

## APW

### News & Views

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16 Pages

- 1) [JIAP NEWS](#)
- 2) [MEMBER NEWS](#)
- 3) [CRITICAL REPORTS](#)
- 4) [OPINION, REPORTS & STATEMENTS](#)
- 5) [WEBSITE OF THE WEEK](#)
- 6) [KEY & QUICK NEWS LINKS](#)

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## 1. JIAP NEWS

### NEW JIAP PROGRAM

#### **Saving the Sun: A Wall Street Gamble to Rescue Japan from Its Trillion-Dollar Meltdown**

with **Gillian Tett** (Financial Times; Author, *Saving the Sun*)

Monday, September 15, 2003

Noon – 1 :30 PM

Location: The Law firm of Sidley Austin Brown & Wood LLP, 1501 K Street, NW, 6th Floor, Washington, DC. (736-8000)

Sandwich lunch will be provided, \$10 for JIAP members, \$20 Non-members

Copies of Ms. Tett's book will be available for purchase.

Registration: please email Seth ([sdrewry@jiaponline.org](mailto:sdrewry@jiaponline.org)), or call 202-822-6040, or online <http://www.jiaponline.org> (available soon!)

**Contents: COVER STORIES, JAPAN:** Japan Banking, Japan Business, Japan-Economy, Japan-Foreign Policy, Japan-Politics, Japan-Security, Japan-Society & Culture, Japan-Trade **JAPAN RELEVANT:** Antitrust, Australia, China-Economy, China-Hong Kong, China-Foreign Policy, China-Politics, Foreign Policy, Global Economy, India, Intelligence, Iran Issues, Iraq Issues, North Korea, Science & Technology, Security, South Asia, 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](mailto: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

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## 2) MEMBER NEWS

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**“U.S.-China Relations: SARS, Summitry, and Sanctions,”** by **Bonnie S. Glaser**, Consultant on Asian Affairs, JIAP Member, Comparative Connections, July 2003. “Although Beijing was distracted this quarter by the SARS epidemic, there was still progress in U.S.-Chinese relations. Dealing with North Korea's nuclear weapons programs continued to top the bilateral diplomatic agenda with China orchestrating and hosting trilateral talks in Beijing. Presidents Bush and Hu Jintao agreed to seek a peaceful solution to the nuclear weapons issue in a summit on the sidelines of the G-8 meeting in Evian and exchanged views on other international and bilateral issues. In an unprecedented joint effort between the U.S. Drug Enforcement Administration and law enforcement authorities in China and Hong Kong, the U.S. and China succeeded in dismantling a heroin smuggling organization that targeted the U.S. and Canada. [http://www.csis.org/pacfor/cc/0302Qus\\_china.html](http://www.csis.org/pacfor/cc/0302Qus_china.html)

**“U.S.-Southeast Asia Relations: Southeast Asia Solidifies Antiterrorism Support, Lobbies For Postwar Iraq Reconstruction,”** by **Sheldon W. Simon**, Arizona State University, JIAP Member, Comparative Connections, July 2003. “The past quarter has witnessed growing antiterrorist cooperation by core ASEAN states with the U.S. Although Indonesia, Malaysia, and Thailand were reticent about supporting the U.S. war in Iraq, these states as well as Singapore and the Philippines - openly enthusiastic about Washington's quick Iraq victory - are looking beyond the war to economic reconstruction opportunities there. American plans to reduce and reposition forces in the Pacific may have a Philippine component if Manila agrees to prepositioning military supplies. The U.S. also expressed concern over Indonesia's military assault on Aceh province, Cambodian violence against Thai residents, and Burma's crackdown on the pro-democracy opposition.” [http://www.csis.org/pacfor/cc/0302Qus\\_asean.html](http://www.csis.org/pacfor/cc/0302Qus_asean.html)

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## 3) CRITICAL REPORTS

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**“Free-Trade Diplomacy Fuels Debate on Taiwan,”** WSJ7/16/03, A12. Taiwan and conservatives in the US Congress push US-Taiwan FTA to check Beijing's influence.

**“U.S., N. Korea Drifting Toward War, Perry Warns; Former Defense Secretary Says Standoff Increases Risk Terrorists Obtaining Nuclear Device,”** WP7/15/03, A14. Former Defense Secretary William Perry rants about Bush Administrations North Korean policy. Perry noted, "I have held off public criticism to this point because I had hoped that the administration was going to act on this problem, and that public criticism might be counterproductive. But time is running out, and each month the problem gets more dangerous." He concludes, “I think we are losing control.” <http://www.washingtonpost.com/ac2/wp-dyn?pagename=article&node=&contentId=A56019-2003Jul14&notFound=true>

**“A Korean Catastrophe,”** Sen. Richard G. Lugar (R-IN, Senate Foreign Relations Committee), Op-Ed, WP7/17/03, A21. “Much of official Washington is worried, quite rightly, about the crisis over North Korea's nuclear weapons program. Pyongyang's secret program to make bomb-grade uranium, its eviction of nuclear inspectors and its claims to have reprocessed spent reactor fuel for nuclear weapons pose direct threats to U.S. national security. I encourage President Bush to keep working with our friends and allies in the region to persuade North Korea to change course... These proposals are controversial. Some will draw objections from Pyongyang, or frankly, from some of our partners and allies in the region. That is no reason not to act. It is time for the United States to lead on these issues.”

**Chairman's Statement: From Proliferation Security Initiative (PSI) meeting in Brisbane on 9-10 July by Paul O'Sullivan (Chairman),** Nautilus Policy Forum. “This was the second meeting of the eleven PSI countries. The first meeting was in Madrid on 12 June. Participants are Australia, France, Germany, Italy, Japan, the Netherlands, Poland, Portugal, Spain, the UK and the US. The Madrid meeting was unanimous on the need to take active measures to stop the flow of WMD, missiles and related items to and from proliferators. This reflected the international alarm at the growing trade in WMD, missiles and related items, including the risk that these might fall into the hands of terrorists.” [http://www.nautilus.org/fora/security/0336\\_Sullivan.html](http://www.nautilus.org/fora/security/0336_Sullivan.html)

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Also can be found:

7/9-10 - **Proliferation Security Initiative (PSI)**, Brisbane, Australia, Meeting, **CHAIRMAN'S STATEMENT**, <http://www.dfat.gov.au/globalissues/psi/index.html>

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## 4) OPINION, REPORTS & STATEMENTS

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### COVER STORIES

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**NATIONAL JOURNAL** – “**Diagnosis Critical** - How far do the 2004 candidates' health plans go toward solving pressing problems? Our expert panel grades them,” 7/19/03, <http://nationaljournal.com/members/news/2003/07/0718nj1.htm>.

**ECONOMIST** – “**The Case for War—Revisited** - Given that no weapons of mass destruction have been found in Iraq, was the war really justified?” 7/19/03, <http://www.economist.com/printedition/Index.cfm?d=20030719>.

**FAR EASTERN ECONOMIC REVIEW** – “**Tung in Trouble** - A power vacuum looms in China's most affluent and open city as overwhelming popular opposition to the local government's proposed new security laws has undermined the authority of Chief Executive Tung Chee-hwa and split his ruling coalition. The growing crisis is a major test for China's new leadership team,” 7/17/03, [http://www.feer.com/articles/2003/0307\\_17/p014region.html](http://www.feer.com/articles/2003/0307_17/p014region.html).

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### JAPAN

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#### JAPAN-BANKING

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“**Bank Chiefs May Be Fired For Missing Earning Targets**,” FT7/16/03, p6. FSA announces proposal that would force top managers at Japanese banks, including at Mizuho, SMFG, and UFJ, to resign if they fail to meet FSA’s earning targets.

“**Foreign Banks Face Japanese Tax Probe**,” FT7/18/03, p18. Japanese tax authorities decide to investigate foreign banks and investment companies in Japan including Goldman Sachs, Merrill Lynch, UBS, Morgan Stanley and Cerberus, raising questions about the treatment of foreign investors in Japan.

#### JAPAN-BUSINESS

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“**Domestic Ambitions Must Take Back Seat to US, Asia Efforts; Even If the Japanese Carmaker Revives Its Performance in the Country, It Is Not as Important as Developing Ties Overseas**,” FT7/14/03, p18. New Honda President Takeo Fukui inherits the challenge to revive Honda’s domestic market. Last year Honda reported Y7.362 trillion in revenues, of which Y4.184 trillion was from North America and only Y1.867 trillion from Japan.

“**Japanese Tax Bill For Lone Star Worries Foreign Funds**,” FT7/17/03, p20. US investment company, Lone Star faces \$120 million tax bill after allegedly failing to declare income between Y38-40 billion.

#### JAPAN-ECONOMY

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“**Bank Of Japan Assessment Fuels Hopes Of Recovery**,” FT7/17/03, p6. BoJ slightly raised its outlook for the economy in its “Monthly Report of Recent Economic and Financial Developments July 2003” released on 7/16, stating that economic activity remained “virtually flat,” but added that exports should improve. See: <http://www.boj.or.jp/en/seisaku/03/pb/gp0307.htm>

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**“Shortfall In Pensions Puts Recovery At Risk,”** FT7/16/03, p19. According to Daiwa Institute of Research, Japan’s top 300 companies suffer from pension losses totaling \$196 billion. See: <http://www.dirus.com/Economic/EconomicMonthly/M0307.pdf>

**“Japan’s Bond Market: Too Big?; Investors Worry That An End To Bull Market in Nation’s Debt Will Bring a Very Hard Landing,”** WSJ7/16/03, C1. “Indeed, the recent wild ride poses an uncomfortable question: When the end of the Y504 trillion (\$4.27 trillion) bull market in Japanese government bonds does come-and the Japanese economy, moribund as it is, has to recover some day-is Japan set for a painfully hard landing?”

**“Hopes Brighten As Concern Persists In Japan,”** NYT7/16/03, W1. The Japanese economy, while still deeply troubled, has investors optimistic.

**“Economics Focus/A Saving Grace; Japanese Households; Have Lost Their Appetite For Thrift,”** Economist, 7/5/03, p67. Japanese household savings has fallen from 23% in 1975 to 6.9% in 2001, and is still declining.

**Country Analysis Brief on Japan, US Dept of Energy.** An updated report. Included in the report are the latest estimates of Japan's energy statistics, plus an up-to-date discussion of the country's energy sector developments. <http://www.eia.doe.gov/cabs/japan.html>

## JAPAN-FOREIGN POLICY

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**“Iraq reconstruction assistance: Delaying dispatch of SDF becoming likely; With planned October dispatch overlapping with timing for "planned general election for this fall," should there be casualties just before polling day, it would have a bad effect on the election; Dispatch likely to be delayed to mid-November or later,”** SANKEI 7/17/03, p2, US Embassy Translation 7/18/03.

**“Editorial: Justifying the Iraq war -- The reasons for Mr. Koizumi's luck,”** ASAHI 7/11/03, p2, US Embassy Translation 7/14/03. “In spite of all these circumstances, no significant decline has emerged in the support rates for the Koizumi cabinet. Because Japan did not take part in warfare, does the Japanese public regard arguments over the justification [of the war] as having nothing to do with us? Or, are the Japanese hoi polloi resigned to the notion that there is no choice but to blindly follow the U.S.?”

**“Japan-Korea Relations: “Containment Lite”,”** by Victor D. Cha, Walsh School of Foreign Service, Georgetown University, Comparative Connections July 2003. “The quarter saw Japan implement its own version of the Bush administration's “containment lite” policy toward North Korea, inspecting and detaining DPRK vessels. Pyongyang accused Tokyo of taking the first step to sanctions (which North Korea equates with war). Japan responded to the North's bluster not by cowering but by making serious steps toward a robust missile defense system as well as toward emergency security legislation that would give the government the power to respond to military crises. Meanwhile, South Korean President Roh Moo-hyun did his own rendition of a Madison Avenue-type media blitz of Japan, leaving summit observers with some choice memories of his off-the-cuff style. [http://www.csis.org/pacfor/cc/0302Qjapan\\_skorea.html](http://www.csis.org/pacfor/cc/0302Qjapan_skorea.html)

## JAPAN-POLITICS

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**“Japan's gaffe-prone politicians: Japan's ruling party is reeling from the latest gaffe by one of its members.”** BBC Online, 7/14/03. “Senior Japanese politician Takami Eto sparked complaints from China at the weekend after he suggested that the Nanking massacre during World War II was a “big lie”” <http://news.bbc.co.uk/2/hi/asia-pacific/3058189.stm>

**“Japan’s Telcos Kick Over The Traces; The Regulator Is Under Fire Over New Rules That Will Allow NTT To Raise Its Access Charges,”** FT7/17/03, p20. KDDI, Japan Telecom, Cable & Wireless IDC, PoweredCom, and Fusion Communications file lawsuit against the MPHPT for seeking to nullify new rules that will allow NTT to raise access charges by 5%.

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**“Facing Judge, Jury And Executioner,”** FT7/18/03, p18. Fearing an angry response, foreign investors refrain from appealing tax bills with the FSA. “There is a deep disquiet about the fact that any attempt to object to the tax authority’s decisions, appeal a tax bill or even discuss the reasoning behind a particular conclusion will trigger an angry response.”

#### JAPAN-SECURITY

**“Japan: Semantics and Naval Enhancement,”** Stratfor 7/14/03. “Japan's fiscal 2004 defense budget reportedly includes financing for the first of two planned helicopter destroyers to replace those currently in service. The new ships are destroyers in name only -- they are effectively escort carriers, twice the size of the ships they are replacing, and will be the two largest fighting ships in the Japanese fleet. Originally approved in the December 2000 mid-term defense plan, the acquisition reflects the shifting attitudes in Tokyo where, as long as there is a semantic cover, nearly any military acquisition or deployment is possible without abandoning the "pacifist" constitution.”  
<http://www.stratfor.biz/Story.neo?storyId=220038>

#### JAPAN-SOCIETY & CULTURE

**“Triple Suicide Forces Japanese To Face Menace Of Loan Sharks,”** WP7/19/03, A1. As economy flounders, loan sharking has grown to include over 1 million victims.

#### JAPAN-TRADE

**“Text: WTO Panel Sides with U.S. Regarding Japan's Apple Restrictions (July 15 USTR press release),”** US State Dept, 7/15/03. <http://lists.state.gov/SCRIPTS/WA-USIAINFO.EXE?A2=ind0307c&L=WF-EASIA&P=R1095>  
**JAPAN – MEASURES AFFECTING THE IMPORTATION OF APPLES, Report of the Panel, WTO,**  
[http://www.wto.org/english/tratop\\_e/dispu\\_e/245r\\_e.doc](http://www.wto.org/english/tratop_e/dispu_e/245r_e.doc)

**“Japan to Boost Beef Tariffs Despite U.S. Protests; Officials Discuss Safety Issues,”** BNA, 7/14/03, A17.

**“Beef Import on Rise, Recovering From BSE Epidemic, But Catering Industry Likely to Sustain Blow From Tariff Rise,”** Tokyo Shimbun, 7/15/03, p3. [US Embassy Translation].

**“U.S. Calls On Japan Not to Raise Tariffs on Beef Imports,”** Inside US Trade, 7/18/03, p15.

**“US Considers Beef Safety Reforms to Stave Off Japanese Import Ban,”** Inside US Trade, 7/18/03, p7. USDA is considering a mandatory animal identification system to track the history of animals suspected of infection.

**“Canucks Seen as Pot-Smoking Sodomites,”** Edmonton Sun, 7/25/03. Canadian piece colorfully expressing exasperation at Bush Administration cold shoulder to Canada. JIAP Director Mindy Kotler comments on the Mad Cow dimension. See: <http://www.canoe.ca/EdmontonNews/es.es-07-25-0016.html>.

**“Place of Origin Labels Recommended for Processed Food Imports in Japan,”** BNA, 7/30/03, A4.

#### JAPAN-RELEVANT

#### ANTITRUST

Conclusion of the **"AGREEMENT BETWEEN THE GOVERNMENT OF JAPAN AND THE EUROPEAN COMMUNITY CONCERNING COOPERATION ON ANTI-COMPETITIVE ACTIVITIES"** between the Government of Japan and the European Community, Signed 7/10/03. Press Release: <http://www2.jftc.go.jp/e-page/press/2003/july/030710.htm> and link to Japanese language document. English language: <http://www2.jftc.go.jp/e-page/about/agree/J-ECagreement.htm>

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**AUSTRALIA**

**“Australian Plans: U.S. Wants Canberra to Take Part in Missile Defense,”** Global Security Newswire, 7/14/03. [http://www.nti.org/d\\_newswire/issues/newswires/2003\\_7\\_14.html#9](http://www.nti.org/d_newswire/issues/newswires/2003_7_14.html#9)

**“Australia: Future Role in the Pacific Rides on Solomon Islands Mission,”** Stratfor 7/17/03. “Australian forces are preparing to deploy to the Solomon Islands on July 24 as head of a multinational intervention to stabilize that country. Although the Solomon Islands has a tiny GDP and size relative to Australia and ranks 79th among Australia's trade partners, the intervention is shaping up to have a major impact on Canberra's foreign policy and Australia's participation in the war against terrorism.” <http://www.stratfor.biz/Story.neo?storyId=220177>

**“U.S.-Australia Relations: The U.S. and Australia in the Age of Terror”** by Hugh J. White, Australia Strategic Policy Institute, Comparative Connections July 2003. “Some believe Sept. 11 marked a turning point in the U.S.-Australia relationship, with a much strengthened trend to a deeper and closer alliance. This view is often used to support a wider hypothesis: that Australia is undertaking a fundamental realignment away from Asia and toward the U.S. The Howard government has put less rhetorical weight on Australia's relationships in Asia than did its predecessor. Even so, relationships as old and deep and complex as that between the U.S. and Australia have a tempo and a trajectory that are not easily transformed by individual events - even events as resonant as the terrorist attacks of Sept 11. It may be that the current phase of evolution of the U.S.-Australia alliance reflects the influence of longer-term, slower-acting, but in the end, more powerful forces.” <http://www.csis.org/pacfor/cc/0302Qoa.html>

**“Partnership for a Stronger Future: U.S.-Australia FTA Friends When it Counts,”** American-Australian Free Trade Agreement Coalition (AAFTAC) July 2003. A lobbying document by a lobbying firm, Wexler and Walker Public Policy Associates, <http://www.aaftac.org/Partnership.pdf>, <http://www.wexlergroup.com/bottom.htm>

**Visit to Japan by Prime Minister John Winston Howard of Australia (MOFA)**

**Australia-Japan Trade and Economic Framework,** <http://www.mofa.go.jp/region/asia-paci/australia/pmv0307/economy.html>

**Australia-Japan Joint Statement on Cooperation to Combat International Terrorism,** <http://www.mofa.go.jp/region/asia-paci/australia/pmv0307/terrorism.html>

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**CHINA-ECONOMY**

**“China Backs ‘Sound’ Exchange Rate System But Hints At Change,”** FT7/18/03, p4. Foreign Ministry spokesman Kong Quan said that China would not bow to US pressure over changing its exchange rate system, but would “adjust the renminbi exchange rate system” by broadening the current Rmb8.276-Rmb8.20 to the US dollar, following Alan Greenspan’s warnings on the dangers of continued RMB-dollar peg. See: <http://www.fmprc.gov.cn/eng/53083.html>

**“Greenspan Warns Over China’s Dollar Peg,”** FT7/17/03, p1. Federal Chairman Greenspan warned on 7/16 at a congressional hearing before the Senate Committee on Banking, Housing, and Urban Affairs hearing that pegging the Renminbi to the dollar will harm China’s economy and recommended that it be let to float. Greenspan said, “It has required them to...be very heavily purchasers of US dollar-denominated assets. At some point they will no longer be able to do that because it will create an inability to their monetary system to function well.” See: <http://www.federalreserve.gov/boarddocs/hh/2003/july/testimony.htm>.

**“Oil Well Raids Spark Dispute with Private Sector,”** FT7/14/03, p3. Thousands of oil investors and derrick workers in northern Shaanxi Province, China have demonstrated against the confiscation of 6,000 small oil wells by local authorities.

**“Fickle Chinese Take Foreign Carmakers On A Long Drive; Joint Ventures Can Be Tricky In A Country Between Marx And The Market,”** FT7/18/03, p12. Foreign carmakers have little say in choosing a partner in joint ventures in China, creating a complicated web of ventures with foreign support.

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**“Sars Slows Chinese Growth To 8.2% In First Half,”** FT 7/17/03, p6. China’s economic growth slowed to 8.2% in first six months of 2003 from 9.9% in the first six months of 2002.

**“Despite SARS, China’s Economy Bounces Back; Spending By Consumers, Government Spurs Growth; Worries Of A Credit Binge,”** WSJ7/14/03, A1. China reports a first-half GDP growth of 8%, manufacturing grew 16.9% in June, exports grew 32.6% in June.

**“Tycoons At Risk In China’s Murky Business World; Entrepreneurs Are Falling Foul Of The Law But They May Be Being Singled Out Of For Other Reasons,”** FT7/17/03, p6. After 18 months in which four business tycoons and three senior bankers have been arrested in China, agricultural entrepreneur Sun Dawu of Dawu Farming and Husbandry Group is arrested for illegally taking financial investments.

## CHINA- HONG KONG

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**“Beijing Still Has HK’s People On Its Side,”** Veron Hung, Associate, (Carnegie Endowment for International Peace,) Op-Ed, FT7/16/03, p13. “Beijing has yet to respond to the crisis in Hong Kong, although its liaison office in the territory yesterday warned against making Hong Kong a “political city”. At present, Hong Kong’s people are anti-Tung only. If Beijing shows continued support for Mr Tung and fails to honour its promise to allow more democracy in Hong Kong, that is likely to generate anti-Beijing sentiment. Chinese leaders should ask themselves again why it was that Hong Kong’s people welcomed Mr Wen. The answer is that he connected with them. The essence of connection is listening.”

**“Heady Days In Hong Kong,”** Editorial, NYT7/17/03, A26. “The danger is that Beijing will react reflexively and fearfully, cracking down on Hong Kong’s protest movement to discourage anything similar happening elsewhere in China. That would continue the costly and unimaginative approach of China’s leaders since the mainland democracy movement was crushed in 1989. China is still paying dearly for those policies through a diminished reputation abroad and a loss of political vitality to match its economic vitality at home.”

**“Hong Kong’s Chief Ousts 2 Key Aides Targeted In Protests; Leader Summoned To Beijing For Talks,”** WP7/17/03, A9. Hong Kong Chief Executive Tung Chee-hwa announces on 7/16 the resignations of his two most unpopular cabinet members, Security Secretary Regina Ip and Financial Secretary Anthony Leung.

**“HK Leader On Shaky Ground After Resignations; Though Beijing Seems Troubled By Events, He Could Strengthen His Position With A Meaningful Cabinet Reshuffle,”** FT7/16/03, p6.

**“Hong Kong Pro-Democracy Demonstration Attracts 20,000,”** FT7/14/03, p3.

**“Hong Kong Offers Protesters Hope; After Fresh Demonstration Comes Timeline For Change; Beijing Probes Opposition,”** WSJ7/14/03, A9. In the third major demonstration in July, 9,000-15,000 HK citizens demanded a direct, universal voting system for the Chief Executive and legislature; after protests, the government released timeline for electoral change.

**“Hong Kong’s Summer of Discontent; Spread of Unrest Feared by Beijing,”** WP7/15/03, A1. Human rights groups in Hong Kong say that the former colony’s return to China has made it easier for activists to influence people and events on the mainland.

**“Hong Kong’s Moderate Rabble-Rousers,”** Hugo Restall (Editorial Page Editor, Asian Wall Street Journal), Op-Ed, WSJ7/15/03, A15. “The biggest mistake Beijing could make would be to dismiss Hong Kong’s protests as the work of counterrevolutionary ‘black hands,’ as it did in 1989. On the one hand, the territory has been fortunate to have its rabble-rousers people as moderate and reasonable as Mr. Tsoi; and on the other, if he and colleagues hadn’t behaved as they did, they would have likely attracted only thousands of supporters instead of hundreds of thousands.”

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**“Slow Burn in Hong Kong,”** David Ignatius, Op-Ed, WP7/15/03, A19. “A steady march forward, which keeps pushing for democracy in Hong Kong without triggering a bloody crackdown, seems likely to bring slow but steady progress—in the former colony and in the rest of the country as well. As Beijing must realize, there really isn’t any other way for a modern China to go.”

**“The Distance Between The Mainland’s Plans For Political Reform And What Hong Kong Wants Is Very Large,”** Commentary, FT7/18/03, p9. “The talks between Mr. Tung and Chinese leaders in Beijing this week may yield little but a temporary fix to a long-term structural problem. Ultimately, it may not be possible to ensure the continued prosperity and social harmony of Hong Kong unless the territory’s destiny is set more squarely by the people who live there.”

**“China’s Dilemma In Hong Kong; Beijing Must Accept Democratic Reforms In The Territory,”** Editorial, FT7/18/03, p10. “The hardest task for China will be to impose a new chief executive on Hong Kong as a much-needed replacement for Mr. Tung, whether it is done now or later. By comparison, the controversial choice of Mr. Tung at the time of the 1997 handover will come to seem easy.”

**“Hong Kong’s Unemployment Rate Reaches New High Of 8.6%,”** FT7/18/03, p4. HK’s jobless total grew by 12,700 to 300,000 between April and June 2003.

**“A Bill Too Far; The New Internal-Security Bill Needs Amending, And Preferably Scrapping,”** Editorial, Economist, 7/5/03, p1. “If the [Hong Kong internal security] bill does go through unaltered, one casualty is sure to be Hu Jintao’s reputation in the West. On June 19<sup>th</sup>, President Bush’s spokesman explicitly called for the bill to be modified, and implicitly threatened that, if it is not, there may be economic consequences. Mr. Hu, who has been China’s president for the past four months, though leader of the Communist Party for eight, has sometimes been viewed as a potential if cautious reformer. Encouragingly, he has been more open than would have been possible in the past about a recent submarine accident, and he dismissed a minister and a mayor over China’s flat-footed and secretive response to SARS. But by allowing the tame government in Hong Kong to press ahead with the security bill, and by failing in his eagerly awaited speech of July 1<sup>st</sup> to support even the most limited of political reforms, he has now disappointed the world twice.”

#### CHINA-FOREIGN POLICY

**“China Signals End Of The Line For Transrapid,”** FT7/17/03, p20. China may pass on Germany’s Transrapid system, \$23 billion rail system made by Siemens and ThyssenKrupp, to connect Shanghai and Beijing. Some reports say China may use Japan’s *Shinkansen* instead.

#### CHINA-POLITICS

**“China’s Sentence of Tycoon Is Seen As Warning Shot,”** WSJ7/16/03, A12. Yang Bin’s harsher than expected 18-year prison sentence for fraud and bribery is seen as a warning to other entrepreneurs involved in extralegal business dealings.

**“Leaders Wave Goodbye To Seaside Ritual,”** FT7/19-20/03, p4. Hu Jintao and Premier Wen Jiabao decide that the yearly Beidaihe seaside resort ritual for top Chinese officials projects a poor image to the world.

#### FOREIGN POLICY

**“When Frontier Justice Becomes Foreign Policy,”** Thomas Powers, (Author, “Intelligence Wars: American Secret History From Hitler to Al Qaeda.”) Op-Ed, NYT7/13/03, p1. “But how can Washington be sure that killing Mr. Hussein will be a change for the better? Success might only clear the path for another Iraqi leader, just as intransigent but free of Mr. Hussein’s terrible burden of decades of crime against his own people. Like most questions in wartime, this one is impossible to answer in advance. The administration clearly thinks there is more to be gained than lost, and the public, so far, appears content to wait and see.”

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**“Inconvenient Facts...,”** Harold Meyerson (Editor, American Prospect), Op-Ed, WP7/17/03, A21. “There are no stubborn facts in the Bush White House, just stubborn men. This is an administration that will not be cowed by truth... My friends on the left fear the administration’s budding imperialism. I’m more concerned by its raging anti-empiricism.”

## GLOBAL ECONOMY

**“Asia’s Hot Auto Sales Aid Suppliers,”** WSJ7/16/03, C14. Auto sales boom in Asia attracts investors to auto manufacturer suppliers, including Denway Motors of China and Maruti Udyog of India.

**“Starving Go Without While West Focuses On High-Profile Cases,”** FT7/17/03, p3. The *World Disasters Report 2003* published on 7/17 by the International Federation of Red Cross and Red Crescent Societies states that the “war on terror” has shifted relief aid to high profile areas such as Afghanistan and Iraq, while other chronic situations such as AIDS and famine in Africa are neglected. See: <http://www.ifrc.org/publicat/wdr2003/>.

**“UN Action Plan Fails To Improve Poorest Nations,”** FT7/18/03, p5. UN High Representative for Least Developed Countries (LDCs) Anwarul Chowdhury discussed on 7/17 the *Implementation of the Programme of Action for the Least Developed Countries* report, which monitors the progress of the UN’s economic and social efforts for LDCs. High Representative Chowdhury cited AIDS, debt, and agricultural subsidies of developed nations are major obstacles to reducing poverty. Statements: <http://157.150.195.46/special-rep/ohrlls/ohrlls/hr%2016%20July%202003%20-%20SGs%20report%20-%20POA%20of%20the%20LDCs.htm>. Report: [http://157.150.195.46/special-rep/ohrlls/ohrlls/A\\_58\\_86%20-%20E\\_2003\\_81%20English.pdf](http://157.150.195.46/special-rep/ohrlls/ohrlls/A_58_86%20-%20E_2003_81%20English.pdf).

**“The Future Looks Grim For The World’s Failing Nations,”** Martin Wolf, Op-Ed, FT7/16/03, p13. “Eliminating extremes of destitution is the greatest challenge of our age. The millennium development goals should at least concentrate our minds on that task. Progress has been made. But, on current trends, hundreds of millions of people will still be deprived of a minimally bearable existence even half a century from now. If the rich world opens its markets and its wallets, it may not eliminate extremes of misery. If it refuses, it is sure to fail.” Comments on UNDP’s *Human Development Report 2003*, see: <http://hdr.undp.org/>.

## INDIA

**“India Rejects Request By U.S. for Iraq Force; Officials Say U.N. Mandate Needed,”** WP7/15/03, A10. After weeks of discussions, India decided on 7/14 not to send peacekeeping troops to Iraq. India had been considering sending a full army division – about 17,000 men - to Iraq, which would have made it the second largest army contingent after the US. See: Indian PM’s statement on sending troops to Iraq, <http://pmindia.nic.in/siraq14jul2k3.pdf>.

## INTELLIGENCE

**“Bush, Rice Say Intelligence Services Cleared State of Union Speech, President not trying to mislead public, Powell says,”** US State Dept, 7/14/03. <http://lists.state.gov/SCRIPTS/WA-USIAINFO.EXE?A2=ind0307b&L=WF-EASIA&P=R14953>

**“Tenet Likely to Survive Intelligence Controversy, Experts Say,”** Global Security Newswire 8/17/03. [http://www.nti.org/d\\_newswire/issues/newswires/2003\\_7\\_17.html#1](http://www.nti.org/d_newswire/issues/newswires/2003_7_17.html#1)

**“Tenet Says He Didn’t Know About Claim,”** WP7/17/03, A1. CIA Director George J. Tenet tells closed Senate Intelligence Committee lasting late into the evening on 7/16 that his staff did not inform him about the inclusion of questionable accusations that Iraq sought to obtain uranium from Nigeria in Pres. Bush’s State of the Union address, although he takes full responsibility for the statement. See: <http://intelligence.senate.gov/hr108.htm#July%202003>

**“New Details Emerge On Uranium Claim And Bush’s Speech,”** NYT7/18/03, A1. Alan Foley, CIA WMD expert, testifies at Senate Select Committee on Intelligence on 7/16 that he told NSC Director for Non- Proliferation

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Bob Joseph before Bush's State of the Union address that the Iraq-Niger uranium connection was dubious and should not be included.

**“Intelligence Dispute To Be Aired In Public,”** FT7/16/03, p4. Public hearing of the U.S. House Permanent Select Committee On Intelligence to be held the week of 7/21, following a private Senate Select Committee On Intelligence hearing with CIA Director George Tenet.

**“Lack Of Intelligence,”** Editorial, WSJ7/14/03, A10. “The yellowcake assault is itself an abuse of intelligence, and if it extends to a full-scale probe it has the potential to damage a vital tool of U.S. security in the war on terror. Especially after 9/11 and in a world of WMD, the U.S. needs intelligence analysts willing to question their own assumptions, as well as policy makers willing to help them do it. We wish the Bush Administration would stop playing who baked the yellowcake and start explaining to Americans that intelligence is too important to be politicized.”

#### IRAN ISSUES

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**“Sagging Morale Dogs US Forces In Iraq,”** F7/17/03, p7. Gen. John Abizaid, new head of US Central Command, said at his first news conference on 7/16 that the US was facing “a classical guerilla-type campaign against us. It's low-intensity conflict, our doctrinal terms, but it's war however you describe it,” contradicting Defense Sec. Rumsfeld's assurances on 6/30 that Iraq opposition was nothing like guerrilla war. See: <http://usinfo.state.gov/topical/pol/terror/texts/03071622.htm>.

**“Enriched Uranium Traces Found In Iran,”** WP7/19/03, A15. U.N. nuclear inspectors on 7/18 discovered traces of uranium near the town of Natanz where Iran is constructing a uranium processing plant.

#### IRAQ ISSUES

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**“Guerrilla War Acknowledged; New Commander Cites Problems,”** WP7/17/03, A1. U.S. Military Commander in Iraq Army Gen. John P. Abizaid said on 7/16 at the Pentagon that American troops in Iraq were engaged in classic “guerilla-type” warfare, sharply contrasting with earlier statements by Defense Secretary Donald Rumsfeld. The Iraqi resistance is “getting more organized, and it is learning,” he said. See: <http://www.defenselink.mil/transcripts/2003/tr20030716-0401.html>.

**“Postwar Window Closing In Iraq, Study Says; More Funds, International Force Recommended To Improve Security Situation,”** WP7/18/03, A9. CSIS organized team led by CSIS President and former Clinton Administration Deputy Defense Secretary John Hamre delivers assessment on security and reconstruction efforts in their 6/27-7/7 trip to the region at the behest of the DoD. The team recommended that resources for reconstruction should be greatly increased and that the US should make greater efforts to introduce international troops to the region. See: *Iraq's Post Conflict Reconstruction* <http://www.csis.org/isp/pcr/IraqTrip.pdf>

**“Pentagon Official Lauds Iraq Report; Feith: Proposals Being Acted On,”** WP7/19/03, A12. Undersecretary of Defense for Policy Douglas J. Feith spoke at the Pentagon on 7/18. He discussed the newly released CSIS report on Iraq's reconstruction. Transcript: <http://www.dod.mil/transcripts/2003/tr20030718-0403.html>. Report: <http://www.csis.org/isp/pcr/IraqTrip.pdf>.

**“The War In Iraq: Was It Worth It?; ‘Not Proven’ Is Preliminary Verdict,”** Editorial, FT7/16/03, p12. “A hidden stash of weapons of mass destruction may yet be discovered- in which case the coalition partners would have a fresh chance to justify the war. Without such a find, the alternative arguments advanced by the US and UK will struggle to convince. In any event, the onus is now on the coalition partners to complete the job they started and use the toppling of the Iraqi dictator to make Iraq – and the Middle East as a whole – a better place. It is a tall order but it is what they promised. And a final judgment on their success will be possible only when the last members of the US-led occupying forces have left Iraq.”

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**NORTH KOREA**

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**“Korean Border Firefight Raises Tension Before Fresh Nuclear Crisis Talks,”** FT7/18/03, p4. North Korea broke the 19-month machine gun ceasefire by firing across the DMZ on 7/17, prompting the South to return fire.

**7/14 - South Korean foreign policy adviser Ban Ki Moon said that there was no specific evidence to support the July 13 claim by Yonhap news agency that North Korea had finished reprocessing 8,000 spent nuclear rods.** Yonhap reported that U.N.-based North Korean officials told U.S. officials that Pyongyang had reprocessed all of its spent nuclear rods on June 30. U.S. Secretary of Defense Donald Rumsfeld also could not confirm the claim. If North Korea has reprocessed the rods, it could produce half a dozen nuclear bombs, ABC News reported. The report also indicated that officials in Washington believe that North Korea already possesses one or two nuclear bombs.

**“China Fuels Fear North Korea Has Nuclear Weapon,”** WSJ7/18/03, A1. China now believes N. Korea has reprocessed enough plutonium and has gathered the appropriate technologies to complete a nuclear warhead that would fit on top of a missile.

**“US Hits At N Korea Over Nuclear ‘Blackmail’,”** FT7/16/03, p1. State Dept. spokesman Richard Boucher responded to a N. Korean claim that it has completed reprocessing 8,000 fuel rods by warning N. Korea that “blackmail” will only lead to further isolation. See: <http://usinfo.state.gov/topical/pol/terror/texts/03071504.htm>.

**“Breakthrough ‘Close’ In North Korea Crisis; China’s Intervention And The Involvement Of Pyongyang’s Reclusive Leader May Mean Talks Soon With The US,”** FT7/16/03, p6.

**“N. Korea Drops Insistence On Bilateral Talks, Officials Say,”** WP7/17/03, A9. Beijing has informed US officials that N Korea has agreed not to insist on bilateral talks with the US, but in turn, the US must agree not to press for 5 party talks including Japan and South Korea. US officials said they will continue to press for five-party talks.

**“As U.S. And North Korea Glower, China Pushes For Talks,”** NYT7/14/03, A3. “Beijing has grown uneasy about the lack of progress toward a peaceful settlement of the dispute and is viewed by some western diplomats as increasingly willing to use its leverage to make North Korea negotiate.”

**“White House Mulls Plan To Admit North Koreans; Proposal Could Strain Ties With China,”** WP7/16/03, A19. White House officials said on 7/15 that in an effort to increase pressure on Pyongyang the US may admit 3,000 to 300,000 North Korean refugees.

**“Danger Of Delay; Drift In North Korea Crisis Raises Cost Of Settlement, Or War,”** FT7/18/03, p10. “Yet it is these very constraints that would make it possible for Washington to argue – if it were so minded – that North Korea is a unique case. The US could contend that a compromise with Pyongyang would not weaken its resolve to act against other rogue nation states where its leverage is stronger.”

**“A Glimmer Of Hope In Pyongyang,”** Selig Harrison, (Director, National Security Program, Center for International Policy,) Op-Ed, FT7/18/03, p11. “Sceptics will say that confidence building measures should precede force reductions. Pyongyang accepts the idea of such measures together with force reductions but, in North Korean eyes for the South to insist that they come first would be “confidence-destroying” – suggesting that Seoul simply wants to make the status quo safer rather than to end, once and for all, a costly military confrontation that threatens the North’s very survival.”

**“No Time To Lose On North Korea,”** Editorial, NYT7/18/03, A20. “Mr. Bush understandably dislikes the idea of rewarding North Korea for giving up its nuclear program. Diplomacy isn’t always pretty. But if it can prevent a nuclear North Korea without a catastrophic war, Washington must give it every chance.”

**“Nuclear Arms Fear Clouds Korean Pact,”** FT7/14/03, p1. Revelations that intelligence sources have detected krypton gas, a by-product of nuclear reprocessing, emerging from N. Korea after it announced the completion of

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reprocessing of 8,000 spent fuel rods overshadows agreement during the 11<sup>th</sup> Inter-Korean Ministerial meeting held in Seoul between 7/9-12 to find a peaceful resolution to the nuclear weapons crisis. See:  
[http://www.kois.go.kr/kwnews/pub\\_focus/content.asp?cate=02&serial\\_no=20030714002](http://www.kois.go.kr/kwnews/pub_focus/content.asp?cate=02&serial_no=20030714002).

**“In North Korea, Secret Cash Hoard Props Up Regime; Defectors, Intelligence Sources Say Division 39 Supplies Billions To Kim Jong Il; Ginseng And Counterfeit Bills,”** WSJ7/14/03, A1. According to high-level defectors, N. Korea’s Division 39, a secret trading network and slush fund, with a mix of illegal and legal business ventures, has amassed around \$5 billion so Kim Jong-il can dole out favors to N. Korean elites for political support.

**“China Convicts Tycoon Chosen to Open N. Korea Trade Zone,”** WP7/15/03, A20. Yang Bin, Forbes magazine’s 2<sup>nd</sup> richest man in China, was convicted of fraud and sentenced to 18 years of prison in northeastern China. Yang’s sentence effectively kills N. Korea’s Sinuiju economic zone plans.

**“Decision Day Looms Over North Korea,”** Op Ed by John J. Tkacik Jr, Heritage Foundation, Asian WSJ, 7/17/03. As the Korean crisis deepens, officials in Washington are amazed at how disorientated their Chinese counterparts have become. "Wang Yi came to wring hands," said one State Department official, describing the Chinese Vice Foreign Minister's recent visit to Washington. Mr. Wang reportedly told Dr. Rice and other top Bush administration policy makers that Beijing would support the U.S. stance on Korea, as long as this didn't include the goal of "regime change" in Pyongyang. That's being interpreted in Washington as China can live with regime change, as long as you call it something else and don't explicitly state that regime change is the goal of U.S. policy. And the administration is keeping up the pressure on Beijing to fall into line, lodging regular complaints about how North Korean aircraft fly through vast swathes of Chinese airspace, while ferrying missiles and chemicals to Iran, and Chinese companies still sell chemicals needed for plutonium processing to North Korea. Endorsing regime change in a formerly stalwart ally would be a radical reversal for Beijing. But a combination of U.S. pressure, and Kim Jong Il's increasingly dangerous antics, seems to be pushing China inexorably in that direction.  
<http://online.wsj.com/article/0,,SB105839894625819400,00.html>

**“Conference Focuses on North Korean Human Rights Abuses, National Endowment for Democracy (NED) looks at the DPRK gulag,”** US State Dept, 7/17/03. Held July 16 in the U.S. Senate's Dirksen Building, the conference was entitled **"Gulag, Famine, and Refugees: The Urgent Human Rights Crisis in North Korea."** Conference speakers said it is estimated that some 300,000 North Koreans have fled to China to escape famine and political oppression, yet China regards them as "economic refugees," and its policy is to return them to North Korea where they face torture, imprisonment, or death for having committed the "treason" of leaving their homeland.  
<http://lists.state.gov/SCRIPTS/WA-USIAINFO.EXE?A2=ind0307c&L=WF-EASIA&P=R6209>  
**NED Conference Report:** <http://www.ned.org/events/awards03.html>

**Pyongyang Report**, Vol 5 No 3 July 2003, University of Wellington, Victoria, NZ. The Washington-Pyongyang impasse continues; US war plans violate international law, armistice; Perry, Harrison, Weldon, scholars and religious leaders call for negotiations. [http://www.vuw.ac.nz/~caplabtb/dprk/pyr5\\_3.html](http://www.vuw.ac.nz/~caplabtb/dprk/pyr5_3.html)

## SCIENCE & TECHNOLOGY

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**“Humanoid Robotics Project,”** ATIP03.041, 7/03. Japan is well-known for its high level of technology in both industrial robotics and more recently, entertainment robotics. In an effort to address two ongoing problems facing Japanese society, namely the ageing of the Japanese population and recurrent natural disasters, the Japanese government is hoping to adapt and enhance the country's robotics expertise by developing anthropomorphic robots to assist humans in these situations and others. The present report details one major project known as the Humanoid Robot Project sponsored by the New Energy and Industrial Technology Development Organization (NEDO) to develop "Humanoid and Human Friendly Robotics Systems. For A summary including a table of contents: <http://www.atip.org/public/atip.reports.03/atip03.041.pdf> To securely purchase the full version of this report for \$250, please visit: [http://www.atip.org/REPORTSMATRIX/public/year2003\\_total.html](http://www.atip.org/REPORTSMATRIX/public/year2003_total.html)

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**SECURITY**

7/9-10 - Proliferation Security Initiative (PSI), Brisbane, Australia, Meeting, **CHAIRMAN'S STATEMENT**, <http://www.dfat.gov.au/globalissues/psi/index.html>

**“Washington To Reform Defence Export Regime,”** FT7/19-20/03, p3. Lisa Bronson, Pentagon’s Deputy Under Secretary of Defense for European and NATO Affairs, promised on 7/18 at a NATO/German Marshall Fund’s Transatlantic Center conference that it will radically change the export licensing regime to simplify the buy and selling of high-level military technology for US and European defense industries, thus maintaining interoperability. See: [http://www.nato.int/docu/conf/2003/030718\\_bxl/cv-bronson.htm](http://www.nato.int/docu/conf/2003/030718_bxl/cv-bronson.htm)

**“Nuclear Doubts In The House,”** Editorial, NYT7/14/03, A20. “The administration insists that it wants only money for research and has no plans to build new warheads, at least not for now. Yet the history of nuclear weapons suggests that successful research would soon be followed by demands for production and then testing, threatening the voluntary nuclear test moratorium the United States has observed since 1992. Congress authorized new nuclear weapons research this spring, but it cannot go forward unless both houses provide financing. There will be plenty of pressure from the White House and Republican leaders to restore the funds on the House floor next week and to make sure they are included in the Senate version of the legislation. Independent-minded legislators of both parties should resist.”

**SOUTH ASIA**

**“Nepal Relies On Ceasefire To Boost Growth,”** FT7/18/03, p4. Nepal releases its annual budget on 7/17, containing an economic growth target of 4.5% for 2004, compared with 2.4% for FY 2003.

**“India, Israel Interests Team Up; Common Needs Lead To A Growing Lobbying Alliance,”** WP7/19/03, A5. Jewish and Indian American lobbyists join together to promote their common interests.

**“Indian PM To Back Militants’ Demand For Ayodhya Temple,”** FT7/19-20/03, p4. After intense pressure from rightwing Hindu groups, PM Vajpayee will endorse the construction of a Hindu Temple in Ayodhya on the site where a mosque was demolished a decade before. See: <http://www.rediff.com/news/2003/jul/18bjp.htm>

**SOUTHEAST ASIA**

**“Singapore and Indonesia Spar Over Long-Hidden Trade Data,”** WSJ7/16/03, A11A. Under a secret “mutual understanding,” Singapore and Indonesia have kept secret bilateral trade data for about 30 years. According to Indonesian officials, bilateral trade with Singapore totaled \$14.30 billion in 2002. Pres. Megawati wants Singapore to publicize statistics to help combat corruption and smuggling and engage in other cooperative measures such as joint anti-piracy patrols.

**“China Pushes Economic Ties With Southeast Asia,”** WSJ7/16/03, A12. “One Asean official describes the proposal, which hasn’t been aired publicly, as ‘an ambitious document whose subtext is to keep the Americans and the Japanese at arm’s length from Asean, or at least to give China a special relationship with Asean.’”

**“Philippine Court Gives Marcos Funds To The Government,”** T7/16/03, p6. The Philippine Supreme Court on 7/15 released to the government \$658 million in frozen Swiss bank deposits of Ferdinand Marcos, marking the first victory in its 17-year legal battle to recover part of the Marco’s ill gotten wealth, estimated by \$5-10 billion.

**“Text: Armitage Says Junta to Blame for Lack of Progress Toward Burmese Reconciliation, Deputy secretary issues statement after meeting with U.N. envoy for Burma,”** US State Dept, 7/14/03. <http://lists.state.gov/SCRIPTS/WA-USIAINFO.EXE?A2=ind0307b&L=WF-EASIA&P=R12612>

**“Hill Passes Measure To Punish Burma With Trade Sanctions,”** WP7/17/03, A22. On 7/16, Senate approves, 94 – 1, a bill that would ban Burmese exports to the US to punish the junta for detaining Aung San Suu Kyi. Bill has

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been approved by the House and now goes to Bush for final approval. See:  
<http://usinfo.state.gov/topical/econ/mlc/03071605.htm>

**“Stop Stalling on Burma,”** Editorial, WP7/14/03, A20. “For many years now, the United Nations and the United States have supported dialogue between Aung San Suu Kyi and the nation’s junta leading toward peaceful democratization. She has consistently endorsed such a nonviolent process, even during many years of house arrest. With their murderous attack of May 30 and subsequent incarceration of her, Burma’s leaders have shown contempt for the idea, and so far they have paid little price. The president and secretary general could begin to change that equation today.”

**“Engage Burma,”** David I. Steinberg (Director, Asian Studies, Georgetown University’s School of Foreign Service), Op-Ed, WP7/15/03, A19. “The United States should not foster Burma’s isolation. It should, with Japan, the European Union and the Association of Southeast Asian Nations, engage the state to encourage positive changes. It should induce China to warn the Burmese of their predicament. Simply to wish or try to force the military from power will not work. The military will be important in Burma, as it has been since independence in 1948, under any civilian administration. Its members need to be educated to the reality that the interests of the Burmese people, and indeed the military as a Burmese institution, require compromise and compassion. The present and planned US policies will not achieve the ends we all hope for.”

## TAIWAN

**“U.S. Passes Bill Containing Key Taiwan Provisions,”** Central News Agency, 7/18/03. “The U.S. House of Representatives on Wednesday morning passed the annual State Department Authorization Bill, which contains several provisions related to Taiwan, by a vote of 382-42. These include support for Taiwan’s annual World Health Organization bid, a statement say the future of Taiwan should be determined peacefully and with the express consent of the people of Taiwan, and sense of Congress that grave concerns exist concerning the deployment by China of hundreds of ballistic missiles directed toward Taiwan, which threaten the security and stability in the Taiwan Strait. <http://www.taiwansecurity.org/CNA/2003/CNA-071803.htm>

**“From Taiwan, A Critical Voice Adds To The Debate,”** WSJ7/17/03, A14. In an interview, Taiwan Pres. Chen Shui-bian criticizes Beijing for trying to impose Article 23 on Hong Kong and says China broke its commitment to the city’s autonomy, is proof that Beijing cannot be trusted. See:  
<http://www.taiwanheadlines.gov.tw/20030718/20030718p4.html>.

**“China-Taiwan Relations: The Shadow of SARS,”** by David G. Brown, The Johns Hopkins School of Advanced International Studies, Comparative Connections July 2003. “Throughout this quarter, Beijing and Taipei struggled to contain the spread of severe acute respiratory syndrome (SARS). SARS dramatically reduced cross-Strait travel; its effects on cross-Strait economic ties appear less severe but remain to be fully assessed. SARS intensified the battle over Taiwan’s request for observer status at the World Health Organization. Although the World Health Assembly again rejected Taiwan, the real problems of a global health emergency led to the first contacts between the WHO and Taiwan. Beijing’s handling of SARS embittered the atmosphere of cross-Strait relations and created a political issue in Taiwan that President Chen Shui-bian is moving to exploit in next year’s elections.”  
[http://www.csis.org/pacfor/cc/0302Qchina\\_taiwan.html](http://www.csis.org/pacfor/cc/0302Qchina_taiwan.html)

## TRADE

**“In Trade Talks, The Gloves Are Off; As Rich Nations and Poor Nations Defend Divergent Positions, Will They Meet Deadline?”** WSJ7/15/03, A12. Doha round failing as rich nations press to open their markets by reducing corruption and red tape while developing nations want to reduce agriculture subsidies.

**“Bilateral Trade Treaties Are a Shame,”** Jagdish Bhagwati (Professor, Columbia University) and Arvind Panagariya (Professor of Economics, University of Maryland), Op-Ed, FT7/14/03, p15. “Thanks to the myopic and self-serving policies of the world’s only superpower, bilateral free trade agreements are damaging the global trading system. They are undermining the most favoured nation rule ensuring equal treatment in the WTO. Bilateral deals

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have become a vehicle for introducing extraneous issues into the WTO for the benefit of narrow US domestic interests. They are thereby distorting the role of the WTO. Charles Kindleberger, the great international economist who died last week, looking back at the 19<sup>th</sup> and 20<sup>th</sup> centuries, developed the notion of the “altruistic hegemon” that delivered the public good of a multilateral trading system. Today, we have a “selfish hegemon” precisely delivering the opposite.”

## US ECONOMY

“**Fed Chief Gives Bright Outlook; Cuts An Option,**” NYT7/16/03, A1. Fed Chairman Alan Greenspan gives semi-annual monetary policy report to the House Financial Services Committee on 7/15, testifying that interest rates will remain at 1% “for as long as needed” to stimulate growth. “If the recovery is indeed fragile, I would suggest to you it is unlikely that we would be moving rates,” he said.

<http://www.federalreserve.gov/boarddocs/hh/2003/july/testimony.htm>

“**Greenspan Sees Danger In Deficits,**” WSJ7/17/03, E1. On 7/16 Federal Reserve Chairman Greenspan delivers Monetary Policy Report to the Senate Banking Committee, warning that large budget deficits will cause long-term interest rates to rise and will stifle economic growth. Greenspan testified, “There is no question that if you run substantial and excessive deficits over time, you are draining savings from the private sector, and other things equal, you do clearly undercut the growth rate of the economy.” See: 2003 Monetary Policy Report,

<http://banking.senate.gov/files/fullrprt.pdf>; Greenspan’s statement, <http://banking.senate.gov/files/greenspan2.pdf>.

“**US Treasury Secretary Steps Up Warning On Risk To Private Investment,**” F7/17/03, p3. US Treasury Secretary John Snow warned on 7/16 in London that the growing budget deficit (forecast to hit \$455 billion this year) may have the potential to crowd out private investment. Snow said, “The deficit is too large and it needs to come down and will come down. We need to be firm in saying it is unwelcome, we don’t like it, and both in absolute and relative terms we are committed to bring it down.” [nothing on Treasury website]

## 5) WEBSITE OF THE WEEK

### World Organisation for Animal Health (OIE)

Intergovernmental organization that collects and analyses the latest scientific information on animal disease control. The OIE provides technical support to Member Countries requesting assistance with animal disease control and eradication operations, including diseases transmissible to humans. Founded in 1924 as the Office International des Epizooties. Critical agency in international efforts to control BSE or Mad Cow disease.

URL: <http://www.oie.int>

## 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>

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\*Washington Post (WP): <http://www.washingtonpost.com>

\*Yomiuri On-line (YM): <http://www.yomiuri.co.jp/index-e.htm>

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