Seoul, 2010/06/25) reported that the ROK says investigators are questioning a DPRK man who reportedly crossed the sea border. Yonhap news agency cited an unidentified government source as saying the man crossed the western sea border in a small boat earlier Thursday.

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## 10. Inter-Korean Economic Relations

Xinhua News Agency ("NUMBER OF DPRK WORKERS AT KAESONG COMPLEX REACHES HIGHEST LEVEL IN JUNE", 2010/06/23) reported that the number of workers from the Democratic People's Republic of Korea (DPRK) at a joint industrial complex in the border town of Kaesong reached the highest level in June, despite heightened tension on the peninsula over the sinking of a ROK warship, the government said Wednesday. Seoul's unification ministry said in a report to parliament that the number of DPRK workers has steadily risen from 42,397 in January to some 44,000 in June, the highest number ever.

Yonhap News ("S. KOREA MULLING HUGE RESCUE FUNDS FOR TROUBLED INTER-KOREAN TRADE FIRMS", 2010/06/23) reported that the ROK is considering providing about 100 billion won (US\$84 million) of rescue funds to hundreds of its companies hamstrung by a ban on cross-border trade with the DPRK, a senior government official said Wednesday. The companies have complained of financial losses since the ban came into effect because many of them were unable to send payments to the DPRK and retrieve their products. Unification Minister Hyun In-taek said in a parliamentary hearing that the ROK is considering aiding the companies by offering a government loan of up to 60 billion won plus another 50 billion won from the ministry's own Inter-Korean Cooperation Fund.

Yonhap News ("N. KOREA ALLOWING WESTERNERS TO VISIT TROUBLED MOUNTAIN RESORT: TOUR COMPANY", 2010/06/23) reported that the DPRK is allowing Westerners to visit its scenic eastern mountain resort where ROK tourist facilities were frozen or seized earlier this year over Seoul's refusal to resume cross-border tours, according to a tour operator in Beijing. Koryo Group, however, said in an email that the visitors would "not use those facilities" at Mount Kumgang. On its Web site seen Wednesday, the British-run company said it will launch seven-day tours for foreigners, including U.S. nationals, starting on June 29.

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## 13. Inter-Korea Relations

Yonhap News ("NEARLY 70 PCT OF S. KOREANS SEE POSSIBLE ARMED CLASH WITH NORTH", 2010/06/23) reported that about seven out of 10 RO Koreans believe that chances are high for an armed clash with the DPRK, a survey showed Wednesday, apparently reflecting the heightened tensions over the DPRK's deadly sinking of a warship in March. The survey of 1,000 adults, conducted last month by the state-run Korea Institute for Defense Analyses, found 69.4 percent believe the possibility of a limited military skirmish is "very high." Another 20.1 percent saw no chance of the high tensions turning into an armed clash with the DPRK, but 7.8 percent believed an

all-our war could break out, according to the survey.

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## **14. ROK Naval Ship Sinking**

Agence France Presse ("BOMBER BELIEVES N.KOREA'S KIM ORDERED SHIP ATTACK", 2010/06/23) reported that a former DPRK agent -- who claimed she got orders from Kim Jong-Il to bomb a ROK airliner in 1987 -- says she believes Kim also ordered the sinking of a ROK warship in March. "No big incidents like this can happen without informing Kim Jong-Il," Kim Hyun-Hee, who now lives under guard in the ROK, was quoted as saying. "Although the planning and preparation would have been done by the military, final confirmation must come from Kim." She said the DPRK still denies involvement in the bombing of the Korean Air flight in 1987. "It thinks constantly denying something will make it go away. The Cheonan (warship) sinking made me realise that North Korean strategy hasn't changed."

JoongAng Ilbo ("U.S. EXPERT: KIM KNEW OF ATTACK", 2010/06/23) reported that a U.S. expert in East Asian politics says there's little chance that DPRK leader Kim Jong-il was unaware of his country's attack on the Cheonan warship, and he must have been "intimately" involved in the plans to attack. Robert Scalapino, the 90-year-old founder of the National Committee on United States-PRC Relations, also said that Pyongyang's nuclear ambitions are a danger that isn't confined to Northeast Asia, but a global issue that can complicate the political dynamics in countries as far away as Iran. "There is no doubt that Kim Jong-il is in a position to exercise major power. He's built up before his people as a superpower individual and the son of the all-powerful. But it's also my opinion that certain key individuals have very striking power ... I am certain that Kim Jong-il was intimately involved in the decision."

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## **16. ROK Military**

Agence France Presse ("S.KOREA PROMOTES OFFICERS IN RESHUFFLE AFTER SHIP SINKING ", 2010/06/23) reported that the ROK announced Wednesday the promotion of 27 senior military officers as part of a major reshuffle following criticism that the armed forces reacted sloppily to the sinking of a warship. Lieutenant-General Bae Deag-Sig was named chief of the Defence Security Command, a military intelligence unit, while Lieutenant-General Yoo Nak-Jun was promoted to head the Marine Corps.

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## **17. ROK-US Relations**

Yonhap News ("ALLIANCE BETWEEN S. KOREA, U.S. 'STRONGER THAN EVER': U.S. AMBASSADOR", 2010/06/23) reported that the U.S. ambassador to Seoul on Wednesday called the ROK-U.S. alliance "stronger than ever" as they continue their "unfinished" mission of defending the Asian ally. "The enduring alliance between the two countries was rooted in shared sacrifice, common value and mutual respect," said Kathleen Stephens during her speech at a U.S military headquarters in Seoul. "It is an alliance that is stronger than ever."

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## **18. ROK Climate Change**

Korea Times ("UN BODY HAILS KOREA'S 'GREEN' GROWTH INITIATIVE", 2010/06/23) reported that an official at the United Nations Framework Convention on Climate Change (UNFCCC), a body behind the annual U.N. climate change conference, hailed the ROK government for increasing efforts to establish the Global Green Growth Institute (GGGI). Halldor Thorgeirsson, director of the executive direction and management at the UNFCCC secretariat, said, "The Korean government has been visionary," in a speech at the World Conference Center in Bonn, where the Global Media Forum on climate change is currently taking place. The GGGI, set to open by 2012, will be an independent venue, the first in Asia, for research and discussion among scientists, scholars and business representatives on reducing global warming and dealing with environmental challenges so they might be business opportunities.

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## **19. ROK-Japan Historical Disputes**

Korea Herald ("KOREAN LAWMAKERS DEMAND JAPAN DECLARE 1910 ANNEXATION INVALID", 2010/06/23) reported that a group of legislators in Seoul asked Japan to declare invalid the 1910 annexation pact that put Korea under its brutal colonial rule Wednesday, claiming the two countries must start off with a clean slate. A total of 75 ROK legislators signed a letter of proposal to Japanese Prime Minister Naoto Kan, asking the liberal leader to declare the treaty invalid "once and for all." "For the sake of futuristic ties between Korea and Japan, there is a need to settle our divided views concerning the forced annexation," the lawmakers said in the proposal announced after a parliamentary seminar in Seoul on Wednesday. "We ask Prime Minister Kan to make a new start by declaring the pact invalid."

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## 20. Japan Whaling Issue

Associated Press ("NATIONS FAIL TO LIMIT WHALING, JAPAN STILL HUNTS", 2010/06/24) reported that an international effort to truly limit whale hunting collapsed Wednesday, leaving Japan, Norway and Iceland free to keep killing hundreds of mammals a year, even raiding a marine sanctuary in Antarctic waters unchecked. The breakdown put diplomatic efforts on ice for at least a year, raised the possibility that the ROK might join the whaling nations and raised questions about the global drive to prevent the extinction of the most endangered whale species. It also revived doubts about the effectiveness and future of the International Whaling Commission.

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## 21. Sino-Pakistan Nuclear Cooperation

The Economic Times ("CHINA-PAK DEAL SHOULD BE WITHIN IAEA", 2010/06/23) reported that mid India's concerns over the PRC-Pakistan nuclear deal, the European Union today said any such agreement should respect the guidelines spelt out by the world nuclear watchdog IAEA. "The EU has no problems with peaceful use of nuclear energy. Whatever arrangements are made have to be within the purview of the International Atomic Energy Agency (IAEA)," Catherine Ashton, the EU's High Representative for foreign affairs and security policy told reporters. "The EU wants to ensure that the proliferation of nuclear technologies does not take place," Ashton said.

Press Trust India ("CHINA TO GO AHEAD WITH PLANS TO BUILD TWO N-REACTORS IN PAK", 2010/06/23) reported that the PRC is likely to go ahead with its decision to "finance" the construction of two 650 MW nuclear power plants in Pakistan disregarding the concerns raised by India and the United States. "China will likely go ahead with financing the construction of two nuclear reactors in Pakistan despite concerns from other countries," state-run *China Daily* quoted PRC experts as saying. "China is expected to announce its plans to build the reactors in Pakistan's Punjab province at the 46-member NSG meeting in New Zealand. Meanwhile, the United States, with heavy lobbying from India, is reportedly raising doubts over the legitimacy of the deal," it said in its report. The report in the official daily is regarded as a sort of an official announcement as PRC Foreign Ministry so far has declined to say anything directly concerning the PRC's plans to build new reactors in Pakistan.

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## 23. PRC Ethnic Unrest

EarthTimes ("CHINA SENDS 10,000 OFFICIALS ON PEACE MISSION TO TROUBLED REGION ", 2010/06/23) reported that the PRC's ruling Communist Party sent nearly 10,000 officials to promote its message of peace in the far western region of Xinjiang. The officials and scholars would "deliver a message of stability and prosperity" before the anniversary of rioting that left about 200 dead in early July 2009, the China Daily newspaper said. They would "explain the government's support policies in schools, government departments, communities, villages, families and mosques across Xinjiang," it quoted Li Yi, the party's top regional publicity official, as saying.

Associated Press ("CHINA LAUNCHES PROPAGANDA CAMPAIGN IN URUMQI", 2010/06/23) reported that the PRC says it has launched a patriotic education campaign in the restive far western region of Xinjiang amid moves to strengthen security ahead of the anniversary of bloody ethnic riots. A statement on the Xinjiang government's website Tuesday said the region's Party Secretary Zhang Chunxian rolled out the "Love the great motherland, build a beautiful homeland" campaign at a meeting with local officials on Monday. Specific measures in the education campaign are being drawn up but the drive seeks to promote nationalism and ethnic unity in workplaces, schools and communities.

Associated Press (Christopher Bodeen, "CHINA SAYS TERRORIST GROUP BROKEN UP IN XINJIANG", Beijing, 2010/06/25) reported that the PRC said Thursday it had crushed a gang of Muslim terrorists that plotted attacks in Xinjiang. Public Security Ministry spokesman Wu Heping said the "hardcore terrorists" had assembled pipe bombs, molotov cocktails, knives and other weapons to carry out attacks in southern Xinjiang cities between July and October 2009. The plot was discovered, and the gang members fled to different parts of China and overseas, he said.

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## 26. Sino-US Trade Relations

Agence France Presse ("ANGRY US LAWMAKERS TARGET CHINA CURRENCY", 2010/06/23) reported that unmoved by Beijing's pledge of limited currency reform, US lawmakers angrily accused the PRC Wednesday of holding down its yuan to get an unfair edge in global trade and called for retaliation. Democratic and Republican representatives pushed legislation they said would treat currency manipulation as an illegal subsidy and enable US authorities to impose tariffs on PRC goods. "For decades, China has spied on us, shipped weapons to our enemies in the Middle East, stolen our patents, counterfeited American products," Republican Tim Murphy said.

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## **27. Hong Kong Politics**

Kyodo News ("H.K. LEGISLATURE DEBATES POLITICAL REFORM PACKAGE", 2010/06/23) reported that Hong Kong's legislature began debating Wednesday a controversial political reform package that the government says would bring Hong Kong closer to full democracy while critics say otherwise. Hundreds of people, both supporters and opponents of the proposal, rallied outside the Legislative Council, holding banners and blowing loud instruments. "Hong Kong's democracy development has reached a historic moment," Henry Tang, the chief secretary for administration, said. Under the revised proposal that came with Beijing's 11th-hour approval on Monday, the five new functional seats would be nominated by some 400 directly elected district council members, but voted upon by the majority of the 3.43 million registered voters, instead of just by the district councilors. With the Democrats' support, the government should garner more than the 40 votes it needs to pass the amendments.

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## **28. Cross-Strait Relations**

Agence France Presse ("TAIWAN, CHINA EXPECT TO SIGN TRADE PACT NEXT WEEK: SOURCE", 2010/06/23) reported that Taiwan and the PRC are expected to sign a major trade pact when their top envoys meet on the mainland next week, a source said Wednesday. Taiwan's top negotiator Chiang Pin-kung will seal the deal with his PRC counterpart Chen Yunlin in the city of Chongqing in southwest PRC from June 28 to 30, a well-placed source told AFP. "Things are going on as planned following our previous negotiations," said Maa Shaw-chang, a spokesman for Taiwan's semi-official Straits Exchange Foundation, dismissing criticism that the two sides are rushing into the deal.

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## **30. PRC Civil Society**

China Youth Daily (Zhang Zhang, "FIRST FITNESS FOUNDATION LAUNCHED IN BEIJING", 2010/06/23) reported that the Aiguo Fitness Foundation, set up by the China Sports News Agency and Qingdao Ying Impluse Group (a leading domestic manufacturer of fitness equipment), was formally launched in Beijing recently. This is the first foundation in the fitness industry in the PRC and it aims to meet the fitness needs of people in poverty stricken areas or needy groups.

Yunan Information News ("GUANGZHOU IS PROMOTING CHARITY LEGISLATION", 2010/06/23) reported that according to the South Daily, Guangdong province is researching drafting local regulations on charity. The media predicts that new regulation will give supervision powers to donors, introduce market mechanisms and so on.

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