

BULLETIN

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NORTH ASIA - ASIE DU NORD

JAPAN/JAPON

- Foreign Minister Nakayama has proposed that the annual ASEAN Post Ministerial Consultations (ASEAN-PMC) be transformed into a regular forum on regional political-security matters. He told the opening session of the ASEAN-PMC that each year, senior officials should discuss regional security issues. Several ASEAN ministers responded negatively to Nakayama's proposal and said it requires further study.

- Les mouvements se précisent à l'intérieur du PLD et du gouvernement pour la préparation d'un projet de loi créant un corps japonais de participation à une opération de type "casques bleus." A l'intérieur du gouvernement sera créée prochainement une cellule de préparation chargée de mettre au point les détails du projet de loi qui sera soumis à la prochaine session extraordinaire de la Diète.

- Kyodo quoted Vice Foreign Minister Takakazu Kuriyama's statement that Japan wants China to join the Asia Pacific Economic Cooperation (APEC) group and would like a joint meeting between Chinese leaders and their G-7 counterparts.

- According to an unconfirmed government source, Tokyo will reject a proposal from the Russian Federation for an informal trade treaty to promote bilateral coastal trade and liberalize air routes.

- Nihon Keizai's survey of capital spending by Japanese companies in North America shows that expenditures are down 16.9% this year, the third consecutive year of decline.

- The securities scandal that implicated the "big four" brokerage houses in a variety of payoffs and connections to organized crime has now spread to more than 30 smaller securities firms.

- MITI revealed a plan to establish a "super research centre" next spring to develop high technology for use by industry. The centre will be intended for research in the pure sciences, including atomic-level engineering technology. MITI says research results will be shared with all interested countries.

- Kyodo reports the Japanese government and the business community will establish a foundation to treble the number of foreign "trainees" working in Japan. Trainees will be placed in firms affected by the labour shortage.

- Media sources claim MITI negotiators have agreed to expand the MOSS (market-oriented, sector specific) talks on auto parts to include discussions on how to increase sales of US-made autos in Japan.

- According to Kyodo, MITI has increased JETRO's import staff, and instructed the Export-Import Bank and the Japan Development Bank to increase loans for imports and foreign investment. MITI is also trying to simplify quarantine and customs clearance procedures as requested by the US and EC.

- Toyota announced an Australian joint venture with GM which involves building a A\$ 450 million assembly plant equipped with the latest in robots and automation in Melbourne.

- M. Tanabe a remporté l'élection pour la présidence du parti socialiste en devançant son adversaire M. Ueda. La marge de victoire de M. Tanabe est inférieure à ce qui était considéré comme indispensable à l'établissement d'une autorité incontestable pour M. Tanabe. C'est en effet, avec 56% des suffrages exprimés, la marge de victoire

la plus faible jamais enregistrée par un président du parti. M. Tanabe sera le premier président du parti issu de son aile droite depuis 26 ans.

### CHINA/CHINE

- Flood waters have begun to recede in central China after some of the most severe flooding in 40 years. The floods have affected over 200 million Chinese. The death toll in the hardest hit provinces of Anhui and Jiangsu has officially reached 2,079 and economic losses are calculated at US\$ 7.8 billion
- Le Canada a fourni \$100,000 à la société canadienne de la croix-rouge, et \$100,000 à l'UNDRO (bureau des Nations Unies pour la Coordination des secours en cas de catastrophe), pour venir en aide aux victimes des inondations qui ont dévasté le centre et l'est de la Chine.
- According to media sources, Chinese officials maintain the flooding will likely cause grain production to decline. The total output of summer grain has fallen 1.9% from last year.
- The Ministry of Foreign Affairs welcome President Bush's position and the G-7 summit statement, both of which favour unconditional renewal of China's MFN status by the US.
- Foreign Minister Qian Qichen visited Malaysia between July 17-21. While in the country, Qian represented China which participated for the first time as a dialogue partner in the annual ASEAN-PMC.
- According to the State Statistical Bureau, in the first half of 1991 China's GNP increased by 6.1% and industrial output grew by 13.4%. However, Chinese authorities admit that China's economy is still "beset by problems" of low economic efficiency, debt defaults and budgetary imbalances.

### KOREA/CORÉE

- The Ministry of Trade and Industry contends that when Mexico joins the US and Canada to form NAFTA, it will have an adverse impact on

South Korea's trade with North America. MTI is dispatching a mission to Mexico to study the feasibility of establishing an industrial complex there to facilitate Korean exports to North America.

- The Korean Customs Deliberation Committee said it will impose 4% duties on polyacetal resin imported from Dupont and Hoescht-Celanese of the US, and Asahi of Japan, because they injured the domestic petrochemical industry by selling below home market prices. Media sources maintain this is the first case of antidumping duties being imposed on foreign imports since Korea acceded to GATT's Antidumping Code in 1986.
- Media reports estimate Korean corporations face losses of 22.7 million dollars due to closure of the Bank of Credit and Commerce International. Losses were incurred because export proceeds paid by foreign buyers through BCCI have not reached the Seoul branch. Losses are expected to increase as the Korean Ministry of Trade and Industry investigates.
- The IMF recommends that South Korea restrain growth of domestic demand in order to achieve sustainable growth over the medium term. Intensified domestic and external demand pressures on resources have caused a widening of the external account deficit, a higher inflation rate, upward pressure on market interests, and increasing evidence of supply bottlenecks.
- Samsung announced it will purchase Alaskan pollack from the USSR, process it in China and Thailand, and sell it in the US.
- ARAMCO of the Netherlands has acquired 35% of Ssangyong Oil Refining with an investment of US\$ 470 million.
- South Korea has become a full dialogue partner of ASEAN and is attending the annual ASEAN-PMC.
- The Philippines foreign minister indicated that his country will establish diplomatic

relations with North Korea once the two Koreas join the UN.

### TAIWAN

- Taiwan's outbound investment continued to increase in the first half of 1991, but inbound investment declined, according to investment commission statistics. The commission approved 200 overseas investment projects worth US\$ 1.02 billion during the January-June period, an increase of 40% from 1990.

- Investment in environmental protection is expected to rise to as much as NT\$ 600 billion in the next six years. Of that amount, the government will be responsible for at least half according to the Environmental Protection Administration. The Administration also predicts that Taiwan's pollution control industry will grow by an average 20% annually over the coming decade.

- China Airlines (CAL) announced that Taiwan and Vietnam will resume air links for the first time since the Vietnam war. CAL will dispatch a direct flight to Ho Chi Minh City on July 30; but, Pacific Airlines of Vietnam will not begin flights to Taiwan until its fleet is ready.

### HONG KONG

- South China Morning Post reports that Hong Kong will have financial reserves of about HK\$ 15 billion in 1997 - excluding monies set aside for the Special Administrative Region as stipulated in the Sino-British airport agreement. The figure was revealed by the Legislative Council Financial Committee.

- HK depositors of the failed Bank of Credit and Commerce International will receive up to 25% of their deposits. The Financial Secretary hinted that licensing procedures for Banks may be tightened in the wake of the BCCI crisis.

- Over HK\$ 400 million has been donated so far by the HK government, private citizens, and corporations for China's flood victims.

### ONGOING AND UPCOMING/ A VENIR

- Canada '91 - Cultural Activities (including: choral, symphonic, and chamber music; cinema; theatre; ballet; a book promotion; and, a variety of art exhibits), Tokyo & surrounding area, till July 31.
- Food Buyers Mission to Canada, Aug. 1-8.
- Buyers from Japan to Airshow Canada '91, Abbotsford BC, Aug. 7-11.
- Foodex, Osaka '91 - Sept.
- Mining Equipment Seminars - Beijing, Nanjing, Changsha, Sept. 1-5.
- Japan Food Service Show - Sept. 1-6
- Tokyo International Gift Show - Sept. 3-5.
- Seoul Instrument '91 - Sept. 13-17.
- Building Products Mission from HK, Sept. 28-Oct 8.
- Software Mission/Tokyo and Software Show '91/Osaka - Sept. 29-Oct. 9.

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MEMORANDUM FOR THE DIRECTOR, FBI

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DATE: 10-10-64

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