

APW

News & Views

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1. JIAP NEWS

The NPR show "Here & Now" on June 12th featured an interview with JIAP director Mindy Kotler and JIAP member, Cmdr. Paul Giarra, USN ret on Japanese security policy, "Japan Shifts Defense Policy." The interview runs about seven minutes. To listen to us, see: <http://www.here-now.org/shows/2003/06/20030612.asp>

Contents: COVER STORIES, JAPAN: Japan Banking, Japan-Economy, Japan-Foreign Policy, Japan-Politics, Japan-Security **JAPAN RELEVANT:** Australia, China-Economy, China-Foreign Policy, China-Politics, China-SARS, Economic Espionage, Global Economy, Iran Issues, Iraq Issues, North Korea, Piracy, Science & Technology, Security, South Asia, South Korea, Southeast Asia, 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.

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2) MEMBER NEWS

ROGUE NATION: American Unilateralism and the Failure of Good Intentions By Clyde Prestowitz (ESI), Basic Books, 328pp, \$26. How the U.S. lost the once ample reserves of political goodwill it held around the world.

“**As Accusations Fly, Poor Nations Suffer,**” Clyde Prestowitz (President, ESI; Counselor to the Secretary of Commerce, Reagan Administration), Op-Ed, WP6/8/03, B2. “While there is no doubt that EU agriculture policies badly need reform, one of the main causes of hunger and poverty in Africa lies much closer to home--US subsidies for our own farmers...It is these sorts of American inconsistencies and double standards, far more than envy of our success or hatred of our freedoms, that cause alienation from America and that make the United States appear to many abroad as a rogue nation.”

3) CRITICAL REPORTS

6/4 - Views of a Changing World 2003: War With Iraq Further Divides Global Publics, Pew Global Attitudes Project, <http://people-press.org/reports/display.php3?ReportID=185>

It is interesting to note that the survey did not discuss Japan or East Asia. South Korea and Indonesia were mentioned only in passing at the press conference; in that 58% of Indonesians surveyed believed that Osama Bin Laden could be trusted to make the right decision, and that the South Korean view of Americans has deteriorated. The Pew Global Project Survey only dedicates five pages to Asia with only Bangladesh, China, India, Indonesia, Philippines, South Korea, and Vietnam listed. The questions asked focused on American ideals such as political rights and civil liberties and not on public opinion toward America. Questions on elections were not permitted in Vietnam and none of the questions on democracy was permitted in China. Japan was noted sporadically in three of the six sections of the survey.

6/10 – “Trafficking in Persons Report,” June 2003, US State Dept. Fact Sheet with link to report, <http://www.state.gov/r/pa/ei/rls/21475.htm>

6/10 –“Case for a Strong Manufacturing Base,” A study prepared for the NAM Council of Manufacturing Associations by Joel Popkin and Company. <http://www.nam.org/secondary.asp?TrackID=&CategoryID=1193>

6/13 - Joint Statement of the Trilateral Coordination and Oversight Group (Honolulu), <http://usembassy.state.gov/seoul/www41as.html>

“**INTERVIEW: RICHARD L. ARMITAGE**, Some Concern, Lots of Optimism; United States Deputy Secretary of State Richard Armitage spoke on June 2 with the REVIEW'S David Plott and Murray Hiebert at his State Department office in Washington. The blunt-speaking navy veteran voiced optimism on the nuclear crisis in North Korea and recent efforts to bridge differences between India and Pakistan. He expressed concerns about extrajudicial killings in Thailand's war on drugs and about the renewed fighting in Aceh, and defended President George W. Bush against critics who say America is forcing its policies on the world,” FEER, 6/12/03, p18. http://www.feer.com/articles/2003/0306_12/p018region.html

“**US Policy Toward Taiwan Swings to the Middle,**” People's Daily, 6/9/03. “After traversing a roundabout course, the Bush administration's Taiwan policy has by and large moved back to the policy of the previous six governments, but it still retains its own color. Some US scholars summed it up as a "double distinct" policy, this means a clear-cut stand on the two issues, one-China principle and "Taiwan defense".” JIAP's China Expert found this article to be a “remarkably sober, non-polemical assessment of the Bush administration's policy toward China and Taiwan.”

“**GAO Offers Free Electronic Database Covering China's WTO Commitments,**” 6/13/03. The General Accounting Office (GAO) issued a letter to members of Congress and executive branch agencies June 13 to

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introduce a new electronic database on the major components of China's World Trade Organization (WTO) commitments. According to the GAO letter, the database is available to the public free of charge to assist "interested parties in analyzing, monitoring, and enforcing China's WTO commitments." Copies of the GAO letter and access to the database are available on the GAO Web site at: <http://www.gao.gov>

4) OPINION, REPORTS & STATEMENTS

COVER STORIES

NATIONAL JOURNAL – “**Courting Trouble** - A vacancy on the Supreme Court would have vast political and legal implications, and spark a fight that the president just might want to avoid,” 6/14/03, <http://nationaljournal.com/members/news/2003/06/0613nj1.htm>.

ECONOMIST – “**Extinction of the Car Giants** - Henry Ford set up in business exactly a century ago. The company he founded, one of the great successes of the 20th century, is struggling to survive. All Detroit's carmaking giants are in trouble, and it is hard to see how they get out,” 6/14/03, http://www.economist.com/printedition/displaystory.cfm?Story_ID=1842437.

FAR EASTERN ECONOMIC REVIEW – “**A Nation Betrayed: How Indonesia's Elite Are Selling The Country Short** - Five years after the fall of Suharto, a nation's dream of good leadership has faded. Who is to blame? The politicians, bureaucrats, officers and businessmen who run the country, blocking change and sacrificing the national interest for their own benefit,” 6/24/03, http://www.feer.com/articles/2003/0306_26/p014region.html.

JAPAN

JAPAN-BANKING

“**Japan To Spend \$16.5 Billion To Save Bank**,” NYT6/12/03, W1. The move by the Japanese government to support Resona caused the Nikkei 225 to peak above 9,000 and earned praise from Treasury Secretary Snow, who said at a Japan Society Dinner on 6/10 in New York that, “I am especially heartened by the Japanese government's action to preserve the stability of the financial system in the recent case of Resona Bank...the accelerated resolution of bad loans will provide a useful model as the Japanese government considers a new framework this summer.” See: <http://www.treas.gov/press/releases/js472.htm>.

“**Resona Admits To Memo Accusing Watchdog**,” FT6/11/03, p6. Resona Bank admits it is the source of a memo that proves the FSA tried to influence regulator Shin Nihon to be lenient on the bank so it could retain minimum capital ratio needed to operate.

“**Doubts Over Recovery of Resona Fund**,” FT6/12/03, p7. FSA official admits that the body does not expect to change significantly Resona's business model even though it does not know if it will recover its ¥1.96 trillion investment.

“**Auditors Were Close to Declaring Resona Bankrupt**,” FT6/14-15/03, p3. Diet testimony of Shigeru Iwamoto, President of one of Resona's auditors, Asahi, reveals that the auditor would have declared Resona bankrupt if it had entirely excluded deferred tax assets (DTA) from its capital.

“**Japan To Buy Debt Owed To Banks; Aim Is To Relieve Credit Crunch, Revive Economy**,” WP6/12/03, E3. The BoJ announces plans to buy back as much as \$8.6 billion in “asset-backed securities” owed to banks from small and medium sized businesses. The BoJ will bundle these together and later trade them on the market. Purchases of bad loans by the BoJ are set to begin in July and continue through March 2006. See: http://www.boj.or.jp/en/seisaku/03/pb/k030611b_f.htm.

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JAPAN-ECONOMY

“Japan's Economy Slows in 1st Qtr; BOJ to Buy Corporate Debt,” Bloomberg Online, 6/11/03.
<http://quote.bloomberg.com/apps/news?pid=10000101&sid=aPY2ILx4OFQw&refer=japan> See Also:
<http://www5.cao.go.jp/keizai3/getsurei-e/index-e.html>

“The villains of the Japanese crisis,” Business Standard, 6/9/03. Review of new book, PRINCES OF THE YEN: Japan's Central Bankers and the Transformation of the Economy by Richard A. Werner, M E Sharpe, 362 pp.
 “Accuses Japanese central bankers of having their own agenda, of scuttling the efforts of the ministry of finance to revive the economy, and (here Werner slips into conspiracy theory territory) creating and then puncturing Japan's massive asset bubble. His rather bizarre reason — because that's the only way the BoJ could ensure structural change in the Japanese economy.” <http://www.business-standard.com/today/story.asp?Menu=34&story=16015>

“Can the Class of '89 Fix Japan? For graduates of Japan's top universities, the future never looked sweeter than it did in 1989. The economy was booming and success seemed inevitable. Then Japan fell apart. But this watershed generation might have what it takes to save the nation,” Time Asia, 6/10/03.
<http://www.time.com/time/asia/magazine/article/0,13673,501030616-457415,00.html>

“Text: Snow Urges Flexible Approach to Reviving Japan's Economy, Treasury Secretary Snow's June 10 speech to Japan Society [JIAP member],” US State Dept, 6/11/03. “U.S. Treasury Secretary John Snow called on Japan to adopt a more flexible approach to reviving its economy, which, as he noted, “has struggled for a decade.” In a June 10 speech to the Japan Society in New York, Snow pointed to the U.S. example in deregulating its transportation industry in the 1970s and '80s, selling the overvalued assets of the savings and loans in the 1980s, as well as dealing more recently with problems stemming from the bursting of the stock market bubble of the '90s, the 9/11 terrorist attacks, and corporate scandal.” <http://lists.state.gov/SCRIPTS/WA-USIAINFO.EXE?A2=ind0306b&L=WF-EASIA&P=R9054>

“Text: Expert Says U.S. Does Not Face Same Deflation Threat as Japan, Federal Reserve vice chairman June 11 talk to Japan Society,” US State Dept, 6/11/03. “Japan's economic woes of the past decade are of a different order from the current economic travails of the United States, according to the Vice Chairman of the Federal Reserve Board of Governors, Roger Ferguson. In a June 11 speech to the Japan Society in New York, Ferguson said the United States is better situated to confront the challenge of an emerging deflation than Japan was at the start of the last decade. Ferguson added that despite strong doses of monetary and fiscal stimulus to the Japanese economy, the world's second largest economy remains “mired in a mild, yet protracted, deflationary slump.” Japan, he said, “appears to have become a society in which economic agents -- banks, insurance companies, corporations, and households -- have lost their appetite for risk.” <http://lists.state.gov/SCRIPTS/WA-USIAINFO.EXE?A2=ind0306b&L=WF-EASIA&P=R8583>

“Japan: Postponing Tough Decisions,” Stratfor 6/12/03. “The Bank of Japan announced June 11 that it would begin purchasing securities and stocks held by near-bankrupt companies in an attempt to boost liquidity and, thus, lending. Like past BoJ initiatives, the process likely will expand drastically in the months ahead. Barring an uncharacteristic burst of efficiency or shift in the Japanese leadership's mindset, the net result will be a broad subsidization of Japan's most rotten firms.” <http://www.stratfor.biz/Story.neo?storyId=218753>

“Govt To Revamp Statistics To Improve Accuracy Of GDP Figures,” Nikkei Net, 6/12/03.

“Govt Drafts Guidelines For Making Firms Help Boost Birthrate,” Nikkei Net 6/12/03. “The Ministry of Health and Labor on Thursday put together draft guidelines designed to make companies play a greater role in reversing the falling birthrate” [Goofy at best]

“Lawmakers Turned off by Bureaucrats Birth-promotion moves,” Asahi, 3/5/03.

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JAPAN-FOREIGN POLICY

“Japan Detains 2 North Korean Ships, Part of Pressure Strategy,” NYT6/11/03, A11. Japan tightens the noose, slightly.

“Storm Over Sea of Japan Clouds Summit,” FT6/11/0, p6. Japan’s consulate in Hong Kong sends letter to FT in Hong Kong criticizing South Korea’s “self-centered” campaign to change name of Sea of Japan to the East Sea, at the very same time when PM Koizumi and Pres. Roh sought to improve relations in Tokyo summit.

“Roh and Koizumi Look to the Future,” Japan Foreign Press Center, 6/12/03. Official summary.
<http://www.fpcj.jp/e/shiryo/jb/0332.html>

“Text: U.S. and Japan Reach Agreement on New Income Tax Treaty, June 10 news release from U.S. Treasury Department,” US State Dept, 6/11/03. “The United States and Japan have reached an "agreement in principle" on the text of a new income tax treaty between the two nations, according to a June 10 news release from the U.S. Treasury Department. The proposed tax treaty, the release said, "provides for substantial reductions in the withholding taxes imposed on cross-border dividends, interest, royalties and other income, including the complete elimination of source-country withholding taxes on royalties, certain interest, and certain inter-company dividends." <http://lists.state.gov/SCRIPTS/WA-USIAINFO.EXE?A2=ind0306b&L=WF-EASIA&P=R9379>

Report and Recommendations of the Private Sector Participants in the 2003 U.S.-Japan Private Sector/Government Commission to the Governments of Japan and the United States [PDF]
<http://www.mofa.go.jp/region/n-america/us/report0304.pdf>

“US Marine Questioned on Alleged Okinawa Rape,” Reuters, 6/12/03. <http://www.washingtonpost.com/wp-dyn/articles/A48083-2003Jun12.html>

“Iraq reconstruction: Senior U.S. official expresses strong expectation "Japan will bear much of the [financial] burden, pointing out that it has "plenty to spare",” MAINICHI 6/8/03, US Embssy Translation 6/10/03.

“Koizumi Submits Bill For SDF Dispatch To Iraq,” Nikkei Net 6/13/03. Also a series of articles explaining the bill.

JAPAN-POLITICS

“Takenaka under heavy attack,” Yomiuri Shimbun 6/12/03. “Heizo Takenaka, state minister in charge of economic, fiscal and financial policy, has been facing strong criticism from both ruling and opposition party members.” <http://www.yomiuri.co.jp/newse/20030612wo05.htm>

“Four LDP factions form anti-Koizumi study groups with eye on the party presidential race; Gaps seen in their views on whether to field a rival candidate against Koizumi,” TOKYO SHIMBUN, 6/6/03, p2 [US Embassy Translation 6/10/03]. Anti-Koizumi study groups in the LDP

Name	Members
Forum of Secretaries General of the Four Factions	Fumio Kyuma; Yoshio Yatsu; Yuya Tanba; Eisuke Mori
Study Group of Junior Lawmakers from the Four Factions	Takuji Yanagimoto; Kozo Yamamoto; Katsuhito Asano; Wataru Takeshita
Study Group on Social Security Affairs	Hiromu Nonaka; Makoto Koga; Shozo Kusakawa; Toshihiro Nikai
Parliamentary League for Maintaining the Quality of Public Works	Makoto Koga; Ichiro Aizawa; Gen Nakatani
Shishi no kai (Patriots Club)	Makoto Koga; Takeo Hiranuma; Taro Aso; Masahiko Komura

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“Japan: An autocracy ruled by bureaucrats,” Commentary By Katsuo Hiizumi, AsiaTimes 6/11/03. “Japan - after numerous failed efforts at reform - remains filled with politicians who are only interested in power and their ability to hand out concessions to stay in power. Bureaucrats rule. Japan is neither a democratic nor a liberal state. It is an autocratic state ruled by unaccountable bureaucrats manipulating unthinking politicians buying off a dwindling number of voters participating in elections.” <http://www.atimes.com/atimes/Japan/EF11Dh06.html>

JAPAN-SECURITY

“Diet Enacts Three National Emergency Bills” Japan Foreign Press Center, 6/13/03. Official Summary. On June 6 the House of Councillors passed three laws concerning Japan's response to a military attack from abroad: the Law Concerning Measures to Ensure National Independence and Security in a Situation of Armed Attack, the Law to Amend the Self-Defense Forces Law, and the Law to Amend the Security Council Establishment Law. The package of emergency legislation passed by an overwhelming majority with the support of the three parties in the ruling coalition, as well as the opposition Democratic Party of Japan and Liberal Party. A legal framework to respond to military emergencies has been established 26 years after the cabinet of then Prime Minister Takeo Fukuda began studying the idea of contingency legislation back in 1977. In addition to the constitutional concerns raised, another roadblock in the enactment of these laws was the strong aversion to the creation of a "wartime order" among citizens with bitter memories of war. For many years, debate itself was considered taboo. The passage of the three emergency laws means that Japan's security policy has entered a new stage.” <http://www.fpcj.jp/e/shiryoyj/0333.html>

“Japan Arrests Five in Iran Missile Case,” 6/13/03, A25. “Japanese police today arrested five officials of a Tokyo company and charged them with illegally selling Iran machinery that can help manufacture solid rocket fuel, a key element in making long-range ballistic missiles. The firm, Seishin Enterprise Co., allegedly sold the same machinery to North Korea in 1994, but the statute of limitations for that transaction has expired.”

“FOCUS: Missile defense becoming important for Japan's security,” Kyodo, 6/9/03. <http://asia.news.yahoo.com/030609/kyodo/d7rhvj700.html>

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JAPAN-RELEVANT

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AUSTRALIA

“Canberra Joins Fight Against N. Korea's Weapons Programme,” FT6/12/03 p7. Australian Foreign Minister Downer confirms that Australia is working with US and Japan to stop North Korean vessels trafficking nuclear materials, drugs, and other illicit goods. “It is a very difficult issue to deal with because international law requires that flagged vessels on the high seas can't be interdicted except in the most exceptional of circumstances. So to make a system of interdiction work, you have to have very broad international co-operation.” http://www.dfat.gov.au/media/transcripts/2003/030611_doorstop.html

CHINA-ECONOMY

“BoC Woe Highlights Difficulties Of Chinese Bank Reform; Claims Demonstrate Problems Between Parent And Units,” FT6/10/03, p18. The possibility that Chairman Liu Jinbao of the Bank of China has connections to the Shanghai real estate tycoon Zhou Zhengyi, currently being investigated for alleged loan fraud, demonstrates the first test of China's efforts to reform its banking system.

“Banking, Chinese Style,” Editorial, WSJ6/11/03, A16. “Hong Kong depends on Chinese companies for much of the growth in its financial services industry. But this scandal may reinforce the impression that Hong Kong's formerly level playing field is being tilted to favor companies owned by or connected to the sovereign power. If that becomes the conventional wisdom, Hong Kong's days as a world-class financial center are numbered.”

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“Hong Kong and China Near Pact On Trade,” NYT6/11/03, W1. Hong Kong and China expect to conclude FTA by the end of June.

CHINA-FOREIGN POLICY

“Hu Takes On Foreign Affairs,” By Willy Wo-Lap Lam, CNN Senior China Analyst, 6/11/03. “Chinese President Hu Jintao has recently assumed the helm of the Communist party's Leading Group on Foreign Affairs (LGFA), the country's top decision-making organ on diplomacy and national security affairs. Hu has replaced ex-president Jiang Zemin, 73, who was China's foremost foreign-policymaker for more than a decade.”

<http://edition.cnn.com/2003/WORLD/asiapcf/east/06/10/china.hu/index.html>

“Beijing Plans To Reorganize Its Armed Force; Military To Be Streamlined To Extend China’s Influence,” WP6/11/03, A16. China will eliminate 20%, about 500,000 soldiers, of the PLA bringing the total number of troops to about 1.85 million troops over the course of the next five years. “Newspapers in Hong Kong and Singapore have reported in recent weeks that the Chinese government was prepared to replace its Soviet-era continental command structure with a military more geared to projecting power toward Asia’s sea lanes and Taiwan.”

“Asia’s Other Rogue Regime,” Editorial, WSJ6/9/03, A18. “Until it [China] stops protecting tyrants in its neighborhood [Burma, North Korea], China won’t be respected as a world power.”

“PRC Foreign Relations after the National People’s Congress: Iraq, North Korea, SARS, and Taiwan,” by [Thomas Christensen](#) (MIT) *China Leadership Monitor*, SUMMER 2003 ISSUE 7. “Although the NPC followed predicted paths, this outcome does not mean the event was unimportant to PRC foreign policy. On the contrary, China's behavior on the international stage has changed significantly since the NPC on two key issues for U.S.-China relations and China's role in the region: North Korea and severe acute respiratory syndrome (SARS).

Although neither problem is close to being solved permanently, China adopted an about-face on both issues in the weeks after the NPC ended and the U.S.-led war in Iraq began. The military overthrow of Saddam Hussein's regime in Baghdad and the passing of the NPC were, arguably, the two most important determinants of the new trends.”

<http://www.chinaleadershipmonitor.org/20033/tc.html>

“China Criticizes U.S. For Trade Barriers, Including Tariffs, Sps Rules,” *Inside US Trade*, 6/13/03. “China last month released a detailed report criticizing the U.S. for a list of trade barriers that identifies as the most serious ones high textile tariffs, questionable decisions in antidumping cases, “irrational” sanitary and phytosanitary (SPS) measures, and import bans on products important to China. According to an unofficial translation of China's 24-page report that was done for *Inside U.S. Trade*, China is expecting the U.S. to eliminate some of these barriers as the result of future bilateral consultations.” “China's report starts by citing U.S. tariffs that run as high as 38 percent on pottery and glass, and noted that tariffs on garments, wool fiber and shoes also range from 30 to 48 percent. Despite growing fears in the U.S. that China will soon dominate the textiles market as global quotas are being phased out, China said U.S. tariffs on these items hurt China's competitiveness.”

CHINA-POLITICS

“China Lines Up Sweeping Reforms; Top-level Body Created to Draft Landmark Constitutional Changes as New President Begins to Assert Authority,” FT6/12/03, p1. President Hu organizes secret top-level body to outline changes in constitution to include economic and political reforms that could have a major effect on domestic political structure. In an upcoming 7/1 speech, Pres Hu may announce the constitutional rights of party members to help choose leaders in a move towards intra-party democracy.

“Property Rights Could Be Spur to China’s Private Sector; Constitutional Change May Boost Protection,” FT6/12/03 p7. Communist Party considering changes to allow some constitutional protection for private property as state-owned companies legitimize private enterprises.

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“China Reforms; Two Cheers For Concessions to the Private Sector,” Editorial, FT6/12/03, p12. “China remains a secretive and authoritative state but, if the proposed reforms are implemented, they would be a welcome foundation for the growth of private business and the extension of the rule of law.”

“Hong Kong’s Chill,” WP6/14/03, A22. “The law on sedition was only one task that the Basic Law left to the future. The other critical one was the development of democracy in Hong Kong. Beginning in 2007, when Mr. Tung’s second five-year term ends, Hong Kong citizens could begin electing their own chief executive, and the next year they could elect a legislative council instead of letting China do most of the picking. But Hong Kong’s administrators, so eager to put a sedition law in place, aren’t moving on that second front. President Bush, his new friendship with President Hu Jintao notwithstanding, should be asking why.”

“Opponent of Scandal-Hit Tycoon Arrested,” FT6/10/03, p3. Zheng Enchong, Shanghai lawyer who has advised Shanghai residents fighting against property tycoon, Zhou Zhengyi, was arrested for “stealing state secrets.” “Speculation has centered on whether the investigation is an attempt by Hu Jintao, China’s president, to discredit the ‘Shanghai Gang,’ China’s dominant political faction led by Jiang Zemin, the former president and current head of the military.”

“Admiral Takes Blame as Jiang Asserts Authority,” FT6/14-15/03, p3. Admiral Shi Yunsheng, Chinese Naval Chief, was fired and nine other senior naval officers were dismissed or demoted to take wrap for Submarine accident that killed 70 sailors.

Ten Characteristics of Chinese Corruption,” China Internet Information Service, 6/11/03. “Corruption in China became increasingly serious during the early period of its social transition, resulting in severe economic losses and huge challenges to China’s government institution, as well as gradually becoming socially widespread. Recently, “Characteristics and Development Trend Research on Chinese Senior Officials’ Corruption” carried out by Chinese National Conditions Research Center of the [Chinese Academy of Sciences](#) (CAS) and Tsinghua University, studied senior official corruption above vice-ministerial level over the past 20 years (1978-2002), discussing its roots as well as the ten principal characteristics of corruption in China.” http://service.china.org.cn/link/wcm/Show_Text?info_id=66715&p_qry=corruption

CHINA-SARS

“Chinese Economy Escapes Worst Effects of SARS,” FT6/12/03, p7. China posts May trade surplus, \$2.23bn, the largest surplus of the year so far despite a predicted downturn of the economy due to SARS. See: <http://www.stats.gov.cn>.

ECONOMIC ESPIONAGE

“Judge Issues Injunction Against Chinese Company in Suit by Cisco,” NYT6/9/03, C8. US District Court for Eastern District of Texas issues preliminary injunction against China’s largest telecommunications equipment maker, Huawei, to stop distributing certain products that include patented technology (along with software bugs) developed by Cisco.

GLOBAL ECONOMY

“Migration Needs Management, Not Repression, Says Agency,” FT6/11/03, p4. International Organization for Migration releases World Migration Report 2002, showing that 3% of world’s population are migrants. See: http://www.iom.int/en/news/pr861_en.shtml?event=detail&id=2111

“With Critics Quieter, Wolfensohn Is Looking Ahead; World Bank Chief Hints He’d Like To Stay On,” WP6/11/03, E1. World Bank Chief Wolfensohn looks to a second 5 year term to begin in 2 years.

“The Unbearable Expense of Global Dominance,” Felix Rohatyn (former US Ambassador to France) Op-Ed, FT6/10/03, p13. “Politically and militarily it is profoundly unwise for the US to go it alone in the world. But from

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an economic point of view it simply cannot do so without seriously damaging the American way of life and standard of living... It is time for the US to stop and think about the contradictory nature of its economic policies and its new international doctrine. It cannot, over time, finance its domestic needs while bankrolling the spiraling costs of America's global military dominance. Something will have to give. A crippled Atlantic relationship will only make matters worse."

IRAN ISSUES

"EU To Join US In Pressing Tehran On Nuclear Checks," FT6/11/03, p4.

"Rumsfeld Says Iran Is Developing Nuclear Arms Under Guise of Civilian Program," NYT6/12/03, A16. Speaking at Marshall Center 10th anniversary, Rumsfeld said, "The intelligence community in the United States and around the world currently assess that Iran does not have nuclear weapons. The assessment is that they do have a very active program and are likely to have nuclear weapons in a relatively short period of time." See: <http://www.defenselink.mil/speeches/2003/sp20030611-secdef0285.html>

IRAQ ISSUES

"Japanese Govt To Report \$7bn In Outstanding Loans To Iraq," Nikkei Online, 6/10/03. "The Japanese government now estimates its outstanding loans to Iraq at about 7 billion dollars, or around 830 billion yen, up from the previous estimate of some 500 billion yen. Japan has recalculated the loan figure to include indemnity for arrears, just as other major creditor nations of Iraq have done."

"CIA Did Not Share Doubt On Iraq Data; Bush Used Report Of Uranium Bid" WP6/12/03, A1. The CIA, which disputed Iraq's alleged attempt to buy uranium from Nigeria, did not pass these findings to the White House. A "Senior CIA analyst said the case 'is indicative of larger problems' involving the handling of intelligence about Iraq's alleged chemical, biological and nuclear weapons programs and its links to al Qaeda, which the administration cited as justification for war. 'Information not consistent with the administration agenda was discarded and information that was [consistent] was not seriously scrutinized.'"

"A Plot To Deceive?," Robert Kagan (Senior Associate, Carnegie Endowment for International Peace), op-ed, WP6/8/03, B7. "Today, of course, [chemical] and many other known weapons are still unaccounted for. Does it follow, therefore, that they never existed? Or does it make more sense to conclude that the weapons were there and that either we'll find them or we'll find out what happened to them? The answer depends on how broad and pervasive you like your conspiracies to be. Because if Bush and British Prime Minister Tony Blair are lying, they're not alone. They are part of a vast conspiratorial network of liars that includes U.N. weapons inspectors and reputable arms control experts both inside and outside the government, both Republicans and Democrats."

NORTH KOREA

"North Korea Raises Stakes On Nuclear Arms," FT6/10/03, p1. North Korea's KCNA announces, "We are not trying to possess a nuclear deterrent in order to blackmail others but we are trying to reduce conventional weapons and divert our human and monetary resources to economic development and improve the living standards of the people." See: <http://www.kcna.co.jp/item/2003/200306/news06/10.htm#7>.

"North Korea Says It Seeks To Develop Nuclear Arms," NYT6/9/03, A9.

"North Korea: Washington Seeks Interdiction of North Korean Weapons," Global Newswire, 6/10/03. Will not make any formal announcement of the new interdiction policy. http://www.nti.org/d_newswire/issues/newswires/2003_6_10.html#3

"North Korea, Protesting New Ship Inspections, Suspends Its Passenger Ferry Link With Japan," NYT6/9/03, A12. 1,900 Japanese inspectors were to inspect the Man Gyong Bong 92 as it docked in the Japanese

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port of Niigata, prompting North Korea to suspend the ferry service. Strict inspections are being extended to North Korea's cargo ships as well in an attempt to cut off the supply of money being remitted to North Korea.

“A Surprise in Korean Crisis: Consensus; Asian Leaders Start To See Nuclear Problem Similarly, Turning Up Economic Heat,” WSJ6/10/03, A16. “Although differences remain, notably with China, Asia's leaders all fear that a nuclear-armed North Korea will spark a regional arms race, overturn the security order and destabilize the area. North Korea's continued bellicosity has weakened the hand of those pushing for continued diplomatic engagement. It isn't clear, though, how another round of challenges from Pyongyang would affect the new like-mindedness.”

“US Envoy [Hubbard]: Drug Curbs Don't Mean N. Korea Sanctions,” Reuters 6/11/03.

“US May Seek To Put Naval Blockade On North Korea; Washington's Plan to Prevent an Expansion of the Country's Nuclear Programme is Beginning to Take Shape,” FT6/10/03, p3.

“Armitage Calls for Multilateral Pressure on North Korea, Remarks at June 9 press roundtable in Tokyo,” US State Dept, 6/9/03. Transcript. <http://lists.state.gov/SCRIPTS/WA-USIAINFO.EXE?A2=ind0306b&L=WF-EASIA&P=R1104>

“Russia Makes First UN Food Donation – to North Korea,” FT6/14-15/03, p3. Russia pledged \$11million in food aid to North Korea through the UN's World Food Program, its first such donation. This move could reflect Russia's desire to play a bigger role on the Peninsula. See: <http://www.wfp.org/newsroom/subsections/search.asp?section=13&countryid=408#>

“North Korea To Expand Private Sector,” FT6/11/03, p6. North Korea has announced reforms such as an expanded range of consumer and industrial goods can now be bought and sold in private “farmer's markets.” It is also reported that North Korea has introduced other reforms making it easier for foreign companies to do business in the country.

“North Korea: Twists and Turns in Negotiations Dance,” Stratfor, 6/11/03. “North Korean officials said they are in the midst of economic reforms, a day after stating that Washington's threatening posture is hindering economic development. Pyongyang said the regime was forced to develop a nuclear program as an economic response to U.S. pressure. The comments mark a change from threatening tactics to an economic appeal for a negotiated settlement with the United States. By playing the economic card, Pyongyang hopes to rebuild strained ties with China and gain more support from South Korea and Russia -- important accomplishments for further negotiations with the United States.” <http://www.stratfor.biz/Story.neo?storyId=218654>

“North Korea: Thinking the Unthinkable” AEI Conference, 6/5/03. Speakers included Nicholas Eberstadt, Selig Harrison, David Kay, and Paul Leventhal

Summary: <http://www.aei.org/events/eventID.339/summary.asp>

Speaker biographies: http://www.aei.org/publications/pubID.17655/pub_detail.asp

Information and presentations: <http://www.aei.org/event339>

PIRACY

“Terrorism on the high seas: Asian shipping at risk,” By John Brandon (Asia Foundation), International Herald Tribune, 6/6/03. “members of the [ARF] forum should follow the lead of Japan and China by signing the United Nations convention that allows them to prosecute pirates caught in their waters for acts of piracy committed in another country's jurisdiction. Failure to combat piracy effectively and prevent terrorists from copying the pirates may deal a blow to Southeast Asia that could reverberate well beyond the region.

[http://www.iht.com/ihtsearch.php?id=98558&owner=\(IHT\)&date=20030606141152](http://www.iht.com/ihtsearch.php?id=98558&owner=(IHT)&date=20030606141152)

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SCIENCE & TECHNOLOGY

“Bangalore Bio 2003,” ATIP03.036, June 2003. Bangalore Bio is a biotechnology conference held in mid-April every year in Bangalore, India. This year's conference focused on Indian R&D, clinical research, biotechnology funding, phyto-pharmaceuticals, and IPR, among other issues. The present report summarizes the conference and reviews the status and latest developments of biotechnology in India. For a summary including a table of contents: http://www.atip.org/public/atip_reports.03/atip03.036.pdf To securely purchase the full version of this report for \$250, please visit: http://www.atip.org/REPORTSMATRIX/public/year2003_total.html

“Smaller Chips, Bigger Stakes: How New Monster Plants Will Transform The Industry; Manufacturers Confronting A Sea Change In Technology And A Market Shake-Up Face Tough Choices,” Tom Foremski, Simon London, and Richard Waters, Commentary, FT6/11/03, p11. Massive advanced chip fabrication plants are the only way to stay competitive in the continually shrinking world of silicon chip production.

“Chip Groups Report Growing Demand,” FT6/10/03, p18. Taiwan Semiconductor Manufacturing (TSMC) and United Microelectronics Company (UMC) said revenues are up 10.6% and 10.96%, respectively, from last year. See: TMSC, <http://www.tsmc.com/tsmcdotcom/PRListingNewsAction.do?action=detail&LANG=E&newsid=1442&newsdate=2003/06/09>; UMC, http://www.umc.com/english/investors/2003_Montly_Rev.asp.

“Reform of the Japanese System for Competitive Research Funding Suggestions,” NSF Tokyo Report Memorandum #03-06, 6/19/03. This report follows up our office's report TRM#02-06 (<http://www.nsfkyo.org/rm02-06.html>). CSTP (Council for Science and Technology Policy) compiled "Suggestions on Reforming Competitive Research Funding System" on April 21, 2003. These notes represent a compilation of the outcomes from ten meetings and hearings subsequent to the CSTP's interim report. [The itemized recommendations for a new competitive funding scheme that are summarized in this report will not be unfamiliar, or seem new, to American researchers. The lack of disciplinary programs within funding agencies in Japan has often caused difficulties in initiating talks on cooperative projects between the United States and Japan. The following reform would enhance the cooperation between the two countries.] <http://www.nsfkyo.org/rm03-06.html>

SECURITY

“Congress Agrees to Administration's Nuclear Weapons Initiatives,” American Institute of Physics Bulletin of Science Policy News Number 74: June 12, 2003. “When House and Senate conferees sit down in coming weeks to resolve differences in the \$400.5 billion National Defense Authorization Act for FY 2004 there will be many points to resolve. Although some provisions of this massive bill will be changed, there is unlikely to be significant alteration to several controversial provisions regarding research on new types of nuclear weapons or in nuclear weapons test site preparations.” <http://www.aip.org/enews/fyi/2003/074.html>

“Rumsfeld Turns Eye To Future Of Army; Mobility, Cohesion Sought For Units,” WP6/8/03, A12. Current Army divisions of 15,000-20,000 troops would be replaced by smaller, more agile “battle groups” of 5,000 troops with enhanced joint capacity under Army reforms proposed by Sec. Def. Rumsfeld.

“New Bases Reflect Shift In Military; Smaller Facilities Sought For Quicker Strikes,” WP6/9/03, A1. The withdrawal of troops from the Korean DMZ and Saudi Arabia are the opening moves in a complex shift of US forces, and should replace many large, permanent US bases with smaller facilities in countries such as Qatar, Bulgaria and Kyrgyzstan to increase their capability to rapidly strike potential adversaries. Article mentions that Japan's bases would remain as a “hub.”

“Retired General Picked To Head Army; Rumsfeld's Choice Of Schoomaker Expected To Rankle Many In Uniform,” WP6/11/03, A9. Retired Army General Peter J. Schoomaker, former Special Operations specialist, appointed as the new Army Chief of Staff on 6/10. Top Army officers will likely see this as a vote of no-confidence in their top ranks.

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“Retiring Army Chief of Staff Warns Against Arrogance,” NYT6/12/03, A12. Army Chief of Staff General Eric K. Shinseki, highest-ranking Asian American in American history, retires warning against arrogance in leadership. “You must love those you lead before you can be an effective leader. You can certainly command without the sense of commitment, but you cannot lead without it. And without leadership, command is a hollow experience, a vacuum often filled with mistrust and arrogance.” See:

<http://www.dtic.mil/armylink/news/Jun2003/a20030612csaretire0603.html>.

“U.S. Widens Checks At Foreign Ports; Cargo Inspection Extended to Several Muslim Nations,” NYT6/12/03, A1. Bush administration places American inspectors at major seaports strategically located foreign ports including many Muslim nations under the Container Security Initiative in an effort to stop terrorists using cargo containers to smuggle weapons and people. See: <http://www.dhs.gov/dhspublic/display?content=957>.

SOUTH ASIA

“Advani visit seals informal alliance with US,” *Time of India*, 6/11/03. “Profound changes are taking place in India-US ties. Almost everything that Deputy Prime Minister L K Advani said on Tuesday at the end of his two-day visit to Washington points to an unprecedented level of confidence, warmth, and fealty between two sides that have had a hard time being on the same wavelength for half a century.”

<http://timesofindia.indiatimes.com/cms.dll/html/uncomp/articleshow?msid=17683>

SOUTH KOREA

“Chaebol On Trial As S Korea Launches Probe,” FT6/10/03, p18. South Korea’s Fair Trade Commission (FTC) launches a “potentially explosive” investigation into the business practices of the country’s giant Chaebols.

SOUTHEAST ASIA

“Suu Kyi Is Unhurt And In ‘Good Spirits’, Says Envoy; UN Diplomat Finally Tracks Down Burmese Opposition Leader,” FT6/11/03, p6.

“Attack On Burmese Activist Seen As Work Of Military,” WP6/9/03, A1.

“Where Is She?” Editorial, WP6/10/03, A20. “Aung San Suu Kyi has not been seen by any credible source since the attack on her convoy by government-sponsored goons 12 days ago. A United Nations representative, Malaysian diplomat Razali Ismail is in Burma, but as of yesterday the regime had not allowed him to visit her. Reports from the scene say she was injured in the attack, but no one knows for sure. Odd behavior for a government so concerned about her safety.”

“UN Envoy Sees Chance of Talks in Burma; Permission to Meet Suu Kyi Called Possible Sign of Willingness to Compromise,” WP6/14/03, A15. UN Special Envoy Razali Ismail, former Malaysian diplomat, was the first foreigner to see Suu Kyi after her detention, though he did not win her release or restart talks between military junta and the National League for Democracy.

“It’s Time to Turn the Tables on Burma’s Thugs” Op Ed By Colin L. Powell (Sec of State), WSJ 6/12/03. “By attacking Aung San Suu Kyi and her supporters, the Burmese junta has finally and definitively rejected the efforts of the outside world to bring Burma back into the international community. Indeed, their refusal of the work of Ambassador Razali and of the rights of Aung San Suu Kyi and her supporters could not be clearer. Our response must be equally clear if the thugs who now rule Burma are to understand that their failure to restore democracy will only bring more and more pressure against them and their supporters.” <http://lists.state.gov/SCRIPTS/WA-USIAINFO.EXE?A2=ind0306b&L=WF-EASIA&P=R10709>

“Text: Senate Passes Burma Sanctions Bill June 11 by 97-1 Margin, Senator Mitch McConnell’s bill would ban imports from Burma,” US State Dept. 6/12/03. “The Senate passed by a 97-to-1 vote June 11 a bill that would ban exports from Burma and freeze assets of the Rangoon regime in the United States. Led by Senator Mitch

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McConnell (Republican of Kentucky), senators from across the political spectrum backed S. 1215, which now goes to the House of Representatives where a similar bill, H.R. 2330, is being marked up by the House International Relations Committee.” <http://lists.state.gov/SCRIPTS/WA-USIAINFO.EXE?A2=ind0306b&L=WF-EASIA&P=R12145>

“Thailand Tiptoes in Step With The American Antiterror Effort,” NYT6/8/03, 17. Thailand PM Thaksin Shinawatra quietly cooperates with US in the war against terror, allowing the CIA to bring suspected Al Qaeda members to Thailand for interrogation and allowing the US Air Force to use Thai bases for wars in Iraq and Afghanistan. However, discreet efforts are not enough for Bush Administration, which is unsatisfied.

“Time To Lean On Thailand,” Morton Abramowitz (Senior Fellow, Century Foundation; American Ambassador to Thailand, 1978-1981), op-ed, WP6/9/03, A21. “The United States no longer has the influence it once had in Thailand, but what the United States says and does is still important there. A reversal of Thai policy is far more likely to help produce some change in Burma than other American embargo measures. One hopes President Bush will make clear to the prime minister the strong U.S. opposition to his Burma policy and the extrajudicial murders he condones in the war on drugs.”

“Democracy in Cambodia - 2003: A Survey of the Cambodian Electorate” is an Asia Foundation (6/6) report of a national survey of Cambodia's population in advance of the July 2003 National Assembly elections. The aim of the survey, which is a follow-up to a similar poll conducted in 2000, is to provide detailed information on the knowledge and attitudes of Cambodian voters, so that NGOs and other providers of voter education can more accurately plan their efforts. The survey also repeated a variety of questions from the first survey, providing measures of the progress of democratization in Cambodia and the impact of voter education projects. The study builds on the findings of an earlier phase of the research, involving in-depth interviews with voters in Phnom Penh and five rural villages, conducted in December of 2002. For more information on this project and to download the full survey, go to: <http://www.asiafoundation.org/news/news-6603.html>

TAIWAN

“ECONOMIC MONITOR: TAIWAN: Banking Blues, Taiwan needs to fix its ailing banks, but legislators have had trouble coming to grips with the problem,” FEER 6/12/03, p46.
http://www.feer.com/articles/2003/0306_12/p046econmon.html

“Chen Shui-bian and Building Democracy,” Atlantic Council Bulletin, May 2003, Meeting report.
<http://www.acus.org/Publications/bulletins/Asia/Chen%20Bulletin.pdf>

“Prospects and Politics of a U.S.-Taiwan Free Trade Agreement” AEI Conference, 6/2/03. Speakers included Gordon Chang, Rep. Tom DeLay (R-Tex.), Wu Li-pei, and Therese Shaheen.
Online video: http://video.c-span.org:8080/ramgen/mdrive/e060203_u.s.taiwan.rm
Summary: <http://www.aei.org/events/eventID.252/summary.asp>
DeLay's remarks: http://www.aei.org/news/newsID.17544/news_detail.asp

TRADE

“Vietnam’s Catfish Farmers Left Reeling by US Duty Threat; Lessons are Learnt in the Realpolitik of Global Trade as a Flourishing Export Market is Hit by Anti-Dumping Fees,” FT6/14-15/03, p3.

US ECONOMY

“Fed Says Economy May Be Set To Rebound,” NYT6/12/03, C4. Federal Reserve releases Beige Book. 4 of its 12 districts (Dallas, Kansas City, New York and Minneapolis) detected signs of increased economic activity and no districts reported further deterioration since the last report in late April. “The unwinding of war-related concerns appears to have provided some lift to business and consumer confidence, but most reports suggest that the effect has not been dramatic.” See: <http://www.federalreserve.gov/fomc/beigebook/2003/20030611/default.htm>

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5) WEBSITE OF THE WEEK

China Elections and Governance

China Village Elections Project, The Carter Center, Atlanta, GA, USA.

Self-description: "The 'China Elections and Governance' [...] was launched in September 2002 jointly by The Carter Center and the Research Center on Chinese Local Governance at Beijing University, available in both Chinese and English. It provides Chinese officials at all levels a resource center for governance and election affairs and gives scholars worldwide the opportunity to study Chinese politics and offer reform measures. Users can access news, articles, academic papers, laws and regulations, and data on Chinese elections and governance on all levels. The site also features exclusive reports on election and governance matters commissioned by the China Elections Project at The Carter Center. The Carter Center is a not-for-profit, nongovernmental organization founded in 1982 in Atlanta by former U.S. President Jimmy and Rosalynn Carter in partnership with Emory University."

Supplied note: "The [...] site now contains about 20,000 articles on various aspects of the Chinese government and changes in Chinese politics."

URL <http://www.chinaelections.org/>

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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