

**APW**

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## 1. JIAP NEWS

Tuesday, February 4, 2003, Noon-1:30 PM

### What Could Happen When The Japanese Economy Blows Up

*With JIAP Member, Bert Ely, Financial Institutions & Monetary Policy Consultant*

**Commentator: Osamu Takemoto, Bank of Japan**

Brown Bag Lunch (Refreshments provided), Free for JIAP members, \$10 Non-members, **Reservations Required**, [sdrewry@jiaponline.org](mailto:sdrewry@jiaponline.org)

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**Contents: COVER STORIES, JAPAN:** Last Minute Meeting Announcement, Japan Banking, Japan Business, Japan-Economy, Japan-Energy, Japan-Foreign Policy, Japan-North Korea, Japan-Science & Technology, Japan-Trade **JAPAN RELEVANT:** Antitrust, China-Economy, China-Foreign Policy, China-Politics, Energy, Foreign Policy, Global Economy, Indonesia, Iraq Issues, Leadership, North Korea, Obituary, South Asia, South Korea, Southeast Asia, Steel, Taiwan, Trade, US Economy.

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If you have any comments/suggestions please contact Japan Information Access Project (JIAP) Asia Policy Calendar & Weekly Editors Ms. Mindy L. Kotler, Mr. Seth D. Drewry, and Mr. Daisuke Okuyama 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 and security.

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

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## 2) MEMBER NEWS

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**“Okuda vs Koizumi: The Toyotaization of Japan?”** Ayako Doi, Japan Digest Forum, 1/30/03, p5. “Okuda’s attempt to combine the leverage of his Keidanren job and his CEFPP seat to push policy independently of the prime minister angered Koizumi so much that he now shoots the idea down at every opportunity, to make it clear who’s boss. The tragedy of it is that Koizumi’s reforms can go nowhere without big business – but the Okuda plan can’t go anywhere without the government. In the end, that may mean one of them has to go – or it may simply produce another in Japan’s unending series of policy stalemates.”

**JIAP Board Member Amb. James R. Lilley** will appear on CNN’s “People in the News” to discuss, North Korea's **Kim Jong-Il** on Saturday, February 1, 11:00 a.m. and Sunday, February 2, 7:00 p.m.  
See: <http://www.cnn.com/CNN/Programs/people/> (program information)

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## 3) OBSERVATION

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### THE NEXT STEP IN GETTING THE DEAR LEADER TO THE TABLE?

According to press reports (see *Japan-North Korea* below), Japan has succeeded in putting some pressure on Japan's Koreans who fund North Korea upward of \$2.5 billion a year. Remittances are scrutinized, Korean banks are being occupied, and the schedule of the Man Gyuong Bong 92 has been altered. This in tandem with cut backs on international aid have made the average North Korean’s life more difficult. Yet one loophole still seems to exist and it is one that directly supports the DPRK’s elites. This is organized crime in Japan: drugs, guns, extortion, and prostitution.

The activities of the Yakuza are no longer a social inconvenience. They are now a serious national security issue. The steady stream of drugs, weapons, and stolen goods into Japan from North Korea directly supports the DPRK’s privileged administrators. These people are yet to feel the pain. Thus, it may be time for Japan’s government to go a step further in pressuring Pyongyang and go after Japan’s underworld. This is made all the more poignant as the connections between North Korea, the Yakuza, and Japan’s right wing politicians have never been fully explored.

One dramatic move would have Chief Cabinet Secretary Fukuda or Deputy Chief Abe call in all the heads of the Yakuza gangs as well as the head of Japan’s Police Agency. Standing behind the Prime Minister’s representative should be Japan's equivalent of the joint chiefs as well as head of JDA's intelligence organization.

The “visitors” should be told that Japan is committed to ending all North Korean security threats to Japan. Japan is therefore committed to ending all funding of North Korea and there will be an intensified effort that will include Japan’s Self Defense Forces to end all criminal activities emanating from North Korea. It is Toyko’s view that the monies derived from these crimes are supporting the DPRK nuclear and weapons programs. Thus, they are quite simply a security threat to Japan.

Defending the Japanese homeland from external threats is the job of JSDF. As loyal Japanese these visitors should be told that they may want to cooperate in the defense of the homeland and that they should be more “concerned” than they are about North Korea's nuclear program and unwillingness to negotiate. It is “unfortunate” that the Dear Leader is not more compromising. There are always consequences to an unwillingness to achieve harmony. I think they will get the message.

Just in case: While this meeting takes place, Yakuza main offices should be raided and US Military police should be shutting down the bars and such around the military bases. After this selected Yakuza should be hauled in for guns and drugs and left to sit for a while. If possible, Japanese soldiers should be stationed outside each Yakuza office

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checking who comes and goes and soldiers should participate in the raids. The MSDF should aggressively stop and board any suspicious boat in the Sea of Japan. A week or so of this kind of scrutiny may produce results.

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## 4) CRITICAL REPORTS

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**“US Warns N Korea over Plutonium,”** BBC Online, 1/31/03. White House spokesman Ari Fleischer “has warned North Korea against moving to manufacture weapons-grade plutonium by reprocessing nuclear fuel rods. Such a step would be a “provocative action...intended to intimidate and blackmail the international community” he said. <http://news.bbc.co.uk/2/hi/asia-pacific/2713793.stm>; <http://www.whitehouse.gov> [not on website as of press time.]

**“Rift Over ‘Summit Bribery’ Resurfaces in Seoul,”** FT1/31/03, p6. South Korea’s Board of Audit and Inspection found that Hyundai Group funneled \$192m to North Korea around the time of the 2000 North-South summit. The board, however, did not find any government involvement in Hyundai’s investments. [Well, better a bribe for peace, than paying off US politicians and the Heritage Foundation to rattle sabers.]

**“Calling Iraq A Serious Threat, Bush Vows That He’ll Disarm It, And Also Rebuild US Economy: A Somber Address: Tells Dispatched Armed Forces That ‘Crucial Hours’ Lie Ahead,”** NYT1/29/03, A1. Bush gives State of the Union Address on 1/28/03. See: <http://www.whitehouse.gov/stateoftheunion/>.

**“At Davos, Powell Pushes Back Against Resistance over Iraq: Secretary of State Says US Deserves Trust of World, but Nation ‘Will Lead;’ Dissent over Poached Salmon,”** WSJ1/27/03, A1. Sec. of State Powell’s speech to the World Economic Forum, <http://www.state.gov/secretary/rm/2003/16869.htm>.

**“Security Officials Considering Plan to Combine Terror Forces,”** NYT1/30/03 A13. In the State of the Union address, Bush announced that he has directed the FBI, CIA, Department of Homeland Security, and the Department of Defense to consolidate their counter terrorism components into a unified **Terrorist Threat Integration Center**. See: State of the Union, Key Initiatives, <http://www.whitehouse.gov/news/releases/2003/01/20030128-14.html>.

**“A Visit to North Korea,”** by Suki Kim, *New York Review of Books*, 2/13/03, Vol. L, No. 2, p2. Author’s eerie account of her trip to North Korea with an undercurrent of the longing for unification. “When friends ask me whether I think the two Koreas will ever be reunified, I never know what to say. I know as much as they do, or as little. The one thing that sets me apart is that I am certain, no matter how evil North Korea is supposed to be, that I could never hate its people.” <http://www.nybooks.com/articles/16054>

**“The Demographic Dilemma: Japan’s Aging Society,”** Wilson Center, Asia Program Special Report #107. A summary of an excellent conference held in October at the Wilson Center sponsored by the Asia Program with Paul Hewitt of the Global Aging Initiative, John Creighton Campbell of the University of Michigan, and Chikako Usui of the University of Missouri at St. Louis Program at the Center for Strategic and International Studies. See: [http://wwics.si.edu/index.cfm?topic\\_id=1462&fuseaction=topics.publications&group\\_id=4985](http://wwics.si.edu/index.cfm?topic_id=1462&fuseaction=topics.publications&group_id=4985)

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## 5) OPINION, REPORTS & STATEMENTS

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### COVER STORIES

**NATIONAL JOURNAL** – **“Republicans To Watch:** *National Journal* looks at six dozen Republican lawmakers who will be interesting to watch as their party strives for success in the 108th Congress,” 1/18/03, <http://nationaljournal.com/members/news/2003/01/0117nj1.htm>.

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**ECONOMIST – “Lights! Camera! No Profits:** As bosses depart and losses mount, the entertainment industry looks to be in trouble. Yet demand for entertainment has been growing. The biggest failing of the industry has been its mismanagement of creativity,” 1/18/03,

<http://www.economist.com/printedition/Index.cfm?d=20030118>.

**FAR EASTERN ECONOMIC REVIEW – “China's Big Sky: Boeing And Airbus Battle Over The World's Hottest Aircraft Market:** The battle between Boeing and Airbus is intensifying as Chinese airlines consolidate to create the world's fastest-growing commercial aircraft market. But Beijing may play one maker off against the other,” 2/6/03, [http://www.feer.com/articles/2003/0302\\_06/p024china.html](http://www.feer.com/articles/2003/0302_06/p024china.html).

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## JAPAN

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### LAST MINUTE MEETING ANNOUNCEMENT

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**2/3 - 10:30 AM. JAPANESE VICTIMS OF NORTH KOREAN TERRORISM.** Featuring: Yoichi Shimada and Yoshitaka Fukui, Executive Members, *National Association for the Rescue of Japanese Kidnapped by North Korea* (NARKN). The Heritage Foundation's Van Andel Center, 214 Massachusetts Avenue, NE, Washington, DC, RSVP Online At <http://www.heritage.org/Press/Events/> or 675-1752. All events can be viewed live from their Home Page [www.Heritage.org](http://www.Heritage.org).

### JAPAN-BANKING

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**“Japan’s Bank Plan is Tried – and Found Wanting,”** WSJ1/27/03, A13. Mr. Masamoto Yashiro, head of Shinsei Bank, has used methods such as those recommended by FSA and Economy Minister Takenaka for years and proclaims that they do not work.

**“Japan’s Finance Watchdog Damps Hopes over Role of Bank Checks; Special Inspections May Not Fully Reveal Size of Problem Loans”** FT1/30/03 p7. Director General of the FSA’s inspection bureau **Takafumi Sato** said of the special bank inspections beginning in mid-February, “You shouldn’t expect anything so dramatic. The objective of our inspections is to improve the quality of the banks’ self-assessment, taking into account changing economic conditions.”

**“Fitch Institutes Downgrade for Biggest Banks,”** FT1/31/03, p17. Mizuho, Sumitomo Mitsui Financial Group; UFJ and Mitsubishi Tokyo Financial Group downgraded.

See: [http://www.fitchratings.com/corporate/events/press\\_releases\\_detail.cfm?pr\\_id=80678](http://www.fitchratings.com/corporate/events/press_releases_detail.cfm?pr_id=80678)

**“Mizuho Set For Controversial Reshuffle; Bank to Ask Companies to Swap Subordinated Loans for Preferred Equity,”** FT1/29/03, p16. In order to raise its Tier 1 capital, counted towards its capital adequacy ratio, Mizuho Financial Group is planning to ask closely related companies including Dai-Ichi Mutual Life and Yasuda Life to swap subordinated loans for preferred equity. See: <http://www.mizuho-fg.co.jp/english/index.html>.

### JAPAN-BUSINESS

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**“Sony to Adopt US Style of Controls,”** FT1/29/03, p16. Sony said on 1/28 that it would abolish its Japanese-style audit system and separate the oversight and execution responsibilities by setting up three committees – nomination, audit and compensation. See: <http://www.sony.co.jp/SonyInfo/News/Press/200301/03-004/> (j)

**“Sony Chief Steps Down Over Health: Leader In Creating Entertainment Giant,”** NYT1/29/03, W1. Norio Ohga, Sony President from 1982-1995, is stepping down as chairman because of ill health. See: <http://www.sony.co.jp/SonyInfo/News/Press/200301/03-003/>

**“Lehman Puts Y50bn into Japan Merger,”** FT1/30/03 p19. Lehman Brothers is close to investing ¥50bn (\$424m) in convertible bonds and several billion yen in preferred securities in the merged Japanese trading companies of Nissho-Iwai and Nichimen. See: <http://www.lehman.com>.

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**“Hitachi Quits Low-Margin Areas; Largest Group Looks to Lift Profits; Record Profits for Canon,”** FT1/31/03, p17. In a mid-year business review plan, dubbed the *Hitachi II Plan*, Hitachi said that it will quit businesses that account for 1/5 of sales to double profit margin by March 2006. See: <http://global.hitachi.com/New/cnews/E/2003/0130/0130.pdf>

**“Telecom Groups in US Warned on Discounted Access,”** FT 1/30/03 p7. FCC Chairman **Michael Powell** said that, “UNE-P [as the rules are known] is not sustainable. The destination is more facilities-based competition.” See: <http://www.fcc.gov/> [speech not yet on website 1/31/03] [Indirectly, this is a victory for Japan.]

**“Eifuku’s Collapse Snares Soros: Japanese Hedge Fund Received Funds From Famous Manager and Other Seasoned Players,”** WSJ1/30/03, C1.

**“Tokyo Exchange to Restrict Trading Data,”** FT1/31/03, p17. Tokyo Stock Exchange will no longer release identity of brokers placing orders, or the name and quantity of traded shares from June 2003. See: <http://www.tse.or.jp>.

## JAPAN-ECONOMY

**“Gloomy Data Signal Japan's Econ Recovery Faltering,”** Dow Jones, Yahoo, 1/31/03. “Japan's jobless rate jumped back to a record high 5.5% in December, consumer spending slumped and deflation remained entrenched, the government said Friday, revealing widespread economic weakness that could signal the beginning of the end of Japan's recovery.”

**“Inflation Target May Harm Economy, Says Koizumi,”** FT1/29/03, p6. PM Koizumi said to the Lower House Budget Committee that “a target of merely achieving higher prices is not desirable,” leaving analysts to speculate that he would not appoint an inflation hawk as new BOJ Governor before the March 19 deadline.

**“Japan Teeters on Edge of Deflationary Abyss?”** Stratfor Report, 1/28/03. A bank operating in Japan has issued the country's first negative-interest loan, indicating that Japan's deflationary spiral likely will continue. <http://www.stratfor.biz/Story.neo?storyId=209570>

**“Overcoming the limits of the Japanese economy; Can we find a breakthrough? Personal money; Huge assets should be diverted into growth sectors,”** ASAHI, 1/28/03, p9. [US Embassy Translation 1/30/03.] “In Japan, personal financial assets stand at 1,400 trillion yen -- a little less than the country's gross domestic product. A point has been made that if these assets were diverted into growth sectors with high social needs, it could break the logjam in the Japanese economy.”

**“Japan’s Interest Rates Falls Below Zero,”** 1/25-26/03, p3. The overnight call rate of funds traded fell to -0.01% with loans to Societe Generale and BNP Paribas by ABN Amro. Banks are required to lend surplus funds or deposit them with the BoJ, which is now limiting the deposits it will take.

**“Some Solutions to Japan’s Problems,”** Paul S. Hewitt (Program Director, Global Aging Initiative, CSIS), Letter to the Editor, FT1/28/03, p14. Response to Mr. Smithers’s and Mr. Morgan’s Letters of last week. “Inflation will not solve this structural problem. Neither will fiscal pump-priming, which always seems to target the wrong industries. What is needed in Japan – and throughout a similarly challenged Europe as well – is a much deeper commitment to the market forces of creative destruction.”

## JAPAN-ENERGY

**1/27 - Nagoya High Court nullifies a 1983 government approval of the trouble-plagued Monju experimental fast-breeder nuclear reactor** in Tsuruga, Fukui Prefecture, effectively keeping it shut down. This decision is a major blow to Japanese government plans to encourage nuclear power. High Court Judge Kazuo Kawasaki told the court: "We cannot deny the obvious danger of the release of radioactive substances." <http://home.kyodo.co.jp/all/display.jsp?an=20030127189>

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**“Japan Appeals Against Nuclear Ruling,”** Bloomberg Online, 1/31/03. [METI], “Minister Takeo Hiranuma said he could never accept Monday's high court ruling that operations at the troubled Monju reactor should remain suspended.” <http://news.bbc.co.uk/2/hi/asia-pacific/2712089.stm>

**“Japan Fails To Account For Plutonium Stockpile,”** FT1/29/03, p6. Japan admitted on 1/28 that 206kg of plutonium is missing. The amount is about 3% of all plutonium extracted from spent nuclear fuel at the Tokaimura processing plant since 1977 and is enough to make about 25 nuclear bombs.

**“New Measurement Techniques Correct PU Inventory in Japanese Reprocessing Plant,”** International Atomic Energy Agency, 1/28/03. [http://www.iaea.org/worldatom/Press/P\\_release/](http://www.iaea.org/worldatom/Press/P_release/)

## JAPAN-FOREIGN POLICY

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**“Interview with LDP Policy Research Council Chairman Taro Aso: Japan may endorse Iraq attack even without UNSC resolution,”** NIHON KEIZAI, 1/30/03, p2. [US Embassy Translation, 1/31/03]

**“Japan can Legally Refuel U.S. Aircraft near Iraq,”** KYODO Press, 1/30/03 [FBIS Transcribed Text JPP20030130000129].

**“Davos Forum Attendees Not Very Interested In Japan Econ Problems,”** Nikkei Online, 1/26/03. “Participants appeared tired of discussing Japanese economic issues, with their attention focused more on China's growing economic presence, at the World Economic Forum annual meeting held on Saturday. A speech given by Cheng Siwei, vice chairman of China's National People's Congress standing committee attracted a much larger audience than those given by the Japanese panel members. How to balance the growing power of China and India was among the major topics of debate among attendants from Malaysia and Singapore, to whom Japan's problems appeared to be of little interest.”

**“LDP Calls For Effort To Boost Japan's Say On Business Rules,”** Nikkei Online, 1/28/03. “An LDP think tank stressed the need to take an opposing stance from the beginning of the discussions on international standards if they do not suit conditions in Japan. ‘After Japanese competitors began winning ski jumps, the skis were shortened. After a Japanese backstroke swimmer won the gold medal, the stroke was changed. The same type of things are also happening in the business world,’ Masazumi Gotoda, an LDP member, said.”

## JAPAN-NORTH KOREA

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**Inside News From Japan: The Weekly Post Special: North Koreans in Japan Start Movement to Overthrow Kim Jong Il,** The Weekly Post - January 27 - February 2, 2003. Curious article about Japanese Korean funding of the DPRK and how the Japanese government has bailed out the Korean banks ending with reports on how disenchanted Japan's Korean community is becoming disenchanted with Kim Il-song. <http://www.weeklypost.com/030127/030127a.htm#one>

**Chongryon Tie Seen Strong in Spy Case** Yomiuri Shimbun Online English, 1/29/03. “A former official of the pro-Pyongyang General Association of Korean Residents in Japan (Chongryon) who has been detained by the Metropolitan Police Department collected written espionage directives issued by Pyongyang from the North Korean vessel Man Gyong Bong at the instruction of a senior Chongryon official.”

**“N Korea's Japan Ferry 'Spying'”** BBC Online, 1/29/03. “The only ferry that travels between Japan and North Korea has been used for spying purposes, according to Japanese police and intelligence sources.” <http://news.bbc.co.uk/2/hi/asia-pacific/2705077.stm> [shocked, shocked...]

**“Japan to Continue Monitoring Controversial N. Korean ship,”** Kyodo News, 1/30/03. “Chief Cabinet Secretary Yasuo Fukuda told reporters the government has kept a close watch on the cargo-passenger ship, Man Gyong Bong-92, and ‘will put the vessel under strict watch and control to forestall problems.’ But the spokesman denied the

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government is studying legislation to ban or limit the North Korean ship's entry to the Niigata Prefecture port.”  
<http://asia.news.yahoo.com/030130/kyodo/d7os9p5g0.html>

## JAPAN-POLITICS

“**Govt To End Tax Exemption For Public Interest Bodies,**” Yomiuri Shimbun Online English, 1/29/03. A draft outline for reforms of public interest corporations says the government also seeks to reorganize such corporations whose primary function is to serve the public interest and other similar entities into a new category called "nonprofit corporations," and that bodies within this category would not provide executive posts for retiring bureaucrats. The government seeks to gain Cabinet approval within March for the plan and to revise related laws, including the Civil Code, by the end of the fiscal 2005.

“**Rengo Drops Anti-LDP Stance to Seek Employment Measures,**” KYODO News, 1/29/03 [FBIS Transcribed Text JPP20030129000005]. Breaking a long held taboo, the attendance of Rengo Chairman **Kiyoshi Sasamori** at the LDP's annual convention indicated Rengo's “agonizing decision” to maintain its political voice as unemployment has soared. See: <http://www.jtuc-rengo.or.jp/new/news/weekly/no014/03.html>

“**Japan's Shrines No Blessing for Asia,**” By William Pesek Jr., Bloomberg Online, 1/31/03. “The Yasukuni Shrine controversy is preoccupying Koizumi's government at a time when it needs all the energy it can muster to repair the economy. Every minute the government spends answering questions about shrines or how to spin the issue in Asia is time wasted. Time that could be used defusing the North Korea situation and bringing North Asian nations together.” See:  
[http://quote.bloomberg.com/fcgcgi.cgi?ptitle=William%20Pesek%20Jr.&touch=1&s1=pesek&tp=ad\\_topright\\_bbc0&T=markets\\_fcgcgi\\_content99.ht&s2=ad\\_right1\\_bbc0&bt=ad\\_bottom\\_bbc0&s=APjpoFhU9SmFwYW4n](http://quote.bloomberg.com/fcgcgi.cgi?ptitle=William%20Pesek%20Jr.&touch=1&s1=pesek&tp=ad_topright_bbc0&T=markets_fcgcgi_content99.ht&s2=ad_right1_bbc0&bt=ad_bottom_bbc0&s=APjpoFhU9SmFwYW4n)

“**Kamei's Visit To U.S. Unsuccessful; Fails To Get Support From Bush Administration For Effort To Topple Koizumi Cabinet; Intensifies Criticism Of Koizumi's Economic Policy,**” MAINICHI, 1/29/03, p5. [US Embassy Translation 1/30/03].

“**Sankei Editor: Gaffes May Spell ‘Beginning of End’ for PM Koizumi,**” SANKEI Shimbun, 1/18/03[FBIS Transcribed Text JPP20030128000050]. “The prime minister's gaffes may be forgiven right now, when his confrontation with the resistance forces is in a temporary lull. However, the grave economic condition is not something that can be easily overcome by empty words. If he commits another gaffe because he has not done enough soul searching on being carried away by provocation, there may indeed be a situation where the ‘beginning of the end’ (as stated by Kan) will suddenly come to pass.”

## JAPAN-SCIENCE & TECHNOLOGY

**AIST's Grid Technology Research Center** (ATIP03.005, 1/03) Established at the beginning of 2002 at the National Institute for Advanced Industrial Science and Technology (AIST), the Grid Technology Research Center (GTRC) is the leading center for grid related software and applications development in Japan. The GTRC is also rapidly turning into a major center for high-performance computing research in Japan. The present report provides an overview of the GTRC activities and discusses future plans for grid related research, development, and demonstration in Japan. For a summary of the remainder of this report (including a table of contents):

[http://www.atip.org/public/atip\\_reports.03/atip03.005.pdf](http://www.atip.org/public/atip_reports.03/atip03.005.pdf)

**GTRC:** [http://www.aist.go.jp/aist\\_e/resserch\\_units/research\\_center/grid/grid\\_main.html](http://www.aist.go.jp/aist_e/resserch_units/research_center/grid/grid_main.html) (e);

<http://unit.aist.go.jp/grid/> (j) [Much more detailed site] **NB This is one of the hottest areas of scientific research.**

“**Japan Space Bodies Set Policy for Developing 1<sup>st</sup>-Stage Engine of Next Key Rocket,**” JiJi Press, 1/29/03[FBIS Transcribed Text JPP2003012700023]. National Space Development Agency (NASDA) and the Institute of Space and Astronautical Science (ISAS) revealed their plan to develop the 1<sup>st</sup>-stage engine of the next-generation rocket by 2010. See: [http://www.nasda.go.jp/index\\_e.html](http://www.nasda.go.jp/index_e.html).

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**“Abraham Announces U.S. Will Rejoin ITER,”** American Institute of Physics Bulletin of Science Policy News Number 13: January 30, 2003. Secretary of Energy Spencer Abraham announced President Bush's decision that the U.S. will rejoin negotiations to build and operate an international fusion energy project, the International Thermonuclear Experimental Reactor (ITER). "The Bush Administration believes that fusion is a key element in U.S. long-term energy plans," according to a DOE press release, and ITER "will demonstrate essential fusion energy technologies...and will test key elements required to use fusion as a practical energy source." [Having the US rejoin ITER was a priority for Japan]

## JAPAN –TRADE

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**“China Joining U.S. As Japan's Vital Export Market,”** Nikkei Online, 1/28/03. “Japan's exports to China jumped 32% in monetary terms in 2002, with second-half exports surging 44%, according to preliminary data released Monday by the Ministry of Finance. The U.S. accounts for 28.5% of Japan's exports, a proportion almost unchanged from 10 years ago. In contrast, exports to China and Hong Kong were 15.7% of the total, rising sharply from 9.6% in 1992.”

**“China Outstrips US as Top Exporter to Japan,”** FT1/28/03, p6. Japan’s trade surplus jumped 51% in CY2002, with exports to China increasing 32%. See: Trade Statistics, CY2002 - [http://www.customs.go.jp/toukei/shinbun/trade-st\\_e/2002/200228ce.pdf](http://www.customs.go.jp/toukei/shinbun/trade-st_e/2002/200228ce.pdf); Dec. 2002, [http://www.customs.go.jp/toukei/shinbun/trade-st\\_e/2002/200212ce.pdf](http://www.customs.go.jp/toukei/shinbun/trade-st_e/2002/200212ce.pdf).

**“Higher Yuan Rate Would Benefit China: Japan Govt Report,”** JiJi Press, 1/28/03 [FBIS Transcribed Text JPP20030128000124]. ESRI Report, “Study Group on China & the International Economy in the New Century,” January 2003. See: <http://www.esri.cao.go.jp/jp/archive/hou/hou010/hou007.html>

**“FTA Talks Making Little Progress; Negotiations With Asian Countries -- Most Prospective Partners -- Facing Complications; Issues Related To Agriculture, Labor Market Impeding Progress,”** ASAHI, 1/29/03, p10. [US Embassy Translation 1/30/03.] Excellent chart of Japan’s FTA’s in progress. Can send to JIAP members.

## JAPAN-RELEVANT

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### ANTITRUST

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In last week’s Asia Policy Weekly we mentioned a recent court ruling allowing foreign citizens to file antitrust cases in US courts. The precedent used for this were the 1999 plea agreements (every firm pleaded guilty) with the US breaking up the international **vitamin cartel**. To review these plea agreements, see the US Justice Department Antitrust Division webpage. There were a number of companies involved, including Japanese. The two largest cases of the bunch and those that generated some of the largest criminal fines in the history of the Dept. of Justice were: Hoffman-LaRoche which paid a \$500 million fine [U.S. v. F. Hoffmann-La Roche LTD (<http://www.usdoj.gov/atr/cases/indx136.htm>)] and BASF which paid a \$225 million fine [U.S. v. BASF Aktiengesellschaft (<http://www.usdoj.gov/atr/cases/indx137.htm>)].

### CHINA-ECONOMY

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**“Asia’s Very Own Tyco—A Revisionist Look at China,”** New York Observer, 1/31/03,. From Grant’s Interest Rate Observer. “On the statistical evidence, China is—and long has been—the Tyco of emerging markets.” <http://www.observer.com/pages/financial.asp>

**“China Shuns A Financial Overhaul: Beijing Weighs Small Steps But Avoids Radical Moves; A Premium On Stability,”** WSJ1/28/03, A14.

**“Investors Wary Of Manufacturing Giant: China’s Success Breeds Competition, Which Makes For Poor ROI,”** FT1/29/03, p16.

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**“China’s Reform Plan: Greater Vigor Will be Needed to Avoid a Financial Crisis,”** Editorial, FT1/27/03, p12. “Successful financial reform requires more vigorous action than Beijing is contemplating. Sooner or later the government will be forced to write off most of the big four’s non-performing loans, even at the cost of soaring public debt. Only once that is done can it restructure and recapitalize the banking system – and create institutions that allocate funds more efficiently. Such action might be anathema to China’s leadership, but in the long run it is essential for continuing the economic growth that underpins social stability.”

**“China Bankruptcy Law Faces Further Delays; Senior Official Warns It Could Take Five More Years Before Crucial Element in Reform Program is in Place,”** FT1/27/03, p4. At the World Economic Forum, **Cheng Siwei**, Vice-Chairman of the National People’s Congress and the reform legislation’s principal architect, ruled out approval by March.

**“China’s Coal Miners Risk Danger for a Better Wage; Few Men Earn More Than \$150 a Month,”** NYT1/28/03, A3. 6121 dead in 2002 in 3596 accidents. Chinese miners are 117 times more likely to be killed on the job than American miners.

**“China Should Work Harder In Research: CAS President,”** Xinhuanet 2003-01-27. “Members of China’s two leading academies, the Chinese Academy of Sciences (CAS) and Chinese Academy of Engineering (CAE), Sunday selected the world’s top 10 science achievements for 2002 and China’s top 10 science achievements. None of the world’s top 10 scientific achievements was independently developed by Chinese scientists.”  
[http://news.xinhuanet.com/english/2003-01/27/content\\_708266.htm](http://news.xinhuanet.com/english/2003-01/27/content_708266.htm)

#### CHINA-FOREIGN POLICY

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**“China Shuns U.S. Position on North Korea, Iraq,”** WSJ1/24/03, A10. Foreign Ministry spokeswoman Zhang Qiyue said in press briefing that, “Our stance on this issue is extremely close to that of the French government.”

**“Hong Kong Waters Down Sedition Laws,”** FT1/29/03, p6.

#### CHINA-POLITICS

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**“The Real Test of China’s Appetite for Reform,”** Minxin Pei (Carnegie Endowment for International Peace), Commentary, FT1/28/03, p15. “[T]he real test of Chinese leaders’ seriousness about democratic reforms is their willingness to limit the power of the Communist party. This would include giving the national and local legislatures more autonomy in supervising the government’s budgets and confirming important executive appointments; making the judiciary more independent; and subjecting the party to the rule of law. Unfortunately, despite a few, faint signs of new thinking in Beijing, there is no indication that Chinese leaders are ready to take the plunge.”

**“China Executes Tibetan for Bombings: Second Suspect’s Appeal is Rejected,”** WP1/28/03, A18. Lobsang Dhondup was executed 1/26/03. Tenzin Deleg Rinpoche’s appeal was rejected, confirming his suspended death sentence.

**“American Falun Gong Member Arrested in China for Sabotage,”** NYT1/31/03, A8. Mr. Charles Lee was arrested in Guangzhou on 1/22.

#### ENERGY

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**“Kazakhstan Reaches Oil Accord With Foreign Group,”** NYT1/28/03, W1. \$3.5billion expansion plan by **Tengizchevroil** international consortium led by ChevronTexaco approved by Kazakh government. See: <http://www.chevrontexaco.com/news/press/2003/2003-01-27.asp>

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**FOREIGN POLICY**  
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**The 108th US Congress: Asia Pacific Policy Outlook** by James L. Schoff (US-Japan Foundation) published by The National Bureau of Asian Research (NBR). Supplied note: “Asia Pacific policy issues in the 108th Congress are likely to be dominated by the war on terrorism, the nuclear crisis in North Korea, and the growing influence of China.” URL: <http://www.nbr.org/publications/briefing/108th/108thText.html>

**“The Underpinnings of the Bush Doctrine,”** by Thomas Donnelly (AEI) in National Security Outlook, February 2003, [http://www.aei.org/publications/pubID.15845/pub\\_detail.asp](http://www.aei.org/publications/pubID.15845/pub_detail.asp)

**“Bush Marches Onward in Splendid Isolation,”** William Wallace (Professor of International Relations at the London School of Economics), Commentary, FT1/30/03 p13. “Moderate Muslim regimes will flinch at the religious language with which Mr. Bush described his war on terrorism and ‘outlaw regimes.’ Secular Europeans mistrust the influence in this administration of fundamentalist Christians. Those in power in Washington, however, are impatient with doubters and contemptuous of the hesitant. They will lead a coalition, if it will follow; if not, it appears, they will go on in splendid isolation to attempt to liberate the Arab world for democracy, with a road map that nobody but they can read.”

**“France-German Alliance Raises US Defence Fears; Concern About EU Taking More Independent Line,”** FT1/27/03, p3.

**GLOBAL ECONOMY**  
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**“Global Anxiety Propels Euro Above Dollar,”** WP1/31/03, A1.

**“America Must Lead The World Economy,”** Jeffrey Garten (Dean, Yale School of Management), Commentary, FT1/30/03 p13. “Mr. Bush rightly tried to prepare Americans for war in his State of the Union speech. But he did not prepare us for the global economic engagement that will be required to support the world we would be fighting for.”

**“The Meaning Of The Strong Dollar Policy: It Is Time For Europeans And The Japanese To Act,”** Editorial, FT1/29/03, p12. “There could not be a more pressing reason for European and Japanese policymakers to do everything possible to boost domestic demand. Inflation is not an appropriate concern. Without stronger growth outside the US, the falling dollar threatens to leave all America’s destabilizing economic imbalances intact and growth undermined elsewhere.”

**INDONESIA**  
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**“Ahead of Re-Election Run, Indonesia’s President Is Chased by Corruption Complaints,”** NYT1/26/03, A10. Pres. Megawati Sukarnoputri.

**“Indonesian Police say Bali Blasts Had ‘Blessing’ of Cleric: Baasyir in Custody on Other Charges,”** WP1/29/03, A16. Indonesian National Police admit for the first time links between Abudakar Baasyir, an Islamic cleric, and Islamic militant group Jemaah Islamiah in the case of the 10/12/02 Bali bombing. See: <http://www.polri.go.id/>.

**“Two Top Muslims In Indonesia Rebuke US On Iraq Policy,”** NYT1/29/03, A18. Hasyim Muzadi, the leader of Nahdlatul Ulama, the largest Muslim group in Indonesia, and Ahmad Sjaffii Maarif, the leader of second largest group, declined the invitation to go to Washington for the annual congressional inter-religious prayer breakfast in February.

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**IRAQ ISSUES**


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**“If America Fights, Will Asia Suffer?: A war in Iraq means higher oil prices and plunging Asian exports. That's why the region's best hope is a rapid replay of Gulf War,”** Time Asia, 1/20/03.  
[http://www.time.com/time/asia/features/asia\\_iraq/econ.html](http://www.time.com/time/asia/features/asia_iraq/econ.html)

**“As US Girds for Worst in Iraq, Retaliation isn't Clear-Cut Issue: Nuclear Response to Chemical Or Bio-Attacks has Pitfalls,”** WP1/29/03, A14.

**“War in Iraq Will only Hinder the War on Terror,”** David Gardner, Commentary, FT1/27/03, p13. “A war with Iraq now would be as false a step as that cavalier abandonment of Afghanistan was then, and more damaging. It would provide Mr. Bin Laden with the groundswell of support he was denied after the attack on the twin towers and the Pentagon. An assault on Iraq is the best recruiting sergeant imaginable for his absolutist brand of Islamism, an ideology bordering on fascism. It is this undeterrable creed and the brand of zealots sympathetic to it that is the foremost threat to liberal values and international stability alike, not Saddam Hussein.”

**“The Allies Play Hardball over Iraq: US and Europe Wage Psychological War on Each Other,”** Editorial, FT1/25-26/03, p6. “Iraq, however, has always been the most glaring failure of the EU's common foreign and security policy. Europe's disarray on how to deal with Baghdad is long-standing – largely because its two permanent members of the Security Council, the UK and France, have never made any attempt to forge a common position between themselves, let alone within the EU. The recent ratcheting up of US pressure on Iraq has only increased strains within the EU on the issue...”

**“How Bush can Avoid the Inspection Trap,”** Martin Indyk (former Assistant Secretary of State for Near East Affairs and Director of the Saban Center, Brookings Institution) and Kenneth M. Pollack (Director of Research, Saban Center), Op-Ed, NYT1/27/03, A27. “First, [Bush] and his spokesmen must make clear that ‘cooperation’ is not the same as compliance.... The Bush administration should put much less emphasis on the weapons inspectors' futile hunt for a ‘smoking gun.’... In addition, the administration should quickly share whatever intelligence it has with its allies in what Mr. Bush calls the ‘coalition of the willing,’ so that these countries will understand we have good reason for using force to do what Saddam Hussein will not do and the inspectors cannot do.... Last, after Mr. Blix reports today that Iraq has not explained the yawning gaps in the November document that was supposed to have been its ‘full, final, and complete’ declaration, Washington should press the Security Council to give Iraq an ultimatum.”

**“No More Last Chances,”** Editorial, WP1/28/03, A20. “Rather than yield to the inspectors and offer Iraq yet another last chance, the council would do better to simply obey the resolution it approved unanimously just 11 weeks ago.... Only if the council sticks to its own decisions will there be any chance that Saddam Hussein will change his.”

**“A Mixed Report on Iraqi Disarmament; The Case for More Time, and More Co-Operation, Is Clear,”** Editorial, FT1/28/03, p14. “The two reports [from Blix and ElBaradei] also make clear that inspectors are far from confirming some of the specific claims made by the Bush administration and Tony Blair, the UK prime minister. If the US and the UK really have the evidence they claim on Iraq's weapons, it is about time they provided what Mr. ElBaradei called ‘actionable information.’”

**“The Iraq Report,”** Editorial, NYT1/28/03, A24. “The White House should not be impatient to invade Iraq. War there could be a messy, bloody business. The world must be reassured that every possibility of a peaceful solution has been fully explored. To that end, the inspectors should be granted more time.”

**“Hill Pressures Bush on Iraq; Democrats, Key Republicans Urge Toned-Down Talk, Consensus,”** WP1/25/03, A16. Sen. Daschle, Sen. Biden, and Sen. Hagel come out against immediate attack on Iraq.

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**LEADERSHIP**


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**“The Marshall Plan: For 40 years the man Pentagon insiders call Yoda has foreseen the future of war—from battlefield bots rolling off radar-proof ships to GIs popping performance pills. And that was before the war on terror.”** By Douglas McGray, Wired Magazine, February 2003. A very brief interview with the J Eager Hoover of the Pentagon. <http://www.wired.com/wired/archive/11.02/marshall.html>

**“Vice Grip; Dick Cheney Is a Man of Principles. Disastrous Principles,”** by Joshua Micah Marshall, *Washington Monthly*, January/February 2003, p8. Review of astonishingly bad judgment and bad decisions.

“Cheney is conservative, of course, but beneath his conservatism is something more important: a mindset rooted in his peculiar corporate-Washington-insider class. It is a world of men--very few women--who have been at the apex of both business and government, and who feel that they are unique in their mastery of both. Consequently, they have an extreme assurance in their own judgment about what is best for the country and how to achieve it. They see themselves as men of action. But their style of action is shaped by the government bureaucracies and cartel-like industries in which they have operated. In these institutions, a handful of top officials make the plans, and then the plans are carried out.” [http://www.washingtonmonthly.com/features/2001/0301\\_marshall.html](http://www.washingtonmonthly.com/features/2001/0301_marshall.html)

**“Cheney, Little Seen by Public, Plays a Visible Role for Bush,”** NYT1/31/03, A1.

**“Serving Notice of a New US, Poised to Hit First and Alone,”** NYT1/27/03, A1.

**“A Credibility Problem,”** Paul Krugman, Op-Ed, 1/28/03, A25. “But anyone who takes the trouble to look at the numbers knows that the thrill is gone. Mr. Bush’s approval ratings have plunged over the last two months. A year ago he was, indeed, immensely popular; right now he’s not significantly more popular than he was before Sept. 11.”

**“Bait and Switch,”** Bob Herbert, Op-Ed, NYT1/30/03 A25. “Behind the veil of rhetoric is a Darwinian political philosophy that, if clearly understood, would repel the majority of Americans.”

**“Allies in a New Era,”** Jim Hoagland, Op-Ed, WP1/30/03 A23. “Bush’s exercise of raw power abroad unleashes decades of pent-up frustrations and suspicions from status-quo nations. But he has established two big things: He will not stand still in a time of danger. And neither can anyone else.”

**“Whither Colin Powell?”** Robert Novak, Op-Ed, WP1/27/03, A19. “Powell, a master at negotiating the national security bureaucracy’s dangerous waters, knows that now is not the hour to publicly dissent from President Bush’s hard line or give Iraq the impression of a divided US government. Beneath the surface, however, Powell remains the voice of restraint against unilateral military action.”

**“A General’s Doubts,”** David Ignatius, Op-Ed, WP1/31/03, A27. Interview with Gen. Wesley Clark (ret.).

“Clark’s argument, in simple terms, is that unless the United States can bring a strong coalition into a war against Iraq, it may put itself in greater danger. Disarming Iraq is important too, he says, but it’s not the most urgent task.”

**NORTH KOREA**


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**“Satellites Said to See Activity At North Korean Nuclear Site,”** NYT1/31/03, A1.

**“North Korea Assails U.N. Nuclear Watchdog,”** WP1/28/03, A16. As Lim Dong Won, special adviser to ROK President Kim Dae Jung, met with Kim Yong Sun, an aide to Kim Jong Il, the KCNA released a statement saying that the IAEA is in no position to address the crisis over North Korea’s nuclear weapons program, calling Director General ElBaradei a “poor servant and a mouthpiece” of the United States. See: <http://www.kcna.co.jp/item/2003/200301/news01/28.htm#2>.

**“North Koreans Still Demand Direct Talks With the US,”** NYT1/26/03, A15. KCNA releases statement on 1/27 saying, “The only way of solving the nuclear issue on the Korean Peninsula, peacefully and in a most fair way, is for

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the DPR and the US to hold direct and equal negotiations.” See:  
<http://www.kcna.co.jp/item/2003/200301/news01/27.htm#14>

**“North Korea Opens Door to Resolving Nuclear Crisis,”** FT1/30/03 p7. Lim Dong-won reported on 1/29 that Pyongyang is willing to open its nuclear facilities to US inspectors.

**“S. Korean Delegation’s Peace Bid Founders: Envoy Unable To meet Kim Jong Il,”** WP1/29/03, A17. ROK Presidential envoy Lim Dong Won was not allowed to meet Kim Jong Il during his visit to North Korea.

*In contrast to:* **“Inter-Korean Relationship Grows Warmer In Heat Of Nuclear Crisis,”** FT1/29/03, p7. Which reports incorrectly that Lim did meet with the Dear Leader.

**“Troubled Power Project Plays Role in North Korea Showdown; Pyongyang Wanted Electricity For Halting Nuclear Arms; Many Snags Soured Plans; Karaoke and Armed Guards,”** WSJ1/30/03, A1. Kumho, North Korea, future site of LWRs being constructed under the Agreed Framework, is at the center of the nuclear crisis on the Korean Peninsula.

**“Reforms Turn Disastrous for North Koreans; Nuclear Crisis May Have Roots in Economic Failure,”** WP1/27/03, A1.

**“South Korea President Praises ‘Intelligence’ of North’s Leader,”** FT1/25-26/03, p3. Kim Dae-jung, asked by a foreign reporter, said that Kim Jong-il was the “most intelligent” leader North Korea has ever had.

**“Evil, Yes. Genius, No.”** By Nicholas Eberstadt (AEI) Published: Feb 1, 2003, “North Korean leader Kim Jong Il has been mischaracterized in the press as having a brilliant, though evil, mind. In reality, his ineptitude as a leader is what makes the present crisis with that country so scary.”...”This defiant tirade may have been emotionally satisfying for an enraged and embarrassed dictator. But as a diplomatic gambit it was rank buffoonery. By admitting its own nuclear cheating, North Korea inadvertently spared America the trouble of proving the subterfuge.”  
[http://www.aei.org/publications/pubID.15710.filter/pub\\_detail.asp](http://www.aei.org/publications/pubID.15710.filter/pub_detail.asp)

**“N Korea Lambasts 'Charlatan' Bush,”** BBC Online, 1/30/03. “North Korea's foreign ministry has described US President George W Bush's State of the Union address as an "undisguised declaration of aggression".  
<http://news.bbc.co.uk/2/hi/asia-pacific/2710153.stm> North Korea News Agency: <http://www.kcna.co.jp/index-e.htm>  
 “tailored containment strategy” or “serpent” strategy as it is to be carried out in the way a serpent does, ie swallowing up the object after strangling it.”

## OBITUARY

**“Hisashi Shinto, 92, Is Dead; Was Industrialist In Japan,”** NYT1/29/03, A25.

**“Hugh Trevor-Roper, 89, Dies; Historian of Hitler’s Last Days,”** NYT1/27/03, A25. Author of “The Last Days of Hitler.”

## SOUTH ASIA

**“Claims of Pakistan Nuclear Links Trouble to India; New Delhi Voices Concern Over Intelligence Reports that Beijing Continues to Supply Technology and Materials to Islamabad,”** FT1/28/03, p7. India’s Foreign Minister Yashwant Sinha, in 1/27 speech to the Fifth Asian Security Conference organised by the Institute For Defence Studies And Analysis, New Delhi, said, “Reliable and widespread reports of Chinese nuclear and missile proliferation to Pakistan cause deep concern. There is also a sense of disappointment over the pace of improvement in the relationship [between India and China].” See: <http://meadev.nic.in/speeches/eam-asianstudies.htm>.

**“U.S., India to Conduct Joint Air combat Exercise: Pakistan Voices Concern over Training’s Potential to Blunt its Ability to Use Nuclear-Armed Fighters,”** WP1/28/03, A18.

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**“India Puts State Oil Companies Up For Sale,”** FT1/29/03, p2. Indian government announced on 1/28 that it would accept bids for the sale of Bharat Petroleum and Hindustan Petroleum in the next two weeks, restarting its privatization efforts after months of stalling.

**“Nepalese Insurgency Stops Tourists in their Tracks: Even A Royal Wedding Could Not Entice Visitors To The Mountain Kingdom,”** FT1/27/03, p4.

**“Insurgents in Nepal Announce Cease-Fire: Hopes Raised for End to 6-Year Conflict,”** WP1/30/03 A19.

#### SOUTH KOREA

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**“S. Korean Nominated To Be Head Of WHO,”** FT1/29/03, p2. Mr. Jong Wook Lee, current head of the WHO’s tuberculosis program, to assume position in July. See: <http://www.who.int/mediacentre/releases/pr4/en/>

**“US Spy Plane Crashes in South Korean Town, Injuring 5,”** NYT1/27/03.

**“Seoul Against Washington; South Koreans Seeking to Evict US Troops Should Be Careful of What They Wish For,”** Editorial, FEER, 1/16/03, p8. “As Mr. Roh, the president-elect, begins to assemble his administration, his decisions will be scrutinized for signs of whether he will shift South Koreans away from their dalliance with anti-Americanism. For his own country’s security, we hope he quickly begins to appreciate who really needs whom.”

**“Shifting Loyalties: Seoul Looks to New Alliances,”** NYT1/26/03, A15.

**“Korean Vets, Wary of North, Are Voices of Past; New Generation’s Shorter Memories Altering Relations,”** WP1/25/03, A18.

**“Suddenly, Three’s a Crowd in South Korea,”** Sangmee Bak (Hankuk University of Foreign Studies, Seoul), Op-Ed, 1/26/03, B1. “But as Seoul and Washington struggle to figure out a way to deal with Pyongyang, the ties between South Korea and the United States remain strong, despite tensions. Many South Koreans, both young and old, still believe that can learn valuable things from what American society has achieved.”

**“S Koreans Dismayed at Internet Vulnerability,”** FT1/28/03, p7. Internet virus “SQL Slammer” hit South Korea hard.

#### SOUTHEAST ASIA

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**“2002 'boom year' for Philippines,”** BBC Online, 1/30/03. “An expansion of 3% between October and December meant that growth for the whole of 2002 was 4.6%.” <http://news.bbc.co.uk/2/hi/business/2708311.stm>

**“Now the Real Work Begins; President Arroyo’s Decision Not to Run for President in 2004 Will Allow Her to Tackle the Economy. It Won’t Be an Easy Task,”** FEER, 1/16/03, p24.

**“Thailand's Growth 'Looks Healthy’”** BBC Online, 1/31/03. “Issuing its quarterly report, the Bank of Thailand predicted growth for 2002 would prove to be 5% when full year figures are released in March.”

<http://news.bbc.co.uk/2/hi/business/2712835.stm>,

**Bank of Thailand:** [http://www.bot.or.th/BOTHomepage/index/index\\_e.asp](http://www.bot.or.th/BOTHomepage/index/index_e.asp)

**“Let the Oil Flow; Oil Firms Will Soon Return to the Timor Sea, abut the New Nation May Not be Ready for the Profits,”** FEER, 1/16/03, p22.

**“Cambodian Mob Sets Thai Embassy Ablaze,”** FT1/30/03 p7.

**“Cambodian Resentment At Thai Dominance Boils Over,”** FT1/31/03, p6.

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**STEEL**

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“**Tariffs Help US Steel Return Profit of \$12m,**” FT1/29/03, p19. See: [http://www.prnewswire.com/cgi-bin/micro\\_stories.pl?ACCT=929150&TICK=X&STORY=/www/story/01-28-2003/0001879949&EDATE=Jan+28,+2003](http://www.prnewswire.com/cgi-bin/micro_stories.pl?ACCT=929150&TICK=X&STORY=/www/story/01-28-2003/0001879949&EDATE=Jan+28,+2003)

“**Bush Warned Over Steel Tariffs,**” FT1/28/03, p1. Motor & Equipment Manufacturers Association (MEMA) hosted forum in Detroit warns Bush that parts makers are experience severe price increases after imposition of steel tariffs. See: [http://www.mema.org/media/index.php?content\\_id=3142](http://www.mema.org/media/index.php?content_id=3142).

“**Bush Had The Right To Impose Tariffs On Steel,**” Robert Lawrence (professor of international trade and investment at the John F. Kennedy School of Government, Harvard Univ.), Commentary, FT1/29/03, p13. “At the end of the day, the US safeguard tariffs are problematic – but if other options are removed, protectionist responses will become even more commonplace and free trade will suffer.”

**TAIWAN**

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“**Chip Blow As TSMC Profits Fall Sharply,**” FT1/29/03, p16. Taiwan Semiconductor Manufacturing (TSMC) announced a sharp fall in profits in 2002, down 43% year on year to US\$74m. TSMC predicted that sales would bottom out in Q1 of 2003 and then will rise in Q2. See: <http://www.tsmc.com/tsmcdotcom/PRListingNewsAction.do?action=detail&LANG=E&newsid=1406&newsdate=2003/01/28>

**TRADE**

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“**Climbdown on Farm Trade Boosts Hopes of WTO Talks,**” FT1/28/03, p4. France and Ireland drop opposition to a EU position paper on global agriculture liberalization, paving the way for the WTO to agree by 3/31 on a framework for negotiation of reducing ag. trade barriers for the Doha Round.

“**US and Vietnam in Catfish Spat,**” FT1/28/03, p7. DOC said it was likely to impose on Vietnamese catfish sales over charges of dumping.

“**Hong Kong Shippers Scramble to Meet New US Cargo Rules,**” NYT1/26/03, A15. Dept. Commissioner US Customs Douglas M. Browning visits Hong Kong to discuss with officials the Container Security Initiative (CSI), which will come into effect on 2/2/03. See: Browning Speech, <http://www.usconsulate.org.hk/pas/pr/2003/012401.htm>

“**US Customs Rules May Hit Chinese Exporters,**” FT1/31/03, p4. New shipping rules set to take effect 2/2/03 will require 14 types of info to US customs 24 hours before loading.

**US ECONOMY**

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“**Economy Weaker in 4<sup>th</sup> Quarter; Growth Pace Fell as Firms, Consumers Cut Spending,**” WP1/31/03, A1. Advance estimates of Q4 GDP show an estimated annual growth of 0.7%, the smallest increase since the recent economic recession. See: <http://www.bea.gov/bea/newsrel/gdpnewsrelease.htm>.

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## 6) WEBSITE OF THE WEEK

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### Ugoke-Japan!

<http://www.go-nippon.jp>

Government-Industry-Academia partnership to revitalize the Japanese economy. Ugoke Japan! focuses on S&T and innovation.

Site includes economic proposals and event information.

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## 7) KEY & QUICK NEWS LINKS

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\*\*\*\*\*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>