

APW

News & Views

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1. JIAP NEWS

On April 25, The Heritage Foundation hosted a delegation of Japanese Diet members led by Fukushima Nukaga interested in security issues. Their Heritage presentation was fascinating on a number of respects. One, there was very little use of “domei” [alliance], instead kankei [relationship] was emphasized. Two, Nukaga was interested in a more robust autonomous defense [*senshu bouei*]. Three, the delegation included a member of the DPJ who only disagreed with Nukaga in his skepticism of US hegemonic power. Four, and most significant, the delegation included a senior representative of Mitsubishi Heavy Industries, Japan’s leading defense contractor and leading client of Armitage prior to joining the administration. The MHI rep pushed the envelope on defense R&D cooperation and sales with the US.

For JIAP members, JIAP has prepared a brief report on the meeting. Please contact mkotler@jiaponline.org for a copy.

Contents: COVER STORIES, JAPAN: Japan Banking, Japan Business, Japan-Economy, Japan-Foreign Policy, Japan-Iraq **JAPAN RELEVANT:** Antitrust, China-Economy, China-Foreign Policy, China-Politics, China-SARS, Economic Espionage, Energy, Foreign Policy, Global Economy, Intellectual Property, Iraq Issues, Money Laundering, North Korea, Piracy, South Asia, South Korea, Science & Technology, Southeast Asia, Steel, Taiwan, Trade, US Economy.

Contact

If you have any comments/suggestions please contact Japan Information Access Project (JIAP) Asia Policy Calendar & Weekly Editors Ms. Mindy L. Kotler and Mr. Seth D. Drewry at (202) 822-6040, or access@jiaponline.org <http://www.jiaponline.org>

About JIAP

JIAP is a Washington-based nonprofit, membership research center studying Japanese and Northeast Asian science, technology, security and public policy.

Established in 1991, the JIAP is a trusted member of the U.S. policy community interested in Japan and Asia. The Project specializes in introducing to Washington the best "outside-the-Beltway" scholarly research and analysis on critical Asia policy issues. The goal is to strengthen international understanding of Japanese and Northeast Asian science, technology, economic and security policy. Through a range of programs and publications, the Project educates its members, policymakers, and the public to use knowledge of Japan and Asia to increase national strategic competitiveness and security.

****All phone numbers are (202) unless otherwise indicated****

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2) MEMBER NEWS

“**China Will Pay Dearly for the SARS Debacle**” By **Bates Gill** (CSIS and JIAP Member) International Herald Tribune, 4/22/03. “Beijing’s evasive and tardy response to the challenge of the SARS virus reflects very poorly on China’s international standing, undermines its economic prospects and bodes ill for combating other infectious diseases.” <http://taiwansecurity.org/News/2003/IHT-042203.htm>

“**The Role of Prosecutors in Japanese Antimonopoly Law Criminal Cases**” By **David Boling** (Justice Dept, JIAP member) *Antitrust*, Spring 2003, Vol 17, #2. “The likelihood that a firm doing business in Japan will face a criminal fine or that one of its executives will face incarceration for cartel behavior is very low, compared to the United States. Nevertheless, firms doing business in Japan would be mistaken to conclude that they get a “free pass” for cartel behavior.” <http://www.abanet.org/antitrust/antimag.html>

“**The Case for Fukui: Japan’s Best Bet,**” by Richard Katz (Oriental Economist, JIAP Member), *The International Economy*, Spring 2003. <http://www.international-economy.com>

JIAP MEMBERS DEFEND FORT BAYARD

Elementary school student “Leidenheimer stood tall at **Chris Nelson**’s waist level when Nelson and **Ed Lincoln** described how soldiers lined up to fight during the war. The young boy from Virginia happily grabbed and blew a bugle after **two Japanese journalists [Murata and Yasui]** and part-time buglers demonstrated various bugle calls.” [For all JIAP members, great photo of Cpl Lincoln] *The Georgetown Current*, 4/30/03, p7.

3) CRITICAL REPORTS

DEVELOPMENT AID: JAPAN RANKS LAST

Ranking the Rich: The First Annual CGD/FP Commitment to Development Index

A new index drawn up by the Center for Global Development (CGD), a Washington think-tank, attempts to rank 21 rich countries by averaging their scores in six development-related policies: aid, trade, the environment, migration, investment and peacekeeping. The Netherlands, says the CGD, comes top. Norway, although a generous aid donor, ranks only tenth, mainly because of its protectionist trade policies. America scores well on trade but badly on everything else, and so is ranked second-bottom, above only Japan. www.cgdev.org

Japan Ranking [Last]:

http://www.foreignpolicy.com/issue_mayjun_2003/cgd.php?countryname=Japan&submit.x=11&submit.y=9

Article in *Foreign Policy*, May/June 2000, <http://www.foreignpolicy.com/story/story.php?storyID=13656>

2002 White Paper on Japan's Official Development Assistance

Released on April 8. Outline (shorter version) and the summary (longer version with charts and figures) are posted on the following website on April 25

(Outline) <http://www.mofa.go.jp/policy/oda/white/2002/index.html>

(Summary) <http://www.mofa.go.jp/policy/oda/white/2002/summary.html>

OECD DAC Figures on 2002 Official Development Assistance

On April 22, OECD’s Development Assistance Committee released the ODA figures in 2002. Japan’s ODA fell slightly by 1.8% in real terms to \$9.8 billion in 2002 but remained the second largest bilateral donor next to the United States (11.6% increase in real terms to \$12.9 billion in 2002).

<http://www.oecd.org/EN/document/0,,EN-document-0-nodirectorate-no-12-40658-0,00.html>

TERRORISM

Patterns of Global Terrorism, 2002, US State Department

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There were 199 international terrorist attacks during 2002. That represents a significant drop from the previous year – 44% fewer attacks. In fact, it is the lowest level of terrorism in more than 30 years. The last time the annual total fell below 200 attacks was in 1969, shortly after the advent of modern terrorism. See:

<http://www.state.gov/s/ct/rls/pgtrpt/2002/>

PROLIFERATION

Iraq and the Global Challenge of Proliferation Speech given by Richard L. Armitage, Deputy Secretary of State to the National Defense University, Fort McNair, Washington, DC, April 30, 2003. “the system we have in place for dealing with such proliferation challenges does not really offer solutions for these problems. This is a system that works to dampen the demand for such capabilities and to deny the means to develop them, and with some success. But it is not a system that has a clear and a consistent way of dealing with nations who pass certain milestones. It's time for the world community to reinvigorate our shared commitment to stopping the spread of these weapons. And perhaps it is time to refashion the tools we already have for doing so -- to develop new tools to deal with these challenges as well as to commit to vigorous bilateral and multilateral negotiations whenever necessary.”

<http://www.state.gov/s/d/rm/20088.htm>

4) OPINION, REPORTS & STATEMENTS

COVER STORIES

NATIONAL JOURNAL – “**The Doctors Are In:** As the debate begins over Medicare prescription drug benefits, *National Journal* looks at 25 key players in Congress, the administration, and the lobbying community,” 5/2/03, <http://nationaljournal.com/members/news/2003/05/0502nj1.htm>.

ECONOMIST – “**Hell-Bent:** The danger posed by the nuclear swagger of North Korea's unhinged regime would be difficult to exaggerate. But what can anybody do about it?” 5/2/03,

<http://www.economist.com/printedition/Index.cfm?d=20030503>.

FAR EASTERN ECONOMIC REVIEW – “**Behave! How Bush Aims To Tame North Korea** - When recent talks on North Korea's nuclear programme broke down in China, a policy debate between hawks and moderates in Washington intensified. Their arguments will determine how the U.S. intends to treat Pyongyang-- through continued contact or with the stick,” 5/15/03, http://www.feer.com/articles/2003/0305_15/p012region.html.

JAPAN

SEE ALSO: INTELLECTUAL PROPERTY, SCIENCE & TECHNOLOGY

JAPAN-BANKING

“**Mizuho Warns Of Record Losses,**” FT4/29/03, p19.

JAPAN-BUSINESS

“**Record Profits For Japan's Big Five Carmakers,**” FT4/26-27/03, p8.

“**DoCoMo Expects 3G Subscriber Boom,**” FT5/1/03, p17. DoCoMo expects 3G subscribers to reach crucial 1million mark in 2003. See: <http://www.nttdocomo.co.jp/index.shtml>

JAPAN-ECONOMY

“**Koizumi Gets Blame For Japan's Financial Ills, Newspaper implies stock market is headed for levels last seen when General MacArthur was running the country,**” FT4/26-27/03, p4.

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“Japan To Add More Cash To Its Economy; Effort To Halt Slide In Prices Of Assets”, NYT5/1/03, W1. After BOJ policy board meeting, BOJ raises current account amounts to ¥27 trillion from ¥22 trillion. See: http://www.boj.or.jp/en/seisaku/03/pb/k030430_f.htm

JAPAN-FOREIGN POLICY

“For Japan, being America's ally is no longer so easy,” By Robyn Lim (Nanzan University, Nagoya), Op Ed Japan Times, 4/30/03. “While America still needs bases in Japan, it doesn't need them as much as it used to, or as many Japanese seem to think. Yet Japan clings to the self-serving notion (adopted in 1972 to appease China) that its constitution prohibits it from engaging in collective self-defense, which is the right of all members of the United Nations. With the U.S. casting a cold eye on feckless allies and fair-weather friends, that is dangerous folly.” <http://www.japantimes.co.jp/cgi-bin/geted.pl5?eo20030430a1.htm>

“The Axis Of Good; Mr. Koizumi Is The Closest Asia Can Come Right Now To A Leader Like Tony Blair. But Is That Close Enough?” Economist, 5/3/03, p41. “However relations with America and the region go, Mr. Koizumi would be wise to consider another comparison with Mr. Blair. At the moment, foreign policy is the one area where Mr. Koizumi is taking a clear stand. Meanwhile, he has continue to compromise and stall on domestic economic reforms, and the popularity of his cabinet has been sliding. Some pundits have warned Mr. Blair that neglecting domestic issues could be his undoing, however successful he is on the international stage. When Mr. Koizumi returns home, he may want to heed that advice.”

JAPAN-IRAQ

“Japan, U.S. to face challenge of how to establish democracy in postwar Iraq,” Commentary by Naoyuki Agawa, minister at the Japanese Embassy in the U.S. and former professor at Keio University, SANKEI 5/1/03, p13 [US Embassy Translation 5/2/03]. “In order to enhance their security and avoid imposing their values, the U.S. and its ally, Japan, will now tackle the challenge of how to establish a “just good enough democracy” across the world, including the Middle East and East Asia.”

JAPAN-POLITICS

“DPJ counter-proposes emergency legislation,” NIHON KEIZAI, 5/1/03, p2, [US Embassy Translation 5/2/03]. “The DPJ proposal lays emphasis on preventing abuses in state power and showing principles for fundamental human rights and democratic controls, according to Seiji Maehara, security minister in the DPJ's shadow cabinet. And it features raising the Diet's engagement.”

Major differences between government and DPJ emergency bills

	Gov't bill	DPJ proposal	Amendment outlook
Legislation	3 bills, including an armed attack contingency counteraction bill.	2 bills to enact the basic law for emergency situations and to amend the government-drafted armed attack contingency counteraction bill.	The DPJ-drafted basic bill likely to be carried over for continued deliberations?
Diet role	The government is required to obtain the Diet's approval of its basic course of action. The government is to terminate its countermeasures if the Diet resolves to terminate these counteractions.	In addition to cases specified in the government-drafted bill, the Diet may resolve to terminate counteractions	The DPJ proposal likely to be adopted for amendments to the government bill?
Crisis management	Not stipulated in particular.	A crisis management agency is to be set up under the cabinet.	A supplementary provision or a Diet resolution likely for its establishment?
Effective date	From the day of promulgation.	After public protection legislation becomes law.	The ruling camp is reluctant to amend.

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Civil rights	Constitution-guaranteed rights and freedoms are guaranteed.	The DPJ proposal specifies 6 fundamental human rights, including the "absolute guarantee of freedom of thought and conscience."	Amendment likely along with the DPJ proposal?
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JAPAN-RELEVANT

ANTITRUST

4/30 – European Commission reorganises its Competition Department in advance of Enlargement, The European Commission today decided on the first major re-organisation of its Directorate General for Competition for 13 years. Prompted by the modernisation of the EU's anti-trust rules, and reforms in merger and state aid control, the re-organisation of the DG is designed to increase the efficiency of the Commission's competition law enforcement in due time for prior to Enlargement on 1st May 2004. Responsibility for the handling of merger and anti trust cases will progressively be integrated into sectoral Directorates. A new enforcement unit is created to enforce the Commission's state aids decisions and ensure recovery of illegal subsidies.

http://europa.eu.int/comm/competition/index_en.html

CHINA-ECONOMY

“Chinese Car Market Set For Record Year,” FT4/28/03, p18.

“Hong Kong Partner Quits Joint Bid For Global Crossing,” NYT5/1/03, C5. Singapore Technologies Telemedia will now make the full \$250 million investment in Global Crossing after Hutchinson Whampoa withdraws its \$125 million.

CHINA-FOREIGN POLICY

“China Acting More as Player Than Challenger of Global Rules,” Straits Times, 4/22/03. “The Chinese leadership has shown a willingness to abide by the rules and norms of the international system, especially in the recent decade, said Professor Alastair Iain Johnston, from Harvard University's Department of Government. Beijing's growing participation in international organisations, for instance, indicated the Chinese government is a player, rather than challenger of the global system.” <http://taiwansecurity.org/ST/2003/ST-042203.htm>

CHINA-POLITICS

“When Crises Strike, China's Leaders Adapt to Survive,” NYT5/4/03, WK5.

“Chinese Submarine Accident Kills 70; Report Offers Few Clues to What Caused Overcrowded Vessel to Malfunction,” WP5/3/03, A19.

CHINA-SARS

“The Contagion Reaches Near The Top Of The Chinese Communist Hierarchy,” NYT4/30/03, A11. As some in Beijing's leadership compound are quarantined, the CCP reverses course for an aggressive battle to contain the virus.

“Zhu Loyalists Take Change To Calm International Nerves; Hong Kong Relapse Cases Spark Renewed Fears Of Contagion,” FT5/1/03, p5. Elevation of Zhu loyalists, Ms. Wu Yi as “commander-in-chief” of the Sars epidemic, and Mr. Wang Qishan as Mayor of Beijing, demonstrates that PM Wen Jiabao will be able to take actions needed to quell the epidemic as well as regulate the economy.

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“China’s Growth May Fall Below 7%; SARS Causes Drop In Sales Of Elections Products, Closing Of Stock Exchanges”, WSJ4/29/03, A2.

“SARS Outbreak Is Threatening China’s Stability,” WSJ4/30/03, A1.

“SARS Inciting ‘Mass Panic’ In Beijing; New Mayor In Rare Live TV Broadcast, Says Health System Is Severely Strained,” WP5/01/03, A11. New Beijing Mayor Wang Qishan says on a rare TV news conference, “It is easy to say there has been mass panic among citizens due to the highly infectious nature of the disease and the complicated epidemic situation. As the panic of the public has not yet been alleviated, a great deal of work is needed to ensure social stability.”

“SARS Is The Spark For A Riot In China; Thousands Ransack A Building Rumored To Be For The Sick,” NYT4/29/03, A1.

“A Mistrust Of Government Undercuts China’s Effort,” WP4/29/03, A1. Chinese citizens are ignoring government regulations on SARS because they do not believe the government can help.

“Chinese Premier Vows To Cooperate; Asian Summit Sets Initiatives On Virus,” WP4/30/03, A10. ASEAN hosts regional leadership meeting with China on the threat from SARS. Wen Jiabao, Chinese Premier, attended and said, “The Chinese government is here in a spirit of candor. I’m daring to face the whole world on this issue.” See: ASEAN-China Joint Statement, <http://www.asean.or.id/sars3.htm>; ASEAN Joint Statement, <http://www.asean.or.id/sars2.htm>;

ENERGY

Power Generation: FT Survey. 4/30/03. 4 pages. “After a period of low orders, demand for new equipment in the US shot up in 1998, driven by electricity shortages and deregulation. The demise of big energy traders contributed to a sudden drop in enthusiasm. But all is not entirely gloomy. There are bright spots in eastern Europe and China.” <http://www.ft.com/powergen2003> [limited access].

ESPIONAGE

“Another Spy Fiasco,” Ed, WP5/01/03, A26. “Like other recent revelations about the battered FBI, it raises the question of whether this is really the agency Americans want to handle counterespionage.”

“Intelligence On China Provided By Spy Suspect Was Forwarded To Presidents,” NYT4/29/03, A22.

“Ex-Agent Gets Some Immunity In Spy Case; Despite Deal, Prosecutors May Seek New Charges Former Lovers”, NYT5/1/03, A27.

FOREIGN POLICY

“Powell Responds To Criticism Of State Department,” WP5/01/03, A17. Sec. of State Powell responds to criticism by Newt Gingrich during hearing before Senate Appropriations Subcommittee on Foreign Operations, saying the State Department has done its job, “damn well, and I am not going to apologize to anybody.” See: <http://www.state.gov/secretary/rm/2003/20090.htm>.

“The Believer; Tony Blair Risked His Premiership to Take Britain to War. Now, Amid Fears of A Further Escalation in the War on Terrorism, He Wants to Prove He Can Drive the Bush Administration Down the Path of Righteousness. Asking Those Who Know the Prime Minister Best What Motivates Him,” FT4/26-27/03, p1.

“The Blair Democrats: Ready For Battle,” Will Marshall (President, Progressive Policy Institute), Op-Ed, WP5/01/03, A27. “As internationalists, the Blair Democrats are poised to itemize for Americans the high political

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costs of the Bush administration's belligerent unilateralism. While successful in war, the White House was anything but in the months leading up to the attack on Iraq, triggering the most virulent wave of anti-American sentiment in decades. Count on the Blair Democrats to hold President Bush accountable for these diplomatic failures as the presidential election heats up."

"Realizing The U.N.'s Promise," Mike Moore (Former WTO Director-General), Op-Ed, WP4/29/03, A23. "No nation, mighty or modest, can combat terrorism, manage a tax system, provide clear air, fight the drug war and prevent AIDS without the cooperation of others. Woodrow Wilson, when challenging the US Senate to adopt the League of Nations treaty, asked, 'Will you reject this treaty and break the heart of the world?' It did, and another war followed. That example tells us why the United Nations must be made to work and to live up to its promise."

"U.S. Blocking Criticism At U.N.; Officials Fear Debate Provides Platform For Policy Foes," WP5/1/03, A20. US is scared that UN will become a major forum for dissent against the US.

"Changing the UN," Editorial, WP5/3/03, A22. "The majority of UN member states are now democracies. The United States must try harder to persuade them to work on behalf of democratic change."

"The Danger Of Being Too Forgiving," Harold James (Princeton University), Op-Ed, FT5/1/03, p13. "Applying financial Wilsonianism would introduce high risk premiums and make much international lending significantly more precarious. Like reparations and war debts in the 1920s, which also had a basis in morality, Wilsonianism applied to the debt of dictators would produce new uncertainties and a new threat to the entire international financial system."

GLOBAL ECONOMY

4/28 - Asian Development Report released by the Asian Development Bank (ADB) in Manila. Developing Asia's economic growth will slow to 5.3 percent in 2003 from last year's 5.7 percent due to the recent outbreak of SARS. Despite this, the region remains the world's economic bright spot and is expected to outperform the rest of the world economy. <http://www.adb.org>

"Committee Hands Baton To Brussels," FT5/1/03, p18. Basel II rules to go to the EU for approval. See: <http://www.bis.org/bcbs/index.htm>.

"Basel II Sums Up The Future For Credit Risk," FT5/1/03, p18.

INTELLECTUAL PROPERTY

"Intellectual Property, FT Special Report." 4/30/03. 4 pages. "The explosion in intellectual property rights has presented the twin challenges of a huge increase in the workload for patent-granting authorities and an associated struggle to keep pace with corporate/inventor demand and the philosophical argument of where best to strike the balance between the demands of brand owners and inventors and the need to encourage a competitive market place." <http://www.ft.com/intellectprop2003> [limited access].

"Supreme Court Rules Employees Have Right to Fair Compensation For Inventions," Japan Foreign Press Center, 5/2/03. <http://www.fpcj.jp/e/shiryō/jb/0324.html>

"Japan confronts rivals in patent race," Nikkei Online, 4/28/03. China is especially active in protecting intellectual property as government pursues strategy of high-tech research. <http://www.nni.nikkei.co.jp/AC/TNW/Search/Nni20030428FR8E1000.htm>

"Firms irked over China copies," Yomiuri Shimbun, 5/5/03. "A Yomiuri Shimbun survey of major Japanese companies on the issue of intellectual property revealed that such companies believe China has become a major producer of copies of Japanese products.... In the Yomiuri Shimbun survey, companies suffering from

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infringements said they were dissatisfied with the Japanese government. Of 280 companies that responded, 139 called for government efforts to enhance controls through bilateral or multilateral talks.”

The Intellectual Property Policy Headquarters was established in the Cabinet in March, 2003, following the enactment of the **Basic Law on Intellectual Property**, to promote in a focused and systematic manner policies relating to the creation, protection and application of intellectual property, in light of the increased need to strengthen the international competitiveness of Japanese industry. In March, the first meeting of the Headquarters took place, attended by experts in legal affairs, patents and business, Prime Minister Koizumi and the ministers in charge of each relevant ministry. It was decided to compile, by July or thereabouts, the **Intellectual Property Promotion Plan**, which is to consist of measures that the government should implement in a focused and systematic manner with regard to the creation, protection and application of intellectual property. (Summary of an article the Tokyo Office of the NSF in the Japan Bioindustry Letters – March 2003)

Headquarters: http://www.kantei.go.jp/foreign/koizumiphoto/2003/03/19chiteki_e.html

Basic Law on Intellectual Property (Law No.122 of 2002):

http://www.kantei.go.jp/foreign/policy/titeki/hourei/021204kihon_e.html

Article on Basic Law in *Japan Economic Journal* [METI], May/June 2003, Cover Story:

http://www.jef.or.jp/en/jti/200305_012.html

Remarks by Chairman Alan Greenspan, *Market Economies and Rule of Law*, At the 2003 Financial Markets Conference of the Federal Reserve Bank of Atlanta, Sea Island, Georgia (via satellite), April 4, 2003. “Indeed, the nature of intellectual property is importantly different from physical property. In particular, one individual's use of an idea does not make that idea unavailable to others for their own, simultaneous use. Furthermore, new ideas almost invariably build on old ideas in ways that are difficult or impossible to delineate. From an economic perspective, this provides a rationale for making the calculus, developed initially by Leibnitz and Newton, freely available, despite the fact that those insights have immeasurably increased wealth over the generations. Should we have protected their claim in the same way that we do for owners of land? Or should the law make their insights more freely available to those who would build on them, with the aim of maximizing the wealth of the society as a whole? Are all property rights inalienable, or must they conform to a reality that conditions them?... If our objective is to maximize economic growth, are we striking the right balance in our protection of intellectual property rights? Are the protections sufficiently broad to encourage innovation but not so broad as to shut down follow-on innovation? Are such protections so vague that they produce uncertainties that raise risk premiums and the cost of capital? How appropriate is our current system--developed for a world in which physical assets predominated--for an economy in which value increasingly is embodied in ideas rather than tangible capital? ”

<http://www.federalreserve.gov/boarddocs/speeches/2003/20030404/default.htm>

IRAQ ISSUES

“Alliance Therapy; To Repair The Trans-Atlantic Rupture Over Iraq, America And Europe Will Have To Cooperate In Rebuilding Iraq, Forging Israeli-Palestinian Peace, And Democratizing The Middle East,” by Bruce Stokes (JIAP Member), National Journal 5/3/03, p1370.

MONEY LAUNDERING

4/30 - Treasury and Federal Financial Regulators Issue Final Patriot Act Regulations on Customer Identification. Department of the Treasury and the Financial Crimes Enforcement Network [FinCEN] issued three separate proposed rules under the USA Patriot Act that would expand anti-money laundering regulation to commodity trading advisors and securities investment advisers, as well as require suspicious activity reporting by futures commission merchants. <http://www.ustreas.gov/press/releases/js335.htm>

NORTH KOREA

“N Korea accused over drugs haul,” BBC Online 5/2/03. “Australian Foreign Minister Alexander Downer has expressed concern over North Korea's possible role in trafficking drugs to Australia. Mr Downer's comments came after an official from North Korea's ruling Worker's Party was found on board a state-owned ship accused of

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bringing A\$80m (US\$50m) worth of heroin into Australia. "Whilst we can't prove that the government made the decision to send this ship... we are concerned that instrumentalities of the government may have been involved in this," Mr Downer said." <http://news.bbc.co.uk/2/hi/asia-pacific/2994849.stm>

“Heroin Busts Point To Source Of Funds For North Koreans; Rulers Ordered Opium Output, Say High-Level Defectors – Part Of A Long Tradition; A Transfer On The High Seas,” WSJ4/23/03, A1.

“Hell-Bent; Dealing With The Danger From A Nuclear North Korea”, Editorial, Economist, 5/3/03, p11. “Mr. Kim feeds his nuclear habits with all sorts of dubious sales and financial dodges – from small arms to missiles, from counterfeit dollars to drugs (while others, including America, still feed his hungry people with food aid). All these activities can be cracked down on hard. The best way would be through a UN resolution that gave any government the right to stop and search suspect cargoes going to or from North Korea. And why would America go back to the UN, after the debacle over Iraq? Because both Russia and France this time have hinted at new toughness in the face for a determinedly nuclear North Korea. And China? It will not want to see things go so far. All the more reason to press Mr. Kim to kick his nuclear habit early.”

“When Bluff Turns Deadly; If Diplomacy Cannot Work, What Then?” Economist, 5/3/03, p24. “In the past, and in private, some South Korean officials have hinted that it might be better to live quietly with a nuclear North Korea rather than push it to collapse. But North Korea has made living quietly with its bomb an option no longer.”

“Bush Hits At Pyongyang’s ‘Old Blackmail Game’,” FT4/26/03, p7. After 3-way talks in Beijing with North Korea, Pres. Bush in an NBC interview says, “The Bush doctrine is actually being defined by action, as opposed to by words.”

“N. Korea Calls Sanctions A ‘Green Light’ To War,” WP5/1/03, A22. KCNA releases statement saying, “If the U.S. brings up the nuclear issue for discussion at the UN and seeks a resolution on applying sanctions against the DPRK, far from renouncing its hostile DPRK policy, the DPRK will take self-defensive measures, regarding it as the green light to a war.” See: <http://www.kcna.co.jp/item/2003/200305/news05/01.htm#2>.

“North Korea Said To Offer Small Nuclear Steps, At A Price,” NYT4/29/03, A13. In press conference with Jordanian Foreign Minister Marwan Muasher, Sec. of State Powell said that North Korea offered a plan that would ultimately get rid of nuclear activity, but in return for “something considerable.” See: <http://www.state.gov/secretary/rm/2003/19978.htm>.

“China Puts North Korea Talks In Brighter Light; Unusual Briefing Suggests Beijing Is Eager To Keep Talks Between Washington, Pyongyang On Track,” WP4/29/03, A20.

“S Korea Says Talks With North ‘Successful’,” FT4/29/03, p5. As South Korea meets with North for ministerial-level talks in Pyongyang, South Korean officials characterize the US-China-North Korea talks as “successful.”

“Bush Rejects Plan For Aid To Scrap N Korea Missiles; US Stands Firm On Not ‘Rewarding’ Bad Nuclear Behavior By Pyongyang,” FT4/30/03, p4. White House Press Secretary Ari Fleischer says in briefing, “So what the President has said is that we will not reward North Korea for bad behavior; that what we seek is North Korea's irrevocable and verifiable dismantlement of its nuclear weapon's program, and we will not provide them inducements for doing what they always said they were going to do anyway.”

“North Korea ‘May Be Buying Time’,” FT4/28/03, p2. Yukio Okamoto, special adviser on foreign policy to PM Koizumi, appearing on NHK, said, “I suspect that North Korea may be buying time until it can possess practical nuclear weapons....” “I do not think there will be a good agreement born from an extension of the framework of the talks.”

“North Korea Prompts U.S. To Investigate Nuclear Boast”, NYT5/1/03, A18. White House has tasked intelligence agencies to evaluate North Korea's nuclear claims.

“Concern about nuclear weapons development spreading also to Taiwan; United States uses wizardry targeting three-way talks; Urges China to apply pressure on North Korea,” SANKEI, 4/30/03, p2 [US Embassy Translation 5/1/03]. “The United States explained to China that twice in the past it had convinced Taiwan to abandon the idea of developing its own nuclear weapons: once in the late 1980's during the Reagan administration, and another time in the mid-1990's during the Clinton administration. It also hinted at the possibility of a "nuclear domino effect" spreading to China's neighbors. As a result, China decided to apply pressure on the North.”

“N Korea’s Admission Hits Investors,” FT4/26-27/03, p3. South Korean stocks fell 4% after reports that North Korea admits it possesses nuclear weapons.

“Failure Of Talks With US Will Test China’s Patience,” FT4/26-27/03, p3. “Beijing, which expended considerable effort to bring the two adversaries to the table, wanted its neighbor to behave in a manner that would calm fears of conflict on the Korean peninsula and ideally, chart a course toward lasting peace. Those hopes were emphatically dashed.”

“North Korea’s Stance,” Ed, WP4/29/03, A22. “The Bush administration is clearly loath to abandon regime change as a goal; but the strategies that would produce it – war, or an embargo meant to induce a North Korean collapse – are not acceptable to key allies and must be a last resort. The White House says it has not decided whether the talks will continue; before they do, Mr. Bush must accept the necessity of offering a solution to Mr. Kim.”

“North Korea Must See A United Front,” National Journal, 5/3/03, p1394. NJ interview with Winston Lord, former US ambassador to China and Assistant Secretary of State for East Asia. **“NJ: Does Japan also believe in South Korea’s ‘sunshine policy’ of gradually warming ties with the North? Would anything so outrage Japan that it would also take a hard line on North Korea?** Lord: Japan tried its own version of a sunshine policy when Prime Minister Koizumi went to Pyongyang. Since then, things have turned sour. What would outrage Japan would be further testing of missiles that could hit Japan. When North Korea did this a few years ago., it had a profound impact on Japan. Most extraordinary, the Japanese defense Minister has raised the prospect of pre-emptive Japanese strikes against North Korea if Japan felt threatened. For good old pacifist Japan to be making those comments shows the impact North Korean actions are having in Tokyo.”

“U.S.-DPRK: Who Blinked, and Why?” by Ralph A. Cossa (Pacific Forum, CSIS) PacNet Newsletter, CSIS, #18 April 21, 2003. “If Pyongyang does not quickly recant or agree to terminate this self-confessed or threatened action, the ball will then fall not in Washington's or Beijing's court, but in Seoul's. President Roh will have to then define just what "can never be condoned" means. It may be time for him to pick up the baseball bat and finally come out swinging!” <http://www.csis.org/pacfor/pac0318.htm>

“A Surprising Success On North Korea”, Brent Scowcroft (Former National Security Adviser; President of the Forum for International Policy) and Arnold Kanter (former Under-Secretary of State; Senior Fellow, Forum for International Policy), Op-Ed, NYT5/1/03, A33. “There is no assurance that Pyongyang will respond positively to such an approach, much less that negotiations will be successful. On the contrary, history gives rise more to pessimism than hope. But even if that pessimism proves warranted – and North Korea shows itself to be more interested in nuclear proliferation than in guaranteed security – continuation of Washington’s good-faith effort will put it in an immensely stronger position internationally to deal with the threat.”

PIRACY

“Pirate attacks have tripled in a decade,” London, 1 May 2003 - Pirate attacks on ships have tripled in the last decade, with a reported 103 attacks in the first three months of this year, the International Maritime Bureau revealed. [In 2002, there were 218 attacks, 16 attacks on Japanese ships.] http://www.iccwbo.org/home/news_archives/2003/stories/piracy-quarter-1.asp

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SCIENCE & TECHNOLOGY

Japan's Potential Strength in Science and Technology,” Japan Economic Journal [METI], May/June 2003. “Japanese industry is now suffering from an assault by extremely inexpensive Chinese products. However, this is the same thing that Japan did to the United States in the past. The United States has led the world in new industrial fields, including the aerospace industry backed by the military budget, biotechnology based on molecular biology research and the IT industry. But Japan will further open up the coming world of science and technology in the future. The tide of anti-U.S. sentiment spreading around the world before and during the war in Iraq has accelerated a long-term global distancing from the United States. Japan is commencing a battle against environmental problems, the biggest challenge confronting the earth, using its science and technology capabilities rather than military power. The majority of business managers firmly believe that it is science and technology which will bring about a new industrial revolution. I have named this phenomenon the “eco-industrial revolution” and am writing a book with the title Eco-Industrial Revolution that will form a statement of resolution for Japan's new industrial era. It is reported that the reason why a succession of Nobel Prize recipients in the science and technology field has appeared is because a review of Japan's potential in this eco-industrial area has begun. Japan also has a great wealth of human resources for the coming era.” http://www.jef.or.jp/en/jti/200305_009.html

Phase Transition in Korea-U.S. Science and Technology Relations by Caroline Wagner, Anny Wong, SungHo Lee, and Irene Brahmakulam, Rand, March 2003. “The United States and Korea have made significant commitments to bilateral science and technology cooperation. The result has been a strong relationship, one that has helped Korea emerge into a group of scientifically advanced countries. The new status of Korea, as well as the changing nature of global science, mandates a new look at the bilateral S&T relationship. A move towards a more balanced relationship, and one that includes other countries in cooperative projects, are just two of the recommendations offered in this report.” <http://www.rand.org/nsrd/capp/bulletin/phase.html>

“Korea Top 50,” ATIP03.027, April 2003. The present report is an overview of the top 50 high performance computers (HPC) installed in Korea as of December 2002. It also provides various statistical data derived from that Top 50 list. The results are compared with the well-known Top 500 (November 2002 report) and last year's Korea Top 50 to survey the status of domestic supercomputers in detail. For a summary including a table of contents see: http://www.atip.org/public/atip_reports.03/atip03.027.pdf To purchase this report for \$250, please visit: http://www.atip.org/REPORTSMATRIX/public/year2003_total.html

“Nanotechnology in Asia 2003,” ATIP03.026, April 2003. The Asian region has emerged as a leading center for nanotechnology. Total spending across the region in nanotechnology significantly exceeded US\$1B in 2002, with more than half that total coming from Japan. Spending in China is much smaller, but China appears to be leading the world in sheer numbers of new nanotechnology companies (more than 300 firms are now working in nanotechnology). Taiwan, Australia, and Korea all support vibrant nanotechnology programs and feature rich technology infrastructure. Singapore and India have launched national nanotechnology programs, and Thailand, Malaysia, and New Zealand have also announced significant new efforts in nanotechnology. For a summary including a table of contents see: http://www.atip.org/public/atip_reports.03/atip03.026.pdf To securely purchase the full version of this report for \$250, visit: http://www.atip.org/REPORTSMATRIX/public/year2003_total.html

SOUTH ASIA

“India Makes Gesture to Pakistan; Renewal of Full Diplomatic Ties and Airline Links Offered,” WP5/3/03, A16.

“Kashmir key to breakthrough The move to resume diplomatic ties and air links signals a thaw in relations between India and Pakistan after a 16-month stand-off,” Analysis by Sanjoy Majumder, BBC News Online correspondent in Delhi. http://news.bbc.co.uk/2/hi/south_asia/2984351.stm

“Balancing Act in South Asia,” Stratfor, 4/29/03. “India has test-launched a short-range nuclear-capable missile and turned down an invitation for Prime Minister Atal Behari Vajpayee to visit Pakistan, a day after Pakistani Prime

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Minister Mir Zafarullah Khan Jamali called him for the first talks in months. Rather than a sudden return to the name-calling and invasion threats of recent weeks, however, New Delhi is simply balancing domestic factions and trying to keep an upper hand in any future discussions with Islamabad.”

<http://www.stratfor.biz/Story.neo?storyId=216520®ionId=2&showRegion=1>

SOUTH KOREA

“**Stakeholder Speaks Out To Koreans; New Foreign Investor Chastens SK Corp.**,” NYT4/29/03, W1.

Sovereign Asset Management, largest single stakeholder in SK Corporation – South Korea’s largest oil refiner, demanded that the company distance itself from scandal ridden parent company SK Group.

SOUTHEAST ASIA

“**War Without End; Conflict Has Ravaged The Southern Philippine Island Of Mindanao For Decades. There Is No End In Sight.**,” Economist, 5/3/03, p46.

“**Thousands Dead As Thailand Hails Victory In On Dealers**,” FT5/1/03, p5. Thailand is proud of the 2,275 people it has killed in its war on drugs, eliminating 90% of the country’s drug trade.

STEEL

“**Bethlehem Steel Corp. Is No More; Name Dies After Firm Is Sold Amid Industry Turmoil**,” WP5/1/03, E1.

International Steel Group (ISG) has taken control of all Bethlehem Steel assets. See:

http://www.bethsteel.com/newsroom/releases/2003/mar13_1.shtml;

http://www.steelnews.org/companies/producers/isg_archive.htm.

TAIWAN

“**Taiwan Arms Package Faces Further Delays.**,” FT4/30/03, p4. Arms package valued at \$30bn is held up by US demands for a \$430m down payment which will be difficult for Taiwanese legislators to approve. Another obstacle concerning the construction of diesel submarines is likely to add to costs and delays.

“**Senate Bill Urges Taiwan's Participation in Health Assembly, Senate approves S. 243 by unanimous consent May 1.**,” US State Dept., 5/2/03. “The Senate approved by unanimous consent May 1 a bill that requires the Secretary of State to seek observer status for Taiwan at the World Health Organization's (WHO) assembly in Geneva in May. The Senate passed S. 243, a bill similar to H.R. 441, which has already been approved by the House of Representatives in a 414-0 vote.” <http://lists.state.gov/SCRIPTS/WA-USIAINFO.EXE?A2=ind0305a&L=WF-EASIA&P=R5146>

On March 12, 2003, **Rand’s CAPP hosted a discussion on Taiwan's economy and cross-strait relations** with the former Premier of Taiwan, Vincent Siew, and Ambassador Steven Chi-Shean Chan, former Minister of Health and current National Policy Adviser to the President of Taiwan. The seminar was attended by several RAND analysts.

See: <http://www.rand.org/nsrd/capp/bulletin/taiwanpm.html>

Taiwan Country Energy Analysis Brief (updated, 4/30/03), US Dept of Energy. Latest estimates of Taiwan's energy statistics, plus an up-to-date discussion of the country's energy sector developments. See:

<http://www.eia.doe.gov/cabs/taiwan.html>

TRADE

“**Trade Accords Become A U.S. Foreign Policy Tool; Pact With War Supporter Singapore Gets Expedited, But Deal With Opponent Chile Is Delayed.**,” WP4/29/03, E1.

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US ECONOMY

“Greenspan Upbeat About Economy; Extent Of Improvement ‘Uncertain,’” WP5/1/03, E1. Fed Chairman Greenspan testifies before the House Financial Services Committee, “I continue to believe the economy is positioned to expand at a noticeably better pace than it has during the past year, though the timing and the extent of that improvement remains uncertain. Fundamentally, the long-run growth potential of the economy remains solid...Going forward, some further unwinding of the economic tensions that have been associate with the situation in Iraq seems likely.” See: <http://www.federalreserve.gov/boarddocs/hh/2003/april/testimony.htm>

“Upbeat Greenspan; The Fed Chairman Has Faith In US Economic Potential,” Editorial, FT5/1/03, p12. “[L]ack of commitment to the package as a whole did not prevent the Fed chairman admitting there was much to support in it, notably the concepts of eliminating double taxation of dividends and lowering marginal tax rates as a spur to greater productivity.”

5) WEBSITE OF THE WEEK

Birth of Japan’s Constitution

National Diet Library site launched 5/3/03 of historic documents relating to the writing of the Japanese Constitution. Includes a chronology, bibliography, links. Japanese and English.

<http://www.ndl.go.jp/constitution/e/index.html>

6) KEY & QUICK NEWS LINKS

*****Many are by subscription*****

- *Asahi Shimbun (AS): <http://www.asahi.com>
- *BBC Online: <http://news.bbc.co.uk>
- *Economist (EC): <http://www.economist.com>
- *Far Eastern Economic Review (FEER): <http://www.feer.com>
- *Financial Times (FT): <http://www.FT.com>
- *Inside U.S. Trade (IUST): <http://www.insidetrade.com>
- *Japan Digest (JD): <http://www.japandigest.com>
- *New York Times (NYT): <http://www.nytimes.com>
- *Nikkei (NK): <http://www.nni.nikkei.co.jp>
- *Oriental Economist (OE): <http://www.orientaleconomist.com>
- *Wall Street Journal (WSJ): <http://www.wsj.com>
- *Washington Post (WP): <http://www.washingtonpost.com>
- *Yomiuri On-line (YM): <http://www.yomiuri.co.jp/index-e.htm>

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