

APW

News & Views

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1. JIAP NEWS

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JAPAN RELEVANT: Australia, China-Economy, China-Foreign Policy, China-Hong Kong, China-Politics, Economic Espionage, Energy, Foreign Policy, Global Economy, Indonesia, Intellectual Property, Iran Issues, Iraq Issues, Leadership, North Korea, SARS, Science & Technology, Security, South Asia, South Korea, Southeast Asia, Steel, Taiwan, Trade, US Economy.

Contact

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

About JIAP

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2) MEMBER NEWS

“Military Activism: Will 2003 Be the Year It All Began?” By Ayako Doi, The Daily Japan Digest FORUM, 9/16/03. “No Longer If, But How: [Prof Gerald] Curtis says the debate about revising the constitution is no longer about whether to get rid of the ban on war in Article 9, but how. What is now shaping up is a contest between the activists who would expand Japan's military role, and the pacifists who will fight to limit it. What will be worrying, Curtis said, would be an effort by Japan's neocons to revise the Mutual Security Treaty to make it truly mutual. That would let Japan be "more independent of the U.S." as an operator, he said. If and when it happens, people may look back to 2003 and say "That's when it all began.”” <http://www.japandigest.com>

Freeman Report, Sept 2003. The monthly newsletter from the CSIS Freeman Chair in China Studies. In this issue: Essay by Professor Joan Johnson-Freese, Chair of the Department of National Security Studies at the Naval War College in Newport. In "China's Manned Space Program: Joining An Exclusive Club", she addresses China's space technology and its space programs. She also looks at the motivations behind Chinese decision-making on its space program and how it is influenced by U.S. space technology; Freeman Chair publications which include the recently released CSIS report, "China's Emergence in Central Asia and Implications for U.S. Interests" entitled, China's New Journey to the West; Updates on Freeman Chair events, including Professor Johnson-Freese's presentation on Chinese manned-space program and its planned-for launch. <http://csis.org/china/FRv01v05.pdf>

3) CRITICAL REPORTS

“Text: President Bush Says Burma, Haiti Have Failed in Drug War, Twenty-one other countries on major transiting/major producing list,” US State Dept, 9/15/03. “Burma and Haiti have "failed demonstrably" to comply with international agreements on fighting the drug wars, according to findings released by the White House September 15. In an annual process required by law, the president has found that it is in the national interest to maintain assistance to Haiti. His report to the secretary of state did not include the same waiver for Burma.”

>**The so-called "Majors List" of major drug-transit or drug-producing countries are the same as in 2002.**

The 23 countries are: **Afghanistan**, the Bahamas, Bolivia, Brazil, **Burma**, **China**, Colombia, Dominican Republic, Ecuador, Guatemala, Haiti, **India**, Jamaica, **Laos**, Mexico, Nigeria, **Pakistan**, Panama, Paraguay, Peru, **Thailand**, Venezuela and **Vietnam**.

<http://lists.state.gov/SCRIPTS/WA-USIAINFO.EXE?A2=ind0309c&L=WF-EASIA&P=R1740>

Full Report not yet on the web, but will be found here: <http://www.state.gov/g/inl/>

Vice President's Remarks at 2003 Air Force Convention, Marriott Ballroom, Marriott Wardman Park Hotel, Washington, D.C, 9/17/03. “Some people - both in this nation and abroad - have questions about that strategy. They suggest that somehow it's wrong for us to strike before an enemy strikes us. But as President Bush said, "If the threat is permitted to fully and suddenly emerge, all actions, all words, and all recriminations, would come too late." Make no mistake: President Bush is acting to protect the American people against further attacks, even when that means moving aggressively against would-be attackers. “ <http://www.whitehouse.gov/news/releases/2003/09/20030917-3.html>

“Asia Is a Risk to Recovery, Warns IMF; Currency Manipulation Comes Under Fire Amid Concern Over US Deficits,” FT9/19/03, p1. IMF releases *World Economic Outlook 2003*, which warns about the unsustainable US current account deficit and future pressure on exchange rate manipulation in Asia. See:

<http://www.imf.org/external/pubs/ft/weo/2003/02/index.htm>; Press Conference Transcript,

<http://www.imf.org/external/np/tr/2003/tr030918.htm>.

4) OPINION, REPORTS & STATEMENTS

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COVER STORIES

NATIONAL JOURNAL – “**Uncivil Liberties**; Remember Bush's promise to "change the tone"? There are six reasons why it hasn't happened,” 9/19/03, <http://nationaljournal.com/members/news/2003/09/0919nj1.htm>.

ECONOMIST – “**The Charming Outcome of the Cancún Trade Talks**; Champions of the world's poor are celebrating the collapse of global trade talks in Cancún. Some champions,” 9/20/03, http://www.economist.com/printedition/displaystory.cfm?Story_ID=S%27%298%2C%2BPA%23%21%23P%21L%0A.

FAR EASTERN ECONOMIC REVIEW – “**Return Of The Taliban: Out In The Open In Pakistan** - Two years after the U.S. war on the Taliban began, the group is escalating its attacks in Afghanistan and undermining efforts to build a democracy there. So it may be frustrating to their enemies to find the Taliban living openly next door, in Pakistan,” 10/16/03, http://www.feer.com/articles/2003/0310_16/p018region.html.

JAPAN

JAPAN-BUSINESS

“**Two NEC Units Are Subpoenaed In Antitrust Case**,” WSJ9/12/03, B8. NEC unit Elpida Memory (USA), a JV with Hitachi, and NEC Electronics America has been named in 20 federal and state class-action, antitrust lawsuits for alleged collusion with other DRAM manufacturers Micron, Samsung, Hynix, and Infineon to prop up prices.

“**Mr. Manufacturer Settles Into Mazda’s Driving Seat; First Japanese Boss Since 1996 Looks to Steer Ford Affiliate to Greater Heights**,” FT9/17/03, p18. New Mazda President Hisakazu Imaki looks to continue turnaround trend.

“**Toshiba Sees Larger Loss In First Half; Company to Cut Jobs in PC Division**,” NYT9/17/03, W1. Toshiba downgraded earnings to an operating loss of \$214million in the first half of FY2003, 67% worse than originally forecast. For the entire FY2003, Toshiba expects to make a net profit of \$292million, 12.5% less than previously expected. See: http://www.toshiba.co.jp/about/press/2003_09/pr1602.htm.

“**Wal-Mart’s Foray Into Japan Spurs A Retail Upheaval; As Giant Confronts Barriers, Local Competitors Rush To Emulate Its Methods; Balking at the ‘10 Foot’ Rule**,” WSJ9/19/03, A1.

JAPAN-ECONOMY

“**Banks Revise Forecasts And Cut Jobs Further**,” FT9/20-1/03, p9. Japanese banks Mizuho, SMFG and UFJ are to reduce jobs by 12-15%.

“**Doubt Over Japan’s Growth Rate Could Dent Recovery Hopes**,” FT9/20-1/03, p1. Government officials and private analysts agree that Japanese GDP statistics are unreliable and annualized growth, forecast at 3.9%, may be lower by 2%.

JAPAN-SECURITY

“**Koizumi suggests constitutional amendments for exercising the right to collective self-defense, rejecting shift in interpretation**,” YOMIURI 9/17/03, p2, US Embassy Translation 9/18/03. Koizumi comment on a Fuji TV talk show on Sept. 14: "The matter is worth discussing thoroughly. If Japan wants to open the door to exercising the right to collective defense, it would be better to amend the Constitution than to shift the constitutional interpretation."

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JAPAN-SOCIETY & CULTURE

“Japan's Madness For Manga,” BBC News Online 9/18/03. The Japanese cartoon film Spirited Away, now showing in UK cinemas, stars a little girl wrestling with monsters after her parents are turned into pigs. But it wasn't just children it enchanted in Japan. It took \$230m in box office sales and became the country's biggest grossing film, underlining Japan's obsession with cartoons. <http://news.bbc.co.uk/2/hi/asia-pacific/3119002.stm>

JAPAN-TRADE

“Nihon Keizai Shimbun-JCER poll of Japanese firms operating overseas, including China: About 50 percent think concluding free trade agreements is "necessary"; Expectations also high for opening Japanese market further,” NIHON KEIZAI 9/15/03, p1.

Top five countries/areas fit for business, administrative and control bases (on the scale of 1 to 10)

Central China	7.4
Singapore	6.6
Hong Kong	6.6
Southern China	6.0
Northern China	5.9

Top five countries/areas fit for production bases (on the scale of 1 to 10)

Central China	7.2
Southern China	6.9
Thailand	6.3
Northern China	5.9
Vietnam	5.8

JAPAN-RELEVANT

AUSTRALIA

“Sinews of War: The Defence Budget in 2003 and How We Got There,” Australian Strategic Policy Institute (ASPI) Policy Report, August 2003, 52pgs. Excellent report on Australia's Defense budget. “This financial year over \$15.8 billion will be spent in pursuit of what the budget papers describe as the ‘defence of Australia and its interests’. This is an increase of \$1.2 billion on the previous year, and includes additional funding for extra military personnel, an expanded Special Forces capability, increased security at Defence establishments and the cost of the ongoing Iraq deployment. But the largest initiative by far was a \$1.1 billion boost to logistics over five years. This all adds up to a greater emphasis by the Government on an Australian Defence Force (ADF) that is ready and able to respond to the challenges of today. This is hardly surprising, given a strategic environment that sees a decision to deploy to Solomon Islands, and discussions on how to deal with North Korea, before the last troops are welcomed back from Iraq.”

Report: <http://www.aspi.org.au/sinews/index.html>

Press Release: http://www.aspi.org.au/newsroom.cfm?t=releases&presspath=press/08-03/press_20_08_03.html

Report:

“Our Failing Neighbour – Australia And The Future Of Solomon Islands” Australian Strategic Policy Institute (ASPI) Policy Report, June 2003. “The tough question for Australia is whether the costs and risks of this kind of deeper engagement in the problems of our neighbours are justified by the scale of our interests. But our present cautious policy approach offers no real prospect that Solomons Islands can be turned around. The most likely outcome is therefore a relentless decline in government capacity, leading to the cessation of effective government. It would be a very serious step for Australia to decide that this was an acceptable trajectory for our immediate neighbourhood.”

Report: <http://www.aspi.org.au/solomons/index.html>

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Press Release: http://www.aspi.org.au/newsroom.cfm?t=releases&presspath=press/06-03/press_10_06_03.html

“Danger and Opportunity: Australia and the North Korea Crisis,” Australian Strategic Policy Institute (ASPI) Policy Briefing July 2003. “Australia has big interests in North Korea, but our capacity to shape outcomes is relatively modest.”

Report: <http://www.aspi.org.au/nkorea/index.html>

Press Release: http://www.aspi.org.au/newsroom.cfm?t=releases&presspath=press/07-03/press_23_07_03.html

CHINA-ECONOMY

“China Moves Gingerly Toward Private Banks; Small, Nimble Institutions Could Meet Competition From Abroad, Beijing Hopes,” WSJ/15/03, A19.

“Chinese Warned of Property Bubble,” FT9/19/03, p9. Liu Zhifeng, Vice-Minister of Construction, warns local governments of reckless property development schemes as they may be contributing to a property bubble.

CHINA-FOREIGN POLICY

“China Deploys Troops on N. Korea Border,” WP9/16/03, A13. China has moved PLA troops into new positions along the North Korean border in a takeover of border security, widely seen as a move to put pressure on North Korea.

“Anti-Japan protests worry China: An anti-Japanese petition signed by a million Chinese has come as an embarrassment to the governments of both countries,” BBC Online 9/18/03.

“Chinese activists handed in the protest letter at the Japanese embassy in Beijing on Thursday, to mark the 72nd anniversary of the start of Japan's occupation of northeast China. Launched by seven Chinese Web sites and signed by 1.12 million people within a month, the petition demanded that Japan apologise for and compensate Chinese victims poisoned by abandoned chemical weapons from World War II.” <http://news.bbc.co.uk/2/hi/asia-pacific/3118850.stm>

“Secretary Abraham and Chairman of China Atomic Energy Authority Affirm Understandings on Nuclear Technology Exchange,” US Dept of Energy 9/16/03. “These understandings open the way for greater participation by U.S. nuclear industry in China’s growing nuclear power program,” Secretary Abraham said after he and CAEA Chairman Zhang Hua-zhu signed a Statement of Intent in a ceremony at the International Atomic Energy Agency General Conference in Vienna, Austria. DOE Press Release: http://www.energy.gov/engine/content.do?PUBLIC_ID=14142&BT_CODE=PR_PRESSRELEASES&TT_CODE=PRESSRELEASE

“China to Invest in Europe’s Rival to Pentagon-Controlled Satellite System,” FT9/19/03, p1. China is to invest over \$259million in EU’s Galileo, a rival to the US’s GPS. According to pres release (link), the European Space Agency (ESA) and China’s Ministry of Science & Technology will set up a 'China-Europe Global Navigation Satellite System Technical Training and Cooperation Centre' (CENC) in Beijing University. See: http://www.esa.int/export/esaSA/SEM5180P4HD_navigation_0.html.

CHINA-HONG KONG

“Politics Not As Usual in Hong Kong; Emboldened by Rallies This Summer, Residents Begin to Make Demands,” WP9/18/03, A16.

CHINA-POLITICS

“Only A Miracle Can Save China From Itself,” Moises Naim (Editor in Chief, *Foreign Policy*), Commentary, FT9/15/03, p15. “Why is it impossible for China to avoid a politico-economic crisis in the next decade? Because no country has ever been able to go through the social, economic and political change that China will undergo

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without accidents that derail even the best-laid plans.” [not yet on personal page, but will be, [http://www.foreignpolicy.com/story/misc.php?storyID=9&PHPSESSID=a34d5b3c7ea12d89faac2028f900a67b#Part 2](http://www.foreignpolicy.com/story/misc.php?storyID=9&PHPSESSID=a34d5b3c7ea12d89faac2028f900a67b#Part2)]

“**Imperial China Fell Prey to a Lack of Pluralism,**” John Kay, Commentary, FT9/17/03, p17. “Unity is a benefit if you seek to marshal the scale of resources required for the Great Wall. But that same unity works against diversity in intellectual life, political institutions and unity of commercial and technological experiment. And the interaction of these processes of experiment and change is central to economic growth....When Chinese imperial power collapsed at the start of the 20th century, it was replaced not by disciplined pluralism but by chaos. Mao’s regime imposed still more dogmatic uniformity. Only when such uniformity broke down after his death did China begin to recognize the economic benefits of pluralism. And in the bustling streets around the Forbidden City today, you can see the formidable consequences.”

CHINA-TRADE

“**Chinese Wield Quiet Clout at Trade Talks; Siding With Poor Nations At Cancun Talks, Beijing Resists Liberalization Push,**” WSJ9/15/03, A18.

“**Excerpt: Evans Notes China's Shortcomings on Trade Commitments, Commerce Secretary's September 15 remarks in Detroit,**” US State Dept, 9/15/03. “In a speech before the Detroit Economic Club in Michigan September 15, Commerce Secretary Don Evans said the Bush administration feels China is falling short in meeting its trade commitments.” <http://lists.state.gov/SCRIPTS/WA-USIAINFO.EXE?A2=ind0309c&L=WF-EASIA&P=R2318>

Full text of Evans Speech:

http://www.commerce.gov/opa/speeches/Evans/2003/Sept_15_Evans_manufacturing_Detroit.htm

“**China Hits At US Over Charges of Unfair Trade,**” FT9/17/03, p8. In response to Commerce Sec. Donald Evans, Sun Huaibin, Director of quasi-governmental China National Textile Industry Council, said, “Our competitive edge [in textiles] is the result of 10 years of reform and restructuring. The US textile industry should learn from our experience rather than seeking the help of their government.”

“**China Faces Trade Claim from US Companies,**” FT9/18/03, p4. US manufacturing companies led by NAM are to file a formal trade complaint to induce China to revalue the renminbi. Move also meant to compel Bush administration to keep official pressure on China over revaluation. See: <http://www.nam.org/>, <http://www.sounddollar.org>

“**China Told Not To Relax Yuan Limits; Banks Not Ready, Agencies Say,**” NYT9/16/03, W1. Analysts at ratings agencies such as Standard & Poor’s and Moody’s warn that currency revaluation is ill advised.

“**Free-Floating Yuan Has Drawbacks; Some Analysts Say Untying China’s Currency May Lead to Sharp Decline in Value,**” WSJ9/17/03, A2.

“**Standard & Poor's: floating China's currency dangerous,**” China Daily 9/15/03. “Standard & Poor's Ratings Services today stated that any flotation of China's currency would be dangerous and could damage the sovereign's creditworthiness, as well as that of local banks. Comments are contained in a Standard & Poor's commentary article published in the run-up to the IMF/World Bank meetings next week in Dubai. Ping Chew, Standard & Poor's sovereign credit analyst for China said: "Despite increasing pressure on China by its trade partners, including the U.S. and Japan, to revalue its currency, preferably by allowing the Chinese renminbi to float, Standard & Poor's considers that lifting of exchange controls at the moment could be risky because Chinese banks are ill-equipped to handle volatility in the exchange rate.”” http://www1.chinadaily.com.cn/en/doc/2003-09/15/content_264346.htm

“**Dumping disputes impeding China's exports,**” Shanghai Daily 9/15/03. “Anti-dumping charges against Chinese manufacturers by foreign countries totaled 500 by the end of 2002, costing China billions in lost export revenues, a trade official said on Saturday. Wang Qinhu, chief of the Bureau of Industry Injury of Investigation of China’s

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Ministry of Commerce, said the number of anti-dumping cases against China accounts for 14 percent of the global total, ranking first in the world.” http://www1.chinadaily.com.cn/en/doc/2003-09/15/content_264152.htm

“**China Is Not the Biggest Problem; And Calling for a Floating Renminbi Is Not the Solution,**” Editorial, FT9/19/03, p14. “It may be convenient for the developed world to point the finger at China, but ensuring a balanced global recovery is a far more complicated endeavor.”

“**American Companies Must Stop Blaming China,**” Chen Zhao (Bank Credit Analyst Research Group), Commentary, FT9/19/03, p15. [A] significant revaluation of the renminbi and other Asian currencies is likely to be accompanied by a sharp shakeout in US bonds and rising inflation expectations. The Fed may be forced to change its easy money policy, too. All these could seriously test the US economic recovery and the stock market. At that point, those who are asking for a renminbi revaluation may regret it.”

“**China Tops List for Investment By Foreign Firms,**” WSJ9/17/03, A11. A.T. Kearney survey finds China tops other nations as most popular target for FDI, increasing its lead on the US in second place. See: <http://www.atkearney.com/main.taf?p=1.5.1.136>.

FOREIGN POLICY

“**‘Weakness’ in the White House: As Costs and Casualties Mount in Iraq, the Finger-Pointing Begins in Washington; The Reputation of Condoleezza Rice, George W. Bush’s Close Adviser and Confidante, is Being Harshly Reappraised by those who believe the National Security Council Mishandled Preparations for Post-Saddam Iraq,**” James Harding, Commentary, FT9/15/03, p13.

“**Senior US Official to Level Weapons Charges Against Syria,**” NYT9/16/03, A11. Undersecretary of State John Bolton, in testimony for House International Relations Committee’s Subcommittee on the Middle East and Central Asia, accused Syria of having programs to develop unconventional weapons and for supporting fighters that cross into Iraq from Syria. See: <http://www.state.gov/t/us/rm/24135.htm>. [So we are going to take on the whole world.]

GLOBAL ECONOMY

“**Ex-Director Attacks ADB’s ‘Lack of Direction,’**” FT9/17/03, p4. Frank Black, former ADB board member, severely criticizes the ADB in a leaked internal memo obtained by the FT.

“**OECD Warns on the Future of Education,**” FT9/17/03, p8. OECD releases *Education at a Glance 2003*, warning of shortage of teachers in developing nations. See: *Education at a Glance 2003*, http://www.oecd.org/document/52/0,2340,en_2649_34515_13634484_1_1_1_1,00.html; Press Release, http://www.oecd.org/document/11/0,2340,en_2649_201185_14643851_1_1_1_1,00.html.

“**Employment Seen Rising Only Slightly Despite World Recovery,**” FT9/18/03, p4. OECD releases *Economic Outlook 2003*, forecasting total OECD employment increases of 0.5% for 2003 and 1.1% for 2004. US employment is expected to grow 0.9% in 2003 and 1.4% in 2004; Japan -0.6 in 2003 and 0.2 in 2004. See: Press Release, http://www.oecd.org/document/11/0,2340,en_2649_201185_14753163_1_1_1_1,00.html.

INDONESIA

“**Indonesia Seeks to Build on Economic Gains as IMF Reform Programme Nears the End,**” FT9/17/03, p4. Indonesian government releases 71-page white paper which promises over 200 reforms, approved by the IMF, to bolster confidence in the economy.

“**Indonesia Puts In New Bosses At Pertamina,**” FT9/19/03, p19. Move in preparation of privatization of oil and gas company Pertamina in 2006. See: <http://www.pertamina.com/english/>.

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“Megawati Followers Lose Their Fervor; The President’s Future Should be Secure. But Her Support is Waning and a Serious Challenger May be Emerging,” FT9/17/03, p4. Recent polls show Security Minister Gen. Susilo Bambang Yudhoyono (ret.) is gaining support among voters for future president as he flirts with the Golkar party.

“Indonesia’s Clerics Push for Restraint; Powerful Scholars From Two Huge Groups Counteract Militants’ Zeal,” WP9/17/03, A11. Muslim organizations Nahdlatul Ulama and Muhammadiyah stand as bulwarks against radicalism.

“Remorseful Bali Bomber Gets Life Sentence,” FT9/19/03, p9. Ali Imron sentenced to life in prison despite the prosecution’s call for a reduced sentence of 20 years for his remorse.

INTELLIGENCE

“Surveillance Program Is Killed in Committee,” NYT9/18/03, A19. House and Senate conferees on the Defense budget agreed 9/17 to limit most of the Terrorism Information Awareness (TIA) program and block its domestic use.

IRAN ISSUES

“IAEA Gives Tehran Until Next Month to Show Compliance,” FT9/18/03, p3. IAEA Board of Governors passes resolution calling on Iran to provide information and access to IAEA inspectors by the end of October to prove that its nuclear program is for peaceful use only. See: <http://www.iaea.org/worldatom/Press/Focus/iaeaIran/index.shtml>

“Japan Cool as Iran Widens Oil Talks to Counter US Pressure,” FT9/17/03, p9. Seen as move to counter attempts by US to pressure Japan into not developing Azadegan oil fields.

“Cleric Calls On Iran to Defy Calls for N-Probe,” FT9/20-1/03, p4. Head of the powerful Guardian Council Ayatollah Ahmad Jannati called on Iran to reject international pressure for nuclear inspections and possibly to withdraw from the NPT.

“Iran’s Nuclear Bind; Tehran Should Listen to the UN’s Atomic Energy Watchdog,” Editorial, FT9/15/03, p14. “In the long run, persuading Tehran to give up any nuclear goals will require a more sophisticated strategy that includes pressures as well as incentives. It would have to provide for security guarantees in a region where Iran, too, feels unsafe and weapons of mass destruction proliferate. It is a shame that the Bush administration has no consistent policy towards Tehran at this point. But there is little chance of American policy’s evolving in the direction of a comprehensive dialogue unless Iran now acts responsibly.”

“Iran May Co-Operate Less Over N-Issues,” FT9/15/03, p4. Following IAEA resolution setting a deadline for Iran to accept more rigorous nuclear inspections, Iranian Foreign Ministry Official Hamid-Reza Asefi said, “The bad performance of [the IAEA] has made Iran review and revise its continued co-operation with the agency.”

“Iranian Power Project Generates Tension Between US and Russia; A Diplomatic Dance the Revolves Round the Bushehr Nuclear Station,” FT9/18/03, p4.

IRAQ ISSUES

“White House Admits to Early Failings Over Iraq,” FT9/15/03, p1. National Security Adviser Condoleezza Rice says in FT interview, “I’ll be perfectly honest, I think we had in the first phase and maybe even a few weeks after the end of major military operations, some problems of co-ordination.... We learned that we had some problems of information flow, that things were not working as smoothly as they might have.”

“Bush Disavows Hussein-Sept. 11 Link; Administration Has Been Vague on Issue, but President Says No Evidence Found,” WP9/18/03, A18. After Vice President Cheney appearance on Meet the Press where he seemed

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to draw connections between Iraq and 9/11, the President told reporters that the administration has no evidence to suggest such connections. See: <http://www.whitehouse.gov/news/releases/2003/09/20030917-7.html#>.

“Iraq Puts Neocons on the Line; Postwar Snags Cast Uneasy Light on Doctrine Embraced by Bush,” WSJ9/19/03, A4. Interview with AEI Scholar and neo-con luminary Joshua Muravchik.

“An Unsustainable Policy on Iraq,” Editorial, NYT9/14/03, p10. “Capturing or killing Mr. Hussein would be a major victory for the president. But we hope that he would not use it as a distraction from the bigger picture. The American people will face up to their responsibilities not to leave Iraq a broken and dangerous mess, but only if Mr. Bush presents a workable plan, and its full financial and human costs honestly acknowledged.”

“Iraqi Scientists Say Nuclear Arms Programme Was Ended Long Ago,” FT9/15/03, p4.

“US ‘Unlikely to Get Troops from Other Countries,’” FT9/17/03, p3. Despite week of diplomatic push at UN, negotiations between US and Security Council members is unlikely to yield pledges of troops for Iraq reconstruction.

LEADERSHIP

“A Chink in the Armor,” Andrew Kohut (Director, Pew Research Center for the People and the Press), Op-Ed, NYT9/18/03, A27. “Even if the economy does not improve, concern over terrorism will play a significant role in the campaign. On this issue, President Bush remains a formidable candidate, and the task of the Democrats will be to nominate a challenger whom voters see as a strong leader. If the Democrats do, and the war in Iraq continues to create controversy, then they might find that the debate over America’s response to terrorism isn’t so lopsided after all.”

NORTH KOREA

“US to Continue Funding Nuclear Power Project in North Korea,” FT9/17/03, p4. US to give \$3.72million in 2003 to KEDO for “administrative purposes” only.

“Text: Bush Says U.S. To Provide KEDO Administrative Expenses, Presidential determination released September 15,” US State Dept, 9/15/03. “President Bush informed the Secretary of State that he will provide up to \$3.72 million to assist the Korean Peninsula Energy Development Organization (KEDO) -- but for administrative expenses only.” <http://lists.state.gov/SCRIPTS/WA-USIAINFO.EXE?A2=ind0309c&L=WF-EASIA&P=R2034>

“N. Korea Shifts Toward Capitalism; New Ad Campaign Aims to Sell Cars, Though Few Can Afford Them,” WP9/14/03, A20. South Korean Pyeonghwa Motors Corp. is to begin an advertising campaign in North Korea to sell cars assembled in North Korea from Fiat parts.

“Think Bigger on North Korea,” Michael O’Hanlon (Brookings Institution), Commentary, NYT9/17/03, A27. “The goal should be to push North Korea, which has shown increasing interest in economic reform, to seriously attempt such reform – building on the precedents offered by China and Vietnam in the past two decades. If North Korea is willing and takes steps, such as cutting its conventional military forces, that are needed to give such a plan any hope of success, we can be generous in return. This would not be giving in to blackmail; it would be a form of assisted suicide for the Stalinist ways of the North Korean regime. Even if Kim Jong Il and his cronies survived the transition, their rule would be radically transformed.”

“Tightening the Screws on Kim,” Editorial, AWSJ 9/17/03. China has persistently opposed tougher action against Pyongyang, even refusing to allow the United Nations Security Council to discuss its nuclear blackmail. And little horrifies Beijing more than the possibility that the threat posed by Kim's bomb making might eventually force the U.S. into some form of military response. But the key to avoiding such a scenario lies in China's hands. Now that the Chinese military has taken control of North Korea's economic lifeline, Beijing can no longer pretend that it lacks the ability to tighten the screws on Pyongyang's illicit imports and exports. And the best way to avert any need for the

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other methods of dealing with North Korea that Beijing so strenuously opposes is for China to seize this opportunity to act more decisively in cutting off illicit shipments through its territory.

<http://online.wsj.com/article/0,,SB106374977379016100,00.html?mod=TOPIC>

FAMINE AND REFORM IN NORTH KOREA by Marcus Noland, IIE Fellow, IIE, July 2003. From a conference, conference, "Famine: Interdisciplinary Perspectives from the Past and the Present." "Considerable research suggests that in the absence of a firm ideological commitment to reform, the provision of aid impedes policy change by enabling governments to avoid difficult and painful policy choices. There is little evidence that North Korea is seriously committed to reform, and as a consequence, it is reasonable to suppose that the availability of outside assistance will encourage the perpetuation of a strategy of muddling through. The problem is that such a strategy in all likelihood implies the continuation of the food crisis.

<http://www.iie.com/publications/wp/2003/03-5.pdf>

SCIENCE & TECHNOLOGY

"Third ESF Conference on Quantum Information Processing," ATIP03.050, 9/03. An overview of the third European Science Foundation (ESF) conference on quantum information theory and quantum computing, entitled "Advances in Quantum Information Processing: From Theory to Experiment", which was held in Erice, Sicily (Italy), on March 15-22, 2003. The conference was organized under the 36th International School of Quantum Electronics at the Ettore Majorana Foundation and Centre for Scientific Culture. This event, which included twenty-six presentations, mostly by European researchers, highlighted achievements and unresolved problems in quantum information processing as well as in quantum information theory. Presentations mainly dealt with quantum information theory (entanglement, mathematical tools, and conceptual foundation of information). Four presentations specifically focused on experimental developments for quantum information processing. For including a table of contents: http://www.atip.org/public/atip_reports.03/atip03.050.pdf

To securely purchase the full version of this report for \$500, please

visit: http://www.atip.org/REPORTSMATRIX/public/year2003_total.html

SECURITY

"Senate Retains Nuclear Research Funds; Democrats Warn of Renewed Arms Race; House Bill Had Cut Most Spending," WP9/17/03, A6. Senate rejects, 53-41, amendment offered by Sen. Feinstein (D-CA) and Sen. Kennedy (D-MA) to drop \$21 million for research on mini-nukes and bunker-busters.

SOUTH ASIA

"Musharraf's UN Speech Seen by India As Peace Process 'Test,'" FT9/18/03, p10. India's Foreign Minister Yashwant Sinha tells the FT that India will watch Musharraf's speech to the UN carefully.

"Indian Judges Court Controversy Again As They Square Up to Deputy Premier; The Judiciary's Role as an Effective Check on Political Corruption is Proving Popular," FT9/19/03, p9. Role of courts in the possible prosecution of Indian Deputy PM L. K. Advani show their impartiality and voice for Muslims in India.

"Indian Court Clears Deputy Premier Over Ayodhya," FT9/20-1/03, p3. Deputy PM L.K. Advani was cleared in charges for his role in the demolition of the mosque in Ayodhya 11 years ago.

"Nepalese Rebels Enforce Strike," FT9/19/03, p9.

SOUTH KOREA

"Seoul Weighs Up Request by US for Troops," FT9/18/03, p10. Pres. Roh caught between unsupportive public and insistent Bush administration.

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“S Korean minister quits in US row,” BBC Online 9/17/03. “South Korea's home affairs minister has been forced out of office in a bitter row over relations with the United States. Opposition politicians accuse the minister, **Kim Doo-gwan**, of failing to stop a demonstration at an American military base last month. Mr Kim submitted his resignation more than a week after losing a no-confidence vote in the national assembly. Members of the conservative opposition said he had not done enough to prevent a raid by students on a US firing range in August. <http://news.bbc.co.uk/2/hi/asia-pacific/3115328.stm>

“S Korea Releases \$1.2bn to Repair Typhoon Damage,” FT9/15/03, p5. Typhoon Maemi was the worst Typhoon to hit South Korea in a century, killing over one hundred people.

“Typhoon Hits South Korea Economy,” NYT9/17/03, W1. Typhoon Maemi caused an estimated \$1.6billion in damage to South Korea's industrial heartland in the Southeast.

“Central Bank Doubt on Seoul Growth Target,” FT9/17/03, p4. Bank of Korea Governor Park Seung admits that economic recovery will not be fast enough to meet 3.1% growth target for 2003.

SOUTHEAST ASIA

“Jitters in the Philippines,” Editorial, NYT9/17/03, A28. “President Gloria Macapagal Arroyo must remove the ambiguity over whether she will run next May so she, and the country, can concentrate on the tasks that lie ahead. If Mrs. Arroyo chooses not to run, as she has previously vowed, she should declare this once and for all, rise above the fray and set about fulfilling some of her promises to reform the economy and the military. If she has changed her mind – and there is no shame in doing so – she should explain why and spell out what she would do with a new mandate.”

“Burmese Defy US Demands For Release Of Activist,” NYT9/14/03, p9.

“Surgery Report Renews Fears On Suu Kyi's Health,” FT9/19/03, p9.

“Nonperforming Bank Loans Cast Shadow Over Thailand's Recovery,” WSJ9/15/03, A19. NPL's make up 30% of Thailand's total loans.

“Thailand Reports Strong GDP Growth Despite SARS,” FT9/16/03, p6. Thailand's GDP grew 5.8% in FY2003 Q2, buoyed by strong export growth, domestic spending and private investment.

“Thailand's Soapy Baths Take on the Greasy Palms: Massage Parlour Tycoon at Odds With the Establishment After Exposing Police Corruption,” FT9/20-1/03, p3. Chuwit Kamolvisit, who controls 40% of Bangkok's soapy-bath industry, is leading a personal campaign against corruption and graft in Thailand

“Thailand Reconsiders Security Policy,” Stratfor 9/7/02. “Thailand is rethinking its previously lenient policies toward foreign dissidents, seeking to improve relations with neighboring Myanmar as well as to crack down on international Islamic militant groups within its own borders.” http://www.stratfor.biz/Story_neo?storyId=222451

“Singapore ‘Needs to be More Creative, More Flexible;’ The Premier is Confident the Country Will Shrug Off Tough Times but the Government has to Change Tack to Aid Recovery,” FT9/16/03, p6. FT interview with Singapore PM Goh Chok Tong.

“ASEAN ‘Likely to Back Common Market,’” FT9/16/03, p6. Singapore PM Goh Chok Tong predicts ASEAN will vote to more closely integrate the economies of Southeast Asian nations in the specter of China and India.

STEEL

Steel-Consuming Industries: Competitive Conditions With Respect To Steel Safeguard Measures

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Steel: Monitoring Developments in the Domestic Industry (Investigation TA-204-9) and Steel-Consuming Industries: Competitive Conditions with Respect to Steel Safeguard Measures (Inv. No. 332-452)

USITC Steel Page: <http://www.usitc.gov/pub3632/pub3632.htm>

Report: http://63.173.254.11/pub3632_vol3_all.pdf

Press Release: <http://www.usitc.gov/er/nl2003/ER0919AA1.HTM>

“Steel Report May Revive Tariff Wars,” FT 9/18/03, p2.

Consuming Industries Trade Action Coalition (CITAC),

<http://www.citac.info/steeltaskforce/index.html#jobstudy>

TAIWAN

9/17 - U.S. Senator George Allen (R-VA) with U.S. Senator Tim Johnson (D-SD) today inaugurated the Senate Taiwan Caucus of which he is a Co-Chair and founding member. The Taiwan Caucus was founded to strengthen ties between America and Taiwan and addresses issues such as membership in the World Health Organization (WHO), protection of intellectual property rights, trade and defense of freedom. Press Release: <http://allen.senate.gov/PressOffice/9.17.03.htm>

“**Group of 10 US Senators Launches Taiwan Caucus,**” Taipei Times 9/19/03. “We today recommit ourselves to ensuring the people of Taiwan are able to defend themselves. Taiwan must continue to be a land of free people,” said Senator George Allen, a Republican and one of the two co-chairmen of the caucus. <http://taiwansecurity.org/TT/2003/TT-091903.htm>

“**Taiwan Fails in 11th Annual Bid for U.N. Seat,**” Reuters 9/18/03. “Taiwan failed on Wednesday in its 11th annual bid to get a seat at the United Nations, a move that has been blocked every year since 1993 by archrival China and its allies. After hearing from representatives of more than 90 nations, a General Assembly committee rejected a bid for the question of U.N. membership for Taiwan to be added to the agenda for the assembly's 58th annual session, which opened on Tuesday.” <http://taiwansecurity.org/Reu/2003/Reuters-091803.htm>

“**U.S. Said Key to China Policy,**” Washington Times 9/18/03. “The ideological, military and political face-off between Beijing and Taipei is taking place not across the Taiwan Straits, but in Washington, says a senior Taiwanese official responsible for China policy. “The battlefield is in Washington, not across the Taiwan Straits,” said Alexander Chieh-cheng Huang, vice chairman of Taiwan's Mainland Affairs Council.”” <http://taiwansecurity.org/News/2003/WT-091803.htm>

“**'Taiwan Independence' A Blind Alley: PLA Daily,**” People's Liberation Army Daily, 9/17/03. “Taiwan separatists are doomed to fail, according to an article in the People's Liberation Army Daily....The latest uproar is a continuation of the old tricks of the island's pro-independence diehards in their efforts to separate Taiwan from the motherland by promote "desinification " and pursuing "incremental independence," which has greatly harmed cross-Straits relations.” <http://taiwansecurity.org/News/2003/PLAD-091703.htm>

“**Taiwanese Banks Seek Way to China; Taipei Still Stops Its Banks Financing Mainland Chinese Manufacturers,**” FT9/15/03, p20. Taiwanese banks risk becoming dependent on a China that does not need them to grow. <http://taiwansecurity.org/News/2003/WT-091803.htm>

TERRORISM

“**How Saudi Culture May Impede Global Effort to Fight Terrorism,**” WSJ9/19/03, A9. Account of Saudi Embassy official in Netherlands and his unheeded efforts to enhance security at the embassy. ““The Saudi contribution to the war against terror is diminished because senior Saudi officials fear change,” said Urusla Spuler-Stegemann, a Saudi Arabia expert at Germany’s Marburg University. ‘Low-rank officials who offer recommendations run the risk of being considered a troublemaker.’”

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TRADE

“COMMERCE SECRETARY PREVIEWS MANUFACTURING REPORT AT DETROIT ECONOMIC CLUB: Evans Vows Bush Administration Will Fight For Free and Fair Trade” DOC Press Release 9/15/03. “Commerce Secretary Don Evans today previewed the Bush Administration’s pro-growth manufacturing report at the Detroit Economic Club by announcing that the Department of Commerce will create a new **Unfair Trade Practices Team, a new Office of Industry Analysis, a new Assistant Secretary for Trade Promotion** and other initiatives to help grow jobs within the manufacturing sector.”
http://www.commerce.gov/opa/press/2003_Releases/Sept/15_detroit_manufacturing.htm

“Cancun Demise Over Singapore Issues Allows U.S. To Avoid Blame,” Inside Us Trade, 9/19/03, P1. “The decision by the chairman of the fifth ministerial of the World Trade Organization to end negotiations in Cancun on the subject of the Singapore issues has the effect of allowing the U.S. and other developed countries to avoid being blamed for the collapse of talks, according to informed government and private-sector sources. In contrast, if negotiations had moved to the contentious subject of agriculture and then failed, it would have been difficult for developed countries to avoid being blamed since the U.S., European Union and Japan were all seeking to protect either agriculture subsidies or high tariffs in the negotiations, sources said.”

“The Cancun Failure,” Editorial, NYT9/16/03, A28. “For struggling cotton farmers in sub-Saharan Africa, and for millions of others in the developing world whose lives would benefit from the further lowering of trade barriers, the failure of Cancun amounts to a crushing message from the developed world – one of callous indifference.”

“Poorer Countries Pull Out of Talks Over World Trade; Farm Subsidies at Issue; Negotiations Collapse as Rich Nations Are Accused of Not Compromising Enough,” NYT9/15/03, A1. Cancun WTO talks fail. See: http://www.wto.org/english/thewto_e/minist_e/min03_e/min03_e.htm.

“Road From Cancun Leads to Brussels; The Hypocrisy of Rich Countries Blocks Trade Liberalization,” Editorial, FT9/16/03, p18. “[T]he developing nations of the South are in no mood to be lectured by the prosperous North about what is good for them, without action that will make an immediate contribution to development. The best hope for the Doha round and the WTO lies in Brussels.”

“Crushed at Cancun: Failure Leaves a Divided WTO Facing Marginalization as Countries Turn to Bilateral Deals; Poorer Countries are Likely to be the Biggest Losers From the Unexpected Breakdown in the Doha Round; What Went Wrong,” Guy de Jonquieres, Commentary, FT9/16/03, p17. “At best, the organization seems likely to face an indefinite period in limbo. At worst, the WTO may be threatened with marginalization, as its divided and disenchanted members look instead to bilateral and regional deals to promote trade.”

“The WTO After Cancun,” Stratfor 9/15/03. “The failure of WTO talks in Cancun demonstrates the limitations of the WTO as a force for trade liberalization, especially when it attempts to deal with an issue as contentious as agriculture. Not only is Doha now in trouble -- future trade liberalization under the WTO may be held hostage for years by an issue that the membership is in no position to compromise on. Nevertheless, the WTO will continue as a useful geopolitical tool, though not in the way first envisioned by its framers.”
<http://www.stratfor.biz/Story.neo?storyId=222412>

“No Fresh WTO Talks Without Reform of Rules, Says Fischler,” FT9/20-1/03, p5. EU Farm Commissioner Franz Fischler said, “I believe that if we just try to relaunch the whole discussion without changing the structures and procedures, the risk of another failure is too high, and the last thing we need at this stage is another failure.”

“Cancun: Victory for Whom? Poor Nations’ Revolt Could Freeze Them Out of Big Trade Deals,” WSJ9/16/03, A4.

“Cancun’s Silver Lining,” Editorial, WSJ9/16/03, A16. “Perhaps it’s time for the US and other countries that benefit from open global markets to begin once again practicing unilateral free trade. Such a policy kept Britain rich

for decades in an earlier era, and it would do the same for us now. And the example for the rest of the world would do more for free trade than all the Cancun conferences from here to the next century.”

The Year in Trade 2002, USITC. Can be found in PDF on the USITC Publications page, <http://www.usitc.gov/webpubs.htm>

US ECONOMY

“**US Debt to Asia Swelling; Japan, China Lead Buyers of Treasuries,**” WP9/12/03, E1. Japan and China together bought \$96billion in new US Government securities in the first six-months of 2003. Japan now owns more than \$440billion, or more than 1/10th of all outstanding issues. China now owns more than \$122billion. Hong Kong, South Korea, Taiwan, Singapore, and Thailand own more than \$166billion.

“**Fed Reaffirms Commitment to Low Rates,**” FT9/17/03, p4. FOMC leaves interest rates unchanged at 1% after meetings and announces a commitment to keep rates low “for a considerable period.” See: <http://www.federalreserve.gov/boarddocs/press/monetary/2003/20030916/default.htm>.

“**Dizzying Dive to Red Ink Poses Stark Choices for Washington; How a Huge Surplus Became a Vast Deficit, Fast,**” NYT9/14/03, p1.

5) WEBSITE OF THE WEEK

"Three Represents"

URL: <http://www.bnuonline.cn>

Supplied Note: Set up for students and researchers to better study the "Three Represents" important thought of the Communist Party of China (CPC). Wang Zhangwei, director of the Law and Politics Institute of the university (Beijing Normal University), said that the introduction of "Three Represents" thought into the Internet will enhance ideological education in Chinese universities. "Three Represents" thought has been a leading ideological theory of the CPC in the past several years. According to the theory, the CPC represents the development trend of China's advanced social productive forces, represents the orientation of China's advanced culture, and represents the fundamental interests of the overwhelming majority of the people in China.

Editor's Note: This website was noted on *Xinhuanet* on Sept. 16th, however we have not been able to access it. If any Loyal Reader can, please contact us.

6) KEY & QUICK NEWS LINKS

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

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

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