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I. NAPSNet

1. DPRK-Japan Relations

Bloomberg News ("JAPAN FRUSTRATED BY LACK OF PROGRESS ON NORTH KOREA ABDUCTIONS", 2007-05-22) reported that Japan is increasingly frustrated by the lack of progress on the abduction issue. Japan refused to provide energy assistance to the DPRK as part of the Six Party Talks unless the issue was resolved. The DPRK broke off a meeting in Vietnam with Japan in March, saying there was no point in continuing to discuss the kidnappings.

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2. Inter-Korean Trade

Associated Press ("N.KOREAN SHIP SAILS IN SOUTH WATERS", 2007-05-20) reported that a DPRK cargo ship arrived in South Korean waters for the first time in more than 50 years on Sunday, as commercial shipping services began to open up between the two Koreas.

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3. Inter-Korean Maritime Relations

Yonhap ("N. KOREA WARNS ON S. KOREA'S 'MILITARY PROVOCATION' IN WEST SEA", 2007-0-21) reported that the DPRK accused ROK warships of intruding into its territorial waters, aggravating tension on the peninsula, but the ROK dismissed the claim as groundless. ROK's office of Joint Chiefs of Staff immediately countered that its Navy ships were on routine patrol missions, and the DPRK's accusation is based on its demarcation of the disputed western maritime border. The sea border was demarcated by the American-led United Nations forces at the end of the 1950-53 Korean War without consulting the DPRK. The North has long argued that the Northern Limit Line (NLL) should be redrawn further south.

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4. US-Japan-Australia Missile Defense Cooperation

The Associated Press ("REPORT: AUSTRALIA JOINS ON MISSILES", 2007-05-22) reported that Japan and the US plan to expand a joint study on missile defense by adding Australia amid concerns about the DPRK's weapons program, a news report said. Australia would join the two countries to share information on missile defense and discuss how to respond to various situations, Japan's business daily Nikkei reported, citing unnamed officials at Japan's Defense Ministry.

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5. Japan Trade Relations

Kyodo ("JAPAN BEGINS STUDIES ON FTAS WITH U.S., EU WITH SPECIFIC PLANS", 2007-05-22) reported that Japan has begun considering bilateral free trade agreements with both the US and the EU, with specific plans, trade ministry officials said. The Ministry of Economy, Trade and Industry plans to launch studies this fall by the private sector of Japan and the US for a bilateral FTA, the officials said. METI hopes to elevate the studies to an intergovernmental level in fall next year, they said.

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6. UN on Comfort Women Issue

The Associated Press ("UN CRITICIZES JAPAN ON SEX SLAVES", 2007-05-22) reported that a United Nations committee accused Japan of trying to whitewash its past practice of forcing women to become sex slaves for Japanese Imperial army soldiers, and urged Tokyo to help surviving victims. In a report issued Friday, the U.N. Committee Against Torture condemned what it called efforts to cover up history and urged Japan to address the "discriminatory roots of sexual and gender-based violations" and improve rehabilitation for survivors.

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7. Sino-US Trade Relations

BBC News ("US AND CHINA TO HOLD TRADE TALKS", 2007-05-22) reported that a high-level PRC delegation has arrived in the US for two days of talks on trade and economic co-operation. The key Strategic Economic Dialogue meeting comes amid growing tension over trade between the two nations. There is growing anxiety in the US about its soaring trade deficit with the PRC, which hit a record level of \$233bn (£118bn) last year. The head of the PRC delegation, Vice-Premier Wu Yi, has warned the US against taking protectionist measures that she said would be irresponsible.

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8. PRC on US Export Controls

Reuters ("U.S. EXPORT CONTROLS HAVE SMALL CHINA TRADE IMPACT", 2007-05-22) reported that the PRC's frequent call for lifting US export controls to trim trade imbalances -- expected to be repeated at high-level economic talks this week -- is likely to fall on deaf ears, experts said. The US Commerce Department, which handles the export licenses, says 45 of the 1,423 license applications for exports to the PRC it received in 2006 were rejected, with a value of \$17.7 million.

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9. US on PRC Latin American Diplomacy

Reuters ("US WARNS OF CHINA, RUSSIA Foothold IN LATIN AMERICA", 2007-05-22) reported that the US military must keep up its aid to Latin America or risk giving the PRC and Russia the chance to gain a foothold in the region, a senior US defense official has warned. Stephen Johnson, the new US assistant defense secretary for the Western Hemisphere, said "right now funds for security assistance are slim and what programs we can offer are limited by complicated sanctions. That leaves a vacuum for powers like China and Russia to fill."

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10. PRC Investment

The New York Times ("CHINA TO BUY A STAKE IN BLACKSTONE", 2007-05-22) reported that the PRC government said yesterday that it would acquire a \$3 billion stake in the Blackstone Group, the private equity firm, in the country's first effort to diversify its \$1.2 trillion in foreign-exchange reserves beyond US Treasury bills and into commercial enterprise. The deal would also represent a watershed for the booming private equity industry as it tries to gain a foothold in the PRC.

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11. Hong Kong Leadership

Agence France-Presse ("CHINA STUDYING HOW TO AVOID 'UNACCEPTABLE' HONG KONG LEADER", 2007-05-22) reported that the PRC is studying how it can control who takes power in Hong Kong when the city switches to full democracy, a media report said Tuesday, highlighting Beijing's fears for reform. The Ta Kung Pao newspaper said communist party bosses were looking into an electoral system where it would nominate a slate of candidates to prevent victory by anyone

deemed "unacceptable" and avoid a constitutional crisis.

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