

# NAPSNet Daily Report 29 April, 2010

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Contents in this Issue:

- I. NAPSNet
  - [1. Six-Party Talks](#)
  - [2. ROK Naval Ship Sinking](#)
  - [3. Japan on Naval Ship Sinking](#)
  - [4. DPRK Leadership](#)
  - [5. DPRK Public Health](#)
  - [6. DPRK Economy](#)
  - [7. Inter-Korean Economic Relations](#)
  - [8. ROK Nuclear Summit](#)
  - [9. ROK Military Procurements](#)
  - [10. ROK Climate Change](#)
  - [11. Japan Self-Defense Force](#)
  - [12. USFJ Base Relocation](#)
  - [13. US-Japan Relations](#)
  - [14. Japan-EU Relations](#)
  - [15. Sino-Japan Relations](#)
  - [16. Sino-Pakistan Nuclear Cooperation](#)

- [17. Sino-Australia Relations](#)
- [18. PRC Human Rights](#)
- [19. PRC Climate Change](#)
- II. PRC Report
  - [20. PRC AIDS Issue](#)
  - [21. PRC Civil Society](#)

[Preceding NAPSNet Report](#)

MARKTWO

## **I. NAPSNet**

### **1. Six-Party Talks**

Global Security Newswire ("FUTURE OF NORTH KOREAN NUKE TALKS TIED TO NAVAL DISASTER", 2010/04/28) reported that the future of the stalled six-nation negotiations on the DPRK's nuclear program has been tied to the March sinking of a ROK naval vessel, Agence France-Presse reported. "From now on the issue of resuming the six-party talks will be handled in connection with the Cheonan case and in this atmosphere, it is difficult to resume the talks," an anonymous ROK official told the Yonhap News Agency. The JoongAng Ilbo reported that Beijing concurred with Washington and Seoul to hold off on pushing to restart nuclear disarmament talks until after the Cheonan incident had settled.

[\(return to top\)](#)

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

Yonhap News ("U.N. TO CONSULT WITH S. KOREA ON SHIP SINKING: BAN", 2010/04/28) reported that the United Nations will consult closely with the ROK to address the sinking of a ROK warship, the U.N. chief said. Speaking to reporters at the ROK consulate-general, Secretary General Ban Ki-moon stressed the need to bring light to the exact cause of the sinking. "The most important thing is to obtain a scientific and objective outcome of the investigation," said Ban. "Thereafter, the South Korean government will likely take necessary actions in cooperation with its allies, parties to six-party talks and a broader international community."

Chosun Ilbo ("UN SANCTIONS 'NOT THE ANSWER' TO CHEONAN SINKING ", 2010/04/28) reported that some ROK government officials are skeptical that it would do much good to ask the UN Security Council to impose sanctions against the DPRK if it is found that the DPRK was behind the sinking of the Navy corvette Cheonan on March 26. They say since the DPRK is already under harsh UNSC sanctions over its two nuclear tests, any further steps would have a negligible impact. "Many people consider UNSC sanctions a panacea if the North is found to have been behind the

Cheonan's sinking. But I can't agree," a senior government official said. "At the moment, we should keep all military and non-military options on the table, including UNSC sanctions."

Yonhap News ("PARTIES AGREE TO SET UP SPECIAL COMMITTEE TO PROBE NAVAL DISASTER", 2010/04/28) reported that the National Assembly passed a resolution Wednesday that mandates the formation of a parliamentary committee tasked with investigating the cause of last month's Navy ship sinking and enhancing the military's crisis management capabilities. According to the resolution, the special committee will be composed of 20 members -- 10 each from the ruling and opposition parties -- and will be operational for two months until June 27. The parliament also approved a separate resolution calling for the formation of a special committee on strengthening the ROK's control of Dokdo, a group of islets in the East Sea, in the face of Japan's territorial claims. The 18-member Dokdo committee will be operational until the end of this year, officials said.

[\(return to top\)](#)

### **3. Japan on Naval Ship Sinking**

Kyodo News ("NAKAI HINTS AT POSSIBILITY OF ADDITIONAL SANCTIONS ON N. KOREA", 2010/04/28) reported that Hiroshi Nakai, minister in charge of DPRK abductions of Japanese nationals, on Wednesday hinted at the possibility of the United Nations imposing additional sanctions against the DPRK if it were proven to have links to the recent sinking of a ROK warship. "There could be additional measures, and I think we may need to prepare for such an event," Nakai said, apparently referring to the possibility of holding talks at the United Nations Security Council on sanctions against the country. "I don't know when a conclusion on the matter will be made, but when it is made, South Korea, Japan and the United States must work closely together," he said.

[\(return to top\)](#)

### **4. DPRK Leadership**

Chosun Ilbo ("HOW N.KOREA'S RULING FAMILY SWELLS ITS PRIVATE COFFERS", 2010/04/28) reported that the DPRK leader Kim Jong-il's youngest son and the heir apparent Kim Jong-un is already said to be busy amassing his own slush fund. Key departments within the Workers Party are pressuring agencies under their control to offer "loyalty funds" for the successor, a source familiar with DPRK affairs said. "A separate company has been established under the leadership of Kim Jong-un to secretly amass foreign currency." Faced with increasing difficulties bolstering his slush funds under international sanctions, Kim is said to have issued an ultimatum to his top officials in February, saying from now on he would judge their loyalty based on the amount they contribute to the fund.

Arirang News ("CHINA'S INVESTMENT VIEWED AS BOON FOR N.KOREAN REGIME", 2010/04/28) reported that a U.S. expert on the DPRK said that the PRC's investment in the economic zone of Rajin-Sonbong in the DPRK may provide the leader of the reclusive country a chance to sustain the current leadership. Scott Snyder, a senior associate of the Asia Foundation, claimed that Beijing's decision to invest in the DPRK is likely to be aimed more at helping Kim Jong-il maintain power by financing new sources for hard cash at a time when the nation is going through economic difficulties.

[\(return to top\)](#)

## 5. DPRK Public Health

EarthTimes ("WHO CHIEF MEETS NORTH KOREA'S NUMBER TWO ", 2010/04/28) reported that the head of the World Health Organization on Wednesday met the DPRK's number two leader and other senior officials during a rare visit to the isolated nation, reports said. WHO Director-General Margaret Chan met Kim Yong Nam, the official number two in the DPRK's ruling Korean Workers' Party, the state-run Korean Central News Agency reported. Kim told Chan that his government would "positively promote close cooperation with the WHO," Xinhua news agency quoted the DPRK agency as saying.

[\(return to top\)](#)

## 6. DPRK Economy

Institute for Far Eastern Studies ("DPRK FOOD PRICES UNSTABLE AS LEAN SEASON APPROACHES", 2010/04/28) reported that the price of rice in DPRK markets, steadily declining until the end of March, saw an upswing in April. Rising prices indicate early concerns over food shortages expected during the lean crop season of May-June. Recently, in the Nammun Market of Hyeryeong City, rice that sold for 300 Won/Kg at the end of March was priced at 500 Won/Kg, and when there were no special rations delivered on the 'Day of the Sun', Kim Il Sung's birthday (April 15), rumors spread that no state rations would be forthcoming, driving market prices up further. In the past, rice prices have fluctuated due to rumors of rations and/or food shortages, but since the latest currency reform, prices have been much more susceptible to people's emotional concerns.

[\(return to top\)](#)

## 7. Inter-Korean Economic Relations

Yonhap News ("INTER-KOREAN TRADE NEARLY DOUBLES TO \$200 MLN IN MARCH", 2010/04/28) reported that trade between ROK and the DPRK nearly doubled last month compared with a year ago amid a nascent economic recovery in the the ROK, a government report showed Wednesday. Inter-Korean trade jumped 88.5 percent from a year ago to US\$204.03 million in March, according to the report by the Korea Customs Service. Compared with two years ago, before the ROK economy was hit by the global financial crisis, trade between the two Koreas rose 29.7 percent in the reported month.

Korea Times ("BUSINESSES ANXIOUS ABOUT SLIM CHANCES FOR RESUMPTION OF MT. GEUMGANG TOURS", 2010/04/28) reported that investors remained anxious about going bankrupt Wednesday as inter-Korean relations have hit rock bottom in the wake of the DPRK's seizure of ROK properties at the Mt. Geumgang resort. Executives of 26 small businesses, who risked their fortunes by operating amenities and facilities in the resort located in the DPRK, are suffering the consequences of tough business decisions from years ago. According to the Korea Logistics Forum, the estimated business forfeiture facing Hyundai Asan, the operator of Mt. Geumgang tours, amounted to 237 billion won. The combined losses of 26 businesses, which signed contracts with Hyundai as partner businesses, total 94 billion won.

[\(return to top\)](#)

## 8. ROK Nuclear Summit

Korea Times ("SEOUL'S HOSTING OF NUCLEAR SUMMIT TO CORNER PYONGYANG", 2010/04/28) reported that the ROK's hosting of the next Nuclear Security Summit suggests that the United States will tackle the DPRK more actively in the coming years as part of its global anti-proliferation initiatives, an American nuclear expert said. "The North Korean nuclear crisis could have been one of his considerations when he picked South Korea," Robert Gard, chairman of the Washington-based Center for Arms Control and Non-Proliferation, told The Korea Times. "I believe South Korea should keep communication channels open but limit assistance to humanitarian aid until North Korea agrees to engage in meaningful discussions regarding the achievement of a nuclear-free Korean Peninsula." "Most of all, the South Korea summit should focus on consideration of reports by countries of actions they have taken to secure fissile materials and prevent their proliferation," Gard said.

[\(return to top\)](#)

## 9. ROK Military Procurements

Yonhap News ("S. KOREA TO DEVELOP UNMANNED SPY AIRCRAFT BY 2014", 2010/04/28) reported that the ROK said Wednesday it will develop an unmanned spy aircraft by 2014 for deployment at army and marine units to bolster its surveillance of the DPRK. The unmanned aerial vehicle (UAV) project costing 30 billion won (US\$27 million) was approved at a defense ministry meeting on arms procurement, the Defense Acquisition Program Administration said in a statement. "The development of UAVs is expected to greatly strengthen the military's surveillance and reconnaissance capabilities, contributing to an increase in the military's overall strength," the agency said.

[\(return to top\)](#)

## 10. ROK Climate Change

Yonhap News ("S. KOREA TO LAUNCH ENERGY REDUCTION REGIME IN 2012", 2010/04/28) reported that the ROK will oblige local businesses to adhere to set energy reduction targets starting in 2012 as part of its effort to achieve low-carbon green growth, government officials said Wednesday. The knowledge economy and environment ministries said Seoul will maintain a grace period before enforcing the new rules until the end of 2011, during which time companies will not be required to set or meet mandatory reduction targets.

Korea Times ("KOREA, NETHERLANDS COMMIT TO 'GREEN' PROJECTS", 2010/04/28) reported that President Lee Myung-bak and Dutch Prime Minister Jan Peter Balkenende agreed Wednesday to increase cooperation for the successful implementation of the ROK's multi-billion-dollar state projects to develop the Saemangeum reclaimed area and refurbish four rivers nationwide. During a summit at Cheong Wa Dae, the leaders discussed ways to boost bilateral investments in the areas of green growth, clean energy and climate change, the presidential office said. "The Netherlands has become our important green growth partner. I'm glad that the two nations have a shared

commitment to opening the era of green growth and developing new economic models," Lee said.

[\(return to top\)](#)

## **11. Japan Self-Defense Force**

Xinhua News Agency ("JAPAN'S FIRST OVERSEAS BASE AIMED AT EXPANDING MILITARY BOUNDARIES", 2010/04/28) reported that Japan is building its first overseas military base in Africa's Djibouti on the Gulf of Aden in an attempt to probe what waters its military can legally reach farthest, analysts say. In the name of better combating notorious Somali pirates, Japan is busy setting up a 40-million-U.S.-dollar military base, which is expected to be completed early next year. The Japanese base, undeniably, would add momentum to the country's anti-piracy efforts in the region. But observers say that by establishing the base, the Japanese government is also exploring how far it can go in expanding its self-defense forces.

[\(return to top\)](#)

## **12. USFJ Base Relocation**

Kyodo News ("U.S. SEEKS QUICK ENVIRONMENTAL ASSESSMENT OF BASE RELOCATION", 2010/04/28) reported that the United States has requested that Japan implement a quick environmental assessment at a coastal area where a U.S. Marine base in Okinawa would be transferred if Tokyo intends to modify the current plan, sources familiar with Japan-U.S. relations said Wednesday. During working-level talks of senior foreign and defense officials in Washington on Monday, the United States asked Japan to use the environmental impact evaluations that have been conducted by Japanese authorities in Okinawa for a modified plan to shorten the period of relocating the Futenma facility, the sources said.

Kyodo News ("HATOYAMA EYES MOVING 1,000 MARINES FROM OKINAWA TO TOKUNOSHIMA", 2010/04/28) reported that Prime Minister Yukio Hatoyama on Wednesday presented to Torao Tokuda, a key figure in Tokunoshima Island, an idea to transfer up to 1,000 U.S. Marines or some of their drills to the island from Okinawa Prefecture, but the idea was rejected, Tokuda's son said. The meeting between Hatoyama and Tokuda marked the first time that the government had effectively sounded out Tokunoshima about the relocation idea as the mayors of the three towns on the Kagoshima Prefecture island turned down Chief Cabinet Secretary Hirofumi Hirano's request for a meeting earlier this month. "A U.S. base is not acceptable," Torao Tokuda, was quoted as responding to the prime minister.

Yomiuri Shimbun ("GOVT MAY OK ALTERED 2006 HENOKO PLAN / HATOYAMA TO VISIT OKINAWA ON TUESDAY", 2010/04/28) reported that Prime Minister Yukio Hatoyama's administration may present a modified version of a 2006 agreement to relocate the U.S. Marine Corps' Futenma Air Station in Okinawa Prefecture as its final proposal on moving the facility's functions, government sources said Wednesday. The key point of the modified 2006 proposal would be the combination of two ideas: revising the 2006 plan's focus on reclamation of the coastal area of the U.S. Marine Corps' Camp Schwab in the Henoko district of Nago, Okinawa Prefecture; and transferring the Futenma Air Station's helicopter squadrons to Camp Schwab and Tokunoshima island in Kagoshima Prefecture.

Mainichi Japan ("DEFENSE MINISTER SUBMITS PLAN TO RELOCATE FUTENMA TO OFFSHORE AREA WITH NO LAND RECLAMATION", 2010/04/28) reported that Defense Minister Toshimi Kitazawa has submitted to Prime Minister Yukio Hatoyama a proposed revision to the current plan to relocate U.S. Marine Corps Air Station Futenma to an offshore area of Camp Schwab, including plans where reclamation of the ocean will not be necessary. "I passed on to him a plan that the Defense Ministry is currently considering," Kitazawa told reporters after meeting Hatoyama at the Prime Minister's Office on Wednesday morning. The revision proposed by the ministry includes building a quick installment pier for a runway in the coastal area off Camp Schwab in Nago, Okinawa Prefecture.

[\(return to top\)](#)

## 13. US-Japan Relations

Agence France Presse ("US envoy in Japan for base row talks", 2010/04/28) reported that Kurt Campbell, the US assistant secretary of state for East Asian and Pacific affairs, met senior officials in Tokyo on Wednesday. Campbell did not speak to reporters after his talks with his counterpart Kazuyoshi Umemoto, head of the foreign ministry's North America division, and Nobushige Takamizawa, chief of the defence ministry's policy bureau. A brief Japanese statement said only that both sides "agreed to continue their cooperation to strengthen the alliance."

[\(return to top\)](#)

## 14. Japan-EU Relations

Agence France Presse ("JAPAN, EU TO COOPERATE ON AFGHANISTAN, SOMALIA", 2010/04/28) reported that Japan and the European Union plan to step up joint efforts to help Afghanistan and combat piracy off Somalia and will start talks to improve their trade ties, their leaders said at a summit Wednesday. EU president Herman Van Rompuy said Asia's biggest economy and the 27-nation bloc needed to cooperate more closely to be "not only global economic actors, but also global political actors." "Japan and the union will work closer to achieve peace (in) crises and post-conflict management," he told a Tokyo press conference. Japan's centre-left Prime Minister Yukio Hatoyama said that "we have agreed to conduct concrete cooperation concerning peace building in Afghanistan and Somalia."

[\(return to top\)](#)

## 15. Sino-Japan Relations

Kyodo News ("OKADA DEFENDS JAPAN'S MONITORING OF CHINESE NAVAL VESSELS", 2010/04/28) reported that Japanese Foreign Minister Katsuya Okada on Wednesday defended Japanese Self-Defense Forces' monitoring of PRC navy vessels that sailed near Japanese southern waters earlier this month in response to PRC criticism of the move the day before. "It poses no violation of law to monitor developments by keeping a certain distance," Okada said in a House of Representatives Foreign Affairs Committee session, adding that the two countries need to work out an arrangement to prevent a similar incident from reoccurring. Okada said Wednesday, "It is important that we communicate with each other to forge a common understanding on how close they can come without posing a problem and what we can do to prevent an accident."



[\(return to top\)](#)

## **16. Sino-Pakistan Nuclear Cooperation**

Financial Times ("CHINA TO BUILD REACTORS IN PAKISTAN", 2010/04/28) reported that the PRC has agreed to build two new civilian nuclear reactors in Pakistan, according to PRC companies and officials in Islamabad and Beijing, in a deal that could re-ignite the global debate about nuclear commerce and proliferation. The decision to supply reactors to Pakistan reflects Beijing's ambition to become a global supplier of nuclear energy and underscores its view of Pakistan as a prized south Asian strategic partner. A Pakistani government official familiar with the discussions with the PRC said on Wednesday: "Our Chinese brothers have once again lived up to our expectations. They have agreed to continue cooperating with us in the nuclear energy field."

[\(return to top\)](#)

## **17. Sino-Australia Relations**

The Australian ("COME CLEAN ON NAVY, FAULKNER URGES CHINA ", 2010/04/28) reported that the PRC must be open and transparent about why it is rapidly expanding its naval forces, says Defence Minister John Faulkner. Senator Faulkner said Australia's white paper outlined the expectation that the PRC would develop its military capability as its economic strength grew. "In the Australian government's view, China's military modernisation needs to be complemented by transparency to ensure regional understanding about the intent behind capability decisions," Senator Faulkner said. He said the Australian Defence Force had increased its practical defence activities with the PRC to allow more opportunities for open communication about respective defence approaches and to promote shared interests.

[\(return to top\)](#)

## **18. PRC Human Rights**

Associated Press ("MOST FAMOUS SHANGHAI ACTIVIST KEPT QUIET FOR EXPO", 2010/04/28) reported that last week, Shanghai's most celebrated dissident announced he would launch a manifesto on human rights to coincide with the World Expo, the PRC's biggest spectacle since the Beijing Olympics. The next day, the police were at his door. Feng Zhenghu's "Expo of Judicial Injustice" was meant to be a sharp critique of Shanghai's legal system just as the PRC's business capital prepared to show its best face to the world. But the police confiscated the four computers in his apartment and removed the cables that gave him Internet access. In a statement early Thursday, the Hong Kong-based group Chinese Human Rights Defenders said authorities have been detaining and harassing activists before the World Expo and even sent six people to labor camps for Expo-related activities.

[\(return to top\)](#)

## **19. PRC Climate Change**

Bloomberg ("CHINA TO STRENGTHEN EFFORTS TO CUT EMISSIONS IN 2010 ", 2010/04/28)



reported that the PRC, the world's second-largest energy consumer, will strengthen efforts to cut emissions and energy consumption this year by shutting more inefficient plants and halting approvals for the expansion of high energy-consuming projects. The government will close 10 gigawatts of small coal-fired power stations in 2010 and phase out 25 million tons of outdated iron capacity, according to a statement from the State Council posted on the official government Web site today.

Reuters ("CHINA WARNS RECOVERY THREATENS ENERGY, EMISSION GOALS", 2010/04/28) reported that as the PRC's economy has roared back to life, its goals of increasing energy efficiency and cutting emissions have been compromised, the cabinet said on Wednesday. The statement by the State Council marks one of the few instances of official concern over the costs of the PRC's stimulus programme in late 2008, and subsequent rapid recovery. It could mark a return to stricter regulation, especially of polluting industries.

[\(return to top\)](#)

## **II. PRC Report**

### **20. PRC AIDS Issue**

Xinhua Net ("CHINA LIFTS IMMIGRATION RESTRICTIONS OF AIDS FOREIGNER", 2010/04/28) reported that the PRC government announced Tuesday the lifting of the 20-year-old restrictions on entry for foreigners with HIV/AIDS, sexually transmitted diseases and leprosy. The old restriction has a very limited effect in preventing and controlling diseases in the country. It has, instead, caused inconvenience for the country when hosting various international activities.

[\(return to top\)](#)

### **21. PRC Civil Society**

Beijing Business ("MICROSOFT LAUNCHES COMMUNITY LEARNING CENTER", 2010/04/28) reported that Microsoft & Fuping Community Learning Center for Migrant Workers was formally launched in Beijing recently. The center will provide free information skill training for 2000 female migrant workers.

[\(return to top\)](#)

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