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I. NAPSNet

1. DPRK Missile Test

Agence France-Presse ("NKOREA FIRES SHORT-RANGE MISSILES: YONHAP ", 2008/10/07) reported that the DPRK has fired two short-range missiles into international waters in the Yellow Sea as part of a routine military drill, the ROK's Yonhap news agency said, quoting a defence source. "We understand that North Korea fired about two missiles in the Yellow Sea in the afternoon of the seventh (of October)," the unnamed source was quoted by Yonhap as saying. "North Korea had designated an off-limit zone for vessels in the Yellow Sea before it fired missiles," the source said.

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2. DPRK Nuclear Program

Korea Herald (Jin Dae-woong , "'N.K. DEMANDS AID FOR VERIFICATION'", 2008/10/07) reported that the DPRK has demanded the US provide additional aid in return for inspecting suspected nuclear sites, which the DPRK had excluded from its nuclear declaration list, a ROK diplomatic source said. The source, who spoke on condition of anonymity, said the DPRK delivered the proposal to US Assistant Secretary of State Christopher Hill. "The proposal can be interpreted as a deal on

additional reparation for additional U.S. demand," said the source, who is privy to the nuclear negotiation.

Associated Press (Hyung-jin Kim, "NKOREA MAY BE DEVELOPING SMALL NUCLEAR WARHEAD", Seoul, 2008/10/08) reported that Gen. Kim Tae-young, chairman of the ROK Joint Chiefs of Staff, said Wednesday that he believes the DPRK is trying to develop a nuclear warhead that is small enough to be carried by its missiles. Kim said it was not clear whether the North had already manufactured such a warhead. "If the DPRK tries to use nuclear weapons, we will launch a strike to get them not to use" the weapons, he said.

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3. PRC on DPRK Nuclear Program

Xinhua ("CHINA SUPPORTS DPRK, U.S. TO MAINTAIN CONTACT ON NUCLEAR ISSUE", 2008/10/07) reported that the PRC supported the DPRK and the US keeping contact and deemed the US chief nuclear negotiator Christopher Hill's DPRK visit as beneficial, the Foreign Ministry said. "The nuclear issue on the Korean Peninsula has achieved important progress through the concerted efforts by all the parties involved, but it also arrives at a crucial point to make further developments," Foreign Ministry spokesman Qin Gang told reporters. "China will continue to keep close communication and coordination with the other parties, so as to fulfill the second-phase actions in a comprehensive and balanced way at an early date."

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4. ROK on DPRK Nuclear Program

Yonhap News (Lee Chi-dong, "S. KOREAN MINISTER UPBEAT ABOUT DEAL ON NUCLEAR VERIFICATION", Seoul, 2008/10/07) reported that ROK Foreign Minister Yu Myung-hwan hinted at progress in talks between the DPRK and the US on the verification of Pyongyang's nuclear program, saying both sides are showing flexibility. "The U.S. is handling the issue with utmost flexibility, although there is no change in substantial content," he told lawmakers. "So is North Korea," the minister added.

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5. Inter-Korean Relations

Yonhap News (Yoo Cheong-mo, "LEE SETS MILITARY DISARMAMENT OF KOREAN PENINSULA AS KEY POLICY ", Seoul, 2008/10/07) reported that the government of President Lee Myung-bak unveiled a list of 20 strategic policy goals and 100 detailed policy tasks, placing its top foreign and security priority on building inter-Korean military confidence to push for arms control on the Korean Peninsula. Simultaneously with inter-Korean military disarmament, the Lee government will seek to create a new peace regime on the peninsula through the dismantling of the DPRK's nuclear weapons program, the presidential office Cheong Wa Dae said in a press release.

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6. Inter-Korean Economic Cooperation

Chosun Ilbo ("MT.KUMGANG TOURS 'TO RESUME FOR 10TH ANNIVERSARY'", 2008/10/07) reported that tours to Mt. Kumgang, which have been halted since a ROK tourist was shot dead in the DPRK resort, will resume by the end of this month or early next month, Unification Minister Kim Ha-joong said. In a parliamentary audit of the Unification Ministry, Kim said, "I have hopes that the tours to Mt. Kumgang can be resumed as soon as possible. Since Nov. 8 is the 10th anniversary of the tours, I am hoping that they will reopen in late October or early November."

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7. ROK Food Aid to the DPRK

Yonhap News (Shim Sun-ah, "RELIGIOUS FIGURES CALL FOR EARLY FOOD AID TO N. KOREA ", Seoul, 2008/10/07) reported that a group of ROK religious figures pressed the government again on Tuesday to send humanitarian aid to the DPRK to alleviate serious food shortages facing the country. The multi-religious group, led by Buddhist Rev. Bomnyun, visited Unification Minister Kim Ha-joong to deliver a letter containing signatures from over 1 million citizens calling for the government's early action.

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8. DPRK Economy

Yonhap News ("N. KOREA'S FOREIGN DEBT ESTIMATED AT US\$18 BILLION", Seoul, 2008/10/07) reported that the DPRK is believed to be suffering from serious economic woes as the country's external debt is estimated to be US\$18 billion, a lawmaker said Tuesday. The DPRK owes a total of \$18 billion to 30 different countries, including Russia and the PRC, said Kwon Young-se of the ruling Grand National Party (GNP), citing estimates from the Unification Ministry. The amount is almost equal to DPRK's gross domestic product (GDP) for last year, which totaled 24.7 trillion won (\$18.4 billion).

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9. DPRK Leadership

Donga Ilbo ("U.S.: N. KOREAN LEADER`S HEALTH IMPROVING ", 2008/10/07) reported that the US told the ROK last week that the health of DPRK leader Kim Jong Il has apparently improved, a Seoul government source said. "The U.S. government said early last week that Kim seemed gravely ill immediately after his health problems were confirmed," the source said. "Given no notable changes in the Stalinist regime, Kim's health seems to have improved."

Agence France-Presse ("NKOREA'S KIM MAY MISS UPCOMING PARADES: SKOREA ", Seoul, 2008/10/07) reported that the ROK played down expectations that DPRK leader Kim Jong-Il, who reportedly suffered a stroke in August, will appear at major anniversaries this week to prove he is well. Wednesday is the 11th anniversary of Kim's appointment as head of the ruling communist party

and Friday is the 63rd anniversary of the party itself. "In many cases, chairman Kim Jong-Il has not appeared at the October 10 event," Seoul's unification ministry spokesman Kim Ho-Nyoun said. "Even if he does not show up, it should not be regarded as an unusual occasion," said the spokesman for the ministry, which handles cross-border relations.

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10. DPRK Food Supply

IFES NK Brief ("DPRK EXPECTING BUMPER CROP THIS FALL", 2008/10/07) reported that it appears that many in the DPRK are expecting an exceptionally large increase in this year's harvest. According to a report issued on September 30 by Daily NK, a ROK organization working for DPRK human rights, rice and corn market traders and those involved in food distribution are saying that grain harvests this year are significantly larger than last year, that by the end of the harvest season in November, the DPRK's food shortage crisis will be considerably eased, and that the price of rice will stabilize as well.

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11. US-ROK Security Alliance

Korea Times (Na Jeong-ju, "LEE WANTS TO DELAY RECLAIMING WARTIME CONTROL FROM US", 2008/10/07) reported that President Lee Myung-bak appears to be having second thoughts over reclaiming wartime operational control of ROK forces from the United States by 2012, according to indications from the 100-policy goals the conservative administration finalized. Cheong Wa Dae said, "The Lee administration is determined to reevaluate and complement a 2006 bilateral agreement calling for South Korea to reclaim wartime operational control of its forces from the United States by 2012." It also said that ROK-U.S. relations will be developed in accordance with the changing security environment.

Korea Herald ("U.S. TO MAINTAIN CURRENT TROOP LEVEL IN KOREA AFTER OPCON TRANSFER: COMMANDER", 2008/10/07) reported that the US will maintain the current level of forces in the ROK after Seoul's retaking of wartime command over its troops from the U.S. in 2012, the commander of U.S. forces in Korea was quoted as saying by Yonhap News Agency. Speaking to reporters after a wreath laying ceremony for U.S. Korean War victims here, Gen. Walter Sharp said, "The United States is not leaving after the OPCON transfer," adding that the alliance will "continue to stay strong."

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12. ROK Anti-Piracy Operations

Xinhua (" S KOREA CONSIDERS TO DISPATCH DESTROYER TO AFRICA TO FIGHT PIRATES ", 2008/10/07) reported that ROK Foreign Minister Yu Myung-hwan said Tuesday that his government is considering to dispatch a destroyer to waters off Somalia to fight pirates there. At an inspection of the Foreign Ministry by lawmakers, Yu said consultations among related ministries are under way on the issue of dispatching a navy ship. Yu's remarks came after eight South Koreans and 13 Myanmar aboard a ROK ship were held hostage by pirates off the coast of Somalia last month.

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13. Japan Politics

Agence France-Presse (Harumi Ozawa, "JAPAN'S OPPOSITION LEADER HOSPITALISED: PARTY", Tokyo, 2008/10/07) reported that Japan's opposition leader Ichiro Ozawa has checked into hospital for a bad cold, party officials said Tuesday, renewing concerns about his health ahead of widely anticipated elections. Ozawa, 66, who has a history of health problems, went to a Tokyo hospital late Monday after his voice grew so hoarse he had trouble speaking. "I presume he's taking two or three days off as a break," Yukio Hatoyama, the secretary general of Ozawa's Democratic Party of Japan (DPJ), told reporters.

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14. Japan SDF Indian Ocean Mission

The Yomiuri Shimbun ("DIET 'TO DISCUSS REVISION OF NEW ANTITERRORISM LAW'", 2008/10/07) reported that the ruling coalition intends to start Diet discussions on revising the new Antiterrorism Law authorizing the Maritime Self-Defense Force to continue its refueling mission in the Indian Ocean after the Diet passes the supplementary budget for fiscal 2008, Liberal Democratic Party Diet Affairs Committee Chairman Tadamori Oshima said. The revision of the law is aimed at extending the MSDF's mission, which is to end in January under the current law.

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15. Yasukuni Shrine Issue

Kyodo News ("ASO FAILS TO CLARIFY WHETHER HE WILL VISIT YASUKUNI SHRINE", Tokyo, 2008/10/07) reported that Prime Minister Taro Aso said he will not make public whether or not he will visit the war-related Yasukuni Shrine in Tokyo. "I will not give an answer here on whether or not I will visit" the shrine, Aso said at a meeting of a parliamentary committee, adding he had taken the same stance when he was foreign minister and his position will not change. On the issue of visiting the shrine, Aso has taken a cautious stance, saying in the recent Liberal Democratic Party presidential election that he will act in an "appropriate" fashion.

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16. Sino-Japanese Relations

Reuters ("ASO TO VISIT CHINA LATE OCT, EYES TALKS WITH HU, WEN", Tokyo, 2008/10/07) reported that Japan's new Prime Minister Taro Aso plans to visit the PRC in late October, eyeing his first summit with PRC leaders since taking office last month, government officials said. Tokyo and Beijing are in talks to set up a meeting between Aso and PRC President Hu Jintao and Premier Wen Jiabao, when Aso attends the summit of the Asia-Europe Meeting (ASEM) in Beijing on October 24 and 25, two officials said.

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17. US Arms Sales to Taiwan

The Associated Press (Pauline Jelinek and Matthew Lee , "CHINA CANCELS MILITARY CONTACTS WITH US IN PROTEST", Washington, 2008/10/07) reported that the PRC has abruptly canceled a series of military and diplomatic contacts with the United States to protest a planned \$6.5 billion package of US arms sales to Taiwan, American officials told The Associated Press. Beijing has notified the US that it will not go forward with several senior level visits and other cooperative military-to-military plans because of the sale, which was announced last week, Pentagon and State Department officials said.

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18. Cross Strait Relations

The Associated Press ("TAIWAN SUGGESTS SARS WAS CHINA WARFARE PLOT", 2008/10/07) reported that Taiwan legislators wearing surgical masks and displaying skull-and-crossbones banners took over parliament's floor on Tuesday after the island's security chief accused the PRC of starting the global SARS epidemic six years ago as part of a biological warfare campaign. Taiwan National Security Bureau Director-General Tsai Chao-ming told a legislative committee on Monday that sources in the PRC suspected biological warfare, but that conclusive evidence had not surfaced.

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19. PRC Environment and Public Health

Reuters ("136 VILLAGERS POISONED BY WATER IN SOUTHERN CHINA", 2008/10/07) reported that more than a hundred villagers in southern PRC have been poisoned after drinking water apparently contaminated with arsenic, official Xinhua News Agency said. The residents of two villages in Guangxi province began to show symptoms, including swelling in the face and eyes, vomiting and blurred eyesight, on Friday. Xinhua said 136 had been poisoned. Medical tests found excessive amounts of arsenic in their urine, Xinhua said. The water source was likely polluted by industrial waste from a nearby metallurgy company, it said.

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20. PRC AIDS Issue

The New York Times (Donald G. McNeil Jr, "H.I.V. SPREADS IN CHINA, AFFECTING NEW POPULATIONS", 2008/10/07) reported that infection with the AIDS virus in the PRC is spreading beyond the country's original high-risk groups — heroin addicts in the south and blood sellers in rural central counties. A new study finds that the virus has spread to all provinces, and cases are rising quickly among gay men and female prostitutes. Heterosexual transmission is increasing. In Yunnan, the country's hardest-hit province, two men were infected for each woman as of 2006; 10 years earlier, the ratio was 13 to 1.

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II. PRC Report

21. PRC Environment

Xinhua Net (Li Rong, "SHANGHAI ENVIRONMENT AND ENERGY EXCHANGE: USE MARKET METHOD TO PROMOTE ENVIRONMENT PROTECTION", 2008/10/07) reported that Lin Jian, General Manager of Shanghai Environment and Energy Exchange, recently said that the "Green Olympics" proved that the PRC is now adopting a harmonious policy of integrating economic development with environment protection. Environmental problems should be solved by the market, and with the power of the market, a long-term mechanism of energy conservation and emission reduction could be established.

People's Daily online ("TIANJIN EMISSION RIGHTS EXCHANGE ESTABLISHED", 2008/10/06) reported that Tianjin Emission Rights Exchange was established last month, just 50 days after the establishment of Beijing Environment Exchange and Shanghai Environment and Energy Exchange. Tianjin ERE is the first comprehensive emission rights exchange in the PRC. Shareholders include SinoPec Assets Management Ltd., Tianjin Property Rights Exchange and Chicago Climate Exchange. During the beginning stage, Tianjin ERE will focus on developing the exchanging products of SO₂, chemical oxygen demand and other major pollutants.

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22. PRC Civil Society and the Environment

Ministry of Water Resources website ("A 5-YEAR COOPERATION FRAMEWORK SIGNED BETWEEN THE MINISTRY OF WATER RESOURCES AND WORLD NATURE FOUNDATION", 2008/10/07) reported that Rural Water Safety Center of the Ministry of Water Resources and the World Nature Foundation signed a 5-year cooperation framework (2008-2013) on the afternoon of Oct.7. The two sides will adopt various of methods to cooperate in many fields, in order to conserve the safety of rural water resources, to ensure the safety of river ecosystems, and finally to fulfill the harmony between humans and water.

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23. PRC Earthquake Reconstruction

China NPO website ("A 12.6 BILLION CREDIT PROGRAM FOR EARTHQUAKE RECONSTRUCTION WAS SIGNED IN BEIJING", 2008/10/07) reported that a ceremony was held in Beijing by the PRC Banking Industry Association, on which a series of bank group credit programs were signed to support the reconstruction of the disaster areas, the total credit amount provided by 3 bank groups reaches 12.6 billion RMB. Liu Fushou, from China Banking Regulatory Commission, encourages commercial banks to be involved into more disaster area programs, with the rule of sustainable commerce and controllable risk, to make their own efforts in reconstruction.

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24. PRC Energy Supply

Business News (Li Xiaoran, "GOVERNMENT SHOULD PAY FOR SERVICE FROM ELECTRIC POWER INDUSTRY ASSOCIATIONS", 2008/10/07) reported that the National Electric Power Regulatory Commission will carry out a series of methods to supervise those electric power industry associations who use their special relationships and powers to charge indiscriminately. The regulation will divide industry associations from government and establish a mechanism of government paying for services from these organizations. These organizations will make money from member enterprises and government paying for the services, thus they will have their own financial guarantee in order to ensure their independency.

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III. ROK Report

25. U.S. Policy Toward DPRK

Tongil News ("BAEK HAK-SUN, OBAMA'S WIN WILL IMPROVE INTER-KOREAN RELATIONSHIP", 2008/10/08) reported that Baek Hak-sun, head researcher of Sejong Institute, said that the inter-Korean relationship will show great progress if Barack Obama is elected in the coming U.S. Presidential election. He said in a policy forum held by the Korean Sharing Movement that Obama's victory would change the U.S. Administration's way to deal with the DPRK nuclear issue, which will also lead to a change of the ROK government's DPRK policies. On the other hand, if John McCain, who shows an even stronger neo-con tendency when dealing with issues other than climate change, is elected, the inter-Korean relationship is likely to be worsened because the two nations, namely the U.S. and the ROK's, pressure toward the DPRK will become even more visible.

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26. ROK Policy toward DPRK

Yonhap News ("RHEE BONG-JO, INTER-KOREAN DIALOG SHOULD BE RESUMED ASAP", 2008/10/08) reported that Rhee Bong-jo, former ROK Vice Unification Minister, emphasized that the inter-Korean dialog should not be suspended in order to strengthen our influence on the peninsula. Since it became difficult for the U.S. to focus on improving the relationship with the DPRK due to their domestic situation, the importance of inter-Korean dialog is rising, he added. Rhee urged in a meeting concerning inter-Korean Trade on October 8 that the dialog should be resumed as soon as possible because the fundamentals of the inter-Korean relationship and the situation around North East Asia might be changed for the next five years.

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