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JAPAN, CHINA TO HOLD NEW TALKS ON SEA DISPUTE

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Japan said Friday it would hold fresh talks with China in July on a heated row over lucrative gas and oil fields in the East China Sea.

"The sixth round of talks on the issue of the East China Sea will be held in Beijing on July 8-9," Japan's foreign ministry said in a statement.

The energy reserves are among a number of disputes that have badly damaged relations between the Asian powers, which are also divided over wartime history.

The two countries failed to find common ground on the sea dispute during the last round of talks in May in Tokyo.

Tensions escalated last year after Japan said it had spotted flames indicating China had started production close to the area to which Japan claims development rights. China began test-drilling in 2003.

A Chinese consortium has been developing gas fields in the area, raising Japanese concerns that it could siphon off its resources.

Both sides have proposed joint gas and oil development but they differ on where exactly their zones lie.

China does not recognize the boundary claimed by Japan, which splits the area in half, and says its rights extend nearly as far east as Japan's southern islands of Okinawa.

Ties between the two nations have already been strained by Japanese Prime Minister Junichiro Koizumi's repeated visits to a shrine which commemorates war dead including war criminals.