

ASIA POLICY WEEKLY

The Expert's Resource

APW

News & Views

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1. JIAP NEWS

REPORT FROM TOKYO: WILL JAPAN'S ECONOMY IMPLODE?

Wednesday, May 21, 2003

Donald Westmore (Executive Director, ACCJ) and **Abby Pratt** (External Affairs Manager, ACCJ)

Time: 4:45 - 6:00 PM

A discussion on the state of Japan's economy and investment climate **Location:** The Law firm of Sidley Austin Brown & Wood LLP, 1501 K Street, NW, 6th Floor, Washington, DC. (736-8000)

Registration: reservations necessary, 202-822-6040, sdrewry@jiaponline.org

Fee: \$10 for JIAP members, \$20 Non-members

Contents: COVER STORIES, JAPAN: Japan Banking, Japan Business, Japan-Economy, Japan-Foreign Policy, Japan-Iraq, Japan-Politics, Japan-Security, Japan-Trade JAPAN RELEVANT: China-Economy, China-Foreign Policy, China-Politics, China-SARS, Energy, Espionage Foreign Policy, Global Economy, Intellectual Property, Iran, Iraq Issues, Leadership, North Korea, Obituary, Piracy, South Korea, Science & Technology, Southeast Asia, Standards, 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

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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

CONGRESSIONAL RESEARCH SERVICE REPORTS

[JIAP can make copies for members, 50 cents/page]

- "Foreign Direct Investment in China," Dick K. Nanto, Radha Sinha, 2/14/03, 30pgs., Order Code RL31749.
- "The U.S.- Singapore Free Trade Agreement," Dick K. Nanto, 2/14/03, 31pgs., Order Code RL31789.
- "U.S. Assistance to North Korea," Mark E. Manyin, 3/17/03, 29 pgs., Order Code RL31785.
- "Abu Sayyaf: Target of Philippine-U.S. Anti-Terrorism Cooperation," Larry Niksch, 4/8/03, 14 pgs., Order Code RL31265.
- "Thailand-U.S. Economic Relations: An Overview," Wayne M. Morrison, 3/28/03, 6 pgs., Order Code RS21478.
- "U.S.- Australian FTA Negotiations," William H. Cooper, 4/3/03, 6 pgs., Order Code RS21476.
- "China-U.S. Relations: Current Issues for the 108th Congress," Kerry Dumbaugh, 3/20/03, 23 pgs., Order Code 31815.
- "North Korea's Nuclear Weapons: How Soon an Arsenal?" Sharon A. Squassoni, 1/17/03, 6 pgs., Order Code RS21391.
- "Australian-U.S. Economic Relations," William H. Cooper, Wayne M. Morrison, 3/18/03, 6 pgs., Order Code RS21459.
- "North Korea: Economic Sanctions," Dianne E. Rennack, 1/24/03, 12pgs., Order Code RL31696.
- "Trade and the 108th Congress: Major Legislative and Oversight Initiatives," Raymond J. Ahearn, 3/11/03, 15 pgs., Order Code RL31780.
- "South Korean Politics and Rising "Anti-Americanism": Implications for US Policy Toward North Korea," by Mark Manyin, May 6, 2003, 13pages, order code RL31906.

3) CRITICAL REPORTS

- "Private-sector ad hoc panel on Constitution calls for opening the door to collective self-defense and for a shift in government's interpretation of Constitution," YOMIURI, 5/4/03, p2, [US Embassy Translation May 7, 2003].
- "Bush Shifts Focus to Nuclear Sales By North Korea; Aim is to Block Exports; Tacit Acknowledgement That Production of Plutonium May Not Be Deterred," By David Sanger, NYT5/5/03, A1.
- "Mr. Kim Has Our Attention. But He Won't Be Able to Keep It," Victor Cha (Georgetown University), Op-Ed, WP5/4/03, B5. "The burden of proof is entirely on the regime in the North to prove the hawks wrong. Expecting the North to fully dismantle its nuclear weapons programs, however, is unrealistic. It should, however, be required to take a high-profile, irreversible step toward nuclear disarmament, such as allowing the immediate removal, perhaps by China or the International Atomic Energy Agency, of 10 or 20 percent of the 8,000 spent fuel rods that

are ready for reprocessing in the North. This would be not only entirely reasonable, it may be the only way for this reclusive regime to begin to escape the trap of its own twisted and otherwise fatal logic."

4) OPINION, REPORTS & STATEMENTS

COVER STORIES

NATIONAL JOURNAL - "The War Within Islam: Forget the "clash of civilizations." America's recent wars with Muslims are just a spillover from the war between moderates and extremists within Islam," 5/10/03, http://nationaljournal.com/members/news/2003/05/0509nj1.htm.

ECONOMIST – "How's your pension doing? The collapse of equity markets has plunged company-provided pension schemes into deficit all over the world. Workers have learned that their savings are unsafe. The model is wrong: people, not firms, should be responsible for their own pensions," 5/10/03, http://www.economist.com/printedition/displaystory.cfm?Story_ID=1764000.

FAR EASTERN ECONOMIC REVIEW – "Stepping Out: Business And Governments Clean Up The Damage From SARS - Travel advisories are being lifted, infection rates are down and business is slowly picking up. As countries hit by Sars struggle to return to normal, new efforts are under way to try to ease the economic damage and get back to business as usual," 5/22/03, http://www.feer.com/articles/2003/0305 22/p012region.html.

JAPAN

JAPAN-BANKING

"Mizuho's Fate May Rest On A Japan Bailout," WSJ5/8/03, C1.

JAPAN-BUSINESS

"Lean Team Sets About Japan's Overweight Companies; Skeptics Wonder if the Industrial Revitalization Corporation Can Clean up Bad Loans," FT5/8/03, p6. Industrial Revitalization Corporation starts business on 5/8.

"Toyota Profit for Last Year Sets Record For Automakers," NYT5/9/03, W1. Operating profits rose 27% in FY2002 to \\[mathbb{4}\]1.4trillion with sales increased 6.3% to \\[mathbb{4}\]16.1trillion. See: \(\text{http://www.toyota.co.jp/IRweb/corp info/pr/2003/0508.html}. \)

"DoCoMo Is Back, Leading Japan's Cellphone Market," NYT5/7/03, W1.

"Big Three US Carmakers Gain on Japanese," FT5/7/03, p21. JD Power & Associates annual quality survey showed US carmakers closing the gap on vehicle quality with Japanese manufacturers.

"Loan Buy-Up Plan to Aid Japan's Industry," FT5/7/03, p17. Industrial Revitalization Corporation, which begins business on 5/8/03, will buy up to ¥10trillion (\$84bn) of bad loans, almost a quarter of the ¥43trillion officially recognized bad loans.

"Japan Goes High Speed: A Tenfold Increase in Connections," NYT5/5/03, C4. Broadband internet connections have grown to more than 10 million, with connections as little as \$22/month.

JAPAN-ECONOMY

- "Japan Escapes Sars But Not Its Effect; Virus Has Not Struck- But Its Financial Implications On Leading Companies Are Wide-Ranging," FT5/8/03, p19.
- "Tokyo Sold Yen Secretly 'To Counter Volatility," FT5/9/03, p5. Japan sold \$20bn of Yen in the first 3 months of this year to keep the Yen weak. See: http://www.mof.go.jp/english/feio/e151 3.htm.
- "Japan on edge of precipice (part 1) by chief editor Naoaki Okabe; Strategy for breaking away from crisis; Emerging from deflation, boldly creating demand," NIHON KEIZAI, 5/8/03, p1. "Though the Nikkei Stock Average has rebounded to the 8,000-yen level, a dark cloud is still hanging over the Japanese economy. If the situation is left as is, Japan will never be able to emerge from its vicious deflationary spiral. The ruling coalition has compiled a package of emergency monetary and economic measures. However, the Koizumi cabinet does not harbor any acute sense of alarm."

JAPAN-FOREIGN POLICY

- 5/8 Japanese Prime Minister Junichiro Koizumi will meet U.S. President George W. Bush at his ranch in Crawford, Texas, on May 22-23, http://www.whitehouse.gov/news/releases/2003/05/20030508-7.html
- "Japan Loses 'Battle' For Russian Oil Pipeline to Nakhodka," Moscow Izvestiya, 5/7/03, p2. [FBIS Translated Text CEP20030507000160]. Despite a desperate, last-minute battle by METI to court Russian government, pipeline will not be built to Nakhodka.
- "Thoughts on emergencies—War in the eyes of bureaucrats (Part 3): Money and security; Bureaucracy provides politicians with know-how for raising funds," NIHON KEIZAI, 5/8/03, p2 [US Embassy Translation May 9, 2003]. "Fortunately or unfortunately, however, Japan, as a pacifist country, adopts many of its national policies through a game between the Ministry of Finance (MOF), which manages the state coffers, and the prime minister's official residence, known as the Kantei. There is the now in the Kantei an official, Kazuhiko Fushiya, who is from MOF and currently an assistant to the government's deputy chief cabinet secretaries. He is able to bridge MOF and the Kantei."

JAPAN-IRAQ

5/6 - LDP, the New Komeito party and the New Conservative Party agreed in a meeting on antiterrorism measures to extend the deployment of the ships, due to end May 19, until Nov. 1, paving the way for the government to decide on the third extension at a cabinet meeting on Friday.

- "SHOW THE FLAG: Officials Seeking Rationale to Send SDF to Rebuild Iraq," ASAHI Online, 5/9/03. "The government is desperate to get some boots on the ground."
- "Japan still remains Iraq's largest creditor, details of Iraq's debts reveal," ASAHI, 5/7/03, p7, [US Embassy Translation 5/8/03]. Japan is the largest creditor -- having lent Iraq about \$3.4 billion.

JAPAN-POLITICS

- 5/8 Aya Kamikawa, a transsexual who won a seat in Tokyo's Setagaya ward assembly in the April 27 elections, will be listed as a woman in a roster of assembly members in all 23 wards of the capital, the assembly secretariat announced.
- "Japan's 'Four Foreign Ministers' Sow Policy Confusion, Writer Says," Bungei Shunju, 5/1/03, p224-228. [FBIS Translated Text JPP20030425000033]. Interesting look at the political alliances both inside and outside the Kantei heading into the LDP Presidential elections this Fall.

JAPAN-SECURITY

"Japan's Long Fuse," Editorial, Christian Science Monitor, 5/9/03. "The former president of South Korea, Kim Dae Jung, warns: "If North Korea gets nuclear weapons, the stance of Japan and our country towards nuclear weapons would change." Sen. John McCain (R) of Arizona says the US should allow Japan to develop nuclear weapons. Unless diplomacy works soon to stop North Korea's nuclear program, such talk may only increase, both in Japan and abroad. Mr. Bush must decide whether it is in American and Japanese interests to use this implied threat to China as a diplomatic tool. A rebalancing of power in Asia could start in Crawford." http://www.csmonitor.com/2003/0509/p10s01-comv.html

"Chuo Koron Article Urges Japan To Keep US Security Pact as Pillar of Diplomacy," Shinichi Kitaoka (Tokyo University), Chuo Koron, 5/1/03, p56-61. [FBIS Translated Text JPP20030428000009]. "Japan should attach importance to the UN but, all things considered, the base line of Japanese diplomacy is the Japanese-US Security Treaty."

"Analysis: N. Korea blockade would pose risks for Japan," Stars and Stripes, Pacific edition, Tuesday, May 6, 2003. If the United States decrees a partial blockade of renegade North Korea, would Washington be able to count on Tokyo to help? Or would the U.S. ally opt to sit this one out? [Not sure] http://www.estripes.com/article.asp?section=104&article=14700&archive=true

"SDF's Defensive Capability to Counter DPRK Threats Questioned," Tokyo Kyodo Clue II (Internet Version), 4/30/03 [FBIS Translated Text JPP20030502000022]. "In a nutshell, to obtain the offensive capability to attack the enemy's base would require the SDF to 'retrain, reorganize troop units, and reorganize equipment,' a senior SDF official says. Possessing such a capability will dramatically expand both the quality and quantity of the defensive capability for responding to new crises. I will also lead to a drastic 'revision' of the peace constitution and the Japan-US security alliance."

"Japan is allowed to exercise the right to collective self-defense under current Constitution," say Nakasone, Miyazawa; Shift in interpretation called for," NIHON KEIZAI, 5/4/03, p2, [US Embassy Translation May 7, 2003].

"Japan studied attacking N. Korea missile launch site: report," Kyodo 5/8/03. "Defense Agency conducted a feasibility study about the possibility of attacking a North Korean missile launch site after Pyongyang test-launched a Rodong ballistic missile in 1993, the Tokyo Shimbun newspaper reported Thursday." http://asia.news.yahoo.com/030508/kyodo/d7qsrj681.html

JAPAN -TRADE

"Farm ministry considering financing farmers directly from national treasury to enable them to secure their income; Approach in place of giving up price-keeping measure; Tariff cut in mind," ASAHI, 5/2/03, p1, [US Embassy Translation May 6, 2003].

"WTO Secretariat head calls for Japan's concessions in WTO agricultural talks; Agriculture Minister rejects it," NIHON KEIZAI, 5/4/03, p3, [US Embassy Translation May 7, 2003].

JAPAN-RELEVANT

CHINA-ECONOMY

"China Has Become Very Competitive In Terms of Labor Costs and Productivity. SARS IS Going to Be a Short-Term Hit;' The Spread of a Killer Virus Is Fuelling Fears that China's Economy May be Slowing. While Some Damage is to be Expected, There is Ample Evidence that the Quality of Economic Growth Is **Improving,**" James Kynge, Commentary, FT5/6/03, p11.

"China Updates Accounting For Economic, Jobless Data," WSJ5/9/03. "A notice posted on the National Bureau of Statistics Web site said China plans to implement a "statement of national accounts" rather than the production-based system used since 1992 to calculate gross domestic product growth. That system was a hybrid of the old Marxist method for measuring the size of a national economy by focusing on material production, a method used since the Communist takeover of China in 1949."

"Battle Lines Drawn For Caspian Oil; China Could Be Shut Out Of The World's Largest Gas And Oil Projects," FT5/8/03, p18. Group of partners led by Royal Dutch/Shell are considering blocking Chinese oil development companies Sinopec and CNOOC from buying BG Group's stake in the North Caspian Sea oil fields.

"Wen Orders Economic Stimulus Package," FT5/9/03, p5. Chinese PM Wen Jiabao leads push for economic stimulus package to help the economy deal with the SARS outbreak.

CHINA-FOREIGN POLICY

"Chinese President Set To Attend His First Overseas Summits," FT5/9/03, p7.

CHINA-POLITICS

"China Said to Take 2 Weeks To Disclose Sub Disaster," NYT5/5/03, A9.

"Some Details of Sub Accident Disclosed; In Unusual Reports, Chinese Papers Say Crew Members Found Dead at Posts," WP5/7/03, A24.

"In Crisis, China Turns to a Familiar Face; Woman Who Calmed Panic After Tiananmen Square Crackdown to Lead SARS Effort," WP5/6/03, A17. Chinese leader have made the respected Ms. Wu Yi, disciple of former PM Zhu Rongji, chief of an ad hoc committee to deal with SARS.

"Chinese protest leaders 'jailed' Two leading labour activists have been jailed in China for helping organise some of the biggest protests in the country in the past 50 years, a workers' group has said," BBC Online, 5/9/03. http://news.bbc.co.uk/2/hi/asia-pacific/3012711.stm

"Don't Hold Your Breath for Openness in China," Minxin Pei (Carnegie Endowment for International Peace), Commentary, FT5/7/03, p15. "Indeed, even if Beijing successfully contains the epidemic, the crisis has disrupted the new leadership's agenda and publicly demonstrated the failings of the system. Tensions appear to be bubbling inside the regime over who should take responsibility for SARS. Those allied with Mr. Jiang seem to fear that new leaders such as Mr. Hu and Mr. Wen will gain political strength if they quickly get the epidemic under control. A power struggle at the top could erupt sooner than expected. The resulting disunity within the elite could create an opening for real change. If that happens, China will score a victory against a different strain of SARS – 'sclerotic authoritarian regime syndrome.'"

China Brief, Volume III, Issue 9, Tuesday, 6 May 2003, http://www.jamestown.org Taiwan's Presidential Countdown: What Does It Mean For The United States? * Sars: Growing Impact On China's Leadership * China's News Media Look At The War In Iraq * Sars: China Compounds Crisis For Taiwan. [Blue Team review]

Selected Legal Provisions of the People's Republic of China Affecting the Free Flow of Information. Congressional-Executive Commission on the People's Republic of China http://www.cecc.gov/pages/selectLaws/PRCLaws.php?PHPSESSID=a068dfb06bf06b1bec8d8de32f508935

CHINA-SARS

"China Reverts To Top-Down Rule With Heavy Hand To Fight SARS," WSJ5/8/03, A6. "Since squelching the spread of SARS became China's overriding national priority, the leadership has called for a new approach,

demanding more transparency and accountability. At the same time, it is making even greater use of a routine mode of crisis management: the top-down imposition of order."

Information Control and Self-Censorship in the PRC and the Spread of SARS. 5/12/03. Congressional-Executive Commission on the People's Republic of China. "The government of the People's Republic of China ("PRC") employs an extensive and burdensome licensing system to restrict publication of news and opinions on matters of public concern. Those who are allowed to publish confront a legal system that obscures the boundaries of freedom of expression and discourages communications with foreigners, so that most Chinese are too wary to publish information that authorities might deem critical or embarrassing. Anyone wanting to publish such information can do so only if they enjoy the patronage of a member of the PRC's "free speech elite" - someone whose political status provides a degree of safety from prosecution. The global spread of Severe Acute Respiratory Syndrome ("SARS") is a direct product of these systemic restrictions on freedom of expression." http://www.cecc.gov/pages/news/prcControl_SARS.php?PHPSESSID=a068dfb06bf06b1bec8d8de32f508935

"Sick And Tired of their Own System; Chinese Lash Out at Doctors Long Before SARS," by Gerald Lazarus (Professor, Johns Hopkins School of Medicine; former Visiting Professor, Peking Union Medical College Hospital), Outlook, WP5/4/03, B4. "Chinese doctors need more than proclamations and headlines to restore quality medicine. China must value its young doctors and give them the opportunity – right now – to shape health care. They have escaped the ravages of the Cultural Revolution and are being trained in the skills needed for the modern medical and managerial world. Two elderly doctors took the initiative in exposing the extent of the AIDS and SARS epidemics in China. But it is the younger doctors who must deal with future health challenges."

"China Tries To Stanch Economic Fallout As Disease, Worry Spread; Emergency Policies Boost Public Spending," WP5/9/03, A30.

"WHO To Probe Spread Of SARS In Rural China," WP5/8/03, A26. WHO team visits Hebei Province from 5/8. See: WHO SARS page, http://www.who.int/csr/sars/en/.

"Study Suggests A Higher Rate of SARS Death," NYT5/7/03, A1. SARS mortality rate estimated to be as high as 19.9%.

"China Gauges SARS' Economic Toll; Blow Likened To '97 Crisis; For Singapore, Advisory Against Traveling Is Lifted," WSJ5/7/03, A6.

"Sars 'could cost Asia \$28bn'The Sars virus could cost Asia \$28bn (£17bn) in lost economic output, a major lender to the region has warned," BBC Online, 5/9/03. "The Asian Development Bank (ADB) calculated the likely effect of the disease under different epidemic scenarios, and forecast losses totalling up to \$20bn in the four most vulnerable economies - China, Hong Kong, South Korea and Taiwan. In the case of Hong Kong, the ADB predicted the Sars could knock four percentage points off economic growth this year - taking it down more or less to zero. The bank's official assumption is that the outbreak will be contained within two months, but these gloomier figures are based on the disease remaining unchecked for half a year."

http://news.bbc.co.uk/2/hi/business/3012821.stm

ESPIONAGE

"Handling of Secrets in Spy Cases Debated; Fear of Disclosures Affects Pursuit of Alleged Double Agent," WP5/7/03, A2.

"Ex-FBI Agent Indicted In Spy Probe; Handler Of Alleged Double Agent Of Fraud, Negligence," WP5/8/03, A6. See: Smith Affidavit, http://www.fas.org/irp/ops/ci/smith.html; Leung Affidavit, http://www.fas.org/irp/ops/ci/leung.html

FOREIGN POLICY

"Washington Presses Ahead With War Crimes Deals," FT5/8/03, p2. US efforts to gain exemption from International Criminal Court (ICC) bears fruit after Albania signs agreement with the US with more deals on the way.

GLOBAL ECONOMY

- "Global Slowdown Raises Spectre Of Germany And US Following Japan Into Deflation," FT5/8/03, p3.
- "Dollar Under pressure After Fed Signals Deflation Fears," FT5/8/03, p1.
- **"U.S. Manufacturers Spent Far Less Overseas in 2002,"** WSJ 5/9/03. "Investment by U.S. manufacturing companies abroad slumped last year to an estimated \$23 billion, down 37% from \$36 billion in 2001, as the global economic slowdown and anxiety about terrorist attacks and war curbed appetites for foreign expansion, according to a new Deloitte Consulting study. Yet even as they cut foreign direct investment, or FDI, U.S. manufacturers are concentrating ever more of what they do spend in other high-wage countries, despite the widely held notion that they go global mainly to snare cheaper labor. The estimated decrease for 2002 comes in the wake of 2001's 37% decrease from \$58 billion in 2000, the high point for FDI by U.S. manufacturers and the peak of the recent economic boom. Todd Lavieri, leader of the global manufacturing practice at Deloitte Consulting, a unit of accounting firm Deloitte Touche Tohmatsu, said the report shows that, to a degree, U.S. manufacturers have put globalization "on hold."
- "Chill Wind Blows Through Asia; Measures to Control the Deadly SARS Outbreak Could Hinder Growth," FT5/6/03, p23.
- "Bribery Has Long Been Used To Land International Contracts. New Laws Will Make That Tougher; The Case Against ExxonMobil And James Giffen, Its Consultant in Kazakhstan, Reflects Heightened Concern About How Overseas Contracts Are Won. But Legislation May Not Be The Answer," FT5/8/03, p11.
- "Rich Countries' Greenhouse Gas Emissions Likely To Rise 10%," FT5/9/03, p3.

INTELLECTUAL PROPERTY

"Special 301" Report Finds Some Progress on Intellectual Property Protection, but Significant Improvements Needed, USTR Releases Annual Special 301 Report". "This year's "Special 301" report lists 50 countries or economies as Priority Foreign Countries, Priority Watch List (PWL), Watch List (WL), or Section 306. Priority Foreign Countries are those pursuing the most onerous or egregious policies that have the greatest adverse impact on U.S. right holders or products, and are subject to accelerated investigations and possible sanctions. Ukraine continues to be listed as a Priority Foreign Country. Countries or economies on the PWL do not provide an adequate level of IPR protection or enforcement, or market access for persons relying on intellectual property protection. This year's report lists eleven trading partners on the PWL. Priority Watch List countries or economies include Argentina, the Bahamas, Brazil, EU, India, Indonesia, Lebanon, the Philippines, Poland, Russia, and Taiwan." http://www.ustr.gov/releases/2003/05/03-28.htm

IIP Bulletin 2002, Institute of Intellectual Property, Japan. Study Summaries in FY2001 [JIAP has for members copies of the full papers in Japanese and English] IIP is a METI sponsored research and information gathering organization.

- ▼1. Report on International Harmonization of Trademark System
- ▼2. Report on Protection of Image Designs Shown on Display Screens
- ▼3. Report on the Appropriate Scope of Protection under Each IP System
- ▼4. Report on the Desirable Form of Protection under the Patent Law and Trademark Law in the Era of Information Technology

- ▼5. Report on the Future of the JPO's Trial System and IP
- ▼6. Report on the Desirable Form of Unfair Competition Prevention Law for IP Protection in the New Era
- ▼7. Report on the Desirable Form of Rights in a Pro-Patent Era
- ▼8. Research and study on the Desirable Protection of Post-Genomic Research Products
- ▼9. Report on Patent Claim Interpretation
- ▼10. Report on International Issues Surrounding IP Disputes
- ▼11. Report on Patent and Economy
- ▼12. Report on Utilization of Intellectual Property within a Business Group

IRAQ ISSUES

"How Iraq Can Get Over Its Past," Ian Buruma (Professor, Bard College; Author, *Inventing Japan*), Op-Ed, NYT5/9/03, A29. "So who can 'master the past' after Saddam Hussein? Surely not America. No matter how grateful Iraqis may be to the Marines for their liberation, the Americans have neither sufficient knowledge nor the authority to clean the ranks of Baathists. This leaves some kind of international effort. It would have to include Kurds as well as Arabs, and ideally should take place in Iraq, where witnesses can be easily summoned. Since neither the United States nor any new Iraqi government would engender the trust to do the job, and the International Criminal Court is not set up to deal with domestic purges, it would have to be an ad hoc institution established under the auspices of that much-abused, highly unpopular, often ineffective, sometimes mendacious but occasionally extremely useful organization: the United Nations. Not ideal, perhaps, but *faute de mieux* is the best reason for having the United Nations in the first place."

IRAN

"New U.S. Concerns On Iran's Pursuit Of Nuclear Arms; World Pressure Sought; Atomic Energy Agency Is Being Urged To Declare Tehran In violation OF Treaty," NYT5/8/03, A1. US concerned by recent disclosure of a nuclear enrichment plant at Natanz in central Iran.

"Unraveling Iran's Nuclear Secrets," Editorial, NYT5/9/03, A28. "Washington reasonably fears that plutonium produced by this reactor could be diverted to a secret weapons program, even though Moscow expects the spent fuel to be returned to Russia. It also worries, rightly, about the nuclear weapons skills Iranian scientists may pick up from their Russian counterparts. If Moscow is unwilling to cancel the deal outright, it should at least freeze it unwilling to cancel the deal outright, it should at least freeze it until Iran accepts strengthened IAEA inspections."

LEADERSHIP

"Whose Side is Bush On?" by Richard Norton Smith (Historian, biographer of Nelson Rockefeller), 5/7/03. "It wasn't so long ago that George W. Bush was commonly portrayed as an extension of his vice president. But since 9/11, the facile comparison between the nation's first MBA president and a detached chairman of the board has lost its currency. In fact, he may be on the verge of joining a small group of presidents, all now thought of as great, who pitted their top aides against each other, fashioning an agenda from above the fray."

NORTH KOREA

"North Korea Denies Involvement In Drug Trade," WSJ5/7/03, A13. Pong-su drug running incident draws denials. See: http://www.kcna.co.jp/item/2003/200305/news05/07.htm#10.

"Some Speak of Pyongyang Blockade; Bush Administration Hawks Consider Ways to Stop Exporting of Arms, Drugs," WSJ5/5/03, A13. US would need to ensure support of South Korea, China, and Russia which would be difficult.

"Plan for N. Korea Will Mix Diplomacy and Pressure," WP5/7/03, A1. Bush administration plans new talks while stepping up the pressure on the North by targeting its drug trade, counterfeiting, and missile sales.

"U.S. Suspects North Korea Moved Ahead On Weapons," NYT5/8/03, A16. US Intelligence Community reverses estimate of North Korean nuclear reprocessing, saying now that North Korea may have processed relatively small amounts of enriched plutonium.

"In Search of a North Korean Policy," Editorial, NYT5/6/03, A28. "President Bush needs to home in on the North Korean nuclear threat with the same intensity he applied to Iraq. The challenge of North Korea's growing nuclear weapons threat can no longer be evaded or postponed."

Pyongyang Report, Vol 5 No 2 May 2003 by Professor Tim Beal, Victoria University of Wellington, New Zealand. In this issue- 1) Fallout from the invasion of Iraq and 2) US-DPRK relations – Agreed Framework to Beijing talks http://www.vuw.ac.nz/~caplabtb/dprk/pyr5 2.htm

"Reckless Driving," by Nicholas Eberstadt (AEI), Time Asia, 5/12/03. http://www.aei.org/news/newsID.17165,filter./news_detail.asp

5/7 – Tokyo Broadcasting System (TBS) airs interview with infamous German Doctor Norbert Vollertsen and reports that about 20 DPRK scientists and military officials have been shuffled out of China in a plan code-named "Operation Weasel." 11 countries reportedly took part in the operation. [See: "German Doctor Says DPRK Scientists, Military Officials Defected to US," Tokyo TBS Television, 5/7/03. FBIS REPORT JPP20030508000009].

"Nuclear Phone Numbers Vanish From DPRK Directory, Japanese Magazine Reports," Tokyo AERA, 5/12/03, p11-12. [FBIS Translated Text JPP20030507000009]. North Korean phone directories obtained by AERA show that numbers relating to nuclear agencies have been deleted from public directories.

OBITUARY

"Human Rights Watch Asia Washington director Michael Jendrzejczyk died suddenly in Washington, D.C. on May 1," Us State Dept, 5/5/03. State Department Deputy Spokesman Philip Reeker in a May 2 statement honored the passing of the human rights activist. "It is with shock and sorrow that we heard the news of the tragic and sudden death yesterday of Mike Jendrzejczyk of Human Rights Watch," Reeker said. "Mike was a deeply respected, valued friend and colleague in many enterprises over the years," he added. "Many of us in the Department frequently reached out to Mike for his insights and perspectives on human rights conditions around the world, and for a quiet helping hand in efforts to get many imprisoned dissidents out of harm's way and resettled in the United States." http://lists.state.gov/SCRIPTS/WA-USIAINFO.EXE?A2=ind0305a&L=WF-EASIA&P=R8120

"Michael Jendrzejczyck, 53, Advocate for Asians, Dies," NYT5/4/03, p35. Long time activist for Human Rights Watch.

PIRACY

"Coast Guards: New Forces for Regional Order and Security," by Sam Bateman (U of Wollongong, Australia), East West Center, AsiaPacific Issues, No. 65, January 2003, 8 pgs. The 1982 UN Convention on the Law of the Sea (UNCLOS) created new maritime law and extended maritime jurisdiction that were expected to justify naval expansion. To some extent this has been so, but another trend is also apparent. Regional navies are concentrating on war-fighting capabilities while existing coast guards are being expanded and some countries are establishing coast guards for the first time. The protection of offshore areas and resources is a central element of national security for most regional countries and an important consideration in nation building and governance. Coast Guards are emerging as important national institutions in Asia and the Pacific with the potential to make a major contribution to regional order and security. This development reflects a concern for cooperative and comprehensive security and will facilitate regional maritime cooperation and confidence building. It is a positive factor for regional order and

security and may constitute a revolution in maritime strategic thinking. http://www.eastwestcenter.org/res-rp-publicationdetails.asp?pub ID=1328&SearchString=

SECURITY

"Future of US Nuclear Arsenal Debated; Arms Control Experts Worry Pentagon's Restructuring Plan Means More Weapons," WP5/4/03, A6. Despite recent moves to suggest the US is moving towards a lower threshold for using, testing, and developing nuclear weapons, Adm. James O. Ellis Jr., head of US Strategic Command, is looking for conventional, precision guided weapons that would reduce reliance on strategic nuclear weapons.

"Global Shift Drives US to Rethink Its Military 'Footprint," FT5/7/03, p2. US downsizing forces abroad.

"Terror Map Shows States At Risk Of Attack," FT5/9/03, p3. Aon, world's second largest insurance broker, releases map detailing global risk from terrorism. See: http://www.terrorism.co.uk/.

SCIENCE & TECHNOLOGY

"Quantum Computation Program at ANU," ATIP03.028, May 2003. Reviews the quantum computation (QC) program at Australian National University (ANU) -- particularly the implementation of QC in rare-earth-doped solids. A presentation of the business plan for ANU's QC program is also provided. For a summary including a table of contents see: http://www.atip.org/public/atip.reports.03/atip03.028.pdf
To securely purchase the full version of this report for \$250, please visit: http://www.atip.org/REPORTSMATRIX/public/year2003_total.html

JFY2003 S&T-related Budgets by Field, Tokyo Office Report Memorandum #03-04. Contact <u>kshinoha@nsf.gov</u> for a copy; It will soon be posed on NSF Tokyo homepage at http://www.nsftokyo.org/trm.html

SOUTH ASIA

- "US Moves to Bring Islamabad and Delhi to Negotiating Table for Talks About Kashmir," FT5/7/03, p6. Dep. Sec. of State Richard Armitage visits India and Pakistan to cement moves towards reconciliation. See: Armitage remarks after meeting with Pakistani Foreign Minister Kasuri, http://www.state.gov/s/d/rm/20409.htm.
- **"U.S. Officials 'Optimistic' On India-Pakistan Dispute,"** NYT5/9/03, A6. Dep. Sec. State Armitage travels to South Asia, makes first stop in Pakistan. After meeting with Pakistani officials, Armitage said, "I pronounce myself as cautiously optimistic at the beginning of what might be a very good process." See: http://www.state.gov/s/d/rm/20409.htm.
- "Vajpayee's Gambit: Can India Find A Rapprochement With Pakistan At The Third Attempt? Entrenched Differences Remain, Not Least Over Kashmir. But the Initiative Launched in Dehli, Beginning with Small Steps Towards Normalization, Looks to be the Best Way of Easing Tensions," Edward Luce, Commentary, FT5/9/03, p11.
- "Gambling on Peace: India's Leader Tries Again," NYT5/5/03, A3. For the third time, Indian PM Vajpayee tries to reconcile with Pakistan, this time by restoring diplomatic and air links with the country.
- "India Appoints Envoy To Pakistan In A Step Toward Normal Ties," NYT5/8/03, A5.
- "A Leap of Faith in Indian Politics; Secular Party Shifts Strategy as Hindu Nationalism Dominates Discourse," WP5/5/03, A13. Profile of how a leader in the secular Congress Party must bow to Hindu nationalism (Hindutva).

"**South Asia's Spring,**" Editorial, WP5/5/03, A20. "The Bush administration can do its part by pressing for a Pakistani response that is substantial on the ground and flexible about the shape and agenda of any peace talks. Even a modest warming between India and Pakistan would make the region look a lot safer than it did a year ago."

"A Path Through the Himalayas; Time for the US to Devise a Road Map for Kashmir Conflict," Editorial, FT5/5/03, p10. "... Washington is for the first time since the end of the cold war in South Asia on more or less equally good terms with both New Delhi and Islamabad. It is time to exploit these links to the full to prevent a hot war in the region that might turn into a catastrophe for the world."

"Pakistan Restores Ties With India," FT5/7/03, p6. Diplomatic, air, train, road, and sporting links all restored.

"Islamabad Says It Is Open to Wider Talks," FT5/6/03, p7.

"India Launches Peace Effort to Heal Rift With Pakistan," FT5/3-4/03, p1.

"India Seeks Time to Prepare for Peace," FT5/5/03, p1. Indian PM Vajpayee declined an invitation to meet his Pakistani counterpart Jamali, preferring to take the process slow and agree upon an official agenda before the two sides meet

"U.S. and India: A Dangerous Alliance," by Conn Hallinan (Provost, University of California at Santa Cruz), Foreign Policy in Focus (FPIF), May 7, 2003. "In the wake of the Iraq War, growing tensions with Iran, and a possible confrontation with North Korea, it would be easy to miss the formation of yet another Washington think tank. But the freshly minted U.S.-India Institute for Strategic Policy is an organization to watch and one that may help reveal the next target of American power: containing China. The Institute, closely aligned with the ultraconservative Center for Security Policy, is the outcome of a series of quiet meetings and low profile joint military operations between the U.S. and the government of prime minister Atal Bihari Vajpayee, dominated by the Hindu nationalist Bharatiya Janata Party (BJP)." See: http://www.fpif.org/commentary/2003/0305india.html

"Indian High Tech Sees A Backlash," WSJ5/8/03, A16. Bad press from outsourcing.

SOUTH KOREA

"Good News About Korea's Roh -- He Gets It," By William Pesek Jr., Bloomberg Online, 5/9/03. "It should comfort investors to know that Roh plans to tackle each challenge with "pragmatism and realism." Again, these aren't words the foreign media or investors use to describe him, but there's good reason to give Roh the benefit of the doubt." http://quote.bloomberg.com/apps/news?pid=10000039&sid=aT35yjcJYLjk&refer=columnist_pesek

"America's Broadband Dream Is Alive in Korea," NYT5/5/03, C1. South Korea has the highest penetration rate of broadband internet access in the world.

"Seoul's Credit-Crisis Could Breed New Problem; Plan To Rescue Card Firms Might Encourage Others To Take On Too Much Risk," WSJ5/7/03. A14.

SOUTHEAST ASIA

"Aid to Pacific Islands 'Should Be Overhauled," FT5/7/03, p6. Australian think tank Centre for Independent Studies releases study saying that aid has caused many problems in the Pacific Islands and should be overhauled to stabilize these countries. See: http://www.cis.org.au/IssueAnalysis/ia33/ia33.pdf.

"China Isn't The Only Alluring Partner For Investors; Despite Worries, Southeast Asia Still Draws Firms," WSJ5/8/03, A15.

"US Concern Over Wave Of Killings In Thai Drug War," FT 5/8/03, p7.

STANDARDS

"Foreign Trade Standards Often Ignore Science, U.S. Group Says, Many standards, regulations are trade barriers," US State Dept, 5/6/03. National Foreign Trade Council (NFTC), report found "Evidence of circumstances: 1) where regulations and/or standards are not based on sound science or subject to a rational and balanced risk assessment, but are instead grounded in the 'precautionary principle', an inherently nonscientific touchstone; 2) where regulations and/or standards are not based on or adhere to internationally agreed upon standards developed by international standardization bodies (such as the Codex Alimentarius concerning food safety and the International Program on Chemical Safety concerning global chemicals management), or otherwise do not recognize equivalent U.S. standards and/or regulations (i.e., equivalent sanitary and phytosanitary measures or TBT 'conformity assessment' rules); and 3) where U.S. and other non-EU based exporters are effectively prevented from participating fully in the regulatory drafting and review processes and do not receive adequate and timely notification of regulatory changes having a material impact on market access and manufacturing processes (i.e., the regulatory processes are not fully transparent and inclusive). https://lists.state.gov/SCRIPTS/WA-USIAINFO.EXE?A2=ind0305a&L=WF-EASIA&P=R11547

"Looking Behind the Curtain: The Growth of Trade Barriers that Ignore Sound Science." http://www.nftc.org/newsflash/newsflash.asp?Mode=View&articleid=1630&Category=All

STEEL

"Case Study: Steel Technology Blasts Ahead," FT5/6/03, p11. China's steel industry is becoming more competitive and is increasingly able to meet domestic demand for high-quality steel.

TAIWAN

"Blow to Taiwan Efforts to Join WHO," FT5/5/03, p2. Ironically, a visit by WHO workers to Taiwan for the first time in decades has hurt Taiwan's claim that it has been "locked out" of the international health community by Beijing's influence.

"Help Taiwan Fight SARS," Chen Shui-bian (President, Republic of China), Op-Ed, WP5/9/03, A35. "We hope that at the WHO meeting on May 19, this important organization will invite Taiwan to be an observer. Taiwan's people should not be excluded from efforts to defeat SARS. Nor should the rest of the world be denied the important contribution Taiwan can and wants to make to global health."

"China Allows UN Agency to Help Fight Illness on Taiwan," NYT5/4/03, p6. China "allows" WHO delegation to visit Taiwan to help the island fight SARS.

"Taiwan's Exports and Imports in April Enjoy Positive Growth," Taiwan CNA, 5/7/03. [FBIS Transcribed Text CPP20030507000172]. Taiwanese exports grew 5.6% to US\$11.47billion and imports grew 7.1% to US\$10.43billion in April. Taiwan's trade surplus dropped 6.8%.

"U.S. Arms Offer Turned Down, Report Claims," Agence France Presse, 5/9/03. "Taiwan has rejected a US\$4.1 billion price tag on 12 U.S.-made P-3C submarine-hunting aircraft it wants to buy from the United States... Taiwanese military authorities said they felt the price, including US\$3.6 billion for 12 P-3Cs and US\$500 million for spare parts and personnel training, was too expensive, the China Times said."

"Taiwan Editorial: DPP Legislator Says China's 'Power Ambitions' Ebbing," by Lin Cho-shui, Taipei Times, 5/7/03. [FBIS Transcribed Text CPP20030507000150]. "In East Asia, the asymmetrical strategic competition between China and the US will probably cause China to extend their past relationship of step-by-step, partial cooperation. When it comes to Taiwan, China will not dare make any rash moves, and a relative calm will settle in the East Asian region. Over the long term, however, China's battered power ambitions will be transformed into continued accumulation of potential conflict factors. Japan, Taiwan and other nations that are in conflict with China over issues of power must not neglect this fact just because the current situation is to their advantage."

TRADE

5/6 - Joint Statement Between the United States of America and Singapore President George W. Bush and Prime Minister Goh Chok Tong today signed the U.S.-Singapore Free Trade Agreement (FTA) and celebrated the strength and vitality of the bilateral relationship between the United States and Singapore. http://www.whitehouse.gov/news/releases/2003/05/20030506-12.html

"U.S. eyes free-trade deals with 5 nations," Washington Times, 5/9/03. "Southeast Asian nations Thailand, Indonesia and the Philippines are serious candidates for free-trade agreements with the United States, U.S. Trade Representative Robert B. Zoellick said yesterday. Egypt and the small Persian Gulf nation of Bahrain also are on a short list of potential free-trade partners, Mr. Zoellick said at a conference sponsored by the Institute for International Economics." http://www.washtimes.com/business/20030509-73247966.htm [Speech not on USTR website 5/10/03]

US ECONOMY

"Fed Holds Rates But Warns of Inflation Risk," FT5/7/03, p1. See: http://www.federalreserve.gov/boarddocs/press/monetary/2003/20030506/default.htm

5) WEBSITE OF THE WEEK

AsiaPacifiQueer (APQ)

Research School of Pacific and Asian Studies, The Australian National University, Canberra, Australia

AsiaPacifiQueer (APQ) ... an Australia-based group of academics and students researching queer peoples and cultures in the Asia-Pacific region. Abstracts from conferences.

URL http://apq.anu.edu.au/

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