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I. NAPSNet

1. DPRK Nuclear Program

Chosun Ilbo ("N.KOREA 'BREAKING IAEA SEALS AT NUCLEAR FACILITY'", 2008/09/07) reported that the DPRK is reassembling its nuclear facilities at Yongbyon, the US current affairs channel Fox News reported. Fox News, citing two ranking US officials familiar with DPRK affairs, said that the DPRK "has crossed a new threshold" in rebuilding the Yongbyon nuclear facility by breaking seals placed by the International Atomic Energy Agency. A ROK foreign service official said Seoul has no such information but "if it's true, it means the North has taken a concrete step towards restoring its nuclear weapon facilities."

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2. US on DPRK Nuclear Program

Agence-France-Presse (Marianne Barriaux, "US TO DE-LIST NKOREA 'IMMEDIATELY' IF ACCEPTS NUKE VERIFICATION: HILL", Beijing, 2008/09/06) reported that the US will take the DPRK off its

terror list "immediately" if it can agree a way to verify its nuclear facilities, top envoy Christopher Hill said. "I want to stress that we're not looking to verify their declaration (of nuclear activities) now, we're looking to come up with rules of how we will verify it in the future," Hill told reporters. "Our focus is on trying to get through the verification protocol and then we will take them off the terrorism list immediately," he said.

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3. DPRK on Nuclear Program

Korea Herald (Lee Joo-hee, "N.K. REMAINS DEAD-SET AGAINST NUKE VERIFICATION", 2008/09/08) reported that the DPRK has reiterated its rejection of the United States' call for an "international level" of verification of its nuclear programs. Chosun Shinbo, the pro-DPRK newspaper published in Japan, ran an article denouncing Washington's demand for verification. "The people of the DPRK feel dignity and pride about the grandness of this nation, which pledges no negotiating with the United States on its nuclear deterrence, and confirms that the United States' verification demand is an infringement of our sovereign rights," the newspaper said.

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4. PRC on DPRK Nuclear Program

Reuters (Chris Buckley, "CHINA TO PRESS N.KOREA ON NUCLEAR DISPUTE: U.S. ENVOY ", Beijing, 2008/09/06) reported that the PRC will "reach out" to get the DPRK to accept rules to vet its nuclear disclosures, a US envoy said after talks on Saturday seeking to revive momentum in the DPRK's faltering atomic disarmament steps. "I was reassured that China's doing all it can, working very hard to address these problems and to get North Korea on track in terms of providing a verification protocol," Hill said after meeting China's top diplomat in the talks, Wu Dawei. "China's won a lot of gold medals in the past weeks, and I hope that they're going to win one more in terms of resolving this issue," Hill added.

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5. DPRK-US Relations

Yonhap News ("N. KOREA VOWS TO 'MERCILESSLY' SMASH US OFFENSIVE", Seoul, 2008/09/08) reported that the DPRK said Monday it will mobilize all of its war potential to "mercilessly" fight any US military attack against the DPRK. "The whole People's Army soldiers and people will reinforce self-defensive defense capabilities to cope with any aggressive ploy by U.S. imperialists," the DPRK's Cabinet said in a congratulatory message at the main ceremony marking the 60th anniversary of the country's founding.

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6. Inter-Korean Economic Cooperation

Yonhap News ("INTER-KOREAN BUSINESS COOPERATION GENERATES US\$27.6 BLN

ECONOMIC IMPACT: REPORT", Seoul, 2008/09/07) reported that Inter-Korean business cooperation has generated around \$27.6 billion in economic benefit for the ROK since the landmark summit talks between the leaders of the two Koreas eight years ago, a report showed Sunday. Increased cooperation following the ROK-DPRK summit of 2000 contributed to enhancing the ROK's national image, boosting domestic demand and reducing the potential costs of future unification by easing tensions on the peninsula, Hyundai Research Institute said in the report.

JoongAng Ilbo (Lee Yong-jong, "SHIN OUSTED FROM CHIEF POSITION AT KAESONG COMPLEX", 2008/09/07) reported that the government ousted Shin Un-sang, the chief of the management committee of Kaesong Industrial Complex in the DPRK, only nine months into his three-year term. With Shin's successor likely to be someone linked to the ruling Grand National Party, the management committee said it hopes the government will designate a competent candidate with ample experiences in inter-Korean relations. Shin served as vice minister of Unification under former President Roh Moo-hyun.

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7. ROK Food Aid to the DPRK

Korea Times ("SEOUL CONSIDERING RESUMING FOOD AID TO NK", 2008/09/08) reported that the ROK government is considering resuming food assistance to the DPRK next month, an official said, breaking from its earlier position that aid can be shipped only when Pyongyang asks for it. The Unification Ministry and the ruling Grand National Party reached an agreement to resume food aid to the DPRK either through direct shipments or via the World Food Program, the party official said, requesting anonymity.

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8. DPRK Leadership

Agence-France-Presse ("SOUTH KOREA DENIES SPECULATIONS ON NKOREA KIM'S HEALTH ", Seoul, 2008/09/07) reported that the ROK's spy agency Sunday denied a media report that the health of DPRK leader Kim Jong-Il might be worsening. A little-known Seoul economics daily, Asia Economy, cited an unnamed government source as saying Saturday that five PRC doctors had been in the communist state for more than a week -- possibly to treat Kim. But a spokesman for the ROK's National Intelligence Service told AFP that the agency has no information to indicate Kim's health has declined.

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9. US-ROK Security Alliance

Korea Times (Jung Sung-ki, "US SLASHES INTELLIGENCE UNIT FOR NK", 2008/09/06) reported that the Pacific Command in Hawaii has reduced its officials whose task is gathering intelligence on the DPRK by 60 percent since the signing of an agreement last year on the transfer of wartime operational control of ROK troops from the US military to Korean commanders in 2012, officials from the Joint Chiefs of Staff (JCS) in Seoul confirmed. Critics say the move signals a weakening U.S. commitment to the security of the ROK after Seoul takes over the authority to command and control

its troops during wartime.

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10. ROK-Japan Territorial Dispute

Korea Times (Jung Ha-won, "JAPANESE WHITE PAPER REIGNITES DOKDO DISPUTE", 2008/09/07) reported that the reignited territorial feud over Dokdo, called Takeshima in Japan, is showing no signs of abating. The ROK's neighbor to the east indicated again yesterday that the disputed islets are Japanese territory. Tokyo, in its 2008 defense white paper, said there are "unresolved territorial issues in our own territories of the Chishima Islands [Kuril Islands] and Takeshima." The ROK expressed "a strong protest" against yesterday's announcement and urged Tokyo to "immediately correct the action."

Korea Times (Jung Sung-ki, "S. KOREA MULLS CUTTING MILITARY TIES WITH JAPAN", 2008/09/06) reported that the ROK government strongly denounced Japan Friday for describing the islets of Dokdo in the East Sea as its own territory in this year's defense White Paper again, the fourth consecutive time. The Ministry of National Defense said it would cut high-level ties with Japan's military authorities. It called in a military attache to the Japanese Embassy in Seoul Friday to protest the description.

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11. Japan Defense Policy

Mainichi Shimbun ("GOV'T APPROVES DEFENSE WHITE PAPER UNDERSCORING REFORMS AFTER YEAR OF SCANDALS", 2008/09/06) reported that the government has approved a white paper on defense for 2008 that stresses reforms to revive the Ministry of Defense as an "organization protecting peace and independence." Commenting on security around Japan, the report pointed out that the PRC military was rapidly modernizing against the background of a healthy economy, and that there were signs of a return to form in Russian military potential, which was greatly reduced after the Cold War.

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12. Japan Politics

Reuters (Linda Sieg, "JAPAN PM CONTENDERS CLASH OVER SPENDING, TAXES ", Tokyo, 2008/09/07) reported that the frontrunner to become Japan's next leader will pledge tax cuts and bigger government spending to boost the economy, a newspaper said, a contrast with rivals worried about the country's huge debt. The winner of the race to replace outgoing Prime Minister Yasuo Fukuda is widely expected to call a general election, perhaps in November, to take advantage of a hoped-for bounce in popularity and fight off a challenge from a feisty opposition.

The Asahi Shimbun ("MINSHUTO LEADER OZAWA RE-ELECTED UNOPPOSED TO A THIRD TERM", 2008/09/07) reported that Ichiro Ozawa was re-elected unopposed Monday to a third term as head of the main opposition Minshuto (Democratic Party of Japan). Ozawa's re-election will be

formally approved at an extraordinary party convention to be held Sept. 21. In his new two-year term, the veteran politician, 66, will likely focus on wresting power from the ruling coalition of the Liberal Democratic Party and New Komeito.

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13. Japan on US-India Nuclear Deal

Kyodo News ("JAPAN BACKS U.S.-INDIA NUKE DEAL FROM 'COMPREHENSIVE' PERSPECTIVE ", Tokyo, 2008/09/08) reported that Japan has joined an international consensus to allow the United States to transfer nuclear technology to India from a "comprehensive" perspective, Chief Cabinet Secretary Nobutaka Machimura said. "Japan has decided to join the consensus from a comprehensive viewpoint," Machimura told a news conference, saying nuclear power would, for instance, help India fight global warming.

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14. PRC on US-India Nuclear Deal

Times of India ("CHINA MODERATES STAND ON NUKE WAIVER FOR INDIA", 2008/09/08) reported that after an unexpected opposition in Vienna, the PRC has welcomed the NSG granting a waiver to India to engage in nuclear commerce. The PRC, however, has said that this cooperation should be "conducive" to safeguarding the global nuclear non-proliferation efforts. "China hopes that the decision will contribute to peaceful use of nuclear energy and international cooperation on nuclear non-proliferation," the PRC Foreign Ministry said in a statement.

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15. Cross Strait Relations

Agence-France-Presse ("TAIWAN SCRAPS LIVE-FIRE DISPLAY AMID WARMING CHINA TIES", Taipei, 2008/09/07) reported that Taiwan is canceling its biggest live-firing military demonstration of the year, the defense ministry said Monday, as part of its efforts to improve relations with the PRC. An annual five-day exercise drawing more than 20,000 troops and reservists has in the past ended with a live-firing show of military prowess watched by Taiwan's political and military elite. Not this year, the defense ministry said. While the rest of the exercise will still go ahead across the island from Sept. 22 to Sept. 26, simulating an invasion by the PRC, the closing drill won't involve live ammunition.

The Associated Press ("REPORT: CHINA FURTHER EASES TRAVEL TO TAIWAN", Beijing, 2008/09/08) reported that the PRC says it is further easing restrictions on travel to Taiwan to increase exchanges between the sides, amid warming ties between the political rivals. The official Xinhua News Agency said late Sunday that the PRC will allow its residents holding Taiwan travel permits to use more entry and exit points in the Taiwan Strait. Wang Yi, director of the State Council Taiwan Affairs Office, said in the Xinhua report that PRC travelers can now use the Taiwanese offshore island of Penghu, as well as Kinmen and Matsu, two Taiwanese islands close to the PRC coast.

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16. PRC Space Program

BBC News (Paul Rincon , "CHINA SETS DATES FOR SPACE LAUNCH ", 2008/09/08) reported that the PRC will launch its third manned space mission in late September, state-run news agency Xinhua reports. The Shenzhou VII flight will feature the PRC's first ever space walk, which will be broadcast live with cameras inside and outside the spacecraft. Three "yuhangyuan" (astronauts) will blast off on a Long-March II-F rocket sometime between 25 and 30 September.

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17. PRC Security

Agence-France-Presse (Robert J. Saiget, "CHINA IMPOSES RAMADAN SECURITY CRACKDOWN IN MUSLIM NORTHWEST ", Beijing, 2008/09/07) reported that authorities in the PRC's Muslim-populated far northwest are seeking to prevent mass prayers and the distribution of religious material as part of a security crackdown for Ramadan, government notices said. As the Muslim fasting month of Ramadan began, local governments this week issued orders to clamp down on security in the region and stop its ethnic Muslim Uighur population from using the holy month to foment further unrest.

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18. Hong Kong Elections

The Financial Times (Justine Lau, "PRO-BEIJING CAMP KEEPS MAJORITY IN HK VOTE", Hong Kong , 2008/09/08) reported that Hong Kong's pro-democracy candidates have defied low voter turnout to fare better than expected in Sunday's Legislative Council elections, retaining a critical veto power in the chamber. The pro-Beijing forces were able to maintain a majority in the legislature, partly thanks to a patriotic afterglow from last months' Olympic games. The pro-business Liberal Party did poorly in Sunday's elections, losing all its seats in the direct election constituencies and winning just 7 functional constituency seats.

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19. PRC Unrest

Washington Post (Maureen Fan, "IN CHINA, POLICE CLASH WITH PROTESTERS WHO INVESTED IN ILLEGAL SCHEMES", Beijing, 2008/09/08) reported that tens of thousands of angry protesters, many of whom lost their life savings in illegal investment schemes run by legitimate real estate and mining companies, clashed with police this week in Hunan province, residents and news agencies reported. Crowds in Jishou city blocked traffic and trains Wednesday and Thursday and gathered in front of government offices demanding the return of their money.

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20. PRC Earthquake

Agence-France-Presse ("CHINA NEEDS 245 BLN DLRS TO REBUILD AFTER QUAKE: OFFICIAL MEDIA ", Beijing, 2008/09/07) reported that the PRC has raised or allocated just one quarter of the 245 billion dollars needed to rebuild areas devastated by this year's devastating earthquake, state press said. Southwest China's Sichuan province will need 1.67 trillion yuan (245.6 billion dollars) to fund reconstruction efforts following the May 12 quake, provincial vice governor Huang Xiaoxiang said, according to Xinhua news agency. The amount needed is less than 25 percent of the money raised so far by central and provincial governments, and from overseas donations and lottery revenues, Xinhua said.

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II. PRC Report

21. PRC Environment

China Finance website ("BEIJING RESEARCHING TAX ON ENVIRONMENT", 2008/09/05) reported that according to Ministry of Finance, Beijing is researching the feasibility of taxing on environment and preparing to put fuel tax in place at a proper time, to improve the pollution problems. The hard target is that during the "11th five year plan", the energy consumption of GDP per unit should decline about 20%. Ministry of Finance also asks all levels of reform, industry, finance, tax, quality check and other departments to take efforts in leading and framing energy-saving policy by comprehensively using price, finance, tax, market access, government procurement, credit loan and other economic policies.

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22. Cross Strait Relations

Xinhua News Agency (Chen Binhua, "TAIWAN DONATES A HUGE AMOUNT OF MONEY FOR SICHUAN REBUILD", 2008/09/05) reported that all sectors of Taiwan community have donated 1.2 billion new Taiwan dollars for rebuilding Sichuan earthquake disaster areas. The fund was donated to the mainland by Taiwan Straits Exchange Foundation(SEF). The Association for Relations Across the Taiwan Straits (ARATS) wrote to express the thanks of Taiwan people's care and their generous donation, and said the donation would be used in the reconstruction projects as soon as possible, according to the wills of donators.

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23. PRC Animation

Xinhua Net (Zhou Wei, "DIRECTORS OF ANIMATION ASSOCIATIONS GATHER IN TIANJIN TO DISCUSS DEVELOPMENT", 2008/09/05) reported that dozens of animation associations or institutes gathered in Tianjing on Sep.3, discussing the development of the animation industry. During the

workshop, encouraging originality and creating an integrated industry chain became the focus of people's attention. In order to support national original animation, the Ministry of Culture recently issued related policy and said specific support measures would be released in a few days.

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III. ROK Report

24. DPRK Nuclear Issue

JoongAng Ilbo ("DPRK SHOULD ABANDON 'BRINKSMANSHIP TACTICS' AND LOOK AT LIBYA", 2008/09/05) wrote that the controversy between the DPRK and the U.S. is due to 10.3 agreement, which dealt with the nuclear declaration but failed to establish a complete verification mechanism. It is hasty of the DPRK to exhibit the 'show of force' only because the verification suggested by the U.S. is not their taste. The DPRK should focus on how the Libyan leader Gadhafi changed. He normalized the relationships with other nations by declaring to abandon weapons of mass destruction and accepting the verification process. That is the only way for the DPRK to recover its economy which is totally impoverished.

Ohmynews (Chung Wook-shik, Representative of Peace Network , "DPRK NUKES TO FACE 'SEPTEMBER CRISIS'", 2008/09/05) said in a column that there are two things in general that the DPRK anticipates by resurrecting the reprocessing facilities. First, it will remind the coming U.S. administration of the urgency of the situation. Second, it will function as a bargaining chip during the talks which will enable the DPRK to require additional compensation from the U.S. such as additional support of heavy oil etc., or at least to delist them earlier. To prevent such things from happening, the Bush Administration should implement the delisting and put much effort in achieving the verification agreement as soon as possible. The problem will be solved if the U.S. proposes to compromise based on the six party talks held in July. Whether the U.S. will adhere to the current perspective, or will seek to compromise will be one of the most crucial variables of the six-party talks afterwards. That is why Christopher Hill's visit to Beijing on the fourth grabs much attention.

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25. ROK Food Aid for DPRK

Hankyure ("DPRK FOOD AID, SOONER THE BETTER", 2008/09/08) reported that the ROK government and the ruling party are considering whether to resume the DPRK food aid. It is appropriate for the government to eliminate the distrust between the two nations through organizing a new food plan, which has been arising since the new administration came into office, so that they can widen their direct contact channel. Resuming humanitarian support can function as a way to build up a new communication channel. Through such measure, the tension on the peninsula will find a clue to peace, and the government will be enabled to find what they can do for the six-party talks, which are currently remaining stagnant. Thus, the aid should be done as soon as possible.

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26. ROK on DPRK Nuclear Issue

TongilNews ("ROK DOES NOT WANT DPRK DELISTED?", 2008/09/06) said in a column that concerning the DPRK nuclear problem, the role of the PRC is becoming an important issue, in accordance with the rise of tension between the DPRK and the U.S.. However, there was no mention about the ROK at all. The problem is that it seems the ROK does not have the ability to communicate with the U.S. as much as is needed. The fact the ROK press used expressions like "DPRK nuke facilities started being rebuilt" in public proves this analysis. Also, others pointed out that the ROK government does not seem to want the DPRK to be removed from the list of state sponsors of terrorism. This means that the DPRK will not be able to be 'delisted' unless they deal with the inter-Korean relationship properly. Meanwhile, what is more urgent for the ROK government is to set what their role in the six-party talks is going to be, so that they can evaluate the subtle atmosphere around the peninsula more firmly.

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27. DPRK Nuclear Issue

Yonhap News ("U.S.: DELAY DPRK NUKE VERIFICATION? DPRK NO RESPONSE", 2008/09/07) reported that the Bush Administration's aim during their regime seems to be the completion of the verification protocol. Therefore, the actual verification process will be handed over to the next administration. Though it has not clear what has been done with the pledge to "shut down and seal the reactor", it is apparent that the DPRK is raising tension. Thus, how the PRC will act as chair of the six-party talks is another variable of the issue. Experts analyze that the PRC's mediation effort will be in vain if the DPRK has already decided to wait for the next U.S. government to take office.

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