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1. JIAP NEWS

Brookings' Asia experts in the Foreign Policy Program continue their exodus. Dr. Nicholas Lardy, a leading expert on China's economy will leave at the end of this month for the Institute for International Economics.

Monday is a U.S. holiday and JIAP will be closed. There will not be a Calendar issue.

Contents: COVER STORIES, JAPAN: Japan Banking, Japan Business, Japan-Economy, Japan-Foreign Policy, Japan-Politics, Japan-Security, Japan-Society & Culture. **JAPAN RELEVANT:** Australia, China-Economy, China-Foreign Policy, China-Politics, Energy, Environment, Foreign Policy, Global Economy, Indonesia, Intellectual Property, Iraq Issues, Leadership, North Korea Crisis, Obituary, South Asia, South Korea, Science & Technology, 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, Mr. Seth D. Drewry, and Mr. Daisuke Okuyama at (202) 822-6040, or access@jiaponline.org <http://www.jiaponline.org>

About JIAP

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

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

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

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The Japan Information Access Project

2000 P Street, N.W., Suite 620

Washington, DC 20036-6920

Tel: 202-822-6040 · Fax: 202-822-6044

<http://www.jiaponline.org>

2) MEMBER NEWS

“**The Ishihara Shinto: Coming At Last?**” Ayako Doi (JIAP Member), Japan Digest Forum, 2/12/03, p5. “The dream scenario for Ishihara fans is that he’ll run and win a seat in the next lower house election, form a coalition and replace Koizumi as prime minister. Ideally, there would be a national election before the LDP presidential race in late September, at which Ishihara could challenge Koizumi’s leadership. Alas, Koizumi alone has authority to dissolve the lower house and call a general election, and he has repeatedly said that won’t happen this year.”

3) CRITICAL REPORTS

“**North Korea Wants Arms, And More Aid From US, Chief of CIA Suggests,**” NYT2/13/03, A15. CIA Director George Tenet testified on 2/12 before the Senate Armed Services Committee that, “Kim Jong Il’s attempts to parlay the North’s nuclear program into political leverage suggest he is trying to negotiate a fundamentally different relationship with Washington, one that implicitly tolerates the North’s nuclear weapons program.”

See: <http://www.cia.gov/> [Does not yet appear on website 2/14].

Hearing: http://armed-services.senate.gov/e_witnesslist.cfm?id=587 [Does not yet appear on website 2/14].

“**White House Continues to Put Faith in Diplomacy,**” FT2/14/03, p7. Asst. Sec. of State James Kelly, before the House International Relations Committee, testified that, “While we will not dole out rewards to convince North Korea to live up to its existing obligations, we remain prepared to talk to North Korea and to transform our relations with it once the North comes into compliance with its international obligations.” See: <http://usinfo.state.gov/cgi-bin/washfile/display.pl?p=/products/washfile/latest&f=03021307.elt&t=/products/washfile/newsitem.shtml>.

Japan Speaks Up

2/13 – JDA Director General Ishiba, in a 2/14 interview with Reuters, suggests that Japan would launch a first strike against North Korea if it had evidence that Pyongyang was preparing to attack with ballistic missiles. (“**Japan Says Would Strike N. Korea if Attack Imminent,**” Reuters Online, 2/13/03, <http://www.reuters.com/newsArticle.jhtml?type=topNews&storyID=2223556>).

2/14 – Ishiba gives a press conference to clarify his pre-emption remarks, saying, “We have no confirmation that there is an imminent danger of a missile launch (from North Korea)....The situation is very tense in North Korea, but Japan is not making any special preparations in response to that.” He also remarked that, “Nothing is different from what I have been saying at Diet meetings. I have lodged a complaint against [Reuters] because the article conveys a message that is not necessarily my true intention.” (“**Japan DA Director General Says Danger of DPRK Missile Launch ‘Not Imminent,’**” Kyodo Clue II (Internet Version in Japanese), 2/14/03. [FBIS Translated Text JP20030214000037].

U.S. Treasury Official Urges Japan To Fix Economy

Deputy Treasury Secretary Kenneth Dam remarks to Japan Society February 13, Japan must defeat its nagging recession not only for the benefit of the economy, but also for regional security, says Kenneth Dam, U.S. Deputy Treasury Secretary who announced on 2/4 his resignation from Treasury. “A healthy, vibrant Japan is a Japan that is able to take its proper place on the world stage - a critical factor in the security of this region, and of the world as a whole,” Dam said. He added “the United States fully supports Prime Minister Koizumi's resolve to overcome these . . . challenges facing Japan.” **Summary:** <http://lists.state.gov/SCRIPTS/WA-USIAINFO.EXE?A2=ind0302b&L=WF-EASIA&P=R12371>

The Road to Wellville: Economic Challenges Facing Japan, <http://www.ustreas.gov/press/releases/js33.htm>

“**Japan: Weaker Yen Ahead,**” Stratfor, 2/14/03. “U.S. Deputy Treasury Secretary Kenneth Dam recommended Feb. 13 that the Bank of Japan resume large-scale currency emissions -- read yen -- to shake the country out of its deflationary funk. If intended as stated, Dam's speech represents a sharp change in U.S. foreign economic policy: one that indeed might trigger a temporary Japanese revival, but potentially at the cost of a fresh Asian financial

crisis that will make the 1997-1998 crisis seem mild in comparison.”

<http://www.stratfor.biz/Story.neo?storyId=210120®ionId=2>

“CIA Head Predicts Nuclear Race: Small Nations Pursuing Arms,” WP2/12/03, A1. CIA Director George Tenet; FBI Director Robert Mueller; DIA Director Admiral Lowell Jacoby; and State INR Assistant Secretary Carl Ford testified before Senate Select Committee on Intelligence hearing on “Worldwide Threats.”

See: <http://www.senate.gov/~intelligence/0302hrg/030211/witness.htm>

Protecting against the Spread of Nuclear, Biological, and Chemical Weapons

An Action Agenda for the Global Partnership coordinated by Robert J. Einhorn is a senior adviser in the CSIS International Security Program and Michèle A. Flournoy is a senior adviser in the CSIS International Security Program. “This report is part of the Strengthening the Global Partnership Project led by the Center for Strategic and International Studies (CSIS) and a consortium of international research organizations under the cosponsorship of the Nuclear Threat Initiative (NTI) and the Carnegie Corporation of New York. It is intended to provide the foundation for the next stage in this project: reaching out to key European, Asian, and North American decisionmakers—in national ministries, in parliaments, and in the EU—on this issue. One of the report’s main findings is that the relationship between contributing countries and Russia in the threat reduction effort should be transformed from patronage to partnership. Although the contributing governments have not intended their assistance efforts to embody the negative features typically associated with donor-recipient relationships, Moscow has often perceived threat reduction assistance in that light—and clearly that must change. That means treating Russia not as a dependent client but as an equal partner who must be fully integrated into the design and operation of specific projects as well as the planning and guidance of the overall effort.”

See: http://www.csis.org/pubs/2003_protecting.htm

Just When You Thought Policy Couldn’t Get Any Weirder...

[*Differentiation and Defense: An Agenda for the Nuclear Weapons Program*](#) is a report released 2/13 by Representative Heather Wilson (R-N.), who chairs the Republican-controlled House Policy Subcommittee on National Security and Foreign Affairs. It adds a voice to a growing Washington debate over controversial Bush administration policies regarding nuclear weapons and the potential use of force against Iraq. **The report concludes that the U.S. Congress should lift restrictions and authorize an aggressive program for developing new nuclear weapons.** It specifically advocates waiving a 1993 congressional prohibition on researching weapons with yields less than five kilotons and calls for an “advanced development program” for new nuclear capabilities. It urges the United States to aggressively develop new, lower-yield nuclear weapons for battlefield use, which advocates argue would be more practical because they might result in fewer civilian casualties than strategic weapons currently in the U.S. arsenal. The report also says the president should have the option of using “nuclear weapons that are capable of holding all targets at risk,” including deep and hardened bunkers.

Press Release: <http://wilson.house.gov/NewsAction.asp?FormMode=Releases&ID=568>

Report: <http://wilson.house.gov/Media/Photos/NuclearReport.pdf>

4) OPINION, REPORTS & STATEMENTS

COVER STORIES

NATIONAL JOURNAL – “Dollars And Dissents: Party loyalty aside, congressional Republicans have plenty of changes in mind for President Bush's budget. *National Journal* looks at 18 key areas of disagreement,” 2/8/03, <http://nationaljournal.com/members/news/2003/02/0207nj1.htm>. [limited access]

ECONOMIST – “Burden of proof: No “smoking gun” yet, but evidence of Iraqi guilt outweighs Iraq's pleas of innocence,” 2/8/03, http://www.economist.com/printedition/displaystory.cfm?Story_ID=1563877 [limited access].

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Far Eastern Economic Review – “Managing The Mandarins: How China's New Bureaucracy Will Affect Your Business: China's new leaders want to reorganize major state bodies. The big worry is whether they can fix deep-seated problems or whether botched restructuring might only make them worse,” 2/20/03, http://www.feer.com/articles/2003/0302_20/p026china.html

JAPAN

JAPAN-BANKING

“Merrill and Mizuho Said to be in Talks; US Group Reported to be Buying ¥150bn in Preferred Shares of World’s Largest Bank,” FT2/12/03, p17. See: <http://www.mizuho-fg.co.jp/english/index.html>; <http://www.ml.com>.

“Bank of America Downsizes Japanese Operations; Country ‘Unlikely to Offer Any Significant Opportunities in the Near Future;’ BOA Follows Exodus Started by Other International Institutions,” FT2/14/03, p17. BoA will reduce staff from 220 to 110, move its forex operations to Singapore and close its bad-loan division. See: <http://www.bankofamerica.com>.

“Banks Tire of Waiting for Sun to Rise on Japan’s ‘Big Bang;’ Many International Groups are Reducing Their Tokyo Operations but the Dream Lives on for Some,” FT2/14/03, p14.

JAPAN-BUSINESS

“Sony’s Mission Is to Make Our Own Products Obsolete. Otherwise Somebody Else Will Do It,” Michiyo Nakamoto, Tim Burt, Commentary, FT2/10/03, p11. “Even some senior executives concede that Sony has a tough fight ahead. One board member says: ‘You should think of Sony fighting a war on three fronts: it is fighting on the content side against all the other movie studios and music companies; its software is facing the might of Microsoft and others; Sony hardware is up against every other electronics company.’”

“Sony Plans Radical Overhaul of Management,” FT2/10/03, p15. Sony is likely to consolidate its worldwide management in a “regional empowerment” drive to create three international hubs for its businesses: America, London/Berlin, and Tokyo/Shanghai. See: <http://www.sony.co.jp>.

JAPAN-ECONOMY

“GDP Rises 0.5% in 4th Quarter of 2002,” YOMIURI Online, 2/15/03. October-December GDP rose 0.5%, falling from 0.7% in July-September. See: <http://www.reuters.com/newsArticle.jhtml?type=topNews&storyID=2223556>

“Japanese Economy Shifts Into Reverse,” FT2/11/03, p5. GDP data for Oct.-Dec. 2002 to be released 2/14 is expected to be negative, according to senior economic adviser to PM Koizumi Haruo Shimada, Keio University.

“Japan Economy Reverting Back to Reliance on Exports,” Nikkei Online, 2/11/03. Japan’s CY2002 trade surplus rose 37.5%, the fastest rate of growth since the current calculation method was adopted in 195.

“Japan’s Deflation Starts Biting into Wage Sector,” FT2/12/03, p6. As Japan enters annual spring wage negotiation *shunto* period, Nissho Iwai and Nichimen are the latest companies to propose 20% pay cuts as part of their mergers.

“How Japan’s Neighbors Give It a Lift; Nation’s GDP Set to Shrink But Its Exports to Region, Especially China, are Rising,” WSJ2/13/03, A10.

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“**Koizumi’s Last Chance to Rescue Japan,**” Takatoshi Ito (Professor, University of Tokyo; former deputy Vice-Finance Minister for International Affairs), Commentary, FT2/10/03, p13. “Mr. Koizumi must do three things quickly to steer Japan out of its deflationary trap. First, he has to convince the BoJ of the virtues of unconventional monetary policy in order to circulate more money to the economy since orthodox monetary policy - the lowering of interest rates – cannot do more.... Second, he has to resist the call for more deficit financing....Third, the non-performing loans problem has to be resolved, once and for all.”

“**Japan Faces Bond Quandary,**” WSJ2/11/03, C15. 10 year bond price hit a historic high, with the low falling to a record 0.75% “Japan’s leaders would dearly love bond yields to start rising again, but are afraid of the consequences once they do. That fear could actually be hamstringing policy makers’ attempts to boost Japan’s economy and halt deflation, some analysts say.”

“**Japan Cuts Millions of Pensions In Line with Falling Prices,**” FT2/8-9/03, p5.

JAPAN-FOREIGN POLICY

“**Japan Assents to US View on N. Korea,**” WP2/13/03, A27. Fumio Ota, chief of Japan’s military intelligence, told a closed meeting of the LDP’s Defense Policy Committee that evidence confirms US allegations that North Korea is pursuing nuclear weapons development.

“**A Short-Lived War Could Help Japan; How a US-Led War in Iraq Could be a Boost for the Ailing Asian Economy,**” FT2/11/03, p4. Masaaki Kanno, Chief Economist at JP Morgan in Tokyo, says, “A short war is a best-case scenario for Japan, as US consumer confidence would recover and the dollar would rise, leading to a relative fall in the yen. Japan’s government aid to Iraq after the war would be massive and would result in the expansion of fiscal policy.”

“**Japan’s Spontaneous Support For War, Analysis,**” By Devin T Stewart, AsiaTimes, 2/14/03. “Koizumi’s sudden announcement that Japan is prepared to support "responsible measures" by the United States (read "including war") to deal with Iraq caught many by surprise. But this development, marked as it was by a lack of public debate, did not come out of the blue.” <http://www.atimes.com/atimes/Japan/EB14Dh02.html>

“**Military Buildup: US, Tokyo Ignore Public,**” By Axel Berkofsky, AsiaTimes, 2/15/03. “While the United States is reportedly planning to beef up its military forces and hardware in East Asia to keep North Korea in check, the public in Japan and South Korea is clearly less than enthusiastic about more US military presence in their countries. <http://www.atimes.com/atimes/Japan/EB15Dh02.html>

“**Foreign Policy Advisor Okamoto Gives Up Attempt to Resign Post,**” Tokyo Sentaku, 2/1/03. A Kantei source said, “Recently Fukuda has had his leadership in PMOR [Prime Minister’s Official Residence] diplomacy completely taken away by Deputy Chief Cabinet Secretary Shinzo Abe, and he is trying to get it back by using Mr. Okamoto. I think Mr. Okamoto is the victim.”

JAPAN-POLITICS

“**A Reflationist, Deflationist or Superhero? Japan Seeks Central-Bank Chief to Tackle Herculean Challenge of Fixing Economy, Limiting Risk,**” WSJ2/11/03, C1.

“**New BOJ Chief Expected to be Named After G-7 Meeting,**” Nikkei Online, 2/10/03. Chief Cabinet Secretary Fukuda said that it was not likely that Koizumi would pick a new BOJ chief before the 2/21-22 G-7 meeting in Paris.

JAPAN-SECURITY

“**Measures, Policies in Defense Spending for FY03**,” Asagumo, 2/6/03, p1. [FBIS Translated Text JPP20030210000040]. FY03 Ground Self Defense Force budget calls for ¥1.8627trillion, a reduction of ¥5 billion from FY2002. Article breaks down allotted budget by platform.

“**US Tells Japan N Korea Has Developed Nuclear Weapons**,” Nikkei Online, 2/12/03.

“**Scholar on US Missile Defense Plan, Japan’s Cooperation in View of DPRK Threat**,” by Adm. Hideaki Kaneda (ret.) (Okazaki Institute), Sekai Shuho, 2/11/03, p6-9. [FBIS Translated Text JPP20030205000013]. ‘From the perspective of our national defense, by possessing the competence for ballistic missile defense, Japan will become able to supplement its wholly deficient relevant function and fully safeguard its territories and people. On the other hand, from the view point of Japan-US alliance, Japan will fulfill reciprocity in their alliance by cooperating in the promotion of the US MD plan and by defending US forces in Japan from the ballistic missile threat in effect. When it comes to acquire the ballistic missile defense capability, Japan also will be able to effectively use the capability as a diplomatic trump card called ‘deterrence by denial.’ This will enable itself to play an independent role in curbing military expansion in the field of weapons of mass destruction and ballistic missiles within the framework of arms control and disarmament.’”

“**US Servicemen-Related Arrests Rising for Sixth Consecutive Year in Okinawa**,” Naha Okinawa Times, 2/7/03, p31. [FBIS Translated Text JPP20030210000012]. There were 100 arrests after 81 incidents, the worst ever in 11 years.

JAPAN-SOCIETY & CULTURE

“**For Ailing Japan, Longevity Begins To Take Its Toll; Rapidly Aging Population Adds to Economic Mess; Who Will Do the Work? Mr. Isshiki Pinches Pennies**,” WSJ2/11/03, A1.

JAPAN-RELEVANT

AUSTRALIA

“**Australia’s Partnership with Japan Enduring: White Paper**,” Jiji Press in English, 2/12/03 [FBIS Transcribed Text JPP20030212000090]. “**Advancing the National Interest**,” Australia’s Foreign and Trade Policy White Paper, Department of Foreign Affairs and Trade (DFAT), 2/12/03. DFAT White Paper says that no other Asian country will supplant Japan’s importance to Australia for another decade. See: **White Paper**, <http://www.dfat.gov.au/ani/index.html>; **Press Release**, http://www.foreignminister.gov.au/releases/2003/fa010b_03.html

“**Howard’s Gamble; Australia’s Leader Runs Risks by Siding With the US on Iraq**,” Editorial, FT2/13/02, p10. “[PM Howard] is clearly gambling that the US will achieve a swift and decisive victory against Baghdad and will reward Australia’s support by raising future bilateral relations to a higher level of intensity. That could be a valuable prize for a nation that is acutely aware of its geographical remoteness and lack of natural allies. However, the price of failure would be crushing, both for the country and for its leader. It would risk reducing Australia’s foreign policy to a shambles and turning what Mr. Howard hopes will be a transcendent legacy into his political epitaph.”

“**Canberra Seeks Closer Ties to US as Security Threat Grows**,” FT2/13/03, p6.

CHINA-ECONOMY

“**Cisco Faces Long-Term Threat**,” FT2/10/03, p17. Cisco filed a lawsuit alleging theft of intellectual property, its first, against low cost, Chinese rival Huawei Technologies. See: <http://www.cisco.com/>.

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CHINA-FOREIGN POLICY

“China Asserts It Has Worked to End Nuclear Crisis,” NYT2/13/03, A15. Zhang Qiyue, Foreign Ministry spokeswoman, said, “Since last October, China has made lots of efforts in our own way.” See: <http://www.fmprc.gov.cn/eng/> [Remarks not yet on website in English 2/14]

“China Urged to Put Pressure on N Korea Over Nuclear Policy,” FT2/8-9.03, p2. Bush called Jiang on 2/7. “Talked to the President of China, reminded him that we have a joint responsibility to uphold the goal that we talked about in Crawford -- that goal being a nuclear weapons free Peninsula; that we have responsibilities, joint responsibilities.” See: <http://www.whitehouse.gov/news/releases/2003/02/20030207-3.html>.

“Beijing Cool Over Korea and Iraq,” FT2/10/03, p4.

“China’s Hu Faces Test over U.S. Ties: Tensions over North Korea, Iraq Present New Leader with First Big Challenge,” WSJ 2/12/03, A13.

“China Backs French Call to Boost Weapons Inspections,” FT2/12/03, p2. Security Council permanent members split 3-2.

“China has a surprise for Kim Jong Il,” Gordon G. Chang (a lawyer based in Hong Kong, is the author of "The Coming Collapse of China) IHT 2/12/03. “Ta Kung Pao, a pro-Beijing newspaper in Hong Kong, recently ran a commentary from a prominent Chinese foreign policy expert who was sharply critical of Pyongyang's nuclear weapons program. The writer, Shi Yinong, said that China should put its security and development interests first. "And this means with regard to the Korean nuclear crisis that China's first objective is to firmly cause North Korea to get rid of its nuclear weapons," he wrote. Ta Kung Pao is often used by China to signal its intentions.” <http://www.iht.com/articles/86369.html>

"Reverse Course? The Fragile Turnaround in U.S.-China Relations." Michael Swaine, Carnegie Endowment Policy Brief, 7 pages. “A remarkable improvement has taken place in U.S.-China relations during the past fourteen months, largely as a result of the 2001 terrorist attacks. Both sides have developed strong incentives to downplay their differences and seek common ground in a variety of areas, particularly the struggle against terrorism. If properly managed, this situation could lead to a more stable, mutually beneficial relationship during the next several years. However, the major obstacle to reaching this objective remains the Taiwan issue, which continues to exhibit highly destabilizing trends. In particular, political and social dynamics on Taiwan, Beijing's steady accumulation of military power, and the rapidly deepening U.S.-Taiwan security relationship could combine to increase the likelihood of conflict within the next five to seven years. To avoid this, and to establish a more sustainable basis for improved U.S.-China relations, the U.S. government must undertake policy changes, beginning with a serious effort to negotiate mutual arms reductions across the Taiwan Strait.” See: http://www.ceip.org/files/Publications/Swaine_PB22.asp?from=pubdate

“China Sending Troops as Congo Peacekeepers: Action Evidence of International Push,” WP2/12/03, A24. China’s logistical capabilities will be challenged by sending 175 soldiers from an engineering battalion and 43 soldiers from a medical unit to the Democratic Republic of Congo, the first international deployment for the PLA since 800 engineering soldiers took part in the UN Cambodia operation from 1992-4.

“Is Chinese Military Modernization a Threat to the United States?” Ivan Eland, Cato Institute Policy Analysis No. 465, 1/23/03. “Although many alarmist articles in the press have trumpeted improvements in the Chinese military, those enhancements are pockets of modernization in a largely antiquated force. China’s military modernization is more rapid than before but is not a massive Soviet-style military buildup. As the Chinese economy grows and China becomes a great power, the United States should accept that it, like other great powers, will want more influence over its region. If kept within bounds, that increased sphere of influence should not threaten vital U.S. interests....The United States must take a less grandiose view of its vital interests, redraw its defense perimeter, abrogate its Cold War–era alliances (including the informal alliance with nonstrategic Taiwan), and reverse its military buildup. Currently, the United States is unnecessarily modernizing its armed forces faster than is China,

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which is starting from an extremely low level of military modernity. China, whose highest priority is economic development, is now reacting to the expansion of the U.S. defense perimeter and the U.S. military buildup by increasing its own defense budget more rapidly. Thus, U.S. policy may be engendering the threat it most fears. “ See: <http://www.cato.org/pubs/pas/pa465.pdf>.

CHINA-POLITICS

“**China in the Red,**” will be aired on PBS's "Frontline" program this weekend, was created by filmmaker Sue Williams. The documentary looks at economic reforms, China's state-owned enterprises (SOEs), labor, and unemployment. Those who have seen the program say the program also provides insightful information about changes in education and health care, examines China's "generation gap," and explores contemporary developments in the lives of ordinary Chinese people. In the Washington area on PBS on Thursday, February 13, at 9:00 PM EST (Maryland Public Television) and 10:00 PM (WETA-TV). Following the broadcast the "Frontline" website will feature an interview with Sue Williams as well as a roundtable with four leading experts on the prospects for democratic reform and human rights in China, and other items of interest. See: <http://www.pbs.org/frontline/>

“**China Orders Life Sentence for Dissident With US Tie,**” NYT2/10/03, A9. **Wang Bingzhang**, US based pro-democracy activist.

“**Rights Advocates Denounce China’s Sentence of Dissident,**” NYT2/11/03, A14.

“**The Execution of Lobsang Dondrub and the Case Against Tenzin Deleg: The Law, The Courts, and The Debate on Legality,**” Congressional-Executive Commission on China (CECC) Staff Paper. Examines the two cases and analyzing the faulty legal process that resulted in Lobsang Dondrub's quick execution. The paper concludes that Lobsang Dondrub's sentence was carried out in a manner that may have violated Chinese laws. Moreover, PRC authorities failed to fulfill a commitment made to high-level U.S. government officials that the Supreme People's Court would review the death sentences in a "lengthy" process. See: <http://www.cecc.gov/pages/news/lobsang.php>.

“**Chinese Freer to Speak and Read, but Not Act,**” NYT2/12/03, A3.

ENERGY

“**Russia to Build 2 Pipelines in the East; Politics Trumps Economics of Oil,**” NYT2/11/03, W1. Instead of choosing between a pipeline to China’s industrial North in Manchuria and a pipeline to Nakhodka on the Sea of Japan, Yukos Oil will build them both. The decision will be discussed by the Russian cabinet on 3/12.

“**Energy R&D Programs in Australia,**” ATIP 03.007, 2/03. Report provides an overview of energy R&D in Australia and describes basic research programs such as hydrogen generation and solar cells, as well as two new power generation schemes: "hot dry rocks" and "solar tower" technologies. The report also discusses Australian government's energy policy and research at government research laboratory Energy Technology Division of the Commonwealth Scientific Industrial Research Organization (CSIRO). For a summary of the remainder of this report (including a table of contents): <http://www.atip.org/public/atip.reports.03/atip03.007.pdf>

ENVIRONMENT

“**Bush Global-Warming Plan Draws Heat; Some Companies Feel Policy Is Less Business-Friendly Than White House Advertised,**” WSJ2/11/03, A4. Bush’s plan goes to far for some, others not far enough.

FOREIGN POLICY

“**America the Challenged,**” Jim Hoagland, Op-Ed, NYT2/13/03, A31. “The Bush administration must urgently review its diplomacy and provide new strategic clarity for American leadership in world affairs as it deals with the real challenges that Iraq and North Korea represent. Relying on overwhelming strength to get through the tectonic shifts in world politics that are underway will not long suffice.”

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“**Round 1 Goes to Mr. Big,**” by Josef Joffe (Editor, Die Zeit), Op-Ed, NYT2/10/03, A27. “Once the first American cruise missiles hit the bunkers of the Iraqi Republican Guard, France will surely join in. Further down the road, however, the United States does face a problem: eventually the lesser nations aren’t going to take it any more. What the administration fails to appreciate is the Spider-Man principle: ‘With great power comes great responsibility.’ The bigger Mr. Big gets, the more trust he must inspire in others.”

“**Rumsfeld’s Bullying will Only Backfire,**” Quentin Peel, Commentary, FT2/11/03, p13. “It is not just a European common foreign policy that Mr. Rumsfeld and his colleagues are undermining. In the longer run, it is European popular support for the transatlantic alliance that could be destroyed. Bullying Europeans to back an unpopular war is likely to be totally counter-productive.”

“**Iran Says It Has Developed Ability to Fuel Nuclear Plants but Won’t Seek Weapons,**” NYT2/10/03, A12.

“**US Wary of Iranian Nuclear Aims; Tehran Insists Program Is Solely for Electricity,**” WP2/11/03, A12.

GLOBAL ECONOMY

“**World Bank and IMF Reform Plan ‘Too Timid,’**” FT2/13/03, p6. One critic describes the upcoming reforms as, “the closest thing I have seen to rearranging the deckchairs of the Titanic.”

INDONESIA

“**A Former Indonesian Dissident Makes His Peace With America,**” NYT2/13/03, A14. Profile of journalist Joesoef Isak, former Sukarno ally and political dissident in Indonesia.

INTELLECTUAL PROPERTY

“**End to Patent Application Boom may Herald Productivity Slowdown: Innovation, which Drove the US Economy throughout the 1990s, is under Threat from Several Areas,**” FT2/12/03, p5. “Mr. Greenspan might have another reason to worry. The US Patent and Trademark Office has told the Financial Times that a long boom in patent applications, a hallmark of the innovation and productivity that fuelled growth through the 1990s, finished abruptly last year. It recorded 353,394 patent applications in the fiscal year that ended in September 2002 – an increase of 2.5 per cent from fiscal 2001, and the second-slowest increase in a decade following rates of 8 to 14 per cent from 1996-2001.”

See: <http://www.uspto.gov/>

INTELLIGENCE

“**Privacy Invasion Curtailed,**” William Safire, Op-Ed, NYT2/13/03, A33. “Think about that: Even as the nation braces for more terrorist murders, a Republican-led Congress absolutely refuses to give carte blanche to a Republican war president to treat all citizens as suspects. These legislators are attuned to the views of their voters; this means that a courageous constituency exists to defend personal freedom.”

“**Shutting Down the Snoops,**” Editorial, NYT2/13/03, A32. “Congress made the right move. The only wonder is that the Pentagon allowed the program to proceed as far as it did.”

IRAQ ISSUES

“**Most Support Attack on Iraq, With Allies; Poll Finds Renewed Backing for War,**” WP2/11/03, A14. 66% of Americans favor US forces taking military action against Iraq, 31% oppose. Bush’s approval rating has rebounded to 64%. 56% oppose US rebuilding efforts in Iraq if troops must stay several years and the US spends \$15 billion/year.

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“The Alliance Comes Apart at the Seams; The Iraq Crisis Is Causing Wider Collateral Damage to NATO,” Editorial, FT2/11/03, p14. “[A]ll this pulling and hauling inside NATO over relatively small precautionary measures does not look good. Certainly not to new and incipient members from eastern Europe, which look to NATO to shield them from any future Russian threat on their borders. Nor does it bode well for the alliance, whose entire rationale is crisis management and whose credibility in coping with future crises is in serious danger of being impaired.”

“Iraqi Oil Is Not America’s Objective,” John Tatom (DePaul University), Commentary, FT2/13/03, p11. “too many people in Europe think America’s stance is shaped by an insatiable appetite for oil. Perhaps this reflects their difficulty in understanding that America will launch action against Iraq according to its national security needs and after weighing up the military costs and benefits. Whatever the reason, they are wrong. Americans will produce or buy their oil like everybody else, regardless of what happens in Iraq.”

“UN Warns of Humanitarian Catastrophe if War Comes,” FT2/14/03, p3. UN Secretary General Kofi Annan and Undersecretary for Humanitarian Affairs Kenzo Oshima briefed UN Security Council on humanitarian contingency plan in Iraq. See: <http://www.reliefweb.int/w/rwb.nsf/UNID/D12C899C9E2F64BCC1256CCD00445C89?OpenDocument>.

LEADERSHIP

“US Navy Dismisses Admiral in Japan,” NYT2/14/03, A13. Commander of Kitty Hawk Carrier Group Rear Adm. Steven Kunkle was dismissed from his post because of an “improper relationship” with a female naval officer.

NORTH KOREA CRISIS

“US Will Not Rush to Impose Sanctions on N Korea: Bolton,” Nikkei Online, 2/15/03. Undersecretary of State John Bolton, in an interview with Nikkei, said that the US would rather seek diplomatic solutions through the Security Council than impose economic sanctions.

“U.S. Still Would Welcome a New Relationship to North Korea: James Kelly before House International Relations Committee Feb. 13,” WS State Dept. 2/14/03. “Despite growing tensions, the United States would still welcome an opportunity to forge a new relationship with North Korea, says James Kelly, assistant secretary of state for East Asian and Pacific affairs. At a February 13 hearing before the House subcommittee on Asia and the Pacific, International Relations Committee, Kelly said: “We want North Korea to understand that the United States stands ready to build a different kind of relationship with it, once Pyongyang eliminates its nuclear weapons program in a verifiable and irreversible manner, and comes into verifiable compliance with its international commitments.” He outlined U.S. desires to pursue a “bold approach” with Pyongyang which would entail “political and economic steps to improve the lives of the North Korean people” and to move the U.S.-North Korea relationship toward normalcy. <http://lists.state.gov/SCRIPTS/WA-USIAINFO.EXE?A2=ind0302b&L=WF-EASIA&P=R12059>

“North Korea: IAEA Vote Sheds Light on Russian, Chinese Global Maneuvering,” Stratfor, 2/13/03. “China and Russia both have expressed concern that the U.N. Security Council is not the best place to deal with the North Korean nuclear issue, despite a Feb. 12 International Atomic Energy Agency (IAEA) vote to refer Pyongyang’s noncompliance to the council. Yet despite their common position, Moscow abstained from the IAEA vote and Beijing approved the decision. The difference in approach reflects the two nations’ broader geopolitical interests and emphasizes their different priorities and concerns.” <http://www.stratfor.biz/Story.neo?storyId=210068®ionId=2>

“Security Council Takes Baton Over N. Korea,” FT2/13/03, p6. IAEA’s Board of Governors declared North Korea in “non-compliance” and voted to refer the matter to the UN Security Council. Russia abstains. See: <http://www.iaea.org/worldatom/Press/Focus/IaeaDprk/>.

“Russia Attacks Decision to Refer N Korea to UN; Moscow Move Deals Blow to US Efforts to Unify International Community Against Communist State,” FT2/14/03, p7.

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“**N. Korea’s Neighbors Unmoved by Threats; Little Anxiety Felt in Seoul, Tokyo,**” WP2/11/03, A13. “Many South Koreans feel protected by a sense of national brotherhood with the North Koreans and encouraged by recent signs of cooperation from the North. Many Japanese feel protected by the US military and US diplomacy.”

“**S. Korea, US to Set Up New Body to Discuss N. Korea Policies,**” Kyodo News, 2/10/03. [FBIS Transcribed Text JPP20030210000147]. VP Cheney and MDP President/Special Envoy Chong Dae Chol agreed to setup new bilateral consultative mechanism.

“**Kim Chong-il May Disband Pro-P’yongyang Korean Group in Japan,**” Tokyo Shukan Shincho, 2/6/03, p138-141. [FBIS Translated Text JPP20030204000019; Original Title, “**A Schism Arises in Ch’ongnyon as a Result of Kim Chong-il ‘Ordering it to Sell Properties’ Is This to Raise ‘War Funds’ or to ‘Disband Ch’ongnyon System.’**”] Factions of Ch’ongnyon are selling their property quickly to support a possible war effort in North Korea. “We will certainly have made a fool [sic] of us if the huge amounts of money obtained by selling off those properties are sent to North Korea secretly and get used in developing Taep’odong missiles. Even to us, Japanese people, this Nishinomiya incident is a grave national security matter that cannot be overlooked.”

“**Japan’s Security Authorities Closely Examine DPRK Espionage Operations,**” Daily Yomiuri (Internet Version in English), 2/8/03. [FBIS Transcribed Text JPP20030209000005]. NPA is stepping up efforts against over 100 suspected North Korean spies in Japan.

Commentary

“**No Easy Way,**” Editorial, WP2/14/03, A31. “More than the Bush administration, neighbors ought to be gravely concerned about the incipient nuclearization of the Korean Peninsula. Yet while demanding a veto over any campaign to disarm Iraq, Russia and China propose to stand aside while Washington disarms North Korea on its own – presumably by meeting Pyongyang’s demands for political and economic bribes. The consistency in these apparently paradoxical positions is not hard to find. Both represent the easy way out of confronting a dictator.”

“**Nearer the Brink; The Security Council Now Has North Korea to Deal With,**” Editorial, 2/13/03, p10. “Eventually the US might renew economic aid to North Korea in the context of a new settlement. But merely re-engaging North Korea in a dialogue would not in itself constitute and unwarranted reward for its aggressive tactics.”

“**Talk Therapy,**” Robert J. Einhorn (Senior Advisor, Center for Strategic and International Studies), Op-Ed, NYT2/12/03, p35. “An essential part of any negotiating strategy is for the United States and North Korea’s neighbors, especially South Korea, to make clear to Pyongyang that its future will be bleak, economically and otherwise, if it is unwilling to end its nuclear program. If North Korea has indeed already decided that it must become a nuclear power, then the talks fail. The United States will have no choice but to return to the strategy of pressure and isolation. But it will do so having exhausted all its other options.”

“**The Other Korea,**” Editorial, NYT2/12/03, A34. “Seoul’s new leaders should take some steps as well. The peace and prosperity that younger South Koreans grew up with wouldn’t have been possible without American troops stationed in their country for more than half a century. Mr. Roh, who takes office later this month, can help smooth relations with Washington and counter growing anti-Americanism in South Korea by frankly acknowledging that. He must also accept that North Korea’s nuclear programs aren’t just America’s problem but threaten South Korea’s future as well.”

“**Escaping North Korea’s Nuclear Trap,**” Nancy E. Soderberg (former US ambassador to the United Nations), Op-Ed, NYT2/12/03, A35. “If he has learned from history, Mr. Bush will negotiate directly with the North Koreans. In exchange for an end to both of North Korea’s nuclear programs and tougher inspections, he will need to put new incentives on the table, like more food aid, a resumption of the light-water reactor construction, a nonaggression pact and the possibility of normal relations. While difficult, this solution is better than the alternatives. As President Bush’s predecessors learned, negotiation is the best option in each new North Korea crisis.”

“**Pyongyang Needs Nuclear Bargaining Power,**” Robert Madsen (Asia/Pacific Research Center, Stanford University), Commentary, FT2/11/03, p15. “No longer will the international community be seeking a reversion to

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the circumstances of the early 1990s – which Mr. Kim will not consider – but rather attempting to retard the speed with which North Korea builds additional weapons and to discourage their transfer elsewhere. This will be an uncomfortable dialogue, but it is as much as the world can reasonably expect given that it accepted unverifiable, unenforceable commitments a decade ago, when Pyongyang was substantially weaker.”

“**Today’s Korean Debate Mirrors the One 52 Years Ago,**” George Melloan, Op-Ed, WSJ2/11/03, A27. “It is being argued, principally by US senators who don’t want to face up to the risk attendant to regime change in Iraq, that North Korea is the greater danger and demands the more immediate attention. Theirs is mainly a diversionary tactic. The administration is working the Kim Jong Il problem in a systematic way, as is evidenced by its proposal for a multilateral approach. Kim, unless he is totally mad, is not a clear and present danger. Terrorists equipped by Iraq with deadly poisons are however an immediate and insidious threat. The only answer is to rip out the roots that give them their sustenance. There were far better reasons for timidity in 1951 than there are now. But even then, the US may have been too cautious.”

“**Taking a Stand; Diplomacy is Fine If It Works. But it Might Not,**” Editorial, Economist, 2/8/03, p14-15. “Only a concerted stand and the message that aid will not flow until the weapons go can hope to put a stop to that. And if Mr. Kim is bent on keeping his bombs? Even more reason for America, its allies, China and Russia, to stand together. North Korea unrestrained is a threat to them all.”

“**Fuzzy-Headed On North Korea,**” Mary McGrory, Op-Ed, WP2/4/03, B7. “But somebody in the White House better start climbing into some Korean heads before the problem turns into a situation that even George Bush will have to admit is a crisis, one that would be beyond his powerful secretary of state to put right.”

OBITUARY

“**Richard Nelson, 77; Enola Gay Crew Member,**” WP2/8/03, B7.

RUSSIA

“**Russia Needs a Long-Term Relationship With the West...Putin Realizes that he Must Not Side with History’s Losers; The Iraq Crisis Is the Biggest Test Yet of the President’s Cautious Efforts to Co-Operate with Former Enemies While Pursuing National Interests,**” Stefan Wagstyl and Andrew Jack, FT2/11/03, p13. “However events unfold, Mr. Putin appears to want to maintain his friendship with the US and Europe. So far, he has managed it by lying low. It is not a position that his predecessors in the Kremlin would have adopted. But, as one US official says: ‘Putin has so far been very, very smart over Iraq.’”

SCIENCE & TECHNOLOGY

“**Japan’s Quest to Become a Science & Technology–Oriented Nation,**” by Naoki Shibutani, Visiting Fellow, Office of the Japan Chair, CSIS, 2/10/03. “The long economic recession has led the Japanese to lose confidence, and the mentality that bold action cannot be tolerated is its worst side-effect. To get out of this rut, the government needs to play a leading role in nurturing healthy companies by strengthening their technology while letting inefficient companies go. Structural reform must go on, hand-in-hand with research and innovation.” <http://www.csis.org/japan/index.htm> [Link incomplete, just like the idea] NB JIAP has been reporting on the role of S&T in Japan over the past 2 months.

“**FY 2004 Request: Defense Science and Technology Programs,**” FYI Number 18: February 10, 2003. “The Bush Administration recommended a 4.9% reduction in FY 2004 funding for the science and technology programs of the Department of Defense. Under its request, funding would fall from the current FY 2003 enacted level of \$10,763 million to \$10,232 million in FY 2004. One perspective on this funding level is provided by the Quadrennial Defense Review, which recommended that 3% of the total Defense Department budget be provided to the S&T programs. The total request is \$379.9 billion, of which 2.68% is allocated to the three S&T programs.” <http://www.aip.org/eneews/fyi/2003/018.html>

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SOUTH ASIA

“Indian PM Accuses Pakistan of Breaking Pledge on Terrorism,” FT2/10/03, p6. PM Vajpayee accuses Pakistan of failing to keep its pledge to end cross-border terrorism as India expels Pakistan’s high-commissioner Jalil Jilani for allegedly providing money to a separatist group in Kashmir. See: <http://pmindia.nic.in/home.htm>

“Arms Makers See Great Potential in India Market,” NYT2/12/03, W1. Defense Contractors from throughout the world converged on the Aero India 2003 trade show. From 1998-2001, India imported \$7.2billion in military equipment, second only to the United Arab Emirates at \$10.8billion. Aircraft makers from Britain, Russia and the US are in a fierce competition to supply 66 advanced jet trainers to the Indian military. See: <http://www.aeroindia2003.com/>; MOD’s Defense Research and Development Organization (DRDO) Aero India page, <http://www.drdo-aeroindia.com/home.html>.

SOUTH KOREA

“South Korea Chief Says North Received Cash in Bid for Peace,” NYT2/14/03, A6. Pres. Kim Dae-jung apologized over the transfer of \$192 million in cash to North Korea directly before his landmark June 2000 summit with Kim Jong-il, though he admitted no wrongdoing. See: http://www.cwd.go.kr/english/library/press/view.php?f_kind=EA&f_nseq_tot=49362

“US May Shift Troops in Korea,” WP2/14/03, A20. Sec. Def. Rumsfeld, testifying before the Senate Armed Services Committee on 2/13, gave support to a shift of US troops away from the DMZ and possibly even a reduction in forces. http://armed-services.senate.gov/e_witnesslist.cfm?id=602#witness [testimony not yet posted, 2/14]

“Hopeful Signs for GM’s Korean Venture; Foreign Investors Are Eager to See If Auto Maker’s Deal With Daewoo Is Successful,” WSJ2/11/03, A14. GM Daewoo Auto & Technology plans to grow by an aggressive export drive in Europe, Asia and the US with a domestic market share expected to increase to 13% at the end of 2003 from 9% at the end of 2002.

“Reversals in US-South Korea Links, and Some Jagged Fault Lines,” NYT2/11/03, A13. Dr. Victor Cha, Georgetown University, said, “Roh is someone who really seems to listen. But this is a test of alliances, and if they can’t figure out how to deal with a real threat together, there’s not much of an alliance left.”

“Agency Downgrades S. Korea Outlook as Nuclear Crisis Grows,” FT2/12/03, p6. Moody’s downgraded its outlook for the South Korean economy from “positive” to “negative” on 2/11. See: http://www.moodys.com/cust/displaySummary.asp?busLineId=14&original=1&document_id=150190000004448

SOUTHEAST ASIA

“Security Watch: Southeast Asia Troubles Rise as Iraq War Looms,” Stratfor 2/12/03. “While the attention of the global community is riveted on Iraq and North Korea, there remain other global flash points that could suddenly ignite. In this first installment of a new series, Stratfor assesses the security outlook for Southeast Asia, where Islamic militancy is one of many threats to stability that would be exacerbated by a war in Iraq.” <http://www.stratfor.biz/Story.neo?storyId=209996>

“Thailand Appoints New Finance Minister; Premier Chooses Tax Expert as He Pursues Goal of Balancing Budget by 2007,” FT2/10/03, p6. Somkid Jatusripitak is replaced as Minister of Finance by Suchart Jaovisidha. See: <http://www2.mof.go.th/suchart.htm>.

“Thai economy powers ahead,” BBC Online, 2/13/03. “Five years after the Asia crisis crippled the Thai economy, Thai consumers have never been more confident. A report out on Thursday by the University of the Thai Chamber of Commerce said consumer confidence rose to a record high in January. Confidence was boosted by booming exports, strong annual economic growth (5%) and recent gains on the Thai stock market.” <http://news.bbc.co.uk/2/hi/business/2756477.stm> <http://www.utcc.ac.th/> [Thai only]

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“**How Will Philippines Stocks React?**” WSJ2/11/03, C16. Impact of Iraq war will not be as bad it seems.

“**Philippines face dirty money sanctions,**” BBC Online, 2/14/03. The Philippines is to rewrite laws designed to combat money laundering just 24 hours after they were passed by Parliament in a last-ditch attempt to avoid sanctions. . . . on Friday, the Paris-based Financial Action Task Force said amendments which weakened the new regulations rendered them "deficient", giving Manila till 15 March to avoid "counter-measures".
http://www1.oecd.org/fatf/pdf/PR-20030214_en.pdf

“**Drive is Stalled against Rebels in Philippines,**” NYT2/12/03, A12. President Arroyo announced on 2/12 that the military temporarily suspended its offensive against Muslim separatist rebels in southern Philippines during the Muslim holiday of Idal-Adha amid widespread regional chaos.

“**Burma’s Legal System Under Attack from Rights Group,**” FT2/11/03 p5. Amnesty International representatives made a ten-day fact-finding mission in Burma, the first official visit after a decade of requests. See: <http://web.amnesty.org/ai.nsf/recent/ASA160052003!Open>.

TAIWAN

“**Taiwan’s Security Bureau Officer Dispatched to Japan,**” JiJi Press in English, 2/12/03 [FBIS Transcribed Text JPP20030212000083]. Taiwan’s National Security Bureau has stationed a lieutenant-general level officer in Japan, the first high-ranking Taiwanese serviceman to be in Japan since ending of diplomatic ties in 1972. See: <http://www.roc-taiwan.or.jp>.

TRADE

2/14 - World Trade Organization (WTO) Informal Ministerial Meeting begins three-day session this evening in Tokyo. This meeting will be attended by 32 ministers from 21 countries and two international organizations and will be chaired by Minister for Foreign Affairs Yoriko Kawaguchi.

“**Japan rejects draft proposal for WTO farm talks,**” AP Online, 2/12/03. “Japanese Agriculture Minister Tadamori Oshima criticized as "unacceptable overall" the document, prepared by former Hong Kong Ambassador Stuart Harbinson, who chairs the WTO agriculture negotiations.”
http://story.news.yahoo.com/news?tmpl=story&u=ap/20030213/ap_wo_en_ge/as_fin_eco_japan_wto_2

“**Japan Seeks to Ally With EU at WTO Meet in Tokyo,**” Nikkei Online, 2/10/03.

“**WTO Plan to Halt Export Subsidies Angers Brussels,**” FT2/13/03, p6. European Commission reacted angrily to WTO draft proposal which would eliminate all export subsidies for farm goods over a 10-year period as well as reduction on import tariffs and domestic support for farmers. See: European Commission, External Trade, http://trade-info.cec.eu.int/europa/index_en.php; WTO, <http://www.wto.org>.

“**House Leader Says U.S. Might Quit WTO Without Agriculture Reform: Republican Thomas cites WTO vote looming in 2005,**” US State Dept., 2/13/03. A Republican congressional leader on trade issues says Congress could vote to quit the World Trade Organization (WTO) unless WTO negotiations substantially reduce barriers to trade in agriculture. Congress must vote on whether to stay in the WTO in 2005 -- 10 years after the WTO succeeded the General Agreement on Tariffs and Trade (GATT). In the view of Representative Bill Thomas of California, chairman of the House of Representatives Ways and Means Committee, trade legislation in the closely divided Congress passes only with support from members of major agriculture-producing states, members unhappy to date with WTO results. And right now, Thomas said, he had little optimism that the European Union (EU) would reduce its agriculture subsidies significantly during the WTO negotiations. Thomas made the remarks at a February 13 forum organized by the American Enterprise Institute (AIE), a prominent Washington think tank.”
<http://lists.state.gov/SCRIPTS/WA-USIAINFO.EXE?A2=ind0302b&L=WF-EASIA&P=R13674>

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“US ‘Should Consider Quitting WTO,’” FT2/14/03, p7. Rep. Bill Thomas (R-CA), Chairman of the House Ways and Means Committee, said that the US should think about quitting the WTO if the EU fails to reform its agriculture policy. Congress is scheduled to renew America’s WTO membership in 2005. See: <http://billthomas.house.gov/>.

“No Momentum Seen For Changes To Byrd Law In Congress,” Inside US Trade, 2/14/03. “There are no serious efforts underway in Congress to repeal or alter a U.S. law that funnels antidumping and countervailing duties to U.S. companies that petition for trade remedy cases, despite the Bush Administration’s proposal to repeal the law in the 2004 presidential budget, according to congressional and industry sources. These sources said no momentum exists for seeking legislation that would ensure that the so-called Byrd law complies with an adverse World Trade Organization ruling last month, citing strong support in Congress for the law and the difficulty trading partners face in retaliating or asking the U.S. for compensation.”

“US Ready to End Tariffs On Textiles in Hemisphere,” NYT2/11/03, C1. USTR proposes to eliminate all duties on textiles within 5 years within Free Trade Area of the Americas

Press Release: <http://www.ustr.gov/releases/2003/02/03-08.htm>

See: [http://usinfo.state.gov/cgi-](http://usinfo.state.gov/cgi-bin/washfile/display.pl?p=/products/washfile/latest&f=03021102.llt&t=/products/washfile/newsitem.shtml)

[bin/washfile/display.pl?p=/products/washfile/latest&f=03021102.llt&t=/products/washfile/newsitem.shtml](http://usinfo.state.gov/cgi-bin/washfile/display.pl?p=/products/washfile/latest&f=03021102.llt&t=/products/washfile/newsitem.shtml)

“U.S. Seeks to End Many Tariffs: Bush Plan for Latin Trade Causes Debate in Textile Industry,” WP2/12/03, E1.

US ECONOMY

“Economy Is Still At Risk, Says Hubbard,” FT2/8-9/03, p2. Release of **Economic Report of the President**, 2/7/03. Mr. Hubbard said despite healthy indicators, there are, “very prominent downside risks to this economy. See: [Buried on GPO page, accessible by link from CEA page at whitehouse.gov] See: <http://w3.access.gpo.gov/eop/index.html>.

“Greenspan is Tepid on Bush Package: Fed Chief Advises Attention be Paid to Budget Deficit, Calls Stimulus Premature,” WSJ2/12/03, A2. Greenspan presents Federal Monetary Policy report to Senate Banking and House Financial Services Committees on 2/11 and 2/12. “See: Greenspan testimony, <http://www.federalreserve.gov/BoardDocs/HH/2003/february/testimony.htm>; Monetary Policy Report to Congress, <http://www.federalreserve.gov/BoardDocs/HH/2003/february/FullReport.htm>.

“Good for Mr. Greenspan,” Editorial, WP2/13/03, A30. “Rep. Barney Frank (D-MA) noted yesterday that one of Washington’s favorite games is playing ‘capture the Fed,’ and all politicians will find their favorite quotes to pull from Mr. Greenspan’s testimony. But to read his statements in their totality is to underscore the foolhardiness of the administration’s proposals.”

“Hanging Bush out to Dry: Greenspan Derivers a Stern Rebuke on Rising Deficits,” Editorial, FT2/12/03, p12. “None of this will increase Mr. Greenspan’s popularity with the administration, which brooks no dissent on its ludicrous and contradictory claims about US budgetary problems. But it will enhance Mr. Greenspan’s reputation after a bruising few years.”

5) WEBSITE OF THE WEEK

North Korea Overview

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http://204.71.60.35/e_research/e1_nkorea_1.html

6) KEY & QUICK NEWS LINKS

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

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