

# NAPSNet Daily Report 8 January, 2009

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#### I. NAPSNet

### 1. US Policy Toward the DPRK

Kyodo News ("KURT CAMPBELL ASKED TO HEAD U.S. STATE DEPT.'S E. ASIA, PACIFIC TEAM", Washington, 2009/01/07) reported that US Secretary of State-designate Hillary Clinton has asked former Defense Department official Kurt Campbell to become assistant secretary of state for East Asia and Pacific affairs, a US source said. It is unclear how Campbell has responded but the source told Kyodo News that he will accept the offer. Campbell would replace Christopher Hill . But the official said the transition team of President-elect Barack Obama plans to create a new post, such as coordinator or special envoy, to handle DPRK issues. Who will be in charge of DPRK issues has yet to be determined, but there is speculation that Hill could continue as the US point man.

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#### 2. DPRK Nuclear Issue

Agence France Press ("NORTH KOREA NUCLEAR AMBITIONS WILL TEST OBAMA; OFFICIAL", Washington D.C., 2009/01/07) reported that the DPRK will be an "early challenge" for Barack Obama, as the United States remains locked in a tense stand off over Pyongyang's nuclear ambitions, US national security adviser Stephen Hadley said in remarks prepared for delivery Wednesday. Hadley said that the DPRK will test Obama by trying to split the six-party talks. Hadley is also expected to argue that the Asia-Pacific region is of "increasing importance to America's security and economic well being."

Bloomberg (Viola Gienger, "SUSPICIONS GROW THAT NORTH KOREA ENRICHES URANIUM", 2009/01/07) reported that intelligence officials are growing more concerned that the DPRK is secretly enriching uranium, U.S. National Security Adviser Stephen Hadley said. A verification accord is needed particularly "because some in the intelligence community have increasing concerns

that North Korea has an ongoing covert uranium-enrichment program," Hadley said in a wide-ranging review of the Bush administration's foreign policy record.

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#### 3. Inter-Korean Relations

Yonhap News ("S. KOREAN FARMERS TO SEND RICE TO N. KOREA AMID FROZEN RELATIONS", 2009/01/07) reported that a ROK farmers' organization said it will send 174 tons of rice to the DPRK this week. The Korea Peasants League said they have arranged to have a ship collect rice from across the country at ports along the coast. The boat left the southern island of Jeju on Monday and will depart from the port of Incheon on Friday. "We hope this shipment will be a small seed to normalize the frozen inter-Korean relations," the group's Jeju branch said in a statement.

Yonhap News (Kim Hyun, "N. KOREA ARRESTING CARRIERS OF \$1 BILLS TO STOP ANTI-PYONGYANG LEAFLETS: ACTIVIST", 2009/01/07) reported that the DPRK is arresting citizens who possess US one dollar bills as a way to crack down on packages of anti-Pyongyang propaganda leaflets sent by ROK activists that include the currency, an activist here said. The DPRK's spy agency, the State Security Agency, issued the directive in early November to stop citizens from collecting the leaflets that criticize leader Kim Jong-il and his communist regime, said Park Sanghak, a DPRK defector and leader of Fighters For Free North Korea in Seoul.

Korea Times (Kim Sue-young, "TASK FORCE FOR INTER-KOREAN RELATIONS PLANNED", 2009/01/07) reported that the government is considering establishing a taskforce to map out midand long-term measures regarding relations between Seoul and Pyongyang, a government source said. President Lee Myung-bak instructed the Ministry of Unification to work out a wider range of plans for inter-Korean ties during a briefing session last week. "The plan aims at substantially improving North Korea policies, which the ministry has been responsible for. The taskforce will help check current policies and draw a big picture of future plans," the source said, adding that the team is also expected to present measures to draw changes from the DPRK.

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# 4. Inter-Korean Economic Cooperation

JoongAng Ilbo ("KAESONG COMPLEX TEETERING", 2009/01/08) reported that Kaesong Industrial Complex is teetering. SNG, an ROK men's suit maker, spent 9 billion won (\$7 million) to build a new three-story plant in the Kaesong complex last July and hoped to hire as many as 2,000 DPRK workers. Authorities there assigned only some 720 workers for SNG's new plant. "I have new orders coming in because the labor cost is rising in China. But my factory remains idle," said Chung Ki-sup, the head of SNG. Chung Yang-geun, the chairman of Taelim Industrial Co., which produces materials for contractors, does not even know how his factory in the DPRK is working. There is no way for him to find out since the DPRK kicked all ROK managers out of the area last Dec. 1.

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### 5. Japan-DPRK Relations

Kyodo News ("NEXT U.S. GOV'T TO HELP JAPAN ON N. KOREA ABDUCTION ISSUE: NAKAYAMA", Washington, 2009/01/07) reported that the incoming US administration of President-elect Barack Obama is likely to assist Japanese efforts to resolve a row over Pyongyang's decades-old abductions of Japanese citizens, Japanese Prime Minister Taro Aso's special adviser on the issue said. Kyoko Nakayama made the comments after a 30-minute meeting with Christopher Hill. "We reaffirmed the importance of the abduction issue for both Japan and the United States," she said. "I am convinced through the talks this time that the new government to be formed in the United States this year will also work together with us on the abduction issue."

The Asahi Shimbun (Kazutaka Ito, "OBAMA TEAM TO GET ABDUCTION BRIEFING", ) reported that outgoing U.S. Ambassador Thomas Schieffer vowed to convey Tokyo's concerns about the DPRK's past abductions of Japanese citizens to the incoming administration of Barack Obama. Schieffer, in an exclusive interview with Yoichi Funabashi, editor in chief of The Asahi Shimbun, said his biggest disappointment during his four years in Tokyo was not seeing the abduction issue resolved. "I am sorry that we were not able to make more progress," he said.

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### 6. DPRK Communication Technology

Yonhap News ("N. KOREA TIGHTENS BAN ON S. KOREAN MOBILE PHONES, GPS RECIEVERS", Seoul, 2009/01/07) reported that the DPRK has tightened monitoring of the use of mobile phones and car GPS receivers by South Koreans in a joint industrial complex in its border town, Seoul officials said Wednesday. ROK electronic gadgets are prohibited in the DPRK by inter-Korean rules, but the country had tacitly allowed ROK businessmen to cross the border if they turned off their GPS receivers and entrusted their phones to the customs office.

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### 7. ROK Media Protest

Yonhap News (Shin Hae-in, "MEDIA WORKERS TO SUSPEND STRIKE, BUT KEEP HEAT ON GOV'T", Seoul, 2009/01/07) reported that hundreds of media employees who have protested against a government-led plan to allow media cross-ownership said Wednesday they will suspend their strike and return to work the following day. "We temporarily suspend our strike as rival parties agreed to delay passing the media laws until after re-discussions," the National Union of Media Workers said in a press release. "But we will immediately resume our strike should the government and the ruling party renew their push to settle the bills."

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### 8. ROK-Japan Territorial Dispute

Xinhua News ("S KOREA APPEALS JAPAN NOT TO CONDUCT MARINE RESEARCH NEAR

DISPUTED TERRITORY", Seoul, 2009/01/07) reported that the ROK appealed that Japan should drop its reported plan for underwater scientific research near the disputed islets of Dokdo. According to the Yonhap News Agency, the ROK Foreign Ministry delivered a clear message through diplomatic channel that Japan should not push for such a research project without the ROK's consent.

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## 9. ROK, Japan Afghanistan Aid

Donga-Ilbo ("KOREA, JAPAN TO JOIN HANDS TO AID AFGHANISTAN", 2009/01/08) reported that President Lee Myung-bak and Japanese Prime Minister Taro Aso will agree to launch joint projects to help rebuild Afghanistan in their bilateral summit slated for Monday in Seoul, the Japanese daily Nihon Keizai Shimbun reported yesterday. Both sides will reportedly carry out joint projects in education and medical care, such as the construction of schools and hospitals in the war-torn country, through a partnership between the Korea International Cooperation Agency and the Japan International Cooperation Agency.

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# 10. Japan Leadership

The Financial Times (Mure Dickie, "ASO ADMITS FAMILY MINE USED POWS", Tokyo, 2009/01/07) reported that Taro Aso, Japan's prime minister, has been forced to acknowledge that a family coal mine used prisoners of war as forced labour during the second world war. The admission during a parliamentary exchange with a senior opposition party official is the latest in a long series of setbacks for Mr Aso, whose support ratings have fallen to perilous levels after a series of gaffes and the economic slump.

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### 11. Japanese Whaling Issue

Associated Press (Kristen Gelineau, "AUSTRALIA TO ALLOW ANTI-WHALING SHIP TO DOCK", Sydney, 2009/01/08) reported that acting Australian Prime Minister Julia Guillard told reporters in Melbourne that there was no reason to ban the Sea Shepherd group 's anti-whaling ship, the Steve Irwin, from docking in Hobart, Tasmania, when it arrives next week. "We have not received an impending vessel request from the Steve Irwin," said Gillard. "Should such a request be received, then the Steve Irwin will be permitted to dock at an Australian port." She reiterated her earlier concerns that the Sea Shepherd crew refrain from dangerous activities.

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#### 12. PRC-US Relations

Xinhua News ("CHINA HOPES FOR GREATER PROGRESS OF SINO-U.S. RELATIONS", Beijing, 2009/01/07) reported that the PRC on Wednesday said it hoped to achieve even greater progress in PRC-U.S. relations in the next 30 years. Foreign Minister Yang Jiechi made the remarks while

welcoming visiting U.S. Deputy Secretary of State John D. Negroponte, who came to mark the 30th anniversary of the establishment of PRC-U.S. diplomatic relations. The sound and stable development of PRC-U.S. relations not only accorded with the fundamental interests of the two nations and the two peoples, but also helped world peace, stability and development, he noted. Negroponte said the relationship with the PRC had achieved progress "enormously", and reached a level that "could not have been imagined 30 years ago".

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#### 13. Cross Strait Relations

Xinhua News ("MAINLAND ALLOWS TAIWAN ARCHITECTS TO PRACTICE", Beijing, 2009/01/07) reported that PRC authorities have granted first-grade licenses to 37 senior architects from Taiwan and they are now allowed to apply for official registration and practice in the mainland, according to an official with the Ministry of Housing and Urban and Rural Construction. But this case is a special arrangement, since the examination and licensing systems of the two sides are quite different, said Wang Suqing, director of the Construction Market Supervision Department and head of the National Administration for Licensed Architects .

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## 14. PRC Separatist Movements

Associated Press (Christopher Bodeen, "CHINA URGES EDUCATION TO STEM TERRORISM", Beijing , 2009/01/08) reported that officials in the PRC's far western Xinjiang region are urging expanded free education to staunch support for Islamic separatists. Students in the region who quit after middle school become easy targets for radical groups, the head of the regional education department was quoted as saying by the China Daily newspaper on Thursday. Keeping them in school for 12 years rather than nine would help prepare them for the job market and better shape their "ideology and mentality," Zhao Dezhong said.

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### 15. PRC Consumer Spending

BBC News (Gemma O'Neill and Shuvra Mahmud , "CHINA'S NEWLY FRUGAL YOUTHS", Beijing, 2009/01/07) reported that amid the global economic downturn, young people in the PRC are defying government initiatives to boost spending and coming up with novel ways to save money. Blogs and popular internet forums are full of stories and advice from young people looking to stretch their money further. This is despite the government's allocation of some \$586m-worth of funds to encourage spending to keep the PRC's economic growth around what it believes is the minimum necessary to maintain social stability. The young savers, or the "kou kou zu" ("stingy group"), come from the generation born around the 1980s; now 20- and 30-somethings who have been regularly accused of being spoilt and lacking financial awareness.

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### 16. PRC Spring Festival Travel

BBC News (Michael Bristow, "CHINA'S HOLIDAY RUSH BEGINS EARLY", Beijng, 2009/01/07) reported that the PRC's annual travel rush over the Lunar New Year has begun early this year. City railway stations are reporting more passengers than usual as migrant workers head for their rural homes. The early exodus is in part down to the current economic slowdown - with no jobs, workers have no choice but to go home. It is also because the spring festival is earlier than usual this year. Beijing's West Railway Station handled 130,000 departing passengers one day recently, about 38,000 more than the usual daily average, according to the Xinhua news agency. The PRC's railway network is expected to handle about 188 million passengers this year, 8% up on last year, according to the Ministry of Railways.

Xinhua News ("ICE, SNOW STORM DISRUPTS TRAFFIC, HOLIDAY TRAVEL PLANS IN CHINA", Changsha, Hunan Province, 2009/01/07) reported that PRC provinces most affected in last year's snow disaster are on high alert again as an ice storm snarled traffic, posing threats to the coming Spring Festival travel peak which starts in four days. The central Hunan Province issued its first sleet warning of the winter on Tuesday as a storm hit 34 cities and counties, dumping several centimeters of snow. Hunan Provincial Meteorological Observatory urged transportation, power and communications sectors to be on alert through the storm. It also asked citizens to stay indoors as long as possible to prevent accidents.

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#### 17. Asia Sea Level Rise

Daily Telegraph (Bonnie Malkin, "RISING SEA LEVELS 'COULD SPARK CONFLICT OVER ENERGY AND FOOD RESERVES'", Sydney, 2009/01/07) reported that a report revealed "environmental stress" had increased the risk of conflicts over food and resources in the region. But the biggest threat to global security was the melting Arctic ice caps, which would give rise to a potentially dangerous international race for valuable sea oil and gas deposits, the report said. High global oil and commodity prices, the biofuels boom and the economic downturn are prompting import-reliant countries to take action to protect their sources of food. The PRC and ROK, which are both short on arable land have signed up the rights to swathes of territory in Asia and Africa. In one of the biggest and most recent deals, ROK's Daewoo Logistics said it would invest about \$6 billion to develop 3.2 million acres (1.3 million hectares) in Madagascar – almost half the size of Belgium.

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# II. PRC Report

#### 18. PRC Commercial Associations

Daqing Net ("DAQING CITY ESTABLISHES TEA ASSOCIATION", 2009/01/05) reported that on December 30, 2008, the founding ceremony of Daqing Tea Association was held in Kunlun Business Hotel of Daqing city, Heilongjiang province. At present, the tea industry in Daqing city is in a state

of disorder, the establishment of Tea Association may better guide the development of tea industry, and maintain fair competition and interest of the whole industry.

Sichuan Government website ("SICHUAN ASSOCIATIONS TAKE THE INITIATIVE TO DEAL WITH FINANCIAL CRISIS", 2009/01/06) reported that as the global financial crisis intensifies, its impact on the real economy is deeper. Under such a background, all kinds of small and medium enterprises in Sichuan province have taken the initiative to establish industrial associations and chambers of commerce, hoping to deal with the crisis jointly. For example, on December 26, over 110 enterprises of decoration, materials, paint, cabinets, doors and other home-related industries voluntarily set up Sichuan Home Production Chamber of Commerce.

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### 19. PRC Public Health

Economic Information Daily (Hu Ming, "CHINA ANTI-CANCER ASSOCIATION LAUNCHES BONE HEALTH EDUCATION PROJECT", 2009/01/05) reported that the big medical education project "Yangfan Project", launched by China Anti-cancer Association and Palliative Care Committee and funded by Beijing Nuohua Pharmaceutical Company, was launched at this month. The main content of the project concludes investigation of status of bone metastases treatment, medical reeducation in 24 cities, discussion on clinical experience, promotion of expert consensus and so on.

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# 20. PRC Civil Society

North Net (Zhao Jinhe, "2008 SEN CHARITABLE ORPHAN-SUPPORT ACTIVITY SUCCESSFULLY ENDED", 2009/01/06) reported that the 2008 Sen Charitable Orphan-support Activity sponsored by Tianjin Chatiry Association was successfully ended recently. Representatives from Tianjin Sen Precision Instruments Co., Ltd also participated in the ending ceremony. Because of the world financial crisis, Sen Company was impacted as many other expert companies, but its director said that no matte what has happened to the company, its support for charity course will not change and the fund standard will not decrease.

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#### 21. PRC Charities

Morning News (Chen Liyu, "OVER 90% SHANGHAI CITIZENS PARTICIPATE INTO CHARITABLE DONATION IN RECENT TWO YEARS", 2009/01/06) reported that the Shanghai Charity Foundation announced the result of a large-scale investigation of charity yesterday. According to the result, 97% Shanhai citizens have donated, and most donation amounts are over one hundred yuan. The 2008 Sichuan earthquake is the most important donation reason. But besides this, 58% of citizens participated in other donation activities.

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# 22. PRC Energy Supply

Beijing Daily (Wang Haiyan, "BEIJING ESTABLISHES BIOFUEL PRODUCTION BASE", 2009/01/06) reported that from 2009, the farmers of Beijing suburbs may use biofuel for cooking and warming. Since last year, Beijing government has launched a full research on biofuel development, and established production base in five districts of Beijing in succession. It is understood that the city's annual garden waste is about 2.13 million tons, annual agricultural waste is about 800,000 tons. These leaves, straws, etc. can be turned into 600,000 tons of biofuel after processing.

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