

# NAPSNet Daily Report 3 September, 2008

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## **I. NAPSNet**


### **1. DPRK Nuclear Program**

Yonhap (Lee Chi-dong, "N. KOREA STARTS REINSTATING NUCLEAR FACILITY: FOX NEWS", Tokyo, 2008/09/03 20:00:00 GMT+0) reported that the DPRK has started reassembling its main nuclear facility in Yongbyon, FOX News said Wednesday. Work at Yongbyon began on Tuesday, sources said. "North Korea has threatened to restart the Yongbyon reactor. We have been keeping a close watch on the situation," an ROK nuclear negotiator said, asking not to be named. "There has been no official announcement from North Korea (on the reported reinstatement of the facilities) Let's wait and see." A U.S. official described the move as a "symbolic gesture" of protest since much of the Yongbyon facilities have already been disabled.

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### **2. ROK on DPRK Nuclear Program**

Chosun Ilbo ("S. KOREAN EXPERT SAYS N. KOREA'S NUCLEAR DISABLEMENT HALT IS

'TYPICAL"', 2008/09/02) reported that  Chief ROK nuclear negotiator Kim Sook told a forum of Asia experts that denuclearization must not be further delayed, saying the DPRK's latest measure is a "typical tactic" to pressure the US and other participants at the six-party nuclear talks. Kim added that he does not think Pyongyang wants to withdraw from the six-party process, but stressed that the DPRK has made an ill-calculated move. The nuclear envoy added that reciprocal action from other parties would only worsen the situation, suggesting economic and energy assistance to the DPRK should continue nonetheless.

Joongang Ilbo (Ser Myo-ja , "SUNSHINE POLICY GETS RAINED ON BY LEE", 2008/09/02) reported that at a meeting of scholars and journalists from around the world yesterday, President Lee Myung-bak expressed skepticism over the effectiveness of the past liberal administrations' engagement policy toward the DPRK. Asked what he thought about the Sunshine Policy of engagement with the North pushed forward by the Kim Dae-jung administration, Lee said, "It is a good policy, in principle. The intention to reconcile with and open up North Korea is good. The problem, however, is that the outcome was not what we had anticipated."

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### **3. DPRK Cyberattack**

Chosun Ilbo ("S.KOREAN ARMY OFFICERS HIT BY N.KOREAN SPYWARE", 2008/09/02) reported that a DPRK spyware e-mail was reportedly transmitted to the computer of a colonel at a field army command via the PRC in early August. The e-mail contained a typical program designed automatically to steal stored files if the recipient opens it. It has not been confirmed whether military secrets were leaked as a result of the hacking attempt, but their scale could be devastating given that the recipient is in charge of the ROK military's central nervous system -- Command, Control, Communication, Computer & Information (C4I). The incident shows that the DPRK has enlarged its list of hacking targets to officers at field army commands, in addition to the homepages of Cheong Wa Dae, the Defense Ministry and top military brass to steal ROK military secrets.

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### **4. Food Aid to the DPRK**

The Financial Times (Jamil Anderlini and Song Jung, "UN STEPS UP FOOD AID TO NORTH KOREA", 2008/09/02) reported that the United Nations World Food Programme is to expand its emergency operation in the DPRK into its largest globally to avert a looming famine, following cuts in aid by the PRC and ROK. The PRC's food aid to the DPRK almost halved between 2005 and 2007 and soaring domestic food inflation last year prompted Beijing to introduce export taxes on grains, making it far more difficult and expensive for aid groups to source food in the country. The drop in aid, higher global food prices and last year's devastating floods have pushed the DPRK closer to famine than at any time since the late 1990s, according to Tony Banbury, regional director of the WFP.

Yonhap News ("S. KOREA REMAINS CAUTIOUS ABOUT FOOD AID FOR N. KOREA", Seoul/Beijing, 2008/09/02) reported that despite the WFP's repeated appeals, the ROK government remained cautious. "What is most important is North Korea's food condition," Unification Ministry spokesman Kim Ho-nyoun said when asked about whether Seoul would join the aid project. "A process to decide whether to provide North Korea with food (via the WFP) is still under way," Kim said. "The

government will decide after making a general assessment of the North's food situation and taking into account various conditions."

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## **5. DPRK Defectors to the ROK**

Chosun Ilbo ("MORE THAN 3,000 N.KOREANS TO DEFECT SOUTH THIS YEAR", 2008/09/02) reported that the number of DPRK refugees to the ROK is expected to exceed 3,000 for the first time in history this year. The Unification Ministry on Monday said 1,748 DPRK defectors made their way south in the first half of this year, up 42.1 percent from 1,230 a year ago. At this rate, the figure is expected to exceed 3,000 by the end of this year.

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## **6. Japan-DPRK Relations**

Yomiuri Shimbun (Hiroaki Matsunaga and Shoji Minami, "DPRK MAY ACT ON ABDUCTIONS BEFORE SEPT. 9", 2008/09/02) reported that speculation is emerging among Japanese government officials that the DPRK will take a concrete step toward reinvestigating cases of abduction of Japanese by DPRK agents before Sept. 9, which will mark the 60th anniversary of the country's foundation. The Japanese government is closely watching the moves of Pyongyang, given that it recently suspended work on disabling its nuclear facilities in Yongbyon. "North Korea has long been intent on achieving its goal of getting Japan's sanctions lifted before Sept. 9," a Japanese government official said.

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

Xinhua ("CHINA APPROVES OUTBOUND TOUR GROUPS TO DPRK ", Beijing, 2008/09/02) reported that the PRC will allow its travel agencies to organize tour groups to the DPRK as the PRC government has decided to grant approved destination status to the neighboring country, the PRC's National Tourism Administration (NTA) announced. Group tours to the DPRK will start "at an appropriate time after the two countries negotiate details and sign official agreements," a statement from the NTA quoted its deputy head Du Jiang as saying when he met his DPRK counterpart during a visit to the country last Friday.

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## **8. DPRK Refugees in the PRC**

Agence France-Presse ("THOUSANDS OF NKOREA CHILDREN FACE HARDSHIP IN CHINA: ACTIVISTS ", Seoul, 2008/09/02) reported that a newly formed rights group said it would launch a campaign to help thousands of DPRK children forced into begging or prostitution in northeast PRC. The Seoul-based DPRK Human Rights Campaign Organising Committee said it was concerned about orphan refugees and about "stateless" children born to DPRK refugee women and PRC men. He said

the committee, consisting of DPRK defectors living in the ROK and various human rights groups, would campaign to help DPRK children in the PRC.

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## **9. ROK Export Controls**

Global Security Newswire ("SOUTH KOREA REDUCES EXPORT CONTROLS ON WMD MATERIAL", 2008/09/02) reported that the ROK said Sunday it would cut down on restrictions over select companies' exports of materials that could be used in a weapon of mass destruction, the Yonhap News Agency reported. The revised rules would extend licenses and reduce paperwork required to ship potential WMD ingredients overseas for member businesses that carefully follow export rules for between two and three years, according to the ROK Knowledge Economy Ministry.

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## **10. ROK Defense**

Xinhua ("S KOREA SEEKS JOINT DEVELOPMENT OF WEAPON SYSTEM WITH FOREIGN COUNTRIES", Seoul, 2008/09/02) reported that ROK Defense Minister Lee Sang-hee said that Seoul is to launch unprecedented joint development and acquisition of defense goods with foreign countries. The ROK's Defense Acquisition Program Administration (DAPA), which hosts the conference, said the main objective of the forum will be to seek ways to increase cooperation in defense R&D between the participating nations.

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## **11. ROK-Japan Relations**

Korea Times (Jung Sung-ki, "FUKUDA'S EXIT COMPLICATES KOREA-JAPAN TIES", 2008/09/02) reported that Japanese Prime Minister Yasuo Fukuda's sudden resignation is expected to have implications on the relations between Seoul and Tokyo, which have reached their lowest ebb over history and Dokdo in the East Sea, local experts said Tuesday. Some are worried that relations could turn sourer amid reports that Taro Aso, a former foreign minister known as being more conservative than Fukuda, will take over the post, while others are taking a wait-and-see approach as Japan's political situation unfolds. Professor Ha Jong-moon of Hanshin University in Gyeonggi Province described Aso's possible inauguration as "the worst-case scenario" for ties between the ROK and Japan.

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## **12. Japan-US Military Relations**

Kyodo News ("JAPAN DEFENSE CHIEF CANCELS U.S. VISIT ", Tokyo, 2008/09/02) reported that Japanese Defense Minister Yoshimasa Hayashi has canceled a trip to the US scheduled for early September to meet with his US counterpart Robert Gates, Defense Ministry spokesman Katashi Toyota said. Toyota did not elaborate at a press conference on what was behind the decision, which

came after Prime Minister Yasuo Fukuda abruptly announced Monday that he will resign.

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## **13. Japan Politics**

Agence France-Presse (Harumi Ozawa, "JAPAN'S ASO EYES PM JOB AFTER RESIGNATION ", Tokyo, 2008/09/02) reported that outspoken conservative Taro Aso signaled his desire to be Japan's next prime minister after the abrupt resignation of Yasuo Fukuda deepened political turmoil in the world's second largest economy. Fukuda made his shock announcement on Monday after less than one year in office, saying he was overwhelmed with the mounting problems besetting Japan, which is teetering on the brink of recession.

The New York Times (Martin Fackler, "IN JAPAN, A LEADERSHIP VACUUM ", Tokyo, 2008/09/02) reported that Prime Minister Yasuo Fukuda's abrupt resignation, the second by a Japanese premier in under a year, underscores the chronic leadership vacuum plaguing the world's second-largest economy, even as it threatens to slip into recession. After two political misfires in such a short time, Japan looks increasingly incapable of producing strong leadership despite facing a host of pressing issues, from the rise of neighboring PRC to crucial upcoming domestic elections.

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## **14. US-Japan Relations**

The Asahi Shimbun ("U.S. SPEAKER MAKES HISTORIC VISIT TO A-BOMB MEMORIAL", Hiroshima, 2008/09/02) reported that US House of Representatives Speaker Nancy Pelosi laid flowers at the cenotaph for victims of the 1945 US atomic bombing of this city, along with her counterparts from the Group of Eight nations, as they gathered for their annual summit here Tuesday. Pelosi, 68, is the highest-ranking U.S. political figure to visit Hiroshima since the bombing. Participants discussed the role of legislative branches in securing peace and disarmament, and other issues, in a closed-door meeting.

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## **15. PRC Earthquake**

Agence France-Presse ("CHINA ALLOCATES NEARLY FOUR MILLION DOLLARS FOR SICHUAN EARTHQUAKE", Beijing, 2008/09/02) reported that the PRC allocated nearly four million dollars Tuesday in relief funds for a 6.2-magnitude earthquake that rattled the nation's quake-prone southwest, killing 38 people. The 27 million yuan (3.95 million dollars) was allocated from the central government's emergency relief fund to cover rescue efforts for the quake that struck Sichuan and Yunnan provinces Saturday, the civil affairs ministry said. Up to 941,000 people were affected by the quake, while 392,000 homes were damaged or collapsed, it said.

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## 16. Sino-Indian Relations

IANAS ("INDIA PARTNER, NOT RIVAL, SAYS CHINA ON EVE OF NSG MEET", 2008/09/02) reported that amid reports of Beijing's reservations about the nuclear deal, the PRC announced Foreign Minister Yang Jiechi's forthcoming visit to India and underlined that the two countries are 'partners, rather than rivals'. The three-day visit beginning Sunday was announced in New Delhi and Beijing by the foreign office of the two countries. 'China and India are friendly neighbours, and both are large developing countries. The two sides have reached consensus that they were cooperative partners of mutual benefit, rather than rivals,' PRC Foreign Ministry spokeswoman Jiang Yu told reporters in Beijing.

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## 17. Cross Strait Relations

Agence France-Presse ("TAIWAN HOPES TO IMPORT WATER FROM CHINA FOR KINMEN ISLANDS", Taipei , 2008/09/02) reported that Taiwan has put forward a plan to import water from the PRC for residents on a heavily defended island group off the mainland, authorities said, in a fresh sign of improving relations. The Water Resources Agency wants to set up pipes linking the PRC's southeast Fujian province to the Taiwan-controlled Kinmen group, the agency said. It said construction - pending final approval from the cabinet because of the sensitive nature of the project - would take two years.

Agence France-Presse ("TAIWAN SET TO PROVIDE LANDING VISAS TO CHINESE TOURISTS ", Taipei , 2008/09/02) reported that Taiwan said Tuesday it plans to offer landing visas to PRC tourists traveling to two Taiwanese-controlled islands off the mainland, in another goodwill gesture to Beijing. The proposal, expected to be approved at the cabinet's regular meeting Thursday, calls for granting landing visas to PRC tourists who visit Kinmen and Matsu, off the PRC's southeastern Fujian province, the Mainland Affairs Council (MAC) said. However, the planned measure will not allow PRC tourists to travel to Taiwan, it said. They will still need to get Taipei's visa prior to their tour of Taiwan.

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## 18. US Export Controls

Agence France-Presse ("US SAYS NO CLEAN-ENERGY EXPORTS TO CHINA AFFECTED BY CONTROLS", Beijing, 2008/09/02) reported that the US does not maintain controls on clean energy exports, a senior American trade envoy said Tuesday, while addressing PRC concerns over billions of dollars in potential trade. "No clean energy exports are affected by export controls," US Commerce Assistant Secretary David Bohigian told reporters in Beijing at the start of a clean energy and environment trade mission to Asia. He said PRC officials told him earlier this year that 10 billion dollars' worth of clean energy exports from US companies to the PRC market were affected by American export controls.

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## **19. PRC Development and the Environment**

Xinhua ("NE ASIAN COUNTRIES JOIN FORCES FOR GREATER TUMEN DEVELOPMENT", Changchun, 2008/08/02) reported that Vice Premier Wang Qishan told a forum here that the PRC was willing to strengthen energy, trade and investment cooperation, and push forward regional logistics development with other countries in northeast Asia. Nataliya Yacheistova, director of the UNDP's Tumen Secretariat, told Xinhua that the accelerated development of the Tumen region was mutually beneficial to all the countries in this region, as the regional economy was becoming more globalized. "Countries in this region should seek synergy, as no single country can solve energy, environmental and infectious disease problems alone," she added.

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## **20. PRC Civil Society**

Ming Pao Monthly Translated by EastSouthWestNorth (Cao Jingxing, "THE CHINESE PEOPLE DURING THE OLYMPICS", ) reported that some people have called 2008 the "Year of the Volunteers" in the PRC. This is not just about the Olympics, but the Wenchuan earthquake in May also raised the civic awareness of the PRC people (especially the youth). It was realized in the the numerous NGO's which rushed towards the Sichuan earthquake disaster zone. These came as spontaneous actions by citizens as opposed to existing government operations. This was a breakthrough within the existing system. There will be many big changes in the PRC after August 8. The suspense is just how the PRC will change.

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## **II. PRC Report**

### **21. PRC Economy**

China Radio online (Sun Chunling, "FIRST SMALL LOAN COMPANY ASSOCIATION ESTABLISHED IN LANGFANG", 2008/09/01) reported that on Aug.28, the first Small Loan Company Association was formally established in Langfang Bank Branch of People's Bank. Since the first small loan company established in 2006, there are already 44 small loan companies in Langfang of Hebei province. The registered capital reaches 1.92 billion yuan, and the total loan reaches 3.55 billion yuan. The Small Loan Company Association aims at setting up a communication platform for small loan companies and maintaining the market order.

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### **22. PRC Civil Society**

Yaxin network, <http://www.xjjb.com/> (Liu Shan, "XINJIANG HAS OVER 3900 CIVIL ORGANIZATIONS", 2008/09/01) reported that on Aug.29, the Fifth Enterprises Development Summit Forum also the Second Civil Organization Development Forum was held in Urumchi of



Xinjiang Uygur Autonomous Region. It is said that currently, civil organizations in Xinjiang are developing rapidly. Over 3900 civil organizations have registered at all levels of civil affairs departments of the region. Among them, there are 1234 industrial organizations, 1244 professional organizations, 667 research organizations and 269 united organizations.

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## **23. PRC Environment**

People's Daily online, <http://www.people.com.cn/> (Pang Geping, "OIL POLLUTES NORTH SEA OF GUANGXI PROVINCE", Guangxi, 2008/09/01) reported that recently, residents near North Sea of Guangxi province found a big scale of oil pollution appearing on the North Sea region. The oil residues were waved to the shore continuously and the beach has become a black oil belt. After finding this polluting issue, a sunken ship became the object of the research department. But the examining result showed that the pollution was not caused by the sunken ship. The polluting reason is still under investigation.

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## **III. ROK Report**

### **24. ROK-US Relations**

PRESSian (Chang Sung-min, Representative, World and Northeast Peace Forum, "MB'S POLITICAL TRIAL AFTER US ELECTION, PREDEFINED", 2008/09/03) said in a column that there tend to be several disagreements even when the ROK and the U.S administrations pursue the same ideology. The disagreements become even more serious if the two nations pursue politically different ideologies. The important thing is how the president exhibits his diplomatic leadership to maintain the alliance. Regardless of who will be the next U.S. president, whether Lee Myung-bak has the diplomatic ability to maintain the alliance smoothly is the issue.

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### **25. US Policy Toward DPRK**

Yonhap ("US ELECTION WILL CAUSE TREMENDOUS CHANGE", 2008/09/02) reported that regardless who will be the next U.S. president, there will be a tremendous change concerning the DPRK issue. It is very likely that the nuclear talks will be highly active as they were at the end of Clinton administration if Obama, who promised to do resume dialogue with the DPRK, comes into the office. However, if McCain is elected, who thinks the Bush administration's six-party talks made no achievement, the U.S. DPRK policy will become even firmer. It was appropriate for the ROK government to contact both the Democratic Party and Republican Party's candidates officially. It will be even more advantageous if we explain our policies in advance, so that we can facilitate better mutual understanding, which can accomplish a wider range of collaboration.

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## 26. ROK Policy Toward DPRK

Kyunghyang Shinmun ("LEE'S HOLLOW CRITICISM ON SUNSHINE POLICY", 2008/09/03) reported that ROK President Lee Myung-bak disparaged the accomplishments of the so-called 'sunshine policy'. However, it is undeniable that the policy brought about an incredible change in the inter-Korean relationship. Rather, Lee has sent the relationship several steps backward by his negative perspective toward the sunshine policy. There is no way that the ice on the peninsula can be broken unless Lee views the policy correctly.

Segye Ilbo ("REVIEW SUNSHINE POLICY BEFORE APPROACHING DPRK", 2008/09/03) reported that ROK President Lee Myung-bak made a reasonable criticism on the sunshine policy. It is apparently wrong if the government implements 'ABS' (Anything But Sunshine Policy) even though there is nothing much that the sunshine policy achieved. However, it is also wrong to pursue the policy unconditionally. Through a close review of the policy, the government should plan a more practical policy and principles that will minimize all sorts of social costs and downside effects. The ROK's DPRK policy should include practicality, which is based on the genuine motivation of the sunshine policy.

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## 27. Food Aid for DPRK

Hankyoreh ("WILL GOVERNMENT DENY DPRK'S REQUIREMENT ON HUMANITARIAN SUPPORT?", 2008/09/03) reported that the World Food Program (WFP) asked the ROK government for food aid toward the DPRK. Even though the government announced that they are undergoing a process to decide whether to start the food aid, it is highly predictable based on how the government has been behaving that the government is ignoring the requirement intentionally. There is no reason for Lee, who has been asserting that he pursues a 'win-win' DPRK policy, to hesitate providing humanitarian support.

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