

Business and politics in Muslim world

Weekly report on South Korea & Japan

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Wajid Hussain

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Summary of Report

South Korea

Politico-Strategic Front;

70% of S. Koreans see nuke threat

SEVEN in 10 South Koreans see nuclear-armed North Korea as a threat, a survey showed amid little progress reported in reviving disarmament talks on the communist state. The South's state-run Korea Institute for National Unification said a survey conducted on 1,000 adults nationwide last November showed that 70 per cent of them regard the North's nuclear arms to be a threat to their safety.

Parties Test 'Citizen Jury System'

With 100 days to go before the local elections on June 2, parties are opening their doors wider to outside experts, allowing them to act as citizen juries in taking part in the selection of candidates. However, resentment and concern is mounting inside the party as the drive to reform the way candidates are selected uses a bottom-up approach, which will require lawmakers to give up their vested interests. Under the proposed system, their hands will be tied in picking candidates

Korea, US May Finalize USFK Redeployment Talks This Year

South Korea and the United States may conclude bilateral talks by October regarding the possible overseas redeployment of American troops stationed here, sources said. The two sides are seeking to finalize negotiations before they hold their annual defense ministerial talks, the Security Consultative Meeting, slated for October.

More patrol planes deployed

SOUTH Korea's navy will deploy eight more advanced maritime patrol aircraft this year to guard against any military threats from North Korea or elsewhere, the navy said. The first of eight refurbished P-3CK aircraft from the United States will be delivered to a naval unit on Tuesday, a navy statement said.

GNP to Vote on Sejong Plan in Early March

The governing Grand National Party (GNP) will likely vote on the party's official platform regarding the Sejong City issue early next month, GNP officials said. The voting is expected to take place around March 10, soon after the government submits the bill on Sejong," a lawmaker said on condition of anonymity. Meanwhile, the Lee faction supports the government's revision plan to build a business-friendly town fostering research and education.

NK Proposes Inter-Korean Military Talks Be Held March 2

North Korea proposed Monday that inter-Korean military talks be held March 2 to discuss cross-border traffic, communications and customs clearance for South Korean companies operating at a joint industrial complex in the North. South Korea had proposed holding working-level military talks with North Korea on Feb. 23 to discuss those issues at the truce village of Panmunjeom.

S. Korean, Chinese Nuclear Envoys to Meet

South Korea's chief nuclear negotiator said Tuesday that a peace treaty can be discussed after progress is made in the denuclearization of North Korea. Meanwhile, U.S. special envoy for North Korea Stephen Bosworth plans to visit South Korea, China and Japan this week

Creation of Presidential Panel on Sejong Plan Suggested

Lawmakers of the governing Grand National Party (GNP) called for the creation of a presidential committee to review the Sejong City project. They expressed concern about tarnishing the party's image as factional feuds grow over the Sejong City issue.

Consultations on N Korea upped

US SPECIAL envoy Stephen Bosworth is due to leave on Tuesday for China, South Korea and Japan amid a surge in diplomatic activity aimed at bringing North Korea back to nuclear disarmament talks. In further consultations on North Korea, US Secretary of State Hillary Clinton will host a meeting in Washington on Friday with South Korean Foreign Minister Yu Myung-Hwan, Clinton's spokesman Philip Crowley told reporters.

Hu meets N. Korean official

CHINESE President Hu Jintao met a senior North Korean official as diplomatic efforts gather pace to bring the reclusive country back to the negotiating table over its nuclear ambitions.

'ROK-US Combined Defense More Effective to Counter NK'

Defense Minister Kim Tae-young expressed hope Wednesday that the U.S.-led defense system would stay intact in coming years amid the lingering North Korean military threat. Referring to the planned transition of operational control (OPCON) of South Korean troops during wartime from the U.S. to Korean commanders in 2012, Kim said the military was putting forth the best efforts to take over OPCON in 2012.

52% Support Lee's Economic Policies

About 52.3 percent of people support the way President Lee Myung-bak is handling the economy, while the remainder didn't, a survey said. But the poll conducted by the Youido Institute, a research arm of the governing Grand National Party (GNP), showed that people were not convinced that measures designed for job stability and employment have been effective.

Envoys in China for talks

A TOP US diplomat was set to meet with Chinese officials Wednesday amid renewed efforts to nudge North Korea back to stalled nuclear disarmament talks, but Seoul said there were no signs of any progress. China, host of the six-party talks and the communist North's only major ally, has said the future of the on-off talks depended on the willingness of Washington and Pyongyang to work together.

NK Denuclearization Top Priority of Revision

The Ministry of Unification has revised its policy to take a tougher stance on North Korea's nuclear program, a ministry official said. The decision was made at a meeting of the Committee on the Development of Inter-Korean Relations, and is South Korea's first policy change since President Lee Myung-bak took office two years ago.

Unmanned Border Security System Due

The military will introduce an unmanned electronic border security system soon to make up for the reduction in the number of troops under a defense reform plan, officials at the Ministry of National Defense said. About 20 unmanned electronic guard posts (GP) will be set up in the eastern section of the inter-Korean border, including coastal areas, on a test basis this year, the officials said

N Korea threatens attack

NORTH Korea threatened a 'powerful' attack if the US and South Korea proceed with joint military drills next month, warning on Thursday that it could even resort to nuclear means. The threat, routinely issued before South Korea and the US embark on regularly scheduled military exercises, was made just hours after President Barack Obama's special envoy to North Korea arrived in Seoul to discuss the North.

Lee Wants Revision of Constitution

President Lee Myung-bak called for the need to revise the Constitution, and redraw electoral and administrative districts, Thursday, moves that the rival parties have agreed to in principle, but are sharply divided over when it comes to the details.

'US Willing to Discuss Peace Treaty With N. Korea'

The United States is willing to hold discussions with North Korea on signing the peace treaty the secretive state has asked for once the deadlocked six-party denuclearization talks are resumed, a special U.S. envoy said Friday. Stephen Bosworth, U.S. representative for North Korea policy, also said that his country is not opposed to additional bilateral talks with the North if it takes place within the context of the multilateral forum.

GNP to form panel over Sejong

The ruling Grand National Party decided yesterday to form a high-level consultation panel to find a solution to the Sejong City dispute. Wrapping up a five-day in-house conference over the issue, two rival factions agreed to reserve a vote on a proposed new party line and conduct further discussion through an ad hoc council of senior members, floor leader Ahn Sang-soo said.

N.K. says detaining 4 S. Koreans

North Korea said yesterday it was questioning four South Koreans for illegal entry, without disclosing any information on their identities or how they entered the country. Those held in the North are likely to have entered the country from China. Seoul's Unification Ministry confirmed that all of the South Koreans visiting the North on government permission were safe.

'Washington not against bilateral N. Korea talks'

The U.S. top point man on North Korea said yesterday that his government was not "philosophically opposed to further bilateral contact" with Pyongyang ahead of the six-nation nuclear talks. U.S. special representative for North Korea policy Stephen Bosworth, however, stressed that any additional bilateral talks between his country and the North will be held only within the context of the six-party talks and only if Washington is "confident that it will, in fact, lead to a prompt resumption of the six-party process." The United States is willing to start discussions with North Korea on establishing diplomatic ties and signing a peace treaty once the North returns to six-way talks, Bosworth told reporters here shortly before leaving for Tokyo

Economic frontage;

Samsung Life Insurance Faces W10 Tril. Lawsuit

A group of special policyholders of Samsung Life Insurance Monday filed a suit against the nation's largest insurance company for not paying dividends to eligible subscribers in the process to get listed. The plaintiffs of 2,802 holders of policies designed to share profits with their

subscribers demanded Samsung hand over 10 trillion won (\$8.71 billion) in dividends that they didn't pay from 1958 to 2009. This is the largest amount of compensation in Korean history to be disputed in a single litigation, court officials said.

Corporate Debts Equal to 1.5 Times GDP

Corporate debts breached the 1,500 trillion (1.5 quadrillion) won mark in September for the first time in history, as local firms relied heavily on debt financing for business expansion. Economists are showing concern that businesses could face an interest bomb when the central bank starts raising its key rate. According to the Bank of Korea, the debt of private businesses, excluding stocks and direct investment, totaled 1,506.5 trillion won as of the end of last September, up 5.6 percent from the previous year. This was 1.46 times bigger than the gross domestic product, up from 1.39 the previous year. Corporate debt has been snowballing each year since 2004 when it was below 900 trillion won. However, the central bank said the debt wasn't worrisome as businesses also have assets.

S Korean cars take record share

South Korea's share of the world's car market rose to a record high of 5.7 per cent last year as the global economic crisis hit production in other countries, data showed. The Korea Automotive Manufacturers Association said in a statement the country's automakers manufactured 3.513 million vehicles at home last year, or 5.7 per cent of the 61.295 million worldwide total.

Union Wants Bigger Cut of Hyundai Profit

The union of Hyundai Motor defied the management's call for peaceful relations demanding Tuesday, that it stop expanding overseas and guarantee job security. The union's call comes at a time when Korea's largest carmaker is experiencing a boom with rival Toyota faltering over a series of recalls involving defective parts.

Big Firms Under Watch for Technology Leaks

The prosecution has toughened its countermeasures against industrial espionage. The Supreme Prosecutors' Office said Wednesday it had selected 60 domestic companies that are frequently targeted by criminals for their state-of-the-art technologies and will take a close look at all activities and deals in connection with what it called "national treasure." The office did not disclose the names of the companies.

Lee Calls for Global Economic Partnership

President Lee Myung-bak said Wednesday it was time for the world to look at the big picture for sustainable economic growth based on the lessons it has learned from the global financial crisis. Climate change will become a key economic factor in the post-crisis era, so countries should take action now to survive the paradigm shift, he said.

Hyundai to recall Sonatas

South Korea's top automaker Hyundai Motor said on Wednesday it would recall its flagship Sonata sedan in the United States and the domestic market due to a door lock problem. The firm said in a statement that 1,300 Sonata sedans already sold in the United States and another 46,000 cars in South Korea would be recalled.

Outbound Investment Hits Record High

Local firms' direct investment abroad hit a record high in the fourth quarter of last year, as more firms invested in rapidly developing economies to get an upper hand in the post-crisis world. Foreign direct investment (FDI) to Korea, meanwhile, declined during the same period. According to the Bank of Korea, local businesses made \$10.2 billion in overseas direct investment (ODI) in the fourth quarter last year, the highest since the central bank began compiling relevant data.

Exit Plan to Top Agenda for 1st G-20 Meeting

Vice finance ministers and central bankers from the world's 20 major economies (G-20) will gather in Songdo, west of Seoul, this weekend to discuss a range of global economic issues, the Ministry of Strategy and Finance said. In addition, more than 150 representatives from seven international organizations, including the International Monetary Fund and the World Bank, will participate in the event.

Tourism Industry Advised to Target China's Middle Class

Korea should target the emerging middle-class of China in order to boost its tourism and entertainment industry, according to an international expert on the country. In an interview with The Korea Times in Seoul, Qu Hongbin, chief economist at HSBC, said that China's middle class is growing at a rapid pace, and there will be a new rich class in the country in the coming years.

Kia Looks to Chalk Up Double-Digit Growth in US

Kia Motors, the major affiliate of Korea's Hyundai Automotive Group, will strive to continue its fast expansion in the United States by recording double-digit growth this year. Kia Motors America (KMA), the subsidiary of Kia here, said Wednesday that it aims to sell a total of 347,000 vehicles in 2010 in the world's second-largest automotive market, up 15 percent from last year.

Lee Turns Crisis Into Opportunity

Woori employees say that Lee's leadership has played a key role in the group weathering the economic crisis and getting back on track.

Samsung full HD 3D LED TV to hit South Korea first

Samsung will naturally please its citizens first, rolling out its range of full HD 3D LED TVs from the Series 7000 and 8000 family, while folks living in Europe will have to wait until March before they get a sniff of either. Amazon US has already listed the 55" 7000 Series model for \$3,299, which is really cheap compared to what South Koreans have to fork out (after conversion, that is) - \$4,990. The 46" and 55" models from the 8000 Series will retail for \$3,870 and \$5,250, respectively. It is interesting to note that these new TVs will sport built-in Skype functionality which we covered back at CES earlier last month.

Socio-cultural Façade;

More Women Facing Early Menopause

More women appear to be experiencing early menopause, a recent study has indicated. A total of 6,831 women in their 30s and below were treated in 2008 for insomnia, depression, lethargy and other disorders stemming from their cessation of menstruating, the National Health Insurance Corporation (NHIC) said Sunday.

Lee Renews Pledge for Educational Reform

President Lee Myung-bak pledged Monday to step up educational reform to meet the needs of parents and students, saying he was shocked at the recent violent graduation rituals among some middle and high school students. Lee said he would convene a monthly meeting of senior educational policymakers from March to discuss ways to reform the education sector.

Doctors to Lose Membership for Illegal Abortion

Doctors who have been repeatedly reported for performing illegal abortions will lose their footing in the medical community. Those who have been caught three times will be expelled from the Korean Association of Obstetricians and Gynecologists (KAOG), a senior KAOG official said Tuesday.

Seoul Sends Anti-Flu Sanitizers to Pyongyang

South Korea sent 200,000 liters of hand sanitizers to North Korea Tuesday to help the isolated state stop the spread of influenza A (H1N1), an official of the Ministry of Unification said Tuesday.

Image Problem Haunts Muslims in Korea

Muslims in Korea have expressed shock and anger after a prominent member of their community was detained by police. The man, who has trained young Muslims here, allegedly has links to the Taliban. The Islamic community in Korea is worried that the incident could tarnish the image of innocent Muslims. As a Imam he should be an example for the community. The Pakistani

Embassy in Seoul was not available for comment. There are currently 100,000 foreign Muslims in Korea hailing from countries such as Uzbekistan, Pakistan and Bangladesh, and upwards of 30,000 are followers of Islam. This is the first time that a potential terrorist suspect has been arrested in Korea. Previous encounters have only been through drug trafficking groups linked with the Taliban

S. Korea sends aid to N. Korea

SOUTH Korea on Tuesday sent aid worth hundreds of thousands of dollars to help North Korea fight swine flu despite recent military tensions between the two sides. Twenty trucks carrying 200,000 litres of hand sanitiser crossed the closely guarded frontier en route to the North's border town of Kaesong, Seoul's unification ministry said. The sanitiser worth one billion won (S\$1.22 million) follows Seoul's shipment in December of Tamiflu and Relenza, worth US\$15 million (S\$21.1 million) and enough to treat 500,000 people. The delivery of the anti-viral drugs marked Seoul's first government-level assistance to its impoverished communist neighbour for nearly two years.

U.N. official: North Korea should get food aid

Three days after North Korea declared it will not abandon its nuclear weapons program, a senior United Nations official who has just visited Pyongyang strongly defended international food aid to the so-called Hermit Kingdom.

President Vows to Uproot Corruption in Education

President Lee Myung-bak called for a crackdown on corruption cases involving teachers and education officials, Tuesday, saying he would place top priority on rooting out corruption among social leaders this year.

'Fascinating Storytelling to Make Seoul Cultural Hot Spot'

After Korean soap operas and pop idols attracted Asian fans in the 1990s, the nation saw a unique group of visitors -- culture tourists. They are visiting Korea with the hope they get a taste in person of the land of the fascinating stories and iconic vista points. Made-in-Korea cultural goods played a crucial role in shaping these explorers' impression that Korea is worth a visit.

South Korea opens prison for foreign convicts

One US convict said the new prison was better than standard ones. South Korea has opened what officials say is the world's first purpose-built prison for foreign convicts. The prison offers Western food and satellite TV programmes in English, Chinese, Russian and Arabic.

S. Korea's birth rate 4-year low

South Korea's birth rate hit a four-year low last year as more couples delayed marriage in the economic downturn, officials said on Thursday. Statistics Korea said the birth rate - the average

number of babies born during a woman's lifetime - was 1.15 in 2009, the lowest since 1.08 in 2005

South Korean skater Kim Yu-na sets world record in capturing Olympic gold

Women's figure skating may be the most feminine of all sports. From the costumes to the classical music to the graceful movements, figure skating has a history of putting the ultimate female touch on the Olympics. Kim racked up a world-record 150.06 points in her long program for a total of 228.56. That was a few triple axels ahead of silver medalist Mao Asada's 205.50. This marked the first time since 1964 that a U.S. woman has not earned a medal. American Mirai Nagasu, 16, finished fourth.

USFK to Address Alcohol Abuse

U.S. military officials in South Korea have launched a new program aimed at preventing alcohol and drug abuse among soldiers, a U.S. military paper reported. Under the so-called "REAL Warriors Speakers" initiative, the 2nd Infantry Division of U.S. Forces Korea (USFK) has been inviting outside speakers to address soldiers on personal responsibility and on the life-changing hazards of alcohol and drug abuse, according to the Stars and Stripes. The acronym REAL stands for "responsible, educated, alcohol-limiting," the newspaper for U.S. forces said.

Probe widens on education graft scandal

President Lee Myung-bak ordered thorough investigations into recent admission irregularities and bribery cases in the education circles. Inquiries are under way on several corruption cases including one involving a former Seoul education chief. Seoul elite high schools were ordered to cancel the admission of about 130 students who used illegal means to enter the coveted schools. Lee convened an emergency meeting of senior secretaries to discuss the scandals, Kim Eun-hye, presidential spokeswoman said.

Summary of Japan's Report

Politico-strategic Front;

Toyota boss to go before US Congress over recall

Toyota's global president has said he will testify to US politicians next week about the carmaker's giant global recall programme. Akio Toyoda said he was looking "forward to speaking directly with Congress and the American people". He had previously indicated he would not travel to Washington, instead wishing to lead the recall from Japan. Mr Toyoda is now due to appear before a congressional committee on Wednesday of next week. Call for clarification His apparent change of heart came after the chairman of the committee in question - the House Oversight and Government Reform Committee - formally called Mr Toyoda to go

before it. Democrat Representative Edolphus Towns said he wanted Mr Toyoda to "clarify" how the recall is working.

Japan starting to balk at footing bill for U.S. forces

In Japan, where land is a precious commodity, many U.S. bases boast golf courses, football fields and giant shopping malls whose food courts offer everything from Taco Bell to Subway to Starbucks. They are the most visible point of grievance in a sharpening debate about the cost to Japan of supporting the 47,000 U.S. service members — about \$2 billion a year. That's nearly a third of the total, and about three times what Germany pays to host U.S. forces there.

JAPAN-CHINA GAS ROW; Japan threatens legal move

JAPAN has told China it will appeal to an international maritime court if Beijing starts gas production in a disputed field in the East China Sea, a Japanese newspaper reported on Monday. The gasfield spat is one of many issues clouding relations between the two neighbours, although ties have improved in recent years as the two economies become more intertwined. Tensions mostly stem from Japan's wartime occupation of China.

DPJ-LDP bickering keeps Seoul liaison group idled

South Korean and Japanese lawmaker groups have been getting together for decades to promote bilateral ties and iron out rocky political issues, but they have been out of the limelight since the change of government in Tokyo last year. The Japan-Korea Parliamentarians' Union and its South Korean counterpart, the Korea-Japan Parliamentarians' Union, had been scheduled to hold a joint general meeting in Tokyo last year before it was called off.

DPJ scandals cost us Nagasaki: Hatoyama

Prime Minister Yukio Hatoyama acknowledged that his party's political money scandals affected Sunday's gubernatorial race in Nagasaki Prefecture, where the ruling Democratic Party of Japan-backed candidate lost. The result is a "huge blow" to the DPJ heading into the Upper House election in July, political analyst Minoru Morita said.

Japanese media get special tour of Iran uranium conversion plant

A uranium conversion facility and nuclear fuel plant in Isfahan, central Iran, were shown to Japanese media Wednesday as the United States and Europe continued to pressure the country about its atomic ambitions. The conversion facility, which manufactures uranium hexafluoride as a raw material for uranium enrichment, forms the core of Iran's nuclear program in tandem with a uranium enrichment facility in Natanz. The facility would be considered a prime military target if talks with the United States or Israel collapse and result in the use of force.

Shimane governor pushes Takeshima

MATSUE, Shimane Pref. (Kyodo) The governor of Shimane Prefecture called on the public Monday to pay more attention to the sovereignty dispute over a group of South Korean-controlled islets in the Sea of Japan.

Vote gaps illegal but poll isn't void: court

The Tokyo High Court ruled Wednesday that the Aug. 30 general election that brought the Democratic Party of Japan to power went against the spirit of the Constitution, given a disparity in vote value of as much as 2.3-to-1. The court, however, rejected the demand by lawyers who filed the suit to nullify election returns in nine constituencies in Tokyo and Kanagawa Prefecture, where the value of one vote was considerably lower than in rural areas. The ruling follows decisions by the Osaka and Hiroshima high courts over the general election, in which both clearly stated the disparity was "unconstitutional." Disparities of more than two times were recorded in 45 constituencies nationwide as well.

Japan urged to drop islets claim

SOUTH Korea told Tokyo on Monday to drop its claim to disputed islets as a local council in Japan observed a day proclaiming sovereignty over them. The neighbours have been at loggerheads for decades over the Seoul-controlled rocky outcrops in the Sea of Japan (East Sea), which are known as 'Dokdo' in Korea and 'Takeshima' in Japan. Japan's Shimane prefecture in 2005 passed a ruling designating Feb 22 'Takeshima Day'

Japan PM's support tumbles

JAPAN'S prime minister is on thinning ice with voters, who expressed growing discontent in a new poll and rejected the ruling party's candidate in a key local election this weekend. Public support for Yukio Hatoyama's Cabinet has tumbled to 37 per cent amid escalating anger over fundraising scandals, according to the national poll by the major daily Asahi. Voter approval was down 11 percentage points from 48 per cent in December.

Toyoda arrives for grilling

TOYOTA Motor Corp's president pledged to cooperate fully with US government officials investigating safety problems on Wednesday as he prepared to tell a congressional panel that the automaker had let standards slip in its rise to the top. Akio Toyoda arrived at a congressional office building on Wednesday morning, hours before his scheduled testimony for US lawmakers. He read a short statement in Japanese to waiting reporters.

Australia, Japan FMs meet

JAPAN'S foreign minister was to meet his Australian counterpart on Sunday for talks overshadowed by Prime Minister Kevin Rudd's threat to take Tokyo to court over its controversial whale hunt. Mr Rudd and Japanese Foreign Minister Katsuya Okada had a 'frank

discussion on whaling' in Sydney on Saturday, after the Australian leader vowed to take Japan to the International Court of Justice if it didn't stop harpooning by November.

Iran open to Japan offer to enrich uranium

Iran will study a Japanese offer to enrich uranium for Tehran to allow it access to nuclear power for peaceful purposes, an Iranian politician was quoted as saying in Tokyo. Japan had made the offer, with US backing, in December during a Tokyo visit by Iran's top nuclear negotiator Saeed Jalili, according to an earlier Nikkei report which Japan's government has declined to confirm or deny.

Unified rules for Emperor said unrealistic

The government believes it is "not realistic" to establish unified rules for acts performed by Emperor Akihito in his official capacity outside the affairs of state because they vary in nature according to a report released. Chief Cabinet Secretary Hirofumi Hirano told reporters Thursday morning that he submitted the report to the executive board of the House of Representatives Budget Committee. He later released the report to the media following another press conference in the afternoon.

Japan verifies secret nuclear pact with U.S. - Nikkei

Japan has verified the existence of a 1969 agreement with the United States that would allow Washington to deploy nuclear weapons in southern Japan in the event of an emergency, the Nikkei business daily reported on Wednesday. The agreement could put Japan's government in a bind by forcing it to choose between scrapping the pact with its top security ally and watering down its self-imposed ban against the possession, production or import of nuclear arms. Foreign ministry officials were not immediately available for comment.

Japan novice govt struggles to flesh out policies

Five months after Japan's Democratic Party swept to power promising that politicians would wrench control of policy from bureaucrats, critics are wondering -- where are the politicians headed now that they're in charge? Analysts say Prime Minister Yukio Hatoyama's government is on the right track in trying to shift spending from wasteful public works to "soft infrastructure" such as childcare and education. Finance Minister Naoto Kan has taken a pragmatic step by calling for debate on Japan's 5 percent sales tax, but Hatoyama is sticking to a pledge not to raise the politically sensitive tax until the next general election, mandated by late 2013.

BEARING THE BURDEN

"They talk about a 'welfare nation' but if you want to raise the level of government services, you have to discuss where you are going to get the funds and who will bear that burden," Nikko Cordial's Suezawa said. The Democrats have not been idle

Japan govt support drops further in blow to PM

Support for Japanese Prime Minister Yukio Hatoyama's government has slipped further, a newspaper poll showed on Monday, adding to the leader's woes ahead of a midyear election that his party needs to win to avoid policy deadlock. Hatoyama's Democratic Party took power after an election for the more powerful lower house last year, but it needs to win a majority in the upper house to drop an awkward coalition with two smaller parties to smooth policy-making.

Japan PM suffers blow with local election loss - NHK

A ruling party-backed candidate lost an election for governor in southern Japan on Sunday, public broadcaster NHK said, a new sign of trouble for Prime Minister Yukio Hatoyama ahead of a mid-year national election. The defeat could embolden opposition parties to step up calls for probes into a funding scandal embroiling the ruling Democratic Party's No.2 leader, stalling debate on a record budget for the year from April 1 intended to keep a fragile economic recovery on track.

Economic frontage;

Toyota chiefs blame rapid rise

UNDER fire from angry US lawmakers, Toyota chiefs admitted on Tuesday that massive recalls had 'not totally' addressed acceleration problems and blamed their safety woes on the company's rapid rise to world number one automaker. In contrite remarks to be delivered in front of a congressional committee in Washington on Wednesday, the Japanese auto giant's embattled president Akio Toyoda said his company's 'too quick' growth had outstripped safety needs.

Toyota receives subpoenas for recall documents

Toyota has received subpoenas asking it to produce documents relating to problems that led to the recall of millions of its vehicles. The subpoenas were served earlier this month by a federal grand jury in New York and by the financial watchdog the Securities and Exchange Commission. Toyota said in a statement it would co-operate with the investigations. The confirmation of the legal requests comes as a document alleging it "saved" \$100m on the recalls was released.

Nissan, Daihatsu, Suzuki issue car recalls

Three Japanese automakers have announced the recall of thousands of vehicles, mostly in their home market. Suzuki Motor is recalling 432,000 small vans in Japan because of a potential problem with air conditioning units. Nissan's recall involves about 76,000 cars in Japan and more than 2,000 overseas due to a defect that may cause engine failure. And some 60,000 Daihatsu vehicles are being recalled due to faulty airbags that could accidentally inflate

Japan Deflation Persists as Consumer Prices Fall 1.3%

Japan's consumer prices fell for an 11th month in January, putting renewed pressure on policy makers to eradicate deflation that hampers the recovery. Prices excluding fresh food slid 1.3 percent from a year earlier, the same pace as December, the statistics bureau said today in Tokyo. The figure matched the median estimate of 29 economists

Japan Production Rises Most since May, Retail Sales Rebound

Japanese manufacturers increased production at the fastest pace since May and retail sales snapped a 16-month slump, signaling the recovery is intact even as the government calls for more action to fight deflation. Factory output rose 2.5 percent in January from a month earlier, the 11th straight gain and the longest streak in more than 12 years, the Trade Ministry said today in Tokyo. Retail sales unexpectedly jumped 2.6 percent from a year earlier

Swine flu vaccine imports face ax

The government is considering canceling some of its swine flu vaccine purchase contracts with foreign pharmaceutical companies due to a likely surplus, according to health minister Akira Nagatsuma. Nagatsuma had earlier indicated that Japan might cancel part of the purchase contracts, pointing to similar moves in European and other countries, because the number of cases of the new H1N1 flu is decreasing.

Japanese Bonds Decline, Ending 3-Day Advance as Equities Gain

Feb. 26 (Bloomberg) -- Japan's 10-year government bonds fell, ending a three-day gain, as Asian stocks advanced on signs the global economy is recovering. Demand for debt weakened after reports in Tokyo showed Japan's retail sales unexpectedly rebounded and industrial production expanded. Other data today showed Australian bank lending rose for a third consecutive month and South Korean manufacturers' confidence climbed to a seven-year high.

Japan logs trade surplus

JAPAN logged a surprise trade surplus in January as US-bound exports picked up for the first time in more than two years on robust demand for cars, official data showed on Wednesday. Japan posted a surplus of 85.2 billion yen (\$1.3 billion), beating a deficit of some 145 billion yen the market had expected and reversing a record deficit of 956 billion yen a year ago.

Japan to review car recall

JAPAN'S Transport Ministry may review and improve its car recall system, reports said yesterday, as Toyota battles accusations that it may have delayed acting on drivers' complaints. The step reflects deepening concern in Japan over Toyota's recalls of more than eight million vehicles, most of them in overseas markets.

Cultures collide with Toyota testimony

Corporate leaders in Japan are affable cheerleaders who solicit everyone's views and avoid confrontation at almost any cost. It's called "nemawashi." U.S. lawmakers are cutthroat partisans who clamor for the spotlight, especially in an election year. It's called politics. These cultures collided Wednesday in the appearance of a polite man from a distant land before a congressional committee stocked with angry men and women with axes to grind. Toyota President Akio Toyoda's moment was one brought by globalization, the integration of economies and societies through a worldwide network of trade and communications. Toyoda's appearance illustrated two stark realities: Nations are more knitted together than ever, and still oh-so far apart. A generation ago, it was good politics in Congress to bash Japan and buy American.

Japan Jan exports up 41%, Asia demand booms

Japan's exports in January jumped 40.9 percent from a year earlier, fueled by robust demand for vehicles and high-tech goods in Asia, the finance ministry said Wednesday. Exports grew to 4.9 trillion yen (\$54.4 billion), marking the second consecutive month of year-on-year rise, the ministry said. Vehicle exports in January rose 59.2 percent with auto parts shipments surging 89.6 percent in the month, it said. Japan's exports of semiconductor products also increased 83.1 percent. Among key regions, Asia-bound exports jumped 68.1 percent year-on-year to 2.7 trillion yen. The figure underscored the rising importance of Asian markets in Japan's economic recovery. Asia-bound shipments alone account for 55 percent of Japan's total exports.

Japan said Friday industrial output up 2.5%

Japan's industrial output in January rose 2.5 percent from December for the 11th straight monthly gain, the government said Friday. The gain in factory output - a key barometer of Japan's economic health - was better than Kyodo News agency's forecast of 1.1 percent growth in its survey of economists. Industrial shipments in January rose 2.4 percent month-on-month, while industrial inventories expanded 1.0 percent, the ministry said.

Toyota faces federal, congressional probe

Federal prosecutors have launched a criminal investigation into Toyota Motor Corp.'s safety problems and the Securities and Exchange Commission was probing what the automaker told investors, the company disclosed Monday. Newly released internal documents showed that Toyota officials visited with U.S. regulators years ago who "laughed and rolled their eyes in disbelief" over safety claims. The twin developments created new public relations challenges for Toyota plus the prospects - however likely or unlikely - of hefty federal fines or even indictments against executives in the U.S. and Japan. A document claiming Toyota Motor Corp saved over US\$100mil by getting US regulators to agree a cheap fix for unintended acceleration problems raised pressure on the company's president as he arrived in Washington to prepare for a grilling from congress. Akio Toyoda is set to testify before the US lawmakers this week in an effort to

contain a safety crisis that threatens the reputation and continued success of the automaker in the market that made it a global powerhouse.

Panasonic, Hitachi TV ads win prizes

The Japan Chapter of the International Advertising Association has conferred the grand prize of this year's TV advertising award on Panasonic Corp.'s commercial featuring its large-screen flat display television Viera, according to the association.

JAL's April-December net loss largest ever at ¥177.98 billion

Japan Airlines Corp., which filed for bankruptcy protection on Jan. 19, said Friday its group net loss in the April-December period expanded to ¥177.98 billion, the biggest sum ever, due to sagging demand particularly among business travelers. The loss widened from the year-earlier ¥1.92 billion loss and the ¥131.22 billion booked in the first six months of the fiscal year, marking a record-high since the airline merged operations with Japan Air System in 2002.

Car giant at crossroads, Toyota tells employees

Toyota's president visited the company's largest North American assembly plant Thursday, telling workers the automaker is at a "crossroads" and needs to rethink its operations to win back customers. He told the workers he was "more comfortable" visiting with them and seemed to choke up during the speech. "I'd just like to say thank you, from the bottom of my heart," he said.

Toyota's tears win over Japan

He hasn't bowed in apology. He hasn't resigned. But this week Toyota President Akio Toyoda did perform one of the typical rituals of a Japanese executive under attack: He wept publicly. The image of Toyoda choking up during a meeting with American dealers is winning accolades in Japan, a society that has always had a soft spot for such displays of emotion. The footage was broadcast over and over on TV news Thursday. Toyoda, 53, was barely able to finish his sentences at the meeting with dozens of Toyota dealers in Washington — a far more receptive crowd than the skeptical U.S. lawmakers who had grilled him about the automaker's safety lapses and massive recalls at a congressional hearing.

Toyota's U.S. market share forecast to dip

Crisis-hit Toyota Motor Corp.'s new car sales in the United States are expected to fall by more than 10 percent in February from a year before, with its market share dwindling to its lowest level since July 2005, a U.S. research firm said Thursday. Toyota is projected to sell about 99,000 vehicles in February, down 10.1 percent from February 2009 and down 0.2 percent from January this year, Edmunds.com said.

Socio-cultural Façade:

Nationwide smoking ban

JAPAN, which is one of the world's biggest consumers of cigarettes, plans to call for a nationwide ban on lighting up in bars, restaurants and other public places, officials said on Monday. The health ministry plans to send an advisory notice to local governments by the end of February to ask them to follow the country's initiative to fight second-hand smoke, a ministry official said. At the moment, the central government calls on local authorities to provide separate smoking areas in public facilities such as amusement venues, schools, hospitals and department stores, hotels, train stations and banks.

Crown Prince to explore future role

Prior to his 50th birthday on Tuesday, Crown Prince Naruhito indicated his willingness to explore the future role of the Imperial household. He said he has been discussing various issues with his brother, Prince Akishino, and will pursue further opportunities, but he did not elaborate.

Japan Calls Australia's Legal Threat over Whaling 'Regrettable'

Feb. 26 (Bloomberg) -- Japan's Foreign Minister Katsuya Okada said Australia's threat to take the country to court over its whaling expeditions near Antarctica is "regrettable," according to a statement from Japan's Foreign Ministry. Japan is seeking a diplomatic resolution to the dispute with anti-whaling countries including Australia and New Zealand over its annual whale hunts in the Southern Ocean, the statement said. Okada made the comments in a telephone conversation with his New Zealand counterpart Murray McCully

Dense fog snarls over 110 flights at Haneda

Dense fog forced airlines to cancel flights to and from Tokyo's Haneda airport or to reroute them, affecting about 29,000 travelers, airline and airport officials said Thursday. More than 110 flights were canceled in the morning due to dense fog that covered Tokyo and the southern Kanto region. By 11:30 a.m., Japan Airlines had canceled 56 flights, while All Nippon Airways had canceled 59 flights by noon.

Japan faces U.N. racism criticism

Japan's record on racism has improved, but there is still room for progress, according to the U.N. Committee on the Elimination of Racial Discrimination. Fourteen Japanese officials from five ministries, headed by Ambassador in Charge of Human Rights and Humanitarian Affairs Hideaki Ueda, flew from Japan to field questions and comments from the committee of 18 legal experts.

Kids raise GID issue with schools

Students at more than 10 public schools in Saitama Prefecture, ranging from elementary to high school, have asked how they will deal with kids with gender identity disorder, the prefectural board of education said Thursday.

Lean toward Hague, Hatoyama says

Prime Minister Yukio Hatoyama instructed his ministers Thursday to quickly decide whether to join an international convention to deal with problems that arise when failed international marriages result in offspring wrongfully being taken to Japan by one parent

Japan Willing to Sign Child Abduction Treaty

Japan Prime Minister Yukio Hatoyama said his government is willing to sign an international treaty aimed at preventing parents from abducting their children in custody disputes, Agence France Presse reported

Japan opposes tuna trade ban

JAPAN opposes plans to list the Atlantic bluefin tuna, which is highly prized in sushi and sashimi, as a most-endangered species and to ban its international trade, an official said on Monday. The UN-backed wildlife trade agency supports a call to stop cross-border trade in the fish when 175 member nations to the Convention on International Trade in Endangered Species (CITES) meet next month in Doha, Qatar.

New Zealand tries diplomacy first to end Japan whale hunt

New Zealand said Monday it may join Australia in seeking international legal action against Japan over its annual whale hunt in the Antarctic if negotiations fail to produce a diplomatic solution. Australia's Prime Minister Kevin Rudd said Friday his government would take Japan to international court over its research whaling program that kills hundreds of whales a year if Tokyo does not agree to stop the hunt by November. Australia, a staunch anti-whaling nation, has long threatened international legal action

US pilot who dismissed Pearl Harbor reports dies

An American pilot who dismissed initial reports of what turned out to be the Japanese attack on Pearl Harbor has died at age 96. Kermit Tyler was the Army Air Forces' first lieutenant on temporary duty at Ft. Shafter's radar information center in Hawaii on Dec. 7, 1941, when two

privates reporting seeing an unusually large blip on their radar screen, indicating a large number of aircraft about 132 miles away and fast approaching. After Pearl Harbor, Tyler flew combat missions in the Pacific. He retired from the Air Force as a lieutenant colonel in 1961, launched a career in real estate, and was a landlord. Tyler is survived by three children. He was preceded in death by his wife, Marian, and a son

H.K. suspects' links to thefts widen

Five people allegedly involved in a multimillion-dollar jewelry store heist in Tokyo's upscale Ginza shopping district are also suspected of involvement in four other thefts in Japan since 2005, prosecutors told a Hong Kong court Friday. The five are accused of handling 163 watches that were stolen from the Tenshodo store sometime between Dec. 31 and Jan. 2.

Japan drug can fight avian flu

A new drug developed in Japan and now under government screening has been proven effective in tests on mice against the deadly H5N1 strain of avian influenza, as well as another H5N1 strain resistant to the widely used treatment Tamiflu, according to a U.S. science publication released Friday

South Korea

Politico-Strategic Front;

Detailed News:

(The Straits Times) 70% of S. Koreans see nuke threat

SEOUL - SEVEN in 10 South Koreans see nuclear-armed North Korea as a threat, a survey showed on Sunday, amid little progress reported in reviving disarmament talks on the communist state.

The South's state-run Korea Institute for National Unification said a survey conducted on 1,000 adults nationwide last November showed that 70 per cent of them regard the North's nuclear arms to be a threat to their safety.

The poll shows nearly 12 per cent of them take the North's nuclear threat 'very seriously' with 58 per cent perceiving danger 'to some extent.' But 30 per cent see no threat in the nuclear-armed North, it said.

The survey showed 84 per cent support a proposed 'grand bargain' or a package deal where a security guarantee and international aid should be offered to the North in exchange for a complete and verifiable denuclearisation.

The North has been under growing international pressure to return to the six-party nuclear disarmament talks since it quit last April. US, Chinese and UN envoys visited Pyongyang in the past several months in diplomacy aimed at bringing North Korea back to nuclear negotiations with the United States, China, Russia South Korea, and Japan.

Chinese and North Korean nuclear negotiators held talks in Beijing earlier this month apparently to help resume the forum, but no progress was reported. -- AFP

(The Korea Times) Parties Test 'Citizen Jury System'

With 100 days to go before the local elections on June 2, parties are opening their doors wider to outside experts, allowing them to act as citizen juries in taking part in the selection of candidates.

However, resentment and concern is mounting inside the party as the drive to reform the way candidates are selected uses a bottom-up approach, which will require lawmakers to give up their vested interests.

Under the proposed system, their hands will be tied in picking candidates.

Chung Sye-kyun, chairman of the main opposition Democratic Party (DP), said Saturday that his party would implement the citizen jury system in the upcoming local elections.

"We are going to ask them to participate in picking candidates to run in the elections on the DP's ticket," he said.

"Party delegates will have no way to make their voices heard once the system is in place."

Rep. Park Joo-sun of the DP expressed worries that party members and delegates would feel a sense of loss under the proposed system.

"Our party delegates will think that their views are not duly reflected in key issues," Park said.

The DP plans to use the bottom-up selection system to pick 30 candidates to run in mayoral elections in June.

It will accept applications from approximately 2,000 specialists from all walks of life and randomly select 100 who will choose the candidates. Their decisions are binding and no ranking lawmakers or party members can reverse them.

The decision-making Supreme Council will endorse the candidates later.

On the competing front, the ruling Grand National Party (GNP) has limited the role of citizen juries.

According to the GNP policy committee, if citizen juries believe the committee chose the wrong candidates, they will ask the selection committee to review their decision.

Rep. Choung Byoung-gug, secretary general of the GNP, said that the ruling party will make final selections by late April.

The GNP and the DP came up with the citizen jury system in early February after learning a lesson from the previous elections that candidates chosen based on the top-down selection were not competitive.

(The Korea Times) Korea, US May Finalize USFK Redeployment Talks This Year

South Korea and the United States may conclude bilateral talks by October regarding the possible overseas redeployment of American troops stationed here, sources said Sunday.

The two sides are seeking to finalize negotiations before they hold their annual defense ministerial talks, the Security Consultative Meeting, slated for October.

“Talks are currently underway between Seoul and Washington to narrow differences over the details and procedures regarding the strategic flexibility of U.S. Forces Korea (USFK),” a source said.

South Korea had opposed the flexibility of the USFK as it believed the move may lead to a reduction of American forces stationed here.

The United States currently maintains some 28,500 service members in Korea under the Korea-U.S. alliance to deter any hostility from communist North Korea

The USFK said earlier this month that a redeployment of its troops, if necessary, would only be possible in the later part of the decade after close consultations with the South Korean military.

Yonhap News said the strategic flexibility of U.S. troops will not affect the number of soldiers stationed here, quoting unnamed sources.

“The countries are holding the talks under the condition that the number of U.S. forces here will be maintained at 28,500 at all times,” the agency said, adding the U.S. hopes to exercise such flexibility of its troops here from 2016.

Washington reportedly wants to achieve strategic flexibility of its forces from 2015 when the relocation of its troops is completed.

The relocation of the troops, however, will likely be pushed back a year due to a delay in the construction of a newly expanded U.S. base in Pyeongtaek, 70 kilometers south of Seoul, Yonhap said.

(The Straits Times) More patrol planes deployed

SEOUL - SOUTH Korea's navy will deploy eight more advanced maritime patrol aircraft this year to guard against any military threats from North Korea or elsewhere, the navy said on Monday.

The first of eight refurbished P-3CK aircraft from the United States will be delivered to a naval unit on Tuesday, a navy statement said.

The countries' disputed Yellow Sea border has been tense since a firefight last November left a North Korean patrol boat in flames. In late January the North fired some 370 shells into the sea near the borderline. Last week it announced new naval firing zones off its shores, banning shipping from them until Monday, although no firing has so far been reported.

South Korea, a close US ally, already has eight P-3C Orion aircraft built by Lockheed Martin in service. The navy said the more advanced P-3CKs would carry better surveillance equipment and weaponry, such as Harpoon Block II air-to-ground missiles, to hit 'the enemy's coastal artillery units or missile launchers.'

No cost figures were given. Yonhap news agency said the eight new planes would cost a total of US\$550 million (S\$774 million).

The Yellow Sea border was the scene of deadly naval battles in 1999 and 2002. Despite the tensions, North Korea on Monday proposed that military officials from the two sides hold talks on March 2 on ways to ease access to the Kaesong jointly-run industrial estate just north of the border. -- AFP

(The Korea Times) GNP to Vote on Sejong Plan in Early March

The governing Grand National Party (GNP) will likely vote on the party's official platform regarding the Sejong City issue early next month, GNP officials said, Monday.

"The voting is expected to take place around March 10, soon after the government submits the bill on Sejong," a lawmaker said on condition of anonymity.

Rep. Jeong Tae-keun of the GNP, meanwhile, said, "The party should make efforts to wrap up the issue by the end of second week of the March."

Jeong belongs to the party's mainstream faction, which is loyal to President Lee Myung-bak.

GNP floor leader Ahn Sang-soo also expressed his willingness to hold a meeting of party legislators every day until the end of the week.

The first such meeting was held Monday in an attempt to reach a consensus on the Sejong issue amid a growing factional feud within the party.

"I plan to hold a general meeting almost every day until this weekend," Ahn said. "I urge you not to try to conclude the issue in a day, and instead to discuss the issue by opening up to all possibilities without losing dignity as debates will continue for several days."

Lawmakers of the Park Geun-hye faction, who considered boycotting the general meeting, participated in the first general meeting due to fear that the public may turn its back on them.

However, former GNP Chairwoman Park Geun-hye did not participate in the closed-door discussions.

Earlier in the day, Lee Jung-hyun, a lawmaker of the Park faction, said that pro-Lee lawmakers have engaged in character assassination against Park over the issue.

According to Sisa Chang, a weekly magazine, Rep. Chin Soo-hee of the Lee faction told Park on Feb. 11, "Unless you are going to cheat us, you should bolt from the party."

The magazine claims that another pro-Lee lawmaker, Yeo Sang-kyoo told Park on the same day, "People even say that you dictate the faction because you look like your father."

Park is the eldest daughter of Park Chung-hee, who led the country for 18 years after a military coup d'etat in 1961.

Park's faction supports the original plan for Sejong City which calls for relocating nine ministries and four government offices from Seoul to the Chungcheong region.

Meanwhile, the Lee faction supports the government's revision plan to build a business-friendly town fostering research and education.

(The Korea Times) NK Proposes Inter-Korean Military Talks Be Held March 2

North Korea proposed Monday that inter-Korean military talks be held March 2 to discuss cross-border traffic, communications and customs clearance for South Korean companies operating at a joint industrial complex in the North.

South Korea had proposed holding working-level military talks with North Korea on Feb. 23 to discuss those issues at the truce village of Panmunjeom.

In a counter proposal sent to Seoul by fax, Pyongyang requested that the talks take place next Tuesday at the Gaeseong Industrial Complex, a spokesman of the Ministry of National Defense said.

It is the first time North Korea has requested that inter-Korean military talks be held at the Gaeseong complex.

"We're considering whether or not to accept the offer," ministry spokesman Won Tae-jae told reporters.

If held, the talks will be the first meeting of military officials from the two Koreans since October 2008.

The South has demanded that Pyongyang ease restrictions concerning communications, customs clearance and the passage of South Korean workers to and from the Gaeseong complex, where some 110 South Korean firms employ about 42,000 North Korean workers.

The impoverished North, which relies on outside aid to feed its 24 million people, has made several attempts to reach out to the South since last summer in an about-face that analysts say shows the regime is feeling the pain of U.N. sanctions imposed for its nuclear test in May last year.

Still, the North has been reluctant to accept the South's requests for easier access to the complex and other measures aimed at boosting its competitiveness because the regime is concerned that such moves could shake its hold over the reclusive nation.

Pyongyang has also called for pay raises for its workers at the complex. The minimum monthly wage for a North Korean worker remains less than \$58.

Tensions between the countries have recently increased with North Korea conducting artillery drills for three consecutive days last month.

Analysts say that Pyongyang's provocative acts may be part of an attempt to highlight the necessity of a peace treaty to replace the 1953 Korean War armistice, one of its key preconditions for its return to the six-party talks that are aimed at ending its nuclear programs.

(The Korea Times) S. Korean, Chinese Nuclear Envoys to Meet

South Korea's chief nuclear negotiator said Tuesday that a peace treaty can be discussed after progress is made in the denuclearization of North Korea.

Wi Sung-lac, special representative for Korean Peninsula peace and security affairs, made the remarks before leaving for Beijing for talks on the resumption of the deadlocked six-party talks.

Meanwhile, U.S. special envoy for North Korea Stephen Bosworth plans to visit South Korea, China and Japan this week.

"I think I can meet with him this Thursday in Seoul," Wi said.

Philip Crowley, spokesman of the State Department, said Monday that Ambassador Bosworth will depart Washington for consultations with partners in the six-party talks.

But the envoy does not have any plan to meet with North Korean officials nor to visit Pyongyang during his Asian trip, the spokesman added.

Wi said the government remains unchanged in its stance that it can review the peace treaty issue after seeing some progress in denuclearization.

He did not elaborate further, saying he would not speculate how the multilateral forum would go.

"First of all, I will listen to the Chinese officials," he said.

During his three-day trip to China, Wi is scheduled to meet with Wu Dawei, special representative for Korean Peninsula affairs.

His visit comes after a visit by North Korean Vice Foreign Minister Kim Kye-gwan to China.

"Since last fall, member countries of the six-party talks have had separate bilateral meetings that center on how to make the North come back to the talks and end its nuclear ambitions," Wi said.

"There were brisk discussions particularly between China and North Korea, so I think we should listen to the results about the visit to North Korea by senior Chinese Communist Party official Wang Jiarui and Kim's return visit to China," he added.

Pyongyang declared it would boycott the six-way talks in retaliation for sanctions adopted by the U.N. Security Council after its second nuclear test on May 25 last year.

(The Korea Times) Creation of Presidential Panel on Sejong Plan Suggested

Lawmakers of the governing Grand National Party (GNP) called for the creation of a presidential committee to review the Sejong City project.

They expressed concern about tarnishing the party's image as factional feuds grow over the Sejong City issue.

"It is time to close Pandora's Box," said Rep. Yoo Ki-june during the second-day debate on the Sejong City project, Tuesday. "We must put an end to this extremely inefficient debate and return to normalcy."

Yoo said protracted disputes over whether to shift the party's official stance on relocating nine ministries and four government agencies to Sejong City will eventually deal a heavy blow to the party in upcoming elections.

Rep. Chung Eui-hwa, who headed the GNP's ad-hoc committee on Sejong City, pointed out that internal feuding will damage the political careers of both the Lee Myung-bak and Park Geun-hye factions.

"The division within the GNP will make the party perish," Chung said. "Even if the Lee faction forcibly changes the party's official platform, the project will not be able to succeed."

Chung proposed setting up a presidential committee to review the Sejong City project in the view that unification of the two Koreas may take place in the near future.

"There is a possibility that a major change will take place in North Korea in five years," Chung said. "We should answer the question on whether Seoul is the right place as the country's future capital."

The four-term lawmaker also said the GNP should consider relocating some of the nine proposed ministries, such as the education, knowledge, forestry and environment ministries, or the high courts to Sejong City in South Chungcheong Province.

Chung also called for President Lee Myung-bak to meet Park Geun-hye to help resolve the factional feud in the party.

Previously, Park rejected a proposal from President Lee to hold talks over the revised Sejong City plan, according to GNP Chairman Chung Mong-joon.

The GNP needs the approval of more than two-thirds of its legislators, or at least 113 lawmakers, to change the official platform, which was to make Sejong an administrative city.

Of 169 lawmakers, some 100 GNP lawmakers belong to the Lee faction, while about 50 are considered being loyal to former GNP Chairwoman Park. The remaining 20 or so are believed to be neutral.

The GNP plans to hold the debate until the end of this week in an attempt to reach a consensus on the controversial plan before putting it to a vote.

Park's faction supports the original plan for Sejong City, which calls for relocating government offices from Seoul to the Chungcheong region.

The pro-Lee lawmakers support the government's revision plan to build a business-friendly town fostering research and education

(The Straits Times) Consultations on N Korea upped

WASHINGTON - US SPECIAL envoy Stephen Bosworth is due to leave on Tuesday for China, South Korea and Japan amid a surge in diplomatic activity aimed at bringing North Korea back to nuclear disarmament talks.

In further consultations on North Korea, US Secretary of State Hillary Clinton will host a meeting in Washington on Friday with South Korean Foreign Minister Yu Myung-Hwan, Clinton's spokesman Philip Crowley told reporters.

Mr Bosworth, the special envoy for North Korea, and his chief negotiator Sung Kim will leave Washington on Tuesday for 'stops in Beijing, Seoul and Tokyo' as part of the six-party

disarmament process, Mr Crowley said. The two remaining members in the negotiating process are Russia and North Korea, but Mr Crowley said there were no plans for Mr Bosworth and Mr Kim to visit those countries.

No dates were given for Mr Bosworth Mr and Kim's visits to the three Asian capitals, but a State Department official told reporters that one of the two US envoys was due to return in time for the Clinton-Yu meeting on Friday.

In Seoul, the foreign ministry said Monday that South Korea's nuclear envoy Wi Sung-Lac will visit Beijing this week for talks with Chinese officials about bringing North Korea back to six-party disarmament talks. North Korea bolted the talks in April last year after it was censured by the United Nations for launching a long-range rocket.

Mr Wi will stay in Beijing on Tuesday and Wednesday to meet Chinese officials who held talks with their North Korean counterparts two weeks ago. The Chinese will brief Mr Wi on the meetings, a ministry spokesman told AFP, and they will also discuss ways to bring Pyongyang back to the six-party forum, which it quit last April. -- AFP

(The Straits Times) Hu meets N. Korean official

BEIJING - CHINESE President Hu Jintao met a senior North Korean official on Tuesday as diplomatic efforts gather pace to bring the reclusive country back to the negotiating table over its nuclear ambitions.

China state radio said Mr Hu met Mr Kim Yong Il, head of the international department of North Korea's ruling Workers'Party, and praised friendship and cooperation between the two sides.

The radio made no mention of nuclear issues or of efforts to persuade Pyongyang to return to suspended six-party talks.

Mr Kim arrived in China ahead of visits by two US envoys, Mr Stephen Bosworth and Mr Sung Kim, though Washington says they are not planning to meet North Korean officials during their sweep through Asia.

North Korea promised to abandon its nuclear programmes in 2005, but later backed away from the agreement, twice testing nuclear devices and refusing to resume the talks with South Korea, China, Japan, Russia and the United States.

North Korea's chief nuclear envoy, Mr Kim Kye Gwan, visited China earlier this month. China is the North's biggest benefactor and is seen as having the most influence on the hermit state. -- REUTERS

(The Korea Times) 'ROK-US Combined Defense More Effective to Counter NK'

Defense Minister Kim Tae-young expressed hope Wednesday that the U.S.-led defense system would stay intact in coming years amid the lingering North Korean military threat.

Referring to the planned transition of operational control (OPCON) of South Korean troops during wartime from the U.S. to Korean commanders in 2012, Kim said the military was putting forth the best efforts to take over OPCON in 2012.

He said the ROK-U.S. combined defense posture would be more effective in defending South Korea for the time being, given the lingering threat posed by North Korean missile and nuclear programs.

"I also hope that the U.S.-led defense scheme will remain further, given the North Korean nuclear and missile threat," Kim said at a lecture hosted by a naval defense research institute in Seoul.

"But the OPCON transfer is a promise between the governments, so if we ask to scrap the agreement, we must give away many things. If not, it's impossible," he said.

The minister anticipated that the year 2012 would be a "complicated" year, referring to North Korea's goal to become a "strong and powerful nation" by that time to mark the 100th birthday of the late North Korean founder, Kim Il-sung, and the planned presidential elections in South Korea and the United States.

Kim said President Lee Myung-bak and other diplomatic and defense officials were trying to deal with the controversy over the OPCON transition, hinting at a possibility of renegotiations with the U.S. government over the issue.

Seoul and Washington agreed in 2007 that Korean commanders would execute independent operational control of their troops during wartime beginning on April 17, 2012, with the U.S. military shifting to an air- and naval-centric supporting role.

The two governments plan to set up their own theater commands after disbanding the ROK-U.S. Combined Forces Command (CFC).

South Korea voluntarily handed over both peacetime and wartime operational controls to the U.S.-led United Nations Command at the outbreak of the 1950-53 Korean War. The command authority was later transferred to the CFC. Korea took over peacetime control in 1994.

Conservative forces regard the command changes as a U.S. move to reduce its security commitment to South Korea. They argue the smaller role of the U.S. military amid lingering threats posed by North Korea could tip the military balance on the Korean Peninsula.

Many defense experts say the South Korean military will not be able to establish an independent defense posture due to its lack of intelligence, surveillance and reconnaissance (ISR) assets until 2012.

(The Korea Times) 52% Support Lee's Economic Policies

About 52.3 percent of people support the way President Lee Myung-bak is handling the economy, while the remainder didn't, a survey said Wednesday.

But the poll conducted by the Youido Institute, a research arm of the governing Grand National Party (GNP), showed that people were not convinced that measures designed for job stability and employment have been effective.

The think tank conducted the survey of 2,194 people last Thursday to mark the second anniversary of President Lee's inauguration, which falls today. The poll has a margin of error of plus or minus 2.09 percent.

According to the survey, 52.2 percent of respondents said Lee's performance in job creation, job sharing and internship programs was not satisfactory.

As for policy priorities for this year, 46 percent said that the President should emphasize job creation, followed by measures to control inflation (18.5 percent), and property and housing (13.5).

A Chosun Ilbo-Gallup poll found Lee's approval rating stood at 44.2 percent, about 10 percentage points up from a survey taken a year ago.

Respondents supported his achievements in foreign policy and the way he has dealt with North Korea, but they gave him poor scores in achieving political stabilization and improving the education system.

(The Straits Times) Envoys in China for talks

BEIJING - A TOP US diplomat was set to meet with Chinese officials Wednesday amid renewed efforts to nudge North Korea back to stalled nuclear disarmament talks, but Seoul said there were no signs of any progress.

China, host of the six-party talks and the communist North's only major ally, has said the future of the on-off talks depended on the willingness of Washington and Pyongyang to work together.

The talks began in 2003 and have been on hold since the North stormed out 10 months ago. Washington's special North Korea envoy Stephen Bosworth arrived in Beijing on Wednesday ahead of his talks on the disarmament issue with Chinese counterpart Wu Dawei, a spokeswoman for the US embassy said.

Bosworth was to address reporters after the meeting, the embassy said. South Korean chief negotiator Wi Sung-Lac also met Wu as part of a two-day visit that began on Tuesday.

South Korea's Yonhap news agency quoted Wi saying his talk with Wu was 'constructive' but that the future remained unclear. 'We will have to wait and see because it is still not clear how the consultations (on the resumption of the six-party talks) will go,' he added.

Media reports have said the North is insisting on two conditions for returning to dialogue: the lifting of UN sanctions and a US commitment to discuss a formal peace treaty on the Korean peninsula. The United States, South Korea and Japan say the North must first return to dialogue and show it is serious about denuclearisation. -- AFP

(The Korea Times) NK Denuclearization Top Priority of Revision

The Ministry of Unification has revised its policy to take a tougher stance on North Korea's nuclear program, a ministry official said Thursday.

The decision was made at a meeting of the Committee on the Development of Inter-Korean Relations, and is South Korea's first policy change since President Lee Myung-bak took office two years ago.

Details have yet to be revealed but the ministry official, requesting anonymity, said the revision basically seeks to develop inter-Korean relations and expand cooperation in accordance with progress in the denuclearization of the North.

The original plan was adopted in 2007.

Then, it focused on the implementation of the Oct. 4 Joint Declaration to actively push for humanitarian cooperation and strengthen inter-Korean ties. But it did not mention the North Korean nuclear issue.

"Since the Lee administration was inaugurated in early 2008, many things such as the suspension of inter-Korean talks and North Korea's second nuclear test have taken place," Minister of Unification Hyun In-taek said before the meeting. "So, we reached the conclusion that we cannot carry out the existing North Korea policy anymore."

The original plan was scheduled to stay intact until 2012.

The official said the biggest difference is that the revised plan states Seoul will proceed with inter-Korean cooperation projects in accordance with progress in denuclearization.

President Lee has stressed that the denuclearization is essential to the development of inter-Korean ties.

He proposed a "grand bargain" deal earlier, which called for offering the isolated state incentives such as security guarantees and economic support in return for complete nuclear dismantlement.

The official said the revision highlights that the government will stick to principles but take a flexible approach, if necessary, and promote the North Korea policy based on public consensus.

It also noted that the government will seek to build trust, while easing military tensions, he said.

The ministry plans to submit the revision to a Cabinet meeting and the National Assembly.

(The Korea Times) Unmanned Border Security System Due

The military will introduce an unmanned electronic border security system soon to make up for the reduction in the number of troops under a defense reform plan, officials at the Ministry of National Defense said Thursday.

About 20 unmanned electronic guard posts (GP) will be set up in the eastern section of the inter-Korean border, including coastal areas, on a test basis this year, the officials said.

They noted the unmanned GPs will be equipped with high-performance closed-circuit television (CCTV) cameras capable of detecting all suspicious objects several kilometers away, as well as remote-controlled machine guns.

“The CCTV cameras will transmit images of enemies or other suspicious ships and objects around the clock to the control centers, which will use the remote devices to fire the M-60 and K-3 machine guns,” an official said.

The electronic surveillance systems will be set up along other parts of the border if they are proven effective on the eastern front line, he added.

South Korea plans to reduce the number of its troops from 690,000 to 517,000 by 2020, under a defense reform initiative largely focused on building slimmer yet more mobile and powerful ground forces.

At present, South Korean soldiers stand watch in thousands of GPs, and patrol along the inter-Korean border 24 hours a day.

Last October, military officials were criticized after a civilian wanted on criminal charges cut his way through a barbed-wire fence in an eastern border area and defected to North Korea.

(The Straits Times) N Korea threatens attack

SEOUL - NORTH Korea threatened a 'powerful' attack if the US and South Korea proceed with joint military drills next month, warning on Thursday that it could even resort to nuclear means.

The threat, routinely issued before South Korea and the US embark on regularly scheduled military exercises, was made just hours after President Barack Obama's special envoy to North Korea arrived in Seoul to discuss the North.

Communist North Korea, believed to have enough weaponised plutonium to make at least a half-dozen atomic bombs, quit six-nation disarmament-for-aid negotiations last year. It also conducted a nuclear test, earning stricter UN sanctions.

China, the US and other nations involved in the disarmament talks have been trying to draw North Korea back to the negotiating table. US envoy Stephen Bosworth met on Thursday with South Korea's Wi Sung-lac after a stop in Beijing for talks with Chinese nuclear envoy Wu Dawei the previous day. During his Beijing visit, Bosworth called for the quick resumption of the nuclear negotiations with North Korea. He heads to Tokyo on Friday.

The North has demanded a lifting of the sanctions and peace talks with the US on formally ending the 1950-53 Korean War before it returns to the negotiations. 'We believe the six-party talks are presented with a good opportunity to work out of the dilemma,' Chinese Foreign Ministry spokesman Qin Gang told reporters, without elaborating.

South Korea and the US, which maintains 28,500 troops in South Korea, plan to conduct annual military exercises starting March 8. The North sees the exercises as preparation for an invasion, but the US and South Korea say the maneuvers are purely defensive. -- AP

(The Korea Times) Lee Wants Revision of Constitution

President Lee Myung-bak called for the need to revise the Constitution, and redraw electoral and administrative districts, Thursday, moves that the rival parties have agreed to in principle, but are sharply divided over when it comes to the details.

"We need to push for a constitutional revision on a limited basis. We should also update the laws on electoral and administrative districts for the country's future," Lee said during a meeting with governing party lawmakers at Cheong Wa Dae.

This is the first time the President has proposed a debate on constitutional change since he first raised the issue last September.

A parliamentary advisory body last year proposed replacing the current five-year single-term presidency with a U.S.-style four-year, two-term presidency through the revision.

To rewrite the Constitution, the ruling Grand National Party (GNP) should work closely with the opposition parties because the quorum needed for passage of any revision is two-thirds of all lawmakers. The GNP has 169 seats in the 299-member legislature.

Some political leaders, including National Assembly Speaker Kim Hyong-o and GNP Chairman Chung Mong-joon, have called for a quick start to inter-party talks on the revision, but little progress has been made due to conflict over other contentious issues.

The opposition has responded negatively to the proposal.

"We cannot understand why President Lee is raising the issue at a time when the country is in confusion over Sejong City," said Rep. Noh Young-min, the spokesman of the Democratic Party.

President Lee might be trying to detract public attention from the Sejong project, Noh said.

The GNP itself is engaged in a standoff between rival factions over the government's revision of the project.

Regarding the GNP feuding, Lee called on the lawmakers to have a sense of camaraderie when they debate issues of conflicting interest, saying the unity of the party was crucial to move the country forward.

Lee said backwardness in politics was one of the major challenges Korea must overcome to improve its global competitiveness.

"Politics is the art of compromise. Politicians should create a consensus among people with different opinions.

"It is natural for different groups inside the GNP to dispute over one issue. What's important is that they should work together to create a better future and for the development of their party," the President noted.

Lee's top press officer, Lee Dong-kwan, said later that "it was not appropriate to interpret Lee's remarks as a message to Rep. Park Geun-hye. He just talked about his ideas of ending political conflicts with fundamental solutions,"

Former GNP Chairwoman Park, arguably one of the biggest contenders for the next presidency, has opposed the party's move to revise the Sejong project, raising concerns about a possible split in the governing party.

(The Korea Times) 'US Willing to Discuss Peace Treaty with N. Korea'

The United States is willing to hold discussions with North Korea on signing the peace treaty the secretive state has asked for once the deadlocked six-party denuclearization talks are resumed, a special U.S. envoy said Friday.

Stephen Bosworth, U.S. representative for North Korea policy, also said that his country is not opposed to additional bilateral talks with the North if it takes place within the context of the multilateral forum.

"The first and foremost among those is, of course, denuclearization, but we also recognize that it will be important to begin discussions on questions regarding a peace treaty, establishment of diplomatic relations (between the United States and North Korea) and the issues of economic and energy assistance to North Korea," he said shortly before leaving Seoul for Tokyo.

"We are prepared to do that in a normal course of events once we have come back into the six-party process and once we have begun to make significant progress, once again, in denuclearization," he added.

South and North Korea remain at war since the Korean War (1950-53) ended with an armistice, not a peace treaty.

The communist state has claimed that the ceasefire agreement poses an obstacle to peace on the Korean Peninsula, calling for the signing of a peace accord.

The special envoy noted that the United States is "prepared to initiate work on other matters of the September 2005 statement," referring to an agreement of the six-party talks under which the North agreed to implement denuclearization in return for political and economic concessions.

He also said that his country is not "philosophically opposed to further bilateral contacts" with North Korea. The official visited Pyongyang last December for talks on the resumption of the nuclear negotiations.

Bosworth speculated that the stalled six-way talks will eventually resume.

"But it's not possible to speculate when that might occur, hopefully in the relatively near future," he said.

The multilateral talks involving the two Koreas, the United States, China, Japan and Russia have been suspended since the North declared an eternal boycott last year.

The North refused to participate in the denuclearization talks in retaliation for U.N. sanctions imposed against its regime over the second nuclear test on May 25 last year.

Bosworth, who arrived in Seoul Thursday from a visit to China, met with his South Korean counterpart Wi Sung-lac and Unification Minister Hyun In-taek and talked about North Korea-related issues.

He is scheduled to return home Saturday after a meeting with Japanese officials on the resumption of the six-way talks.

(The Korea Herald) GNP to form panel over Sejong

The ruling Grand National Party decided yesterday to form a high-level consultation panel to find a solution to the Sejong City dispute.

Wrapping up a five-day in-house conference over the issue, two rival factions agreed to reserve a vote on a proposed new party line and conduct further discussion through an ad hoc council of senior members, floor leader Ahn Sang-soo said.

"The members and specific details of the group will be decided by the party leadership," he said.

"It will not be too late if we vote on changing the party line later in March, so we will further listen to opinions of senior members until early next month," said a party official.

After the five-day intensive discussion, the rival factions showed no signs of compromising over Sejong City.

The mainstreamers support the government proposal to scrap a planned relocation of 13 government departments to Sejong City in South Chungcheong Province. The government is pushing to develop it into a science and education-focused city instead.

The minority faction led by former party Chairwoman Park Geun-hye is resisting the revision proposal and sticks to the current party position, set in 2005, of backing the new administrative city plan.

(Korea Herald) N.K. says detaining 4 S. Koreans

North Korea said yesterday it was questioning four South Koreans for illegal entry, without disclosing any information on their identities or how they entered the country.

"A relevant institution of the DPRK recently detained four South Koreans who illegally entered the North," the North's official Korean Central News Agency said in a two-sentence report.

"They are now under investigation by the institution."

Those held in the North are likely to have entered the country from China.

Seoul's Unification Ministry confirmed that all of the South Koreans visiting the North on government permission were safe.

A total of 1,054 South Koreans - 984 in the Gaeseong industrial park, 46 at the Mount Geumgang resort, eight in Pyongyang and 17 in Haeju - were staying in the North as of yesterday morning, according to the ministry.

They are mostly employees of South Korean companies operating in Gaeseong, maintenance staff at the Mount Geumgang resort, businesspeople or members of aid groups who were given the ministry's permission to visit the North.

Choi Sung-yong, a Seoul-based activist, said he heard from informants in China that four South Koreans crossed into the North Korean border town of Namyang from Tumen in China "several days ago to meet Kim Jong-il."

The crossing, if confirmed, would mark the first illegal entry by foreigners into the North since Robert Park, a Korean-American missionary and human rights activist, walked into the North across the frozen Tumen river along the Chinese-North Korean border in December. Park was released earlier this month.

The South Korean government was yet to confirm the KCNA report.

"We are using all possible means to check on the safety of South Korean nationals in North Korea, but have not found anything yet to confirm the KCNA report," Unification Ministry spokesman Chun Hae-sung told reporters.

Since the first inter-Korean summit in 2000, North Korea has expelled South Korean trespassers across the border to China after interrogation.

In October last year, a 30-year-old South Korean man who was wanted by the police crossed the eastern side of the Demilitarized Zone to defect to the North.

In August, two U.S. journalists were released after months of captivity in North Korea after they entered the country from China while working on a story about North Korean refugees.

The journalists, Laura Ling and Euna Lee, were sentenced to 12 years of hard labor but were freed as part of a diplomatic mission spearheaded by former U.S. President Bill Clinton in August.

(Korea herald) 'Washington not against bilateral N. Korea talks'

The U.S. top point man on North Korea said yesterday that his government was not "philosophically opposed to further bilateral contact" with Pyongyang ahead of the six-nation nuclear talks.

U.S. special representative for North Korea policy Stephen Bosworth, however, stressed that any additional bilateral talks between his country and the North will be held only within the context of the six-party talks and only if Washington is "confident that it will, in fact, lead to a prompt resumption of the six-party process."

The United States is willing to start discussions with North Korea on establishing diplomatic ties and signing a peace treaty once the North returns to six-way talks, Bosworth told reporters here shortly before leaving for Tokyo.

"We are also prepared to initiate work on other matters of the September 2005 statement," he said, referring to a six-party agreement under which the North had agreed to denuclearize in exchange for political and economic concessions.

Bosworth said there were two important items Washington wants to initiate once the six-party talks resume.

"The first and foremost among those is, of course, denuclearization, but we also recognize that it will be important to begin discussions on questions regarding a peace treaty, establishment of diplomatic relations (between the United States and North Korea) and the issues of economic and energy assistance to North Korea," he said.

"We are prepared to do that in a normal course of events once we have come back into the six-party process and once we have begun to make significant progress, once again, in denuclearization."

Bosworth's remarks came after meeting with Chinese and South Korean officials.

Bosworth said the six-party talks "will eventually resume."

"But it's not possible to speculate when that might occur, hopefully in the relatively near future," he said, adding Washington is prepared to initiate "substantive work" on the nuclear talks as soon as the process is reactivated.

The North earlier said it will not return to the multilateral negotiation table unless the United States and other relevant countries first agree to begin discussions for a peace treaty to replace the 1953 Korean War Armistice, under which the two Koreas are still technically at war.

Pyongyang reportedly took a step back on the lifting of United Nations sanctions which it had demanded as another condition for its return to the six-party talks.

Seoul and Washington have maintained that the peace treaty can be discussed only after the North returns to the six-party talks and makes significant progress toward denuclearization.

China's top nuclear negotiator Wu Dawei, who met with his North Korean counterpart Kim Gye-kwan earlier this month, is playing the role of an arbitrator.

Wu reportedly asked his South Korean counterpart Wi Sung-lac and Bosworth earlier this week to be more explicit about the level of progress in denuclearization.

Following Bosworth's trip to Seoul, South Korea and the United States are expected to fine-tune their positions during a meeting between Foreign Minister Yu Myung-hwan and Secretary of State Hillary Clinton in Washington on Friday.

The two allies are likely to demand that the North return to where it stopped in the nuclear disablement process in December 2008 and take a further step.

Nuclear disablement of the North came to a halt after the country refused to agree on a nuclear verification protocol in the last round of six-party talks in December 2008.

The North last year went ahead with a second nuclear test and extracted more plutonium from spent fuel rods.

Economic frontage:

Detailed News:

Samsung Life Insurance Faces W10 Tril. Lawsuit

A group of special policyholders of Samsung Life Insurance Monday filed a suit against the nation's largest insurance company for not paying dividends to eligible subscribers in the process to get listed.

The plaintiffs of 2,802 holders of policies designed to share profits with their subscribers demanded Samsung hand over 10 trillion won (\$8.71 billion) in dividends that they didn't pay from 1958 to 2009. This is the largest amount of compensation in Korean history to be disputed in a single litigation, court officials said.

Samsung Life is now waiting for approval from the state Financial Supervisory Service to be listed on the main bourse.

Hong Young-kyun, who represents the plaintiffs, told reporters that this was a dispute triggered as a result of Samsung's "inappropriate" denial to share profits with eligible and legitimate policyholders.

"At the time when we bought the policies, Samsung promised eligible subscribers that they would be subject to dividends," Hong said. "But they broke the promise without a proper reason, which is illegal."

According to the lawyer, an advisory committee associated with Korea Exchange advised Samsung to pay dividends to eligible subscribers ahead of the listing. But Samsung refused, calling the advice a suggestion that carried no binding force, Hong said.

Corporate Debts Equal to 1.5 Times GDP

Corporate debts breached the 1,500 trillion (1.5 quadrillion) won mark in September for the first time in history, as local firms relied heavily on debt financing for business expansion.

Economists are showing concern that businesses could face an interest bomb when the central bank starts raising its key rate.

According to the Bank of Korea, the debt of private businesses, excluding stocks and direct investment, totaled 1,506.5 trillion won as of the end of last September, up 5.6 percent from the

previous year. This was 1.46 times bigger than the gross domestic product, up from 1.39 the previous year.

Corporate debt has been snowballing each year since 2004 when it was below 900 trillion won.

However, the central bank said the debt wasn't worrisome as businesses also have assets.

However, concern is growing especially over small- and medium-sized businesses. According to the LG Economic Research Institute (LGERI), one third of businesses on the bourse had interest coverage ratios at below 1, which means they are not making enough money to pay financing costs.

"These companies are highly likely to face insolvency if business conditions worsen or if they fail to receive further funding," said Lee Han-deuk, an economist at LGERI.

When the central bank raises the key rate, businesses will face a growing interest burden, which could be a blow for companies with unhealthy finances.

The government has been supporting them with aid during the global financial crisis, but the support can't last forever. Moreover, some analysts said that government protection has delayed corporate restructuring.

"It is not desirable for the government to step in. It should let market principles prevail in restructuring. During the crisis, however, state intervention was inevitable," Lee said. He added that corporate restructuring will help improve both the financial structure and profitability of local firms

The debt ratio in the manufacturing businesses recorded 94 percent as of the third quarter of the last year, lower than the fourth quarter of 2008 and the first quarter of 2009 when it hovered above 100 percent. However, the ratio is still high compared with that before the global financial crisis.

The ratio, which shows the proportion of debt a firm has relative to its assets, is one of the barometers for a company's level of risk. A debt ratio of greater than 100 percent indicates that a company has more debts than assets.

(The Straits Times) S Korean cars take record share

SEOUL - South Korea's share of the world's car market rose to a record high of 5.7 per cent last year as the global economic crisis hit production in other countries, data showed on Tuesday.

The Korea Automotive Manufacturers Association said in a statement the country's automakers manufactured 3.513 million vehicles at home last year, or 5.7 per cent of the 61.295 million worldwide total.

The country kept its status as the world's fifth largest automaker in terms of domestically produced vehicles. Overseas production by Korean firms Hyundai, Kia and GM Daewoo were excluded from the total.

The association said Korea produced 8.2 per cent fewer cars last year than a year earlier due to the worldwide decline in demand. But it said the decrease was smaller than the 31 per cent reduction for Japan, the 34 per cent drop in the US and the 14 per cent fall in Germany.

Only China and India produced more cars last year, growing by 48 per cent and 13 per cent respectively, the association said.

'The depreciation of the local currency and the tax break for replacing old cars with new ones eased the impact of the global crisis on the demand for Korean cars,' Ku Hee-Cheol, an official at the association, told the JoongAng Daily. 'Besides the currency effect, Korea's use of world-class technology in making small and mid-sized cars also seems to have contributed.' -- AFP

Union Wants Bigger Cut of Hyundai Profit

The union of Hyundai Motor defied the management's call for peaceful relations demanding Tuesday, that it stop expanding overseas and guarantee job security.

The union's call comes at a time when Korea's largest carmaker is experiencing a boom with rival Toyota faltering over a series of recalls involving defective parts.

"Job security for our members should be guaranteed by reaffirming the role of domestic factories as the basis for production," the union declared in its 11-point list of demands.

The union elaborated that the role of the union should be protected and its activities left to its own discretion, and called for a more balanced division of profits. Although it didn't offer details, the union indicated that it wants higher wages, better benefits and other factors to improve the livelihood of workers.

The union called its demands a win-win strategy, but it is being taken as a veiled threat to the carmaker that, together with its sister company Kia Motors, is expanding its global outreach.

Hyundai and Kia already have a sizeable production network in the United States, Europe, China and India, among other countries.

The union has long suspected overseas expansion and increasing outsourcing will eventually cost jobs. However, the management, led by Chairman Chung Mong-koo, believes there is no other choice but to go global, in light of the rising wages among Korean workers and the saturated domestic market.

The union has showed signs of restraint when it comes to collective action since the global financial crisis last year, but it is notorious for frequent strikes. Its union is a leading member of

the Korea Confederation of Trade Unions (KCTU), the more militant of the nation's two umbrella groups. The other is the dovish pro-government Federation of Korean Trade Unions (FKTU).

The two carmakers came up with a series of measures during the recession such as offering U.S. buyers the chance to return their Hyundai cars without penalty in case they lose jobs.

Also, its U.S. marketing strategy included an unprecedented 10-year, 100,000 mile guarantee. Some analysts warned that the scheme could hurt the firm in the long run.

However, the union's demands also contained conciliatory elements such as an emphasis on the "coexistence" of the union and management, taking a lesson from the Toyota crisis.

Big Firms Under Watch for Technology Leaks

The prosecution has toughened its countermeasures against industrial espionage.

The Supreme Prosecutors' Office said Wednesday it had selected 60 domestic companies that are frequently targeted by criminals for their state-of-the-art technologies and will take a close look at all activities and deals in connection with what it called "national treasure."

The office did not disclose the names of the companies.

The plan came a week after senior prosecutors met with executives of the country's leading firms to discuss ways to eliminate increasing attempts to snatch high-end technologies.

Among the companies at the meeting were Samsung Electronics, Hyundai Motor, Kia, Hynix, Daewoo Shipbuilding and Marine Engineering, LG Electronics, POSCO, KT, Doosan, SK and Hanwha.

"Dozens of mid- and small-sized firms are also subject to the monitoring," said a prosecutor familiar with the meeting. "We will gradually widen our coverage."

Technologies used to manufacture sophisticated semiconductors, hybrid cars, steel, ships, power generators, satellite cameras and communications equipment will be initially monitored, the prosecutor added.

The office will host a conference for companies that are attacked on a regular basis to share knowledge about how to prevent crimes.

According to the Ministry of Justice, 270 tech leakage cases were reported in 2008, up from 191 in 2007. Nearly 150 cases were reported in the first seven months of last year, the ministry said.

Lee Calls for Global Economic Partnership

President Lee Myung-bak said Wednesday it was time for the world to look at the big picture for sustainable economic growth based on the lessons it has learned from the global financial crisis.

Climate change will become a key economic factor in the post-crisis era, so countries should take action now to survive the paradigm shift, he said.

"The world needs to understand how the global economic landscape will change after the crisis, and should take action now to brace for it," Lee said in a keynote address at the Global Korea 2010 forum at the Shilla Hotel in Seoul.

"As host of the G-20 Summit this year, Korea will help set the future course for the global economy based on close policy coordination with developing and underprivileged nations. I feel a great responsibility."

Lee presented three policy priorities countries must tackle at the moment — boosting private spending and investment through creating jobs, strengthening global partnership programs for balanced growth and gearing up green growth strategies.

Lee said the worst economic crisis in decades partly resulted from a disparity between finance and the real economy. He made it clear that Korea will put financial reform on the G-20 agenda, saying, "The international community should redefine the role of finance for economic prosperity."

Introducing Korea's programs to share its growth experience with underdeveloped countries, Lee said sustainable development would only be possible for them after they are allowed to participate in global discussions on issues such as green growth and climate change.

"There is a saying that what makes countries rich or poor are not physical conditions like land and resources, but the choice of policies," Lee said. "We should be ready to take paths nobody else has tried if they fit the national interest and global needs."

"We will actively participate in global efforts to fight climate change and play a bridging role between advanced and emerging countries in preparing for the new trend."

The one-day forum, titled the Global Partnership in a Reshaping World, was organized by the Presidential Council on Future and Vision, to mark the second anniversary of Lee's inauguration, which falls today.

Dozens of senior South Korean officials and renowned scholars from around the world participated to discuss the country's future role in the international community.

Participants included former Swedish Prime Minister Hans Goran Persson; John L. Thornton, chairman of the board of the Brookings Institution; Kenneth Rogoff, professor of economics at

Harvard University; Eckhard Deutscher, chairman of the OECD Development Assistance Committee; Sakong Il, chairman of South Korea's Presidential Committee for the G-20 Summit; and Vice Finance Minister Hur Kyung-wook.

They held three different sessions to discuss reshaping the world order after the global crisis, the means to promote international development cooperation and measures to reinforce environmental cooperation on climate change.

(The Straits Times) Hyundai to recall Sonatas

SEOUL - South Korea's top automaker Hyundai Motor said on Wednesday it would recall its flagship Sonata sedan in the United States and the domestic market due to a door lock problem.

The firm said in a statement that 1,300 Sonata sedans already sold in the United States and another 46,000 cars in South Korea would be recalled.

Hyundai said the move was in response to reported defective front-door locks on some of its modified Sonatas launched last September. It said it ordered its US dealers on Tuesday to stop selling the model.

The recall was announced on the same day that Toyota's top US executive admitted that global recalls by the Japanese giant had 'not totally' fixed dangerous safety flaws. -- AFP

Outbound Investment Hits Record High

Local firms' direct investment abroad hit a record high in the fourth quarter of last year, as more firms invested in rapidly developing economies to get an upper hand in the post-crisis world. Foreign direct investment (FDI) to Korea, meanwhile, declined during the same period.

According to the Bank of Korea, local businesses made \$10.2 billion in overseas direct investment (ODI) in the fourth quarter last year, the highest since the central bank began compiling relevant data.

Investments have been rising, marking \$9.2 billion in the fourth quarter of 2007. However, it faltered during the global financial crisis, hitting a low of \$5.6 billion in the third quarter last year. It nearly doubled in the following quarter, breaching \$10 billion for the first time.

"ODI looks for opportunities to make profits over the long term. Increasing investment overseas means businesses see better opportunities there," a central bank spokesman said.

Businesses, especially those in the manufacturing sector, have been increasing their ODI, to cut costs and avoid trade barriers.

This could slash jobs at home. Hyun Seok-won, a researcher at Hyundai Research Institute, warned that the rising ODI could increase the working poor, as it did in Japan.

"In Japan, decent jobs decreased upon increasing outward investment. Such investment has been growing since 2004," he said.

Japan saw ODI grow explosively to \$130.8 billion in 2008 from \$31.5 in 2000. The country's wages, meanwhile, dropped by an average 0.5 percent each year from 2001 to 2008.

Japanese companies moved factories overseas upon rising labor costs in their country and to open up markets overseas. The country's manufacturers could enhance competitiveness by cutting costs, but the move deprived locals of jobs.

FDI into Korea, meanwhile, is shrinking, recording \$1.3 billion in the fourth quarter last year, almost half of the third quarter's \$2.1 billion.

According to the Foreign Direct Investment Confidence Index, a regular survey of global executives conducted by global management consultancy A.T. Kearney, Korea failed to be one of the top 25 FDI destinations this year. In a previous survey, Korea ranked 24th.

China remained the top-ranked destination for foreign investors, followed by the United States, India, Brazil and Germany.

Exit Plan to Top Agenda for 1st G-20 Meeting

Vice finance ministers and central bankers from the world's 20 major economies (G-20) will gather in Songdo, west of Seoul, this weekend to discuss a range of global economic issues, the Ministry of Strategy and Finance said Wednesday.

In addition, more than 150 representatives from seven international organizations, including the International Monetary Fund and the World Bank, will participate in the event.

Top agenda items will include the timing of globally-coordinated exit strategies from fiscal rescue packages, the reform of international financial organizations and the establishment of a new financial market order, the ministry said.

The meeting to be held in Songdo free economic zone, Feb. 27 and 28, will be the first of a series of G-20 events that Korea will chair this year. The nation will host three more gatherings of senior finance ministry officials and central bankers between April and October. On Nov. 11 and 12, leaders of the world's 20 largest economies will gather in Seoul for a summit.

"Participants will discuss a host of issues facing the global economy. These include how G-20 countries can coordinate an exit strategy; establish a cooperative framework for sustainable, balanced growth; overhaul financial market regulations; and improve the governance structure of multinational organizations," Choi Hee-nam, director of the Presidential Committee for G-20 Summit, said.

He also said the establishment of a global financial safety net to better protect developing and underdeveloped economies from future crisis; energy subsidies; and climate change will be dealt with by vice finance ministers and central bankers.

“Rather than reach a consensus on pending issues, the purpose of the upcoming gathering is to gauge the position of each member nation on various matters. Another goal is to set the agenda for the meeting of finance ministers and central bank governors in April,” Choi said.

Korea's Deputy Strategy and Finance Minister Shin Je-yoon will co-chair the Songdo meeting with Bank of Korea Deputy Governor Rhee Gwang-ju, and a joint statement will not be issued after the closed-door gathering, the ministry said.

Deputy finance ministers and central bank governors of Korea, Britain, France, the United States and Canada will hold a separate steering group meeting on Sunday to set the schedules for upcoming meetings and the scope of their agendas.

The first G-20 summit was held in Washington in late 2008 in the aftermath of the global financial crisis. Two more meetings were held last year — in London and Pittsburg. Korea will host this year's second summit in November after Canada's in June.

Tourism Industry Advised to Target China's Middle Class

Korea should target the emerging middle-class of China in order to boost its tourism and entertainment industry, according to an international expert on the country, Wednesday.

In an interview with The Korea Times in Seoul, Qu Hongbin, chief economist at HSBC, said that China's middle class is growing at a rapid pace, and there will be a new rich class in the country in the coming years.

"The new richclass will visit Korea for sightseeing, casinos and skiing. They want to experience something different. Many Chinese are curious about Korea, and want to experience the nation," he said.

The former Bank of China employee stressed that the Korean government should make more efforts to use the nation's unique culture as a marketing point in attracting more Chinese tourists.

"You have different culture elements, which they cannot get from China. It is a key that can get them to spend money here."

The number of Chinese tourists has increased over the past few years here, with over 1.9 million visiting Seoul last year.

However, this is just 4 percent of the total of Chinese tourists going abroad. According to Chinese authorities, 47.5 million Chinese people went overseas during the same period.

The 17-year-career economist said that entertainment can be another growth engine for Korea.

"Soap operas in Korea are so popular in China. They are becoming a very fashionable thing."

Qu said that China may become the biggest economy in the world by 2040.

"In another 30 years, China will be as big as the U.S. The Chinese global impact will be much bigger at the time. However, the Chinese population is four times larger than the U.S., so GDP per capita will be one fourth of the U.S. even if the size is the same."

Qu said the Chinese economy will continue to grow as Korea's did in the past.

"Just think. China's status now is like Korea's in the 70s. (It is) still in the early stages of industry and urbanization. Sixty percent of Chinese people are still living in rural areas," he said.

"I see unless China makes a big mistake, this process will continue until 70 percent of the population lives in urban areas. (China) still has big potential."

Kia Looks to Chalk Up Double-Digit Growth in US

IRVINE, Calif. — Kia Motors, the major affiliate of Korea's Hyundai Automotive Group, will strive to continue its fast expansion in the United States by recording double-digit growth this year.

Kia Motors America (KMA), the subsidiary of Kia here, said Wednesday that it aims to sell a total of 347,000 vehicles in 2010 in the world's second-largest automotive market, up 15 percent from last year.

If the company achieves this goal, its market share is expected to top the 3 percent plateau just two years after surpassing 2 percent in 2008 when sales amounted to 270,000 cars

Tom Loveless, vice president of sales for KMA, said that the company would accomplish this goal by promoting its three go-to models, the 2011 Sorento, the Soul and the Forte.

"We are going to target three vehicles in terms of our priority. Our top priority is the all-new 2011 Sorento. We will do everything to make it a success," Loveless told a press conference at the KMA head office.

The 3 percent target does not appear to be overly aggressive. Considering Kia Motor's January performance, it even seems to be somewhat conservative.

According to trade journal Automotive News, U.S. end users snapped up 22,123 Kia vehicles during the first month of 2010, up 5.1 percent from the previous month. This translates into a market share of 3.2 percent.

In particular, Kia's brand-new models have won the hearts and minds of U.S. clients as amply demonstrated by the 2011 Sorento.

Some 7,398 of the crossover utility vehicles were sold in January alone as soon as it debuted, which is in line with the strategies of KMA.

The models are currently being cranked out in the U.S. factory of Kia Motors, which began operation late last month in West Point, Georgia, which is southwest of Atlanta.

"The 2011 Sorento attracts clients based on its highly-customized size, design and technology. Thanks to popularity of the made-in-the-U.S. Sorento models, we expect the brand awareness of Kia Motors to rise substantially," KMA said in a press release.

Kia tapped into the U.S. market in 1994 and has increased its presence together with its sister company Hyundai Motor.

The former has jacked up its market share there for the past 15 consecutive years on a year-on-year basis through 2009.

Along with Hyundai, Kia ranks as the world's sixth-largest automobile producer, a position attained by taking advantage of the global financial crisis in 2008 and 2009.

A vast majority of 44 auto-making brands in the U.S. saw their sales volume go down last year amid the economic distress with three exceptions, including Kia Motors and Hyundai Motor.

Lee Turns Crisis Into Opportunity

Woori employees say that Lee's leadership has played a key role in the group weathering the economic crisis and getting back on track.

"Lee spearheaded the cost reduction drive by returning 10 percent of his salary in October 2008, when the global financial crisis hit the nation due to the collapse of Lehmann Brothers," Jeong Joon-beom, team head of public relations at Woori, said.

In October 2008, executives and employees of the group and its subsidiaries followed his move by reducing their paychecks by 10 percent. The group also consolidated overlapping branches. Four months later, they returned an additional 10 percent of their salaries.

During the crisis, the 66-year-old Korea University graduate put the group on an emergency footing, which is one of the key reasons why Woori bounced back from the crisis faster than its peers.

"Lee launched an emergency risk management system, which focused on reducing costs. Due to such efforts, our group's profitability and financial soundness have improved significantly," Jeong added.

The chief officer also suggested "OneDo" as the new motto for the group this year. "One" means harmony, best and cooperation, while "Do" represents creativeness, volunteerism and practice.

"We need to change the DNA of Woori to leap forward as a leading global firm in the financial industry. To achieve this goal, every single employee should contribute to such efforts," Lee said.

It is not first time that Lee's leadership changed a whole organization. His leadership as a CEO shone further after he transformed the Seoul Philharmonic Orchestra, once regarded as a poorly-managed group, into a model of management reform during his three-year term from 2005 to 2008.

(Asia-Pacific News) Samsung full HD 3D LED TV to hit South Korea first

Samsung will naturally please its citizens first, rolling out its range of full HD 3D LED TVs from the Series 7000 and 8000 family, while folks living in Europe will have to wait until March before they get a sniff of either. Amazon US has already listed the 55" 7000 Series model for \$3,299, which is really cheap compared to what South Koreans have to fork out (after conversion, that is) - \$4,990. The 46" and 55" models from the 8000 Series will retail for \$3,870 and \$5,250, respectively. It is interesting to note that these new TVs will sport built-in Skype functionality which we covered back at CES earlier last month.

Socio-cultural Façade;

Detailed News:

More Women Facing Early Menopause

More women appear to be experiencing early menopause, a recent study has indicated.

A total of 6,831 women in their 30s and below were treated in 2008 for insomnia, depression, lethargy and other disorders stemming from their cessation of menstruating, the National Health Insurance Corporation (NHIC) said Sunday.

"Taking into account that only those who suffer from these side effects were counted in the survey, the actual number of women with early menopause could be much higher," it said.

Premature menopause, which is the permanent cessation of menstruation among women under 45 years old, is caused by a hormonal imbalance that can stem from stress, excessive weight loss attempts, dietary changes and genetic factors.

"These days I see the age moving down to college students in some cases. Most of them underestimate the severity of missing their menstruation period for several months. Then they

belatedly receive a health checkup only to find they've stopped ovulating," Dr. Yoon Byung-ku of Samsung Medical Center was quoted as saying to the online paper Medical Today.

Premature menopause leads to health risks as osteoporosis, hardening of arterioles and other symptoms become prevalent. Moreover, according to Dutch researcher Tonnie Coppus, the "patients" are more likely to suffer from Alzheimer's disease than those who have timely menopause.

"These days, younger women are turning toward alternative regimens such as oriental and herbal medicines, exercise and diet changes rather than taking ovulation-stimulating hormonal treatment," Dr. Chung Jae-eun of Ilsan Hospital said. "But I still recommend people who haven't menstruated for more than three months to visit their doctors because individual patients need different measures."

Meanwhile, the report showed that a total of 662,000 females suffered from menopausal disorders in 2005. The number went up to 704,000 in 2008. The insurance fee to cover their medical costs marked 55.2 billion won.

The most noticeable population was those over 60 - their numbers jumped to 170,000, compared to 130,000 in 2001.

Chung assumed that pollution and other factors contributed to the increase. "Moreover, the awareness about such disorders has gone up over the past several years, causing more elderly people to aggressively seek treatments," Chung said.

Lee Renews Pledge for Educational Reform

President Lee Myung-bak pledged Monday to step up educational reform to meet the needs of parents and students, saying he was shocked at the recent violent graduation rituals among some middle and high school students.

Lee said he would convene a monthly meeting of senior educational policymakers from March to discuss ways to reform the education sector.

"Educational reform is one of our top priorities," Lee said in a biweekly radio address to the nation.

"We should initiate changes so that parents and students can feel that our services are truly improving. Teachers should also make efforts of their own to meet the changes."

The pledge followed reports that about 20 senior middle school boys and girls took off their clothes and posed naked for photos after their graduation ceremony early this month. The pictures were rapidly spread on the Internet, prompting a police investigation. Lee said he was shocked by the news.

"Physical violence and sexual insults are recurring and growing as the year goes by, but children say they didn't know this behavior was wrong," the President said.

"How can we scold only the children? That is why I said this case is not a mere incident but a cultural problem.

"For now, we need to make efforts to normalize the graduation culture but more fundamentally, we should think seriously about what education is."

Lee said some television programs and films are partly attributable to the problem.

Doctors to Lose Membership for Illegal Abortion

Doctors who have been repeatedly reported for performing illegal abortions will lose their footing in the medical community.

Those who have been caught three times will be expelled from the Korean Association of Obstetricians and Gynecologists (KAOG), a senior KAOG official said Tuesday.

"The association has recently revised its code of ethics in an effort to eradicate illegal abortion practices through monitoring," Jang Seok-il, vice president of the KAOG, said. "Those caught three times will be stripped of membership."

The announcement came at a time when the effectiveness of the association's regulations, which called for reporting three-time offenders to the authorities, has been questioned.

The association has yet to report any of its members to the local authorities for conducting illegal abortions

"Expulsion means that they will no longer be qualified to work with fellow doctors as obstetricians," Jang said.

Under the law, abortion is strictly restricted except for pregnancy by rape, incest, grave health risks, dangerous contagious diseases and serious genetic defects.

Illegal abortions can be punished by up to two years imprisonment for the doctor and a maximum of a one year prison term or a fine of 2 million won (\$1,743) for the patient.

Experts say illicit abortions have been commonly performed here because the government has turned a blind eye to the issue, and due to an increasing number of women who do not want to have children for social and economic reasons.

The number of people who faced trial for allegedly being involved in illegal abortions was one in 2005, five in 2006, four in 2007 and five in 2008, according to Rep. Jang Yoon-seok of the governing Grand National Party.

Roughly 350,000 abortions are carried out each year, according to the Ministry for Health, Health, Welfare and Family Affairs.

Some doctors suspect the actual number of abortions might be a few times greater than the official figure.

The ministry's 2005 report found that only 4.4 percent of the abortions had been lawfully carried out.

Seoul Sends Anti-Flu Sanitizers to Pyongyang

South Korea sent 200,000 liters of hand sanitizers to North Korea Tuesday to help the isolated state stop the spread of influenza A (H1N1), an official of the Ministry of Unification said Tuesday.

Twenty-seven workers unloaded the sanitizers worth 1 billion won (\$870,000) at a joint industrial complex in the North Korean border city of Gaeseong, ministry spokesman Chun Hae-sung said.

Seoul already delivered 500,000 doses of the anti-viral drug Tamiflu and Relenza last December to Pyongyang, which confirmed nine flu cases then. It was the first humanitarian aid sent to the North under the Lee Myung-bak administration, which was inaugurated in February 2008.

The World Health Organization (WHO) said that a total of 24 flu cases were reported in the secretive state but no one has died from the pandemic disease.

According to reports, the international agency plans to offer vaccinations to 475,000 people.

Image Problem Haunts Muslims in Korea

Muslims in Korea have expressed shock and anger after a prominent member of their community was detained by police. The man, who has trained young Muslims here, allegedly has links to the Taliban.

The Pakistani national was arrested last Thursday at his home in Daegu on charges of using a forged passport to enter the country and being linked to the terrorist group. However, he has denied any connection to the Islamic militant group. He is currently being detained for questioning.

The suspect, whose name has been withheld for legal reasons, was an acting Imam of the Daegu Islamic Center, and affiliated with the Korea Muslim Federation. The federation declined to give an opinion at this stage, saying only, "we do not trust the media now. Whenever we get the police investigation revealed, then it will be possible to talk about it."

The Taliban — whose name comes from the Arabic word for student, "taleb" — are puritanical Sunni Muslims, mostly from the Pashtun tribes of Afghanistan and northwest Pakistan. The group ruled Afghanistan where they sheltered the Al Qaeda terrorist group before being ousted by coalition forces led by the United States following the 9/11 terrorist attacks.

The Islamic community in Korea is worried that the incident could tarnish the image of innocent Muslims.

Muneer Ahmad, the owner of an Islamic Book store in Itaewon's Muslim district, was taken aback by the report.

"It can be in no way good news for Muslims," Ahmad said.

A Bangladeshi Muslim, who requested anonymity due to the sensitivity of the subject, felt that "the government should be more alert. The government should be stronger about fingerprints and identity."

The man, also a business owner in the Islamic area of the Seoul district of Itaewon, said that he knew of people who had been deported before, and then simply returned here with a new passport.

"They come back with a new passport," he said, "They are very dangerous for Korea."

Regarding the fact that the man in question was an Imam of the Daegu Islamic Center, he said, "It is very bad, we cannot support this kind of forged identity."

As a Imam he should be an example for the community.

"If they want to be an Imam, they should be very clean," he said.

The Pakistani Embassy in Seoul was not available for comment.

There are currently 100,000 foreign Muslims in Korea hailing from countries such as Uzbekistan, Pakistan and Bangladesh, and upwards of 30,000 are followers of Islam.

This is the first time that a potential terrorist suspect has been arrested in Korea. Previous encounters have only been through drug trafficking groups linked with the Taliban.

The suspect reportedly first came to Korea in 2001 using false documents, but was deported by the Immigration Service in June 2003. He has since returned with his wife and six children having obtained a forged passport, which he also used to make 17 trips in and out of the country.

Investigators say the man is suspected of having trained some 30 students in Jihad (holy war) and Shahada (martyrdom).

S. Korea sends aid to N. Korea

SEOUL - SOUTH Korea on Tuesday sent aid worth hundreds of thousands of dollars to help North Korea fight swine flu despite recent military tensions between the two sides.

Twenty trucks carrying 200,000 litres of hand sanitiser crossed the closely guarded frontier en route to the North's border town of Kaesong, Seoul's unification ministry said.

The sanitiser worth one billion won (S\$1.22 million) follows Seoul's shipment in December of Tamiflu and Relenza, worth US\$15 million (S\$21.1 million) and enough to treat 500,000 people.

The delivery of the anti-viral drugs marked Seoul's first government-level assistance to its impoverished communist neighbour for nearly two years.

North Korea in December reported nine cases of the (A)H1N1 virus but has not announced any deaths. Seoul officials and private groups suspect there are more cases and that the disease is spreading amid poor health conditions. Seoul-based welfare groups Good Friends in December reported about 50 deaths in the North.

Pyongyang has sent mixed messages to its neighbour in recent months. After a naval clash last November near the disputed Yellow Sea border, the North in January fired 370 shells into the sea close to the frontier in an apparent display of firepower. Last week it announced new naval firing zones off its shores, banning shipping from them until Monday, although no firing was reported. However, the North's military on Monday proposed a date for talks on ways to ease cross-border access to a jointly-run industrial estate at Kaesong. -- AFP

U.N. official: North Korea should get food aid

CNN) -- Three days after North Korea declared it will not abandon its nuclear weapons program, a senior United Nations official who has just visited Pyongyang strongly defended international food aid to the so-called Hermit Kingdom.

"These are human beings that need the food. It's not the political system. This shouldn't be argued in a political way," U.N. Under-Secretary-General for Political Affairs Lynn Pascoe told CNN's Christiane Amanpour on Monday.

He said the United Nations is giving nutritional supplements to as many as 1.3 million of North Korea's 24 million people. But the U.N. World Food Programme has estimated that more than a third of the population needs food aid.

Pascoe, who earlier this month was the first top-level U.N. official to visit North Korea in six years, said, "There clearly is malnutrition at younger ages, so we're trying to help them with fortified food and up through the schools so that they can eat. There also was a very large program on immunizations for the children."

"Our problem is we don't have enough money coming in now to sustain some of those programs. ... But the truth of the matter is, we need to do more because these are people."

Pascoe insisted the United Nations can account for the food aid: "Our people believe they have a very clear idea of who's using the food, where it's going, and it's really for the good of the people who need it most."

He added that North Korean officials have talked a lot about wanting some kind of peace treaty that would formally end the 1950-53 Korean War, a conflict that concluded with an armistice.

But North Korea, in public at least, seems determined to maintain a hard line, refusing to rejoin six-nation talks on its nuclear program that it abandoned last year. Those talks also include South Korea, the United States, China, Russia, and Japan.

Last week, Pyongyang appeared to reject the idea of receiving economic aid in return for dismantling its nuclear program. The official Korean Central News Agency said the nation would not abandon nuclear weapons "unless the hostile (U.S.) policy toward (North Korea) is rolled back and the nuclear threat to it removed."

A leading expert on North Korea, Sung-Yoon Lee, an adjunct assistant professor at the Fletcher School of Law and Diplomacy at Tufts University in Massachusetts, said North Korea's real goal is to have a peace treaty that drives American troops out of the Korean Peninsula, which would "tilt the balance of power for the short term in North Korea's favor."

"They say this quite explicitly, that (their goal) is to build a communist state in the entire Korean Peninsula, and unless there should be any ambiguity, they do spell it out", he added. "They say that means roll back U.S. 'imperialist forces' from South Korea and end the U.S. 'colonial occupation' of South Korea."

Lee noted that no state with nuclear weapons has ever -- for any economic or political rewards -- bargained away nuclear weapons unless there was regime change.

But Lee said North Korea is an inherently unstable country that's on the precipice of economic collapse and whose leader is certain to pass.

"Kim Jong-Il is mortal. His time will come to an end," he said.

President Vows to Uproot Corruption in Education

President Lee Myung-bak called for a crackdown on corruption cases involving teachers and education officials, Tuesday, saying he would place top priority on rooting out corruption among social leaders this year.

"The educational sector has become a hotbed of irregularities. It is heartbreaking," Lee said during a weekly Cabinet meeting at Cheong Wa Dae.

"Corruption is the No.1 obstacle for our country on the course of becoming an advanced, top-class economy. We cannot achieve the goal without addressing this malaise."

Lee urged the Cabinet to tackle crimes committed by the elite in society with a sense of urgency because it is a matter of national pride, presidential spokeswoman Kim Eun-hye said.

He said corruption among social leaders is one of the key challenges for Korea in improving the country's reputation abroad, adding their integrity is closely related to national competitiveness.

"It's time to improve all sectors of society commensurate with the country's rising international status. Public servants should work with a sense of responsibility and sacrifice," the President said.

The instruction came as prosecutors are widening an investigation into a bribery scandal involving senior officials at the Seoul Metropolitan Office of Education, which supervises elementary, middle and high schools in the capital.

Lee has repeatedly called for increased integrity among senior officials and politicians, and the rule of law.

According to Transparency International, a global anti-corruption body, Korea ranked 39th among 180 countries in the world and 22nd among the 30 OECD member nations in 2009.

The government is expected to step up efforts to reform the educational sector while strengthening monitoring of corruption among senior officials.

On Monday, President Lee said he would convene a monthly meeting of senior educational policymakers from next month to discuss ways to improve services for students and parents.

'Fascinating Storytelling to Make Seoul Cultural Hot Spot'

After Korean soap operas and pop idols attracted Asian fans in the 1990s, the nation saw a unique group of visitors -- culture tourists.

They are visiting Korea with the hope they get a taste in person of the land of the fascinating stories and iconic vista points.

Made-in-Korea cultural goods played a crucial role in shaping these explorers' impression that Korea is worth a visit.

These explorers, however, had to deal with "a situation" where resources that can help their deeper understanding of the culture are really scarce.

"These foreign tourists tend to experience less here than they had thought at home, mainly because few interpretation services that can quench their curiosity were available," said Park

Jung-sook, a professor of the Institute of International Education at Kyung Hee University in Seoul.

Park emphasized that the nation needs competitive interpretation services to meet the expectations of foreigners.

"I think Rome, Italy became famous in part because of the hit movie 'Roman Holiday' (1953). We can position Korea as an attractive tourist destination if effective storytelling is set in place," she said.

A television journalist-turned-Korean wave expert, Park is seen in numerous positions, both in the public and private sector, because of her extensive involvement in cultural activities and public relations.

She works with the Korean International Cooperation Agency as a goodwill ambassador and trains career diplomats on a cultural diplomacy course at the Institute of Foreign Affairs and National Security, which is affiliated with the Ministry of Foreign Affairs and Trade.

Park also hosts a radio program, while continuing to work with The Korea Times as a goodwill ambassador.

Recently, she added another demanding job title -- social entrepreneur helping children from bi-racial families -- to her business card.

Bridging the Gap

In early February, her business, Asian Treasure Network, was designated as one of 110 social enterprises by the Seoul City government.

Over the past two years, the company has provided about 200 children from biracial families with music lessons, fostering care services and study tours to iconic cultural spots in Seoul.

After being recognized as a social enterprise, Park hired 10 more paid workers to push for aggressive pro-diversity programs in the near future.

"Currently, we are offering programs to help the kids from families where a parent is migrant spouse, mostly from Southeast Asian countries. Under the program titled Hope Kids, these children take part in music lessons, summer camps and gym programs on a regular basis," Park said.

Early on, the staff at the company had to deal with a tough situation because those parents were not cooperative, as they were reluctant to let their children take the program.

Park said these parents were sick and tired of some non-profit groups' "photo-shoot-oriented social services."

"I didn't blame the parents because it was understandable that they had such a negative feeling," she said.

Cross-Cultural Programs

The initial negative reaction from those families led Park and her staff to take a close look at their needs.

"I was told that our parents' generation received flour as an aid supply shortly after the Korean War. At the beginning, they didn't know how to use it because they had eaten only rice before. Soon these ingenuous people began to use the unfamiliar material to make the unique food, sujebi," Park said.

She cited the case in order to highlight the possible trouble facing recipients when they receive support from groups they hadn't expected to offer help.

"Most migrant spouses do not speak or write Korean as fluently as Koreans. So I thought they might need a helping hand from us as we can play the role for their kids," she said.

Trust was earned after Park and her staff showed that their efforts were sincere, she said.

"Our next project is to devise a program helping migrant spouses or workers assimilate with the society," Park said.

In the long run Park said she plans to provide storytelling services for foreigners who visit here to experience the Korean wave.

The business plan was spurred on by Seoul Mayor Oh Se-hoon's choosing her business as a social enterprise. The mayor picked 110 other businesses providing cultural and social services for working-class families as well.

The Seoul City government has twin goals of creating jobs and helping underprivileged people.

Under the program, those companies will receive 30 million won in total for the next three years.

South Korea opens prison for foreign convicts

One US convict said the new prison was better than standard ones

South Korea has opened what officials say is the world's first purpose-built prison for foreign convicts.

The prison offers Western food and satellite TV programmes in English, Chinese, Russian and Arabic.

The number of foreigners in South Korean jails has more than doubled in the past four years to about 1,500.

The prison's director said the inmates would still be able to pursue the "Korean dream" that had led them to the country in the first place.

The prison is about 100km (62 miles) south of the capital, Seoul, in Cheonan.

Inmates are given classes in Korean culture but can also view satellite TV from around the world and eat non-Korean meals. A number of the guards are fluent in English, Russian or Chinese.

Human rights

The prison library has been stocked with books from many of the foreign embassies in Seoul.

One American prisoner told visiting journalists that compared with standard South Korean prisons, the food and education on offer were much better.

The government has said the facility aims to respect the inmates' human rights and treat them in a humanitarian manner regardless of their language, culture or religion.

"We will operate this facility for the inmates to recognise that their 'Korean dream' was not a failure," said the prison's director, Kim Pyung-gun. "We will give them a message of hope."

S. Korea's birth rate 4-year low

SEOUL - South Korea's birth rate hit a four-year low last year as more couples delayed marriage in the economic downturn, officials said on Thursday.

Statistics Korea said the birth rate - the average number of babies born during a woman's lifetime - was 1.15 in 2009, the lowest since 1.08 in 2005.

Some 445,000 babies were born last year, 4.4 per cent down from 466,000 in 2008. 'South Korea would have the world's lowest birth rate were it not for some city-states such as Singapore and Hong Kong,' Kim Dong Hoy, who handles the population issue at the statistical body, told AFP.

'It is largely due to a growing number of couples who delay or shun marriage amid an economic downturn.' The number of marriages decreased five percent year-on-year in 2009 while the divorce rate increased eight per cent.

Officials fear a shrinking workforce will hit growth and will be unable to foot the bill for a rapidly ageing population. Authorities warn that the population, currently almost 50 million, could start declining within a decade.

South Korea has offered a variety of incentives to encourage people to have children. The health ministry last month said it was turning off the lights in its offices once a month to encourage staff to go home early and make more babies. – AFP

South Korean skater Kim Yu-na sets world record in capturing Olympic gold

VANCOUVER — Women's figure skating may be the most feminine of all sports. From the costumes to the classical music to the graceful movements, figure skating has a history of putting the ultimate female touch on the Olympics.

However, heavily favored Kim Yu-na's win Thursday night was a vicious beatdown on par with the Canadian men's hockey team pounding Russia into submission or short-track speedskater Apolo Ohno craftily flicking someone into the boards.

Kim racked up a world-record 150.06 points in her long program for a total of 228.56. That was a few triple axels ahead of silver medalist Mao Asada's 205.50. Canada's Joannie Rochette wowed the home crowd's hearts again by holding onto the bronze at 202.64, four days after her 55-year-old mother died of a massive heart attack.

This marked the first time since 1964 that a U.S. woman has not earned a medal. American Mirai Nagasu, 16, finished fourth.

While Rochette stole the world's hearts, Kim thrilled the world, period. On the ultimate stage, she may have taken ladies skating to a new level. She combined unmatched spinning and grace with the power of six triple jumps, including an opening triple lutz-triple toe loop, one of the most difficult combinations in ladies skating.

"I still can't believe I did what I wanted to do at the Olympics," Kim said. "I've been dreaming about this, and now I can't believe I don't have to dream anymore."

When Kim finished skating, she knew her flawless performance would give her a score well out of reach of Asada, who stood second and skated next. Kim is a skater whose emotions end when the music does. This time she covered her mouth and cried. She had never cried in competition.

"In the past, I've seen many skaters cry and was wondering why they were crying and what emotions they were feeling," she said. "I don't know why I cried. It just happened. I was concerned if I could perform well, and when I did perform well,

Canada's Joannie Rochette performs her free program during the women's figure skating competition at the Vancouver 2010 Olympics in Vancouver, British Columbia, Thursday, Feb. 25, 2010. (AP | Mark Baker)that's why I cried."

Kim has elevated herself to the most dominant women's skater since Katarina Witt won gold medals in 1984 and '88. Kim ran her unbeaten streak to two years and next month in Turin defends her world championship.

American Michelle Kwan won five world titles between 1996-2003 but never won Olympic gold.

Meanwhile, Kim is putting distance between herself and Asada in their rivalry. Asada won the 2008 world title and finished second in 2007. Both 19, they could continue their rivalry in 2014 in Sochi, Russia.

"I made some mistakes," Asada said. "I have some regrets, but I'm very happy I was able to get a medal."

Showing as much relief as joy, Rochette again faced unnerving emotional strain and threw down another clean program. While Kim drew huge ovations from a crowd in awe of the new skating queen, Rochette brought down the house pulling at its heartstrings.

The Olympics was the first skating competition her mother hasn't attended.

"Definitely the short program was the hardest," Rochette said. "Even though I wasn't trying to focus on my emotions, it was hard to control them. I was proud of the fact that I could. I didn't know I could skate. My legs were shaking.

"Of course, I didn't feel like skating. My mind wasn't there. But I'm glad I did it. Ten years from now, when the pain has gone away a little bit, I will be glad I skated here. It was what my mom would've wanted."

USFK to Address Alcohol Abuse

U.S. military officials in South Korea have launched a new program aimed at preventing alcohol and drug abuse among soldiers, a U.S. military paper reported Friday.

Under the so-called "REAL Warriors Speakers" initiative, the 2nd Infantry Division of U.S. Forces Korea (USFK) has been inviting outside speakers to address soldiers on personal responsibility and on the life-changing hazards of alcohol and drug abuse, according to the Stars and Stripes.

The acronym REAL stands for "responsible, educated, alcohol-limiting," the newspaper for U.S. forces said.

Heavy drinking has been blamed in part for rape, attempted-rape and other crimes committed by U.S. soldiers stationed here.

About 1,200 soldiers of the division's 2nd Combat Aviation Brigade at Camp Humphreys in Pyeongtaek, about 70 kilometers north of Seoul, attended the session Thursday. Another round is to take place at Camp Casey in Dongducheon with more planned for the summer, the U.S. daily said.

The 18,000-strong 2nd Infantry Division is the flagship division of the 28,500-member USFK.

The program is not aimed at making soldiers halt drinking altogether, but encouraging them to "drink responsibly," Maj. Vance Fleming, the division's spokesman, was quoted as saying.

(Korea Herald) Probe widens on education graft scandal

President Lee Myung-bak yesterday ordered thorough investigations into recent admission irregularities and bribery cases in the education circles.

Inquiries are under way on several corruption cases including one involving a former Seoul education chief.

Seoul elite high schools yesterday were ordered to cancel the admission of about 130 students who used illegal means to enter the coveted schools.

Lee convened an emergency meeting of senior secretaries to discuss the scandals, Kim Eun-hye, presidential spokeswoman said.

"The president ordered a thorough investigation and punishment to prevent a recurrence," she said.

The Seoul Western District Prosecutors' Office on Thursday banned former Seoul education superintendent Gong Jeong-taek from leaving the country while under investigation into a bribery scandal involving officials of the Seoul Metropolitan Office of Education.

A senior personnel official was recently arrested for taking money from teachers in exchange for promotion favors. Prosecutors are looking into whether the money was also delivered to Gong and other officials.

Two high school principals, who worked in the personnel department, were arrested last week for their involvement in the same case.

The prosecutors' office will summon Gong soon, officials said.

Gong lost his elected position of Seoul education superintendent last year after he fined 1.5 million won (\$1,292) by the court for failing to report a large sum of borrowed money to the authorities. The money was largely suspected to be bribes from private education institutes.

The Seoul Central District Prosecutor's Office is looking into a separate case on Gong. The Seoul Liberal Teachers' Union and the New Right Union earlier this week filed a charge against him for illicitly interfering in personnel issues at the education office.

Both cases involving Gong are to be directly reported to the Supreme Prosecutors' Office, said officials.

The Anti-Corruption and Civil Rights Commission also launched a task force to probe other possible corruption cases within the education office.

In a separate case, SMOE yesterday annulled the entrance of 128 students to elite high schools.

The students, many of who came from affluent and influential families, were admitted to slots specially reserved for students from low-income families.

The school principals who wrote false letters of recommendation are to be penalized by mid-March, said officials.

Parents vowed to file an administrative litigation against the entrance annulment.

Japan

Politico-strategic Front;

Detailed News:

(BBC News) Toyota boss to go before US Congress over recall

Toyota's global president has said he will testify to US politicians next week about the carmaker's giant global recall programme.

Akio Toyoda said he was looking "forward to speaking directly with Congress and the American people".

He had previously indicated he would not travel to Washington, instead wishing to lead the recall from Japan.

Mr Toyoda is now due to appear before a congressional committee on Wednesday of next week.

Call for clarification

His apparent change of heart came after the chairman of the committee in question - the House Oversight and Government Reform Committee - formally called Mr Toyoda to go before it.

Democrat Representative Edolphus Towns said he wanted Mr Toyoda to "clarify" how the recall is working.

"The public is unsure as to what exactly the problem is, whether it is safe to drive their cars, or what they should do about it," said Mr Towns, in an open letter.

Toyota is continuing to recall 8.5 million vehicles worldwide, including six million in the US.

It has been hit by three main faults - faulty accelerator pedals, accelerator pedals getting stuck in floor mats, and a problem with the braking system on its Prius hybrid model.

Too slow?

Toyota has been criticised in the US for being too slow in both starting and implementing the recalls.

The matter is being investigated by the US car safety watchdog, which earlier this week ordered Toyota to hand over documents relating to its mass vehicle recalls, to see if the firm reacted quickly enough.

Toyota has denied any cover-up, and said it would "co-operate to provide all the information" requested by the US National Highway Traffic Safety Administration.

On Wednesday, the carmaker took out full-page adverts in major Japanese newspapers to apologise for the recent recalls.

(The Japan times) Japan starting to balk at footing bill for U.S. forces

GINOWAN, Okinawa Pref. — In Japan, where land is a precious commodity, many U.S. bases boast golf courses, football fields and giant shopping malls whose food courts offer everything from Taco Bell to Subway to Starbucks.

They are the most visible point of grievance in a sharpening debate about the cost to Japan of supporting the 47,000 U.S. service members — about \$2 billion a year. That's nearly a third of the total, and about three times what Germany pays to host U.S. forces there.

But facing economic woes and seeking a more equal relationship with the U.S., the Hatoyama administration is questioning whether Japan should spend so much on U.S. forces — a topic that was taboo under the pro-Washington Liberal Democratic Party administrations that governed for most of the postwar era.

The scrutiny in Japan, Washington's deep-pocketed ally and most important strategic partner in Asia, comes at a bad time for the U.S., whose defense budget is already spread thin in Iraq and Afghanistan.

Japanese call their share a "kindness budget," implying the U.S. is getting a free ride, and its opponents say it is rife with waste. The opposition also reflects a long-standing feeling, particularly on the left, that the U.S. is taking its security alliance with Japan too much for granted.

The alliance has come under intense pressure since Prime Minister Yukio Hatoyama took office last September. He says the alliance remains a "keystone" of Japanese policy, but he wants to re-evaluate it.

"This will be a very important year for our relationship," he said last month.

The flash point of the debate is Okinawa, where most of the nearly 100 U.S. installations in Japan are located.

Futenma airfield, where several thousand marines are stationed, was to have been moved from the town of Ginowan to Nago, in a less crowded part of the island. But that plan came into doubt last month after Nago elected a mayor who opposes having the base.

Once the replacement airfield is operational, the U.S. plans to shift about 8,000 marines from Okinawa to the U.S. territory of Guam and expects Japan to pay an estimated \$6 billion of the moving costs.

The frustrations run deep in cramped Ginowan. Local media regularly run images of the golf course at nearby U.S. Kadena Air Base and criticize the forces relentlessly whenever a service member is involved in a local crime.

"When people who live in crowded areas in small houses drive by and see the situation on the bases, some feel angry," said Hideki Toma, an official dealing with the bases in Okinawa.

"This is a bigger issue than the golf courses and free highway passes," Toma said. "It goes back to the fact that Okinawa was occupied after World War II and why the bases have to be here in the first place."

That sentiment is widely shared, and underscores a feeling that the bases should be spread out more evenly among Japan's main islands and Okinawa. Okinawa was one of the bloodiest battlefields of World War II, and Okinawans feel that the continued U.S. presence places an uneven burden on them, though the argument that all U.S. forces should leave Japan is not popular.

American officials say the deployment in Japan of troops, fighter jets and the only nuclear-powered aircraft carrier based outside the U.S. has enabled Japan to hold down its own defense costs in line with the pacifist Constitution.

They say the U.S. presence also prevents an arms race in East Asia, acts as a deterrent against North Korea and counters the rise of China.

Facilities such as on-base golf courses represent a small fraction of the sum U.S. taxpayers chip in for the defense of Japan — about \$3.9 billion a year, according to a U.S. State Department official who spoke on condition of anonymity because he was not authorized to discuss the details.

"There is no difference in the facilities that our forces have here than they have anywhere else in the world, including the United States," said Lt. Gen. Benjamin Mixon, the commander of the

U.S Army's Pacific Forces. "But we cannot view forces that are out here simply as Japan. They are in Asia; they are available for responsive deployment."

Japan covers much of the cost for supporting American forces, including utilities, maintenance and physical upgrades plus the wages of tens of thousands of Japanese civilians working on the bases.

Previous governments were too willing to pay because they wanted to maintain a special relationship with the United States, said Eiichi Hoshino, a professor of international relations at the University of the Ryukyus.

"Japan had kept paying the kindness budget simply because it is the one that wanted the U.S. forces to stay," he said. "If the United States wants to stay here at any cost, it should be the one who is paying."

Tokyo's share rose sharply until 2001 but has since decreased steadily, largely because of the shrinking economy and the objections of Hatoyama's Democratic Party of Japan when it was in the opposition. Costs have been cut, in part, by reducing utilities payments and the salaries and the number of Japanese base employees.

(The Straits Times) JAPAN-CHINA GAS ROW; Japan threatens legal move

TOKYO - JAPAN has told China it will appeal to an international maritime court if Beijing starts gas production in a disputed field in the East China Sea, a Japanese newspaper reported on Monday.

The gasfield spat is one of many issues clouding relations between the two neighbours, although ties have improved in recent years as the two economies become more intertwined. Tensions mostly stem from Japan's wartime occupation of China.

Japanese Foreign Minister Katsuya Okada told Chinese counterpart Yang Jiechi at a meeting last month that Tokyo would not shy away from appealing to the International Tribunal for the Law of the Sea, the Mainichi daily said, quoting diplomatic sources.

The two sides reached a broad agreement in 2008 on principles intended to solve the dispute by jointly developing gasfields, but progress has been slow and Japan has accused China of drilling for gas in violation of the agreement.

Tokyo objects to Chinese development of the Chunxiao gasfield in seas close to Japan's claimed boundary.

Estimated net known reserves in the disputed fields are a modest 92 million barrels of oil equivalent, but both countries have pursued the issue because there may be larger hidden reserves.

(The Japan times) DPJ-LDP bickering keeps Seoul liaison group idled

SEOUL — South Korean and Japanese lawmaker groups have been getting together for decades to promote bilateral ties and iron out rocky political issues, but they have been out of the limelight since the change of government in Tokyo last year.

Prime Minister Yukio Hatoyama and Foreign Minister Katsuya Okada have both visited South Korea since the Democratic Party of Japan came to power in September, but the Japan-South Korean parliamentary league has remained practically in limbo.

The Japan-Korea Parliamentarians' Union and its South Korean counterpart, the Korea-Japan Parliamentarians' Union, had been scheduled to hold a joint general meeting in Tokyo last year before it was called off.

The Japanese side has even shut down its Web site.

The paralysis in the Japanese group stems from the fall of the Liberal Democratic Party and the emergence of the DPJ at the helm of government.

With the LDP remaining in power almost continuously for more than five decades, the union has been led by former LDP prime ministers since it was established in 1975.

Former Prime Minister Yoshiro Mori, who was appointed to the chairmanship of the union while the LDP was in power, continues to occupy the post, frustrating the DPJ's attempts to put its own man in the top job.

In line with other parliamentary groups set up to promote bilateral ties with other countries, the Japan-Korea Parliamentarians' Union is a cross-party group with members drawn from both the ruling and opposition camps.

In parallel with government-to-government contacts, the Japan group and its South Korean counterpart have contributed toward an improvement in bilateral relations.

Apart from regular exchanges of visits by the top leaders of the unions, lawmakers from the two parliamentary groups have helped lower political tensions that from time to time have gripped the two countries, mostly as a legacy of acrimonious historical ties.

With the Japanese union paralyzed by the political bickering between the LDP and the DPJ, the South Korean parliamentarians have urged their Japanese counterparts to put their house in order, arguing the two countries need a parliamentary channel to promote ties.

Lee Sang Deuk, older brother of President Lee Myung Bak and head of the Korea-Japan Parliamentarians' Union, met Foreign Minister Okada in Seoul on Thursday and called for the early resumption of activities between the two unions.

After it came to power, the DPJ pressed its claim for leadership of the Japan-Korea Parliamentarians' Union, saying the union, though possessing a cross-party membership, should be led by a legislator from the party in power.

According to South Korean sources, the names of two prominent DPJ politicians — Takahiro Yokomichi, the speaker of the Lower House, and Satsuki Eda, president of the Upper House — are being passed around as potential candidates for the chairmanship of the Japanese side.

But Mori, who served as prime minister from April 2000 to April 2001 and has strong connections with South Korean politicians, has given little indication he is ready to step aside as chairman.

South Korean legislator Kang Chang Il said the Japanese side must resolve its internal problems and resume bilateral exchanges.

"Our two parliamentary groups serve as political pipelines between our two countries," Kang said.

(The Japan times) DPJ scandals cost us Nagasaki: Hatoyama

Prime Minister Yukio Hatoyama acknowledged that his party's political money scandals affected Sunday's gubernatorial race in Nagasaki Prefecture, where the ruling Democratic Party of Japan-backed candidate lost.

"It should be said that scandals on 'politics and money' influenced the outcome," Hatoyama told reporters Monday. The result "will be taken with sincerity," he said.

Former Nagasaki Vice Gov. Hodo Nakamura, supported by the opposition Liberal Democratic Party and the New Komeito, defeated DPJ-backed former bureaucrat Tsuyoshi Hashimoto and five others.

Nagasaki has been a stronghold for the DPJ in recent national polls, including last year's general election where newcomer Eriko Fukuda beat out LDP veteran Fumio Kyuma. But Nakamura, 59, crushed Hashimoto 316,603 to 222,565.

The result is a "huge blow" to the DPJ heading into the Upper House election in July, political analyst Minoru Morita said.

The outcome is widely seen as the public's response to the DPJ's money scandals, including Hatoyama's mismanagement of political funds given to him by his mother as well as a shady land buy by DPJ Secretary General Ichiro Ozawa.

"The winning streak for the DPJ is over, the favorable wind has stopped," Morita said, pointing out that Nakamura's wide margin of victory came despite the DPJ's recent winning streak in Nagasaki.

Morita said the public is clearly displeased with how Hatoyama and his administration are trying to handle the scandals, warning that regaining voter trust in time for July's Upper House election will be a tough task.

Meanwhile, the opposition camp began feasting on the long-awaited change of tide, with LDP lawmakers boycotting the Lower House Budget Committee session. The party decided earlier in the day to shun discussing the fiscal 2010 budget until the DPJ appropriately addresses the money scandals, including setting a special session for Hatoyama's mother and Ozawa to give sworn testimony.

Chief Cabinet Secretary Hirofumi Hirano criticized the move, saying the outcome of Nagasaki's gubernatorial election in no way justifies impeding Diet proceedings.

"These are completely different issues," Hirano said, adding that passing the budget plan will be a priority for the administration.

(Japan times) Japanese media get special tour of Iran uranium conversion plant

ISFAHAN, Iran (Kyodo) A uranium conversion facility and nuclear fuel plant in Isfahan, central Iran, were shown to Japanese media Wednesday as the United States and Europe continued to pressure the country about its atomic ambitions.

The conversion facility, which manufactures uranium hexafluoride as a raw material for uranium enrichment, forms the core of Iran's nuclear program in tandem with a uranium enrichment facility in Natanz.

The facility would be considered a prime military target if talks with the United States or Israel collapse and result in the use of force.

The viewing, which was restricted to Japanese media companies, was considered an unusual move for Iran. Some observers say the act was aimed at proving Iran is acting transparently in pursuing nuclear power so it can gain support from Japan, a "friendly country" that is distancing itself from the United States and Europe, which are leaning toward increasing sanctions.

Although the enrichment facility was undergoing maintenance, an engineer explained the entire process for manufacturing uranium hexafluoride from yellowcake, or uranium ore that has been crushed to a fine powder.

The engineer emphasized that the containers used to solidify and store uranium hexafluoride are sealed by the International Atomic Energy Agency, the U.N.'s nuclear watchdog, and placed under supervision.

In the nuclear fuel plant, fuel rods used for an experimental heavy-water reactor under construction in Arak, western Iran, were shown. But a manufacturing line for the Tehran

research reactor fuel it has threatened to make on its own was not installed, and a manufacturing line for a light-water reactor to be used for future electricity generation also lay incomplete.

"Of course, we are facing some difficulties. For light-water reactors, we've been solving the problems step by step. As no one in Europe or the United States sells fuel to us, we do it ourselves," said Ali Saeidi, manager of the Iranian Fuel Assembly Co.

Construction of the enrichment facility began in 1997, and production started in 2004. According to an IAEA report, a total of 371 tons of uranium hexafluoride have been produced, with a portion of that used to enrich uranium at Natanz.

(Japan times) Shimane governor pushes Takeshima

MATSUE, Shimane Pref. (Kyodo) The governor of Shimane Prefecture called on the public Monday to pay more attention to the sovereignty dispute over a group of South Korean-controlled islets in the Sea of Japan.

Zenbe Mizoguchi said galvanizing public support at the national level is "absolutely necessary" to settle the issue in Japan's favor. He made the remark at a ceremony for the fifth Takeshima Day, which the prefecture has set aside each year to promote Japan's claim to the islets.

About 500 people attended the ceremony in the prefectural capital of Matsue. A group of South Koreans meanwhile held a minor protest rally.

The Liberal Democratic Party sent an official representative, Lower House lawmaker Nobuteru Ishihara, to the annual event for the first time. No lawmakers from the ruling Democratic Party of Japan or officials from the Foreign Ministry official showed up despite a request by the prefectural government.

(Japan times) Vote gaps illegal but poll isn't void: court

The Tokyo High Court ruled Wednesday that the Aug. 30 general election that brought the Democratic Party of Japan to power went against the spirit of the Constitution, given a disparity in vote value of as much as 2.3-to-1.

The court, however, rejected the demand by lawyers who filed the suit to nullify election returns in nine constituencies in Tokyo and Kanagawa Prefecture, where the value of one vote was considerably lower than in rural areas.

The ruling follows decisions by the Osaka and Hiroshima high courts over the general election, in which both clearly stated the disparity was "unconstitutional."

The focus of the case was on the election system that automatically allots a seat to each of the 47 prefectures regardless of population size and then allocates the remainder of the seats according to population.

Presiding Judge Kazuhiro Tomikoshi said that while the system may be aimed at ensuring depopulated regions are represented in an election, it "does not contain a rationale" that will justify a vote value disparity of more than two times.

But, he added, "considering that past Supreme Court rulings have not recognized the system as unconstitutional and that it takes a long time to amend the system, the Diet cannot be blamed" for failing to correct the disparity.

The largest disparity in vote values in the poll — 2.3 times — was between the least populated No. 3 constituency in Kochi Prefecture and the most populated No. 4 constituency in Chiba Prefecture.

Disparities of more than two times were recorded in 45 constituencies nationwide as well.

Japan urged to drop islets claim

SEOUL - SOUTH Korea told Tokyo on Monday to drop its claim to disputed islets as a local council in Japan observed a day proclaiming sovereignty over them.

The neighbours have been at loggerheads for decades over the Seoul-controlled rocky outcrops in the Sea of Japan (East Sea), which are known as 'Dokdo' in Korea and 'Takeshima' in Japan. Japan's Shimane prefecture in 2005 passed a ruling designating Feb 22 'Takeshima Day'.

'The ruling should be renounced immediately and the unfair territorial claim should be dropped,' South Korean foreign ministry spokesman Kim Young-Sun told a briefing.

The spokesman reaffirmed Seoul would 'firmly' cope with any attempts to infringe on its rights to the islets.

About 40 activists including war veterans in military uniform staged a protest outside the Japanese embassy as police guarded the mission. 'Stop promoting the Takeshima Day in Shimane prefecture,' they chanted.

Apart from the island claim, some older Koreans still have bitter memories of Japan's 1910-1945 brutal colonial rule. Japanese Foreign Minister Katsuya Okada this month made a strongly worded apology for the colonization in an attempt to improve relations.

(The Straits times) Japan PM's support tumbles

TOKYO - JAPAN'S prime minister is on thinning ice with voters, who expressed growing discontent in a new poll and rejected the ruling party's candidate in a key local election this weekend.

Public support for Yukio Hatoyama's Cabinet has tumbled to 37 per cent amid escalating anger over fundraising scandals, according to the national poll by the major daily Asahi. Voter approval was down 11 percentage points from 48 per cent in December.

More than half said they did not want the ruling Democratic Party of Japan to win a majority of upper house seats in elections this summer.

The latest figures represent a massive reversal of fortune for the Democrats, who came to power on high hopes for change and strong public support. In a historic election last summer, they managed to oust the Liberal Democrats from five decades of nearly unbroken rule.

Since then, however, voters have turned on PM Hatoyama. The 63-year-old's agenda is being undermined by financial scandals that threaten his party's prospects in July's upper house elections and its ability to pass a record US\$1 trillion (S\$1.41 trillion) budget for the next fiscal year. PM Hatoyama also faces ballooning doubts about his leadership in diplomatic and economic issues.

More than 80 per cent of poll respondents said Ichiro Ozawa, the Democrats' No. 2 official, should answer lawmakers' questions regarding a political fundraising scandal. Three former and current aides were indicted earlier this month on charges of violating campaign finance laws.

(The Straits times) Toyota arrives for grilling

WASHINGTON - TOYOTA Motor Corp's president pledged to cooperate fully with US government officials investigating safety problems on Wednesday as he prepared to tell a congressional panel that the automaker had let standards slip in its rise to the top.

Akio Toyoda arrived at a congressional office building on Wednesday morning, hours before his scheduled testimony for US lawmakers. He read a short statement in Japanese to waiting reporters. 'This is a very valuable opportunity to appear today and I am very grateful to Congress for this invitation,' said Toyoda, who was accompanied by Yoshi Inaba, Toyota's chief of North American operations. 'Safety is our top priority and I intend to cooperate fully with the US government,' he said.

Mr Toyoda, who has appeared uneasy with the global spotlight in the past month, waited for a translator to deliver his short statement in English and then walked briskly off when prompted by an aide, declining to take questions from reporters.

Mr Toyoda's appearance before a congressional panel marks the dramatic peak so far of a safety crisis that broke a month ago with a series of recalls that now includes more than 8.5 million vehicles globally. Toyota, founded by Mr Toyoda's grandfather, now faces a criminal investigation and a securities probe in the United States as well as unresolved questions about hundreds of incidents of unintended acceleration reported by consumers.

Mr Toyoda is one of nine witnesses set to appear before a congressional panel on Wednesday. The same panel will also hear from a relative of Mark Saylor, an off-duty California Highway Patrol officer who was killed last August, along with three members of his family, when the Toyota Lexus sedan he was driving sped out of control. Mr Toyoda and Mr Inaba are due to appear in the second panel of witnesses on Wednesday, after US Transportation Secretary Ray LaHood and David Strickland, head of the National Highway Traffic Safety Administration.

In his prepared testimony, Mr Toyoda extended his condolences to the Saylor family and said he was 'deeply sorry' that the company had allowed its standards for quality to slip during a period of fast growth over the past decade. Toyota has promised internal reforms intended to increase attention to safety and ensure that future recalls happen more quickly in response to consumer complaints

(The Strait times) Australia, Japan FMs meet

SYDNEY- JAPAN'S foreign minister was to meet his Australian counterpart on Sunday for talks overshadowed by Prime Minister Kevin Rudd's threat to take Tokyo to court over its controversial whale hunt.

Mr Rudd and Japanese Foreign Minister Katsuya Okada had a 'frank discussion on whaling' in Sydney on Saturday, after the Australian leader vowed to take Japan to the International Court of Justice if it didn't stop harpooning by November.

Australia, along with New Zealand, has consistently opposed Japan's killing of hundreds of whales each year, which it carries out via a loophole in an international moratorium that allows 'lethal research'.

Mr Okada is the first official from Japan's new government to visit Australia, and emphasised before leaving Tokyo that their whaling activities were legal, carried out in public waters and in accordance with international conventions.

Mr Rudd bluntly warned Japan, a major trading partner and top export market, it had nine months to reduce its current whale catch to zero. 'If that fails, then we will initiate that court action before the commencement of the whaling season in November 2010,' Mr Rudd said on Friday, ahead of Mr Okada's arrival.

A spokesman travelling with Mr Okada on Saturday reiterated hopes for a diplomatic solution 'in light of the importance of Australia-Japan relations'. Mr Okada was due to appear at a joint press conference with Australian Foreign Minister Stephen Smith in the western city of Perth later on Sunday

(The Asian age) Iran open to Japan offer to enrich uranium

Iran will study a Japanese offer to enrich uranium for Tehran to allow it access to nuclear power for peaceful purposes, an Iranian politician was quoted as saying in Tokyo pm Thursday.

"It has the substance to be worth discussing. We want to deepen the discussion on it," visiting parliamentary speaker Ali Larijani told reporters on Wednesday, according to the Nikkei business daily.

Japan had made the offer, with US backing, in December during a Tokyo visit by Iran's top nuclear negotiator Saeed Jalili, according to an earlier Nikkei report which Japan's government has declined to confirm or deny.

The only country to have been attacked with atomic bombs, Japan has long been a strong proponent of global nuclear non-proliferation efforts, while it also has good ties with Iran, one of its main energy suppliers.

Prime Minister Yukio Hatoyama urged Larijani on Wednesday to prove to the world that its nuclear project is for peaceful purposes and not to make a bomb.

Teheran should implement UN Security Council resolutions and fully cooperate with the International Atomic Energy Agency (IAEA) "to remove all the doubts about Iran's nuclear development", Hatoyama told Larijani.

Larijani denied Iran was seeking weapons of mass destruction, which is the suspicion held by the United States and European powers.

Iran has so far failed to take up an IAEA offer under which Russia would enrich its uranium and France would process it. Tehran this month said it had begun enriching uranium itself to a higher level.

Larijani was on Saturday due to visit the western Japanese city of Nagasaki, which was hit with an American atomic bomb at the end of World War II, three days after a US nuclear attack devastated nearby Hiroshima.

Hatoyama said he hoped Larijani would see the "horror" wrought by nuclear weapons in Nagasaki. The premier added that Japan regards Iran as "an important country" and wishes to further enhance bilateral relations.

(The Japan times) Unified rules for Emperor said unrealistic

The government believes it is "not realistic" to establish unified rules for acts performed by Emperor Akihito in his official capacity outside the affairs of state because they vary in nature according to a report released Thursday.

Chief Cabinet Secretary Hirofumi Hirano told reporters Thursday morning that he submitted the report to the executive board of the House of Representatives Budget Committee. He later released the report to the media following another press conference in the afternoon.

The development came after Sadakazu Tanigaki, head of the Liberal Democratic Party, the main opposition force, demanded during Diet debate in January that the Democratic Party of Japan - led government formulate specific rules on the Emperor's acts to prevent his political exploitation, citing a controversial meeting in December between him and Chinese Vice President Xi Jinping.

Speaking to reporters in the evening, Prime Minister Yukio Hatoyama, the DPJ president, said, "Needless to say, the Emperor must not be used for political purposes."

In December, Xi, seen as the front-runner to succeed Chinese President Hu Jintao, was granted an exceptional audience with the Emperor despite the customary practice requiring prospective foreign visitors to submit a written request for a meeting at least one month in advance.

The DPJ-led ruling bloc asked the Imperial Household Agency to arrange a meeting for Xi, who was described by Hatoyama as "an important figure in bilateral relations."

But the opposition parties criticized the arrangement, saying it used the Emperor for political purposes.

The Constitution stipulates the Emperor perform acts in matters of state with the advice and approval of the Cabinet. There are also other acts not stipulated by the charter but are performed by the monarch in an official capacity.

(The star online) Japan verifies secret nuclear pact with U.S. - Nikkei

TOKYO (Reuters) - Japan has verified the existence of a 1969 agreement with the United States that would allow Washington to deploy nuclear weapons in southern Japan in the event of an emergency, the Nikkei business daily reported on Wednesday.

The agreement could put Japan's government in a bind by forcing it to choose between scrapping the pact with its top security ally and watering down its self-imposed ban against the possession, production or import of nuclear arms.

The pact allows the United States, after discussions with Japan, to deploy nuclear weapons on the southern island of Okinawa where the bulk of U.S. bases in Japan are located, the Nikkei said.

Foreign ministry officials were not immediately available for comment.

The newspaper quoted a draft of a report expected next month by a government panel of academics looking into diplomatic agreements suspected to have been kept under wraps by previous Japanese governments.

The investigation was launched after Prime Minister Yukio Hatoyama's Democratic Party took power last August, ending decades of conservative rule with pledges to make policies more transparent.

An analyst said Hatoyama could choose to annul the 1969 agreement, but debate over a nuclear deterrent would likely be an issue as Japan and United States discuss ways to review their alliance this year.

"Before talks on deepening the alliance, the U.S. will want to see Japan set a clearer picture on where it stands on issues ... such as its three non-nuclear principles," said Katsuhiko Nakamura, director of research at think tank Asian Forum Japan.

"Only when they've resolved these fuzzy issues can they go ahead with issues like how to work together in global affairs, which Hatoyama has talked about."

Japan often refers to itself as the only country to have suffered nuclear attacks when touting its non-nuclear principles.

But Tokyo also benefits from the shelter of the U.S. nuclear umbrella, and many in Japan would be reluctant to see the United States' nuclear deterrent significantly weakened in the face of a resurgent China and threats from North Korea.

The government panel has failed to confirm a separate agreement suspected of allowing stopovers by U.S. military aircraft or vessels carrying nuclear weapons, the Nikkei said, although former officials have commented on its existence.

(The star online ANALYSIS) - Japan novice govt struggles to flesh out policies

TOKYO (Reuters) - Five months after Japan's Democratic Party swept to power promising that politicians would wrench control of policy from bureaucrats, critics are wondering -- where are the politicians headed now that they're in charge?

Analysts say Prime Minister Yukio Hatoyama's government is on the right track in trying to shift spending from wasteful public works to "soft infrastructure" such as childcare and education.

But they also complain of a failure to set priorities or spell out the path from lofty goals to coherent plans.

"It was OK (to have piecemeal policies) when they were in opposition and trying to convince the public to give them a chance, but now that they are in power, they need a concrete, coordinated vision and policies," said Hidenori Suezawa, chief strategist at Nikko Cordial Securities.

Many experts agree that while a policy process dominated by bureaucrats worked well when Japan's goal was to catch up with the West, it has faltered when faced with more modern challenges.

The Democrats inherited a raft of deep problems including an ageing population, an economy that only managed to grow about 1 percent annually over the past two decades and a public debt nearing 200 percent of GDP after repeated stimulus packages.

Now the government is trying to flesh out a strategy by June to achieve average annual growth of more than 2 percent over the next decade, along with a mid-term plan for reining in the debt.

Concerns about future bond issuance have kept investors from aggressively buying long-term Japanese government bonds, while doubts about the growth strategy dampen appetite for Japanese shares.

But sceptics wonder how much credibility the mid-term plans will have, given the ruling bloc's desire to avoid sticky topics ahead of an upper house election expected in July as well as political leaders' lack of expertise on economic matters.

WEAK ON ECONOMY

Finance Minister Naoto Kan has taken a pragmatic step by calling for debate on Japan's 5 percent sales tax, but Hatoyama is sticking to a pledge not to raise the politically sensitive tax until the next general election, mandated by late 2013.

"They shouldn't leave it all to bureaucrats, but within the DPJ government they need to decide their stance toward economic and fiscal policy. I think they are very weak on that aspect," said Yoshihiro Katayama, a former reformist governor who is now a member of a government panel discussing fiscal reform.

"The current administration at this time is entirely focused on the election. Their big goal is to win in the upper house election, and what they do after they win is secondary."

Hatoyama's Democrats trounced the long-dominant Liberal Democratic Party (LDP) in a lower house election last year, but now need to win an outright majority in an upper house poll expected in July, or risk policy paralysis.

But a funding scandal embroiling a ruling party kingpin, and doubts about Hatoyama's leadership have pushed the government's ratings below 40 percent, clouding the chances of a decisive win.

Central to the Democrats' platform is a package of steps including child allowances and free high-school education intended to put more money in consumers' hands to boost domestic economic growth as well as encourage people to have children.

But due to falling tax revenues the government has already abandoned a pledge to end a gasoline surcharge, and has yet to persuade critics it can find permanent sources of funding for other measures, which will cost 14.3 trillion yen (\$159 billion) by 2013/14.

BEARING THE BURDEN

"They talk about a 'welfare nation' but if you want to raise the level of government services, you have to discuss where you are going to get the funds and who will bear that burden," Nikko Cordial's Suezawa said.

"But from the start, they were lacking that aspect, because their starting point was to criticise the ruling party."

Critics suggest the Democrats could benefit by drafting professionals to help craft their policies. "They are amateurs when it comes to the economy," Suezawa said.

Hatoyama, 63, the rich grandson of a premier, has a doctorate in engineering while Kan is a former grassroots activist who made his name uncovering a tainted blood scandal as health minister.

The Democrats have not been idle.

After passing an extra budget for the fiscal year to March 31 to prop up the economy, they now look set to enact a record \$1 trillion budget for 2010/11. That budget will slice public works spending by 18.3 percent and boost funds for social security by 9.8 percent and for education, culture and science by 5.2 percent.

Economists applaud such efforts, but say shifts in spending priorities could take up to a decade to show effect.

Voters, however, may not want to wait so long.

"With declining polls, they have to deliver the fruits of political change, and that is very hard," said Sophia University professor Koichi Nakano. "It is not going to be easy for the Democrats to claim a majority on their own."

(The star online) Japan govt support drops further in blow to PM

TOKYO (Reuters) - Support for Japanese Prime Minister Yukio Hatoyama's government has slipped further, a newspaper poll showed on Monday, adding to the leader's woes ahead of a midyear election that his party needs to win to avoid policy deadlock.

Hatoyama's Democratic Party took power after an election for the more powerful lower house last year, but it needs to win a majority in the upper house to drop an awkward coalition with two smaller parties to smooth policy-making.

Support for the government has fallen to 37 percent from 41 percent earlier this month, a poll of more than 2,000 voters by the Asahi Shimbun daily showed. Disapproval was at 46 percent.

The poll follows another blow for Hatoyama on Sunday, when a candidate backed by his party lost an election for governor in southern Japan, in a sign of voter frustration over a scandal ensnaring the party's No.2 executive, Ichiro Ozawa.

The weekend gubernatorial vote was seen as the first test for the Democrats after three of Ozawa's current and former aides were charged for misreporting political funds.

Ozawa acknowledged on Monday that the scandal was one of the reasons for the loss.

"I am very sorry that I caused trouble to everyone due to my failings and clearly this (the scandal) was not a plus," he told a news conference.

Ozawa added that he would keep trying to gain the voters' understanding as he travels around the country ahead of an upper house election expected in July.

Hatoyama echoed Ozawa's sentiments, saying he intended to fight the election with Ozawa in his key post.

While a majority of voters want Ozawa to step down from the party's secretary-general post, his departure could delay policy-making because he is seen by many as the real power behind the government and can make tough decisions when others can't.

Ozawa is also known for his campaigning mastery, and is regarded as vital for the party before the upper house vote.

It was still unclear if Ozawa would step down, given the chances that the Democrats could try to woo the the public with policies ahead of the upper house vote, said Sophia University professor Koichi Nakano.

"If the government can fill the news with positive achievements, the scandal won't be the only thing in the news," he said.

"I don't think Ozawa will quit immediately. The question is, will things improve in the spring?"

The main opposition Liberal Democratic Party turned up the heat on Monday, boycotting debate over the budget for the year starting in April after the Democrats failed to agree to have Ozawa appear to explain the scandal.

The ruling coalition is likely to force the budget through, although that could upset voters who are also calling for Ozawa to explain about the scandal.

Hatoyama's government is hoping to win back voters with efforts to slash wasteful spending and bring down Japan's huge public debt, now around twice the size of the country's gross domestic product.

Standard and Poor's said last month it would cut Japan's rating unless the government produced a credible plan to rein in debt and lift growth for the deflation-ridden economy.

Still, there is relatively little chance that S&P will downgrade Japan's sovereign rating this year unless there is a major economic shock, analyst Takahira Ogawa said on Monday.

(The star online) Japan PM suffers blow with local election loss - NHK

TOKYO (Reuters) - A ruling party-backed candidate lost an election for governor in southern Japan on Sunday, public broadcaster NHK said, a new sign of trouble for Prime Minister Yukio Hatoyama ahead of a mid-year national election.

The defeat could embolden opposition parties to step up calls for probes into a funding scandal embroiling the ruling Democratic Party's No.2 leader, stalling debate on a record budget for the year from April 1 intended to keep a fragile economic recovery on track.

NHK said that exit polls and its own projections showed Hodo Nakamura, 59, backed by the opposition Liberal Democrats and the smaller New Komeito party had defeated Tsuyoshi Hashimoto, 40, supported by the Democratic Party and its two partners.

Support for the five-month-old government has sunk below 50 percent in recent polls because of the scandal ensnaring the Democrats' secretary-general, Ichiro Ozawa, seen by many as the real power behind the government and a master strategist whose skills are vital for an upper house election expected in July.

Hatoyama's popularity has also been hit by voter concerns over his ability to make tough decisions on the economy and diplomacy and a separate funding scandal of his own.

The Democrats swept to power in a landslide victory in a lower house election last August, promising to put more money in consumers' hands to bolster economic growth, to cut waste and to wrench control of policy-making from career bureaucrats.

But they need to win a majority in the upper house in order to drop an awkward coalition with two smaller parties, whose differences over policy complicate decision-making.

A ruling bloc loss at the polls could even lead to policy gridlock as the government struggles to balance the need to stimulate the economy with the need to rein in Japan's huge public debt.

Economic frontage;

Detailed News:

(The Straits times) Toyota chiefs blame rapid rise

WASHINGTON - UNDER fire from angry US lawmakers, Toyota chiefs admitted on Tuesday that massive recalls had 'not totally' addressed acceleration problems and blamed their safety woes on the company's rapid rise to world number one automaker.

In contrite remarks to be delivered in front of a congressional committee in Washington on Wednesday, the Japanese auto giant's embattled president Akio Toyoda said his company's 'too quick' growth had outstripped safety needs.

'I regret that this has resulted in the safety issues described in the recalls we face today, and I am deeply sorry for any accidents that Toyota drivers have experienced,' Mr Toyoda said in prepared remarks obtained by AFP.

Mr Toyoda was to appear on Wednesday before one of three congressional committees looking into how the company and US regulators responded to sudden, unintended acceleration blamed for 30 US deaths, as well as braking and steering problems.

James Lentz, who heads Toyota Motor Sales USA, appeared before a committee on Tuesday and denied that malfunctioning electronics were responsible for causing the sudden and potentially deadly spikes in speed.

But he acknowledged that recalls for sticky pedals and others that can be blocked by floormats would 'not totally' solve the sudden unintended acceleration problem and said Toyota had not wholly dismissed electronic flaws.

(BBC News) Toyota receives subpoenas for recall documents

Toyota has received subpoenas asking it to produce documents relating to problems that led to the recall of millions of its vehicles.

The subpoenas were served earlier this month by a federal grand jury in New York and by the financial watchdog the Securities and Exchange Commission.

Toyota said in a statement it would co-operate with the investigations.

The confirmation of the legal requests comes as a document alleging it "saved" \$100m on the recalls was released.

Among the documents sent to US congressional investigators is an internal company presentation made by Toyota's US boss Yoshi Inaba in July 2009.

It features a page entitled "Wins for Toyota - Safety Group". This lists a series of items where it says Toyota saved money by delaying rulemaking and avoiding defect investigations.

One of the items refers to a "negotiated equipment recall" of floor mats involving 55,000 Toyota Camry and Lexus ES350 vehicles, which the document says saved the company over \$100m (£64.6m).

The contents have raised concerns that the recalls may not have gone far enough.

Since October, Toyota has had to recall millions of vehicles worldwide because of safety concerns relating to sticky accelerators, brake faults and problems with floormats.

But Toyota responded by saying that their first priority was customer safety and "to conclude otherwise on the basis of one internal presentation is wrong".

Toyota's president Akio Toyoda is due to appear before a congressional committee this week. He had initially planned to send Yoshi Inaba but has said he will testify on Wednesday.

(BBC News) Nissan, Daihatsu, Suzuki issue car recalls

Three Japanese automakers have announced the recall of thousands of vehicles, mostly in their home market.

Suzuki Motor is recalling 432,000 small vans in Japan because of a potential problem with air conditioning units.

Nissan's recall involves about 76,000 cars in Japan and more than 2,000 overseas due to a defect that may cause engine failure.

And some 60,000 Daihatsu vehicles are being recalled due to faulty airbags that could accidentally inflate.

The announcements come as 8.5 million Toyota vehicles are being recalled worldwide because of safety concerns.

Suzuki's recalls relate to 2005 to 2009 models of its Every van and Mazda Scrum, which it builds for its partner company.

"We sincerely apologise to users for causing inconvenience," Suzuki said in a statement.

Nissan - which is part-owned by Renault - did not say in which overseas countries it would recall vehicles.

There have been no reported accidents, Nissan also said.

Japan Deflation Persists as Consumer Prices Fall 1.3%

Feb. 26 (Bloomberg) -- Japan's consumer prices fell for an 11th month in January, putting renewed pressure on policy makers to eradicate deflation that hampers the recovery.

Prices excluding fresh food slid 1.3 percent from a year earlier, the same pace as December, the statistics bureau said today in Tokyo. The figure matched the median estimate of 29 economists

Bank of Japan Deputy Governor Hirohide Yamaguchi said this week that prices may not be improving as quickly as he had expected. Finance Minister Naoto Kan today reiterated that the central bank should help the government beat deflation.

"Prices won't stop falling until the recovery spreads to households," Hiroshi Watanabe, a senior economist at Daiwa Institute of Research, said before the report was published. "Japan's deflation will continue through fiscal 2012," beyond the BOJ's projections, he said.

The yen traded at 89.23 per dollar at 10:35 a.m. in Tokyo from 89.22 before the report.

Unemployment and falling wages are discouraging spending by households and prompting companies to make discounts. Daiei Inc. this month cut prices of clothing and household goods as much as 30 percent, including women's suits and desks for children, to spur sales before Japan's school year starts in April.

Costlier Oil

Price declines have eased since peaking at 2.4 percent last August, largely because of costlier crude oil. Excluding energy and food, prices slumped 1.2 percent in January from a year earlier, matching the previous month's decline as the sharpest since records began in 1971.

"We'll step up our efforts to end deflation even though price declines are easing," Kan told reporters in Tokyo today. "While we're headed in the same direction, I still want the BOJ to find various ways to make an effort" given that the government is doing its part to support the recovery, he said.

Yamaguchi said this week that the moderation of price declines "seems to have been somewhat slower" given improvements in the economy. He said the central bank is "always prepared to implement appropriate measures at an appropriate timing."

Kan repeated this week that he wants the central bank to work with the government to beat deflation and "do what it can." The bank unveiled a 10 trillion yen (\$112 billion) lending program for commercial banks in December after the yen surged to a 14-year high against the dollar and politicians including Kan urged action.

BOJ Action

“It’s highly probable that the BOJ will act to ease monetary policy further should financial markets turn volatile suddenly,” said Kenro Kawano, a debt strategist at Credit Suisse Group AG in Tokyo.

Bank of Japan policy makers forecast last month that core prices will decline 0.5 percent in the year ending March 2011 and 0.2 percent in the following 12 months. They haven’t made forecasts beyond then.

Exports and production, which have fueled Japan’s rebound, are “bound to slow down” and the economy’s momentum will temporarily decrease, Yamaguchi said on Feb. 24.

Tokyo core consumer prices dropped 1.8 percent in February from a year earlier, today’s report showed. Figures for the capital city are released a month earlier than nationwide data, making them a harbinger of price trends.

“Downward pressure on prices will persist” as supply continues to outstrip demand, said Yoshiaki Shinke, a senior economist at Daiichi Life Research Institute in Tokyo.

Japan Production Rises Most since May, Retail Sales Rebound

Feb. 26 (Bloomberg) -- Japanese manufacturers increased production at the fastest pace since May and retail sales snapped a 16-month slump, signaling the recovery is intact even as the government calls for more action to fight deflation.

Factory output rose 2.5 percent in January from a month earlier, the 11th straight gain and the longest streak in more than 12 years, the Trade Ministry said today in Tokyo. Retail sales unexpectedly jumped 2.6 percent from a year earlier.

A key gauge of consumer prices slid for an 11th month, prompting Finance Minister Naoto Kan to repeat a request for the Bank of Japan to “find various ways” to end deflation. Today’s production numbers suggest the economy will keep expanding on the back of Asian demand and the central bank is unlikely to act unless financial markets become volatile, said Yoshimasa Maruyama, a senior economist at Itochu Corp. in Tokyo.

“Japan’s economy will probably lose some of its momentum for a while, but the pace of slowdown will be softer than we expected,” Maruyama said. “The BOJ won’t take additional actions just for the sake of beating deflation.”

The yen traded at 89.31 per dollar at 11:18 a.m. in Tokyo from 89.22 before the reports. It has climbed 4.2 percent this year, threatening exporters’ repatriated profits. The Nikkei 225 Stock Average rose 0.4 percent.

Industrial production rose more than the 1 percent median estimate of 28 economists surveyed by Bloomberg News. The gain in retail sales was the biggest in almost two years, confounding analysts’ median projection for a 0.2 percent drop.

Export Revival

More than \$2 trillion in global stimulus spending helped exports surge the most in almost 30 years in January. Brighter global prospects are encouraging companies from Toshiba Corp. to Mazda Motor Corp. to increase production capacity.

The world's second-largest economy expanded at an annual 4.6 percent rate last quarter, a government report showed last week. The export-led acceleration was driven by Asia, especially China, Japan's biggest overseas customer.

"Right now, the economic recovery is being pulled by exports and inventory adjustments," said Naoki Iizuka, senior economist at Mizuho Securities Co. in Tokyo. "Once we hit the second quarter, manufacturers' capital spending will be a new contributor to the economy's growth."

Government incentives to purchase energy-efficient appliances and cars spurred retail sales, and cold weather encouraged purchases of winter clothes, Iizuka said.

Employment Prospects

"We're continuing to see the effects of government stimulus measures," said Tatsushi Shikano, senior economist at Mitsubishi UFJ Securities Co. in Tokyo. "In the meantime, employment has at least stopped worsening."

The retail revival is bolstering sales for companies including Rakuten Inc. The Internet shopping operator swung to a net income of 53.6 billion yen in the year ended Dec. 31, compared with a net loss of 55 billion yen a year earlier.

Consumer confidence rose for the first time in four months in January, after the unemployment rate fell. Still, 19 months of tumbling wages will force consumers to tighten their purse strings once government incentives start to fade, Shikano said.

Prices excluding fresh food slid 1.3 percent in January from a year earlier, the statistics bureau said. Declines have eased since peaking at 2.4 percent last August, largely because of costlier crude oil. Excluding energy and food, prices slumped 1.2 percent, matching the previous month's drop as the sharpest since records began in 1971.

Kan's Plea

"We'll step up our efforts to end deflation even though price declines are easing," Kan told reporters in Tokyo today. "While we're headed in the same direction, I still want the BOJ to find various ways to make an effort" given that the government is doing its part to support the recovery, he said.

Chief Cabinet Secretary Hirofumi Hirano said the government "must work with the Bank of Japan to address this problem."

The central bank unveiled a 10 trillion yen (\$112 billion) lending program for commercial banks in December after the yen surged to a 14-year high of 84.83 against the dollar and politicians including Kan urged action. Its benchmark interest rate has been at 0.1 percent since December 2008.

Production may slow temporarily as automakers reduce output following vehicle recalls to fix defects, economists including Iizuka said. Toyota Motor Corp., the country's biggest carmaker, has recalled 8 million vehicles because of accelerator and brake problems.

Companies surveyed by the Trade Ministry expect to cut production by 0.8 percent in February and increase output 1.6 percent in March, today's report showed. The ministry kept its assessment unchanged that production is "picking up."

"We are bullish on the outlook for factory output" because rising exports are fueling manufacturing of machinery, said Susumu Kato, chief Japan economist in Tokyo at Credit Agricole Securities Asia. "Still, uncertainty remains for the production of transportation machinery, which is suffering from the automobile recall problem."

(The Japan times) Swine flu vaccine imports face ax

The government is considering canceling some of its swine flu vaccine purchase contracts with foreign pharmaceutical companies due to a likely surplus, according to health minister Akira Nagatsuma.

"We are now negotiating with the two (foreign) companies because it is likely that there will be more vaccines than necessary," Nagatsuma said Monday at a Lower House committee discussing health and welfare issues.

"It is important to have stockpiles of vaccines. But still, we are expecting a surplus of imported vaccines," he said.

The government has signed deals with Britain's GlaxoSmithKline PLC and Novartis AG of Switzerland for a combined 99 million doses.

Nagatsuma's remarks came amid growing speculation about an oversupply of vaccines if the entire contracted amount is imported. Coupled with domestically produced vaccines, an oversupply is likely, medical experts say.

Nagatsuma had earlier indicated that Japan might cancel part of the purchase contracts, pointing to similar moves in European and other countries, because the number of cases of the new H1N1 flu is decreasing.

Japanese Bonds Decline, Ending 3-Day Advance as Equities Gain

Feb. 26 (Bloomberg) -- Japan's 10-year government bonds fell, ending a three-day gain, as Asian stocks advanced on signs the global economy is recovering.

Demand for debt weakened after reports in Tokyo showed Japan's retail sales unexpectedly rebounded and industrial production expanded. Other data today showed Australian bank lending rose for a third consecutive month and South Korean manufacturers' confidence climbed to a seven-year high.

"Global stocks seem to be maintaining a firm undertone as the economy recovers," said Shinji Hiramatsu, senior investment manager at Sompo Japan Asset Management Ltd. in Tokyo, which held 1.4 trillion yen (\$15.7 billion) in assets under management. "Bonds will struggle to extend gains."

The yield of the benchmark 10-year bond rose 1.5 basis points to 1.31 percent at 1:27 p.m. in Tokyo at Japan Bond Trading Co., the nation's largest interdealer debt broker. It earlier touched 1.290 percent, the lowest since Dec. 30. A basis point is 0.01 percentage point.

Ten-year bond futures for March delivery fell 0.12 to 139.81 at the Tokyo Stock Exchange.

The Nikkei 225 Stock Average rose 0.6 percent and the MSCI Asia Pacific Index of regional shares also advanced 0.6 percent.

(The Straits times) Japan logs trade surplus

TOKYO - JAPAN logged a surprise trade surplus in January as US-bound exports picked up for the first time in more than two years on robust demand for cars, official data showed on Wednesday.

Japan posted a surplus of 85.2 billion yen (\$1.3 billion), beating a deficit of some 145 billion yen the market had expected and reversing a record deficit of 956 billion yen a year ago.

It is the 12th consecutive month that Japan has posted a trade surplus, according to data from the finance ministry. Exports in January soared 40.9 per cent from a year earlier to 4.90 trillion yen for a second consecutive month of rises as shipments of automobiles, electronics parts and car components surged.

Imports rose 8.6 per cent to 4.82 trillion yen, posting the first rise in 15 months. By region, Japan's surplus with the United States jumped 78.7 per cent to 237.1 billion yen. Exports rose 24.2 per cent to chalk up the first rise in 29 months, with automobiles exports more than doubling.

The trade deficit with China, Japan's biggest trade partner, shrank by 76.8 per cent to 130.6 billion yen on higher exports of semiconductors and other electronics parts as well as automobiles.

Japan's trade surplus with the European Union more than tripled to 92.1 billion yen from the year-before surplus of 27.8 billion yen.

(The Straits Times) Japan to review car recall

TOKYO - JAPAN'S Transport Ministry may review and improve its car recall system, reports said yesterday, as Toyota battles accusations that it may have delayed acting on drivers' complaints.

The step reflects deepening concern in Japan over Toyota's recalls of more than eight million vehicles, most of them in overseas markets.

Japan is also looking to Toyota president Akio Toyoda's appearance before United States lawmakers this week to help burnish an image marred by the flood of recalls - and to prevent grievances over the issue from fanning broader political tensions.

Transport Minister Seiji Maehara told Japanese lawmakers on Friday that he hopes to try to improve his agency's recall system to respond better to consumer interests, the Kyodo News agency reported.

The agency may require carmakers to move more quickly to fix defects and may expand the range of problems subject to reporting requirements, according to the Yomiuri Shimbun daily and other media citing unnamed ministry officials.

Mr Toyoda, the grandson of the company's founder, is expected to face a grilling by the US House of Representatives Oversight and Government Reform Committee on Wednesday.

(The star online Analysis): Cultures collide with Toyoda testimony

WASHINGTON (AP): Corporate leaders in Japan are affable cheerleaders who solicit everyone's views and avoid confrontation at almost any cost. It's called "nemawashi."

U.S. lawmakers are cutthroat partisans who clamor for the spotlight, especially in an election year. It's called politics. These cultures collided Wednesday in the appearance of a polite man

from a distant land before a congressional committee stocked with angry men and women with axes to grind.

Toyota President Akio Toyoda's moment was one brought by globalization, the integration of economies and societies through a worldwide network of trade and communications. Toyoda's appearance illustrated two stark realities: Nations are more knitted together than ever, and still oh-so far apart.

A generation ago, it was good politics in Congress to bash Japan and buy American.

Now U.S. lawmakers grab campaign money from Toyota executives and scramble to save Toyota jobs in their districts.

Auto workers used to take sledge hammers to foreign cars. Now thousands of them work for foreign companies, and U.S. car dealers wear "I am Toyota in America" buttons to Capitol Hill.

And consider the hearing itself, where American directness confronted Japanese subtlety as Toyoda apologized for life-threatening safety lapses and for a corporate culture that may have made things worse.

The grandson of the company's founder noted that the vehicles bear his name. "For me," Toyoda said in a thin, reedy voice, "when the cars are damaged, it is as though I am as well."

It was a uniquely Japanese way to lead in crisis. How often do troubled U.S. leaders call themselves damaged goods? Unlike in the United States, where self-promoting corporate leaders cast themselves as buck-stops-here demigods, the heads of Japanese companies are chosen for their skills at team decision-making. Most climbed the corporate ladder without rocking the boat, and humility is prized. Their job is to ensure stability and harmony.

Harmony? Not a word usually associated with the U.S. corporate culture. Or Congress. "This is appalling, sir," said Republican Rep. John Mica, waving copies of a July 2009 presentation at Toyota's Washington office. The confidential document bragged of saving \$100 million or more by negotiating an "equipment recall" of floor mats involving 55,000 Toyota vehicles in September 2007.

"I'm embarrassed for you, sir," Mica said. Toyoda, who earned a business degree in Massachusetts, is no stranger to the United States. But he probably is unaccustomed to the impatience - and at times the impertinence - of U.S. lawmakers.

Their questions came "with all due respect," a caveat that paves the way for countless slights on Capitol Hill.

Democratic Rep. Edolphus Towns pressed Toyoda about whether the company could correct the acceleration problem. Toyoda gave a long, indirect answer - establishing a pattern for the hearing.

"I'm trying to find out," an exasperated Towns said, "is that a yes or a no?" Rep. Darrell Issa, a Republican, who received a \$1,000 campaign contribution in December from the president of a Toyota dealership in California, jumped to Toyoda's defense. He explained that a complicated problem required complicated answers.

Toyoda gave his opening statement in heavily accented English. He fielded questions through a translator, but clearly had command of the situation and used the extra time to consider his answers.

Early on, the company president reached across the table to pull a microphone closer to his translator, and when asked a question, he nodded to her and said, "Will translate."

And so it went, this lively blend of business and political cultures played out before the cameras - globalization in a box, the 21st century condensed into a single Capitol Hill committee room.

But it was not pretty. Not with so many lives at risk or already wasted by mechanical defects. Not with so many lawmakers and Obama administration officials hoping the accountability stops with Toyoda and Toyota, sparing them.

The National Highway Traffic Safety Administration received more than 2,500 consumer complaints about Toyota before aggressively dogging the company in late 2009. Congress, which has oversight authority on NHTSA, is only now asking tough questions.

"NHTSA failed the taxpayers," Towns, the committee chairman, said before swearing in Toyoda. "Toyota failed their customers." Still, after two days of hearings, there is too much left unknown.

Why did some cars accelerate out of control? Why did others not stop? What else might go wrong?

Is my car safe?

At the end of the day, Congress and Toyota delivered more theater than answers. Cultures collide. Globalization enters the so-what phase. Political and business leaders struggle to lead. All true. But whether in Japan or in Congress, in a car accident you're just as dead.

(The star online) Japan Jan exports up 41%, Asia demand booms

TOKYO: Japan's exports in January jumped 40.9 percent from a year earlier, fueled by robust demand for vehicles and high-tech goods in Asia, the finance ministry said Wednesday.

Exports grew to 4.9 trillion yen (\$54.4 billion), marking the second consecutive month of year-on-year rise, the ministry said. Vehicle exports in January rose 59.2 percent with auto parts shipments surging 89.6 percent in the month, it said.

Japan's exports of semiconductor products also increased 83.1 percent.

Among key regions, Asia-bound exports jumped 68.1 percent year-on-year to 2.7 trillion yen.

The figure underscored the rising importance of Asian markets in Japan's economic recovery.

Asia-bound shipments alone account for 55 percent of Japan's total exports.

Japanese exports to China soared 79.9 percent year-on-year to 920 billion yen on the back of booming demand for vehicles, semiconductor products and plastic goods, the ministry said.

Exports to the United States expanded 24.2 percent to 710.4 billion yen and those to the European Union grew 11.1 percent to 580 billion yen.

Overall imports in January increased 8.6 percent to 4.8 trillion yen, resulting in a trade surplus of 85.2 billion yen in the month, the ministry said.

(The star online) Japan said Friday industrial output up 2.5%

TOKYO: Japan's industrial output in January rose 2.5 percent from December for the 11th straight monthly gain, the government said Friday.

Consumer prices, however, continued falling.

The gain in factory output - a key barometer of Japan's economic health - was better than Kyodo News agency's forecast of 1.1 percent growth in its survey of economists.

"In general, production is recovering," the Ministry of Economy, Trade and Industry said in a statement.

Industrial shipments in January rose 2.4 percent month-on-month, while industrial inventories expanded 1.0 percent, the ministry said.

Japan's key consumer price index, which excludes volatile fresh food prices, fell 1.3 percent in January, declining for an 11th straight month, according to the Ministry of Internal Affairs and Communications.

The country has been battling deflation - or a steady decline in prices - since the 1990s. The phenomenon can hamper economic growth by depressing company profits, sparking wage cuts and causing consumers to postpone purchases.

It also can increase debt burdens.

Core CPI for the Tokyo area, seen as a barometer of price trends nationwide, retreated 1.8 percent in February, a slight improvement from January's 2 percent decline.

Japan's economy grew at an annual pace of 4.6 percent in the October-December period, the government said earlier this month.

Gross domestic product, or the total value of the nation's goods and services, has climbed for three straight quarters.

(The star online) Toyota faces federal, congressional probe

WASHINGTON: Federal prosecutors have launched a criminal investigation into Toyota Motor Corp.'s safety problems and the Securities and Exchange Commission was probing what the automaker told investors, the company disclosed Monday.

Newly released internal documents showed that Toyota officials visited with U.S. regulators years ago who "laughed and rolled their eyes in disbelief" over safety claims.

The twin developments created new public relations challenges for Toyota plus the prospects - however likely or unlikely - of hefty federal fines or even indictments against executives in the U.S. and Japan.

They also complicate Toyota's ability to discuss details driving its recall of 8.5 million vehicles because anything executives say could be used against the company inside a courtroom.

Top Toyota executives were expected to testify at hearings Tuesday and Wednesday on Capitol Hill.

One lawmaker said he believed Toyota misled owners about the repairs and relied upon a hastily-arranged study to reassure the public.

In an opinion piece published by The Wall Street Journal, Toyota's president acknowledged the automaker had stumbled badly.

"It is clear to me that in recent years we didn't listen as carefully as we should - or respond as quickly as we must - to our customers' concerns," wrote Akio Toyoda, who is the grandson of the company's founder.

In a new filing with the SEC, Toyota said it received the grand jury request from the Southern District of New York on Feb. 8 and got the SEC requests Friday.

It wasn't immediately clear what U.S. laws Toyota might have broken. A subpoena would specify why prosecutors sought company documents, but Toyota would not comment beyond its disclosure with the SEC.

A spokeswoman with the U.S. Attorney's Office for the Southern District of New York declined to comment, saying it does not confirm or deny its investigations as a matter of policy.

The government could be looking into product safety law violations or whether Toyota made false statements to a federal safety agency involving unintended acceleration or the Prius braking system, said Peter Henning, a law professor at Wayne State University in Detroit.

The SEC is seeking documents related to unintended acceleration as well as to its disclosure policies and practices, Toyota said.

Legal experts said the fresh subpoenas could affect how Toyota executives respond to the questions from lawmakers.

Eric Dezenhall, a crisis management consultant in Washington, said the subpoena might cause Toyota to limit its testimony because apologies are admissible in court.

He predicted the company would walk a line between carefully phrased testimony and enough disclosure to describe the cars' mechanical problems and steps Toyota had taken to make the vehicles safer.

In his opinion piece, Toyoda vowed to oversee "fundamental changes" in the way the automaker handles current and future safety problems.

He said he was looking forward to discussing the "back-to-basics" approach Wednesday when he is scheduled to testify before U.S. lawmakers.

House investigators said they believe Toyota intentionally resisted the possibility that electronic defects caused unintended acceleration in their vehicles and then misled the public into thinking its recalls would fix all the problems.

Toyoda contends the automaker simply did a poor job of diagnosing the safety issues.

"While we investigated malfunctions in good faith, we focused too narrowly on technical issues without taking full account of how our customers use our vehicles," he wrote in the Journal.

Rep. Bart Stupak, of Michigan, who will run Tuesday's hearing, said documents and interviews demonstrate that the company relied on a flawed engineering report to reassure the public that it found the answer to the problem.

In a letter to Toyota, Stupak said a review of consumer complaints shows company personnel identified sticking pedals or floor mats as the cause of only 16 percent of the unintended acceleration reports.

Some 70 percent of the acceleration incidents in Toyota's customer call database involved vehicles that are not subject to the 2009 and 2010 floor mat and "sticky pedal" recalls.

In a letter to Transportation Secretary Ray LaHood, Stupak's committee raised questions about whether the agency lacked the expertise to review defects in vehicle electronics and said NHTSA was slow to respond to 2,600 complaints of sudden unintended acceleration from 2000 to 2010.

The government conducted only one investigation, beginning in March 2004, into whether electronic throttle controls could lead to sudden acceleration in Toyota vehicles and closed it a few months later.

Since 2004, NHTSA has rejected four petitions from owners asking for investigations into sudden unintended acceleration in Toyotas.

As regulators looked into reports that accelerator pedals were becoming jammed in floor mats on Lexus ES350 sedans, a Toyota safety official told colleagues that NHTSA didn't appear to be concerned.

"I ran into a lot of different investigators and (Office of Defect Investigations) staff and when asked why I was there, when I told them for the (Lexus) ES350 floor mats, they either laughed or rolled their eyes in disbelief," wrote Chris Santucci, a former NHTSA employee who works for Toyota.

Toyota said it was reviewing the Stupak letter and would cooperate with the committee's inquiry.

Transportation Department officials did not immediately comment on the letters from the congressional panel.

A month later, NHTSA issued an "equipment recall" of floor mats involving 55,000 Toyota Camry and Lexus ES350.

In an internal presentation, the company later said the limited recall saved Toyota \$100 million or more.

The slide was marked "Wins for Toyota - Safety Group."

The internal presentation, obtained by The Associated Press, was dated July 6, 2009, less than two months before a high-speed crash near San Diego killed a California highway patrol officer and his family and renewed concerns over sudden acceleration in Toyotas.

In October 2009, Toyota issued its largest-ever U.S. recall, involving about 4 million vehicles, to address pedals getting stuck in floor mats.

The documents could raise concerns in Congress over whether Toyota put profits ahead of customer safety and pushed regulators to narrow recalls' scope.

"You can feel that the staff were thinking more about company profits than customers," said Mamoru Kato, an analyst at Tokai-Tokyo Securities.

Toyota has said its "first priority is the safety of our customers" and promised changes, including an outside review of company operations, more focus on responding to customer complaints and improving communication with federal officials.

The House Energy and Commerce Committee is holding its hearing Tuesday with Jim Lentz, president of Toyota Motor Sales USA, and LaHood.

The House Oversight and Government Reform Committee follows Wednesday with testimony from Toyota president Akio Toyoda, Yoshimi Inaba, president and chief executive of Toyota Motor North America Inc., NHTSA Administrator David Strickland and LaHood, and safety experts and family members of victims.

A Senate committee is planning a March 2 hearing.

Stupak, who leads the investigative panel of the House Energy and Commerce Committee, said he would ask Toyota executives about potential electronic problems and complaints of sudden unintended acceleration.

In his letter to Lentz, Stupak wrote that the committee's "preliminary assessment is that Toyota resisted the possibility that electronic defects could cause safety concerns, relied on a flawed engineering report, and made misleading public statements concerning the adequacy of recent recalls to address the risk of sudden unintended acceleration."

Stupak said the documents show the sole report produced by Toyota on the acceleration issue purported to test and analyze potential electronic causes.

The report, by consulting firm Exponent Inc., "was initiated just two months ago and appears to have serious flaws," Stupak wrote.

He said experts interviewed by the committee demonstrated that the report used an extremely small sample that would not get to the root of the problem.

One of the primary authors of the Exponent report said they did not examine any vehicles or components that had the unintended accelerations.

When owners complained about unwanted acceleration, Stupak said Toyota representatives "commonly responded ... by concluding that the events the consumer described could not have happened."

Stupak also accused Lentz of misleading the public in television interviews in which he said Toyota studied the problem and the cause was the sticky pedals and floor mats.

Dozens of Toyota dealers from around the U.S. plan to lobby members of Congress Tuesday and Wednesday to stress the automaker's safety efforts and remind lawmakers that the company is a source of jobs in every congressional district.

The visits, coordinated with Toyota, will also involve factory employees.

Separately Monday, Toyota said it would install a brake override system in its 2005-2010 Tacomas, 2009-2010 Venzas and 2008-2010 Sequoias.

The backup safety system overrides the accelerator if the gas and brake pedals are pressed at the same time.

Toyota previously said it was installing the systems in five other existing models and in all future models worldwide.

Quinn Gillespie & Associates, a prominent lobbying firm, meanwhile, said it had stopped representing Toyota because of a conflict that posed with another client.

Quinn Gillespie officials would not identify the other client, but an auto industry official speaking on condition of anonymity to reveal private information said it was State Farm, the giant auto insurer that told federal regulators in 2004 and 2007 about reports of unexpected acceleration in some Toyotas. - AP

Earlier report

WASHINGTON: A document claiming Toyota Motor Corp saved over US\$100mil by getting US regulators to agree a cheap fix for unintended acceleration problems raised pressure on the company's president as he arrived in Washington to prepare for a grilling from congress.

Akio Toyoda is set to testify before the US lawmakers this week in an effort to contain a safety crisis that threatens the reputation and continued success of the automaker in the market that made it a global powerhouse.

Toyota has recalled over 8.5 million vehicles globally in recent months for problems including sticky accelerators, accelerators that can be pinned down by loose floormats and a braking glitch affecting its hybrid models.

Regulators believe five deaths are associated with floor mats and are reviewing up to 29 other fatality reports to see if they are related to unintended acceleration.

A 2009 internal document turned over to lawmakers and made available on Sunday shows Toyota's Washington DC staff trumpeting savings of more than US\$100mil by convincing regulators to end a 2007 investigation of sudden acceleration complaints with a relatively cheap floormat recall.

The document seems certain to add to the highstakes debate about whether Toyota missed or ignored complaints about sudden acceleration in its vehicles and whether US safety regulators were tough enough.

Toyota shares rose as much as 3% earlier yesterday, lifted by a rally in exporters after the yen slipped against the dollar, but pared gains to close up 1.2%.

”Investors remain reluctant to buy up Toyota, given uncertainty over how the congressional hearings will go,” said Fumiyuki Nakanishi, head of the investment information department at SMBC Friend Securities.

”We are likely to see more selling of Toyota shares and buying of Honda shares,” he said. Honda Motor rose 2.8%, in line with the benchmark Nikkei average.

Toyota stock has lost 19% over the past month but has steadied over the past 10 trading sessions.

Toyota on Sunday reiterated that it was conducting a top-to-bottom review of all its operations.

”Our first priority is the safety of our customers and to conclude otherwise on the basis of one internal presentation is wrong,” the company said.

But the US Department of Transportation said the document highlighted Toyota’s slow response to the safety problems.

”Unfortunately, this document is very telling,” said department spokeswoman Olivia Alair in an emailed statement.

Toyota has launched a publicity campaign to convince current and prospective customers that the company is addressing the problems. Its US sales plummeted 16% in January and the company has estimated the recalls will cost it US\$2bil at the operating level in the fiscal year ending March.

Japanese rival Mazda Motor Corp said it would not launch a special marketing campaign to draw customers away from Toyota, shunning a strategy used by other car makers keen to capitalise on Toyota’s recall woes.

Toyoda, who is set to testify Wednesday after initially ruling out such an appearance, has acknowledged that the automaker founded by his grandfather let its standards slip during fast growth over the past decade.

The company has been tightlipped about Toyoda’s schedule, with a spokesman declining to confirm whether its president was already in the United States. Japanese media reported he had arrived in Washington and television showed images of his private jet.

Analysts said Toyoda’s appearance in Washington will be a defining moment in whether and how quickly it can move beyond its safety crisis.

Toyota is mustering political support as well. More than 100 Toyota dealers, who are influential with congress because of their impact on local economies, are gathering in Washington starting Monday.

The line of questioning that Toyoda faces will focus in part on how the automaker and officials handled a growing number of petitions to investigate whether there was a glitch with the electronic throttles in Lexus and Toyota vehicles.

(The Japan Times) Panasonic, Hitachi TV ads win prizes

The Japan Chapter of the International Advertising Association has conferred the grand prize of this year's TV advertising award on Panasonic Corp.'s commercial featuring its large-screen flat display television Viera, according to the association.

The gold prize went to another Panasonic commercial for its Lumix TS1 compact digital camera, while the silver went to Hitachi Ltd.'s TV advertisement featuring the company's concern for the environment. The bronze went to Fuji Heavy Industries Ltd. for its commercial for the new Subaru Legacy car.

All the TV commercials were created or directed in Japan and broadcast abroad in the year up to last October.

The IAA is an international network of advertising, media and marketing representatives.

(The Japan Times) JAL's April-December net loss largest ever at ¥177.98 billion

Kyodo News

Japan Airlines Corp., which filed for bankruptcy protection on Jan. 19, said Friday its group net loss in the April-December period expanded to ¥177.98 billion, the biggest sum ever, due to sagging demand particularly among business travelers.

The loss widened from the year-earlier ¥1.92 billion loss and the ¥131.22 billion booked in the first six months of the fiscal year, marking a record-high since the airline merged operations with Japan Air System in 2002.

JAL said it will set up a committee made up of third-party experts to investigate whether past management practices were compliant with the law, as the nation's biggest carrier has come under scrutiny since the government pumped in public funds to keep it flying.

The committee will be established next Tuesday and is expected to submit a report by early June.

JAL, which was delisted from the Tokyo Stock Exchange on Feb. 20, is now undergoing rehabilitation sponsored by the state-backed Enterprise Turnaround Initiative Corp. of Japan. It submitted the earnings result to the Kanto Local Finance Bureau.

For the first nine months of fiscal 2009, JAL booked an operating loss of ¥120.83 billion, compared with a loss of ¥8.86 billion in the same period the previous year, on revenue of ¥1.14 trillion, down 26.6 percent.

Revenue from international flight passengers fell 41 percent from a year earlier to ¥336.3 billion, while revenue from domestic passengers slid 12.5 percent to ¥455.7 billion.

Norikazu Saito, JAL's executive officer in charge of finance and investor relations, attributed the decline in revenue to price erosion caused by fewer business-class users due to the economic downturn and the new influenza pandemic.

The carrier did not provide an earnings outlook for the whole business year through March because it is still in the process of compiling the restructuring plan, which is expected to be completed by June.

Meanwhile, Akitoshi Nakamura, JAL's administrator and representative director of ETIC, indicated the airline may not need all of the ¥600 billion in the credit line set aside by the state-owned Development Bank of Japan to aid its rehabilitation process.

"We were able to avoid the worst-case scenario," Nakamura said, adding the bankruptcy filing did not cause serious turmoil or drive away customers, as initially anticipated. So far, the airline has tapped into about ¥300 billion of the credit line, he added.

ETIC earlier estimated that JAL would book a group operating loss of around ¥265.1 billion by the end of fiscal 2009, but Nakamura said the loss is likely to be smaller, without providing any specific figure.

He said the state-backed body still expects the airline to return to the black with an operating profit of ¥24.1 billion by fiscal 2011 through March 2012.

Car giant at crossroads, Toyota tells employees

GEORGETOWN, Ky. Tugged at heartstrings: Page 8 (AP) Toyota's president visited the company's largest North American assembly plant Thursday, telling workers the automaker is at a "crossroads" and needs to rethink its operations to win back customers.

Akio Toyoda toured the assembly line in Georgetown, Ky., before giving a brief speech to about 100 employees. It was his first visit to the plant as head of the company his grandfather founded.

Toyoda's trip to Kentucky came one day after lawmakers grilled him in a congressional hearing over the company's recall of millions of vehicles due to sticky gas pedals, faulty brakes and floor mats that can snag accelerators.

He told the workers he was "more comfortable" visiting with them and seemed to choke up during the speech. "I'd just like to say thank you, from the bottom of my heart," he said.

Toyoda rode a tram through one of the assembly lines Thursday, waving to workers on his way. Then he got out and stopped at a few stations, including the one where gas pedals are installed.

The plant's output is to halt entirely Friday, and possibly other days, less than a month after a gas pedal recall forced a weeklong shutdown of one of its two assembly lines.

Although he didn't talk about specifics during his speech, Toyoda told the Kentucky employees that the company needs to "rethink everything about our operations."

Lisa Webb, a plastics worker from Shelbyville, Ky., said Toyoda made a good impression during his visit, and when tears came to his eyes, it showed he was going through many of the same things the workers are.

"That just made me feel more inspired," she said.

Earlier in the day, Toyoda met with Transportation Secretary Ray LaHood, repeating pledges he made to Congress this week to up safety efforts.

During their 30-minute meeting, Toyoda said the world's top automaker would "advance safety to the next level."

The Georgetown plant employs around 6,600 people, and more than 20,000 jobs across central Kentucky are directly tied to Toyota and its suppliers.

"It's scary, it really is, especially for a community that is this small," said shop manager John Miller, who formerly worked for Ford in Detroit. "Quite honestly, if Toyota wasn't here, I'm not even sure this community would exist."

Toyoda's tears win over Japan

Car czar draws accolades for choking up during meeting with automaker's dealers in U.S.

By YURI KAGEYAMA

The Associated Press

He hasn't bowed in apology. He hasn't resigned. But this week Toyota President Akio Toyoda did perform one of the typical rituals of a Japanese executive under attack: He wept publicly.

The image of Toyoda choking up during a meeting with American dealers is winning accolades in Japan, a society that has always had a soft spot for such displays of emotion.

The footage was broadcast over and over on TV news Thursday. Toyoda, 53, was barely able to finish his sentences at the meeting with dozens of Toyota dealers in Washington — a far more receptive crowd than the skeptical U.S. lawmakers who had grilled him about the automaker's safety lapses and massive recalls at a congressional hearing.

A photo of his sobbing face was on the front page of the evening editions of the Yomiuri and Tokyo Shimbun newspapers. "Toyota president offers apology, thanks, tears," said a headline in the Asahi.

"People are going to feel sorry for him because he had to go through a theatrical ordeal overseas, a very unusual situation for a Japanese executive," said Kuniyoshi Shirai, executive adviser at A.C.E. Consulting in Tokyo.

Japanese protocol for corporate chiefs under fire usually starts with a deep bow, perhaps a resignation to take responsibility — both of which Toyoda skipped — and sometimes sobbing.

A show of heartfelt remorse goes a long way in consensus-oriented Japan, where intentions, not just results, carry meaning.

While tears would be a sign of weakness for an American executive, the Japanese public are swayed by emotions because empathy for a weak person is valued as an honorable trait, said Tatsumi Tanaka, president of Risk Hedge, a consultant for major companies.

"It's a special Japanese aesthetic," he said. "It's a virtue to acknowledge one's mistakes and mend one's ways, and crying is seen as a symbol of that."

Even with rigid social definitions of femininity as soft dependence and masculinity as stoic silence, high-profile men crying in public draws not only surprise but also favorable reviews.

Athletes and other male celebrities often win extra marks from public weeping — in circumstances such as winning an Olympic medal or mourning death in the family.

The most memorable case in the history of Japan Inc. by far was Shohei Nozawa, once president of Yamaichi Securities Co., who bawled outright at a news conference when his brokerage went bankrupt in 1997, and begged the public to show mercy on his employees.

In Japan, he was widely praised as an ideal executive.

The tears were a little more subdued for Toyoda after his appearance at the House Oversight and Government Reform Committee. He had initially delegated testifying to his top U.S. executive but decided to attend after getting a formal invitation and amid media criticism.

"At the hearing, I was not alone. You and your colleagues across America, around the world, were with me," he said in English to the Toyota dealers, shaking his head and his face scrunching up as the crowd broke into applause.

Later, when a dealer told him they stood behind him, Toyoda was so overcome with emotion he practically broke down and cried.

Back in Japan, Keiko Hamada, a 56-year-old college official, found it touching.

"I'm so worried about him. As a Japanese, I was so moved," she said. "As one Japanese, I'm rooting for Toyota."

Japan is increasingly nervous about Toyota Motor Corp.'s unfolding recall crisis, which has ballooned to more than 8.5 million cars being fixed for faulty gas pedals, floor mats and brake systems.

Concerns are growing that electronic glitches, still relatively new turf for the industry, may be behind the cases of unintended acceleration that have led to deaths and horror stories of runaway cars on highways.

Toyoda's appearance before Congress was a top news item for major Japanese broadcasters.

News shows on NHK and other broadcasters showed clips of Toyoda reading introductory remarks in English and answering questions from lawmakers described as "tough."

A colorful Fuji TV morning show, which mixes entertainment and social news, characterized Toyoda as the "prince under attack," a reference to his almost royal status as grandson of the company's founder.

Some analysts gave Toyoda passing marks for his performance.

"By Japanese standards, he was doing his best," said Ryoichi Shinozaki, a crisis management expert at Kyodo Public Relations Co., noting Toyoda at least avoided blatant gaffes. "He answered the questions, and he appeared comfortable."

But the company's crisis is deepening because of possible defects in the electronic throttle, new investigations by federal authorities and concerns there may be coverups, according to Shinozaki.

"The problems aren't going away," he said after watching the hearing on TV. "The hearing is over, but the crisis is only getting more serious."

Tears and apologies will only get him so far in Japan and could prove disastrous in the U.S. in the long run. Even in Japan, sentiments are fickle, and an outpouring of sympathy can turn to hostility in a flash.

In recent weeks, Toyoda has earned a new nickname that highlights a growing perception of ineptitude in handling the recall fiasco — "child president," a sarcastic reference to Toyota's Japanese TV ads that feature a popular child actor billed as "child dealer." The moniker also takes a stab at Toyoda's privileged status as heir of a well-to-do family.

"Japanese public opinion is cruel and can shift in an instant," Shirai said. "For the U.S., an apology isn't going to be enough. As (a member of) management, he needed to present specific measures."

Toyota's U.S. market share forecast to dip

NEW YORK (Kyodo) Crisis-hit Toyota Motor Corp.'s new car sales in the United States are expected to fall by more than 10 percent in February from a year before, with its market share dwindling to its lowest level since July 2005, a U.S. research firm said Thursday.

Toyota is projected to sell about 99,000 vehicles in February, down 10.1 percent from February 2009 and down 0.2 percent from January this year, Edmunds.com said.

The projected sales by Toyota are the third-largest in February among carmakers operating in the United States, following 147,000 vehicles by General Motors Co., up 16.2 percent from a year earlier, and 136,000 vehicles by Ford Motor Co., up 35.3 percent, the research firm said.

Toyota's market share is expected to stand at 12.6 percent in February, down from 15.9 percent a year earlier and from 14.2 percent in January 2010, it said.

"Toyota's market share will be the lowest since July 2005, and is expected to drop to 12.6 percent — but many of its Asian competitors benefited from its recall woes," said Michelle Krebs, senior analyst of the research firm.

Honda Motor Co. is expected to sell 89,000 vehicles in February, up 24.1 percent from a year before, Nissan Motor Co. 75,000 vehicles, up 38.1 percent, and Hyundai Motor Co. 66,000 vehicles, up 24.7 percent.

Socio-cultural Façade;

Detailed News:

Nationwide smoking ban

TOKYO - JAPAN, which is one of the world's biggest consumers of cigarettes, plans to call for a nationwide ban on lighting up in bars, restaurants and other public places, officials said on Monday.

The health ministry plans to send an advisory notice to local governments by the end of February to ask them to follow the country's initiative to fight second-hand smoke, a ministry official said.

At the moment, the central government calls on local authorities to provide separate smoking areas in public facilities such as amusement venues, schools, hospitals and department stores, hotels, train stations and banks.

'Now our ministry plans to upgrade the current separation of smoking areas to a total ban on smoking, which is a global trend,' said the official, who declined to be named. The government

notice is not mandatory, the official said, adding that local authorities can decide whether to introduce local legislation so that offenders may be fined.

Smoking is still commonplace in Japanese bars and restaurants, unlike in most other developed countries. But streets, trains and railway platforms are becoming increasingly smoke-free.

Japan's smoking rate fell to 24.9 per cent in 2009, the 18th consecutive annual decline, according to Japan Tobacco Inc, but remains high compared with other developed countries. -- AFP

Crown Prince to explore future role

Prior to his 50th birthday on Tuesday, Crown Prince Naruhito indicated his willingness to explore the future role of the Imperial household.

"The Imperial court has been changing with the times," he told reporters Friday at an embargoed news conference held ahead of his birthday. "I hope to pursue how the Imperial family should be in the future through learning from the past."

He said he has been discussing various issues with his brother, Prince Akishino, and will pursue further opportunities, but he did not elaborate.

Asked about the role of the Emperor as the symbol of the state, the Crown Prince said it would be important for him to seek a desirable path while "sharing the joy and sorrow of the people and hoping for their happiness."

Looking at the past year, the Crown Prince cited as impressive events the launch of the lay judge system and the change of government, as well as the inauguration of U.S. President Barack Obama.

He also said it was heartbreaking that many people died or were displaced in natural disasters at home and abroad, including the major earthquake in Haiti in January.

He said he was impressed to see when he attended the 15th memorial ceremony for the victims of the 1995 Great Hanshin Earthquake last month that people have been trying to overcome the pain and create a society in which people can live in peace.

Referring to his wife, Crown Princess Masako, who is receiving treatment for a stress-related illness, the Crown Prince said she is recovering steadily compared with 5 1/2 years ago, when she started receiving medical care.

Japan Calls Australia's Legal Threat over Whaling 'Regrettable'

Feb. 26 (Bloomberg) -- Japan's Foreign Minister Katsuya Okada said Australia's threat to take the country to court over its whaling expeditions near Antarctica is "regrettable," according to a statement from Japan's Foreign Ministry.

Japan is seeking a diplomatic resolution to the dispute with anti-whaling countries including Australia and New Zealand over its annual whale hunts in the Southern Ocean, the statement said. Okada made the comments in a telephone conversation with his New Zealand counterpart Murray McCully yesterday.

Australian Prime Minister Kevin Rudd said on Feb. 19 he will take Japan to the International Court of Justice this year unless it agrees to stop killing whales in Antarctica. Japan says its hunts are legal under a rule in the global ban on commercial whaling allowing for "lethal research" on the mammals.

Japan's whalers have clashed in recent years with activists from the Sea Shepherd Conservation Society. A powerboat skippered by New Zealander Peter Bethune sank after a collision with a Japanese harpoon vessel on Jan. 6.

Bethune boarded the Japanese ship this month to attempt what Sea Shepherd said was a citizen's arrest on the Japanese captain and is being taken back to Japan for questioning.

New Zealand's McCully thanked Okada for allowing Bethune consular contact during his journey, the Japan Foreign Ministry said in the statement. McCully also reiterated his country's desire for a diplomatic resolution to the whaling dispute, the statement said.

Sea Shepherd ended this year's campaign to disrupt the whalers due to a mechanical problem on one of its vessels, according to a statement on the group's Web site yesterday.

(Japan times) Dense fog snarls over 110 flights at Haneda

Dense fog forced airlines to cancel flights to and from Tokyo's Haneda airport or to reroute them, affecting about 29,000 travelers, airline and airport officials said Thursday.

More than 110 flights were canceled in the morning due to dense fog that covered Tokyo and the southern Kanto region. By 11:30 a.m., Japan Airlines had canceled 56 flights, while All Nippon Airways had canceled 59 flights by noon.

The Tokyo Aviation Weather Service Center at Haneda airport said visibility was less than 100 meters at one point in the morning. The Meteorological Agency issued a dense fog advisory for Tokyo's 23 wards and the vicinity.

Shipping was also affected. A 140-ton oil tanker collided with a 499-ton freighter in Tokyo Bay off Haneda airport shortly after 7 a.m. amid visibility of less than 1.8 km, the Japan Coast Guard said.

No oil was spilled and no injuries were reported among the three crew members on each vessel involved in the collision, the coast guard said.

Some ferry services were also disrupted. Tokyowan Ferry said it canceled services linking Kurihama port in Yokosuka, Kanagawa Prefecture, with Kanaya port in Futtsu, Chiba Prefecture.

Tokai Kisen Co., operator of a ferry between Tokyo and the Izu island chain, said it canceled high-speed ferry services.

Warm, moist air flowed into the Kanto region from the south in the morning. The air, which cooled over Tokyo Bay, caused fog to flow into coastal areas.

(Japan times) Japan faces U.N. racism criticism

GENEVA (Kyodo) Japan's record on racism has improved, but there is still room for progress, according to the U.N. Committee on the Elimination of Racial Discrimination.

"We heard today much that is good and positive, but I think a deepened engagement would be welcomed and necessary," Patrick Thornberry, the member of the committee responsible for Japan's review, said Wednesday.

The review, the first for Japan since 2001, is required of signatory countries to the 1965 Convention on the Elimination of All Forms of Racial Discrimination, which Japan ratified in December 1995.

Fourteen Japanese officials from five ministries, headed by Ambassador in Charge of Human Rights and Humanitarian Affairs Hideaki Ueda, flew from Japan to field questions and comments from the committee of 18 legal experts.

Thornberry particularly criticized Japan's lack of laws to combat hate speech, saying "in international law, freedom of expression is not unlimited."

The convention commits states to fight racial discrimination by taking such steps as restricting racist speech and criminalizing membership in racist organizations. Japan has expressed reservations about some of the provisions, which it says go against its commitment to freedom of expression and assembly.

Prior to the review, Japanese nongovernmental organizations presented various examples they say highlight the need for legislative action to fight racism in their country.

"There seems to have been little progress since 2001," when the last review was held, committee member Regis de Gouttes said. "There is no new legislation, even though in 2001 the committee said prohibiting hate speech is compatible with freedom of expression."

Committee members also criticized the treatment of certain segments of society, such as the "burakumin" (descendants of Japan's former outcast class), and the people of Okinawa.

"The 'buraku' situation is a form of racial discrimination," committee member Fatimata-Binta Victoire Dah said. "It is frighteningly similar to the caste system in Africa."

Many members of the committee, however, praised the government's recent recognition of the Ainu as an indigenous people.

But there was also criticism of the treatment of Chinese and Korean nationals, in matters ranging from the lack of accreditation of their schools, to the necessity, at times, for them to change their names when they obtain Japanese citizenship.

The NGOs, before the review, showed the committee members a video of a group of nationalists waving flags and protesting aggressively in front of a North Korean school in Kyoto Prefecture, shouting phrases such as "This is a North Korean spy training center!"

"Why are these children guilty of what North Korea is doing?" committee member Ion Diaconu asked.

Some members of the committee also expressed concern that such schools did not receive any government funding at a time when the government is considering removing tuition fees for public high schools.

(Japan times) Kids raise GID issue with schools

Students at more than 10 public schools in Saitama Prefecture, ranging from elementary to high school, have asked how they will deal with kids with gender identity disorder, the prefectural board of education said Thursday.

The board said it will investigate the needs of both the students and the schools, and will compile a guideline on how to deal with students with GID by consulting with doctors and experts.

(Japan times) Lean toward Hague, Hatoyama says

Prime Minister Yukio Hatoyama instructed his ministers Thursday to quickly decide whether to join an international convention to deal with problems that arise when failed international marriages result in offspring wrongfully being taken to Japan by one parent.

"Now that the world is beginning to regard Japan as a peculiar country, it is important to draw a conclusion as soon as possible regarding The Hague Convention to show that is not the case, as I so instructed," Hatoyama told reporters.

He met with Foreign Minister Katsuya Okada and Justice Minister Keiko Chiba at his office earlier in the day to discuss the matter.

Hatoyama declined to say when ratification might come, although he did say a ratification proposal would not be ready during the current Diet session, which ends June 16.

Japan Willing to Sign Child Abduction Treaty

Feb. 26 (Bloomberg) -- Japan Prime Minister Yukio Hatoyama said his government is willing to sign an international treaty aimed at preventing parents from abducting their children in custody disputes, Agence France Presse reported.

Parliament is unlikely to ratify the Hague Convention during the current session, which lasts until June, AFP said.

(Straits times) Japan opposes tuna trade ban

TOKYO - JAPAN opposes plans to list the Atlantic bluefin tuna, which is highly prized in sushi and sashimi, as a most-endangered species and to ban its international trade, an official said on Monday.

The UN-backed wildlife trade agency supports a call to stop cross-border trade in the fish when 175 member nations to the Convention on International Trade in Endangered Species (CITES) meet next month in Doha, Qatar.

Marine wildlife experts say that, despite fishing quotas, bluefin tuna stocks have plunged by 80 per cent in recent decades in the Western Atlantic and Mediterranean, threatening the predator species with extinction. Japan - which consumes three-quarters of the global bluefin tuna catch from both the Atlantic and Pacific oceans - says it opposes such a trade ban and prefers other mechanisms to make the catch more sustainable.

Farm and Fisheries Minister Hirotaka Akamatsu said this month that Japan's answer to the proposed trade ban is 'a clear no', and a fisheries official said on Monday that Japan may 'take a reservation' and ignore a ban if it is passed.

'We have been saying that is one of our options,' Shingo Ota, a senior negotiator for Japan fisheries, told AFP. 'We are not saying we will definitely reserve it. We are doing our best so that it won't be adopted. Our final decision will come after the vote.'

The EU Commission was on Monday due to propose that the 27 EU governments ban commercial bluefin tuna fishing, at a meeting of farm and fisheries ministers in Brussels, sources have told AFP. France, the biggest producer of bluefin tuna for consumption, has spoken in favour of a ban, but for a limited duration and not for another 18 months. But Spain, Greece, Cyprus and Malta have opposed a ban

(The star online) New Zealand tries diplomacy first to end Japan whale hunt

WELLINGTON, New Zealand (AP): New Zealand said Monday it may join Australia in seeking international legal action against Japan over its annual whale hunt in the Antarctic if negotiations fail to produce a diplomatic solution.

Australia's Prime Minister Kevin Rudd said Friday his government would take Japan to international court over its research whaling program that kills hundreds of whales a year if Tokyo does not agree to stop the hunt by November.

Australia, a staunch anti-whaling nation, has long threatened international legal action.

New Zealand Foreign Minister Murray McCully said Monday a diplomatic solution would be quicker - and therefore save more whales - than pursuing a case in the International Court of Justice at The Hague, which could take years to resolve.

Diplomatic negotiations likely will be complete within weeks, McCully said. "We'll know soon whether we are going to achieve success that way or not," he said. "If not, the court process is obviously a serious option."

He gave no details of the negotiations, believed to revolve around having Japan end its Antarctic whale hunt while still being allowed to kill minke whales in the north Pacific Ocean.

Prime Minister John Key also backed a diplomatic resolution to Japan's whaling in the waters off Antarctica, saying New Zealand may only resort to court action if it fails.

"Either the diplomatic solution is going to be a stunning success in the next few months or it's going to be a stunning failure," Key told the NewstalkZB radio network.

If a "diplomatic solution fails and the only option available is a court action, at that time we will consider whether we'll join Australia, but I wouldn't want to jump to conclusions that we would," Key said.

Australia also was still pursuing a diplomatic outcome, "and that is why they're holding off from taking a court case before November," he told reporters.

Japanese Foreign Minister Katsuya Okada said Sunday that Tokyo will defend its hunt in any legal forum, saying it is an allowed exception to the International Whaling Commission's 1986 ban on commercial whaling.

Speaking after meeting with his Australian counterpart Stephen Smith, he said it was unfortunate Australia had indicated it would take international court action.

Smith said the Australian government also has decided to present a proposal to the International Whaling Commission asking that Japan's whaling program be stopped within a "reasonable period of time."

Smith restated if an agreement between the countries isn't reached, Australia will seek arbitration in the International Court of Justice.

(The star online) US pilot who dismissed Pearl Harbor reports dies

SAN DIEGO: An American pilot who dismissed initial reports of what turned out to be the Japanese attack on Pearl Harbor has died at age 96.

Kermit Tyler was the Army Air Forces' first lieutenant on temporary duty at Ft. Shafter's radar information center in Hawaii on Dec. 7, 1941, when two privates reporting seeing an unusually large blip on their radar screen, indicating a large number of aircraft about 132 miles away and fast approaching.

"Don't worry about it," Tyler famously replied, thinking it was a flight of U.S. B-17 bombers that was due in from the mainland.

The aircraft were the first wave of more than 180 Japanese fighters, torpedo bombers, dive bombers and horizontal bombers whose surprise attack on Pearl Harbor shortly before 8am plunged the United States into World War II.

Many questioned his decision for years, and the 1970 movie "Tora! Tora! Tora!" portrayed him in an unflattering light.

Audiences watching a documentary at the Pearl Harbor Visitors Center heater still groan when they hear Tyler's response to the radar report.

Daniel Martinez, Pearl Harbor historian for the National Park Service, said Tyler's role was misunderstood and that congressional committees and military inquiries that looked into what happened at Pearl Harbor did not find him at fault.

He said a flight of B-17s flying in from Hamilton Field north of San Francisco was indeed due to land at Hickam Field.

"Kermit Tyler took the brunt of the criticism, but that was practically his first night on the job, and he was told that if music was playing on the radio all night, it meant the B-17s were coming in," Martinez said

The music played all night so the B-17 pilots could home in on the signal, and when he heard the music as he was driving to work, Tyler figured the aircraft would be coming in soon.

"I wake up at nights sometimes and think about it," Tyler said in a 2007 interview with the Star-Ledger of Newark, New Jersey "But I don't feel guilty. I did all I could that morning."

Tyler, who suffered two strokes within the last two years, died Jan. 23 at his home in San Diego, said his daughter Julie Jones.

After Pearl Harbor, Tyler flew combat missions in the Pacific. He retired from the Air Force as a lieutenant colonel in 1961, launched a career in real estate, and was a landlord.

Tyler is survived by three children. He was preceded in death by his wife, Marian, and a son

(The Japan Times) H.K. suspects' links to thefts widen

HONG KONG (Kyodo) Five people allegedly involved in a multimillion-dollar jewelry store heist in Tokyo's upscale Ginza shopping district are also suspected of involvement in four other thefts in Japan since 2005, prosecutors told a Hong Kong court Friday.

The five suspects, three men and two women aged between 36 and 53 who appeared in the Kwun Tong Magistrates' Courts, have yet to file pleas against the charges of conspiracy to handle stolen goods as the case was adjourned until next month to grant police time to seek legal advice.

The five are accused of handling 163 watches that were stolen from the Tenshodo store sometime between Dec. 31 and Jan. 2.

The court heard that a prosecution witness, without being identified in court, testified that one defendant, Chan Kong-yiu, had received two parcels containing an unspecified number of stolen watches.

In addition, the three male defendants were said to be in Japan from Oct. 27 to 29 last year when 10 watches were reported stolen. Two of them were also found to have in their possession three watches connected to three heists in Japan committed in 2005, 2006 and 2007, according to Sen. Insp. Ralph Yeung, who is responsible for the case.

Apart from the Ginza heist, the other four cases happened in Sendai, Fukui, Fukuoka and Nagano, Yeung said, without confirming the sequence.

A total of 181 watches, along with 360,000 Hong Kong dollars in cash, antique bank notes and other jewels with a total estimated worth of HK\$25 million (about \$3.2 million), were found in the defendants' homes and in three bank safety deposit boxes.

(The Japan Times) Japan drug can fight avian flu

Kyodo News

A new drug developed in Japan and now under government screening has been proven effective in tests on mice against the deadly H5N1 strain of avian influenza, as well as another H5N1 strain resistant to the widely used treatment Tamiflu, according to a U.S. science publication released Friday.

A team led by Yoshihiro Kawaoka, professor of the University of Tokyo's Institute of Medical Science, infected mice with the deadly strain and found that 70 percent to 90 percent of the mice given the drug, code named CS-8958, survived within a three-week observation period, according to the PLoS Pathogens publication.

Those without any dose of the drug, made by Daiichi Sankyo Co., died within 11 days, according to the researchers.

The team said mice infected with the Tamiflu-resistant strain and administered with CS-8958 had a higher survival rate than those given Tamiflu.

The drug is the first treatment developed in Japan from the research stage, according to Daiichi Sankyo, which aims to start marketing it in fiscal 2010.

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