

Business and politics in Muslim world

Weekly report on South Korea & Japan

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Summary of Report (South Korea);

Politico-Strategic Front;

President Urges NK to Accept 'Grand Bargain'

President Lee Myung-bak urged North Korea Saturday to accept his "grand bargain" proposal to end the long-standing impasse with its nuclear weapons program in return for political and economic incentives. Lee says that "the day draws near when North Korea should answer whether or not it will drop its nuclear program."

E-Mail Virus Hits Soldiers

The military has been placed on alert over an intrusive e-mail virus aimed at hacking the military computer networks, defense ministry officials said Sunday. Against that backdrop, service members have been directed not to store classified information on computer main drives and USB thumb drives.

Application for Korean Citizenship Simplified

Korea will adopt a host of new measures to simplify applications for naturalization and visas by foreigners. Expatriates in Korea will have more chances to apply for naturalization interviews, while corporations can apply for visas online when they recruit from abroad starting this month.

66 North Koreans Given Refugee Status in Canada

Canada granted 66 North Korean defectors refugee status in 2009, which is almost 10 times higher than in 2008, a report said Saturday. Radio Free Asia, quoting a report from the Canadian Immigration and Refugee Board of Canada, said that more North Koreans are expected to receive the status as there are 59 defectors currently under review.

Inter-Korean Talks Due Today to Discuss Gaeseong Site

South and North Korea will hold working-level talks at a joint industrial complex in the North today to discuss the operation of the complex. North Korea informed South Korea of the list of five delegates to the talks Saturday, including Pak Chol-su, vice chief of the Special District General Bureau overseeing the industrial park, according to the Ministry of Unification Sunday. South Korea will send three delegates.

The inter-Korean talks come after North Korea fired artillery shells on several occasions into waters near the inter-Korean sea border in the West Sea last week.

Spokeswoman Hit for Changing Lee's Remarks

Opposition parties criticized presidential spokeswoman Kim Eun-hye for distorting the words of President Lee Myung-bak to downplay the possibility of an early inter-Korean summit and urged Kim to step down. But Lee Dong-kwan, senior presidential secretary for public relations, refuted the possibility of Kim stepping down, Sunday.

Sejong Plan, Court Rulings to Dominate Session

The governing and opposition parties are expected to clash over the revision of an administrative city construction project and reform of the judiciary during a National Assembly session that starts today. In particular, they will endeavor to boost their public approval ratings ahead of the local elections scheduled for June 2, analysts said Sunday. The Cabinet is expected to submit the revision to the Assembly late this month at the earliest.

Former US Army Bases Face Redevelopment

The Ministry of Public Administration and Security and local governments will use more than 1.5 trillion won this year in developing 16 former USFK bases and their surroundings into green technology complexes and cultural districts. Central government will contribute 312 billion won with the rest coming from local governments and private investors.

'No Progress on Inter-Korean Summit'

Cheong Wa Dae dismissed speculation, Sunday, that the government was trying to hold an inter-Korean summit this year. The remark came after President Lee Myung-bak expressed the possibility of meeting North Korean leader Kim Jong-il to discuss the communist regime's nuclear issues in an interview with the BBC in Davos, Switzerland, Thursday.

Navy Activates 1st strategic Mobile Fleet

The Navy inaugurated Monday its first Aegis destroyer-led squadron Monday in an effort to develop its blue-water operational capability beyond coastal defense. The inauguration ceremony of the 7th Mobile Fleet which will be made up of two squadrons took place at the Naval Operations Command in Busan, the Navy said in a news release. The Navy plans to launch one more Aegis ship by 2012.

S. Korea to Deploy Acoustic Weapon Locating System in Afghanistan

The nation's arms procurement agency has ordered a U.K.-built hostile artillery locating system (HALO) that uses multiple acoustic sensors for its troops to be deployed to Afghanistan later this year, sources at the Ministry of National Defense said Monday. A proposal was sent to the U.S. government to buy MATVs through the foreign military sales program, a DAPA spokesman said. The U.S. Department of Defense has said that since 2007, the number of IEDs in Afghanistan has jumped 350 percent.

Monitoring of Illegal Campaigning Begins

The government will run a special task force to detect any irregularities that could be committed by public officials in connection with the June 2 local elections. The ministry explained that the center was established to prevent any irregularities that may occur

before or during the upcoming elections which will choose provincial governors, metropolitan city mayors, and administrative executives for smaller local governments and their legislators. Elections for local offices are held every four years.

Cheong WA Dae Tones Down Summit Speculation

President Lee Myung-bak made it clear in interviews with the BBC and CNN last week that he has no intention of talking with North Korea to move inter-Korean relations forward unless it changes its attitude. His message is simple: The North should show some visible action first to make the international community believe that it is willing to abandon its nuclear program.

'NK Nukes Should Be Dealt With in Summit'

South and North Korea should work to make progress on the North Korean nuclear issue if the two sides hold a summit, Unification Minister Hyun In-taek said Tuesday. Hyun, however, did not elaborate on a date and venue for a summit between President Lee Myung-bak and North Korean leader Kim Jong-il. So far, the two Koreas have had two summits. The two Koreas technically remain at war since the 1950-53 Korean War ended in an armistice.

GNP Head Proposes Talks on Constitutional Change

The leader of the governing Grand National Party (GNP) proposed Tuesday that parties begin deliberations on constitutional revision during the current parliamentary session. Chung also called for legislation that would ensure greater participation of women in politics. The GNP chief suggested electoral quotas for women as an effort to increase female representation in the country, saying some countries have de facto quotas for women both in the boardroom and in politics.

Pentagon Stresses Flexible Response to Threats

A quadrennial defense report released Monday by the Department of Defense hints that U.S. forces in Korea (USFK) would serve as rapid deployment forces responding to emerging global threats. This is the latest affirmation by U.S. officials that the so-called strategic flexibility of the USFK would be strengthened after the introduction of three-year, family-accompanied tours by American soldiers here in the coming years.

Koreas to Meet Monday on Mt. Geumgang Tours

North Korea has accepted South Korea's proposal to hold talks over the resumption of tours to the Mt. Geumgang resort in the North, the Ministry of Unification said Wednesday. Earlier, Pyongyang proposed a meeting from Jan. 26 to 27 but Seoul requested that the talks take place Feb. 8.

US Hopes to Organize Trilateral Military Drill

The United States wants to organize trilateral military exercises with South Korea and Japan to better deal with disaster relief and humanitarian assistance, Yonhap News reported. Lt. Gen. Benjamin Mixon, commander of U.S. Army in the Pacific, said Tuesday, "There's been a lot of exchanges of information and so forth, but a specific exercise of a trilateral nature would be something new," according to the report.

'No Immediate US Troop Rotation From Peninsula'

The U.S. Forces Korea command denied, Thursday, local reports that U.S. troops in South Korea could be rotated to other regions flexibly in the near future. Following the release of the Pentagon's Quadrennial Defense Review (QDR) earlier this week, Korean media outlets speculated that U.S. troops would be deployed to other regions where the U.S. faces conflict after the implementation of three-year, family-accompanied tours by U.S. troops on the peninsula is complete

7 Assembly Seats Sought for Overseas Koreans

A lawmaker called for creating seven more parliamentary seats for Korean residents abroad, Friday. Rep. Kim Sung-gon of the main opposition Democratic Party (DP) said seven proportional representation seats should be added to the current 299-member National Assembly to grant Korean nationals living abroad the right to represent themselves.

Kim claimed that Korea should grant them the right to represent themselves, given that they already have suffrage. However, Prime Minister Chung Un-chan expressed skepticism, saying excessive interest in the politics of the motherland may slow down settlement in the countries they have immigrated.

Mission Chiefs Abroad to Meet in Seoul

South Korean diplomatic mission chiefs abroad will meet in Seoul from Monday through Friday for discussions on the administration's policy goals, the Ministry of Foreign Affairs and Trade announced Friday.

2 Koreas fail to agree

NORTH and South Korea have failed to reach agreement in talks about upgrading their joint industrial estate, amid military tensions sparked by the communist state's artillery barrage last week. But the two sides agreed during future military talks to discuss border restrictions which impede business at the Kaesong estate just north of the border, Seoul's Unification Ministry said late on Monday.

S. Korea watching for missiles

SOUTH Korea's military was watching on Tuesday for any North Korean missile tests after the communist state banned shipping from several more coastal zones in its territory. Pyongyang's move follows a three-day artillery barrage by the North last week that ratcheted up tensions on the Korean peninsula.

S. Korea, Japan best wired

EAST Asian countries led by South Korea, Hong Kong and Japan are the best wired in the world with the highest number of fast broadband connections to the Internet, a recent report has found. South Korea boasts the world's highest average connection speed at 14.6 Megabytes per second (Mbps) and also has six of Asia's 10 cities with the fastest link-ups, all with average speeds above 15 Mbps.

Top N. Korea official sacked

A TOP North Korean finance official has disappeared from public view, South Korea's spy agency said on Wednesday, after reports he has been sacked following a chaotic currency revaluation. Pak Nam Ki, the communist party's director for planning and finance, has been absent from public activities since early January, a National Intelligence Service spokesman said.

S. Korea gives Peru planes

South Korea delivered eight light ground attack aircraft on Thursday that it gave to Peru for use in border surveillance and counter-drug missions, officials said. Seoul acquired the A-37 Dragonfly aircraft, which were valued at US\$66 million (\$92.4 million), from the United States in the 1970s. The planes were retired in 2007.

'Eye to eye' on N. Korea

THE United States said on Thursday it sees 'eye to eye' with China on curbing North Korea's nuclear ambitions despite rows over US arms sales to Taiwan and other issues. China on Tuesday warned the United States that their cooperation on international and regional issues could suffer over Washington's decision to sell arms to Taiwan

S. Korea seeks corn for N. Korea

South Korea is seeking 10,000 tonnes of yellow maize for March 25 arrival at the port of Nampo, North Korea, for the country's pledged food aid to the North, the state-run Korea Agro-Fisheries Trade Corp said on its website.

S. Korea deploys radar

South Korea said on Friday it had deployed advanced weapons-tracking radar systems on islands near its disputed Yellow Sea border with North Korea following last week's artillery barrages by the North. Defence Minister Kim Tae Young told lawmakers the

AN/TPQ-36 Firefinder systems had been set up on Baengnyeong and Yeonpyeong islands.

Economic Front:

Oil Prices May Soar to \$85 per Barrel in 2010

Crude oil prices are feared to more than double this year from the trough of early last year, thus weighing on the recovery of Korea as the country does not produce a drop of the resource. The Korea National Oil Corp. (KNOC) projected Sunday that oil values might rise to as high as \$85 per barrel in 2010, or double that of early last year. The average price is also estimated at \$74, up 20 percent from \$61.6 in 2009.

Will Hyundai Benefit From Toyota's Fiasco?

If U.S. journalist Thomas Friedman writes a book praising globalization in a few years, its title might be something like "The Sonata and the Olive Tree," rather than the sequel to "The Lexus and the Olive Tree." Toyota Motor, Asia's largest automaker as a global leader, is struggling to find its feet due to quality problems while Hyundai-Kia Automotive Group, the continent's runner-up, is looking to reduce the gap.

Mobile TV Operators Ponder Murky Future

The mobile television industry has an audience of nearly 26 million, but has yet to figure out a way to turn the massive viewership into money. With DMB functions becoming standard on mobile phones and other digital devices, the country's number of mobile television viewers continues to grow.

S. Korea Posts 1st Trade Deficit in a Year

South Korea posted a trade deficit of \$470 million in January mainly due to a surge in energy imports caused by higher prices and a prolonged cold snap, Yonhap News Agency reported Monday. The deficit is a sharp turnaround from the \$3.09 billion surplus tallied for the previous month, according to a monthly report released by the Ministry of Knowledge Economy. The deficit was the first since \$3.76 billion reported in January 2009.

North Korean Defectors Quit Job in 16 Months

North Korean defectors here only worked for companies for an average of 16 months, 38 months shorter than that of South Koreans, according to a survey released Monday. The research said that North Korean defectors tend to have difficulties working in one company for more than one year because they are employed as contract workers or are in discord with other workers.

3,120 km Bicycle Path Planned

The government plans to build a nationwide network of bicycle paths totaling 3,120 kilometers by 2019. According to the Ministry of Administration and Public Security, Monday, the length of the planned bicycle paths amount to 7.3 times that of the Seoul-Busan Expressway, which is 428 kilometer long.

Lottery Winner Found dead

The saying that a winner of the huge amount lottery ruins his or her life has been realized in the United States. Abraham Shakespeare had said that winning the lottery ruined his life. Now it appears it might have taken his life as well. The missing lottery winner was found murdered, buried under a slab of concrete in a backyard in Florida.

Korea, Japan compete in Indian Steel Market

One of the world's fastest-growing economies, India, is emerging as a battlefield for steelmakers from South Korea and Japan, which are attempting to cash in on the promising market with new plants. While Korean giant POSCO looks to break ground for an integrated mill there as the first step to establish a key post in the country as a hub for its global management, Japanese makers are also teaming up with Indian steel companies in the lucrative market.

Inflation Growth Hits 9-Month High

Consumer prices in January grew at the fastest pace in nine months, with higher oil and agricultural prices raising the costs of various goods and services. Statistics Korea said Monday that consumer prices rose 3.1 percent last month from a year ago, up from a 2.8-percent gain in December. It was the highest increase since April 2009, when inflation was 3.6 percent, indicating the prices of goods and services will likely head upward this year in line with the economic rebound, which will increase the demand for oil and other raw materials. Seasonally adjusted consumer prices rose 0.4 percent from the previous month.

US Loses Clout on Korean Economy

South Korea was able to rise from the ashes of the 1950-53 Korean War on the back of international aid, most of which came from the United States. The world's largest economy imported Korea's agricultural products, garments and other manufactured goods from the 1950s through the '70s on favorable terms to help the Asian nation outpace the Communist North Korea.

Dong-A Slammed for Forcing Employees to Purchase Stocks

Dong-A Pharmaceutical, the country's foremost drug maker in sales, has come under fire for allegedly using a program to pressure its employees to use their salaries to buy the company's stocks. The company launched the program in 2007 in the aftermath of the management rights feud involving Dong-A Chairman Kang Shin-ho, the former leader of the Federation of Korean Industries, and his sons.

Ex-Finance Minister Advocates Weak Won Policy

One of the top economic advisors to President Lee Myung-bak said Wednesday that the government should actively intervene in the foreign exchange market to keep the won's value low against the dollar in order to promote exports and improve the trade balance.

Policymakers Clash on Financial Regulation

A conference on the global financial crisis revealed Wednesday that a power game between government agencies may be leaving firms uncertain about regulatory policies. Top officials from the presidential office, finance ministry and financial regulatory authorities disagreed on how much freedom bankers should enjoy, while bankers themselves were more concerned about whom they should trust.

Seoul wants Tokyo to hand over ancient books on royalty

South Korea may officially demand that Japan hand over about 660 books taken during its 1910-1945 colonial rule of the Korean Peninsula, officials of the Cultural Heritage Administration of Korea said Monday. The books include various "Uigwe" collections of royal protocols for ceremonies and rituals from the Joseon Dynasty (1392-1910), as well as treatises on medicine and military affairs.

Affordable 'Jeonse' Apartments Vanishing

For cash-short apartment hunters looking to rent, it's going to get tougher to lock in bargain deals, with the pool of cheap homes continuing to shrink due to pent-up demand for long-term leases in the capital region. Even units that were traditionally lower priced — below 100 million won (\$87,000) — are seeing their values head up.

'Architect of N. Korea's Currency Reform Replaced'

North Korea's top finance official has failed to appear in public affairs for more than 20 days, fuelling rumors that he might have been fired over the chaos in the market triggered by last year's currency revaluation. The communist state dropped two zeros from the nominal value of its currency last November in an apparent attempt to fight inflation and black marketeering.

Hyundai sales soar in US

SOUTH Korea's top automaker Hyundai Motor said on Wednesday its US sales jumped by almost a quarter last month, as Japanese rival Toyota grappled with a massive recall. Hyundai Motor America said it sold 30,503 vehicles in January, up 24 per cent from a year earlier. It said the new figure accounted for 4.7 per cent of the total US auto market in January.

State Auditors to Investigate Luxury Municipal Buildings

The Board of Audit and Inspection (BAI) will investigate local governments that are under criticism for constructing high-cost luxury municipal buildings, BAI officials said Thursday. The BAI launched a task force Wednesday for a preliminary investigation into 24 provincial governments, including Seongnam City in Gyeonggi Province, the officials said.

Growing Rice Stockpile Emerging as Headache

President Lee Myung-bak instructed policymakers Thursday to step up measures to promote rice consumption, saying the government should supply the grain at cheaper prices to food firms to help lower prices of rice products. Lee said the government should reduce its stockpile by encouraging firms to develop more products made from rice.

STX Heavy to Build \$3 Bil.; Plant in Iraq

STX Heavy Industries announced Thursday it will advance into post-war reconstruction projects in Iraq by joining in a \$3-billion plant project in the Middle East country. The company, a construction affiliate of the STX Group, signed a memorandum of understanding (MOU) with the Iraqi government last week over the construction of a steel mill complex and gas-fired power station in the southern city of Basra, the group said.

Korea Faces Risk of Higher Inflation

South Korea is facing growing risks of high inflation, with higher oil and agricultural prices raising the costs of various goods and services at the fastest pace since the outbreak of the global financial crisis more than a year ago.

Foreigners Earn 50% Less Than Koreans

Foreign salaried workers here earned 13.2 million won on average in 2008, about half the amount of their Korean counterparts, who earned 25 million won during the period, the nation's tax agency said Thursday. According to the National Tax Service (NTS), 344,000 foreign workers applied for tax returns in 2008, 2.5 percent of the 14 million Korean paid workers who did the same.

Seoul Urged to Liberalize Services Sector

Korea should further open up its service market to enhance the nation's economic competitiveness as heavy-handed rules in the sector are hindering productivity of the entire economy, the OECD said Thursday. She suggested further opening and integration of service markets. The OECD's recommendation comes as the Korean economy has been sustained mostly by the export-oriented manufacturing sector while the domestic services sector has been uncompetitive

Shinhan Marks W1.3 Tril. in Net Profit

Shinhan Financial Group marked 1.3 trillion won in net profit for 2009 despite the global financial crisis, thanks to good business portfolios based on banks as well as non-bank subsidiaries such as credit card and insurance businesses. It was down 35.3 percent from the previous year but had the biggest net income among local financial groups.

Korean Consumers Turn Backs on Toyota

Before Toyota's recall fiasco broke out last month, a prospective Camry buyer in Korea had to wait until August at the earliest to get a hold of the new sedan. Now, you can be cruising in one by April or May, local dealers say. Toyota Motor Korea declined to give the exact number of cancellations occurring in the wake of the carmaker's biggest-ever recall affecting millions of cars worldwide.

Workers Claim Slacking Off Helps Efficiency

Go on, admit it. We all slack off at work sometimes. Whether it is surfing the Internet or chattering with coworkers, we waste time at the office. But a new survey suggests that this may not be all bad.

Asian stocks retreat

ASIAN stock markets retreated on Thursday as an overnight slide on Wall Street undermined confidence ahead of a key US jobs report and central bank decisions in Europe. Shares in the world's largest automaker plummeted 5.4 per cent ahead of its earnings release on Thursday, adding to steep losses amid its widening global recall.

Chinese shares closed down 0.28 per cent due to a sell-off in banks after Beijing said it had no plans to inject cash into three major state-run lenders, dealers said. Hong Kong's benchmark Hang Seng Index shed 380.44 points to end at 20,341.64. Turnover was HK\$61.00 billion. There were 93 gainers, 128 losers and 149 counters traded unchanged on the Bursa Malaysia. The FBM-KLCI was at 1,266.37 down 0.78 of a point, the FBMAACE was at 4,389.20 up 1.59 points, and the FBMEmas was at 8,536.36 down 6.63 points.

Japanese stocks closed down 0.46 per cent on Thursday, weighed by deepening concerns over Toyota Motor's mass safety recall while investors remained cautious

ahead of a US jobs report. Toyota shares ended down a further 3.52 per cent at 3,280 yen (\$51), a day after diving nearly six per cent as safety concerns mounted.

2 charged with selling trade secrets

SOUTH Korean prosecutors said on Thursday they have charged two people with stealing trade secrets from Samsung Electronics, the second alleged case of industrial espionage to be disclosed this week. The prosecutors in the southwestern city of Gwangju said a former Samsung employee, who now runs a partner firm, is accused of stealing the company's side-by-side refrigerator designs and marketing information.

S Korea fines alcohol firms

SOUTH Korea's fair trade watchdog on Thursday slapped sobering fines totalling US\$23 million (\$33 million) on 11 makers of the country's popular liquor soju, saying they were guilty of price-fixing. The commission, however, said the soju makers had discussed price rises before they consulted tax authorities.

Ma wants FTA with Japan

TAIWAN'S President Ma Ying-jeou on Thursday expressed his wish to strike a free trade agreement (FTA) with Japan to further boost trade ties. Taiwan has assured Japan it has nothing to fear over the island's warming ties with China, which it split from in 1949 after a civil war. 'Improving ties with China is a positive development for Japan, Korea and other South-east Asian countries ... we hope the Japanese government and people will understand,' Mr Ma said.

More Workers to Enjoy Parental Leave

More workers can now take parental leave if their children are under six years old. The Ministry of Labor passed a revision on Wednesday to the Act on Equal Employment and Support for Work-Family Reconciliation, or the Employment Equity Act for short, which will expand the range of workers eligible for parental leave. Now parents with preschoolers under six years old can benefit.

The leave allows employees to take a certain number of paid days off from work to care for their children. The parents can also take unpaid leave if they use up all of their paid days.

G-20 to Be Held Nov. 11-12 in Seoul

The 2010 Seoul G-20 Summit will be held Nov. 11 and 12, just ahead of the Asia-Pacific Economic Cooperation (APEC) forum in Japan on Nov. 13 and 14. The Presidential Committee for the G-20 Summit announced that it has sent the date of the summit of the world's 20 major economies to each member state through diplomatic channels.

LG Chem. to Supply Batteries to China

LG Chem. has struck an agreement with China's Chongqing Changan Auto for cooperation in the electric vehicle battery business. The overseas agreement is the second after LG Chem clinched a mutual partnership with General Motors (GM) of the United States for batteries last year.

Cheap Rice Put to Creative Use

Rice in a bowl is so yesterday – not to mention falling out of favor, considering the latest government data showing a downward spiral of rice consumption. To add a flavorful twist, food makers are marrying the grain with everything from chocolate to pizza.

Minister Yim Tae-Hee to Tackle High Unemployment

South Korea's Labor Minister Yim Tae-Hee set the goal of "creating jobs" for this year's policy, Minister Yim revealed in a recent interview with a local daily. The daily said that the interview was conducted at Minister Yim's office in Gwacheon south of Seoul. Minister Yim argued that the actual number of the unemployed is some 1.8 million, saying that the number was bloated.

Export-oriented markets in Asia hardest hit as investors panic

ASIAN share markets were hammered on Friday as fears over Europe's spiralling debt crisis, and escalating unemployment in the United States, ignited a region-wide sell-off. Markets endured their worst day in months as investors took heed of Wall Street's nosedive overnight and scrambled for the exits in a re-run of last year's panic attacks. They had falls of up to 4.3 per cent while Singapore's Straits Times Index closed at a three-month low of 2,683.56 after falling 61.42 points.

Socio-cultural Façade;

Placenta Medication Sale Banned

Five companies have been banned from selling hydrolysate medications extracted from placentas, the Korea Food and Drug Administration (KFDA) said Sunday. They include Hurocen from KwangDong Pharm, Gu Ju Pharm's Lycon and three others. The companies failed to prove the efficacy of the medications through clinical trials for the renewal of their licenses to sell them.

Anyang Mayor Defends New City Hall Plan

Anyang City is under fire for planning a 100-story city hall that could house a hotel, cinemas, shopping complexes and other facilities. Anyang Mayor Lee Phil-woon said

Friday that the "Anyang Sky Tower" will be built on the current 60,736 square-meter site of Anyang City Hall by 2017.

'Consider Immigration Reform to Combat Falling Birthrate'

A parliamentary think tank called on policymakers Monday to consider immigration reform when charting a strategy to fight the nation's falling birthrates. In a paper titled, "Low Birthrates, Ageing Society and Immigration Policy," the National Assembly Research Service (NARS) recommended that the government rewrite immigration policy to attract highly-skilled workers. The Gallup poll of 1,009 people conducted Dec. 22 reported that Koreans were open-minded to immigrated workers.

More UNESCO World Heritage Listings Planned

Following a number of Korean cultural heritages being inscribed on UNESCO lists last year, the Cultural Heritage Administration (CHA) is seeking to promote the value of national cultural assets to the world.

Stiffer Penalty for Test-Refusing Drivers

Stiffer penalties will now be slapped on drivers who refuse to have their blood alcohol levels tested. According to the Justice Ministry and police Monday, regulations have been revised to enable prosecutors to indict those who refuse to take breathalyzer tests. The new regulations have been in effect since late last month, the ministry said.

History Loses Place in School Curriculum

A survey by the Ministry of Public Administration and Security last year found that 56.6 percent of people in their 20s didn't know what year the Korean War broke out. These "embarrassing" survey results may stem from education policies consistently de-emphasizing national history, especially in high school.

In December 2009, the authorities approved what they called a "future-oriented education curriculum," the essence of which is to reduce subject courses taken in elementary, middle and high schools. Aimed at alleviating the excessive study burden, the measure will go into effect for the 2011 school year. Some experts maintain, however, that the revised curriculum undermines the place of some critical courses such as Korean history.

'Loose Lips' Get Yoo Back in News

Culture Minister Yu In-chon is under fire for his ill-placed sarcasm on Monday to describe a political struggle involving two artists at a state-backed cultural association. It was not the first time Yu has been in trouble for his "loose lips."

Koreans' Divorce Patterns Undergo Changes

As the times have changed, reasons for divorce have followed suit. In the old days, patriarchal sentiment within a family used to be the main reason for divorce, but these days, it is mostly about money and equal status between partners, a state-run institute reported Friday.

As more women earn money, they have begun to demand more of an independent role while men have struggled to keep their traditional status, according to the Korean Legal Aid Center for Family Relations.

Turkish Teenager Buried Alive

The father and grandfather of a Turkish teenager are to face trial for burying her alive because they were concerned that her friendship with boys had brought dishonor on their family, according to Times Online. Although honor killings are not infrequent in Turkey, the especially gruesome manner of Medine Memi's death has shocked the nation.

Millionaire Charged

A retired Texan millionaire, Harold Landry, is standing trial on charges of killing his wife at their country home. The 63 year-old is due appear before Worcester Magistrate's Court on Friday He is accused of the murder of his wife, Lucy, 38. She died in a neighbor's arms at 11:45 p.m. Monday night after she fell into his garden hedge with a kitchen knife embedded in her side. The children are believed to have been in the house at the time.

Six of 10 Koreans Unsatisfied With Life

Only four out of 10 Koreans are satisfied with their quality of life, according to Citi Fin-Q, a survey designed by Citigroup. Six out of 10 said their finances were affected by the global financial crisis. The survey, which measures the financial well-being of consumers, found Koreans less satisfied with their life compared with their neighbors in Asia-Pacific.

Life in the Fourth Dimension

3D Movies Creating New Paradigm Shift

In 2009, CEO Jeffrey Katzenberg declared that all future DreamWorks movies would be produced in 3D. Just as the introductions of sound and color revolutionized cinema, the new 3D technology would mark a new paradigm shift, he said. And indeed James Cameron's 3D project "Avatar" became the highest grossing film of all time worldwide including in South Korea.

Movies in 3D provide a new spatial experience and thus entail a different storytelling method. If 3D wasn't enough, movies are also offered in "the fourth dimension." A 4D movie aims to provide entertainment that is more than just audiovisual, but also

provoking touch and smell. CGV Sangam introduced the world's first 4D movie; theater in January 2009 and now CGV Gangbyeon, Yongsan and Yeongdeungpo offer 4D screenings. Before the movie started the audience was advised to place belongings by the aisle and to be careful not to spill food.

Seoul 3rd Worst City in World: Lonely Planet

Despite Tons of Money Spent for Building Seoul's Brand. Seoul has recently been ranked third most hated cities by a popular tour guide book, BBC website reported on Jan. 5, 2010. BBC said that Lonely Planet listed Seoul as third worst city based on the opinions of travelers. The world's most hated city turned out to be Detroit of America for its "crime, pollution, and crumbling infrastructure." The second place went to Accra of Ghana for being "ugly, chaotic, and sprawling."

Ageing Asia problem 'urgent'

LONGER lifespans, falling fertility rates and growing ranks of elderly people in Asia can pose problems as serious as the impact of climate change, a leading expert warned on Monday. Mr Yves Guerard, secretary general of the International Actuarial Association, said at a pensions industry conference in Singapore that the ageing issue was a 'big, immediate, urgent problem' for the world's most populous region.

Health staff industry growing

BRITAIN'S Healthcare Locums Plc sees growth in its two key markets this year and is well funded to pursue new opportunities even as it struggles to meet a shortage of healthcare staff, a top company official said.

Demand for new nurses in the United States would rise to US\$1.2 million (\$\$1.69 million) by 2014 if the Congress approved President Barack Obama's bill to reform healthcare, Executive Vice Chairman Kate Bleasdale told Reuters.

Bulgogi goes into space

ASTRONAUTS could soon be eating seaweed soup and spicy, garlic-laden meat dishes after South Korea won approval to send several national dishes into space. The science and technology ministry said a prestigious Russian laboratory has approved ready-to-eat bulgogi, bibimbap, and seaweed soup and mulberry juice as suitable fare for astronauts.

S. Korea, Japan eye World Cup

DEFENDING champions South Korea and archrivals Japan see the men's edition of the East Asian football championships in Tokyo as vital preparation for the World Cup in June The hosts and South Korea will try out home-based players at the four-team round

robin, which kicks off on Saturday when Japan, three-time runners-up, play the 2005 champions China.

South Korea take on little-fancied Hong Kong on Sunday, but South Korean coach Hoo Jung-Moo will not be taking the game - or the tournament - lightly.

Freed US Missionary Heading Home

Robert Park, an American missionary who entered North Korea illegally in December, and has since been detained there, is now on his way home Saturday after being freed by North Korea, AP said on Saturday. Robert Park, his eyes almost closed, made no comment to reporters after his arrival in Beijing's airport from North Korea. U.S. Embassy spokeswoman Susan Stevenson said Park would leave later in the day for the United States.

Summary of Report (Japan);

Politico-Strategic Front;

Japan, China still at odds over Nanjing

Joint history study skirts death toll

Academics from Japan and China released a long-awaited joint history report Sunday but remained apart on the number of people killed in the 1937 Nanjing Massacre. The research project, more than three years in the making, was launched in 2006 to improve mutual understanding between the two countries.

The 549-page report covers ancient, medieval and modern history, and describes specific periods of time or themes from papers submitted by the Japanese and Chinese academics. Its release marked the end of the joint project.

Police may question Asashoryu

Police might question sumo grand champion Asashoryu about his drunken rampage in Tokyo, even though the Japan Sumo Association has said the Mongolian-born wrestler has settled with a man seriously injured in the incident.

Investigators intended to question the yokozuna only if the victim filed a complaint, but now they are moving to question the wrestler anyway, in light of the incident's social impact, police sources said.

Ozawa undergoes second round of questioning

Democratic Party of Japan kingpin Ichiro Ozawa said Monday he has undergone a second round of questioning by prosecutors over accounting irregularities involving his fund management body.

Opposition rides Ozawa, Hatoyama over scandals

The opposition camp took the podium Monday to grill Prime Minister Yukio Hatoyama over the money scandals involving him and Democratic Party of Japan kingpin Ichiro Ozawa. During Diet questioning following Hatoyama's policy speech Friday, Liberal Democratic Party President Sadakazu Tanigaki slammed what he described as Ozawa's "dictatorship" over the DPJ as well as his lack of accountability in his funds scandal.

Secret-pact report pushed back

A government panel is postponing a report on its investigations into four Japan-U.S. secret pacts on nuclear arms and other issues until the end of March because it needs more time to review materials that have been gathered by its members. At its sixth meeting, held Sunday, the panel also said it will ask Yoshihisa Hara, a graduate school professor at Tokyo International University, to present an audiotape on which he recorded an interview with former Vice Foreign Minister Hisanari Yamada

Futenma can wait till May: U.S. defense envoy

A U.S. defense official said Monday in Tokyo that the United States will wait until May for Japan to review the relocation plan for U.S. Marine Corps Air Station Futenma and is willing to renegotiate the issue if necessary.

U.S. suits mount over Toyota-acceleration deaths, injuries

Toyota Motor Corp., which recently recalled 2.3 million vehicles in the U.S. to fix sticking gas pedals, faces lawsuits involving at least three deaths that allegedly link so-called sudden acceleration to other causes. Consumers also filed at least three class-action lawsuits in November and another recently against Toyota, the world's largest automaker. Those car owners blame the sudden acceleration on the vehicles' electronic throttle-control system, known as the ETCS-Intelligent System.

Full-body scanners for nation's airports in works

The government is considering installing controversial full-body scanners at airports following a failed attack on a U.S.-bound jet in late December, sources said Tuesday. The full-body scanners, which some other countries are introducing, are designed to produce images of the human body in white and all other foreign matter in black. They are considered more effective than metal detectors in spotting items hidden beneath clothes, but critics have raised concerns about invasion of privacy.

U.S. pressures Japan to resolve child custody

Japan needs to deal with the issue of Japanese spouses taking their children from their divorced international partners or it could affect bilateral ties with the United States, Kurt Campbell, assistant secretary of state, said Tuesday.

Hatoyama: Ozawa to lead Upper House campaign despite fresh grilling

Prime Minister Yukio Hatoyama said again Tuesday he hopes Ichiro Ozawa will continue to lead the campaign for this summer's Upper House election despite being mired in a money scandal. Polls indicate that a majority of the public thinks Ozawa should step down from the Democratic Party of Japan's No. 2 post.

Okada draws fire for saying Futenma may stay

Senior ruling coalition lawmakers attacked on Tuesday remarks by Foreign Minister Katsuya Okada suggesting U.S. Marine Corps Air Station Futenma may in the end remain in crowded Ginowan, Okinawa Prefecture.

EU FTA quest to test political will

Japan goes into semiannual regulatory reform talks with the European Union this week, with some participants expecting to make headway on bilateral free trade. But others believe hurdles remain, saying the form of economic partnership the 27-member European economic bloc wants, based on wide-ranging standardization, does not necessarily match what Tokyo seeks, which is a conventional free-trade agreement centered on tariff cuts.

Japan, U.S. to discuss joint efforts to probe 'nuclear fingerprints'

Japan and the United States will launch working-level talks later this month aimed at promoting cooperation in the field of nuclear forensics, a sophisticated process to analyze the composition of atomic materials, according to sources in both governments.

Ozawa expected to duck charges

Prosecutors are expected Thursday to announce they will not charge Democratic Party of Japan Secretary General Ichiro Ozawa over the alleged falsification of political funds reports in connection with a shady Tokyo land deal, even though a fellow DPJ member now under arrest has implicated the party kingpin.

Prius subject to U.S., Japan brake gripes

More than 114 brake problems have been reported for Toyota Motor Corp.'s popular Prius hybrid in Japan and the United States, data from the two countries' transport authorities showed Wednesday.

The revelation looms as another safety headache for Toyota after unintended acceleration problems on some U.S. models spurred mass recalls. A Toyota official said the company is aware of the brake-related complaints and is investigating the matter.

Ozawa still comrade, poll whiz: Hatoyama

Prime Minister Yukio Hatoyama said Wednesday it is natural that he believes Ichiro Ozawa's claim of innocence in the alleged accounting irregularities involving his fund management body, noting they are comrades who together achieved a change of government.

Hatoyama said at an Upper House plenary session that the prosecutors' investigation will reveal whether the Democratic Party of Japan's secretary general had a hand in the alleged misreporting of political funds.

Foreigner suffrage can fuel nationalism: Kamei

Financial services minister Shizuka Kamei reiterated his opposition Wednesday to granting permanent foreign residents the right to vote in local-level elections, saying doing so could incite nationalism during polling times.

A-bomb piano to appear at U.N.

A piano that survived the 1945 atomic bombing of Hiroshima was entrusted Wednesday to a Japanese group planning to hold a concert at U.N. headquarters in New York on International Day of Peace this fall. The group from Kobe rented the piano from Hiroshima atomic bomb survivor Yoko Matsuba, 84, now living in Sendai, to stage the concert Sept. 21 to promote peace and the abolition of nuclear weapons.

Ozawa in clear; Ishikawa charged

Prosecutors indicted Democratic Party of Japan lawmaker Tomohiro Ishikawa on Thursday but opted not to charge DPJ Secretary General Ichiro Ozawa due to insufficient evidence in relation to the alleged false reporting of the veteran politician's funds. Following the prosecutors' move, Ozawa told reporters, "I take it as being the result of a fair investigation."

U.S. transport chief to phone Toyoda over safety fears

U.S. Transportation Secretary Ray LaHood said Wednesday he will talk directly with Toyota Motor Corp. President Akio Toyoda soon about the safety concerns involving his company's cars. He also said the Transportation Department may impose civil penalties

on Toyota. Safety concerns have deepened as reports rise about complaints involving the brakes in Toyota's popular Prius hybrid.

DPJ's Ishikawa, other Ozawa aides make bail

Democratic Party of Japan lawmaker Tomohiro Ishikawa, Ichiro Ozawa's former aide now under indictment for cooking the DPJ don's financial books over a shady Tokyo land buy, made bail Friday. After paying ¥12 million through his lawyers, Ishikawa left the Tokyo Detention Center in the evening. Mitsutomo Ikeda, an ex-aide of Ozawa, and Takanori Okubo, a current aide, also were released after making bail. Okubo paid ¥7 million and Ikeda ¥3 million.

Okinawa call to shape new US-Japan era

Japanese Prime Minister Yukio Hatoyama has given his government a deadline of May to decide whether or not Tokyo will stick to a Japan-United States agreement from 2006 on the relocation of US troops in Japan. Plans to revisit the existing relocation agreement have been on the agenda ever since the Democratic Party of Japan (DPJ) led by Hatoyama took power in September. The longer he waits to make the "right" call - which, as far as Washington is concerned, would be to stick to the existing agreement - the more he and his ministers are messing up the US-Japan alliance, said the Wall Street Journal in an opinion piece published on January 28 entitled "The Hatoyama Drift".

United States analysts have in recent months rounded on Japan's prime minister, claiming in print and behind the megaphone that Hatoyama's decision to resist US pressure on the relocation agreement puts the US-Japan alliance at risk and jeopardizes Japanese national security.

This is alarmism "The US reaction so far is utterly out of proportion with the gravity of the issue. When US officials and analysts call the base relocation issue a litmus test for the US-Japan alliance, they are overreacting. Renegotiating the base relocation agreement, however, is not exactly on top of Washington's Japan policy agenda, as US Secretary of State Hillary Clinton informed her counterpart Katsuya Okada in mid-January. At a meeting in Honolulu, Clinton again urged Tokyo to stick to the existing agreement and Japan's alleged "commitment" to relocate the marines from Ginowan to Nago. Hatoyama in the meantime is hanging in there, although he has given up on his original idea to find a new home for the Futenma marine corps station outside of Japan. Indeed, there is no shortage of suggestions coming from within the Hatoyama cabinet on where to relocate the base, but most are unrealistic.

All is well that ends well then? Perhaps not quite, since Washington remains worried that Japan's attempts to renegotiate the base relocation agreement could be the beginning of the end of the asymmetric US-Japan alliance. In the meantime, however,

Tokyo and Washington are assigning funds for the relocation of US marines to an as yet unclear location in May.

Hatoyama talks tough on rooting out collusive ties

Prime Minister Yukio Hatoyama said Friday discussions on banning political donations from corporations and other organizations should conclude soon in light of the "politics and money" scandals that have sapped public confidence in his Democratic Party of Japan-led government.

Have 'udon' bowl — will travel

A journey to 33 restaurants in Osaka and three nearby prefectures to enjoy thick "sanuki udon" is under way to give momentum to a boom in the pastalike noodles that originated in Japan.

Organizers call the journey "Kansai sanuki udon pilgrimage rally." It involves participants slurping up noodles at one restaurant after another until they complete visits to all 33 eateries on the itinerary in Osaka, Kyoto, Hyogo and Nara prefectures. They will collect a stamp at each stop.

Economic Front

Seven Bank eyes overseas remittances

Seven Bank said it will start overseas remittance services, possibly in fiscal 2010, from accounts at the bank to preregistered overseas accounts. Seven Bank, a Seven & I Holdings Co. arm that runs a network of more than 14,000 automated teller machines at convenience stores and elsewhere, said it will offer the service in conjunction with Western Union, a major U.S. remittance service provider

M&A investment plunged 42% in '09

Investment in mergers and acquisitions involving Japanese companies totaled ¥7.24 trillion in 2009, down 42.2 percent from the previous year and marking its lowest level since 2003, according to data compiled by Recof Corp. There were 1,957 M&A deals last year, down 18.4 percent and falling below 2,000 for the first time in six years, Recof, an M&A adviser, said.

Finance Ministry eyes internal reform

The Finance Ministry launched a special project team Friday in an attempt to overhaul the way its officials work. The initiative is aimed at cutting their long hours of overtime and to improve the current personnel system. Finance Minister Naoto Kan joked this will enable officials to go out on a date on weekdays.

Drivers in Japan unfazed by Toyota's global recalls

American Toyota owners are understandably alarmed about ballooning recalls over faulty gas pedals and floor mats. In Japan, where there have been no such recalls, the reaction is — also understandably — muted. Some of the same Toyota Motor Corp. models recalled in the U.S., Europe and China are on Japanese roads. But they use a different parts supplier than CTS Corp., the American parts maker that has been rushing to fix the faulty parts behind the massive recalls. Dealers in the U.S. are being deluged with queries from worried customers. For dealers in Japan, it's basically business as usual.

WASHINGTON Consumer Reports, an influential publication for car buyers, has temporarily suspended its "recommended" status for eight recalled Toyota models because of faulty gas pedal systems, dealing another blow to the automaker's reputation in the United States.

Dealers may get new parts this week

Toyota Motor Corp. plans to start sending parts to dealers in the coming days to fix a sticky gas pedal problem that has tarnished its image and led to the recall of 4.2 million cars and trucks on three continents, according to people briefed on the matter. In an announcement late Friday, Toyota said it would begin shipping new gas pedal systems to dealers.

Legally, Toyota did not need NHTSA's approval for the fix, but the company submitted the plan to the government agency on Thursday, and it would be unlikely to proceed without the government's blessing.

Narita IPO eyed to bail Kansai airport

A key transport ministry panel is looking at assisting the debt-ridden operator of Kansai International Airport Co. in a way that is likely to be fiercely opposed by the Finance Ministry and local governments.

Major builders probed on Ozawa funds body

Prosecutors have questioned executives of three major contractors linked to a dam project in Iwate Prefecture over alleged accounting irregularities by Democratic Party of Japan Secretary General Ichiro Ozawa's fund management body, according to sources close to the case.

JAL's new bosses neutral on tieup pick

Japan Airlines Corp.'s new management team said Monday they will examine from scratch alliance talks with U.S. carriers American Airlines Inc. and Delta Air Lines Inc.

New JAL President Masaru Onishi said during his first news conference that internal discussions are ongoing and the carrier has a "neutral" stance.

Speculation had been rife that JAL will form a business tieup with Delta and switch to the Delta-led SkyTeam global airline alliance. It is currently part of the oneworld grouping led by American Airlines.

New boss: JAL won't go budget, regional

Japan Airlines Corp. will not relegate itself to a regional or low-cost carrier even as the once-proud flagship sharply streamlines its operations under a court-led turnaround plan, its new president said. Masaru Onishi, appointed JAL president on Monday, said the company will choose its U.S. alliance partner — American Airlines Inc. or Delta Air Lines Inc. — by midmonth, a decision that will be a pillar of its efforts to boost revenue.

Smugness at heart of woes for Toyota, JAL

Toyota is the latest Japanese corporate icon making headlines for all the wrong reasons. News of the automaker's massive vehicle recalls over faulty gas pedals in the U.S. came just days after Japan Airlines, a once proud flag carrier, filed for bankruptcy, saddled with billions in debt.

Sony has lost its lead in consumer gadgets to the likes of Apple Inc. and has suffered its own quality mishaps. Honda is recalling 646,000 cars worldwide because of a faulty window switch. Taken together, Japan Inc.'s stellar reputation for quality has taken a hit — just as China is about to overtake it as the world's No. 2 economy and rising South Korean companies compete ever more aggressively.

The problems that confront Toyota, Sony and JAL differ, but experts say their struggles have some common themes: the perils of global expansion, a tendency to embrace the status quo, and smugness bred from success or a too-big-to-fail mentality.

Advertising blitz aims to reassure U.S. consumers

Toyota has launched a media campaign to bolster its reputation for quality as nervous customers confront dealers across the United States about faulty gas pedal systems. Crisis-management experts say the recall of millions of cars and trucks isn't the automaker's only problem: Its message to Toyota owners — delivered in full-page ads Sunday in 20 major newspapers — isn't as clear and reassuring as it needs to be.

Auto sales surged 37% in January

New automobile sales jumped 36.8 percent to 238,362 units in January, logging the sixth consecutive month of growth, an industry body said Monday

Tax revenues fell 6.4% in December

General account tax revenues in December fell 6.4 percent from a year earlier to ¥2.441 trillion with declines in most categories, the Finance Ministry said Monday.

Burglars bag ¥20 million from Osaka jeweler

Four intruders broke into a jewelry store here early Monday and stole around 300 pieces of jewelry worth millions of yen, police said. The four forced the entrance door open and smashed all four showcases in the store, which is operated by Mitsubishi Materials Corp., to seize necklaces, watches and other items believed to be worth around ¥20 million.

Stimulant smuggling at record level

Customs authorities uncovered a record number of cases of illegal stimulant drug smuggling in 2009, the Finance Ministry said Monday. Customs and investigative authorities discovered 164 cases of stimulant smuggling, the highest since 1966 when officials first started compiling comparable data and an increase of 49 percent from 2008, the ministry said.

Niche market growing for cheap, flawed fruits and vegetables

As the economy continues to languish, more consumers are buying cheaper fruit and vegetables, opting for produce of imperfect shape compared with the uniform-size fare most stores boast. Some of the ways these veggies are being sold are also unusual.

Tolls to be lifted on 1,626 km of highways

The transport ministry Tuesday unveiled a plan to make 1,626 km of the nation's expressways toll-free in fiscal 2010, an experiment in accordance with the ruling party's key election promise to eventually remove user fees from most rural expressways. The plan will affect 37 routes, mostly in rural areas, and includes sections of the Chuo, Higashi Kyushu, Do-o and Okinawa expressways.

Toyota fears sales hit from recalls

The damage to Toyota Motor Corp.'s sales from its global recall for an accelerator problem may be greater than previous recalls because of the unprecedented scale, the carmaker's executive vice president said Tuesday. Shinichi Sasaki, who oversees quality control at the top automaker, acknowledged there are perceptions that Toyota was slow to respond.

Softbank group profit soars 63%

Softbank Corp. said Tuesday it posted a 63.0 percent rise in group net profit to ¥94.86 billion in the April-December period from a year earlier due to brisk cell phone business.

Honda issues recall for 8,532 cars in India

Honda Motor Co. will recall 8,532 small cars in India for free repairs of faulty power window switches that can cause a fire. Subject to the recall are the Fit compact, called the Jazz in some parts of the world, and the City small sedan. The step is part of a worldwide recall announced last week.

Honda Motor Co.'s labor union will not call for pay hikes for fiscal 2010 during annual spring wage negotiations with management, the first time it will not seek a wage increase in five years, union officials said.

Nomura returns to profit

Net income reached ¥10.2 billion for the three months to Dec. 31; Nomura Holdings Inc. returned to profit in the third quarter on a ninefold surge in the value of local equity sales as banks issued new stock to bolster capital. Net income was ¥10.2 billion for the three months ended Dec. 31, compared with a record quarterly loss of ¥342.9 billion a year earlier when the acquisition of units from Lehman Brothers Holdings Inc. drove up staff costs, according to a statement Tuesday.

KBC Groep may sell Japan unit

KBC Groep NV, Belgium's biggest bank by market value, may sell its unprofitable brokerage unit in Japan, according to sources. KBC, based in Brussels, is in advanced talks with several potential buyers to sell KBC Securities Japan, which employs about 100 equity research and trading employees in Tokyo, two sources said. They didn't identify any potential buyers.

Toyota new car sales plummet 16% in U.S.

New car sales by Toyota Motor Corp. plunged 15.8 percent in the United States in January from a year earlier to 98,796 vehicles as the carmaker was rocked by a massive recall of some of its top-selling models, a U.S. research firm said Tuesday. U.S. rivals General Motors Co. and Ford Motor Co. meanwhile reported increases, Autodata Corp. said.

Sharp records ¥9.1 billion profit

Sharp Corp. said Wednesday it booked its second straight profitable quarter in October-December, its cost-cutting efforts bringing it back from large losses even as sales of flat-screen TVs and other products stayed flat. Sharp booked a net profit of ¥9.1 billion during its third quarter, after a ¥65.8 billion loss a year earlier. The turnaround came despite a tepid uptick in sales, to ¥735.3 billion from ¥735.1 billion.

Chugai rides Tamiflu to record profit

Chugai Pharmaceutical Co. said Wednesday its consolidated net profit surged 44.2 percent from a year earlier to an all-time high of ¥56.63 billion in the year that ended in December, with sales of the flu drug Tamiflu soaring roughly nine-fold. But the company anticipates much lower earnings this year because Tamiflu sales are expected to tumble to ¥38.7 billion from a new high of ¥76.2 billion last year.

Despite recalls, Toyota expects return to profit

Toyota Motor Corp. said Thursday it expects to return to a net profit during the current business year on the back of aggressive cost-cutting efforts and brisk demand for hybrids even as it faces massive recalls worldwide. In its third upward revision for the year through March 31, Toyota now anticipates a group net profit of ¥80 billion, up from an earlier projected loss of ¥200 billion. Last year it logged a ¥437 billion loss.

Sony's quarterly profit jumps to ¥79 billion

Sony's quarterly earnings surged more than sevenfold, boosted by blockbuster movie releases, cost cuts and its mainstay consumer electronics business returning to the black. The manufacturing icon, known for gadgets like its PlayStation 3 game console, said Thursday its net profit for the October-December quarter jumped to ¥79.2 billion from ¥10.4 billion a year earlier.

Japan, EU meet on regulatory reform

Japanese and EU officials met Thursday in Tokyo for regulatory reform dialogue, with the European Union raising pressure on Japan to improve the business environment for companies from the 27-member economic bloc by reducing nontariff barriers. The Japan-EU Regulatory Reform Dialogue, launched in 1994, is held twice a year. The latest meeting revolved around a set of proposals made by the EU side, which urged easing of Japanese regulations on investments, participation in public procurement and domestic use of vehicles and medical devices made in the bloc.

Toyoda buries head as recall crisis grows

As Toyota's recalls spread to at least 7.6 million cars across five continents, President Akio Toyoda's only public comments on the matter have consisted of an impromptu, 75-second interview with NHK in Davos, Switzerland. More than a week after the world's biggest carmaker said it would recall vehicles in the United States to fix defective gas pedals linked to unintended acceleration, Toyoda, 53, still hasn't addressed other media. The grandson of Toyota's founder has left the task to U.S. sales chief Jim Lentz and to Executive Vice President Shinichi Sasaki, who is in charge of quality control.

View Greek debt woes as warning: BOJ boss

The government must heed the warning on soaring debt loads stemming from the turmoil of Greece's credit-rating downgrade, a Bank of Japan Policy Board member said Thursday. Prime Minister Yukio Hatoyama's administration has yet to lay out a plan to rein in the record debt after Standard & Poor's cut the outlook for Japan's sovereign credit rating last month.

Toyota president emerges, apologizes

But scion stops short of issuing '10 Prius recall; President Akio Toyoda apologized Friday for the automaker's global recalls and promised to beef up quality control by setting up a special committee he would head himself. Toyoda sought to reassure customers, saying, "Believe me, Toyota cars are safe."

Toyoda only said he has ordered a "prompt response" to the Prius woes. The automaker has acknowledged the new Prius, which went on sale last May, has braking problems, but Toyoda stopped short of a recall, although he said the carmaker is in a "crisis situation."

Unions seek standard pay hikes

Key corporate labor unions filed their wage demands for the year with management Friday, kicking off the year's "shunto" spring wage negotiations. Their demands focus on maintaining regular pay hikes amid the country's economic conditions and tough employment situation. Under a regular wage hike system, workers have so far been granted an automatic pay increase as their seniority advances.

Panasonic ups profit outlook on TV sales

Panasonic Corp. revised upward Friday its full-year operating profit forecast for the second time on faster-than-expected cost-cutting efforts and strong global sales of flat-panel televisions. For the whole of fiscal 2009 through March, Panasonic now anticipates a group operating profit of ¥150 billion, against a profit of ¥120 billion projected in October and amounting to more than double the figure from the year before.

Prius problems put spotlight on car electronics

Your most expensive piece of electronics probably is not your flat-panel TV or computer. More likely, it's your car, which can pack 50 microprocessors to control everything from the fuel mix to the rearview mirrors. The recalls and other technical problems besetting Toyota in the last few weeks highlight the risks of relying on electronics instead of the mechanical rods and cables that controlled vehicles for most of the 20th century.

Startup firms, innovation key to ties: Roos

Innovation and entrepreneurship will not only revitalize Japan's economy but also help strengthen and build upon Japan-U.S. relations that have become strained by security issues, U.S. Ambassador to Japan John Roos told senior Kansai business leaders Friday afternoon.

Socio-Cultural Façade;

Asashoryu settles case over 'assault:' JSA chief

Sumo grand champion Asashoryu has reached an amicable settlement with a man who accused the yokozuna of causing him serious bodily harm in a drunken rampage, Japan Sumo Association Chairman Musashigawa said Saturday.

GSDF engineers await Haiti duty

Japan has informed the United Nations that it wants a Ground Self-Defense Force engineering unit due to join the Haiti peacekeeping mission to deploy to Leogane, a town west of Port-au-Prince, U.N. sources said Friday. But the U.N. has sounded out Japan on the possibility of dispatching the GSDF unit to Port-au-Prince, citing the urgency of rebuilding the capital, which was devastated by the Jan. 12 quake, the sources said.

Full kids allowances tall order: Noda

Senior Vice Finance Minister Yoshihiko Noda said Sunday it will be difficult for the Democratic Party of Japan-led government to fulfill its election pledge of offering monthly allowances to families with children on a full scale from fiscal 2011.

Smokes still topping ingestion cases

Cigarettes accounted for a third of all accidental ingestion cases involving infants and young children at home in fiscal 2009, tops for the 30th consecutive year, a state survey showed Sunday.

Non-Japanese suffrage and the racist element

What could have provoked such a harsh criticism of one's identity? A simple question Renho, of the ruling Democratic Party of Japan, asked mandarins (as is her job) who were requesting more cash: "Why must we aim to develop the world's No. 1 supercomputer? What's wrong with being No. 2?" Hiranuma claimed, "This is most imprudent (fukinshin) for a politician to say."

Hiranuma predictably backpedaled: First he accused the media of sensationalizing his comments. Then he claimed this was not racial discrimination because Renho has Japanese citizenship.

Japan, Mexico target climate change

Prime Minister Yukio Hatoyama and Mexican President Felipe Calderon vowed Monday to work together not only on bilateral issues but also global themes like climate change, disarmament and the earthquake disaster in Haiti.

Human error halted bullet trains

Central Japan Railway Co. (JR Tokai), under fire for major disruptions on its Tokaido Shinkansen Line last week, revealed Monday that maintenance workers "forgot to fasten bolts" on a pantograph, which caused it to come loose, hit overhead wires and cut off the power supply. The revelation is likely to fuel criticism of the railway. The company has often emphasized the safety and efficiency of its bullet train operations.

Old Boys Summit to hold plenary in Hiroshima in April

The InterAction Council, a group of former government leaders from around the world who discuss international affairs, will convene its plenary session in Hiroshima in April, according to its Tokyo office. About 20 former leaders are expected to get together for the 28th annual meeting from April 18 to 20.

Woman served warrant for alleged staged suicide of man in car

A 35-year-old woman was served a fresh arrest warrant Monday on suspicion of killing a male acquaintance last year, police said. Kanae Kijima, initially arrested in September on suspicion of swindling cash from a man she had promised to marry, allegedly murdered Yoshiyuki Oide, 41, in August in Fujimi, Saitama Prefecture. Kijima has denied killing Oide, according to the police.

Busan victims' lawyers hold talks

Three lawyers representing Japanese victims in the deadly fire at an indoor shooting range in Busan went to the South Korean city Monday for compensation talks. The attorneys met with local prosecutors and held talks with lawyers of South Korean victims on how they might work together in compensation talks.

Sending more help to Haiti

The government will dispatch some 300 Self-Defense Forces members to join the U.N. peacekeeping mission in quake-devastated Haiti. This is a substantial addition to the 39 SDF members currently engaged in U.N. peacekeeping operations (PKO). Prime Minister Yukio Hatoyama said that the expanded mission will promote his "diplomacy of fraternity," and will have important benefits for Japan's ties with the United States and the United Nations.

ETIC eyed for saving theme park

Struggling theme park Huis Ten Bosch may apply to the government-backed corporate turnaround entity for financial support, sources said. The theme park in Sasebo, Nagasaki Prefecture, has begun to consider the use of Enterprise Turnaround Initiative Corp. of Japan, which has judged that the theme park's liquidation would deal a severe blow to the regional economy, including employment

Apple's own e-book approach could cause big headaches

Even as Apple's iPad will likely energize electronic reading, the new device is undermining a painstakingly constructed effort by the publishing industry to make it possible to move e-books between different electronic readers. The slim, 0.7-kg tablet computer unveiled last week will be linked to Apple Inc.'s first e-book store when it goes on sale in a few months.

Full child allowances in '11 difficult: Minezaki

Budgetary constraints will make it "extremely difficult" for the government to provide full monthly child allowances starting in fiscal 2011 in line with a pledge by the Democratic Party of Japan, according to Senior Vice Finance Minister Naoki Minezaki.

Kanagawa to maintain files on teachers who refuse to stand for 'Kimigayo'

The Kanagawa prefectural board of education said Tuesday it will continue collecting information on teachers who refuse to stand when the national anthem is sung at school ceremonies. The decision contradicts the stance of the prefectural panel on personal information protection, which said last month that such a practice goes against a local ordinance prohibiting collecting information on personal beliefs and creeds.

Researchers sail to study, not kill, whales

Researchers set sail Tuesday from New Zealand to study whales off Antarctica without killing them — an open challenge to Japan's killing of up to 1,000 whales a year in the name of science. Some 18 scientists from Australia, France and New Zealand are taking part in the initial six-week voyage from Wellington to research whales, their food and their interaction with the environment.

Haiti mission to be west of capital

The Ground Self-Defense Force engineering unit set to take part in the Haiti peacekeeping mission will be stationed in Leogane or Gressier, both located west of Port-au-Prince, a U.N. official said Monday. He did not clarify which country's engineering unit is to be dispatched to which town. He later said in an e-mail that "we cannot say right now who is going to where."

Families mourn fishing boat crew

Relatives of Chinese crew members who were lost when a Japanese fishing boat sank last month off the Goto Islands in Nagasaki Prefecture offered flowers and burned incense in front of their pictures Tuesday at a fishing port in the prefecture

Medical equipment importer puts patient needs first

The medical world is often viewed as very conservative and closed, and the equipment industry that supports it is no exception. This need for specialized knowledge is one reason for the large number of small and medium-size companies in the industry, each with its own area of expertise.

Human rights agency bill mulled

Prime Minister Yukio Hatoyama said Wednesday he hopes to submit a bill to the current Diet session to provide relief to victims of human rights violations. At the House of Councilors plenary session earlier in the day, Hatoyama said the proposed agency must be independent of the government.

Mojo eludes Disney in Hong Kong

While Tokyo's Magic Kingdom prospers, its younger sibling bleeds red ink. In sharp contrast with the long-running success story that is Tokyo's Disneyland and DisneySea, the Hong Kong version is struggling. After facing harsh criticism over its opaque business operations, Hong Kong Disneyland, the second of the storied theme parks in Asia after Tokyo Disney Resort, finally released its financial results Jan. 19, the first time it has done so since the park opened in September 2005

During a recent interview with The Japan Times, Andrew Kam, managing director of Hong Kong Disneyland Resort, stressed it is too early to cast judgment because developing and running a theme park is a long-term investment.

Despite detractors and small size, theme park has plenty to offer

Ask the average Hong Kong resident whether you should go to Disneyland and the typical response goes something like this: "Disneyland? It's too small, and Tokyo Disneyland is much better! You should go to Ocean Park in Hong Kong instead!" Ocean Park is a much older but still very popular amusement park featuring a big aquarium, rides and cable cars with terrific ocean views.

Cell phone effects on kids probed

A research group of Tokyo Women's Medical University is conducting a nationwide survey on the effects of electromagnetic waves emanating from cell phones on children to find out whether they are vulnerable to cancer and other diseases. The

survey of parents or guardians of fourth- to sixth-graders has been under way since July 2008. About 2,000 from elementary schools nationwide have agreed to participate in the study.

SDF chief confident about Haiti

The chief of staff of the Self-Defense Forces expressed confidence Thursday that the engineering unit to be dispatched to quake-hit Haiti to engage in U.N. peacekeeping operations will not face major problems in carrying out its tasks. The SDF engineering unit is expected to head out for Haiti soon. The United Nations said last week it would accept Japan's deployment offer.

South Korea;

Politico-Strategic Front;

Detailed News:

(The Korea Times) President Urges NK to Accept 'Grand Bargain'

President Lee Myung-bak urged North Korea Saturday to accept his "grand bargain" proposal to end the long-standing impasse with its nuclear weapons program in return for political and economic incentives.

Lee says that "the day draws near when North Korea should answer whether or not it will drop its nuclear program."

In a separate interview with British public broadcaster the BBC, Lee expressed his intent to meet with North Korean leader Kim Jong-il this year to discuss the nuclear deadlock and peace on the Korean Peninsula.

Last year, Lee proposed the grand bargain initiative aimed at guaranteeing North Korea's security and economic aid from the five countries participating in the six-party denuclearization talks in exchange for the communist state's ending of its nuclear program. The talks involve the two Koreas, the United States, China, Japan and Russia.

"Five of the member countries of the six-way talks understand the grand bargain. If North Korea has the intention to drop its nuclear program, it may have interest in the proposal," Lee said during an interview with U.S.-based cable news channel CNN before leaving Switzerland late Friday for Seoul.

"The members will discuss the proposal with North Korea if the country returns to the talks."

Lee's overtures came after North Korea fired artillery shells over several days into waters near the inter-Korean sea border in the West Sea last week.

The President said the North's actions might be an attempt to press for a peace treaty with the United States as well as resume talks with the South.

Pyongyang has recently been seeking to hold talks to replace the Armistice Agreement on the peninsula with a peace treaty in the face of growing pressure to rejoin the six-party talks, which it boycotted over international sanctions imposed after its missile and nuclear tests last spring.

As for the economic outlook for 2010, Lee said during the CNN interview that the South Korea's economy is expected to grow an estimated 5 percent and the global economy is projected to expand more than 3.5 percent.

Asked whether the economic growth rate of 5 percent could lower South Korea's jobless rate, Lee said the rate will be able to catch up with domestic demands for jobs, but forecast that it won't be sufficient to create enough new jobs.

The nation's jobless rate stood at 3.5 percent in December, up from 3.3 percent a month earlier. The figure marked the second consecutive rise after falling to an 11-month low of 3.2 percent in October.

In an effort to create jobs, efforts should be made to enhance the service industry which lags behind advanced countries, he said.

(The Korea Times) E-Mail Virus Hits Soldiers

The military has been placed on alert over an intrusive e-mail virus aimed at hacking the military computer networks, defense ministry officials said Sunday.

Since earlier this month, an e-mail titled "New Year's greeting" has been spread to service members with a file attachment, the officials said. When the file is opened, the virus is spread through computer networks.

Against that backdrop, service members have been directed not to store classified information on computer main drives and USB thumb drives.

"We're investigating if there are any personnel who lost their information due to the virus," an official said, asking to remain anonymous.

Earlier this month, the military decided to ban the use of USB flash drives in an attempt to thwart increasing cyber attacks.

The decision came after a South Korea-U.S. operational plan was accessed by a hacker through a USB thumb drive used by an officer at the Combined Forces Command here.

About 2.8 billion won (\$2.5 million) will be spent this year in establishing a new data exchange system to replace USB drives.

The new data transfer server, which will link the defense ministry, the Joint Chiefs of Staff and the headquarters of the Army, Navy and Air Force, allows exchange of data between the Intranet and Internet in a safe manner, the official said.

Currently, data transfer between the Intranet and Internet is blocked for security issues, so military officials here often use USB drives for data exchange.

The Defense Security Command said last year that it faced about 95,000 hacking attacks against military networks a day on average.

In July, the government and industrial computer networks suffered from massive distributed denial of service attacks for several days. North Korean hackers were blamed for the attacks by South Korean and U.S. intelligence sources.

North Korea is known to operate a cyber warfare unit that specializes in hacking into South Korean and U.S. military networks to extract classified information.

(The Korea Times) Application for Korean Citizenship Simplified

Korea will adopt a host of new measures to simplify applications for naturalization and visas by foreigners.

Expatriates in Korea will have more chances to apply for naturalization interviews, while corporations can apply for visas online when they recruit from abroad starting this month.

The Ministry of Justice said Sunday it will hold naturalization interviews at 17 immigration offices nationwide from February. These were previously only offered at the citizenship test center in Gwacheon, Gyeonggi Province.

The ministry will also provide written test and interview samples on the Immigration Service's Web site at immigration.go.kr and e-government site at hikorea.go.kr.

HuNet KOREA (visa.go.kr) is an online visa application system for companies inviting professionals, including researchers and native English teachers, from overseas.

Firms seeking to apply for visas through the Internet should join the Web site and submit their business license. The service is available for visas 24 hours a day, seven days a week.

It provides a database of overseas talent by country or fields, but the companies do not have to recruit foreigners from within this.

The reentry permit process has been simplified for international students and spouses of Korean nationals. Those who temporarily leave Korea can receive multiple reentry permits on the Immigration Service's homepage. It guarantees an unlimited number of international trips during one's stay and applicants are exempted from 50,000 won in fee.

The process of extending a stay will also become easier. For instance, H-2 visa holders can apply for extensions through an electronic civil petition system or legal representative such as a lawyer instead of visiting the immigration office in person.

Residency through real estate investment will be tested on Jeju Island from next month. Expatriates who invest more than \$500,000 in local real estate will be granted F-2 status and acquire permanent residence or F-5 status after residing in Korea for five years.

The system will be expanded to other parts of the country after the pilot program.

Residency certification had previously only been issued at the Immigration Service's offices, but it will be available at local community centers starting from the latter half of the year.

(The Korea Times) 66 North Koreans Given Refugee Status in Canada

Canada granted 66 North Korean defectors refugee status in 2009, which is almost 10 times higher than in 2008, a report said Saturday.

Radio Free Asia, quoting a report from the Canadian Immigration and Refugee Board of Canada, said that more North Koreans are expected to receive the status as there are 59 defectors currently under review.

The North American country's first case of granting refugee status to a North Korean was in 2000. In 2008, there were seven more cases.

Human Rights activist Lee Kyeong-bok was quoted as saying that a range of activities by human rights organizations in Canada appeared to affect politicians, scholars and citizens there.

Those groups helped premiere the Korean movie "The Crossing," which depicts the hard life of North Korean defectors, in 2008 and distributed DVDs on human rights violations in North Korea a year ago.

According to the radio, a total of 93 North Koreans had also settled down in the United States as of last December.

(The Korea Times) Inter-Korean Talks Due Today to Discuss Gaeseong Site

South and North Korea will hold working-level talks at a joint industrial complex in the North today to discuss the operation of the complex.

North Korea informed South Korea of the list of five delegates to the talks Saturday, including Pak Chol-su, vice chief of the Special District General Bureau overseeing the industrial park, according to the Ministry of Unification Sunday. South Korea will send three delegates.

The inter-Korean talks come after North Korea fired artillery shells on several occasions into waters near the inter-Korean sea border in the West Sea last week.

Seoul has remained firm that issues regarding telecommunications, customs, immigration and a dormitory should be on the table, while Pyongyang has insisted that discussions should center on increasing salaries for North Korean workers in the complex.

"As we said before, our delegates will negotiate over improving systems for telecommunication, customs and immigration, and building a dormitory in the industrial zone," a unification ministry official said, requesting anonymity.

Previously, Kim Young-tak, chief delegate to the preliminary inter-Korean meeting on the industrial park last month, also said that the Feb. 1 meeting will focus on the items.

South Korean firms operating in the complex reported a labor force shortage and thus, the government has reviewed construction of a dormitory to accommodate North Korean workers.

The reclusive state has been attempting to make the pay increase issue its top priority through its state media.

The North's official Korean Central News Agency claimed that the current salaries given to about 38,000 North Korean employees are a mere "allowance" since it is such a small amount of money.

In the Gaeseong industrial zone, more than 100 South Korean companies are in operation and offer the North Korean workers \$57.80 a month without social insurance costs as the minimum salary.

The communist state had demanded that the monthly pay be quadrupled to \$300 and asked for \$500 million in rent for the 50-year use of the land in the industrial park.

(The Korea Times) Spokeswoman Hit for Changing Lee's Remarks

Opposition parties criticized presidential spokeswoman Kim Eun-hye for distorting the words of President Lee Myung-bak to downplay the possibility of an early inter-Korean summit and urged Kim to step down.

But Lee Dong-kwan, senior presidential secretary for public relations, refuted the possibility of Kim stepping down, Sunday.

“Perhaps, what she said emotionally has been exaggerated in the media,” he said. “It is not such a grave matter that she should resign.”

In a press release Friday, spokeswoman Kim said President Lee said in an interview with BBC Thursday that if an inter-Korean summit can help promote peace and resolve the North Korean nuclear impasse, there was no reason why he couldn't meet North Korean leader Kim Jong-il within the year.

However, what President Lee actually said was, “I cannot promise that it will be held in the near future, but it appears that I can probably meet him within the year.”

The main opposition Democratic Party (DP) claimed that the incident has revealed the deep-rooted problems in the administration's media policy.

“It is not a matter of an individual to resign by taking the responsibility,” Rep. Noh Young-min of the DP said. “The incident shows that the administration has a fundamental problem in its attitude in dealing with the public and the press.”

Noh argued that the government has frequently fabricated facts by “controlling” the media.

“These days, Cheong Wa Dae fabricates and reprocesses facts and forces the press to remain silent. It even suggests directions on how to write articles,” Noh said.

The legislator likened Cheong Wa Dae's explaining to an attempt to “bury one's head in the sand.”

The minor opposition Liberty Forward Party (LFP) also criticized the presidential office for misleading the public.

“This is an unprecedented matter,” said LFP spokeswoman Park Sun-young.

“Hardly anyone believes that what President Lee says is as it truly is.”

In this regard, presidential spokeswoman Kim claimed that she had to change President Lee's remarks because Lee was fatigued during the interview and he didn't say what he meant to say.

“The comment could have triggered repercussions, so I asked Lee after the interview what his real intent was. Then, I made the press release based on what he explained,” she said.

(The Korea Times) Sejong Plan, Court Rulings to Dominate Session

The governing and opposition parties are expected to clash over the revision of an administrative city construction project and reform of the judiciary during a National Assembly session that starts today.

In particular, they will endeavor to boost their public approval ratings ahead of the local elections scheduled for June 2, analysts said Sunday.

Prospects of the passage of the revision remain uncertain as lawmakers of the Pro-Park Geun-hye faction of the governing Grand National Party (GNP) as well as opposition parties have opposed it.

The revision calls for building a business-friendly city in South Cheongcheong Province, in a reversal of a previous plan to build an administrative town to house nine ministries and four government agencies there.

The main opposition Democratic party (DP) says it is considering allying with other parties to seek a parliamentary motion to dismiss Prime Minister Chung Un-chan for changing the plans.

The Cabinet is expected to submit the revision to the Assembly late this month at the earliest.

Also expected to be included in the agenda is an overhaul of the nation's judiciary system as the ruling camp has been incensed by controversial rulings in politically sensitive cases.

NP floor leader Ahn Sang-soo said his party will concentrate on broadening public support for the Sejong revision and other reform plans during the month-long parliamentary session.

Emphasis will also be placed on working on measures to create jobs, he said.

Ahn said the GNP will deal with bills to revive local economies, improve the people's standard of living and boost the nation's competitiveness in the international market.

DP floor leader Lee Kang-rae, on the other hand, called for an end to the debate on the Sejong plan.

He said the DP, in collaboration with other opposition parties, plans to submit a parliamentary motion to dismiss Prime Minister Chung Un-chan for overhauling the administrative town relocation project.

(The Korea Times) Former US Army Bases Face Redevelopment

The Ministry of Public Administration and Security and local governments will use more than 1.5 trillion won this year in developing 16 former USFK bases and their surroundings into green technology complexes and cultural districts.

Central government will contribute 312 billion won with the rest coming from local governments and private investors.

The move is part of a 10-year, 38.7-trillion-won development project that started in 2008 on the former base sites.

In Euijeongbu and Dongducheon in northern Gyeonggi Province, parks, public administrative offices and other facilities will be housed in the former American bases, while Camp Hialeah in Busan, Camp Walker in Daegu and Camp Page in Chuncheon will be redeveloped.

The education ministry will support construction of a marine and astronomy park in Hwaseong, Gyeonggi Province; and a cultural industrial cluster in Daegu.

Private companies will invest in creating a tourism-leisure complex in Pocheon; Ewha Womans University campus in Paju; and tourist attractions near a lake in Pyeongtaek - all in Gyeonggi Province.

"Many of the USFK bases were situated with a good view, good infrastructure as well as other favorable conditions. The development will be a boost to the local economy," the ministry said.

The government has recently taken over Camp Hialeah from the USFK and 41 more bases will be turned over to Korea by 2014.

(The Korea Times) 'No Progress on Inter-Korean Summit'

Cheong Wa Dae dismissed speculation, Sunday, that the government was trying to hold an inter-Korean summit this year.

"As of now, there has been no attempt to arrange an inter-Korean summit," Lee Dong-kwan, senior presidential secretary for public relations, told reporters.

The remark came after President Lee Myung-bak expressed the possibility of meeting North Korean leader Kim Jong-il to discuss the communist regime's nuclear issues in an interview with the BBC in Davos, Switzerland, Thursday.

“Simply put, what President Lee really wanted to say was that he wishes a paradigm shift in inter-Korean relations,” secretary Lee said.

He said Lee's remarks reflect his strong doubts about holding a meeting as a one-off political event.

“The President thinks he can forgo an inter-Korean summit during his tenure if it is arranged as a political event,” the secretary said.

However, he did not completely rule out the possibility of an early summit, saying, “President Lee intended to say that he was willing to have an inter-Korean submit, even within the year, if it is principled and meets with certain conditions.”

He underlined that Lee would not with meet Kim for the sake of political gain or to draw media attention.

(The Korea Times) Navy Activates 1st strategic Mobile Fleet

The Navy inaugurated Monday its first Aegis destroyer-led squadron Monday in an effort to develop its blue-water operational capability beyond coastal defense.

The inauguration ceremony of the 7th Mobile Fleet which will be made up of two squadrons took place at the Naval Operations Command in Busan, the Navy said in a news release.

Each squadron consists of a 7,600-ton KDX-II Sejong the Great-class Aegis destroyer and three 4,500-ton KDX-II destroyers.

The second KDX-III destroyer, Yi I, will be delivered to the Navy in August after sea trials.

The Navy plans to launch one more Aegis ship by 2012.

Six 5,600-ton mini-Aegis KDX-IIA destroyers, which will be built and operational between 2019 and 2026, will also join the squadrons.

The mobile fleet will be backed by 1,800-ton submarines, frigates, P3-C maritime patrol aircraft and Lynx anti-submarine helicopters, when it conducts operations to secure sea lanes and defend against a possible North Korean invasion, among others, the Navy said.

The squadrons will be based at the Busan operations command and a naval base in Jinhae, South Gyeongsang Province, it said.

A forward-deployed naval base to be built on the southern island of Jeju by 2014 will serve as the home port for the mobile fleet.

"The establishment of this mobile fleet heralds the ROK Navy's development into a blue-water force," Chief of Naval Operations Adm. Jung Ok-keun said in his speech during the ceremony. "As a rapid deployment force ranking with naval powers in the world, the fleet will support national policies and interests by perfectly completing missions assigned."

The fleet is scheduled to participate in combined or multinational maritime exercises, including the annual Rim of the Pacific Exercise (RIMPAC), which will be held in waters off Hawaii, from this year.

During RIMPAC, in particular, the Sejong the Great KDX-III destroyer will test-fire ship-to-air SM-2 Block IIIA/B Tactical Standard Missiles for the first time as part of Aegis combat system ship qualification trails (CSSQT) with allied nations, Navy officials said.

CSSQT is a series of at-sea exercises and tests to verify whether shipboard combat and weapon systems have been installed properly, and can be operated and maintained safely and effectively by the crew.

(The Korea Times) S. Korea to Deploy Acoustic Weapon Locating System in Afghanistan

The nation's arms procurement agency has ordered a U.K.-built hostile artillery locating system (HALO) that uses multiple acoustic sensors for its troops to be deployed to Afghanistan later this year, sources at the Ministry of National Defense said Monday.

The Defense Acquisition Program Administration (DAPA) sealed the contract with SELEX Sensors and Airborne Systems UK, a Finmeccanica company, last week, with more orders being expected for force protection against possible North Korean provocation near the western sea border, the sources said.

"Related weapons procurement and upgrades are proceeding to properly protect our forces in Afghanistan," a ministry source said. "The HALO acquisition is part of that effort and the system, in particular, will help protect our troops from roadside bombs, referred to as improvised explosive devices (IEDs)."

In December, the Cabinet here endorsed a plan to send 320 troops, 40 police and 100 Provincial Reconstruction Team members to Afghanistan in July. A motion is awaiting parliamentary approval. The bill calls for a 29-month deployment.

The Korean military has U.S.-built artillery locating systems using acoustic technology, but they are subject to replacement as the systems were built in the 1980s.

HALO employs passive acoustic location techniques and precise meteorological monitoring and terrain data to locate and identify artillery or mortar sources as well as IED explosives.

The system can detect hostile firing near to adjacent friendly forces and identify areas of intensive activities. By detecting the occurrences of mortar fire, the launching of RPGs or improvised rockets, sniper attacks and other gunshots, HALO automatically defines an area assigned with more attention from aerial and ground surveillance, ambushes and patrols.

The system covers areas of more than 2,000 square kilometers and rapidly determines fire sources with location accuracy of 50 to 100 meters, by analyzing the acoustic propagation of the target's signatures.

HALO has been successfully deployed in high-profile combat zones, including Bosnia, Kosovo, Iraq and Afghanistan.

On top of that, the DAPA is equipping the four UH-60 helicopter for the Afghan mission with an anti-aircraft missile protection suite, the sources said. The protection system includes flare/chaff launchers, infrared guided missile countermeasure devices and radar threat receivers.

A defense division of Korean Air, a national flag carrier, will take charge of the modification works, he said.

Last month, DAPA said it plans to buy several U.S. Multipurpose All-Terrain Vehicles (MATV) to protect the 320 troops.

A proposal was sent to the U.S. government to buy MATVs through the foreign military sales program, a DAPA spokesman said.

The agency is also considering leasing or buying 10 Mine Resistant Ambush Protected (MRAP) vehicles if the purchase of MATVs fails.

IEDs are known as the number one threat in Afghanistan and account for 70 to 80 percent of casualties there, according to reports.

The U.S. Department of Defense has said that since 2007, the number of IEDs in Afghanistan has jumped 350 percent.

While many are found before they detonate, the number of troops killed has increased by more than 400 percent and the number wounded is up more 700 percent over the last two years, according to the Pentagon.

(The Korea Times) Monitoring of Illegal Campaigning Begins

The government will run a special task force to detect any irregularities that could be committed by public officials in connection with the June 2 local elections.

The Ministry of Public Administration and Security opened Monday the "Support Center for Clean Election" at the Central Government Complex in Gwanghwamun, central Seoul, with Prime Minister Chung Un-chan and Minister Lee Dal-gon present.

The ministry explained that the center was established to prevent any irregularities that may occur before or during the upcoming elections which will choose provincial governors, metropolitan city mayors, and administrative executives for smaller local governments and their legislators.

Elections for local offices are held every four years.

Many current public servants are expected to run in the elections, the ministry said.

"A total of 3,991 officials will be elected through the election. It is expected that around 15,000 will register as candidates, a 27 percent increase from the previous election in 2006," an official with the ministry said. "We will launch immediate investigations into anyone who defies regulations regarding public servants' political neutrality."

The center will work with local governments to detect cases of excessive budget spending, or involvement of unionized public officials in election activities and other irregularities.

The center will operate on a 24-hour basis and also work in cooperation with the National Election Commission and the National Police Agency to deal with possible accidents and cases of fraud.

The ministry will also run a hotline to receive reports on detected cases of illegal campaigning.

The ministry will conduct a promotional campaign for clean elections in connection with civic groups.

The National Police Agency and the National Election Commission will run a nationwide task force.

The Election Commission will provide monetary rewards for those who report irregularities.

The police will run special task force across 261 police stations nationwide.

Some 15 percent of chiefs of local governments elected in 2006 were forced out of office due to various of irregularities, a recent survey showed

(The Korea Times) Cheong WA Dae Tones Down Summit Speculation

The ball is in North Korea's court again.

President Lee Myung-bak made it clear in interviews with the BBC and CNN last week that he has no intention of talking with North Korea to move inter-Korean relations forward unless it changes its attitude.

His message is simple: The North should show some visible action first to make the international community believe that it is willing to abandon its nuclear program.

Lee said he may meet with North Korean leader Kim Jong-il this year for a third inter-Korean summit, raising speculation that talks have been underway between Seoul and Pyongyang to discuss the proposal.

It is premature to determine when and where the summit will be held and what will be discussed in the meeting because North Korea has not yet reacted.

Some analysts say the possibility of the inter-Korean summit is very low as long as the North seeks to exclude the South and deal only with the United States to discuss the nuclear standoff.

However, with the communist country preparing for a power transfer and facing economic difficulties, it may attempt to revitalize dialogue with the other countries involved in the six-nation denuclearization talks, including South Korea, to divert attention from domestic issues.

"There will be no inter-Korean summit unless the North gives up its nuclear program. It is a pre-condition," Lee's top press officer, Lee Dong-kwan, told reporters Sunday, denying media reports that the two Koreas had held talks to realize the summit.

In recent weeks, Pyongyang has proposed talks to resume tourism and economic projects with Seoul, raising hopes here that the stalled inter-Korean dialogue will see a breakthrough soon.

The gesture doesn't mean that North Korea is truly changing and is ready to discuss denuclearization, Lee's aides said.

"Since his inauguration, President Lee has focused on pragmatic diplomacy, which calls for mutually beneficial developments - economically and politically - in dealing with sensitive diplomatic issues," said presidential spokesman Park Sun-kyu.

"In relations with North Korea, we have firm principles: There will be no unconditional aid to the North. It should show willingness first to resume denuclearization talks and resolve pending inter-Korean issues, such as the envisaged joint excavation of the remains of soldiers killed during the 1950-53 Korean War."

Obliviously, there have been some positive signs for an inter-Korean summit, but a dramatic breakthrough is unlikely.

The North has rejected any discussion of the nuclear issue with the South, claiming that it should be settled with the United States. The North has justified its atomic weapons ambitions over what it called America's hostile policies.

It has demanded talks to convert an armistice into a peace treaty in an apparent bid to divert attention from denuclearization.

(The Korea Times) 'NK Nukes Should Be Dealt With in Summit'

South and North Korea should work to make progress on the North Korean nuclear issue if the two sides hold a summit, Unification Minister Hyun In-taek said Tuesday.

Hyun, however, did not elaborate on a date and venue for a summit between President Lee Myung-bak and North Korean leader Kim Jong-il.

"It will mean nothing if the nuclear problem is only mentioned during the summit talks," Hyun said during a luncheon meeting with foreign correspondents in Seoul.

"An ideal summit would be aimed at helping resolve the nuclear issue and other humanitarian problems such as repatriating prisoners of war (POWs) and South Korean abductees."

In regard to President Lee's recent remark on a possible inter-Korean summit being held this year, the minister downplayed the buzz.

"My understanding is that the President expressed our hope. It does not necessarily mean that the summit will take place this year," he said.

In an interview with the BBC last week, the President said, "I think I can meet (Kim Jong-il) within this year," which triggered speculation that an inter-Korean summit may be imminent.

"Given the current circumstances and growing hopes for peace and stability on the Korean Peninsula, I think those speculations are percolating," Hyun said. "But nothing (about the summit) has been determined."

So far, the two Koreas have had two summits.

In 2000, the late former President Kim Dae-jung had the first summit with Kim and laid the foundation for improved inter-Korean relations with his "Sunshine Policy" of engaging the secretive state.

Seven years later, the late former President Roh Moo-hyun held the second summit with Kim and signed the Oct. 4 Peace Declaration, which called for international talks to replace the current armistice with a permanent peace treaty.

The two Koreas technically remain at war since the 1950-53 Korean War ended in an armistice.

In regard to the North Korean leader's health condition, the unification minister said that he appears to be in good health.

After Kim Jong-il failed to appear at a massive parade marking the 60th anniversary of the country's foundation last August, he was rumored to have collapsed due to a stroke.

Nowadays, he is often reported to have made public appearances in an apparent attempt to downplay rumors regarding his health

(The Korea Times) GNP Head Proposes Talks on Constitutional Change

The leader of the governing Grand National Party (GNP) proposed Tuesday that parties begin deliberations on constitutional revision during the current parliamentary session.

“If we, the legislators, wrap up the discussions by year's end, we will be able to pass a constitutional amendment in early February next year,” GNP Chairman Rep. Chung Mong-joon said in a speech at the National Assembly.

The 58 year old urged for an immediate launch of a bipartisan committee to review the issue and draft legislation after the June 2 local elections to pick mayors, governors and council members nationwide.

“It has been more than two decades since the Constitution was last revised in 1987,” he said. “Before it is too late, we must revise the Constitution for the future of the nation.”

The six-term lawmaker said the current five-year, single-term presidency results in excessive concentration of power in the hands of the president.

“The National Assembly has failed to serve the nation as one of the three powers under the Constitution,” Chung said. “Lawmakers have constantly been on standby for the next presidential election and opposing parties have always been pitted against each other.”

The CEO-turned-politician pointed out that, without constitutional change, the Assembly will continue to be a battleground to seize power for the next administration.

Chung also called for legislation that would ensure greater participation of women in politics.

“I hope more women will participate and win in the upcoming local elections,” he said.

The GNP chief suggested electoral quotas for women as an effort to increase female representation in the country, saying some countries have de facto quotas for women both in the boardroom and in politics.

“France is a good example for us,” he said. “The country has amended the Constitution to help increase the female proportion of provincial council members to more than half.”

Chung also proposed to Chung Sye-kyun, chairman of the main opposition Democratic Party that they meet on a regular basis.

“The relationship between the ruling and opposition parties has gotten worse lately,” he said. “How about having a meeting every month? I don't mind meeting with you at any time, without any formality, regardless of the agenda, anywhere.”

(The Korea Times) Pentagon Stresses Flexible Response to Threats

A quadrennial defense report released Monday by the Department of Defense hints that U.S. forces in Korea (USFK) would serve as rapid deployment forces responding to emerging global threats.

This is the latest affirmation by U.S. officials that the so-called strategic flexibility of the USFK would be strengthened after the introduction of three-year, family-accompanied tours by American soldiers here in the coming years.

Some observers have anticipated that the USFK troop level would actually decrease under the strategic flexibility scheme with the U.S. military shifting to a naval- and air-centric supporting role, following the planned transition of wartime operational control of South Korean forces from the U.S. to Korean commanders in 2012.

The USFK now has slots for 28,500 troops and the actual troop numbers are slightly readjusted occasionally.

A spokesman for Seoul's Ministry of National Defense rejected the speculation, saying the issue is “subject to consultations” between the two governments over the next five to six years when the longer tours by U.S. troops is settled.

The United States will apply “a regionally tailored approach in determining the posture of its forces,” said the Quadrennial Defense Review.

“The United States will develop a more adaptive and flexible U.S. and combined force posture on the Korean Peninsula to strengthen the alliance's deterrent and defense capabilities and long-term capacity for regional and global defense cooperation,” the report said. “Doing so includes continuing to advance the ROK's lead role in the

combined defense of its territory, together with the transition of wartime operational control to the ROK military in 2012."

The U.S. military will also continue to provide extended deterrence and rapid response capabilities to South Korea and Japan, it said.

Meanwhile, a missile defense review by the Pentagon expressed concern about North Korea's increasing missile capabilities.

The Ballistic Missile Defense Review said the North would achieve the necessary technology to mount a nuclear warhead onto an intercontinental ballistic missile within a decade.

Although the test launches of the Taepodong-2 in 2006 and 2009 were deemed unsuccessful, it is assumed that sooner or later North Korea will have a successful test of its Taepodong-2.

"If there are no major changes in its national security strategy in the next decade, it will be able to place a nuclear warhead on a proven delivery system," said the report.

North Korea launched a rocket last April in what it said was part of a peaceful space program to put a satellite into orbit. While the launch was deemed a failure by the international community, it invited strong U.N. condemnation and sanctions.

In response, Pyongyang detonated a nuclear device, the second of its kind after the first in 2006, and has since boycotted the six-party talks on ending its nuclear weapons programs, demanding the sanctions be lifted.

The review said that North Korea had "successfully tested many technologies associated with an ICBM despite the most recent launch's failure in its stated mission of orbiting a small communications satellite."

(The Korea Times) Koreas to Meet Monday on Mt. Geumgang Tours

North Korea has accepted South Korea's proposal to hold talks over the resumption of tours to the Mt. Geumgang resort in the North, the Ministry of Unification said Wednesday.

Earlier, Pyongyang proposed a meeting from Jan. 26 to 27 but Seoul requested that the talks take place Feb. 8.

"The North has sent a letter saying that it agrees with our proposal to hold a meeting in Gaeseong, Monday, Chun Hae-sung, spokesman at the ministry, said. "Pyongyang informed us Tuesday evening that they would send three delegates."

In response, the South sent a message saying the list of delegates must include an official who can discuss how to guarantee the safety of tourists in the future.

In July 2008, a female South Korean tourist was shot dead by a North Korean soldier during a pre-dawn stroll near the resort.

Tours to the tourism enclave and Gaeseong, a capital of ancient Korea, were immediately suspended.

Seoul called for cooperation in investigating the shooting and urged Pyongyang to guarantee the safety of tourists.

But the North rejected those calls and did not allow South Korean officials to visit the site of the incident.

On Jan. 14, North Korea made an official proposal via inter-Korean channels, expressing regret over the tour suspension.

(The Korea Times) US Hopes to Organize Trilateral Military Drill

The United States wants to organize trilateral military exercises with South Korea and Japan to better deal with disaster relief and humanitarian assistance, Yonhap News reported.

Lt. Gen. Benjamin Mixon, commander of U.S. Army in the Pacific, said Tuesday, "There's been a lot of exchanges of information and so forth, but a specific exercise of a trilateral nature would be something new," according to the report.

In a teleconference from Bangkok, Mixon said, "There's been interest shown concerning that, and so we're awaiting some ideas and information from both of the armies, and we intend to move forward on that as soon as we can."

The South Korean military is currently taking part in joint military exercises with the U.S. and Thailand, which are under way in the Southeast Asian country until next week.

Mixon said "We're just thrilled to have South Korea participating this year," according to Yonhap.

President Lee Myung-bak has called for future-oriented relations with Japan since his inauguration in February 2008.

However, Seoul-Tokyo ties are often strained by disputes over their shared history that includes the Japanese colonial rule of the Korean Peninsula from 1910 to 1945.

In addition, Japan has claimed its sovereignty over the Dokdo Islets, which South Korea claims is its own territory, in the East Sea.

Mixon, based in Hawaii, was quoted as saying that he is optimistic about the proposed trilateral exercises.

The commander said, "We have had discussions with both the Japanese ground self-defense force, South Korea, and the U.S. about putting together multilateral or at least trilateral exercises based on humanitarian assistance and disaster relief capability," he said. "So I think it's a good sign, and it shows a lot of understanding by the South Korean military that they are an important part of peace and stability within the region," according to Yonhap.

(The Korea Times) 'No Immediate US Troop Rotation From Peninsula'

The U.S. Forces Korea command denied, Thursday, local reports that U.S. troops in South Korea could be rotated to other regions flexibly in the near future.

"There are currently no plans to deploy U.S. units from the peninsula," the command said in a statement.

Following the release of the Pentagon's Quadrennial Defense Review (QDR) earlier this week, Korean media outlets speculated that U.S. troops would be deployed to other regions where the U.S. faces conflict after the implementation of three-year, family-accompanied tours by U.S. troops on the peninsula is complete.

The QDR 2010 indicates that U.S. troops overseas will be readjusted in a tailored and flexible manner in response to emerging global threats.

"Normalization of tours in Korea will not be complete in three to four years, as reported. At the earliest, we anticipate full implementation of tour normalization will not be complete until much later in this decade, and it is being implemented in close coordination with the ROK government," the statement said.

(The Korea Times) 7 Assembly Seats Sought for Overseas Koreans

A lawmaker called for creating seven more parliamentary seats for Korean residents abroad, Friday.

Rep. Kim Sung-gon of the main opposition Democratic Party (DP) said seven proportional representation seats should be added to the current 299-member National Assembly to grant Korean nationals living abroad the right to represent themselves.

"Each lawmaker represents roughly 167,000 citizens," Kim said. "Wouldn't it be pertinent to make seven additional proportional seats for 1.22 million permanent residents abroad, who have thus far been excluded when counting Korea's population?"

Kim claimed that Korea should grant them the right to represent themselves, given that they already have suffrage.

However, Prime Minister Chung Un-chan expressed skepticism, saying excessive interest in the politics of the motherland may slow down settlement in the countries they have immigrated.

"The measure would make expatriates pay more attention to issues in Korea rather than to those in the country they live in," Chung said.

Yet, Chung agreed with Kim on the need to draw up legislation that would make it easier for Korean nationals living abroad to vote in the presidential and general elections, both slated for 2012.

"Even if I were in the United States, I would hesitate to travel to the polling stations to cast ballots," Chung said. "Korea should carefully review giving more options to Koreans abroad in casting ballots, including mail voting."

The prime minister said, if he had lived in Florida, where he stayed for his master's degree and has a Korean population of 35,000, he would have to travel some 1,000 kilometers to go to the nearest polling station, which is located in Atlanta, Georgia.

In February 2009, the Assembly approved a revision to let some 2.5 million Korean expatriates over the age of 19 pick the president, and lawmakers under the proportional representation system.

However, under the current system, only 166 diplomatic centers in 110 countries are recognized as polling stations, forcing many voters to travel several hours and some to cross borders to register and cast a ballot.

A 2009 survey by the Korea Academy for Political Science and Law shows that only 31.8 percent of respondents preferred visiting the polling stations.

The majority of them answered that they favored absentee voting, with 36.1 percent supporting online voting, followed by 28.6 percent with postal voting, according to the private think tank.

Meanwhile, Assembly Speaker Kim Hyong-o demanded lawmakers to keep their promise of granting suffrage to sailors.

"The Constitutional Court has already ruled that it is unconstitutional to strip suffrage from crewmen," the speaker said. "I urge both the ruling and opposition parties to pass a bill that would grant suffrage to 20,000 underrepresented taxpayers as promised last year."

(The Korea Times) Mission Chiefs Abroad to Meet in Seoul

South Korean diplomatic mission chiefs abroad will meet in Seoul from Monday through Friday for discussions on the administration's policy goals, the Ministry of Foreign Affairs and Trade announced Friday.

A total of 117 chiefs of mission worldwide will attend the annual meeting.

Separately, consul generals will meet from Feb. 22 to 24, the ministry said.

The diplomats will be briefed on the government's policy directions, the current security situation on the Korean Peninsula and inter-Korean relations, the ministry said in a press release.

They will also discuss ways to successfully host the G-20 Summit in Seoul in November, it said.

(The Straits Times) 2 Koreas fail to agree

SEOUL - NORTH and South Korea have failed to reach agreement in talks about upgrading their joint industrial estate, amid military tensions sparked by the communist state's artillery barrage last week.

But the two sides agreed during future military talks to discuss border restrictions which impede business at the Kaesong estate just north of the border, Seoul's Unification Ministry said late on Monday.

At Monday's talks in Kaesong the South's delegation protested at the shelling, ministry spokesman Chun Hae Sung told Yonhap news agency. The North's side described the firing as 'a due military drill,' he said.

Last week the communist state banned shipping for two months from two zones along its disputed west coast sea border with South Korea. The following day it started a three-day artillery exercise in which 370 shells landed near the borderline, raising tensions on the peninsula. Yonhap, quoting military sources, said the North has declared five extra 'no sail' zones lasting until late on Tuesday off its east and west coasts - raising concerns about possible short-range missile tests.

Monday's talks were the second this year about ways to develop Kaesong, where 42,000 North Koreans work at 110 South Korea-funded plants. The sanctions-hit North demanded negotiations on pay rises, while the South said talks should first focus on easier cross-border access to Kaesong and on housing for Northern workers there.

'Pay is directly related to productivity, which can be improved only if infrastructure and facilities are improved,' Seoul's chief delegate Kim Young Tak told reporters late Monday. Mr Kim said border restrictions would be discussed at military talks which the North has proposed. South Korea has yet to agree a date for that meeting. -- AFP

(The Straits Times) S. Korea watching for missiles

SEOUL - SOUTH Korea's military was watching on Tuesday for any North Korean missile tests after the communist state banned shipping from several more coastal zones in its territory.

Pyongyang's move follows a three-day artillery barrage by the North last week that ratcheted up tensions on the Korean peninsula.

South Korea's Joint Chiefs of Staff confirmed a media report that the North had declared five new 'no sail' zones effective from last Sunday to 8pm (1100 GMT, 7pm Singapore time) on Tuesday.

Last week the North banned shipping from two zones along its disputed west coast sea border with South Korea, which was the scene of bloody naval battles in 1999 and 2002. A day later it launched a three-day artillery barrage in which 370 shells landed near the border, triggering a South Korean protest.

'We are closely monitoring North Korea to see if it is conducting short-range missile tests or further artillery fire (in the new zones),' a Joint Chiefs spokesman told AFP. 'There has been no unusual movement yet in the North.'

The new zones include western waters off Kyodong island and off Chulsan and Suncheon counties in North Pyongan province, and eastern waters off Kumya county in South Hamkyong province. Military officials confirmed that the North has tested short-range missiles off Chulsan, Suncheon and Kumya in the past, but did not exclude the possibility of artillery fire there. -- AFP

(The Straits Times) S. Korea, Japan best wired

TOKYO - EAST Asian countries led by South Korea, Hong Kong and Japan are the best wired in the world with the highest number of fast broadband connections to the Internet, a recent report has found.

South Korea boasts the world's highest average connection speed at 14.6 Megabytes per second (Mbps) and also has six of Asia's 10 cities with the fastest link-ups, all with average speeds above 15 Mbps.

Japan had the second highest average connection speed of 7.9 Mbps, followed by the Chinese territory of Hong Kong with 7.6 Mbps, said the report by US-based network provider Akamai Technologies.

The other countries in the top ten are Romania, followed by Sweden, Ireland, the Netherlands, Switzerland, Denmark and the Czech Republic, with the United States at 18th place, with an average speed of 3.9 Mbps.

The survey classifies 'broadband' connections as those of two Mbps or more, and 'high broadband' as five Mbps or over, while link-ups at 20 Mbps and better were categorised as 'extremely high speed connectivity.'

In South Korea, 74 per cent of connections were 'high broadband,' the world's top rate, while the figure was 60 per cent in Japan, followed by Hong Kong with 46 per cent, said the report. The United States came 12th, with just 24 per cent of its connections at five Mbps or more. Worldwide, the high broadband percentage was 19 per cent. -- AFP

(The Straits times) Top N. Korea official sacked

SEOUL - A TOP North Korean finance official has disappeared from public view, South Korea's spy agency said on Wednesday, after reports he has been sacked following a chaotic currency revaluation.

Pak Nam Ki, the communist party's director for planning and finance, has been absent from public activities since early January, a National Intelligence Service spokesman said.

'We are closely monitoring the North to find out the reason why,' the spokesman told AFP. 'But we have yet to confirm if he has been sacked or not.' News reports said Mr Pak was dismissed after the redenomination of the won in November led to runaway inflation, worsening food shortages and unrest in the isolated communist state.

'Mutual recriminations are rampant within the North's power circles over the failure of the redenomination (and) Director Pak who led the reform has been sacrificed,' a diplomatic source in Beijing told Chosun Ilbo newspaper.

Yonhap news agency, quoting traders in China's Dandong city near the North Korean border, said Mr Pak has been sacked and is awaiting trial.

Under a Nov 30 decree, old banknotes were swapped for new at a rate of 100 to one. But the amount which could be exchanged was restricted, effectively wiping out many people's savings and causing widespread anger. The revaluation was apparently an attempt by the regime to reassert state control over the economy and curb growing free-market activities, as well as to curb rising prices. -- AFP

(The Straits Times) S. Korea gives Peru planes

LIMA - south Korea delivered eight light ground attack aircraft on Thursday that it gave to Peru for use in border surveillance and counter-drug missions, officials said.

Seoul acquired the A-37 Dragonfly aircraft, which were valued at US\$66 million (\$92.4 million), from the United States in the 1970s. The planes were retired in 2007.

'They will be used in border surveillance operations, jointly with Brazil, and to combat drug trafficking,' Peru's Defence Minister Rafael Rey said in a ceremony accepting the planes. A South Korean defence official quoted by the official Yonhap news agency in Seoul expressed hope that the A-37s might open the way for a closer arms supply relationship with Lima.

'Upon this handover, we plan to ask for Peru's interest in South Korean arms makers as it seeks to replace its air defence and other weapons,' defence ministry official Kim Yoon Suk told Yonhap news agency.

Conceived for counter-guerrilla warfare, the A-37 was used by the US military during the Vietnam War.

Remnants of the Shining Path guerrilla groups partially control two major pockets of coca-producing territory in Peru, one in the country's southeast and the other in the north-east. Skirmishes with the guerrillas in 2009 claimed the lives of about 30 members of Peru's military and police. – AFP

(The Straits Times) 'Eye to eye' on N. Korea

WASHINGTON - THE United States said on Thursday it sees 'eye to eye' with China on curbing North Korea's nuclear ambitions despite rows over US arms sales to Taiwan and other issues.

'I don't think the evidence supports that,' State Department spokesman Philip Crowley said when a reporter suggested US-Chinese tensions could undermine the six-party talks for North Korea's nuclear disarmament.

'We see eye to eye with China with respect to our concerns about North Korea,' Mr. Crowley said, underscoring that China chairs six-party disarmament talks also featuring the US, South Korea, North Korea, Japan and Russia.

China on Tuesday warned the United States that their cooperation on international and regional issues could suffer over Washington's decision to sell arms to Taiwan.

The United States is also clashing with China over Mr. Obama's planned meetings with Tibetan spiritual leader the Dalai Lama, Internet freedom in China, climate change, and efforts to curb Iran's nuclear ambitions.

Mr. Crowley sought to play down suggestions that there were tensions with China over Iran as Beijing calls for more diplomacy and resists a US push for tougher sanctions

against Teheran for its refusal to halt uranium enrichment. 'I wouldn't call it an area of tension so much as an area of discussion,' Mr Crowley said. -- AFP

(The Straits Times) S. Korea seeks corn for N. Korea

SEOUL - south Korea is seeking 10,000 tonnes of yellow maize for March 25 arrival at the port of Nampo, North Korea, for the country's pledged food aid to the North, the state-run Korea Agro-Fisheries Trade Corp said on its website.

Suppliers should deliver the food crop, harvested after 2008, in 50-kilogram packages, not in bulk, with an additional 6,000 polypropylene bags.

This is the first time the agency has issued a tender for maize since the South stopped sending corn to the North in 2004, an agency official said.

Food aid to the North, which once totaled about 500,000 tonnes of rice a year, was suspended after President Lee Myung-bak took office in February 2008 due to political wrangling with the neighboring government in the North.

President Lee's government in October said it would end its suspension of food aid and pledged to send 10,000 tonnes of corn across the border. -- REUTERS

(The Straits Times) S. Korea deploys radar

SEOUL - South Korea said on Friday it had deployed advanced weapons-tracking radar systems on islands near its disputed Yellow Sea border with North Korea following last week's artillery barrages by the North.

Defence Minister Kim Tae Young told lawmakers the AN/TPQ-36 Firefinder systems had been set up on Baengnyeong and Yeonpyeong islands.

'A few days ago, deployment of anti-artillery radar systems was completed,' the minister was quoted as saying by Yonhap news agency. The system is designed to determine where incoming artillery and rocket fire originated, to allow for a possible counter-attack.

After declaring two 'no-sail' zones, the communist state last week fired 370 shells into the sea near the border over three straight days, heightening tensions on the Korean peninsula.

Seoul's military said on Wednesday the North had designated another two 'firing zones' in the area, effective for four days from Friday, raising the prospect of more artillery fire.

The North said its salvos last week were part of a routine winter exercise but South Korea and the United States described them as provocative. -- AFP

Economic Front:

Detailed News:

(The Korea Times) Oil Prices May Soar to \$85 per Barrel in 2010

Crude oil prices are feared to more than double this year from the trough of early last year, thus weighing on the recovery of Korea as the country does not produce a drop of the resource.

The Korea National Oil Corp. (KNOC) projected Sunday that oil values might rise to as high as \$85 per barrel in 2010, or double that of early last year. The average price is also estimated at \$74, up 20 percent from \$61.6 in 2009.

Some experts even predict that the raw material, dubbed "black gold," has a shot at being traded at beyond \$100 per barrel this year should the dollar continue to lose ground.

The state-run KNOC picked the imbalance between the supply and demand of oil as the main culprit of causing the price upsurge.

"The economic rebound will prompt demand for oil to rise by 1.2 million barrels in 2010 from a year ago but exporters are expected to stick to their production ceilings," the KNOC said in its latest report.

"We need to keep an eye on advanced economies regarding when they will start exit plans from the expansionary policies. That is likely to affect oil prices to a large extent."

Yet, the KNOC also raised the possibility that oil prices might stay similar to those of this year if the global economy suffers a double dip, a second recession after a short-lived recovery.

The forecasts of the KNOC are regarded as mild rather than radical because some pessimists have talked about prices of \$100 a barrel.

Morgan Stanley predicted late last week that oil prices would reach \$95 per barrel late 2010 before breaking through the \$100 mark next year. President Lee Myung-bak has also been worried of late as to how the country will cope if oil prices top \$100.

"The market consensus is that oil prices will not surpass the \$100 milestone this year. Should the economy recover quickly, however, the values might hit three digits late 2010," Woori Investment & Securities researcher Lawrence Kim said.

“The weak dollar is also a significant variable on which we need to keep a tab. If the greenback keeps losing ground, the upward trend of oil prices is likely to accelerate down the road.”

Crude oil prices, which climbed to a record high of around \$145 midway through 2008, plunged to about \$40 early 2009 at the peak of the financial distress. But they have risen since then to move in the vicinity of \$75.

Rocketing oil prices expose one of the biggest vulnerabilities of Asia's fourth-largest economy – when they soar by \$25 a barrel, the energy-hungry exporter is required to pay an additional \$10 billion a year.

(The Korea Times) Will Hyundai Benefit From Toyota's Fiasco?

If U.S. journalist Thomas Friedman writes a book praising globalization in a few years, its title might be something like “The Sonata and the Olive Tree,” rather than the sequel to “The Lexus and the Olive Tree.”

Toyota Motor, Asia's largest automaker as a global leader, is struggling to find its feet due to quality problems while Hyundai-Kia Automotive Group, the continent's runner-up, is looking to reduce the gap.

The question is whether Hyundai, famous for its Sonata brand, will be able to take advantage of the hitch suffered by Toyota, whose iconic brand is the Lexus, to further climb up the ladder of global competition and many bet Hyundai has a shot at doing so.

Officially, Hyundai refuses to comment on the issue as its Chief Financial Officer Lee Won-hee said on a conference call last Thursday, “It is not proper to talk about the difficulties of our competitor.”

However, Korean Internet users have posted write-ups of the articles covering the massive recall of Toyota products that Hyundai officials would have a hard time suppressing their laughter.

Midway through last week, Toyota added 1.1 million more vehicles to its already huge recall list and decided to stop sales and the production of eight models so they can work out how to fix accelerator pedal problems.

Toyota has yet to confirm the exact numbers for its vehicles that are subject to repairs and recalls, but the figure is reported to reach about 7.6 million, which is similar to its annual sales.

On a more negative note, Toyota has to go through congressional investigations in the United States on whether it dealt with the issue in a straightforward way and the recall spree might follow suit in other car markets.

“It may sound very cold-blooded but in the world of business competition, more often than not the misery of my rivals leads to my happiness,” Woori Investment & Securities analyst Michael Sohn said.

“The troubles of Toyota are unlikely to end soon. Then, Hyundai will have a good chance to undercut the market share of Toyota to extend its own. Its strong performances late last year also bodes well for the Seoul-based firm.”

Hyundai Motor and its affiliate Kia Motors combined to sell more than 4.5 million cars last year to enhance their global market share to a record high 7.8 percent, while most of its competitors slumped amid the financial crisis.

Suh Sung-moon, an analyst at Korea Investment & Securities, concurs with Sohn.

“By and large, the Toyota products subject to repairs or recalls overlap with the major vehicles from Hyundai. Hence, one of the biggest beneficiaries would be Hyundai,” Suh said.

“In addition, Hyundai is set to launch its new models in the U.S. and the chances are that they will sell well because consumers have started to snap up Hyundai's new cars,” he added.

Other market observers claim that the Toyota debacle is particularly devastating for the Japanese firm since its cornerstone asset has been quality. They said that Hyundai may take the reputation of the best quality on which Toyota has had bragging rights.

Another thing of note is that Toyota itself racked up huge benefits in the Japanese market thanks to the quality problems of Mitsubishi a decade ago.

While pointing out the Mitsubishi fiasco was aggravated because the firm reportedly tried to cover up the case, KB Securities analyst Shin Jung-gwan said that it remains to be seen if Toyota would follow the path of Mitsubishi.

“The bottom line is whether Toyota attempted to cover up the gas pedal defects and if it dealt with the issue in a proper way. We cannot know that for now but if guilty of any wrongdoings, it would be in big troubles,” Shin said in a report.

When contacted, Toyota Korea refused to comment on the issue.

(The Korea Times) Mobile TV Operators Ponder Murky Future

The mobile television industry has an audience of nearly 26 million, but has yet to figure out a way to turn the massive viewership into money.

And some industry watchers claim that mobile television, dubbed as digital multimedia broadcasting (DMB) here, will eventually meet its fate as an "in-betweeners," rendered irrelevant by smartphones and their wealth of Internet and multimedia features, and also by interactive broadband television services that may go mobile.

With DMB functions becoming standard on mobile phones and other digital devices, the country's number of mobile television viewers continues to grow.

More than 23.86 million devices equipped with land-based DMB reception, including phones, car navigation devices and other products, were sold through the third quarter of last year, according to industry figures.

The subscribers for the satellite-based DMB, a pay-television service provided by TU Media, a unit of SK Telecom, accumulated to 2.04 million during the period.

The hourly viewer ratings of the DMB broadcasts average around 1 percent, meaning that around 250,000 people are simultaneously watching mobile television every hour, according to the Terrestrial DMB Special Committee, an industry lobby of the country's land-based DMB operators.

However, despite the immense number of people squinting at tiny screens on streets and morning commuter trains, it would be awkward to crown mobile television as a Korean success story.

The advertisement-supported model of land-based DMB, which are provided to viewers for free, appears to be a complete failure.

The country's six land-based DMB operators, which include national television networks KBS, MBC and SBS, and also YTN, U1 Media and Korea DMB, combined for less than 40 billion won in revenue for 2008 and their numbers for last year aren't expected to be much prettier.

Although the national television stations fared better, the smaller three DMB operators have each posted losses of around 3 billion won or more through the third quarter of last year, according to the committee.

It's not that the fee-based DMB model is enabling TU Media to print money either, as the company has yet to see profit since starting the satellite services in 2006.

The increasing use of smartphones and the expected emergence of mobile Internet protocol television (IPTV) will combine for a negative environment for the land-based DMB operators. With their weak financial structures and lack of business models, the

broadcasters can't even think about additional investment or creating new services," said an official from the committee.

Desperate to generate a new buzz, the land-based DMB operators are lining up behind ``DMB 2.0," an interactive television service based on mobile Internet networks, enabling viewers to surf a range of data-based services such as e-commerce, stock updates and personal video recordings (PVR).

But there are mixed predictions on whether the new technology will sizzle or fizzle.

Although the operators started beaming their first DMB 2.0 signals in December, it won't be until later this year that mobile television viewers will get a taste of the interactive services, as the industry has yet to have a handset or mobile device to support the new technology.

And it remains to be seen whether DMB 2.0 has a firm position, with telecommunications giants like KT considering extending their interactive IPTV services to the mobile platform.

(The Korea Times) S. Korea Posts 1st Trade Deficit in a Year

South Korea posted a trade deficit of \$470 million in January mainly due to a surge in energy imports caused by higher prices and a prolonged cold snap, Yonhap News Agency reported Monday.

The deficit is a sharp turnaround from the \$3.09 billion surplus tallied for the previous month, according to a monthly report released by the Ministry of Knowledge Economy. The deficit was the first since \$3.76 billion reported in January 2009.

Exports amounted to \$31.08 billion last month, up 47.1 percent year-on-year and the sharpest gain since 1990, while imports jumped 26.7 percent to \$31.55 billion.

"Despite the sharp gains in exports, the rise in raw material imports and crude oil prices contributed to the overall trade deficit," Kang Myung-soo, head of the ministry's export and import division, was quoted as saying.

He said the average price of Dubai brand crude, which makes up the bulk of the country's oil imports, hit \$76.8 per barrel in January from just \$44.1 a year earlier.

(The Korea Times) North Korean Defectors Quit Job in 16 Months

North Korean defectors here only worked for companies for an average of 16 months, 38 months shorter than that of South Koreans, according to a survey released Monday.

The survey of 637 people who have settled in the South also said that their monthly salaries and working hours per week were only 1.27 million won (\$1,082) and 48.5 hours.

The poll was conducted by the Korea Research Institute for Vocational Education and Training (KIVET).

The research said that North Korean defectors tend to have difficulties working in one company for more than one year because they are employed as contract workers or are in discord with other workers.

To help them stand on their own feet, practical vocational programs are necessary, it said.

In the survey, male North Koreans were found to work in one company for about 20 months on average, while females tended to stay with a firm for about 14 months.

About 41.4 percent of respondents said they earn 1 to 1.5 million won per month, while only 6 percent answered that they are paid more than 3 million in salaries.

Some 12.4 percent said they receive only 100,000 to 500,000 won per month, the survey said.

The institute said that North Korean defectors are leading hard lives in the South as 52.3 percent are currently given government subsidies for being in the low-income bracket.

North Korean women are put in more difficult situations since their average salaries are just 1.08 million won while men receive 1.56 million won per month.

According to the Ministry of Unification, about 20,000 North Korean defectors are currently living in the country.

(The Korea Times) 3,120 km Bicycle Path Planned

The government plans to build a nationwide network of bicycle paths totaling 3,120 kilometers by 2019.

According to the Ministry of Administration and Public Security, Monday, the length of the planned bicycle paths amount to 7.3 times that of the Seoul-Busan Expressway, which is 428 kilometer long.

The network will link the nation's coastal areas to the area near the Demilitarized Zone (DMZ), the 5-kilometer-wide buffer separating South from North Korea.

It will also connect smaller networks in a hub-and-spoke pattern, enabling people to use bicycles to commute and do errands as well as travel.

Under the plan, the ministry, together with local governments, will spend 100 billion won to build the 178 kilometer-long path in 50 selected areas, including Seoul, Busan and Incheon.

For the bicycle path leading to the DMZ, a network will link frontline towns such as Hwacheon with neighboring cities and counties.

The ministry said that for urban areas, an emphasis will be placed on helping commuters get to work by bicycle and helping tourists sightsee.

At the same time, the ministry plans to revise regulations on biking and improve bike education.

(The Korea Times) Lottery Winner Found

The saying that a winner of the huge amount lottery ruins his or her life has been realized in the United States.

Abraham Shakespeare had said that winning the lottery ruined his life. Now it appears it might have taken his life as well. The missing lottery winner was found murdered, buried under a slab of concrete in a backyard in Florida.

Abraham Shakespeare, 43, who won a \$31 million (about 36 billion won) lottery in Florida in 2006, has been found murdered nine months after missing, according to cable news CNN and other news media Saturday.

On Friday evening, Shakespeare's body was found under a concrete slab in the backyard of a house in Plant City, Fla. A county sheriff's detectives had to use fingerprints to identify his body.

Shakespeare was last seen by anyone in April last year but it was Nov. 9 when his family reported him missing to police as he did not return although they believed that he went on a vacation.

Although details of the cause of the death may be identified later, the police are investigating the case assuming that it is a murder case in view of circumstantial evidence. His body was found at the backyard of Dorice Moore's boyfriend's house.

It is reported that Moore befriended him in 2007 and soon become something of a financial adviser to him, while helping him set up a corporation. Moore, who withdrew \$1 million and bought a deluxe sedan and other vehicles, told detectives that Shakespeare gave her the money as a gift.

The police did not arrest her because of no evidence, although they are investigating, assuming that the murder is linked with Moore.

As a former truck driver, Shakespeare faced a great change in his life in 2006, when he won 36 billion won in a lottery he bought at a shop.

(The Korea Times) Korea, Japan compete in Indian Steel Market

One of the world's fastest-growing economies, India, is emerging as a battlefield for steelmakers from South Korea and Japan, which are attempting to cash in on the promising market with new plants.

While Korean giant POSCO looks to break ground for an integrated mill there as the first step to establish a key post in the country as a hub for its global management, Japanese makers are also teaming up with Indian steel companies in the lucrative market.

POSCO's Indian project picked up steam, as the years-long process has been completed to secure the site for a mill in Orissa, the ninth-largest state in India.

The Indian government gave POSCO, the world's fourth-largest steelmaker, the final nod last month to develop the forested part of the planned plant site into industrial land. The project had been in stagnation for three-and-a-half years, with 74 percent of the whole plant site labeled as undevelopable forest land.

Once established, the new mill will produce 4 million metric tons of steel annually in its initial stage of operation. Its annual production will expand to 12 million tons after the completion of the project.

POSCO plans to carry out several more projects in the country, including its second Indian steel plant. Teamed up with world's No.1 steelmaker ArcelorMittal, it seeks to build two new steel mills in southern India. It also intends to invest \$7 billion on a mill in Karnataka state.

POSCO signed a memorandum of understanding with the Government of Orissa for the project in 2005, as well as development of iron ore mines in the state, looking to enhance productivity by securing a supply of steel-producing materials. Indian courts will decide on the issue of POSCO's mining rights next month, and the firm is confident on a ruling in favor of it.

In the lead up to the effectuation of the Korea-India Comprehensive Economic Partnership Agreement in the beginning of this year, followed by President Lee Myung-bak's visit to India last month, the company expects the project to gain a big boost.

Moves on the Japanese side are as focused as its neighbor across the Korean Strait. Last week, Nippon Steel, the world's second-largest maker, sealed a technical collaboration deal with Tata Steel to make quality steel for vehicles.

Investing 35 billion yen (\$388 million), Nippon Steel plans to establish a continuous annealing processing plant and its processing line in Jamshedpur.

A couple of months earlier, JFE Steel Corporation signed a technology partnership agreement with JSW Steel, and Sumitomo Metals also has a deal tied-up with Bhushan Steel for its upcoming project in Orissa.

Currently, the biggest attraction for global steel firms is India's shooting up auto industry, the third-largest in Asia, with an estimation to annually grow by double digits for the next few years. Indian-produced vehicles are expected to reach 4.2 million in 2015, a nearly 250-percent growth from 1.8 million in 2008, POSCO forecasts.

Nearly half of the total 4.1 million metric tons of cold-rolled coils produced in India are consumed by local carmakers.

POSCO's Indian facilities in operation are also aimed at the market of unfathomable potential. It has processing centers in major cities, including New Delhi and Chennai, which supply steel products for Indian carmakers.

"But even without the boost from the auto market, advancement of Korean and Japanese steel companies will get bigger in the future in efforts to secure long-term supplies of iron ore," said Kim Joo-han, a researcher at the Korea Institute for Industrial Economics & Trade.

(The Korea Times) Inflation Growth Hits 9-Month High

Consumer prices in January grew at the fastest pace in nine months, with higher oil and agricultural prices raising the costs of various goods and services.

Statistics Korea said Monday that consumer prices rose 3.1 percent last month from a year ago, up from a 2.8-percent gain in December.

It was the highest increase since April 2009, when inflation was 3.6 percent, indicating the prices of goods and services will likely head upward this year in line with the economic rebound, which will increase the demand for oil and other raw materials.

Seasonally adjusted consumer prices rose 0.4 percent from the previous month.

"Cold weather and the heavy snowfall last month interrupted the supply and production of fruits, vegetables and other agricultural products across the country, sending January's figure to an nine-month high. Additionally, rising global oil prices boosted costs of gasoline, diesel and industrial goods," Statistics Korea official Yang Dong-hee said.

He projected that consumer prices will show an upward curve in 2010 as businesses and consumers here and abroad consume more oil and other commodities.

Also, consumers will have to pay more for various public services, with the government planning to hike electricity, bus, subway and other service charges.

The cost of living index consisting of 152 food and other daily necessities grew 3.3 percent from a year earlier.

It also increased 0.6 percent from the previous month.

Core inflation, which excludes volatile food and fuel prices from the consumer price index, rose 2.1 percent year-on-year.

Prices of vegetables and other fresh food items expanded 5.2 percent from the previous year, and, compared to a month ago, jumped 5.5 percent.

The price of potatoes surged 59 percent from a year earlier, while retail prices of rice and onions dropped 9.4 percent and 25.5 percent, respectively.

Prices of manufactured goods grew 5.4 percent last month from a year ago, with costs of various public and private services jumping 1.9 percent and 2.2 percent, respectively.

The price of gasoline and diesel also increased 18.4 percent from the previous year.

(The Korea Times) US Loses Clout on Korean Economy

South Korea was able to rise from the ashes of the 1950-53 Korean War on the back of international aid, most of which came from the United States.

The world's largest economy imported Korea's agricultural products, garments and other manufactured goods from the 1950s through the '70s on favorable terms to help the Asian nation outpace the Communist North Korea.

The U.S. also provided Korea with flour and other basic necessities at lower costs to help it feed its people. It was the country's largest trading partner over the past five decades.

But its influence in what is now Asia's fourth-largest economy has been diminishing rapidly over the last 10 years, with Korea expanding trade relations with China, Russia and other emerging economies.

Analysts here say that the U.S. could lose more of its economic clout in Korea if the administration of President Barack Obama and the U.S. Congress continue to delay the ratification of the Korea-U.S. free trade agreement (FTA).

They say the European Union and China, which compete with the U.S. for global hegemony, will establish closer economic ties with Korea if the U.S. heads toward protectionism and places greater priority on domestic populism than trade.

According to the Korea Customs Services (KCS) Monday, Korea's trade dependence on the U.S. stood at 9.7 percent in 2009, down from 24.4 percent in 1991. Korea shipped about 10.36 percent of its total outbound shipments to the world's largest economy, down from 25.8 percent over the same period, while taking 9 percent of its total imports from the U.S., down from 23.18 percent.

On the other hand, Korea's trade dependence on China has increased at an explosive pace since the two countries began diplomatic relations in 1992.

South Korea's exchange of agricultural and industrial goods with the world's fastest-growing economy reached 20.5 percent last year, up from 2.9 percent in 1991.

Korea exported 23.9 percent of its outbound shipments to the neighboring country in 2009, up from 1.4 percent, with 16.8 percent of its imports coming from China, up from 4.2 percent.

The U.S. has become less important to Korea economically over the years, with the latter increasingly relying on China, the European Union and other economies for growth.

"Korea is the sixth-largest trading partner of the U.S. and a key Asian economy strategically located in Northeast Asia. American policymakers and businesses should be alert over their diminishing economic influence over Korea," LG Economic Research Institute managing director Oh Moon-suk said.

Oh said if the U.S. continues to remain reluctant to sign the free trade pact with Korea, the Asian nation will continue to move closer toward China and the European Union, adding the EU will likely sign a free trade accord with Korea before the U.S. does.

Touching on Korea's growing trade ties with China, he said Beijing has emerged as the country's largest trading partner in just over 10 years after the two opened their borders to each other in 1992.

"Korea's growing trade reliance on China was also the result of the nation's efforts to diversify its export destinations, which proved to be quite successful. The country should continue to expand economic ties with China and try to establish an even larger presence there," Oh said.

The economist stressed domestic businesses should take advantage of the world's fastest-growing economy to become globally competitive.

"But at the same time, they will be affected more severely if something goes wrong in China. To hedge against the growing China risk, Korean firms should continue to explore new foreign markets and establish a presence in countries in the Middle East and South America," he said

(The Korea Times) Dong-A Slammed for Forcing Employees to Purchase Stocks

Dong-A Pharmaceutical, the country's foremost drug maker in sales, has come under fire for allegedly using a program to pressure its employees to use their salaries to buy the company's stocks.

The company launched the program in 2007 in the aftermath of the management rights feud involving Dong-A Chairman Kang Shin-ho, the former leader of the Federation of Korean Industries, and his sons.

Approximately 90 percent of its 2,200-plus employees are partaking in the program, paying about 500,000 won every month on average. Some pay almost 1 million won depending on their salaries.

On the surface, the program seems to be good because companies support as much money as workers pay to buy the stocks.

However, some claim that they were almost forced to participate in the scheme.

“After the management struggle, we had no choice but to accept the program. It is pretty burdensome to pay 500,000 won a month while I am struggling to pay for my kids' schooling and pay off my debts,” a Dong-A insider told Yonhap News Agency.

In response, the company said that participation in the initiative is voluntary.

“The firm offers generous incentives for those who take part in the stock-purchase initiative. Plus, share prices have substantially risen over the past few years. Hence, our staff members love it by and large,” a Dong-A spokesman said.

“In addition, the program received an award from the government late last year. I don't know why some attempt to negatively take issue with the widely lauded project.”

The Ministry of Labor gave an award to Dong-A praising the entity for successfully achieving management stability through the stock purchases by its workers.

The shares of employees are expected to make Dong-A less vulnerable to corporate raiders because Chairman Kang and his close aides have only a 10.6 percent stake in the entity.

By contrast, its rival Hanmi Pharmaceutical and those close to the firm retain up to a 13 percent stake in Dong-A. This prompted analysts to predict that Hanmi might try to take over the company.

Observers estimate that the employees would have around a 3 percent stake in the company through the share-purchase scheme.

Dong-A was established in 1932 by Kang Choong-hee and surged to the top of the local industry in 1967 to dominate the business thereafter on the strength of its best-selling sports drink Bacchus.

It was headed by Chairman Kang until 2005 and is currently managed by CEO Kim Won-bae.

(The Korea Times) Ex-Finance Minister Advocates Weak Won Policy

One of the top economic advisors to President Lee Myung-bak said Wednesday that the government should actively intervene in the foreign exchange market to keep the won's value low against the dollar in order to promote exports and improve the trade balance.

The Presidential Council on National Competitiveness Chairman Kang Man-soo said in a Seoul forum, organized by the Federation of Korean Industries, that Korea's record-high current account surplus last year was largely attributed to a weaker local currency against the greenback, stressing the won-dollar rate will determine the course of the Korean economy this year.

In 2009, Asia's fourth-largest economy posted its biggest surplus ever in foreign trade and other international monetary transactions at \$43.7 billion, thanks largely to robust outbound shipments, despite the worldwide economic downturn.

“Korea was able to achieve a huge current account surplus last year because of the won's weakness against the dollar. It may have posted a trade shortfall in 2009 if we factor out the foreign exchange effects. For this reason, we cannot remain overly optimistic about the economic outlook this year,” Kang said.

The won-dollar rate averaged 1,276.4 won last year, compared with 1,102.59 won in 2008 and 929.2 won in 2007.

A weaker won boosts exports by making locally-produced goods cheaper in the overseas markets.

But the won is widely expected to gain ground against the greenback in 2010 on the globally weak dollar and the snowballing U.S. trade and fiscal deficits.

The former finance minister had advocated the weak won policy while in office in 2008 in a bid to bolster outbound shipments and improve the current account balance.

But his policy backfired that year as international oil and other raw material prices surged on soaring demand from China and other emerging economies, coupled with speculative demand from investors.

The weak local currency made imported commodities more expensive, hiking costs of goods and services here, and thus placing heavier financial burdens on businesses and consumers.

“The won-dollar rate is the most important economic variable this year. But more than often, it is not determined by market fundamentals, but by currency speculators. There is no single country in the world that leaves the foreign exchange rate entirely to the market,” Kang said.

Touching on the timing of the “exit strategies,” the chairman said now is not the time to withdraw a range of extraordinary fiscal and monetary expansionary policies, stressing it would only be possible after corporate investment and private consumption showed a genuine recovery.

He also said Samsung and other large business groups, which earned record profits last year, should invest more money in research and development (R&D) activities to boost corporate competitiveness, rather than give a large portion of earnings to shareholders as dividends and employees as bonuses.

“Domestic companies have been weathering the global economic crisis well, increasing their world market shares and posting record revenues. They should refrain from distributing earnings to investors and workers, but instead spend the money to strengthen R&D capabilities and core competence,” the chairman pointed out.

(The Korea Times) Policymakers Clash on Financial Regulation

A conference on the global financial crisis revealed Wednesday that a power game between government agencies may be leaving firms uncertain about regulatory policies.

Top officials from the presidential office, finance ministry and financial regulatory authorities disagreed on how much freedom bankers should enjoy, while bankers themselves were more concerned about whom they should trust.

Kwak Seung-jun, a top lieutenant of President Lee Myung-bak, was the first to insist that South Korea should defy the global trend of tighter regulations by giving more autonomy to Korean bankers and expanding the market.

But his laissez-faire view was instantly rejected by Minister of Finance Yoon Jeung-hyun and several officials from the financial authorities who favor closer monitoring and controlled growth.

Kwak said that the financial industry in South Korea is growing up from the level of “elementary school to middle school,” so it was wrong to assume that it was at the same

level as in Anglo-Saxon countries which are like "college students" and have had much more liberty than their Korean counterparts.

"If we accept international discussions and tighten our financial regulations, it is like going back to elementary school," the chairman of the Presidential Council for Future and Vision, said in a speech.

"We need to have strategic thinking. The global tightening of regulations could be an opportunity for us to make our financial industry more competitive."

Kwak, who has a doctorate in economics from Vanderbilt University and is a former professor of Korea University, also claimed that the financial industry should create more high-salary jobs that meet the expectations of the young generation - a rather unique and simplistic statement in the regulatory climate, considering that bankers' pay has become a symbol of unfair distribution of wealth globally.

Minister Yoon was polite but not shy in rebutting Kwak's ideas one by one.

"It is too early to relax. We still need more caution," he said in a following speech. "Reestablishing the relationship between the financial and real economies is a very important task for us. If financial firms take excessive risks, it will make not only the financial system but also the real economy collapse," he said.

The conference was co-hosted by Kwak's council, Yoon's ministry and the regulatory Financial Services Commission (FSC). Chairman of the FSC, Chin Dong-soo, didn't take sides and remained ambivalent, by just saying it was "not adequate" to simply adapt global trends to Korea. But secretary general Kim Joo-hyun was more outspoken.

"The government bailed out credit card firms in 2003, and this is an example of why we need to be fussier with financial firms at the macro level. There are also voices saying there should be more regulation on hedge funds and derivatives," he said.

"Our stance is that we will follow all new international guidelines on the financial industry. And we will establish some measures even before other countries do. We believe the Obama administration's policy is moving in the right direction as well."

Market players were less excited about the discussion on the level of regulations and the future of South Korea's financial industry. Instead, they said they wanted governments to draw up more consistent and predictable policies.

Steven Butters from Deloitte said that the main problem the industry faces is the uncertainty in the financial market caused by a "tsunami wave" of regulations proposed by numerous government and international organizations.

Park Jin-hei of Citibank also stressed that what banks wanted was "transparency and fairness" in regulations, no matter how tight or loose they were.

The conference, titled "Takeoff in the Post-Crisis Era," was held in the largest and most expensive hall of the Lotte Hotel, central Seoul. Despite the disagreement on the future of the financial industry, the three host organizations seemed to agree that the economy was back on track, by offering a five-course lunch to hundreds of participants and audience members at the taxpayers' expense.

(The Japan Times) Seoul wants Tokyo to hand over ancient books on royalty

SEOUL (Kyodo) South Korea may officially demand that Japan hand over about 660 books taken during its 1910-1945 colonial rule of the Korean Peninsula, officials of the Cultural Heritage Administration of Korea said Monday.

The books include various "Uigwe" collections of royal protocols for ceremonies and rituals from the Joseon Dynasty (1392-1910), as well as treatises on medicine and military affairs.

The officials said it would be the first time for South Korea to officially demand the handover of such books, although it has unofficially asked for them in the past.

The "Uigwe" works constitute a unique form of documentary heritage. They have been enshrined in the Memory of the World Register of the U.N. Educational, Scientific and Cultural Organization.

Through prose and illustration, the works document the procedures, protocols, formalities and requirements needed to conduct important ceremonies such as weddings, funerals, banquets and receiving foreign missions, while also detailing the construction of royal buildings and tombs as well as other various cultural activities of the royal family.

Besides "Uigwe" kept as national treasures in South Korea, the Imperial Household Agency holds 145 "Uigwe" of 70 kinds that were taken from the Odaesan archive in 1922, according to documents submitted by South Korea to UNESCO in 2006.

Based on an inquiry conducted in cooperation with Japan, South Korea has found that about 4,700 books on about 360 topics are stored in the Imperial Household Agency.

South Korea has higher hope for progress since Prime Minister Yukio Hatoyama took office last year with a vow to stress diplomacy with Asia by "looking squarely into the past history."

(The Korea Times) Affordable 'Jeonse' Apartments Vanishing

For cash-short apartment hunters looking to rent, it's going to get tougher to lock in bargain deals, with the pool of cheap homes continuing to shrink due to pent-up demand for long-term leases in the capital region.

Even units that were traditionally lower priced — below 100 million won (\$87,000) — are seeing their values head up.

According to Budongsan Bank, a local property brokerage firm, the number of "jeonse" units offered for less than 100 million won in Seoul sank to 126,609 in February, with more than 35,000 such properties vanishing over the past year.

Jeonse is a rental system in Korea through which a lease holder pays a returnable lump-sum at the beginning of a two-year period, instead of paying monthly rent.

The system is popular, but a shortage of supply has recently sent prices soaring out of people's reach.

The latest tally shows that the number of relatively affordable homes has dropped by almost 22 percent since February 2009.

"Landlords have been quick to push up their rents since it was clear that the market was struggling from a major shortage of jeonse units," said Kim Geun-ok, an agent at the property brokerage.

Experts attribute the spike in demand to several reasons.

A rush of new urban rezoning and redevelopment projects in Seoul are major factors that have pushed flocks of people to seek new homes.

Another reason is the global financial crisis that forced people to sell homes and move into rented units.

"The second half of last year was when jeonse prices started moving up fast," said Kim.

Landlords in the Mapo district were the most aggressive in increasing their rents, according to data, as the number of units priced at less than 100 million won plunged from 3,373 to 450 in just one year.

For example, the average 69-square-meter apartment in the area used to cost around 90 million won in February 2008, but is now valued at 150 million won.

Following Mapo came Seocho, with the number of affordable units dropping from 224 to 118. Seodaemun, Gwanak, Yangcheon and Gangseo trailed behind.

(The Korea Times) 'Architect of N. Korea's Currency Reform Replaced'

North Korea's top finance official has failed to appear in public affairs for more than 20 days, fuelling rumors that he might have been fired over the chaos in the market triggered by last year's currency revaluation.

The communist state dropped two zeros from the nominal value of its currency last November in an apparent attempt to fight inflation and black marketeering.

The re-denomination was reportedly led by Pak Nam-ki, director for planning and finance at North Korea's ruling Workers' Party, who has not been mentioned in state-run media since Jan. 9.

Chun Hae-sung, spokesman of South Korea's Ministry of Unification, did not confirm the rumors about Pak's dismissal but said it was true that the senior cadre had disappeared from the public's eye early last month.

"North Korean media reported that he accompanied North Korean leader Kim Jong-il during an on-site inspection on Jan. 4 and participated in some events on Jan. 9," Chun told reporters. "But there has been no report on his public activity since then."

Pak assumed the directorship in 2005. As the currency reform raised inflation and paralyzed the market mechanism, some reports said that he had been grilled over the currency moves within the ruling camp.

North Korea's currency revamp reportedly crippled markets and led to people there starving to death.

Quoting a survey by the communist party, Good Friends, an organization in Seoul to help improve the human rights situation in North Korea, said that one or two people in Dancheon, South Hamgyeong Province, died of hunger every day last month.

In addition, some North Korean watchers claimed that the price of rice rose 30-fold from 20 won per kilogram last December to 600 won in January.

However, some experts said that the rumors may not be true.

"If Pak was dismissed over the failure of the currency moves, vice directors working with him would have been dismissed, too. But they still accompany Kim Jong-il," Professor Yang Moo-jin at the University of North Korean Studies in Seoul told The Korea Times.

"I think his disappearance is more likely to be related to his health condition since he is in his mid-70s but it could be a possible personnel shift."

(The Straits Times) Hyundai sales soar in US

SEOUL - SOUTH Korea's top automaker Hyundai Motor said on Wednesday its US sales jumped by almost a quarter last month, as Japanese rival Toyota grappled with a massive recall.

Hyundai Motor America said it sold 30,503 vehicles in January, up 24 per cent from a year earlier. It said the new figure accounted for 4.7 per cent of the total US auto market in January.

Hyundai is a major beneficiary of the woes of Toyota, whose US sales fell 16 per cent last month after the recall of millions of vehicles and the sales suspension of eight models.

The South Korean carmaker is pinning hopes on its new Sonata sedan, due to hit the market this month, to augment the sales surge. It plans to launch advertisements for the Sonata during Sunday's Super Bowl.

Toyota's recall over a faulty gas pedal also led to an increase in sales for American automakers. – AFP

(The Korea Times) State Auditors to Investigate Luxury Municipal Buildings

The Board of Audit and Inspection (BAI) will investigate local governments that are under criticism for constructing high-cost luxury municipal buildings, BAI officials said Thursday.

The BAI launched a task force Wednesday for a preliminary investigation into 24 provincial governments, including Seongnam City in Gyeonggi Province, the officials said.

Seongnam has been under criticism for spending 320 billion won (\$277 million) to construct an 11-story city hall.

"Included on the list are 12 local governments that have completed construction of a municipal building since 2007 and those currently constructing one," said Jang Tae-beom, a senior BAI official.

The official said Anyang, which is planning to build a 100-story building to house the municipal administration, is excluded from the list because the local government has yet to commence construction.

Jang said the BAI will undertake two rounds of investigations based on ongoing preliminary studies after the Lunar New Year holiday from Feb. 13 to 15.

"The probe will focus on two areas -- whether the buildings meet energy efficiency standards and whether their office space per public servant is more than the maximum size allowed under the law," he said.

On Wednesday, President Lee Myung-bak also criticized local governments for building large, luxurious offices at a time when the central government is stepping up efforts to save energy.

"The least energy efficient buildings constructed by several local governments show that there is little understanding of the time we are in," President Lee said during a meeting to discuss "green growth" at Cheong Wa Dae.

Controversy over local administrations' plush municipal buildings erupted late last year.

Last November, President Lee said, "I want to destroy the luxurious buildings and build new ones, if possible, to improve energy efficiency."

(The Korea Times) Growing Rice Stockpile Emerging as Headache

President Lee Myung-bak instructed policymakers Thursday to step up measures to promote rice consumption, saying the government should supply the grain at cheaper prices to food firms to help lower prices of rice products.

Lee said the government should reduce its stockpile by encouraging firms to develop more products made from rice.

The President made the remarks during a policy coordination meeting with senior economic officials at the National IT Industry Promotion Agency in Songpa-gu, southeastern Seoul.

"It's time to discuss how to deal with the growing rice stockpile. Due to changing dietary habits, demand for rice has been falling, destabilizing the farming industry," the President said.

The government purchases rice directly from farmers every year and keeps it for years in an effort to support their income. Farmers have diversified their income sources, but still make more than 50 percent of their earnings from rice production.

The government also provides subsidies to rice producers to protect them from cheaper imports.

"The government usually keeps purchased rice for three years before supplying it to the market. It was necessary in the past to keep it for such a long time in case of poor harvests," Lee said.

"These days, however, rice harvests are rarely affected by rainfall because of technological developments. The government should provide rice to firms quickly and initiate campaigns to boost rice demand so that it can reduce the stockpile."

According to the Ministry of Food, Agriculture and Fisheries, the annual rice surplus amounts to 300,000 tons. The government currently has a stockpile of some 800,000 tons and spends some 600 billion won annually in keeping it.

During a decade of liberal governments, South Korea sent a total of 3.2 million tons of rice as part of food aid to North Korea, but the Lee administration suspended the shipments due to the North's nuclear threats.

(The Korea Times) STX Heavy to Build \$3 Bil. Plant in Iraq

STX Heavy Industries announced Thursday it will advance into post-war reconstruction projects in Iraq by joining in a \$3-billion plant project in the Middle East country.

The company, a construction affiliate of the STX Group, signed a memorandum of understanding (MOU) with the Iraqi government last week over the construction of a steel mill complex and gas-fired power station in the southern city of Basra, the group said.

The signing of the MOU came in the wake of talks between STX Chairman Kang Duck-soo and Iraqi Prime Minister Nouri al-Maliki during the STX delegation's visit to Iraq. Maliki discussed the reconstruction project of the Basra steel plant.

"Iraq heads toward reconstruction in all fields and should make use of all the agreements concluded with South Korea to speed up the construction process," an STX official said.

Detailed timelines for the construction will be confirmed when the contract is finalized, which it expects will take place as soon as possible.

Once completed, the new integrated steelwork will annually produce 1.2 metric tons of iron bars, as well as 600,000 tons of section steel and 1.2 million tons of hot-rolled products, STX Heavy said.

This contract will be an engineering, procurement and construction turnkey project, and the state-run Iraqi State Company for Iron and Steel will operate the plants after the construction is completed.

In the initial project, Baghdad will pay 40 percent of the overall costs, with the rest being raised through Iraqi government-backed international financing.

The Basra projects will greatly help the war-torn country reconstruct its infrastructure, it said.

Iraq's demand for steel currently reaches 8 million tons a year, and is likely to further expand in the coming years, according to the company. Also, the new gas plant will

annually produce 500 megawatts of electricity to the new steelworks and households in the city.

STX plans to seek more contracts in Iraq in efforts to branch out overseas from its traditional core business of shipbuilding, especially in the fast-growing Middle East.

Last year, STX Heavy won a \$200-billion steel plant bid in Jazan, Saudi Arabia, in September.

"The talks between Chairman Kang and Prime Minister Maliki are expected to promote cooperation with Iraq further in the near future," an STX spokesman said.

(The Korea Times) Korea Faces Risk of Higher Inflation

South Korea is facing growing risks of high inflation, with higher oil and agricultural prices raising the costs of various goods and services at the fastest pace since the outbreak of the global financial crisis more than a year ago.

Higher costs of vegetables and other basic necessities are putting a heavier financial burden on middle- and low-income households that continue to suffer from slower income growth as a result of the prolonged sluggish job market and other unfavorable economic conditions.

Soaring consumer prices are expected to complicate the Bank of Korea's (BOK) monetary policy meeting next week. It has hinted at a rate freeze for the foreseeable future, pledging to maintain accommodative monetary policy to facilitate the ongoing recovery.

But calls for the rate hike to rein in growing inflationary risk are gaining momentum inside and outside the central bank, which will put the seven-member monetary policy committee in a dilemma.

According to Statistics Korea, the cost of living index consisting of 152 foods and other daily essentials expanded 3.8 percent in January from a year earlier, the highest increase since November 2008 when inflation was 4 percent. These items are most frequently purchased by ordinary households and affect family finances the most.

In particular, the prices of vegetables and other fresh food articles expanded at a higher rate of 5.2 percent last month from the previous year. The price of spinach surged 70.3 percent, while retail costs of potatoes and carrots rose 59 percent and 23.9 percent.

Additionally, prices of gasoline and diesel increased 18.4 percent from a year earlier, with higher oil prices pushing up the costs of manufactured goods by 5.4 percent.

“Cold weather and the heavy snow raised prices of fruit, vegetables and other agricultural produce over the past few months. Rising global oil prices in line with the economic recovery also increased costs of auto fuels and industrial goods,” Korea Development Institute (KDI) economist Kim Hyeon-wook said.

Kim said consumer prices will show an upward curve in 2010 as businesses and households here and abroad consume more oil and other commodities.

With state-run and private companies planning to hike electricity, bus, subway and other service charges this year, consumers will have to pay more for various services.

“If the won remains strong against the dollar, it will lower the price of imported raw materials and slow the consumer price growth here. But the thing is that expansionary fiscal and monetary policies over the past year injected an excessive amount of liquidity into the economy and created inflationary pressure,” the economist said, stressing the BOK should increase the key interest rate gradually to head off the possible inflationary spiral.

(The Korea Times) Foreigners Earn 50% Less Than Koreans

Foreign salaried workers here earned 13.2 million won on average in 2008, about half the amount of their Korean counterparts, who earned 25 million won during the period, the nation's tax agency said Thursday.

According to the National Tax Service (NTS), 344,000 foreign workers applied for tax returns in 2008, 2.5 percent of the 14 million Korean paid workers who did the same.

Collectively, the foreign workers earned 4.5 trillion won, meaning their per capita income was 13.2 million won.

Among them, 3,206 workers, or 0.9 percent, earned more than 100 million won in 2008, while 128 workers were paid more than 1 billion won during the period.

However, 60.7 percent, or 209,094 workers, did not have to pay income tax, while 116,000 workers earned less than 10 million won.

By deductions, foreigners benefited most in tax write offs from insurance payments at 36.5 billion won, followed by education expenses (12.5 billion won), donations (8.6 billion won) and medical expenses (7.1 billion won).

The number of foreigners who apply for tax returns has increased gradually since 2005, when 218,000 did so. It rose to 242,000 the next year, and to 282,000 in 2007.

However, these did not include illegal foreign workers, so the real number of paid workers may be far more than the registered numbers.

By region, Gyeonggi Province, home of many industrial factories, topped the list with 116,000 workers followed by Seoul (50,000), South Gyeongsang Province (35,000) and Incheon (33,000).

Jeju came in last with only 1,500 foreign workers living on the island.

Analysts said that most of the foreign workers come from developing countries, and they work the so-called "3D" jobs here.

"About 83 percent of the total number of foreign workers came from underdeveloped countries. They usually work at factories and serve at restaurants," Cho Se-hee, manager of the NTS, said.

(The Korea Times) Seoul Urged to Liberalize Services Sector

Korea should further open up its service market to enhance the nation's economic competitiveness as heavy-handed rules in the sector are hindering productivity of the entire economy, the OECD said Thursday.

At a forum organized by the Korea Development Institute (KDI), Chiara Criscuolo, an economist at the OECD, said the performance of the services industry affects the efficiency of other sectors.

"Recent evidence shows that regulation and lower productivity in services is negatively associated with productivity in other sectors, such as manufacturing," she said.

"Hence, ensuring a competitive and open services sector will be a double boost, guaranteeing an efficient and innovative sector as well as indirectly leading to efficiency gains in manufacturing."

She suggested further opening and integration of service markets.

The OECD's recommendation comes as the Korean economy has been sustained mostly by the export-oriented manufacturing sector while the domestic services sector has been uncompetitive.

At the forum, Hur Kyung-wook, vice minister of strategy and finance, said that such an imbalance should disappear, and the education, medicine and social service industries in particular will be the focus in upgrading the services sector.

"In particular, the economic crisis has revealed that to reduce vulnerabilities against external shocks, the Korean economy must reduce its external dependency and strengthen domestic demand," he said.

He added that the services sector is half as competitive and productive as the manufacturing sector.

The government is focusing on revamping education, medicine and social services.

"Strong emphasis will be placed on nurturing high value-added services such as education and medicine, which convert external consumption into domestic consumption, and social services which bring high job creation," Hur said.

Economists agree that education and medicine could be the right choice. "Developed economies, especially the social democratic countries in Northern Europe, have good social and medical services. Korea, which has a low birthrate and an aging society, should invest in these areas as businesses can't suddenly jump into the sector," said Sohn Min-jung, a research associate at Samsung Economic Research Institute.

He pointed out that Korea was not lagging behind its Western counterparts in the ratio of services jobs to total jobs. The problem, however, is that most of these workers are dedicated to the retail and wholesale or restaurant and lodging sectors, which are less industrialized, and both salaries and productivity are low.

"To sum up, the job structure isn't as developed as in other OECD member countries," Sohn said.

(The Korea Times) Shinhan Marks W1.3 Tril. in Net Profit

Shinhan Financial Group marked 1.3 trillion won in net profit for 2009 despite the global financial crisis, thanks to good business portfolios based on banks as well as non-bank subsidiaries such as credit card and insurance businesses.

It was down 35.3 percent from the previous year but had the biggest net income among local financial groups.

The group said in a regulatory filing, Thursday, that its net profit for last year totaled 1.3 trillion won, including the 256.2 billion won net profit for the fourth quarter

"When considering that loan-loss provisioning increased to cover the corporate restructuring and a one-off severance payment occurred following the massive voluntary retirement, the net profit for the fourth quarter seems to have recovered to the pre-crisis level," the group said in an announcement.

"Net interest margins continued to improve in the fourth quarter, and the loan-loss cost is maintained at the pre-crisis level. The group's core profit platform is quickly recovering," a representative for the group said.

The fourth quarter result showed that Shinhan is turning for the better in a number of ways. The net interest margin for the group, including credit card subsidiaries marked 3.34 percent, up 29 basis points from the previous quarter. The bank also saw its net interest margin soar by 27 basis points to 2.01 percent.

The group's income from interest increased by 15.1 percent from the third quarter.

Its assets are also turning healthy. The group's ratio of non-performing loans marked 1.29 percent as of the end of 2009, down 32 basis points from the third quarter. The ratio of nonperforming loans of Shinhan Bank marked 0.99 percent, despite troubles with the credit crunched Kumho Group.

The group's non-bank subsidiaries helped it maintain stable net profit despite the global crisis. The banking business had net profit fall by 48.1 percent from the previous year, but non-bank subsidiaries marked 1.1 trillion won net profit, contributing to 60 percent of the group's net profit. Their contribution stood at 47.7 percent in 2008.

According to the Financial Supervisory Service, the combined net income of local banks is estimated at 7.1 trillion won for the last year, down 8.6 percent from the previous year. Their net income for the fourth quarter was 1.5 trillion won, decreasing 48.3 percent from the previous quarter.

Their net interest margin fell by 0.33 percentage points to 1.98 percent in 2009, causing the banks' interest income to fall by 2.3 trillion won to 32.2 trillion won.

(The Korea Times) Korean Consumers Turn Backs on Toyota

Before Toyota's recall fiasco broke out last month, a prospective Camry buyer in Korea had to wait until August at the earliest to get a hold of the new sedan. Now, you can be cruising in one by April or May, local dealers say.

Toyota Motor Korea declined to give the exact number of cancellations occurring in the wake of the carmaker's biggest-ever recall affecting millions of cars worldwide.

But the company, which enjoyed immediate popularity after launching here in October, is apparently reeling from both falling sales and a major blow to its PR.

According to the Korea Automobile Importers & Distributors Association, local sales of Toyota vehicles fell sharply as the Japanese auto giant sold 441 vehicles in January, down more than 33 percent from the 660 sold in December.

The company currently sells its flagship Camry sedans, RAV4 sport utility vehicles and Prius hybrids on the Korean market.

The luxury Lexus brand also suffered a drop last month, according to the data, with sales plunging 37 percent from the previous month to 320.

Officials of Toyota Motor Korea and the Ministry of Land, Transport and Maritime Affairs clarified earlier this week that the carmaker's latest recall does not affect more than 19,000 vehicles imported and sold by Toyota's Korean unit.

But the faulty gas pedal still seems to have spooked local consumers.

“Why take even the slightest bit of risk?” wrote a netizen with the ID “Miya” on the Camry Club forum online. “It’s better to wait until the situation gets sorted out further or opt for a different car.”

Other bloggers raised concerns over similar reasons despite the fact that units sold locally did not use the type of accelerator pedal or floor mat covered by the massive recall.

The land ministry, however, did order Toyota to recall on Wednesday 444 vehicles sold by gray importers or brought in by individuals, due to defective gas pedals and floor mats.

Toyota Motor Korea officials weren’t immediately available for comment.

Market experts say the recall fiasco is likely to continue dogging the Japanese firm’s performance here as long as the media frenzy stays strong.

“Korean consumers are extremely sensitive to media coverage,” said an official of an auto trade group, “so no matter how much emphasis is put on locally imported vehicles being safe, people will be skeptical.”

(The Korea Times) Workers Claim Slacking Off Helps Efficiency

Go on, admit it. We all slack off at work sometimes. Whether it is surfing the Internet or chattering with coworkers, we waste time at the office. But a new survey suggests that this may not be all bad.

Online recruitment site Scout asked 906 working men and women to answer how they spend their working hours and more than 80 percent admitted that they get sidetracked from time to time. And nearly 40 percent of the slackers claimed that doing so boosts their work efficiency.

“Employers aren’t going to like this,” said Cho Hyung-rae, Scout vice president, “but many employees spend working hours to take care of personal business.”

He said the idea of wasting time should rightly upset bosses, but added that spacing out for a limited time can, in fact, help lower frustration and increase productivity.

“If it’s going to take 30 minutes of downtime to help a worker free his mind and solve a complex problem, then it’s better to let him do so instead of having him stress out for hours on end,” said Cho, who highlighted the importance of awarding breaks appropriately.

The survey shows that the biggest group of people (39 percent) on average fritter away one to two hours a day, while 32 percent wasted less than one hour every day.

Then there were more severe slackers with the poll showing more than 16 percent spend two to three hours conducting personal business.

The top time waster turned out to be socializing with colleagues, according to the survey.

The second most popular response was reading sports and celebrity news online, followed by chatting online with friends, monitoring stock prices and updating personal Web sites.

Yet, Cho did say that "Thoughtlessly wasting time while on the job can cost employers an unimaginable amount of money every year."

He said it's important for bosses to map out a workable time management system, but also crucial for employees to stick to a certain level of work ethics.

(The Korea Times) Asian stocks retreat

HONG KONG - ASIAN stock markets retreated on Thursday as an overnight slide on Wall Street undermined confidence ahead of a key US jobs report and central bank decisions in Europe.

Selling hit almost every major market in the region, following losses in the US and Europe that halted a couple days of gains in global markets after a dismal January. Oil prices were lower, while the dollar was little changed against the yen and higher versus the euro.

In Japan, the Nikkei 225 stock average lost 48.35 points, 0.5 per cent, to 10,355.98, with Toyota continuing to drag on the market.

Shares in the world's largest automaker plummeted 5.4 per cent ahead of its earnings release on Thursday, adding to steep losses amid its widening global recall.

Hong Kong's Hang Seng fell 1.5 per cent to 20,415.41. Shanghai's main index was off 0.3 per cent. Markets in India and Australia also fell. Down most of the day, South Korea's market recovered to add 0.1 per cent.

On Wall Street on Wednesday, the Dow fell 26.30, or 0.3 per cent, to 10,270.55. The S&P 500 index fell 6.04, or 0.6 per cent, to 1,097.28, while the Nasdaq rose 0.85, or less than 0.1 per cent, to 2,190.91. -- AP

SHANGHAI

Chinese shares closed down 0.28 per cent due to a sell-off in banks after Beijing said it had no plans to inject cash into three major state-run lenders, dealers said.

The Shanghai Composite Index, which covers both A and B shares, was down 8.53 points at 2,995.31 on turnover of 114.6 billion yuan (\$23.8 billion).

HONG KONG

Hong Kong shares fell 1.84 per cent on Thursday, as profit-takers moved in after two days of rallies.

Hong Kong's benchmark Hang Seng Index shed 380.44 points to end at 20,341.64. Turnover was HK\$61.00 billion (\$11.1 billion).

KUALA LUMPUR

At 9.30am today, there were 93 gainers, 128 losers and 149 counters traded unchanged on the Bursa Malaysia.

The FBM-KLCI was at 1,266.37 down 0.78 of a point, the FBMAE was at 4,389.20 up 1.59 points, and the FBMEmas was at 8,536.36 down 6.63 points.

Turnover was at 72.315 million shares valued at RM58.883 million (\$24.3 million).

TOKYO

Japanese stocks closed down 0.46 per cent on Thursday, weighed by deepening concerns over Toyota Motor's mass safety recall while investors remained cautious ahead of a US jobs report.

The Tokyo Stock Exchange's benchmark Nikkei-225 index fell 48.35 points to 10,355.98. The broader Topix index of all first-section shares lost 4.59 points, or 0.50 per cent, to 911.09.

Toyota shares ended down a further 3.52 per cent at 3,280 yen (\$51), a day after diving nearly six per cent as safety concerns mounted.

The automaker said it has confirmed dozens of complaints in North America and Japan about brake failure on its popular Prius hybrid. -- AFP, BERNAMA

(The Straits Times) 2 charged with selling trade secrets

SEOUL - SOUTH Korean prosecutors said on Thursday they have charged two people with stealing trade secrets from Samsung Electronics, the second alleged case of industrial espionage to be disclosed this week.

The prosecutors in the southwestern city of Gwangju said a former Samsung employee, who now runs a partner firm, is accused of stealing the company's side-by-side refrigerator designs and marketing information.

The unidentified suspect sold them to a Chinese home appliance company between 2005 and 2007 for a promised 240 million won (\$294,163) but had received only 10 per cent of this when arrested. The prosecutors, quoted by Yonhap news agency, said a current Samsung Electronics employee was charged with handing over designs and marketing secrets.

On Wednesday prosecutors announced the arrest of 18 people allegedly involved in leaking Samsung chip-making technologies to smaller domestic rival Hynix Semiconductor through a US-based-semiconductor equipment manufacturer. They said a Hynix executive and two officials from Applied Materials Korea (AMK) had been detained.

AMK is the Seoul branch of a firm that provides semiconductor equipment to both Samsung and Hynix, respectively the world's largest and second largest manufacturer of computer memory chips.

Charges were also brought against 15 other officials from AMK, Hynix and Samsung but they were not detained. – AFP

(The Straits Times) S Korea fines alcohol firms

SEOUL - SOUTH Korea's fair trade watchdog on Thursday slapped sobering fines totalling US\$23 million (\$33 million) on 11 makers of the country's popular liquor soju, saying they were guilty of price-fixing.

Top maker Jinro and 10 others were fined 27 billion won for fixing prices in 2007 and 2008 through collusion, the Fair Trade Commission said. Jinro said it would consider appealing. It and other firms said they simply followed administrative guidelines from the tax agency, which reviewed Jinro's proposed price increase.

The commission, however, said the soju makers had discussed price rises before they consulted tax authorities.

'Any price-rigging, even if it is embellished with administrative guidance, should not be allowed,' it said in a statement.

Soju, made from starches, is popular among low and middle-income earners. A 360 millilitre (12 fluidounce) bottle costs 880 won.

In 2008 an average of 97 bottles of soju was consumed by each South Korean adult. -- AFP

(The Straits Times) Ma wants FTA with Japan

TAIPEI - TAIWAN'S President Ma Ying-jeou on Thursday expressed his wish to strike a free trade agreement (FTA) with Japan to further boost trade ties.

'The government wants to discuss FTA matters with Japan as currently Japan is Taiwan's second largest trading partner (after China),' Mr Ma told Tokyo's de facto ambassador to the island, Mr Tadashi Imai.

'It would benefit both the business sector and the public if the two sides could strengthen trade and economic ties. This should be our joint goal,' he said. Japan, like most countries, officially recognises Beijing instead of Taipei, but Taiwan maintains friendly relations with Japan despite being colonised by its northern neighbour between 1895 and 1945.

Taiwan has assured Japan it has nothing to fear over the island's warming ties with China, which it split from in 1949 after a civil war. 'Improving ties with China is a positive development for Japan, Korea and other South-east Asian countries ... we hope the Japanese government and people will understand,' Mr Ma said.

The Japanese chamber of commerce in Taipei has also called for an FTA and supported Taiwan's plan to sign a similar pact with China, saying it could benefit Japanese businesses on both sides of the Taiwan Strait.

Taiwan hopes to sign the pact, known as the Economic Cooperation Framework Agreement, with Beijing around May to lift economic growth and boost employment. --
AFP

(The Korea Times) More Workers to Enjoy Parental Leave

More workers can now take parental leave if their children are under six years old.

The Ministry of Labor passed a revision on Wednesday to the Act on Equal Employment and Support for Work-Family Reconciliation, or the Employment Equity Act for short, which will expand the range of workers eligible for parental leave. Now parents with preschoolers under six years old can benefit.

The leave allows employees to take a certain number of paid days off from work to care for their children. The parents can also take unpaid leave if they use up all of their paid days. This includes maternity, paternity and adoption leave. Currently, at private firms only workers with children three years old or less qualify for the leave.

The revised bill also makes those who adopt eligible. The ministry states this will allow them to build psychological and emotional links with the children and help with parental duties.

"As Korea is entering a time with a low birthrate and an aging society, labor policies should move toward urging more female workers to give birth and be economically productive," a ministry official said. "We will develop more measures to allow work to be compatible with taking care of a family."

However, the new bill added that only those who gave birth to or adopted children after Jan. 1, 2008 are allowed parental leave.

In 2008, the government increased the age restriction, allowing public servants to take time off for parental purposes if their children were under six years old.

Since government employees can now receive longer parental leave, the Ministry of Public Administration and Safety reformed the appointment system, letting managers employ substitutes for vacant positions when workers have left the position for more than six months.

"There was a negative atmosphere toward parental leave as vacancies were not filled and the remaining staff had an increased workload," a ministry official said. "Replacing their position temporarily will change attitudes and more public servants will feel less pressured against taking leave."

(The Korea Times) G-20 to Be Held Nov. 11-12 in Seoul

The 2010 Seoul G-20 Summit will be held Nov. 11 and 12, just ahead of the Asia-Pacific Economic Cooperation (APEC) forum in Japan on Nov. 13 and 14.

The Presidential Committee for the G-20 Summit announced that it has sent the date of the summit of the world's 20 major economies to each member state through diplomatic channels.

"The summit should be an opportunity to upgrade Korea and the society. I expect strong support from the people," said Sakong Il, chairman of the committee.

As the event in Japan was already scheduled, Korea pushed for the G-20 summit ahead of it to ease travel arrangements for the heads of countries involved.

However, as Nov. 11 is Remembrance Day in Europe marking the end World War I, Korea sought the understanding of governments there.

The G-20 was launched in 2008 to coordinate international economic policies amid the global financial crisis. After the first summit in Washington D.C. in November 2008, two more were held in 2009, in London in April and the in Pittsburgh in September.

The meeting in Seoul will follow the fourth summit scheduled for Toronto, Canada, from June 26 to 27.

The G-20 is comprised of the seven developed economies of the United States, Japan, the United Kingdom, France, Germany, Italy, and Canada and the 12 emerging economies of Korea, Russia, China, India, Indonesia, Argentina, Brazil, Mexico, Australia, South Africa, Saudi Arabia, and Turkey, as well as the European Union.

Their economies account for 85 percent of the world's GDP, and two thirds of the world's population reside in these countries.

Korea is to hold a meeting of vice finance ministers and central bank vice governors of the G-20 member economies in Songdo International City, on Feb. 27 and 28.

(The Korea Times) LG Chem to Supply Batteries to China

LG Chem has struck an agreement with China's Chongqing Changan Auto for cooperation in the electric vehicle battery business.

The overseas agreement is the second after LG Chem clinched a mutual partnership with General Motors (GM) of the United States for batteries last year.

The nation's top chemical firm will ship lithium ion batteries for Chongqing Changan's hybrid vehicles in the second half of this year, the company said in a statement.

Chongqing Changan, which has already introduced a hybrid van dubbed "CV11" last year in China, plans to sell a hybrid sedan called "CV8" next month. Officials say China's third biggest automaker will use lithium ion batteries in its hybrids moving away from nickel batteries from the second half of this year.

"The latest agreement will pave the way for LG Chem to keep its current leadership in the electric vehicle battery market," its CEO Kim Bahn-suk said.

"More deals will come. LG Chem has been in detailed talks with major carmakers in the United States, Europe and Japan to supply our lithium ion batteries," the top company executive said, adding it would set bigger budgets for research and development (R&D) of the electric car battery business.

Industry watchers say LG Chem has engaged in talks with Ford of the United States and Volkswagen, Germany's largest automaker, to supply its lithium ion car batteries.

"The deal will be positive for LG Chem as China is emerging as the world's top car market. LG Chem will continue its bullish move as it is very near to an additional partnership," an analyst of Hi Investment said.

LG Chem last year said it would invest 1 trillion won in an electric car battery plant over the next four years, aiming to collect 2 trillion won in total revenue from the battery business alone by 2015.

The company will ship its lithium ion batteries to GM, Eaton and CT&T.

It also plans to set up a joint battery venture with Hyundai Mobis, the auto parts making unit of Hyundai Motor Group. Hyundai Motor launched its first hybrid car in South Korea last July.

The demand for electric vehicles will grow to 3.3 million globally by 2013, while the adoption rate for lithium ion batteries is expected to reach 40 percent or 2 trillion won, market research firms say.

(The Korea Times) Cheap Rice Put to Creative Use

Rice in a bowl is so yesterday — not to mention falling out of favor, considering the latest government data showing a downward spiral of rice consumption. To add a flavorful twist, food makers are marrying the grain with everything from chocolate to pizza.

Imsil Pizza, a local pizza chain, was one of the first to experiment with the nation's staple. Having launched the business in 2006, the company now rings up more than 30 billion won every year on pizza made with rice.

“We shook up the stereotype that pizza has to be made with corn flour,” said Shin Dong-kwang, a spokesman of the franchise, who added that customers like rice flour pizza because of its “lower calories and fresher taste.”

He said it used to cost the company twice as much to substitute corn flour with rice, but explained that the price difference continues to narrow as rice is becoming cheaper to buy on supply overflow.

According to Statistics Korea, South Korea's per-capita consumption of rice fell to a new low last year due to a change in people's eating patterns. The consumption of the staple grain shrank 2.4 percent, or 1.8 kilograms, from the previous year to 7.4 kilograms in 2009.

The government has introduced numerous campaigns to get people to eat the grain again, but data show that they weren't enough to stop the overall shift to a more Western diet.

Traditional sellers may suffer from the transition, but fast-adapting marketers are capitalizing on the change.

Sand N Food, a sandwich chain, might come off as a typical shop selling tuna and egg sandwiches. But it sets itself apart by using zero ounces of corn flour.

All of the bread the franchise uses is made from rice, making its offerings healthier and lighter.

Nongshim, a leading foodstuff maker, recently put out a new rice noodles product that quickly became a hit. Within three months of sales, the company sold 13.5 billion won's worth of the noodles.

``The rice factor was the winning point," says Chang Jae-ku, a Nongshim official. ``When people think noodles, they think it's unhealthy, but when they think rice noodles, it's different."

Besides the new mix of rice products, traditional goods are starting to sell better lately as their prices have become friendlier.

According to online shopping site Auction, prices of rice desserts generally roll back 30 percent on average ahead of the Lunar New Year holiday.

``We're seeing a sharp rise in sales as the snacks are now more affordable," said a representative of Auction.

Labor Minister Stresses Need for "Creating Job"

(The Seoul Times) Minister Yim Tae-Hee to Tackle High Unemployment

South Korea's Labor Minister Yim Tae-Hee set the goal of "creating jobs" for this year's policy, Minister Yim revealed in a recent interview with a local daily.

South Korea's large circulation daily ChungAng Ilbo reported in its Jan. 27, 2010 internet edition that Minister Yim emphasized on creating jobs as the official government policy for the year 2010.

The daily said that the interview was conducted at Minister Yim's office in Gwacheon south of Seoul.

Asked about how he will deal with the record number of people without job estimated at 4 million, Minister Yim argued that the actual number of the unemployed is some 1.8 million, saying that the number was bloated.

Minister Yim said that his ministry will make a long-term approach instead of stopgap measures.

He also recognized that the general public are worried about the worsening unemployment.

"I want to change drastically the current job market structure so that unemployment will be eased systemetically on the long-term basis," Minister Yim was quoted as saying.

He also touched upon the young people without job.

"Small and medium-sized companies are dying for seeking work hands," he said. "Young people are not interested in working for small companies"

Minister Yim urged young people to change thier way of thinking.

"The can build their career and work experience and they can later move on to large companies," Yim went on.

The labor minister was also questioned about the low employment rate of 50 percent compared with over 70 percent of advanced countries.

Minister Yim came up with "shortening the work hours" as a remedy of the low employment situation.

"Reducing work hours could be the most effective way," Minister Yim said.

He pointed out the low productivity when he mentioned that South Korea has the longest work hours among the nations of OECD (Organization for Economic Co-operation and Development)

"But labor unions should accept the decreased wage if their work hours are reduced," he argued. "Labor laws need to be reformed accordingly"

Minister Yim stressed that the labor unions need to be flexible as well.

(The Korea Times) Export-oriented markets in Asia hardest hit as investors panic

REGIONAL MARKET TURMOIL

ASIAN share markets were hammered on Friday as fears over Europe's spiralling debt crisis, and escalating unemployment in the United States, ignited a region-wide sell-off.

Markets endured their worst day in months as investors took heed of Wall Street's nosedive overnight and scrambled for the exits in a re-run of last year's panic attacks.

Export-oriented markets like South Korea and Taiwan were hardest hit over concerns that a stumbling Europe will derail the fragile global recovery and dampen demand for manufactured goods.

They had falls of up to 4.3 per cent while Singapore's Straits Times Index closed at a three-month low of 2,683.56 after falling 61.42 points.

'We may find ourselves spending a bleak Chinese New Year if the bleeding continues,' said UOB Kay Hian remisier Charlie Lim.

DBS Vickers Research said that investors were switching to the 'panic' mode and rushing to cut their positions.

Socio-cultural Façade;

Detailed News:

(The Korea Times) Placenta Medication Sale Banned

Five companies have been banned from selling hydrolysate medications extracted from placentas, the Korea Food and Drug Administration (KFDA) said Sunday. They include Hurocen from KwangDong Pharm, Gu Ju Pharm's Lycon and three others. The companies failed to prove the efficacy of the medications through clinical trials for the renewal of their licenses to sell them.

In the past, the products had been allowed here for allegedly improving chronic liver diseases.

Should the companies not turn in clinical trial data by the end of April, they may be banned from selling the medications for good, the KFDA said. Currently, the administration allows the sale of hydrolysate and other liquefied placenta extracts provided they are proven to be safe.

Last year, 11 drug makers were restricted from distributing extracts used for injections due to a lack of clinical data.

(The Korea Times) Anyang Mayor Defends New City Hall Plan

Anyang City is under fire for planning a 100-story city hall that could house a hotel, cinemas, shopping complexes and other facilities. Anyang Mayor Lee Phil-woon said Friday that the "Anyang Sky Tower" will be built on the current 60,736 square-meter site of Anyang City Hall by 2017.

About 10 percent of the space will be used for administrative offices but the rest will be filled with restaurants, a hotel, shopping mall and other leisure facilities, bringing 190 billion won in rent to the city coffers in 2017, he said.

The 2.2 trillion won-project will be financed by private investors, creating 42,000 jobs and 3.6 trillion won in gross economic effect, he said.

"More than 10,000 people will work in the building while 50,000 will commute or visit annually," the mayor of the southern satellite city of Seoul, said.

The plan is aimed at solving the city's growing deficit. The city raises only 65.3 percent of its annual budget, while relying on central government for the rest.

The administration is also in debt to the tune of over 70 billion won, which is expected to snowball.

To cope with this, the city has formed a task force, which will operate from today.

"This will be more of a project for citizens who have suffered from a lack of cultural facilities," Lee said.

However, civic groups, the city council and many others have hit out at the plan. The project has not been authorized by the Gyeonggi provincial government, which oversees the city administration, or the city council.

Council Vice Chairman Moon Su-gon said he was unaware of the plan.

Some portals and the city's Web sites are filled with criticism. Most of them say the construction is a waste of money since the current building was built only 14 years ago.

"The construction was a huge project at that time, consuming more than 60 billion won. Trying to build an even flashier building in just over decade is waste of time and money," the Anyang Federation for Environmental Movements said. Local governments usually reconstruct buildings that are over 30 years old.

About 18 local civic groups will hold protests in front of City Hall.

Anyang is the third local government that has been criticized for the construction of an "extravagant" city hall, following Seongnam and Pyeongtaek, both in Gyeonggi Province.

(The Korea Times) 'Consider Immigration Reform to Combat Falling Birthrate'

A parliamentary think tank called on policymakers Monday to consider immigration reform when charting a strategy to fight the nation's falling birthrates.

In a paper titled, "Low Birthrates, Ageing Society and Immigration Policy," the National Assembly Research Service (NARS) recommended that the government rewrite immigration policy to attract highly-skilled workers.

Before coming up with the recommendation document, the think tank requested Gallup to conduct a public opinion survey last year to gauge Koreans' overall view of migrant workers.

The Gallup poll of 1,009 people conducted Dec. 22 reported that Koreans were open-minded to immigrated workers.

Respondents said that migrant workers were diligent and contributed to cultural diversity, and therefore they would welcome foreigners if they joined their workplace.

They said that foreign workers were helpful in reducing labor shortages in the manufacturing sector.

About 92 percent of respondents said they would welcome them as neighbors, while 87 percent responded that migrant workers deserved more social benefits than they get now.

The survey also found that 50.6 percent of Koreans believe allowing the immigration of foreign workers could increase social problems or crime.

Asked what measures the government should adopt to attract more immigrants, 30 percent said Korea needs to fix discriminatory practices by raising public awareness of cultural diversity.

The institute indicated Koreans' overall positive evaluation of the role of foreign workers would make it easier for the government to consider immigration as a measure to fight the falling birthrate.

"Maternity leave, subsidies and other monetary compensations have proven to be ineffective in stopping falling birthrates in 40 European nations. Several empirical studies suggest that immigration is the option to take," the paper said.

The Total Fertility Rate (TFR) of the United States in 2007 was 2.1, indicating that an average American woman has two children.

The birthrate of white Americans was 1.7, while those of ethnic minority groups, such as Hispanics (3.0) and African-Americans (2.4), were higher.

Britain and Switzerland also have similar experiences of higher birthrates among ethnic minorities.

To attract high-skilled workers, the report recommended that the government offer supportive measures in education, social welfare and tax benefits to foreign workers and their families.

(The Korea Times) More UNESCO World Heritage Listings Planned

Following a number of Korean cultural heritages being inscribed on UNESCO lists last year, the Cultural Heritage Administration (CHA) is seeking to promote the value of national cultural assets to the world.

The Joseon Royal Tombs were inscribed on UNESCO's World Heritage List while "Donguibogam," (The Principles and Practice of Eastern Medicine) was listed on UNESCO's Memory of the World Register and five intangible cultural elements were included in UNESCO Representative List of the Intangible Cultural Heritage of Humanity.

The administration also expects the additional registration of Yangdong and Hahoe villages in North Gyeongsang Province on the World Heritage List. The International

Council on Monuments and Sites (ICOMOS) has conducted on-the-spot inspections of the sites following Seoul's application last year.

"The listing standards are getting tougher and pickier. UNESCO has asked us to provide additional information. It's a difficult process, but we are doing our best for the inscription," CHA Administrator Yi Kun-moo, said in an interview with The Korea Times.

The government will submit "Daemokjang," a wooden architecture master, as an Intangible Cultural Heritage of Humanity, and "Ilseongnok" (Records of Daily Reflections of the Joseon Kingdom) for Memory of the World registration.

He emphasized, however, that the preparation process is as important as the registration itself as it is an opportunity to collect resources and conduct research about the cultural heritages to have them internationally acknowledged.

"The status of World Heritage means more than that of Korean heritage. It has universal value for all humans. We are responsible for preserving the assets to hand them down to the next generation," he said.

But in addition to preservation, a moderate tourism development plan should be considered for the designated cultural heritage sites.

The administration is currently pondering plans to link palaces and the Joseon Royal Tombs — under the theme, King Sejong, it can make a connection between Gyeongbok Palace and Yeongneung in Yeosu, Gyeonggi Province, and the Silleuksa Temple. Under the theme, King Jeongjo, it can tie Yunggeonneung Cluster, Suwon Fortress, Changgyeong Palace and the Jongmyo Shrine.

"To make this a reality, it's important to use story-telling methods to promote the related heritage sites," he said.

The administrator admitted that there were concerns over possible damage to the historical sites due to the growing number of tourists.

"But it doesn't mean we should only preserve them. Just preserving the designated heritages doesn't conform to the intention of the World Heritage List. The ICOMOS recommended that the government develop a comprehensive tourism plan and an on-the-spot explanation program to better protect the historical and cultural environment and promote the value of the cultural heritages," he said.

Thus, striking a balance between preservation and development is the top priority in managing the sites. The CHA has already finished equipping the royal palaces and other heritage sites with automatic fire extinguishing systems, and has strengthened the security and tour guide systems.

"More importantly, Koreans' awareness of the heritages has been raised a lot recently. So we expect people to show a mature consciousness about the conservation of the historical sites," he said.

When Yi participated in the 33rd session of the World Heritage Committee in Seville, Spain in June, he felt it was a kind of "culture war." "More and more countries are vying for registration of their assets. But the follow-up measures are crucial because maintaining the World Heritage status is as difficult as having them registered," he said.

Yi said that it was shocking to see UNESCO remove Dresden's Elbe Valley in Germany from its list because of the construction of a bridge across the valley. "This case tells us a lot — how to protect cultural heritages and continuously maintain their status after the designation is really important," he said.

Efforts to Reclaim Cultural Heritages

A French court's recent decision to reject a request to return Korea's royal texts that were looted by French troops during a 19th-century invasion has rekindled the public's desire to restore their stolen cultural assets.

On Dec. 24 the court ruled that the Korean royal books held by the National Library of France were "national property" that cannot be handed over.

The collection that records most of the royal history of the Joseon Kingdom (1392-1910) was stored in an archive called "Oegyujanggak" on Ganghwa Island off Korea's west coast. French troops took away the royal documents from the archive and destroyed other books when they raided the island in 1866.

The National Library in Paris had classified them under its Chinese category until they were discovered by a Korean historian named Park Byeong-seon living in France in 1978.

"As we saw in the Oegyujanggak case, there are many obstacles to repatriating cultural assets. It is true that the government cannot take bold action to bring them back home because there are no legally binding regulations over the illegal ownership of the looted assets and the breach of property rights. In addition, there are no international accords for retroactive applications for the case," said Yi.

UNESCO adopted the Convention on the Means of Prohibiting and Preventing the Illicit Import, Export and Transfer of Cultural Property in 1970. Under its supervision, the Intergovernmental Committee for Promoting the Return of Cultural Property (ICPRCP) has urged each nation to return stolen cultural properties to their home countries.

However, the convention only applies to the cultural properties stolen after 1970. Thus, UNESCO's requests for the return of such plundered properties are mostly ineffective.

The Korean government hosted the ICPRCP's extraordinary session in Seoul in 2008 on the occasion of its 30th anniversary and it urged the unconditional return of Korean artifacts held by Japan and France.

The government has so far reclaimed several lost cultural assets — for example, the seal of King Gojong of the Joseon Kingdom and General Oe Jae-yeon's flag — in cooperation with government agencies and civic organizations through purchases or donations.

Currently, a total of 107,857 cultural properties are scattered throughout 18 countries. They were taken during chaotic periods such as the Japanese colonial rule and the Korean War.

Japan has 61,000, the largest number of Korean cultural properties, followed by the United States with 27,000 and China with 3,000.

"We estimate more cultural properties might remain abroad than we know now because they were taken away during social upheaval. To bring them back, it is important to track down how these properties were taken out of the country. We are trying to figure this out," he said.

(The Korea Times) Korea Is 'Heaven' for Illegal Private English Tutoring

This is the first in a series of articles on illegal private English tutoring.

A 38-year-old Canadian who identifies himself by the alias Mark Cohen holds an E-2 teaching visa and is teaching English at a kindergarten in southern Seoul, but he also gives private English lessons to three groups of students.

During a meeting with The Korea Times in downtown Seoul, Cohen said he charges 50,000 to 70,000 won per hour for private lessons, though the fee is negotiable.

He also said the part-time jobs bring him as much money as he receives from his main job.

Asked whether he knows that such tutoring is against immigration regulations, he said, "I don't understand why it could be a problem. Most of my friends are doing part-time jobs like me."

Many foreigners are unaware that private tutoring is illegal. Under the Immigration Law, E-2 visa holders and foreigners on tourist visas are banned from making money through giving private lessons.

In the case of F-visa holders such as F-2 (spouses of Koreans) and F-4 (ethnic Koreans), the holders are permitted to offer private lessons for money, but are required to report them to city or provincial education offices.

In reality, however, a large number of foreigners are giving private English lessons, with many of them already fulltime English teachers at schools or private language institutes. Often, they meet up with parents and students through online communities or are introduced by their friends.

Lesson fees vary depending on a variety of factors including the students' English level and age and other working conditions.

A woman who identified herself as Winch, the wife of a U.S. Army employee in Korea, recently started giving English lessons to a group of students in Gangnam, southern Seoul.

When approached to comment whether her visa status allows for private tutoring, she said she believes it doesn't matter, as she is not officially working at a school or other institute.

There are also English tutors without appropriate resident visas. James Ryan (an alias) is a 35-year-old man who came here two years ago from the United States - he started private English tutoring in the Gangnam area last year.

He said he normally advertises on apartment notice boards to recruit students and that sometimes parents of his former students recommend him to other potential clients.

Ryan works with his Korean girlfriend, who assists him by answering phones and dealing with Korean parents.

Behind the illegal English tutors are parents and students who have to cope with current government's education policy focusing on "practical English."

Park Hye-soo, a middle school student who has lived overseas, is currently taking private English lessons to maintain her language skills. She pays 50,000 won per hour for writing lessons and 40,000 won for speaking and conversation with her tutor.

A high school student who declined to be named is preparing for early admission to university here, and has two-hour sessions twice per week to boost his writing and speaking skills.

He also gets his essays proofread, and practices interviews and debating skills. The monthly cost amounts to approximately one million won. He said, "It costs this much as the sessions are fairly intensive."

(The Korea Times) Stiffer Penalty for Test-Refusing Drivers

Stiffer penalties will now be slapped on drivers who refuse to have their blood alcohol levels tested.

According to the Justice Ministry and police Monday, regulations have been revised to enable prosecutors to indict those who refuse to take breathalyzer tests. The new regulations have been in effect since late last month, the ministry said.

This revision comes at a time when those suspected of driving under the influence can get away with lighter penalties by refusing the tests.

Previously, only those who failed to help victims in car accidents they had caused or committed hit-and-run accidents could be indicted by prosecutors.

Under the new rule, those who refuse to take the test may face confinement of up to five years or fines of up to 20 million won.

The revision was introduced as a bipartisan bill by the ruling Grand National Party and the main opposition Democratic Party last year.

(The Korea Times) History Loses Place in School Curriculum

A survey by the Ministry of Public Administration and Security last year found that 56.6 percent of people in their 20s didn't know what year the Korean War broke out.

Another study by Korea University found that only 62.9 percent of 218 respondents were able to clearly elaborate on why Dokdo — or Takeshima as maintained by Japan — was Korean territory.

These "embarrassing" survey results may stem from education policies consistently de-emphasizing national history, especially in high school.

Scholars and history teachers are increasingly voicing their concerns toward policymakers' lack of consideration for history education in high schools.

In December 2009, the authorities approved what they called a "future-oriented education curriculum," the essence of which is to reduce subject courses taken in elementary, middle and high schools. Aimed at alleviating the excessive study burden, the measure will go into effect for the 2011 school year.

Some experts maintain, however, that the revised curriculum undermines the place of some critical courses such as Korean history.

Previously, history, with an emphasis on modern times, was a mandatory course for high school students. The course was taught to link up with that provided in middle schools, which focused on ancient Korean history.

However, the latest revision made last year has placed modern Korean history as an "elective course."

"The revisions could strip altogether the opportunity for students to study Korean history in high school," The Korean Teachers & Education Workers' Union argued in a statement.

Additionally, the revisions call for the abolishment of a separate course on the history of Korean culture.

So far, high school students were obligated to take a Korean history course the first year and then choose whether to study Korean culture during the remainder of their high school years.

Historians are concerned that starting in 2011 the nation could start seeing more students graduating without having taken any courses related to Korean history.

Currently, only around 10 out of 30 students per class choose to study Korean history.

"History education is facing its biggest crisis in modern times," wrote Prof. Cho Gwang of the Korean history department of Korea University, in a recent column. "It is hard to deny that under the 'future-oriented' curriculum, history education has been given much less priority than in past curricula."

There are around 80 elective courses for high school students — history has now become one of the nine in the social studies division that also includes ethics and philosophy, world geography, world history, politics and economics among others.

"Korean history involves more studying than other subjects in the social studies division, making it difficult for students to get a good grade on the college entrance examination. This is precisely why history has formerly been designated as a mandatory course."

One of the most serious problems with the revision is that it is likely to increase the tendency of high school students to avoid Korean history, which is considered to be one of the most taxing subjects on the college entrance examination.

The number of students choosing to study history for the college entrance examination has consistently been decreasing since 2005, according to the latest survey.

For the examination conducted in November 2009, only 18.2 percent of test takers chose history, the Korea Institute for Curriculum and Evaluation found. In 2005, 46.9 percent of test takers took the option.

The education ministry announced the revision in December 2009 after having gathered opinions through 10 public hearings. However, organizations such as the National Institute of Korean History (NIKH) have said that the views of historians were not duly reflected.

Another problem with history education is a lack of professional teachers with quality teaching methods and vision.

It is estimated that only around 50 percent of history teachers actually majored in the subject. The rest majored in sociology, geography or other associated subjects.

Historians warn that undermining history education is an inappropriate policy decision, particularly at a time when youngsters are increasingly becoming ignorant of events that have shaped modern Korea and of age-old historical conflicts with neighbors China and Japan.

(The Korea Times) 'Loose Lips' Get Yoo Back in News

Culture Minister Yu In-chon is under fire for his ill-placed sarcasm on Monday to describe a political struggle involving two artists at a state-backed cultural association. It was not the first time Yu has been in trouble for his "loose lips."

The latest case involved an odd situation triggered by a court decision that reinstated the former chairman of the Arts Council Korea. Now the state-funded institute established to support cultural activities has two chairmen.

"Having two bosses to serve must be an interesting experience for employees," Yu told reporters. His remarks were seen out of place and sarcastic since the council is under Yu's control.

The reinstated head was one of the targets that Yu tried to kick out in his effort to replace heads of the ministry's affiliated organizations with those who are friendly to the conservative Lee Myung-bak government.

As Lee's predecessors did in their early stages of power, the actor-turned-minister pressured heads of state-funded organizations appointed during the presidency of his predecessor, Roh Moo-hyun, to voluntarily leave the seats and tried to fill them up with his aides. The administration tried to find fault with those who refused to do so.

Liberal activists and cultural figures say Kim Jung-hun, a 64-year-old painter, is the latest victim of what they call the "outdated" power transfer system as well as the minister's verbal attack.

Kim was appointed as head of the council in Sept. 2007 by former President Roh. He withstood intensified pressures to quit the job from the current administration, claiming cultural affairs should be supported without political bias.

In response, the cultural ministry, headed by Yu, conducted a special audit of the council and found a loss of funds it had invested in the financial market. The ministry fired Kim in December 2008, saying he should take responsibility for the loss, worth four

billion won. The government appointed another senior painter Oh Kwang-soo as new head of the council.

Kim filed a suit against the decision and a court recently handed down a verdict nullifying the state decision.

Kim made his appearance at the council's headquarters, Monday, with the new chairman Oh being in the chairman's office. No clash between the two parties was reported. But media outlets churned out reports on the story, depicting it as a revival of the political struggle between the liberal circle and the conservative administration.

Asked by reporters about Kim's reinstatement, the minister, who spearheaded the scheme to kick him out, smirked and said, "He did a good job."

As reporters asked what he meant, Yu added, "I mean both parties. Kim did a good job and the security staff of the council also did a good job. It may be an interesting experience for staff members of the council (to have two bosses at the same time)."

Kim expressed his anger over Yu's remarks in a radio interview aired Tuesday morning, saying, "I will never take them lightly."

Opposition parties also criticized the minister's remarks, calling them "inappropriate."

This is not the first criticism leveled against the minister for his inappropriate language at an official event.

In October 2008, he was targeted for abusive language he hurled in a fit of anger at a photographer in the National Assembly building.

Yu was also blamed for using the terminology that the Japanese use to play down Japan's invasion of mainland China, during a speech to Chinese students.

(The Korea Times) Koreans' Divorce Patterns Undergo Changes

As the times have changed, reasons for divorce have followed suit.

In the old days, patriarchal sentiment within a family used to be the main reason for divorce, but these days, it is mostly about money and equal status between partners, a state-run institute reported Friday.

As more women earn money, they have begun to demand more of an independent role while men have struggled to keep their traditional status, according to the Korean Legal Aid Center for Family Relations.

The center has conducted more than one million counseling services since its establishment in 1956. An analysis of its services also showed the changing lifestyle of families.

"You cannot define what has exactly been going on between a man and a woman but the change of women's role in the family and society has spawned demands for counseling," Kwak Bae-hee, head of the institute, said.

In the 1950s, most women grumbled about their husbands' chauvinistic attitudes.

"When I asked my husband to fetch me something, he said, 'How dare you ask me to run an errand? Didn't you see my mother serving my father like a master?'"

This was a typical response from husbands in the 1950s, Kwak said. Housewives used to say in those days, "If I could be born again, I would like to be a male, even if it is a flea."

Husbands' infidelity or conflicts with in-laws were also common regrets but Kwak noted that not many of them led to divorce.

In the 1970s, when industrialization allowed many women to make money, women did not just mumble to themselves, but confronted their husbands' irregularities. But when demands for democracy were growing in the 1980s, women started to speak louder about their discomforts.

"I've worked hard to make a living but my mother-in-law took away all the money. My husband just sat on the fence. We are not talking to each other anymore," Kwak recalls one woman saying. Some men were reported to have searched for their wives who ran away after quarrels or domestic violence disputes.

In the 1990s through 2000s, the family structure changed. Many males were astounded to find their working wives "drinking with their friends till late at night, or leaving child rearing to the father and going to work every morning," the institute said.

With the Asian financial crisis hitting Korea hard in 1997, many men lost jobs, which left little space for them in the family as bread earners. More women had jobs and they were not afraid to divorce.

"My husband used to make a large sum of money. Then he was made redundant and is staying home every day. He beats me when he is upset. Now that he is penniless, I cannot put up with him," another woman told the counselor.

On the other hand, many men began to complain about the reverse domestic violence — being beaten by wives or enduring insults for being "financially incompetent."

"It seems that retired males need more support to contribute to the family financially. We plan to hold more education programs for them and will activate counseling programs for couples thinking about divorce," Kwak said.

(The Korea Times) Turkish Teenager Buried Alive

The father and grandfather of a Turkish teenager are to face trial for burying her alive because they were concerned that her friendship with boys had brought dishonor on their family, according to Times Online.

Although honor killings are not infrequent in Turkey, the especially gruesome manner of Medine Memi's death has shocked the nation.

A coroner said that Medine had been discovered bound and lifeless in sitting position in a 2m hole dug beneath a chicken coop outside the family's house in the town of Kahta in southeastern Turkey, 40 days after she had disappeared. The hole had been cemented over.

According to a post-mortem examination the large amount of soil in her lungs and stomach showed that she had been buried while conscious and suffered a slow and agonizing death.

"The report is blood curdling. According to our findings the girl - who had no bruises on her body and no sign of narcotics or poison in her blood - was alive and fully conscious when she was buried," said one official involved in the case.

Honor killings happen mainly in Turkey's predominantly Kurdish southeast but have spread to cities and even abroad through migration.

(The Korea Times) Millionaire Charged

A retired Texan millionaire, Harold Landry, is standing trial on charges of killing his wife at their country home.

The 63 year-old is due appear before Worcester Magistrate's Court on Friday.

He is accused of the murder of his wife, Lucy, 38, at their five-bedroom home in Besford, Worcs.

Mrs. Landry was found by neighbors yards from the home the couple shared with their daughter, seven, and Mrs. Landry's 14-year-old son by a previous marriage.

She died in a neighbor's arms at 11:45 p.m. Monday night after she fell into his garden hedge with a kitchen knife embedded in her side. The children are believed to have been in the house at the time.

Mr. Landry who has four adult children in America recently returned to the house after a three-week break, according to neighbors.

He made his fortune designing hydraulic cranes on oil rigs in Texas. He had a house in Mexico and offices in Brazil. He was believed to have met his wife on the internet in 2000 while she researched a degree in town planning.

Close friend Rachel Clarke said, "Harold gave Lucy money to move out and rent a place but she put it toward legal costs in the separation."

(The Korea Times) Six of 10 Koreans Unsatisfied With Life

Only four out of 10 Koreans are satisfied with their quality of life, according to Citi Fin-Q, a survey designed by Citigroup. Six out of 10 said their finances were affected by the global financial crisis.

The survey, which measures the financial well-being of consumers, found Koreans less satisfied with their life compared with their neighbors in Asia-Pacific.

It showed that only 43 percent of Koreans are either somewhat or very satisfied with their current quality of life, which is considerably lower than the regional average of 67 percent.

Only 53 percent were optimistic about their financial future, which compares with the regional average of 69 percent.

When asked whether their finances were affected by the global financial crisis, 62 percent of Koreans said, "Yes," while only half of their neighbors in the region agreed. Seven out of 10 said their retirement plans had suffered serious losses.

Half of Koreans say they don't feel secure in their current job, and on average, most have set aside almost the equivalent of 11 weeks in salary in case they lose their jobs.

When asked what they would most likely do with the extra cash if they wanted to increase their overall wealth or net worth, 53 percent of Koreans showed a willingness to accept a higher level of risk, such as investing in stocks or unit trusts, and 42 percent chose savings or fixed term deposits.

The annual income of Koreans in the survey averaged 40 million won, and their average retirement savings recorded 106 million won. The ratio of Koreans holding major credit cards was higher at 77 percent than the Asia-Pacific average of 72 percent, and 64 percent of them were subscribing to life insurance, similar to the average.

The ratio of subscription to disability insurance recorded 50 percent, more than double the average of 23 percent. Subscription to illness insurance was also higher, but only 15

percent were retirement savings account holders, slightly lower than the 17-percent for the region.

Only 1 percent of Koreans had an up-to-date will, the lowest in the Asia-Pacific region where the average is 6 percent.

The survey included 5,200 people across 11 countries: Korea, Australia, China, Hong Kong, India, Indonesia, Malaysia, the Philippines, Singapore, Taiwan and Thailand.

(The Korea Times) Life in the Fourth Dimension

3D Movies Creating New Paradigm Shift

In 2009, CEO Jeffrey Katzenberg declared that all future DreamWorks movies would be produced in 3D. Just as the introductions of sound and color revolutionized cinema, the new 3D technology would mark a new paradigm shift, he said.

And indeed James Cameron's 3D project "Avatar" became the highest grossing film of all time worldwide including in South Korea.

Three-dimensional movies have a futuristic magic about them but they have been around for a long time. British inventor William Friese-Greene is credited with first tampering with stereoscopic moving images — the basic idea behind 3D movies — in 1890 and the camera rig was invented to make 3D filming possible in 1900. The same year, the first public 3D movie screening took place at the Astor Theater, New York, and the market peaked in the United States during the 1950s (remember the retro paper-framed glasses with different colored lenses?).

The genre's decline however was inevitable. These films were expensive to make and technical glitches were hard to ignore; the latter problem limited the running time of most 3D films to less than 20 minutes.

The introduction of digital projectors in 2005 however was the cure-all for its Achilles' heel, along with ever-evolving developments in 3D image-making.

Following in the footsteps of "Chicken Little" (2005) and "Beowulf" (2007), DreamWorks' "Monsters vs. Aliens" (2009) scored high in the box office; only 30 percent of U.S. screenings were in 3D but they made up for 55 percent of the profit. For "My Bloody Valentine," the 3D version brought in 80 percent of the sales. "Avatar" rewrote box office history not for just the genre but for cinema as a whole.

3D Cinema in Korea

Korea saw its first 3D movie in 1968, Lee Kyu-wung's "A Man of Great Strength: Im Ggyeok-jeong." Im Kwon-taek presented "Lady in Dream" that same year.

This year live action 3D projects are going into production: sci-fi action film "Je 7 Gwang-gu" (The 7th Mine Lot) and the fantasy "Templestay" by "Haeundae" director Yun Je-kyun; maritime battle film "Areumdaun Uri" (Beautiful Us) by Kwak Kyoung-taek; and broadcaster EBS plans to convert its 2008 documentary about dinosaurs into 3D.

Local 3D technology however is still in its infancy, according to experts that gathered Wednesday to discuss the current state and future outlook of the domestic industry at the Korean Film Archive, Sangam-dong.

Making a 3D movie requires a completely new system at every level, from scriptwriting to postproduction, and Korea has no coherent system, let alone experience, they said.

"In the U.S. and Europe, research on 3D films began years ago and there are already related industries. Korea lacks the necessary infrastructure, including both human and technical resources," said a researcher at the Korean Film Council.

Jeong Il-gwon from the Electronics and Telecommunications Institute said that local CG and 3D technology lags about two years behind that of Hollywood. Korean expertise on "e-motion capture" — the secret recipe for rendering subtle facial expressions in "Avatar" — is quickly catching up with the U.S., but the 3D filming and editing processes remain where Hollywood was three to five years ago.

Kim Nam-su, who is producing "The 7th Photosphere," said, "No one tried making a feature length, live action 3D movie before. There are no references whatsoever, so it's starting everything from scratch."

Last year, Choe Ik-hwan (auteur of Korea's first rotoscoped film "Life Is Cool") received an 80 million won grant to make a 15-minute 3D movie. But it is considered a lab rat project.

Choe forecast that local 3D knowhow will make fast progress in the next two to three years.

But more importantly, he said, 3D movies must have a solid story and characters to make it a worthwhile experience even if viewed in 2D. Many Netizens agree that "Avatar" is only meaningful to watch in 3D.

Movies in 3D provide a new spatial experience and thus entail a different storytelling method.

The 3D craze brought on by "Avatar" seems to be more than just a passing fad; major theater chains are acting quickly to expand the number of 3D theaters. CGV has 84 screens (out of a total of 575) that project 3D, and plans to add about 100 more. Lotte Cinema has 34 3D screens (out of 411) and plan to double the number.

More importantly, measures aiming for long-term development are underway at an institutional level. Backed by the Culture Ministry, the Korean Film Council launched a 1.5 billion won test bed project. It is recruiting trainees for new technologies involved in 3D filmmaking and distribution.

This year, moviegoers can look forward to imported films in 3D: watch DreamWorks' green ogre fly under your nose in the final chapter of the series, "Shrek Forever After"; almost feel it "rain" meatballs and hamburgers in "Cloudy With a Chance of Meatballs" (Columbia Pictures/Sony Pictures Animation); and see Johnny Depp gain an extra dimension in Tim Burton's "Alice in Wonderland" (Disney).

3D 'Avatar' Gains Extra Dimension

If 3D wasn't enough, movies are also offered in "the fourth dimension."

This reporter managed to secure a ticket to the much-talked about "Avatar" in 4D on a weekday afternoon. Tickets are sold out for screenings, which are offered only in four Seoul theaters through mid-February, though slots at odd hours like 1 a.m. have a couple seats left.

A 4D movie aims to provide entertainment that is more than just audiovisual, but also provoking touch and smell. CGV Sangam introduced the world's first 4D movie theater in January 2009 and now CGV Gangbyeon, Yongsan and Yeongdeungpo offer 4D screenings.

Before the movie started the audience was advised to place belongings by the aisle and to be careful not to spill food.

The 8 million won chair had a stiff back and a footrest. When the lights dimmed, large fans installed in the ceiling blew gusts of wind and the seat swivelled left and right like an amusement park ride.

One is invited to accompany Jake, the protagonist of "Avatar," on a space ship ride, and a flurry of cold wind tickles the ear as the vessel cuts through the clouds and the seat vibrates in rhythm to the noisy descent.

The theater was equipped with four "scent machines" and a flowery aroma filled the room when Jake kicked at the soil.

A shot of air hit the left cheek when the film's heroine Neytiri pulled at her bow and arrow, and a tiny bit water splashed from the right as a monster chased Jake through the Pandoran wilderness.

And in a scene in which Jake was being beaten, this reporter initially turned around with a frown, thinking the person seated behind was kicking, when it was in fact the "tickler" effect.

The rollercoaster experience peaks through a freewheeling ride on the back of the bird-like creature ikram, with every jerk and tremor felt in the flesh.

Such extra sensory effects were repeated in five-minute intervals during the 2 hour, 42 minute film.

Tickets for the 4D screening cost 18,000 won, more than twice the price of 2D screenings (8,000 won), or the 3D Imax (13,000 won).

(The Seoul Times) Seoul 3rd Worst City in World: Lonely Planet

Despite Tons of Money Spent for Building Seoul's Brand

Seoul has recently been ranked third most hated cities by a popular tour guide book, BBC website reported on Jan. 5, 2010.

BBC said that Lonely Planet listed Seoul as third worst city based on the opinions of travelers.

The world's most hated city turned out to be Detroit of America for its "crime, pollution, and crumbling infrastructure."

The second place went to Accra of Ghana for being "ugly, chaotic, and sprawling."

They are on list of world's nine most hated cities published by Lonely Planet's website.

Lonely Planet publishes the world's most popular and most influential tour guide. Its website receives some 3 million visitors around the world.

The six other world's most hated cities are Los Angeles (USA)—4th, Wolverhampton (UK)—5th, San Salvador (El Salvador)—6th, Chennai (India)—7th, Arusha (Tanzania)—8th, and Chetumal (Mexico)—9th.

Lonely Planet cited "appallingly repetitive sprawl of freeways," Soviet-style concrete apartment buildings," and "horrible air pollution" as the reasons of the capital of South Korea being rated as one of least liveable cities on Earth.

Lonely quoted some travelers as describing Seoul as the "city of no heart or spirit to it" or as the city "so oppressively bland that the populace is driven to alcoholism."

Meanwhile, Seoul Metropolitan Government angrily reacted to the BBC report, a vernacular daily Kyunghyang Shinmun reported.

It reported that the Seoul government would not recognize the result of Lonely Planet findings.

It quoted its official as saying "Anholt-GMI, the national brand research organization, ranked Seoul as 33rd place in 2008, 11 notches up from 2006 when Seoul was listed 44th on the chart of Anholt-GMI City Brands Index."

The official said the Seoul Metropolitan Government "would react officially" to the result of the Lonely Planet's findings.

Experts pointed out that these findings were terrible when the Seoul Metropolitan Government spends millions of dollars on improving the brand image of Seoul.

Your Nine Most Hated Cities

1. Detroit, USA – Crime, pollution and crumbling infrastructure don't appeal to you.
2. Accra, Ghana – Ugly, chaotic, sprawling and completely indifferent to its waterfront location.
3. Seoul, South Korea – According to one comment, 'It's an appallingly repetitive sprawl of freeways and Soviet-style concrete apartment buildings, horribly polluted, with no heart or spirit to it. So oppressively bland that the populace is driven to alcoholism.'
4. Los Angeles, USA – A highly contentious pick, placed here because of its 'uncontrolled sprawl, pollution, appalling traffic and ugly freeways.'
5. Wolverhampton, England – So bad that we don't even have it on this site! Check out post 35 on this thread.
6. San Salvador, El Salvador – Widely acknowledged as the grubbiest of the Central American capitals.
7. Chennai, India – We describe it as lacking Mumbai's prosperity, Delhi's history or Bengaluru's buzz. Even the movie stars are 'not that hot.' You think we're being generous.
8. Arusha, Tanzania – A gateway to natural wonder that has more than its share of rust. Get out as quickly as you can.
9. Chetumal, Mexico – Combining the worst of mass tourism and outlying decay, Chetumal just doesn't charm you.

(The Straits Times) Ageing Asia problem 'urgent'

LONGER lifespans, falling fertility rates and growing ranks of elderly people in Asia can pose problems as serious as the impact of climate change, a leading expert warned on Monday.

Mr Yves Guerard, secretary general of the International Actuarial Association, said at a pensions industry conference in Singapore that the ageing issue was a 'big, immediate, urgent problem' for the world's most populous region.

'I will compare that with climate change. We prefer not to believe in that because it's inconvenient,' he said, referring to former US vice-president Al Gore's celebrated environmental documentary An Inconvenient Truth.

Problems linked to ageing populations will complicate Asian economies' recovery from the global financial crisis, said Mr Guerard, whose organisation's members deal with complex insurance forecasting systems. Countries with a large number of elderly people and a low birth rate will face demographic and economic problems supporting a large number of seniors, Mr Guerard said.

Mr Tan Hak Leh, deputy president of the Life Insurance Association of Singapore, said Asia's elderly population would far outstrip those in the rest of the world in 40 years. 'Asia's population of those above 60 years old is estimated to quadruple by 2050 to 1.2 billion people... four times the size of senior citizens in the US and Europe combined,' he warned at the conference.

Japan, Singapore, South Korea and Hong Kong are among the world's 10 fastest-greying territories, Mr Tan said. -- AFP

(The Straits Times) Health staff industry growing

BANGALORE (India) - BRITAIN'S Healthcare Locums Plc sees growth in its two key markets this year and is well funded to pursue new opportunities even as it struggles to meet a shortage of healthcare staff, a top company official said.

Demand for new nurses in the United States would rise to US\$1.2 million (\$\$1.69 million) by 2014 if the Congress approved President Barack Obama's bill to reform healthcare, Executive Vice Chairman Kate Bleasdale told Reuters.

She also expects business in the UK to remain strong even if its main client, National Health Service, comes under funding pressure in the near future.

'The bottom line is that using temporary staffing through an agency is much cheaper than employing people full time,' Bleasdale said. 'So, the more pressure the NHS and local authorities come under, there will be more benefits for us because they will switch to using more flexible staff,' she added.

Healthcare Locums, which mainly recruits nurses from Australia and Canada, is also looking at countries that have a surplus of qualified staff to meet the growing demand in the UK and the United States. 'South Korea is one of those, which has about 40,000 nurses,' Bleasdale said. 'We are working with the South Korean government for their English language training to get them into the United States.'

Healthcare Locums is a cash-generative business, and with debt levels getting lower substantially, the company should be debt-free by the end of 2010, Bleasdale said. Shares of the company were down 3.8 per cent at 258 pence at 1105 GMT on Monday on the London Stock Exchange. -- REUTERS

(The Straits times) Bulgogi goes into space

SEOUL - ASTRONAUTS could soon be eating seaweed soup and spicy, garlic-laden meat dishes after South Korea won approval to send several national dishes into space.

The science and technology ministry said a prestigious Russian laboratory has approved ready-to-eat bulgogi, bibimbap, and seaweed soup and mulberry juice as suitable fare for astronauts.

Bulgogi is a flavoured beef dish and bibimbap is a mixture of rice, meat and vegetables, infused with chilli and garlic.

The ministry said the approval came this month from the Institute of Biomedical Problems, part of the Russian Academy of Sciences, following tests. 'The tests showed the foods helped improved digestion and allowed the growth of beneficial micro-organisms in the intestines,' a statement said.

The move to send the dishes into space is the latest step in a campaign to promote South Korean food around the world.

South Korea has already sent its iconic national dish kimchi - pickled cabbage soaked in chilli and garlic - into orbit along with its first astronaut, aboard a Russian launch vehicle in April 2008. She shared the potent mixture with the crew of the International Space Station. -- AFP

(The Straits times) S. Korea, Japan eye World Cup

'I want to try several patterns of our attacking tactics. I also have some ideas towards the World Cup,' Japan coach Takeshi Okada said.

TOKYO-DEFENDING champions South Korea and archrivals Japan see the men's edition of the East Asian football championships in Tokyo as vital preparation for the World Cup in June.

The hosts and South Korea will try out home-based players at the four-team round robin, which kicks off on Saturday when Japan, three-time runners-up, play the 2005 champions China.

South Korea take on little-fancied Hong Kong on Sunday, but South Korean coach Hoo Jung-Moo will not be taking the game - or the tournament - lightly.

'We want to get off to a very good start looking forward to the World Cup,' Hoo said. 'Although we miss the Europe-based players, we want to put on a good performance and take home the title. The World Cup will definitely be on our minds when we play.'

Japan will also be without the services of Europe-based players led by influential Espanyol midfielder Shunsuke Nakamura and CSKA Moscow's Keisuke Honda. But Japan coach Takeshi Okada said that would not matter.

'I want to try several patterns of our attacking tactics. I also have some ideas towards the World Cup,' he said. 'We must win the championship because it's a home competition and Japan have never won the title before. I want to improve the team's ability one rank or even half a rank, looking forward to the World Cup.' -- AFP

(The Korea times) Freed US Missionary Heading Home

Robert Park, an American missionary who entered North Korea illegally in December, and has since been detained there, is now on his way home Saturday after being freed by North Korea, AP said on Saturday.

Robert Park, his eyes almost closed, made no comment to reporters after his arrival in Beijing's airport from North Korea.

U.S. Embassy spokeswoman Susan Stevenson said Park would leave later in the day for the United States.

"We welcome North Korea's release of Robert Park," Stevenson said. North Korea announced Friday it would free Park, saying he had shown "sincere repentance." Park was detained for 43 days.

Japan

Politico-Strategic Front;

Detailed News:

(The Japan Times) Japan, China still at odds over Nanjing

Joint history study skirts death toll

Academics from Japan and China released a long-awaited joint history report Sunday but remained apart on the number of people killed in the 1937 Nanjing Massacre.

The research project, more than three years in the making, was launched in 2006 to improve mutual understanding between the two countries.

While both sides affirmed that the 1937-1945 Sino-Japanese War was an "act of aggression" waged by Japan, the postwar history section of the report — including studies on the 1989 Tiananmen Square crackdown — was not disclosed at the request of Chinese panel members, who feared a public backlash against the sensitive content.

While the Chinese side said the '89 incident has nothing to do with Sino-Japanese ties, Japanese experts argued otherwise. For example, Japan lifted its Tiananmen-related economic sanctions against China far before the Western powers did, Japan's experts pointed out, the sources said.

The 549-page report covers ancient, medieval and modern history, and describes specific periods of time or themes from papers submitted by the Japanese and Chinese academics. Its release marked the end of the joint project.

The panel, chaired by Shinichi Kitaoka, a professor at the University of Tokyo, and Bu Ping, director of the Institute of Modern History of the Chinese Academy of Social Sciences, described the study as "the first term" and said it should be built on in a "second stage."

Foreign Minister Katsuya Okada welcomed the completion of the report, saying, "Even if there may have been differences in views, especially in modern and contemporary history, I think common understanding can gradually be nurtured by working on it."

On the number of Chinese killed by the Imperial Japanese Army after it seized Nanjing, the report refers to opposing views in the two countries, where figures range from 20,000 to more than 300,000. Both sides refrained from asserting which figure should be deemed legitimate.

Japanese academics said China's view is "based on the ruling of the 1947 Nanjing War Crimes Tribunal," which said the number was more than 300,000, while noting that "various estimates up to 200,000, such as 40,000 and 20,000" exist in Japanese studies.

Chinese researcher Rong Weimu also touched on the figures of the Nanjing tribunal, as well as data from the International Military Tribunal for the Far East, which said the number totaled more than 200,000, but he did not stipulate China's view on the issue.

There has been no accepted figure because of differences in "the verification of data" in terms of the definition of "massacre," the area and period in which the incident took place, burial records, and other sources, said panel member Sumio Hatano, a professor at the University of Tsukuba in Ibaraki Prefecture.

But they agreed that "mass killings" of prisoners of war, some civilians, stragglers and other people did occur, along with rapes, looting and arson.

On the eight-year war, both sides used the word "aggression" to refer to the invasion by the Japanese army and said it "left a deep scar on China that became the battleground and we have to say that most of the causes were created by the Japanese side."

"The full-scale Sino-Japanese War not only inflicted a heavy toll on the military personnel of both countries, but especially on noncombatants in China," according to Hatano.

The remarks clearly describe Japan as the victimizer in the war, which has long been the consensus view of a majority of Japanese academic experts. There are concerns in China that some people in Japan are denying the nation's responsibility and even the historical fact that it conducted a war of aggression.

The Chinese papers conclude that the Sino-Japanese fighting was "an all-out aggressive war by Japanese militarism."

On the Marco Polo Bridge Incident, an exchange of gunfire between Japanese and Chinese troops near Beijing that led to the war, the Chinese papers indicate a softening of Beijing's stance, saying "there is a possibility that it may have occurred accidentally."

The Japanese papers say the first shooting occurred accidentally, while adding an annotation that such a view is "dominant" among Japanese researchers, but many Chinese researchers insist that it was "planned or plotted" by the Japanese army.

In the modern history section, China's papers tend to criticize Japan's wartime acts and stress the suffering of its people based on the historical perspective that China continued to resist Japan's aggression.

Later Sunday, part of an NHK TV broadcast announcing the release of the joint history study was blacked out for dozens of seconds in China. The disrupted segment was believed to be video footage of the bloody Tiananmen crackdown.

Japan avoids mentioning germ warfare Unit 731 but China refers to it by name.

(The Japan Times) Police may question Asashoryu

Police might question sumo grand champion Asashoryu about his drunken rampage in Tokyo, even though the Japan Sumo Association has said the Mongolian-born wrestler has settled with a man seriously injured in the incident.

Investigators intended to question the yokozuna only if the victim filed a complaint, but now they are moving to question the wrestler anyway, in light of the incident's social impact, police sources said.

JSA Chairman Musashigawa said Saturday that an amicable settlement had been reached with the injured man, citing a verbal report from Asashoryu's stable master, Takasago. But Musashigawa also said he hadn't confirmed the existence of any written statements verifying a settlement.

"It was by word of mouth, no documents. Takasago came here and said, 'It has been settled.' That's all I've heard," Musashigawa said.

Takasago later confirmed he met with Musashigawa at Ryogoku Kokugikan, the main sumo arena in Tokyo. "It was a report about working out a settlement," he said.

A formal settlement would likely preclude a criminal complaint from being filed with police.

The latest indiscretion by sumo's perennial "bad boy" purportedly took place outside a nightclub in Nishi-Azabu in the early hours of Jan. 16 during the New Year's Grand Sumo Tournament.

Asashoryu, who had been drinking at the club, allegedly punched an unidentified man who reportedly works there, giving him a broken nose, lip lacerations and bruises to the back of the head, according to a report in the Feb. 4 edition of the weekly magazine Shukan Shincho.

The sumo association gave Asashoryu a warning on Jan. 22, based on his account that the victim was the wrestler's manager, rather than someone unrelated to sumo. But because that account has turned out to be false, the JSA is reportedly considering harsher punishment.

The ancient sport has been rocked by numerous scandals in recent years, including drug offenses, a death threat, and a six-year prison term meted out to a stable master over physical abuse leading to the death of a 17-year-old wrestler.

The sport's governing association was to make a decision on what punishment, if any, to give Asashoryu after its board of directors election on Monday.

(The Japan Times) Ozawa undergoes second round of questioning

Democratic Party of Japan kingpin Ichiro Ozawa said Monday he has undergone a second round of questioning by prosecutors over accounting irregularities involving his fund management body.

Speaking to reporters during his weekly news conference, Ozawa — the ruling party's secretary general who has been dubbed "the shadow shogun" — said he spent three hours Sunday afternoon speaking to prosecutors about his role in the scandal that has led to the arrests of his former aides.

Ozawa, who was questioned by prosecutors for the first time Jan. 23, has denied involvement in alleged false reporting of funds in connection with a land purchase by his fund management body. He has maintained that the money used for the real estate deal came out of his own pocket.

"I told prosecutors everything I knew or remembered," he said. "I will continue to cooperate with the investigation, and hope the truth will be unveiled."

Ozawa said that although it is highly unexpected, if he were to be charged with a crime over the scandal he would have to take "grave responsibility".

"I don't expect to be held criminally responsible since I haven't received any illicit funds," Ozawa said. "But supposing I were (to be charged), I believe I would have to bear grave responsibility."

The Ozawa scandal, coupled with Prime Minister Yukio Hatoyama's own problems involving unreported funds exceeding ¥1.2 billion from his mother, has rocked the administration and eaten away at its public support.

(The Japan Times) Opposition rides Ozawa, Hatoyama over scandals

The opposition camp took the podium Monday to grill Prime Minister Yukio Hatoyama over the money scandals involving him and Democratic Party of Japan kingpin Ichiro Ozawa.

During Diet questioning following Hatoyama's policy speech Friday, Liberal Democratic Party President Sadakazu Tanigaki slammed what he described as Ozawa's "dictatorship" over the DPJ as well as his lack of accountability in his funds scandal.

"I have a fundamental question I'd like to ask the prime minister," Tanigaki said. "Are you this nation's true leader, representing the DPJ in both name and reality, or is it an Ozawa dictatorship?"

Tanigaki said the LDP will pursue the scandals by summoning the people involved to the Diet while pressing the administration to call a general election and to resign en masse.

Hatoyama responded that party posts were elected by democratic means and it would not be possible for Ozawa to control the party and the government.

"Now that we are the ruling party, it's only natural that internal party matters be handled by the secretary general — I'd like to exercise my leadership and responsibility as the head of the government," Hatoyama said.

"I believe what is most important is what we can do for the people, what policies we can present to them," he said.

Hatoyama said he intends to watch developments in the investigation into Ozawa in "a calm manner," and added he believes the process has so far been fair.

Taking his turn behind the podium, the LDP's Nobuteru Ishihara criticized Hatoyama for failing to touch on the Ozawa scandal in his policy speech.

"The public's (acceptance) cannot be gained by closing the lid on uncomfortable truths," Ishihara said, adding he also expects Hatoyama to be held accountable for his own scandal, which involved funds received from his mother.

According to a Mainichi Shimbun poll over the weekend, 76 percent of respondents said they believe Ozawa "should resign" over the money scandal, while 68 percent said they "did not believe" Hatoyama's claim that he was unaware of receiving more than ¥1.2 billion from his mother, the heiress to the Bridgestone tire empire.

Ozawa's fund management body allegedly failed to report ¥400 million in income and roughly ¥352 million in expenses in connection with the 2004 purchase of a plot of land in Setagaya Ward, Tokyo. The case has led to the arrests of three of Ozawa's current and former aides.

(The Japan Times) Secret-pact report pushed back

A government panel is postponing a report on its investigations into four Japan-U.S. secret pacts on nuclear arms and other issues until the end of March because it needs more time to review materials that have been gathered by its members.

At its sixth meeting, held Sunday, the panel also said it will ask Yoshihisa Hara, a graduate school professor at Tokyo International University, to present an audiotape on which he recorded an interview with former Vice Foreign Minister Hisanari Yamada.

Yamada is believed to have said during the interview in October 1981 that Tokyo gave tacit approval for transits of U.S. military vessels carrying nuclear weapons when the two countries revised the bilateral security treaty in 1960. Yamada, now deceased, was involved in recording the minutes of discussions on the secret agreement.

Foreign Minister Katsuya Okada had sought a report from the panel by the end of February.

The panel has been investigating four secret pacts involving the 1960 revision of the bilateral security treaty and the 1972 reversion of Okinawa to Japan from U.S. control. The government has always denied the existence of the secret pacts.

The panel is set to confirm the legitimacy of three of the four pacts — those involving Japan's agreement on stopovers and passage of nuclear armed U.S. warships and aircraft, the use of U.S. military bases in the event of a crisis on the Korean Peninsula, and allowing the United States to bring nuclear weapons into Okinawa in times of emergency.

The panel will also seek to define the nature of a document that turned up recently after being kept by the family of the late Prime Minister Eisaku Sato.

The document, dated November 1969, carries the signatures of Prime Minister Sato and President Richard Nixon, with minutes of a secret conversation between the two leaders.

(The Japan Times) Futenma can wait till May: U.S. defense envoy

A U.S. defense official said Monday in Tokyo that the United States will wait until May for Japan to review the relocation plan for U.S. Marine Corps Air Station Futenma and is willing to renegotiate the issue if necessary.

Wallace Gregson, assistant secretary of defense for Asian and Pacific security affairs, said in a speech hosted by the government-affiliated Japan Institute of International Affairs that the plan to move Futenma to the Henoko area near the city of Nago in northern Okinawa Prefecture was a joint decision, not one imposed on Japan by the United States.

"We certainly understand the need for the new government to re-examine" the issue, Gregson said. "When we say the Americans have another plan, well, our plan is based on our alliance relationships, and if we have to go back to negotiating, we will go back to negotiating."

While noting the plan took years of negotiations to finalize, Gregson stressed the relocation of the air base was only one part of the 2006 road map for realigning U.S. forces in Japan for 21st century security threats, including missiles from nuclear North Korea and military modernization by China.

"Amidst all of the focus on a single airfield, it is all too easy to forget that the realignment road map encompasses some 19 different elements involving strategic realignments of both U.S. and Japanese force posture and capabilities on both U.S. and Japanese territories," Gregson said. "It is important to remember that these agreements were not developed in a vacuum but were designed specifically with the complexities of the 21st century security environment in mind."

Gregson, a former marine commander in Okinawa, stressed that having a U.S. presence on the island is important. He said the Marine Air-Ground Task Force in Okinawa has the core capabilities of an air, land and sea force.

"Because all of these elements are located in Okinawa, the marines have the ability to mix and match requirements to meet the specific requirements of any contingency, allowing for rapidly deployable and immediately employable capabilities to be made immediately available," Gregson said. "As a result, the marines are often our first responders in many contingencies, including natural disasters and emergencies."

(The Japan Times) U.S. suits mount over Toyota-acceleration deaths, injuries

LOS ANGELES — Toyota Motor Corp., which recently recalled 2.3 million vehicles in the U.S. to fix sticking gas pedals, faces lawsuits involving at least three deaths that allegedly link so-called sudden acceleration to other causes.

Consumers also filed at least three class-action lawsuits in November and another recently against Toyota, the world's largest automaker. Those car owners blame the sudden acceleration on the vehicles' electronic throttle-control system, known as the ETCS-Intelligent System.

"Vehicles equipped with ETCS-I have a dangerous propensity to suddenly accelerate without driver input and against the intentions of the driver," Toyota customers said in a complaint filed in federal court in Charleston, W.Va.

Toyota's Jan. 26 decision to stop U.S. production and sales of eight models to fix defective accelerator pedals may cost the company as much as ¥100 billion (\$1.1 billion) a month in operating profit, according to Koji Endo, managing director of Advanced Research Japan. The recall, announced Jan. 21, covers the same models, including Toyota's top-selling Camry and Corolla cars.

The carmaker said last Wednesday it was adding 1.09 million U.S. cars to a November recall of a record 4.26 million vehicles because floor mats could jam the pedals. A class-action filed Jan. 4 in federal court in Miami cites the floor mats as the cause of the sudden acceleration.

Plaintiffs' lawyers claim Toyota knew of the sudden acceleration problem for years before the November recall.

"First they blamed it on the driver, then it was the floor mats, then the accelerator pedal, and now they're shutting down the plants," Edgar Heiskell, one of the attorneys in the West Virginia case, said last week. "Toyota's position has changed at least three times."

Los Angeles residents Seong Bae Choi and Chris Chan Park, who claim they experienced multiple instances of unintended acceleration, filed a class action in federal court in Los Angeles on Nov. 5, seeking to represent all U.S. owners of certain Toyota and Lexus models.

Joseph Hauter, a resident of Los Angeles County, once pulled his 2008 Toyota Tundra pickup truck into a service station "with his foot solely on the brake pedal when his vehicle suddenly accelerated," according to a complaint he filed Jan. 22 against the company.

The vehicle continued to try to accelerate even after Hauter slammed on the brakes and it lurched to a stop, according to the lawsuit in federal court in Santa Ana, Calif. The acceleration attempts stopped after Hauter put the Tundra in park, he said. His lawsuit also cites the electronic throttle-control system.

Hauter's lawyers at Kirtland & Packard LLP filed a similar suit in November.

Reports of unintended accelerations "began to increase significantly in 2002, when Toyota began installing the ETCS-I in a broad range of its vehicle lines," according to the West Virginia complaint. The electronic system "has no mechanical linkage between the accelerator pedal and the throttle plate in the engine," lawyers wrote in the complaint.

Toyota faces at least seven suits brought by individual plaintiffs claiming deaths or injuries caused by sudden acceleration. In a Michigan lawsuit filed in August, the family of Guadalupe Alberto claims she was killed when her 2005 Toyota Camry sped out of control on a residential street in April 2008.

That suit also claims a defect in the electronic throttle control, said Heiskell, the Alberto family's lawyer. The vehicle didn't have a floor mat, he said.

"She blew past an intersection, witnesses saw her with both hands on the wheel," Heiskell said. "She appeared to be standing on the brake while steering."

Alberto, 76, was killed instantly when the Camry hit a tree at almost 130 kph, he said.

A sudden-acceleration lawsuit spurred by an accident in Oklahoma also involved a 2005 Camry, attorney R. Graham Esdale Jr. said last week. Jean Bookout, 76, pulled off a highway as her car sped out of control, he said.

"She engaged the emergency brake, which kept the crash from being worse than it was," Esdale said. Bookout was injured and her friend, Barbara Schwarz, 70, was killed in the September 2007 accident. Bookout and the Schwarz family sued Toyota in state court in Oklahoma City in September 2008.

Another accident involving a 2005 Camry killed a woman when the vehicle accelerated over a cliff, according to a 2007 lawsuit in California.

Sudden-acceleration rates on the 2005 Camry are "three times higher than those in the recalled vehicles," Esdale said. "That's one of the things we're very concerned about. Toyota has ignored our class of vehicles."

(The Japan Times) Full-body scanners for nation's airports in works

The government is considering installing controversial full-body scanners at airports following a failed attack on a U.S.-bound jet in late December, sources said Tuesday.

The full-body scanners, which some other countries are introducing, are designed to produce images of the human body in white and all other foreign matter in black. They are considered more effective than metal detectors in spotting items hidden beneath clothes, but critics have raised concerns about invasion of privacy.

The government is planning to hear the views of the U.S. government and airlines in making its decision on whether to install the scanners, the sources said.

According to the sources, the government started reviewing airport security following the attempted Christmas Day attack on a flight to Detroit. Last month, officials from two ministries as well as the National Police Agency held two rounds of consultations at the urging of the Cabinet Secretariat.

The officials heard about body scanner plans and use by other countries. They also exchanged ideas about effectiveness, potential issues that need to be overcome, and the cost.

Following the Christmas Day attack, the U.S. government urged the European Union and others to install full-body scanners. So far, the Netherlands, Britain, Canada, Italy, France and South Korea have said they either have installed or have plans to install them.

Although Washington has not made any request to Tokyo to follow suit, the sources said the government would like to consider installing the equipment.

In the failed attack, a Nigerian man allegedly attempted to detonate explosives sewn into his underwear aboard a Delta Air Lines flight from Amsterdam to Detroit. He is believed to have passed through a metal detector without the bomb being spotted.

The group that calls itself Al-Qaida in the Arabian Peninsula said it was an attempt to retaliate for U.S. attacks on it in Yemen. President Barack Obama admitted to a systemic intelligence failure and ordered stepped-up airport security and other measures.

(The Japan Times) U.S. pressures Japan to resolve child custody

Japan needs to deal with the issue of Japanese spouses taking their children from their divorced international partners or it could affect bilateral ties with the United States, Kurt Campbell, assistant secretary of state, said Tuesday.

Campbell, in Tokyo for meetings on strengthening the Japan-U.S. alliance, held a special news conference at the U.S. Embassy on parental child abductions to urge Japan to take action in cases where American parents have little or no access to their children.

"Many of their situations are tragic and the situation has to be resolved in order to ensure that U.S.-Japan relations continue on such a positive course," Campbell said. "This issue left unresolved has the potential to raise very real concerns — something that all of us seek to avoid."

Campbell said he brought up the parental abduction issue during a meeting with Kazuyoshi Umemoto, director general of the North American Affairs Bureau, and Nobushige Takamizawa, director general of the Defense Policy Bureau.

Foreign Ministry officials in charge of the issue were not immediately available for comment Tuesday night.

The senior U.S. diplomat for Asia said Washington has discussed the option of demanding extradition but would rather avoid it, given the good relationship with Tokyo.

"I think our preference, given the fact that the United States and Japan are such close allies, is to avoid such a situation, but we will look at all options," he said.

Japan has been the target of international criticism for not signing the 1980 Hague Convention on the Civil Aspects of International Child Abduction to protect children from being wrongfully taken out of their country by a parent.

As of last August, 81 countries had joined the convention, including the U.S., Canada, Britain and China. Of the Group of Eight countries, only Japan and Russia have not signed the treaty.

Under Japanese law, only one parent gets parental rights over children after a divorce, and mothers are given priority in most cases.

Although there is no official number, Campbell estimated that the U.S. government was aware of about 70 cases affecting 100 children. In both the U.S. and Japan, Campbell has met with parents whose children were taken to Japan and have little or no access to them.

"Our children are our most important and cherished resource," Campbell said. "The U.S. government places the highest possible priority on the welfare of children who have been victims of international parental child abduction and strongly believes that children should grow up with access to both parents."

An argument often brought up by Japanese officials is that some cases involve domestic violence and that the Japanese spouses are fleeing with their children in search of safety.

Campbell, however, said the allegations of abuse are a misconception and that he has found "almost no cases of alleged or actual substantive claims of violence."

"Because of the legal situation in Japan, I think that this allegation is used very loosely and often times inappropriately without any supporting criteria whatsoever," he said.

(The Japan Times) Hatoyama: Ozawa to lead Upper House campaign despite fresh grilling

Prime Minister Yukio Hatoyama said again Tuesday he hopes Ichiro Ozawa will continue to lead the campaign for this summer's Upper House election despite being mired in a money scandal.

"Given what he has achieved up to now, I certainly would like Secretary General Ozawa to lead (the campaign)," Hatoyama told reporters in front of his official residence.

The comments came after Ozawa told a news conference Monday he was questioned by prosecutors for a second time over allegations that Rikuzankai, his fund management body, used ¥400 million in off-the-books money to purchase land in Tokyo in October 2004.

Polls indicate that a majority of the public thinks Ozawa should step down from the Democratic Party of Japan's No. 2 post.

Ozawa, credited with leading the DPJ to victory in last year's Lower House election, also suggested Monday he may resign if he is ever criminally charged, although he added that he doubts that would actually happen because he has not taken any illegal funds.

"Prosecutors are currently investigating the case and it is most important to watch it calmly," Hatoyama said Tuesday.

Ozawa resigned as DPJ president last May after a former aide was charged in connection allegedly illegal political donations paid to Rikuzankai by Nishimatsu Construction Co., and Hatoyama replaced him.

Hatoyama reiterated that his earlier remarks urging Ozawa to fight the allegations against him were in no way an effort to sway the prosecutors' investigation.

"I am aware of my position as head of the administration," Hatoyama told a plenary session of the Upper House. "I don't have any intention of exerting influence on the prosecutors' investigation with my remarks, and I don't think the remarks had any actual influence."

Hatoyama was referring to what he said about Ozawa's comments that he would confront investigative authorities to clear his name over the alleged funding irregularities in connection with the land purchase.

(The Japan Times) Okada draws fire for saying Futenma may stay

Senior ruling coalition lawmakers attacked on Tuesday remarks by Foreign Minister Katsuya Okada suggesting U.S. Marine Corps Air Station Futenma may in the end remain in crowded Ginowan, Okinawa Prefecture.

"It is a problem that the foreign minister has shown a different stance from that of Prime Minister Yukio Hatoyama," Yasumasa Shigeno, secretary general of the Social Democratic Party, said during a news conference.

Okada indicated Monday that the Futenma base may have to stay in Ginowan if no suitable relocation option emerges. His comment contrasted with Hatoyama's remarks that he would not let the base stay at its current site.

Shigeno made his comments after he met with Shozaburo Jimi, his counterpart in Kokumin Shinto (People's New Party). They agreed to ask Chief Cabinet Secretary Hirofumi Hirano to warn Okada.

Despite the displeasure shown by the two parties, Deputy Chief Cabinet Secretary Yoriyoshi Matsuno echoed Okada's remark, telling reporters, "We are considering every possible option (over the relocation issue), including one to keep the Futenma facility" in Ginowan.

Campbell: Nago best

STAFF REPORT

Kurt Campbell, U.S. assistant secretary of state for East Asian and Pacific affairs, once again urged Japan on Tuesday to carry out the current plan to move the U.S. Futenma

base to Camp Schwab in the Henoko district of the city of Nago, but he added the U.S. is open to exploring other options.

(The Japan Times) EU FTA quest to test political will

Japan goes into semiannual regulatory reform talks with the European Union this week, with some participants expecting to make headway on bilateral free trade.

But others believe hurdles remain, saying the form of economic partnership the 27-member European economic bloc wants, based on wide-ranging standardization, does not necessarily match what Tokyo seeks, which is a conventional free-trade agreement centered on tariff cuts.

Through the Japan-EU Regulatory Reform Dialogue, launched in 1994, both sides have exchanged lists of proposals for regulatory reform and reviewed the proposals in a series of high-level meetings, which in many cases have revealed serious gaps between their positions.

The lackluster results, however, may become a thing of the past as the government under Prime Minister Yukio Hatoyama has never hidden its strong desire to launch free-trade talks with the EU.

Tokyo's urgency comes as a result of the signing last year by the EU and South Korea of their FTA, which, if enforced, would gradually eliminate EU tariffs on imports from South Korea.

Japanese businesses have expressed concerns that Japanese products, especially cars and home appliances such as flat-panel televisions, could lose their competitive edge against South Korean products in the European market.

The shock helped prompt the government to set up a new committee for ministers to discuss national strategies for trade liberalization talks. The panel is intended to "feed political will" and soften the country's rigid stance in the talks, a Japanese official said.

Foreign Minister Katsuya Okada, who heads the committee, has shown persistence in concluding an economic partnership agreement with the EU. This involves cooperation in such areas as investments, government procurements and movement of people in addition to market access for goods and services, and is also part of Japan's strategy to strike an FTA.

Japan has concluded EPAs with Chile, Mexico and the 10-member Association of Southeast Asian Nations and held talks with some others.

But dialogue with the European Union on an FTA is still in the early stages. A Japanese private-sector group led by the Japan Business Federation (Nippon Keisanren) is

studying the feasibility of a Japan-EU EPA. The group is discussing it with its European counterpart, which refers to the accord likely to emerge as an economic integration agreement.

Yorizumi Watanabe, a professor of international political economy at Keio University and also a member of the Japanese study group, said an EIA does not involve tariff cuts, an important factor for Japan, and there is almost no chance for the early conclusion of a Japan-EU EPA.

European industries are pressing EU officials not to conclude any accord with Japan that would entail cuts in tariffs, especially those on cars and home appliances, Watanabe said.

Japan has already abolished its tariffs on all auto and appliance imports in a sign of its confidence in the competitiveness of its own products.

"There would be no merit for the EU in concluding an EPA with Japan" that would result in the influx of high-quality Japanese products and trigger woes among domestic producers, Watanabe said.

The European Union acknowledges its interest is not in tariff cuts. "EU interest . . . is mainly (in lowering) nontariff" barriers in Japan, said Nikolaos Zaimis, trade section chief at the EU delegation in Japan.

Any successful result from the dialogue could amount to a good "starting point" for likely Japan-EU free-trade talks, Zaimis also said.

The Japan-EU regulatory reform dialogue will be held Thursday in Tokyo, and this time it will revolve around EU proposals, including requests for greater access by EU firms to public procurements in Japan and the lifting of the continued Japanese ban on EU beef imports over fears about mad cow disease.

The dialogue, which also covers regulation on financial services and safety standards for such products as automobiles and medical devices, is not focused on tariff issues.

Junichi Sugawara, an analyst at Mizuho Research Institute, said the European Union is using the regulatory talks to seek to apply in Japan the various regulations and standards that its member countries accept.

Accepting the EU's wish and sharing common standards could benefit Japan, Sugawara said. "With its own high-level environment and energy-efficient technologies, Japan could possibly make its standards the global standard."

But he also said, "It is better to use tariff cuts as a condition for Japan to accept the EU standards."

Whether to accept the EU standards is high on the agenda of Japan's new ministerial panel for free-trade tactics.

But a senior foreign affairs official involved in the panel said those standards are under the jurisdictions of different ministries, and consolidating their opinions is not easy.

Some panel members "only say no to everything," said the official. The roads to an upgraded Japan-EU relationship seem long and winding. Japan's "political will" is being tested.

(The Japan Times) Japan, U.S. to discuss joint efforts to probe 'nuclear fingerprints'

Japan and the United States will launch working-level talks later this month aimed at promoting cooperation in the field of nuclear forensics, a sophisticated process to analyze the composition of atomic materials, according to sources in both governments.

Representatives of the Ministry of Education, Culture, Sports, Science and Technology, and the U.S. National Nuclear Security Administration, an organization under the Department of Energy, will attend the talks.

It would be the first intergovernmental consultation on nuclear forensics between Japan and the United States.

The field focuses on analyzing the nature, use and origin of nuclear materials, including highly enriched uranium and plutonium that can be used to produce nuclear arms, according to the International Atomic Energy Agency.

Analysis of radioisotopes, isotopic and mass ratios, material age, impurity content, chemical form and physical parameters can reveal a "nuclear fingerprint," the IAEA says.

The possible revelation of nuclear fingerprints is expected to help deter nuclear powers from providing atomic materials to third parties and prevent nuclear terrorism.

President Barack Obama reached an agreement with Prime Minister Yukio Hatoyama in Tokyo in November to promote bilateral cooperation on nuclear nonproliferation, including the field of nuclear forensics.

The United States will host the Nuclear Security Summit in Washington on April 11 and 12. It expects to make use of Japan's technological capabilities in the field of safeguards to prevent diversion of civil nuclear materials for military use and to enhance measures to prevent nuclear terrorism.

An official at the U.S. National Nuclear Security Administration expressed hope for stepped up cooperation with Japan through the working-level meeting.

"A Japanese delegation is scheduled to visit Washington (in February) for discussions on the possible new agreement," the official said last week.

"While NNSA seeks to establish cooperation with foreign counterparts to strengthen the nonproliferation regime, the extent of our cooperation with (Japan) on nuclear forensics has not yet been determined."

A science ministry official confirmed that talks will take place on cooperation in the field of nuclear forensics.

A senior Foreign Ministry official meanwhile said Japan "can contribute much with its high-level scientific and technological capabilities."

The U.S. and European countries have formed the multilateral Nuclear Smuggling International Technical Working Group, which works with the IAEA to help nuclear forensic scientists.

The group, established in the mid-1990s, is aimed at finding technical solutions to the problem of illicit trafficking in nuclear and radioactive materials.

(The Japan Times) Ozawa expected to duck charges

Prosecutors are expected Thursday to announce they will not charge Democratic Party of Japan Secretary General Ichiro Ozawa over the alleged falsification of political funds reports in connection with a shady Tokyo land deal, even though a fellow DPJ member now under arrest has implicated the party kingpin.

Tokyo prosecutors quizzed Ozawa twice after receiving a formal criminal complaint from a civic group urging them to indict him for allegedly conspiring with his aides, three of whom have been arrested, to falsify fund reports in connection with a 2004 land purchase in Setagaya Ward.

Prosecutors Thursday must either release or charge the three current and former secretaries to Ozawa, including Tomohiro Ishikawa, the DPJ Lower House member, over the alleged falsification of annual reports for Rikuzankai, Ozawa's fund management body.

Of the three, the prosecutors are likely to charge Ishikawa, 36, and Takanori Okubo, 48, another secretary, with violating the Political Funds Control Law, sources said.

The prosecutors have yet to determine the extent of involvement of Mitsutomo Ikeda, 32, who succeeded Ishikawa as Ozawa's secretary and has also been arrested.

Separately Wednesday night, a government source said Ishikawa will probably leave the DPJ in an apparent bid to minimize the political damage to the party.

The prosecutors arrested the three aides to Ozawa last month on suspicion of failing to enter income and expenses related to the land purchase in annual reports for Rikuzankai in violation of the Political Funds Control Law.

Ishikawa has told the prosecutors he had obtained Ozawa's approval for the falsifications, the sources said.

During questioning with the prosecutors, however, Ozawa denied his involvement in the falsified reports.

Okubo was charged separately last spring in connection with Rikuzankai's alleged receipt of illegal political donations from Nishimatsu Construction Co.

The prosecutors believe that even if they indict Ozawa, it would be hard to convict him of conspiracy in falsifying the political funds report with the mere testimony of Ishikawa and without more compelling evidence, the sources said.

Ozawa has told the investigators the ¥400 million used to buy the land in October 2004 was part of his private assets.

But the prosecutors suspect the ¥400 million included ¥50 million secretly provided by Mizutani Construction Co., a subcontractor on a project to build Isawa Dam in Iwate Prefecture, Ozawa's constituency.

(The Japan Times) Prius subject to U.S., Japan brake gripes

Trouble with new hybrid one more blow for Toyota

More than 114 brake problems have been reported for Toyota Motor Corp.'s popular Prius hybrid in Japan and the United States, data from the two countries' transport authorities showed Wednesday.

The revelation looms as another safety headache for Toyota after unintended acceleration problems on some U.S. models spurred mass recalls.

In Tokyo, the transport ministry said it has received 14 complaints in Japan about brake problems with Toyota's best-selling hybrid, while separate data from the U.S. National Highway Traffic Safety Administration showed it has received more than 100 gripes involving the brakes of the hybrid that debuted last year.

If serious problems are found with the Prius, it could further damage the image of Toyota, which has been a pioneer in developing the hybrid green technology.

The automaker's sales are being battered in the U.S. after massive recalls of top-selling models to fix a gas pedal that can stick in the depressed position.

The new Prius gas-electric hybrid, which went on sale last year, is not part of the global recalls that cover nearly 4.5 million vehicles.

Complaints in Japan include sudden declines in braking power when slowing down on bumpy roads, the ministry said.

The 14 complaints included an accident in Matsudo, Chiba Prefecture, last July in which a Prius crashed head on into another car at an intersection. Transport ministry official Masaya Ota said two people were slightly injured in the accident.

"The complaints involve the new Toyota Prius model, and the vehicles were all made in Japan," Ota said. "Prius drivers complained brakes were not so sharp."

The 100 complaints received by the NHTSA involving the brakes of the new Prius included two crashes resulting in injuries.

The ministry ordered Toyota to investigate the complaints. The other 13 cases happened from December to last month. Ota said the ministry has yet to receive a formal report on the complaints from Toyota.

A Toyota official said the company is aware of the brake-related complaints and is investigating the matter.

The Prius, now in its third generation since its 1997 introduction, is the best-selling gas-electric hybrid in the world, racking up a cumulative 1.6 million units sold so far, according to Toyota.

The carmaker meanwhile stepped up its public relations offensive, posting a new full-page ad in major U.S. newspapers Tuesday in an attempt to regain consumer confidence.

In papers including The New York Times and Washington Post, President and Chief Operating Officer of Toyota Motor Sales U.S.A. Inc. Jim Lentz said, "I am truly sorry for the concern our recalls have caused, and want you to know we're doing everything we can — as fast as we can — to make things right."

(The Japan Times) Ozawa still comrade, poll whiz: Hatoyama

Boss buys into DPJ kingpin's innocence claim

Prime Minister Yukio Hatoyama said Wednesday it is natural that he believes Ichiro Ozawa's claim of innocence in the alleged accounting irregularities involving his fund management body, noting they are comrades who together achieved a change of government.

Hatoyama said at an Upper House plenary session that the prosecutors' investigation will reveal whether the Democratic Party of Japan's secretary general had a hand in the alleged misreporting of political funds.

The remarks came amid news reports that Ozawa may not be indicted despite being questioned by prosecutors as a suspect.

"You ask on what grounds do I believe Ozawa, but isn't it natural for me to believe first the words 'I'm innocent' expressed by a DPJ comrade who achieved a change of power?" Hatoyama said. "It is my thinking that the investigation will reveal whether there are facts that back up his (alleged) violation of the law as reported."

Earlier in the day, Hatoyama told reporters he will calmly watch developments in the investigation.

"I have no other option but to take that position" because prosecutors are still conducting the probe, he said.

He declined comment on whether Ozawa should resign from the powerful secretary general post if he is indicted.

The prosecutors are leaning toward deciding not to charge Ozawa in connection with a controversial land purchase by his fund management body in 2004 due to difficulty proving his involvement in the alleged falsification of political funding reports, investigative sources said Tuesday.

The prosecutors must decide by Thursday to either release from detention or charge the three current and former aides to Ozawa, including Tomohiro Ishikawa, a DPJ Lower House member. They are under arrest over the alleged misreporting of political funds.

Ozawa, a key DPJ campaign strategist for the Upper House election this summer, has denied receiving any illicit funds and said he doubts he will ever be charged.

But he has indicated he would resign from the post if he were to be indicted over the case, saying, "Should I be criminally charged, my responsibility would be heavy."

A hunted man

The Liberal Democratic Party will continue to pursue the money scandal involving Democratic Party of Japan Secretary General Ichiro Ozawa in Diet debates even if he isn't indicted, senior LDP lawmakers indicated Wednesday.

"It does not necessarily mean (Ozawa is) innocent even if he is not indicted," Shigeru Ishiba, LDP policy chief, told a news conference. "He must assume political responsibility as three of his current and former aides have been arrested."

They were arrested by prosecutors over accounting irregularities.

Yasukazu Hamada, a senior member of the LDP Diet affairs committee, concurred.

"The prosecutors' decision is different from a political judgment," he said. "A politician must assume moral and supervisory responsibilities. There have been lawmakers who stepped down following the arrests and indictments of their secretaries."

(The Japan Times) Foreigner suffrage can fuel nationalism: Kamei

Financial services minister Shizuka Kamei reiterated his opposition Wednesday to granting permanent foreign residents the right to vote in local-level elections, saying doing so could incite nationalism during polling times.

Kamei, who heads Kokumin Shinto (People's New Party), one of the junior partners in Prime Minister Yukio Hatoyama's Democratic Party of Japan-led government, has been a vocal opponent of the drive, making it difficult to submit a local suffrage bill to the current Diet session.

"Elections could heat up," Kamei told a plenary session of the House of Councilors. "Granting the right to vote would run the risk of creating antagonism because it could spur nationalist sentiments."

He was apparently referring to a potential clash of feelings between Japanese and ethnic Koreans.

People of Korean descent comprise about half of all permanent foreign residents in the country, mostly because many Koreans came or were forcibly brought to Japan as laborers when the Korean Peninsula was under colonial rule from 1910 to 1945.

Kamei reiterated his view that those hoping to vote in elections should be naturalized.

Chief Cabinet Secretary Hirofumi Hirano has said a consensus must be reached within the Hatoyama Cabinet on the matter before the government can proceed with legislation to realize local suffrage for foreign residents.

Hatoyama and other DPJ leaders, including Secretary General Ichiro Ozawa, support the measure, but reservations remain even within the party.

There are strong calls among permanent foreign residents for the right to vote in local-level elections on grounds that they pay taxes like Japanese.

(The Japan Times) A-bomb piano to appear at U.N.

SENDAI (Kyodo) A piano that survived the 1945 atomic bombing of Hiroshima was entrusted Wednesday to a Japanese group planning to hold a concert at U.N. headquarters in New York on International Day of Peace this fall.

The group from Kobe rented the piano from Hiroshima atomic bomb survivor Yoko Matsuba, 84, now living in Sendai, to stage the concert Sept. 21 to promote peace and the abolition of nuclear weapons.

To cover transportation and other costs for the concert totaling around ¥20 million, the organizers said they will hold fundraising concerts in about 40 places nationwide, including Shiga, Kyoto, Nara and Shizuoka prefectures.

The piano, bought by Matsuba's mother in 1933, survived the bombing despite being just 1.5 km away from ground zero, sustaining minor damage after being toppled by the blast.

Matsuba's family continued to use the piano and she agreed to rent it to the group for a year, saying it would be an "honor."

(The Japan Times) Ozawa in clear; Ishikawa charged

Only ex-aide's word against DPJ kingpin's

Prosecutors indicted Democratic Party of Japan lawmaker Tomohiro Ishikawa on Thursday but opted not to charge DPJ Secretary General Ichiro Ozawa due to insufficient evidence in relation to the alleged false reporting of the veteran politician's funds.

Following the prosecutors' move, Ozawa told reporters, "I take it as being the result of a fair investigation."

Prime Minister Yukio Hatoyama, the DPJ president, was quick to back him up.

Hatoyama indicated he has no intention of removing Ozawa from the No. 2 post in the party, telling reporters, "I don't think we are in a situation to do anything about party personnel."

Ishikawa, a Lower House member who was a secretary to Ozawa, was arrested last month on suspicion of failing to book ¥400 million in a 2004 report of Rikuzankai, Ozawa's fund body, in violation of the Political Funds Control Law.

Thursday was the deadline for the prosecutors to hold Ishikawa, 36, and two others arrested in the case — Mitsutomo Ikeda, 32, who succeeded Ishikawa as secretary, and Takanori Okubo, 48, Ozawa's current state-paid aide. Ikeda and Okubo were also indicted over the case Thursday.

Ishikawa oversaw accounting at Rikuzankai before being elected to the Diet. Investigative sources say he admitted deliberately not listing the ¥400 million provided by Ozawa in Rikuzankai's fund report. Earlier reports said Ishikawa claimed he was told by Ozawa to falsify the reports.

The prosecutors suspect the unreported ¥400 million included ¥50 million provided by Mizutani Construction Co., a subcontractor on a project to build Isawa Dam in Iwate Prefecture, where Ozawa's constituency is located.

Ishikawa denied having received any money from Mizutani Construction.

Ozawa also denied any direct involvement in the case, claiming during questioning on Jan. 23 and Monday that the ¥400 million used for buying the land in Tokyo's Setagaya Ward in October 2004 was part of his private assets and had been kept at his office.

Ozawa, a former DPJ chief and key campaign strategist for this summer's Upper House election, suggested earlier this week that he may quit the ruling party's No. 2 post if he was indicted. He had been accused by a civic group of being a conspirator in the case.

Now that he is off the hook, support for Ozawa within the DPJ will likely gain momentum as the July Upper House election nears.

But opposition parties plan to further grill Ozawa in the Diet, seeking to hold him politically responsible. The Liberal Democratic Party, New Komeito and Your Party submitted a resolution demanding Ishikawa's resignation to the Lower House speaker.

Meanwhile, LDP leader Sadakazu Tanigaki said he will demand that Ozawa be required to testify before the Diet about the fund scandal.

Ishikawa won his first Diet seat at the House of Representatives in 2007 following the resignation of a DPJ lawmaker and was re-elected in the election last August, defeating the late Liberal Democratic Party veteran Shoichi Nakagawa.

Ishikawa was served an arrest warrant on Jan. 15 and Okubo the following day.

Okubo is on trial over separate accounting irregularities at Rikuzankai after being indicted without arrest. The scandal involving massive donations from Nishimatsu Construction Co. led to Ozawa's resignation as DPJ president last May while the party was in opposition. He was replaced by Hatoyama.

(The Japan Times) U.S. transport chief to phone Toyoda over safety fears

WASHINGTON — U.S. Transportation Secretary Ray LaHood said Wednesday he will talk directly with Toyota Motor Corp. President Akio Toyoda soon about the safety concerns involving his company's cars.

"This is very serious," LaHood was quoted as saying at a breakfast with reporters in Washington. "After I talk with him, they'll get it. We're going to keep the pressure on."

He also said the Transportation Department may impose civil penalties on Toyota.

Safety concerns have deepened as reports rise about complaints involving the brakes in Toyota's popular Prius hybrid.

The U.S. government plans to investigate the Prius issue and, if the problem and a solution can be identified, demand a recall. U.S. lawmakers addressed Toyota safety concerns at a House committee Wednesday.

Tom Latham, a Republican congressman from Iowa, asked LaHood if the National Highway Traffic Safety Administration should broadcast information about how to handle the gas pedal issue.

LaHood replied that safety information has been publicized and added his own advice is to stop driving the recalled Toyota cars.

"My advice is if anyone owns one of these vehicles stop driving it and take it to Toyota dealers because they believe they have a fix for it," LaHood told the committee.

The NHTSA is probing Toyotas not just for problems with the gas pedals but also for possible electrical system glitches, LaHood said. "We will also be investigating the electronic components that are in these cars and if they're not safe, we'll have Toyota take a look at that," he added.

Later in the day, LaHood retracted his remarks, acknowledging that advising Toyota drivers to stop driving the vehicles was a mistake.

"What I meant to say or what I thought I said was, if you own one of these cars or if you're in doubt, take it to the dealer and they're going to fix it," he told reporters.

His initial remarks about Toyota cars created a stir on Wall Street, sending Toyota shares tumbling. The stock, however, rebounded a bit after he revised the statement.

In Tokyo Thursday, responding to Prius brake complaints, Toyota vaguely said it is thinking of making an announcement soon.

"We are thinking about announcing measures to our customers," said Hiroyuki Yokoyama, managing officer in charge of quality control.

Yokoyama said it first acknowledged the brake trouble last fall and began taking a closer look in December, when snowfall and claims increased.

Toyota made corrections to the software for the Prius antilock braking system in January after finding it was causing brake-related glitches on bumpy or frozen roads but didn't issue a recall.

(The Japan Times) DPJ's Ishikawa, other Ozawa aides make bail

Democratic Party of Japan lawmaker Tomohiro Ishikawa, Ichiro Ozawa's former aide now under indictment for cooking the DPJ don's financial books over a shady Tokyo land buy, made bail Friday.

After paying ¥12 million through his lawyers, Ishikawa left the Tokyo Detention Center in the evening.

Mitsutomo Ikeda, an ex-aide of Ozawa, and Takanori Okubo, a current aide, also were released after making bail. Okubo paid ¥7 million and Ikeda ¥3 million.

Sources said the Tokyo District Court has banned Okubo and Ikeda from contacting Ozawa, while Ishikawa has been prohibited from contacting former Mizutani Construction Co. executives. Prosecutors alleged that part of the money used for the land purchase came from the contractor.

On Thursday, prosecutors indicted the three men for allegedly misreporting political funds involving the funds management body, Rikuzankai. The ¥400 million used for the land buy in Tokyo's Setagaya Ward in 2004 didn't appear on Ozawa's funds reports.

Earlier Friday, DPJ Diet affairs chief Kenji Yamaoka said the DPJ will not send to the Lower House plenary session an opposition-proposed resolution demanding Ishikawa's resignation, saying the move doesn't merit deliberation.

"The problem specified in the draft resolution is one that occurred when he was a secretary" to Ozawa before Ishikawa became a lawmaker, Yamaoka said at a party meeting.

"It is not a matter as a Diet member," he said, adding, "It doesn't merit deliberation."

The Liberal Democratic Party and two smaller opposition parties, New Komeito and Your Party, submitted the draft resolution to Lower House Speaker Takahiro Yokomichi, recommending the second-term lawmaker quit as a Diet member.

One day after prosecutors decided not to charge Ozawa over the misreporting, Prime Minister Yukio Hatoyama said he plans to meet with Ozawa soon to confirm his intention to continue on in the party's No. 2 post.

(Asia Times) Okinawa call to shape new US-Japan era

Japanese Prime Minister Yukio Hatoyama has given his government a deadline of May to decide whether or not Tokyo will stick to a Japan-United States agreement from 2006 on the relocation of US troops in Japan.

The 2006 accord foresees the relocation of the US Marine Corps air station Futenma from the residential area of Ginowan, located in the southern densely populated part of Okinawa, to Henoko, a less densely populated area on the northern part of the island.

As part of the agreement, signed after 13 years of cumbersome and controversial negotiations, Washington agreed to reduce the number of US troops stationed in Japan (47.000 in total) by relocating 8.000 marines from Okinawa to Guam by 2014.

Make the 'right' call, Washington says

Plans to revisit the existing relocation agreement have been on the agenda ever since the Democratic Party of Japan (DPJ) led by Hatoyama took power in September. The longer he waits to make the "right" call - which, as far as Washington is concerned, would be to stick to the existing agreement - the more he and his ministers are messing up the US-Japan alliance, said the Wall Street Journal in an opinion piece published on January 28 entitled "The Hatoyama Drift".

"The more Japan's ordinary citizens ... worry that the US-Japan security alliance is at risk, the more they'll lose confidence in their national leaders. Hatoyama's approval ratings are already hovering around 45%, and falling," the WSJ article claimed.

Yet Japan's "ordinary citizens" are not mostly concerned with the country's defense and security policies, as recent opinion polls have shown. The economy and the prime minister and DPJ secretary general Ichiro Ozawa's alleged involvement in financial and corruption scandals are higher priorities.

As it turns out, Hatoyama not caving in to Washington on defense and security matters is one of the few things the Japanese public approves about his government.

US alarmism

United States analysts have in recent months rounded on Japan's prime minister, claiming in print and behind the megaphone that Hatoyama's decision to resist US pressure on the relocation agreement puts the US-Japan alliance at risk and jeopardizes Japanese national security.

This is alarmism, says Linus Hagstrom, acting director of research at The Swedish Institute of International Affairs in Stockholm. "The US reaction so far is utterly out of proportion

with the gravity of the issue. When US officials and analysts call the base relocation issue a litmus test for the US-Japan alliance, they are overreacting. It is probably part of a strategy to compel Japan into compliance," he told Asia Times Online.

Brad Glosserman, executive director of the Center for Strategic and International Studies Pacific Forum in Honolulu, says Japan's relatively new government has yet to fill in some blanks in regards to knowledge of international relations in general and the troops' relocation plan in particular.

"The Japanese administration doesn't have much security expertise and doesn't understand how the agreement works. It is an integrated whole, you can't just do part of the package," he told ATol.

This view is not shared by Christopher W Hughes, professor of international politics and Japanese studies at the University of Warwick, Britain.

"Japan has the right to try to negotiate the base agreements if it wants to. The Pentagon's frustration with Japan after all these years of trying to solve Futenma is understandable, but it is not as if the US does not review and rethink policy or agreements with new administrations. These are two sovereign governments, and supposed allies, so they had better start talking again."

Enough talk

Renegotiating the base relocation agreement, however, is not exactly on top of Washington's Japan policy agenda, as US Secretary of State Hillary Clinton informed her counterpart Katsuya Okada in mid-January. At a meeting in Honolulu, Clinton again urged Tokyo to stick to the existing agreement and Japan's alleged "commitment" to relocate the marines from Ginowan to Nago.

The agreement is - at least as far as Washington is concerned - most probably still what US Secretary of Defense Robert Gates called "non-negotiable" during his visit to Tokyo last November.

This is pretty much in line with how Washington has always dealt with Japan, as a junior alliance partner, says Linus Hagstrom. "Washington has urged Tokyo over the last 20 years to take on more responsibility in international affairs, engaging in so-called 'burden-sharing'. Judging by the US reaction to the Futenma issue, however, it seems that Washington only supports an increased Japanese role as long as it can control Japan. Washington does not want a more independent ally and is not at all interested in 'power-sharing'."

Nobody wants them

Hatoyama in the meantime is hanging in there, although he has given up on his original idea to find a new home for the Futenma marine corps station outside of Japan.

"From the perspective of a deterrent force, moving all base functions to Guam will probably be impossible. The process will now focus on choosing a site in Japan," the prime minister said recently after Washington made it repeatedly clear that it does not want more than 8,000 of its own soldiers in Guam by 2014.

Indeed, there is no shortage of suggestions coming from within the Hatoyama cabinet on where to relocate the base, but most are unrealistic.

Among others, it was suggested to move the marines to Shimoji, a small island about 280 kilometers southwest of Okinawa's main island, or to Iwoto island, which is close to Tokyo. Others in Hatoyama's cabinet thought it would be a good idea to keep the Futenma station in Ginowan and transfer some of its helicopter drills to what was referred to as a "remote island".

All of them are bad ideas as far as Washington and interested parties in Japan are concerned, Hughes says.

"Of the alternatives in Okinawa, no one wants the marines corps airfield, and no one else in Japan seems to want it. And if someone did, I don't think that would be acceptable to the US side if the idea is to keep the marines' helicopters close to the marines' ground forces," Hughes fears.

Then again, Hughes adds, it might eventually not really matter where the troops move to as long as Washington continues pretending to be interested in negotiating with Tokyo. "I think Hatoyama's plan, if he really has one, is to contain this crisis and get the US to negotiate. Then he might come up with some kind of compromise plan in May which his coalition partners, Okinawa's population and the US will swallow."

More trouble ahead?

All is well that ends well then? Perhaps not quite, since Washington remains worried that Japan's attempts to renegotiate the base relocation agreement could be the beginning of the end of the asymmetric US-Japan alliance.

Hatoyama and his DPJ are already thinking out loud about changing the US-Japan Status of Forces Agreement that protects US troops from legal prosecution in Japan. What's more, Hatoyama and party friends are planning to move the reduction of the Host Nation Support, ie Japan's financial support for the US military in Japan (amounting to US\$4 billion per year) up on the US-Japan agenda in the months ahead.

In the meantime, however, Tokyo and Washington are assigning funds for the relocation of US marines to an as yet unclear location in May.

In its fiscal budget for 2010, Tokyo has allocated 28.8 billion yen (US\$321 million) for the relocation of the Futenma station and has put aside 34.6 billion yen for the transfer of marines from Okinawa to Guam.

Washington and the US Congress are doing the same, having in December adopted a \$310 million budget for the transfer of marines from Okinawa to Guam in 2010 - though they could threaten to delay the allocation of funds beyond 2010 if Tokyo decides not to stick to the 2006 troop relocation agreement.

Familiar tit-for-tat US policies for sure, but Washington might for a change join Tokyo at the receiving end in the months ahead.

(The Japan Times) Hatoyama talks tough on rooting out collusive ties

Prime Minister Yukio Hatoyama said Friday discussions on banning political donations from corporations and other organizations should conclude soon in light of the "politics and money" scandals that have sapped public confidence in his Democratic Party of Japan-led government.

"We must turn a stern eye to the Political Funds Control Law," Hatoyama told the Lower House Budget Committee. "I hope each party discusses it and reaches a conclusion as soon as possible."

The DPJ has advocated revising the law to place a total ban on corporate donations, which are often believed a source or product of collusion between companies and politicians.

In Ozawa's case, prosecutors suspect some of the misreported money his fund-management body used to buy land in Tokyo included secret donations from a contractor in a dam construction project.

At the Diet panel, Hatoyama apologized to the public again for causing concerns and worries due to the funds scandals, including his own.

(The Japan Times) Have 'udon' bowl — will travel

OSAKA — A journey to 33 restaurants in Osaka and three nearby prefectures to enjoy thick "sanuki udon" is under way to give momentum to a boom in the pastalike noodles that originated in Japan.

Organizers call the journey "Kansai sanuki udon pilgrimage rally." It involves participants slurping up noodles at one restaurant after another until they complete visits to all 33

eateries on the itinerary in Osaka, Kyoto, Hyogo and Nara prefectures. They will collect a stamp at each stop.

Keishi Kishimoto, 41, of Suita, Osaka Prefecture, was among those who came up with the idea of the rally three years ago and sounded out the restaurant owners.

Kishimoto is from Kagawa Prefecture, where sanuki udon originated. He wanted more people to feast on his native dish. The noodle pilgrimage, launched in December, will last through the end of March.

Udon noodles are made from thick strands of dough kneaded from wheat flour, water and salt. They are different from "soba" noodles, which are thinner than udon and use buckwheat flour.

Kishimoto, who grew up eating firm and chewy homemade udon, said he suffered a culture shock when he found a job in Osaka and came across noodles unlike those he was accustomed to eating back home.

Sanuki udon made its mark in the Kansai region and was introduced as a local cuisine in 1970 when Expo '70 was held in Osaka. Subsequently, chefs who received training in Kagawa Prefecture opened sanuki udon restaurants in Osaka. The number of eateries offering the chewy and richly flavored noodles has been rising.

Kishimoto said the sanuki udon boom is probably at its peak now, adding, "I'd like to see udon culture take root as 'common food' in Kansai as it has done in Kagawa Prefecture."

The 33 restaurants in the rally were selected from among 190 eateries by eight udon fans, including a dentist.

Yasuhiro Yamamoto, the 45-year-old manager of udon restaurant Mitsushima Shinuchi in Kadoma, Osaka, said: "I now have an increased rapport with those in the same line of business thanks to the rally. I have also grown closer to my customers. I am going to offer each participant in the rally a serious bowl of udon."

Those who complete visits to all 33 restaurants are scheduled to take part in a celebratory party that the restaurant managers will also attend.

Company employee Ayumi Koguchi, 39, of Takaishi, Osaka Prefecture, said, "There's a particular restaurant manager I want to meet at the party so that I can tell him that the noodles I had at his place were 'very tasty.' "

Economic Front;

Detailed News:

(The Japan Times) Seven Bank eyes overseas remittances

Seven Bank said it will start overseas remittance services, possibly in fiscal 2010, from accounts at the bank to preregistered overseas accounts.

Seven Bank, a Seven & I Holdings Co. arm that runs a network of more than 14,000 automated teller machines at convenience stores and elsewhere, said it will offer the service in conjunction with Western Union, a major U.S. remittance service provider.

The bank said Friday it believes there is sizable demand for such remittance services, particularly among foreign migrant workers in Japan, who currently number about 2.2 million.

Such migrant workers are estimated to send some ¥1 trillion a year overseas, according to Seven Bank.

At present, major domestic commercial banks charge around ¥5,000 per remittance. Seven Bank said it expects to cash in on substantial demand as it plans to undercut its competitors.

Those who already have or open an account at Seven Bank will be able to send money overseas around the clock from the bank's ATMs or via its Web site if they register information on recipients' accounts beforehand, it said.

The recipients will be able to withdraw money at more than 350,000 business locations being operated or supervised by Western Union worldwide.

(The Japan Times) M&A investment plunged 42% in '09

Investment in mergers and acquisitions involving Japanese companies totaled ¥7.24 trillion in 2009, down 42.2 percent from the previous year and marking its lowest level since 2003, according to data compiled by Recof Corp.

There were 1,957 M&A deals last year, down 18.4 percent and falling below 2,000 for the first time in six years, Recof, an M&A adviser, said.

M&A deals involving Japanese companies targeting foreign firms amounted to ¥2.80 trillion, down 62.3 percent on the previous year, while the figure for M&As between Japanese firms stood at ¥3.73 trillion, down 19.1 percent.

M&As in Japan by foreign companies, meanwhile, rose 49.8 percent to ¥702.9 billion, including deals involving companies from China and other emerging economies, the Tokyo firm said.

(The Japan Times) Finance Ministry eyes internal reform

The Finance Ministry launched a special project team Friday in an attempt to overhaul the way its officials work.

The initiative is aimed at cutting their long hours of overtime and to improve the current personnel system. Finance Minister Naoto Kan joked this will enable officials to go out on a date on weekdays.

The team, which comprises 20 officials in their 30s to 50s, will issue proposals in a report by April after collecting opinions from their peers, former officials and political experts on what needs be done to increase job satisfaction.

"I told them that there is a chance to change because a slightly extraordinary minister like myself" has taken the helm of the ministry, Kan told reporters after attending a ceremony to launch the initiative.

About 50 officials applied to be members of the team after Kan unveiled the initiative in mid-January, the ministry said.

(The Japan Times) Drivers in Japan unfazed by Toyota's global recalls

American Toyota owners are understandably alarmed about ballooning recalls over faulty gas pedals and floor mats. In Japan, where there have been no such recalls, the reaction is — also understandably — muted.

Some of the same Toyota Motor Corp. models recalled in the U.S., Europe and China are on Japanese roads. But they use a different parts supplier than CTS Corp., the American parts maker that has been rushing to fix the faulty parts behind the massive recalls.

Dealers in the U.S. are being deluged with queries from worried customers. For dealers in Japan, it's basically business as usual.

"Some of our customers express sympathy about Toyota's overseas problems," Naeko Kawamata, a saleswoman at a Tokyo dealership, said Saturday. "But we aren't getting queries on recalls."

So far, Toyota's reputation for quality is holding up in Japan. One factor in Toyota's favor is that people here often assume that Japan-made products are better than those made abroad — meaning that their Toyotas are safe.

"I think Toyota cars are very reliable," said Takashi Itoh, a photographer whose family members drive Toyotas.

"The cars being recalled in China and the U.S. aren't made in Japan. They were made there. Those kind of problems definitely won't happen in Japan," he said.

Some Japanese experts are optimistic the fallout from the U.S. woes will fade in a few months, as long as Toyota responds relatively quickly to fix the problem.

They see Toyota's troubles as having crept up because the automaker expanded too quickly over the last several years, making it difficult to duplicate the "Toyota Way," known for impeccable quality control, in places that are quite different from Japan.

"Toyota appears to be trying to respond with care," said Hideaki Miyajima, a professor of business and economics at Waseda University in Tokyo.

"Toyota has grown to where it is now by sticking to safety standards. If it can overcome this problem, it can even make the experience a plus for its future."

Including earlier recalls for floor mats and some vehicles being recalled more than once, the global recall amounts to more than 7 million vehicles, a staggering number.

Hideaki Homma, a Toyota official in Tokyo, said media reports giving that number as the equivalent of Toyota's annual vehicle sales are providing an exaggerated picture of the problem.

"We don't welcome this kind of thinking at all," he said. "No matter what, we believe we have responded speedily to a problem that has come up."

Ratings revoked

WASHINGTON (AP) Consumer Reports, an influential publication for car buyers, has temporarily suspended its "recommended" status for eight recalled Toyota models because of faulty gas pedal systems, dealing another blow to the automaker's reputation in the United States.

The publication said Friday it issued the suspension because of reports of the accelerator pedal sticking and causing unintended acceleration. It also advised used-car shoppers to avoid buying any of the affected vehicles until the issue is resolved.

"Although incidents of sudden acceleration are rare, we are taking this action because the vehicles have been identified as potentially unsafe without a fix yet being available to consumers," said Jim Guest, president of Consumers Union, the publisher of Consumer Reports. "In general our position is that you shouldn't compromise on safety."

The decision by Consumer Union to pull the recommendation represents another setback for Toyota, which has watched its pristine reputation for quality and safety tarnished by two massive recalls affecting some of its best-selling vehicles. The publication's car reviews are closely watched by the industry and serve as a prominent guide for car shoppers.

The affected Toyota models include: 2005-2010 Avalon sedans; 2007-2010 Camry sedans, excluding the Camry Hybrid and some other models; 2009-2010 Corolla sedans; 2010 Highlander crossover, excluding the Hybrid model; 2009-2010 Matrix hatchbacks; 2009-2010 RAV4 crossovers, 2007-2010 Tundra pickup; 2008-2010 Sequoia SUV.

Consumer Reports also pulled its recommended status for General Motors Co.'s 2009-2010 Pontiac Vibe, which is also part of the recall and built on the same platform as the Matrix.

The publication noted that all nine vehicles have performed well in its road tests and reliability ratings, earning the "recommended" designation. It said it expects to reinstate that tag once the problems have been resolved.

(The Japan Times) Dealers may get new parts this week

DETROIT (AP) Toyota Motor Corp. plans to start sending parts to dealers in the coming days to fix a sticky gas pedal problem that has tarnished its image and led to the recall of 4.2 million cars and trucks on three continents, according to people briefed on the matter.

Toyota plans to reveal details of the fix on Monday morning, according to two dealers who asked not to be identified because the plan had not been announced. One dealer was told by a Toyota executive that the parts could arrive Thursday or Friday.

The automaker told the dealers about the plan Saturday after hearing from the National Highway Traffic Safety Administration that it did not object to the fix, the dealers said. A Department of Transportation official, who also requested anonymity because the announcement had not been made, confirmed that the government had no objections.

Toyota spokesman Mike Michels said the company received feedback from the United States government, but he would not say what that was or when it intends to start sending out parts. The company has said it plans to announce the fix this week, but Michels would not give an exact date.

Toyota has recalled 4.2 million vehicles worldwide because the gas pedal systems can get stuck. The company said the problem is rare and is caused by condensation that builds up in the gas pedal assembly.

Several dealers have said the fix involves slipping a shim into an area where springs push the gas pedal back to its resting position after a driver has eased off the gas, but Toyota has not commented on the repair.

Dealers have been in the difficult position of having no parts to fix the cars ever since the recall was announced on Jan. 21.

The recall in the U.S. covers 2.3 million vehicles and involves the 2009-10 RAV4 crossover, the 2009-10 Corolla, the 2009-10 Matrix hatchback, the 2005-10 Avalon, the 2007-10 Camry, the 2010 Highlander crossover, the 2007-10 Tundra pickup and the 2008-10 Sequoia SUV. The recall has been expanded to models in Europe and China as well.

Toyota said that not all the models listed in the recall have the faulty gas pedals, which were made by CTS Corp. of Elkhart, Ind. Dealers can tell which models have the CTS pedals. Models made in Japan, and some models built in the U.S., have pedal systems made by another parts supplier, Denso Corp., which function well.

"They've got a fix and it's been approved by NHTSA," said one of the dealers who was happy that parts would be coming soon.

In an announcement late Friday, Toyota said it would begin shipping new gas pedal systems to dealers.

Legally, Toyota did not need NHTSA's approval for the fix, but the company submitted the plan to the government agency on Thursday, and it would be unlikely to proceed without the government's blessing.

Michels said the timetable for when dealers will be able to start fixing cars has not been finalized. It still has to train service technicians, send letters to owners of the recalled vehicles and ship out the parts.

"It does take a little time," he said. "That is a lengthy process."

Toyota has said it is working as quickly as possible to come up with repairs for the cars. A spokesman said Friday that details about how it intends to solve the problem will be released sometime next week.

On Friday, Toyota CEO Akio Toyoda made his first public comments about the recall. At the World Economic Forum in Davos, Switzerland, he told NHK: "I am very sorry that we are making our customers feel concerned."

"People can feel safe driving in the current situation," he added. "Please trust that we are responding so it will be even safer."

(The Japan Times) Narita IPO eyed to bail Kansai airport

A key transport ministry panel is looking at assisting the debt-ridden operator of Kansai International Airport Co. in a way that is likely to be fiercely opposed by the Finance Ministry and local governments.

A draft of the report, made available Saturday, proposes using the proceeds from Narita International Airport Corp.'s initial public offering later this year to bail out its Kansai counterpart, which is burdened by over ¥1 trillion in interest-bearing debt.

The proposal clashes with one by the Finance Ministry to appropriate some of the Narita IPO proceeds to pay down the massive national debt. The IPO date has not yet been set.

(The Japan Times) Major builders probed on Ozawa funds body

Prosecutors have questioned executives of three major contractors linked to a dam project in Iwate Prefecture over alleged accounting irregularities by Democratic Party of Japan Secretary General Ichiro Ozawa's fund management body, according to sources close to the case.

The executives, who underwent questioning on a voluntary basis, included the 75-year-old chairman of Kajima Corp., which was searched in January in connection with the case, a 73-year-old top adviser to Taisei Corp., and an executive of Shimizu Corp., the sources said.

The investigators of the Tokyo District Public Prosecutor's Office are believed to have asked the executives about the decisive clout, known as "the voice from heaven," wielded by Ozawa's office in determining the winners of local public works projects, and whether they provided funds to Ozawa.

A joint venture formed by Kajima, Shimizu and Ohmoto Gumi Co. won a bid in October 2004 to build the main structure of Isawa Dam in Ozawa's home district, while a venture that included Taisei, Kumagai Gumi Co. and Hazama Corp. won a contract in March 2005 for collecting the sand, gravel and other materials to be used in the dam.

Both the chairman of Kajima and the top adviser to Taisei were heading their respective companies at the time.

A former president of Mizutani Construction Co., a subcontractor in both projects, reportedly told prosecutors that the Kuwana, Mie Prefecture-based firm gave a total of ¥100 million — ¥50 million in October 2004 and again in April 2005 — to aides of Ozawa who have been arrested.

(The Japan Times) JAL's new bosses neutral on tieup pick

Japan Airlines Corp.'s new management team said Monday they will examine from scratch alliance talks with U.S. carriers American Airlines Inc. and Delta Air Lines Inc.

New JAL President Masaru Onishi said during his first news conference that internal discussions are ongoing and the carrier has a "neutral" stance.

Speculation had been rife that JAL will form a business tieup with Delta and switch to the Delta-led SkyTeam global airline alliance. It is currently part of the oneworld grouping led by American Airlines.

Onishi along with new Chief Executive Officer Kazuo Inamori said they will break away from the past to reconstruct the airline now that its rehabilitation process has started.

"As a longtime business manager, JAL's reconstruction will be possible if the rehabilitation plan is (carefully carried out)," Inamori said.

JAL, which filed last month for protection under the Corporate Rehabilitation Law, is undergoing rehabilitation under the government-backed Enterprise Turnaround Initiative Corp. of Japan.

ETIC is planning to cut 15,661 JAL jobs, or about 30 percent of its workforce, by the business year ending in March 2013.

It also plans to terminate 31 routes and sell about half of JAL's affiliate companies and to concentrate on its core airline business.

Inamori, the charismatic founder of Kyocera Corp., also said JAL must change its corporate culture as the firm has often been criticized as bureaucratic and too dependent on the government, given it was half-nationalized in the past.

On the future of the airline's international flight operations, Inamori said JAL plans to thrive on both domestic and international routes, saying people can hardly imagine JAL without international flights.

Inamori replaced CEO Haruka Nishimatsu, who resigned Jan. 19. He founded Kyocera when he was 27 and turned the company into one of the nation's major electronics makers.

(The Japan Times) New boss: JAL won't go budget, regional

Japan Airlines Corp. will not relegate itself to a regional or low-cost carrier even as the once-proud flagship sharply streamlines its operations under a court-led turnaround plan, its new president said.

Masaru Onishi, appointed JAL president on Monday, said the company will choose its U.S. alliance partner — American Airlines Inc. or Delta Air Lines Inc. — by midmonth, a decision that will be a pillar of its efforts to boost revenue.

"As to what kind of a carrier we are going to aim for, it is unlikely to be a low-cost carrier or a regional airline specializing in Asia," Onishi said in his first interview with the media.

"Our customers find the greatest value in the fact that we are a network carrier," he said.

But Onishi admitted JAL will need to take steps to address market needs for low-cost tickets to resort areas as travelers flock to budget airlines amid tough economic conditions.

With Japan's top carrier filing for court protection on Jan. 19 with total group liabilities topping ¥2 trillion, debate has been simmering in the government as well as in the airline industry on whether there is a need for Japan to have two megacarriers — JAL and All Nippon Airways Co.

Onishi, 54, has been tapped to run the crippled airline with Kyocera Corp. founder Kazuo Inamori, who was appointed JAL chairman.

Together they face the painful task of pushing through massive restructuring of the workforce and money-losing routes as well as dealing with aging aircraft as the government pumps in public funds to keep the carrier flying.

Onishi said they first need to explain and obtain employee support for the rehabilitation plan being compiled with the government-backed Enterprise Turnaround Initiative Corp. of Japan, which is sponsoring JAL's turnaround.

"We should have been more sensitive to being a private company," Onishi said, acknowledging JAL had become complacent about its weak financial standing due to repeated access to emergency loans from the government-owned Development Bank of Japan.

"For us to be self-reliant, we need to become a financially robust company," Onishi said, promising to create a leaner management.

As part of its efforts to increase revenue, sources have said, ETIC is eyeing a business tieup by JAL with Delta, the world's largest carrier, and a switch to the Delta-led SkyTeam global airline alliance from the current oneworld grouping led by American Airlines.

While Onishi said a decision is expected by mid-February, he added the current business plan, which sees JAL's return to profitability in fiscal 2011 through March 2012, is based on JAL staying with oneworld.

The turnaround body estimates that an alliance with Delta in SkyTeam would likely provide JAL with an annual benefit of ¥17.2 billion, three times more than the estimated ¥5.4 billion in benefit from its existing partnership with American Airlines in oneworld.

The appointment of Onishi to replace Haruka Nishimatsu, 62, is part of a move to bring in a younger management team, and a rare selection of a president whose main career background has been in maintenance operations.

Onishi joined JAL in 1978 and spent the first six years of his career being trained as a mechanic. He later rose through the ranks mainly doing maintenance and aircraft planning and was appointed president of Japan Air Commuter Co. last June.

"I don't need to look back on and rethink safety issues inside my head because they're deeply ingrained," Onishi said. "There can't be a revival without safety."

Smugness at heart of woes for Toyota, JAL

Toyota is the latest Japanese corporate icon making headlines for all the wrong reasons.

News of the automaker's massive vehicle recalls over faulty gas pedals in the U.S. came just days after Japan Airlines, a once proud flag carrier, filed for bankruptcy, saddled with billions in debt.

Sony has lost its lead in consumer gadgets to the likes of Apple Inc. and has suffered its own quality mishaps. Honda is recalling 646,000 cars worldwide because of a faulty window switch.

Taken together, Japan Inc.'s stellar reputation for quality has taken a hit — just as China is about to overtake it as the world's No. 2 economy and rising South Korean companies compete ever more aggressively.

What went wrong with the economic giant that arose from the ashes of the war?

The problems that confront Toyota, Sony and JAL differ, but experts say their struggles have some common themes: the perils of global expansion, a tendency to embrace the status quo, and smugness bred from success or a too-big-to-fail mentality.

"Arrogance and some complacency came into play, driven by the idea that their ranking as No. 1 producer of quality goods wasn't at risk," said Kirby Daley, a veteran Tokyo trader who is now chief strategist at Newedge Group, a financial services firm in Hong Kong.

The global economic crisis helped to expose weaknesses, he said. "There was nowhere to hide."

Added to the mix for Toyota and Sony is intense competition from upstarts in South Korea, China and elsewhere in Asia.

"They can offer products as good as Japanese at much lower cost, even though quality of Japanese products is on the decline," said Shinichi Ichikawa, chief strategist at investment bank Credit Suisse.

Some new Asian rivals, particularly in electronics, learned their techniques from Japanese operations set up around the region.

Cutting costs to stay competitive while meeting growing demand, Toyota, Sony and others compromised on quality control as they tried to reach ever-larger sales targets, analysts say.

Toyota adopted the practice of using the same part across a range of models — saving vast sums of money but exposing itself to the risk that even a small defect could cause global mayhem for the company.

It also faced difficulties ensuring quality as its global sales expanded rapidly, reaching 8.9 million vehicles in 2008, when it displaced General Motors as the world's biggest automaker. Experts say its growth outpaced management's ability to anticipate looming problems.

The result: recalls of more than 7 million vehicles in the U.S., Europe and China for problems with their accelerators and floor mats, and the suspension last week of U.S. sales and production of eight models, including the Camry, America's top-selling car.

It's a "terrible blow" for Toyota because its identity is so closely linked to quality and the company appeared slow to recognize the problems, said Kenneth Grossberg, a marketing professor at Waseda University who has lived in Japan for 16 years.

"This is the company of zero defects," he said. "How could such a major fault get past them? It violates their operating principle."

As far back as March 2007, Toyota started getting reports of gas pedals being slow to rise after being stepped on. Engineers fixed the problem in the Tundra pickup early in 2008, but troubles persisted in other models, eventually leading Toyota to announce massive recalls for the accelerator and floor mats that could trap the gas pedal.

Grossberg said a common problem at Japanese companies is "group think" that makes it hard for an individual to raise a troublesome issue.

"It either falls flat and people ignore it, or it creates a problem for the individual who brings it up," he said.

Sony started facing problems after it misjudged several critical market trends.

It was slow to predict the switch to LCD televisions and fell behind South Korea's Samsung Electronics Co., which zoomed ahead to become a market leader.

Content with the success of the Walkman, the portable music player that became a global hit in the 1980s, Sony was slow to jump into digital players. It has been hammered by Apple's iPod, as well as by cheaper gadgets and consumer electronics from other Asian competitors.

With Sony's empire sprawling into finance, movies and other businesses, some analysts said the corporation was losing its focus. In 2006, it recalled nearly 10 million laptop batteries after some caught fire.

The company is still losing money even as CEO Howard Stringer wins praise for taking it back to basics.

At Japan Airlines, problems had festered for decades but were repeatedly papered over because of Japan's reluctance to let major companies go under.

It became the victim of its own ambitions when risky investments in foreign resorts and hotels went bad after Japan's property and stock bubble burst in the early 1990s. Bloated pension and payroll costs, as well as a network of unprofitable but politically necessary domestic routes, led to government bailouts.

JAL had a good reputation for comfortable travel, but its lavish running costs had "generally been something of an industry joke," said Peter Harbison of the Sydney-based Center for Asia Pacific Aviation.

Quality, too, eventually proved problematic: A spate of safety lapses tarnished JAL's image, and its rival, All Nippon Airways Co., benefited.

And while filing for bankruptcy with \$25.6 billion in debt was an embarrassment, analysts expect JAL to slim down and emerge healthier.

Toyota, too, will bounce back, they say.

"Toyota expanded too rapidly, and that's always a risk," said Martin Schulz, an economist at Fujitsu Research Institute.

"But they will get this quality problem under control."

In Japan, reaction to Toyota news has been more muted because the recall doesn't affect models in the domestic market. Japanese are proud of Toyota's leading role on the roads, including its move into hybrid and other green vehicles.

So far, the automaker's sterling reputation is holding up at home, partly because Japanese often assume that Japan-made products are better than those made abroad. Toyota's Japanese models use a different parts supplier than CTS Corp., the American parts maker rushing to fix the faulty gas pedals.

(The Japan Times) Advertising blitz aims to reassure U.S. consumers

LAKEWOOD, N.J. (AP) Toyota has launched a media campaign to bolster its reputation for quality as nervous customers confront dealers across the United States about faulty gas pedal systems.

Crisis-management experts say the recall of millions of cars and trucks isn't the automaker's only problem: Its message to Toyota owners — delivered in full-page ads Sunday in 20 major newspapers — isn't as clear and reassuring as it needs to be.

On Monday, the head of Toyota's North American sales division, Jim Lentz, was scheduled to appear on NBC's "The Today Show" to detail the company's plans for a fix. Federal regulators have approved Toyota's plan to start sending parts to dealers in the coming days.

Toyota dealers over the weekend said there has been a noticeable drop in customer traffic and sales, although they have faith that customers loyal to the brand before the recall will not abandon it altogether.

Dealers selling U.S. brands have seen more Toyota drivers in their lots than usual, but for now those visits haven't translated into many new customers.

Toyota's black-and-white ads Sunday characterized the halt in sales and production as a "temporary pause" to put customers "first." The ads don't give details on how the pedals will be fixed or when customers can expect a remedy.

The company has said the recall of about 4.2 million cars and trucks is related to condensation that builds up in the gas pedal assembly and can cause the accelerator to get stuck.

Dealers say the fix involves slipping a shim into an area where springs push the gas pedal back to its resting position after a driver has eased off the gas. Toyota has not commented on the repair.

"They are trying to do the right thing," said Alexander Edwards, president of automotive research group Strategic Vision, of the ads. "But what's going on isn't stated very clearly and that causes more uneasiness with customers."

Larry Smith of the Institute for Crisis Management in Louisville, Ky., said, "The ads are intended to buy Toyota a bit of time, to ask people to give them a chance."

(The Japan Times) Auto sales surged 37% in January

New automobile sales jumped 36.8 percent to 238,362 units in January, logging the sixth consecutive month of growth, an industry body said Monday.

Compared with a year ago, sales of cars, excluding minivehicles with engines smaller than 660cc, surged 42.8 percent to 219,844 units, the Japan Automobile Dealers Association said.

But truck sales dropped 9.0 percent to 17,556 units and bus sales fell 7.6 percent to 962 units.

(The Japan Times) Tax revenues fell 6.4% in December

General account tax revenues in December fell 6.4 percent from a year earlier to ¥2.441 trillion with declines in most categories, the Finance Ministry said Monday.

Corporate tax revenues plunged 42.2 percent to ¥113.66 billion amid sluggish economic activity.

Personal income tax revenues totaled ¥951.23 billion, down 9.0 percent.

In contrast, revenues from the consumption tax increased 3.6 percent to ¥568.50 billion and those from the gasoline tax climbed 36.3 percent to ¥226.19 billion.

(The Japan Times) Burglars bag ¥20 million from Osaka jeweler

OSAKA (Kyodo) Four intruders broke into a jewelry store here early Monday and stole around 300 pieces of jewelry worth millions of yen, police said.

The four forced the entrance door open and smashed all four showcases in the store, which is operated by Mitsubishi Materials Corp., to seize necklaces, watches and other items believed to be worth around ¥20 million.

Security cameras in the store captured images of the four, while a guard saw a white car driving away from the scene, the police said.

Some media reports said the theft took only 160 seconds.

The jewel theft was Osaka's second in recent weeks. Jewelry worth ¥9 million was stolen Jan. 21 from a boutique.

(The Japan Times) Stimulant smuggling at record level

Customs authorities uncovered a record number of cases of illegal stimulant drug smuggling in 2009, the Finance Ministry said Monday.

Customs and investigative authorities discovered 164 cases of stimulant smuggling, the highest since 1966 when officials first started compiling comparable data and an increase of 49 percent from 2008, the ministry said.

The ministry, however, said the quantity of methamphetamine seized by customs fell 18 percent from the previous year, totaling 333 kg, the 10th-largest haul on record.

The ministry is in charge of overseeing customs offices.

(The Japan Times) Niche market growing for cheap, flawed fruits and vegetables

As the economy continues to languish, more consumers are buying cheaper fruit and vegetables, opting for produce of imperfect shape compared with the uniform-size fare most stores boast.

Some of the ways these veggies are being sold are also unusual.

Around 10 female university students set up a monthly market in a section of a store in Meguro Ward, Tokyo, in September to sell oversize onions, ginger and tomatoes grown by elderly women in Oda, Shimane Prefecture.

The market also offers hashed beef made with overripe tomatoes, pound cakes made with black beans and other products from various parts of the country. The market is popular with neighborhood residents because the produce is cheaper than ordinary market prices.

Chisato Nakahara, 22, a senior at Keio University, and other members of the group opened the market after working at inns and on farms in Oda, where they saw a large number of vegetables discarded because they were nonstandard. "We wanted to support farmers by eating their produce," she said.

The market's monthly sales come to around ¥250,000. "A grandma managed to use her income from the market to buy a personal computer for her grandchild, while a grandpa returned to farming after turning 90," Nakahara said.

More than 90 percent of respondents to an online survey of around 500 people in their 20s to 40s conducted by iShare Inc. in August said they would have no problem with buying imperfect vegetables.

Major supermarket chain Tokyu Store Corp. offered nonstandard vegetables at its 12 stores in August amid soaring prices brought on by prolonged rain. "The reaction is favorable," a Tokyu official said at the time. "There is steady demand."

Oisix Inc. of Tokyo, which sells organic vegetables over the Internet supplied by 1,000 farming households, is expanding sales by offering imperfect vegetables 70 percent cheaper than standard produce.

Farmers are also actively trying to increase sales in urban areas

(The Japan Times) Tolls to be lifted on 1,626 km of highways

The transport ministry Tuesday unveiled a plan to make 1,626 km of the nation's expressways toll-free in fiscal 2010, an experiment in accordance with the ruling party's key election promise to eventually remove user fees from most rural expressways.

The plan will affect 37 routes, mostly in rural areas, and includes sections of the Chuo, Higashi Kyushu, Do-o and Okinawa expressways.

The 1,626 km represents about 18 percent of the nation's expressways excluding the Tokyo metropolitan area and the Hanshin region surrounding Osaka.

"We will conduct this experiment to examine the effect on tourism promotion, efficient product distribution, stimulating local economies as well as traffic jams, the environment and other transportation businesses," said transport minister Seiji Maehara, a member of the ruling Democratic Party of Japan.

Sumio Mabuchi, senior vice transport minister, said the ministry hopes to start the experiment in June. It will end by April 2011.

To implement the program, ¥100 billion have been allocated in the fiscal 2010 draft budget.

The ministry initially requested ¥600 billion but was turned down because of the massive government deficit.

All automobiles regardless of whether they have an electronic toll collection device can travel the toll-free expressways. The current special discount system applies only to ETC-equipped automobiles.

After examining the results of the experiment, the ministry hopes to gradually make most expressways toll-free.

Removing tolls from expressways nationwide except in the Tokyo and Hanshin metropolitan areas was a key campaign promise of the DPJ, which took power after winning the general election last August.

Many experts and lawmakers have criticized the pledge, saying it flies in the face of the DPJ's vow to cut Japan's greenhouse gas emissions by 25 percent from 1990 levels. Instead, they say, the loss of revenue will increase the snowballing government debt.

The toll rate of about ¥24.6 per kilometer is often said to be higher than in many other nations.

(The Japan Times) Toyota fears sales hit from recalls

Exec admits public perception of slow response

NAGOYA (AP) The damage to Toyota Motor Corp.'s sales from its global recall for an accelerator problem may be greater than previous recalls because of the unprecedented scale, the carmaker's executive vice president said Tuesday.

Shinichi Sasaki, who oversees quality control at the top automaker, acknowledged there are perceptions that Toyota was slow to respond.

But he said Toyota had made finding a fix a priority. Although the recalls were announced Jan. 21, it was not until Monday that a U.S. executive outlined details of what had to be fixed.

Sasaki said he didn't yet know how the recalls were going to hurt sales or earnings. He said that generally after a recall, sales drop about 20 percent in the first month and then gradually recover.

The damage from the latest recall may be greater, he said. "This is unprecedented in having caused this huge (of a) problem for customers."

The accelerator-related recalls covered 4.2 million cars worldwide and 2.3 million in the United States, including some of Toyota's best-selling models, such as the Camry and Corolla. Millions more vehicles have been recalled because of floor mats that can catch the gas pedal, and last week Toyota halted U.S. sales and production of eight key models.

Sasaki said there were no electronic problems in the vehicles being recalled in the U.S. for the sticking gas pedal, and the earlier recall for floor mats was "totally unrelated" to the pedal problem.

The company investigated and did not find a single case pointing to an electric problem, he said.

Toyota's customary approach was working hard to find a fix for the problem, and that had resulted in owners having to wait for an explanation, Sasaki said.

"We put our customers first," he said. "But what happened as a result may have been unfortunate. But we stuck to our view to the end."

Sasaki acknowledged it took prodding from the U.S. National Highway Traffic Safety Administration for Toyota to decide to make the gas-pedal recall. He said officials recommended a recall late in 2009.

The problem over floor mats, which may snag gas pedals during acceleration, was separate, and Toyota is dealing with that by changing the mats and a different part of the pedal, he said.

(The Japan Times) Softbank group profit soars 63%

Softbank Corp. said Tuesday it posted a 63.0 percent rise in group net profit to ¥94.86 billion in the April-December period from a year earlier due to brisk cell phone business.

In an earnings statement for the first three quarters of fiscal 2009, Softbank said its group operating profit grew 33.4 percent to ¥366.32 billion and pretax profit rose 61.1 percent to ¥281.19 billion.

Sales increased 3.2 percent to ¥2.05 trillion, according to the parent of Softbank Mobile Corp.

Softbank said the result was attributable to the increased number of subscription contracts for mobile phone services and the expanded use of data communications services.

For the whole of fiscal 2009 ending in March, Softbank forecasts a group operating profit of ¥420 billion, up 16.9 percent from the previous year.

(The Japan Times) Honda issues recall for 8,532 cars in India

NEW DELHI (Kyodo) Honda Motor Co. will recall 8,532 small cars in India for free repairs of faulty power window switches that can cause a fire.

Subject to the recall are the Fit compact, called the Jazz in some parts of the world, and the City small sedan.

The step is part of a worldwide recall announced last week.

Honda said Friday it will recall about 646,000 small cars in North America, Europe, Asia and other regions in response to three fires that were reported in the U.S. and South Africa.

Honda has said that when saline water seeps into the electric window switches, it can cause corrosion and possibly produce smoke or fire.

Union stays quiet

Honda Motor Co.'s labor union will not call for pay hikes for fiscal 2010 during annual spring wage negotiations with management, the first time it will not seek a wage increase in five years, union officials said.

The leadership of the 40,000-strong Honda Motor Workers' Union decided to forgo demanding increases in the basic monthly wage as the company's wages have been maintained at relatively high levels for the industry, the officials said, adding consumer prices have also not gone up.

But the union will propose calling for a hike in bonuses equal to 5.7 months of pay, up from the 5.5 months demanded last year, citing an improvement in the automaker's profits, they said.

The union will formalize the decision Feb. 16 and submit the demand to the company the following day, the officials said.

Toyota Motor Corp.'s union has also decided not to demand a hike in the company's pay scale for its workers.

However, Nissan Motor Co.'s union plans to seek an increase of ¥7,000 in basic monthly wages, according to union sources.

(The Japan Times) Nomura returns to profit

Net income reached ¥10.2 billion for the three months to Dec. 31

Nomura Holdings Inc. returned to profit in the third quarter on a ninefold surge in the value of local equity sales as banks issued new stock to bolster capital.

Net income was ¥10.2 billion for the three months ended Dec. 31, compared with a record quarterly loss of ¥342.9 billion a year earlier when the acquisition of units from Lehman Brothers Holdings Inc. drove up staff costs, according to a statement Tuesday.

Revenue at Nomura surged to ¥322 billion from ¥2.7 billion as companies raised a combined ¥2.96 trillion in the biggest quarter for equity and equity-linked sales in at least a decade. Chief Executive Kenichi Watanabe is also seeking growth outside Asia by boosting his U.S. workforce.

"Nomura and Japanese brokerages are in for a great year on the back of the recapitalization on the banks and others," said Curtis Freeze, chairman of Honolulu-based Prospect Asset Management Inc. "The few new IPOs will also be big enough to make a strong contribution."

Earnings missed the ¥32.7 billion average estimate of five analysts. Forecasts ranged from as low as ¥11.1 billion to as high as ¥57 billion.

Investment banking fees rose to ¥44.5 billion for the quarter, from ¥19.7 billion a year earlier. Brokerage commissions increased to ¥101.1 billion, from ¥73.4 billion, while trading profit was ¥66.5 billion, from a loss of ¥134.5 billion a year earlier.

Nomura was the No. 1 equity underwriter in Japan for the three months ended Dec. 31, arranging 27 transactions worth ¥1.68 trillion, compared with 11 transactions valued at ¥195.4 billion a year earlier.

Staff costs fell to ¥126.2 billion from ¥161.8 billion even as Nomura increased its U.S. workforce to 1,642 people as of Dec. 31, from 1,079 on March 30.

Nomura may issue foreign currency denominated bonds to help fund expansion overseas, Chief Financial Officer Masafumi Nakada said.

Daiwa Securities Group Inc., Japan's second-largest brokerage, ranked No. 4 for equity underwriting during the quarter, with seven deals worth a total of ¥197.8 billion. Daiwa on Friday posted net income of ¥26.4 billion, its biggest quarterly profit in more than two years, boosted by equity underwriting and principal investments.

The three largest banks — Mitsubishi UFJ Financial Group Inc., Sumitomo Mitsui Financial Group Inc. and Mizuho Financial Group Inc. — raised a combined ¥3.7 trillion in stock sales since December 2008 to shore up balance sheets battered by the global financial crisis and to meet tougher capital requirements.

(The Japan Times) KBC Groep may sell Japan unit

KBC Groep NV, Belgium's biggest bank by market value, may sell its unprofitable brokerage unit in Japan, according to sources.

KBC, based in Brussels, is in advanced talks with several potential buyers to sell KBC Securities Japan, which employs about 100 equity research and trading employees in Tokyo, two sources said. They didn't identify any potential buyers.

The unit has posted losses for the past three fiscal years in an industry that cut staff in Japan by 6 percent in the 12 months that ended Dec. 31, according to research by Japan Securities Dealers Association and data filed by KBC.

KBC said in November it will reduce the need for regulatory capital by 25 percent as it strives to pay back 7 billion euro (\$9.7 billion) in taxpayer funds by 2013.

(The Japan Times) Toyota new car sales plummet 16% in U.S.

NEW YORK (Kyodo) New car sales by Toyota Motor Corp. plunged 15.8 percent in the United States in January from a year earlier to 98,796 vehicles as the carmaker was rocked by a massive recall of some of its top-selling models, a U.S. research firm said Tuesday.

U.S. rivals General Motors Co. and Ford Motor Co. meanwhile reported increases, Autodata Corp. said.

Toyota began recalling 2.21 million cars and trucks on Jan. 21 and suspended sales of eight popular models, including the Camry and Corolla, in the last week of January to fix faulty gas pedals. The eight models, whose production was also suspended, account for nearly 60 percent of Toyota's total sales in the U.S.

As a result, Toyota was outsold by Ford, which saw sales in the reporting month soar 24.4 percent to 112,149 vehicles to capture second place in the U.S. market for the first time in seven months.

Toyota slipped to third, with its share falling from 18.2 percent in December to 14.1 percent, the lowest since February 2006.

Sales by market leader GM jumped 14.6 percent to 145,804 vehicles. Sales declined 8.1 percent to 57,143 vehicles at Chrysler Group LLC, Autodata said.

Combined sales by the Big Three automakers rose 12.7 percent to 315,096 vehicles.

(The Japan Times) Sharp records ¥9.1 billion profit

Sharp Corp. said Wednesday it booked its second straight profitable quarter in October-December, its cost-cutting efforts bringing it back from large losses even as sales of flat-screen TVs and other products stayed flat.

Sharp booked a net profit of ¥9.1 billion during its third quarter, after a ¥65.8 billion loss a year earlier. The turnaround came despite a tepid uptick in sales, to ¥735.3 billion from ¥735.1 billion.

The Osaka-based electronics company is one of the world's largest makers of flat-panel TVs, competing with rivals like Samsung Electronics Co. of South Korea, and its factories also supply panels for other major players like Sony Corp.

Hit with major losses a year ago as the global economy slumped and wary consumers cut spending on luxury electronics, Sharp has implemented major cost-cutting measures.

The results showed in its main TV and wireless division, which includes its LCD TVs and accounts for over half of its revenue. The business saw operating profit recover to ¥4.9

billion during the quarter, up from a ¥21.8 billion loss a year earlier, even as revenue slipped slightly.

(The Japan Times) Chugai rides Tamiflu to record profit

Chugai Pharmaceutical Co. said Wednesday its consolidated net profit surged 44.2 percent from a year earlier to an all-time high of ¥56.63 billion in the year that ended in December, with sales of the flu drug Tamiflu soaring roughly nine-fold.

But the company anticipates much lower earnings this year because Tamiflu sales are expected to tumble to ¥38.7 billion from a new high of ¥76.2 billion last year.

In 2009, its group operating profit jumped 60.2 percent to ¥82.61 billion on sales of ¥428.95 billion, up 31.2 percent, also a record high.

Tamiflu sold well as hospitals and prefectural governments stockpiled sizable amounts amid the spread of swine flu.

Brisk sales of cancer drugs also contributed to the company's stellar performance in 2009, Chugai said.

For fiscal 2010, the company estimates a group net profit of ¥44 billion, down 22.3 percent, and an operating profit of ¥70 billion, down 15.3 percent, on sales of ¥418.5 billion, down 2.4 percent.

(The Japan Times) Despite recalls, Toyota expects return to profit

Toyota Motor Corp. said Thursday it expects to return to a net profit during the current business year on the back of aggressive cost-cutting efforts and brisk demand for hybrids even as it faces massive recalls worldwide.

In its third upward revision for the year through March 31, Toyota now anticipates a group net profit of ¥80 billion, up from an earlier projected loss of ¥200 billion. Last year it logged a ¥437 billion loss.

The automaker saw demand grow in emerging markets such as China and India, while sales of its hybrid models, including the Prius, have been strong due to government stimulus measures carried out worldwide.

Toyota, which has Daihatsu Motor Co. and Hino Motors Ltd. under its wing, also raised its global sales target for fiscal 2009 to 7.18 million units, up from an earlier forecast of 7.03 million units.

But analysts warn the automaker's outlook is grim as it grapples with the fallout from massive recalls involving accelerator pedals as well as with complaints over the brakes of its best-selling new Prius hybrid that have surfaced in the United States and at home.

Senior Managing Director Takahiko Ijichi said the current full-year forecasts take into account the anticipated costs from recalls over faulty gas pedals and floor mats but do not include costs that may arise from the Prius brake troubles.

He said the company estimates quality management costs at ¥100 billion and sales-linked costs at 70 billion to ¥80 billion. Sales centering in Europe and North America are expected to decline by around 100,000 units.

"We would like to respond quickly and appropriately to stem our sales decline from expanding," Ijichi said while denying that drastic cost-cutting efforts took away from quality control measures.

For the full year, Toyota sharply trimmed its operating loss forecast to ¥20 billion, from an earlier-projected loss of ¥350 billion, on sales of ¥18.5 trillion, against ¥18 trillion forecast in November and down 9.9 percent from a year earlier.

For the October-December period, Toyota saw an operating profit of ¥189.1 billion and a net profit of ¥153.2 billion.

Problems over Prius brakes came to light amid a safety recall of some 5.55 million vehicles in the United States and Canada over sudden acceleration troubles, some caused by loose floor mats, which first emerged last September.

A more recent recall in January over faulty accelerator pedals, involving the popular Camry and Corolla models, has quickly spilled over from North America to Europe, China, Latin America and other parts of the world.

"For Toyota, hybrids are their rising star," said Tatsuya Mizuno, a former auto analyst at Fitch Ratings in Tokyo and current representative of consulting firm Mizuno Credit Advisory. "The problems could get far bigger if the recall issue hits home."

(The Japan Times) Sony's quarterly profit jumps to ¥79 billion

Sony's quarterly earnings surged more than sevenfold, boosted by blockbuster movie releases, cost cuts and its mainstay consumer electronics business returning to the black.

The manufacturing icon, known for gadgets like its PlayStation 3 game console, said Thursday its net profit for the October-December quarter jumped to ¥79.2 billion from ¥10.4 billion a year earlier.

Sales rose 4 percent to ¥2.24 trillion on robust revenue from movies, personal computers and financial services.

Sony said it benefited from strong worldwide theater releases such as "2012" and "Michael Jackson's This is It," as well as home DVD sales of titles like "Angels & Demons."

Since taking over in 2005, Chief Executive Howard Stringer has been trying to unite the company's sprawling business, improve efficiency and rein in costs.

The company credited the ongoing restructuring and better currency exchange rates for driving its consumer products and devices division into the black.

Sony swung to an operating profit, which is generally seen as the best indication of a company's pure business performance, of ¥146.1 billion. The company booked an operating loss of ¥18 billion a year earlier.

The company's PC business also did well, in large part due to higher sales of Vaio computers.

Overall demand for gaming consoles declined mainly due to lower sales of the PlayStation 2 and PSP portable device. But PlayStation 3 sales jumped more than 40 percent to 6.5 million units during the quarter, Sony said.

Sales of the PlayStation 3 surged to a U.S. record in December after a 25 percent price cut ahead of the key holiday shopping season. Until the cut, the console lagged behind its rivals in large part because it carried a bigger price tag.

Sony trimmed its forecast of losses for the fiscal year ending March 31.

It now expects a net loss of ¥70 billion, a 22 percent improvement from its previous loss forecast of ¥95 billion.

(The Japan Times) Japan, EU meet on regulatory reform

Japanese and EU officials met Thursday in Tokyo for regulatory reform dialogue, with the European Union raising pressure on Japan to improve the business environment for companies from the 27-member economic bloc by reducing nontariff barriers.

The Japan-EU Regulatory Reform Dialogue, launched in 1994, is held twice a year. The latest meeting revolved around a set of proposals made by the EU side, which urged easing of Japanese regulations on investments, participation in public procurement and domestic use of vehicles and medical devices made in the bloc.

On government procurement, the European Union has said participation by EU firms has been hindered by a "lack of transparency" in the Japanese system, urging fewer administrative obstacles and more English translation of related legislation.

The European Union also demanded that the Japanese government continue to commit to opening some services to competition as Japan intends to review its postal privatization process launched in 2007. The bloc called for a "level playing field" between Japan Post entities and service providers outside the country.

As for food safety, the bloc urged Japan to resume EU beef imports, which have been banned due to fear of mad cow disease. While Japan has resumed imports of beef from the United States and Canada, the European Union said the import ban is discriminatory, and that EU firms do a good job of controlling certain risks for the disease.

The dialogue came as Japan and the European Union have been struggling to make headway in potential free-trade talks.

(The Japan Times) Toyota buries head as recall crisis grows

Chief's refusal to face media soiling image

As Toyota's recalls spread to at least 7.6 million cars across five continents, President Akio Toyoda's only public comments on the matter have consisted of an impromptu, 75-second interview with NHK in Davos, Switzerland.

More than a week after the world's biggest carmaker said it would recall vehicles in the United States to fix defective gas pedals linked to unintended acceleration, Toyoda, 53, still hasn't addressed other media. The grandson of Toyota's founder has left the task to U.S. sales chief Jim Lentz and to Executive Vice President Shinichi Sasaki, who is in charge of quality control.

"Toyota is a global company, but their way of handling this problem hasn't been up to global standards," said Yasuhiro Matsumoto, a Shinsei Securities analyst in Tokyo. "For the top executive to be invisible when there is a fatal problem for the company gives the impression that he is trying to keep a low profile and hide."

Domestic pressure on Toyota rose Wednesday after the Japanese government said it ordered the automaker in August to investigate its new Prius hybrid, which has not been part of the recalls. The carmaker's sales in the U.S. dropped to a 10-year low in January, pushing its stock in Tokyo down 5.7 percent.

Toyota won't comment on Toyoda's whereabouts, citing company security policy, according to spokeswoman Ririko Takeuchi.

Last week, the carmaker declined to confirm his attendance at the World Economic Forum in Davos, where he said in an unscheduled NHK television network interview on Jan. 29: "I am deeply sorry that we're giving cause for concern to customers."

The carmaker has received 14 brake-related complaints about the latest Prius model since it was introduced in May, the transport ministry said Wednesday. Toyota's Takeuchi declined to say whether the company had begun investigating the complaints.

"Executive management should be clearly in front to inform customers of actions that are being pursued," said Margaret Key, managing director of public relations company Edelman Japan in Tokyo, which specializes in crisis management. "This is critical in matters such as product recalls."

Toyota executives and public relations staff in the U.S. and Japan clashed last week over who should appear in public to apologize, two sources said, declining to be identified as the discussions were private.

Some insisted Toyota should make a public statement, and participants in conference calls shouted at each other, one of the sources said, adding U.S. staff were frustrated at a lack of swift action by the parent company.

Mike Michels, a spokesman for Toyota's U.S. sales unit, said he wasn't aware of any disputes between company officials in Japan and the U.S. over Akio Toyoda's role.

"Information on this recall has been coming mostly out of the U.S.," said Takashi Aoki, who helps manage about \$1 billion at Mizuho Asset Management in Tokyo. "There is definitely a concern about what is going on with Toyota headquarters' corporate governance."

Toyota's Lentz, who appeared on NBC Universal's "Today" show and other U.S. news programs on Feb. 1, said dealers will begin fixing accelerator pedals with kits they will receive "in the next day or so." The kits include steel plates to prevent pedals from sticking, said John Hanson, a company spokesman.

Elkhart, Ind.-based CTS Corp., maker of the original pedals, is delivering modified versions to Toyota's North American factories, where five assembly lines were shut as the company suspended U.S. sales and production of eight recalled models. Manufacturing will resume Feb. 8, Lentz said.

The recall to fix accelerator pedals includes the top-selling Camry and Corolla models and covers 2.57 million vehicles in the U.S. and Canada, 1.71 million in Europe and 80,000 in China. It also includes 180,000 in Latin America, Africa and the Middle East, Toyota's Sasaki told reporters yesterday in Nagoya.

Separately, the company is recalling 5.35 million vehicles in the United States because of floor mats that could jam pedals.

Covered vehicles include model years 2004-2009 Prius hybrids, 2007-2010 Lexus ES350, 2006-2010 Lexus IS250 and 2006-2010 Lexus IS350. Toyota has said 2.1 million vehicles are covered by both safety actions.

The carmaker expects sales to drop by more than 20 percent as a result of the recalls, Sasaki said, without giving a time frame. His press conference was Toyota's first in its home market to address the recall.

"In the past, we have seen sales drop by 20 percent after a recall, but with this recall, we are worried that the sales drop will be bigger than that," he said.

Akio Toyoda has been outspoken in the past. In October, he told journalists in Tokyo his company had to make better cars and listen more to customers.

The carmaker should be given more time, said Yuuki Sakurai, chief executive officer of Fukoku Capital Management in Tokyo.

"Toyota may be taking time to check everything over and waiting for the right time for Akio Toyoda to give a formal comment," Sakurai said. "They will explain things when the time comes."

(The Japan Times) View Greek debt woes as warning: BOJ boss

The government must heed the warning on soaring debt loads stemming from the turmoil of Greece's credit-rating downgrade, a Bank of Japan Policy Board member said Thursday.

The example of Greece, along with concerns about the credit quality of Spain and Portugal, shouldn't be regarded as "a burning house on the other side of the river," Seiji Nakamura said in a speech in the city of Fukuoka.

Nakamura also rejected the idea that further BOJ liquidity injections could end the country's bout with deflation.

Prime Minister Yukio Hatoyama's administration has yet to lay out a plan to rein in the record debt after Standard & Poor's cut the outlook for Japan's sovereign credit rating last month.

Nakamura's comments also signal rising tension with the government after Finance Minister Naoto Kan urged the BOJ to be "flexible" in the fight against falling prices.

"BOJ policymakers feel they have to speak up to protect their independence," said Susumu Kato, chief economist for Japan at Calyon Securities in Tokyo. "A reduction of budget deficits isn't that high on the government's policy agenda."

Both BOJ Gov. Masaaki Shirakawa and his top economist, Kazuo Monma, said in the past week there is no "magic" solution to overcoming price declines.

"Some people are arguing that deflation can only be overcome if the BOJ offers a massive amount of liquidity to private lenders," Nakamura said. "These arguments make

it sound like there are instant remedies and ignore important tasks" Japan must undertake to bolster growth, he said.

Nakamura said relying on fiscal stimulus to spur an expansion without having a strategy to cut public debt will only exacerbate the government's fiscal situation.

"Excessive dependence on emergency stimulus, which should be temporary, could cause significant problems in the future," he said. "Japan must reconsider policy measures to counter emergencies while also examining its fiscal rehabilitation plans seriously to achieve stable and balanced growth."

The government responded to S&P's outlook cut by pledging to release an outline to contain growing debt by June, a month before the Upper House election.

The Finance Ministry said last month the national debt will probably swell to ¥973 trillion by March 2011, 8 percent more than the projection for this year. The debt burden, approaching twice the size of the economy, is the largest in the industrialized world.

The government has been focusing on tackling deflation rather than cutting debt and wants to show voters it has cut "wasteful" spending as much as possible before raising taxes, pressuring the central bank to take action in the meantime, Calyon's Kato said.

Since lowering its benchmark interest rate to 0.1 percent in December 2008, the BOJ has increased its purchases of government bonds and made it easier for companies to obtain funds. Shirakawa has said he can expand a ¥10 trillion lending program for commercial lenders unveiled in December if necessary.

Nakamura, 67, also cast doubt on the BOJ's previous attempts to provide liquidity, noting the 2001 quantitative easing policy only had a "limited" impact on easing deflation. He was referring to a policy implemented in 2001 where the BOJ pumped cash into the banking system.

Funds the BOJ provided remained parked in commercial banks' accounts at the central bank and didn't flow through to the economy, Nakamura said.

He reiterated the bank will maintain an "extremely accommodative" policy stance to support the economic recovery, which he said could lose momentum in the middle of the next fiscal year as the effect of policy stimulus fades.

(The Japan Times) Toyota president emerges, apologizes

But scion stops short of issuing '10 Prius recall

Toyota Motor Corp. President Akio Toyoda apologized Friday for the automaker's global recalls and promised to beef up quality control by setting up a special committee he would head himself.

"I sincerely apologize for causing concern to many of our customers over recalls for multiple models in multiple regions," Toyoda, grandson of Toyota's founder, told a hastily called news conference in Nagoya late Friday that was aired at Toyota's Tokyo office by satellite feed.

Toyoda sought to reassure customers, saying, "Believe me, Toyota cars are safe."

Regarding the latest dark cloud on the carmaker's horizon, the brake problems involving its popular Prius hybrid models, Toyoda said the automaker was still deciding on a remedy and remained vague on whether a recall would be immediately forthcoming. Millions of other Toyota models, however, have been subject to recent recalls in connection with sudden accelerations, accelerator pedal faults and floor mat issues.

Toyoda only said he has ordered a "prompt response" to the Prius woes.

The automaker has acknowledged the new Prius, which went on sale last May, has braking problems, but Toyoda stopped short of a recall, although he said the carmaker is in a "crisis situation."

Toyoda's news conference came after U.S. Transportation Secretary Ray LaHood spoke with him and urged him to address the safety concerns at his company.

Toyoda, who took the helm of the carmaker last June, reassured LaHood that Toyota "takes U.S. safety concerns seriously and puts safety at the top of the company's priorities," according to the U.S. National Highway Traffic Safety Administration.

Although the Toyota president didn't announce a Prius recall, sources said earlier in the week the carmaker is considering one.

They said Toyota is considering a recall in Japan and the U.S. over Prius brake problems as regulators step up their probe into the world's biggest automaker.

Toyota had already been planning to carry out voluntary repairs for free. But the sources said Toyota is now in talks with regulators in both countries on whether to go one step further with a mandatory recall as concerns spread among consumers.

The automaker has been facing closer scrutiny on the Prius problem because it came to light following two previous recalls over faulty accelerator pedals and loose floor mats that can cause gas pedals to stick.

Subject to the possible recall is the 2010 Toyota Prius hybrid, which was the top-seller in January in Japan. The automaker has sold about 170,000 units in Japan and about 100,000 units in the U.S.

(The Japan Times) Unions seek standard pay hikes

Key corporate labor unions filed their wage demands for the year with management Friday, kicking off the year's "shunto" spring wage negotiations.

Their demands focus on maintaining regular pay hikes amid the country's economic conditions and tough employment situation. Under a regular wage hike system, workers have so far been granted an automatic pay increase as their seniority advances.

The Japanese Trade Union Confederation (Rengo), the nation's largest umbrella labor body, is forgoing its demands for a pay-scale increase and instead is calling for ensuring regular pay hikes this year.

Unions that filed their wage demands Friday were members of the Japan Federation of Basic Industry Workers' Unions, a key Rengo component, which is formed by unions at firms in such key industry sectors as steel, shipbuilding and nonferrous metals.

Automotive unions, which form the Confederation of Japan Automobile Workers Unions, are scheduled to file their demands Wednesday and members of the Japanese Electrical, Electronic & Information Union by Thursday.

Wage talks will continue on and off for more than a month before management makes their offers in response to the demands on March 17.

On Friday at the Tokyo head office of Japan's top steelmaker, Nippon Steel Corp., its union and management representatives held talks.

Union leader Kazuhiko Miyazaki filed his union's demands with Nippon Steel Executive Vice President Kosei Shindo, saying the union attaches importance to ensuring workers' employment and maintaining their livelihood.

Member unions of the Japan Federation of Basic Industry Workers' Unions hold wage talks once in two years.

In this year's talks, unions of Nippon Steel and Kobe Steel Ltd. are demanding that management maintain regular pay hikes.

(The Japan Times) Panasonic ups profit outlook on TV sales

Panasonic Corp. revised upward Friday its full-year operating profit forecast for the second time on faster-than-expected cost-cutting efforts and strong global sales of flat-panel televisions.

For the whole of fiscal 2009 through March, Panasonic now anticipates a group operating profit of ¥150 billion, against a profit of ¥120 billion projected in October and amounting to more than double the figure from the year before.

It also revised upward its sales projection to ¥7.35 trillion, against an earlier-projected ¥7 trillion, but kept its net profit forecast unchanged at a net loss of ¥140 billion.

The latest forecast takes into account the merger with smaller rival Sanyo Electric Co., which was completed in December.

Makoto Uenoyama, a Panasonic director in charge of accounting, said TV sales, especially liquid crystal display TVs, were strong in all regions, particularly in Japan on the back of government stimulus measures.

Streamlining of material costs also helped to offset the impact from the erosion of TV prices, he added.

During the October to December quarter, the company saw sales of flat-panel TVs, including plasma and LCD, jump about 48 percent from a year earlier to 4.97 million units.

(The Japan Times) Prius problems put spotlight on car electronics

NEW YORK — Your most expensive piece of electronics probably is not your flat-panel TV or computer. More likely, it's your car, which can pack 50 microprocessors to control everything from the fuel mix to the rearview mirrors.

The recalls and other technical problems besetting Toyota in the last few weeks highlight the risks of relying on electronics instead of the mechanical rods and cables that controlled vehicles for most of the 20th century.

Such advancements bring many benefits, but the worry is that the car is a computer on wheels that could freeze up and potentially crash. No less a computer celebrity than Apple Inc. cofounder Steve Wozniak has said his Toyota Prius sometimes accelerates on its own.

For many years, a car's gas and brake pedals were connected directly to the throttle and the brake assembly. Now, computers and electronic sensors govern many of those functions, as well as a vehicle's exhaust system, its inside temperature and a host of other operations.

The National Highway Traffic Safety Administration is looking into 124 reports from consumers that their Toyota Priuses momentarily lost the ability to brake while traveling over uneven roads, potholes or bumps. Four of the reports involve crashes.

The Prius problem is part of a broader issue for Toyota: Accelerators in its nonhybrid cars can get trapped under floor mats or become stuck on their own and fail to return to the idle position. Toyota has recalled eight top-selling models, involving 2.3 million cars in the U.S. alone.

The wider problems appear to be conventional mechanical issues, but Transportation Secretary Ray LaHood said his department would undertake a broad review of whether automobile engines could be disrupted by electromagnetic interference caused by power lines or other sources.

In the Prius, in addition to traditional hydraulic brakes, the car has an electronically operated braking system to recover some of the energy lost as the car slows. Some of that energy is sent to the battery that powers the Prius' electric motor. The hybrid design saves fuel and reduces emissions, but it increases the complexity of the car and the number of potential failures.

One explanation Toyota has offered for the Prius problems is that there's a time lag when the Prius switches between its gas engine and the electric motor. The car would then be delayed in switching between the traditional hydraulic brakes and the electronic braking system.

However, even if there's a momentary lapse of the brakes, they will work if the driver keeps pushing the pedal, the company has said.

On Thursday, Toyota instead pointed toward the antilock braking system. Antilock brakes engage and disengage many times per second to prevent skidding. The company said it tweaked settings on the assembly line to prevent "inconsistent brake feel during slow and steady application of brakes on rough or slick road surfaces."

The first computer-controlled antilock braking system for cars was introduced in 1971. Yet the technology's complexities can still trip up manufacturers: 39,000 trucks and tractors and 6,000 school buses were recalled in 2000 to fix problems with the software on brakes made by Bendix Corp.

Today's cars are far safer and more reliable than those manufactured without electronic controls, said Bruce Belzowski, assistant research scientist at the University of Michigan Transportation Research Institute. At the same time, he said, the added complexity demands much more testing in different conditions.

In 2005, Toyota announced a recall of 160,000 Priuses following reports that brake lights lit up for no reason and gasoline engines shut down of their own accord. The culprit was the software controlling critical car functions.

Software also appears to be to blame at Ford Motor Co., which said Thursday it plans to fix 17,600 Mercury Milan and Ford Fusion gas-electric hybrids because of a glitch that can give drivers the impression the brakes have failed.

The automaker says the problem occurs in transition between two braking systems and at no time are drivers without brakes. Ford spokesman Said Deep says the company will

ask owners to bring their vehicles in for a software fix that changes the pedal feel.

Jake Fisher, senior automotive engineer for Consumer Reports magazine, criticized another electronic feature of some Toyotas and Lexuses: the push-button ignition.

To turn the engine off in an emergency, such as when the accelerator is stuck, Toyota and Lexus drivers must hold the button for three seconds — much like a computer can be rebooted by pushing the power button for a while. Drivers of other makes, including Cadillac, Nissan and Infiniti, can shut off the engines by pushing the start button more than once. A driver in an emergency may not think to hold the button, but likely would push it several times, Fisher said.

An easier way to turn off the engine may have prevented an accident with a runaway Lexus last summer that killed four people. The gas pedal got stuck under a floor mat. (It's not known why the driver did not shift into neutral to slow the car.)

(The Japan Times) Startup firms, innovation key to ties: Roos

KYOTO — Innovation and entrepreneurship will not only revitalize Japan's economy but also help strengthen and build upon Japan-U.S. relations that have become strained by security issues, U.S. Ambassador to Japan John Roos told senior Kansai business leaders Friday afternoon.

With concern in Tokyo and Washington mounting that the stalemate over the relocation of U.S. Marine Corps Air Station Futenma in Okinawa is negatively impacting bilateral relations, participants at the two-day Kansai Economic Seminar spent Thursday and Friday morning in discussions that were often highly critical of Prime Minister Yukio Hatoyama's handling of Futenma.

On Friday afternoon, Roos attempted to soothe concerns by concentrating on the role of technological innovation and the creation of startup companies, especially in green technologies, an issue that as a former lawyer in Silicon Valley he feels passionately about.

"I know that there's concern with regard to the current issues. I'm confident that we'll work through them," he said.

"What is very clear to me is that the Japan-U.S. strategic and underlying relations are critically important to both countries. It's been the cornerstone of U.S. policy in Asia for the past 50 years and will be for another 50 years," Roos said.

"Both of our countries also face big economic challenges. But Japan and the U.S. are two of the most, if not the most, innovative countries in the world. Forty-two percent of the world's research and development takes place in the U.S. and Japan, and over half

of the international patents are filed on behalf of either U.S. or Japanese companies," Roos said, adding that despite international attention to the rise of China, Japan may be a sleeping giant when it comes to startup companies.

For the past 16 years, since the opening of Kansai airport, Kansai's official relationship with the United States has been a distant second priority to relations with East Asia, especially China.

In 2007, 48 percent of Kansai's exports went to, and 59 percent of its imports came from, the Asian region, according to the Ministry of Economy, Trade and Industry. Less than 21 percent of Kansai's exports and just 15 percent of its imports came from the U.S.

Although the Kansai Economic Seminar was designed to focus on economic issues, this year marked the first time the seminar has met since the Democratic Party of Japan-led coalition took power last fall.

This year's focus was on how national political issues affect local international trade strategies, especially on how to balance Kansai's growing dependence on trade with Asia against the role Japan is expected to fulfill under its treaty obligations with the U.S.

At times, participants pushed for the kind of relationship officials under former President George W. Bush once envisioned, one similar to America's ties with Britain.

Though the analogy is rarely used today by politicians in Washington and Tokyo due to the inherent political and cultural differences between the U.S.-Britain and Japan-U.S. relationships, Takushoku University professor Takashi Kawakami invoked the comparison to say Tokyo's ties with Washington should be based on the U.S.-Britain relationship in terms of power-sharing.

Meanwhile, Masahisa Miyazaki, of the Okinawa Association of Corporate Executives, warned participants Thursday afternoon that with the election of an antibase mayor in Nago, it was no longer inevitable that Futenma's relocation would be to Nago's Henoko district. This prompted other participants to worry that the Nago poll outcome may hurt bilateral relations.

"Unless the 2006 agreement between Japan and the U.S. is honored, the economic aspects of the bilateral relationship will also be affected," said Yuki Yoshi Okano, president of Daikin Industries Ltd.

Socio-Cultural Façade;

Detailed News:

(The Japan Times) Asashoryu settles case over 'assault:' JSA chief

Sumo grand champion Asashoryu has reached an amicable settlement with a man who accused the yokozuna of causing him serious bodily harm in a drunken rampage, Japan Sumo Association Chairman Musashigawa said Saturday.

Musashigawa received a report from Asashoryu's stable master, Takasago, the same day, but added he had not seen any written statements verifying events.

"It was by word of mouth, no documents. Takasago came here and said, 'It has been settled.' That's all I've heard," said Musashigawa.

Takasago later confirmed he had met with the JSA chairman at Ryogoku Kokugikan, saying, "It was a report about working out a settlement."

If a formal settlement has actually been worked out between the two parties, a criminal complaint will not be filed with police. Mongolian-born Asashoryu has not been questioned about the settlement.

The latest indiscretion by sumo's perennial "bad boy" purportedly took place outside a nightclub in Tokyo's Nishiazabu district in the early hours of Jan. 16 during the recent New Year Grand Sumo Tournament.

Asashoryu is alleged to have punched an unidentified man, who reportedly works at the nightclub where the wrestler was drinking, causing the man injuries that included a broken nose, lacerations of the lip and bruises to the back of the head, as reported in the Feb. 4 edition of the weekly magazine Shukan Shincho.

The JSA is set to determine what punishment, if any, Asashoryu will face after its board of directors election Feb. 1.

"I can't say anything until the election is over and the new board has been determined. I don't even know whether I will be re-elected or not," Musashigawa said.

(The Japan Times) GSDF engineers await Haiti duty

NEW YORK (Kyodo) Japan has informed the United Nations that it wants a Ground Self-Defense Force engineering unit due to join the Haiti peacekeeping mission to deploy to Leogane, a town west of Port-au-Prince, U.N. sources said Friday.

But the U.N. has sounded out Japan on the possibility of dispatching the GSDF unit to Port-au-Prince, citing the urgency of rebuilding the capital, which was devastated by the Jan. 12 quake, the sources said.

If the U.N. makes a formal request for the GSDF dispatch to the capital, the government is expected to accept it.

Japan decided to send the GSDF engineering unit to Haiti in February to join the U.N. Stabilization Mission in Haiti, which is in charge of peacekeeping operations.

The dispatch of the unit, with some 350 members, was in response to a U.N. Security Council resolution calling for boosting peacekeeping operations in Haiti following the quake.

In Leogane, Self-Defense Forces medics are currently engaging in rescue operations, succeeding a Japan International Cooperation Agency medical team that was dispatched there in the immediate aftermath of the earthquake.

Japan apparently believes its rescue efforts in Haiti will be more effective and efficient if the GSDF engineering unit works together with SDF medical staff in the same area.

However, the U.N. has given more priority to reconstructing the capital, where about 80 percent of major buildings have been severely damaged, a senior U.N. official said.

The government hopes to endorse at a Cabinet meeting in early February a specific plan for the Haiti mission, including its duration.

To prepare for the dispatch, the government will send an investigation team of 12 Foreign and Defense ministry officials Saturday

(The Japan Times) Full kids allowances tall order: Noda

Senior Vice Finance Minister Yoshihiko Noda said Sunday it will be difficult for the Democratic Party of Japan-led government to fulfill its election pledge of offering monthly allowances to families with children on a full scale from fiscal 2011.

Speaking on an NHK program, Noda said "the hurdles are high" to offer full-scale child allowances from the fiscal year beginning in April 2011, as pledged by the DPJ in the general election last summer.

If the government offers full-scale child allowances of ¥26,000 a month from fiscal 2011, it would need a budget of more than ¥5 trillion a year, including related costs, while tax revenues are not expected to recover soon.

(The Japan Times) Smokes still topping ingestion cases

Cigarettes accounted for a third of all accidental ingestion cases involving infants and young children at home in fiscal 2009, tops for the 30th consecutive year, a state survey showed Sunday.

The results came up in the Health, Labor and Welfare Ministry's survey on health damage involving household articles and others reported by hospitals across the country in the year to March 2009.

An official at the Japan Poison Information Center said the many cigarette cases reflect the Japanese lifestyle of living mostly on tatami-covered floors with low tables where adults often lay cigarettes within easy reach of young children.

(The Japan Times) Non-Japanese suffrage and the racist element

On Jan. 17, Takeo Hiranuma made this statement about fellow Diet member Renho: "I hate to say this, but she's not originally/at heart (motomoto) a Japanese."

What could have provoked such a harsh criticism of one's identity?

A simple question Renho, of the ruling Democratic Party of Japan, asked mandarins (as is her job) who were requesting more cash: "Why must we aim to develop the world's No. 1 supercomputer? What's wrong with being No. 2?" Hiranuma claimed, "This is most imprudent (fukinshin) for a politician to say."

Is it? I've heard far more stupid questions from politicians. Moreover, in this era of deflationary belt-tightening, it seems reasonable to ask the bureaucrats to justify our love.

Being pilloried for asking inappropriate questions is one thing (as "appropriate" is a matter of opinion). But having your interests in the country, and people you represent, called into question because you have non-Japanese (NJ) roots (Renho's father is Taiwanese, her mother Japanese, and she chose Japanese citizenship) is nothing less than racism, and from a Diet member at that.

Hiranuma predictably backpedaled: First he accused the media of sensationalizing his comments. Then he claimed this was not racial discrimination because Renho has Japanese citizenship.

Somebody should explain to Hiranuma the official definition of "racial discrimination," according to a United Nations treaty the Liberal Democratic Party government ratified in 1996, when he was a Cabinet minister: "Racial discrimination shall mean any distinction, exclusion, restriction or preference based on race, color, descent, or national or ethnic origin which has the purpose or effect of nullifying or impairing the recognition, enjoyment or exercise, on an equal footing, of human rights and fundamental freedoms in the political, economic, social, cultural or any other field of public life." (U.N. Convention on Racial Discrimination, Article 1.1)

So, by raising Renho's descent/ethnicity/national origin in questioning her credentials, Hiranuma is guilty as charged.

But there is a larger issue here. Hiranuma's outburst is symptomatic of the curious degree of power the ultrarightists have in Japan.

Remember, this is the same Hiranuma who helped scuttle a human rights bill in 2006, headlining a book titled, "Danger! The Imminent Threat of the Totalitarianism of the Developed Countries." Within it he claimed, "This human rights bill will exterminate (horobosu) Japan."

This is also the same politician who declared in 2006 that Japan should not have a female Empress, for she might "marry a blue-eyed foreigner" and spawn the next Emperor — managing to double-dip racism into sexism and misogyny. (Why assume women are more susceptible to rapacious NJ than male heirs to the throne?)

Hiranuma wasn't so lucky in 2008 when trying to stop a bill revising the Nationality Law, fixing paternity recognition loopholes our Supreme Court had ruled unconstitutional mere months earlier. He argued that granting bastard children Japanese citizenship would dilute "Japan's identity."

But he's still at it: The Hiranuma hobbyhorse is currently rocking against the proposal of granting suffrage in local elections to NJ with Permanent Residency (PR), which may pass the Diet this year.

It is probably no surprise that this columnist supports PR suffrage. There are close to half a million Special Permanent Residents (the *zainichi* ethnic Koreans, Chinese, etc.), born and raised here, who have been paying Japanese taxes their entire lives. Moreover, their relatives were former citizens of the Japanese empire (brought here both by force and by the war economy), contributing to and even dying for our country. In just about any other developed nation, they would be citizens already; they once were.

Then there are close to a half-million more Regular Permanent Residents (the "newcomer" immigrants) who have taken the long and winding road (for some, two decades) to qualify for PR. They got it despite the discretionary and often obstructionist efforts of Japan's mandarins (*Zeit Gist* May 28, 2008).

Anyone who puts in the years and effort to meet PR assimilation requirements has earned the right to participate in their local community — including voting in their elections. At least three dozen other countries allow foreigners to vote in theirs, and the sky hasn't fallen on them.

But that's not what antisuffrage demonstrators, with Hiranuma their poster boy, would have you believe. Although public policy debate in Japan is generally pretty milquetoast, nothing brings out apocalyptic visions quite like the right wing's dry-throated appeals to Japanese-style xenophobia.

Granting foreigners suffrage, they say, will carve up Japan like a tuna. Okinawa will become another Chinese province. Beijing will control our government. Even Hiranuma

claims South Korea will annex the Tsushima Islands. The outside world is a perpetual threat to Japan.

This camp says that if NJ want the right to vote, they should naturalize. Sounds reasonable, but I know from personal experience it's not that simple (the application procedure can be arbitrary enough to disqualify many Japanese). This neutralizes the Alien Threat, somehow.

But by criticizing Renho for her NJ roots, Hiranuma exposed the naturalization demand as a lie.

Renho has taken Japanese citizenship, moreover graduated from one of Japan's top universities, became a member of Japanese society as a famous newscaster and journalist, and even gotten elected by fellow Japanese to Parliament.

But to Hiranuma, that doesn't matter. Renho is still a foreigner — in origin if not at heart — and always will be.

This is where Hiranuma and company's doctrinaire bigotry lies. You can't trust The Alien no matter what they do, especially if they don't do what Real Japanese tell them to do.

Why is this expression of racism so blatant in Japan? Because minorities are so disenfranchised in our political marketplace of ideas. In any marketplace (be it of products or ideas), if you have any barriers to entry, you get extremes and aberrations (be it in prices or views). Open the market, and things tend to correct themselves.

That is what these zealots are most afraid of: not merely The Alien, more the loss of the ability to attract votes by whipping up public fear. Let The Alien in, and those on the cosseted ideological extremes would have to be more tolerant of, if not appeal to, a newly enfranchised section of Japan's electorate with more diverse interests.

That's the best argument yet for giving NJ with PR the vote: to reduce the power of Japan's xenophobic fringe, and rid our polity of these racists and bigots. Make it so that next time a Hiranuma makes racist statements, those affected will have the chance to vote him out of office.

Debito Arudou coauthored the "Handbook for Newcomers, Migrants and Immigrants." Twitter arudodebito. Just Be Cause appears on the first Community Page of the month.

(The Japan Times) Japan, Mexico target climate change

Prime Minister Yukio Hatoyama and Mexican President Felipe Calderon vowed Monday to work together not only on bilateral issues but also global themes like climate change, disarmament and the earthquake disaster in Haiti.

Hatoyama said the results of the U.N. climate meeting in Copenhagen in December weren't enough and the two leaders expressed their intention to make the next conference, to be hosted by Mexico this year, a success.

COP 15 didn't achieve substantial results "due to the opposition of a few countries," Hatoyama said after holding talks with the visiting Calderon. "With such reflection, we vowed to make sure to cooperate so that we can make COP 16 a success."

(The Japan Times) Human error halted bullet trains

Central Japan Railway Co. (JR Tokai), under fire for major disruptions on its Tokaido Shinkansen Line last week, revealed Monday that maintenance workers "forgot to fasten bolts" on a pantograph, which caused it to come loose, hit overhead wires and cut off the power supply.

The revelation is likely to fuel criticism of the railway. The company has often emphasized the safety and efficiency of its bullet train operations.

JR Tokai said Friday's outage occurred when the pantograph — the armlike device that is raised to contact the overhead wires and channel electricity to power the train — came loose from the roof of the Kodama No. 659 train while it was traveling between Shin-Yokohama and Odawara stations in Kanagawa Prefecture. The train was bound for Nagoya from Tokyo.

Because the pantograph was not secured to its base by any of the four bolts meant to hold it in place, it came loose and eventually snapped the overhead power line, the company said.

JR Tokai blamed the failure to secure the pantograph on human error, saying maintenance workers "forgot to put (the bolts) back" after they examined the pantograph two days before the accident.

Before Friday's mishap, the train had traveled some 1,000 km on a round trip between Tokyo and Shin-Osaka stations without the four pantograph bolts, the operator added.

The power failure brought Tokaido Shinkansen Line trains to a halt for more than three hours, leaving 3,000 passengers stranded and without power.

While the bullet trains were stopped, air conditioners didn't run, soft drinks sold out, babies started crying and passengers were told not to use toilets because they wouldn't flush.

(The Japan Times) Old Boys Summit to hold plenary in Hiroshima in April

HIROSHIMA (Kyodo) The InterAction Council, a group of former government leaders from around the world who discuss international affairs, will convene its plenary session in Hiroshima in April, according to its Tokyo office.

About 20 former leaders are expected to get together for the 28th annual meeting from April 18 to 20.

They will hold discussions with peace and disarmament experts mainly on how to eliminate all nuclear weapons.

The forum, known also as the Old Boys Summit, last held its annual summit in Japan in 2001.

Among the participants are former Iranian President Seyed Mohammad Khatami, as well as former Prime Ministers Yasuo Fukuda and Tomiichi Murayama.

Former Swedish Prime Minister Ingvar Carlsson and former Canadian Prime Minister Jean Chretien will serve as cochairmen.

On the first day of the session, the participants are scheduled to visit the Hiroshima Peace Memorial Museum and listen to the experiences of atomic bomb survivors.

Sam Nunn, former chairman of the U.S. Senate Armed Services Committee who has published appeals to abolish nuclear weapons with former Secretary of State Henry Kissinger and others in recent years, will deliver a speech on the first day.

The participants will issue a Hiroshima declaration and hold a news conference at the end of the annual meeting after two days of closed-door sessions.

(The Japan Times) Woman served warrant for alleged staged suicide of man in car

SAITAMA (Kyodo) A 35-year-old woman was served a fresh arrest warrant Monday on suspicion of killing a male acquaintance last year, police said.

Kanae Kijima, initially arrested in September on suspicion of swindling cash from a man she had promised to marry, allegedly murdered Yoshiyuki Oide, 41, in August in Fujimi, Saitama Prefecture. Kijima has denied killing Oide, according to the police.

Oide was found dead Aug. 6 in a car in a parking lot. Burned charcoal briquettes were found inside the car, and an autopsy detected traces of a sleeping drug, according to the police. Carbon monoxide poisoning from a charcoal burner in a locked car is a common means of suicide.

The police, however, suspect foul play partly because no car key was found inside the vehicle.

They allegedly found that Kijima used the Internet to purchase several charcoal stoves and packages of briquettes prior to Oide's death. Investigative sources said there was also a match between the traces of the sleeping drug detected in Oide's body and a sleeping pill prescribed to Kijima by a hospital.

The police suspect Kijima killed Oide and tried to make it look like a suicide, according to the investigative sources.

She told the police she had dinner with Oide on Aug. 5 and went to the parking lot with him. She denied playing any role in his death.

(The Japan Times) Busan victims' lawyers hold talks

BUSAN, South Korea (Kyodo) Three lawyers representing Japanese victims in the deadly fire at an indoor shooting range in Busan went to the South Korean city Monday for compensation talks.

The attorneys met with local prosecutors and held talks with lawyers of South Korean victims on how they might work together in compensation talks.

They also sat in on a trial session for the shooting range owner and another person charged in connection with the fire that killed 15 people, including 10 from Japan, in November.

The city of Busan decided in December to pay 300 million to 500 million won, or ¥23 million to ¥38 million, to each victim.

(The Japan Times) Sending more help to Haiti

The government will dispatch some 300 Self-Defense Forces members to join the U.N. peacekeeping mission in quake-devastated Haiti. This is a substantial addition to the 39 SDF members currently engaged in U.N. peacekeeping operations (PKO). Prime Minister Yukio Hatoyama said that the expanded mission will promote his "diplomacy of fraternity," and will have important benefits for Japan's ties with the United States and the United Nations.

Japan was slow in its initial response to the Haiti quake. The SDF unit, which includes some 200 engineers plus logistics personnel, will mostly engage in removal of debris and construction of homes and roads. Apart from Mr. Hatoyama's political considerations, it is hoped that the unit makes real contributions to the reconstruction of Haiti.

A dispatch of SDF members for PKO must meet the five-point principle under the 1992 PKO Law, which includes the existence of a ceasefire agreement between parties to a conflict. The Defense Ministry says that the conditions for the SDF dispatch have been met since there are no armed conflicts in Haiti involving state or quasi-government

groups. Still, the security situation there is not good, as shown by looting and other examples of lawlessness.

Ms. Mizuho Fukushima, head of the Social Democratic Party, a junior coalition partner, said SDF members should be taught about Haitian culture and other conditions on the ground so that they can avoid potential conflicts with Haitians; that Japan should immediately withdraw the SDF unit if the five-point principle is no longer satisfied; and that the unit must provide strong support for civilian medical and other relief teams. Other government leaders have accepted her reasonable proposals. The Defense Ministry must take care when selecting the locations where SDF members will reside and work, to prevent the chance of their becoming involved in conflict.

Japan recently increased its financial aid to Haiti from \$5 million to \$70 million. Haiti's reconstruction will take years. Japan should be prepared for long-term commitment.

(The Japan Times) ETIC eyed for saving theme park

Struggling theme park Huis Ten Bosch may apply to the government-backed corporate turnaround entity for financial support, sources said.

The theme park in Sasebo, Nagasaki Prefecture, has begun to consider the use of Enterprise Turnaround Initiative Corp. of Japan, which has judged that the theme park's liquidation would deal a severe blow to the regional economy, including employment, the sources said Monday.

But whether the entity will accept a possible application for financial aid is uncertain, the sources said, noting a rehabilitation plan should be viable and assets at the theme park should be examined.

Land, Infrastructure, Transport and Tourism Minister Seiji Haehara has referred to the possibility of using the corporate turnaround entity to help revive the theme park.

Travel agency H.I.S. Corp. has recently said it would be difficult to provide financial assistance to the Dutch theme park, given the huge costs involved in repairing facilities.

(The Japan Times) Apple's own e-book approach could cause big headaches

NEW YORK (AP) Even as Apple's iPad will likely energize electronic reading, the new device is undermining a painstakingly constructed effort by the publishing industry to make it possible to move e-books between different electronic readers.

The slim, 0.7-kg tablet computer unveiled last week will be linked to Apple Inc.'s first e-book store when it goes on sale in a few months. The books, however, will not be compatible with Amazon.com's Kindle or with the major alternative e-book system.

Apple's creation of a third choice is likely to further frustrate and confuse consumers if they accumulate e-books for one device, then try to go back to read them later on a different one. The effect could be akin to having to buy a new set of CDs every time you get a new stereo system. It could also keep people from buying new e-readers as better models come out if they aren't compatible with the books they already have.

This could cool consumers' enthusiasm for e-books, the way sales of digital music downloads were hampered by a variety of copy-protection schemes.

"There are going to be some potentially painful lessons" for consumers when they try to move e-books they already own to new devices, said Nick Bogaty, senior manager of digital publishing business development at Adobe Systems Inc., which provides the major alternative e-book system.

Before the iPad's debut, there have been two main camps in the e-book industry.

The e-books that Amazon sells work only on the Kindle and on Amazon's software, which can be loaded for free on PCs and some smart phones.

Everyone else, including Sony Corp., Barnes & Noble Inc. and public libraries, have gathered around Adobe's system.

Adobe doesn't sell books itself, but provides software to booksellers and libraries so they can sell and lend books that can be opened on multiple devices. Like the Kindle store, the Adobe system uses a copy-protection system that prevents buyers from reselling the books or distributing them online.

Apple would not comment about the plans for its bookstore, but Adobe said its system isn't being used by Apple.

Apple already has its own copy- protection system for iTunes and can easily extend that to e-books.

"I don't see Apple feeling like they need to come in as 'the collaborator.' That's not their style," Forrester Research analyst James McQuivey said.

Apple has said it would embrace the EPUB format for its e-books. Although that's the format adopted by the Adobe camp, that alone does not ensure compatibility because Apple would be using its own copy-protection scheme on top of it.

Apple is thus set to create a third technology camp in the e-book industry. Consumers who start buying e-books and want to go back to their books after a few years would have to make sure they have a compatible device, or at least compatible software. That can be complicated.

Even if Apple uses its own copy-protection system, it doesn't preclude books using the Kindle or the Adobe scheme from being read on the iPad or an iPhone as long as Apple continues to allow outside parties to develop e-reading software for the Apple devices. The user would just have to remember which book goes with which software.

However, it's unlikely that books bought from Apple's store would work on non-Apple devices, except for PCs running iTunes.

So far, no media industry has managed to unite on one copy-protection system for downloads. Music retailers, including Apple, used a variety of schemes before ultimately ditching copy-protection entirely as customers found the limitations to be a big hassle. Music from iTunes couldn't be moved to a digital media player linked to Microsoft's store, and so forth.

Movies and television shows are still sold and rented with multiple copy-protection systems, though, so you can't move an iTunes video to a Microsoft Zune player.

Forrester's McQuivey believes the division into several e-book camps will persist for years, but may eventually narrow to just two alternatives, one of them being Amazon's.

He doesn't believe copy-protection will ever go away for e-books. It died for music largely because CDs were never copy-protected, he noted, so consumers opted to buy them and convert them to digital files instead of buying them as downloads. Printed books, though they carry no copy-protection, are so far too difficult to convert to a digital format in the home.

As the market leader, Amazon has the scale to hold out with its own system, McQuivey said. Analysts estimate it has sold 3 million Kindles, and Amazon says it now sells six Kindle books for every 10 printed copies of books that are available in both formats.

All the same, the publishing industry has high hopes for the iPad, which unlike the Kindle and most other e-readers, will have a color screen that is also able to show video.

Carolyn Reidy, the CEO of Simon & Schuster, said the iPad seems like a "terrific device," citing the clear screen and the ability to turn pages by touching a finger to the screen, as opposed to pushing a button, as the Kindle requires.

She said the fact that Apple already has 125 million customer credit card numbers through its iTunes store could add millions of potential book customers when the iPad goes on sale in two months, starting at \$499.

Any disappointment because of confusion over copy-protection could be offset, at least in the short term, by the excitement and publicity caused by trendsetter Apple's entry into the e-book market.

(The Japan Times) Full child allowances in '11 difficult: Minezaki

Budgetary constraints will make it "extremely difficult" for the government to provide full monthly child allowances starting in fiscal 2011 in line with a pledge by the Democratic Party of Japan, according to Senior Vice Finance Minister Naoki Minezaki.

With his remark, Minezaki has joined the chorus of lawmakers in the ruling DPJ calling for a re-examination of the party's pledges made before last year's election.

"Personally, I've been thinking it's extremely difficult" to guarantee a monthly allowance of ¥26,000 for each child of junior high school age or younger, Minezaki told reporters Monday, adding he took this view "well before" Senior Vice Finance Minister Yoshihiko Noda made similar remarks over the weekend.

Minezaki said he has discovered how tough it is to raise enough money for the DPJ's key pledges after drafting the fiscal 2010 budget, amid a shortfall in tax revenues.

"There are things we understand only after coming to power," Minezaki said. "It would be better to speak truthfully."

On Tuesday, Deputy Prime Minister and Finance Minister Naoto Kan said he will make efforts to provide the full amount in the fiscal year starting in April 2011.

"Since we have promised the child care allowance in the (DPJ's) manifesto of last year, I would like to continue to make efforts toward realizing that," Kan said at a news conference.

Minezaki, along with Noda, suggested the DPJ needs to review some of its pledges prior to this summer's Upper House election.

(The Japan Times) Kanagawa to maintain files on teachers who refuse to stand for 'Kimigayo'

YOKOHAMA (Kyodo) The Kanagawa prefectural board of education said Tuesday it will continue collecting information on teachers who refuse to stand when the national anthem is sung at school ceremonies.

The decision contradicts the stance of the prefectural panel on personal information protection, which said last month that such a practice goes against a local ordinance prohibiting collecting information on personal beliefs and creeds.

While the decision will likely generate protest from teachers, the board of education said, "Teachers are required to set an example to students as the official educational guidelines seek respect for the national anthem and flag."

The Kanagawa decision, coupled with a recent dismissal of a compensation demand by former Tokyo teachers, may drive nonconformist teachers further into a corner.

Last Thursday, the Tokyo High Court overturned redress awarded to ex-teachers in Tokyo who argued they were refused postretirement re-employment because they had remained seated during the playing of "Kimigayo" at school ceremonies.

(The Japan Times) Researchers sail to study, not kill, whales

WELLINGTON (AP) Researchers set sail Tuesday from New Zealand to study whales off Antarctica without killing them — an open challenge to Japan's killing of up to 1,000 whales a year in the name of science.

Japan has a six-boat whaling fleet in Antarctic waters as part of its scientific whaling program, a permissible exception to the International Whaling Commission's 1986 ban on commercial whaling. Opponents claim Japan's program is commercial whaling in disguise because the whale meat is sold for food.

Some 18 scientists from Australia, France and New Zealand are taking part in the initial six-week voyage from Wellington to research whales, their food and their interaction with the environment.

Andrew Leachman, captain of the research vessel Tangaroa, said he expects to take about 7 1/2 days to reach the edge of the Antarctic pack ice near Cape Colbeck on the Ross Sea, where the team will begin tracking whales in temperatures of about minus 2.

Australian Conservation Minister Peter Garrett said the research project, named the Southern Ocean Research Partnership, seeks to reform the management of science within the IWC, end scientific whaling and develop internationally agreed, cooperative whale conservation management plans.

"It is the largest (project) of its kind in the world that places a premium on scientific knowledge and says that we don't have to kill whales to learn about them," Garrett said.

The techniques they use will include biopsy sampling using retrievable darts, photography, satellite tag tracking, whale feces recovery and acoustic surveys.

"We remain absolutely and completely opposed to killing whales in the name of science," Garrett told reporters as he extended an invitation to Japan and others to participate in the research.

Despite protests by antiwhaling groups like the Sea Shepherd Conservation Society, the number of whales targeted by the Japanese in their program has more than doubled, Garrett said.

He said the research program is not intended to collect evidence for possible legal action to try to halt Japan's annual whale kill. Australia sent a government vessel to watch Japan's whale fleet during the 2007-2008 season and collect evidence for a possible lawsuit in an international court, but the threat of legal action has yet to be followed up.

Japan's Institute of Cetacean Research has no intention at this stage of taking part in the nonlethal research program, said Glenn Inwood, the New Zealand-based spokesman for the institute.

"If you want to hunt whales . . . to eat them, then you are going to need data that can only be obtained through lethal research," he said.

Nonlethal whale research can't provide age-related data or accurate data on individual whale birthrates, he said.

Preliminary results of the expedition will be presented at the IWC annual meeting in Morocco in June. Inwood said Japan will respond to the research once it is published.

(The Japan Times) Haiti mission to be west of capital

NEW YORK (Kyodo) The Ground Self-Defense Force engineering unit set to take part in the Haiti peacekeeping mission will be stationed in Leogane or Gressier, both located west of Port-au-Prince, a U.N. official said Monday.

U.N. Secretary General Ban Ki Moon's acting special representative, Edmond Mulet, who is now in Haiti, told reporters in New York via a video news conference that Japanese and South Korean engineering units are to be deployed "mainly" in Leogane and Gressier.

He did not clarify which country's engineering unit is to be dispatched to which town.

He later said in an e-mail that "we cannot say right now who is going to where."

"Teams are on the ground assessing the needs and identifying proper locations," he said.

"It will be determined at the end of this week."

Gressier is 30 km west of the capital and Leogane 40 km west.

(The Japan Times) Families mourn fishing boat crew

NAGASAKI (Kyodo) Relatives of Chinese crew members who were lost when a Japanese fishing boat sank last month off the Goto Islands in Nagasaki Prefecture offered flowers and burned incense in front of their pictures Tuesday at a fishing port in the prefecture.

Twelve relatives of the crewmen arrived in Nagasaki on Monday from Shanghai to conduct a funeral service before the Chinese New Year on Feb. 14.

The private funeral service was held in the city of Nagasaki.

According to Nagasaki fisheries firm Yamada Suisan, which owned the Yamada Maru No. 2, some of the relatives offered food, liquor and other items, while others threw flowers into the sea.

(The Japan Times) Medical equipment importer puts patient needs first

The medical world is often viewed as very conservative and closed, and the equipment industry that supports it is no exception.

"It's a highly specialized field," said Masao Ichinoseki, president of medical equipment importer Vital Corp.

This need for specialized knowledge is one reason for the large number of small and medium-size companies in the industry, each with its own area of expertise.

"All of our employees need to go through a crash course in what medical students take six years to study," Ichinoseki said.

Vital specializes in cardiovascular equipment, including pacemakers and surgical instruments used by doctors during heart surgery. Ichinoseki had no background in medicine or engineering when he first entered the business. He gained that knowledge through his relationships with his clients: physicians.

"I was lucky to have met doctors willing to explain to a nonprofessional like me," Ichinoseki said.

He travels around the world with doctors, learning about innovative new devices and methods of cardiovascular surgery. He has traveled to the United States, Europe and as far afield as Israel and India in search of new equipment to help surgeons and, ultimately, patients.

"Our business rests on the existence of sick people. So it makes me uncomfortable to think only about making money. Rather, I'm hoping that what we provide ultimately helps the sick and helps to (improve) society," Ichinoseki said.

Vital's ethos is to offer equipment that is patient-friendly. One example is a clamp that Ichinoseki imports from Europe that is used to hold an incision made horizontally along the ribs to operate on the heart, instead of the traditional vertical incision in the middle of the chest that results in a larger wound and takes more time to heal.

Vital also imports a tool that minimizes the movement of the beating heart so surgeons can operate without having to temporarily stop the heart, which is a more standard procedure but takes a toll on the patient.

When Ichinoseki joined the company, the business hadn't gotten off the ground and his colleagues were jumping ship. But products imported by Vital gradually became popular with doctors, spread by word of mouth, particularly in the late 1990s, when the company started to import equipment for minimally invasive surgical procedures.

Since its establishment in 1984, Vital has seen steady increases in sales, which reached nearly ¥6 billion 2008.

Ichinoseki attributes his company's success to ceaseless efforts demonstrate the merits of its products to doctors. Vital holds regular seminars for doctors and occasionally invites physicians from overseas who have used a particular device to explain its advantages.

"It's a costly method, but it's much more effective to have a fellow doctor speak rather than us trying to explain to the experts the merits of a particular tool," Ichinoseki said.

Although Vital does not develop its own equipment, Ichinoseki has made his own contribution to research and development in cardiovascular medicine. As well as working with doctors to discover the most advanced, patient-friendly surgical techniques, he works with overseas manufacturers to modify products to suit Japanese surgeons and patients, and has even attempted to develop equipment with Japanese manufacturers based on requests from clients.

But Ichinoseki said he is not interested in patenting his ideas.

"When you try to protect technology with patents, it hinders the potential for the technology to improve. I think anybody should be able to use the technology necessary to save people's lives."

Japan is the second-largest market for medical equipment, after the United States, worth some ¥2 trillion a year over the last decade. Imported equipment, mostly therapeutic, account for 40 percent.

"I believe Japanese manufacturers do have the technology to develop the equipment. But the market for a particular (device) is just too small for domestic manufacturers to

make ends meet when you think of all the necessary investment to develop a medical product," Ichinoseki said.

In addition to its import business, Vital also serves as a wholesaler, providing hospitals with medical equipment and supplies.

Hospitals need a wide range of medical equipment for diagnosis and treatment. Because it is impractical for hospitals to deal individually with the vast number of dealers handling specific devices, dealers linked to hospitals act as agents and coordinate with the various importers and suppliers.

Except for particularly expensive purchases, which hospitals make directly, equipment suppliers traditionally carry an inventory, taking payment on only those products that are used. Keeping track of that inventory is a real challenge for dealers, who spend much of the day at the hospital counting the number of items used, Ichinoseki said.

To address this problem, Vital and four other medical equipment dealers have set up ProCure, Inc. to help rationalize inventory management. ProCure's advanced procurement system makes it easier to keep track of the supplies that are handled each day.

The company has also joined in setting up United Medical Corp., which offers consulting services to hospitals on updating facilities and technical systems, selecting appropriate medical equipment and procuring medical tools.

As a relative old-timer in the industry, Ichinoseki warns that the government needs to nurture the domestic medical equipment industry or it may suffer the same hollowing out that has hit other manufacturers.

Overseas medical equipment makers, for example, often provide doctors with training in the use of their products, but Japanese doctors rarely get such opportunities. Ichinoseki said a growing number of Japanese interns visit other parts of Asia to gain surgical experience because there simply aren't enough chances for them to improve their skills in Japan.

"Japan used to have other Asian doctors participate in difficult surgeries (to allow them) to improve their experience and techniques, but now it's the other way around."

Another factor that affects the domestic medical equipment industry is the Pharmaceutical Affairs Law. Medical equipment must be approved under the law before it can be sold in Japan, a process that can take years. Imported pacemakers, for example, are three generations behind the most advanced versions because of this process.

"In foreign countries, the company ultimately takes responsibility for the product it manufactures, but in Japan, it's the government that takes on that responsibility. It may be good for patients, but you can't help seeing older generations of products entering Japan when more advanced technology is already available overseas,"Ichinoseki said.

While acknowledging the merits of Japan's universal health insurance system especially when compared with the United States, where insurance is so expensive people with lower incomes often do not receive adequate medical attention, Ichinoseki called for some more flexibility in the Japanese system.

"Wouldn't a patient prefer to use more advanced technology if they could afford it? "I don't think there is any harm in seeing medicine more from a business standpoint," Ichinoseki said

(The Japan Times) Human rights agency bill mulled

Prime Minister Yukio Hatoyama said Wednesday he hopes to submit a bill to the current Diet session to provide relief to victims of human rights violations.

"While Japan claims to be a country of human rights, there are many incidents in which human rights have been violated, and therefore we need an agency that deals with human rights appropriately," Hatoyama told reporters.

"I want to prepare and submit a bill as promptly as possible," he said.

At the House of Councilors plenary session earlier in the day, Hatoyama said the proposed agency must be independent of the government.

But Chief Cabinet Secretary Hirofumi Hirano expressed a cautious view about submitting the bill to the regular Diet session, telling reporters he will have to watch how the government handles the legislation.

"I can't comment on this lightly," he said.

(The Japan Times) Mojo eludes Disney in Hong Kong

While Tokyo's Magic Kingdom prospers, its younger sibling bleeds red ink

HONG KONG — In sharp contrast with the long-running success story that is Tokyo's Disneyland and DisneySea, the Hong Kong version is struggling.

After facing harsh criticism over its opaque business operations, Hong Kong Disneyland, the second of the storied theme parks in Asia after Tokyo Disney Resort, finally released its financial results Jan. 19, the first time it has done so since the park opened in September 2005.

The results were grim. The Magic Kingdom is still losing huge amounts of money after four years, posting a net loss of 1.32 billion Hong Kong dollars (¥15.3 billion) in fiscal 2009 and HK\$1.57 billion (¥18.3 billion) in fiscal 2008.

The theme park may not break even until after 2014, the company said. The initial target was for sometime between 2009 and 2011.

"Disney has not stopped the bleeding," read the Jan. 20 front page of the Oriental Daily, one of the largest Chinese-language newspapers in Hong Kong.

Bad financial figures aside, the negative view Hong Kong residents have of the local Disneyland may surprise outsiders. But even from the start the local media have been critical, noting that the Hong Kong government owns a 57 percent stake in the operator.

Where has the Disney magic gone?

During a recent interview with The Japan Times, Andrew Kam, managing director of Hong Kong Disneyland Resort, stressed it is too early to cast judgment because developing and running a theme park is a long-term investment.

"We are in the development stage. This is still a stage where we have to invest intensively to build the park up," Kam said during the interview at the park's "City Hall."

Hong Kong Disneyland drew 4.6 million visitors in 2009, up 2 percent from the previous year. Given the global financial crisis and the swine flu outbreak that hit Hong Kong last year, the figure is an "acceptable result," he said.

Still, Kam said the park has learned three key lessons in the last four years: It should focus more on young adults, keep introducing new attractions to lure the capricious people of Hong Kong and not depend too much on the legacy of Disney stories, which many Chinese are not necessarily familiar with.

"Knowledge about Disney and affinity toward the Disney brand are actually a lot less" in Hong Kong than in the U.S., he said. "We actually are coming into a market where in general people are not familiar with Disney stories."

The information released last month included the first-ever official breakdown of visitors by country, and they support Kam's observations. In 2009, locals accounted for 41 percent of all visitors, mainland Chinese for 36 percent and visitors from other countries, mainly in Southeast Asia, for the remaining 23 percent.

Meanwhile, the business structure of Tokyo Disney Resort, which includes the two most popular and successful theme parks in Japan, is very different from that of Hong Kong Disneyland.

Foreign visitors to Tokyo Disney Resort accounted for only 3.2 percent of the 27.2 million people who went through the turnstiles in 2008. Rather, it is the enthusiastic local visitors who keep the park in the black, coming back again and again as it seamlessly adds new attractions on almost a yearly basis.

According to a survey conducted by Disneyland in 2000, about 18.7 percent of customers had been to the park more than 30 times and 40.7 percent said they had visited between 10 and 29 times.

Only 2.5 percent said they were first-time visitors. The operating company, Oriental Land Co., stopped releasing this breakdown of repeat visitors after 2001.

In November, Hong Kong residents' concerns about the negative effects of the Disney project on the economy have deepened as the Chinese government gave the final greenlight to build a Disneyland in Shanghai, Hong Kong's primary rival on the mainland.

But Disney officials in Tokyo aren't concerned.

"We won't be affected much by (competition with Hong Kong and Shanghai) because foreign visitors do not account for much of a percentage of our guests," said Keiko Namikoshi, a spokeswoman for Oriental Land in Tokyo.

The basic concept of Tokyo Disneyland at its launch in 1983 was similar to what its younger sibling would later use in Hong Kong: directly introducing major attractions popular in the U.S., retaining with stunning accuracy the original American cultural flavor.

That business strategy proved very successful in Tokyo from the start. Oriental Land has posted an operating profit every year since the park's opening in 1983.

Disney's success in Tokyo owes more than a little to the Japanese people's strong and long affinity for American culture, including Disney characters, Namikoshi said.

"The Disney culture has been deeply rooted in Japan all since the end of the war. (Japanese people) are very familiar with Disney characters such as Mickey Mouse," she said.

Meanwhile in Hong Kong, the Magic Kingdom is now significantly changing its strategic focus. The park is opening three new attractions in 2014 with less emphasis on Disney stories. Two of them will not feature any Disney characters or stories at all while retaining a Western feel.

"When we opened the park in 2005, I think we offered very basic Disney products," Kam of Hong Kong Disneyland said.

While Disney stories are still the core value of the theme park, now it should "build additional elements that will appeal to larger segments of the market," he said.

Hong Kong Disneyland, however, will need to work harder to win over the hearts of money-conscious residents, who are never afraid of criticizing their government and its Disney-related projects.

John Ap, an associate professor of tourism management at Hong Kong Polytechnic University, said Hong Kong people — who had expected much from the Disney project — have been frustrated with the opaqueness and "arrogance" of the government-backed operator.

"They need great transparency and accountability to Hong Kong taxpayers, to the public, so that people know what exactly is happening," he said.

Hong Kong Disneyland should try harder to "reach out to the local community" by disclosing more of the financial details of its operations, he said.

At the same time, Ap said, Hong Kong people should not seek quick returns because it takes a long time to build up a profitable theme park.

"I think the company also needs to educate the public about the nature of the theme park industry. Involvement in this industry has to be long-term," he said.

(The Japan Times) Despite detractors and small size, theme park has plenty to offer

HONG KONG — Ask the average Hong Kong resident whether you should go to Disneyland and the typical response goes something like this: "Disneyland? It's too small, and Tokyo Disneyland is much better! You should go to Ocean Park in Hong Kong instead!"

Ocean Park is a much older but still very popular amusement park featuring a big aquarium, rides and cable cars with terrific ocean views.

But is Hong Kong Disneyland as bad as many sharp-tongued residents often complain?

Indeed, Hong Kong Disneyland is small when compared with the Tokyo resort complex.

At 126 hectares and 28 attractions, it's the smallest Disneyland in the world. Tokyo Disneyland meanwhile boasts 40 attractions while Tokyo DisneySea has 27. Combined, their size exceeds 200 hectares.

But the Hong Kong version may not be so bad for tourists from Japan if they are fed up with the notoriously long lines in the extremely crowded Disney parks on the outskirts of Tokyo.

On a weekday morning last month, the wait for many attractions at the Hong Kong park — even for the popular Space Mountain and the Many Adventures of Winnie the Pooh — was only five minutes.

In Tokyo Disneyland, you might have to wait more than two hours for either of those two attractions.

A less-crowded park covering a smaller area is definitely a plus for a mother bringing small kids who can't stand waiting in lines, said Yoshiko Nakanishi, a 33-year-old housewife who came to the Hong Kong park with her sons, aged 6 and 2.

"My children are small, so (Hong Kong Disneyland) is very easy to walk around," said Nakanishi, who is from Tokyo and now lives in Hong Kong.

"I lived in Tokyo and went to Tokyo Disneyland three or four times before having kids. But now I wouldn't be able to go there unless another adult comes along to take care of my children," she said.

But Nakanishi also observed that older children might find the Hong Kong park a bit boring because it has few exciting roller-coaster-type attractions, while Tokyo Disneyland and DisneySea have several.

"Children in elementary school or older may feel short on fun here. But my kids are still small," she said.

As Nakanishi correctly pointed out, attractions at the Hong Kong park are of the classic Disney type, targeted mainly at families with children, while Tokyo Disney Resort is focusing more on young adults.

Tokyo DisneySea, which opened in 2001, features more realistic American and European streets so adults can enjoy walking around, and restaurants inside the park, unlike Tokyo Disneyland, even serve alcohol.

Other features visitors from Tokyo may find interesting in the Hong Kong Disneyland include an annual celebration of Chinese New Year's starting sometime between mid-January and early February.

This is probably the best period for Japanese tourists to enjoy something entirely different from Tokyo Disney Resort.

Visitors can see Micky Mouse and other Disney characters in red Chinese clothes dance and march, with streets in the park all decorated with red ornaments in "feng shui" and Chinese zodiac designs.

This year's celebration of the Year of the Tiger starts Friday and will run through Feb. 28.

Also at Hong Kong Disneyland you can visit Mickey's PhilharMagic, a 3-D animation theater featuring a number of popular characters and tunes from Disney's huge catalog of animated films.

Tokyo Disneyland plans to open a similar attraction next year, so you can brag to your friends how you've already seen it.

At shops, you can buy souvenirs with a Chinese flair that can be only found in the Hong Kong park, although they are few in number.

Among them are a Mickey Mouse clock with the numbers written in Chinese, a Chinese teapot and cups with Disney characters and a flying dragon, a stuffed doll and a T-shirt of Mickey Mouse wearing an exotic Chinese opera mask.

(The Japan Times) Cell phone effects on kids probed

A research group of Tokyo Women's Medical University is conducting a nationwide survey on the effects of electromagnetic waves emanating from cell phones on children to find out whether they are vulnerable to cancer and other diseases.

The survey of parents or guardians of fourth- to sixth-graders has been under way since July 2008. About 2,000 from elementary schools nationwide have agreed to participate in the study.

The use of cell phones by children is rapidly spreading, but the effects on their still-growing bodies are not known. The study group is aiming to collect information from more than 10,000 people via the Internet.

Those taking part in the survey registered by computer or cell phone and replied to questions on when they started using a handset, the number of times a day and the length of time they are on the phone, the ratio of using their left and right ears and whether they used a device to avoid bringing the phone close to the ear.

They were also asked about the use of the cell phone for e-mail as well as the model of their personal computer and its shape because the site from which electromagnetic waves generate may differ.

The research group will also perform a followup survey every four months for five years to get a better picture of whether anyone has been hospitalized for illnesses, including cerebral tumors and leukemia. The followup will also examine hospitalizations resulting from traffic and other accidents.

Yasuto Sato, a research associate at the university's Department of Hygiene and Public Health II and a member of the research group, said the possibility of a rise in health

problems in children — such as cerebral tumors — should be considered because children often use mobile handsets close to their heads.

He said research conducted in Japan and abroad involving adults showed both potential risks and no effects.

With funds from the Internal Affairs and Communications Ministry, Sato and his group have been conducting the survey in the virtual absence of any study focusing explicitly on children. The World Health Organization has asked various countries to carry out such epidemiological studies.

(The Japan Times) SDF chief confident about Haiti

The chief of staff of the Self-Defense Forces expressed confidence Thursday that the engineering unit to be dispatched to quake-hit Haiti to engage in U.N. peacekeeping operations will not face major problems in carrying out its tasks.

"The SDF engineers are expected to remove rubble and repair roads. The amount of work may be huge, but technically I believe they will not encounter major problems," Gen. Ryoichi Oriki said.

The SDF engineering unit is expected to head out for Haiti soon. The United Nations said last week it would accept Japan's deployment offer.

The dispatch of about 350 service members, including officers who will provide logistics support for the unit, is in response to a U.N. Security Council resolution calling for boosting peacekeeping operations in Haiti following the quake.

The Ground Self-Defense Force unit will be deployed in Leogane or Gressier, both west of Port-au-Prince, according to a U.N. official.