

BULLETIN

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NORTH ASIA - ASIE DU NORD

JAPAN/JAPON

- PM Kaifu, en route to his Kennebunkport summit with President Bush, said the US and Europe need to understand the importance of food security to Japan. Bush is expected to raise the issues of rice and auto trade. Kyodo reports that Kaifu needs the political cover of an international trade agreement to liberalize rice imports.

- The government cut its purchase price for rice 0.65% to US 89.2¢/lb despite protests from farmers and LDP politicians representing farm districts.

- Japan will offer the Soviet Union US\$ 200 million in bank loans so Moscow can pay debts to Japanese firms covered by government trade insurance. Yomiuri reports that Kaifu will make the offer to Gorbachev in London.

- According to media sources, MITI will ask Japan's largest firms to increase imports by at least 10% annually for the next two years, or face export restrictions. The move is in response to an expanding trade surplus. MITI will closely monitor those companies with extensive export and import operations.

- The cabinet has approved a US\$ 505 million contribution to the Persian Gulf war fund for "maintenance of postwar stability." The monies, to be given to the Gulf Cooperation Council, will make up the shortfall in Japan's original US\$ 9 billion war pledge.

- Kyodo reports that the Thai Foreign Minister told visiting LDP Diet members that Bangkok would welcome Japanese troops in a peacekeeping force in Cambodia, as long as they are under UN auspices.

- The LDP's Executive Council approved PM Kaifu's political reform package, but only after

Chairman Takeo Nishioka made a commitment to have the proposal debated in the Diet. The reform package, which includes changes to Lower House electoral districts, may be defeated. Success of the reform plan is seen as essential to providing PM Kaifu with a second term.

- Finance Minister Hashimoto claims he will give back 10% of his pay for three months, and discipline four top aides with similar pay cuts, as penance for recent securities scandals. The minister stated that a lack of supervision of the industry was responsible for the scandals.

- NEC disclosed that it will swap its 15% interest in a US joint venture for 4.7% of the financially troubled state-owned French computer maker Compagnie des Machines Bull. In May, French PM Cresson ordered a reexamination of the initial agreement.

- According to U.S. automakers' data, Honda surpassed Chrysler in the first half of 1991 to become number three in US auto sales for the first time. Toyota is also expected to surpass Chrysler by the end of the year.

- Media sources report that JAL pilots and cockpit crews struck on July 9 to protest the company's plan to hire 180 foreign pilots and flight engineers in the next two years.

- Japanese computer display producers rejected the US Commerce Department's finding that some of them are dumping on the US market. 62.67% anti-dumping duties have been ordered by Commerce on high resolution active-matrix LCD's.

- Mitsubishi has begun exporting US coal to Kyushu Electric Power Co. Mitsubishi bought 15% interest in Cyprus Orchard

Valley Coal in Colorado, and hopes to export up to 1 million tons of US coal annually to Japan within a few years.

- Kyodo reports that economic experts from Japan, China, both Koreas, Mongolia, the US, and the USSR will convene in China's Jilin province in late August to discuss plans for development of the Tumen River Basin near North Korea's border. Tumen could become the centre of a Japan Sea Economic Sphere being touted by former Foreign Minister Saburo Okita.

- Discovery of graphic film footage of the 1937 "Rape of Nanjing" has discredited recent claims by LDP politician Shintaro Ishihara that the event was fiction invented to embarrass Japan. Historians say the Japanese killed 200-300,000 Chinese during their destruction of the city.

CHINA/CHINE

- China daily reports that continued flooding in the lower Yangtze river valley has destroyed 8.7 million hectares of farmland and thousands of homes, killed hundreds of people, cut rail transportation, and put thousands of factories in two key industrial centres out of operation.

- China's General Administration of Customs disclosed that the value of imports and exports totalled US\$ 57 billion in the first half of 1991. Exports reached US\$ 30 billion, 18.5% more than in the same period of last year, while imports rose by 15.9% to reach US\$ 27 billion.

- Selon le communiqué conjoint émis à l'issue de la visite du PM chinois Li Peng en Égypte, les deux pays proposent la tenue d'une conférence internationale de paix sur les questions de la Palestine et du Proche-Orient sous les auspices des Nations Unies. Pékin appuie la proposition égyptienne de faire du Proche-Orient une zone sans armes de destruction massive.

- China and Jordan signed a science and technology cooperation agreement during the Chinese PM's visit to Jordan, the second leg of his six-nation Middle East tour.

- In the third leg of what he called "a six-nation Middle East tour for peace, friendship and cooperation," the Chinese PM told reporters in Teheran that China is considering taking part in the nuclear non-proliferation treaty.

KOREA/CORÉE

- Korean media have drawn attention to an exchange between the Korean President and Canadian PM Mulroney on the subject of Asia-Pacific cooperation. During the recent visit to Canada by President Roh, both leaders agreed to pursue joint cooperation on APEC, and to work to resolve the membership issue of China, Taiwan and HK.

- The Korean government will increase import quotas for beef from 84,000 to 115,000 tons, pork from 8,000 to 20,000 tons, and powdered milk from 8,000 to 14,000 tons to stabilize prices.

- The Office of Bank Supervision and Exchange froze all assets of the Seoul branch of the Bank of Credit and Commerce International (BCCI) to protect local interests, and ordered it not to take any new deposits or grant loans and payment guarantees.

- The Ministry of Agriculture, Forestry and Fisheries plans to restructure the agro-fishery industry to reinforce its competitiveness in preparation for wider market opening following the conclusion of the Uruguay Round. The ministry will help younger farmers in high-tech farming and fishing as well as setting up agricultural promotion centres in the US and Germany.

- Lack of sufficient power generation facilities and continuing hot weather have caused power shortages in Korea.

- The government's long-term energy plan calls for construction of 86 power plants including 18 nuclear plants by 2006. Korea Electric Power Corporation may issue bonds or borrow money overseas to finance

construction.

- The Korean government is considering allowing foreign stock brokerage houses to set up locally incorporated firms in Seoul, float securities in the domestic financial market, and list stocks on the Korea Stock Exchange. Currently, foreign brokerage houses can establish branches or joint ventures with Korean firms.

TAIWAN

- Taiwan Aerospace Corp., the first domestic high-tech aerospace company, was formally created on June 27 in Taipei. The Economic Affairs minister said the company's creation will lead to the development of a domestic aerospace industry in the next decade. TAC has a contract with McDonnell Douglas to manufacture fuselages and components.

- The Council for Economic Planning and Development reports that capital and technology-intensive products dominated Taiwan's exports to China in the first five months of this year.

- Taiwan is currently facing a drought, which has resulted in higher food prices, losses to farmers, and interruptions in electrical supply. A task force has been established by the cabinet to deal with the drought losses and to provide emergency relief loans to farmers.

- Xin Hua reports that by the end of 1990, over 2,000 Taiwan investors had spent a total of US\$ 2 billion in China.

- A government spokesperson announced that Taiwan will permit the importation of newspapers and movies from China under the principle of reciprocity.

HONG KONG

- The largest inflow of foreign funds in four years to hit the HK Stock Exchange was attracted by the PRC-UK agreement to build a new airport. Nearly HK\$ 4 billion was generated, mostly in US and Japanese funds. According to the agreement, China will support

construction of the new airport, and Britain will consult China on important matters relating to the project.

- Estimates of job creation by the two year airport project vary from 2,000-20,000. Guangdong province is the likeliest source of unskilled and semi-skilled labourers.

- Trilateral talks on unification between Taiwan and China will be held in HK next month. Invited parties include officials from the local branch of Xin Hua news agency, China's de facto embassy in HK, and Taiwan experts in HK. Tao Pai-Chuan, policy advisor to Taiwan's presidential office and a member of the National Unification Council, called the meeting.

- Media sources state that New Zealand is clamping down on visa transits from HK. HK citizens are believed to use NZ as a stopover to gain residency in the US. New immigration rules for applicants in the investor category will be assessed on the basis of business skills. Applicants will be required to leave a minimum NZ\$ 500,000 in the country for 2 years.

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.

-Japan Stone Fair - July 11-14.

-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.

-Software Mission/Tokyo and Software Show '91/Osaka - Sept. 29-Oct. 9.

-CENIT ASIA '91 - Info. Technologies - Hong Kong, Oct. 4-7.

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