

# NAPSNet Daily Report 26 February, 2009

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## **I. NAPSNet**

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

Associated Press ("INTELLIGENCE OFFICIALS: NORTH KOREA'S 'SATELLITE' IS LONG-RANGE MISSILE", Seoul, 2009/02/25) reported that senior intelligence officials told ROK lawmakers Wednesday that the projectile being prepared for launch in the DPRK appears to be a long-range missile, not a satellite as claimed by the DPRK. The National Intelligence Service officials told a parliamentary committee meeting that they believe the DPRK was preparing to launch a missile because the object's shape "is similar to" the country's long-range Taepodong missile, according to the office of lawmaker Park Young-sun.

Dong-A Ilbo ("N.KOREA PUTS MISSILE FUELING FACILITIES UNDERGROUND", Seoul, 2009/02/26) reported that ROK and U.S. intelligence said the DPRK has built fueling stations built underground at the Taepodong-2 launch base at Musudan-ri in North Hamkyong Province. Senior Seoul officials said Pyongyang completed facilities for putting liquid fuel into a missile projectile at an underground space near the launch pad between late last year and early this year. The DPRK has been using liquid fuel with trucks or a separate external fueling facility after installing a missile on the standing launch pad. One intelligence source said, "If liquid fuel is pumped into missile projectiles at underground facilities, the North can dodge U.S. surveillance satellites. The North is now capable of conducting the most important part of a missile launch behind the scenes." Another source said, "While building the facilities for putting liquid fuel into missile projectiles underground, North Korea has improved its capacity for related facilities and will likely fuel the projectile in one or two days."

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## **2. US on DPRK Missile Program**

Chosun Ilbo ("U.S. IN 3-STAGE RESPONSE TO N. KOREA 'MISSILE TEST'", Washington, 2009/02/25) reported that the United States will deal with a missile test by the DPRK in three stages. Until the test, the U.S. is using a double-pronged strategy of persuasion and pressure, delivering a message to the DPRK through its UN mission in New York and through the PRC. Defense Secretary Robert Gates at a press conference on Feb. 10 said if the DPRK test-fires a missile at the U.S. mainland, the U.S. would intercept it. U.S. Pacific Command is deploying gunships in forward positions to monitor DPRK moves and shoot the missile down. In the third stage, the U.S. plans to convene a UN Security Council session immediately and discuss resuming sanctions against the DPRK.

Bloomberg (Tony Capaccio, "PENTAGON TESTER LACKS 'HIGH CONFIDENCE' IN U.S. MISSILE DEFENSE", Washington, 2009/02/24) reported that the Pentagon's weapons tester says he doesn't have "high confidence" that the Boeing Co.-managed U.S. missile defense would be effective against even a rudimentary DPRK missile. Testing against the possible trajectories and altitudes of a DPRK missile has been limited and hasn't generated enough data to run the thousands of computer simulations needed to predict performance, Charles McQueary wrote in his annual report to Congress. Michael O'Hanlon, an analyst at the Brookings Institute in Washington who tracks DPRK military developments, said the U.S. has "the upper hand overall" against the threat of a missile attack, although "it's always possible" that DPRK "could build countermeasures that would fool our system." Jessica Carlton, spokeswoman for Boeing, said Boeing believes its track record of eight successful intercepts in 13 attempts, including a test on Dec. 5, indicates a system "ready to defend the U.S. homeland."

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## **3. DPRK Military Exercise**

Chosun Ilbo ("N. KOREA FIRES ARTILLERY NEAR BORDER", Seoul, 2009/02/25) reported that the DPRK artillery forces staged an intensive firing exercise on Tuesday near the Northern Limit Line, the de-facto border in the West Sea, putting ROK military authorities on high alert. According to the Defense Ministry, the DPRK artillery batteries deployed in Haeju and on the Ongjin Peninsula fired dozens of shells into the West Sea in the morning and afternoon. Some residents on Yeonpyeong Island reported hearing the report of guns several times between 9 to 10 a.m.

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## **4. DPRK-US Relations**

Yonhap News ("FOUR N. KOREAN OFFICIALS TO VISIT U.S.: REPORT", Seoul, 2009/02/25) reported that a group of four DPRK officials will soon arrive in the United States for a 10-day trip, a U.S. radio station said Wednesday, marking the first such visit since the Barack Obama administration's launch. The delegation arrives on Thursday at the invitation of U.S. humanitarian aid organizations, said Radio Free Asia.

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## 5. ROK-US Military

Korea Times (Jung Sung-ki, "USFK CHIEF URGES SEOUL TO JOIN US BMD", Seoul, 2009/02/25) reported that in an exclusive interview with The Korea Times, Gen. Walter Sharp, commander of the U.S. Forces Korea (USFK), said ROK should develop a multi-layered missile defense system interoperable with the U.S. high-altitude ballistic missile defense (BMD) shield for defense against a possible DPRK missile attack, the top American commander here said Wednesday. "The ROK does not have a robust missile defense capability in place and this would likely be one of the bridging capabilities the U.S. would provide until the ROK improves this," Sharp said. Previous liberal governments in the ROK opposed the idea of participating in the U.S. BMD effort, citing budget constraints and a possible backlash from the DPRK and neighboring countries such as the PRC and Russia.

Kyodo News ("WTO CHIEF WARNS JAPAN COULD BE MAJOR VICTIM OF PROTECTIONISM", Tokyo, 2009/02/25) reported that World Trade Organization chief Pascal Lamy warned Wednesday that Japan could be a major victim of protectionist steps stemming from the deepening economic crisis if Tokyo and other major players shy away from making coordinated efforts to resist any temptation to raise trade barriers. Lamy said Japan has good reason to step up its efforts to avoid protectionist pressures and facilitate global trade so as not to make the current situation worse. The WTO chief said successfully concluding the long-running Doha Round of free trade talks will be an effective stimulus that "could jump-start our economy."

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## 6. Japan-US Relations

United Press International ("JAPAN OPPOSITION CALLS FOR U.S. TROOP CUTS", Kashiba, Japan, 2009/02/25) reported that Ichiro Ozawa, leader of the main opposition Democratic Party of Japan, said Tuesday that stationing U.S. soldiers in Japan doesn't make much sense given the geopolitical realities of the day, the Kyodo news agency reported. "I think putting Japan-based troops on the front line does not have much significance in times like these and the 7th Fleet would be enough for the U.S. presence in the Far East from a strategic viewpoint," Ozawa told reporters in Kashiba, Japan.

Asahi Shimbun ("ASO, OBAMA URGE NORTH KOREA TO SHOW SELF-RESTRAINT", Washington, 2009/02/25) reported that Prime Minister Taro Aso and U.S. President Barack Obama agreed Tuesday to urge the DPRK to refrain from aggravating tensions with its suspected plan to test-fire a long-range ballistic missile. Aso stressed the importance of resolving various problems concerning Pyongyang, including its nuclear and missile programs and missing Japanese abducted by DPRK agents in the 1970s and 1980s. Aso and Obama also pledged to strengthen relations, support the U.S. dollar as a key currency, and cooperate to stabilize Afghanistan and battle global warming. Aso and Obama also agreed to work closely together in generating clean energy, conserving energy and creating a framework to prevent global warming after the Kyoto Protocol expires in 2012.

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## 7. Japan-US Energy Cooperation

Agence France Presse ("TOKYO ELECTRIC TO BUILD SOLAR PLANT IN CALIFORNIA: REPORT", Tokyo, 2009/02/25) reported that Tokyo Electric Power Co. will build a solar power plant in the US state of California through its subsidiary Eurus Energy Holdings Corp., according to a report. It plans to begin operations at the 1000 kilowatt plant by 2010 on a site yet to be selected, the Nikkei business daily reported. Eurus, already engaged in wind power generation in the United States, wants to take advantage of incentives expected to be provided by the new US government to boost solar power generation nationwide, Nikkei said.

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## 8. Japan Economy

BBC News ("JAPAN EXPORTS DROP 46% IN JANUARY", 2009/02/25) reported that Japan's exports plunged 45.7% in January compared with a year ago to hit the lowest figure in 10 years, official figures have shown. Imports exceeded exports by 952.6bn yen (\$9.9bn; £6.8bn). It is the largest gap since records began in 1980. Demand for Japanese cars in particular dropped by 69%. Trade in electronics and other goods has also slumped as global economies and consumer spending contract, pushing Japan deeper into recession. Exports to Asia dropped 47%, while those to the PRC fell 45%.

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## 9. PRC Climate Change

Agence France Presse ("CHINA RAMPS UP SUBSIDIES FOR ENERGY-EFFICIENT LIGHT BULBS", Beijing, 2009/02/25) reported that the PRC said it would subsidise the sale of 100 million energy-efficient light bulbs this year to cut energy use and pollution, double the number subsidised in 2008. The move, also aimed at supporting bulb producers amid the global financial crisis, was announced by the finance ministry in a statement posted on its website late Tuesday. The PRC is the largest producer of energy-saving light bulbs , with output in 2007 reaching three billion, accounting for 80 percent of world production, according to official data.

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## 10. PRC Environment

New York Times (Michael Wines, "WORST DROUGHT IN HALF A CENTURY SHRIVELS THE WHEAT BELT OF CHINA", Qiaobei, PRC, 2009/02/25) reported that a long rainless stretch has underscored the urgency of water in problems in a region that grows three-fifths of the PRC's crops and houses more than two-fifths of its people — but gets only one-fifth as much rain as the rest of the country. The current drought, considered the worst in Northern PRC in at least half a century, is crippling not only the country's best wheat farmland, but also the wells that provide clean water to industry and to millions of people. About 4.7 million people and 2.5 million head of livestock were said to lack adequate drinking water.

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## 11. PRC Economy

Associated Press ("CHINA ANNOUNCES STIMULUS FOR METALS INDUSTRY", Beijing, 2009/02/25) reported that the PRC promised tax cuts to exporters of nonferrous metals and help to logistics companies to modernize technology in its latest stimulus measures for industries that have been hit by the country's economic slump. The package will raise rebates of value-added taxes on foreign sales of nonferrous metals in an effort to boost exports, the cabinet said on its website. Most of the PRC's stimulus measures announced so far involve cuts in sales taxes, credit to finance foreign sales and rebates of value-added taxes on exports.

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## 12. PRC Civil Unrest

New York Times (Michael Wines, "3 IN BEIJING SET THEIR CAR AFIRE IN APPARENT PROTEST", Beijing, 2009/02/25) reported that three people apparently using an incendiary device set themselves and their car afire on Wednesday as police officers approached them at a prominent street crossing in central Beijing. The motive was unclear, but officials said in a written statement that the three apparently had come from outside the PRC capital "to appeal for personal issues." The statement said that two of the three were wounded in the afternoon incident.

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## 13. Cross Straits Relations

Associated Press (Debby Wu, "TAIWAN: NO IMMEDIATE FREE TRADE PACT WITH CHINA", Taipei, 2009/02/25) reported that Taiwan will sign agreements with the PRC to collaborate on finance and reducing crime, but will not sign a free trade agreement any time soon, a senior Taiwanese official said. Taiwan's economics minister Yiin Chii-ming said the island must sign a free trade agreement with the PRC or risk a further decline in exports as regional trade blocs become the global norm. Taiwan's exports have fallen more than 40 percent year-on-year in the past two months. The proposed agreement has prompted heavy criticism from the pro-independence opposition, which sees it as a possible precursor to unification.

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## 14. Hong Kong Economy

Bloomberg (Nipa Piboontanasawat and Theresa Tang, "HONG KONG CUTS TAXES AS GDP FORECAST TO SHRINK 3%", Hong Kong, ) reported that Hong Kong will refund taxes, suspend property rates and boost spending on infrastructure as the economy heads for its first full-year contraction since 1998, the government said. The city will also spend HK\$1.6 billion (\$206 million) on a program aimed at creating 62,000 jobs and internships, Financial Secretary John Tsang said in his budget speech today. But many argued that the government's fiscal policy falls short of what is required. "It's a disappointing budget; people are going to doubt if the government has done enough," said Guy Ellis, a tax partner at PricewaterhouseCoopers LLP in Hong Kong. "Given the government's fiscal reserves, they could afford to be a little braver."

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## 15. Sino-US Relations

Xinhua ("CHINA OPPOSES U.S. COMMITMENT TO TAIWAN RELATIONS ACT", Beijing, 2009/02/25) reported that the PRC voiced strong dissatisfaction and lodged solemn representations to the United States regarding a resolution by some U.S. Congress members who called for marking the 30th anniversary of the Taiwan Relations Act. Ma said it is known to all that the "so-called" Taiwan Relations Act, enacted unilaterally by the United States, had gravely violated the basic norms guiding international relations. It also violated the United States' serious commitment to the PRC and intervened in the PRC's internal affairs.

Agence France Presse ("HOPE AS CHINA, US PREPARE FOR MILITARY TALKS", Beijing, ) reported that Sino-U.S. military talks resume here Friday for the first time under the Obama administration, offering hope of closer engagement between the world powers on one of their most sensitive issues. After suspending exchanges last year in anger over a planned \$6.5 billion U.S. arms sale to Taiwan, the PRC invited the U.S. for the talks in what some saw as an olive branch to new President Barack Obama. Taiwan is seen as less of an obstacle to Sino-U.S. military exchanges, with the island now ruled by a relatively PRC-friendly president who is far less likely than his predecessor to push for independence.

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## 16. PRC Human Rights

Associated Press (Christopher Bodeen, "CHINA REJECTS US RIGHTS REPORT AS INTERFERENCE", Beijing, 2009/02/26) reported that the Xinhua News Agency said a US State Department human rights report interfered in the PRC's internal affairs and ignored its achievements in human rights. "It willfully ignored and distorted basic facts, groundlessly assailing China's human rights conditions and making random and irresponsible remarks on China's ethnic, religious and legal systems," Xinhua said. The report is used by Washington as "an excuse to interfere with others' internal affairs," Xinhua said.

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## 17. Sino-EU Relations

Shanghai Daily ("CHINESE TEAM EMBARKS ON BUYING TRIP TO EUROPE", Shanghai, 2009/02/25) reported that a PRC delegation led by Commerce Minister Chen Deming is on a trip to Europe on a multibillion-dollar buying mission in a show of resolve to fight trade protectionism amid the global economic slump. The team, comprising around 300 members, including government officials and business executives from sectors such as food, textile, mining and health care, will visit Germany, Switzerland, Spain and Britain, the countries Premier Wen Jiabao visited in January, according to a Ministry of Commerce statement yesterday. The trade mission's visit is taking place ahead of President Hu Jintao's trip to London for a gathering of the Group of 20 nations on April 2.

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## II. PRC Report

### 18. PRC Earthquake Reconstruction

One Foundation Website ("JET LI ONE FOUNDATION SUPPORTS FRIEND OF NATURE IN CONSTRUCTION OF GREEN SCHOOLS IN DISASTER AREAS", 2009/02/24) reported that Jet Li One Foundation formally signed a project agreement with Friend of Nature recently, to support the green school project of Friend of Nature in Sichuan earthquake disaster areas. This means the Heihu Town Center School in Mao County, Aba Zhou, Sichuan province will be reconstructed under a green design, and will be put into use in September this year.

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### 19. PRC Civil Society

Jinaghua Times (Chen Qiao, "BEIJING: COMMUNITY VOLUNTEERS TO HAVE CERTIFICATES", ) reported that according to the director of the municipal Community Service Center Yang Limei at an interview Feb.24, over 360,000 community volunteers in Beijing will be issued volunteer certificates by the municipal Bureau of Civil Affairs this year. They will go on duty with the certificate. The community volunteers will be recorded in a volunteer's system, and volunteers' experiences all across the country will be recorded.

Shenyang Evening News (Ding Ning, "SHENYANG DISABLED PERSONS' FEDERATION OFFER 100 PUBLIC RECRUITS", 2009/02/25) reported that according to Shenyang Municipal Employment Service Bureau, the municipal Disabled Persons' Federation is offering 100 public recruits, with the first condition of "having love". Under the same conditions, the children of disabled families can have the priority to get the recruitment. The recruits include 62 rehabilitation therapists, 31 special education teachers, and 7 social workers.

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## III. ROK Report

### 20. DPRK Missile Program

Hankyoreh ("DPRK MUST STOP ITS 'MISSILE GAMBLING'", 2009/02/25) said in an editorial that DPRK seems to presume that there is a lot to gain from launching missiles. However, such calculation is only misjudged. Relevant parties should endeavor to stop the launching of missiles and resume the Six-Party Talks. Especially Stephen Bosworth, the US special representative for DPRK policy, must be in hurry. It is essential for the ROK and PRC to persuade the DPRK as well. One way to do so is to dispatch a special envoy to the DPRK. The DPRK must stop its missile gambling and cooperate in resuming the Six-Party Talks.



Chosun Ilbo ("LAUNCHING 'DAEPODONG-2 MISSILE' WILL ONLY BE A LOSS FOR DPRK", 2009/02/25) reported that it is the first time the DPRK gave advance notice before launching either a missile or a satellite. US Secretary of State Hillary Clinton, during her tour around Asia, mentioned the succession crisis of DPRK and showed the will to communicate with the DPRK, urging them to resume inter-Korean talks. The DPRK's notice of launching a missile could possibly include an answer to Clinton's statements. However, such action only reminds Obama administration of what Hill, the former top US diplomat, said, that "DPRK is a complete momentum killer, who calls a time-out whenever progress seems within reach." The DPRK's launching of missiles will only be an obstacle for members of the Six-Party Talks to provide support.

PRESSian ("OBAMA'S WORRIES OF 'DPRK MISSILES', THE CONCLUSION? ONLY TO RETURN TO 2000 KIM AND ALBRIGHT'S AGREEMENT", 2009/02/25) wrote that there is a lot of attention on Obama administration since their actions will have the most influence on DPRK's future moves to launch the missiles. We can draw a conclusion that the Obama administration will not be able to finish examining DPRK policies in one month and that without finishing the examination, they cannot dispatch Stephen Bosworth or any other high-ranking officials. On the other hand, most people assume that US will choose 'the Iran model' eventually. In other words, they will probably be muddling through until they finish examining the DPRK policies or, even if they take it to the UN Security Council, they will only be participating formally in the conference. The answer to the missile issue that Bosworth will carry to DPRK is already decided, whether it is before or after DPRK launches the missiles, which is why Obama administration must send Bosworth before the DPRK launches missiles.

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## 21. US-ROK Military Alliance

PRESSian (Soonseong Park, "[1 YR SINCE LEE ADMINISTRATION, EVALUATION AND VISION] LEE ADMINISTRATION SHOULD ESCAPE FROM THE PAST, COLD WAR MEMORIES INTERFERING WITH NORTH-SOUTH RELATIONSHIP AND US-ROK ALLIANCE", 2009/02/25) wrote that on one side, the DPRK-ROK crisis and situation of the Korean Peninsula reveal policy failures in unification, diplomacy, and security areas; and on the other side, the goal of 'renewal of US-ROK alliance' policy only shows the foreign policy dilemmas faced by the Lee administration. The problem of Lee administration's foreign policy is that the background environment has greatly changed for the renewal of alliance to happen. In foreign relations, the US-ROK alliance is no longer the ROK's core asset. With the ROK and PRC's economic relations deepening and the PRC's national power strengthening, too much stress on the security and military sides of the US-ROK alliance could not only work as an asset but, on the other hand, also work as a debt.

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## 22. DPRK Energy

Goodfriends ("UNTIL WHEN WILL WE DEPEND ON ELECTRICITY INSPECTIONS?", 2009/02/24) reported that the January 18 policy requires that electricity be supplied to the most needed first. Any individuals, factories, or companies using electricity without permission will be hit with a heavy penalty. The DPRK is trying to solve its electricity shortage problems by increasing the total production by repairing existing electricity power plants and building new ones. Other problems

caused from this is where and how to supply the enormous amount of necessary resources. This is the reason why the DPRK-ROK relations crisis is unfortunate. DPRK and ROK governments must solve the crisis and pay more attention on the lives of DPRK residents at once.

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## 23. ROK Policy toward DPRK

People's Solidarity for Participatory Democracy ("EVALUATING THE FIRST YEAR OF LEE ADMINISTRATION] 'IT-CAN'T-GET-WORSE-THAN-THIS' YEAR OF DPRK POLICIES", 2009/02/24) wrote that the Lee Myung-bak administration's first year of DPRK policies can be described as, "it can't get worse than this." In spite of the limits of engagement policy, there were some fruitful results that are now all at risk of disappearing. President Lee said at the briefing of the Ministry of Unification that "there will be no negotiations that go against the wishes of the people," but his will which "goes against the wishes of the people" have materialized at a greater speed than ever. Until now, no talks between the North and the South have been resumed, and even the windows have all been sealed. The reunion of separated families, which were carried on even during the military rule, didn't occur even once.

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