CHRONICLE

CHRONICLE OF EVENTS AND INCIDENTS RELATING TO ASIA WITH RELEVANCE TO INTERNATIONAL LAW

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Editorial introduction

Dealing with international law involves both its interpretation or application, and its creation. In either case it is essential to take cognizance of the actual international relations as these constitute the soil on which the law is supposed to blossom and from which the seeds of the law germinate. Whenever we are confronted with international conflicts it appears that in most of the cases the dispute is about the different perceptions which the parties have of the facts, and that to a much lesser extent the parties disagree about what the law prescribes. This being so, the current international law discourse mostly rely on references to international events and incidents relating to Western States.

These are among the considerations which underlie the General Editors' resolve to start a regular section recording events and incidents relating to, or involving, Asian states and which are clearly relevant for the position of these states in international law. The "classic" chronicle edited by Charles Rousseau in the *Revue générale de droit international public* has naturally served as the great example. Yet we have opted for a rather different scheme of presentation of the data which may, as we hope, improve the usefulness of the survey.

In order to make the task feasible the present Editor is now starting with two main sources: the *International Herald Tribune* and the *Far Eastern Economic Review*. In addition other sources are used incidentally, such as UN documents, *NRC-Handelsblad* (Rotterdam), *Straits Times* (Singapore) and *South China Morning Post* (Hong Kong). The intention is, however, to form a team of correspondents from the main Asian capitals who together could cover the main Asian daily press. It is gratefully recorded that even for this first issue contributions have been received from Professor KOTERA AKIRA (University of Tokyo), Professor R.P.M. LOTILLA (University of the Philippines) and Mr RAYMOND LIM (National University of Singapore). Other volunteers from other Asian countries will be most warmly welcomed by the Editor.

*General Editor

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AFGHANISTAN

UN peace formula

In May 1991 the UN Secretary-General proposed a new peace formula calling for a halt to the fighting and an end to foreign intervention. An intra-Afghan dialogue

should lead to a broad-based interim government, thus ensuring the Afghans a choice for a permanent constitutional structure. All the interested countries expressed their approval to the plan, and apart from the question of the future role of the present President, the remaining disagreement seemed to be that according to the Soviet Union the cease-fire must precede the formation of an interim government, while according to Pakistan the mujaheddin groups would not be prepared to cease the fighting before a settlement is reached.

(FEER 27-06-91, pp. 17-18)

Exchange of prisoners

On 12 August 1991, the Afghan guerrillas freed a Soviet prisoner of war as a goodwill gesture, and in exchange the government agreed to release 25 imprisoned guerrillas. (IHT 13-08-91)

United stand agreed by Pakistan, Iran, and Afghan guerillas based in both countries

At a meeting in Islamabad, ending on 29 July 1991, Pakistan, Iran and the various guerilla groupings agreed on the elements of a political settlement in Afghanistan. The guerilla groupings that participated at the meeting were 9 Iran-based groups, 4 groups from the 7-party Afghan Interim Government (AIG) based in Peshawar, Pakistan and 3 other independent groups also based in Pakistan. The meeting produced a joint declaration supporting the five broad principles proposed by the UN Secretary-General.

Pakistan-Iranian differences on Afghanistan came to the surface after the failure of their ministerial talks in February 1989, but they now agreed on the inability of the guerillas to force a military solution. Both countries stated publicly that the incumbent Afghan President Najibullah was unacceptable to any of the resistance groups.

(FEER 15-08-91, p. 13)

AIR TRAFFIC

Indonesia-China

In the wake of the re-establishment of diplomatic relations in August 1990, the two countries were reported to have preliminarily agreed to restore direct air services.

(FEER 14-02-91, p. 55)

Taiwan-Australia

An air agreement was signed on 25 March 1991, clearing the way for direct flights between the two countries by non-flag carriers. China complained that Canberra had not sought its prior approval. On the occasion the Chinese embassy affirmed the Chinese stand according to which air links between any foreign aviation company and Taiwan are not within ordinary non-governmental trade and economic ties, but are a

political issue relating to Chinese sovereignty. The Australian foreign minister said that his government had kept the Chinese government closely informed on the negotiations and affirmed that in line with Australia's policy of recognition of the [government of the] People's Republic, neither *Qantas* nor Taiwan's flag carrier *China Airlines* would operate the route.

(IHT 27-03-91; FEER 04-04-91, p. 53)

Thailand-United States

In November 1990, the then existing air-traffic agreement between the two countries lapsed. While talks on reviving the defunct agreement carried on both parties agreed that in the meantime no reduction would be introduced in the number of flights between the two countries until 31 October 1991 (38 weekly passenger and cargo US flights into Bangkok). At issue were the "fifth freedom" flights, by which US airlines carry passengers to Thailand from other Asian countries.

(FEER 28-02-91, p. 73; 04-04-91, p. 53)

ALIENS: ACTIVITIES

China

A delegation including persons from the US, Canada, Britain and the Netherlands, who came to China in January 1991 to express concern about political prisoners, were detained and ordered to leave the country. The persons were told they were violating their tourist visa status.

A similar incident took place in August 1991, when four members of a human rights delegation coming from the US to investigate conditions of political prisoners were detained to be expelled later. They had come on tourist visas, and the Chinese Public Security Ministry told them that their visas had been shortened because they were engaging in activity incompatible with their status.

(IHT 22-01-91; 23-08-91)

A US Congressional human rights delegation held a ceremony at Tiananmen Square commemorating the victims of the June 1989 crackdown. They were considered to have violated city regulations requiring permission to hold demonstrations in specific places.

(IHT 06-09-91)

Vietnam

Vietnam on 12 April 1991 arrested an American citizen of Vietnamese origin (Dr. BUI DUY TAM) on allegations that he had tried to take secret documents out of the country after having returned to Vietnam in March to visit relatives, bringing opposition documents with him. It was later reported that the person would be deported.

Vietnam on 15 May 1991 expelled a French documentary film-maker of Vietnamese origin, GEBERT BERNARD ROMAI, for having smuggled into Vietnam letters and

documents from Vietnamese living abroad.
(IHT 31-05-91; FEER 30-05-91, p. 14)

Malaysia

Five foreign environmental activists who entered Sarawak posing as tourists but participated in demonstrations in protest against large-scale felling of tropical forests were sentenced by the Miri (Sarawak) magistrate's court on 18 July 1991 to between 50 and 60 days in prison. This highlights the Malaysian attitude of not tolerating outside interference in its domestic affairs.
(FEER 01-08-91, p. 19)

ALIENS: TREATMENT

Koreans in Japan

Under Japanese administrative practice virtually all foreign residents over the age of 16 are required to have their fingerprints registered. South Korea has since long demanded an exemption for Koreans who have long been living in Japan. Many of these approximately 700,000 residents are descendants of forced laborers shipped to Japan during the Japanese occupation of Korea.

In a memorandum signed by the Foreign Ministers of the two countries in January 1991, Japan promised to halt, by the end of 1992, the practice of finger-printing Koreans living in Japan. Japan also agreed to ease the regulations on deportation of Korean residents, and to extend to 5 years (from the current 1 year) the period during which Koreans are allowed to re-enter Japan after having left it. This latter modification of the law has meanwhile been carried out by way of the "Immigration Control Law for the Special Treatment of Persons who have Renounced Japanese Nationality based on Peace Treaties with Japan". The law applies to Koreans as well as to Taiwanese residents and also grants a special right to permanent residence to their offspring.

In the memorandum, Japan further promised to reduce other institutional forms of discrimination by opening the way for Koreans to be hired as full-time school teachers or as clerks at local government level. However, Koreans born in Japan will still be denied the right to vote or to stand for public posts.

(Straits Times 08-01-91; IHT 11-01-91; FEER 31-01-91, p. 38; The Japan Law Journal, June 1991)

ARMED INCIDENTS

Iran protested to the US over the firing by a US ship of an Iranian vessel in the central part of the Persian Gulf on 21 May 1991, resulting in damage to the Iranian vessel and a sailor wounded. The Pentagon reported an incident involving two unidentified ships, with the US navy's Gulf Command ship returning fire when it was fired upon.
(IHT 23-05-91)

ARMS SALES

See also: Foreign aid; Military cooperation; Sanctions

Soviet Union-China

China concluded an agreement with the Soviet Union for the purchase of a squadron of twenty-four Su 27 combat aircraft at a cost of US\$ 700–800 million of which 60 percent would be paid in hard currency and 40 percent in barter trade. It is reported to be one of the biggest-ever foreign arms acquisitions by the People's Liberation Army. The sale did not involve the most advanced version of the aircraft. (FEER 11-04-91, p. 18; 23-05-91, p. 8; 30-05-91, p. 19)

China-Pakistan-Syria

In its 22 April 1991 issue, *Time* magazine reported about deliveries of M-11 missile systems by China to Pakistan, and about negotiations on the sale to Syria of M-9 missiles. With the missiles Pakistan could reach cities and military installations in India, and Syria could reach any point of Israeli territory. China later acknowledged having sold "short-range" missiles to Pakistan without confirming that these involved the M-11s (the definition used for short-range missile is based on a range of 300 km) but it denied the alleged deliveries to Syria, although the Foreign Ministry declined to answer questions about future sales to Syria. The US Secretary of State confirmed that the US had no evidence of Chinese deliveries of M-9 missiles to Syria but warned that such deliveries and those of M-11 missiles to Pakistan would have potentially profound consequences for Sino-US relations. Reports in August 1991 mentioned actual sighting of M-9 missiles in Syria.

China said it was seriously considering to abide by the Missile Technology Control Regime (MTCR) which, incidentally, does not prohibit the sale of M-9 and M-11 tactical missiles. Besides, China is no party to the MTCR and has given no promise to the US not to sell missiles to Pakistan and Syria although it has reassured the US that China will act in a prudent and responsible manner. Some analysts say that such deliveries may stem from the fact that the recipient countries might have provided the bulk of the funds for the development of the systems.

Note: The Missile Technology Control Regime (MTCR) refers to a sixteen-nation body set up by and comprising mainly Western industrialized countries which aims at controlling the global proliferation of missile systems. It was founded in 1987 with the US, Canada, Japan, Britain, France, Germany and Italy ("G-7") as core members. It was later joined by: Australia, New Zealand, Austria, Norway, Belgium, Denmark, The Netherlands, Luxembourg and Spain.

By way of implementation of the MTCR Guidelines a new title to the US Military Authorization Bill was passed by Congress in the autumn of 1990 imposing sanctions on a foreign corporation or government entity that sells missiles or missile technology capable of delivering a payload with a range of 300 km. The sanction can be waived by the President on grounds of national security.

(IHT 08-05-91; 18-06-91; 20-06-91; 23-08-91; FEER 04-04-91, p. 13; 02-05-91, p. 10; 16-05-91, p. 15; 27-06-91, p. 12; 22-08-91, p. 6)

Sale of communications satellite technology barred

The US has barred the sale of US components for a Chinese domestic communications satellite because of concerns about possible Chinese exports of weapons of mass destruction to Third World countries.

Note: Satellites, components and associated technologies are included in the *US Munitions List* requiring license for export to countries like China.
(IHT 02-05-91; FEER 09-05-91, p. 57)

US-Philippines

It is reported that the United States offered military equipment as part of the deal to allow US bases to remain in the Philippines. The offer would classify the Philippines as a major non-NATO ally of the US, alongside Israel, Egypt, and South Korea.
(IHT 16-05-91)

China-Myanmar

Myanmar bought arms from China for the total value of US\$ 1.3–1.4 billion of which 60% is supposed to be covered through short- and long-term barter trade, a further 10% said to be in grants and soft loans, and the remaining 30% in cash. The deal is said to have included eleven F-7 jet fighters (the Chinese version of the Soviet MiG 21), naval patrol boats, tanks, anti-aircraft guns, rocket launchers, and small arms.
(FEER 06-06-91, p. 12)

US-Pakistan

The United States has put as condition for resumption of the sale of conventional military hardware to Pakistan that Pakistan proves it neither has built nor is building a nuclear bomb.

American arms shipments were cut off in October 1990 when the US President could not certify to the US Congress that Pakistan did not have nuclear capabilities. The funds frozen were part of a US\$ 4.01 billion 6-year package that ranked Pakistan third after Israel and Egypt among major aid recipients.
(IHT 12-06-91)

Registration of arms sales

Japan launched a proposal for the disclosure and recording of international arms sales. The idea was submitted to the Group of Seven (G-7) meeting on 15–17 July 1991. The “Conventional Arms Sale Disclosure System” plan would include a public registry to be maintained by the UN.

The danger of international arms sales might be reduced if sellers and buyers were required to disclose all sales to the UN. The records of the sales would be open to any country, group, or individual. The visible record could give the UN advance warning of military build-up in a particular region and thus help head off regional wars.

The Japanese prime minister urged the Chinese leaders to support the proposal during his visit to China in August 1991. The Chinese responded by affirming that China supported "proper international control on the transfer of weapons". (IHT 03-07-91; 14-08-91)

Note: The idea of a register of arms sales under UN auspices was also raised in a British working paper submitted to the UN Disarmament Commission, see UNdoc.A/CN 10/144 of 22 Apr. 1991

ASIAN DEVELOPMENT BANK

See also: Sanctions

Influence of Western donors

Until the China issue as a result of the Tiananmen square incident emerged in 1989, the ADB was a traditional, straightforward bank which kept politics to a minimum. Western donors started pushing for a stronger interventionist role in the 1990s during the Bank's annual conference at Vancouver in April 1991, emphasizing human rights and democratic reform as a yardstick for its policy towards the borrower countries. An open split emerged during the conference between developing countries and Western donors led by the US which blocked the normalization of lending to China.

The conference failed to resolve the question whether to resume lending to China, and whether to grant China and India access to the soft-loan Asian Development Fund (ADF). The conference was concluded without a decision on the amount of new funds to be committed by donors to the ADF.

(IHT 29-04-91; FEER 09-05-91, p. 57)

ASSOCIATION OF SOUTH EAST ASIAN NATIONS

See also: East Asian Economic Grouping; Human rights; Security of the region

Oil pooling

The oil producing member states of ASEAN, Indonesia, Malaysia and Brunei, have pooled their oil output in order to support the other member states who suffer from the stagnation in oil supply as a result of the Gulf War.

(NRC 05-01-91)

ASEAN dialogue partners

It has been a long-established custom for the annual ASEAN Foreign Ministers Conference to be followed by discussions with the foreign ministers of a number of non-member states which are the most important economic partners of ASEAN. These are at present: the US, Japan, the European Economic Community, Canada, Australia, and New Zealand; and since July 1991, the Republic of Korea.

At the annual meeting in July 1991 at Kuala Lumpur, the Soviet Union and China were invited for the first time. The talks with the Soviet and Chinese foreign ministers about which Japan and the US expressed some reservations were to be separate from the traditional dialogue partners. According to officials of the host country, Malaysia,

the status of future discussions between ASEAN and the Soviet Union and China would be decided in the months following the meeting by a committee set up to review the external relations of ASEAN.

(IHT 18-01-91; 21-06-91; 20/21-07-91)

ASEAN Free Trade Area

At the annual meeting of ASEAN foreign ministers in July 1991, the Malaysian prime minister endorsed a recent Thai proposal to work toward the establishment of an ASEAN free trade area sometime by the turn of the century. The idea had already been endorsed earlier by the prime minister of Singapore who thought it might take twenty years rather than ten to create an integrated ASEAN market. Trade between ASEAN states account for only 20% of the group's total trade. Indonesia proposed that tariffs be reduced only in selected industrial sectors but that in the chosen sectors all tariffs would be cut. The Philippines suggested that whatever were decided should be made legally binding through an ASEAN treaty of economic cooperation.

(IHT 20/21-07-91)

Concern about Myanmar registered

The ASEAN states decided to send the Philippine foreign minister to Yangon to register their concern and to make constructive representations to the military rulers in Myanmar. (See also *infra*, Human Rights)

When the military in Myanmar suppressed a democratic uprising in 1988 many Western states banned arms sales, suspended aid and halted financial assistance. ASEAN states and China have always refused to join the boycott, saying that boycott only stiffens the attitude of the Myanmar rulers, and makes it more difficult to bring about changes. Isolating the country would not work, while a process of constructive engagement is needed to persuade the Myanmar authorities that change is in the country's interest.

(IHT 24-07-91)

BORDER INCIDENTS

Iran-Iraq

During the Shiite uprising in Southern Iraq after cessation of the Iraq-Kuwait War, Iran allowed the "Badr Brigades" of the Iraqi Shiite opposition which were based in Iran to enter Iraq and take part in the fighting. Some Iranian Revolutionary Guards were reported also to have crossed into Iraq to attack border posts and to harass camps of the Mujahidin Khalq, the Iranian opposition whose exiled forces were expelled from France during the Iran-Iraq war and who subsequently set up paramilitary bases in Iraq to exploit opportunities for raids into Iran.

(IHT 27/28-04-91)

Kashmir

The Indian army was reported to have intercepted about 300 armed men who had

crossed the so-called Line of Actual Control from the Pakistan-controlled sector of Kashmir in early May. Indian and Pakistani troops were also reported to have exchanged artillery fire over a two-day period.
(FEER 16-05-91, p. 14)

BORDERS

See also: Territorial claims

China-India

As a result of the late prime minister Rajiv Gandhi's visit to China in December 1988 a joint working group have been dealing with the issue of the undemarcated 4,500 km border.

Since 1982 a Chinese proposal for a pragmatic solution of the border question consists of accepting the existing lines of control as the permanent boundary, with China getting the Aksai Chin sector of Ladakh which it occupies and which is allegedly of little strategic use to India. However, it contains the road linking Tibet and the province of Xinjiang which is important to the Chinese. In the eastern sector both parties would recognize the so-called *MacMahon* line of 1914 which means the affirmation of the existing boundaries of the state of Arunachal Pradesh.
(FEER 28-02-91, p. 18)

India-Pakistan

See: Inter-state relations

Sino-Indian border trade

China and India agreed on 2 February 1991 to resume land trade across their Himalayan border in May 1991, after a break of 31 years. The resumption of trade was already agreed in principle in June 1988 by Chinese and Indian trade officials, but implementation was delayed, possibly by the occurrence of disturbances in Tibet since then.
(FEER 14-02-91, p. 14)

Thailand-Laos

The two countries agreed on 12 March 1991 to withdraw their troops from a disputed border area. They also agreed to replace the existing border committee with a joint coordinating committee that would be responsible for promoting bilateral trade and economic cooperation.

Thailand and Laos fought a brief battle in 1988 over Ban Rom Klao, near the border of Thailand's Phitsanulok province and Laos' Sayaboury province.
(FEER 28-03-91, p. 12)

China-Soviet Union

China and the Soviet Union signed an agreement on the eastern part of their border on 16 May 1991 during the visit to Moscow by the General-Secretary of the Chinese

Communist Party. The agreement settled most of the eastern territorial disputes. It excludes some "difficult" parts such as the Amur River islands over which the two sides clashed in 1969. With the conclusion of this agreement about ten percent of the border is still in dispute, i.e., the part along Xinjiang province in the West. (IHT 03-04-91; 16-05-91; 17-05-91; FEER 30-05-91, p. 18)

Malaysia-Thailand

Malaysia is to build a concrete wall about 100 km long along the frontier between Thailand and the Malaysian state of Kelantan. Of the four Malaysian states along the 515 km border with Thailand, Kelantan is the only one which does not yet have border fencing. The existing walls were intended to prevent Communist infiltration into Malaysia. The new wall would help stop the flow of smuggled narcotics, cigarettes and other taxable goods from Thailand into Malaysia. The decision to build the wall followed the arrest of 11 Malaysian forestry officers for allegedly engaging in illegal logging in Thai territory and the seizure on 7 July by Thai officials of goods from Malaysian traders at Padang Besar, just inside Malaysia, resulting in a formal Malaysian protest in Bangkok. Also, Thai officials complained that the Pan-Malayan Islamic Party government of Kelantan was providing refuge to Thai Muslims demanding independence for southern Thailand. (IHT 10-07-91)

CAMBODIA

Draft for a comprehensive political settlement

During the first half of 1990 the five permanent members of the UN Security Council held 6 meetings in order to define the *key elements* of a comprehensive political settlement of the Cambodian conflict based on an enhanced UN role. At their meeting in New York on 28 August 1990, they reached an agreement on a framework for a settlement. This framework was endorsed by the UN Security Council (res. 668) and the UN General Assembly. The framework document consists of 5 sections on: (1) transitional arrangements regarding the administration of Cambodia during the pre-election period; (2) military arrangements during the transitional period; (3) elections under UN auspices; (4) human rights protection; and (5) international guarantees.

Section 1 deals, first, with the establishment of a Supreme National Council of Cambodia as a unique legitimate body and source of authority in which national sovereignty and unity would be enshrined during the transnational period. The SNC is to delegate to the UN Transitional Authority in Cambodia (UNTAC) all powers necessary to ensure the implementation of the comprehensive agreement, including the conduct of general elections and the "relevant aspects of the administration of Cambodia". In order to ensure free and fair general elections, administrative agencies, bodies and offices which could directly influence the outcome of elections should be placed under direct UN supervision. In this context "special attention will be given to foreign affairs, national defence, finance, public security and information".

Section 2 deals with the establishment of a UN Transitional Authority in Cambodia with a military as well as a civilian component. This is necessary in view of the intended enhanced UN role. The UNTAC would supervise, monitor and verify the cease-fire and in a later stage initiate a phased process of arms control and reduction.

Section 3 elaborates on the organization and conduct of "free and fair elections" under the auspices of the UN within a specified period. The elections should lead to the formation of a constituent assembly which would draft and approve a constitution, and transform itself into a legislative assembly which would create the new government. The constitution should be based on principles which are an integral part of the comprehensive political settlement.

Section 4 specifically deals with human rights protection. In view of the tragic recent history of Cambodia the comprehensive political settlement should commit Cambodia to comply with the obligations of the relevant international human rights instruments and UN General Assembly resolutions.

Section 5 prescribes perpetual neutrality for Cambodia and the conclusion of an agreement among the states participating in the Paris conference, recognizing and respecting the territorial integrity and neutrality of Cambodia. The particulars would be determined by consensus in the Second Committee of the Paris Conference on Cambodia.

Once the Cambodian parties would have accepted the framework and a Supreme National Council had been formed the Paris Conference on Cambodia would be reconvened with the task of adopting the elements of a comprehensive political settlement and drawing up a detailed plan of implementation. The Conference would then recommend that the UN Security Council adopt a resolution endorsing the final agreement and enabling the Secretary-General to implement it.

By way of preparatory work, the five permanent Security Council members together with the co-chairmen of the Paris Conference on Cambodia and a representative of the UN Secretary-General met in November 1990 and reached consensus on a draft comprehensive political settlement. This consisted of a draft agreement covering the major aspects of the settlement, and annexes dealing with: (1) the proposed mandate for the UN Transitional Authority in Cambodia (UNTAC); (2) withdrawal, cease-fire and related measures; (3) elections; (4) repatriation of Cambodian refugees and displaced persons; and (5) principles for a new constitution for Cambodia. Besides, a draft agreement concerning the sovereignty, independence, territorial integrity and inviolability, neutrality and national unity of Cambodia, and a draft declaration on rehabilitation and reconstruction of Cambodia were also elaborated. (UNdoc.S/21689; S/21985. *See also: Documents, infra.*)

Implementation of the UN peace plan

Despite accepting the UN peace plan's framework, along with the three Cambodian resistance factions in Jakarta, September 1990, the Phnom Penh government objected to four aspects of the plan: the virtual taking over of the country's sovereignty by the UN, the dismantling of the Phnom Penh government, the complete disarmament of the armed forces of all four factions, and the absence of any arrangement for the punishment of those responsible for the crimes committed during the Khmer Rouge rule. After the December 1990 round of the Paris Conference on Cambodia provided some clarifying explanation, the complaints were reduced to two: the trying of Khmer Rouge leaders and the demobilization of the Phnom Penh forces.

At a meeting of the representatives of the five permanent members of the UN Security Council in Beijing in July 1991, the UN peace plan was altered by agreeing that the warring factions need not fully demobilize. The Phnom Penh government who had opposed demobilization arguing that the disarming of the Khmer Rouge could not

be verified, later declared its agreement to an arrangement under which 30 percent of its forces would be maintained until after elections. Agreement was reached in late August 1991, whereby each party would reduce its forces by 70 percent, and put the remaining troops under UN control. The agreement obtained qualified approval from the permanent members of the UN Security Council.

During the peace talks held by the Cambodian factions on 24–26 June 1991 at Pattaya the Khmer Rouge tentatively agreed with the establishment of the Supreme National Council embodying Cambodian sovereignty in Phnom Penh, though conditional on UN guarantees for the safety of the Council members.

(FEER 31-01-91, p. 19; 18-04-91, p. 13; 04-07-91; IHT 26-06-91; 27-06-91; 29/30-06-91; 20/21-07-91; 28-08-91; 31-08-91; 01-09-91; UNdoc.A/46/269 of 25-06-91 and A/46/271 of 26-06-91)

At their subsequent meeting in Beijing on 16–17 July 1991 the factions agreed on a single delegation to the UN, and accepted a special UN team to monitor the cease-fire. (IHT 17-07-91)

At the end of the second Pattaya round of talks in late August 1991, the only undecided question that remained was that of the post-war electoral system. The Phnom Penh government wanted to apply a constituency system while one of the other factions, the Khmer People's National Liberation Front, insisted on proportional representation.

(IHT 30-08-91)

Humanitarian aid to the resistance groups

It was reported in April 1991 that the United States had suspended humanitarian aid to the two non-Communist resistance groups on grounds of their cooperation with the Khmer Rouge. The aid had always been quite irregular because of a Congressional ban against helping any organization that engaged in "tactical or strategic" cooperation with the Khmer Rouge. The halting of the aid could result in civilians living in areas controlled by the two factions being forced to turn to the Khmer Rouge or the Phnom Penh government. In early May, the US administration decided to resume the aid, the criteria being changed from "non-lethal" to "strictly humanitarian purposes".

(FEER 18-04-91, p. 10; 09-05-91, p. 12; IHT 02-05-91)

Sino-Vietnamese understanding over Cambodia

See: Inter-State relations: general aspects

Repatriation of Cambodians from Thailand

It was announced by UN officials in early August that the UN would soon begin building reception centres and making other preparations for the eventual repatriation of the 330,000 Cambodians in Thailand. The building of six centres inside Cambodia where the refugees would stay on their way back to their home villages was projected to be a 6-month task. The refugees were accommodated in a half-dozen camps near the Thai-Cambodian border that were aided by the UN but controlled by the three guerilla groups opposing the Phnom Penh government. A UN agency estimated last year that the entire repatriation effort would cost US\$ 109 million.

(IHT 09-08-91)

CONSULAR RELATIONS

See also: Inter-state relations (China-India)

Malaysia-Vietnam

Malaysia was reported to open a consulate in Ho Chi Minh City, being the first ASEAN Country to do so.
(FEER 21-02-91, p. 14)

China-France

During his visit to China in April 1991, the French foreign minister and the Chinese government exchanged notes on the establishment of consulates-general in each other's country.
(Beijing Review 13 May 1991)

South Korea-Soviet Union

Agreement was reached on the opening of two or three Korean consulates in Tashkent (Uzbekistan), Alma Ata (Kazakhstan) and Sakhalin to serve the needs of 450,000 ethnic Koreans living there.
(FEER 01-08-91, p. 12)

DEBTS**Vietnam**

The SU informed Vietnam that it would not cancel the latter's debt incurred after 1973 (believed to total around US\$ 16.7 billion), and that it expected Vietnam to pay US\$ 350 million a year to service this debt.

Algeria asked Vietnam for urgent repayment of its outstanding loans, estimated at over US\$ 220 million, and Vietnam was reported to plan repaying by sending workers to Algeria and exporting shoes and educational supplies.
(FEER 30-05-91, p. 8)

Japanese policy regarding foreign state debts

It was reported in April 1991 that a deepening rift was developing between the US and Japan on fundamental points in the strategy for dealing with debt problems: how big a role politics should be allowed to play in making economic judgements and whose political standards should apply.

Japanese policy is that debt forgiveness encourages irresponsibility and is unattractive since it calls for general application. The reduction and cutting of existing state debts would imply lack of credit worthiness and would be incompatible with the making of new loans. Consequently the accord by the "Paris Club" of government creditors to cut the Polish debt by 50 percent and the expected similar accord for

Egyptian official debts will be treated by Japan as exceptions, and not a precedent for other debtor states. In the Japanese view, the choice of the two countries was made to reward Poland for its commitment to a rapid transition to capitalism and Egypt for its support in the war against Iraq.

In accordance with the above policy it was expected that Japan would oppose any attempt by the Philippines to write off part of its US\$ 29 billion overseas debt because once that takes place it would be extremely difficult to continue providing assistance. (IHT 30/31-03-91; 15-04-91; 03-05-91)

The "Brady Plan"

In 1989 the so-called "Brady Plan" offered countries which owed most of their debts to commercial banks a market-based debt reduction instrument backed by IMF and World Bank funds and on the condition that they pursued economic restructuring. Only five out of nineteen eligible debtors (among which the Philippines) concluded agreements with creditor banks on this basis. (IHT 29-04-91)

Philippine presidential powers in respect of foreign debts

The Philippine Supreme Court on 29 April 1991 upheld the authority of the President to set aside government funds to service foreign debts without the approval of Congress. The decision was made with reference to three decrees from the Marcos era conferring that right to the President. (FEER 09-05-91, p. 57)

Japanese arrangement for Soviet commercial debts

Japan was reported to plan providing US\$ 350 million in "bridge loans" to help the Soviet Union refinance its (currently about US\$ 500 million outstanding trade) debts to Japanese companies.

Japanese companies that are owed money by Soviet import agencies would ask the Bank of Foreign Economic Affairs in Moscow to consolidate the debt and assume responsibility for repayment. Japanese banks would then make stop-gap loans to the Soviet bank which would repay the debts and collect money from other Soviet agencies later.

(IHT 25-07-91)

Philippine debt settlement

The Philippines reached agreement in principle with foreign banks on a new debt-reduction package but this would probably go ahead only if the Philippine Senate ratified a new military base agreement with the US. This ratification would increase the likelihood of the important US support for the package. In addition the banks would probably only sign the new accord if a \$250 million debt relating to the suspended construction of a nuclear plant would be included in the debt that could be bought back under the agreement. There is Philippine opposition against such inclusion, and a lawsuit is pending against Westinghouse in the US on the basis of alleged faulty construction and overpricing.

The aim of the agreement was to reduce the Philippine medium and long-term bank debt of \$5.3 billion (The Philippines has a total foreign debt of \$29 billion) by \$1.5 billion over six years. Under the agreement the Philippines offered commercial creditors three options.

The first involves lending new money over the next two years by buying newly issued Philippine bonds (of 17 years maturity with a 5-year grace period) or joining a co-financing transaction with the Asian Development Bank (of 14 years maturity with a 3-year grace period). For each \$1 of new bonds purchased the creditor may convert \$4 of existing Philippine debt into bonds with the same terms as the new bonds. The second option involves swapping existing loans for new Philippine bonds that will mature in 25 years. The third option offers to swap the debts for 15-year bonds with a 7-year grace period.

The agreement commits the US, the IMF, the World Bank and Japan to provide the Philippines with at least \$640 million collateral for the bonds.
(IHT 20-08-91; 03-09-91; 05-09-91)

Myanmar debt written off by France

The French government wrote off debts totalling US\$ 82 million outstanding against Myanmar. The debts were incurred when Myanmar took ODA loans from France beginning from 1976.
(FEER 25-07-91, p. 14)

DEVELOPMENT AID

See: Economic cooperation

DIPLOMATIC INVIOABILITY

Iranian diplomat killed in Pakistan

A junior Iranian diplomat in Lahore, director of the local Iranian cultural centre, was killed on 19 December 1990 during a farewell party given in connection with his intended return to Iran.

Pakistan reacted strongly: the Foreign Secretary went to the Iranian embassy to inform the ambassador, and the President, the Prime Minister and the Foreign Minister condoled and rang up Tehran. The prime minister flew to Lahore for the funeral prayers. An Air Force aircraft was provided to fly out the body to Iran, escorted by the Governor of Punjab. The administration promised a thorough investigation and exemplary punishment, and agreed to Iran's request for associating Iranian policement with the investigation.

(FEER 03-01-91, p. 9; UN doc.A/INF/46/4)

Protection of ambassadorial residence in Singapore

On 27 October 1990, a US sailor broke into the Thai ambassador's residence in Singapore. It turned out on that occasion that the Singapore emergency telephone line

system failed to function. Despite a formal protest from the diplomatic community over what is seen as insufficient protection from the authorities, the Singapore foreign ministry maintained that embassies should hire private guards if they want additional security.

(FEER 24-01-91, p. 8)

Shiite demonstration at Iraqi embassy

During a demonstration by hundreds of Shiite Muslims at the Iraqi embassy in New Delhi, at least two people were injured when fire was opened on the demonstrators from the embassy building. Fire was opened when demonstrators smashed the windows of parked cars and tried to climb over the spiked iron fence into the building's front yard.

(IHT 23/24-03-91)

Thai diplomat arrested on seizure of narcotics

British customs agents arrested a Thai diplomat upon his arrival at London Heathrow Airport after seizing 60 kilograms of heroin in his possession. The Thai government is reported to have cancelled the diplomat's accreditation as counselor at the Thai embassy in London, and to have lifted his diplomatic immunity.

(IHT 26-08-91)

DIPLOMATIC RELATIONS

Expulsion of Chinese diplomats

Sweden expelled three Soviet and two Chinese diplomats on grounds of behaviour incompatible with their diplomatic status. It is not clear what this referred to in the case of the Chinese. China has retaliated by expelling two Swedish diplomats.

(NRC 03-01-91)

Expulsion of Iraqi diplomats

Thailand expelled two Iraqi diplomats in January 1991. It also refused to allow two other Iraqi diplomats who were expelled from Australia, to stay in Thailand. The measures are believed to be inspired by concern for terrorist activities.

(IHT 29-01-91)

Upgrading of Belgium-Vietnam diplomatic relations

Belgium upgraded its relations with Vietnam by accrediting its first ambassador to Hanoi since January 1979. The relations were downgraded in December 1978 because of Vietnam's invasion of Cambodia.

(IHT 31-01-91)

Alleged diplomatic involvement in terrorist activity

On 19 January a premature detonation of a powerful C-4 plastic explosive device in the Makati business district of Manila killed a suspected Iraqi and wounded his companion. The Philippine authorities linked the Iraqi Consul-General in Manila to the incident and expelled him. This was the first case of expulsion of a diplomat in the Philippines and the first act of terrorism so far to be linked to the Gulf War. The Consul-General was said to have had several meetings during the past weeks with the two bombers who entered the Philippines on 6 December as merchants from Baghdad. (FEER 31-01-91, p. 10)

Thai-Cambodian relations

The newly appointed minister for foreign affairs after the 23 February 1991 *coup d'état* in Thailand delayed implementation of the decision by the previous government to set up a trade representative office in Phnom Penh. Implementation had to wait until a comprehensive solution to the Cambodian conflict is reached. (FEER 21-03-91, p. 12)

Financial problems of embassies and the Vienna Convention

Over a hundred diplomats from 34 embassies accredited to South Korea having personal or chancery accounts with the Bank of Credit and Commerce International's Seoul branch had an amount of US\$ 5 million frozen as a result of the suspension of the Bank's activities in early July 1991. The cash shortage at many embassies became so acute that some were said to be unable to carry out their normal duties. Paraguay's ambassador as dean of the diplomatic corps invoked the Vienna Convention in requesting the South Korean foreign ministry to intervene on behalf of the affected embassies. The ministry responded that banking problems were not covered by the Convention and that it had no authority to help the diplomats. (FEER 15-08-91, p. 8)

Sri Lankan-United Kingdom relations

The British High Commissioner broke the law by entering a polling station in the town of Dickwella while voting was taking place, and subsequently lodged a police complaint alleging irregularities in the elections to local government bodies on 11 May 1991. Accusing him of interfering in the internal affairs of Sri Lanka the government declared him *persona non grata*. The declaration was not accompanied by a request to recall, nor by a fixation of a time-frame when he should leave. (IHT 31-05-91)

Thai-Vietnamese exchange of military attachés

Thailand and Vietnam agreed to exchange military attachés. (FEER 20-06-91, p. 12)

Philippines-Democratic People's Republic of Korea (DPRK) relations established

The Philippines and the DPRK agreed to establish diplomatic relations according to the Joint Statement issued by the two states on 13 June 1991. The agreement would be effectuated before the end of 1991.

(FEER 27-06-91, p. 22)

Iran-United Kingdom relations resumed

Iran and the United Kingdom resumed diplomatic links in September 1990, after a break of eighteen months over the sentence of death on the author SALMAN RUSHDIE.

The release in April 1991 of a British hostage by Shiite Muslim militants in Lebanon was widely regarded in London as an attempt by Iran to improve relations.

(IHT 22-07-91)

DISCRIMINATION

See: Exclusion from international economic cooperation

DISSIDENTS

See also: Human rights; Insurgents

Myanmar dissidents in Myanmar embassy

Two Myanmar dissidents entered the Myanmar embassy in Bangkok on 19 January 1991, and later returned to Myanmar. According to the embassy they had surrendered to the embassy. According to the rival government set up in December 1990 in the Myanmar jungle, the two persons were kidnapped or tricked into the embassy while in Bangkok for medical treatment.

(IHT 26/27-01-91; FEER 14-02-91, p. 14)

US interventions in favour of Chinese dissidents

In December 1990, the US Assistant-Secretary of State requested the release of 150 Chinese activists, mentioned by name, during a visit to China.

In March 1991, members of the US Congress on a visit to China presented the Chinese prime minister with a letter from 100 Congress members demanding the release of political prisoners. The prime minister told on that occasion that the government was not in a position to make decisions regarding the judiciary.

During a later visit the US Under-Secretary of State for Political Affairs called upon China to show leniency to political prisoners and to give an amnesty for those who engaged in non-violent political acts.

(NRC 07-01-91; IHT 29-03-91; 08-05-91; FEER 03-01-91, p. 8)

Denial of exit permits

Members of an opposition grouping in Indonesia called "Group of 50" have been denied permission to travel abroad upon their application for exit permits on 3 May 1991. The Coordinating Minister for Security and Political Affairs said the persons concerned were liable to make critical statements about Indonesia while abroad, which could threaten Indonesia's continued access to funding from foreign donors. (FEER 16-05-91, p. 14)

DIVIDED STATES: CHINA

See also: Air traffic; Foreign investment

Unification guidelines of the Taipei government

The unification guidelines endorsed by the government in Taipei distinguishes between different stages. In the first stage, the present level of informal contacts should establish the principles of reciprocity and parity between the two sides. This stage calls on Beijing to carry out economic reforms "forthrightly" and to allow freedom of expression and democratic development. It also asks Beijing to renounce the use of force against Taiwan and to accept Taiwan's presence in the international community.

The second stage proposes equality between the two sides as the basis for opening official communications as well as direct trade and the joint development of China's southeastern coast. At this stage Taiwan asks for mutual cooperation in international affairs and exchange of visits by high-ranking officials.

The final stage proposes long-term consultation and unification "in accordance with the will of the people in both the mainland and Taiwan areas". (FEER 25-07-91, p. 21)

Growing economic ties between Taiwan and mainland China

While the first Taiwan-financed venture in mainland China with formal approval from the Taipei authorities was opened in Shanghai in February 1991, total indirect and unapproved Taiwan investment are estimated to amount to US\$ 1.5–2 billion. The Taiwan's Investment Commission requires all Taiwan investors in mainland China to register and to set up third country subsidiaries to run the business. By the registration deadline of 8 April 1991, 2,940 Taiwan-based firms had notified direct or indirect investments on the Chinese mainland.

Two-way trade through Hong Kong reached US\$ 4 billion in 1990, and Taiwan's exports to the mainland is approaching 10% of its total export trade.

Transfers of money also began to flow to mainland China since Taiwanese travel restrictions were eased in the late 1980s, and these are now facilitated by the launching of transfer services through the post office.

The growing economic links have alarmed the Taiwan authorities who expressed fears that the island's growing economic reliance on China could make it vulnerable to political pressure. According to the spokesman for the Mainland Affairs Council of the Taipei cabinet, Taiwan is now considering curbs on investments.

(IHT 29-01-91; 28-02-91; 02-09-91; FEER 18-04-91, p. 73; 01-08-91, p. 61)

Channels for Taiwanese indirect investments in mainland China

Taiwan decided to promote Singapore instead of Hong Kong as the main channel for indirect Taiwan investments in mainland China, one reason being that Singapore has investment guarantee treaties with both Taipei and Beijing.
(IHT 29-04-91)

Mainland investments in Taiwan

The government at Taipei is planning measures to stop capital from China finding its way to Taiwan under the guise of foreign investments from other countries.
(IHT 22/23-06-91)

Economic integration

The Chinese trade ministry called for far-reaching economic integration with Taiwan as a prelude to political reunification. This was rejected by Taipei saying that Beijing would have to make political concessions first, such as promise never to use force against Taiwan and cease its diplomatic campaign to isolate the island.
(IHT 04-07-91; 05-07-91)

Termination of era of confrontation

On 1 May 1990, the legislature in Taiwan abolished the law instituting the "period of Communist rebellion" which was enacted in 1949. This coincided with the first visit to Beijing of a delegation from the Straits Exchange Foundation, a mediation group established by the government in Taipei to deal with bilateral issues on a semi-official basis.

Subsequently the Planning Commission for the Recovery of Mainland China was disbanded. It was set up in 1954. Planning for reunification will now be mainly done in the National Unification Council, a multi-party body.
(FEER 28-02-91, p. 13; 09-05-91, p. 8; IHT 23-04-91; 05-07-91)

Seizure of Taiwan coast guard officers

Three Taiwan coast guard officers were seized when they boarded a Chinese fishing boat during an anti-smuggling operation. The men were taken to the Chinese mainland. The Taiwan authorities asked the Red Cross to negotiate the return of the three officers.
(FEER 21-03-91, p. 12)

Mainland observers at Taiwan trial

The government at Taipei had allowed representatives of the Chinese Red Cross to visit Taiwan for the first time since the end of the civil war in 1949. The representatives should come from the Red Cross national headquarters and should not hold any government or party posts. The purpose of the visit was to check on the condition of a

number of fishermen detained by the Taiwan navy on suspicion of piracy after they boarded a Taiwan fishing vessel, allegedly in an attempt to get compensation after a Taiwanese boat sliced through their fishing net. Two Chinese Red Cross officials were, however, barred from coming at the last minute in August, while two journalists were admitted to cover the trial, also the first such visit since 1949.

(IHT 29-07-91; 13-08-91; FEER 08-08-91, p. 12; 22-08-91, p. 12)

Activities on the other side of the "Davis line"

On 14 June 1991 navy ships from Taiwan caught six Chinese customs officials from the port of Xiamen who inspected a Panamanian registered freighter suspected of smuggling a cargo of duty-free cigarettes, on the Taiwan side of the so-called Davis line which has divided the Taiwan Strait in the past 40 years. The customs officers and ship were taken to Taiwan; the officers were returned to China via Hong Kong on 18 June.

This incident was the second time that China crossed the line. The first time was in 1987 soon after Taiwan had lifted martial law.

(FEER 27-06-91, p. 9; 11-07-91, p. 21)

One country two governments

The Chinese newspaper "People's Daily" declared "incompatible with the grand cause of reunification" a Taiwan proposal that Beijing and Taipei recognize each other as equal political entities ("dual recognition"). It would be similar to "one country two governments", "one country two regions".

(SCMP 07-06-91)

Dual diplomatic relations

The Central African Republic re-established diplomatic relations with Taipei (which it had broken off before to establish relations with the Chinese government in Beijing) without closing its embassy in Beijing.

(FEER 18-07-91, p. 14)

French arms delivery to Taiwan

France renewed a contract for the sale of Lafayette-class frigates to Taiwan earlier in 1991. A similar agreement was broken off in 1990 after Beijing protested. This time France appeared to go through with the sale.

(FEER 25-07-91, p. 8)

Chinese membership in Asian Pacific Economic Cooperation conference (APEC)

China, Hong Kong and Taiwan were to join APEC in November 1991, after having agreed to a formula whereby, *inter alia*, Taiwan would be called "Chinese Taipei" and would not be represented at foreign minister level but by lesser officials. Details of Hong Kong's membership were not revealed.

(IHT 29-08-91)

DIVIDED STATES: KOREA

See also: Joint development

Reunification talks between prime-ministers

High level reunification talks between the prime ministers of North and South Korea began in September 1990. North Korea cancelled the fourth round of talks due for 25–28 February 1991 in Pyongyang because of the annual US-South Korean military exercises which have been held since 1976 and which were held in January 1991 under the name “Team Spirit ’91”. Several months later North Korea offered to resume the talks in Pyongyang on 27 August 1991 which was accepted by South Korea. (IHT 29-01-91; 19-02-91; 12-07-91; 23-08-91)

New proposals

The President of South Korea proposed the adoption of a non-aggression declaration, the conclusion of an internationally guaranteed peace treaty formally ending the 1950–1953 War, and an increase of social and cultural contacts to prepare for an eventual reunification. The expanded contacts should include exchange of radio and TV broadcasts which now have incompatible systems. It is now illegal in South Korea to receive North Korean broadcasts and in North Korea most radios cannot receive outside broadcasts. The peace treaty proposal would be put forth at the Prime Ministers’ meeting in August 1991.

North Korea suggested a loose confederation between North and South Korea as a possible first step towards reunification. This would permit the two Koreas to share one UN Seat (see *infra*) while diplomacy and military matters could for the time being be kept autonomous.

(IHT 03-06-91; 13/14-07-91; 09-08-91)

Unified sports teams

For the first time since the division of the country in 1945 agreement was reached on 12 February 1991 to form unified Korean sports teams, such as for the World Table Tennis Championships in Japan, April 1991, and the World Youth Soccer Championships, Portugal, June 1991.

(IHT 13-02-91; 31-05-91)

United Nations membership

In a memorandum of 5 April 1991 to the UN Security Council, South Korea announced its resolve to seek UN membership, hoping that North Korea would do the same. It emphasized that such parallel membership should serve as a confidence-building measure and is “without prejudice to the ultimate objective of Korean unification”. It referred to the German and Yemeni cases to disprove the contention that parallel UN membership might perpetuate or legitimize Korea’s division.

(UNdoc.S/22455; IHT 08-04-91)

In a statement of 27 May 1991, the North Korean Ministry of Foreign Affairs announced that it had been left with "no alternative" and would apply for separate UN membership. The statement said that if the South were allowed to enter the United Nations alone, important issues related to the interests of the entire Korean nation would be dealt with in a biased manner in the UN. The application was filed on 2 July 1991.

So far, both Korean states have observer status at the UN.
(UNdoc.S/22642; IHT 24-06-91; 29-05-91; UNdoc.A/46/295 of 10-07-91)

Note: By aide-mémoire of 13 August 1990, North Korea put forward its proposal of a joint UN membership with a single seat which would accommodate the question of admission to the UN with the question of reunification. It admitted that there is no precedent for joint admission of the two sides of a divided state to the UN with a single seat, but it held that the UN would find a way to permit such a construction if it had the intention to help relax the tense situation and hasten Korea's peaceful reunification. On the other hand, separate or simultaneous admission could create further difficulties and obstacles to reunification of Korea. The example of East and West Germany did not fit the reality of Korea because in contradistinction to Germany the division of Korea was brought about by foreign forces and the question of reunification in Korea already existed before admission of either part to the UN.
(UNdoc.S.21787)

In a letter of 26 September 1990 to the President of the UN Security Council, South Korea reaffirmed its position on admission of both parts of Korea to the UN as an interim measure pending reunification. The South Korean letter classified the North Korean formula as unprecedented and impracticable. It was incompatible with UN Charter as any agreement on single seat membership before unification would not amount to the formation of a "State" as defined in the Charter and in generally accepted international practice.
(UNdoc.S/21827, and cf. subsequent letter of 1 Oct. 1990 from the North Korean permanent observer to the President of the Security Council, UN.doc.S/21836)

Size of representation in Inter-Parliamentary Union

North Korea restricted the size of the South Korean parliamentary delegation which was due to attend the 85th conference of the Inter-Parliamentary Union in Pyongyang on 30 April–4 May 1991. It was the first international conference held in North Korea attended by South Korea.
(FEER 11-04-91, p. 14)

South Korean threat to mount a commando raid

In view of North Korean reluctance to submit to international inspection of its nuclear facilities (see Nuclear capability, *infra*) the South Korean defence minister has been quoted as saying that the South might launch a commando raid against North Korean nuclear facilities if North Korea did not agree to inspection. North Korean authorities qualified the remark as virtually a declaration of war.
(IHT 13/14-04-91; 16-04-91)

Intra-Korean trade

The two Korean states would engage in direct barter trade for the first time since the

end of World War II. Previously the two states had traded only through third countries. Meanwhile, South Korea's imports from North Korea jumped 10-fold in the first six months of 1991.

(FEER 25-04-91, p. 63; 25-07-91, p. 63; IHT 06-09-91)

Reduction of US forces

The US started pulling out troops as part of the so-called "Nunn-Warner Bill". After completion of the first phase by the end of 1992 there will be about 36,000 US military personnel remaining in South Korea.

(FEER 02-05-91, p. 19)

Nuclear-free Korean peninsula

North Korea proposed on 30 July 1991 that there should be established a nuclear-free Korea to be guaranteed by China, the Soviet Union and the US. This idea of a nuclear-free Korea had already been vented much earlier, on 23 June 1986. South Korea said that it would consider talks on the matter, on condition that North Korea accept international inspection of its nuclear plants. As to the idea of a reduction of US nuclear arms from South Korea, the South Korean president had formerly responded that such a reduction would be useful only if the Soviet Union, China and the US would agree on North East Asia as a nuclear-free zone. On 7 August, China explicitly supported the North Korean proposal, and it was reported that at a recent meeting in Honolulu senior officials of the US and South Korea discussed the issue of a nuclear-free zone covering the Korean peninsula.

(IHT 15/16-06-91; 02-08-91; 08-08-91; 14-08-91; UNdoc.S/21957; FEER 11-07-91, p. 11)

EAST ASIAN ECONOMIC GROUPING

The scheme for an East Asian Economic Grouping emerged when the Malaysian minister for primary industries told reporters in the Malaysian parliament early December 1990 that if the Uruguay Round of multilateral trade negotiations failed to reach an agreement (which it did on 7 December) "it is inevitable that emphasis will be put on regional pacts". An Asian trading bloc "will allow [the Asian countries] to counter the emergence of protectionism and regionalism in world trade". The idea has been strongly pursued since by the Malaysian government. An EAEG would include the ASEAN countries, Myanmar, the countries of Indo-China, China, Japan, South Korea, Taiwan, and Hong Kong, and the purpose of the proposal would be to counter other trade blocs being formed in North-America and Europe.

The United States criticized the plan as it would diminish the meaning of another loose grouping, the Asia-Pacific Economic Cooperation forum (APEC), which was formed at the instigation of Australia at a meeting at Canberra on 6–7 November 1989 and which includes the US, Canada, Australia, New Zealand, the ASEAN states and Japan.

Note: The basic principles agreed at the Canberra meeting stated, *inter alia*, that Asia-Pacific Economic Cooperation should be a loose, exploratory and informal consultative process, that it should not dilute the identity of ASEAN, and that it should not be directed towards the establishment of an economic trading bloc.

While other countries pledged their support in principle many provisos were made. The main worry is that an Asian trading bloc would jeopardize access for their exports to their still most important markets, the US and the European Community. This applies particularly to Japan, whose prime minister on his ASEAN tour in early May 1991 made it clear that Japan was not prepared to endorse the EAEG idea before the ASEAN countries had thrashed out the proposal. It is said that although Japan is willing to speak up for the Asian region, its first commitment – dictated by Japan's own economic interests – remains to the larger markets of North America and Europe. Indonesia and the Philippines were also reported to take a reserved stance. Singapore supported both the Malaysian proposal and the Thai proposal of an ASEAN Free Trade Area (see *supra*, Association of Southeast Asian Nations). Singapore's position on the EAEG proposal was that it should be consistent with the principles of free trade as laid down in GATT, does not affect the APEC initiative and should not undermine the solidarity of the member states of ASEAN. Singapore viewed the Thai proposal of an ASEAN Free Trade Area as being consistent with the EAEG and suggested that ASEAN adopt moves and measures towards greater economic integration.

The Malaysian initiative was further explored by an EAEG working group of ASEAN on 3–5 July 1991 in Kuala Lumpur, where little seemed to have changed in the opposing positions and where Thailand was reported to have pushed its own preference, namely the creation of an ASEAN free-trade area. Singapore too seemed to have swung behind the idea of a free-trade area, while Indonesia put forward a less stringent Common Effective Preferential Scheme. The Philippines, on the other hand, proposed an all encompassing ASEAN economic treaty.

(Straits Times 08-01-91 and 26-06-91; FEER 17-01-91, p. 11; 31-01-91, p. 32; 07-02-91, p. 14; 14-03-91, p. 55; 21-02-91, p. 51; 18-04-91, p. 70; 09-05-91, p. 19; 18-07-91, p. 8; 25-07-91, pp. 54–55; IHT 25-01-91; 06-03-91; 29-04-91; 06-05-91; 22-05-91; 19-07-91; Stock Exchange Journal of Singapore, June 91; UNdoc.A/45/389)

ECONOMIC COOPERATION AND ASSISTANCE

South Korean loan to the Soviet Union

See also: Inter-state relations

On 22 January 1991, a three-year Korean loan to the USSR to the amount of US \$ 3 billion was finalized in Seoul. Most of the amount was tied to the purchase of Korean goods. Later in the year the two states formally agreed to the transfer of high technology and the combination of Soviet technology with Korean production and marketing skills.

(FEER 07-02-91, p. 44; IHT 19/20-01-91; 23-01-91; 19-04-91; 06-06-91)

Chinese loan to the Soviet Union

It was announced on 15 March 1991 that China had granted the USSR a loan of SFR 1 billion (US\$ 730 million) for the purchase of food and consumer goods. Both parties denied that the loan be part of a larger package involving the sale of Soviet military aircraft and other weaponry to the Chinese (see Arms sales, *supra*). The credit was twice the size of the short-term commodity loan extended in 1990 for the purchase of clothing and light consumer goods.

(FEER 28-03-91, p. 11; IHT 16/17-03-91; 28-03-91)

Japanese emergency loan to India

Japan provided India with an emergency loan of US\$ 150 million on 29 May 1991, matching a similar loan given earlier by the Asian Development Bank. (FEER 13-06-91, p. 75)

Diminished United States aid to Pakistan

The US government notified Congress that even if Pakistan abandoned its nuclear weapons program (*infra*, Nuclear capability) it would receive only US\$ 217 million of the US\$ 489 million originally proposed for fiscal year ending September 1991. Pakistan received US\$ 505 million in the year ending September 1990. In October 1990, the US suspended economic and military aid on suspicion that Pakistan was developing nuclear weapons and against the background of heightened Indo-Pakistan tension over Kashmir. The present decision was a reflection of US downgrading of relations with Pakistan in the post-Cold War period. (FEER 07-02-91 p.59; 14-02-91 p.10)

Competing development aid to Pakistan

According to existing Pakistan-Iranian plans a gas pipeline would be laid from Iran to Pakistan which would supply Iranian gas to help Pakistan develop a petrochemical industry. Qatar later offered to build a gas pipeline from Qatar to Karachi under the Arabian Sea (1,700 km) without Pakistan having to pay anything towards its construction. (FEER 20-06-91, p. 6)

Conditions for United States aid to India

The US House of Representatives on 13 June 1991 voted to halt economic aid and military sales to India unless it stopped producing nuclear weapons. At stake was US\$ 22 million in development aid and less than US\$ 1 million in assistance for military training programmes for 1992. (FEER 27-06-91, p. 22)

Japanese role in economic assistance to Latin America

Japan pledged support for a multilateral fund proposed by the US for Latin America. Japan is also hoping for greater voting power at the Inter-American Development Bank. Its current voting share is 1.1 percent compared to US 34.6, Canada 4.4, and other non-regional members together but excluding Japan 7.1. (IHT 08-04-91)

Japanese role in aid to Mongolia

Japan promised to be the host at a conference in September 1991 on aid to Mongolia. The US, Japan, Germany, the IMF and the ADB would be represented at the session. (IHT 15-08-91)

Resumption of Japanese lending to Iran

The Japanese foreign ministry said that Japan would resume the grant of loans to Iran, the first in sixteen years. The grant of loans by Japan ceased in 1975 because Iran was considered to have become too well-off to qualify and because Tehran also stopped accepting loans from abroad.

(IHT 29-05-91)

Japanese reluctance to extend aid to the Soviet Union

A spokesman of the Japanese foreign ministry said that for the time being Japan was not quite inclined to extend large financial aid to the Soviet Union. It is assumed that a key reason for this attitude lies in the dispute over the four islands off northern Japan (see *infra*, Territorial claims). While stopping short of making the return of the islands a condition to large-scale aid, it was said that the issue is important in establishing a foundation of trust and confidence between the two countries.

(IHT 19-06-91)

Japanese aid to China

The Japanese minister for international trade and industry said that Japan would expand trade and investment relations with China and that he would explore the possibility of providing Japan's 1991 aid in a lump sum. Japan pledged US\$ 6 billion in aid for the 1990–1995 period, in annual installments.

(IHT 25-03-91)

French loan to China

France lent US\$ 370 million, its largest-ever loan to China, reportedly to finance an automobile joint venture, an airport and water-processing, power and gas plants.

(FEER 11-07-91, p. 51)

Pacific Economic Cooperation Conference (PECC)

The PECC was set up in 1980 by fifteen countries as a forum to exchange views among business, government and academic experts.

A PECC conference was held in Singapore in May 1991 to discuss the GATT stalemate and regional economic arrangements such as EAEG. The meeting was also to admit Chile, Mexico, Peru and Hong Kong as members, while the Soviet Union, who already had observer status, had applied for full membership. The application would be backed by Japan.

(FEER 02-05-91, p. 8; IHT 15-05-91)

Conditions for Japanese aid

A white paper on aid published in 1990 by the Japanese government stressed that those countries which do not spend heavily on arms imports are most likely to receive

Japanese aid in the future. The present climate of opinion in the foreign ministry is reported to favour imposing similar criteria. According to Japanese sources it has now become a "serious policy objective".

As to respect for human rights, the prime minister said in parliament on 10 April 1991 that Japan would "consider" the human-rights track record of recipients when it disburses aid in future. This remark was preceded by the Foreign Ministry's annual report released in March 1991 which touched on the need "to debate" how political values such as human rights were to be linked to aid.

(FEER 04-04-91, p. 14; 20-06-91, p. 64; 22-08-91, p. 14)

Note: The *Human Development Report 1991* published by UNDP and written by Pakistan's former finance and planning minister MAHBUB UL HAQ argues that aid should be conditional on how aid-recipient countries manage their health and education priorities.

(FEER 13-06-91, p. 20)

Japanese official development aid (ODA)

Japan's ODA contributions (US\$ 8.9 billion in 1989) constitutes 0.35% of GNP (compared with 0.15% or US\$ 7.7 billion for the US). Whereas the US and other Western donor countries are reducing their commitment to new credits, Japan is virtually the only state steadily expanding new loans to the Third World. Fifty-five percent of total Japanese bilateral aid is in the form of loans, mainly in the form of credits from the Overseas Economic Cooperation Fund (OECF) at a current interest of about 2.5%. This is in contrast to the United States which makes only 4.3% of its ODA contributions in loan form and the rest in grants, and the European loan proportion of around 30%. On the other hand, the untied component of Japanese ODA (78% in 1989) is the highest among donor countries.

Private flows of Japanese financial resources to *developing countries* in 1989 amounted to US\$ 13.5 billion, 84% of it in the form of direct investments by Japanese business concerns, while Japanese direct investments in *other countries* reached US\$ 54 billion in the same year. Besides there was US\$ 36 billion of international lending by Japanese commercial banks during 1989.

Unlike the US, Japan has accepted the UN target for spending 0.7% of GNP on ODA contributions. A forum on the least developed countries (LDCs) jointly sponsored by the Japanese government and the UN Capital Development Fund was held in Tokyo on 13–15 May 1991, as a follow-up to the Second UN Conference on LDCs in Paris, September 1990. The holding of the meeting was inspired by the calls for an increase in Japan's aid efforts. According to the foreign ministry, Japan should consider raising the present ratio of 0.32% of GNP to 1% in five years and shifting part of the aid currently channeled through multilateral organizations (24.4%) into bilateral assistance.

(FEER 23-05-91, p. 18–19; 16-06-91, p. 14; 20-06-91, p. 62; IHT 30/31-03-91; 02-04-91)

EMBARGO

See also: Sanctions

US ban on delivery of British aircraft to Iran

The US denied approval to a sale to Iran of four BAe-146 aircraft plus spare parts by British Aerospace PLC. The approval was needed because the aircraft contains about 16% US components requiring an export license. The US had earlier given approval for the export to Iran of a rival Dutch airplane built by Fokker in Holland.

Note: Under US law foreign-made aircraft with over 10% controlled US-origin parts and components require US re-export authorization to a number of destinations which are subject to US export controls. Iran is subject to such controls as a country on the list of state supporters of terrorism.

(IHT 23-07-91)

Vietnam evasion of US embargo

Vietnam has leased a Boeing 737-300 from *Transavia* in Holland, complete with cockpit crew, technical support and spare parts, for about US\$ 500,000 a month. By not directly involving US citizens or companies, the deal managed to avoid a 16-year US economic embargo against Vietnam.

(IHT 5/6-01-91)

EMIGRATION

See: Hong Kong

ENVIRONMENTAL PROTECTION

Compensation for noise pollution

A Japanese District Court ordered the government to pay US\$ 1,24 million to 330 people as compensation for noise from a military base used by Japanese and US jet fighters. The lawsuit had taken 15 years. The plaintiffs contended that noise from Komatsu base, 300 km NW from Tokyo, impaired their hearing and caused physical and mental stress. They had sought US\$ 9.5 million in compensation.

(IHT 16/17-03-91)

Oil dumping in the sea

In late 1990 an Indonesian cargo vessel was impounded by the port authorities of Inchon, South Korea, for dumping waste oil into the sea. The crew was detained pending trial for causing environmental damage and for a demand by local fishermen for US\$ 54 million in compensation. The Indonesian embassy is reported to have been lobbying the Korean foreign ministry for the release of the crew and an out-of-court settlement, but quiet pressure from the ministry on the port officials and the public prosecutor was of no avail.

(FEER 28-03-91, p. 6)

Preservation of rain forests

Responding to the concern mainly in developed countries over large-scale felling of tropical forests, the Malaysian prime minister is reported to take the following stance: Now that the developed countries have sacrificed their own forests in the race for higher standards of living, they want to preserve other countries' rain forests – citing a global heritage – which would indirectly keep countries like Malaysia from achieving the same levels of development. The Western environmental lobbyists should pressure their own governments to pay more for tropical timber so that Malaysia would need to chop down fewer trees to maintain current export earnings.
(FEER 01-08-91, p. 20)

Thai record of protection of endangered species

A report by the London-based group Trade Record Analysis of Flora and Fauna in Commerce (TRAFFIC) criticized Thailand for being a “laundering centre” for rare and protected animals and plants. The report was submitted in April 1991 to the [Bureau of the] Convention on International Trade in Endangered Species (CITES), resulting in a call for a worldwide embargo on trade with Thailand in any form of wildlife.

Although Thailand became a party to CITES in 1983, no enabling act existed giving the Royal Forestry Department enforcement powers. Such a law was being drafted under the direction of the prime minister.
(IHT 6/7-04-91; FEER 09-05-91, p. 30)

EUROPEAN ECONOMIC COMMUNITY

Human rights conditions for development aid

The EEC has been preparing to introduce tough new guidelines authorizing EC officials for the first time to study the human rights records of Asian countries before granting development aid.

EC heads of government issued a statement in December 1990, emphasizing that such actions could not be considered interference in the internal affairs of states. Instead they declared that the new policy reflected “a legitimate concern under international law, essential for the creation of a sound political climate fostering peace, security and cooperation”.

The EC aid programme for Asia amounts to US\$ 400 million annually.
(FEER 14-03-91, p. 20)

EC-Japanese partnership declaration

In 1988 the Japanese prime minister held a speech in London in which he called for a new “three pillar” relationship among the US, Europe and Japan. These efforts were heightened by the ending of the Cold War, and aimed at including security and political matters in the relationship. Japan's view appeared to be directed towards a future EC constituting a greater degree of political and monetary union.

On the basis of this initiative both parties decided to prepare a joint declaration establishing the principles for future cooperation. Japan aimed at an agreement similar to the declarations of common partnership between the EEC and the United States and Canada of September, 1990. The Japanese push to formalize the relationship was, *inter alia*, driven by Japan's growing business ties to Europe (direct investments rose from US\$ 1.5 billion in 1985 to more than US\$ 10 billion in 1989).

Differences of opinion about the contents of the projected declaration lay in EC demands for references to economic and trade matters aimed at rectifying the worsening imbalance in trade (which resulted in a Japanese trade surplus reaching US\$ 18.5 billion in 1991 and which is due partly to soaring demand in Eastern Germany for Japanese household goods and cars) and investment, while Japan wanted a broad agreement that would not focus exclusively on economic and trade issues and would not amount to managed trade. Whereas Japan stuck to the principles of the multilateral trading system, there was a tendency on the EC side to stick to bilateralism. Thus the EC pressed for and Japan refused the inclusion of language referring to a "balance of benefits" in trade and economic relations.

On 18 July 1991, the two parties, after having been held up by France until the last minute, issued a Declaration on Trade and Political Cooperation. A crucial paragraph commits both sides to "pursuing their resolve for equitable access to their respective markets, and removing obstacles, whether structural or other, impeding the expansion of trade and investment, on the basis of comparable opportunities".

The Declaration calls for annual summit meetings between the Japanese prime minister and the EC president [of the Council of Ministers] and annual ministerial meetings between the Japanese government and the EC Commission.

The Declaration includes general principles of coordination and consultation on political, economic, scientific and cultural issues. More specifically, the agreement calls for enhanced political consultation "on the international issues which might affect world peace and stability" – including non-proliferation of nuclear, chemical and biological weapons and trade in conventional arms. The Declaration also calls for improved cooperation in energy, advanced technology, the environment and competition rules, and it seeks joint efforts to combat international terrorism, the drug trade and money laundering.

The parties also pledged to strengthen the world trade system "by rejecting protectionism and recourse to unilateral measures and by implementing GATT and OECD principles concerning trade and investment".

(FEER 06-06-91, p. 19; 20-06-91, p. 60; 01-08-91, p. 13; IHT 11/12-05-91; 15/16-06-91; 28-06-91; 03-07-91; 10-07-91; 19-07-91)

EXCLUSION FROM INTERNATIONAL COOPERATION

Exclusion of Japanese-owned companies

Europe's semi-conductor research consortium, the US\$ 5 billion "JESSI" program, expelled ICL PLC from three out of the five projects in which it was participating. ICL PLC is Britain's leading computer company and has been taken over recently by the Japanese company Fujitsu Ltd. The expulsion is in sharp contrast to the decision taken

by the consortium in 1990 to invite IBM which dominates the European computer market, to participate in two key JESSI projects.
(IHT 05-04-91)

Note: It was earlier reported that Japanese government officials had invited leading computer companies in the US and Europe, along with top research universities on both side of the Atlantic, to join in a 10-year "Sixth Generation Project" for the development of advanced computers for the next century.
(IHT 16/17-03-91)

FINANCIAL CLAIMS

Arbitration award in Iran v. Framatome

A Swiss arbitration tribunal gave its award in *Iran v. Framatome* (the "Eurodif case"), convicting Framatome to pay US\$ 550 million for non-fulfillment of its contractual obligations. The amount consists of a repayment of Iranian advance payments and \$279 million by way of interest.

The contract was for delivery of fuel for a French-built nuclear plant. When Iran ceased payments after the 1980 revolution for the building of the plant, France also suspended its part of the obligations.

Another case, concerning a claim of five billion Francs by *Framatome et al.* for the supply of a nuclear plant near the port of Abadan, was still pending.
(NRC-Handelsblad 04-02-91)

Aborted projects in Iran

Japanese companies filed trade-insurance claims totalling US\$ 685 million against the Japanese government in respect of losses on an abandoned project in Iran for the construction of a petro-chemical plant at Bandar Khomeini. The plant was badly damaged in the Iran-Iraq War causing the firms to withdraw from the project in 1989.
(FEER 28-03-91, p. 65)

Iranian claims on unowed funds

Iran asserts that the US owes it at least US\$ 10 billion in frozen assets and interest on money paid by the Shah to buy weapons that the US never delivered after the Iranian Revolution. The US has refused to enter any talks with Iran before six US citizens being held hostage by Lebanese groups would be freed.
(IHT 03-07-91)

Settlement of Franco-Iranian claims

Disputes had arisen concerning a loan extended by the late Shah of Iran to the French atomic energy agency (CEA) in 1974 to the amount of US\$ 1 billion, for a 10% share in Eurodif, an agency that oversees the enrichment of uranium for several

West European countries. In return France agreed to help Iran set up nuclear reactors and feed them with enriched uranium imported from CEA and its affiliates. After the Iranian revolution in 1979 France froze the agreement. Iran claimed back the money with US\$ 1 billion interest. France asserted that part of the money should be used to compensate French companies whose assets had been seized in Iran, and for contracts cancelled by Iran after the revolution. France agreed to return US\$ 1.6 billion. In 1986 and 1987 it made two payments: \$330 million and \$300 million, after which French hostages being held in Lebanon were released and diplomatic relations were restored in 1988. However, it rejected an unexpected Iranian demand for enriched uranium as part of the settlement.

(IHT 03-07-91; 04-07-91; 05-07-91)

FISHERIES

See also: Territorial claims; (Relations with) unrecognized entities

Philippine-Taiwan fisheries and navigation dispute

On 14 April 1991, nine Taiwanese fishermen were apprehended by the Philippine Navy while fishing 4 miles off Y'ami, the Philippines' northernmost island, which is 78 miles from the southernmost tip of Taiwan. On the other hand, Taiwan claimed that the fishermen were legally within their national territory. This claim of Taiwan overlaps with the Philippine boundary at the 50-mile Bashi Channel. On 27 April 1991, a Taiwanese fishing boat, the *Chin Yu Kun*, was sunk by the Philippine Navy as it was sailing east off the Philippines' main island of Luzon. For the month of April 1991 alone, at least seven Taiwanese fishing boats were detained by the Philippines on charges of violating Philippine territorial waters. Taipei claimed that since 1978, 171 Taiwanese fishing boats had been detained by Philippine authorities. These incidents revived a long-running border dispute between the Philippines and Taiwan over their respective territorial water, while there is, besides, a long history of unregulated fishing on both sides of the Luzon Strait. The problem is augmented by the great number of Filipinos working as crew members on Taiwanese fishing boats, while some Taiwanese boat owners have concluded joint-venture agreements with Filipino partners and part of their catch are being sold in the Philippines.

Taiwan officials take the position that many of the boats which were detained and fined were merely exercising their right of innocent passage through the Bashi Channel between the Philippine island of Batan and Taiwan and other international waterways. The officials had also been accusing the Philippine authorities of detaining the relatively valuable Taiwanese boats for profit.

In the early part of May 1991, Taiwan started its own retaliatory measures. It made a formal protest to the Philippine Government for the sinking of the *Chin Yu Kun*. As part of its economic pressure on the Philippines, it suspended the importation of 4,500 metric tons of coconut from the Philippines. Taiwan also threatened to cancel Philippine loans, halt investments and ban Filipino workers as reprisals against the arrests.

Taiwan is one of the major foreign investors in the Philippines and hosts thousands of Filipino workers. It has also been seeking more formal relations with the Philippines (Manila Chronicle, 7 May 1991). At present, both countries conduct relations through

informal offices. Diplomatic relations are not allowed since the Philippines adheres to the "One-China" policy and recognizes only the People's Republic of China.

On 21–22 May 1991, "exploratory talks" were held in Manila between delegations coming from both the Philippines and Taiwan, and in early July an agreement was reached by government officials from Manila and Taipei whereby the Philippines designated two sea-lanes for Taiwan fishing boats in transit through Philippine waters.

(Manila Chronicle 06-05-91; 07-05-91; Manila Bulletin 04-05-91, 14-05-91; New Chronicle 09-05-91; 21-05-91; FEER 23-05-91, p. 15; 18-07-91, p. 14)

Malaysian-Thai dispute

A dispute between the two countries exists over fishing rights in the Gulf of Thailand and the South China Sea. It is reported that more than a thousand Thais had been jailed for illegal fishing in Malaysian waters. Despite the existence of a Thai-Malaysian joint (border) commission, the two sides agreed to hold a ministerial meeting before the end of the year.

(IHT 10-07-91; FEER 01-08-91, p. 10–11)

Driftnet fishing

Under US pressure the Council of Agriculture in Taiwan temporarily suspended the licenses of 69 driftnet fishing boats for failing to report their operating locations in the North Pacific.

(FEER 17-01-91, p. 14)

According to an announcement of the Japanese government, Japanese driftnet fishing in the South Pacific was to be suspended from the 1990/1991 fishing season, one year in advance of the date of cessation stipulated in UN General Assembly resolution 44/225 (i.e., no later than 1 July 1991). The suspension would continue until appropriate conservation and management arrangements for albacore tuna resources, as referred to in the UN resolution, will be made.

(A/45/350 annex)

FOREIGN INVESTMENT

See also: Financial claims

Taiwan-Indonesian investment guarantee agreement

Indonesia and Taiwan signed an investment guarantee agreement giving Taiwanese investors in Indonesia the same protection enjoyed by investors from other countries. Investments from Taiwan in Indonesia are believed to total more than US\$ 2 billion.

(FEER 03-01-91, p. 49)

Note: No data were provided about the form of this agreement in view of Indonesian recognition of the Beijing government as the only legal government of China.

Taiwan investment in Saudi Arabia to balance loss of recognition

The Taipei authorities planned a major industrial investment in Saudi Arabia to strengthen unofficial ties after the Kingdom switched recognition from Taipei to Beijing in 1990. The state-owned Taiwan Fertilizer Co. said it would jointly build a US\$ 200 million ethyl-hexanol factory with the state-run Saudi Basic Industries Corp. (IHT 05-07-91)

Oil exploration by foreign companies in India

India is to open up onshore oil blocks for exploration by foreign companies for the first time. It was said to offer 72 blocks for exploration. In 1986, 27 offshore blocks were offered in a round of tenders. Under the new terms, oil firms will not have to pay bonuses and will not be required to make a specified financial commitment over a period of time. (IHT 23-08-91)

Oil concessions in Myanmar

Myanmar has started inviting new bids for offshore oil and gas concessions in the Andaman Sea for the first time since 1977. (FEER 01-08-91, p. 6; 08-08-91, pp. 59–60)

Oil exploration in Iran

Iran has reached preliminary agreement with Japan Petroleum Exploration Co. (Japex) on a nine-year, \$1.75 billion deal to explore for oil in the Strait of Hormuz. The National Iranian Oil Co. (NIOC) would repay Japex by exporting the oil. (IHT 06-09-91)

FOREIGN PROPERTY RIGHTS**Protection of intellectual property rights**

On 26 April 1991, the US Trade Representative charged China, Thailand and India for inadequate protection of intellectual property rights. The three countries were put on the US watchlist of countries whose intellectual property rights protection are considered inadequate. This took place under section 301 of the US Omnibus Trade and Competitiveness Act, 1988 which directs the Trade Representative to complete investigation of the charges within a certain limited period. The US gave China until 26 November 1991 to show significant improvement on copyright protection after which Chinese exports would be hit by up to 100% tariffs.

So far as China was concerned, the charge took place despite China's adoption of trademark, patent and copyright laws (a copyright law came into force on 1 June 1991). A spokesman for China's Ministry of Foreign Economic Relations and Trade (MOFERT) emphasized that the level of a country's development should determine

how much protection of intellectual property it can afford. It was said that China hoped to meet international standards by 1992.

(FEER 10-01-91, p. 54; 09-05-91, p. 54; IHT 29-04-91; 03-06-91; 17-06-91)

Indonesian Patent Act

The Indonesian Patent Act went into effect on 1 August 1991, almost two years after being passed by parliament.

(FEER 15-08-91, p. 51)

GENERAL AGREEMENT ON TARIFFS AND TRADE

Macau member of GATT

Macau has been accepted as a member of GATT. It will maintain its membership status after it becomes a special administrative region (SAR) of China in 1999. The application was supported by both Portugal and China.

Taiwan application for membership

Taiwan applied for membership in GATT in January 1990 under the name of "Customs territory of Taiwan, Penghu, Jinmen and Matsu".

(FEER 08-08-91, p. 8)

GURKHA SOLDIERS IN FOREIGN SERVICE

Release from British army

The UK government announced on 23 July 1991 that the Gurkha Brigade would be cut from 8,000 to 2,500 by 1997. Nepal receives £20 million (US\$33.5 million) a year in the form of the Gurkhas' pensions, salaries and gratuities.

The costs of the British Gurkha battalion which is permanently stationed in Brunei are met by the Brunei government.

More than 55,000 Gurkhas serve in the regular Indian army, while a further 200,000 are scattered among various Indian paramilitary units, such as the central Reserve Police and the Border Security Force. Annual earnings from these Gurkhas total more than Rs 1.3 billion (US\$ 31.42 million).

(FEER 08-08-91, p. 24)

HIJACKING OF AIRCRAFT

Thai passenger aircraft

Two Myanmar students who hijacked a Thai airliner en route to Calcutta in

November 1990 were released on bail in India on 12 February. Their request for political asylum would be decided on after their case had been brought to court. (FEER 28-02-91, p. 12)

Singapore Airlines passenger plane

On 26 March 1991, a Singapore Airlines passenger plane was hijacked in Malaysian airspace by four Pakistani during a flight from Kuala Lumpur to Singapore. After landing in Singapore the hijackers demanded the release of a number of prisoners in Pakistan, including the husband of the former prime minister BENAZIR BHUTTO, Mr ASIF ALI ZARDIRI, and for the aircraft to be flown to Australia. When efforts to solve the incident by negotiations failed and when the hijackers threatened to kill one passenger every 10 minutes if their demands were not met, the aircraft was stormed the following day by Singapore Armed Forces commandos, killing all four hijackers and rescuing all passengers and crew.

It was later reported that the director-general of the Federal Investigation Agency in Pakistan had established that no political party or group had been involved in the hijacking.

(IHT 27/28-03-91; 15-04-91; FEER 04-04-91, p. 12; Straits Times 28-03-91)

HONG KONG AND MACAU

See also: General Agreement on Tariffs and Trade; Refugees

Membership of international organizations

In November 1990, Hong Kong withdrew from the ministerial session of the Second World Climate Conference sponsored by WMO, of which Hong Kong is a member. The withdrawal took place after Chinese objections, apparently on the contention that Hong Kong participation in a ministerial session is incompatible with its non-sovereign status. Hong Kong is also a member of GATT, and is represented separately in UNCTAD and the UN Economic and Social Commission for Asia and the Pacific (ESCAP).

(FEER 14-02-91, p. 24)

Limited grant of full British nationality

Allegedly in an effort to stem the growing tide of professional and skilled people leaving the colony in view of Hong Kong's reversion to Chinese rule, Britain had offered to grant full British nationality, i.e., with the right of abode in the UK, to 50,000 key people and their families to be selected upon application. Under a first tranche 43,500 offers would be made, with the remaining 6,500 to be distributed at a later stage before 1997.

China has always denounced the British offer, and has warned that Hong Kong Chinese [who possess Chinese nationality anyway] who have benefited from the offer would not be treated as British citizens by China. In the Basic Law which will serve as a mini-constitution for Hong Kong it is stipulated that local people with a right of

abode in foreign countries cannot become principal officials of the future Special Autonomous Region (SAR).

Under the British guarantee offer 250,000 application forms were distributed in accordance with the expected number of applications. In the event, by the 28 February 1991 deadline about 65,000 applications were received.

(FEER 14-02-91, pp. 28–29; 14-03-91, p. 14; IHT 01-03-91)

Chinese attitude towards a Hong Kong bill of rights

A bill of rights was enacted by the Hong Kong Legislative Council on 5 June 1991. In response to this act China warned that it may review the bill which would adversely affect the implementation of the Basic Law which would provide ample protection for the rights and freedoms of the people of Hong Kong after 1997. The Hong Kong government, on the other hand, insisted that the bill is in line with the Sino-British 1984 Joint Declaration on Hong Kong and the Basic Law, and “that it did not have overriding power over the post-1997 mini-constitution”.

(SCMP 07-06-91)

Establishment of Chinese companies in Hong Kong

According to Chinese sources, China has set up thousands of companies, primarily under the impetus of China Resources (Holdings), China Travel Service, and the Bank of China Group. The investments also take place in trade, insurance, transport, advertising and manufacturing.

(IHT 24-06-91)

Sino-British disagreement over the Hong Kong project for a new container port and a new airport

The plans for a new airport on Lantau island together with a new container port that would become the largest public works project in the colony’s history were first proposed by the Governor of Hong Kong in October 1989. The plan would cost the estimated amount of HK\$ 127 billion, or US\$ 16.3 billion, and the project would only be completed after 1997, the year Hong Kong will revert to Chinese rule.

China, while not specifically condemning the plan, objected strongly to the amount involved, particularly for fear that the project would deplete the colony’s reserves before 1997 while part of the cost would mature after that year. Consequently China demanded to be consulted on the plans, and when this was initially ignored by the Hong Kong government, even demanded a freeze on the entire project until agreement had been reached by China and Britain. In the souring atmosphere that ensued, the Chinese side made the statement that during the transition period to 1997 only the Central People’s Government could speak for the people of Hong Kong and reports were floated according to which China was backing an alternative Hong Kong airport plan set up by a local businessman.

For their part, the British and Hong Kong governments rejected the idea of China having the right to control decision-making in Hong Kong before the colony reverts to Chinese rule. However, they eventually accepted the demand for a Chinese seat on the

12-member Airport Authority and the setting up of an Airport Consultative Committee. While pledging to consult China on matters relating to Hong Kong's future, they did not go far enough to meet China's demand to be consulted on all issues straddling 1997. They admitted, meanwhile, that lack of Chinese approval would keep prospective international investors away and would in fact make the plans unfeasible.

As to the financial reserves of Hong Kong, China demanded that the Hong Kong government set aside a substantial amount of money from the fiscal reserves for the future SAR government. The level of fiscal reserves in early 1991 was HK\$ 72 billion, excluding a surplus of several tens of billions HK dollars held in the Exchange Fund for backing the currency. The Hong Kong government estimates were that the reserves in 1997 would be around HK\$ 30 billion following several years of intense building activities involving the airport. China maintained that the reserves could be as low as HK\$ 5 billion in 1997, and demanded an amount of HK\$ 50 billion (US\$ 6.4 billion) to be set aside.

The Sino-British impasse could be the result of different interpretations of the agreement between Britain and China to "cooperate" during the last few years leading to Hong Kong's reversion to Chinese sovereignty (Annex II of the 1984 Joint Declaration). The different interpretations could, among other things, be the result of discrepancies of meaning between the Chinese and English versions.

At last, Britain and China reached agreement on the airport plans on 4 July 1991. The Memorandum of understanding which has come in effect upon signature by the two prime ministers on 3 September 1991 in Beijing contains, *inter alia*, the following items:

- (1) China supports the projects and guarantees for the period after 30 June 1997 the obligations related to the projects entered into or guaranteed by the Hong Kong government.
- (2) The two parties will consult each other on important matters relating to the project that straddle 30 June 1997.
- (3) Consultations are specifically prescribed in a number of cases:
 - (a) Granting of major franchises or contracts straddling 30 June 1997 and guaranteeing of debts straddling 30 June 1997. In these cases "the Chinese side will adopt a positive attitude", but on the other hand "[a]ny decision will give full weight to the Chinese Government's views". The governing criteria in case of franchise will be "profitability and efficiency".
 - (b) In case of proceeding with other airport projects, and with the present project for which the bulk of Government expenditure will fall after 30 June 1997. These projects will only be initiated upon mutual agreement.
 - (c) In case of borrowing by the Hong Kong government exceeding HK\$ 5 billion (US\$ 640 million) and straddling 30 June 1997, which can only proceed upon mutual agreement.
 - (4) The fiscal reserves on 30 June 1997 to be left for the use of the Hong Kong SAR government will not be less than HK\$ 25 billion (US\$ 3.2 billion).
- (5) Consultations will take place in an Airport Committee to be set up.
- (6) A person from the Bank of China group in Hong Kong will be appointed as full member on the board of the Airport Authority.
- (7) The Hong Kong government will set up a Consultative Committee on the airport project, with no decision-making power.

- (8) In appointing members of the Airport Authority and the Consultative Committee the views of the Chinese side will be taken account of.
 - (9) Apart from the airport project, the two sides agreed on intensified consultation and cooperation in the approach to 30 June 1997. The British foreign secretary and the Chinese foreign minister will meet twice a year, and the Director of the Hong Kong and Macau Office of the [Chinese] State Council and the Governor of Hong Kong will hold regular meetings.
- (IHT 11-01-91; 15-01-91; 17-01-91; 24-01-91; 08-04-91; 10-04-91; 24-04-91; 15-05-91; 29-05-91; 06-06-91; 05-07-91; 3/4-08-91; 03-09-91; FEER 14-02-91, p. 24; 21-03-91, p. 11; Press release Foreign and Commonwealth Office 04-07-91, courtesy of *China Economic Review*)

Draft Basic Law for Macau

Unlike the Hong Kong Basic Law, the one being drafted for application to Macau after 1999 places no restrictions on foreign passport holders taking important posts (except that of chief-executive) in the Macau administration after the colony's reversion to Chinese rule. In contradistinction to Hong Kong, an estimated one quarter of Macau's Chinese residents qualify for full Portuguese passports. Chinese officials have stated that Portuguese passports held by ethnic Chinese will be regarded as travel documents rather than nationality documents. Also important to the issue was the role of the enclave's 10,000 Macanese, locally born Portuguese of mixed blood, in the civil service.

Another key concession is the absence of provision for China's armed forces to be stationed in Macau after 1999. Macau's Basic Law is also stronger than Hong Kong's in limiting immigration from the mainland after 1999.

It is said that the good relations between Portugal and China have been an important factor in China yielding ground on issues that would have drawn a more obstinate stance under the tension-fraught circumstances that plague Sino-British relations in Hong Kong.

(FEER 25-07-91, p. 22)

HOSTAGES

Iranian stand on hostages in Lebanon

At a press conference, the Iranian interior minister who is a key figure in the Revolutionary Guard said that the Iranian government "oppose, denounce and reject all hostage-taking actions". "But unfortunately, despite this clear and open stand, there are attempts to link Iran to this issue." The Iranian vice-president expressed his expectation that the world dealt with the matter on an equal basis: the issue of all hostages should be resolved whether they are Western, Iranian, Lebanese or Palestinian.

(IHT 12-08-91; 13-08-91)

Iranian hostages

Iran linked its efforts on behalf of Western hostages in Lebanon to information on the fate of four Iranians missing since being seized by pro-Israeli Christian militiamen in 1982. Lebanese officials had said that the Iranians were killed while in captivity, but the Iranian government demanded proof that they were no longer alive.

HUMAN RIGHTS

See also: Association of South-East Asian Nations; Dissidents; European Economic Community

Situation in Iran subject of UN resolution

In a resolution on the "situation of human rights in the Islamic Republic of Iran" the UN General Assembly referred to visits paid to Iran by the special representative of the UN Commission on Human Rights in 1990, and called upon Iran to investigate and rectify the human rights issues raised in the reports of the special representative. Specific mention was made of the administration of justice and due process of law in accordance with the International Covenant on Civil and Political Rights. (A/RES/45/173 of 25-03-91)

European Community accusation of human rights abuses in East Timor

The EC presented a strongly worded statement on alleged human rights abuses in East Timor to the UN Commission on Human Rights on 27 February 1991, accusing Indonesia of, *inter alia*, torture and widespread killing. However, Indonesian as well as European sources reported that a number of EC member state missions in Jakarta had backed away from the statement, which was considered exaggerated. (FEER 04-04-91, p. 10)

Red Cross visiting Aceh province in Indonesia

The International Committee of the Red Cross (ICRC) was given permission at its own request to visit the northern Indonesian province of Aceh. The Red Cross planned a 2-week trip in June–July 1991 to visit Acehnese under detention or in jail because of suspected participation in a movement pushing for autonomy. (FEER 27-06-91, p. 9)

Human rights delegations visiting China

China agreed to visits by Australian, Swiss and French human rights delegations. The Australian delegation would be the first of the three delegations to visit four cities including Lhasa in Tibet from 14–26 July. The delegation would comprise parliamentarians, legal and human rights experts and China scholars. It would have access to Chinese agencies and officials involved in human rights matters at central and provincial levels, at least two prisons in Beijing and Shanghai and defence lawyers involved in cases with human rights implications.

In September 1991 a group of scholars from the Chinese Academy of Social Sciences' Institute of Law would visit the US and Canada to study human rights issues.

Early September 1991, the first US congressional human rights delegation since the Tiananmen crackdown visited China and held talks with officials from the ministries of justice, public security and foreign affairs. They were reported to have told the Chinese authorities about the continuing battle in the US over most-favoured nation status for China, and that changes in the Soviet Union were likely to increase pressure in the US Congress to strip China of the MFN status or to impose tough human rights conditions on renewing the status.

(IHT 15-05-91; 10-07-91; 11-07-91; 13/14-07-91; 05-09-91)

ASEAN attitude toward human rights issues

At a meeting of Finance and Economy ministers of ASEAN countries and their EC counterparts in Luxembourg in May 1991 the EC countries proposed cooperation on increasing international pressure on the military regime in Myanmar to observe human rights and to transfer power to elected civilians. An agreement would include an embargo on arms supplies, trade sanctions and joint support for a UN resolution calling for democratic government in Myanmar. The plan was backed by the US, Australia and other Western states. They referred to the international operation in support of the Kurdish refugees in Iraq as having set a precedent for collective action on human rights that could be applied to Myanmar. The ASEAN countries, however, were wary of the plan because it would represent unacceptable interference in the internal affairs of a Third World country.

The Western attempts were repeated during the "Post-Ministerial Conference" (PMC) on 22–24 July 1991 in Kuala Lumpur between the ASEAN and their dialogue partners, but the ASEAN states again strongly resisted, refusing to impose human rights standards by intervening in the internal affairs of Myanmar.

Asian officials said there is a fundamental divergence of view between ASEAN and Western countries over the definition of human rights and how standards should be applied in developing countries. The West maintained that all countries have an obligation to observe internationally accepted norms of behaviour, and that gross abuses should be countered by international pressure, including an arms embargo. ASEAN countries, which are neighbours of Myanmar and have extensive trade contacts, insisted that outside pressure would simply harden the regime's policies, increase xenophobia and close off all chance of gradual change.

In a joint communique issued at the end of their meeting the foreign ministers of the ASEAN states criticized attempts by some unnamed governments and lobby groups in the West to make observance of human rights standards a condition of aid and trade to developing countries.

In his opening speech on 19 July, the Malaysian prime minister said ASEAN states had been right to place "a high premium on political stability by managing a balance between the rights of the individual and the needs of society as a whole". And the foreign minister of Singapore said: "ASEAN is of the view that the development of human rights cannot be at the same pace as those in Europe or in the West".

(IHT 30-05-91; 22-07-91; FEER 01-08-91, pp. 10–11)

Utterance of Japanese prime minister on the importance of upholding human rights

During his visit to China on 9–12 August 1991, the Japanese premier is reported to have expressed himself as follows:

“Whatever the nation, upholding the fundamental human rights of its people and steadily undertaking political and economic reform based on the principle of politics for the good of its citizens is a path that will in the end strengthen the nation’s ties with the rest of the world.... There should be complete agreement on the need to implement the wishes of the majority, or to understand accurately the will of the people and to represent that will in the political process.”

(IHT 12-08-91; FEER 22-08-91, pp. 14–15)

HUMANITARIAN LAW

Vietnamese prisoners of war held by China

It is reported that China is still holding at least twenty-three Vietnamese prisoners of war whom it has so far refused to repatriate though no formal state of war exists between China and Vietnam.

Among the twenty-three, nine were captured during the brief Sino-Vietnamese naval engagement over the Spratly Islands in early 1988, while the other fourteen were captured during various border incidents over the past five years.

(FEER 15-08-91, p. 8)

INSURGENTS

See also: Diplomatic jurisdiction; Dissidents

Ship blown up by Myanmar dissidents

The Thai Supreme Commander on 14 January 1991 said that he would visit Yangon (Rangoon) to ask the Myanmar authorities to compensate the owners of a Thai trawler which was blown up in Myanmar waters by local dissidents. The trawler was destroyed by the dissident student group after its owners failed to pay a Baht 5 million (US\$ 198,000) ransom.

(FEER 24-01-91, p. 22)

Bougainville moves for secession

See also: Military cooperation

In May 1990, the Island of Bougainville (Papua New Guinea) announced a unilateral declaration of independence, but the government of Papua New Guinea and the secessionist island managed to reach a peace agreement which was signed in, and called after the Solomon Islands capital of Honiara (the Honiara Declaration on Peace, Reconciliation and Rehabilitation on Bougainville).

The agreement deferred the issue of the islands's political status for a further round of talks later in the year. The agreement provided for a "multinational supervisory team" which would essentially be a peace-keeping force consisting of military and police forces of Australia, Canada, New Zealand, Fiji, the Solomon Islands and Vanuatu. In exchange for the peace-keeping concession the Bougainville Revolutionary Army, which set up an interim government, would surrender its arms. (FEER 07-02-91, p. 15. An outline of the PNG government's position is to be found in its statement of August 1991, UNdoc.E/CN.4/Sub.2/1991/64, and E/CN.4/1992/76)

Separatist leader in Irian Jaya sentenced

A leader of the main Irian Jaya (Indonesia) separatist movement "Free Papua Organization", MELKIANUS SALOSSA, was sentenced to life imprisonment by the district court at Jayapura in Irian Jaya. The man was charged with subversion and was found guilty of killing a soldier and fourteen civilians in 1988, and of trying to undermine the state ideology *Pancasila*. He was arrested in PNG in May 1990 and later deported to Indonesia. (FEER 04-04-91, p. 12)

US aid to Afghan rebels halted

The US government did not request funds for the Afghan rebels ("Covert programs") in its proposed 1992 budget.

Since President Carter had approved secret aid for the guerillas in 1980 the US funneled more than US\$ 2 billion into the program through the CIA. After withdrawal of Soviet troops in 1989, the US president vowed to continue aiding the rebels as long as the Soviet Union aid the Afghan government. (IHT 13-05-91)

INTER-STATE RELATIONS: GENERAL ASPECTS

China-India

The ice-breaking visit to Peking by the late prime minister RAJIV GANDHI in December 1988 started a process of normalization of the Sino-Indian relationship. Several working groups were formed in order to deal with various issues, such as the border question (*supra*, Borders) and the promotion of economic and technological exchanges. Further progress in the improvement of the relations were made as a result of the visit of the Indian foreign minister to China on 1-6 February 1991. Agreement was reached on the resumption of direct land trade (*supra*, Borders) and on the opening of consulates in Shanghai and Bombay. (FEER 28-02-91, p. 17)

China-Japan

The visit by the Japanese foreign minister to China on 5-6 April 1991 marked the

normalization of Sino-Japanese relations following China's suppression of the anti-government demonstrations in June 1989.

This development of the relations was later affirmed by the visit of the Japanese prime minister, 10–13 August 1991, the first head of government of the so-called G-7 Group to travel to China since the ban on high-level visits introduced by the G-7 summit conference in 1989. Besides, China has invited the Japanese Emperor to visit China in 1992 to mark the 20th anniversary of the re-establishment of diplomatic relations (between Japan and the Chinese government in Beijing). The turning point in relations marked by the premier's visit was expressed by the Japanese spokesman as follows: "It is a new departure in the sense that the two countries are no longer concerned with just bilateral relations. We believe this marks the beginning of a substantive policy dialogue on the whole broad range of policy issues." The central issue of the premier's visit was his call for Asia's biggest country and Asia's richest country to play a larger role in world affairs. In one of his speeches he said that Japan is the only Asian member of the G-7 group of industrialized nations and China the only Asian member of the UN Security Council, and that, as a result, the two must take responsibility for representing all of Asia to the rest of the world.

The Chinese government showed the importance it placed on the Japanese prime minister's visit by cancelling two events which would have reflected Japan's wartime atrocities: memorial ceremonies for forced Chinese labour in Japan and victims of Japan's 1937 massacre of Chinese in Nanjing.

(FEER 18-04-91, p. 16; 22-08-91, p. 10; IHT 27-06-91; 14-08-91)

China-Soviet Union

For the first time since decades of Sino-Soviet hostility, the Soviet Union, on the occasion of a visit by the Soviet minister of defence to China, stated that China and the Soviet Union do not pose a threat to each other.

(IHT 10-05-91)

China-United States

See also: International trade

In connection with the many US complaints against Chinese behaviour, White House officials are reported to have said in May 1991 that China had given private assurances on some issues related to arms sales and political reforms, and had given detailed accounting of the arrests stemming from the 1989 demonstrations. A month later a spokesman for the Chinese State Council gave a long list of what he said were accommodations and other conciliatory steps that China had taken to meet US demands.

(IHT 17-05-91 (citing Washing Post); 17-06-91)

China-Vietnam

The new Vietnamese leadership elected in the last week of June 1991 is likely to hasten reconciliation with China. Eight new members were elected in the 13-man

Politburo. Relations between China and Vietnam were ruptured in 1978 when Vietnamese forces invaded Cambodia, overthrowing the Chinese-backed Khmer Rouge government. It is thought that this reconciliation could have an important impact on the settlement of the Cambodian problem. A sign of improving ties has been the recent meetings that have taken place between various Chinese and Vietnamese state as well as party officials on improving relations in the context of a Cambodian settlement. It is expected that the process of normalization of relations would be completed during a trip to Beijing in October by the new General Secretary of the Vietnamese Communist Party.

(IHT 29/30-06-91; 07-08-91; 09-08-91; 14-08-91; FEER 15-08-91, p. 8; 22-08-91, pp. 8–9)

India-Nepal

The Indian prime minister's official visit to Nepal on 12–15 February 1991, the first such visit since 1977, resulted in ending the hostility that stemmed from India's partial economic blockade of Nepal in 1989–1990. Agreement was reached on expansion of cooperation in trade, industry, transportation, communication and water resources. Agreement was also reached on the establishment of a rail link between *Raxaul* in India and *Hetauda* in Nepal.

(FEER 28-02-91, p. 12)

India-Pakistan

During the talks between the Indian and Pakistani foreign secretaries in December 1990 no progress was made on the three key issues between the two countries: Kashmir, nuclear non-proliferation and continuing troop concentrations on each side of their common border.

They agreed, however, on ratification of an 1988 agreement against attacking each other's nuclear facilities (*infra*, Non-aggression) and on resumption of weekly telephone contacts between their military headquarters.

In April 1991, agreements were signed on preventing air space violations and on providing advanced notice of troop manoeuvres. It was also announced that a series of meetings would be held in the near future on water sharing and combating drug smuggling, and on the disputed Siachen glacier border area. The last discussion held on this issue was in 1989.

(FEER 03-01-91, p. 12; IHT 08-04-91)

India-Soviet Union

It was announced on 8 August 1991 that the two states would extend the 1971 friendship treaty for another twenty years. Under its terms the two parties agreed to abstain from assisting any country that went to war with the other and pledged mutual assistance in case of an attack on either of them.

(IHT 09-08-91)

Iran-United States

Iran sent a message that it agreed to accept US aid for Kurdish refugees from Iraq. This US relief aid would be the first direct commerce since the "Iran-Contra" affair in 1985–1986 when US weapons were supplied to Iran in an effort to gain the freedom of US hostages believed to be held in Lebanon by groups loyal to Iran's leadership. (IHT 25-04-91)

Japan-Republic of Korea

On the occasion of a visit by the Japanese prime minister to South Korea on 9–10 January 1991, a joint communique was issued enunciating Three Principles for Promoting Friendship and Cooperation. These are: forging a spirit of partnership between the two countries; making joint efforts to promote peace, prosperity and harmony in Asia and the Pacific region; and starting closer consultation on global issues. (FEER 31-01-91, p. 38)

Japan-Soviet Union

The President of the Soviet Union paid an official visit to Japan on 16–19 April 1991. The visit did not result in a solution of the Japanese claim to the disputed islands off Hokkaido (*infra*, Territorial claims), nor in any Japanese commitment for investment and economic aid. (IHT 19-04-91; 20/21-04-91; 22-04-91)

Japan-United States

A report entitled "Japan 2000" has been written as the result of a CIA-sponsored confidential seminar, of eight prominent scholars, business leaders and security experts, held in Rochester, N.Y. in 1990. The report was written by ANDREW J. DOUGHERTY, a former US Air Force colonel and former director of research at the US Defense Department's National Defense University, and at the relevant time working at RIT Research Corp., a subsidiary of the Rochester Institute of Technology. The report warns that Japan is a fundamentally a-moral society that will dominate the world through its economic prowess unless challenged anew by the West. The report caused embarrassment and indignation among some of the experts who attended the seminar, and Japanese government officials have chosen to ignore the report. (IHT 12-06-91; 8/9-06-91; 15/16-06-91)

In a poll conducted by the Japanese daily *Yomiuri Shimbun* in June 1991 to which 3,000 persons responded, 24% named the US among 5 states as the greatest threat to their security, followed by the Soviet Union (22%), North Korea (12.6%), South Korea (5.9%) and China (3.7%). (IHT 05-07-91)

In a stock market scandal, Japan's largest securities houses admitted having made improper payments of more than US\$ 1 billion to about 200 stock market investors to cover losses in the collapse in 1990. As a result of this scandal, the political survival of Japan's finance minister Mr RYUTARO HASHIMOTO was being threatened. In a highly

unusual move, the US finance minister spoke out in favour of Mr HASHIMOTO's survival, contrary to the normal silence concerning another country's domestic political matters. The minister justified his step because the Japanese government had been so helpful to the US during the Gulf War, and because the US was eager not to lose such a cooperative ally at a time when the world is faced with a host of tough economic issues.

(IHT 29-07-91)

Democratic People's Republic of Korea-Soviet Union

See also: Military cooperation

Underscoring the strains following Soviet recognition of the Republic of Korea on 30 September 1990, North Korea decided to effectively close the bureaus of three Soviet news organizations in Pyongyang.

(FEER 10-01-91, p. 18)

Republic of Korea-Soviet Union

It was announced in January 1991 that South Korea would grant a US\$ 3 billion soft loan to the Soviet Union. The Soviet and South Korean presidents met at Cheju island on 19 April 1991, during President Gorbachov's overnight stop on his way home from a visit to Japan. It was their third meeting. Among other things, the Soviet president endorsed South Korean efforts to gain UN membership. On the other hand the Korean president expressed reservations about a Soviet proposal made in Japan for an Asian security conference.

(IHT 22-04-91; FEER 02-05-91, p. 12)

Republic of Korea-United States

See: International trade

Vietnam-ASEAN

Responding to an Indonesian proposal Vietnam announced that it would sign the Treaty of Amity and Cooperation drawn up by ASEAN in 1976 at the end of the Vietnam War in an effort to build regional trust and avoid armed conflict.

(IHT 21-06-91)

Vietnam-United States

In a meeting in New York on 9 April 1991, the US presented a blueprint to Vietnam, the so-called "road map offer", which indicates the requirements to be fulfilled by Vietnam at various stages of the Cambodian settlement in order to proceed with a US-Vietnamese normalization process. The blueprint posits four major phases: (a) agreement to sign the peace plan; (b) signing the plan; (c) implementing the plan; and (d) free elections. At each phase when Vietnam cooperates with the plan, the US would respond, easing step-by-step its trade embargo and the blocking of official multilateral lending, and in the end fully normalizing relations. The response would

also depend on progress on the accounting of US personnel missing in action from the Vietnam War and other humanitarian issues, such as the liberation of members of the former South-Vietnamese regime.

In a letter from the Vietnamese foreign minister to the US Secretary of State, of late May, Vietnam rejected the US plan. The plan would basically require all four Cambodian contending factions to agree to demobilize their forces before the US would open a diplomatic office in Hanoi or fully lift its trade embargo against Vietnam. Yet the US had agreed early May to establish a "temporary" office in Hanoi to facilitate the search for American servicemen missing in action.

The two parties nevertheless agreed to reopen talks in Bangkok late July 1991. (FEER 18-04-91, p. 13; 25-04-91, p. 10; 02-05-91, p. 14; IHT 1/2-06-91; 16-05-91; 25-07-91)

Note: The US embargo against Vietnam was originally imposed on North Vietnam in 1964 and extended to the entire country after the Vietnamese defeated the US forces in 1975. *Inter alia*, it bars US citizens from trade with Vietnam and denies Vietnam loans from international financial institutions. In the US blueprint (above) priority is given to bilateral US-Vietnam trade over an IMF aid programme for Vietnam. This seems to be in response to demands from the US Senate: a reverse order "would open the door to all [non-US] foreign business interests while slamming the door on American business, forfeiting a generation of business prospects for US citizens". (FEER 25-04-91, pp. 10-11; IHT 25-07-91)

Cooperation agreement among Asian Soviet republics

The five central Asian republics of the Soviet Union signed a cooperation agreement on 14 August 1991, to link their economies and reduce their dependence from Moscow. The republics are Kazakhstan, Uzbekistan, Kirghizia, Tadjikistan and Turkmenistan. (IHT 15-08-91)

INTERFERENCE IN INTERNAL AFFAIRS

See also: Aliens; activities; Human rights; Inter-state relations; Refugees

US President's meeting with the Dalai Lama

China protested the US president's meeting with the Tibetan Dalai Lama, calling it "gross interference". (IHT 19-04-91)

Conditioning of development aid to Indonesia

The Dutch minister for development cooperation who was Chairman of the Inter-Governmental Group on Indonesia (IGGI), an 18-member international donors group, implied that future aid to Indonesia would be linked to Indonesia's performance on economic and social issues. The remarks drew mainly negative response in Indonesia, accusing the minister of interference and describing the remarks as patronizing and insulting. (FEER 30-05-91, p. 16)

Appointment of dissident priest as Roman Catholic cardinal

China accused the Vatican of interfering in its internal affairs by appointing China's best known dissident Roman Catholic priest, aged 90, living in the US, as cardinal. China said it put new obstacles in the way of improving relations between China and the Vatican [The Vatican recognizes the Taipei government as the government of the Chinese state].
(IHT 18-06-91)

Non-interference in Myanmar affairs

Thai officials prevented the "prime minister" of the Thai-border-based National Coalition Government of the Union of Burma (NCGUB) from boarding an aircraft at Bangkok to Geneva on 21 July 1991. The NCGUB comprises candidates who were elected to Myanmar's National Assembly in the elections of May 1990 but have so far been prevented from taking office. They fled to the Thai border where they proclaimed their own government to challenge the legitimacy of the military regime.
(FEER 08-08-91, p. 6)

INTERNATIONAL COMMERCIAL ARBITRATION**International arbitration centre set up in Singapore**

An international arbitration centre for commercial disputes has been set up in Singapore. The Singapore International Arbitration Centre is the third such body in Asia, the two other centres are in Kuala Lumpur and Hong Kong. The Singapore centre will focus on shipping, banking, commodities trading and construction. As Singapore is a signatory to the 1958 United Nations Convention for the Recognition and Enforcement of Foreign Arbitral Awards, arbitration awards made here are enforceable in other member countries.
(Straits Times 06-07-91)

INTERNATIONAL MONETARY FUND: MEMBERSHIP

The US and several other Western countries and Japan recently rejected a French proposal to re-admit Vietnam to the IMF. Vietnam lost its membership in 1985 because it stopped paying foreign debts from 1981. Re-admission would result in loans for projects, but US firms would not benefit because of the still prevailing US embargo against Vietnam.
(IHT 16-05-91)

INTERNATIONAL TRADE

See also: Sanctions

Opening of Japan's rice market

So far Japan has barred any import of rice and has kept its rice production on a self-sufficient level arguing that this is done on the basis of national security considerations.

In May 1991 the Japanese prime minister indicated willingness to partly opening the country's rice market to imports. This was in accordance with suggestions made by the Federation of Economic Organizations (*Keidanren*) and leaders of the governing Liberal Democratic Party.

(IHT 30-05-91; FEER 06-06-91, p. 59)

Trade and investment relations between the US and South East Asia

The US and Singapore would begin discussions in June 1991 on a bilateral trade and investment framework agreement, in an effort to reduce economic frictions between the US and South East Asia. Hope was expressed that similar agreements would also be concluded with other ASEAN member states.

(IHT 23-05-91)

Hard currency trade with the Soviet Union

In early 1990 the USSR decided on switching to hard-currency trade. Accordingly Sino-Soviet trade was put on the basis of arrangements finalized during the trip to Moscow by the Chinese prime minister in April 1990. These arrangements eliminated the prevailing system of government-to-government barter trade, and switched to hard currency trade. Mutual extension of credits would be employed as a way to clean up their bookkeeping.

Later in the year, however, the Soviet Union backed down from an overall introduction of the new trade system, and transitional arrangements were negotiated with Vietnam, Mongolia and North Korea. For the time being settlements would be made within the framework of clearing accounts.

(FEER 03-01-91, p. 6; 28-03-91, p. 11)

Liberalization of trade between Taiwan and the Soviet Union

Taiwan has lifted a ban on direct trade with the Soviet Union by some ten state enterprises, after having taken a similar measure for private companies in March 1990.

(IHT 06-06-91)

US-Korean trade relations

A South Korean campaign against excessive consumer spending on luxury goods had been interpreted by the US as an official campaign to curb imports. The US

threatened with retaliation, and South Korea called for diplomatic efforts to defuse a looming trade conflict. Generally speaking South Korea accepts US bilateral trade demands, such as equal treatment of imported and local products and the support of the US position at GATT as much as possible. The Republic of Korea relies for more than 30% of its exports on the US.

(IHT 01-01-91; 08-01-91)

Sale of sensitive high technology

In December 1990, the US approved in principle the sale of a *Cray* supercomputer to the Indian Institute of Sciences in Bangalore. This computer sale is particularly sensitive because of its potential use in military programmes, in particular the development of a long-range missile with which the scientific establishment in Bangalore is closely involved. The sale demonstrates American trust and Indian willingness to allow the US a periodical check as to its use.

(FEER 31-01-91, p. 13)

US-Japanese agreement on the sale of supercomputers

The US and Japan reached informal agreement on revising their export controls on supercomputers to discourage the spread of nuclear weapons in the Third World, but they would ease controls on sales to Western Europe.

In the past the main instrument for US-led export controls has been the 17-member Coordination Committee for Multilateral Export Controls (COCOM). In 1984 the two parties agreed to consult each other before exporting supercomputers to reduce the risk that the Soviet Union would obtain them. The 1984 export restrictions were applicable to all countries including Western Europe. The revised rules have now created two broad categories of countries. The Western European countries will now be able to import supercomputers with less delay and fewer controls.

(IHT 10-06-91)

Sino-US economic relations

See also: Space activities

Against the background of US outrage over Chinese measures during the 1989 demonstrations and other alleged human rights violations, the US trade deficit with China kept rising to reach the third place after those with Japan and Taiwan. While different sources offer different figures on imports and exports, the deficit rose from US\$6.2 billion in 1989 to US\$ 10.4 billion in 1990, which figure could be estimated at US\$ 12 billion if the purchase of Chinese products through Hong Kong were included. It was feared that the deficit could reach more than US\$ 15 billion in 1991. The US has thus replaced Japan last year as China's leading trading partner.

These developments contributed to increasing frictions between the US and China, which manifested themselves in various fields, such as accusations of import controls, dumping, falsifying origin information, violation of intellectual property, prison labour, arms deals, and unfair exchange rate policy, apart from the ever present accusations of violations of human rights. Among the counter-measures suggested by the critics of

China, particularly in the US Congress, are actions under the US law against unfair trade practices, sustained US opposition to loans for China from multilateral institutions, and supporting Taiwan's application to join the GATT.

Allegations of the use of prison labour in China for the production of export goods were released on 19 April 1991 by the human rights group "Asia Watch". There had been instances in the past where the Chinese media had lauded the progress made in transforming the Chinese prisons into small-scale enterprises that earned foreign currency. In the US the Smoot-Hawley Tariff Act of 1930 prohibits the importation of prison-made goods. In addition, the US has ratified an international treaty banning forced labour in May 1991.

(IHT 24-01-91; 13-02-91; 2/3-03-91; 30-04-91; 17-05-91; 22-05-91; 30-05-91; FEER 02-05-91, p. 10)

Cutbacks of import quota on allegations of quota evasion

In late December 1990, the US cut sharply its import quotas for Chinese-made garments and textiles following allegations that Chinese exporters were evading quota limits by shipping products with fraudulent country-of-origin certification, and by routing unmarked goods through other countries where middlemen label the products as being of local origin. Such decisions, whereby the excess shipments would be counted against the 1991 quota, may be implemented unilaterally subject only to eventual ratification by the GATT-affiliated Textiles Supervision Board. China reacted by threatening to retaliate.

(IHT 24-01-91; FEER 24-01-91, p. 34)

China's most-favoured-nation (MFN) status vis-à-vis the US

All the factors which were relevant in bringing about the frictions between the US and China (see *supra*, Sino-US economic relations; The relevance of the use of prison labour) contributed to the reluctance in many US circles to extend MFN status to China.

The status had been accorded to China on a year-to-year basis. The annual term expired July 3, but the President must give the Congress one month notice on extending. To block extension both Houses of Congress must vote for a resolution of disapproval within 90 days which the President can veto. The Senate may overrule the veto by a two-thirds majority.

On 28 May 1991, the US President announced that he intended to extend the MFN status to China for another year. At the same time he ordered three measures to limit the export of missile and satellite technology to China: (1) licenses would be refused for sale to China of high-speed computers that can be used for flight testing of missiles; (2) unless the US becomes satisfied that China is abiding by international restrictions on the flow of ballistic missile and nuclear technology licenses would not be granted to US company participation in satellite launches by China; and (3) no license would be granted to the sale of missile technology or equipment to the government-run Chinese Precision Machinery Import-Export Corp. (this was said to be in response to the Chinese sale of missile technology and equipment to Pakistan).

In an effort to win Senate support for the extension of MFN status for China, the US

President in a letter outlined, *inter alia*, "self-initiated" retaliatory action under US trade laws unless China moderates "unfair" trade practices. The government would also support Taiwan's application for GATT membership and initiate tighter controls on imports of Chinese goods produced by prison labourers. The US would continue sanctions and international loan restrictions designed to moderate human rights abuses and to press China's entry into weapons non-proliferation agreements.

The US Senate adopted a bill introduced by the majority (Democrat) leader GEORGE MITCHELL which proposed to attach a 6-month review of China's behaviour to an MFN extension by way of incentive for China to change its policies. MFN status would be revoked in 180 days unless the President certified to Congress that China had performed a series of desired actions, including releasing or accounting for all political prisoners, stopping arrests of pro-democracy activists, permitting unrestricted emigration, protecting US intellectual property rights, providing fair and unrestricted access to Chinese markets, buying more US goods and services, stopping shipment of goods through Hong Kong and other non-Chinese ports to disguise their origin, and participating in international efforts to control proliferation of advanced weapons. However, the bill failed to muster a majority that could overcome a presidential veto (55–44). The House voted to pass a similar bill two weeks earlier on 10 July 1991, but a Presidential veto cannot be overruled by the House. (IHT 30-04-91; 11/12-05-91; 16-05-91; 28-05-91; 30-05-91; 25-06-91; 22-07-91; 25-07-91; FEER 25-07-91, p. 14)

US complaints over China's exchange rate policy

The US Treasury Department complained about recent devaluation of the Chinese currency: "The recent [Chinese] devaluations in conjunction with large external surpluses, raise concerns and indicate that exchange rate policy may be aimed at reinforcing China's attempt to generate sizeable external surpluses". (FEER 30-05-91, p. 19)

International trade statistics involving Japan

Japanese exports to the US had gone down slightly of late, while those to the EC and Asian countries had risen. Japan has consequently become less dependent on exports to the US.

The overall Japanese trade surplus was still increasing. After declining to US\$ 63.5 billion last year, a 34% decline from the 1987 peak, the surplus was expected to reach US\$ 70 billion in 1991.

In interpreting the trade statistics vis-à-vis each individual country, it should be borne in mind that art purchases by Japanese collectors are listed as imports from the (European) country where the painters (such as: van Gogh) originate, in accordance with the "country of origin rule" prevailing under the GATT regime. The EC had objected against this application of the rule, alleging it distorts the picture of the trade surpluses.

As to US exports, Asia and the Western Pacific (including Japan) have long surpassed Europe as buyer of US exports, and this lead is widening every year. (IHT 24-04-91; 15/16-06-91; FEER 06-06-91, p. 48)

The framework of US-Japanese trade relations

In June 1990, the US and Japan agreed on a "Structural Impediments Initiative (SII) Accord" aiming at restructuring and modifying various aspects of Japanese economic life in order to reduce imbalances in the economic relations between the two countries. In this accord and in the follow-up trade talks in January 1991, sovereign states demand from each other fundamental changes in matters which have always been considered domestic matters. It is said that Japan has implemented more of the agreement than the US.

Among the subjects covered by the SII Accord are: Japan's savings balance; Japan's investment balance; Japan's share-holding system; Japan's exclusionary business practices; Japan's land use; reforming the corporate disclosure requirements in Japan; the reduction of the threshold for share-holders to examine company books and records from 10 percent to 1 percent; Japan's commitment to make the government's system of "administrative guidance" more public; Japan's commitment to spend US\$ 3.15 billion on public works over 10 years; the proposal of the Japanese Fair Trade Commission to raise maximum penalties against anti-monopoly law violators from 2% to 6% of the company's annual sales. An additional example of the way in which the economic relations between the two countries are being conducted is the warning of the US Assistant Secretary of the Treasury for International Affairs that Japan must take steps to end the "collusive practices" of its tightly knit corporate groups (*keiretsu*) lest Japan's overseas investments be "severely undermined".

While the American Chamber of Commerce in Japan countered the mounting criticism of Japan by asserting that the Japanese market had become much more open in the past five years and was still opening up, the remarks of the Japanese Vice-Minister for International Trade and Industry about desirable US-Japanese economic cooperation are noteworthy. *Inter alia*, the minister said that because the US had helped rebuild Japan after World War II, Japanese companies should reciprocate now that US industry was having difficulties in competing on markets.

(IHT 18-01-91; 19/20-01-91; 21-05-91; 23-05-91; 12-06-91; 15/16-06-91)

US and Japanese participation in each other's construction projects

In 1988 the US and Japan concluded the Major Projects Agreement (MPA) which facilitated bidding on Japanese construction contracts by foreign firms. Despite this agreement, frictions remained because of Japan's alleged refusal to grant broader access to US companies seeking public works contracts in Japan, so that the US administration in spring of 1991 considered retaliation by barring Japanese construction companies from some US government projects. This would be the first trade retaliation against Japan by the US since 1987 when the US imposed punitive tariffs on electronic goods on grounds that Japan had violated an agreement on the trade in semi-conductors (see *infra*). From the other side, Japanese officials confirmed that if the US would impose sanctions by way of barring Japanese companies from taking part in federally funded construction projects, Japan would respond by cancelling the 1988 agreement.

In May 1991, negotiations were held on the US demand to give US companies the right to bid on big construction projects in Japan, and its proposal to open 27 current

and upcoming projects for foreign bids. On 1 June, Japan agreed to open a further 17 public works projects, heading off US sanctions.
(IHT 26/27-01-91; 18-04-91; 29-04-91; 1/2-06-91; 03-06-91; FEER 09-05-91, p. 54; 13-06-91, p. 75)

US-Japanese trade in semi-conductors

In 1986 the two countries agreed on a 5-year agreement on trade in semi-conductors. In 1987 the US leveled trade sanctions against Japan when the US found that Japan was not living up to parts of the agreement which called for a US share of the Japanese market. The sanctions placed a 100% penalty duty on imports of Japanese high-performance computers, but lost practical impact by the import of Japanese components into the US for assembly there. A consequent decline of US semi-conductor manufacturing would harm the country's international competitiveness in advanced technology.

The 1986 agreement also had its controversial sides. It formed in fact a global cartel for semi-conductors, artificially raising their costs, giving rise to complaints from computer makers, including those in the US. While according to the US the agreement was supposed to increase US sales of semi-conductors in the Japanese market to 20 percent in 1991, that figure was disputed by the Japanese because it was contained only in a secret side letter and was not part of documents made public by both sides.

On 4 June 1991, both countries agreed on a new semi-conductor pact for another five years, becoming effective on 1 August 1991. The agreement specified that sales of foreign-made semi-conductors should reach at least 20 percent of the Japanese market by the end of 1992. While this is not intended to be a guarantee, the US could take "corrective steps" if that goal is not reached. The parties failed to agree on how to measure this market share and acknowledged that each side would use somewhat different figures.

(IHT 23-05-91; 31-05-91; 05-06-91; FEER 13-06-91, p. 75)

Import of Japanese cars into the US

Japan was reported to plan continuing for another year, starting 1 April 1991, its voluntary restrictions on auto exports to the US. The export restraints were originally imposed in 1981 under US pressure arguing that American car manufacturers needed time to revitalize. The 10-year old export limitation has become a politically important symbol of Japanese deference to US wishes.

Meanwhile the big three US car-makers filed a petition with the US International Trade Commission in May 1991, accusing Japanese car manufacturers (*inter alia*, Toyota and Mazda) of dumping Japanese-made mini-vans on the US market. In the case of Chrysler, however, the complaint could turn against itself. One of the vehicles the Americans wanted to stop was the "Expo LRV" made by Mitsubishi for Chrysler which plans to sell it under its own name in the US. It is reported that Chrysler and Mitsubishi attempted to have the US definition of mini-van changed so that the Expo would no longer fall in the dumping case.

(IHT 12/13-01-91; 1/2-06-91; 13-08-91)

Japanese subsidiary acting as US company

For years the US typewriter manufacturer Smith Corona had fought Japanese rivals, such as by accusing them of selling foreign-made typewriters in the US below the fair market value in an attempt to seize market share. Meanwhile the Japanese manufacturer Brother had set up a subsidiary in the US (Tennessee) while Smith Corona had started to produce in a factory in Singapore to cut manufacturing costs. In 1991 Brother, posing as an American industry, accused Smith Corona of dumping its Singapore products at the US market, threatening the jobs of Tennesseans. Smith Corona argued that its typewriters were essentially American-bred. The research and development was done in New York, and the tools were designed there. (IHT 13-08-91)

Japanese car sales in the US

Problems arose from the fact that Japanese cars and those produced by Japanese transplant factories had reached almost 30 percent of all passenger car sales in the US in the first six months of 1991. There had been increased pressure to assure that US car-makers fare better in Japan and that the Japanese sharply raise their use of American auto parts in spite of the fact that a significant percentage of their cars were produced in the US with American workers. The number of cars exported from Japan to the US had actually dropped, but the share of large and luxurious cars had risen. As to the American contention that the Japanese market is rigged against American car manufacturers because of the expense and difficulties of establishing dealerships, the Japanese refer to the success of Mercedes-Benz, Volkswagen and BMW. (IHT 05-09-91)

Japanese car imports in Europe

During the past year there was a heated discussion in Europe about the increasing rise of car imports from Japan to the countries of the European Community and the question whether and to what extent these imports should be limited in order to protect the European car industry and yet not infringe the consequences of a single market with totally free trade. The problems involved included the difference in policy among the EC member states, with France and Italy most inclined to protect their own industry, and the question to what extent the cars produced by factories in Europe set up by Japanese parent industries should be counted as European or Japanese cars.

In May 1991 the European Commissioner for competition matters issued an "explanatory note" attempting to "clarify" a policy on so-called "transplant" factories which fulfil the requirements to be considered national industries. In this note the Commissioner held the view that while "transplant" cars "are EC products" so that to treat them as imports during the transition period to a free vehicle market "would be completely inconsistent with the single market", they compete with Japanese imports for the same share [!] of the EC market, so transplants must be taken into account in fixing import quotas during the transition period. As a consequence he said: "We therefore need an accurate estimate of the number of transplants which are likely to come on stream during the transition.... This estimate can then be taken into account in

arriving at the transitional arrangements which will apply to imports.” Emphasizing the transitional nature of arrangements aimed at sheltering European manufacturers for seven years before they have to face the full brunt of Japanese competition, the Commissioner said that the Community would not pay for the short-sightedness of European car producers who would have failed to restructure in time to face outside competition in a single market with totally free trade. It was reported, however, that the Commissioner represented the only exceptional view within the European Commission.

On 26 July 1991 the EC countries agreed to proposals drafted by the EC Commission. Japan gave its approval on 31 July 1991. The arrangement starts from the assumption that “Japanese cars” (i.e., directly imported cars *and* vehicles made in European “transplant” factories) would cover 16% of the EC market in 1999. Beginning in the year 2000 the EC market will be totally free.

Current projections indicate 15 million new car sales in the EC in 1999, and 2.4 million would represent 16% of the EC market. Currently Japan exports 1.2 million cars to the EC and another 260,000 are produced in the EC-based “transplant” factories. The agreement limits direct imports in 1999 to 1.23 million cars, a virtual freeze on current levels, while the EC expects that Japanese “transplant” production will not exceed 1.2 million in 1999. This number, however, is not binding because restricting production within the Community would violate EC free-trade laws. Within the overall imports limit for 1999, five EC countries that currently restrict imports will have individual limits. If there had been no agreement, the EC countries which do not set import quotas would have become an import sieve for the whole EC. The agreement resembled the one Japan made with the US ten years ago.

Meanwhile the agreement leaves unanswered questions about the possibility of importation in the EC from manufacturing bases elsewhere, outside Japan. Equally unanswered is the question whether the EC will discourage further Japanese car manufacturing investment in Europe, and it remained uncertain what the expectation of “transplant” production of 1.2 million cars in 1999 means. It is reported that most EC officials were wary of Japan’s European investments, arguing that the factories are little more than assembly plants set up by Japanese auto-makers to avoid EC import restrictions. Opinions like these defy claims of e.g., Nissan that the “local content” of its British cars is already up to 80% of the car’s components. EC officials were quoted as saying that “[c]omparing cars made in Europe by Japanese and American companies is like comparing apples and oranges.... US cars are conceived, designed and built in Europe... Japanese cars are just assembled here.” As to the assumption of a “transplant” production of 1.2 million cars, the *Yomiuri Shimbun* reported on 29 August 1991 that the agreement was in fact intended to include a limitation.

As to the temporal scope of the agreement, the affirmation of a totally free market in the year 2000 also raised the necessary doubts in view of past experience. Reference is here made to national car quotas which have been in place for 20 years, textile curbs which have existed for 30 years and steel import restrictions which took 12 years to be gradually removed.

(IHT 17-05-91; 21-05-91; 27-06-91; 6/7-07-91; 20/21-07-91; 25-07-91; 27/28-07-91; 30-07-91; 01-08-91; 30-08-91; FEER 08-08-91, p. 54–55)

Extension of the Multi-Fibre Arrangement (MFA)

The International Textiles and Clothing Bureau (ITCB) which represents producing countries, agreed in May 1991 to seek an extension to the existing MFA governing textile exports. Just before the current MFA expired, the GATT Textiles Committee decided on extension until the end of 1992, despite calls by Third World exporters for lower import barriers.

The Asian producer countries did not reach their objective of obtaining assurances that the importing countries would refrain from introducing any new restrictions during the 17-month period, although the MFA extension protocol reaffirmed the general Uruguay Round commitment to restrain protectionism.

The 52-party Multi-Fibre Arrangement is an umbrella accord under which the industrialized countries strike bilateral agreements with Third World producers limiting imports in order to protect the domestic textile industries in the rich countries. (FEER 23-05-91, p. 67; 08-08-91, p. 62; IHT 01-08-91)

Dumping

See: Space activities

Japan-Vietnamese trade

There is a steady expansion in trade between Japan and Vietnam, and turnover was expected to reach US\$ 1 billion in 1991. This expansion takes place despite Japan's partial adherence to the US embargo against Vietnam. In deference to the US, Japan discourages investment in Vietnam and vetoes most multilateral lending but it does allow commercial trade. (IHT 30-07-91)

Japan's trade surplus with Asia

Although Asia's export of manufactures to Japan is increasing, there is no narrowing of the region's trade deficit with Japan: the deficit of the "new industrialized countries" (NICs) is steadily growing, the trade surplus of ASEAN is quickly dwindling. One of the fundamental reasons is that the industrialization of Asia is relying increasingly on Japan for capital equipment and components. Another reason is the strongly increasing consumer demand for Japanese consumer goods. A third factor is the relative strength of various NIC-currencies against the yen, blunting the competitive edge in penetrating the Japanese market.

China would appear to be the only Asian country enjoying a trade surplus with Japan, but much of Japan's exports that are recorded with Hong Kong are actually trans-shipped to China. (FEER 01-08-91, p. 57)

Japan's trade surplus with Taiwan

Taiwan's senior representative in Japan, and later its vice-economics minister, warned that Japanese companies might be excluded from contracts in Taiwan's six-

year, \$300 billion development plan if Japan's trade surplus with Taiwan continued to swell. This surplus amounted to \$7.66 billion in 1990 and was expected to reach \$9 billion in 1991. "If the deficit goes on rising, popular anger at home will intensify.... Measures taken by the government will have to be in line with that reaction and the reaction of legislators...." Taiwan is Japan's fourth largest export market after the US, Germany and South Korea.
(IHT 09-08-91; 20-08-91)

Participation in public works contracts in exchange for diplomatic concessions

Suggestions have been raised from among the Taipei government that Taiwan should use its \$300 billion public works program to pressure foreign governments into establishing air links with Taiwan and easing visa restrictions on Taiwanese.
(IHT 15-08-91)

INTERVENTION

See: Border incidents, Dissidents

IRAQ-KUWAIT WAR

Contributions to the war efforts

Thailand sent fifty medical personnel to Saudi Arabia where 100,000 Thais work. *Bangladesh* sent 2,300 troops to Saudi Arabia. They would be engaged only in defensive operations. About 400,000 Bangladeshi live and work in the Gulf area (IHT 18-01-91). *Pakistan* sent 11,000 troops to Saudi Arabia to be engaged in the defence of the holy places of Islam (NRC 10-01-91; 21-01-91). *The Philippines* sent a 300-man medical team to Saudi Arabia. It has raised no objections to the use of Subic naval base and Clark air base as staging posts for US supply flights and for replenishing US warships heading for the Persian Gulf (FEER 24-01-91, pp. 12–13). The *Indian* government initially allowed US military transport aircraft to refuel at Bombay airport while shuttling supplies from Clark air base in the Philippines to the Persian Gulf. The Indian government understood the aircraft were carrying "non-lethal" cargo. Given friendly bilateral relations, and India being a party to the UN resolution calling for Iraq to withdraw from Kuwait, the government saw no reason to deny the US refueling facilities. In February 1991, however, the refueling rights were withdrawn, following a threat by the Congress Party to topple the government.
(FEER 07-02-91, p. 14; IHT 18-02-91)

The South Korean contribution and the underlying considerations

In an initial phase South Korea sent a 154-member military medical team to Saudi Arabia, and pledged US\$ 220 million in financial assistance and aid in kind to the "frontline states" such as Turkey and Egypt. The costs involved in sending the team would total US\$ 14 million, and the defence minister assured that it would not lead to

combat forces being sent. This assurance was given in reply to objections from the opposition in Parliament who recalled that the dispatch of a medical team to Vietnam in 1964 had escalated into full military involvement.

By the end of January 1991 it was decided to raise the financial contribution to US\$ 500 million while parliamentary approval was sought for the dispatch of an additional 150 men air force contingent and five cargo aircraft for military transportation.

Korea is relying on Saudi Arabia and Kuwait for 70% of its oil supplies, and Korean contractors had about US\$ 1.5 billion worth of unfinished projects in the region. (FEER 24-01-91, p. 12; 31-01-91, p. 12; 14-02-91, p. 11)

Indonesia

Popular Muslim reaction to the "Gulf War" exerted considerable pressure on the governments of Indonesia and Malaysia. While firmly sticking to a condemnation of Iraq's invasion of Kuwait and calling on Iraq to withdraw, Indonesia called on the US to give assurances that an Iraqi pull-out would lead to a settlement of other long-standing Middle East issues. It also joined efforts by non-aligned countries to search for a solution.

(IHT 31-01-91; FEER 28-02-91, p. 20)

Vietnam

Vietnam, by way of an article in the Communist Party newspaper, strongly criticized the US for its action in the "Gulf War", charging, *inter alia*, that the US was going far beyond the limits set by the UN Security Council.

(FEER 14-02-91, p. 14)

Malaysia

It is reported that Malaysia, as a member of the UN Security Council, voted for resolution 678 (mandating UN members to use force against Iraq) instead of abstaining from voting, as a result of successful pressure. It later strongly criticized the "alarming escalation" of military force beyond what Malaysia considered were the original objectives of the UN resolutions.

(FEER 28-02-91, p. 20)

The Japanese contribution

Japan first pledged to contribute US\$ 4 billion including \$2 billion to be used for the military operations and \$2 billion by way of economic aid to the "frontline states" Jordan, Egypt and Turkey. In accordance with the US request and after US pressure at the G-7 meeting on 19–20 January 1991 in New York that Japan bear one fifth of the estimated expenses, Japan later in January 1991 agreed to increase its contribution, likely with an additional US\$ 9 billion. The money would be put at the disposal of the Gulf Cooperation Council, and Japan would ask the Council not to use the Japanese contribution for the procurement of military hardware but only for logistics and non-military goods.

Besides, the sending of military aircraft for the transport of refugees from Amman, Jordan, to Egypt and Syria was taken into consideration. This idea was controversial because of Article 9 of the Constitution prohibiting the Japanese Self-Defence Force to operate outside Japan. Another obstacle was seen in Article 100 of the Self-Defence Law which limits the SDFs role in transportation to carrying members of the imperial family, state dignitaries and high-ranking government officials. The government intended to amend the provision by a special decree defining transportation of refugees to be a legitimate activity which does not require a change in the Self-Defence Law.

According to the plans, four C130 transport aircraft would be stationed in Cairo together with two hundred SDF personnel including technicians. It was envisaged that the planes would ferry refugees out of Jordan at the request of the UN International Organization for Migration (IOM). The practical justification for sending military aircraft was the impossibility for commercial aircraft to obtain insurance for flights into Amman and Damascus.

As to the financial contribution, the Japanese Upper House on 5 March 1991 approved a supplementary budget in yen terms as is normally the case, to finance the pledge based on the rate of the US dollar on 28 February, and consequently the equivalent of US\$ 8.6 billion was transferred to a Gulf Peace Fund, set up late 1990 to distribute Japan's contribution and overseen by a committee of six allied Arab states.

After strong American protests, Japan finally decided to make up for what was considered by the US to be a shortfall in Japan's pledged US\$ 9 billion contribution, and make another, formally unrelated contribution of US\$ 500 million to clean oil pollution in the Gulf and to aid Kurdish refugees. In return the US gave up its claim to US\$ 700 million more in additional war funding that it had requested from Japan. The figure represents money that Japan paid to the UK, France and the Arab states to offset war expenses but which the US had insisted to be paid to the US instead.

(NRC 23-01-91; IHT 26/27-01-91; 29-01-91; 04-02-91; 06-03-91; 14-03-91; 22-05-91; 11-07-91; FEER 31-01-91, p. 46; 07-02-91, p. 10)

Lawsuits against Japanese contributions

A citizens' group of 850 persons filed lawsuits asking district courts in Tokyo and Osaka to stop the government from spending money on the allied forces in the "Gulf War". They asked the government to pay each plaintiff 10,000 yen (US\$ 76) compensation, being the cost of the aid package to each Japanese resident.

(IHT 05-03-91)

JAPAN'S MILITARY ROLE

United Nations Peace Cooperation Bill: A Japanese response to the Iraqi invasion of Kuwait

In October 1990, the Japanese Cabinet introduced the United Nations Peace Cooperation Bill in the Diet. The main purpose of the bill was to enable the dispatch abroad of a Peace Cooperation Corps by way of contributing to the efforts and activities of the United Nations undertaken under UN resolutions for the maintenance

of international peace and security. The Corps was not intended to act as a fighting force, but to engage in the following activities: (a) surveillance of cease-fires; (b) advice or guidance on administrative matters; (c) transportation, telecommunication and repair and maintenance of material and equipment; (d) medical care; (e) activities for the relief of victims; (e) repair of damage caused by conflicts, etc. The intention was to dispatch the Corps to support the Coalition troops in Saudi Arabia which consisted mainly of US troops.

This effort of the Japanese Government to send armed personnel abroad for the first time since the Second World War ran into a storm of opposition in the Diet, and some Asian states like South Korea and Singapore were outspoken critics of the plan. Since the governing Liberal Democratic Party did not hold the majority in the Parliament, the Cabinet could not obtain sufficient support, and in November 1990 the Cabinet finally withdrew the bill.

Article 9 of the Constitution of Japan stipulates that Japan renounces war as a sovereign right of the nation and the threat or use of force as a means of settling international disputes, and consequently armed forces would never be maintained. The Japanese Government has interpreted the provision as follows: the Japanese Government can only exercise the right of individual self-defence, not that of collective self-defence, though the latter is recognized in the Charter of the United Nations and armed forces may be maintained to pursue the former. The dispatch of a Peace Cooperation Corps was beyond the traditional position, although the Cabinet argued that it should be constitutional to engage Japanese forces in behind-the-lines work like surveillance, maintenance and medical care.

Participation in peace-keeping operations

Since the Gulf War, the question has been hotly discussed whether Japan should play a more active role in international affairs, both politically and militarily, such as participating in UN peacekeeping operations. Since 1988, Japan has participated in several peace-keeping operations, such as in Afghanistan and Nicaragua, but only in election-monitoring and using civilian personnel. The question of an increased Japanese role is a consequence of the diminished Soviet power, the weakened position of China, and a gradual reduction of US forces in the region. The US has more than once insisted on a more active Japanese role.

Contrary to their previous stance, South East Asian states appear to have no objections and even to encourage Japan to take part in UN peacekeeping operations. The Indonesian president is reported to have said that it is Japan's sovereign right to decide whether to send troops overseas on peace-keeping missions under UN auspices. The minister for foreign affairs of Singapore suggested that Japanese and other Asians should meet and clarify Tokyo's possible future role in regional and international security. In June 1991 the Japanese government specifically proposed that Self-Defence Force members may participate in UN peace-keeping operations. (IHT 06-03-91; 08-03-91; 14-03-91; FEER 14-03-91, p. 14; 09-05-91, p. 19; 06-06-91, p. 12)

Japanese mine-sweepers to the Gulf

Twice in the past proposals to send mine-sweepers have run afoul of constitutional problems. In 1987, during the Iran-Iraq War, the government backed away from its proposal after public protests. In 1990 the US asked Japan to send mine-sweepers in the time of the military build-up against Iraq, but this time the government itself said that the constitutional ban would pose a problem because the mines were placed only by one side so that clearing them would be considered a hostile act in a conflict.

After the termination of the war there were again requests from Saudi Arabia, Japanese business and shipping interests. This time the Japanese cabinet approved sending four mine-sweepers and two support ships, being Japan's first overseas military mission since World War II. The ships left for the Gulf on 26 April 1991. The reactions to the move from other Asian countries were favourable with the single exception of China where the foreign ministry described the dispatch a "very sensitive question" and called on Japan to act cautiously.

(IHT 13/14-04-91; 25-04-91; FEER 09-05-91, p. 19)

JOINT DEVELOPMENT

The "growth triangle" of Sumatra, Northern Malaysia and Southern Thailand

The Indonesian trade minister floated the idea of "triangular trade" between the three areas when speaking at a trade fair in Northern Sumatra in early February. This was in support of the idea of a second growth triangle concept (in addition to the one covering Singapore, Riau and Johor) covered by earlier talks between the Indonesian foreign minister and Thai officials.

(FEER 21-02-91, p. 14)

Parts of the "Timor Gap" opened for exploration

By way of implementation of the 1989 treaty on the "Timor Gap" between Indonesia and Australia, the joint authority set up under the treaty put on offer 14 areas of the "Gap" for oil exploration under production-sharing contracts.

(IHT 04-07-91)

The Tumen River region

At the initiative of North Korea, seven states – North and South Korea, the US, Japan, China, the Soviet Union and Mongolia – would attend a meeting in China in August 1991 to discuss the development of the *Tumen* River region bordering North Korea, China and the Soviet Union into a special economic district. The development project in North Korean territory would include new electric power plants, increased farm output and improved economic relations with China and the Soviet Union.

(IHT 30-07-91)

Indonesian-Singaporean joint water supply project

The two countries reached agreement on 28 June 1991 on the development of a water supply project on the Indonesian island of Bintan. About half the initial production would go to Singapore accounting for more than one quarter of the island republic's current consumption. So far Singapore's main water supplier is the Malaysian state of Johor. Under a 1962 agreement it was granted the right to draw up to 250 million gallons a day from the Johor river. A new agreement of November 1990 increased this entitlement, provided Singapore paid compensation towards the cost of land and a dam needed to supply the extra water.
(FEER 11-07-91, p. 14; 18-07-91, p. 22)

JUDICIAL ASSISTANCE

Tracing and recovery of Philippine assets taken by the former President FERDINAND E. MARCOS

Since early 1991, Switzerland started releasing bank documents to the Philippines about money placed in Swiss banks by the late President MARCOS. It later (May 1991) also complied with a Philippine request to freeze two accounts believed by the Philippine government to hold US\$ 1.3 billion stashed by the family of the former President, although the bank involved denied it held such accounts. The Swiss government has always said it would be prepared to authorize the release of bank documents first, and then the money itself provided that due process of law has been exhausted. The Swiss Supreme Court gave the Philippine government until 20 December 1991 to file charges against the late President's widow IMELDA R. MARCOS as a requirement for access to the accounts. (see *infra*: Passports and visas)

The Philippine President approved the filing of criminal charges against Mrs MARCOS in order to comply with the Swiss requirements. Mrs MARCOS was also allowed to return to the Philippines from her present stay in the US.
(IHT 19/20-01-91; 31-05-91; 04-06-91; 12-06-91; FEER 28-03-91, p. 12)

KOREAN WAR

Remains of US servicemen

North Korea turned over 11 remains of US servicemen killed in the Korean War, and said it would help search for 9,000 Allied (US, Canadian, Australian, British) military personnel listed as missing. It agreed in principle to form a committee with the US for that purpose.

In May 1990 the remains of five servicemen were turned over.
(IHT 20-06-91; 25-06-91)

MIGRANT WORKERS

See also: (Relations with) unrecognized entities

Chinese labour for Japan

China proposed sending Chinese skilled and unskilled workers to meet Japanese demand for labour, and to make up for the loss of remittances from its nationals in the Middle East.

(FEER 04-04-91, p. 6)

Labour law protection of Asian workers in the Middle East

International labour experts urged Asian governments to secure improvements in the labour laws of the Gulf states for the Asian migrant workers who will return to the Gulf area after the end of the Gulf War. Before the war there were an estimated 1.9 million Asians working in Iraq and Kuwait.

At the ILO meeting in March 1991, Bangladesh, India and Pakistan asked the ILO to review the labour system in the Gulf states. Kuwait and Saudi Arabia are not a party to four key ILO conventions on recruitment, engagement, working conditions and social security benefits for migrant workers.

The ILO Director General promised that the ILO would press the Gulf states to apply internationally recognized labour standards for migrant workers.

The ILO would also press the migrants' Asian countries of origin to reform their recruitment systems and prevent illegal recruitment.

(FEER 02-05-91, p. 13)

MILITARY BASES

See also: Security of the region

The US military bases in the Philippines

With the US lease for the *Subic Bay* naval base, the *Clark* air base and four other smaller installations (*Wallace Air Station*, *San Miguel Naval Communications Station*, *Camp O'Donnell*, and *Camp John Hay*) lapsing on 16 September 1991 [the original agreement on US control of the bases was signed in 1947; Clark was first used in 1901 as a cavalry base] the past year saw several rounds of talks between the two countries trying to reach a mutually satisfactory settlement. The main points of disagreement were the future term during which the US would be entitled to make use of the bases, and the amount and form of the compensation to be paid by the US. In the past few years the bases provided \$530 million annually into the Philippine economy or 1.1% of GNP, as well as providing jobs for 79,000 Filipino workers.

Following the fifth round of talks in February 1991, the Philippine demand was \$825 million a year for a 7-year lease of the Clark and Subic bases, consisting of \$400 million in cash and \$425 million in debt reduction and trade concessions. The US offer was \$360 million a year with the prospect of a range of other benefits depending on the term of the lease.

Before the talks could lead to an agreement, the volcanic eruptions of Mt. Pinatubo, on 10 mile distance of Clark air base, which began on 15 June 1991, caused so much damage to the air base that the US decided to abandon it in principle. The cost of restoring it was estimated at \$520 million. As a result, the US proposed to reduce its original cash offer to about \$200 million for the Subic naval base alone.

On 17 July 1991 the US and Philippine governments finally reached agreement: the US would be entitled to use Subic Bay naval base for at least 10 more years; Clark air base would be returned to the Philippines on 16 September 1992 at the latest; unless the Philippine grants continued access, a US withdrawal from Subic Bay would start at the end of the 10th year.

The agreement was signed on 27 August 1991 but was subject to ratification by the Philippine Senate for which 16 of the 23 members' affirmative votes are necessary. In an unusual step the chief US negotiator at the bases talks on 6 August 1991 wrote to all Philippine senators urging them to ratify and telling them "that the Philippine Senate has in its hands the future of the relationship between the two countries". (Straits Times 08-01-91; IHT 14-01-91; 15-01-91; 12-02-91; 19-02-91; 13/14-04-91; 4/5-05-91; 17-05-91; 22-05-91; 24-06-91; 27-06-91; 12-07-91; 16-07-91; 17-07-91; 18-07-91; 3/4-08-91; 08-08-91; 09-08-91; FEER 24-01-91, p. 13; 28-02-91, pp. 18-19; 01-08-91, pp. 14-15)

Soviet bases in Vietnam

In January 1990 the Soviet minister for foreign affairs predicted that the Soviet military presence in Asia beyond Soviet borders would soon be abolished.

In June 1991 the Soviet rear-admiral with responsibility for the Asia-Pacific region said that the Soviet Union had after all decided to maintain air and naval bases in Vietnam as a number of countries in the region wanted, as the admiral put it, a "reduced but conspicuous" Soviet as well as US presence, to guard against possible encroachments by Japan, China, or India. These Soviet intentions were, however, quickly denied and it was emphasized that the withdrawal should be completed by 1994.

(IHT 14-06-91; 19-06-91)

MILITARY COOPERATION

China-Soviet Union

Consequent to the Sino-Soviet agreement on the purchase of Su 27 aircraft (*supra*: Arms deals), the two countries signed an agreement in early May 1991 allowing Chinese air force pilots and support personnel to be sent to the Soviet Union for training.

(FEER 30-05-91, pp. 18-19)

Indonesia-Papua New Guinea

The Indonesian foreign ministry denied news reports that it planned to give military

assistance to PNG in its fight against the secessionist movement on Bougainville island. (FEER 17-01-91, p. 14)

Indonesia-Malaysia

The two countries concluded an agreement in Jakarta on joint patrols to safeguard security in the Malacca Straits by monitoring piracy and fishing. New reports noted that the accord came at a time of concern about links between rebels in the Indonesian province of Aceh and Malaysia's sizeable Acehnese population. (FEER 31-01-91, p. 12)

Air force training in the Philippines

In view of the lapse of the current US-Philippine agreement on the US military bases in the Philippines on 16 September 1991 (*supra*: Military bases), it was expected that the Australian, Thai and Singapore air forces would be unable to continue training at the so-called *Crow Valley* combat instrumentation range unless bilateral agreements were concluded. This would conform with constitutional stipulations in the Philippines that foreign military bases or troops would not be allowed beyond the above date without an agreement. (FEER 24-01-91, p. 9)

Singapore-US

While Singapore endorses the ASEAN consensus to establish a Zone of Peace, Freedom and Neutrality (ZOPFAN) over the long term, it also recognises that until this is achieved, a continued US presence in South East Asia is desirable as it will maintain the balance of power in the wider region, reinforce the stable and peaceful regional environment, and enable the non-Communist countries in South East Asia to concentrate their resources on economic development.

To this end, Singapore signed an agreement with the United States on 13 November 1990, allowing United States navy and air force to increase their use of training, maintenance and repair facilities in Singapore. (Singapore Govt. Press Release No. 16/Aug 08-28908/04; Straits Times 14-11-90; IHT 11/12-05-91)

Reduction of US forces in Asia

The US is in the midst of reducing its 135,000 servicemen and women based in Japan, South Korea and the Philippines by about 11% by the end of 1992. Under a plan agreed upon with South Korea, the US will withdraw 7,000 of the 44,000 American servicemen in South Korea by the end of 1992. The total US Pacific Force is 350,000 strong. The head of the US Pacific Command expects reductions in the Pacific area to be smaller than those in other parts of the world "because changes in the military situation have been less dramatic". (IHT 11/12-05-91; 27/28-07-91)

Indonesia-Singapore

The two countries agreed on 2 August 1991 to jointly develop a computerized air combat range in Sumatra.
(FEER 22-08-91, p. 12)

MONETARY MATTERS**Asia-Pacific forum of central banks**

The Bank of Japan hosted a meeting of regional central banks on 22 February 1991, and hopes to organize such meetings three times a year. According to some sources, the new forum for periodic consultations has as its ultimate aim the development of an Asian version of the Bank for International Settlements in Basel.
(FEER 14-02-91, p. 42; 27-06-91, p. 59)

NATIONALITY**Special grants of citizenship in Pacific states**

Tonga decided to grant citizenship to more than 400 foreigners. It had been selling passports for US\$ 10,000 or more since 1984. Recipients were mostly from South East Asia. Parliament declared the sales illegal in 1988, but in February 1991 the king agreed to a legal amendment allowing 426 persons to become Tongan citizens.
(IHT 9/10-03-91)

Effect of forgery in obtaining citizenship in the past

The Philippine administration had started deportation proceedings against a man accused of having obtained Philippine citizenship by using forgery thirty years ago. On 8 July 1991, however, the Philippine Supreme Court declared a real estate and plastics tycoon, WILLIAM TIU GATCHALIAN, to be a Philippine citizen and barred immigration authorities from going ahead with the deportation proceedings against him.
(FEER 13-06-91, p. 14)

NON-AGGRESSION**Indo-Pakistani pact not to attack nuclear facilities**

In December 1988, the two states concluded an agreement under which both parties committed themselves not to attack each other's nuclear facilities. After years of delay in ratifying as a result of the tensions in the Jammu and Kashmir area, the agreement came in force on 27 January 1991. The agreement covers seven nuclear facilities in India, while Pakistan had yet to prepare a list of installations to be covered by the accord.
(IHT 28-01-91; FEER 07-02-91, p. 14)

NON-ALIGNED MOVEMENT (NAM)

Ministerial Conference at Accra

The 103-member NAM decided to keep its name and maintain its general role in international politics despite the collapse of the Soviet bloc. The conference rejected an Egyptian proposal to merge with the Group of 77. The Movement elected Indonesia as its next chairman.

(IHT 7/8-09-91; NRC 9-09-91)

NUCLEAR CAPABILITY

Indo-Philippine cooperation

The two countries concluded a five-year accord on cooperation in research in the field of peaceful use of atomic energy.

(BLD 1991 No. 9)

Alleged Pakistan efforts to develop nuclear weapons

The US suspended economic and military aid to Pakistan in October 1990 on the ground that it was not convinced that Pakistan was not developing nuclear weapons – a condition for aid imposed by the US Congress.

In early July 1991, the British customs started investigations whether computer software capable of being used in a nuclear arms programme might have been exported illegally from Norway to Pakistan by way of Britain. Pakistan denied being a party to any attempt to evade export controls. The Pakistan spokesman said it was up to foreign suppliers to comply with the laws and regulations governing exports from their countries.

China (1989) as well as France (1990) have promised assistance to Pakistan in the field of nuclear energy. Pakistan has not signed the Nuclear Non-proliferation Treaty. (FEER 14-02-91, p. 10; IHT 6/7-07-91; 08-07-91)

Inspection of North Korean nuclear facilities

See also: Divided states

North Korea acceded to the Nuclear Weapons Non-proliferation Treaty in 1985 and by so doing also committed itself to inspection by the IAEA. It has, however, so far refused to conclude a subsequent safeguards agreement on verification by IAEA and it has denied that it is preparing the production of nuclear weapons.

The North Korean position has always been that the US, which is assumed to have deployed nuclear weapons in South Korea, must certify that it has no unclear weapons stored in South Korea, and must also agree to inspection of its nuclear facilities in South Korea. However, US policy is to neither confirm nor deny the presence of nuclear weapons in South Korea. The US also argues that the two issues are separate, as the Non-proliferation Treaty does not require *existing* nuclear powers to open their

military sites to inspection. On his part the South Korean president rejected calls for a reduction of US nuclear arms from South Korea as a gesture to reduce tensions. The North Korean position has been upheld in its negotiations with Japan on normalization of the relations between the two countries.

The North Korean nuclear plant is located at *Yongbyon*, about 60 miles from Pyongyang and 160 km from the demilitarized zone. Satellite pictures have shown considerable construction during the past five years and according to US allegations, North Korea would be able to produce atomic weapons in a few years' time.

On 7 June 1991, North Korea told the IAEA that it was prepared to sign an agreement allowing international inspection of its nuclear installations, but insisted that the US bases in Korea must be investigated simultaneously. A delegation would negotiate an inspections agreement in Vienna in July with signing expected in September 1991. Meanwhile, the head of the US Pacific Command had said that the US considers a North Korean program to develop nuclear weapons as the most immediate danger in Asia and the Pacific. Reflecting growing US concerns about the adequacy of international supervision of national nuclear programs, the Admiral said that North Korea would have to do more than sign a safeguards agreement with the IAEA and allow its inspectors to check that no nuclear weapon development or production was taking place. Implying that North Korea would have to dismantle existing key facilities he said that North Korea would have to "stop the move toward reprocessing [spent uranium fuel from the North Korean reactor] and stop that [nuclear weapons] program".

(IHT 23-01-91; 16-04-91; 31-05-91; 04-06-91; 10-06-91; 12-06-91; 15/16-06-91; 03-07-91; 27/28-07-91; FEER 20-06-91, p. 12; 04-07-91; UNdoc.S/21957; S/2225)

Chinese policy on export of nuclear technology and on non-proliferation of nuclear weapons

The *Washington Post* disclosed on 20 April 1991 that US intelligence agencies had revealed that China was helping Algeria to build a nuclear reactor that may eventually produce fuel for nuclear weapons. The reactor under construction was reported to be larger than required for routine nuclear research while the construction site showed no provisions for the transmission of electric power from the reactor. Shortly afterwards, China disclosed that it had been helping Algeria develop a nuclear capability for peaceful applications under a 1983 nuclear cooperation agreement, and had provided a 10–15 MW heavy water reactor. It had urged Algeria to open the nuclear facilities to inspection by the IAEA to which Algeria had agreed. This was in accordance with the Chinese promise in a 1984 Sino-US nuclear trade agreement that as a member of the IAEA, China would export nuclear technology only under international inspection. When the French minister for foreign affairs visited China in April 1991 he was provided with details about the Sino-Algerian nuclear cooperation and was assured that it is out of the question for Algeria to develop nuclear weapons [on the basis of the cooperation].

The Sino-Algerian nuclear cooperation program is one of a number of arrangements entered into by China with other developing countries. According to official Chinese publications on nuclear issues, about forty countries have entered such civilian nuclear agreements.

China has not signed the NPT but has explicitly endorsed the aims of the treaty. It has joined the IAEA in 1984 and accepts IAEA monitoring its nuclear exports although it is reported to be less forthcoming in respect of agreements pre-dating its IAEA membership.

While there is as yet no evidence that the Chinese have ever provided military-related nuclear assistance to other countries, the lack of openness raised concern among Western countries which desire to curb the proliferation of nuclear technology into the Middle East. On the other hand, China accuses the Western countries of arrogance in claiming exclusive rights in the field of nuclear power. It also resents the fact that cooperation projects involving peaceful nuclear power automatically come under suspicion from a military viewpoint, even when open to international scrutiny.

On 27 June 1991, the Chinese foreign ministry spokesman declared that China does not advocate, encourage or practice nuclear [weapons] proliferation, nor does it help other countries to develop nuclear weapons. In a latest development, on the occasion of the visit to China by the Japanese prime minister on 9–12 August 1991, it was announced that China would sign the Non-proliferation Treaty.

(IHT 24-04-91; 02-05-91; 13-05-91; 20-06-91; 28-06-91; 12-08-91; FEER 02-05-91, p. 10; 16-05-91, p. 15)

OIL

Oil producers and consumers dialogue

A meeting between oil producing and oil consuming countries was organized by the French and Venezuelan governments early July 1991. The parties agreed to meet again both at technical and political levels. The talks sought to bring oil producers (OPEC countries) and consumers together after decades of distrust.

(IHT 03-07-91)

PASSPORTS AND VISAS

The case of Mrs IMELDA MARCOS

Until July 1991 the Philippine president had directed that no passport be issued to Mrs MARCOS enabling her to return to the Philippines. On 31 July, however, this policy was reversed and permission was granted to Mrs MARCOS to return to the Philippines where she would face criminal charges. The remains of the late former president, however, remained barred from the country. One-way travel documents would be issued to Mrs MARCOS, her son, two daughters, sons-in-law, and three grandchildren after the authorities had determined that the family no longer presented a threat to national security. Meanwhile the Solicitor-General had filed 11 charges of tax evasion against Mrs MARCOS, eight tax fraud charges against Ferdinand Jr., another eight against one daughter and her husband and two against the other daughter and son-in-law. These charges are aimed at meeting conditions imposed in December 1990 by the Swiss Federal Tribunal before it would consider ordering the return of US\$ 350

million frozen in Swiss bank accounts on the name of the late president. (See *supra*: Judicial assistance)
(FEER 28-03-91, p. 12; 15-08-91, pp. 12-13; IHT 31-07-91)

Visa obligation between ASEAN and Australia

ASEAN has urged Australia to adopt an "open sky" policy and waive the need for visas on short visits of ASEAN nationals. Reversely, Australians do not need visas for short visits to most ASEAN countries, and have unlimited entry to Malaysia and Singapore.
(IHT 25-04-91)

PIRACY

Increase of piracy cases

Shippers in Singapore have been seeking help of ASEAN governments to curb a tenfold increase in regional piracy. According to the Singapore National Shippers Association, 32 piracy cases were reported in 1990. The matter was taken up with the Federation of ASEAN Shippers Associations.
(IHT 15-01-91)

RAILWAYS

India-Nepal

See: Inter-state relations: General aspects

North Asian railway network proposed

At an ESCAP meeting in Seoul, the USSR and the ROK proposed an Asian railway network linking North and South Korea, China, Mongolia, and the USSR.
(IHT 08-04-91)

Singapore-Bangkok link

The Eastern and Oriental Express Ltd., owned by Malaysian companies, a Thai firm and Orient-Express Hotels Inc. plans to start a train service linking Singapore and Bangkok (1,940 km) via Kuala Lumpur.
(IHT 31-07-91)

RECOGNITION

See: Unrecognized entities

REFUGEES

See also: Cambodia

Closure of Malaysian refugee transit camp

In late January 1991, the Malaysian government decided to shut down *Pulau Bidong*, the island transit camp for Vietnamese refugees off Malaysia's east coast. More than 230,000 refugees have passed through Pulau Bidong on their way to settlement in other countries.

Judicial review of government decision on application for recognition as refugee

A Hong Kong High Court judge quashed a government decision classifying a Vietnamese refugee as an "economic immigrant", saying the decision was flawed on the grounds of procedural irregularity, breach of natural justice and unreasonableness. Hong Kong is the only jurisdiction among Asian first-asylum countries which permits Vietnamese boat people to challenge the authorities' screening policy in court. (FEER 07-03-91, p. 24)

Repatriation of Vietnamese boat people to holding camps in Vietnam

After one forced repatriation of 51 boat people from Hong Kong in December 1989, Vietnam refused to accept anymore refugees returned against their will. The US also opposed forced repatriation, but in June 1991 it appeared changing its attitude by agreeing with a British proposal of setting up holding centres in Vietnam to be managed by an international organization like the UNHCR. The plan was subsequently submitted for discussion with Vietnam. The centres would hold boat people screened out as economic migrants rather than refugees but who do not volunteer to return home. In 1989 already the British foreign secretary said that the US would pay £5 million towards any regional holding centre for boat people.

In the first six months of 1991 nearly 13,000 Vietnamese sailed illegally into Hong Kong, compared to 6,400 in all of 1990. In 1989 the number was 34,000. There is still a total of 116,000 Vietnamese boat people in camps outside Vietnam, more than half of them in Hong Kong.

Since June, British and Vietnamese officials have held seven rounds of negotiations in Geneva on the proposal to set up internationally managed centres. US support for the talks is considered important because Vietnam has previously been concerned that it would be branded as a human rights violator if it accepted mandatory repatriation. (IHT 26/27-01-91; 13-05-91; 06-06-91; 02-07-91; FEER 07-02-91, p. 15; 20-06-91, p. 12; SCMP 07-06-91; 02-08-91)

Myanmar refugees in India

India granted temporary asylum to Myanmar political refugees who crossed the borders in early 1991. The decision is said to have been taken on compassionate grounds and the refugees were expected not to engage in political activities. India rejected charges from Myanmar that its actions constituted interference in Myanmar's internal affairs.

(FEER 28-02-91, p. 12)

Iranian efforts in respect of Iraqi refugees

Figures prepared by international relief agencies and provided by Western officials showed that, as of 14 April 1991, Iran had committed US\$ 57 million to the relief effort to help Kurds fleeing to Iran, far more than any other Western or Asian country.

After having said previously that it would not close its border to Iraqi refugees, Iran said in early April that it would accept no more after having accepted more than half a million, due to lack of food, bedding, and clothing. An agreement was reached between Iran and Germany in late April under which Germany would send troops to Iran to help Iran cope with the refugees.

(IHT 08-04-91; 19-04-91; 30-04-91)

Arrival of boat-loads of Acehnese in Malaysia

Since mid-March 1991, several boat-loads of persons coming from the Indonesian province of Aceh – where rebels under the banner of the so-called “*Aceh Merdeka*” [“Free Aceh”] movement had been fighting Indonesian forces over the past one and a half years – had landed on Penang island, Malaysia. The UNHCR representative in Kuala Lumpur initially did not receive any official request from the Acehnese arrivals seeking refugee status but later reports informed differently. After initially promising to send the Acehnese back, Malaysia later retraced its steps.

(FEER 18-04-91, p. 17; 25-07-91, pp. 19–20)

Deportation of Chinese dissidents from Japan

A Chinese woman, LIN GUIZHEN, was sent back to China on 14 August 1991, in spite of her protests for fear of reprisals over her part in the 1989 anti-government demonstrations in China. Miss LIN arrived in Japan in September 1989 in a boat with 230 other Chinese. She applied for political asylum saying she had been active in demonstrations and campaigns for democracy. In March 1990, a district court in Fukuoka accepted Miss LIN's plea to stay. The ruling was however overturned by the Fukuoka High Court, and the Supreme Court upheld that decision. Although the person appealed to the minister of justice, arguing that her human rights would be in danger in China, the ministry rejected the plea for refugee status and proceeded with the deportation.

Of the 2,844 Chinese who had arrived illegally in Japan since 1989, 2,381 were denied refugee status and sent back.

(IHT 15-08-91)

Refusal of entry to Vietnamese refugees in Malaysia

The Malaysian deputy prime minister said that Western powers had criticized Malaysia for its refusing of entry to Vietnamese refugees but had not done the same when Italy forcibly repatriated Albanians in August 1991. Since 1989 Malaysia has been towing refugee boats back out to sea after resupplying them with food, water and medicine. Many of the boats later landed in Indonesia.

Malaysia has granted temporary asylum to about 260,000 Vietnamese, 587 of whom have returned home since the start of a voluntary repatriation program in early 1989. About 13,000 Vietnamese refugees are still in Malaysia.
(IHT 19-08-91)

Repatriation of Lao refugees

Thailand, Laos and the UNHCR agreed (29 June 1991) on a plan under which all 60,000 Lao refugees now in camps in Thailand will either be repatriated or resettled in third countries by the end of 1994. The UNHCR would expand and upgrade facilities in Laos to receive the returning refugees.
(FEER 11-07-91, p. 14)

Muslim Myanmar refugees fleeing to Bangladesh

In 1978 the Burmese government launched a campaign code-named *Naga Min* (Dragon King) driving more than 200,000 Muslims from Arakan state across the border into Bangladesh, allegedly as a result of a routine check on illegal immigrants. A similar campaign seems to be carried out recently with the result that according to some estimates a number of 16,000 Muslim refugees from Myanmar are near the border in Bangladesh.

Many Myanmar people insist that the Muslims are in fact Bengalis, but this is denied by the persons concerned who constitute a minority known as *Rohingya*. The treatment by the Myanmar government should also be seen in light of the persistent ethnic fear in Myanmar that their country and especially the sparsely populated Arakan area could be flooded by people from the over-populated neighbouring country.
(FEER 18-07-91, p. 8; 29-08-91, pp. 26–28)

SANCTIONS

See also: International trade

Sanctions against China

Western sanctions following the suppression of the anti-government demonstrations in June 1989 included the suspension of arms sales, high level exchanges and loans. The cut-off of foreign credit led China to order a sharp curb on imports to preserve foreign exchange, and the promotion of exports at all costs. Only as the foreign exchange reserves reached record levels did China's trade policy undergo some change.

Japan decided in early January 1991 to lift its ban on investments in China, the last of its economic sanctions, with the maintenance of a slow pace of disbursement of its ¥810 billion loan for the period of 1990–1995 as the only remaining barrier because of Japanese sensitivity to Western opinion. It was reported in early August 1991, however, that Japan will lend 700 billion yen (US\$ 5.1 billion) to help promote development of oil, coal and natural gas resources.
(Straits Times 08-01-91; FEER 17-01-91, p. 55; IHT 07-01-91; 25-06-91; 05-08-91)

Loans from the Asian Development Bank were frozen at the behest of the US and other Western members, but at the ADB annual meeting in Vancouver on 24–26 April 1991 Japan, India, and southeast Asian countries called for an end to the freeze, and the G-7 countries recommended a resumption of loans for humanitarian and environmental projects and for economic reforms. On 28 May 1991 the ADB approved a US\$ 70 million loan to pay for the construction of a toll bridge over Shanghai's Huangpu river.

(IHT 27/28-04-91; FEER 06-06-91, p. 59)

The European Community decided on 22 October 1990 to lift virtually all sanctions against China, except certain bans on arms sales. France lifted its ban on high-level contacts by receiving the Chinese planning minister in January 1991 and by sending its minister for foreign trade to China.

(IHT 19/20-01-91; 31-01-91)

Sanctions against Myanmar

The US on 22 July 1991 announced the imposition of trade sanctions against Myanmar because of the lack of progress in stanching the flow of narcotics and ending human rights violations. The sanctions included the decision not to renew a bilateral textile agreement which covers about 40% of Myanmar's total export to the US.

The US also asked China to halt the sale of arms to Myanmar, and has been opposing loan requests from Myanmar at the World Bank and other international lending institutions.

(IHT 24-07-91; FEER 01-08-91, p. 12)

SEA-BED EXPLORATION

On 20 August 1990 the China Ocean Mineral Resources Research and Development Association applied to the UN Preparatory Commission for the International Sea-Bed Authority to be registered as a pioneer investor under the provisions of resolution II of the UN Conference on the Law of the Sea (Final Act, Annex I) and to be allocated a pioneer area.

(LOS/PCN/113, 24 Aug. 1990)

SECURITY OF THE REGION

US bases in the Philippines

During a visit in the Philippines the Singapore prime minister urged the Philippine government to retain the US military bases (*supra*, Military bases) "as long as possible" for the sake of regional security. He publicly praised the US bases in the Philippines as playing a major role in maintaining regional peace and security.

(IHT 13/14-04-91)

Plans for a new security network

It is reported that the US and the non-Communist states of East Asia are preparing to develop a new security network to compensate for the decline in US and Soviet military presence in the area. The strategy, elaborated in a speech by a US deputy Assistant Secretary of Defence is called "Cooperative vigilance" and was discussed at a regional security conference held in Manila on 6–7 June 1991.

The conference was sponsored by ASEAN and included participants from the US, Japan, the Soviet Union and China. A second conference was planned for Bangkok in November 1991 when the Vietnamese were also likely to be invited. At the conference, *inter alia*, the idea was broached of an ASEAN consultative mechanism which could also address security-related issues as drug-trafficking, the environment, and sealane safety.

(IHT 27/28-04-91; FEER 20-06-91, p. 28)

Soviet proposals for an Asia-Pacific Council

Japan and Korea dismissed a call by the president of the Soviet Union during his visit to Japan in April 1991 to consider a new multilateral security forum embracing Japan, the Soviet Union, China, India and the US. According to the Japanese foreign minister the proposal does not take Asia's complexity and diversity into account.

(IHT 25-04-91; FEER 02-05-91, p. 11)

Canadian and Australian proposals

In July 1990, Canada proposed a framework for security dialogue in the Asia-Pacific region, called North Asian Forum. It pressed ahead in 1991 with a dialogue on security cooperation involving officials and academics from Canada, China, Japan, North and South Korea, the Soviet Union and the US.

Australia recently proposed a forum similar to the Conference on Security and Cooperation in Europe (CSCE).

(IHT 21-06-91; FEER 20-06-91, p. 6)

US attitude towards proposals on multilateral security arrangements

The US and Japan are said to strongly resist a premature adoption of multilateral security arrangements for the Asia-Pacific region because they would undermine US naval superiority, the bilateral security treaty with Japan, and the network of US-led alliances that have sustained the regional balance of power. The US would prefer adapting "existing institutions to new circumstances, working through the UN and forging *ad hoc* coalitions of states suited to the nature of the problem, rather than by working through a large, unwieldy and ill-defined region-wide collective security forum."

(IHT 21-06091)

Japanese proposals

At the meeting between ASEAN member states and their "dialogue"-partners in

Kuala Lumpur on 22–24 July 1991 (*supra*, Association of South East Asian Nations) Japan proposed that twelve Asia-Pacific countries begin a dialogue on regional security. This would meet the fears for a possible resurgence of Japanese military power and the attitude of most South East Asian countries that there should be no Japanese military presence in the region. The proposal, however, did not receive a positive response. The US prefers to keep a network of strategic bilateral alliances (*supra*), and the South East Asian states reacted cautiously, because they are concerned that it might be seen as a new, institutionalized, multilateral alliance that would complicate the task of improving relations with Indo-China, the Soviet Union and China. (IHT 22-07-91; FEER 01-08-91, p. 11)

SHIPWRECKS

Recovery of valuables from the “Flor de la Mar”

A 16th century 400-ton Portuguese sailing ship, the *Flor de la Mar*, flagship of ALFONSO DE ALBUQUERQUE, commander of a Portuguese fleet, was reported located off the northern tip of Sumatra, about 8 km north of *Tanjung Jambu Air*. The ship is said to contain a huge cargo of gold, precious stones, jewelry, coins, statues and other artifacts.

The search is carried out by an Indonesian salvage company, *P.T. Jayatama Istikah-cipta*, at the direction of an American marine archeologist and underwater treasure hunter. The operations take place on the basis of an 1989 agreement between the salvage company and the Indonesian government, according to which each party are to get a half-share of the recovered cargo. Malaysia and Portugal are reported to have claimed some of the cargo. (IHT 26-03-91; 04-04-91)

Illegal searching for treasures in the Java Sea

The Indonesian navy detained two ships, the *Nur Cahaya* and the *Bunga Laut*, laden with ancient Chinese ceramics taken from the bottom of the Java Sea. They had been found illegally searching for treasure in the Java Sea. (IHT 30-04-91)

SOUTH ASIAN ASSOCIATION FOR REGIONAL COOPERATION (SAARC)

Colombo Declaration

The Sixth Summit Conference of the Association which was held at Colombo on 21 December 1991 issued the Declaration. It covered various issues such as regional cooperation, international economic issues, international political developments, projection of collective positions, strengthening of SAARC, international cooperation, poverty alleviation, trade manufactures and services, environmental issues, children,

terrorism, security of small states, drug trafficking, people-to-people contact, Fund for Regional Projects, South Asian Development Fund, visa exemption scheme, and science and technology.

SPACE ACTIVITIES

Japanese-US cooperation

Concerned that its participation in NASA's proposed space station was threatened by US Congressional budget cuts, Japan issued a warning that it might refuse to contribute billions of dollars to US-led scientific projects unless plans to build the space station remain intact. The US concluded agreements with Japan on the project and Japan is building a US\$ 2 billion space laboratory, the Japan Experimental Module, that is to be attached to the station.
(IHT 20-05-91)

The launching of the Indonesian B-4 satellite

As part of its "*Palapa*" satellite program which was started in 1976, Indonesia planned the launching of a new B-4 satellite, in addition to the two already in orbit. Initially the Indonesian telecommunications agency considered the launching by a Chinese "Long March" rocket contrary to the launching of its earlier satellites by McDonnell Douglas Corp. Payment to the Chinese Great Wall Industry Corp. would in part or all take place in goods.

In April 1991, however, Indonesia awarded the launch-contract to McDonnell Douglas. Although the Chinese bid was lower, two non-price factors were decisively in favour of the US company. McDonnell Douglas could have the satellite launched in April 1992, whereas the Chinese rocket could not be ready for launch before early 1993. A second factor working against the Chinese bid was the potential delay in obtaining an (American) export licence to bring the satellite, to be supplied by Hughes Aircraft from the US, to the Great Wall Industry's launching site. There was the possibility of American objections against the barter payment conditions in the Sino-Indonesian contract and a holding up of the licence as a result. Besides, opting for the Chinese launcher would imply extra transportation, security, and other support costs.
(FEER 14-02-91 p.43; 18-04-91 p.71)

Competition in the field of satellite-launching

A "launch war" has erupted between China and Western companies as China offers to launch satellites and perform the same service at prices with which the Western companies are said to be unable to compete. The "war" started in April 1990 when China Great Wall Industry Corp. (GWIC) put the AsiaSat 1 communication satellite into orbit for a Hong Kong-based international consortium, charging US\$ 30 million or about half the rate charged by Western launch companies. It has also secured contracts to launch satellites for the Arab-Sat Consortium and the Australian Aussat. The Western launch companies (Arianespace, McDonnell Douglas, Martin Marietta, and

General Dynamics) complained that GWIC is contravening a Sino-US launch agreement which limits China to launching 9 Western communication satellites between 1988 and 1994 and charging fees in line with the international market. In the US Congress, efforts are under way to ban the shipment of US-made satellites or those with US parts to China for launching unless the US Trade Representative certifies that China is abiding by the above agreement. US retaliation could also be found in the requirement of export licence for the shipping of American-built satellites to China for launching, based on technology transfer control regulations.

The conflicts among launch-countries will likely increase by the entry of the Soviet Union and Japan into the commercial launching-market.
(FEER 14-02-91, p. 43; 16-05-91, p. 52)

Note: In 1989, China and the US signed three memorandums of agreement, on the security of satellite technology, on responsibility for satellite launchings, and on the international trade aspects of commercial launch services. In the latter agreement both countries pledged not to discriminate unfairly against any international user or commercial supplier.
(UN doc.A/AC.105/C.2/16/Add.1)

SPECIFIC TERRITORIES WITHIN A STATE

Dalai Lama's proposals and Chinese attitude regarding Tibet

The Dalai Lama said he was withdrawing his proposal made in 1988 for a form of association between Tibet and China, whereby Tibet would have full autonomy in its domestic affairs with the central government retaining authority in defence and foreign affairs matters.

These proposals had drawn no serious response from the Chinese government which wants prior acceptance that Tibet is part of China rather than an equal party to negotiations.
(FEER 04-04-91, p. 12)

Indonesian record of rule over East Timor

Outside observers have given Indonesia credit for a more accommodating stance towards Timorese insurgents. Recent policies in the territory are said to be a clear improvement over the military's previous policy. Since the province was incorporated into Indonesia, the government spent some US\$ 60 million to improve facilities in the territory.
(FEER 04-04-91, p. 10)

TERRITORIAL CLAIMS

See also: Fisheries

The Japanese-Soviet dispute over four islands

Since the end of the Second World War the two countries have disputed control and

sovereignty over the islands of *Habomai*, *Shikotan*, *Kunashiri* and *Etorofu* north of Hokkaido, known as the "Northern Territories" to Japan and as part of the Kurile chain of islands to the Soviet Union. The islands were conquered by the Soviet Union during the latter days of the Second World War and annexed on the basis of the Yalta Agreement which entitled it to control all Kurile Islands. The renunciation of the Kurile Islands by Japan was affirmed in the 1951 Peace Treaty, but the treaty did not define "Kurile Islands" and the Soviet Union was not a party to the treaty. The Japanese contention is that the four islands are not part of the Kuriles and should be returned to Japan. The dispute has so far prevented the two countries from signing a peace treaty. According to a 1956 Soviet draft treaty, the Soviet Union would recognize Japanese sovereignty over two of the four islands, but the Soviet Union later revised its attitude after Japan signed a security agreement with the US.

The strategic importance of the islands lies in their role of protecting the Soviet sub-marine-based strategic missile force in the *Sea of Okhotsk* which is separated from the Pacific by the Kurile chain. During the 1980s the passages by Soviet naval ships through the southern *Tsushima Strait* has declined, but those through the *Soya Strait* have doubled. This has been the consequence of a shift in Soviet naval strategy from a force projection into the Pacific Ocean and the South China Sea to a "bastion" approach focused on protecting strategic submarines deployed in the *Sea of Okhotsk*.

Recently the Soviet-Japanese dispute has been linked with the post-Cold War detente and the efforts to set up an economic cooperation plan between the two countries. Arrangements whereby the islands would revert to Japan, either at once or in two phases, in return for massive Japanese economic assistance to the Soviet Union, have been the topic of various discussions and speculations. The visit by the Soviet president to Japan in April 1991 has only resulted in an agreement to continue the talks on the four disputed islands. The Soviet Union has, however, pledged to reduce its troops on the islands, and according to the latest reports the number will be reduced by a third by the end of 1991.

(IHT 02-01-91; 22-03-91; 23/24-03-91; 27-03-91; 15-04-91; 16-04-91; 1/2-06-91; FEER 02-05-91, p. 11)

The Spratly and Paracel Islands

The Indonesian foreign ministry hosted an informal ASEAN workshop at Bali in January 1990 on the problem of territorial and sea boundary disputes in the South China Sea, particularly those relating to the various claims on the Spratly and Paracel Islands. Another informal conference was organized in Bandung on 15–18 July 1991 on the contradictory claims to the Spratly Islands, and for the first time the six claiming states were represented: Brunei, China, Malaysia, the Philippines, Taipei, and Vietnam.

China seized the Paracels in 1974 from the South Vietnamese regime, and took a few of the Spratly reefs from Vietnam in 1988. The Chinese prime minister hinted in August 1990 that China may be interested in the idea of joint development of the Spratlys while temporarily putting aside the question of sovereignty. This interest was affirmed by the Chinese president during his visit to Indonesia in June 1991. According to the Chinese president, China's claim to sovereignty over the whole Spratly area is based on discovery and prior occupation. It also claims shoals known as the *Macclesfield Bank* in the center of the South China Sea.

At a regional security conference in Kuala Lumpur in June 1991, the Malaysian deputy prime minister emphasized that a fundamental step in maintaining peace with regard to the Spratlys would be "for all parties to pledge not to resort to force in the pursuit of their respective claims". A deputy director general of the China Center for International Studies affirmed that China wanted to avoid the use of force unless challenged by Vietnam. He further said that Chinese experts were reviewing the boundary line marking the extent of China's claims in the South China Sea.

In May 1991, Vietnam announced its 200 mile EEZ including the Spratlys, followed by Malaysia and the Philippines. Malaysia has maintained a presence on (*terumbu*) *Layang-Layang* since the early 1980s and on the neighbouring atoll (*terumbu*) *Mantanani*. It hopes to consolidate its claims, without changing the status of the atoll as a military base. Malaysia argues that its claim in the Spratly group is concurrent with a 1979 map of its continental shelf, and therefore in accordance with the law of the sea. The Philippines has placed several garrisons on the *Kelayaan* group. Vietnam's presence is most obvious in the *Amboyna Cay* group. It is said that Vietnam has troops on 25 of the islands, the Philippines on 8, China on 7, Malaysia on 3 and Taiwan on one. (IHT 19-06-91; 16-07-91; FEER 10-01-91, p. 11; 20-06-91, p. 20; 04-07-91, p. 10)

Sipadan and Ligitan islands

A disagreement between Malaysia and Indonesia exists over two islands in the Sulawesi Sea on the Sabah-Kalimantan border, *Sipadan* and *Ligitan*. The dispute dates back to at least 1982. Both states assumed sovereignty over the islands based on maps each inherited from the Dutch and British colonial powers. Three years ago the two countries agreed to maintain the status quo. However, a few years ago Malaysia allowed a private company, "Borneo Divers", to develop Sipadan as a tourist resort, and it is now rated as one of the top diving spots in the world. By patrolling the surrounding waters to protect tourists and local fishermen, Malaysia tacitly instituted a claim. Indonesia's stand is that neither claimant should develop the islands until the dispute is settled. The subject would be raised at the existing, security-related Joint Border Commission's meeting in July 1991. However, during the annual ASEAN foreign ministers conference at Kuala Lumpur in July 1991 both sides agreed to set up a separate joint commission to deal with the issue. (FEER 20-06-91, p. 20; 01-08-91, p. 10-11)

Conflicting Philippine and Malaysian territorial claims

A conflict involving overlapping maritime and territorial claims (territorial waters and EEZ) between Malaysia and the Republic of the Philippines in the South China Sea remains the subject of negotiations between officials of the two countries.

On 11 June 1978, the Philippine president promulgated Presidential Decree 1596 declaring a portion of the South China Sea, including certain islands in the Spratlys group, as part of Philippine territory. On the same day, the Presidential Decree No. 1599, establishing an Exclusive Economic Zone to a distance of 200 nautical miles from the baselines of the territorial sea, was issued.

For its part, Malaysia, through a proclamation by the King on 1 April 1980 and its Exclusive Economic Zone Act of 1984 declared its 200 nautical mile EEZ, part of

which overlapped with the waters claimed by the Philippines under Presidential Decree 1596. Its EEZ along the northern part of Sabah penetrated approximately 75 nautical miles into Philippine-claimed waters, including *Commodore Reef*.

The conflict came to a head in 1988 when 49 Filipino crewmen of three Filipino-owned and registered fishing vessels were apprehended by the Malaysian Navy at lat. 07 deg. 43.59'N and long. 114 deg. 54.82'E, near the disputed Spratly Isles, 120 nautical miles off *Ligas Point*, Balabac Island, Palawan Province.

The incident occurred at about 9:30 p.m. on 5 April 1988, when a contingent of Malaysian Navy Boats led by Destroyer KB *Kasturi* and backed by helicopters, boarded the fishing vessels and ordered the Filipinos to proceed to the nearest Malaysian port. The 49 fishermen including their Chief Steward, Capt. RENATO BEJASA, were then charged with violating Section 15 of the Malaysian Fisheries Act passed in 1975.

On 1 August 1988, the Filipinos were acquitted but they continued to be detained in Kota Kinabalu pending an appeal lodged by Malaysian Government Prosecutors.

In view of representations made by the Philippine Government, the Filipinos were released on 12 August 1988, after one of them died of a heart attack while under detention. Nonetheless, the Malaysian Government declared that its decision not to proceed with the appeal should not in "anyway prejudice Malaysia's sovereignty, title and jurisdiction in respect to territory".

(Philippine Daily Globe 03-05-88; Philippine Daily Inquirer 11-08-88)

TERRITORIAL SOVEREIGNTY

Intrusion of Japanese airspace by Soviet planes

Japan protested against "repeated violation of Japanese airspace" on 15 August 1991 by Soviet bombers off Hokkaido for about two minutes. On the following day another intrusion took place for about five minutes. The protest was conveyed to the Soviet embassy on 16 July 1991.

(IHT 17/18-08-91)

UNITED NATIONS

South Korean as head of UN delegation

A South Korean General, General HWANG YOUNG (WON?) TAK, became the first South Korean to be appointed chief delegate of the UN-Command delegation at the Military Armistice Commission talks with North Korea, as of 1 January 1991. North Korea has refused to accept the appointment because South Korea is no signatory of the armistice agreement of 1953, so that a South Korean could not represent the UN Command.

(FEER 03-01-91, p. 7; 04-04-91, p. 11)

Chinese participation in UN peace-keeping

China agreed to send 20 military observers to join the UN peace-keeping force along the Iraq-Kuwait border, the first time it agreed to send personnel to participate in front-line supervision duties.
(FEER 02-05-91, p. 14)

Singapore participation in UN peacekeeping

Of late, Singapore has participated in various UN peacekeeping efforts. In 1989, a 21-men team joined the United Nations Transition Assistance Group (UNTAG) to help oversee the Namibian elections. In 1991, Singapore sent a 7-men team to join the UN Iraq-Kuwait Observer Mission (UNIKOM) to monitor the demilitarized zone between Iraq and Kuwait, an 8-men team to join the UN Angola Verification Mission (UNAVEM) to help monitor the withdrawal of Cuban troops from Angola and a 17-men team to join the UN Mission in Western Sahara (MINURSO) to ensure the observance of the cease-fire between Morocco and the Polisario Front.
(Straits Times 21 Apr. 1989, 21 Jun. 1991 and 28 Jun. 1991)

UNRECOGNIZED ENTITIES

See also: Divided states

China-Republic of Korea

The two countries agreed in October 1990 to exchange official trade offices which would be entitled to perform consular functions. It is said that there was some connection between the conclusion of the agreement and South Korean assistance to China for the Asian Games, held in Beijing in 1990. The South Korean official China Trade Mission was opened in Beijing on 30 January 1991, the Chinese Trade Representative Office started activities in Seoul some months later and is formally functioning under the auspices of the China Chamber of International Commerce.

China and South Korea were also reported to be negotiating the draft of three agreements covering trade, investment protection and avoidance of double taxation.

As to airline connections China early 1991 refused to extend a special charter agreement with Korean Air, but talks would be started on opening a regular commercial air route between Seoul and Beijing.

These developments are said to reflect Chinese moving away from its principle of linking normalization of Sino-South Korean relations with that of North Korean-US and North Korean-Japanese relations. According to South Korean sources, Seoul-Beijing relations are expected to be established simultaneously with the setting up of Tokyo-Pyongyang ties, and South Korean television reported on 8 September 1991 that China's senior leader, DENG XIAOPING, had sent a message to the South Korean government calling for full diplomatic ties. The report said talks were expected to be started when the Chinese foreign minister would attend the APEC ministerial meeting in Seoul in November 1991.

(IHT 02-04-91; 10-06-91; 09-09-91; FEER 31-01-91, p. 12; 09-05-91, p. 18; 01-08-91, pp. 22-23)

Taipei relations with foreign countries

It was reported in early January 1991 that a Taiwanese trade office would start activities in Moscow in January. The office would be under the China External Trade Development Council, and would resemble the one already opened in Hungary and another planned for Yugoslavia. The office would not issue visas.

The Taipei administration signed an agreement with Saudi Arabia under which their representatives would continue to enjoy diplomatic status despite the break in official relations in July 1990 as a result of Saudi recognition of the government in Beijing. The embassy buildings would be retained by Taipei and renamed "Taipei Economic and Cultural Representative Office". The Saudi Arabian office in Taipei is now called "The Business Affairs Office of Saudi Arabia".

The mutual contacts between the governments in Tokyo and Taipei are conducted by the (Taiwanese) Association for East Asian Relations in Tokyo and the (Japanese) Interchange Association in Taipei. Taiwan maintained the former Chinese consular offices in Osaka, Fukuoka and Yokohama as branch offices of the Association. The Osaka and Fukuoka offices are authorized to issue visas.

Philippine-Taiwan relations

Various problems arising in the relations between the Philippines and the neighbour island of Taiwan appear less easy to settle as a result of the lack of formal links, and officials of the "Manila Economic and Cultural Office" in Taipei were reported to be openly pushing the Philippine government to upgrade the relationship.

It is alleged, for example, that a higher level of representation would make it easier to settle the status of illegal Filipino workers in Taiwan. The Taipei authorities have so far dismissed Philippine pressures for legal recognition of the workers under a contract system. In another case the dispute over fishing in adjacent waters seems to have been affected by the reluctance of the Philippines to negotiate or to conclude a fisheries agreement in order not to jeopardize its one-China policy.

In order to allay Taiwanese concerns the Philippine government has put an investment protection bill before the Philippine Congress assuring Taiwan investors about their status in the absence of official relations.

Relations were further improved by an agreement reached in July 1991 dealing with the designation of sea-lanes for Taiwan fishing boats, but also with assistance from Taiwan for the expansion of port facilities and the development of the Philippine fishing industry and relief assistance for victims of the volcanic eruption of Mt. Pinatubo.

(FEER 23-05-91, p. 15; 18-07-91, p. 14)

Fiji-Taiwan relations

Fiji has concluded an official technical cooperation agreement with the authorities in Taipei for assistance to the Fijian sugar industry. The prime minister of Fiji called the Chinese one-China policy hypocritical and claimed that the member states of the South Pacific Forum had a right to discuss trade and economic relations with Taiwan.

(FEER 15-08-91, p. 14)

Democratic People's Republic of Korea and Macau

A semi-official North Korean travel agency formally opened a Macau office on 15 April 1991 to handle visa applications. It is named the "DPRK-Macau International Tourism Co."

(FEER 03-01-91, p. 49; 17-01-91, p. 14; 21-02-91, p. 40; 25-04-91, p. 14)

Japan-Democratic People's Republic of Korea

On 28 September 1990, delegations of the governing Japanese Liberal Democratic Party, the Japanese Socialist Party, and the governing (North) Korean Labour Party signed a joint communiqué in Pyongyang which said, *inter alia*, that: (a) the Japanese Government should make apologies and compensation for the loss suffered by the Koreans during the 36 years of colonial government as well as the 45 years' post-war era; (b) the two Governments should establish normal diplomatic relations as early as possible; (c) it is necessary to develop exchanges in the political, economic and cultural spheres, such as the utilization of communication satellites and the opening of direct air flights between the two countries; (d) the Japanese Government should respect the fundamental human rights and the national rights of the Koreans residing in Japan, and eliminate the restriction on the validity of Japanese passports to all countries and areas except North Korea, etc.

The communiqué was characterized as drastically changing the basic structure of post-war Japanese-Korean relations as Mr KANAMARU, former deputy Prime Minister and influential leader of the governing party, headed the Japanese mission.

On 3 November 1990 preliminary negotiations between the two countries started in Beijing.

The first official talks between Japan and North Korea on normalization of relations took place on 30–31 January 1991 in Pyongyang. Among the Korean demands is a US\$ 10 billion aid package while Japan demands North Korean submission to IAEA inspection of its nuclear facilities. Besides there is the question of compensation for alleged Korean "war reparations" for losses during the pre-war colonial period and in the time after the Second World War. North Korea demands "war reparation" for the colonial rule in the period 1910–1945 and for "sufferings and losses" after 1945. Japan maintains it never was at war with Korea and refuses compensation for the post-World War II period.

After the second round of the talks in March 1991 in Tokyo, Japan insisted to conduct further talks outside North Korea because of fear that communications between the delegation and Tokyo might be intercepted, and it was thereupon agreed to meet in Beijing.

So far the talks bogged down over Japan's insistence on international inspection of North Korea's nuclear facilities and over the issue of a Korean woman from Tokyo allegedly abducted to North Korea in the 1970s and forced to train North Korean agents in the Japanese language. The issue arose from the statement of a Korean woman (KIM HYUN HUI) who was seized in 1987 on charges of planting a bomb in a Korean Air airliner off Burma. According to the statement Miss KIM identified a woman who trained her in Japanese as LI UN HYE, the woman who worked as a bar hostess in Tokyo during the 1970s and who disappeared in 1978.

(FEER 14-02-91, p. 20; 21-03-91, p. 7; IHT 31-01-91; 21-05-91; 22-05-91; 23-05-91; 27-05-91)

US-Democratic People's Republic of Korea

The US's four conditions for recognition of North Korea are: North Korean renunciation of terrorism, return of the remains of US troops killed in the Korean War; progress on North Korean dialogue with South Korea; international inspection of the Yongbyon nuclear facility (although US officials now speak of a further condition of guarantees on the destruction of existing nuclear-reprocessing facilities). (FEER 01-08-91, p. 23)

VIETNAM WAR**US servicemen "missing in action" (MIA)**

A total of 2,273 US servicemen who served in Indo-China are still unaccounted for. Among them the US government considers 1,172 as missing and 1,101 as killed in action. Over the past three years the US has persuaded Vietnam to repatriate the remains of 122 Americans and to help resolve dozens of other cases by opening archives and allowing investigations of reported sightings.

A US military team began searches in Vietnam for evidence of missing Americans with the agreement of the Vietnamese government. (IHT 22-07-91; 25-07-91; 01-08-91)

VISAS

See: Passports and visas

WAR AND NEUTRALITY**Iraqi aircraft in Iran**

In April 1991 the Iranian foreign minister said that only 22 of the Iraqi aircraft that sought refuge in Iran during the war "would be returned when the crisis is over". In June 1991, however, the Iranian ambassador to Pakistan said that Iran would fully abide by the international rules, and return all Iraqi planes.

Estimates of the numbers of Iraqi military and civil aircraft that were flown to Iran during the Gulf War differ from 137 (US sources) to 148 (Iraq). (IHT 24-04-91; 21-06-91)

WEAPONS (CHEMICAL)**Chemical weapons in Cambodia**

The Phnom Penh government accused the guerillas of using chemical weapons for the first time in the 12-year-old civil war, by referring to artillery shells containing "toxic substances" being fired. (IHT 28-03-91)

WORLD WAR II

Remains of Japanese soldiers

Ashes of 3,500 Japanese soldiers killed during World War II in Irian Jaya were handed over by Indonesia to the Japanese ambassador at Jakarta.
(IHT 02-01-91)