



Connectivity Oct. 24 1997

Recommended Citation

"Connectivity Oct. 24 1997", Aprenet, October 24, 1997, <https://nautilus.org/aprenet/connectivity-oct-24-1997/>



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October 24th 1997, Vol.1 No. 13-1

Regional News

Oil Tankers Collide in Singapore Straits

October 17-22, 1997 - Sources: Associated Press, Reuters, South China Morning Post, Straits Times, The Star

Despite efforts to avoid yet another Southeast Asian transboundary pollution incident, clean up crews from Singapore, Japan, and Australia have failed to contain a 20 mile long oil slick expected to reach Malaysian shores late this week. However, according to reports, efforts to track the spill from the air have been hampered by the return of tenacious smog from Indonesian forest fires.

The slick is the result of last weeks collision between an empty Thai supertanker and a Cypriot tanker in the congested Singapore Straits, roughly 13 km from Singapore's main island. According to salvage workers, an estimated 25,000 - 35,000 tons of oil have gushed from the hull of the Cyprus-registered tanker Evoikos.

The Singapore government has arrested the captains of the two ships involved in the collision, charging them with reckless navigation. According to reports, congestion and poor visibility have been ruled out as sources of the accident as the weather was clear, little traffic was reported, and the captain's were warned 13 minutes prior to the accident from anti-collision tracking devices. Reuters reports that the clean-up operation is expected to cost over US\$100 million.

Climate Negotiations Could Spur LNG Growth

October 22, 1997 - Source: Dow Jones News Service

A multilateral climate change protocol will kick-start natural gas and nuclear projects in Asia, according to a Wall Street Journal report. To date, demand for liquefied natural gas (LNG) has been difficult to entice even though large reserves exist in China and India.

According to the report, a binding agreement from the upcoming Framework Convention on Climate Change in December will likely prompt Asian countries to rapidly change their sources of energy, particularly if developing countries such as South Korea and China are included in the agreement. Nuclear energy will largely fill the gap, according to experts, however, LNG reserves will also be tapped as a safer and "cleaner" energy source.

"Growing global environmental concern could prompt the international financial institutions, such as the World Bank and the Asia Development Bank, as well as industrialized countries, to help India and China build LNG-fired power plants," said Mitsubishi's Mr. Jiro Okada. "If the global-climate issue entices financial aid to support India and China's LNG-fueled power projects, even internationally priced LNG will find a home in those countries in the not-too-distant future," Mr. Okada said.

Regional Effort to Tap Into Siberian Gas Field

October 21, 1997 - Source: Korea Herald

Culminating a two year process, Russian, Chinese, Japanese and Korean corporations have agreed to construct a 4100 km pipeline joining the Siberian town of Irkutsk and Pyongtaek, Kyonggi Province, Korea. One of the largest projects of its kind in Northeast Asia, the US\$11 billion effort will link a natural gas field 450 km north of Irkutsk (with an estimate reserve of 760 million tons) overland to an undersea pipeline from China to Pyongtaek. Once completed, the gas field will annually provide 20 million tons of natural gas to China, Russia and Korea for 30 years beginning in 2006. Analysts expect the pipeline to provide Korea with natural gas at a price 22 to 25 percent lower than the current imported price of liquefied petroleum gas (LPG). The participating companies include, China National Petroleum Corp. (CNPC), Japan National Oil Co. (JNOC), SIDANCO of Russia and the Korea Gas Corp.

CEC to Hold Trade and Environment Meeting

October 21, 1997 - Source: Environmental News Network

The North American Free Trade Agreement Council for Environmental Cooperation (NAFTA CEC), the agency charged with oversight of the NAFTA environmental accords, will hold a special session to discuss the linkages between trade and environment, and to review the environmental side agreement to NAFTA. Contact Rachel Vincent <rvincent@ccentl.org> of the CEC for more information.

Infrastructure Center to Highlight APEC Meet

October 20, 1997 - Source: Japan Times

"Unlike the previous meetings, this year's APEC meetings will be plain and colorless," according to Noboru Hatakeyama, president of the Japan External Trade Organization and a former vice minister of external affairs at the Ministry of International Trade and Industry. The Japan Times reports that there is growing consensus that the Vancouver meeting will produce few, if any, major achievements as Asian APEC members are becoming increasingly reluctant to further open their markets in the face of the recent economic slowdown.

In response, according to the report, Canada hopes to liven-up the meeting with an agreement to establish an infrastructure center to promote private-sector investment in public infrastructure in

the Asia-Pacific. The center, to be based in Vancouver and supported by a C\$5 million endowment, is not expected to face any opposition.

Currency Issues to Be High on APEC Agenda

October 16 & 20, 1997 - Source: Daily Yomiuri, Wall Street Journal

According to Philippine Foreign Secretary Domingo Siazon, currency stabilization, and the Japanese-led effort to establish a regional framework to respond to future currency crises, will be high on the agenda of the upcoming APEC meetings in November. The proposed US\$100 million fund is supported by most Asian countries as a means to bailout members in a currency crisis without facing the tight austerity measures required under International Monetary Fund guidelines. First raised at the World Bank and International Monetary Fund annual meetings in September, the fund has been railed by the European Union and the United States, who believe the fund will undermine the credibility and effectiveness of the IMF and World Bank.

Earlier in the week, US and Australian officials echoed sentiments that little breakthroughs are expected at the APEC summit due to the financial problems in Southeast Asia. In a Wall Street Journal report, US Undersecretary of State for East Asian and Pacific Stanley Roth concluded that the meeting will likely call for better monitoring of financial markets, more regional action to try to prevent sudden currency depreciations, as well as "some talk about resources as well." An apparent references to the proposed Asian monetary fund.

Caution Over Asian Dependence on Middle East Oil

October 20-21, 1997 - Source: The Star

According to a Star report, experts warn that Asia's dependence on oil imports from the Middle East will rise to 90% from 75% by 2010. According to Kazuya Fujime of Japan's Institute of Energy Economics, demand in East Asia for oil will increase by 4.4% a year to reach 14.9 million barrels a day by 2010; with local production only rising 0.6% a year to six million barrels a day. Fujime concluded that Asian nations will need to increase stockpiles to cope with any cut in Middle East supplies by finding other supplies and developing other indigenous energy sources and improving efficiencies.

The dependence is not only in oil imports, according to RP Sharma, executive director of the Gas Authority of India Ltd (GAIL). Asian countries could be importing as much as one-third of their natural gas supplies from the Middle East by 2010, according to Sharma. According to the report, Asia is the biggest market for natural gas, accounting for 78% of LNG trade, with total imports of 59.4 million tons in 1996.

ASEAN SOM on Rural Development

October 19-22, 1997 - Source: The Star

At the conclusion of the first ASEAN Senior Officials Meeting on Rural Development and Eradication of Poverty, leaders agreed to launch a regional action plan for rural development and poverty eradication, according to a Star report. "At this point, we have reached a consensus to formulate a regional plan to tackle the problem. The plan will be elaborate and multi-pronged with roles for governments, private sectors, NGOs and community groups," said Malaysia's Rural Development Ministry secretary-general Dr Abdul Aziz Mohamed, who chaired the three-day session. According to the report, the action plan will address unemployment, illiteracy, lack of amenities and infrastructure, and the welfare of disadvantaged groups. According to Dr Aziz, the plan will not be ready for consideration by ASEAN members for at least six months. According to the report, 40% of the region's 490 million people fall below the poverty line.

Electric Car Breakthroughs

October 14-21, 1997 - Sources: Associated Press, China News Service, New York Times, United States Information Agency

In a prelude to this December's climate negotiations, the United States, Japan, and China announced efforts to capture future market advantage within the clean(er) automobile sector.

On Tuesday, Toyota Motor Corporation unveiled the world's first gas-electric hybrid car, which is to be made available to Japanese customers in early December. According to Toyota, the vehicle, a four door sedan called Prius, will get as much as 66 miles per gallon, emit only half the carbon dioxide of a regular gasoline engine, and cut other tailpipe emissions by about 90 percent. The vehicle runs on electricity at lower speeds and automatically switches to gas after it picks up speed. The per car production cost is US\$41,000, yet Toyota will sell the car for US\$17,700.

Later in the week, US Secretary of Energy, Federico Pena, announced plans for a hybrid vehicle which will acquire twice as much energy per gallon as a standard car engine, with an emissions reduction over 90 percent. The vehicle, developed with the Department of Energy and Arthur D. Little Inc., is another hybrid vehicle which uses a fuel cell powered by combining hydrogen and oxygen into water. The automobile, however, will not be available until the year 2010.

On the heels of the US and Japan announcements, China launched a research and development program to seek alternative fuels for vehicles. According to the China News Service, the State Science and Technology Commission has invited six government bureaus to participate in the research and development of electrically driven vehicles and environmentally friendly fuels. According to the report, the goals of the program are: 1) for China to become technically capable of manufacturing international standard electric cars within three years; 2) to use existing facilities to convert conventional vehicles into electric cars; 3) at an output rate of 3,000-5,000 vehicles per annum.

AFTA Council Meeting

October 16, 1997 - Source: The Star

The ASEAN Free Trade Area (AFTA) Council agreed last week to establish mutual recognition arrangements (MRAs) to eliminate non-tariff barriers to trade. The effort will focus on harmonizing standards from 20 manufactured product groups, according to a Star report. This group includes: cathode-ray tubes, capacitors, resistors, inductors, air-cons, refrigerators, radios, telephones, television sets, video apparatus, printed circuits, monitors and generators.

The AFTA Council also agreed to set rigid conditions to bar member countries from taking unilateral actions to raise tariffs or ban imports. The Council decided that countries seeking to change tariff commitments must give 60-day notification to other members and could only do so if they proved that these actions constituted emergency measures.

Earlier, AFTA Council Chair and Malaysian International Trade and Industry Minister Rafidah Aziz told a press conference that intra-ASEAN trade grew at more than twice the 3.7% rate achieved by world merchandise exports at 1995 levels. "Total ASEAN exports expanded from US\$296.7bil in 1995 to US\$323.4bil in 1996, a 8.99% increase. This is double the growth of world trade and shows ASEAN's strong fundamentals," she said.

Later, ASEAN Secretary General Ajit Singh announced that there will be a profound drop in intra-ASEAN trade statistics next year due to the currency crisis affecting many of the groups members.

Cambodia

Cambodian Budget Shortfall Threatens Wildlife

October 20, 1997 - Source: The Associated Press

According to a Cambodia Daily report, a budget shortfall is crippling efforts to stop poachers as Cambodian Environment Ministry authorities are increasingly taking bribes to supplement their income. Illegal export of rare tortoises, sun bears, snakes and anteaters for medicinal and food use is driving the current surge in poaching, according to the report. The Environment Ministry is only receiving about a third of its \$521,000 annual budget allotment, officials say.

China

Yangtze Continues to Defy

October 21, 1997 - Source: South China Morning Post

Damming the Yangtze River is proving to be more difficult than first expected, according to a South China Morning Post report. Officials admit that they are having difficulties in diverting the rivers flow, however, the problem is solvable and is not threatening the project. "All such problems are normal and to be expected," spokesman Wan Qizhou said. According to the report, sedimentation in the diversion channel was heavier than anticipated, therefore reducing the flow in the diversion channel while increasing the flow of the Yangtze. Authorities have formed a task force to solve the problem before November 8th, the day designated to officially mark the damming of the Yangtze.

'Three Gorges Threatens Taiwan's Environment'

October 20, 1997 - Source: South China Morning Post

According to a Taiwanese scholar, the Three Gorges dam threatens Taiwanese fish stocks and could increase levels of pollution along the mainland and Taiwanese coasts. The reduced flow of fresh water into the East China Sea, according to Kung Kuo-ching of the National Taiwan Ocean University, will drastically cut nutrients and raise salinity levels of the coastal waters, thereby threatening fish stocks. The professor also asserted that pollution will increase along the mainland and Taiwanese coasts as the fresh water's natural flushing system is reduced.

The US\$25 billion dam will be the world's largest hydroelectric project, with a reservoir 600 kilometers long, and a reported capacity to generate an 84.7 billion kilowatts of electricity annually once completed in 2009.

Japan

Japan To Offer Climate Compromise

October 23, 1997 - Source: Daily Yomiuri

According to the Daily Yomiuri, Japan will announce a three point 'compromise' plan for combating climate change at this weeks FCCC Subsidiary Meeting in Bonn, the final stage for the upcoming Third Conference of Parties (COP3) to be held this December in Kyoto.

According to the report, the plan requests:

* The Kyoto protocol should not specify reduction targets for developing nations.

* However, a side accord should be incorporated to set a formula for developing nations' reductions no later than 2010.

* Countries belonging to the Organization for Economic Cooperation and Development and other equivalent medium-sized industrialized states should be asked to voluntarily reduce gases.

Agency Begins Drafting GHG Law

October 21, 1997 - Source: Asahi Shimbun

The Japanese Environment Ministry has begun preparations to enact the 'The Basic Law to Prevent Global Warming' as the nation's legal framework for implementing a global climate treaty, according to the Asahi Shimbun. The law, which will be submitted to the next regular Diet session in January, will outline emissions targets as well as authorize the government to require progress reports on implementation from prefectural and local governments as well as business.

Japan Signs Agreement With Mercosur

October 15, 1997 - Source: Japan Times

After three days of public and private sector meetings, Japan and Mercosur, the South American common market comprising Argentina, Brazil, Paraguay and Uruguay, will pursue greater cooperation and information exchange, according to a Japan Times report. Mercosur growth is a draw to Japan as member states are growing at an average 3.8 percent, have a combined population of 210 million people, and a gross domestic product of nearly \$1 trillion, according to the report.

Malaysia

NGO Database and Center to be Launched

October 21, 1997 - Source: The Star

Winner of the 1997 Langkawi Award, K. Kumarasivam, announced plans to launch a non-profit environmental training and resource center, according to the Star. The award honors those who excel in public service of the nation's environment. According to the report, the center and an environmental database will be set up through the Malaysia Environmental Management & Research Association (ENSEARCH) of which Kumarasivam is founder and president.

Environmental Conservation Budget Cut in Half

October 18, 1997 - Source: The Star

The Star reports that the recent economic slump will take its toll on government conservation efforts in Malaysia in the coming year, as the recently released 1998 budget allocation for environmental conservation has been sliced in half. According to Gurmit Singh of the Environmental Protection Society of Malaysia, the budget for conservation programs are down to RM142 million compared to last year's sum of RM265.4mil. "The reduction in allocation is amazing when we note that the haze caused a big problem to the country this year," Singh said. Malaysian Nature Society President Dr Salleh Mohd Nor said the cut in funding would stall growing efforts to strengthen enforcement, monitoring, and education of the general public about the environment. "Malaysia has adequate environment regulations and legislation but needs more funding to monitor environmental consequences of development projects," Dr Salleh Mohd Nor said.

United States

Rubber Hits the Pavement in Climate Talks as US Unveils Proposal

October 22-23, 1997 - Sources: Associated Press, New York Times, Reuters, Wall Street Journal, Wired News

In a speech to business and environmental leaders at the National Geographic Society in Washington

DC, US President Bill Clinton unveiled the much anticipated US proposal to combat global warming. The proposal, which relies on incentives for technical innovation, trading permits, and emission targets, seeks to stabilize US carbon dioxide emissions at 1990 levels by the year 2008 to 2012. Comparatively, Japan has proposed a 5% cut and the European Union a 15% cut from 1990 levels by the year 2000.

As part of the proposal, Clinton announced a US\$5 billion dollar, three step plan. According to a White House statement, the first stage will focus on the cleaning-up the nation's most energy-wasting industries, and the development of more energy-saving technologies. The second stage would be the actual setting of carbon dioxide limits to 1990 levels between 2008 and 2012. An emissions trading permit system would be launched in the third stage.

In response to the US proposal developing countries and China (G77/ China), called for developed states to cut their emissions by 7.5 percent below 1990 levels by 2005, 15 percent by 2010 and 35 percent by 2020. Nations that don't achieve their target should pay into a fund to be distributed among developing nations, according to the group. The proposal was put forward during the FCCC meetings held in Bonn this week.

The announcement comes just days after the US Department of Energy (DOE) announced that US greenhouse gas emissions have increased at an unprecedented rate, with carbon emissions from cars, factories and power plants increasing 3.55 percent last year, and growing 8 percent over the previous six- year period. A rate faster than the overall economy, which grew at 2.4 percent during the same period. In 1992, the US and other developed countries agreed to hold GHG emissions at 1990 levels by the year 2000. Given the latest figures, the US will be 13 percent above 1990 levels by the end of the decade.

US Eyes PRC Nuclear Market

October 21, 1997 - Source: Washington Post

In an attempt to tap into the US\$50 billion Chinese nuclear energy market, US atomic reactor manufacturers are working overtime to convince the Clinton administration to lift a ban on sales to China, according to the Washington Post. The US nuclear power industry, despite investing US\$870 million in a joint industry-government project to develop cleaner, safer reactors, has yet to find buyers in the US. Therefore, according to the report, it is increasingly looking abroad for demand.

This may become easier. It is reported that US and Chinese negotiators are close to reaching an agreement - to be announced during Jian Zemin's upcoming visit to Washington - which ensures the US that China has stopped assisting Iran and other countries develop nuclear weapons, thereby lifting the export ban.

Clinton's strategy, the Post reports, falls in line with his broader effort to keep US companies competitive in Asia, particularly against Canadian and Japanese firms seeking to gain a piece of Asia's booming energy market. An energy sector increasingly turning to nuclear power. South Korea plans seven additional nuclear plants among 30 new power plants to be built by 2000, and Japan plans to increase nuclear power's share of its overall electricity output from 33 to 40 percent according to a report from the Electric Power Research Institute. Demand for nuclear power is expected to rise even higher if a binding agreement on climate change is reached this December, according to the report.

Connectivity is a bi-monthly information service reporting on trade, environment and development issues in the Asia-Pacific. The *Monitor* is emailed to members of the **Asia Pacific Regional Environment Network** (APRENet). To register for this free service please fill out the on-line registration form at or send email to nautilus@nautilus.org

APRENet is funded by the [Rockefeller Brothers Fund](#).

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