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## JAPAN SAYS CHINA HAS BEGUN PRODUCTION IN DISPUTED GAS FIELD

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Japan said Tuesday that China has started production of gas or oil in a bitterly disputed energy field in the East China Sea where Chinese warships were recently spotted.

Japanese officials have spotted flames spouting out of a Chinese drilling facility just on China's side of what Japan says is a dividing line in the potentially lucrative fields. China does not recognize the line.

"We are not sure whether it is oil or gas. But we have confirmed that they have finally started digging," Economy, Trade and Industry Minister Shoichi Nakagawa told a news conference.

"The government is coordinating to consider ways to deal with this. The facility is located in the area of the dispute, although it is not clear whether the gasfield crosses the median line," he added.

China and Japan, whose relations have deteriorated this year, have repeatedly protested to each other over the energy fields. But a series of high-level meetings on the dispute has led to no agreement other than to continue dialogue.

Japan said Chinese warships were seen near the gasfield for the first time on September 9, two days ahead of Japan's general election. China said they were on a routine exercise.

China began test-drilling unilaterally in the East China Sea in 2003. Japan accuses Beijing of reaching into Tokyo's exclusive economic zone, and in July, the government, for the first time, granted a Japanese firm permission to explore the area.

A Japanese survey in 1999 estimated that the disputed fields held a massive 200 billion cubic meters (seven trillion cubic feet) of gas.

Japan and China, two of the world's biggest energy importers, have also clashed over securing priority to an oil pipeline being built in Russia.

Relations between the two nations have seriously deteriorated this year over both the gas field and China's view that Japan has not properly atoned for its aggression last century.

