

# NAPSNet Daily Report 5 June, 2009

#### **Recommended Citation**

"NAPSNet Daily Report 5 June, 2009", NAPSNet Daily Report, June 05, 2009, https://nautilus.org/napsnet/napsnet-daily-report/napsnet-daily-report-5-june-2009/

# NAPSNet Daily Report 5 June, 2009

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**Preceding NAPSNet Report** 

**MARKTWO** 

#### I. NAPSNet

### 1. DPRK Nuclear Talks

ITAR-TASS ("US, RK SUGGEST THAT 5 COUNTRIES FIX POSITION ON DPRK", Seoul, 2009/06/04) reported that the US and the ROK intend to arrange a meeting of five countries (also including the PRC, Russia, and Japan) participating in the six-country talks in order to work out a common position in reply to the second nuclear test conducted in the DPRK. The US and South Korea suggest holding a separate meeting of the chief delegates of the five countries with the exception of the DPRK, the paper said referring to a spokesman for the ROK government.

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### 2. US on DPRK Nuclear Program

The Associated Press ("DIPLOMAT: U.S. WON'T REWARD N. KOREA'S BAD BEHAVIOR AGAIN", 2009/06/04) reported that the US won't repeat the mistake of rewarding the DPRK's bad behavior, a senior American diplomat was quoted as saying, as Washington reportedly pushed for strong financial sanctions on Pyongyang for its latest nuclear test. Deputy Secretary of State James

Steinberg also told the ROK President Lee Myung-bak that the PRC is changing its position on ally Pyongyang, and the DPRK is not reading the difference properly, Seoul's presidential office said in a statement.

Chosun Ilbo ("U.S.' N.KOREA POLICY STILL FOCUSED ON DENUCLEARIZATION", 2009/06/04) reported that the US government explained the principles of a DPRK policy predicated on denuclearization at a seminar sponsored by the Chosun Ilbo and the Center for Strategic and International Studies (CSIS). The first is complete and verifiable denuclearization of the Korean Peninsula. The second is that the US will never accept the DPRK as a nuclear weapons state. Third, if nuclear weapons or materials are transferred to another state or other entity, this will be followed by a commensurate response as it poses a serious threat to the US and its allies. Fourth, the US unequivocally reaffirms its commitment to the defense of its allies in the region.

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#### 3. US on DPRK Terror List Status

JoongAng Ilbo ("U.S. SAYS IT WON'T PUT NORTH BACK ON TERRORISM LIST", 2009/06/04) reported that the United States said that it has no intention of relisting the DPRK as a state sponsor of terrorism despite nuclear and missile tests that escalated regional tensions. The remarks by Philip Crowley, assistant secretary of state for public affairs, came in response to a letter from several US senators to Secretary of State Hillary Clinton asking for the DPRK's relisting. "As for North Korea, I think we're aware of that letter, but as far as I know, firing off missiles and overheated rhetoric is unwise [and] unhelpful but does not meet the legal definition of terrorism," Crowley said. "To list a country on the terrorism list, there's a legal requirement there. And what we've seen so far I don't think meets that legal test."

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### 4. US Journalists Detained in the DPRK

Reuters ("2 U.S. JOURNALISTS ON TRIAL IN N. KOREA", 2009/06/04) reported that the DPRK put two US journalists on trial on charges of illegally entering the state with "hostile intent", in a case that could worsen tension with Washington after Pyongyang's nuclear test last week. The DPRK's KCNA news agency said in a one-sentence dispatch that the trial would begin at 0600 GMT (3 p.m. local time) at one of the country's highest courts. Experts say the pair could face a sentence of 10 years or more of hard labour in the DPRK.

Yonhap ("N. KOREA SILENT ON TWO U.S. JOURNALISTS PUT TO TRIAL", Seoul, 2009/06/05) reported that Pyongyang's Korean Central News Agency has yet to release the verdicts on the two US journalists Friday. U.S. State Department spokesman Ian Kelly said no observers were allowed at the trial. The Swedish ambassador in Pyongyang, Mats Foyer, who handles consular affairs involving American citizens in North Korea and met with the journalists three times each since their detention, was denied access to the trial, Kelly said.

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#### 5. PRC on DPRK Nuclear Test

Caijing Magazine ("ANALYZING CHINA'S RESPONSE TO NORTH KOREA", 2009/06/04) reported that the DPRK's nuclear test May 25 escalated global tension and prompted the PRC government to announce that it "resolutely opposes" Pyongyang's unexpected move. Because the world is preoccupied with economic crisis recovery, Zhu Feng, an international relations scholar at Peking University, said, "North Korea knows, at this moment, that the United States is unable to give it consideration, and that China also cannot take a tough stance. "They can make nuclear weapons a fait accompli." Zhang Liangui, a professor at the Central Party School in Beijing, said although the PRC is the DPRK's main provider of food, fuel and other goods, it's unlikely the PRC could exert significant pressure by cutting off this aid. He noted American and Japanese sanctions have been largely ineffective in moderating Pyongyang's behavior. Zhu also suggested the Beijing government try to continue working through the Six-Party Talks mechanism.

JoongAng Ilbo ("CHINA RECONSIDERING NORTH POLICIES AFTER NUCLEAR TEST", 2009/06/04) reported that a PRC government source told the JoongAng Ilbo yesterday that the PRC has begun overhauling its DPRK policy following the DPRK 's nuclear test last week. The source added that regional governments of Jilin and Liaoning Provinces, the two areas directly affected by the nuclear test, were also part of the general review. "The result of their discussions will be reported to Hu Jintao, and the party's politburo standing committee will determine the final direction," the source said. "There's no guarantee this review process will end any time soon, but it will likely have a huge impact on China's mid- to long-term North Korean policy."

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### 6. ROK on DPRK Nuclear Program

Yonhap News ("SEOUL'S EX-FOREIGN MINISTER WARNS OF FURTHER NUKE TESTS BY N. KOREA", Seoul, 2009/06/04) reported that Song Min-soon, an opposition lawmaker who served as foreign minister during the Roh Moo-hyun presidency, warned that the DPRK will continue to test nuclear weapons, escalating tension on the Korean Peninsula. Song of the main opposition Democratic Party (DP) also forecast that the DPRK is likely to continue to test-launch its missiles of various ranges in a bid to improve their accuracy and precision.

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#### 7. Russia on DPRK Nuclear Test

RIA Novosti ("MEDVEDEV READY TO BACK SANCTIONS AGAINST N.KOREA", Moscow, 2009/06/04) reported that Russian President Dmitry Medvedev has said he is ready to support economic sanctions to deter the DPRK's nuclear program, and will discuss Pyongyang's nuclear test with his US counterpart. "We need to think about measures to curb those programs that are being conducted," However, he said the resolution "will not aim to impose any kind of economic embargo on North Korea."

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#### 8. Inter-Korean Maritime Incident

Agence France Press ("N.KOREAN PATROL BOAT INTRUDES DISPUTED SEA BORDER", Seoul, 2009/06/04) reported that a DPRK navy patrol boat crossed into ROK waters and stayed almost one hour before retreating. ROK and US troops in the peninsula have gone on heightened alert. The boat crossed the Yellow Sea border and stayed for 50 minutes before retreating to its own side after three warnings from ROK craft, Seoul's Joint Chiefs of Staff said. A spokesman said it apparently was chasing PRC boats that were operating illegally in the rich crab fishing area, but did not exclude the possibility it was a planned intrusion to raise tensions further.

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### 9. DPRK Leadership

The Financial Times ("CULT STATUS WILL ELUDE N KOREAN HEIR", 2009/06/04) reported that Kim Jong-il looks set to be the last DPRK leader to enjoy a semi-divine status and rule the nation single-handedly. No matter how well he purges internal opposition, his youngest son will have to rely on a politburo of party and army officials if he takes power, amplifying the risks of infighting in the nuclear-armed state. "The cult system cannot go on through the third generation," said Kim Taewoo, researcher at the Korea Institute for Defence Analyses in Seoul. "For the cult system to be established, three things are necessary – power, personality and policy. But Kim Jong-woon is now only in his 20s, so it is hard to expect the three Ps from him."

Agence France Press ("AILMENT PROMPTS N KOREA'S KIM TO STEP UP PWR TRANSFER-OFFICIAL", Seoul, 2009/06/04) reported that the DPRK leader Kim Jong-Il appears to have speeded up the transfer of power to one of his sons because of his declining health, a ROK minister said. Kim may be "accelerating a procedure to transfer power to his son due to his worsening health," Unification Minister Hyun In-taek, who is in charge of cross-border relations, told a forum.

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#### 10. DPRK Counterfeiting Operations

DongA Ilbo ("FAKE N. KOREAN SUPERNOTES SMUGGLED INTO SK", 2009/06/04) reported that the DPRK has produced counterfeit 100 US dollar bills since US financial sanctions were lifted against it 2007, with part of the forged "supernotes" smuggled into the ROK, a US government source said. "Seoul and Washington have conducted a joint investigation since police booked those who attempted to circulate supernotes in South Korea in November last year. We've kept a close eye on the North's forgery since it is likely to affect both inter-Korean ties and relations between Washington and Pyongyang," the source said. "The Obama administration is devising measures as tough as those under the Bush administration to stop the illegal activity."

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## 11. US-ROK Security Alliance

Korea Times ("CONSERVATIVES CALL FOR DELAYING WARTIME COMMAND TRANSFER", 2009/06/04) reported that a bout 220 conservative civic groups Thursday called for delaying the deactivation of the ROK-US Combined Forces Command (CFC) scheduled for 2012, until the country secures enough of a deterrence capability against the DPRK. The groups led by the Korea Veterans' Association (KorVA) have conducted a campaign to collect 10 million signatures against the command rearrangement plans reached in 2007 under the previous Roh Moo-hyun administration that put a priority on a ``self-reliant'' defense posture.

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#### 12. ROK Missile Defense

Yonhap News ("S. KOREA HASTENS EFFORT TO EAVESDROP ON N. KOREAN MISSILE BASES: SOURCES", Seoul, 2009/06/04) reported that the ROK is accelerating its effort to bolster intelligence assets designed to eavesdrop on DPRK missile bases as it faces a growing threat from rockets developed by the DPRK, sources said. The ROK military currently operates a high-tech intelligence project aimed at capturing frequencies and electronic signals across the DPRK by floating a plane along their border. "The military is pushing to complete the upgrade of FISINT assets earlier than scheduled, possibly by 2015," the source said, speaking on condition of anonymity because the information is classified. "The costs and technology required are formidable, but the upgrade will help bolster South Korea's early warning capabilities," the source said.

JoongAng Ilbo ("KOREA TO BUY 84 MISSILE INTERCEPTORS", 2009/06/04) reported that the ROK is moving to acquire additional advanced ship-to-air missile interceptors from the US by the end of this year to boost the firepower of its destroyers guarding against potential DPRK hostilities, an official said. The US Defense Security Cooperation Agency said in a statement that the sale of 84 SM-2 missiles has yet to be approved, but would enhance the ROK's "defensive capabilities and increase interoperability with US and multinational forces."

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### 13. Japan Nuclear Power

The Yomiuri Shimbun ("POWER COMPANIES LIKELY TO POSTPONE MOX FUEL USE", 2009/06/04) reported that power companies began discussing a major review of a planned program to use plutonium extracted from spent nuclear fuel to power existing nuclear power plants, The Yomiuri Shimbun learned Wednesday. The plan to recycle nuclear fuel has been at the heart of the country's nuclear power policy. However, the power companies were forced to review the plan, which was to be launched at 16 to 18 power plants across the nation by fiscal 2010, because they have failed to win approval of the plan from the local governments in areas where the power plants are located.

Kyodo News ("JAPAN'S POWER INDUSTRY FORCED TO REVIEW 'PLUTHERMAL' PLAN", Tokyo, 2009/06/04) reported that Japan 's power industry group has asked member companies to review their plans for plutonium-thermal power generation as it has become unlikely that the fiscal 2010 goal for it will be attained, industry sources said Thursday. The move by the Federation of Electric Power Companies of Japan is likely to affect Japan's nuclear policy as its agenda to launch a nuclear power cycle by reusing spent nuclear fuel requires the introduction of the so-called "pluthermal" generation.

### 14. Japan Energy Development

Bloomberg News (Megumi Yamanaka, "TOKYO GAS SEEKS FUEL IN GARBAGE WITH TRASH-T--METHANE PILOT", 2009/06/04) reported that Tokyo Gas Co., Japan's largest gas distributor, is experimenting with turning garbage from the city's offices and restaurants into cleaner-burning gas as part of the nation's efforts to reduce carbon emissions. At a plant in eastern Tokyo, the gas distributor injects bacteria into 300 kilograms of waste a day to extract enough methane to supply 30 households, Shinji Ito, manager of the Public Sector Sales team at Tokyo Gas, said today. The 200- million-yen (\$2.1 million) pilot project is financed by the environment ministry in partnership with Koto ward and Tokyo Environmental Public Service Corp.

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### 15. Japan Politics

The Yomiuri Shimbun ("LDP, DPJ STEEL FOR SKIRMISHES", 2009/06/04) reported that three local elections to be held in June and July are attracting attention as both the ruling and opposition parties see them as a prelude to the next House of Representatives election likely to be held in August or early September. The ruling and opposition camps are placing greater importance than usual on the local elections--a Chiba mayoral election to be contested on June 14, a Shizuoka gubernatorial election on July 5 and a Tokyo metropolitan assembly election on July 12.

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### 16. Sino-Russian Environmental Cooperation

RIA Novosti ("RUSSIA, CHINA TO SET UP JOINT RESERVE TO PROTECT TIGERS", Moscow, 2009/06/04) reported that Russia and the PRC have agreed to start preparations to create a cross-border nature reserve to protect endangered Siberian tigers and Far East leopards. The decision was announced at a meeting of a subcommittee on environment protection in Beijing on Thursday. The agreement was signed by Russia's Minister of Natural Resources, Yury Trutnev, and his PRC counterpart Zhou Shengxian.

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### 17. US-PRC Climate Change Collaboration

Bloomberg News ("U.S. MAY NOT JOIN CLIMATE PACT WITHOUT CHINA PLEDGE, KERRY SAYS", 2009/06/04) reported that the US is unlikely to agree to a global treaty on climate change unless the PRC, now the world's biggest emitter of greenhouse gases, makes a meaningful commitment to a worldwide solution, said Senator John Kerry, chairman of the Foreign Relations Committee. "The message is clear: America is no more likely to enter into a legally binding global solution in 2009 than it was back in the 1990s when we debated Kyoto unless China is part of the solution," Kerry, a Massachusetts Democrat, said at a hearing today.

### 18. PRC-Iran Energy Cooperation

Agence France-Presse ("IRAN, CHINA SIGN \$5 BLN GAS DEAL", Tehran, 2009/06/04) reported that Iran signed a gas deal worth around five billion dollars with the China National Petroleum Corporation to develop a part of the giant South Pars gas field in the Gulf, the official IRNA news agency reported. The deal is "worth 4.7 billion dollars and the aim of implementation of this project is to produce 50 million cubic metres (1.76 billion cubic feet ) a day of natural gas and other products," Jashnsaz said.

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#### 19. Cross Strait Relations

Agence France Press ("CHINA, TAIWAN MULLING JOINT UNDERSEA TELECOM CABLE", Taipei, 2009/06/04) reported that China Telecom and Taiwan's Chunghwa Telecom plan to build an undersea telecommunications cable linking the PRC's Xiamen city and Kinmen, an outlying island controlled by Taiwan, officials said Wednesday. Lu Shyue-ching, chairman of Chunghwa Telecom, said his company has applied to the transport ministry for permission to construct the 60-kilometr-long (36 mile) cable. Liu said that if given the go ahead, the project would create potential opportunities for Taiwanese companies in the PRC's 3G market.

Reuters ("TAIWAN PRESIDENT TELLS CHINA TO FACE UP TO JUNE 4", 2009/06/04) reported that the president of Taiwan told Beijing on Thursday to face up to the truth about the Tiananmen Square crackdown 20 years ago. "This painful period of history must be faced with courage and cannot be intentionally ducked," President Ma Ying-jeou said. "Any government, in facing unpleasant history, must deal with the matter on its own merit," Ma said in the statement.

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#### 20. PRC Commemoration

The Guardian ("CHINESE WEBSITES MARK TIANANMEN SQUARE ANNIVERSARY WITH VEILED PROTEST", 2009/06/04) reported that sites close for 'Chinese Internet Maintenance Day' in subtle attack on state censorship. Earlier this week the government blocked access to a number of popular western websites, in what was widely seen as way of controlling access to information about the events at Tiananmen Square. A number of other sites appear to have gone down over recent days, however, in a move that may be part of an ad hoc anniversary protest online.

BBC News ("HONG KONG HOLDS TIANANMEN VIGIL", 2009/06/04) reported that a vigil marking 20 years since the Tiananmen massacre has been held in Hong Kong, the only part of the PRC to commemorate the event. An estimated 150,000 people gathered in Victoria Park for the annual event, which was addressed by one of the 1989 student leaders, Xiong Yan. Other Tiananmen veterans were banned from entering the territory.

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### 21. PRC Military

United Press International ("CHINA READY TO BUILD ITS FIRST AIRCRAFT CARRIER", Hong Kong, 2009/06/04) reported that shipbuilding experts from Eastern Europe have confirmed that the PRC will start to build its own aircraft carrier this year, as preparations for the project are complete. The experts had visited the No. 3 military dock of the Changxing Island Shipyard based in Shanghai , where they acquired exclusive photos of the interior of the shipyard. From these it can be deduced that the PRC is ready to commence building the aircraft carrier at this dock.

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### 22. PRC Security

Agence France Press ("UIGHUR EXILE LEADER REJECTS CHINA 'TERROR' REPORT", Washington, 2009/06/04) reported that the leader of Uighurs in exile on Wednesday voiced "utmost" skepticism after the PRC said it smashed "terror cells" in their predominantly Muslim region. PRC state media said police have dismantled seven cells of extremists so far this year in Kashgar, the PRC's westernmost city and a key center of culture for the Uighurs, who have long bridled under Beijing's rule. Rebiya Kadeer , the Washington-based leader of the world's Uighurs in exile, said the PRC made the allegations "without producing the slightest piece of evidence." "These allegations are being made in such a way so as to associate peaceful Uighurs with the scourge of terrorism," she said.

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### 23. PRC Development

Xinhau News ("CHINA ALLOCATES MORE THAN 60% OF CENTRAL BUDGET TO PUBLIC WORKS AS OF MAY", Beijing, 2009/06/04) reported that the PRC allocated 562 billion yuan (82.3 billion U.S. dollars) for public works projects as of May 31, completing 61.9 percent of its central budget this year, the Ministry of Finance (MOF) said in an online statement here on Thursday. More than half of the allocated went toward rural development and prominent infrastructure construction, according to the MOF. A total of 138.1 billion yuan was put into projects to enhance rural infrastructure and improve living standard in the countryside through the construction of irrigation facilities, power grids and paved roads.

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### 24. PRC Energy Supply

People's Daily Online ("CHINA OUTPACES US IN CLEANER COAL-FIRED PLANTS", 2009/06/04) reported that the growing construction of coal-fired power plants has raised eyebrows around the world about the effect on climate change, but, the PRC, a huge energy consumer, now uses more low-pollution power plants to improve the environment. The PRC has emerged in the past two years as the world's leading builder of more efficient, less polluting coal power plants, mastering the technology and driving down the cost. While the United States is still debating whether to build a more efficient kind of coal-fired power plant that uses extremely hot steam, the PRC has begun

building such plants at a rate of one a month.

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### II. PRC Report

### 25. PRC Civil Society

Ministry of Civil Affairs website ("FILE MANAGEMENT SYSTEM OF CIVIL ORGANIZATIONS SET UP", 2009/06/04) reported that in order to enhance and improve the work of file management of civil organizations, the File Office of the Ministry of Civil Affairs has spent over two years to establish a file management system of civil organizations. All files have been typed in, scanned, and linked digitally.

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#### 26. Cross Strait Relations

China News Agency ("NEW ECONOMIC PLANS TO SPUR CROSS-STRAITS TIES", 2009/06/04) reported that A slew of measures will be introduced to improve the economic development of the Chinese mainland and Taiwan, an official said yesterday. Large and quality enterprises from the mainland will be encouraged to visit Taiwan to seek business and investment opportunities. Officials and senior executives of big firms from the mainland have been visiting the island for some time. More such trips will be organized, said the official.

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## 27. PRC Energy

Xinhua Net ("CHINA OPENS NATIONAL OIL RESERVE BASES FOR MEDIA VISIT", 2009/06/04) reported that the PRC opened its national oil reserve bases to domestic and foreign media for the first time Wednesday since the bases were built. A total of 26 media organizations, including the Associated Press and the Reuters, visited the Zhenhai national oil reserve base in eastern Ningbo City, Zhejiang Province Wednesday. The base, with a storage space of 5.2 million cubic meters, was completed in October, 2006 and passed government quality inspection one year later.

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## III. ROK Report

### 28. Alleged DPRK Counterfeiting

DongA Ilbo ("DPRK, COUNTERFEIT DOLLAR THIS TIME?", 2009/06/04) reported that the suspect

upon the DPRK's forged dollar rose up to surface once again. The DPRK's creation and the circulation of forged dollars are directly linked to the ROK's security. The money could be possibly spent on developing nuclear weapons or missiles. Cost spent on maintaining the regime is another possible usage. The ROK should block the inflow of money toward the DPRK, which is used in maintaining Kim, Jong-il regime by collaborating in strengthening the US's monitoring system.

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#### 29. Inter-Korea Relations

ChoongAng Ilbo ("GOVERNMENT FORGOT MR. YOO UNDER DETENTION IN DPRK?", 2009/06/05) said in a column that 67 days have passed since Mr. Yoo, a worker at Gaesong Industrial Complex, was put under detention in the DPRK. The DPRK made no official remarks after their announcements that they were "investigating". Their attitude, compared to the actions they took regarding the two US female journalists, is nonsensical. They should have been more humanitarian with Mr. Yoo, who belongs to the "same ethnicity" with them. "One ethnicity" is what they have been repeating over and over for several years. The government's reaction is too passive. None of the governmental organizations other than the Unification Ministry or Hyundai took any actions to solve this problem.

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#### 30. DPRK-PRC Relations

PRESSian ("CHANGE IN PRC-DPRK RELATIONSHIP AFTER DPRK'S 2ND TEST", 2009/06/05) reported that the PRC's debate on DPRK policy has been conducted more fiercely than ever. One party insisted that they put more emphasis on the historical features of relationship with the DPRK and their (DPRK's) importance to security and strategy, while the other party asserted that the DPRK needed to act more responsibly in the global community. Neither party's position was accepted by the another. However, regarding that the former position has been a little more acceptable than the latter one so far, a future change in the PRC's DPRK policy is predictable. It is apparent that the DPRK's nuclear test brought a certain change in the PRC's DPRK policy.

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